

IV. paket sankcij Evropske unije in makroekonomski pregled Ruske federacije

I. Russia-related sanctions update

On March 15, 2022, the Council of the European Union introduced the fourth package of Russia-related sanctions.

I.I. Ban on transactions with Russian state-owned enterprises

The Council of the European Union decided to fully prohibit any transactions with 12 Russian State-owned enterprises, across different sectors, more particularly from the military-industrial complex. The list includes:

- OPK Oboronprom
- United Aircraft Corporation
- Uralvagonzavod
- Rosneft
- Transneft
- Gazprom Neft
- Almaz-Antey
- Kamaz
- Rostec (Russian Technologies State Corporation)
- JSC Po Sevmash
- Sovcomflot
- United Shipbuilding Corporation

For more detailed information, see [Regulation \(EU\) 2022/428 of 15 March 2022.](#)

I.II. Import ban on iron and steel products

The Council also introduced an EU import ban on iron and steel products originated from Russia or exported from Russia. Increased import quotas will be distributed to other third countries to compensate.

For more detailed information, see [Regulation \(EU\) 2022/428 of 15 March 2022.](#)

I.III. Energy sector

The new restrictive measures comprise a far-reaching ban on new investment across the Russian energy sector, with limited exceptions for civil nuclear related activities and the transport of certain energy products back to the EU. As per the Regulation, the following activities fall under this ban:

- the exploration, production, distribution within Russia or mining of crude oil, natural gas or solid fossil fuels, the refining of fuels, the liquefaction of natural gas or regasification;

- the manufacture or distribution within Russia of solid fossil fuel products, refined petroleum products or gas;
- the construction of facilities or installation of equipment for, or the provision of services, equipment or technology for, activities related to power generation or electricity production.

It also introduces a comprehensive export restriction on equipment, technology and services for the energy industry. Possible exemptions can be given by Member States for such exports if technologies are important for the supply of coal, gas or oil to the European Union, if they are destined to be used by an entity jointly or solely controlled by a legal person created under EU law or for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment.

For more detailed information, see [Regulation \(EU\) 2022/428 of 15 March 2022](#).

I.IV. Financial sector

The Council decided to prohibit the provision of any credit rating services, as well as access to any subscription services in relation to credit rating activities, to any Russian person or entity.

For more detailed information, see [Regulation \(EU\) 2022/428 of 15 March 2022](#).

I.V. Export ban on luxury goods

The restrictive measures also comprise an EU export ban on luxury goods. These products are prohibited from being sold to both individuals and legal entities in Russia or "for use in Russia".

The restriction applies to luxury goods that cost more than €300 per item, unless otherwise specified in the document. The ban does not apply to goods needed for "official purposes", for diplomatic missions in Russia, international organizations and their employees. The list of goods prohibited for import includes among others:

- Vehicles, with the exception of ambulances, for transporting people by land, air or water worth more than €50 thousand, as well as spare parts for them. The measure applies to passenger cars, including racing cars, and motorcycles;
- Wines, including sparkling, beer and spirits;
- Home appliances including hair dryers, microwaves, coffee makers and kettles, as well as smartphones and game consoles;
- Electronic devices for recording video or sound worth more than €1,000, including cameras;
- Caviar and its substitutes;
- Truffles and their products;
- Cigars and cigarillos;
- Perfumes and cosmetics;
- Watches, including wristwatches, and parts for them;
- Musical instruments worth more than €1.5 thousand;
- Works of art, collectibles and antiques;

- Clothes, shoes and accessories (regardless of what material they are made of) and leather bags;

For more detailed information, see [Regulation \(EU\) 2022/428 of 15 March 2022](#).

I.VI. Sanctioned individuals

The Council decided to impose targeted restrictive measures "in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine", to additional individuals and entities on an additional 15 individuals and 9 entities.

The listed individuals include key oligarchs Roman Abramovich and German Khan as well as Alexander Shokhin, President of RSPB and other prominent businesspeople involved in key economic sectors, such as iron and steel, energy, banking, media, military and dual use products and services. The list also includes people from the media sphere, such as Konstantin Ernst (CEO of Channel One Russia).

Sanctioned entities include companies in the aviation, military and dual use, shipbuilding and machine building sectors such as Rosneft Aero and JSC Rosoboronexport.

Restrictive measures "in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine", which now apply to a total of 877 individuals and 62 entities, include an asset freeze and a prohibition from making funds available to the listed individuals and entities. In addition, a travel ban applicable to the listed persons prevents these from entering or transiting through EU territory.

For more detailed information, see [Regulation \(EU\) 2022/427 of 15 March 2022](#).

The Council recently decided to prolong the sanctions targeting those responsible for undermining or threatening the territorial integrity, sovereignty and independence of Ukraine for a further six months until September 15, 2022.

I.VII. Statement in the WTO context

Separately, the Council gave a green light to the Commission to join, on behalf of the EU, a plurilateral statement on "aggression by the Russian Federation against Ukraine with the support of Belarus", that is expected to be issued in the context of the World Trade Organization (WTO). Like other WTO Members that are to co-sponsor that statement, the EU confirms its readiness to take any actions that are considered necessary to protect our essential security interests. These may include actions in support of Ukraine, or actions to suspend concessions or other obligations with respect to the Russian Federation, such as the suspension of most-favoured-nation treatment to products and services of the Russian Federation. Furthermore, in light of Belarus' material support to the actions of the Russian Federation, the EU considers that its WTO accession process is to be suspended.

Official Journal of the EU, L081of 9 March 2022:

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2022:0871:TOC&utm_source=dsms-auto&utm_medium=email&utm_campaign=Fourth+package+of+sanctions+in+view+of+Russ

[ia%e2%80%99s+military+aggression+against+Ukraine%3a+15+additional+individuals+and+9+entities+subject+to+EU+restrictive+measures](#)

II. Macroeconomic outlook

The World Bank economists predict the consequences of sanctions against Russia

The World Bank assessed the consequences of sanctions against the Russian Federation. The economists are convinced that the restrictions will have a strong impact on global GDP. Suspension of deliveries from Russia will complicate the market situation. The World Bank also said it would take at least a year for the economy to recover. The changes will occur in the agricultural sector, as many countries depend on the products from Russia and Ukraine.

Source: <https://iz.ru/1305220/video/ekonomisty-vsemirnogo-banka-sprognozirovali-posledstviia-sanktcii-protiv-rf>

"Spiegel" named three reasons why the dollar may lose its status as the world's main currency

The dollar may lose its status as the main world currency due to inflation, restrictive measures against Russia, and the situation on the markets. Inflation can seriously shake the world's confidence in the value of the US currency: US prices rose by 8%, and now the further development of the situation depends on the Federal Reserve System's actions. The anti-Russian sanctions can also negatively affect the dollar. The result of the freezing of Russia's foreign exchange reserves raised fears that Washington may at any moment confiscate the foreign exchange assets of other countries. Such a breach of confidence may seriously hurt the dollar. In addition, the situation in Ukraine is rapidly changing the balance of power in the financial market. The formation and strengthening of the new blocs of sovereign countries may also affect the foreign exchange market.

Sources:

<https://ria.ru/20220316/dollar-1778367399.html>

<https://www.spiegel.de/wirtschaft/soziales/rusland-krieg-und-die-folgen-dollar-eine-weltwaehrung-auf-abruf-a-c420fdef-d250-4b7a-ad1c-d63cd2fcead0>

The alternatives to the dollar, IMF, and SWIFT to appear in the global economy

Turkish media 'Cumhuriyet' published an analytical forecast, according to which the unipolar model of the world economy, dominated by the United States, is gradually disappearing. The institutions of the current order, such as single currency (dollar), single bank (World Bank), single financial institution (IMF), single banking system (SWIFT) will be subject to transformation, while the new centers will create alternatives to these institutions. According to forecast, in the new system not only the US, but also China, the EU, Russia, and India will act as global centers of power.

Sources:

<https://www.cumhuriyet.com.tr/yazarlar/mehmet-ali-guller/yeni-dunya-duzeni-insasi-1915667>

<https://ria.ru/20220315/alternativy-1778281186.html?in=t>

III. Commodity markets

International Energy Agency warns of 'global shock' due to expected disruption of oil supplies from Russia

Global economic growth will decline markedly amid rising commodity prices due to sanctions imposed on Russia, according to a report by the International Energy Agency (IEA). The experts believe that possible interruptions in the supply of Russian oil could cause a global shock in the oil market. The agency lowered its 2022 oil demand estimate by 1.1 million barrels per day (bpd) to 99.7 million bpd.

According to the IEA report, oil production in Russia will fall by 3 million bpd from April 2022 due to sanctions and the refusal of buyers to export. The experts note that only Saudi Arabia and the UAE have the necessary spare capacity that could immediately help compensate for the shortage of Russian oil. "The prospect of large-scale disruptions in oil production in Russia threatens to cause a global shock in the oil market," the document says. Earlier, The Wall Street Journal claimed that the leaders of the UAE and Saudi Arabia refused to negotiate with US President Joe Biden about increasing oil production.

Source: <https://www.kommersant.ru/doc/5259276?from=lenta>

OPEC recognises the conflict over Ukraine as a key factor in the oil market

The Organization of Petroleum Exporting Countries notes that the conflict over Ukraine in 2022 increases the risks for the global economy as a whole. It has already driven up commodity prices, driving up global inflation. The price of a barrel is rising on fears of stopping energy exports from Russia. "The consequences of the conflict, especially the impact on rising inflation, will lead to a decrease in consumption and investment," the report says. The final conclusions about the impact on the oil market and the economy as a whole, according to OPEC forecasts, the organization will be able to present "in the coming weeks."

Source: <https://www.vedomosti.ru/business/articles/2022/03/15/913652-opek-konflikt-ukraini>

"The Wall Street Journal": Saudi Arabia considers accepting yuan instead of dollars for its oil sales to China

Saudi Arabia is in active talks with Beijing to price some of its oil sales to China in yuan. This fact is assumed by experts as a move that would dent the U.S. dollar's dominance of the global petroleum market and mark another shift by the world's top crude exporter toward Asia. The talks with China over yuan-priced oil contracts have been off and on for six years but have accelerated this year as the Saudis have grown increasingly unhappy with the US "nuclear talks" with Iran and weak support for its military operation in Yemen.

China buys about 25% of the country's total oil exports from Saudi Arabia. At the same time, 80% of settlements in the global oil market are made in dollars, Riyadh has been using only the American currency since 1974. China introduced contracts for the purchase of oil in yuan in 2018.

Sources:

https://www.wsj.com/articles/saudi-arabia-considers-accepting-yuan-instead-of-dollars-for-chinese-oil-sales-11647351541?mod=Searchresults_pos1&page=1&utm_source=yxnews&utm_medium=desktop

<https://www.vedomosti.ru/economics/news/2022/03/15/913627-saudovskaya-araviya-rassmatrivaet-vozmozhnost>

Transit of Russian gas through Ukraine began to decline

The current volume of applications for the transit of Russian gas through Ukrainian territory suggests that on March 16, 2022 gas pumping will decrease by 9% compared to the previous day. This is evidenced by the data of the "GTS Operator of Ukraine" (OGTSU).

Source: <https://www.kommersant.ru/doc/5259116>

IV. Russia's credit rating

Bloomberg predicted Russia's partial default on March 16, 2022

In Russia, a default in foreign currency may begin as early as March 16. This forecast was released by Bloomberg. "Non-payment or payment in local currency instead of dollars would lead to a potential wave of defaults on about \$150 billion in foreign-currency debt owed by both the government and Russian companies, including Gazprom, Lukoil and Sberbank. If bondholders do not receive a dollar payment on March 16, 2022, this will be the beginning of a very long and complicated process," writes Bloomberg.

The publication notes that most of the Russian debt is assessed as investment grade, so this may affect funds and donations, including pensions. If Russia does not fulfill its obligations, then it will have a month to correct the situation, writes Bloomberg.

Source: <https://ura.news/news/1052538738>

Fitch called a sign of default in Russia

Making coupon payments in the Russian Federation on dollar-denominated debt securities in rubles will be considered a default after the thirty-day grace period for debt repayment expires, was stated by Fitch.

Sources:

<https://ura.news/news/1052538874>

<https://www.kommersant.ru/doc/5259252?from=lenta>

Fitch downgrades long-term ratings of 31 Russian banks from 'B' to 'CC'

The international rating agency Fitch has withdrawn from the list for review the long-term issuer default ratings of 31 Russian banks, including Gazprombank, Sberbank, Tinkoff Bank, Alfa-Bank, and downgraded the ratings to "CC" from "B".

Source: <https://ria.ru/20220316/reyting-1778363191.html>

Russian State Duma: there are no prerequisites and grounds for a default in Russia

There are no prerequisites and grounds for the default of the Russian Federation, the question is whether it is necessary to fulfill obligations to "partners", Anatoly Aksakov, Chairman of the State Duma Committee on financial market said on March 16, 2022.

Source: <https://ria.ru/20220316/defolt-1778397122.html>

"The Conversation": Russian response to Western sanctions took a rather original form

The Russian response to Western sanctions took a rather original form: establishing a list of "unfriendly" countries to Russia and authorizing Russian individuals and companies to repay their debts in rubles. And this even if the credit was contracted in another currency. The Kremlin's decision actually seems quite shrewd and aims to indirectly enlist the support of foreign banks.

In early March, President Putin signed a decree allowing the repayment of Russia's debts in rubles. The Central Bank then explained: to creditors from countries that have imposed sanctions, payments should go only in rubles to special bank accounts, to the rest - in rubles or, if there is a special permit, in the currency of the debt.

As of January 1, 2022, Russia's external debt, according to the Central Bank, amounted to US\$ 478.2 billion, of which state administration bodies accounted for US\$ 62.56 billion. The Russian Ministry of Finance, after the presidential decree, announced that it would fulfill its obligations under sovereign bonds in a timely manner and in full. According to the Ministry, payments on Eurobonds to residents will be in rubles, and to non-residents - according to the issued documents, but in fact the possibility of such payments will depend on whether they can be made under the imposed sanctions.

Sources:

<https://theconversation.com/decryptage-le-remboursement-de-dettes-en-rouble-la-contre-attaque-economique-gagnante-de-la-russie-179017>

<https://ria.ru/20220316/razreshenie-1778389332.html>

IV. Russian economy outlook & support measures

Experts predict above-planned growth of Russian budget revenues in 2022 by 5-5.5 trillion rubles

Most of analysts agree, that a decline in revenues to the Russian budget, despite the crisis in the Russian economy, which may become unprecedented, is not expected. Moreover, economists expect an increase in revenues compared to the values approved by the Russian budget law. For instance, the current law assumes that revenues in 2022 will amount to 25 trillion rubles. Of these, 15.5 trillion are non-oil and gas. The sale of energy resources, respectively, was supposed to bring 9.5 trillion, the Russian Ministry of Finance expected

earlier. In total, budget revenues could grow up to 30 trillion rubles. Of these, non-oil and gas will amount to 15-17 trillion rubles, and oil and gas will increase to 13 trillion rubles.

However, this will be possible only in case of no serious restrictions on the export of Russian energy resources. The growth of oil and gas revenues will be driven by a sharp rise in energy prices, while non-oil and gas revenues will be driven by inflation.

For all other forecast indicators, including GDP, the spread of forecast values is unprecedentedly large. Almost all analysts predict a decline in the Russian economy. The decline in GDP in 2022 will reach 5-6%. At the same time, unlike all previous recessions, the decline in production will not be caused by a drop in export earnings: the decline will occur due to a temporary shortage of imported components. As Russian factories switch to available suppliers from Asia and supplies from Europe are restored, production facilities will return to operation.

According to some economists, GDP may even decline by 8-10% by the end of the year. The main impact will be on private investment and household consumption due to increased uncertainty, revisions to investment plans and rising prices, the analyst explained. Much will depend on the changes in geopolitical situation and business activity in various market segments.

The inflation by the end of 2022 may reach 15%, including 15% for food products, 20% for non-food products, and 10% for services. Taking into account the stabilisation measures taken, the exchange rate of the national currency against the dollar and the euro by the end of 2022 might be 120 and 135 rubles respectively.

Source: <https://www.vedomosti.ru/economics/articles/2022/03/14/913447-eksperti-ozhidayut-byudzheta>

Minister Reshetnikov: foreign businesses will return to Russia after reconfiguring the supply chains

The foreign businesses will return to work in Russia after reconfiguring the logistics chains, said Maxim Reshetnikov, Russian Minister of Economic Development. "The stores announced suspensions rather than closures, thereby saving jobs. The companies that have been working in Russia for quite a long time will return", the Russian government press service quoted Minister Reshetnikov in its Telegram channel.

Source:

https://ura.news/news/1052538359?utm_medium=referral&utm_source=infox.sg&utm_campaign=exchange

Deputy Prime Minister Abramchenko: Russia is increasing imports from friendly countries

"There is no risk of food shortages in Russia due to Western sanctions, Moscow is expanding the supplies from friendly countries", Deputy Prime Minister Victoria Abramchenko said on March 15, 2022 to the Russian government press service. She also stressed that the sanctions would not lead to the isolation of Russia's agro-industrial market, as Russia opens up new markets and enters into the agreements with new suppliers.

According to Deputy Prime Minister, over the past 1,5 months, Rosselkhoznadzor has issued permits for the import to Russia of products from over 140 foreign enterprises, including from Turkey, India, China, Belarus, Azerbaijan, Kyrgyzstan, and Kazakhstan. "We are talking about the supply of dairy and meat products, feed and additives, fish products and breeding material, as well as hatching eggs. Russia provides itself with basic food products and continues to expand import supplies to saturate the market with various products and increase the range for the Russian consumer," she concluded.

Sources:

<http://government.ru/news/44804/>

<https://ria.ru/20220315/import-1778190955.html>

Prime Minister Mishustin approved the composition of the Presidium of the Governmental Commission on Economic Sustainability

On March 15, 2022, Russian Prime Minister Mikhail Mishustin approved the composition of the presidium of the Governmental Commission to improve the stability of the Russian economy and headed it personally. The presidium of the Commission included First Deputy Prime Minister Andrei Belousov; Moscow Mayor Sergei Sobyenin; Deputy Prime Ministers: Yuri Borisov, Tatyana Golikova, Dmitry Grigorenko, Alexander Novak, Marat Khusnullin, Dmitry Chernyshenko; Head of the Ministry of Industry and Trade Denis Manturov; Minister of Economic Development Maxim Reshetnikov; Minister of Finance Anton Siluanov; Minister of Agriculture Dmitry Patrushev; Minister of Transport Vitaly Savelyev; Presidential Aide Maxim Oreshkin; Head of the Federal Tax Service Daniil Yegorov; First Deputy Head of the Central Bank of Russia Vladimir Chistyukhin.

"The Governmental Commission was created to develop the decisions related to supporting the real sector of the economy, financial markets, small and medium-sized businesses, as well as developing measures aimed at social protection of the population," the Russian government press service reported. The first meeting of the commission was held on March 15, 2022, via videoconference.

Source: <https://ria.ru/20220315/ekonomika-1778264689.html>

Russian government will allocate about 1 trillion rubles to support the economy

The Russian government prepared a plan of measures aimed at increasing the stability of the country's economy in the face of sanctions. "The total amount of support is estimated at about 1 trillion rubles, plan includes more than 100 initiatives", Prime Minister Mikhail Mishustin said at the meeting of the Governmental Commission, held on March 15, 2022.

As part of the plan, the Russian government has approached its partners in the Eurasian Economic Union (EAEU) with an initiative to raise the limit on duty-free importation of goods through e-commerce. In addition, it is proposed to pay import duties at a fixed exchange rate.

Among other measures to support importers, Prime Minister Mishustin also mentioned the granting of the status of priority goods to "consumer goods" when cleared at customs checkpoints: food, medicines, components and spare parts. The government has created a list of critical goods imported into Russia. It is assumed that they will be issued according to a

simplified procedure, import duties will be zeroed, and anti-dumping duties will be temporarily suspended.

Source: <https://www.vedomosti.ru/economics/news/2022/03/15/913602-pravitelstvo-napravit-podderzhku-1-trln>

Russian government proposed to increase the threshold for duty-free import of goods by 5 times

The Russian government is discussing the rise of duty-free import limit for individuals to 1,000 euros, vs e-commerce and purchases on foreign websites. The measure is contained in the updated plan of priority actions for the development of the Russian economy in the face of sanctions. It is envisaged to expand the alternative channels for the supply of goods from abroad, and to be valid until October 1, 2022.

Source: <https://www.vedomosti.ru/economics/articles/2022/03/15/913586-besposhlinnogo-vvoza-mogut-povisit>

Measures to support the development of the fast food industry in the city of Moscow

Moscow Mayor Sergei Sobyenin has allocated grants to support domestic fast food chains, applications will be accepted until June 30, 2022, the press service of the Mayor reported. The condition for obtaining a grant is the opening of new catering facilities in the fast food segment, operating in the affordable price segment, and hiring new employees.

Source: <https://ria.ru/20220316/pitanie-1778389797.html>

VI. Russia-Belarus integration

Belarusian Prime Minister Golovchenko: Moscow and Minsk will jointly develop import substitution

"Minsk and Moscow will jointly develop import substitution and mutual supplies of raw materials and components to ensure their technological independence", said Belarusian Prime Minister Roman Golovchenko on March 14, 2022, following the talks held in Moscow with Russian Prime Minister Mikhail Mishustin.

According to Prime Minister Golovchenko, the sectors of mechanical engineering and microelectronics are considered in the first hand. In this regard, he mentioned the establishment of joint working groups in respective economy segments and the elaboration of plans on raw materials and components mutual supplies in the volumes, necessary to meet the needs of the Union State market. For this work, the funding allocated by the Russian Federation for import substitution, will be applied. Prime Minister Golovchenko noted, that before Belarus had to compete for certain types of Russian raw materials and products. Now it is clear that the needs of the Union State shall be prioritised.

Source: <https://ria.ru/20220314/importozameschenie-1778158883.html>

Belarusian Prime Minister Golovchenko: Russia will remove restrictions on the import of Belarusian products

"Minsk reached the agreement with Russia on lifting restrictions on the import of Belarusian products", Belarusian Prime Minister Roman Golovchenko said on March 14, 2022, following the talks held in Moscow with Russian Prime Minister Mikhail Mishustin. 'Belarus was granted maximum favored nation treatment since today, and remaining administrative and regulatory issues will be eliminated', he added.

Source: <https://ria.ru/20220314/produksiya-1778172277.html>

Belarusian Prime Minister Golovchenko: Moscow and Minsk will work out the optimal price for Russian oil

Russia and Belarus will work out a more optimal formula for the price of Russian oil supplied to Minsk, Belarusian Prime Minister Roman Golovchenko said on March 14, 2022, following the talks held in Moscow with Russian Prime Minister Mikhail Mishustin.

"There is an understanding that we need to improve our position on paying for energy resources, although even now our prices are quite comfortable, especially for gas. However, the imbalances caused by chaotic oil pricing are forcing us to look for a more optimal formula", Prime Minister Golovchenko said. In the coming days, the experts are supposed to develop a new formula for oil price for Belarus, to ensure the profitability of the Belarusian oil refineries.

On March 15, 2022, President of Belarus Alexander Lukashenko said to Sputnik Belarus, that Minsk would receive the energy resources from Russia at about the same prices as they are fixed in Russia.

Sources:

<https://ria.ru/20220314/neft-1778172767.html>

<https://ria.ru/20220315/energositeli-1778227612.html>

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