



## **CATO Institute believes extension of sanctions against Russia is a failure of a political decision**

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The US think-tank the CATO Institute wrote about the reasons why the extension of sanctions against Russia is a failure of a political decision on the part of Europe. On Friday the representatives of the European Union agreed to extend sanctions against Russia, which suggests that the restrictions imposed on the Russian enterprises and citizens in 2014 will remain in force for another six months. However, despite all the efforts of the European community to limit the economic and political activities of the Kremlin, the sanctions have been largely unsuccessful in their nature and have not had the desired effect.

Of course the Russian economy has suffered, but this has happened largely due to the price fluctuations on the global oil and gas markets. Exactly this explains the fall of the ruble, but not the restrictions imposed by the EU. In addition, generally the economic damage cannot be regarded as an indicator of the effectiveness of the anti-Russian sanctions. As an instrument of economic coercion and the state administration, the restrictions imposed by the European countries have hit Europe itself harder than Russia. The worst thing is that the sanctions have cost the US and the European companies billions of dollars, which are being spent on complying with the sanctions legislation. In addition, a large number of foreign companies were forced to terminate contracts with Russia, and that, in turn, led to major domestic financial losses.

Currently Europe carries the burden of the sanctions. According to the European Commission, the sanctions led to a reduction in GDP growth to 0.3% in 2015. According to the Austrian Institute of Economic Research, the extension of the sanctions against Russia could cost more than 90 billion euros of export earnings and more than two million jobs in the next few years. Especially painfully the sanctions have hit the countries that have strong trade ties with Russia.

That is why the European community needs to think about a restrained version of normalization of relations with Moscow on the situation with Ukraine. There are more appropriate and effective tools of diplomatic and economic policies that can be used on mutually beneficial grounds for both sides. However, first of all the West needs to reconsider its foreign policy and to abandon attempts at any influence on Moscow.

The independent US publication Counter Punch wrote about the changes that are expected in the Iranian economy in the near future. In recent years the Iranian nation has faced difficulties caused by the economic situation of the country complicated by the international economic sanctions. However, a new glimpse of hope and optimism emerged when Rouhani became

president and promised that a new era of international cooperation and economic prosperity is on the horizon.

In fact, Iran is in a fairly good position to revive its economic power. The population is young and well-educated. The state has vital energy resources, the technology sector is developing. In addition, Iran is becoming one of the key geopolitical players in the region. This makes the Republic attractive to foreign investment, especially given the fact that the country's leadership is actively financing such sectors as education, health, infrastructure and technology.

Despite the international challenges which Iran is still facing after the signing of the agreement on the Iranian nuclear program, the subsequent lifting of the sanctions actually may lead to a fact that a promising future awaits the Islamic Republic. Against the background of the economic downturn of the Western states, Iran has the potential to become a leader in the international economic arena.