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Economic Resilience in Challenging Times: A Crossroads of Russia's Experience and Prospects for Iran *

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Abstract

In countries such as Iran and the Russian Federation, the term 'resistance' carries profound significance, as they have grappled with enduring economic and political sanctions imposed by Western powers. Over time, both Iran and Russia have confronted a series of sanctions targeting their economic and financial sectors. In response to the adverse effects of these sanctions, both nations have embraced a strategy of 'resistance.' Experts contend that financial and economic sanctions induce substantial shifts in a country's macroeconomic landscape, prompting the adoption of distinct policies and strategic orientations. Against this backdrop, this research undertakes a comprehensive examination and analysis of the discourses surrounding economic resistance and resilient economies in Iran and the Russian Federation, with a focus on elucidating their commonalities and disparities. The research methodology employed in this study is the SWOT analysis method. Findings reveal that both Iran and Russia, while contending with Western sanctions, have pursued the implementation of resilient economy and economic resistance strategies, respectively. Iran's resilient economy signifies a transition towards long-term economic resilience rooted in religious principles. Conversely, Russia's economic resistance constitutes a short-term response to sanctions driven by political considerations".

Keywords: Economic Resilience, Economic Resistance, Iran, Russia, SWOT Analysis, Western Sanctions **JEL Classification:** C23; Q01; O47

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1. Introduction

The terminology encompassing concepts such as 'resistance economy,' 'economic resilience,' 'anti-sanctions economy,' and 'economic resistance' represents strategic frameworks that have surfaced within the economic discourse of various nations, notably Iran and Russia. These frameworks have emerged as responses to heightened shocks and global uncertainties, including events such as the 2008 financial crisis, oil price shocks, the COVID-19 pandemic, and the Ukraine crisis, which have disrupted the growth and developmental trajectories of specific countries. In the face of these multifaceted challenges and the imposition of Western sanctions, nations like Iran and Russia have consistently sought remedies and implemented policies aimed at mitigating the vulnerability of their economic systems, while striving to sustain their growth and developmental trajectories. Consequently, a noteworthy commonality shared by these two nations facing analogous circumstances is the adoption of the 'resistance economy' policy in Iran and the 'anti-sanction economy' policy in Russia.

From an international economics perspective, economic sanctions are instrumental tools utilized to curtail the economic and financial activities of a nation on the global stage. The imposition of economic sanctions increases the risks associated with engaging in business within the sanctioned territory, disrupts the flow of goods to and from the targeted nation, exacerbates economic uncertainty, and often prompts markets within the sanctioned nation to adopt a defensive posture, resulting in heightened market costs. Furthermore, indirect repercussions include fluctuations in official exchange rates, general price level increases, elevated unemployment rates, and the proliferation of poverty within the sanctioned country. Many experts assert that, when compared to

warfare, sanctions represent a more cost-effective means for the imposing a nation to achieve its objectives. However, the sanctioning nation must possess sufficient economic heft to disrupt the economic, commercial, and financial interactions of the target nation while avoiding harm to its own interests due to the imposition of sanctions. Consequently, policymakers and officials in sanctioned nations have consistently striven to identify and formulate strategies capable of mitigating the long-term impact of sanctions, thereby preserving their nation's growth and development. In this context, the concept of a 'resistance economy' has emerged as a pivotal strategy in Iran's quest to surmount economic challenges and ensure economic security. This approach aligns with one of the overarching policies of the Islamic Republic of Iran, endorsed by the Supreme Leader of the country.

In alignment with the directives of Iran's Supreme Leader and the imperative to fortify economic resilience and promote a 'resistance economy,' particularly in the present circumstances, it is advantageous for Iran to scrutinize the experiences of countries contending with analogous challenges, such as the Russian Federation. Russia, endowed with abundant energy resources and serving as a significant trade and political partner in the region, has been subjected to Western sanctions—both direct and indirect—since 2014. Similar to Iran, Russia has responded by instituting a comprehensive program known as the 'anti-sanction economic policy'. A pivotal facet of Russia's anti-sanction economic policy is the fervent pursuit of import substitution, a strategy that first gained prominence in 2010 when Dmitry Medvedev, then President of Russia, endorsed the 'Doctrine of Food Security of the Russian Federation.' This strategic move was spurred by the nation's heavy reliance on food imports from Europe. Subsequently, in 2014, amid the escalating impact of Western sanctions, Vladimir Putin enacted

the law 'Specialization of Economic Sectors for Ensuring the Economic Security of the Russian Federation,' accompanied by a directive to embargo food imports from Western Europe. In 2022, confronted with even more stringent sanctions, the President of Russia issued a directive titled 'Temporary Economic Measures for Financial Stability of the Russian Federation,' encompassing a range of measures such as prohibiting the extension of credit and loans to foreign countries engaged in hostile actions and restricting the outflow of currency exceeding ten thousand dollars.

The aim of this research is to scrutinize Russia's 'anti-sanction economic policy' model, spanning the years 2014 to 2022, encompassing the array of measures implemented to counteract Western sanctions. The primary inquiry guiding this study can be framed as follows: What actions has the Russian Federation undertaken within its economic resilience strategy to mitigate the impact of sanctions and attain a degree of stability amidst the challenges of sanctions and geopolitical tensions? The research methodology employed in this study leverages the SWOT matrix, a tool used to distill Russia's strengths, weaknesses, opportunities, and threats for the purpose of constructing a model applicable to Iran. The SWOT matrix is a strategic planning tool widely used in business and research to assess an entity's Strengths, Weaknesses, Opportunities, and Threats. It provides a structured framework for analyzing both internal factors, such as an organization's resources, capabilities, and limitations, and external factors, including market conditions, competition, and environmental influences. By identifying these critical elements, the SWOT matrix helps decision-makers formulate strategies that capitalize on strengths, address weaknesses, exploit opportunities, and mitigate threats.

The research structure is as follows: The second section focuses on a comprehensive review of prior research endeavors, aimed at

identifying gaps in the existing literature. The third section delves into an exploration of the literature surrounding Western sanctions imposed on both Iran and the Russian Federation. The fourth section introduces the research methodology and elaborates on the tools employed for hypothesis validation and acceptance. In the fifth section, we assess the metrics used to gauge economic stability within the Russian Federation. Subsequently, the sixth section elucidates the concepts of economic resistance and resilient economies within the contexts of Iran and the Russian Federation. Finally, the last section serves as a conclusion, summarizing the key takeaways drawn from Russia's experiences that could offer valuable insights for enhancing Iran's economic resilience.

2. Identifying Literature Gap

Numerous studies can be found in Persian literature delving into the intricacies of the concept of "resistance economy" in Iran. Similarly, Russian sources have extensively explored the notion of an "anti-sanction economy." Yet, a noticeable gap exists in the literature, as there is limited research dedicated to the direct examination and comparison of these two economic paradigms within the contexts of Iran and Russia under various thematic perspectives. Previous scholarly investigations have predominantly concentrated on dissecting the individual responses of either Iran or the Russian Federation to external sanctions. The following section provides concise references to a curated selection of these pertinent studies:

Kaab et al. (2021), in their research titled "Resistive Economy in Iran: Challenges and Perspectives" employ the term "resistant economy" to describe an approach aimed at circumventing sanctions imposed on a country or region. Their research outcomes

reveal that despite notable achievements in the oil, gas, and petrochemical sectors, the application of a resistant economy strategy has encountered obstacles across various other sectors in Iran. Furthermore, the authors identify currency distribution mismanagement as another hindrance to the successful implementation of a resistant economy in Iran. They state key factors such as the absence of a comprehensive economic blueprint, the lack of substantial reforms within the financial and banking system, the absence of comprehensive measures to attract foreign investments, limited cooperation from government entities in navigating sanctions, and challenges in the management of imports and exports as the most substantial barriers to realizing a resistant economy in Iran.

In their 2017 article titled "The Conceptualization of the Resistant Economy and its Role in the Post-Sanctions Era," Bagheri and Mousavi introduce the concept of "resistant economy" as a fresh and distinctive approach within the context of the Islamic Revolution's discourse. They believe that this approach transcends being a mere short-term defensive response to sanctions and external threats; rather, it serves as a strategic policy aimed at realizing an ideal Islamic economy with a comprehensive perspective on the nation's economic landscape. The authors aspire to position their country as a leader in the realms of science, culture, economics, politics, and society within the region. Additionally, their article underscores the absence of a crisis-management model for the nation's economy, emphasizing the imperative to draw lessons from past economic shortcomings and prevent the repetition of previous setbacks by adopting strategies that align with the principles of the resistant economy, thereby fortifying economic resilience.

In their 2017 study titled "Examining Iran's Performance in the Nine Dimensions of Resistant Economy in Comparison to Corresponding Indicators in Selected MENA and ECO Countries", Agheli and Ezzati (1396 [2017 A.D.]) underscore the imperative nature of a resistant economy. They posit that the policy of a resistant economy serves as a response to an array of external shocks and internal economic fluctuations, stemming from diverse origins, including economic and political factors, as well as natural and man-made events. Within their research, the scholars elucidate the nine dimensions of a resistant economy as follows: endogeneity, outward orientation, food security, environmental sustainability, knowledge-based approach, justice-oriented policies, popular participation, economic prowess, and social capital. According to their findings, Iran is positioned eleventh among the 21 countries under examination. To chart a course towards a sustainable economy, their recommendations encompass the expansion of trade and political relations with diverse nations, addressing issues related to corruption and discrimination, and directing investments toward a knowledge-based economy, rule of law, and environmental preservation as key focal points.

Russian researchers have conducted a range of studies regarding the examination of Russia's response to Western sanctions, particularly the recent and stringent sanctions imposed in response to Russia's special military operation in Ukraine: Ivanov and Bukhvald (2022) in their article titled "Sanctions and Countermeasures in the Russian Economy" delineate Russia's counter-sanction strategies into two distinct categories: defensive and retaliatory actions. Their research findings reveal that Russia has actively pursued defensive and protective measures aimed at fortifying its internal conditions and reducing vulnerability. These measures encompass support for small and medium-sized

enterprises through tax incentives and other financial mechanisms, along with collaborative financing of projects and investment agreements intended to bolster domestic production and substitute imports. The authors also underscore the importance of implementing anti-sanction regulations at the federal level, emphasizing the need for close cooperation between federal authorities and local government

In another study, Shlychkov (2022) conducted an analysis titled "Sanctions 2022: The Main Challenge for the Russian Economy", wherein sanctions were categorized according to specific economic sectors and segments. The study meticulously assessed the impact of these anti-Russian sanctions on the national economy of Russia and critically evaluated the effectiveness of the Russian Federation government's anti-sanction policies in 2022. The research findings indicate that, although experts have estimated the efficacy of anti-Russian sanctions to hover around 30% to 40%, their implementation by Western entities temporarily halted Russia's economic growth and artificially erected significant barriers to its development, challenges that appeared nearly insurmountable. Nevertheless, based on the published statistical data available at year-end, it is evident that, despite the substantial economic repercussions resulting from imposed sanctions on Russia's economy, a substantial portion of the country's economic stability was preserved through various measures, including the stabilization of the Ruble exchange rate, nurturing the domestic consumer market, robust control of inflation and unemployment, as well as the achievement of a budget surplus.

Another series of prior research studies have undertaken the examination of the concept of "resistance economy" concurrently in both Iran and Russia, among which we can refer to the article written by Kostanyan and Ershova in 2023, titled "Theoretical

Approaches to Studying Economic Development under Sanctions: A Comparative Analysis of the Russian and Iranian Experiences." Their study involves a comparative analysis of Iran and Russia's experiences in navigating the intricacies of sanctions, particularly in light of the severe economic and political sanctions imposed on Russia by Western powers in 2022. These researchers have reached the conclusion that, despite significant similarities in the sanctions imposed on both countries and the adoption of a resistance economy policy to confront these challenges, notable disparities exist in the conditions governing economic development in each of the two nations.

Timofeev et al. (2022) in their article titled "Sanctions Against Iran: Lessons for Russia in the New International Conditions" meticulously examine the sanctions imposed on Iran, their ramifications on the Iranian economy, and Iran's strategies to adapt to the restrictive measures enforced by Western nations. They underscore the significance of studying Iran's experiences as a valuable source of insight for Russia. The authors aim to elucidate the key facets of Iran's policies regarding sanctions and its strategies for economic adaptation. Given the similarities between Iran's economic circumstances and the nature of sanctions that it has faced, Russia stands to gain valuable lessons from Iran's experiences, particularly in areas such as structural economic transformations, implementation of a resistance economy policy, optimization of social sectors, and diversification of international partnerships.

Karami and Rasoulinezhad (1397 [2018 A.D.]) conducted a comparative study titled "Comparative Study of the General Economic Policies of the Islamic Republic of Iran and the Long-Term Economic Policies of the Russian Federation". Considering the economic similarities between Iran and Russia, coupled with

both nations enduring sanctions, they scrutinized the two countries' economic policies. The study highlights both the commonalities and differences in the economic approaches of Iran and Russia. Notably, both countries place a strong emphasis on the concept of a resistance economy. In essence, both Iran and Russia, while grappling with sanctions and striving to bolster economic resilience, have incorporated the notion of a "resistance economy" in Iran's overarching economic policies and an "anti-sanction economy" in Russia's policy framework.

Rasoulinezhad (1395 [2016 A.D.]) conducted a study titled "Global Examination of the Model of Resistance Economy: A Case Study of Russia and Iran", wherein the characteristics of the resistance economy concept between Russia and Iran were compared. The research findings reveal a significant divergence in the interpretation of the concept of resistance economy in these two nations. In Iran, this concept extends beyond the confines of sanctions and is conceived as a comprehensive and enduring policy, particularly within the framework of Islamic economics. Conversely, in Russia, the concept of resistance economy is conceived as a short-term and defensive strategy against Western sanctions, with the expectation of being set aside once these challenging conditions subside.

The examination of both Russian and Persian studies in the realm of resistance economies in Iran and Russia highlights the economic and sanction-related parallels between these two nations. These shared similarities have fostered a dynamic system, where each country has drawn upon the other's experiences and adopted policy models to mitigate the adverse impacts of sanctions. However, the significant escalation of the Ukraine crisis in 2022 and the commencement of Russia's military operations in Ukraine, coupled with the heightened intensity of Western sanctions against

Russia, underscore the compelling need to revisit and update comparative studies in this field.

3. Conceptualizing the 'Resistance Economy' in Iranian and Russian Contexts

Various scholars have proposed different definitions for the concept of the resistance economy. However, in broad terms, this notion can be described as follows: The resistance economy represents a pragmatic framework aimed at advancing a nation's economic, military, cultural, scientific, and technological domains. In essence, it involves identifying the factors that exert pressure during times of war or sanctions and devising strategies to safeguard a country's economy from harm (Sotudehnia, 1397 [2019 A.D.], p. 732). Notably, resistance economy policies are often conceived with long-term perspectives, designed to bolster enduring national objectives. According to Goya (1392 [2013 A.D.]), within a conceptual framework, resistance economy embodies an active approach to economic management, with the overarching goals of diminishing economic vulnerability and promoting overall economic progress within a nation.

The term "Resistance Economy" was initially introduced in Iran by the country's Supreme Leader in 2010 during a meeting with entrepreneurs. Since then, it has been consistently emphasized in various contexts. According to the Supreme Leader, resistance economy is an economy that can achieve its goals despite difficult circumstances, threats, or hostilities. It is capable of realizing its objectives even in the face of unfavorable conditions, turbulence, and external or internal hostility (Abdolmaleki, 1393 [2014 A.D.], p. 466). Resistance economy policies often have a long-term

perspective and are designed to support enduring goals. Within a conceptual framework, resistance economy is seen as an active approach to managing the economy, aiming to reduce economic vulnerability and promote overall economic progress (Goya, 1392 [2013 A.D.]).

In the Russian economic literature, terms such as "anti-sanctions economy," "economic resistance," or "resistance economy" have been used to address the challenges posed by sanctions. For example, during World War II, when Leningrad was under siege by the Nazi German army, Russian military commanders implemented "economic resistance" measures to prevent the complete collapse of the city's economy (Rasoulinezhad, 1395 [2016 A.D.], p. 52). In the case of Russia, these terms are employed as forward-looking policies to counter Western sanctions. Studies on the formation process of "resistance economy" in Russia outline three distinct stages: the initial stage after the revolution (formation of a state socialist economy), the second stage during the Cold War, and the modern stage (post-annexation of Crimea and special operations in Ukraine).

In the first phase, transitioning to an industrial economic system was complicated due to heavy reliance on imported machinery and equipment and the need for significant investments, compounded by sanctions against Soviet Russia. During this time, resolving financial issues took precedence. Diplomatic relations between the Soviet Union and the United States were not established until the end of 1933, as a result of which, contracts between American companies and the Soviet government were personally executed by the companies themselves.

The second phase, during the Cold War, saw the creation of substantial potential in the fields of economy, science, technology,

and the military in the Soviet Union, despite economic challenges stemming from the confrontation with the United States. The 1950s, especially its second half, is considered one of the most successful periods in terms of economic development and resilience for the Soviet Union (Khudokormov, 2018, p. 316). The third phase, which emerged in 2014 with the intensification of the Ukrainian crisis, introduced the concept of "resistance economy" in Russia as an "anti-sanctions economy." Sanctions were imposed on Russia in response to its involvement and special military operations in Ukraine. The Global Sanctions Watch now considers Russia as the most sanctioned country in the world. The Russian government responded with its own anti-sanctions plan, consisting of 11 packages with 314 measures, 262 of which were already being implemented since August 8th, in response to the economic pressure from these sanctions (Lubof, 2022).

4. Research Method

The present research is qualitative in nature and was conducted in two stages. Initially, foundational information was gathered, which included the analysis of statistical data and documents sourced from the Russian Federation related to the implementation of the "anti-sanctions economy" policy, employing a library research method. Subsequently, the SWOT (Strengths, Weaknesses, Opportunities, and Threats) matrix was used to assess the strengths, weaknesses, opportunities, and threats faced by the Russian Federation in the context of sanctions.

To construct the SWOT matrix for Russia's anti-sanction economy, the following steps were undertaken:

- i. In the first step, opportunity and threat factors were derived from the external factors evaluation matrix (EFE).
- ii. In the second step, strength and weakness factors were identified from the internal factors evaluation matrix (IFE).
- iii. In the third step, a 2 by 2 matrix was formulated using the internal and external factors. This matrix comprises distinct groups of strategies, which can be categorized as follows: offensive strategies (SO), competitive strategies (ST), conservative strategies (WO), and defensive strategies (WT).

5. Assessing the Economic Stability of Russia under Western Sanctions

The escalation of economic sanctions against Russia in the wake of the commencement of special military operations in Ukraine has inflicted substantial damages upon the Russian economy. A report released by the think tank of the European Parliament, titled "Russia's war on Ukraine: EU sanctions in 2022" outlines that, in response to the military conflict between Russia and Ukraine, the member states of the European Union imposed five distinct sanctions packages against Russia from February 23, 2022, to April 7, 2022. Among these measures, the most significant are detailed in the subsequent section.

In the initial phase, on February 23, 2022, sanctions were levied against 336 members of the Russian government, introducing restrictions on economic relations with the Donetsk and Luhansk regions. Additionally, sanctions limited Russia's access to the financial and capital markets of the European Union.

In the subsequent phase, on February 25, 2022, sanctions were

imposed on prominent figures, including President Vladimir Putin, Sergey Lavrov, the Minister of Foreign Affairs, and members of the National Security Council. These measures encompassed a ban on accessing the European Union capital market, restrictions on exporting services and technology related to Russian oil refineries, and visa restrictions on diplomats and Russian traders.

The third phase, initiated on February 28, 2022, involved sanctions such as the prohibition of financial transactions with the Central Bank of Russia and the exclusion of seven Russian banks (Otkritie, Novikombank, Promsvyazbank, Rossiya Bank, Sovcombank, Vnesheconombank, and VTB bank) from the SWIFT financial messaging system. Additionally, Russian aircraft, including private jets, were barred from European Union airlines and airports.

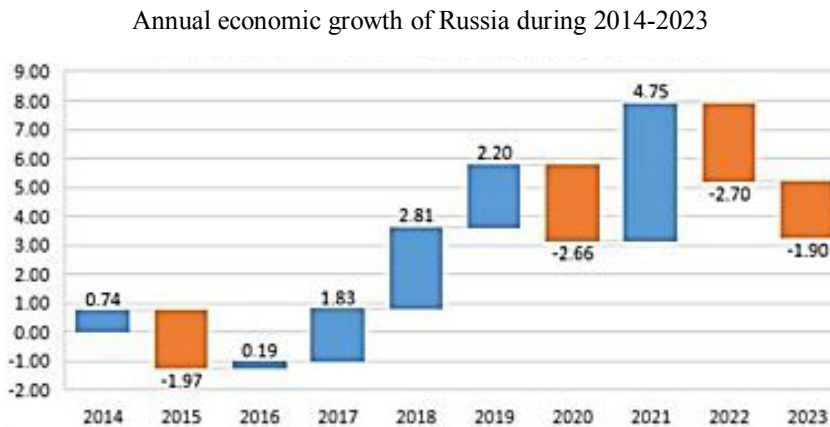
The fourth phase, commencing on March 15, 2022, introduced more stringent sanctions, including the prohibition of all transfers and transactions with state economic entities, a ban on extending systemic credit to any Russian individual or entity, restrictions on new investments in Russia's energy sector, and trade limitations on iron, steel, and luxury goods.

In the fifth and most rigorous phase, further sanctions were imposed. These included the prohibition of coal imports from Russia, the restriction of Russian-flagged vessels from entering EU ports, the exclusion of Russian and Belarusian freight operations from the European Union, a complete ban on financial transactions with four Russian banks (Otkritie, Novikombank, VTB bank, and Sovcombank) and the freezing of their assets, limitations on importing specific products like cement, caviar, plastic, wood, and alcohol (vodka), sanctions on 217 Russian individuals, including key oligarchs and propagandists, as well as their family members,

and sanctions on 18 entities associated with the military attack, either through their products or technology.

As depicted in Chart 1, Russia's gross domestic product (GDP), which had exhibited a positive growth trend with a rate of 4.75% in 2021, sharply declined to -2.7% following the commencement of the military operation in Ukraine in 2022. In the first three months of 2023, after a 2.7% contraction in the previous period, Russia's GDP continued to decline by 9.1% compared to the same period last year, primarily due to the sustained pressure from Western sanctions on the Russian economy. This resulted in a GDP growth rate of -9.1%. Previous forecasts by the Ministry of Economy of Russia had predicted a 2.2% decline in GDP for the first quarter, while the Central Bank of Russia projected a 3.2% decrease.

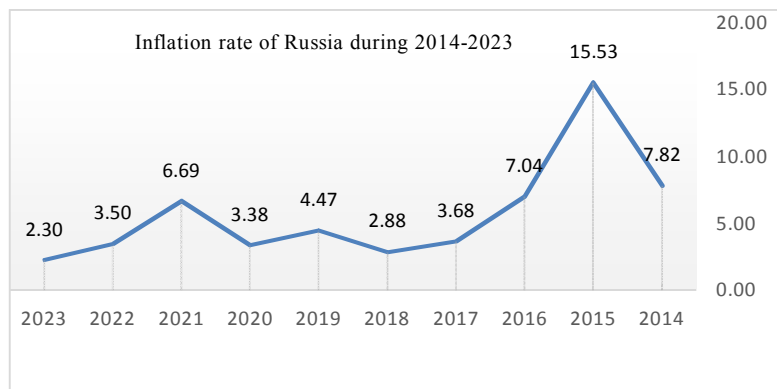
Chart 1. The Trend of Changes in the Economic Growth of the Russian Federation from 2014 to 2023



Source: Authors' Calculations Based on the Data of the Trading Economics Website

The annual inflation rate in Russia, as depicted in Chart (2), has decreased to 3.2% in April 2023, marking the lowest figure since February 2020 and staying below the Central Bank's target of 4%. However, the Central Bank of Russia has issued a warning that the inflation rate is anticipated to rise in the latter part of the year due to a tight labor market and the sustained devaluation of the Ruble. According to a report from the Central Bank of the Russian Federation, the initial shock of sanctions led to significant fluctuations in Ruble's exchange rate and external constraints on imports, resulting in increased demand for specific goods and increased cash circulation. This situation posed risks of accelerated inflation and concerns about financial stability. Drawing from past experiences with inflation targeting, swift measures were implemented to curb price increases, thereby mitigating risks to financial stability. Within a few months, interest rates on loans and deposits were restored to pre-crisis levels. Consequently, on the final day of February 2022, the Central Bank of Russia raised the key rate from 5.9% to 20% per annum.

Chart 2. The Trend of Changes in the Inflation Rate of the Russian Federation from 2014 to 2023



Source: Authors' Calculations Based on the Data of the Trading Economics Website

The measures and programs aimed at enhancing the domestic situation and mitigating the impact of sanctions on the Russian Federation represent a significant component of Russia's "anti-sanctions economy" policy. Table (1) provides an overview of some of the most critical measures, categorized by priority, type of document, issuance date of the decree, and the responsible executive institutions involved.

Table 1. Russia's Measures to Ensure Economic Development in the Face of External Sanctions Pressure

| The First Part. Priority Actions | | | |
|---|---|----------------------|--|
| Action type | Type of Document | Approval date | Responsible entity |
| Increasing the duty-free import limit of goods in the framework of e-commerce for individuals up to one thousand euros for the period until October 1, 2022 | Decision of the Council of the Eurasian Economic Commission | 2022/03/29 | Ministry of Finance of Russia, Ministry of Economic Development of Russia, FCS of Russia |
| Determining the exchange rate in order to pay import customs duties | Decree of the President of the Russian Federation | 2022/03/28 | Ministry of Finance of Russia, Ministry of Economic Development of Russia, FCS of Russia |
| Establishing a mechanism for the gradual adaptation of interest rates for loans issued with floating rates | Federal law, instructions of the Central Bank of Russia | 2022/03/28 | Ministry of Economic Development of Russia, Bank of Russia, Ministry of Finance of Russia, Ministry of Industry and Trade of Russia, Ministry of Agriculture of Russia |
| In the field of industry and trade | Decree of the Government of the Russian Federation | 2022/03/18 | Ministry of Industry and Trade of Russia, Ministry of Economic Development of Russia, Ministry of Finance of Russia |

| Section 2. Tax Incentives and Reduced Regulatory Restrictions | | | |
|---|---|------------|---|
| Simplification of tax control, including suspension of tax sanctions (fines for blocking accounts) for certain crimes, as well as extension of tax reporting deadlines. | Federal law | 2022/04/04 | Ministry of Finance of Russia, Federal Tax Service of Russia, Ministry of Economic Development of Russia, Ministry of Natural Resources of Russia |
| Section 3. Import Support | | | |
| Priority in the clearance of consumer goods, including food and medicine, equipment and spare parts on Russian railways and at checkpoints and ports. | Administrative Affairs | 2022/03/18 | Federal Customs Service of Russia |
| Temporary suspension of transportation control when importing goods | Federal Law, Decree of the Government of the Russian Federation | 2022/03/28 | Ministry of Transport of Russia, Federal Customs Service of Russia, Ministry of Economic Development of Russia |
| Section 4. Measures in the Field of Social Support, Including Labor Market Support | | | |
| Admission of students expelled from foreign universities due to sanctions in Russian universities | Decree of the Government of the Russian Federation | 2022/03/21 | Ministry of Education and Science of Russia |
| Payment of monthly allowance to needy families with children aged 8 to 16 | Decree of the Government of the Russian Federation | 2022/04/10 | Ministry of Labor of Russia |
| Organizing public jobs for citizens registered in the employment service in order to find suitable work, including unemployed citizens | Decree of the Government of the Russian Federation | 2022/03/21 | Ministry of Labor of Russia, Ministry of Finance of Russia |
| Payment of unemployment insurance if the number of unemployed citizens increases (without changing the amount) | Decree of the Government of the Russian Federation | 2022/03/21 | Ministry of Labor of Russia, Ministry of Finance of Russia |

Source: Classified by Authors Based on Midural Website

Hirsch (2022) delves into the limitations of the sanctions imposed on Russia and highlights Russia's strengths in its anti-sanction strategy in a report published by an economic think tank based in Brussels. The report underscores the most impactful anti-sanction measure initiated by the Central Bank of Russia, known as the "Russian Fortress," which is designed to safeguard Russia's financial system. Initially, the sanctions had a profound impact on Russia's financial system, resulting in a substantial 40% reduction in the assets of the Central Bank of Russia and its banking reserves. However, effective management by the Central Bank has contributed to the system's recovery, with the Central Bank of Russia, still holding substantial foreign currency reserves, totaling approximately \$300 billion, for potential interventions in currency markets and fulfilling its own debt obligations. Despite Russian banks' loss of access to the SWIFT financial transfer system, alternative channels have enabled them to secure the necessary cash funds, maintaining their global interactions.

The report also underscores the strength of oil and gas exports for the Russian economy under sanctions, although it warns of a significant long-term threat. Several countries, including Canada, the United States, and Australia, have banned oil imports from Russia, while Britain plans to reduce its imports to zero by the year-end. The European Union, which was highly reliant on Russian oil imports, has agreed to cease seaborne route oil imports from Russia by year-end. Despite seeking new markets for its oil, Russia is compelled to sell it at a substantial discount. If the most lucrative markets remain closed, as in the past, this trend is expected to persist.

Furthermore, experts at Coface, an international company specializing in trade risk insurance and foreign economic activities,

have analyzed Russia's anti-sanction policy. They have highlighted Russia's progress in diversifying its economy, particularly in the agricultural-food and information technology sectors, which have gained significant momentum (Pavlova et al., 2022, p.10). This assessment aligns with the Central Bank of Russia's report, indicating that projects related to financial technologies have not only maintained their significance, but have also grown in importance. The development of the digital Ruble platform has been underway throughout 2022, with plans for testing this year. There has also been a strong emphasis on expanding the use of the Faster Payment System for goods and services payments, with intentions to use it for cross-border payments in the future.

6. Research Findings

In this section, we begin by constructing the matrix for evaluating both internal and external factors affecting Russia's anti-sanction economic policy, as outlined in Table (2). This table illustrates the various strengths and weaknesses, as well as opportunities and threats, that shape Russia's approach to navigating the challenges of sanctions and economic resilience. Within this matrix, we can observe that Russia possesses notable strengths, particularly in terms of its geographical attributes and abundant energy reserves. These strengths have significantly amplified Russia's influence on the international stage, especially during periods of conflict and sanctions. These strengths have also contributed to a notable shift in global expectations concerning Russia's post-sanction prospects, thanks to the successful implementation of anti-sanction economic policies. However, Russia does not come without its weaknesses, especially in its political and economic structures. It is evident that

reducing its dependence on oil and gas revenues and embracing a more comprehensive approach to development represent critical steps that the country should consider to strengthen its resilience. In the evaluation of external factors, encompassing both threats and opportunities for the Federation, a crucial dynamic system emerges. Russia's commitment to preserving its territorial integrity and resisting NATO expansion has come at a significant cost. These costs are exemplified by the imposition of severe Western sanctions and the outflow of foreign capital from the country. This persistent approach may potentially result in the long-term loss of opportunities for Russia, including the presence of Western companies and potential economic collaborations.

Table 2. Evaluation Matrix of Internal and External Factors of Russia

| Evaluation Matrix of Internal Factors | |
|--|---|
| Weakness (W) | Strengths (S) |
| 1. Prescriptive economy 2. Economic dependence on energy income 3. Asymmetric development 4. large size of the government 5. Focus on the development of the military | 1. Vast geographical area 2. Reserves of oil and gas 3. Russia's membership in the World Trade Organization and Shanghai Cooperation Organization 4. The political legacy of the Cold War 5. Anti-sanctions economic policy |
| Evaluation matrix of external factors | |
| Opportunities (O) | Threat (T) |
| 1. The presence of western companies in Russia 2. Europe's dependence on Russian gas 3. Common border with China and Japan 4. Veto power in the United Nations Security Council | 1. Western sanctions 2. NATO expansion 3. Special military operations in Ukraine 4. Reverse globalization 5. New world order |

Source: Authors

Table (3) presents the results obtained through the application of the SWOT matrix strategy, which involves a comprehensive assessment of Russia's strengths, weaknesses, opportunities, and threats.

Table 3. SWOT Matrix of the Russian Federation

| | | | |
|--|----|---|----|
| The threat of energy sanctions for Russia - China and Japan are a threat to Russia | WO | The strategic role of Russian energy exports to Europe - Russia's presence in the Shanghai Cooperation Organization | SO |
| Isolation of Russia and repeating the scenario of not achieving development | WT | The establishment of a new world order | ST |

Source: Authors

In the analysis conducted in stages, several key insights emerge regarding Russia's economic strategy under sanctions:

- i. **Leveraging Energy Exports and Trade Balance:** Russia's strength in the energy exports sector, especially its gas resources, has enabled the country to maintain a positive trade balance with European nations, compensating for reduced imports due to Western sanctions. The mutual dependence between Russia and these countries on energy resources has played a pivotal role in this resilience.
- ii. **Geopolitical Alliances and "Pivot to the East":** Russia's membership in the Shanghai Cooperation Organization and its geographic proximity to influential countries, such as China and Japan offer opportunities for strengthening trade relations. This aligns with Russia's "pivot to the East" policy, enhancing its resilience to sanctions and promoting economic growth through diversified partnerships.

- iii. **Energy Dependency Risk:** While Russia's energy exports have been advantageous, there is a long-term risk associated with overreliance on this sector. If European countries transition to alternative energy sources like hydrogen, it could adversely affect Russia's economy, emphasizing the need for diversification.
- iv. **Regional Development Imbalances:** Asymmetric development in western and southwestern regions of Russia may pose a risk of China and Japan expanding their influence in these areas, potentially weakening Russia's territorial integrity and control.
- v. **Global Influence and Power Ambitions:** Russia's strategies prioritize maintaining its geographical expanse, preventing Western advances, and reviving historical power heritage. However, these actions, such as special military operations in Ukraine, may have international repercussions and affect Russia's global influence and power dynamics.
- vi. **Command Economy and Globalization Reversal:** Russia's command economy, with an emphasis on military development, could lead to a reversal of globalization. If Russia's actions result in more Western sanctions and its anti-sanction economic policy does not effectively counter these conditions, the country may face long-term consequences, such as isolation from global trade, economic stagnation, and hindered development.

7. Conclusion and Policy Recommendations

This study examined the concept of a resilient economy, analyzing its application in both Iran and the Russian Federation. The primary objective was to assess Russia's anti-sanction strategies and extrapolate valuable insights that may be applicable to Iran's economic situation. Through an examination of statistical

indicators in both countries, particularly in the context of intensified sanctions, it became evident that Russia, even amidst severe sanctions, has effectively navigated the complexities of its internal and external affairs. This accomplishment was particularly pronounced following its special military operations in Ukraine in 2022, signifying an adept management of sanctions-related challenges.

The assessment of Russia's anti-sanction strategies, as elucidated through the design of a SWOT matrix tailored for sanction conditions, revealed multifaceted dimensions. While Russia's substantial advantage in gas exports serves as a strength during sanctions by strengthening its trade position, it simultaneously harbors the potential to undermine the long-term stability of Russia's economic structure. The comprehensive measures employed by the Russian Federation to counteract imposed sanctions can be broadly categorized into domestic and foreign actions. At the domestic level, the Central Bank of the Russian Federation has spearheaded critical initiatives aimed at curbing inflation and averting economic recession. These efforts have included support packages for families with children, the creation of job opportunities to combat unemployment, and the provision of unemployment insurance for individuals without work. Collectively, these measures have contributed to a decline in the unemployment rate and a reduction in poverty levels. On an international scale, the Russian Federation has undertaken a dual-pronged approach. It has diversified its trade partnerships, thereby streamlining the import of consumer goods. Additionally, the country has implemented directives and measures to expedite the importation of essential commodities, which includes raising the import ceiling.

Drawing from the experiences and the anti-sanction economic model established by Russia, there are several actionable considerations for Iran, primarily at the domestic level. One critical facet revolves around the need to recalibrate the policies of Iran's Central Bank to align with the overarching objectives of building a resilient economy. This entails endowing the Central Bank of Iran with a pivotal role in forging stable financial systems that mitigate the vulnerability of financial institutions and effectively control inflation rates. In light of Iran's existing predicament, subjected to both domestic and international sanctions, there emerges a pressing need for comprehensive reforms. Such reforms encompass the reduction of government intervention in the economy and an overhaul of the taxation and banking systems. By adopting these reforms, Iran can foster the essential components of a resilient economy, ultimately stimulating economic growth and development.

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