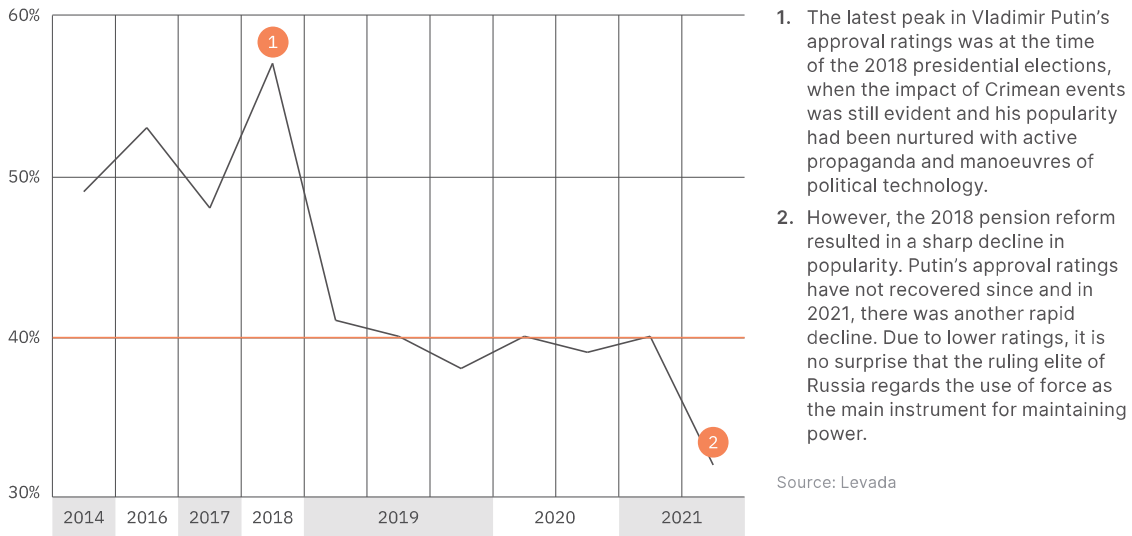


Approval ratings of Vladimir Putin between 2014 and 2021



While Vladimir Putin's personal approval ratings have consistently been higher than those of Russian governmental institutions, they have also started to dip downwards in the last few years. The chart above visualizes this trend. As opinion polls are used by those in power to gauge the societal mood, it's undoubtedly true that growing repression in society is a reflection of the negative numbers: if other methods do not work, a heavy-handed response is deemed necessary to hold onto power. Putin's waning support also shows that assertions of Putin's perpetual reign or support that is autonomous of anything happening within Russia do not ring true.

In our assessment, manipulation played a decisive role in achieving an election result suitable for the ruling elite. United Russia would certainly not be able to succeed at a comparable level if faced with real political competition without administrative support or a biased, controlled state media. The ruling elite's efforts to restrict free speech and repressing the opposition in 2021 are as convincing a proof of this as can be.

THE IMPACT OF SANCTIONS AGAINST RUSSIA

The sanctions imposed so far have indirectly impacted Russia's overall economic situation and directly impacted the sanctioned individuals.

It is important to remember that thus far sanctions have been used against specific, well-defined targets.

The long-term indirect effect of sanctions is manifested as curbs on the transfer of sensitive technology and broader financial sanctions progressively diminish a country's competitiveness.

When imposed in 2014, the sanctions were designed to target specific individuals in Russia due to their specific actions. While sanctions also have a broader impact extending to Russia's economic situation, they primarily affect a narrow group of targets – natural and legal persons – or, at most, specific economic sectors. So the phrase “sanctions against Russia” is somewhat simplistic, if not misleading.

Eight years later, however, the world tends to forget the 2014 narrative of precision targeting and often expects the sanctions to show an impact on Russia's broader economic situation. While such an impact is visible – notably the deterrent effect on potential foreign investors and the fact that Russia is trailing in technology – the impact is indirect, which of course does not diminish its effect on the Russian economy.

However, it is above all the direct targets of the sanctions that should be examined, analysing the behaviour of the individuals and companies subject to the sanctions. The sanctions' impact varies according to the extent that the sanctioned individuals need to act in the context of international relations. Individuals who never travel outside Russia may not perceive the sanctions as acutely as an oligarch with extensive relations with the West. The impact of international sanctions on subjects with broader business relations is confirmed by the fact that it has motivated members of the Russian elite to inform the West about their business and political rivals' cooperation with the Kremlin, in the hope of using the sanctions to damage the interests of their competitors. The sanctions have a divisive effect among Russia's elite and provide a tool for internal power struggles beyond the possibilities of the local instruments used so far.

Sanctions divide the Russian elite by providing an additional instrument for their internal power struggle.

Second, the deterrent effect of sanctions must be considered. In other words, events that have not taken place are also an achievement of the sanctions. It is likely the situation with violations of international law by Russia and other countries would be significantly different without sanctions regimes.

Curbs on technology transfer and broader financial sanctions have an important impact on technological innovation. The useful life of any technology can be extended, but not indefinitely. A technological lag steadily erodes a country's competitiveness and impact on the world around it, and this is how the increasing indirect impact of sanctions becomes notable over time.

The long-term effect of sanctions is however also its weakness. Sanctions are a difficult tool to use effectively in turbulent times where an aggressor might pursue and fulfil its objective in days or weeks while sanctions take months to implement and years to have an effect. Therefore a shift in the design of sanctions toward shorter-term, larger-scale instruments could occur.

In our assessment, the servicing of Russian oil production, processing and export by Western companies remains the Achilles' heel that has so far not been addressed. Applying sanctions to these sectors would have a strong negative effect on Russia. Half of Russia's exports are linked to energy carriers and the other half relies on the competitive advantage of low-cost energy input. The late US Senator John McCain's recognition of Russia as a "gas station masquerading as a country" has not lost its meaningfulness over time.