Ministry of Education and Science of Ukraine

Ukrainian-American Concordia University

Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

Short- and long-term implications of economic sanctions against Russia imposed after 24-th of February 2022 (based on the Business Media Network case)

Bachelor's student of the 4th year study

Field of Study 29 – International Relations

Specialty 292 – International Economic Relations

Educ.program – International Economic Relations

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Ph.D. in Economics.

(academic degree, full name)

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Abstract

This work explains the Short- and long-term implications of economic sanctions against Russia imposed after 24-th of February 2022. It contains theoretical theses about the topic in the first chapter, including the early stages on the Russian invasion on Ukraine, Ukraine' and Russia's economy before the sanctions imposed on Russia and a part which numerates the economic sanctions imposed on Russia. The second chapter is practical, explaining the base of the practice at the company Business Media Network (BMN), and how this enterprise would benefit from the sanctions imposed on the Russian economy, as well as the Short- and long-term implications of economic sanctions against Russia and its effects on the Ukrainian economy. The third chapter is specified in explaining the impact of those sanctions on the world's economy; its impact specifically on the European Union, the US and the Pacific region. The report focuses overall on the economical losses, changes and difficulties since Russia invaded Ukraine and was faced with those strict sanctions and how it generally affects international economic relations.

Keywords: The Russian invasion of Ukraine, sanctions, implications on economy, international economic relations, Ukrainian economy, global economy,

Анотація

В роботі пояснено коротко- та довгострокові наслідки економічних санкцій проти Росії, запроваджених після 24 лютого 2022 року. В першому розділі пояснено теоретичні положення, включно з ранніми етапами російського вторгнення в Україну. Стан української і російської економіки до санкцій, накладених на Росію, і деталізовано економічні санкції, накладені на Росію. Другий розділ є практичним, в ньому пояснено основи практики в компанії Business Media Network (BMN), і те, як це підприємство виграє від санкцій, накладених на російську економіку, а також коротко- та довгострокові наслідки економічних санкції проти Росії та їх вплив на українську економіку. У третьому розділі пояснюється вплив цих санкцій на світову економіку, зокрема, на Європейський Союз, США та Тихоокеанський регіон. Доповідь загалом зосереджена на економічних втратах, змінах і труднощах після того, як Росія вторглася в Україну та зіткнулася з цими суворими санкціями, і як це в цілому впливає на міжнародні економічні відносини.

Ключові слова: російське вторгнення в Україну, санкції, наслідки для економіки, міжнародні економічні відносини, українська економіка, світова економіка,

PHEE-institute «Ukrainian-American Concordia University»

School of Management and Business
Department of International Economic Relations, Business and Management

Educational level: **bachelor degree**
Specialty: **292 "International Economic Relations"**
Educational Program "International Economic Relations"

APPROVED
Head of Department Prof. Liubov Zharova

TASK
FOR BACHELOR'S QUALIFICATION WORK

Yasmina Benzaabar

Topic of the work: **Short- and long-term implications of economic sanctions against Russia imposed after 24-th of February 2022 (based on the Business Media Network case)**

Supervisor of the work *Lesya Leshchii, Ph.D. in Economics*.
(surname, name, degree, academic rank)
Which approved by Order of University from "22" September 2022 №22-09/2022-1c – **International Economic Relations**

2. Deadline for bachelor's qualification work submission *"23" April 2023*
3. Data-out to the bachelor's qualification work_
Materials from internship received during consultation with representatives of the company. Information from open resources in the Internet, official reporting of financial and economic activities of the enterprise.

4. Contents of the explanatory note (list of issues to be developed).

There are main tasks a student should develop in the work:

- Investigate the reasons and goals of Russia's attack on Ukraine and the nature of the international sanctions that followed.
- Define the long- and short-term effects of sanctions on the Russian economy and the international economic relations.
- To investigate the activities of the BMN company after the start of the war: in general and the impact on it of the international situation that developed.
- Study the impact of the sanctions on Russia and the whole world.

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.

6. Consultants for parts of the work

Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	*Lesya Leshchii Ph.D. in Economics*		
2	*Lesya Leshchii, Ph.D. in Economics*		
3	*Lesya Leshchii, Ph.D. in Economics*		

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	*31.12.2022*	*In time*
2.	II chapter	*20.02.2023*	*In time*
3.	III chapter	*11.04.2023*	*In time*
4.	Introduction, conclusions, summary	*23.04.2023*	*In time*
5.	Pre-defense	*26.04.2023*	*In time*

Student ______________________________

(signature)

Supervisor _______

(signature)

Conclusions: This Bachelor's qualification work provides a comprehensive analysis of the short- and long term implications of economic sanctions against Russia imposed after 24th February 2022. The study examines the impact of the sanctions on the Russian economy, with a particular focus on the case of the Business Media Network. The research methodology is rigorous, and the work demonstrates a strong theoretical foundation in the field of international economics. A thorough analysis of the available data, including economic indicators, market trends, and political developments is presented. Royota meets the academic requirements - contains all the necessary structural parts, conclusions and proposals, statistical data - and can be admitted to the defense with a positive evaluation

Supervisor_____

(signature)

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INTRODUCTION

Economic sanctions refer to a punitive or coercive measure that a nation or a coalition of nations imposes on another nation or entity. The objective of implementing economic sanctions is to exert pressure on the specific nation or organization by limiting trade, financial dealings, or investment, to induce a modification in their conduct or policies. The efficacy of sanctions is contingent upon the intended objective. According to several studies, if the objective is to induce economic adversity, sanctions have demonstrated a statistically noteworthy influence on the countries targeted, as they have resulted in a reduction in their Gross Domestic Product (GDP) growth. Furthermore, the detrimental consequences of these sanctions have persisted for more than ten years. And usually sanctions work better when Sanctions impose a significant upfront expense on the targeted nation. Countries that face higher immediate costs are less likely to be able to adapt their policies in order to evade sanctions. The adverse economic effects of sanctions are predominantly experienced by the core group of individuals within the government of the targeted nation. The imposition of sanctions may exert pressure on the government of the targeted country to satisfy the demands of its ruling elite. Multilateral sanctions are implemented, the extent of economic harm inflicted and the likelihood of the targeted nation's compliance with sanctions increase proportionally with the number of countries imposing the sanctions.

Sanctions may be enforced for a multitude of reasons, such as transgressions against international law or human rights, acts of aggression towards other nations, or the advancement of weapons of mass destruction. Sanctions may also serve as a foreign policy instrument to exert pressure on a nation to modify its policies or conduct. And it is decided that these sanctions should be applied to the economy of Russia. The most extensive and well-planned moves against a major state since World War II are the economic penalties levied against Russia for invading Ukraine.

The ongoing conflict between the Russian Federation and Ukraine is occurring within the context of aggressive media warfare, which makes it extremely difficult to determine the underlying reasons behind the conflict. It is safe to state that even people who are directly involved in this dispute would not be able to recognize the true causes behind the beginning of the conflict. In the official statement issued by the Russian government, Vladimir Putin, the President of Russia, mentions the growing influence of nationalist organizations as well as the purported discrimination against the Russian-speaking population in Ukraine. Even while it's obvious that these are only pretexts for resorting to armed violence, it's still a good place to begin investigating the factors that contributed to this catastrophe.

Although many people are limiting the scope of their analysis to the active phase of the Russian invasion of 2022, it is important to go as far back as 2014, which is when the Ukrainian people forced a change in their pro-Russian government through the events of the Revolution of Dignity. Many people are limiting the scope of their analysis to the active phase of the Russian invasion of 2022. The Russian military eventually came to the conclusion that it was time to act and began occupying Ukrainian territory on the Crimean peninsula.

The relevance of this work is defined by the major economic sanctions implied by the world on Russia, from which we can learn the economic losses and the long and short results of it.

The aim of the bachelor thesis is to analyze the economic state of the world and Russia after its invasion of Ukraine, starting from the types of sanctions imposed and going through all the spheres and aspects that were affected by all these changes in today’s world.

Sanctions imposed by the West on Russia's trade, businesses, persons, and financial sector after the country's invasion of Ukraine. The far-reaching restrictions present significant legal and economic difficulties for the global trade system, and they are similar to those taken after the annexation of Crimea in 2014.

In order to achieve this aim, the following tasks were set:

- Investigate the reasons and goals of Russia's attack on Ukraine and the nature of the international sanctions that followed.
- Define the long- and short-term effects of sanctions on the Russian economy and the international economic relations.
- To investigate the activities of the BMN company after the start of the war: in general and the impact on it of the international situation that developed.
- Study the impact of the sanctions on Russia and the whole world.

The research objectives are to determine the short- and long-term implications of economic sanctions against Russia imposed after 24-th of February 2022.

The research subject is a set of theoretical and approaches to establish an understanding of the economic world and the sufferings of Russia’s economy internally and externally, and the decrease in the value of its currency due to the economic sanctions applied to it after its invasion of Ukraine, along with other consequences.

This Bachelor research consists of an introduction, 3 chapters, 11 figures, conclusions, a list of references and annexes.

CHAPTER 1. THEORETICAL BASES OF BEGINNING OF THE RUSSIAN INVASION OF UKRAINE: REASONS AND CONDITIONS

1.1 Ukraine's economy before 24 th February 2022 and early stages of Russian's Invasion

During the period spanning from 2001 to 2008, there was a notable upswing in the Ukrainian economy. A significant number of Ukraine's prominent capitalists, commonly referred to as oligarchs, are individuals who previously held managerial positions within Soviet-era industries and subsequently achieved considerable success following the privatization of said industries. The origin of their wealth can be attributed to a conventional and uncomplicated approach, whereby they transformed low-cost energy and unprocessed materials into metals and fabricated products. All of the wealthiest individuals in Ukraine are involved in the metallurgy industry. It can be argued that oligarchs were the most efficient domestic proprietors in terms of improving productivity. The absence of significant institutional investors, a limited number of small-scale investors, and the potential for dysfunctionality on the part of the state as an owner were notable factors.

Within a span of fewer than ten years, Ukraine has transitioned from a non-monetary economy to possessing a banking industry that is proportionally comparable to those of numerous established market economies. Access to credit became available, not only from domestic banks with political affiliations but also from reputable foreign banks that provided Ukraine with easy international liquidity, similar to other developing economies.

Based on an initial assessment, the Gross Domestic Product experienced a more pronounced decline of 31.4% on an annual basis during Q4, which is lower than the 30.8% contraction observed in Q3. While a detailed analysis of economic sectors was not disclosed, it can be inferred that the sustained air strikes on vital infrastructure, specifically the energy grid, have resulted in a decline in overall economic performance. In the fourth quarter, there was a seasonally adjusted quarter-on-quarter decrease of 4.7% in economic activity, which is in contrast to the 9.0% growth observed in the preceding period.

As soon as the war started, the Ukrainian economy shrank by 30–35% in the first year. There hasn't been this big a reduction in economic activity in the nation since independence; fixing it will take a long time. As a result of the war and subsequent emigration, Ukraine is expected to have severe labor market shortages even after the conflict has ended. The war's legacy will also dampen the country's allure to potential investors.

Fig 1.1 Ukrainian GDP growth (1993-2022)

Source: International Monetary Fund (IMF)

The leaders of the nation will have to come up with creative answers to these problems. The optimistic news is that Ukraine can recover. With sufficient planning, Ukraine may switch its focus from its present activities to other, more fruitful endeavors. Ukraine's leaders can take advantage of the peace that has ensued to modernize the country's economy and government by, among other things, instituting low-carbon production, raising energy intensity in the economy, and making better use of information and financial technology. The idea is to implement the same kinds of major reforms that other European countries have been doing for years but in much less time.

The prospective forecast for the upcoming year remains exceedingly unstable and dependent on the trajectory of the conflict. According to current projections, the economy is anticipated to experience a rebound in 2023, provided that there is no further escalation of military assaults on vital infrastructure. Sufficient international assistance will persist in serving as a crucial factor in sustaining the economy.

- **Early Stages of Russian’s Invasion:**

At first, the soldiers did not have any identifying gear or insignia on them, and Russia denied that they had any part in the conflict. For fear of losing influence in Ukraine and fear of closer economic and military ties between Ukraine and the West, Vladimir Putin used the false pretext of protecting Russian-speaking people in Ukraine as an excuse to invade. This invasion was carried out under the guise of protecting Russian-speaking people in Ukraine.

Despite Putin's statements and the Kremlin's economic data that state otherwise, Russia's economy is being severely harmed as a result of businesses withdrawing their support and sanctions being implemented as a reaction to the unlawful war that President Vladimir Putin is waging in Ukraine.

Sanctions have been placed on Russia by more than 30 different nations, which have resulted in a reduction in energy imports, a blockade of financial activities, and a stop to the shipping of essential imports such as semiconductors and other electronic goods. As a direct consequence of this, nearly one thousand international businesses have evacuated their activities in Russia.

In the meanwhile, imports into Russia have dropped by more than fifty percent so far this year. Spending by individuals has significantly decreased, contributing to a deficit in Putin's budget. There is little doubt that Vladimir Putin's reckless conflict with Ukraine will have a significant negative impact on the Russian economy. However, the propaganda machine run by the Kremlin is putting in extra hours in order to create a false impression of economic stability.

On February 24, 2022, during a UN Security Council meeting aimed at deterring Russia from attacking Ukraine, Putin declared the commencement of a comprehensive military campaign involving land, sea, and air forces, with the objective of targeting Ukrainian military installations and urban centers throughout the nation. The President of the United States, Joe Biden, characterized the attack as lacking provocation and justification. As a result, he imposed stringent sanctions on prominent Kremlin officials, such as the Russian Foreign Minister and Putin, as well as four of Russia's gas and oil industry and the country's most significant banking establishments. This action was taken as a part of the collaboration with European allies. During an emergency session of the United Nations General Assembly, held on March 2, a total of 141 out of 193 member states voted to denounce Russia's incursion into Ukraine, the resolution called for an immediate withdrawal of Russian forces from the region.

1.2. International relations of Russia and its economy before the sanctions

Prior to the imposition of economic sanctions by the international community on Russia, the nation's economy was heavily reliant on its energy industry, with a particular emphasis on the exportation of oil and gas. The energy industry constituted a substantial share of both the Gross Domestic Product and public funds of Russia. Russia has been a significant global producer of oil and a prominent exporter of natural gas, with a considerable portion of its energy exports directed towards the European continent. Apart from the energy sector, Russia possessed various other industries, including but not limited to mining, agriculture, and manufacturing. Nevertheless, the aforementioned industries were comparatively less mature in comparison to the energy sector and relied heavily on external investment and technological advancements.

Before the implementation of economic sanctions, the Russian economy had exhibited a consistent pattern of expansion. The Russian economy was notably affected by the sanctions implemented by the United States and European Union subsequent to the annexation of Crimea by Russia in 2014.

The economic sanctions were specifically aimed at crucial areas of the Russian economy, such as its energy, financial, and arms sectors. The imposition of sanctions resulted in a curtailment of Russia's ability to secure foreign investment, technology, and financing, thereby adversely affecting its economic performance. The devaluation of the Russian ruble resulted in inflation and a reduction in the buying capacity of Russian customers.

In general, the economic sanctions that were enforced upon Russia had a noteworthy effect on its economy and were a contributing factor to a deceleration in its growth. Subsequently, Russia has undertaken measures to broaden the scope of its economy and mitigate its reliance on energy exports, thereby contributing to a degree of stabilization in the economy.

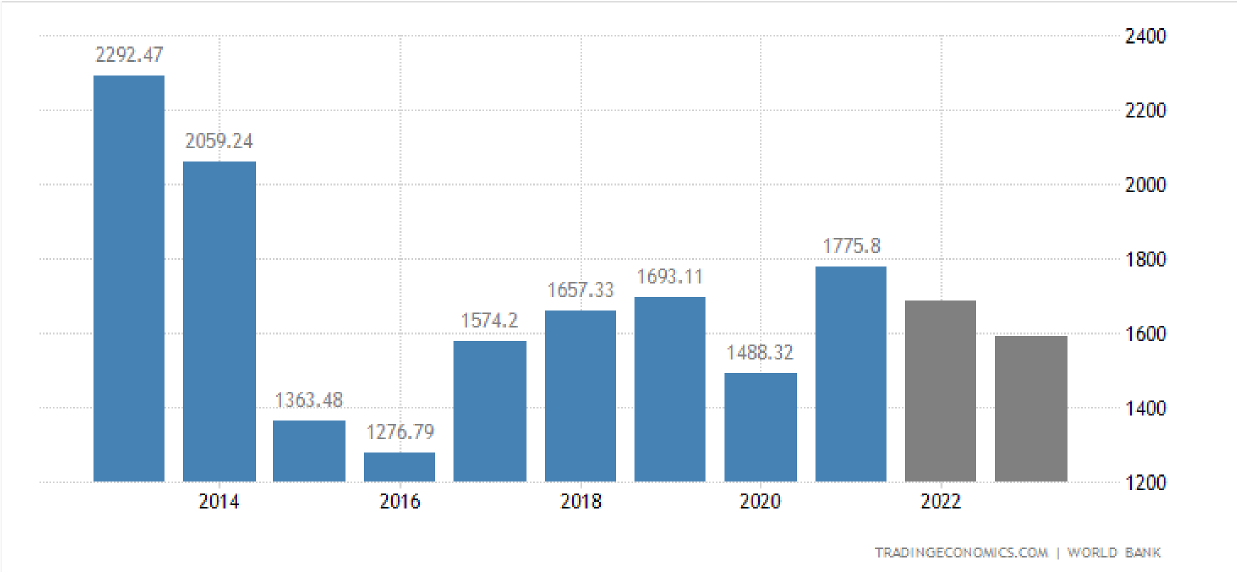

Fig 1.2 GDP of Russia (2013-2022)

Source: World Bank

Before Russia invaded Ukraine on February 24, 2022, its international relationships with other countries and international groups were a mix of cooperation and conflict. Since Russia took over Crimea in 2014, relations with the US have been especially tense. The US has put sanctions on Russia and accused it of meddling in its own affairs. There were also a lot of disagreements with Europe over Ukraine, oil sources, and human rights. On the other hand, Russia was strengthening its strategic relationship with China, which had become one of Russia's most important economic partners, especially because of Western sanctions. In the meantime, Russia was becoming more worried about NATO's plans to grow in Eastern Europe. Russia said that NATO was acting aggressively and holding military drills close to its borders. The country was also active in wars in Syria and Libya, where it often fought with troops backed by the West.

Even though there were tensions, Russia stayed a regular member of the UN Security Council. It had often used its veto power to stop decisions it didn't like, especially ones about Syria and Ukraine. The country had also worked to make peace, especially in the Middle East. Overall, Russia's foreign relationships were a complicated web of ties with many different countries and groups around the world. Even though it tried to keep its ties with different countries in check, tensions with the West, especially with the US and Europe, were high. Russia's invasion of Ukraine hurt its relationships with many countries and led to broad criticism from the rest of the world and more isolation.

1.3. Economic sanctions imposed by the EU and the USA on Russia and its stages:

Several nations and international organizations imposed escalating levels of economic sanctions on Russia, including:

- **Initial Sanctions:** Sanctions were placed on Russia immediately following the invasion by a number of nations; they were placed on Russian banks and enterprises, and assets were frozen and travel restrictions were issued for Russian officials by the United States and the European Union.
- **Escalating Sanctions:** As the crisis dragged on, the restrictions were tightened even further. The United States and the European Union have extended their asset freezes and travel restrictions to include Russian energy businesses and European Union member states have restricted purchases of oil and natural gas from Russia.
- **Sectoral Sanctions:** Sanctions against particular sections of the Russian economy, including the financial industry, the technology sector, and the energy sector, were imposed by the United States and the European Union in March 2022. Russian businesses found it harder to get cash from overseas sources and fewer opportunities to upgrade their machinery and technology as a result of these restrictions.

- **Secondary Sanctions:** Some nations implemented secondary sanctions on Russia, aimed at corporations and persons doing business with Russia in specific industries; these countries include Japan and South Korea.
- **UN Sanctions:** Arms embargo and asset freezes on persons and businesses implicated in the war in Ukraine were among the UN sanctions imposed on Russia by the United Nations Security Council.

- **Economic sanctions imposed by the EU:**

The European Union (EU) has implemented massive and unprecedented sanctions on Russia in response to Russia's aggressive war against Ukraine beginning on February 24, 2022, and the unlawful annexation of Ukraine's Donetsk, Luhansk, Zaporizhzhia, and Kherson regions. Since 2014, Russia has been subject to increased sanctions due to the invasion of Crimea and the country's refusal to fully execute the Minsk Agreements. Visa restrictions, economic sanctions aimed at certain individuals, and other forms of targeted restriction are all types of sanctions. Russian attempts to extend the assault will be effectively thwarted by the economic sanctions, which are meant to hold Russia responsible for its actions.

The European Union has implemented several import and export limitations on Russia as a component of the economic sanctions. The aforementioned statement indicates that there exist export restrictions for European entities with regard to the sale of specific products to Russia and import restrictions for Russian entities concerning the sale of certain products to the EU.

The goal of the embargo list is to hurt the Russian economy as much as possible while keeping the effects of the sanctions to a minimum for the European Union and its people. To protect the Russian people, export and import restrictions do not apply to goods with a primary consumer market or to goods in the health, pharmaceutical, food, and agricultural sectors.

Since February 2022, the European Union (EU) has prohibited over €43.9 billion in exports to Russia and over €91.2 billion in imports from Russia, as reported by the European Commission. This indicates that, compared to 2021, sanctions now affect 58% of imports and 49% of exports.

A. What goods cannot be exported to Russia from the EU?

- Machines and vehicles of a certain kind or sort.
- Items and equipment that are unique to oil refining.
- Products and services for the energy sector.
- Drones, drone software, and encryption gadgets are all examples of dual-use commodities that might be employed for either civilian or military reasons.
- High-end products (such as expensive automobiles, watches, and jewelry).
- Guns and army equipment that have been purchased by civilians, etc.

B. What kinds of items are off-limits to the European Union from Russia?

- Carbon-based fossil fuels like coal and oil.
- Iron, steel, and steel goods.
- Jewelry and other gold items.
- Construction materials.

C. What EU services to Russia are banned?

Because Russia's economy relies so heavily on services imported from Europe, the EU has banned the provision of some business-relevant services to the Russian government or to any legal persons, including businesses and other structures or bodies, based in Russia. Services such as accounting, auditing (including statutory audits), bookkeeping, tax consulting, public relations, and business consulting are all outlawed as of June 4, 2022. Services related to lobbying may be considered public relations services and therefore be forbidden.

In October 2022, the EU resolved to expand the list of services that cannot be delivered to Russia to include IT consulting, legal advice, architecture, and engineering services, further increasing the strain on Russia's industrial capability.

When it comes to the administration of the Russian Central Bank's reserves and assets, the European Union has banned any and all dealings with the National Central Bank of Russia. Because of the asset freeze, the central bank is unable to access the money and other valuables it has stashed away in banks throughout the European Union. The European Union (EU) extended its blanket prohibition on doing business with Russian state-owned or controlled businesses to include the Russian Regional Development Bank in December 2022. Russia has $643 billion (€579 billion) in foreign reserves as of February 2022. Having foreign currency reserves serves a number of functions, one of which is to assist maintain a stable domestic currency exchange rate.

- **Economic sanctions by the US:**

A. Financial Sanctions:

The United States has substantial economic clout because of the widespread usage of the dollar and the American banking system to execute international transactions. There have been restrictions on Russia's central bank, financial industry, and access to foreign finance since February 2022.

Reserves at Central Banks; The United States, the European Union (EU), the United Kingdom, Canada, and Japan all worked together in February 2022 to cut off the Russian central bank's ability to use its foreign currency reserves. The central bank of Russia has over $300 billion in reserves frozen. Reserves in China and gold deposited in central bank vaults were the major types of assets that were not subject to the freeze.

International Capital Markets; U.S. financial institutions were barred from processing debt payments from the Russian government to international investors as part of the Biden Administration's increased restrictions on Russian sovereign debt (bonds issued by the Russian government). This led to Russia's debt default in June of 2022. The government has also restricted any further investment in Russia. Russia's capacity to access financial resources from the United States and allies has been constrained by these sanctions, which have been coordinated with partners.

B. Trading sanctions:

Cancelation of the PNTR; Permanent normal trade relations (PNTR) or most-favored-nation (MFN) status was revoked by Congress from Russia and its ally Belarus. When PNTR is revoked for Russia, the average unweighted ad valorem duty on Russian imports rises from about 4% to over 30%.

Control on both exports and imports; Biden has banned a wide range of items from Russia, including crude oil and petroleum products, coal, nonindustrial diamonds, seafood, and alcoholic drinks, as well as U.S. dollar banknotes and luxury goods. The United States Congress banned Russian oil and other energy imports in April 2022. Roughly eight percent of U.S. fossil fuel imports in 2021 originated in Russia.

CHAPTER 2. IMPLICATIONS OF THE WORLD'S SANCTIONS ON RUSSIA AND ITS EFFECTS ON THE ECONOMY

2.1 Short and long-term implications of economic sanctions against Russia

- **Short term implications**

The Russian economy has suffered a lot due to the sanctions that were decided by the world, which led to the need for a very quick adaptation to survive. But it was very difficult to do so since the response of the world to the invasion of Ukraine was quick. Some of the significant implications for the country's economy are mentioned as the following:

A. In response to Russia's invasion of Ukraine, governments and businesses have taken investment-specific actions, including economic sanctions that target the Russian government, investments made by people and organizations connected to the Russian government, and specifically named people and organizations close to the Russian government. In terms of their nature and breadth, severity, and speed of implementation, these measures are unusual. They include:

   - The measures include the restriction of the Russian government and corporate access to capital markets, the disallowance of Russian state-owned enterprise (SOE) shares from being listed, and the prohibition of securities sales to Russian clients. Additionally, certain Russian banks have been removed from the SWIFT messaging system.
   - The act of freezing the foreign assets belonging to several Russian individuals and entities who have been subjected to sanctions.
   - The measures include the restriction on the provision of financial rating services to Russian companies, the prohibition of transactions involving the Central Bank of Russia (CBR), the Russian government, and certain Russian

state-owned enterprises (SOEs) and banks, as well as the trading of Russian sovereign bonds. Additionally, the assets held abroad by the CBR have been frozen.

Numerous corporations across diverse sectors have initiated measures to divest their business activities in Russia due to various factors such as potential damage to their reputation and legal accountability, ethical concerns regarding human rights, unstable market circumstances, and pragmatic obstacles. The aforementioned sectors encompass a variety of companies, such as those operating in consumer goods, energy, food, media, technology, goods and retail, travel, and finance. The adoption of the initial set of sanctions was followed by divestment declarations that encompassed a spectrum of measures, including the postponement of future planned business while continuing substantive operations, reduction of certain business activities while maintaining others, temporary reduction of operations while keeping hypothetical resumption options open, and complete cessation of operations and exit from the country. The aforementioned business decisions seem to have strengthened the influence of policy responses from the public sector.

In the short run, rising global uncertainty and increased global inflation are adding pressure to already poor capital flows to developing economies, but the long-term effect is still unclear. Overall, the impact on the world's sovereigns and stock markets has been small, investors' worries about high commodity prices and a dimming economic outlook had a more pronounced impact on Eastern European equities markets like Hungary, Poland, and Serbia than they did on developing Asian markets and Western European markets. Serbia, Romania, Hungary, Poland, and Bulgaria have all seen considerable increases in sovereign credit default swap spreads (a measure of the market's estimate of the risks of default), Austrian, Italian, and French banks with Russian affiliates have among the highest absolute exposures to the country. After experiencing setbacks in Russia, the profitability of such banks is anticipated to decrease. European and American banks have around 0.8% and 0.4% of their total claims exposed to Russia, respectively. Austrian, Italian, and French banks with Russian affiliates have among the highest absolute exposures to the country. After experiencing setbacks in Russia, the profitability of such banks is anticipated to decrease. However, European and American banks' overall exposures to Russia are quite small, at just approximately 0.8% and 0.4% of their total claims, respectively. There will be a long-term rebalancing of portfolio flows as a result of Russia's exclusion from the key EM indexes. However, the effect will be mitigated by the country's currently low weight in these indexes.

B. Despite unexpectedly robust production and exports in recent months, the "intended effect" of bans and price controls targeting Russian oil is being felt, according to Toril Bosoni of the International Energy Agency. Following the G-7 (Group of Seven) major nations' December 5 implementation of a $60 per barrel oil price ceiling, the European Union imposed its own embargo on Russian oil products on February 5.

IEA oil market and industry chief Bosoni told CNBC on Wednesday that Russia's output and exports have held up "much better than expected" in recent months. This is due to Moscow's success in diverting oil supplies formerly destined for Europe to emerging Asian markets.

Russia's January drop in crude shipments to Europe was offset in part by increased demand from China, India, and Turkey, according to the International Energy Agency's (IEA) oil market report released on Wednesday. The Druzhba pipeline and Bulgaria are still allowing some Russian oil to reach Europe despite the EU ban.

According to the IEA, the drop in Russian net oil production from pre-war levels in January was just 161,000 barrels per day, with 8.2 million barrels of oil being exported to markets throughout the globe. The agency also noted that G-7 price controls may be contributing to the rise in Russian exports, since they require Moscow to sell oil from the Urals at a discount to nations adhering to the caps, making it a more competitive crude option. Bosoni stated that the sanctions had not failed because of Russia's large export quantities.

C. Oil prices have dropped as a result of the sanctions since Russia is a significant oil producer and exporter. As a consequence of the drop in oil prices, the Russian government and oil firms have seen their income fall. Russian oil businesses have had a hard time getting financing and attracting international investment since the sanctions were imposed. Overall government income has fallen as a result of the drop in oil prices. The oil and gas business in Russia is vital since it provides around 40% of federal tax income. The consequent drop in oil prices has therefore had a major effect on the Russian economy.

D. EU-Russia bilateral commerce has dropped drastically as a result of sanctions, uncertainty, and pressure to end commercial relations with Russia. Between January 2022 and October 2022 (latest statistics available), the EU's imports from Russia fell by 36%, from €20 billion to €13 billion. But despite this growth, EU exports to Russia have dropped from €7 billion to €4 billion, a drop of 41%.

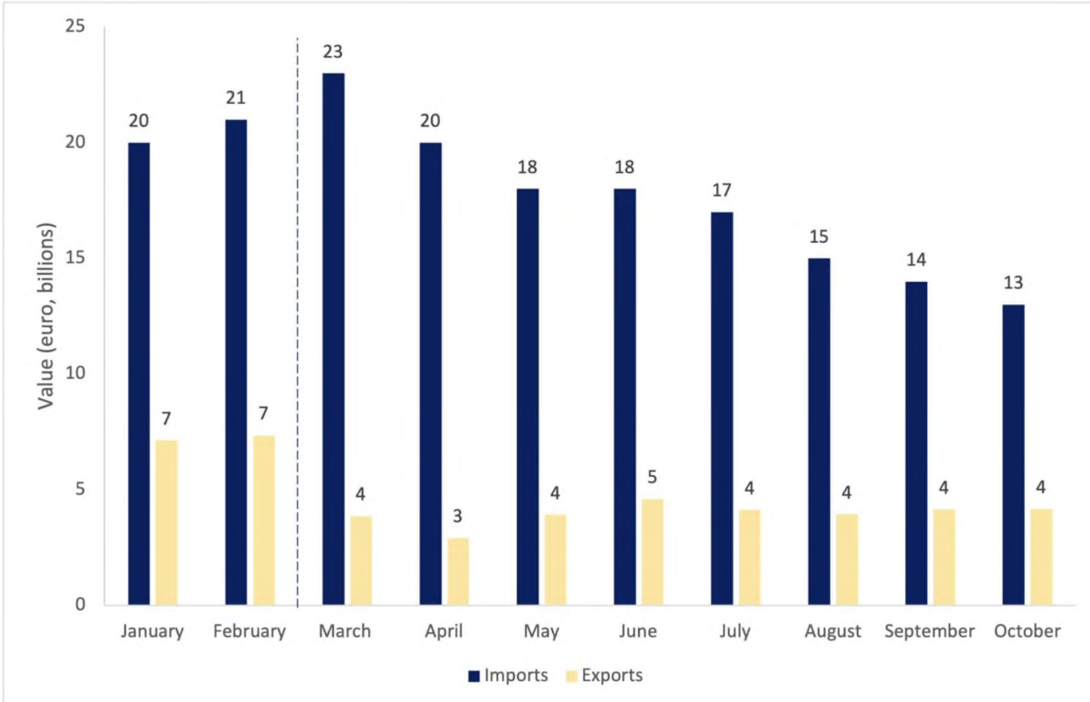

Figure 2.1 EU monthly import and export values from Russia (2022)

Source: Eurostat, Author's Calculations

E. Expenditure increases The Russian government has responded to the sanctions by increasing expenditures to prop up the economy. As a result, the budget deficit has grown, and the country's foreign currency reserves have shrunk. Russia's military budget is steadily expanding. The budget for the military was projected to hit 3.5 trillion rubles in 2022. Real expenditure on the war was probably beyond that amount by September, however, the actual implementation of the budget after the commencement of the war was concealed. This is merely a portion of Russia's military budget, which is disguised as expenditure on social programs including healthcare, education, retirement, and manufacturing. Military spending in 2022 might reach a record high of over 5% of GDP, the highest level seen since the fall of the Soviet Union.

There are also serious problems with regional finances. The Russian Central Bank anticipates a deficit of 1.2% of GDP in the regional budgets. The combined deficits of the regions did not even reach half of this amount until after the COVID-19 epidemic. The government's ability to rely on income taxes and other non-oil-and-gas sources of revenue has been severely hampered.

War casualties are felt by more than just the Russian government. As a result, the economy will contract by around 3 percentage points by the end of 2022 (reaching as high as 6-7 percentage points in the fourth quarter). Since the beginning of the conflict, Russian millionaires have seen a loss of about $94 billion from their combined wealth. Consumers are cutting back on spending, resulting in a decline in foot traffic to shopping centers and revenue for local businesses such as cafes and restaurants. There has been an increase in the buying of inexpensive goods. In the face of falling sales, some business owners have resisted laying off staff by shifting them to part-time hours or by not giving them New Year's bonuses.

The budgetary outlook becomes dire in 2023. The MinFin projects a drop in oil and gas income of 24 percent, from a projected 11.7 trillion rubles to an estimated 8.9 trillion rubles. The 2.9 trillion ruble budget shortfall was anticipated before the call to arms was issued. VTB Bank and VEB investment firm analysts predict a deficit of 4-4.5 trillion rubles. The official economic projection uses an inflated $70 per barrel oil price. If the price of oil drops by $10 per barrel, the government loses approximately a trillion rubles in income. The government's projection of a 1% drop in GDP in 2023 may be too low; the crisis brought on by the conflict may instead reach 3%. Further mobilization might exacerbate the fall (emigration and mobilization have already removed one to 1.5 million persons from the Russian labor market).

The government will have enough money to pay for military spending in 2023. Finding such monies, though, will be a lot more challenging for the administration. War expenditures will be passed on to the Russian populace and companies as a result of the pressure from sanctions.

F. The ruble, Russia's currency, has fallen in value due in part to the sanctions. On Monday (28/2/22) it was noted that the value of the Russian Ruble had dropped significantly. On Wednesday (2/3/2022), the ruble dropped to an all-time low of 118.35 against the dollar in Moscow before recovering somewhat to settle at 106.02. This was a decrease of more than 10% on the day. This drop is due to international economic sanctions imposed on Russia as a consequence of the conflict between that country and Ukraine. Large and superpower countries, such as the United States and Europe, have imposed a series of sanctions against Russia by cutting off access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), a system that transfers billions of dollars from thousands of banks and other financial institutions around the world. Old Russian investors have fled the effects of this blockage, seeking refuge in the yen and the US currency. This has contributed to inflation and price increases for shoppers as well as making imports more costly. The depreciation of the ruble has hampered Russian enterprises' capacity to develop and expand by making it more difficult for them to repay their international loans. The ruble's decline in value has also made it more expensive for Russians to buy products and services from outside.

As a consequence of Western sanctions, the value of the ruble dropped and so did the price of shares in major Russian banks. Russia's biggest bank, Sberbank, had its share price drop 95% on Wednesday (2/3/22) to trade at $0.01 on the London Stock Exchange. This drop in share price was the last straw that made Sberbank decide to leave the European market. A representative for Sberbank said the bank had seen unusual currency withdrawals after Russia invaded Ukraine, particularly from its European subsidiaries. Major Russian equities such as Novatek, Lukoil, and Rosneft also fell in value with Sberbank. The Russian Central Bank has increased the size of the Lombard list and interfered in the foreign currency market in an effort to calm the country's financial markets. On Thursday (24/2/22) the Jakarta Composite Index (JCI) fell into the red zone with a decrease of about 2%, mirroring a similar decline in Russian equities and other global markets. The Dow Jones Industrial Average, the Standard & Poor's 500 Index, and the Nasdaq Composite all fell.

The significant depreciation of the Ruble has the potential to produce inflation, which will have a negative effect on the Russian people who are likely to be stifled by the rising costs of products. Both domestically produced goods and international trips will become prohibitively expensive. The potential for inflation is compounded by the possibility that the stock market may collapse. The Russian military may also feel the effects of the current economic crisis, which may make day-to-day operations more difficult. As a consequence of the declining value of the ruble and falling stock prices, supply activity in Russia has ceased due to low demand, and the country's economic upheaval is projected to deteriorate in the near future.

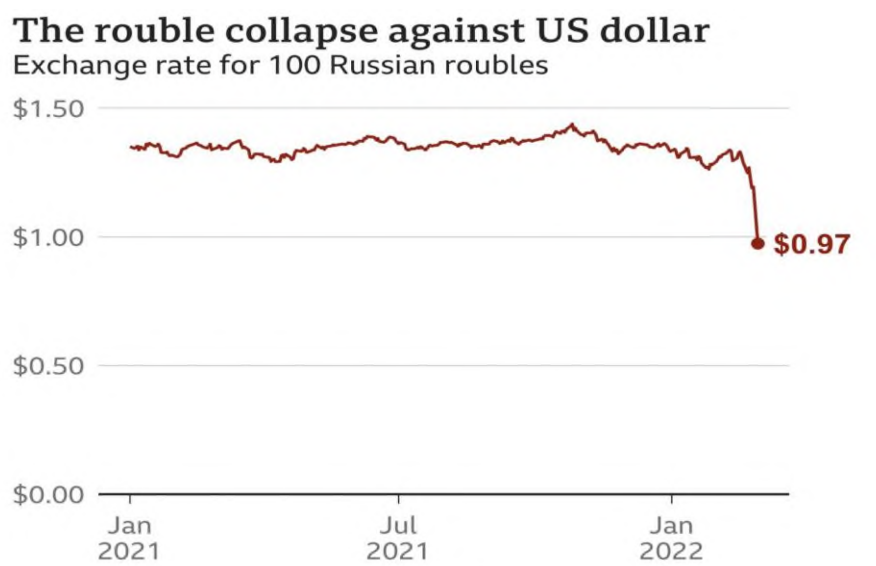

Fig 2.2 The rouble collapse against US dollar (2021-2022)

Source: Bloomberg, Last Update: 28 Feb 2022

- **Long-term implications:**

Although the sanctions had a noticeable effect on the Russian economy, their severity was less than some had feared. It shrank by 2.1% that year, far less than the springtime forecasts of a 5-6% decline.

Profit windfalls from high oil and gas prices helped to mitigate the GDP decline. High inflation in the first half of 2022 resulted in a rise in nominal income from taxes, while hydrocarbon production and exports contributed an additional 28 percent gain in revenues compared to 2021. The central bank's and commercial banks' accounts and assets were frozen, payments were restricted, and access to capital markets was cut off, all of which had a direct and immediate effect on the economy.

In the spring of 2022, the dollar gained 60% of its value against the rouble in only one week as inflation in Russia accelerated to above 2% each week. By limiting monetary transactions and capital outflows and refusing to convert the rouble, the Russian government was able to boost the rouble's exchange rate and tame inflation.

A decline in the current account balance and a devaluation of the rouble by more than 20 percent occurred in the second part of the year due to the pressure that had been building on the balance of payments due to limitations on trade in Russian hydrocarbons. However, the "moral sanctions" - the voluntary exit of international enterprises from Russia – dealt a far more severe hit to the Russian economy.

Automobile assembly factories owned by multinational corporations were the worst hit. The consequence was a threefold drop in the manufacturing of new automobiles in Russia and a corresponding drop in sales of 59%. Plant closures contributed to a 20% drop in industrial employment in Russia's Kaluga and Kaliningrad regions. The enduring consequences of economic sanctions imposed on Russia pertain to their effect on the broader advancement of the Russian economy. The effects of the economic sanctions levied against Russia have manifested in the alterations observed in the Russian economy during recent years.

The economic sanctions have resulted in a shift in Russia's economic focus, which has long-term implications. As a result of the sanctions, Russia has shifted its attention towards its domestic market, rather than relying on its export industry. The transition has resulted in the emergence of novel industries in Russia, including the information technology (IT) sector, which has become a noteworthy contributor to the country's economy.

One of the enduring consequences of the economic sanctions is the decreased dependence of Russia on Western nations. The imposition of sanctions has prompted Russia to recognize the significance of broadening its economic alliances. Consequently, novel collaborations with nations such as China, India, and Brazil have emerged. The recent collaborations have assisted Russia in diminishing its reliance on Western nations and have provided it with enhanced economic autonomy. The imposition of economic sanctions has yielded favorable outcomes for the agricultural industry in Russia. The imposition of sanctions has facilitated the emergence of novel agricultural sectors in Russia, thereby leading to a surge in food output and an enhancement of food safety for the populace.

However, in the long-term outlook, it seems Sanctions and a global economic slowdown over the last year have seemingly done little to revive Russia's flagging economy. As a consequence of economic reforms in the 1990s, high oil prices, and considerable foreign borrowing, the Russian economy expanded at an average annual rate of 7 percent during the first eight years of Putin's administration (2000-2008). Since the war started, the sanctions will have devastating effects on Russia's ability to advance technologically. It would imply a slow deterioration in the quality of store-bought items and the inaccessibility of services that were commonplace before the war for the average Russian citizen.

The impartial forecasts of the World Bank, the IMF, and the OECD all predict a down year for the Russian economy in 2022. The Gross domestic product (GDP) of Russia is projected to fall by 3.4% by the end of 2022, at the low end of forecast ranges, and by 5.5% at the high end.

In 2023, Russia's economy will contract even more. The best-case scenario predicts a 2.3% annual loss in GDP, while the worst-case predicts a 4.5% annual decline.

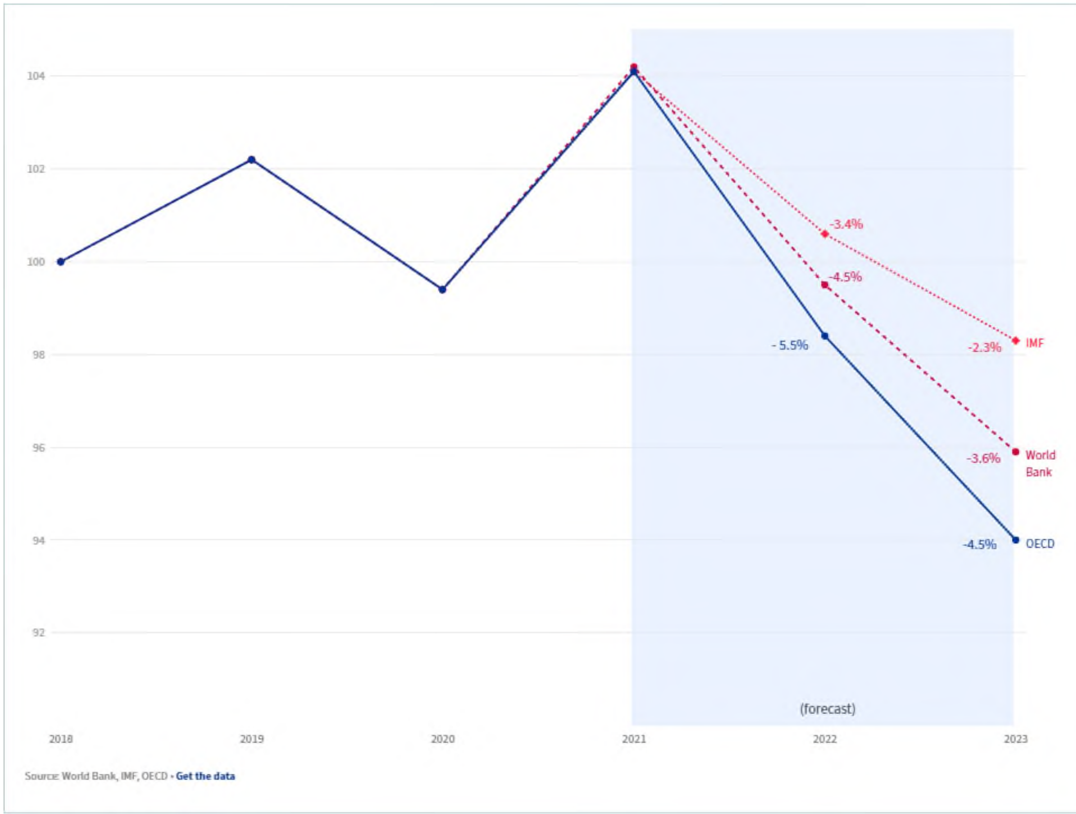

Fig 2.3. Russia's GDP – evolution from (2018 to 2023)

Source: IMF World Bank

The numbers show that the restrictions taken to limit freedom are having the desired effect. The World Bank and the International Monetary Fund both predict that by 2022, Russian trade in commodities and services would have dropped sharply. Imports are projected to rise from 2022 levels while exports will continue their downward trend in 2023.

Fig 2.4. Russia’s imports and exports from (2018 to 2023)

Source: IMF World Bank

2.2 Effects of the War on the Ukrainian Economy and on its International Economic Relations:

The Ukrainian economy has suffered greatly due to the prolonged conflict. The country's gross domestic product has shrunk by a third, while material losses from damaged infrastructure have already topped US$100 billion and are continuing to rise. Ukrainian society is suffering from excessive inflation, a devalued currency, and a staggeringly high jobless rate. Social programs, wage and pension payments, and other government operations are almost impossible without outside funding. Ukraine's foreign backing has been rising, but it's still not enough to prevent the government from drastically increasing the country's public debt. Although some encouraging signs have been seen, such as rising exports (especially of agricultural items) and a more stable energy market, a significant recovery in the economy is not likely until the conflict ends. Given that Russia is expected to keep attacking Ukrainian infrastructure and that the future of marine food exports is uncertain, it appears more probable that it will worsen further.

The conflict has caused the worst economic downturn in Ukraine's history. Ukraine's GDP fell by 19.1 percent in the first quarter of 2022 and by 37.2 percent in the second quarter compared to the same quarter in 2021. It dropped by 30% between January and September of 2022. According to projections made by the National Bank of Ukraine (NBU), Ukraine's GDP will fall by 37.5% in the fourth quarter and by 33.4% for the whole year. While this outlook is more optimistic than what was projected in the worst-case scenarios in the early months of the conflict (in June, the World Bank estimated that Ukraine's GDP would decline by 45%), the country's economic condition is still exceedingly complex. Although GDP growth is predicted for 2023, it is difficult to say whether or not this will be a truly dynamic rebound: the Ukrainian government predicts GDP growth of 4.6%, the World Bank predicts growth of 3.3%, and the European Bank for Reconstruction and Development predicts GDP growth of 8% in the most optimistic scenario.

Immediately before the outbreak of hostilities, the Ukrainian parliament passed a slew of tax legislation modifications that greatly simplified doing business. These changes, which included removing tariffs and value-added taxes on imports as well as duty on fuels, were made to avert a more drastic increase in unemployment and restrictions on corporate activity. The Ministry of Finance reported in June that it had only received 70% of the tax income and 30% of the customs revenues it had gotten before the conflict, a significant drop from the pre-war levels. Numerous experts first panned the tax cuts as a populist ploy, prompting the government to reintroduce customs and VAT on 1 July (bringing in over 10 billion hryvnias for the budget that month) and the duty on fuels on 30 September.

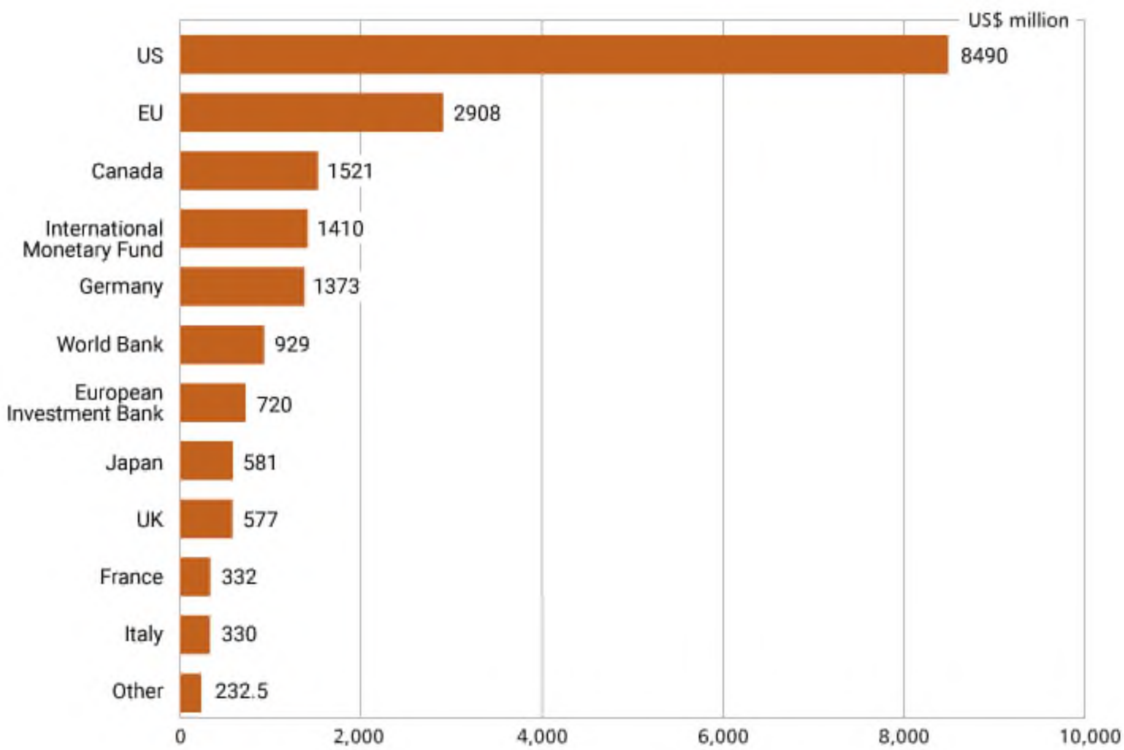

Fig 2.5. The largest foreign contributors to Ukraine's budget (as of 4 October 2022)

Source: The Ukraine Support Tracker

The economic situation in Ukraine will not improve as long as the military campaign is at its current intensity. Ukrainian government authorities concede that they cannot completely rule out a recession when asked about the optimistic GDP growth projections for 2023. (depending on how the military situation develops). The massive missile assaults on 10 and 11 October show that there is still a chance that the nation may be paralyzed owing to the damage of its essential infrastructure. Although the emergency power outages caused by these events were very brief, they had a detrimental effect on the output of the industrial sector's businesses that remained open. It is impossible to predict whether or not the recent uptick in shipments will continue; this will mostly rely on Russia's willingness to keep open the grains corridor since the deal creating it expires in November.

The Russian invasion of Ukraine has severely damaged the country's foreign trade. Ukraine's ties with Russia and its supporters, as well as some of its commercial partners, have worsened significantly as a result of the invasion. As a result of international sanctions on Russia, commerce between Ukraine and its traditional trading partners has dropped. Ukraine's access to financial markets has been hampered by the sanctions, making it harder for the government to pay off its debt. As a result of the invasion, international investment in Ukraine has dropped since many companies are wary of doing business in a country at war. The invasion has also hampered commerce between Ukraine and other countries, leading to heavy financial losses. Ukraine's energy security has been compromised, and domestic consumers may face increased energy costs as a result of the country's loss of sovereignty of its coal mines and gas fields. In addition, thousands of people in Ukraine have been uprooted because of the invasion, creating a humanitarian disaster. The country's resources have been stretched thin, which might have lasting effects on the economy. Trade has been disrupted, foreign investment has been cut, and economic losses and financial instability have resulted as a result of Russia's invasion of Ukraine.

2.3 Financial and economic analysis of the Russian economy after the sanctions

Based on key macroeconomic indicators, it seems that the economy of Russia has exhibited a satisfactory performance in the year 2022. The Gross Domestic Product experienced a decline of 2.2%, which deviated significantly from the initial projections of a 15% reduction that were put forth by several analysts during the early stages of the conflict. During the crisis, the financial system remained stable, while unemployment and inflation were kept under control, and the rouble experienced a rebound after a significant decline. The impact of sanctions on the aforementioned metrics was relatively limited, contrary to initial expectations, due to two primary factors: adept management of the situation by Russia's economic technocrats and the delayed enforcement of Western energy sanctions until December 2022. Moreover, a defining characteristic of economic sanctions is their gradual and protracted impact. The Russian government has been increasingly concealing or categorizing macroeconomic indicators, thereby obscuring the actual state of affairs. The reality is that the sanctions are limiting the Kremlin's fiscal-policy alternatives and impeding the country's economic expansion, particularly in regions beyond Moscow and St. Petersburg.

2.4 Economic analysis of the activity of "Business Media Network" corporation and its organizational strategies during the war

1. **What is a "Business Media Network" corporation?**

The Ukrainian government, businesses, and citizens are all brought together through 'Business Media Network'. The company centrally coordinates local content creation, distribution, and management efforts to raise international awareness of Ukrainian businesses and metropolitan areas. The enterprise's mission is to unite the Ukrainian global community of over 30 million to engage and support entrepreneurs and investment priorities.

The company's main goal is to find and bring more investments to build Ukraine, especially in those hard times, and of course they have bigger plans after the war stops eventually, Ukraine is the center of attention of the world today, where many investors had plans to invest in it even before the full-scale Russian invasion that had happened on February 24th, but their mission is to keep them wanting to do that despite the fact that the country is still under attack. Many Small and medium enterprises are willing to receive funds that will help them stand on their feet, help the country's economy, and bring successful results, prosperity, and profits to the investors.

The Mission of this company includes the following; Supporting the growth of self-rule at the municipal level, the rule of law, and democracy in Ukraine. As well as advocating for the European Charter of Local Self-tenets. Government's Advocacy on behalf of regional governments and municipalities to the Ukrainian Parliament, the Presidential Administration, and the Government. Also, it supports the coordination of meetings between state and local officials, political parties, and public interest groups to discuss regional and municipal improvement. Furthermore, it helps to improve the quality of local self-government by encouraging the growth of international ties and collaboration. And finally, it sets Ukraine's urban areas' economic and infrastructure development strategies and fully supports the spreading effective methods of municipal administration.

The economic strategy of BMN is to generate revenue cash flow from the sale of links, advertising for other companies that want to join the company and membership dues.

Business Media Network (BMN) has four main projects that have been introduced to me through the meeting that I have had with the team, which are the following; Market place, Dealflow, city showcase and Mayor's club.

Marketplace: A national company and projects directory that encourages contacts and facilitates direct B2B interactions both inside the country and internationally Under the following slogan "Rebuild Ukraine", where the investors could join forces with multinational corporations to help Ukrainian businesses survive the conflict by providing them with working capital. Also those businesses that provide essential products and services to the civilian population will get working capital transfers. After then, the supplies and services will be dispersed throughout the general populace of the country. This marketplace is being developed to facilitate commercial relationships between foreign enterprises of varying sizes and Ukrainian companies. The Marketplace operates on the principle that all parties and participants must disclose all relevant information, and all participating businesses must first be evaluated and validated.

DealFlow: A monthly magazine highlighting the best of Ukraine's business community, urban life, and small and medium-sized enterprises (SMEs), as well as any potential new developments. It contains a map of Ukraine that shows different projects in Ukraine and when you click on a certain area or city, it presents all the details about it including useful sections of different categories of businesses and various fields such as; Business and infrastructure, Leisure, Health, Education, Culture, Beauty, Shopping and many more. Which gives an opportunity to the investors to find the field and the city that they would like to invest in in Ukraine in a very facile and an unchallenging way.

City showcase: which is An existing network comprising more than 1,470 municipal websites. Which is a section that looks very similar to dealflow, but it has more purposes, it contains all the regions in Ukraine and the cities which is also a good way for the investors to find what they are exactly looking for.

Mayor's club: This is an organization of previous and present urban active leaders, which includes regional communities and state administrations of all levels in order to tackle problems associated with local governance. The "Mayors' Club" is a public organization of national importance in Ukraine that was established in 2005 and operates in accordance with Ukrainian legislation.

- The Mission of this club includes the following; Supporting the growth of self-rule at the municipal level, the rule of law, and democracy in Ukraine. As well as advocating for the European Charter of Local Self-tenets. Government's Advocacy on behalf of regional governments and municipalities to the Ukrainian Parliament, the Presidential Administration, and the Government. Also, it supports the coordination of meetings between state and local officials, political parties, and public interest groups to discuss regional and municipal improvement. Furthermore, it helps to improve the quality of local self-government through encouraging the growth of international ties and collaboration. And finally, it sets Ukraine's urban areas' economic and infrastructure development strategies and fully supports the spreading effective methods of municipal administration.

2. General familiarization with Business Media Network (Base of Practice):

The company's main goal is to find and bring more investments to build Ukraine especially in those hard times, and off course they have bigger plans after the war stops eventually, Ukraine is the center of attention of the world today, where many investors had plans to invest in it even before the full-scale Russian invasion that had happened in February 24th, but our mission is keep them wanting to do that despite the fact that the country is still under attack. Many Small and medium enterprises are willing to receive funds that will help them stand on their feet, to help the country's economy and bring successful results, prosperity and profits to the investors.

After I applied to participate in achieving this goal, I had read a lot about the company, through their website where I found many materials such as; articles and videos that helped me to get acquainted with the company and their main projects, also they had compelling ways to introduce themselves through social media platforms, such as; Instagram, TikTok, youtube and Linkedin. The HR manager has helped me as well, by sending me some materials about the structure of each department in the company so I could have a better idea about all of it, so I could see it from a different angle.

During the course of my projects, I was invited to participate in all of the pertinent meetings and conference calls with other members of the team, such as my colleagues and students from across Ukraine. We had a break time every day, but before that, we had a brief meeting to discuss the progress of the projects and updates. I had complete freedom to drive my projects the way I wanted to, in addition to support and guidance. Furthermore, I have had constant meetings with different departments, on Monday's we would have a meeting that is called city showcase, where we would have an update of anything new that have happened in the company, any goals that have been met last week and what are the goals for the current week, as well as any changes that might have happened in the company's organizational structure, and finally we would ask question if there are any and wish each other a productive week ahead. The second main meeting during the week is usually on Friday, where all the employees must be present except for urgent situations; in this meeting the President of the company would discuss with us as well if there are any new projects in process, new materials that could be helpful for us and for the company, as for example this Friday (04.11) we had a very special meeting as per Henry's words, which was held in presence of two important people in the business industry, Cornelius colly who is an attorney and an entrepreneur, who helps with legal issues and documents for various companies, and who facilitate partnerships for enterprises that he knew from his time. Who will help us bring global reach from the United states to Ukraine to our company. And Dmitry Belousov, who is a successful entrepreneur as well.

The meetings are very effective to catch up with every update and to keep up with news of the company, also we send weekly reports showing what was achieved during a week and what are the plans for the upcoming one. In my opinion these are functional and productive ways to to know what to do and what the duties of every single employee are, nevertheless, there were always managers and even the president himself that helped sometimes with every step and answered any questions that I might have had during my internship with this company.

3. SWOT Analysis:

- Strengths:

The completed projects: Such as; dealflow, market place, mayor’s club and city showcase, that play a great role in showing the strength of this company. When people take a look at these well managed products online that will be sure of how genuine and hard working as the employees of BMN are.

United Students of Ukraine: Since the majority of BMN's employees are Ukrainian students, their shared vision for the country's future has inspired them to band together in the face of the ongoing conflict. As a result, they've been able to rally around a common goal and take action where others have been unable to, promising a brighter future for Ukraine in the process.

Non-tangible products and services: Because our product is not tangible, we have been able to significantly cut the cost of operation, and this is particularly true in light of the conflict, which has allowed BMN to continue its operations with little impediment and from locations all over the globe.

- Weaknesses:

The lack of rivals in the market is a strength in many ways, but it also reveals a potential flaw in the business plan, as in the analogy of running a marathon alone: you get to choose your own pace and be your own measure of success and failure, but without anyone to compare yourself to, you end up underselling yourself.

- Opportunities:

Ukraine being a developing country that can attract many investors who will raise this country to become a developed country, and at the same time for them to get money through that

The current war in Ukraine: As many people are worried about providing aid, yet there is hardly any network to promote such an agenda, BMN has seized the chance presented by the conflict to become that network.

- Threats:

One of BMN's major flaws is its reliance on trust, which may be weakened by the rapid dissemination of false information on the internet.

A bigger spread of the war that could lead all the help into nothing, and obviously the company will face major issues since it is based mainly on helping business entities in Ukraine.

Not having enough donations and people willing to help, while having many enterprises registered on the Marketplace who need the financial help.

4. **Management of cross-border activities of the enterprise:**

As for what I have learned in general, transfers of assets, shares of stock, or financial and commercial obligations made or received by connected organizations resident or operating in various tax countries are all examples of cross-border transactions. And when it comes to Business Media Network (BMN), we can describe it as an organization that will help investors find where they want to invest, particularly in Ukraine.

Therefore, this enterprise is based in Ukraine but needs connections, individuals and organizations to help from other countries in general. Due to the state that Ukraine is in today, it is very much needed. And Business Media Network beside one of its main projects United Students of Ukraine is there to achieve that, and to be one of the causes of prosperity of current and future Ukraine, by bringing attention to its geographical, political, cultural and natural value for this planet.

Because of advancements in technology and increased international trade, businesses that make use of the kinds of links that BMN specializes in would benefit from increased visibility and publicity, which in turn would bring greater recognition to BMN.

5. **United Students of Ukraine project:**

The United Students of Ukraine is a nationwide organization with a mission to promote all Ukrainian companies and cities internationally in an effort to forge lasting, mutually beneficial commercial partnerships.

At United Students of Ukraine, everyone is working to improve the international distribution of Ukrainian and foreign products and services. The team links any interested individual up with global industry leaders from a variety of fields.

6. **How would Business Media Network benefit from the sanctions imposed on the Russian economy?**

Due to Russia's invasion of Ukraine, several countries have begun imposing sanctions on Moscow. Russia's banking sector, central bank, and coal and oil exporters were all targeted by the sanctions in addition to the country's usual export limits. Meanwhile, a 'self-sanctioning' tendency has led to the voluntary exit of foreign firms from the Russian market. Business Media Network evaluates the short-term and long-term effects of these sanctions on the Russian economy after the invasion.

Sanctions on Russia have not had an adverse effect on the country's budgetary revenues. The actual economy has benefited from the Bank of Russia's careful handling of the financial system, which has kept it stable. This image of economic restraint, however, is about to change.

Even more international cooperation on sanctions is required to cut off Russia's economic lifeblood and reduce the flow of money into Russia's coffers, which would help end the conflict.

The Russian economy is expected to face difficulties in 2022, according to studies undertaken independently by the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD).

It is predicted that Russia's GDP would fall by at least 3.4% by the end of 2022, and might fall by as much as 5.5% in the worst case scenario.

Business Media Network has this big opportunity being in Ukraine to keep its economy in a good place and get the foreign investors and donors that for instance were interested in Russia, to switch them to Ukraine. Since Russia's economy is about to decline at any moment.

When speaking of United Students of Ukraine, since it is considered an enterprise and a project, its goal is to attract more donors to Ukraine to help all the businesses there, to survive during the war. Again, it will benefit because of the economic sanctions imposed on Russia’s economy in the following way; there will be more donors and grants from individuals who would love to help Ukrainian businesses, and those donors will need help from The United Students of Ukraine, where we will facilitate the process for them, starting from providing to them many lists and sections of companies that want their help, the process of the actual donation; sending money, showing them where will the money be put and finally a proof that, that money was used fully in a good way to save those companies. The financial accounts of any firm, including the income statement, balance sheet, and cash flow statement, should be examined in order to conduct a thorough economic analysis. It would also include assessing the company's position in the market, the competitors, and market trends.

An economic study of the "Business Media Network" firm would take into account the effects of its operations on the larger economy in relation to the relationship to the Ukrainian economy. To estimate the company's entire economic effect, for instance, its revenue generating, job creation, and tax contributions would be assessed.

Finally, if the company had been in operation during a war, the atmosphere of that conflict would probably have had an impact on its organizational tactics. Therefore, a thorough economic examination of the organization throughout this time period would look at how it reacted to changes in the larger political and social context as well as how it adjusted to the difficult economic and operational environment.

7. **Examples of companies and spheres in Ukraine that are benefiting from the sanctions imposed on Russia by the world:**

- **Consequences for Farming:**

Ukrainian agriculture was one industry that profited greatly from the sanctions. Russia used to be a major market for Ukrainian farm goods before the sanctions. However, the sanctions hindered this commerce, opening the door for other nations to step in. Ukrainian grain farmers reaped the most benefits from this setback. Ukrainian grain farmers reaped greater prices from exports to nations other than Russia when that country abandoned the market. The sanctions drove up the price of Ukrainian wheat by 40 percent, according to the Ukrainian Agrarian Confederation (Ukraine Agrarian Confederation, 2022).

The increasing demand for Ukrainian grain led to better prices for farmers. Since Russia stopped purchasing wheat from Ukraine, other countries like Egypt and Turkey have stepped in to meet demand. The agricultural industry in Ukraine saw a boom in response to the rising demand, with exports rising by 17% in 2022.

- **Effects on the Information Technology Industry:**

In addition, the Ukrainian information technology industry profited from the sanctions. The Russian IT industry, which was highly reliant on Western technology, was hit hard by the sanctions. Because of this, many Russian businesses started looking to Ukrainian IT firms as an alternative to Western technology.

Ukrainian IT firms were ideally positioned to seize this opening. The information technology sector in Ukraine is flourishing because of the country's highly trained workforce and low labor costs. As a result, many Russian businesses have looked to Ukrainian IT firms for assistance in creating substitute technology. The Ukrainian software development firm SoftServe was one of the biggest winners from this trend. By collaborating with Russian businesses on the development of substitute technologies, SoftServe expected a 25% rise in revenue in 2022.

- **Consequences for the Energy Industry:**

The energy industry in Ukraine was the last to profit from the sanctions. Russia used to provide the majority of Ukraine's natural gas supplies before the sanctions. Sanctions, however, hampered this commerce, opening the door for substitute vendors.

Naftogaz, the state-owned energy business in Ukraine, benefited greatly from the interruption. Naftogaz has been hoping to lessen its reliance on Russian gas for some time, and the sanctions gave them that chance. Naftogaz was able to diversify its supply chain and minimize its dependency on Russia by negotiating contracts with other suppliers, such as Poland and Hungary (Interfax-Ukraine, 2022).

- **Business Tactics Used by Ukrainian Organizations:**

Ukrainian businesses who benefitted from the sanctions used a variety of tactics to take advantage of market openings created by the restrictions. To expand into new areas, investing in marketing and advertising was one tactic. In order to attract customers in Egypt and Turkey, for instance, Ukrainian grain farmers ran extensive advertising efforts. To boost productivity and save expenses, another tactic was to put money into cutting-edge machinery and equipment. SoftServe, for instance, has increased its capacity to provide alternative technologies for Russian businesses by investing in new software development tools and technologies.

CHAPTER 3. THE EFFECT OF THE SANCTIONS ON THE GLOBAL ECONOMY AND THEIR FURTHER STRENGTHENING AND INFLUENCE

3.1 Russia's response to western sanctions and Russian's current economy

Russia has retaliated against Western sanctions after its invasion of Ukraine by imposing its own set of restrictions on Western countries. Certain food items and other commodities from countries that have placed sanctions on Russia have been restricted from import into Russia. Russia has also imposed limits on the ways in which Western corporations may operate there, especially in the energy industry. These retaliatory measures are meant to show that Russia is not afraid of Western pressure and will stand up for its national interests when confronted with what it considers to be unwarranted aggression. In addition to this step, Russia has been working to lessen its reliance on Western technology and knowledge. The import substitution program is only one example of the many efforts made to reduce reliance on foreign-made products. Multiple industries, such as agriculture, energy, and military, have been prioritized under the initiative. Russia has also attempted to lessen its reliance on Western firms by developing its own technologies in areas like telecommunications and information technology.

Russia's propaganda activities have also been crucial in its reaction to Western sanctions. The country has attempted to influence the story being told about its involvement in Ukraine so that it seems to be the victim of Western aggression. Its official media have been spreading the narrative that the West's sanctions are unwarranted and that the country is only protecting its legal rights and interests.

Last but not least, Russia has been working to broaden the range of its commercial partnerships outside only Asia. The strategy rests on the belief that the nation's economic future is better served by looking east than west. Since China is now Russia's most important commercial partner, the country has been actively striving to strengthen economic relations with China. Russia's economy has been able to recover from the effects of Western sanctions by diversifying its exports and reducing its dependence on Western markets.

A year after the invasion of Ukraine, the predictions for Russia's macroeconomic performance in 2022 were proven wrong. Due to factors such as rising military spending, the magnitude of continuing changes, and significant disparities between specific sectors, economic metrics such as GDP do not correctly reflect the true status of the economy during times of conflict. The government has been restricting access to statistical data, and there has been a decline in the reliability of released macroeconomic data.

Russia's economic growth in 2022 was significantly affected by the first few months of the year when businesses posted record profits. The mobilization in the fall, the continued escalation of tensions, and most significantly the implementation of EU sanctions against the Russian oil industry on 5 December 2022 all contributed to a worsening scenario. The government budget was hit worst by this. The ballooning deficit may mostly be attributed to the ever-increasing cost of the military. While the Kremlin can cover the shortfall for the time being, it will have growing difficulty doing so in the face of falling earnings, particularly from the oil and gas industries.

In 2018, Russian businesses and the general population showed impressive adaptability. This made it much simpler to restore economic stability to the nation. The government's repressions had been increasing, and those not in the inner circle of the Kremlin were aware of the risk of losing their possessions. The observation can be made that Russian business circles have not registered any objections towards the ongoing war and the consequent financial setbacks. Rather, they have acclimatized themselves to the altered circumstances and are presently involved in the process of "technological transformation" (as referred to by the Central Bank of Russia's (CBR) leader, denoting the ongoing technological decline in the nation). State capitalism, with all its maladies, including corruption, the accumulation of assets in the hands of the president's entourage, and a biased court system, has been strengthened during the last year, and government control of the economy has increased.

Rosstat estimates that Russia's GDP shrank by 2.1% in 2022, down from the 3% growth predicted before the invasion. The heavy sanctions imposed by the West in the opening weeks of the conflict led many to predict that the Russian economy may collapse by more than 10%. Russia has managed to avoid dramatic decreases for a variety of reasons, even though the quality of the numbers supplied by the Russian government is doubtful.

Financial sanctions were implemented in the days after the invasion, although the Kremlin was able to mitigate their negative effects, including the depreciation of the rouble and inflation. This was made feasible by the CBR's efforts, which included limiting the convertibility of the rouble and the large earnings from oil and gas exports (restrictions on Russian exports were enforced a few months later). Russian businesses were able to keep producing goods despite corporate boycotts, the cessation of imports, and the disruption of logistical networks because of stockpiles and collaboration with intermediaries from countries that did not join the sanctions. Thus, Russia's crisis entered gradually (the worst circumstances happened around the turn of 2022 and 2023), but will continue for a longer period of time. The World Bank, for one, predicts a 3% drop in Russian GDP this year, which is in line with most projections. However, optimistic predictions abound as well. The International Monetary Fund projects GDP growth of 0.3% in Russia.

The conflict caused a major shock to the world economy, particularly the oil and food markets, compressing supply and driving prices to previously unheard-of heights. The Eurozone has been hit more economically by Russia's invasion of Ukraine than any other economic region.

This is mostly due to the fact that in 2020, more than half of all energy used in the Euro Area came from imported sources. The Eurozone relied heavily on Russian energy supplies prior to the conflict. Before Russia's invasion, Russia and Ukraine were also important suppliers of food and fertilizer to the Eurozone.

The Eurozone as a whole is particularly exposed to global market and value chain shocks due to its open economic structure. Consumer prices, notably for energy and food, were pushed upward as a result of the conflict, adding to the inflationary pressures that had been building throughout the euro area since the recovery from the epidemic. Inflation as measured by the headline rate rose from 0.3% in 2020 to 2.6% in 2021 to

8.4% in 2022. More than two-thirds of this record-high inflation in 2022 was caused by increases in the cost of energy and food.

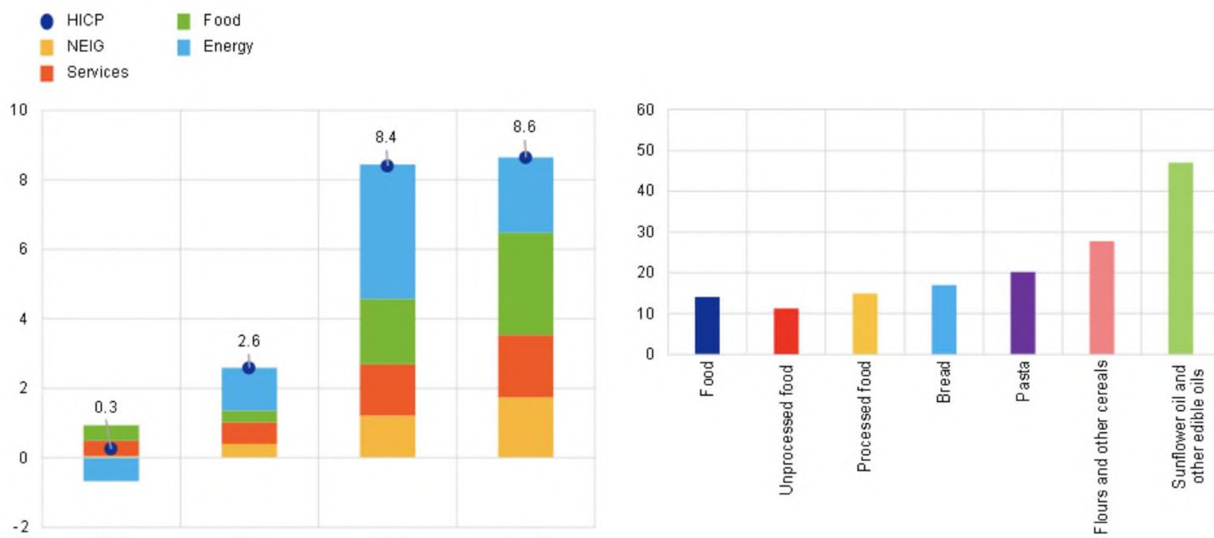

Fig 3.1 Euro area HICP inflation and HICP food inflation with sub-components (2023)

Sources: Eurostat and ECB staff calculations. Latest observation: January 2023.

While energy price increases were the primary factor in inflation in 2022, rising food prices have been the most important factor in recent months. The cost of food has a 14.1% annual rise in January 2023. Indirect and lagging impacts of high energy costs, which the conflict has significantly contributed to, may be seen in the high food inflation rates. The effect of the conflict is clearer when individual component inflation rates are examined. Wheat (used in the production of flour, bread, and pasta) and oilseeds, both of which relied heavily on imports from Ukraine and Russia before the conflict, had price increases that were much higher than the average for food. In January of 2023, consumers in the

Euro Area paid about 47 percent more for sunflower oil and other edible oils than they had the year before.

Energy and food prices in particular contribute heavily to the high inflation that has a devastating effect on the whole economy and on people's daily life. This is especially true for low-income families, for whom food and energy costs make up a disproportionate fraction of total expenditures.

With such a heavy reliance on imported energy, the Euro Area stands to lose a substantial amount of real revenue as a result of the worsening in our terms of trade as a direct result of the recent spike in energy prices.

Consequently, businesses will likely attempt to recover as much of the higher input costs as possible via price hikes. In addition, employees have an incentive to attempt to reduce their part of the cost by renegotiating pay claims to make up for the actual wage losses incurred as a result of rising inflation. There is a danger of too-high inflation being entrenched due to the positive feedback between greater profit margins, nominal wages, and prices.

In order to fulfill the ECB's mission, the Governing Council of the ECB began a process of policy normalization in December 2021 and pledged to return inflation to the 2% medium-term objective as soon as possible.

Inflation in the Euro Area may be less affected by the conflict in the future due to changes in worldwide energy and food markets. The cost of fuel is a significant consideration here. The European Union (EU) was able to weather the decline in gas imports from Russia brought on in part by EU sanctions in 2022 because of an almost 20% drop in the use of natural gas that year. The REPowerEU program and other national initiatives are facilitating the EU's rapid transition to renewable energy sources and increasing the bloc's energy self-sufficiency. Natural gas prices have dropped significantly from their historic highs in the fall of 2022, thanks in large part to conservation and diversification efforts.

Additionally, futures market prices now indicate further stabilization of gas prices, which should trickle down to consumers' energy expenses.

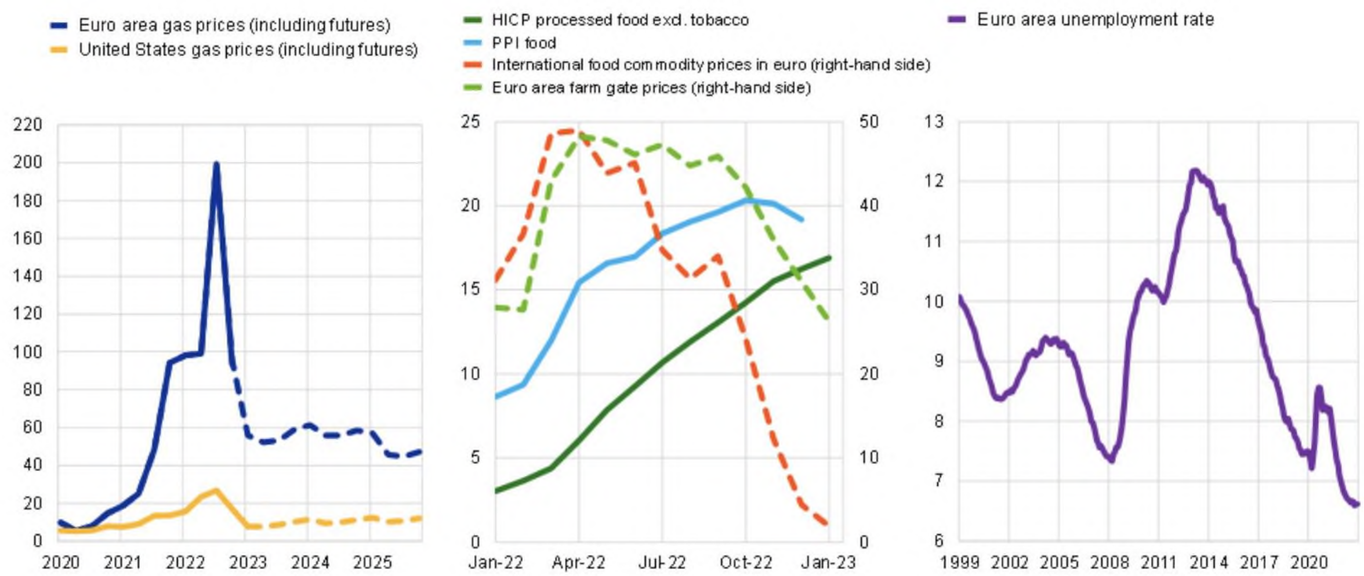

Fig 3.2 Gas price developments, leading indicators for food inflation and the unemployment rate

Sources: Refinitiv, Eurostat, HWWI, and ECB calculations.

When considering the war's impact on the economy, the Eurozone has shown to be surprisingly robust. Real GDP in the Euro Area rose by 0.1% from the third to the fourth quarter of 2022, surprising both the Eurosystem and most economists. Lower energy prices and fiscal measures designed to mitigate the effect of high inflation on real earnings are expected to promote moderate but positive growth in the foreseeable future. The robust state of the Eurozone labor market is also a bright feature. The unemployment rate fell to its lowest level since the beginning of the Economic and Monetary Union in December 2022, at 6.6%, reflecting the extraordinary resilience of the general economy against the consequences of the conflict. Future growth in the euro area is supported by the labor market's strength, which may also make it easier for many Ukrainian migrants to find work in the euro area. In a subsequent piece, we'll be delving more into this topic here at the ECB Blog.

3.2 The impact of sanctions on international relations and the development of society as a whole

Russia has 146 million people and the world's greatest land mass, but its economy is small, with a GDP around the same as South Korea's. Russia is a significant exporter of some of the world's most essential commodities, and this is the main reason why it is able to punch above its weight. Because of Russia's invasion of Ukraine and the sanctions imposed by the West as a result, there is a possibility that commodity trade may be hampered, notably oil and gas supplies to Europe. A significant rise in the cost of essential commodities is one manifestation of this threat, which might eventually lead to greater global inflation and lower global GDP. Sanctions have also made some businesses wary of doing business with Russia, which may have serious repercussions for vital supply lines. How far the conflict goes and how it impacts international commerce in essential commodities will determine the full extent of the economic fallout. We examine the most significant sanctions, their effects on Russia, and their prospective effects on the global economy in this short paper.

The present crisis is expected to impact the global economy via two main channels: fluctuations in commodity prices and disruptions in commodity supply networks. Oil and gas prices throughout the world skyrocketed in the week after the conflict broke out, with European gas prices seeing the greatest increase. Nickel, palladium, neon, wheat, and maize were all examples of essential goods whose prices rose. Rather than due to real sanctions or interruption of commerce, these increases may have represented anxiety and danger. Potential scenarios that investors fear might disrupt commodity trade include the European Union's (EU's) decision to reduce its purchases of Russian oil and gas, and Russia's potential decision to restrict or cut shipments of critical commodities.

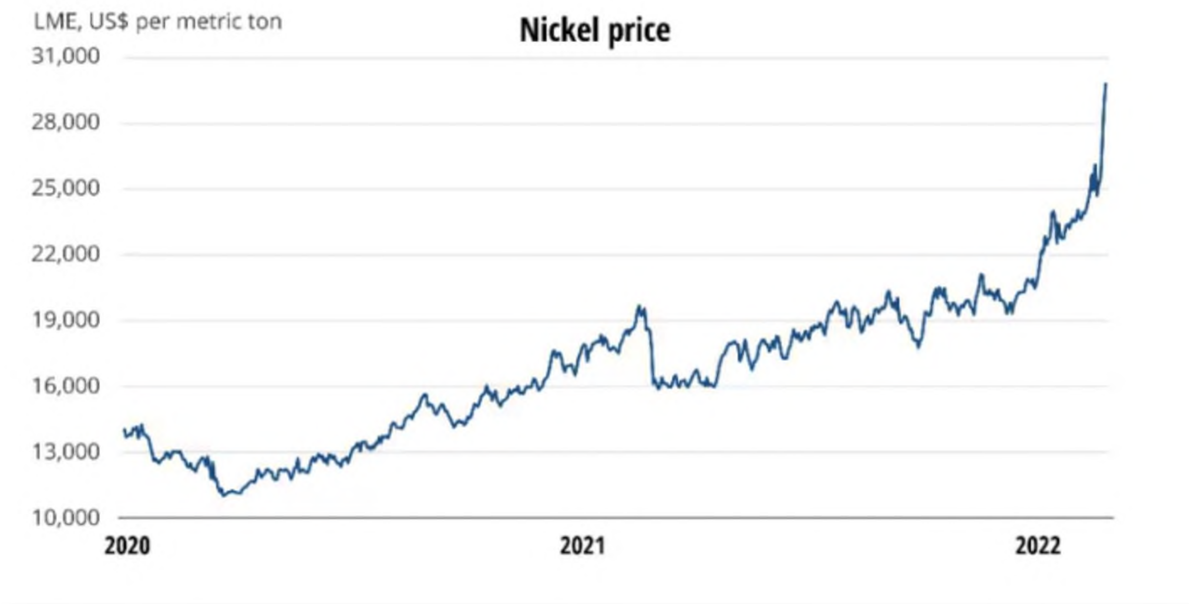

Fig 3.3 Nickel prices (2020 - 2022)

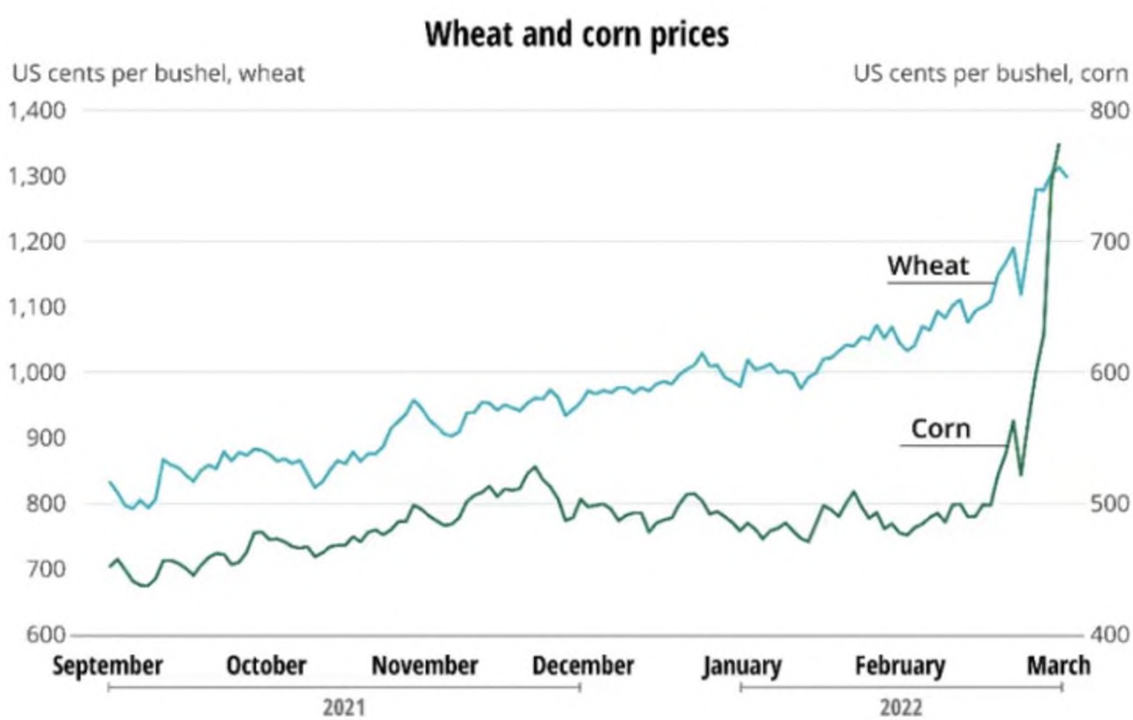

Fig 3.4 Global prices of key minerals and food commodities shot up in the week following the invasion

Source: Financial Times accessed via Haver Analytics.

If higher global commodity prices are maintained or perhaps worsened, it is probable that many nations, particularly in Europe, would see faster and extended high inflation. Rising commodity costs are another factor that might dampen economic expansion. The significant rise in inflation in several nations had already prompted some of the world's top central banks to move toward tighter monetary policy before the invasion. The battle might make inflation worse and slow development. Therefore, central banks will need to prioritize one of the two possibilities. According to the futures markets, many traders believe the Fed will continue tightening monetary policy, although at a slower rate. These interest rates indicate that market participants anticipate the crisis will slow economic development in the West, leading to lower inflationary pressure. However, if energy costs continue to rise and disruptions to supply chains continue to mount, this might lead to increased inflation. Therefore, it will be difficult for central banks to strike a balance.

Bond rates in the United States, the United Kingdom, Germany, Japan, and other nations dropped dramatically as investors fled to safety after the adoption of harsh sanctions. Interestingly, however, the portion of bond yields that reflects investors' predictions of future inflation also rose, as measured by higher breakeven rates. This demonstrates investors' anxiety about the possibility of an inflationary escalation as a result of current and anticipated occurrences. Central banks will presumably include this in their deliberations.

The crisis's potential impact on supply networks for essential commodities represents a further significant threat to the international economy. Several incidents have occurred thus far, increasing the likelihood of an interruption in the supply chain. Concerned about violating sanctions imposed by Western countries, major container shippers, including the world's two biggest, have halted all cargo bookings to and from Russia, with the exception of shipments of food and medical supplies. This follows the United Kingdom's decision to bar entry to all Russian ships. Meanwhile, flights between Europe and Russia have been prohibited. Because of this, flights between Europe and Asia take much longer and cost much more. This not only causes delays for passengers, but also raises the price of shipping valuable goods and makes it less efficient. In addition, the disruption of Russian freight planes would reduce global capacity. Approximately 14% of cargo ship seamen are of Russian or Ukrainian descent, which might provide a manpower shortage in the maritime sector.

The price of cargo transportation insurance has skyrocketed. Food and industrial metals like aluminum have seen price hikes due to concerns about future supply and demand. Fears that Russian and Ukrainian pipelines may be blocked have raised the demand for oil from the Middle East and West Africa, driving up the price of carrying oil tankers.

Observing the movement of market prices for commonly traded items is one technique to quantify disruption or the potential for disruption. Wheat, maize, coal, steel, aluminum, and palladium, to mention a few, have all seen significant price increases as of this writing, as have oil and gas. As it is, global supply networks are already feeling the pressure of last year's spike in demand for commodities mixed with the limits on production and transportation brought on by the epidemic.

1. Impact on Europe:

Down from 9.3 percent in 2012, Russia now contributes just 4.8 percent to EU trade, and only 2.3 percent to Germany's total. Ukraine contributes less than one percent to EU commerce. The 2014 annexation of Crimea by Russia hastened the country's gradual decline as a major commercial partner for Europe. However, the energy sector accounts for a disproportionate share of EU trade with Russia. Russia supplies 40% of the European Union's natural gas, 25% of its oil, and 47% of its solid fuels. In the event of a total cutoff of Russian gas, numerous European nations, including Germany, might face shortages due to distribution problems with alternative energy sources.

Europe will initially be safe from supply shortages because of its advanced gas infrastructure. The length of time it can operate without major interruption is contingent on the quantity of LNG it can acquire, the amount of storage it has, and the progress made in finding alternate sources. In Europe, inflation would rise in response to a shortage of supply, driving up prices. Further, growth may be stunted if supply disruptions continue for an extended period of time. Furthermore, this uncertainty may dampen the spirit of European shoppers and merchants. As a result of the epidemic, private families have amassed substantial surplus savings that may function as a cushion against the slowdown in economic activity.

2. Impact on the United States:

When compared to the size of both economies, trade between the United States and Russia or Ukraine is negligible. The price of oil and other essential commodities may be affected most by this crisis, and hence the United States as a whole. Furthermore, the enormous commerce between the United States and Europe means that any big negative effects on the European economy might easily spread to the United States. In addition, Russia and Ukraine are significant suppliers of materials used in the semiconductor and battery industries. Restricting exports from Russia and/or Ukraine would increase world prices and lead to shortages, which would damage certain US businesses, increase inflation, and lower potential production.

3. Impact on Asia and the Pacific:

The level of trade activity between Asia and Russia is relatively limited, characterized by Russia's supply of oil and gas to China and its importation of electronic and information technology goods. The potential impact on this trade is not expected to be significant, however, it may be subject to the imperative for trading entities to avoid any sanctions. Moreover, due to its status as a net importer of energy, Asia is susceptible to sudden increases in energy and commodity prices.

The positive impact of sanctions imposed on Russia on energy-saving technologies of the world:

Sanctions against Russia have had a big effect on the growth and use of energy-saving devices around the world. Not only have these bans hurt Russia's energy sector, but they have also hurt Russia's trade partners and other countries that buy energy from Russia. Because Russia can't send as much energy as it used to, energy prices have gone up in some parts of the world. This has made it more important for those parts of the world to create and use technologies that use less energy. For example, European countries that rely a lot on Russian gas have had to look for other energy sources and take steps to save energy in order to become less reliant on Russian gas. Also, the sanctions have pushed companies and countries around the world to come up with new ways to save energy and spend in those ways. Russia used to be a big player in the global energy market, but now that its exports are limited, other countries are trying to fill the gap. Because of this, more money is being put into renewable energy sources, products that use less energy, and research and development in the energy industry. Also, the penalties have made it possible for countries around the world to work together on energy-saving solutions. Because of the bans, countries have had to work together to find ways to deal with the energy problems. This has led to the sharing of knowledge and experience in the energy sector.

The current situation with Russia is leading to a fundamental shift in the model of international relations, particularly in the economic realm. The idea is that the actions of the Russian government have created a situation where the country is effectively cut off from the rest of the world, making it difficult or impossible to conduct normal economic activities with the country. One reason for this is Russia's status as a "terrorist state," which suggests that the country's government is engaging in activities that are considered illegal or unethical by the international community. This can include supporting terrorist organizations, engaging in cyber attacks, or interfering in the political affairs of other countries.

Because of these actions, many countries have imposed sanctions on Russia, which are meant to limit the country's ability to engage in international trade and other economic activities. However, the statement argues that these sanctions have not been effective, as some individuals and companies are willing to bypass them in order to profit from illegal activities. As a result, a new model of international economic relations is emerging, which places greater emphasis on avoiding engagement with countries that do not respect international norms and laws. This can involve working to strengthen international regulations and laws, as well as imposing more severe consequences on countries that violate these rules. At the same time, it may involve finding alternative ways to conduct economic activities that do not involve direct engagement with rogue states. Overall, the statement suggests that the current situation with Russia is leading to a rethinking of the traditional model of international relations, particularly with regard to economic activity.

CONCLUSIONS AND PROPOSALS

To sum up, a number of interrelated geopolitical, economic, and historical variables prompted Russia's first invasion of Ukraine. The battle has had far-reaching consequences for the area and remains a critical flashpoint between Russia and the West. Before the Russian invasion of Ukraine in 2014, the country's economy was struggling to recover from years of instability and faced significant challenges. While progress has been made toward economic reform and integration with the EU, the conflict with Russia has had a devastating impact on the country's economy and continues to be a major obstacle to its economic development. Ukraine has had substantial economic growth despite major hurdles prior to the Russian invasion in February 2022. There had been improvements in the country's economy, inflation, and ability to attract international investment.

The mining and steel industries are losing ground as Ukraine diversifies its economy towards technology and agriculture. Increased trade with the EU member states was also aided by a free trade agreement established with the EU in 2014. The protracted fighting in the east, high levels of corruption, and an outdated infrastructure were only some of the considerable issues Ukraine continued to confront despite these victories. Ukraine was making strides toward a more secure and affluent future prior to the Russian invasion in 2022.

Poor infrastructure, low productivity, and a lack of economic diversification were all problems plaguing Russia's economy. The country's economy was very sensitive to changes in the price of oil and natural gas on the international market. A lack of investment in infrastructure and human resources also weighed heavily on the economy. A highly educated workforce and a sizable domestic market were two of Russia's economic strengths despite the country's many difficulties. In addition to helping the economy weather storms, the nation possessed a sizable military-industrial complex. Russia's economy was already suffering major headwinds and a variety of obstacles before the advent of foreign sanctions.

The European Union and the United States placed economic sanctions on Russia, which had a major effect on the Russian economy. Sanctions on energy, banking, and the military reduced Russia's access to foreign currency and hampered its ability to compete in global markets. The sanctions were already having an adverse effect on the Russian economy before the price of oil dropped, which exacerbated the situation. Government income dropped, the economy shrank, and the currency lost value as a consequence of the sanctions. The sanctions were a severe headwind for the Russian economy, notwithstanding the military-industrial complex and the domestic market's resiliency. This highlights the need for economic diversification and a stable political climate for long-term economic progress.

Whether or not the "Business Media Network" company has any linkages to the Ukrainian economy is contingent upon the specifics of its operations. The company's bottom line might take a hit if its operations or investments are concentrated in Ukraine, where the current political and economic climate is unstable. When doing business in a war zone, a company runs the danger of experiencing supply chain disruptions, infrastructure damage, and increased security threats. Companies may need to make changes to their plans and operations, such as diversifying their supply chains and funding security measures, in order to reduce the impact of these risks. The "Business Media Network" corporation's wartime plans would be determined by the nature of the battle and the specifics of its economic operations. During times of war, businesses may need to take precautions to safeguard their workers, assets, and supply lines. They may also need to revise their advertising and sales approaches to accommodate shifting customer tastes. Overall, the war's influence on a company's operations and strategy will depend on a number of variables, and businesses will need to be alert and flexible to respond to shifting circumstances.

In response to Western sanctions, the Russian government has tried a wide variety of tactics. To minimize its reliance on Western markets and diversify its economy, the country has issued counter-sanctions against a broad range of goods and services. Russia's attempts to enhance its relations with other countries, most notably China, have coincided with its increased participation in the worldwide energy market. As a consequence of the sanctions, the Russian economy has been severely impacted by low oil prices, structural weaknesses, and a lack of access to international financing. The overall response to the sanctions demonstrates the need for economic diversity and a stable political environment for sustained economic growth.

The short-term effects of economic sanctions on Russia have been substantial for both the Russian and global economies. Government income has dropped and the Russian economy has shrunk as a result of the sanctions, with the financial and energy sectors taking the worst hits. Oil prices have been more volatile and the value of the ruble has fluctuated as a result of the sanctions, which have also influenced global markets. Tensions between Russia and Western nations have risen, and commerce and investment have decreased, as a result of the sanctions. Some industries have benefited from increased local output and decreased competition from foreign imports as a result of the sanctions, while others have not. International economic policy has complicated and far-reaching effects on national and global economies, as seen by the short-term ramifications of sanctions on Russia.

The effects of economic sanctions on Russia will be difficult to predict in the long run. The sanctions may help Russia diversify its economy and lessen its dependence on Western markets, on the one hand. They might also encourage the growth of indigenous enterprises and lead to more independence. However, there is a risk that sanctions may permanently damage relations between Russia and the West, heightening geopolitical tensions and limiting the scope of possible cooperative efforts. The sanctions may also have an adverse effect on trade and investment, slowing the progress toward a more unified and linked global economy. Further, the sanctions' long-term effect may be contingent on wider geopolitical issues, such as the development of global power dynamics and the capacity of nations to cooperate on common problems. A number of elements, such as local economic policy, foreign relations, and wider global trends, are likely to define the ultimate long-term repercussions of economic sanctions against Russia.

Ukraine's economy has been hit hard by Russia's invasion in February 2022. Damage to infrastructure, disruption of trade and investment flows, brain drain, and fewer foreign investors are only some of the negative effects of the war. The growth and development prospects of the Ukrainian economy are anticipated to be negatively impacted in the long run as a result of these repercussions. Ukraine's economic problems must be tackled head-on if the country is to ever be able to rebuild and recover. Restoring stability and encouraging economic development would also need a peaceful end to the dispute.

The global economy has felt the effects of the economic sanctions on Russia. Government income has dropped and the Russian economy has shrunk as a result of the sanctions, with the financial and energy sectors taking the worst hits. Oil prices have been more volatile and the value of the ruble has fluctuated as a result of the sanctions, which have also influenced global markets. Tensions between Russia and Western nations have risen, and commerce and investment have decreased, as a result of the sanctions. Some industries have benefited from the increased local output and decreased competition from foreign imports as a result of the sanctions, while others have suffered. Sanctions have had detrimental effects on trade and investment by slowing the progress toward a more unified and linked global economy. A number of variables, such as changes in global power relations, geopolitical tensions, and nations' willingness to cooperate on common problems, will determine the sanctions' ultimate effect on the global economy. The sanctions on Russia are a prime example of the intricate and far-reaching effects of international economic policy on national and global economies.

Finally, As more nations implement cutting-edge methods of conserving energy and transition to renewables, I foresee a dramatic reduction in the need for Russian oil. This change will help create an energy system that is more sustainable and less harmful to the environment, while also reducing the need for fossil fuels.

Lessening the world's reliance on oil would increase competition and diversify the energy sector, fostering innovation and efficiency. As a result, a cleaner and more sustainable energy system may be developed, cutting down on energy usage and greenhouse gas emissions. Furthermore, less reliance on Russian oil would aid in combating corruption in the energy industry, which has plagued many nations. The transition to renewable energy sources will increase openness and accountability while decreasing the motivation for fraudulent behavior in the energy sector.

Overall, I think we can all benefit from a more sustainable, competitive, and corruption-free energy business by decreasing our reliance on Russian oil and shifting to renewable energy sources.

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ANNEXES

ANNEX A

SWOT ANALYSIS

Strengths	• Russia has a big supply of various natural resources, including, and various metals. • The magnitude of the market and the availability of a proficient workforce. • Geopolitical positioning • Human Capital.	**Weaknesses**	• Over Reliance on oil and gas. • Corruption. • Lack of diversification. • Aging population.
Opportunities	• Infrastructure development. • New markets. • Economic diversification. • Technological advancements.	**Threats**	• Global economic uncertainty. • Economic sanctions. • Geopolitical tensions. • Political instability.