

Sanctions, Survival, and Strategic Shifts

How Global Economic Measures are Reshaping Russia's Economy and Geopolitical Landscape



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Introduction

Global Sanctions Against Russia Eroding Putin's Economy comprehensively examines how international sanctions impact Russia's economic stability, policy effectiveness, and general public welfare. The analysis leverages financial indicators, economic trends, and the social repercussions of economic hardships under the pressure of sustained sanctions. The document aims to present the consequences of these measures on various sectors such as banking, real estate, public infrastructure, consumer markets, and the broader economy.

The brief underscores vital indicators of economic distress using structured analytic techniques, such as rising mortgage rates, increased tax burdens, banking crises, and a downturn in stock market performance. These elements provide evidence of the broader implications of sanctions that have strained Russia's economic structure. This analysis employs both traditional intelligence methods and modern financial intelligence (FININT) to provide a comprehensive view of the sanctions' effects, offering insights into geopolitical, economic, and social dimensions. By addressing the erosion of domestic economic policies, the study emphasizes the broader strategic failures attributed to leadership decisions within Russia's economic and geopolitical landscape.

Assessment

Treadstone 71 assesses with high confidence that international sanctions have critically weakened Russia's economic foundation, leading to severe financial strain across multiple sectors, including banking, real estate, and consumer markets. The visible weakening has impacted Russia's domestic economic stability and ability to maintain geopolitical influence.

The Russian government, specifically under President Vladimir Putin's leadership, has been significantly impacted by sustained international sanctions, which have driven key economic sectors toward collapse.

Sanctions imposed by Western countries, including the U.S., the European Union, and other global powers, have targeted crucial aspects of Russia's economy, such as banking, energy exports, and foreign investment access. These measures have led to elevated mortgage rates, a weakened stock market, and restricted credit, resulting in broader economic instability.

The sanctions have undermined Russia's financial system, affecting macroeconomic metrics and everyday life, with rising costs for housing, food, and essential commodities. The ongoing economic strain diminishes Russia's capacity to support prolonged geopolitical ventures and internal political stability.

Recent escalations in geopolitical tensions and the extended duration of sanctions have exacerbated the economic downturn, emphasizing the need for continuous monitoring and strategic adjustments. Recent financial data indicate worsening conditions, including increased borrowing costs and further capital outflows, necessitating timely analysis.

The economic impact includes mortgage rates, rising business failures, reduced investment, and steep inflation across essential goods. Public dissatisfaction is rising due to decreased purchasing power and increasing living costs.

In the near term, the economic pressures on Russia are expected to continue, potentially resulting in further social unrest and political challenges for the Kremlin. As sanctions persist, Russia's ability to adapt economically will be limited, with the likelihood of a deeper recession and potential financial sector collapse by 2025 if no policy shifts occur.

Limited visibility into Russia's informal economic activities, potential undisclosed financial support from aligned nations, and incomplete intelligence on Russia's adaptive measures to sanctions present challenges to thoroughly assessing the economic impact.

Mortgage rates have surged beyond sustainable levels, exceeding 25% nationwide.

This rate spike signals a profound crisis in Russia's real estate sector, driven by central banks' adjustments in response to inflation and financial instability. Transcapitalbank, Sovcombank, and VTB have hiked rates to nearly 28%, making homeownership increasingly unattainable for most citizens. Suburban housing rates have reached 25.47%, further illustrating the collapse of housing affordability, showing that rising borrowing costs directly contribute to broader financial instability, limiting economic growth and public trust in financial institutions.

Russia's stock market has experienced a dramatic downturn fueled by anticipated rate hikes and prolonged uncertainty.

Investors' confidence has plummeted due to the Central Bank's warnings of future rate increases, pushing potential rate cuts into late 2025 or beyond. The Central Bank's policy adjustments have caused the rich to move accounts to foreign banks, further destabilizing the financial market. The lack of investment prospects exacerbates economic stagnation, weakening Russia's economic recovery potential. The ongoing market crisis indicates that investor trust is failing, leading to sustained economic decline and diminished geopolitical leverage.

Widespread loan denials and skyrocketing interest rates have crippled Russian businesses.

Many companies face prohibitive borrowing costs nearing 30%, making debt servicing unsustainable and resulting in business closures and asset sales. Only a few loans are being issued, with most carrying prohibitive interest rates of around 30%. The construction sector, in particular, has seen reduced housing supply due to restricted access to financing, causing price spikes and broader market instability. The prohibitive borrowing costs demonstrate the wider impact of financial constraints on economic productivity, underscoring the failure of Russia's internal economic policies under international pressure.

Analysis

Russia's economic collapse is now undeniable, despite Putin's attempts to disguise it. The average mortgage rate increases signal a profound financial crisis, pushing Russian citizens to the brink of insolvency. Central banks like Transcapitalbank, Sovcombank, and VTB have hiked their rates to nearly 28%, making home ownership and construction roughly impossible for most Russians. The situation is even more critical for suburban housing, where average rates have reached 25.47%. The policy-driven disaster falls squarely on Putin's leadership, exposing his economic mismanagement.

The real estate sector, already reeling from the spike in mortgage rates, faces potential devastation. As previously stated, Oleg Voitsehovsky, the head of the Russian Council of Shopping Centers, states that high debt loads will force many shopping centers into bank repossession as owners fail to meet soaring repayment rates of 26-27%. With profit taxes rising from 20% to 25% and increased coefficients for calculating real estate taxes starting January 1, businesses face compounded financial strain. Putin's tax policies add weight to an economy already collapsing under the burden of debt, inflation, and limited access to credit.

Russia's stock market has also suffered a dramatic blow. The Central Bank's warning of future rate hikes has dashed investor hopes for a near-term market recovery, pushing anticipated rate cuts further into 2025 or beyond. The prolonged uncertainty discourages investment, accelerates capital flight, and exacerbates economic stagnation. Putin's mishandling of monetary policy has resulted in a crippled financial system, leaving little chance for rapid recovery.

The banking crisis extends to Russian businesses now facing mass loan denials. The few loans being issued carry incredibly high interest rates, making debt servicing unsustainable for most companies, leading to an uptick in forced business sales as firms that lack sufficient scale struggle to survive. The construction sector is particularly vulnerable, as developers face barriers to securing short-term financing, leading to reduced housing supply and inevitable price spikes. By choking off business credit, Putin's economic policies contribute directly to rising costs and broader market instability.

The repercussions extend into everyday life. Dairy products, chocolate, and even Russia's symbolic caviar are set to rise sharply in price by the end of 2024. Dairy products, for example, are predicted to see a 30-50% increase due to raw material shortages, while chocolate faces similar price jumps driven by supply chain issues in Africa, where cocoa prices have skyrocketed. The surge in basic commodity prices reflects broader economic failures and severe hardship for average Russians, who must contend with rapidly diminishing purchasing power.

Putin's economic strategy has utterly failed the Russian people. While sanctions and geopolitical factors play a role, his internal policies—steep tax hikes, excessive interest rates, inadequate credit access, and poorly managed supply chains—bear primary responsibility. Russia faces an economic downturn and a potential social crisis as inflation, food shortages, and housing instability erode public confidence.

Banking Crisis and Mortgage Rates

Putin, along with his oligarchs and Kremlin elites, has orchestrated not only economic mismanagement but also an outright betrayal of Russia's financial stability. As ordinary Russians grapple with extreme mortgage rates and escalating living costs, the elite has siphoned billions from state and commercial banks, funneling their wealth abroad. These capital outflows and internal economic decay deepen Russia's crisis while the Kremlin leadership secures its assets in safer jurisdictions.

The banking crisis starkly illustrates the destructive actions of Putin's inner circle. As mortgage rates surged past 25%, major banks such as Transcapitalbank (27.75%), Sovcombank (25.99%), and VTB (26%) raised interest rates to levels that prevent most Russians from pursuing home ownership or business expansion. Meanwhile, Putin's cronies exploit these same banks, extracting funds under the guise of dubious "loans" that often go unpaid. The behavior deprives Russians of credit and redirects national wealth to offshore accounts. The oligarchs' financial maneuvers perpetuate the economic hardships that Russian citizens endure daily.

The consequences for the commercial real estate sector underscore the elites' ruthless profiteering. Oleg Voitsehovsky's warnings about looming bank repossessions of shopping centers highlight the oligarchs' role in asset stripping. As profit tax increases from 20% to 25% in 2024 and real estate tax coefficients rise, many business owners lack the resources to maintain operations, leading to forced sales and bankruptcies. Simultaneously, Kremlin-linked business entities engage in predatory practices, acquiring distressed properties at discounted rates and rerouting the gains abroad. The strategy reflects the Kremlin elites' complete disregard for Russia's economic well-being, prioritizing personal gain over national stability.

The Russian stock market, experiencing a prolonged decline due to continued interest rate hikes, further reveals the elites' manipulation. The postponement of rate cuts until mid-2025 has exacerbated investor pessimism and sped the movement of monies out of the country. Putin's circle uses this turmoil to their advantage, moving assets out of Russia while profiting from financial loopholes inaccessible to ordinary citizens. Their exploitation of the economic system leaves Russia's economy more fragile, increasing inflation, reducing domestic investment, and undermining any prospects for recovery.

The elites' stranglehold extends to the broader corporate sector, where mass loan denials and extreme interest rates have created widespread insolvency. While average Russian businesses struggle to access credit, oligarch-affiliated companies secure favorable terms using their political connections. The selective access to credit permits the Kremlin's inner circle to monopolize profitable industries, from energy to real estate, while ordinary businesses face potential liquidation. The broader result is a more monopolized economy where the powerful thrive while the majority face deteriorating prospects.

Ordinary Russians bear the brunt of Putin's policies and the corruption of his oligarchs. Inflation, expected to surge by the end of 2024, mainly affects essential goods such as dairy, chocolate, and caviar. Economist

Igor Abakumov forecasts a 30-50% price hike in dairy products due to raw material shortages, reflecting the Kremlin's failure to ensure domestic food security. Caviar and chocolate, symbolic of Russia's heritage and culture, will see similar spikes driven by reduced production and disrupted imports. Kremlin elites, however, remain untouched by such inflation, using offshore funds to maintain their lifestyles abroad. The contrast starkly underscores the regime's failure to protect its citizens from financial despair.

Comparative data reveals the scale of mismanagement and exploitation-

Table 1 Economic Deterioration in Russia

Sector/Metric	2018	2020	2022	2024 (Projected)	Impact Analysis
Mortgage Rates (%)	11.5	14.8	21.7	25+	Soaring rates make home ownership unaffordable, driving defaults and limiting housing access.
Profit Tax (%)	20	20	20	25	Increased burden on businesses, leading to closures and tax evasion by elites.
Capital Flight (\$)	30B	47B	58B	80B+	Rising as Kremlin elites move wealth abroad, draining national resources.
Loan Denial Rates	12%	15%	22%	35%	Limited credit access for ordinary businesses, driving insolvencies.
Food Inflation (%)	6.4	7.2	13.1	30-50 (dairy)	Sharp increases in food prices reflect economic mismanagement and declining supply chains.

The data highlights a clear trend. While the Russian economy deteriorates, the oligarchs and Kremlin elites extract and secure wealth internationally. Russia faces an economic catastrophe rooted in Putin's autocratic policies and the kleptocratic practices of those surrounding him. The country's financial system now primarily serves as a personal bank for Putin's elite, not a resource for the Russian people. As Putin and his associates drain the nation of its wealth, Russian citizens are left to contend with a collapsing economy, unaffordable housing, rising debt, and skyrocketing costs for necessities, a testament to Putin's failed economic governance and the betrayal of his people by those he empowers.

As of September 2024, Russia's external debt stands at approximately \$306 billion, a slight decrease from previous levels, reflecting a broader effort to reduce international liabilities amidst economic strain. However, China has emerged as a critical creditor for Russia, offering significant financial support amid sanctions from Western nations. Russia's financial reliance on China encompasses multiple forms of debt, including commercial loans, government bonds, and direct investments—particularly in energy, infrastructure, and strategic industries. Though detailed data on the exact share of Russia's debt held by

China remains limited due to confidentiality agreements, estimates suggest a substantial portion, potentially exceeding \$40 billion, is linked to Chinese banks and entities.

Russia's survival hinges increasingly on Chinese financial backing, as it faces limited access to Western capital markets due to sanctions. Chinese loans and currency swap arrangements have provided a lifeline, enabling Russia to maintain liquidity and stabilize its currency, albeit with growing costs and dependency. The debt reliance has significant geopolitical implications- reinforcing Russia's strategic alignment with China while constraining its economic policy flexibility. Given Russia's declining reserves, deteriorating trade terms, and limited foreign exchange, any reduction in Chinese financial support could critically impair Russia's ability to manage its fiscal and economic challenges.

The dependency makes Russia vulnerable, as any shifts in Chinese policy or prioritization could destabilize its financial system. The indebtedness also limits Russia's economic autonomy, compelling deeper concessions in bilateral relations, such as energy pricing, infrastructure control, or joint ventures in sensitive sectors. Russia's growing debt to China has become a double-edged sword—vital for short-term stability but perilous for long-term economic independence and national security.

Russia has shifted much of its oil exports from Europe to China, India, and other BRICS nations in response to Western sanctions. Before the invasion of Ukraine, Europe accounted for 40-45% of Russia's oil exports; this figure has now dropped to just 4-5%. China and India have become Russia's primary oil buyers, collectively receiving up to 90% of its redirected oil. India's share has grown from negligible to 40% of Russian oil exports, while China receives nearly 50%. These deals often involve discounted prices, allowing countries to capitalize on Russia's constrained market access. However, the significant discounts reduce Russia's state revenue, complicating the Kremlin's efforts to fund its budget, including the war in Ukraine.

Despite sanctions, Russia has bypassed the G7's \$60-per-barrel oil price cap through "shadow fleets" and complex trading schemes involving non-Western intermediaries. These evasion methods mean oil revenues are taxed at lower rates in Russia, contributing minimally to the state budget. While providing some financial relief, the covert trading network drains funds from state coffers that would otherwise support broader economic needs.

Russia's energy exports remain vital for its economy, generating about 57% of export revenue and representing 27% of GDP. However, the sanctions have had a severe impact, forcing Russia to rely on high-cost logistics and unconventional shipping routes to sustain these exports. While the revenue flow continues, the reduced profitability due to sanctions-induced discounts and logistical costs has weakened Russia's economic capacity.

Russia's survival increasingly depends on its ability to sustain these shadow oil deals amid tightening sanctions. Meanwhile, the oil revenue shortfalls are compounded by diminishing foreign reserves, creating a liquidity crunch that threatens economic stability. BRICS countries remain critical partners, but the terms of these relationships—heavily tilted in favor of buyers—drain Russia's coffers further, making it difficult

for the Kremlin to finance other domestic and strategic needs. The combination of sanctions and the reliance on such deals severely undermines Russia's long-term economic prospects, increasing its dependency on China and other BRICS members to keep its economy afloat.

Comparative Table of Russia's Oil Export Shift and Economic Impact

Table 2 Oil Exports and Economic Impacts

Aspect	Pre-Sanctions	Post-Sanctions (2024)	Impact Analysis
Oil Exports to Europe (Pre-2022 vs. 2024)	40-45% of total oil exports to Europe	4-5% of total oil exports to Europe	Significant loss of European market, pushing for alternative markets
Main Export Destinations (2024)	Europe was the primary buyer	China (~50%) and India (~40%) as the primary buyers	Shift to BRICS, but at lower profitability
Price Discounts for Oil (2024)	Minimal, standard global pricing	Heavily discounted (up to 20-30% below market)	Revenue drops due to the necessity of offering lower prices

Beyond the decline in oil revenues, several other significant issues have emerged in Russia due to sanctions-

Technology Deficiencies- Sanctions have severely impacted Russia's access to advanced technology, particularly in oil extraction, aerospace, and defense sectors. Russian energy companies depend on Western technology for efficient oil production, especially in mature fields. As Western firms exit the Russian market, domestic production suffers from outdated techniques, reducing productivity and higher costs. The defense sector faces similar struggles, with limited access to advanced electronics and precision components, hindering weapon production and maintenance.

Industrial and Manufacturing Decline- The lack of imported machinery and industrial components has disrupted manufacturing. Russia relies heavily on imports for specialized equipment, spare parts, and critical raw materials. The sanctions have created supply chain disruptions, leading to stalled or reduced output in automobile production, aerospace, and heavy machinery sectors. Domestic substitutes are often inadequate or more expensive, further diminishing Russia's industrial competitiveness.

Financial Isolation- Major Russian banks remain cut off from SWIFT, limiting international transactions. The isolation complicates payments, trade financing, and currency exchanges, restricting Russia's ability to conduct global business efficiently. It also forces Russian firms to rely on less secure and more costly financial networks in non-Western countries, increasing operational risks and transaction costs.

Currency Volatility and Inflation- Sanctions have weakened the ruble, causing significant inflation in essential goods, including food and medicine. The ruble's depreciation increases import costs, further pressuring consumer prices. The population faces declining real wages and purchasing power, exacerbating public discontent. Inflation remains particularly severe in sectors where Russia is import-dependent, such as pharmaceuticals and electronics.

Brain Drain and Labor Shortages- Sanctions, combined with a militarized society, have accelerated the outflow of skilled labor. Professionals in IT, engineering, finance, and academia are increasingly leaving Russia for countries with better economic opportunities and political stability. The talent loss reduces innovation and weakens strategic sectors, limiting Russia's ability to adapt to technological and financial challenges.

Energy Sector Instability- Beyond oil, sanctions have also targeted Russia's natural gas exports. European nations have rapidly diversified their energy sources, reducing dependence on Russian gas. As a result, Russia's gas sector has faced oversupply issues and lower revenues. Although liquefied natural gas (LNG) exports have partially offset this loss, the LNG infrastructure in Russia remains underdeveloped, limiting expansion and profit potential.

Food Security Risks- Sanctions have impacted Russia's ability to import agricultural technology, seeds, and fertilizers. The issue is compounded by the shift of funds towards military spending, reducing investments in agricultural modernization. While Russia has increased domestic production in some areas, it struggles with yield gaps and lower agrarian productivity compared to countries with access to modern agri-tech.

Logistical and Trade Bottlenecks- Sanctions on shipping, logistics, and insurance have disrupted Russia's trade routes. While alternative routes to Asia have been developed, they are less efficient and more expensive. Redirecting exports via longer routes, such as through the Arctic or overland to China, adds substantial logistical costs and delays, making Russian goods less competitive globally.

Budgetary Strains- Lower energy revenues, rising inflation, and increased wartime expenditures have strained Russia's state budget. Efforts to offset these costs through domestic borrowing and higher taxes have limited impact, as the economic base is shrinking. The budget stress limits the government's capacity to support social programs, infrastructure projects, and economic diversification efforts.

Social Interest and Public Discontent- The economic fallout from sanctions has led to declining living standards, increasing poverty, and higher unemployment in many regions. Though often suppressed, public protests reflect a growing dissatisfaction with deteriorating economic conditions. A combination of declining public services, rising costs, and forced conscription has deepened discontent across various demographics, including urban professionals, small business owners, and rural workers.

While interconnected, each of the above-listed issues exacerbates Russia's overall economic vulnerability and limits its ability to respond effectively to ongoing geopolitical and financial challenges.

The issues stemming from sanctions are deeply interconnected, creating a compounding effect that impacts Russia's economic stability, societal well-being, and geopolitical standing. Here's a breakdown of how these elements are linked-

Economic Contraction and Financial Isolation

- Sanctions restrict Russia's access to global financial markets, limiting currency exchange, loans, and trade financing.
- The loss of international banking relationships hinders export payments and inward investment, reducing state revenue and shrinking the national budget.
- Currency volatility and inflation follow as the ruble depreciates and import prices rise sharply, increasing essential goods and services costs.

Energy and Technology Deficiency

- Sanctions targeting energy exports force Russia to offer discounts to non-Western buyers, reducing state revenue.
- The absence of Western oilfield technology reduces oil and gas production efficiency, further decreasing revenue.
- Technology restrictions extend beyond energy to manufacturing, impacting overall industrial output and leading to increased reliance on outdated methods.

Manufacturing and Logistics Bottlenecks

- Limited access to Western machinery and parts disrupts Russia's manufacturing and agriculture sectors, reducing domestic output.
- Logistical bottlenecks due to sanctions on shipping, insurance, and trade routes force longer, less efficient routes, adding costs and delays.
- Increased production costs translate to lower competitiveness globally and reduced revenue, feeding back into the financial constraints.

Budgetary Strains and Societal Impact

- Reduced revenues from energy and manufacturing limit state budget flexibility, making it challenging to fund social programs, pensions, healthcare, and infrastructure.
- Increased military spending, driven by geopolitical ambitions and the Ukraine conflict, diverts resources from economic recovery, exacerbating social issues.
- Inflation and declining living standards heighten public discontent, while brain drain reduces skilled labor available to drive economic growth.

Geopolitical and Strategic Dependence

- Growing reliance on other nations taking advantage of Putin's need to fund his illegal war and Russian economic survival shifts the geopolitical stance, increasing vulnerability to diplomatic pressures from these partners.
- Shady oil deals and alternative trading routes create dependencies on non-transparent networks, increasing geopolitical risks and reducing control over revenue flows.

Cascading Impact of Sanctions on Russia's Economy

Table 3 Sanctions and the Russian Economy

Issue	Primary Impact	Secondary Impact
Sanctions	Cuts off access to Western markets, banks, and technology.	Forces Russia to rely on alternative markets (e.g., China, India) at discounts.
Financial Isolation	Limits international trade, currency exchanges, and loans.	Complicates domestic and international transactions, slowing growth.
Currency Volatility & Inflation	Leads to higher import costs, raising inflation rates.	Reduces purchasing power, impacting public sentiment and stability.

The cascading impacts of sanctions on Russia's economy highlight each issue's primary and secondary effects, showing how they contribute to the broader economic and societal challenges.

Other Areas of Sanction Impacts

Several additional points can further clarify and expand on the impact of sanctions and the broader crisis in Russia-

Depletion of Sovereign Wealth Funds (SWFs)-

Russia has been tapping into its National Wealth Fund (NWF) to stabilize the economy, sustain critical imports, and support wartime expenditures. While this fund initially helped buffer the impact of sanctions, its depletion is accelerating due to sustained budget deficits and emergency spending. As reserves dwindle, the government faces limited options for financial relief, increasing economic vulnerability.

Impact on Small and Medium Enterprises (SMEs)-

Sanctions have particularly hurt SMEs, which lack the resources of state-backed companies to adapt to new markets, technologies, or supply chains. Many SMEs depend on imported goods,

technologies, and financial services that are now restricted. The failure of SMEs undermines employment, reduces domestic innovation, and limits economic diversification.

Internal Fragmentation of the Russian Elite-

Economic pressure has led to tensions among the Russian elite, particularly between oligarchs, bureaucrats, and security apparatus leaders. Oligarchs, hit hard by sanctions targeting their assets abroad, are increasingly critical of domestic economic policy, prioritizing state control over market flexibility. While not openly visible, such fragmentation creates potential instability within Putin's power structure, affecting decision-making and policy implementation.

Agricultural Struggles and Food Insecurity Risks-

Russia's agricultural sector, despite increased domestic production, faces significant challenges. Sanctions have restricted access to advanced seeds, fertilizers, and machinery, leading to lower crop yields and reduced food quality. As Russia redirects funds towards defense, agricultural subsidies have decreased, risking food shortages and rising food prices, disproportionately affecting lower-income citizens.

Foreign Investment Collapse and Capital Flight-

The sanctions have not only stopped new foreign investment but have also prompted existing investors to withdraw capital. Capital flight, already a chronic problem for Russia, has accelerated due to financial instability and sanctions, further reducing domestic investment and limiting growth. The Russian government's efforts to implement capital controls have only partially mitigated this outflow.

Informal Economies and Corruption Surge-

With official trade routes and banking services disrupted, the informal economy in Russia has snowballed, often facilitated by corrupt practices. The growth of black markets for goods, financial services, and labor underscores a deeper economic decay, where informal networks fill gaps left by sanctioned markets, undermining legal institutions and complicating economic recovery efforts.

Social and Psychological Impact on Population-

Beyond the tangible economic hardships, the social fabric in Russia has deteriorated. Rising inflation, declining real incomes, and forced conscription have deepened public anxiety and frustration. Government propaganda and censorship have tried to manage this discontent, but the strain is evident in emigration, increased crime rates, and public apathy toward state initiatives.

International Reputational Damage-

The sanctions and Russia's pivot to non-Western markets have resulted in reputational damage beyond economic loss. Major Western firms have pulled out, and Russia's association with evasion tactics and human rights abuses related to the Ukraine war has deterred even potential neutral investors. The reputational hit complicates potential trade relations or diplomatic engagement normalization should political circumstances shift.

Long-term Strategic Weakness-

The cumulative effect of these economic strains creates a long-term strategic weakness. Russia's financial power, once a tool of geopolitical leverage, is now increasingly dependent on foreign entities like China for financing and market access. The dependency reduces Russia's ability to project power abroad and limits strategic decision-making to align with partners' interests, particularly China, rather than solely its own.

Potential for Sudden Systemic Shocks-

While Russia's economy has shown resilience in some areas, it remains vulnerable to sudden shocks. Further sanctions, critical infrastructure failures, or unexpected military costs could trigger these. Without adequate reserves, diversified revenue streams, or restored investor confidence, such shocks could lead to rapid economic destabilization, escalating internal unrest and weakening Putin's grip on power.

Wrap Up

The analysis of sanctions against Russia demonstrates their significant impact on the country's financial stability and governance. The sanctions have undermined Russia's macroeconomic foundations and fueled public dissatisfaction through rising living costs, restricted credit access, and declining business viability. The Treadstone 71 review highlights how strategic international measures can effectively weaken an adversary's economic power and geopolitical influence when applied consistently.

The analysis anticipates more profound socio-political consequences as the sanctions continue to bite, with potential scenarios ranging from economic adaptation to escalating social unrest. The report underscores the importance of monitoring emerging economic indicators and alternative scenarios, utilizing foresight analysis and predictive modeling to anticipate future trajectories. This approach allows policymakers to adapt strategies dynamically, aiming to intensify the economic pressure or explore diplomatic avenues to resolve tensions. Ultimately, the document illustrates the critical link between international economic measures and domestic policy outcomes, emphasizing the necessity for strategic, evidence-based decision-making in global sanctions regimes.

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