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E-002289/2026

Answer given by High Representative/Vice-President Kallas
on behalf of the European Commission
(13.7.2026)

In response to Russia's unprovoked and unjustified military aggression against Ukraine, the EU has imposed unprecedented restrictive measures against Russia. Those measures are designed to reduce the Kremlin's ability to finance the war, impose clear economic and political costs on Russia's political elite, while increasing the long-term economic costs of its aggression.

Russia's economy is showing increasing signs of strain. In the first quarter of 2026, real gross domestic product (GDP) contracted by 0.2%, while the key interest rate remains very high (currently at 14.25%), keeping the cost of capital elevated and constraining investment and growth. Outstanding corporate loan debt in Russia has nearly doubled since the start of the war, heightening credit risks in the banking sector and adding to broader macroeconomic fragility. At the same time, despite rising defence expenditure and higher oil prices, Russia's fiscal position has deteriorated sharply. By end May 2026, the budget deficit reached 6 trillion RUB, equivalent to 2.6% of GDP. This is more than the deficit recorded for the whole 2025 and already 50% above the entire deficit planned for 2026. Furthermore, Russian fossil fuel revenues are almost one third lower than pre-invasion levels.

EU sanctions are designed to maximise pressure on Russia while minimising unintended consequences for the EU and the rest of the world. Restrictive measures are regularly reviewed, amended and renewed by the Council by unanimity, in the light of political developments on the ground.