

The Impact of Sanctions Imposed on Russia on Other CIS Countries

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ABSTRACT

The Commonwealth of Independent States (CIS) is being significantly affected by sanctions related to the Russian–Ukrainian war. In this paper, we describe the major social and economic characteristics of the CIS countries and examine the impact of sanctions on the Russian economy, Russian trade with other CIS countries, and the exchange rate of the Russian ruble. We assess the interconnectedness between the GDPs and foreign exchange markets of Russia and other CIS countries. We demonstrate how sanctions have affected the Russian economy and foreign exchange market and how their impact may spill over to the economies and foreign exchange markets of other CIS countries. Based on the research findings and contemporary political and economic conditions in the region and the world, we make suggestions helpful for improving the international economic and trade policies of the CIS countries. Based on the statistical features of the data, a combination of the vector autoregressive (VAR) model and the Granger causality test (Granger 1969) were used in the estimations. Pre-tests for a unit root and cointegration were implemented before estimating the VAR model. If the first differences of the variables did not have a unit root and there was no cointegration relation (long-run relationship) between the variables, the VAR model was used. Otherwise, a vector-error correction model (VECM) was used.

Keywords: The Commonwealth of Independent States; interconnectedness; sanctions