

FACING SENDER STATES: RUSSIA'S SMART POWER AND ENERGY SECURITY STRATEGY TO SURVIVE FROM SANCTIONS 2022-2023

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Abstract - This paper aims to explain Russia's efforts to face sender states for Russia's invasion of Ukraine since February 2022. Including EU countries, the US and its alliances, sender states have gradually imposed various economic sanctions on Russia as target state ranging from freezing state and individual assets to cutting off import and export activities aimed at halting Russia's invasion. Russia, in the aftermath of this, experienced various problems, in particular energy sector as top commodities yet Russia economy has not collapsed. As smart power (regarded as a combination of hard and soft power) and energy security as frameworks are proposed, authors seek to analyze how Russia deals with and survives from the economic sanctions. Previous studies have not addressed how Russia's efforts to deal with economic sanctions examined from the two concepts, thus this article seeks to fill the gap. Using qualitative research methods and the two concepts, authors found that Russia only employed hard power as coercive

actions to deal with sender states through a bunch of energy and non-energy instruments. Russia, one of the largest energy exporters and regarding energy security strategy, has undertaken three strategic aspects; energy source sovereignty, foreign market access and financial security for investment.

Keyword: *Sender States, Economic Sanctions, Russia, Smart Power, Energy Security.*

Abstrak – Penelitian ini bertujuan untuk menjelaskan upaya Rusia dalam menghadapi negara pengirim sanksi atas invasi Rusia ke Ukraina sejak Februari 2022. Negara pengirim, termasuk negara-negara Uni Eropa, Amerika Serikat, dan aliansinya, secara bertahap telah memberlakukan berbagai sanksi ekonomi terhadap Rusia sebagai target, mulai dari pembekuan aset negara dan individu hingga pemutusan aktivitas impor dan ekspor dengan tujuan menghentikan invasi Rusia. Akibat dari sanksi ini, Rusia menghadapi berbagai

masalah, khususnya di sektor energi yang merupakan komoditas utama, namun ekonomi Rusia tidak mengalami kehancuran. Dengan menggunakan kerangka *smart power* (yang merupakan kombinasi antara kekuatan keras dan lunak) serta keamanan energi, penulis menganalisis bagaimana Rusia mengatasi dan bertahan dari sanksi ekonomi. Penelitian sebelumnya belum membahas bagaimana upaya Rusia menghadapi sanksi ekonomi ditinjau dari kedua konsep tersebut, sehingga artikel ini bertujuan untuk mengisi kesenjangan tersebut. Melalui metode penelitian kualitatif dan kedua konsep tersebut, penulis menemukan bahwa Rusia hanya menggunakan kekuatan keras sebagai tindakan koersif dalam menghadapi negara pengirim sanksi melalui berbagai instrumen energi dan non-energi. Sebagai salah satu eksportir energi terbesar, Rusia, dalam strategi keamanan energi, telah menjalankan tiga aspek strategis: kedaulatan sumber energi, akses ke pasar luar negeri, dan keamanan finansial untuk investasi.

Kata Kunci: Negara Pengirim, Sanksi Ekonomi, Rusia, *Smart Power*, Keamanan Energi.

I. INTRODUCTION

Amid Covid 19, the international public was frightened by the Russian invasion of Ukraine on February 24, 2022. Long story short, Russian invasion was generally triggered by Ukraine's ambition as a country adjacent to Russia to join the North Atlantic Treaty Organization (NATO). Ukraine claimed that joining NATO and EU

(European Union) membership at once would probably provide a brighter path for its future. Ukraine's ambition to integrate into the European Union and NATO is welcomed by most EU countries. Russia, on the other hand, strongly opposed Ukraine's accession to NATO and in turn it brought about a disappointment and a threat to Russia's national security. The expansion of NATO membership in the Eastern European region potentially brings Russia's national security in danger someday remembering that territories of Ukraine were historically exploited as the main route for Western countries to launch military invasions into the territory of the USSR (Zulfa, Arisanto, & Mahadana, 2023). This is what prompted Russia to demilitarize Ukraine for the sake of its national security. Deploying its 190,000 troops along its territorial border with Ukraine and in several cities in Ukraine, such as Odessa, Kyiv, Mariupol and Kharkiv, Russia initiated its invasion of Ukraine (Wintour, 2022).

The United Nations (UN) and Western countries have warned Putin as President of Russia several times to stop attacking for the sake of humanity reasons since it blatantly violates the UN Charter and causes million Ukrainians to suffer (The Associated Press, 2022). However, Russia continued the

invasion under the pretext “special military operation” and warned other countries about the negative consequences if involved in this operation. According to the United Nations Human Rights Monitoring Mission in Ukraine (HRMMU), around 10,000 civilians have been killed, including more than 560 children, and more than 18,500 injured since the early attack until November, 2023(United Nations, 2023). More than one hundred and twenty thousand houses were destroyed, 6.4 million residents of Ukraine left their country and 6-7 million residents left their homes and moved to Western Ukraine (Harding, 2022). The invasion launched amid COVID-19 pandemic, also caused chaos in Ukraine's health care system.

Since the beginning of the invasion, many countries in particular Western countries and their allies, began to gradually impose economic sanctions on Russia. Their economic sanctions aim to change Russia’s policy to halt the invasion or to weaken the power of the Russian economy to finance the war at least. Economic sanctions against Russia as a target state were initiated by Western countries as sender states such as the U.S, UK, Canada, Japan, Australia etc. On the other hand, the European Union, a regional

organization, also imposed economic sanctions on Russia.

The U.S, led by Joe Biden, has imposed sanctions on two banks considered vital financial institutions for the Kremlin and the Russian military and suspended their direct and indirect exports, provision of services and technology to Russia. The U.S. banned 13 Russian-owned companies raising funds in the U.S market and access to the U.S airspace for Russia offices as well as individual sanctions on several billionaires close to Putin. The EU, a supranational political and economic union, gradually imposed economic sanctions in various forms. The EU imposed a policy stopping imports of oil and natural gas from Russia and restricted the import and export of daily necessities such as food and fruits, wheat, cement, rubber, wood, and alcoholic beverage products from Russia. The EU froze assets of more than 900 Russian businessmen and banned travel to the EU. The EU also targeted 18 companies owning assets and investments in EU region in turn this added the lists of economic sanctions received by Russia (CNN Indonesia, 2022).

The UK, an ally of the US and EU, imposed sanctions on more than 1000 Russian individuals and branches of Russian companies located in the UK. One of the popular consequences was the departure of

Roman Abramovich, the owner of English club Chelsea from his ownership. Other sanctions include an embargo on Russian exports of energy, metals, and diamond (BBC, 2024). The UK continued to renew sanctions imposed to weaken the Russian economy. Most recently in April 2024, UK pushed a ban on the sale and purchase of new aluminum, nickel and copper made by Russia on London Metal Exchange and the Chicago Mercantile Exchange (Hood & Tauwhare, 2024).

Canada on a Special Economic Measure (Russia) in response to Russia's alleged violations of Ukraine's territorial integrity and gross violations of human rights. The legalization of sanctions for Russia has been ongoing since 2014 that both countries also showed tensions but has been renewed following Russia's actions against Ukraine. Generally, Canada imposed sanctions in terms of asset freezes, export and import restrictions and financial bans. The ban is aimed to target individuals and Russian entities in many transactions (Canada Gazette, 2022). Sender states also come from Australia joining US, EU, UK, and Canada. The "first phase" of sanctions announced by Australian Prime Minister Scott Morrison aligned with previous sender states by

targeting companies, individuals with strategic political and economic positions in Russia and certain industrial sanctions in Russia (Visontay, 2022). Sanctions constituted freezing on assets-property and Financial Holdings and bans on travel to Australia for intended individuals and transactions of Russian financial institutions with Australian banks.

In the Asian region, Japan showed its disapproval for Russian invasion following its allies. Japan imposed economic sanctions on Russia since February 24, 2022, at the beginning of the Russia invasion. Fumio Kishida, Prime Minister of Japan, confirmed that Japan has frozen banking assets from Russia as well as the cessation of imports of oil and coal from Russia (Jakarta Post, 2022). In addition, during at least May and June 2022, Japan has frozen assets of two Russian banks and 25 Russians and banned exports to 81 Russian organizations. Japan also targeted Russia's central bank, limiting the country's access to the international payment system Society for Worldwide Interbank Financial Telecommunications (SWIFT) and banned exports of oil refinery equipment bound for Russia. In addition to countries mentioned above, some countries such as Taiwan, Singapore et al also imposed economic sanctions on Russia. The group of

seven (G7) alliance countries consisting of France, Canada, Germany, Italy, Japan, UK, and the U.S agreed to block imports of crude oil from Russia. They are committed to gradually removing dependence on Russian energy, including by removing or banning imports of Russian oil (CNN Indonesia, 2022).

Until early 2024, sender states had imposed around 16500 economic sanctions on Russia. Their target is to undermine Russia's finances and stop the invasion. Foreign currency reserves worth \$350 bn (£276 bn) - about half its total reserves- were frozen. About 70% of the assets of Russian banks were also frozen, some were excluded from SWIFT, a high-speed messaging service for financial institutions. Not to mention, the ban on import and export of technology, oil, and gas et al (BBC, 2024). Economic sanctions from the sender states do cause negative impacts on many aspects of the Russian economy. Just after the sanctions were imposed, the Russian economy was shaken by the fall in the ruble exchange rate against the US dollar, but this condition was resolved. According to the World Bank, the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development, in 2022 Russia's economic

growth based on gross domestic product (GDP) fell to 2.1% and is expected to fall again to 2.5% in 2023 (Consilium Europa, 2023). Economic sanctions are also expected to have cut Russia's economic growth by 5% and significantly reduce the value of Russia's import-export trade from 2022-2023. In the energy sector Russian crude oil exports fell to \$46 billion dollars, or a third of the total due to embargoes from EU countries. The implementation of the G7 oil price cap and bans on EU oil imports also brought about a considerable effect on Russia's tax revenues which fell by 15% and incomes from the energy sector were hit so hard, declining by 43% since the first quarter of 2022. The deficit of the federal budget of Russia amounted to 2400 billion ruble in the first quarter of 2023. This is more than half of the deficit budgeted throughout 2023 (Korhonen, 2023). Not to mention, the blocked assets of banks abroad have disrupted financial systems and operations of financial transactions in Russia. In addition, economic sanctions have also hampered production in many industrial sectors, for example, car production fell by almost 90% in the spring of 2022 and even in some cases finally collapsed then enlarged Russia's budget deficit (Korhonen, 2023).

Although economic sanctions caused negative impacts on many aspects of the Russian economy, the fact shows that Russia has not collapsed and even continues its invasion of Ukraine in early 2024. President Vladimir Putin even claimed that economic sanctions in particular from Europe do not destroy Russia, Russia is experiencing growth, and sender states experience a decline (BBC, 2024). Author's view referring to Russia's condition (showing it still survives) has something to do with its strategy in facing economic sanctions from sender states. Authors suppose Russia uses certain strategies related to power and energy security as a buffer of the Russian economy amid economic sanctions. Therefore, authors seek to examine Russia's efforts to deal with sender states viewed from concepts of smart power and energy security.

II. LITERATUR REVIEW

In this review literature authors in a brief divide into two aspects; economic sanctions and Russia's efforts related to economic sanctions: Pelayo compared EU economic sanctions on Russia in 2014 and in 2022 in relation to energy dependence.

In 2014, although the EU economic sanctions prioritised humanitarian reasons, yet as matter of fact the EU continued to import energy from Russia and seemed to ignore Ukraine's sovereignty. Economic sanctions of 2022 in a tougher and comprehensive manner as Russia's invasion of Ukraine disrupts global security and EU seeks to halt energy imports from Russia causing an energy crisis in EU countries (Pelayo, 2023). Different from Pelayo, later writings point more to the ineffectiveness of sanctions against Russia. Zulfa, Arisanto & Mahadana wrote an analysis about the failed economic sanctions on Russia that echoed the pessimism postulate of most failed economic sanctions. The failure of economic sanctions is reasoned by high dependence on Russian gas, Russia's immunity over economic sanctions and individual reason as Putin's consistency over his goals (Zulfa, Arisanto, & Mahadana, 2023). In line with Zulfa et al, Gaur, Setlles & Vääätänen (2023) & Schott (2023) questioned the effectiveness of economic sanctions against Russia. Gaur et al, with institutional theory as framework focusing on Russian companies, conclude that economic sanctions do not cause sizeable negative effects on Russian companies since corporate adaptation strategies have successfully negated the

impacts of economic sanctions. Schott said economic sanctions imposed along with political, military and cyber actions against major powers such as Russia or China that possess economic and political power and are widely integrated in world markets for commodities and finance do not create considerable vulnerabilities. They can even deflect the impacts of economic sanctions, impose countermeasures, and use political influence to attract support from their allies (Schott, 2023) & (Gaur, Settles, & Väättänen, 2023).

Writings on Russia's efforts and strategies to respond or adapt from economic sanctions come from some scholars. Rasoulinezhad & Sabri entitled their writing *Economic Resilience in Challenging Times A Crossroads of Russia's Experience and Prospects for Iran* explained that in order to minimize the impact of economic sanctions on the domestic economy and the resistance of sanctioning countries, Russia implemented economic resilience strategies as short-term efforts with certain political considerations in the analysis of strength, Weakness, Opportunity (SWOT) (Rasoulinezhad & Sabri, 2022). Then, Safiullin & Elshin highlighted Russia's import substitution policy as a response to

economic sanctions. Their writing elaborated on the cost and benefits of import substitution from macroeconomic aspects, GDP, labor market, investment, and business etc (Safiullin & Elshin, 2023). While Corbeau & Mitrova highlighted Russia's gas export strategy as a form of adaptation to the new reality in course of war and economic sanctions. Russia is in need of reshaping its gas strategy on the basis of two pillars of expansion: Liquefied Natural Gas (LNG) and pipeline gas exports to major non-EU consumers (Turkey, China and the former Soviet Union). Russia does need to enact a massive expansion of gas pipeline projects to other countries such as China albeit at a cheaper price and simultaneously to face an increased tax burden (Corbeau & Mitrova, 2024).

Some studies above discuss more about Russia's economic sanctions during 2022-2023 which show the failure or ineffectiveness and strategy of Russia using energy politics to respond, adapt and face economic sanctions. But from the existing literature studies, no study has discussed how Russia faces economic sanctions sending countries seen from concepts of smart power and energy security.

Power has traditionally been a very important notion in the study of international

relations (IR) in particular from realism perspective. In short, power can be interpreted as an effort of party A to influence party B then party B follows what party A orders directly and indirectly. Amid the debate over hard or soft power as a priority in IR studies, Joseph Nye then introduced a concept called Smart Power. This concept emerged as a criticism of the use of hard power alone which is often considered sufficient in the constellation of international politics. Likewise, soft power tends only as an effort to win the hearts and minds of others. Smart power is an effective combination strategy of hard power and soft power that can explain more complex problems (Nye J. S., 2009). Hard power is considered states ability by involving coercive means to achieve its national interests. Economic, military, and other forces as materially tangible components are forms of hard power undertaken in the form of military intervention, restriction or even prohibition of trade and coercive diplomacy. Whereas, soft power is perceived as the ability to influence others aimed at desired results and goals by taking advantage of attraction or persuasive actions. Soft power includes aspects of a country's culture, ideology, or

foreign policy and mostly is immaterial compared to hard power. Through soft power, a state will focus on persuasive, attractive actions and showing good attitudes without using coercion or threats yet this method may take more time (Nye J. S., 2008).

The complexity of problems states encounter in international politics sometimes cannot be settled only by hard or soft power. To solve the problem, it better took an effective combination of the two, Nye called smart power. Applying a strategy in terms of smart power can also mean unfolding an integrated strategy, on the basis of resources, and instruments to achieve the set goals, if using hard power, soft power or both. In terms of the range, Nye added that hard power is more used for short-term purposes, while soft power is more used for long-term purposes. Therefore, it is demanded that a state use military force in exceptional circumstances, but the state must also focus on soft power (Nye J. S., 2008). For example, in the case of terrorism, the U.S. government cannot deploy soft power alone effectively to persuade the Taliban government to hand over the sites they use to Al Qaeda and must use force, hard power, against the Taliban government at once. It is noted that using only hard power or soft power separately causes difficulties.

III. RESEARCH METHOD

This study uses qualitative methods with a descriptive analysis approach. Authors use literature studies to obtain literature relevant to the case. The data utilized in this study are derived from books, journal articles, reports, online articles, and mass media. Authors then analyze the data in depth to find how Russia's efforts to deal with countries that impose economic sanctions and to maintain its energy amid ongoing economic sanctions. Authors use smart power and energy security concept from oil exporter side to answer and analyze the case.

IV. RESULT AND DISCUSSION

Russia's Smart Power to Face Economic Sanctions from Sender States

In international politics, Russia is one of the most often states that receives economic sanctions other than North Korea due to its aggressive policies towards other countries and harmful policies for Western countries and their allies. Prior to the economic sanctions of 2022, Russia had also been targeted by Western countries as an annexation of Crimea in 2014. But compared to imposed sanctions of 2014, European countries through the EU provide tougher and wider coverage of

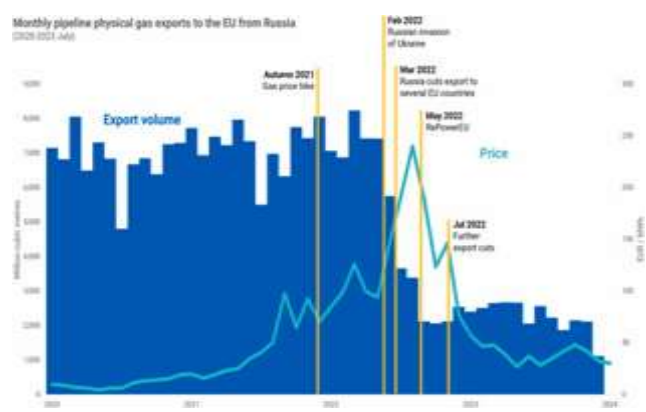
sanctions to Russia in 2022 (Sanus, Açıkmeşe, & Karaoguz, 2024). The economic sanctions of 2014 were merely symbolic and not aimed entirely at changing the current war, ignoring Ukraine's sovereignty by downplaying violations of international law in Crimea while the EU continues to strengthen energy trade ties with Russia (Pelayo, 2023). Instead, the economic sanctions of 2022 in a changed form ranged from energy embargoes, asset freezing to Russia's isolation in international activities. The sanctions target not only Russian institutions but also wealthy individuals. In addition, the most distinguishing aspect between 2014 and 2022 economic sanctions is a fact that the sender states in 2022, especially European countries, seek to improve energy trade relations with Russia even if this may harm their domestic economy. Several facts show that economic sanctions also mean a double-edged sword though: they can destroy not only the target but also the sender.

Authors found that Russia only uses hard power to face economic sanctions imposed by sender states. Russia does not use soft power showing persuasive or attractive actions to sender states. Russia employs hard power in foreign policy through both energy and non-energy instruments. Hard power

through energy is well employed due to heavy dependence of sender states on energy supplies emanating from Russia. It has long been a fact that sender states are heavily dependent on supplies and then Russia can play its energy politics. This enables Russia to weaponize its energy supplies against European countries as retaliatory reactions to increasingly economic sanctions.

Employing energy instruments, Russia, one of the largest gas producing countries in the world, reduced gas supplies to Europe in response to anti-Russia sanctions. Many sender states are dependent heavily on Russia Gas. As facts show that Germany, Italy, Belarus, Turkey, and the Netherlands constitute top five consumers of Russian gas pipelines. In LNG products, Japan, China, France, Spain, and Taiwan are among the main consumers. Other EU countries are also reliant heavily on Russian natural gas which accounted for 45% of the bloc's imports in 2021 (Kardaś, 2023). After the invasion took place and throughout 2022, Gazprom Kremlin-owned gas giant, reduced gas deliveries to European partners claiming failure to pay in ruble and other failures in the terms of contracts. The Europe's supply-cutting tactic was Russia's attempt to create gas

scarcity in the Europe region (Hartvig et.al, 2024). Around 60% of natural gas to Europe was reduced through North Stream one. As a result, ten of the 27 EU members then issued an alarm "early warning" on the three gas supply crisis levels identified in the EU security of energy supply regulations. Russia's cutting tactic surely hit the target. One of the most severely inflicted countries was Germany. For Germany, this represented very high stakes as Europe's largest economy and industrial powerhouse. Before the war occurred, 55 % of its gas imports came from Russia, dropping to 40% in the first quarter 2022. The German government, which has accelerated plans to cut off Russian gas supplies and diversify its supply, has activated the second phase of a three-step emergency plan indicating supplies of electricity if the gas supply is too low (Halm, 2022).



Graphic 1. Monthly Pipeline Physical Gas Export from Russia to the EU 2020-2023).
Source: (Hartvig et.al, 2024).

Second, Russia weaponized its ruble in payments. In a line with gas supply cutting, the Russian government also forced senders' states (most categorized as unfriendly countries) which purchased gas from Russia had to use the Russian ruble. Gas payments cannot be paid in U.S. dollars or Euros. This regulation, based on the decree of the president of the Russian Federation No. 172 was issued on March 31, 2022, and came into force on April 1, 2022. This was initially enacted as the value of the ruble fell rapidly towards the US dollar just after the Russian invasion. The obligatory ruble, aside from stabilizing the Russian currency exchange rate also led to increasing gas prices significantly in the European market which made it increasingly difficult for European countries to pay. Putin stressed:

"If such payments [in ruble] are not made, we will consider this a default on the part of buyers, with all the ensuing consequences. Nobody sells us anything for free, and we are not going to do charity either – that is, existing contracts will be stopped,"

(Reuters, 2022)

The ruble in obligatory payment for unfriendly countries made the currency recovered rapidly. The currency was trading at 81.7 towards the US dollar in

early April 2022. Shortly after ruble payments, EU countries spent from 200 million to 800 million euros (\$880 million) per day on Russian gas. That surely ballooned their spending just to purchase the gas. Some considered that this might slowly but surely weaken the effect of sanctions, regardless of how payments were made. A stronger ruble would increase Russia's earnings and force Western countries to pay for their own economic sanctions by dealing with the Central bank of Moscow in the use of the ruble or cut gas supplies (Aljazeera, 2022). While through non-energy instruments, Russia took these steps to retaliate sanctions by employing hard power that tends to be coercive for sender states and their alliances.

First, Russia published unfriendly countries-list through Government Regulation Number 430-r dated March 5, 2022. This list includes Albania, Andorra, Australia, Canada, members of the EU, Iceland, Japan, Liechtenstein, Micronesia, Monaco, Montenegro, New Zealand, North Macedonia, Norway, Singapore, San Marino, South Korea, Switzerland, Taiwan (Republic of China), Ukraine, the UK including Jersey, Anguilla, the British Virgin Islands and Gibraltar, and the U.S (The Russian Government, 2022). The countries are

generally sender states which impose economic sanctions on Russia, then Russia takes retaliation to these countries. This decision also regulated Russian entities that have obligations in the form of debts or others to foreign creditors from unfriendly countries must use ruble in fulfilling their obligations. Debtors can ask the bank of Russia to open a special type C ruble account of a foreign creditor and pay its obligations to this account for payments exceeding 10 million ruble (about 140,000 USD) per month (Marinichev, Chertov, & Smorodin, 2022). This decision became a part of Putin's decree number 81. As a result, foreign creditors received payments in ruble, which in turn helps the ruble get more stabilized because it remains in flow, and they must convert ruble into dollars or other desired currencies.

Second, all transactions between Russian companies and individuals or companies from unfriendly countries must obtain approval from the Government Commission for Monitoring Foreign Investment (The Russian Government, 2022). Through this decision, if a Russian citizen or company will make a transaction with a foreign company from unfriendly countries or vice versa, it is required to apply for a permit that includes details

regarding the applicant, as well as the beneficiaries. This resolution follows up on Russian President Vladimir Putin's Executive Order No. 81 of March 1, 2022, as an economic measure to ensure the financial stability of the Russian Federation. Indeed, the purpose of this decision is to maintain the financial stability of the country amid the increasingly economic sanctions targeting Russia's financial system. The tightening of the permit would probably inhibit business transactions of foreign companies originating from the sender states.

Third, the Russian government threatened to nationalize assets of foreign especially western companies in Russia planning to withdraw their investment or stop operations in Russia after Russia's invasion of Ukraine. Around 375 foreign companies, including McDonald's, Mercedes-Benz, and Gillette, have decided to leave Russia and cease operations while maintaining an option of returning to Russia. The Russian government will seize production facilities, offices, and intellectual property, such as trademarks if they withdraw from the Kremlin (Garver, 2022).

Fourth, Russia imposed bans on 200 products exported to unfriendly countries up to the end of 2022 following the Presidential Executive Order on the implementation of

Special Economic Measures towards foreign economic activities to ensure the security of the Russian Federation. This policy excluded members of the Eurasian Economic Union (EAEU), Abkhazia and South Ossetia. The products consist of technological equipment, telecommunications, medical, vehicles, agricultural machinery, electrical equipment, railway wagons and locomotives, containers, aircraft turbines, metal and stone cutting machines, projectors, consoles, and switchboards. The bans put into effects, dozens of countries including the US and the E must inevitably search for other producers to supply their domestic needs (Detiknews, 2022)

Fifth, Russia also banned many officials and prominent actors US, EU, UK and their allies from visiting or entering Russia territory (Dunn, 2022). Later, Russia has significantly expanded the ban list of representatives of European institutions and member states of the EU in response to the constantly imposed anti-Russian sanctions. This list of Russian reprisals also includes representatives of the Council of Europe, members of the Legislative Assemblies of the EU countries, members of the Parliamentary Assembly of the Organization for security and cooperation

in Europe (Parliamentary Assembly of the Organization for Security and Co-operation in Europe/OSCE PA) and member of Parliamentary Assembly of the Council of Europe/PACE.

Last, Russia also targeted foreign investors who were residing in Russia territory. Companies from unfriendly countries are strictly forced to provide a voluntary contribution to the Russia budget if they divested their assets accounting for at least 10% and the risk of changing their management transition by an administrator appointed by the Russian government (Younan et.al, 2023). The rule aims to protect Russian assets and interests.

Russia's Energy Security Strategy Amid Economic Sanctions

Russia is one of the most endowed states with abundant natural energy resources and produces oil, gas, and electricity on a large scale in the world. This makes Russia one of the biggest crude oil exporters and its processed products to many countries. Russia has successfully built state-owned companies in energy such as Gazprom (the biggest one), Novatek, Lukoil, Rosneft, Transneft, and others. Russia ranks 3rd as the world's largest oil producer, 2nd as the largest exporter in 2023 (International Energy Agency, 2023). Its role is vital as a

provider of major mineral natural resources such as oil, gas, mining, coal, to nuclear. During the invasion, Russia, some called as partial hegemon in energy, remains a crucial player in the oil market despite losing its permanent market due to sanctions from sender states.

Russia's energy sector, a critical sector, has been targeted by sender states to weaken Russia's economy and security. The EU, through the package of sanctions targeting Russia issued policies to prohibit imports of crude and refined oil from Russia (European Union, n.d.). Aside from this, the EU economy is highly dependent on Russian natural gas that 41% of supplies is through Russian imports from a total of 90% of its natural gas needs (Besson, 2022). The sanctions also come from the U.S and its allies that seek to cripple Russia's economy by targeting the energy sector by imposing tariffs, export controls and price caps. The policy aims to lower Russia's revenue thereby reducing military invasion funds while keeping global energy supplies safe (Trainer et al., 2024). Since Russia has become a global energy supplier, the U.S does not have a lot of sanction packages in the energy sector to maintain price stability and supply in global markets.

Economic activities and the energy sector are hardly separated from Russia sustainability. Russian Fuel and Energy Complex (FEC) fully buffers Russia's economic activity needs (Zhdaneev, 2022). Russia has all energy resources as vital support for the sustainability of the country starting from the oil, coal, and electric power industries. Not only as a producer and exporter, Russia's domestic energy consumptions are also derived from its owned oil. At least around 20 % of Russia's average GDP comes from the energy sector (oil and gas) (Yermakov, 2024).

To explain Russia strategies to deal with economic sanctions from sender states in the energy sector, authors use the energy security concept for oil exporters according to Mason Willrich (1978). Russia's Energy security strategy can be measured through three aspects; Sovereignty over natural resources, a guaranteed access to foreign markets and financial security for the investments.

Sovereignty over natural resources emphasizes Russia's sovereignty in managing and controlling its energy resources away from foreign intervention. Russia, superpower state and partial hegemon due to its abundant energy ownership other than predominant military power, possesses big

oil multinational companies as energy managers. Russia takes roles as an important player in the global energy sector and has good governance in its domestic energy sector. The country has full sovereignty and sufficient ability to manage and control energy resources as well as energy trade in global markets. Herewith, Russia can strengthen Russia's presence in global politics as a predominant oil exporter. Existing energy resources are used as a geostrategic tool and Russia embeds this, so called "resources nationalism" that Russia establishes its control to monopolize ownership (Ozawa & Iftimie, 2020). Nationalism of energy resources makes the government have full access to utilize existing resources. Transneft and Gazprom are two examples of large multinational energy companies controlled by the Russian government that effectively deter foreign investors who want to penetrate domestic markets (Ozawa & Iftimie, 2020). Russia has a high bargaining position in energy sectors as its bargaining tool. As evidenced by the results of natural gas which is a major importer for the European Union. Energy is used as a power by Russia in the International and domestic arena that affects its political policies. We

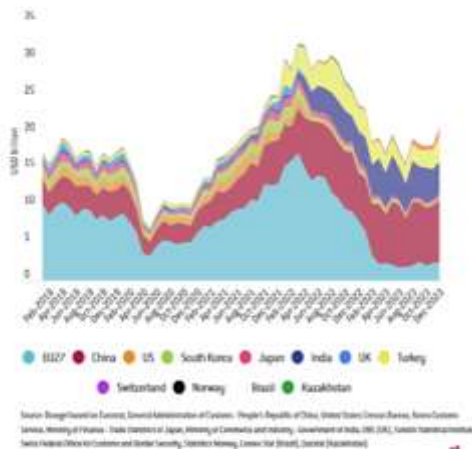
conclude that energy means everything for Russia, is hardly separated from Russia activities and controlled by the government so that it is almost impossible for other states and foreigners to interfere with Russia energy policy.

Many sender states target Russia energy sectors to weaken Russia's economy in turn even to halt the invasion. However, sender states are aware that Russia is not only as an "ordinary exporter" but also as owner, controller, and energy producer and some call partial hegemon in the energy sector. Therefore, sender states can hardly hit their target given that the Russian government acts as a predominant controller of energy resources in the world.

The second aspect is guaranteed access to foreign markets. As one of the biggest gas and oil producer, Russia, listing them as mainstay commodities for national revenue, surely needs other countries to import their abundant gas. An available and easy market access is a guarantee for Russia to achieve its energy security. The EU countries, Russia's largest export markets, agreed to ban energy imports such as crude oil starting from December 2022 while refined petroleum products, coal and other fossil fuels start from February 2023. As a result, this seems to be bad news for Russia potentially losing

energy markets in the European region. Then Russian exports to the EU countries (in particular) even declined shortly after the policy prevailed. However, it can be seen from the data below that Russian oil export value increased to several countries such as China, India, and Turkey. Russia's declining relations in terms of energy with the sender states, yet it exactly improves its relations with Asia countries. In other words, Russia has managed to take over their oil destination from European market to Asia Market after the ban.

pipeline was not yet to be connected to the Chinese gas field. The other way, this situation precisely strengthened China's Russian energy trade relations in its energy security terms in the form of market access for Russia following previous long-term agreements. It was that Russia-China signed a binding agreement for 30 years regarding Russian gas via the Sea of Japan with a new pipeline from Sakhalin to China. The figure below illustrates the increasing energy export relations from Russia to China that China has been Russia's main energy export destination 2022-2023.



Graphic 2. Oil Export Destination of Russia 2019-2023
Source: (Bruegel, 2024).

Russia's export commodities filled the Chinese market dominated by oil, coal, LNG, and pipeline gas in 2022 with an increase of 56 % compared to 2021 (Essen, 2023). However, this trading process was still limited because the Russian supply gas

Table 1. China's Energy Import from Russia, 2022-2023.

	Oil	Pipeline gas	LNG	Coal
Total Chinese payments since invasion	EUR 67 billion		EUR 12 billion	EUR 7 billion
Total chinese payments in 2023	EUR 22 billion		EUR 2.5 billion	EUR 3 billion
Volume increase in 2022 vs 2021	8.3%	50%	44%	20%
Value increase in 2022 vs 2021	44%	160%	140%	N/A
Share of Russian exports 2022 (vs 2021)	35% (31%)	15% (5%)	20% (17%)	32% (25%)
Share of Chinese imports 2022 (vs 2021)	17% (16%)	25% (24%)	10% (6%)	23% (18%)

Sources: (Essen, 2023)

Aside from China, Russia sought to aggrandize its influence to Central Asian region countries such as Kazakhstan, Tajikistan, Kyrgyzstan, Turkmenistan, and

Uzbekistan by employing its energy possession to grab alternative markets due to sender state sanctions. Russia could position these countries as transit points to take energy exports to China. Russia even proposed a tripartite gas union by the end of 2022 with Kazakhstan and Uzbekistan to coordinate the transport of Russian gas to China through the territories of the republics. Then, Russia had managed to form trilateral negotiations with the two countries and started the preparation of infrastructure for Russian gas transit. Then, in July 2023, Gazprom as the Russia representative, signed a contract with Kazakhstan for the provision of services for Russian gas transit through its territory to Uzbekistan and supplies began in October 2023 (Mitrova, 2024). It is well noted that the sanctions imposed by the sender states as bans on imports of Russian gas products to Europe turned out to be positive path that has forged a new path for the Russian energy market to the Central Asian region and China in a large number.

The third aspect for oil exporters is financial security for the investments made with exports earnings. Russia's invasion of Ukraine increases tensions and causes gas price to steadily rise on the European market (International Energy Agency,

2022). Energy prices in each region might vary, but in many countries, they remained high which hampers economic and industrial activities during the invasion. Although Russia has found alternative markets for its energy exports by switching from the European market, Russia inevitably provides significant discounts to importers due to a series of sanctions, embargoes, and price restrictions (Essen, 2023). As a result, Russia's earning remained decreased in the early invasion period. The relationship between Russia and the EU in energy affairs has become strained so that Russia's energy investments in the energy sector have decreased. Transitions of the energy market from Europe to the Asian region cannot run in a short time as this requires adequate infrastructures and mutual agreements between countries.

The decreasing European market and the shift in dominance of energy exports to China has created a new investment target for Gazprom as a Russian state-owned energy company. Despite the decreasing Gazprom investment value of after 2 years of invasion about 20 percent from 2.3 trillion ruble in 2023 to 1.57 trillion planned in 2024 for energy projects and improving energy export delivery infrastructure (AFP, 2023), Gazprom has successfully signed a new contract with

China under which Russia will supply gas to the China National petroleum Corporation (CNPC) for 30 years with. The amount of gas per year CNPC will receive is amount of 38 billion cubic meters approved by Gazprom (Afanasiev, 2023). Then Russia currently targets development of natural gas fields on the Yamal Peninsula in western and east Siberia, Russia. The development is a realization of Russia's commitment to embody its delivery targets to China as the areas where Gazprom operates the Sakhalin Block 3 and Sila Sibiri 1 gas export pipeline to China.

V. CONCLUSION

Authors found that to face economic sanctions imposed by the sender states, Russia only employs hard power threatening and forcing unfriendly countries to follow Russia's policies in return for the imposed sanctions through energy and non-energy instruments. In the energy instrument, Russia strictly sought to reduce gas supplies to Europe countries as major importers of Russian gas aimed to create a gas shortage or scarcity in Europe regions. Second, Russia obliged sender states to use ruble as the only currency in gas purchase transactions to Russia. The

sender states which import energy from Russia inevitably pay more due to this obligation. In non-energy instruments, the Russian federation published a list of unfriendly countries which all contains a list of sender states. Herewith, Russian citizens who have debts or other types of payment obligations to foreign individuals or companies from unfriendly countries are obliged to use ruble to pay their dependents. Foreign creditors can use Ruble Type C accounts that can be opened in Russian banks at the request of Russian debtors. Second, Russia enacted a tightening of transactions between Russian entities and foreign entities from unfriendly countries. The transactions shall go through an approval of the Government Commission for Monitoring Foreign Investment of Russia. Third, the Russian government threatened to nationalize western companies that tried to leave or cease operations in Russia. Fourth, Russia imposed bans on 200 products exported to unfriendly countries, leading to the domestic supply disruption of many countries including the US and the EU. Fifth, Russia banned officials and prominent actors of US, EU, Canada and British from entering Russia territory in response to the constantly imposed anti-Russian sanctions. Sixth, Russia enacted a regulation related to companies

from unfriendly countries planning to divest assets must willy nilly provide a voluntary contribution of 10% to the Russian government.

The second strategy exercised by Russia is to implement a policy of energy security. The authors use a definition of energy security proposed by Mason Willrich (1978) to analyze Russia's energy security strategy. First, in terms of sovereignty over natural resources, the Russian government still had full control over energy resources amid the Russian invasion. Energy remains vital for Russia as geopolitical means and Russia embedded energy as resource nationalism enabling Russia to control and monopolize energy ownership. Second, in guaranteeing access to foreign markets, Russia diverted the direction of its energy exports from Europe to Asia, especially China, India, and Turkey in response to the energy embargo from western countries. Third, Russia through its state-owned company, Gazprom projects investments planned to the improvement of energy delivery infrastructure to China.

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