

New U.S. Department of the Treasury Blog: Sanctions and Export Controls are Limiting Putin's Capabilities

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WASHINGTON – Today, the U.S. Department of the Treasury released a blog on the impacts of sanctions and export controls on the Russian economy. The blog, by Rachel Lyngaas, Treasury's Chief Sanctions Economist, analyzes the consequences of the brutal war itself, U.S. and partners' sanctions and related measures, and the Russian government's policy response to those measures.

Below is text from today's blog posting:

“Putin is feeling the impacts of his war in Ukraine. Sanctions and export controls are damaging Russia's economy and limiting its access to the financing and material goods needed to wage its illegitimate war of choice. The United States and our partners have targeted Russia's primary revenue drivers and access to defense materials, asymmetrically inflicting harm while minimizing unintended spillovers. While Russia has the resources to maintain its war in the short-term, its leaders face increasingly painful tradeoffs that will sacrifice long-term prospects — as underinvestment, slow productivity growth, and labor shortages will only deepen.

There are three major forces acting in concert upon the Russian economy: the war itself, U.S. and partners' sanctions and related measures, and the Russian government's policy response to those measures. As a result of these forces, the Russian economy is reorienting away from private consumption and towards defense spending at the expense of Russian citizens, who will face a long-term decline in living standards.”

The blog offers four key conclusions:

- Russia's macroeconomic performance is suffering due to its war and the impact of the United States and our partners' sanctions and economic measures. Russians are voting with their feet and leaving the country.
- Russia is experiencing increasing fiscal pressure due to growing expenditures and the impact of sanctions on its revenues.

- Russian's own policy responses to our sanctions are growing increasingly expensive for Russia.
- The United States and our partners have taken innovative measures to spare the global economy from unnecessary damage from Russia's war.

[Full text of the blog is available here.](#)

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