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Sanctions as Self-Harm:

The West's Strategic Blind Spot in Confronting Russia

This article critically analyzes the latest EU sanctions on Russia, arguing they are strategically flawed and economically self-destructive. Drawing from past failures, it shows how the West's punitive measures are backfiring, hurting Europe and the U.S. more than isolating Russia.

What is the New Sanctions Package About?

The EU has unveiled a new sanction package targeting Russia, predominantly focusing on the energy sector, specifically oil and diesel exports. This builds upon earlier restrictions intended to cripple Russia's economic capacity to sustain its military operations in Ukraine. The new sanctions include tighter enforcement mechanisms on the oil price cap, restrictions on ship-to-ship transfers in international waters, and efforts to curtail Russia's access to Western insurance and logistics networks. But like the previous measures, they raise a fundamental question: Will they work?

The West, particularly Europe, will likely bear the brunt of energy shortages, inflation, and industrial decline

The Status of Past Sanctions: Buying While Punishing

Historically, sanctions against Russia have been inconsistent and riddled with loopholes. Despite strong rhetoric, Europe has continued purchasing Russian commodities under various exemptions. The EU still imports significant quantities of Russian diesel, liquefied natural gas (LNG), coal, uranium, and even agricultural products like grain and fertilizer. The result is a paradox: while aiming to isolate Russia, the West remains economically entangled with it. This undermines the moral and strategic coherence of sanctions and allows Russia to adapt and thrive despite Western pressure.

Sanctions Hit Europe More Than Russia

While sanctions are theoretically aimed at weakening Russia's economy, the practical consequences have disproportionately hit European industries and households. Russian exports are fungible: oil, coal, and fertilizers find alternate markets in Asia, Africa, and Latin America. Meanwhile, Europe has struggled with soaring energy prices, industrial shutdowns, and declining competitiveness. Diesel shortages, energy rationing, and inflation have become the new norm, particularly in Germany, which once depended heavily on Russian inputs for its industrial base.

Russia, by contrast, has localized production, developed new markets, and implemented mercantilist strategies to reduce dependence on Western technology and finance. As one Russian analyst put it, sanctions have become "psychological warfare," increasingly irrelevant to daily life in Russia.

Oil and Diesel: The Inflation Time Bomb

The crux of the new sanctions is oil and diesel. But can the U.S. and EU afford to forgo Russian, Venezuelan, and Iranian crude without catastrophic inflation? The answer appears to be no.

Russia exports about 7.5 million barrels of oil per day, or nearly 10% of global supply. Taking that offline—especially in conjunction with sanctioned Venezuelan and Iranian oil—would create a massive global shortfall. Western refineries, particularly in the U.S. Gulf Coast, are calibrated to process heavy sour crude like Russia's Urals blend. Without it, refineries operate suboptimally, and gasoline prices spike.

In the U.S., diesel drives nearly all logistics trucks, trains, and ships. Removing a major global supplier like Russia tightens global supply, causing diesel prices to surge and supply chains to buckle. Already, diesel refills for trucks cost over $2,000, with potential spikes threatening food prices and consumer goods. Inflation will soar again, just as it had started to cool.

Baltic Sea Escalation: Tankers and Arrests

The geopolitical tension is intensifying. Russian oil tankers, often flagged under third countries, are now escorted by Russian naval vessels in the Baltic Sea. An incident involving an Estonian ship attempting to halt a tanker, which ended up detained in Russian waters, demonstrates the volatility of the situation. This marks a dangerous escalation, with the potential for military clashes over enforcement of maritime sanctions—an area traditionally governed by international law, not unilateral action.

Western Industrial Decline: No Shipyards, No Leverage

Sanctions enforcement is further complicated by Western logistical decline. The U.S., Britain, and France have largely lost their shipbuilding industries. Insurance and shipping markets have globalized, and London no longer dominates maritime underwriting. Russian entities are increasingly self-insuring their fleet, rendering sanctions on Western insurers irrelevant.

Furthermore, without a domestic merchant marine, the U.S. relies on foreign ships even for military logistics—a vulnerability in any prolonged conflict. Meanwhile, China and Russia continue expanding their shipping capabilities and influence over global supply routes.

The Legal Quandary: Sanctions and Sovereignty

From a legal standpoint, unilateral sanctions that attempt to compel third-party countries to comply (so-called secondary sanctions) strain the legitimacy of the "rules-based international order." It is lawful for the West to impose its own sanctions, but not to mandate their enforcement by sovereign nations like India or Brazil. Such overreach risks global backlash and accelerates moves toward de-dollarization and alternative trade systems, such as the BRICS currency initiative.

Is the EU Addicted to Sanctions?

The EU appears increasingly reliant on sanctions as a primary foreign policy tool. Yet, their efficacy is questionable. Past sanctions have not altered Russian behavior, destabilized its economy, or improved Western leverage. Instead, they've fostered economic nationalism in Russia, weakened EU industries, and exposed the strategic shallowness of Brussels and Washington's policies.

Sanctions are not a strategy; they are a tactic. And overuse risks turning them from a deterrent into a diplomatic crutch—one that Europe may not survive intact if economic pain continues to mount.

Conclusion: A Strategy of Self-Harm

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In sum, the latest sanctions package is more of the same: punitive in intent, performative in practice, and counterproductive in outcome. The West, particularly Europe, will likely bear the brunt of energy shortages, inflation, and industrial decline. Meanwhile, Russia’s diversified exports, strategic alliances with China and India, and robust internal adaptation mechanisms render sanctions increasingly futile.

History has shown that attempts to isolate Russia through economic pressure are not only ineffective—they risk reinforcing the very state structures they aim to dismantle. Unless sanctions are part of a broader diplomatic and economic strategy, they will continue to hurt the sanctioning powers more than their target.

Ricardo Martins, May 28, 2025

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