

## Analysis of the Impact of EU-US Economic Sanctions on China-Russia Trade

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### Abstract

This paper analyzes the economic sanctions imposed on Russia by Europe and the United States, and discusses its direct impact on China-Russia trade relations, as well as the effect of adaptive measures taken by China and Russia. Although the EU-US Economic Sanctions have caused certain pressure on the Russian economy, China-Russia trade relations have shown strong flexibility and adaptability, and their adaptive measures have also played a good effect.

### 1 Introduction

According to Blackwill and Harris(2016), in today's globalized economic system, geopolitical tensions and international conflicts are often manifested through the instrument of economic sanctions<sup>1</sup>. Morgan et al. (2023) stated economic sanctions are economic instruments, including but not limited to trade restriction, asset freezes, restrictions on financial transactions, etc., which are used to against a country by a state or an international organization in order to force it to change its policies or behavior<sup>2</sup>. Under geopolitical events such as the Ukraine crisis in 2014 and Russia's special military operation against Ukraine in 2022, Europe and the United States have successively adopted a series of economic sanctions against Russia, aiming to influence Russia's foreign policy through economic means. Overall, these sanctions can be categorized into financial sanctions, energy sector sanctions, military and dual-use goods sanctions, sanctions against individuals and entities, and diplomatic sanctions. These sanctions not only had a direct impact on the Russian economy, but also had a significant impact on Sino-Russian trade relations.

### 2 Analysis

Under the EU-US Economic Sanctions, the trade volume between China and Russia has shown a trend of growth against the trend, with the total trade volume between China and Russia reaching US\$240.11 billion in 2023, an increase of 26.3% year-on-year. This is due to the fact that China has become the main country for Russia's energy exports as an alternative to the European and American, contributing to the growth of bilateral trade volume. In the face of EU-US Economic Sanctions, the structure of China-Russia trade has also undergone significant adjustments. Russia increased its exports of crude oil, natural gas and other energy products to China, while China exported more machinery and equipment, electronic products and consumer goods to Russia. To circumvent restrictions on financial transactions in Europe and the United States, China-Russia trade has adopted more local currency settlements in its payment methods, reducing its reliance on the U.S. dollar and the euro. In addition, Russia has sought new logistics routes to ensure the transportation of goods, which has facilitated China-Russia trade. China and Russia have also strengthened cooperation in the investment sector, with more Chinese investment pouring into Russia's energy, infrastructure and high-tech sectors.

### 3 Discussion

Gordon(1999), economic sanctions are seen as a milder policy tool than armed conflict, but their practical effects and moral legitimacy have been the subject of much scholarly debate<sup>3</sup>. The EU-US Economic Sanctions were aimed at forcing Russia to change its policies on issues such as the Ukraine crisis through economic means. However, the actuality of these sanctions has not achieved the desired effect. First of all, the political goals of the EU-US Economic Sanctions have not been significantly realized, and from the point of view of Russia's policies and actions, the economic sanctions have not been effective in forcing Russia to make fundamental changes in its foreign policy and the Ukrainian issue. Second, although the sanctions have had a certain impact on the Russian economy, the Russian economy has adapted and adjusted very quickly, effectively mitigating the impact of the sanctions by increasing trade cooperation with China and other countries, promoting economic diversification and other measures. In terms of China-Russia trade, the two countries have maintained and developed China-Russia trade through such adaptive measures as adjusting the trade structure, strengthening energy cooperation, promoting local currency settlement, strengthening infrastructure construction, enhancing cooperation in the field of investment, and exploring third-party markets. Finally, these sanctions have also deepened differences in the international community's policies toward Russia, and some countries and regions have not fully joined in the EU-US Economic Sanctions, which has weakened the global unity and effectiveness of the sanctions.

#### **4 Conclusions and recommendations**

As Pape(1997) argues that, contrary to popular belief, sanctions rarely achieve their intended political objectives<sup>4</sup>. Economic sanctions have not always been effective, although EU-US Economic Sanctions have to some extent put pressure on the Russian economy, especially in the financial and energy sectors. However, these sanctions have failed to significantly change Russia's foreign policy or behavior, and they have instead deepened the international community's differences in policy toward Russia. At the same time, in the face of the EU-US Economic Sanctions, the adaptive measures taken by China and Russia have played a good effect, and the trade relations between China and Russia have shown strong resilience and adaptability. Based on the above analysis, we suggest that countries around the world should strengthen multilateral cooperation and dialogue, resolve existing differences and conflicts through multilateral platforms and international dialogues, and reduce their reliance on economic sanctions as a unilateral action. Russia should also continue to promote the process of economic diversification and autonomy and reduce its dependence on external markets and the international financial system. At the same time, China and Russia should further strengthen trade diversification and expand cooperation in new areas such as science and technology, agriculture and the digital economy. China and Russia can also make use of existing regional cooperation mechanisms, such as the Shanghai Cooperation Organization and APEC, to promote the process of regional economic integration. Finally, China and Russia should strengthen financial cooperation and innovation and explore innovative financial mechanisms and payment systems to cope with possible financial risks and sanctions.

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