

THE INTERNATIONAL COMMUNITY SANCTIONS, ARISING FROM RUSSIA- UKRAINE CONFLICT AND ITS IMPACT ON EUROPEAN ECONOMY

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Abstract: This study examined the international community sanctions resulting from the Russia-Ukraine conflict and how these sanctions have impacted the economy of Europe. The study clarified the concept of sanction and conflict. The Ex- Post Facto research design was used for the study. Accordingly, data was sourced through secondary sources like, textbooks, newspaper, journal articles, and internet. Qualitative analysis was used to analyse the data, although tables were presented where required. Evidences drawn from these sources were prudently examined in order to establish a reasonable trend from which conclusions were drawn. The study found out that Germany halted accreditation of the Nord Stream 2 gas pipeline, which was meant to carry natural gas from Russia straight to Europe. The finding also showed that combination of factors is expected to make Estonian economy to go into recession in 2022 as well as making the inflation to reach 10.2 percent, 2.4 percent, and 1.7 percent in 2022, 2023, and 2024, respectively. However, it was concluded that the sanctions that was given to Russia was expected to make Russia to end its war in Ukraine but the sanctions have not ended the war but has affected the economy of most countries in Europe.

Keywords: Economy, government, global, military, inflation, energy.

1. INTRODUCTION

Russia invaded Ukraine with an air and missile attack on the 24th of February 2022, hours after Russian President Vladimir Putin's televised address launching a "special military operation," employing precision-guided bombs (PGMs) on strategic targets. Logistics facilities, installations of the navy, control centers and commands, air defenses, and essential infrastructure were among the first targets (Khurshudyan, 2022). The Pentagon estimated that Russia threw around 100 SRBMs, with Iskander-M SRBMs, as well as sea and air launched cruise missiles, in the early stages of the attack (Newdick, 2022). The initial Russian objective was to gain air supremacy, damage Ukrainian air defenses, and impair the Ukrainian military's capacity to coordinate defenses and counterattacks. However, the initial bombardment was shorter in duration and scale than some analysts had predicted (Kofman & Edmonds, 2022). The Russian air forces (VKS) in particular failed to suppress enemy air defense missions effectively, either due to a lack of motivation to act or a lack of competence.

Because Russia failed to damage Ukraine's air force and air defenses, as well as Ukrainian command and control capabilities, the Ukrainian military was able to respond to Russia's invasion more successfully than predicted, both at the onset and later (Strobel & Gordon, 2022). Following the air assault, Russian ground forces attacked from a variety of directions, including the north from occupied Crimea in the direction of Kherson; from Russia's Belgorod and Kursk toward

the Ukrainian cities of Kharkiv and Sumy; and from Belarus, a strong two-pronged thrust toward Kyiv's capital. Ukraine, non-governmental groups, the United Nations, various governments, and the Biden administration have all accused Russia of war crimes. Russian soldiers are said to have bombed civilian sites in Mariupol, including a maternity hospital. After the discovery of mass graves and reportedly slain civilians during the Russian military's retreat from the Kyiv suburb of Bucha, Russian forces have also been accused of indiscriminate killings (Congressional Research Service, 2022).

Following Russia's invasion of Ukraine, the international community and a number of other organizations-imposed sanctions with the goal of hurting the Russian economy (Funakoshi., Lawson & Deka, 2022). Individuals, banks, businesses, monetary exchanges, bank transfers, exports, and imports were all targeted by the sanctions (Melander & Baczynska, 2022). Foremost Russian banks were shut off from SWIFT, the international messaging network for global payments, as part of the sanctions, albeit there would still be restricted access to guarantee the capability to pay for gas exports (BBC, 2022). Davidson and Weaver (2022) stated that penalties should include asset restrictions on the Russian Central Bank, which owns \$630 billion in foreign-exchange reserves, to prevent it from countering the sanctions' impact, and that the Nord Stream 2 gas project should be included (Guy, 2022). By 1st of March, 2022, the total amount of Russian assets frozen as a result of sanctions had reached \$1 trillion (Charles, 2022).

Apple, IKEA, ExxonMobil, and General Motors are among the major multinational corporations that have decided to impose sanctions on Russia, acting as international law enforcers on behalf of governments (Andrew, 2022). Ukraine's and Western governments have encouraged the global commercial sector to support international law, and the EU, the United Kingdom, and Australia have also urged global digital platforms to remove pro-Russian propaganda (Andrew, 2022). Multinational corporations have withdrawn from Russia not only to comply with domestic sanctions and trade restrictions, but also to avoid the economic and reputational dangers involved with maintaining commercial connections with Russia (Andrew, 2022).

However, the objectives study of the study is to investigate the sanctions that has been given to Russia by the international community led by the United States as a result of the Russia-Ukraine conflict and its economic impacts of the sanctions on Europe.

Concept of Sanction

Sanctions are applied by the international community to force the offending country to stop its conduct, or at the very least to negotiate an end to its bad behavior (Aghabakhshi & Afsharirad, 1995). Galtung (1967) was one of the first sanctions researchers to observe that sanctions frequently result in improved levels of political integration in the target state, a phenomenon known as the "rally-around-the-flag effect" that has piqued the interest of many contributors to the sanction literature. Mayall (1984) claims that penalties often have perverse effects, establishing a sense of national cohesiveness and desire to succeed in adversity that was before lacking as a result of the siege mentality. Sanctions are frequently used in such instances to bolster popular support for the ruling government in the target country (Mack & Khan, 2000).

Furthermore, according to Galtung (1967), sanctions might backfire by creating a new elite in the target country that profits from international isolation. On the whole, sanctions frequently stimulate the growth of the target nation's domestic industries, lessening the target's reliance on the ability of the outside world and the sanctioners to influence the target's behavior through economic pressure (Selden, 1999). Galtung (1967) and a number of other theorists, including Leyton-Brown (1987), Lundborg (1987), Renwick (1981) and Tsebelis (1990), have noted that sanctions are frequently imposed for expressive or demonstrative purposes rather than for instrumental purposes, that is, to cause the target the most amount of pain possible or to get the target to comply with the sanctioner's demands. For instance, governments might implement sanctions to appease domestic pressure groups in sanctioning countries that want to appear as if they are doing something about the target's actions without paying a major expense.

Sanctions could also be used as a show of strength or to develop a reputation in the eyes of foreign allies and foes alike. Baldwin (1985) thus offers a broad definition of sanctions success, contending that sanctions can still be a successful projection of influence even if they do not force the target to change its objectionable policy by imposing costs on the target's behavior or by enhancing the reputation of the sanctioners on the global stage. Contrarily, Pape (1997) adopts a much more stringent definition of success, contending that sanctions are only effective if the sanctioned nation accedes to a sizable portion of the sanctioner's demands in the absence of any other internal or external pressures for change, i.e., there must be no other more plausible explanation for the target's behavior change.

Concept of Conflict

Tensions surrounding decisions on numerous options have long been associated with conflict, which can sometimes manifest itself in clashes between social forces (Dahrendorf, 1959). In terms of how challenges coming from a range of competitive social connections are characterized and articulated, the contest's nature can be illustrated. In every human interaction, whether organizational, communal, or multinational, there are differences of opinion, disagreements, and arguments. Long-term resentment of economic and social inequity stems from a failure to improve a certain group's quality of life (Azar, 1986). Conflict has been stretched and sculpted in a broad sense to characterize any discontent emerging from practically any facet of social conditions. The existential, pervasive character of decision-making among incompatible options can have an impact on politics as well as everyday decisions like where to shop and eat. The term 'conflict' has been utilized to describe a lot of family feuds, to corporate squabbles, to deadly state battles.

As a result, it was long ago determined that "the distinctions between conflict and non-conflict are blurry at best and non-existent at worst" (Mack & Snyder, 1971). While practitioners have frequently used the terms "conflict" and "dispute" interchangeably. Burton (1990) made more distinct distinctions, where he defined conflict as a severe nature of challenges to current norms, relationships, and decision-making processes. The term 'conflict', on the other hand, refers to management concerns and the management of discontent related to the implementation of specific policies. It may be able to respond to the injustice of authority choices in this way without calling into question the validity of decision-making based on dominant values and established institutional norms. In terms of intensity and extent of actions, polite disagreement, conflict, litigation, and war differ (Burton & Dukes, 1990).

Lack of information, misinformation, limited expertise, and various interpretations of data or legal concepts are all factors of confusion and misconception. Antagonistic attitudes and actions indicate conflicting interests, hostile sentiments, and irreconcilable values. A destructive type of conflict, in addition to these features, comprises attempts to do physical injury to the opposing party. In lieu of hostile behavior, the majority of interstate interactions at the management level, like domestic issues in a normal political setting, represent differences within the existing structure. A simple debate can grow into a lethal struggle with greater stakes if it is steeped in long-term competition. More significant than differences of opinion, mere arguing, and disagreement in electoral politics is a protracted period of conflict originating from value differences, as well as incongruent political and economic objectives.

Walking away from escalation becomes more difficult in this situation, especially if inter-group cleavages are badly managed and turn into organized, armed battles. Conflict can be compared as a fierce sort of competitiveness in a wide sense. Even without direct contact, it is unavoidable, as seen by efforts to increase sales in a consumer market. Competition is regarded as an underlying law of the game for life in the natural world, regulated by the surrounding environment, between species in quest of food, shelter, and other limited resources. As a result, competition between behavioral units is the most widespread and fundamental kind of interaction in the world of living things, which is full of various mutually contradictory stances, such as the desire for scarce food or coveted occupations. It may be considered a sort of 'conflict' if the battle is waged more actively and purposefully. Competition is not the same as conflict because the goal of competition is to gain valuable or scarce goods rather than to destroy or injure opponents (Mack & Snyder, 1971).

2. METHODOLOGY

Given, the problem of this study, the paper adopted the Ex Post Facto (After the Fact) research design. Materials for this paper was sourced through secondary sources of data which included here are textbooks, journal articles, newspapers, magazines, official documents from the government, internet materials, among others. Qualitative analysis was used to analyse the data, although tables were presented where required. Content analysis was used to analyse data so generated. This is with a view to identify logical sequence of data as well as trends.

3. RESULTS AND DISCUSSIONS

At this point, tables were presented that help to address the two objectives raised in the introductory section. In other words, this section is aimed at establishing an empirical link to the analysis of the international community sanctions, arising from the Russia-Ukraine conflict and its effects on Europe.

Table 1: Sanctions imposed on Russia by the international community

Countries and Unions that sanctioned Russia	The outcome of sanctions given to Russia
Canada, European Union, Japan, United Kingdom and United States	Important Russian banks have been cut off from the global Swift payment network, which allows for simple and speedy cross-border money transfers.
Europe	Many European countries have banned Russian airplanes from flying in their airspace.
European Union, United Kingdom and United States	Personal sanctions have been imposed on President Vladimir Putin and Foreign Minister Sergei Lavrov.
Germany	Despite the fact that it was a large investment by both Russian and European firms, the Nord Stream 2 gas pipeline in Russia has been halted.
European Union	351 Russian MPs are being targeted in order to restrict Russian access to finance, technology, and defense.
United Kingdom	Major Russian banks' assets have been blocked.
United States	Ten of Russia's most important financial institutions have been targeted.
Union of European Football Association	This year's Champions League final will not take place in St Petersburg.

Source: Computed by the author based on data from <https://www.arcjournals.org/pdfs/ijps/v8-i1/3.pdf>

Table 1 showing countries and unions that has sanctioned Russia and outcome of sanctions. Canada, European Union, Japan, United Kingdom and United States sanctioned Important Russian banks have been cut off from the global Swift payment network, which allows for simple and speedy cross-border money transfers. European countries have banned Russian airplanes from flying in their airspace. European Union, United Kingdom and United States have sanctioned President Vladimir Putin and Foreign Minister Sergei Lavrov. Germany has halted a large investment by both Russian and European firms, the Nord Stream 2 gas pipeline in Russia. European Union has targeted 351 Russian MPs in order to restrict Russian access to finance, technology, and defense. United Kingdom has blocked major Russian banks' assets. United States has targeted ten of Russia's most important financial institutions and Union of European Football Association has ordered that 2022 Champions League final will not take place in St Petersburg.

International community sanctions to end the conflict between Russia and Ukraine

The international Swift payment network is being cut off from important Russian banks by the European Union, the United States, the United Kingdom, Japan, and Canada

The United States, its European allies, and Canada decided to delist key Russian banks from the SWIFT interbank messaging system, thus cutting Russia off from the global banking system. By doing this, the removal of these banks from the global financial system will be ensured and weaken their capacity to function worldwide, the great powers announced in a joint statement the severe punitive action (The White House, 2022). Russian banks will be unable to securely interact with banks outside of the nation due to Moscow's exclusion from the Society for Worldwide Interbank Financial Telecommunication (SWIFT). Iran was thrown out of SWIFT in 2014 due to progress in its nuclear program. SWIFT is an independent Belgian organization that provides an internal communications system to more than 11,000 banks and financial institutions in more than 200 countries and territories. Any decision to impose fines on nations or individual organizations lies fully with the competent government agencies and applicable legislation (SWIFT, 2022).

"We have a legal obligation as a Belgian company to comply with all relevant EU and Belgian rules". The organization announced that it is seeking information on the entities that will be affected by the new initiative (SWIFT, 2022). Shmyhal (2022) added, "We appreciate your support and genuine assistance during this difficult period; this is something the Ukrainian people will never forget; keep the line intact; we have landed on our territory". Furthermore, the US and its associates said they would take tough measures to prevent Russia's central bank from utilizing its international reserves in

ways that would undermine sanctions. This will expose Russia's apparently sanctions-proofed economy to be a ruse. Russia's \$600 billion foreign reserve war fund is only as potent as Putin's ability to use it (Collins, Mattingly, Liptak, & Judd, 2022). The person, who spoke on the condition of anonymity in order to reveal new information about Washington's position, said the penalties will have an immediate impact on Russia (Taylor, 2022). A senior government source said, "You will see an immediate chilling effect descend over the Russian banking sector, even beyond what has already transpired" (Taylor, 2022).

"We have now targeted all 10 of Russia's major financial institutions, which control nearly 80% of the country's overall assets," (Taylor, 2022). When asked if the US had any evidence that China, the world's second-largest economy, would financially back Russia in the face of crippling sanctions, the individual responded, "China is not coming to the rescue" (Taylor, 2022). "China has prohibited several of its financial institutions from providing financing to fund Russian energy acquisitions." "This means that China has tended to respect the force of US sanctions, as it has for years" (US Embassy in Chile, 2022). The selling of "golden passports" should be banned, according to the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States. However, it is a gap that enables affluent Russians with connections to the Kremlin to get citizenship in other nations and gain entry to certain financial systems. "We will go for their yachts, mansions, money, and the ability to send their children to famous Western universities" (US Embassy in Chile, 2022).

European nations shut off its airspace to Russian airlines

One by one, European countries, including Germany, have announced that their airspace will be blocked for three months. Russian flights have few choices for westbound travel due to airspace restrictions over Ukraine. Hundreds of flights, including those to Paris, Vienna, and Kaliningrad, were canceled at Moscow's Domodedovo and Sheremetyevo airports. Russian airlines said on Facebook that they will be halting flights to many of its European destinations until at least 13th March, 2022. Aeroflot, Russia's largest airline, has stated that flights to Latvia and Romania, as well as its Prague and Warsaw routes, will be suspended until at least 26th March, 2022 (Agency Report, 2022). Meanwhile, Russia has countered by putting tit-for-tat sanctions on countries that have banned its planes.

President Putin and Foreign Minister Sergei Lavrov were given personal sanctions by the United States, the European Union, and the United Kingdom

The declaration was made on the second day of Russia's special operation against its neighbors. Such vengeance against leaders is uncommon. Only the presidents of Belarus and Syria have ever received EU sanctions, for instance. The United States has placed sanctions on both Syrian President Bashar al-Assad and Venezuelan President Nicolas Maduro. The size of Mr. Putin and Mr. Lavrov's holdings in the United States, the European Union, the United Kingdom, and Canada, as well as the practical effects of the sanctions, are unknown. Russia demonstrated the West's "very incompetent" foreign strategy. Following discussion at the UNSC, Russia exercised its veto on a draft resolution denouncing the invasion of Ukraine. (Dervis & Ocampo, 2022). India, China, and the United Arab Emirates all voted against the resolution, while 11 other members voted in favor.

Germany has put a stop to Russia's Nord Stream 2 gas pipeline, a substantial investment by Russian and European investment

On the 22nd of February, 2022, the Nord Stream 2 gas pipeline was scheduled to bring Russian natural gas directly to Europe. However, after Russian President Vladimir Putin recognized the breakaway territories of eastern Ukraine and sent soldiers there, Germany postponed certification of the pipeline. Scholz (2022) thinks that Germany would refuse to recognize two self-declared pro-Russian separatist districts in eastern Ukraine's Donbas and that the Nord Stream 2 controversy needs to be reexamined. According to Scholz (2022), he will request that the German Economy Ministry take action to prevent this pipeline from being certified at this time and to ensure that Nord Stream 2 cannot be constructed without it.

The relevant departments of the Economy Ministry will reevaluate the security of our supply in light of the recent developments (Scholz, 2022). Germany has been under fire for its ineffective response to Russia's threat against the Ukraine, but Scholz predicts "difficult hours" for Europe, adding that "almost 80 years after WWII, we may see a new struggle in Eastern Europe" (Scholz, 2022). Our responsibility is to prevent such a catastrophe, and German Chancellor Angela Merkel has reaffirmed his appeal for Russia to play its fair share (Scholz, 2022).

In an effort to restrict Russian access to finance, technology, and defense, the European Union targeted 351 Russian lawmakers

The EU imposed fresh sanctions against Russia on 24th February, 2022, naming as targets Defense Minister Sergei Shoigu and 351 Duma members for putting Ukraine's territorial integrity in peril. On 24th February, 2022, the European Union Council passed a set of steps in reaction to the Russian Federation's recognition of the ungoverned regions of Ukraine's Donetsk and Luhansk oblasts as independent states and its following plan to send Russian troops into these regions (Council of the EU, 2022). The greater military operation that started on 3rd March, 2022, is not the cause of the sanctions, which are in retaliation for Russian actions and are anticipated to have more serious effects. The resolution was formally adopted on 23rd February, 2022 as a result of the political agreement obtained by EU foreign ministers on 22nd February 2022. However, twenty-three persons have been denied entry into the EU as a result of the ruling, and their assets there have been frozen (Wessing, 2022).

According to the decision published in the EU official journal, the Deputy Prime Ministers of Russia, Dmitry Grigorenko and Marat Khusnullins, as well as the Minister of the Economy, Maxim Reshetnikov, are all on the EU's blacklist. It also includes Russian President Vladimir Putin's chief of staff, six commanders-in-chief, bankers, and oligarchs, as well as other military officers and key leaders in state propaganda (Wessing, 2022). Additionally, the EU forbids EU businesses from paying three banks that support or profit from Russian activities in the Donetsk and Luhansk regions, as well as the St. Petersburg-based "troll factory," which is in charge of a disinformation campaign against Ukraine. Due to their recognition of the independence of the Luhansk and Donetsk regions, which violates Ukraine's territorial integrity and sovereignty, the 351 members of the Russian State Duma has been banned (Wessing, 2022).

Major Russian bank assets were frozen by the United Kingdom, and Aeroflot, the country's flag carrier, was prohibited from landing there

Boris Johnson announced a comprehensive package of sanctions against Moscow, including a freeze on the assets of all major Russian banks and a ban on hi-tech exports, saying it is time to progressively squeeze Russia out of the global economy (Archyw, 2022). During the presentation of the extensive package of measures, Prime Minister David Cameron told MPs that "Putin will be convicted in the eyes of the world and history: he will never be able to wash the blood of Ukraine from his hands" (Freidman, 2022). Regarding the dramatic decrease in Russian financial markets and the value of the Rouble since the invasion of Ukraine, Johnson continued, "We will keep trying to squeeze Russia out of the global economy piece by piece, day by day, and week by week." His spokeswoman said he will pursue the topic further in the coming days despite the fact that he has already attempted and failed to convince other G7 leaders to exclude Russia from the SWIFT global payments system. According to Johnson, the UK will take ten urgent measures (Politi, 2022). All significant Russian banks with assets in the UK will have their assets frozen, including VTB, the second-largest bank in the nation with assets worth £154 billion (Politi, 2022).

United States target ten Russia's biggest financial institutions

United States President Joe Biden denounced Vladimir Putin's aggression on Ukraine and introduced new economic penalties meant to harm Russia. The actions are an improvement over the first round of US sanctions, which were put in place on 22nd February, 2022, following Putin's recognition of the independence of two areas in eastern Ukraine (Aljazeera News, 2022). The most recent sanctions, in contrast to the previous round, which targeted smaller banks, aim to cause greater economic pain by focusing on Russia's two major banks. According to US President Joe Biden, the US and its allies would implement export restrictions and pursue wealthy oligarchs. The sanctions, he continued, were crafted to have the greatest long-term impact on Russia while having the least amount of an effect on the US and its allies (Aljazeera News, 2022).

A Russian city, St. Petersburg, was barred from hosting the Champions League final and the Russian Grand Prix

Due to the invasion of Ukraine, Formula One postponed this season's Russian Grand Prix in Sochi, and UEFA denied Russia the right to host the Champions League final, choosing Paris instead of St. Petersburg (Russell, 2022). Additionally, after the company was demonized in the UK, Manchester United lost Russian state-owned airline Aeroflot as a sponsor, citing "events in Ukraine" (Russell, 2022). The Champions League final will no longer be held at the St. Petersburg stadium named for the Russian state-owned energy company, even if Gazprom is still a sponsor of the competition. Following a decision by UEFA's executive council, the 80,000-seat Stade de France in Paris' Saint-Denis neighborhood will host the

UEFA final on 28th May 28, 2022 (Russell, 2022). Concerns about Russia's capacity to host such a renowned event in the wake of its aggression against another European country led to recent discussions between UEFA President Aleksander Ceferin, the European Commission, and French President Emmanuel Macron (Russell, 2022).

Table 2: International community sanctions on Russia and its economic effect on Europe

European nations affected by sanctions placed on Russia	Sanctions on Russia and its economic impact on European nations
Belgium	Reduced domestic and international product demand, as well as rising energy prices and increased uncertainty.
Estonia	In 2022, the Estonian economy was pushed into recession by a number of causes.
Greece	The economy raised in 2022, though at a slower pace than the previous forecast of 4.8 %.
Latvia	Forecasts for inflation in 2022 and 2023 was revised upwards to 9.5 % and 3.7 %, respectively.
Lithuania	In 2022, Lithuania's GDP declined by 1.2 %, while annual inflation will rise to 11.1 %.
Netherland	Energy prices have grown considerably since the start of the war.
Poland	According to current forecasts, inflation reached 10.8 % in 2022 and will reach 9.0 % in 2023.
Portugal	Inflation reached its peak in 2022 as a result of higher energy prices and foreign trade restrictions.
Spain	The average GDP growth rate in Spain was 4.5 % in 2022, while expected 2.9 % in 2023, and 2.5 % in 2024.

Source: Computed by the author based on data from [https://www.europarl.europa.eu/RegData/etudes/IDAN/2022/699522/IPOL_IDA\(2022\)699522_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2022/699522/IPOL_IDA(2022)699522_EN.pdf)

Table 2 showing the international community sanction on Russia and its economic effect on Europe; Belgium reduced domestic and international product demand, as well as rising energy prices and increased uncertainty. In 2022, Estonian economy was pushed into recession by a number of causes. Greece economy raised in 2022, though at a slower pace than the previous forecast of 4.8 %. Latvia forecasts inflation in 2022 and 2023 have been revised upwards to 9.5 % and 3.7 %, respectively. Lithuania in 2022, the GDP decline by 1.2 %, while annual inflation will rise to 11.1 %. Netherland energy prices have grown considerably since the start of the war. Poland currently forecasts that inflation reached 10.8 % in 2022 and 9.0 % in 2023. Portugal inflation reached its peak in 2022 as a result of higher energy prices and foreign trade restrictions and Spain's average GDP growth rate is was 4.5 % in 2022, while expected 2.9 % in 2023, and 2.5% in 2024.

International community sanction on Russia and its impact on Europe

Belgium

Belgium's economic growth was 2.4 % in 2022, 1.5 % in 2023, and 1.9 percent in 2024, according to the latest predictions (National Bank of Belgium, 2022). In comparison to the autumn predictions released in December 2021, this indicates a 1.2 percentage point reduction in GDP growth for 2022-2023. Inflation is expected to rise significantly in the short term as a result of consistently high energy prices, reaching over 5 % by the end of 2022. Current estimates, on the other hand, do not point to a long-term wage-price spiral: inflationary pressure is likely to lessen over the next two years.

Estonia

Accordingly, Bank of Estonia (2022) in its most recent economic prediction, "a combination of numerous variables forced the Estonian economy into recession in 2022". Because of significantly higher inflation than previously predicted, which will diminish spending opportunities, as well as increased uncertainty, supply concerns, and lower export chances, GDP at constant prices will fall by 0.4 % in 2022". Inflation is expected to reach 10.2 %, 2.4 %, and 1.7 % in 2022, 2023, and 2024, respectively. Growth predictions for 2023 and 2024 are 2.0 % and 3.5 %, respectively. "Production problems will worsen, unemployment will rise as a result of economic challenges, inflation will trickle down to wages, uncertainty will be reflected in a lack of momentum in the real estate market".

Greece

Bank of Greece (2022) the Greek economy is expected to keep growing in 2022, but at a slower pace than the initial forecast of 4.8 %, according to the latest economic projection published on 7 April, 2022 taking into account the latest developments related to Russian war in Ukraine and related repercussions in international markets. GDP growth is capped at 3.8 % in the baseline scenario and 2.8 % in the worst-case scenario, depending on the magnitude and duration of international energy and food price shocks, as well as degradation in confidence and financial market volatility. Inflation is projected to be one of the key variables affecting families' disposable income (which will draw down private consumption), as well as rising corporate production costs (which will have a negative influence on firm profitability). Inflation is likely to accelerate to 5.2 % in 2022 under the baseline scenario, with a further increase to 7% under the bad scenario (Bank of Greece, 2022). Inflation is predicted to decelerate in 2023 if supply chains are fully restored and energy prices fall (Bank of Greece, 2022).

Latvia

Similarly, Bank of Latvia (2022) revised its economic projections "due to Russia's invasion of Ukraine GDP for 2022 and 2023 has been revised downwards to 1.8 % and 3.2 %, respectively (from 4.2 % in 2022 and 4.0 % in 2023 in the December growth forecast). Latvia's inflation projections for 2022 and 2023 have been revised upwards to 9.5 % and 3.7%, respectively (from 6.1 % in the December growth forecast).

Lithuania

The impact of the sanctions against Russia is likely to influence both Lithuanian and EU economies through three primary channels, foreign trade, raw material supply and prices, and business and household attitude (Bank of Lithuania, 2022). As a result of Russia's actions in Ukraine, Lithuania's economy would suffer from lower exports, a shortage of imported raw materials, an uncertain investment climate, and increased energy prices." Despite the fact that some of the negative impact on Lithuania's economy is mitigated by the fact that Lithuania's foreign trade with Russia is not intense and accounts for only 6 % of total exports (3 % to Ukraine and 3 % to Belarus), economic growth has been revised downwards to 2.7 % for both 2022 and 2023 (Bank of Lithuania, 2022). In addition, inflation forecasts have been raised to 10.5 % in 2022 and 2.7 % in 2023.

Netherland

Dutch central bank (2022) released a study on the impact of Ukraine's war on the Dutch economy, which included economic predictions for two scenarios. In the baseline scenario, projected GDP growth in 2022 and 2023 combined is now forecast to be 0.2 % point lower than in December, at 3.5 % and 1.5 %, respectively, in 2022 and 2023. The negative effects of the ongoing war on economic growth, such as rising energy costs and weaker global trade growth, are largely countered in this scenario by a considerable growth carry-over from 2021 and the influence of the coalition agreement reached with the new government (Dutch Central Bank, 2022). An alternative scenario is offered, in which economic growth in the Netherlands slows by 1.1 % points per year during the years 2022-2023 (Dutch Central Bank, 2022).

Poland

Poland's central bank released its inflation and GDP predictions in March 2022 (Vogado, 2022). GDP predictions for 2022 and 2023 were revised downwards from the previous round of projections published in November 2021, to 4.4 % and 3.0 %, respectively compared to 4.9 % for both 2022 and 2023 projected in November (Vogado, 2022). Inflation forecasts have also been re-evaluated, with 10.8 % expected in 2022 and 9.0 % expected in 2023. Compared to 5.8 % and 3.6 % in the respective years (Vogado, 2022).

Portugal

Banco de Portugal (2022) published its Economic Bulletin on 24th March 2022, with a cutoff date of 10th March. It projects that GDP will increase 4.9 % in 2022 (4.9 % in 2021) and will converge in the following years to growth rates near to long-term growth rates under the assumption of a reduced conflict with no escalation and a dissipation of the war's impacts over the medium term (2.9 % in 2023 and 2.0 % in 2024). Inflation raised to 4 % in 2022, then drop to 1.6 % in 2023 and 2024. Higher energy prices and bottlenecks in international trade networks will cause inflation to peak in 2022. Banco de Portugal (2022) also ran simulations based on a more extreme scenario in which the war's impacts are more powerful and long-lasting, including the impact of a Russian gas embargo.

Price increases in imported raw materials (particularly energy products) are expected to spread, affecting purchasing power and overall economic activity; more restrictions on the supply side due to logistics and transportation bottlenecks; and trade

restrictions (noting that the exposure of the Portuguese economy to energy and grains of Russia and Ukraine are below the euro area average in 2015 to 2019). According to that scenario, economic activity will stagnate in 2022, with a fall in GDP growth of 1.3 % points in 2022 and 0.2 % points in 2023, with a positive impact in 2024. Inflation is expected to reach 5.9 % in 2022, 2 % in 2023, and 1.9 % in 2024, correspondingly 1.8 % points, 0.4 % points, and 0.3 % points above the base scenario.

Spain

The bank of Spain released its fresh macroeconomic predictions for the Spanish economy for the years 2022-2024 on 5th of April (Gavilan, 2022). In 2022, Spain's average GDP growth is anticipated to be 4.5 %, 2.9 % in 2023, and 2.5% in 2024. This means that GDP growth will be revised downwards by 0.9 % points in 2022 and 1 % point in 2023, and upwards by 0.7 % points in 2024, compared to December 2021 predictions (Gavilan, 2022). The HICP is predicted to increase from 3 % in 2021 to 7.5 % in 2022 on an annual average basis (Gavilan, 2022).

Findings of the Study

The findings of the study showed that by excluding significant Russian banks from the SWIFT interbank messaging system, the international community sanctioned Russia. On the other side, European nations have closed their airspace for three months. Germany stopped approval of the Nord Stream 2 gas pipeline, which was intended to transport natural gas directly from Russia to Europe, after Russian recognition of the secessionist regions of eastern Ukraine. Further research revealed that Russia had been denied the privilege to host the Champions League final in St. Petersburg by UEFA.

The findings also showed that the sanctions against Russia enforced by the international community have had the following effects on Europe; combination of numerous variables will force the Estonian economy into recession in 2022 and also expecting inflation to reach 10.2 percent, 2.4 percent, and 1.7 percent in 2022, 2023, and 2024, respectively. Following the Russia's invasion of Ukraine Latvia GDP for 2022 and 2023 has been revised downwards to 1.8 percent and 3.2 percent, respectively. Continuing, the study discovered that the Russia war in Ukraine has affected the economic growth following the rising energy costs and weaker global trade growth, are largely countered in this scenario by a considerable growth carry-over from 2021 and the influence of the coalition agreement reached with the new government. The study also found out that in Portugal price increase in imported raw materials (particularly energy products) are expected to spread, affecting purchasing power and overall economic activity.

However, it is clear that the international community led by the United States has embarked on issuing out sanctions that was meant to deter Russia from continuing its war that it is carrying out against Ukraine, but these sanctions have not stopped Russia's war in Ukraine but has rather affected most European countries economy negatively.

4. CONCLUSION

The study concluded that the international community sanctioned Russian banks by removing them from the SWIFT interbank messaging system and by blocking their access to most of Europe's airspace. It was also concluded that sanctions have affected European nations negatively, by forcing the Estonian economy into recession in 2022 and also expecting inflation to reach 10.2 percent, 2.4 percent, and 1.7 percent in 2022, 2023, and 2024, respectively. Finally, it was concluded that the price increase in imported raw materials are expected to spread, affecting purchasing power and overall economic activity in Portugal as well as other European nations.

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