

## EU Sanctions Against the Russian Federation and Their Implications for the Foreign Trade of the Czech Republic

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### Abstract

Modern European integration entails the common foreign and security policy. In February 2022, the Russian aggression against Ukraine moved the deplorable situation from 2014 to another level calling for an EU reaction via legal instruments. Based on them, ten sanctions packages have emerged with significant consequences. The aim of this paper is to analyze it, in particular the connection of these ten sanctions packages and foreign trade between the Czech Republic and the Russian Federation. This aim is achieved by addressing three sets of goals: (i) the legal analysis of EU trade policy instruments, (ii) an advanced statistical and critical analysis of the trade between Czech Republic and Russian Federation and (iii) a creation of a timeline of the application and its ramifications. This reveals interesting propositions about the impact of these sanctions packages on the Czech foreign trade and about the effectiveness of the EU's trade policy.

### Keywords

EU, Russian Federation, foreign trade, invasion, restrictive measures, sanctions.

Malý, M., Cvik, E. D. and MacGregor Pelikánová, R. (2023) "EU Sanctions Against the Russian Federation and Their Implications for the Foreign Trade of the Czech Republic", *AGRIS on-line Papers in Economics and Informatics*, Vol. 15, No. 3, pp. 119-130. ISSN 1804-1930. DOI 10.7160/aol.2023.150310.

### Introduction

Modern European integration is a complex unification procedure (Večeřa, 2012), which extends to a myriad of types of integration, such as cultural, normative, communicative and functional (Landecker, 1951; Hajdukiewicz and Pera, 2023). The level and degree of modern European integration is open to a critical and multi-disciplinary discussion (MacGregor Pelikánová and MacGregor, 2020), but there is no doubt that at its very center was, is and will be the economic integration (Machlup, 1977). At the very begin was the famous declaration presented by the French foreign minister, Robert Schuman, on 9th May, 1950, which was inspired by Jean Monnet. Seven decades later, the idea of economic development toward the integration while advancing the internal signal market with four freedoms and the set of shared values and principles is the reality. However, as prodigally expressed by the moto of EU "United in diversity", this means neither the unanimous consent about the priorities nor a consent about their balancing (Balcerzak et al, 2023). The economic integration dominates, but crises magnify differences and intensify pre-existing trends (D'Adamo and Lupi, 2021) and undoubtedly the Covid-19

pandemic has accelerated the move of the pendulum of the EU policies and law (MacGregor Pelikánová and MacGregor, 2021). In addition, the leadership and role assumed by EU institutions, in particular the European Commission and its President, have been shaped by such events (Kassim, 2022).

In 2014, the EU witnessed a set of dramatic events in the Ukraine. The provided answers and reactions to it resulted in the readiness to sign a landmark trade agreement between the EU and Ukraine and the imposition of sanctions by the EU against the Russian Federation. Eight years later, in 2022, forces of the Russian Federation entered the separatist republics in eastern Ukraine. This moved the EU and EU member states to impose new and stronger sanctions against the Russian Federation (Horská et al., 2023).

However, the modern European integration does not mean merely an advancement of a shared legal and ethical dimension within the EU (MacGregor Pelikánová et al., 2021) or only a reduction and/or elimination of regulatory differences by the application of negative integration rules or the European (federal) harmonization of national regulatory standards (MacGregor Pelikánová and Rubáček, 2022). Indeed, the EU constitutional

trio includes the Treaty on EU (TEU), the Treaty on Functioning of EU (TFEU) and the Charter of Fundamental Rights of the EU (Charter) and each of these critical important legal documents address the distribution of competencies (conferred, exclusive, shared) of the EU and their exercise towards the set goals while observing shared values, including the rule of law (Art. 2 TEU), and common aims, including the promotion of peace and establishment of the internal market (Art. 3 TEU). Based on the principle of conferral, the EU has competences only if they are conferred by each and every EU member state (Art. 5 TEU) and even the conferred competencies cannot be applied in a discretionary manner, instead the principles of subsidiarity and proportionality apply (Art. 5 TEU). Each EU member states, i.e. since 2004 including the Czech Republic, have to facilitate the achievement of the EU's tasks and refrain from any measure which could jeopardize the attainment of the EU's objectives (Art. 4 TEU).

The EU's competence in matters of common foreign and security policy and its exercise is subject to specific rules and procedures (Art. 24 TEU). It is implemented by the European Council and the Council of EU (called as well Council of ministers) acting unanimously. The adoption of legislative acts shall be excluded and all decisions are to be taken by the European Council and the Council of EU acting unanimously (Art. 31 TEU). The common foreign and security policy shall be put into effect by the High Representative of the Union for Foreign Affairs and Security Policy (High Representative) and by Member States, in accordance with the Treaties (Art. 24 TEU). The Council shall adopt decisions which shall define the approach of the EU to a particular matter of a geographical or thematic nature and EU member states have to conform to that (Art. 29 TEU).

Hence, in the case of EU restrictive measures against the Russian Federation, restrictive measures are laid down in Common Foreign and Security Policy (CFSP) Council decisions. A proposal is made by the High Representative and is examined by Council preparatory bodies, including the Committee of Permanent Representatives (COREPER II), and the decision is then adopted by the Council by unanimity. If the Council Decision includes an asset freeze and/or other types of economic and/or financial sanctions, those measures need to be implemented in a Council Regulation, which lays down the precise scope

of the measures and details for their implementation. The CFSP Council decision and the Council Regulation are adopted together to allow for both legal acts to produce their effects at the same time. Therefore, all ten sanction packages of the EU were approved by EU member states represented in the Council, including the Czech Republic, and these states have to comply to it and in particular observe their implementation method via matching Council Regulations. And this can bring dramatic multi-spectral consequences for foreign trade.

Therefore, the aim of this paper is to analyze the course of foreign trade of the Czech Republic with Russian Federation, both with regard to its development and changes in its structure. This entails in particular the analysis and connection of these ten EU sanctions packages and the foreign trade between the Czech Republic and the Russian Federation. This aim is achieved by addressing three sets of goals: (i) the legal analysis of EU trade policy instruments, (ii) an advanced statistical and critical analysis of the trade between the Czech Republic and the Russian Federation and (iii) the creation of a timeline of the application and its ramifications. Such an aim with three sets of goals inherently demands multi-disciplinary research and the collection of data from various sources and their proper methodological processing and the presentation of results along with their critical discussion leading to pioneering semi-conclusions and propositions for future studies.

## **Materials and methods**

Since the aim of this paper is to analyze the course of foreign trade of the Czech Republic with the Russian Federation, both with regard to its development and changes in its structure, three sets of goals built upon three different sets of data and methods are to be employed. The conceived purpose of the article calls for multidisciplinary research and a data collection from various sources and their adequate processing and presentation of the results, together with a critical discussion leading to conclusions and proposals for future studies. Ultimately, the proposed article is based on a relatively simple combination of theoretical approaches.

Firstly, the framework of these packages based on EU policies and law, special Council Decisions and Council Regulations, has to be identified and both critically and comparatively analyzed. A legal analysis is carried out in order to determine the area of operations and time implementation,

respectively the validity of the given standard. The EU has to observe the tradition (Siniša, 2017), as well as the importance and particularities of implementation mechanisms (Korkea-aho, 2015). Since such data is heterogeneous and has a set of features, while legal aspects prevail, conventional mechanisms for the interpretation are to be employed, while, as expected, the teleological, contextual and development approaches dominate (MacGregor Pelikánová and MacGregor, 2020). The ultimate interpretation balancing test needs to reflect both positivism and the natural dimensions with ethical connotations and a contextual appreciation (MacGregor Pelikánová and MacGregor, 2021). The interpretation of EU law must be based upon the recognition of values, pluralism, uniformity and effectiveness (Petrić, 2023) within the multistakeholder model (Balcerzak et al., 2023). This endeavor is performed by various subjects with different backgrounds which are trying to achieve a workable compromise (Siniša, 2017). The true meaning of the EU law can be firmly established only after it has been fleshed out in implementation (Korkea-aho, 2015) and has passed the case law test (MacGregor Pelikánová and MacGregor, 2020).

In the next part of the article, the methods of descriptive statistics and critical analysis of trade between the Czech Republic and the Russian Federation are used, while a basic analysis of the development of foreign trade is carried out with the use of statistical tools in the form of a targeted territorial selection for foreign trade and, secondarily, from the point of view of the commodity structure. The monitored period is the time interval from January 2020 to March 2023, i.e., with monthly periodicity. Data on the development of foreign trade are obtained from the CZSO foreign trade database, which is modified on the basis of the Eurostat regulation on territorial division according to the GEONOM international standard (CZSO, 2023). The commodity structure is based on the Free on Board (FOB) methodology, or Cost, insurance, and freight (CIF).

The last goal of the paper is to create a timeline for the application of partial EU sanctions measures in the context of the development of the Czech Republic's foreign trade with the Russian Federation. The result is an assessment of the impact of the implemented EU measures on territorial trade in a direct time context, which allows for monitoring the intensity and interconnection of the sanctions packages on the Czech Republic's foreign trade.

## **Results and discussion**

On 22<sup>nd</sup> February 2014, the fourth president of Ukraine, Viktor Yanukovich who previously served as the governor of the Donetsk Oblast and became the Prime Minister of Ukraine, was removed from his office during the Revolution of Dignity. On the 27<sup>th</sup> February 2014 unmarked Russian groups took over the Autonomous Republic of Crimea and Sevastopol. On 16<sup>th</sup> March 2014, took place the controversial Crimean referendum and on 18<sup>th</sup> March 2014 the Russian Federation annexed the Autonomous Republic of Crimea and the city of Sevastopol. The Rubicon had been crossed and key international law subjects moved from words to acts. Already on 17<sup>th</sup> March 2014, the United States, the EU, and Canada decided to impose specifically targeted sanctions, followed by other general as well as individual measures, such as the freezing of assets and prohibiting travel to Vladimir Putin, Sergey Lavrov and Viktor Yanukovich. On 17<sup>th</sup> July 2014, MH17/MAS17/KL4103 was shot down while flying over eastern Ukraine, Donetsk, resulting in the death of all 15 crew members and 283 passengers of which 193 were Dutch. This was the last straw, perhaps due to the strong and persistent attitude of Dutch representatives and other EU member states representatives, and the turning point regarding the legislative anchoring of measures against Russian destabilization of the situation in Ukraine. Namely, at this point there was enacted the most well-known restrictive measures - Decision 2014/512/CFSP and Council Regulation (EU) 833/2014.

On 31<sup>st</sup> July 2014, the Council of the EU under the presidency of Sandro Gozi, adopted two fundamental measures - Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine ("Decision 2014/512/CFSP") and Council Regulation (EU) 833/2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine ("Regulation 833/2014"). These two measures were based on Art. 215 TFEU which states that a decision to interrupt or reduce economic and financial relations with a third country is to be made by the Council acting with a qualified majority, while the necessary measures are adopted by the Commission, and the Parliament is to be informed about this. Such a decision to interrupt or reduce economic and financial relations is further envisaged by Art. 77 et foll. TFEU. However, regarding restrictive measures against Russia, it needs to be pointed

out that Art. 215 TFEU is to be applied along with Title II Chap. 2 TEU (Art. 23 to Art. 41 TEU), i.e., in the area of the common foreign and security policy (Art. 23 et foll. TEU), decisions are taken by the European Council and the Council acting unanimously (Art. 31 TEU). Hence, the Council has decided and decides by unanimity on adopting, renewing, or lifting EU restrictive measures (sanctions), on the basis of legislative proposals from the EU High Representative. Once political agreement is reached among EU Member States, the necessary legal acts, in the form of a Council Decision and an accompanying Council Regulation, are prepared by the High Representative/Vice President and the Commission, and submitted to the Council for adoption. In sum, the Council is the only EU intergovernmental institution and its decisions are done by relevant ministers from all Member states, while generally the qualified majority 55% (72 %) of states + 65 % of population is sufficient. However, regarding specific issues on the edge of the competency spectrum of the EU, such as restrictive measures against Russia, the unanimity is required. By the operation of Art. 80 TFEU, their implementation is governed by the principle of solidarity and fair sharing of responsibility, including its financial implications, between the Member States.

Decision 2014/512/CFSP represents a strong instrument endorsed by all Member States represented by their ministers in the Council and has a broad implementation impact. It prohibits sales and other dealings with financial instruments, such as bonds, of major Russian financial institutions or subjects from a list (Art. 1 Decision 2014/512/CFSP), the sale and transfer of military material or dual-use material to Russia (Art. 2 and Art. 3 Decision 2014/512/CFSP), and the sale or transfer of technology for oil exploration (Art. 4 Decision 2014/512/CFSP). It took effect on the day of its publication, i.e., 1<sup>st</sup> August 2014, with the expected application going until 31<sup>st</sup> July 2015. Due to the following dramatic events, Decision 2014/512/CFSP has been many times updated and expanded and, pursuant to its current version, it should apply until 31<sup>st</sup> July 2023, but it is extremely likely that it will be further extended.

Regulation 833/2014 is a legal instrument having a different legal nature, but basically the same consequences for its targets as a decision such as Decision 2014/512/CFSP, especially considering that decisions regarding restrictive measures are not typical decisions of the Council

requiring a mere qualified majority. Indeed, even regulations regarding restrictive measures are not typical regulations voted on by the Council and Parliament. Regardless of the manner of their enactment, pursuant to Art. 288 TFEU, both a regulation and decision are binding in its entirety, while a regulation has a general direct application and a decision which specifies those to whom it is addressed is binding only on them. The Council has been using not only these two types of legislative acts (decisions and regulations), but as well has employed implementing acts.

The original version of Regulation 833/2014 was very short, included only 14 articles and Annexes I, II and III and extended only onto 11 pages. It prohibited to sell, supply, transfer or export dual-use goods and technology to any subject in Russia or for use in Russia if the item is or may be intended for military use and financial instruments of major Russian institutions and institutions indicated in the Annex III (Art. 2 and Art. 3 and Art. 5 Regulation 833/2014) and to provide related services (Art. 4 Regulation 833/2014). Annex I listed Websites for information on the competent authorities and the address for notification to the European Commission, while Annex II listed concerned technologies and Annex III indicated all five concerned financial institutions (Sberbank, VTB Bank, Gazprombank, Vnesheconombank (VEB) and Rosselkhozbank). Regulation 833/2014 was adopted on 31<sup>st</sup> July 2014, and took effect with its publication on 1<sup>st</sup> August 2014. Its end of validity is not indicated and it has been updated and extended 24 times. Its current version is shaped by the Regulation (EU) 2023/427 of 25<sup>th</sup> February 2023 and has many subparagraphs and is very long, in total 23 annexes. For example, the list of subjects has been expanded from five to over 500. However, Decision 2014/512/CFSP and Regulation (EU) No 833/2014 were neither the first nor the last restrictive measures.

Already on 5<sup>th</sup> March 2014, there was made Decision 2014/119/CFSP and Regulation (EU) No 208/2014 about the freezing of assets of certain persons. On 17<sup>th</sup> March 2014, there came Decision 2014/145/CFSP and Regulation 269/2014 prohibiting the entry of certain persons to the EU. On 25<sup>th</sup> June 2014, came about Decision 2014/386/CFSP and Regulation 692/2014 prohibiting imports from Crimea and Sevastopol.

Eight years later, on 15<sup>th</sup> February 2022, the President of the Russian Federation, Vladimir Putin, recognized Donetsk and Luhansk,



in the Donbas region of Ukraine, as independent republics, and on 24<sup>th</sup> February a new Russian full-scale military invasion was launched (Baracani, 2023). The EU reacted promptly and on February 23<sup>rd</sup> 2022, there was made Decision (CFSP) 2022/266 and Regulation (EU) 2022/263 for the prohibition to import from the Donetsk and Luhansk oblasts of Ukraine and sanctioning 351 members of the Duma – the first sanction package aka restrictive measure package emerged. Swiftly more radical and broader packages followed, targeting financial, economic, traveling, military and other dimensions and industries under the radiant motto “Supporting Ukraine is costly, but freedom is priceless” expressed by the president of European Commission, Ursula von der Leyen (Hunder, 2022).

Then, as of May 2023, in view of the Russian invasion of Ukraine, a large number of legislative instruments were issued and this was done in two waves in 2014 (eight) and 2022-2023 (two). Based on these two legislative instruments from the 2<sup>nd</sup> wave taking the legal form of a Council Decision and Council Regulations, so far in total ten restrictive measure packages were issued. Interestingly, the first wave was in the era of Jose Manuel Barroso and Jean-Claude Juncker as the President of the Commission and Catherine Ashton and later on Federica Mogherini as High Representative, while the second wave is the era of Ursula von der Leyen and Josep Borrell Fontelles. It needs to be emphasized that Ursula von der Leyen had a ‘turbulent ascendance to the Commission presidency’ (Müller and Tömmel 2022) because she did not have the democratic legitimacy of a *Spitzenkandidat*, i.e., she was a plan B compromise candidate suggested by the French president Emmanuel Macron (Baracani, 2023). However, ostensibly this does not slow her in her endeavors, see the Green Deal or these ten packages, in particular the third package removing selected

Russian banks from the SWIFT messaging system (Baracani, 2023).

Since March, 2014, the EU has launched a myriad of both general and individual sanction instruments against the Russian Federation and its subjects. All of them are valid (at least according to the firm conviction of the EU) and (hopefully) enforceable, they cover one or more of four fields (arms embargoes, restrictions on admission aka travel bans, asset freezes and other economic measures such as restrictions on imports and exports). Some of them are general, while the rest are specifically designed. Their legal backbone overview is presented in Table 1.

These ten restrictive measures are, further, the foundation stone for packages of sanctions of the EU against the Russian Federation and, as a matter of fact, so far ten packages of sanctions have been issued. Typically, they take the form of a set of Council instruments amending the above-mentioned restrictive measures, e.g., by extending the scope, targeted activities and even subjects, and implementing tools. The Council has been issuing press releases about each one of them. Their overview is presented in Table 2.

EU sanctions as represented by these ten packages are unilateral measures intended to punish the Russian Federation by causing damage in the economic and military spheres and according to the prevailing opinion they are in compliance with International law. However, a minority opinion stream attempts to argue that these restrictive measures go beyond the scope of the permissions provided by International law (Voynikov, 2022). This is a very interesting point, because the current President of the European Commission, Ursula van der Leyen, is well-known for her perception of the geopolitical role of the EU - to put an end to European wars and to follow International law (Baracani, 2023).

Measure	Content	Applied since
Decision 2014/119/CFSP and Regulation 208/2014	Freezing assets	6 <sup>th</sup> March 2014
Decision 2014/145/CFSP and Regulation 269/2014	No entry	17 <sup>th</sup> March 2022
Decision 2014/386/CFSP and Regulation 692/2014	No imports from Crimea and Sevastopol	25 <sup>th</sup> June 2014
Decision 2014/512/CFSP and Regulation 833/2014	No selling military materials, bond, oil exploring technologies	1 <sup>st</sup> August 2014
Decision (CFSP) 2022/266 and Regulation 2022/263	No imports from Donetsk and Luhansk	24 <sup>th</sup> February 2022

Source: Own processing by the authors based on information provided at <https://eur-lex.europa.eu/legal-content/EN/LSU/?uri=celex:32022R0263>

Table 1: Summary of EU restrictive measures due to the invasion of Ukraine by the Russian Federation.

	Adopted/Applied since	Content
1.	23 <sup>rd</sup> February 2022/ 24 <sup>th</sup> February 2022	<ul style="list-style-type: none"> <li>Targeted sanctions against the 351 members of the Russian State Duma and an additional 27 individuals;</li> <li>Restrictions on economic relations with the non-government-controlled areas of the Donetsk and Luhansk oblasts;</li> <li>Restrictions on Russia's access to the EU's capital and financial markets and services.</li> </ul>
2.	25 <sup>th</sup> February 2022/ 26 <sup>th</sup> February	<ul style="list-style-type: none"> <li>Freezing assets of Vladimir Putin, etc.</li> <li>Sanctions against the financial sector, the energy and transport sectors, dual-use goods, export controls and export financing, visa policy, additional sanctions against Russian individuals and new listing criteria</li> </ul>
3.	28 <sup>th</sup> February 2022/ 2 <sup>nd</sup> March 2022	<ul style="list-style-type: none"> <li>Ban on transactions with the Russian Central Bank</li> <li>€ 500 million support package to finance equipment and supplies to the Ukrainian armed forces</li> <li>Ban on the overflight of EU airspace and on access to EU airports by Russian carriers</li> <li>SWIFT ban for seven Russian banks</li> </ul>
4.	15 <sup>th</sup> March 2022	<ul style="list-style-type: none"> <li>Ban on all transactions with certain state-owned enterprises</li> <li>Ban on new investments in the Russian energy sector</li> <li>Trade restrictions for iron, steel and luxury goods</li> </ul>
5.	8 <sup>th</sup> April 2022	<ul style="list-style-type: none"> <li>Ban on imports from Russia of coal and other solid fossil fuels</li> <li>Ban on all Russian vessels from accessing EU ports</li> <li>Ban of Russian and Belarusian road transport operators from entering the EU</li> <li>Ban on imports of other goods such as wood, cement, seafood and liquor</li> <li>Ban on exports to Russia of jet fuel and other goods</li> <li>Ban on deposits to crypto-wallets</li> </ul>
6.	3 <sup>rd</sup> June 2022	<ul style="list-style-type: none"> <li>Ban on imports from Russia of crude oil and refined petroleum products, with limited exceptions</li> <li>SWIFT ban for an additional three Russian banks and one Belarusian bank</li> </ul>
7.	21 <sup>st</sup> July 2022	<ul style="list-style-type: none"> <li>A new prohibition to purchase, import, or transfer, directly or indirectly, gold..</li> </ul>
8.	6 <sup>th</sup> October 2022	<ul style="list-style-type: none"> <li>Ban on steel products, wood pulp and paper, cigarettes, plastics, cosmetics, and stones and precious metals used in the jewelry industry. The new import ban, worth €7 billion, aims to curb more of Russia's revenues.</li> <li>A price cap related to the maritime transport of Russian oil for third countries</li> <li>dditions to the list of restricted items which may contribute to Russia's military and technological enhancement</li> </ul>
9.	16 <sup>th</sup> December 2022	<ul style="list-style-type: none"> <li>Ban on exports of drone engines</li> <li>Ban on exports of dual-use goods and technology</li> <li>Ban on investments in the mining sector</li> <li>Ban on transactions with the Russian Regional Development Bank</li> </ul>
10.	25 <sup>th</sup> February 2023	<ul style="list-style-type: none"> <li>Ban on sensitive dual use and advanced technologies</li> <li>Ban on exports of critical technology and industrial goods</li> <li>Ban on imports of asphalt and synthetic rubber</li> <li>Ban on provision of gas storage capacity to Russians</li> <li>Ban on transit through Russia of EU exported dual use goods and technology</li> <li>Introduction of reporting obligations to ensure the effectiveness of the asset freeze prohibitions</li> </ul>

Source: Own processing by Authors based on information provided at [https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/sanctions-adopted-following-russias-military-aggression-against-ukraine\\_en](https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/sanctions-adopted-following-russias-military-aggression-against-ukraine_en)

Table 2: Overview of sanction packages adopted following the invasion of Ukraine by the Russian Federation.

Regardless of their ultimate assessment based on the International law, these measures are established and applied, and so it is appropriate to analyze the course and structure of foreign trade. The subject of the analysis is the international trade of the Czech Republic and the Russian Federation,

while the basic goal is to link the implemented EU sanction measures with the foreign trade of the Czech Republic, i.e. to primarily identify their impact on the development and structure of foreign trade with Russia. In the following Table 3, the development of the foreign trade

Time	Absolutely (in millions of CZK)				Year-on-year index (%)		
	Turnover of goods	Export	Import	Trade balance	Turnover of goods	Export	Import
I.20	13 555	6 410	7 145	-734	88.5	113	74.1
II.20	13 030	6 644	6 386	257	82.9	109.8	66
III.20	12 501	7 024	5 478	1 546	72.7	94.5	56
IV.20	8 698	4 611	4 087	525	53.1	62.3	45.5
V.20	9 490	6 131	3 359	2 773	61.7	82.6	42.2
VI.20	12 250	7 947	4 303	3 644	69.9	115.2	40.5
VII.20	14 196	8 408	5 787	2 621	95.8	119.2	74.5
VIII.20	11 429	6 220	5 209	1 012	66.3	84	53
IX.20	14 847	8 538	6 308	2 230	84.7	117.1	61.7
X.20	15 348	9 362	5 986	3 375	79.6	110.2	55.5
XI.20	15 056	8 146	6 911	1 235	82.3	98.5	68.9
XII.20	12 539	6 260	6 279	-19	77.7	99.3	63.9
I.21	12 375	5 648	6 727	-1 079	91.3	88.1	94.2
II.21	13 668	6 148	7 520	-1 371	104.9	92.5	117.7
III.21	17 823	8 383	9 440	-1 057	142.6	119.4	172.3
IV.21	15 733	7 173	8 559	-1 386	180.9	155.6	209.5
V.21	18 729	8 132	10 597	-2 464	197.4	132.6	315.5
VI.21	20 397	8 222	12 175	-3 953	166.5	103.5	282.9
VII.21	18 023	6 571	11 452	-4 881	127	78.2	197.9
VIII.21	19 702	5 824	13 878	-8 054	172.4	93.6	266.4
IX.21	24 906	6 623	18 283	-11 661	167.8	77.6	289.8
X.21	31 443	5 325	26 117	-20 792	204.9	56.9	436.3
XI.21	19 122	6 181	12 941	-6 760	127	75.9	187.3
XII.21	20 671	6 348	14 323	-7 975	164.9	101.4	228.1
I.22	18 849	6 871	11 978	-5 106	152.3	121.7	178.1
II.22	19 189	5 577	13 612	-8 036	140.4	90.7	181
III.22	27 963	1 894	26 069	-24 175	156.9	22.6	276.2
IV.22	35 366	1 586	33 779	-32 193	224.8	22.1	394.6
V.22	37 545	1 923	35 622	-33 699	200.5	23.6	336.2
VI.22	30 224	2 802	27 422	-24 619	148.2	34.1	225.2
VII.22	35 739	1 871	33 868	-31 997	198.3	28.5	295.7
VIII.22	31 674	1 800	29 874	-28 074	160.8	30.9	215.3
IX.22	27 880	1 974	25 906	-23 933	111.9	29.8	141.7
X.22	15 528	1 798	13 730	-11 931	49.4	33.8	52.6
XI.22	10 021	2 164	7 857	-5 693	52.4	35	60.7
XII.22	8 202	2 005	6 197	-4 192	39.7	31.6	43.3
I.23	6 751	1 201	5 550	-4 349	35.8	17.5	46.3
II.23	6 722	1 484	5 239	-3 755	35	26.6	38.5
III.23	7 053	1 895	5 158	-3 262	25.2	100.1	19.8

Source: Czech Statistical Office (2023), data are not seasonally adjusted

Table 3: Statistics of foreign trade of the Czech Republic with Russian Federation.

of the Czech Republic with the Russian Federation for the period January 2020 – March 2023 is characterized in terms of value (i.e., with monthly periodicity for a detailed insight into changes).

Several basic characteristics can be implied from foreign trade statistics. First of all, it is appropriate to state that for the analysis a deliberate selection and breakdown of the monitored period

was carried out, taking into account the necessity of characterizing the current volumes of foreign trade under standard geopolitical conditions (here represented by the period of 2020 and 2021) and subsequently by the interval including the Russian invasion of Ukraine, which triggered the subject EU sanction measures (period 2022 – 2023). From the point of view of evaluating the development, it is noticeable that in 2020 the foreign trade of the Czech Republic and Russia took place in relatively constant values of 9-15 billion CZK of turnover with a positive balance of trade in the range of 1-3 billion CZK. In 2021, export values from the Czech Republic to Russia are at an unchanged level, but a sharp increase in imports has begun, which has continuously increased by more than 150% on average. The aforementioned behavior can be attributed to the recovery of the market, which was still significantly modified in 2021 by the effects of the COVID 19 pandemic and the related closure of trade routes.

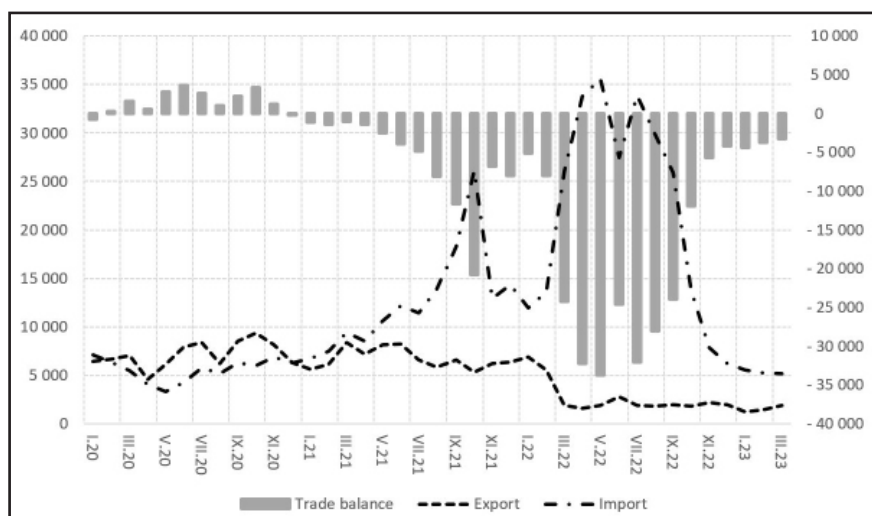
However, at the end of 2021, there is a noticeable drop in imports to the usual values from the beginning of this year (i.e. around 13 billion CZK), which can probably already be classified as the consequences of fears of a significant change in the behavior of the Russian Federation in world events, which also imply further developments. At the beginning of 2022, there is a sharp increase in imports and a simultaneous drop in exports. The extreme increase in imports is associated with the consequences of Russia's behavior on the energy raw materials market, which caused panic in sub-markets and increased demand for raw

materials such as gas and oil, where Russia still had a dominant position at that time.

Figure 1 shows very nicely the already mentioned drop in exports in March 2022, which fully corresponds with the beginning of the Russian military invasion of Ukraine. At the same time as this decline, it is also possible to demonstrate an aggravated situation in the field of energy, where, despite the growing aversion of the EU towards the actions of the Russian Federation, the Czech Republic was faced with the necessity of securing supplies of energy raw materials from almost monopolistic Russia, which is reflected in the development of foreign trade for almost the entire year 2022.

Towards the end of 2022, the Czech Republic's foreign trade with Russia was also stabilize, in connection with the reduction of panic on the energy markets, and, conversely, the increase in the certainty that the EU is able to ensure the supply of key commodities without the need for imports from Russia. Imports drop significantly to around CZK 5 billion, and exports also remain at low values of around CZK 2 billion after the drop. From Graph 1, the overall change in the basic orientation of the foreign trade balance is clearly visible, which was positive until November 2020, but since then it has been negative for the entire monitored period.

The above results also confirm the values from the following Table 4, which shows changes in the structure of foreign trade in the form of year-on-year changes in the turnover of goods for individual commodities.



Source: Czech Statistical Office (2023), own processing

Figure 1: The development of the Czech Republic's foreign trade with Russian Federation (absolutely in mil. of CZK).



Commodity	2021	2022
<b>Total</b>	152.1	128.2
Products of agriculture, hunting and related services	146.3	68.4
Products of forestry, logging and related services	278.0	19.4
Fish and other fishing products; aquaculture products; support services to fishing	17.6	227.0
Coal and lignite	111.1	45.5
Crude petroleum and natural gas	279.3	208.0
Metal ores	148.2	26.7
Other mining and quarrying products	106.5	63.4
Food products	89.8	142.0
Beverages	111.9	74.6
Tobacco products	134.9	86.4
Textiles	109.1	70.4
Wearing apparel	93.7	46.4
Leather and related products	50.5	65.1
Wood and of products of wood and cork, except furniture; articles of straw and plaiting materials	147.9	64.3
Paper and paper products	108.3	76.7
Printing and reproduction services of recorded media	89.6	24.6
Coke and refined petroleum products	72.8	99.0
Chemicals and chemical products	135.6	91.9
Basic pharmaceutical products and pharmaceutical preparations	137.6	164.9
Rubber and plastic products	106.8	44.5
Other non-metallic mineral products	104.1	68.5
Basic metals	166.1	71.0
Fabricated metal products, except machinery and equipment	105.4	45.6
Computer, electronic and optical products	104.6	27.9
Electrical equipment	98.0	25.1
Machinery and equipment n.e.c.	97.3	60.8
Motor vehicles, trailers and semi-trailers	76.7	18.6
Other transport equipment	82.9	27.0
Furniture	156.5	26.4
Other manufactured goods	105.5	39.8
Waste collection, treatment and disposal services; materials recovery services	121.0	75.2
Publishing services	426.9	7.4
Motion picture, video and television programme production services, sound recording and music publishing	83.7	52.6
Architectural and engineering services; technical testing and analysis services	7272.4	1.6
Creative, arts and entertainment services	459.9	16.6
Library, archive, museum and other cultural services	145.0	52.7
Other personal services	618.0	315.5

Source: Czech Statistical Office (2023), data are not seasonally adjusted

Table 4: International trade in goods with the Russian Federation, Turnover - year-on-year index (%) from current prices.

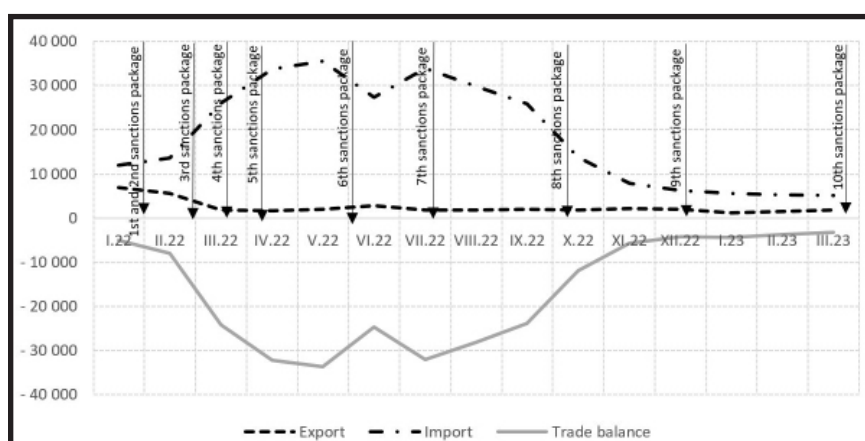
It can be seen from the presented results of Table 4 that in 2021 the vast majority of commodities had

an increasing turnover, while the goods that showed a decrease have a minority share in the value of foreign trade. The year 2022 then brought extreme changes in the commodity structure of foreign trade with Russia, when only 5 categories of the entire range of monitored commodities show growth, of which Crude petroleum and natural gas are the most significant in terms of value. Very interesting is the evaluation of the category of agricultural products and foodstuffs, which are also among the rare groups that have maintained a growing foreign trade turnover in 2022.

At the end of the presented analysis, a graphic form of the timeline of the connection at the beginning of the identified sanction packages with the course of foreign trade of the Czech Republic and Russia is created, see the Figure 2.

The course of foreign trade in the Figure 2 was purposefully shortened only to the period of the relevant application of EU sanctions instruments, i.e. to the period from the beginning of 2022 until the present, however, the conclusions presented above are evident from the course of export, import and overall balance values. In the context of the schedule of EU sanctions measures, individual packages of instruments are captured in the graph, so that it is possible to link EU sanctions with the development of the Czech Republic's foreign trade in a simple way. The application of partial packages is naturally uneven over time - the first 5 packages were implemented in a short period of about 4 months at the beginning of 2022. The next 5 packages are designed in a much longer time horizon and at a distance from each other. However, as can be seen from the graph, the effect of the analyzed measures is only partial. It is very likely that the imposed sanctions contributed to the drop in Czech exports to Russia, which, however, have hardly changed since March 2022, even under the influence of the de facto 7 sanctions packages. Imports of goods from Russia have been growing since the beginning of 2022, despite the implementation of 5 sanctions packages, with a visible decrease only after the implementation of the sixth package of measures. However, this decrease is not necessarily caused by the effects of the analyzed packages. Since this is a drop in the period around June 2022, it is likely that it was rather a stabilization of the energy market. This connection can also be documented by price aspects on the market of basic energy commodities.

The possible connection of the EU's sanctions



Source: Czech Statistical Office (2023), own processing

Figure 2: Connection of sanctions packages with the development of the Czech Republic's foreign (mil. CZK) trade with Russian Federation.

instruments to the foreign trade of the Czech Republic with Russia can be generally seen in the overall course of trade, when it is evident from the presented outputs that at the end of 2022 (i.e. after the implementation of the eight packages) imports are significantly reduced, exports remain at a very low level and thus the overall trade balance is also low.

## Conclusion

The purpose of the paper is, from a legal point of view, to determine and characterize EU trade policy instruments that are currently being applied in a targeted manner in the area of foreign trade restrictions and subsequently to assess their impact on the development of the Czech Republic's trade with the Russian Federation. Based on the legal analysis, individual norms were identified and the starting dates of their legal force were determined. Subsequently, a simple statistical analysis of foreign trade was carried out, from which the basic aspects of development and structure emerged. From the beginning of the monitored period until the end of 2020, foreign trade showed positive results, which is particularly evident in the positive values of the trade balance. From 2021, a change in the characteristics of trade is quite clearly visible, when the Czech Republic's exports remain at similar values until the military crisis at the beginning of 2022, but imports increase greatly, deepening the negative balance of the trade balance. This situation calms down slightly at the turn of 2021 and 2022, but almost immediately after the start of the military conflict, imports increase enormously, and exports, on the contrary,

collapse, leading to the highest negative values of the trade balance. On the basis of the legal analysis, the development of the mentioned characteristics of foreign trade was interspersed with the timeline of the sanction's packages. It is evident from the given output that the first wave of sanctions packages had almost no effect on the foreign trade of the Czech Republic, and the first restriction is only visible after the introduction of the fifth measure. The next set of sanctions packages, especially the sixth and seventh already bring significant changes both in the volume and structure of foreign trade. After the application of the 8th sanctions package, the trade balance drops to the minimum necessary level, which is mainly determined by the trade in energy raw materials.

It can be concluded that the partial sanctions packages (especially the series of the first five) affected the foreign trade of the Czech Republic and Russia in two aspects. On the one hand, there is a change in the commodity structure, and on the other hand, the level of exports from the Czech Republic to Russia is falling to below 2 billion CZK. At the same time, it can be stated that the packages did not disrupt the possibility of importing important raw materials from Russia during the artificially induced energy crisis, which can be considered a very good result of the EU's trade policy. Ultimately, it is also evident that the set of sanctions measures is gradually showing itself in foreign trade, and from the end of 2022, imports from Russia will also decrease significantly. With regard to the geopolitical situation, the given conclusion is probably proof

of the EU's effective foreign trade policy, which has the basic goal of limiting the income of the Russian Federation from its own exports,

of which the Czech Republic can be a small example.

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