WHITE PAPER:

THE FUTURE OF EUROPEAN LEADERSHIP IN THE ECONOMIC DETERRENCE OF AGGRESSION

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Approved by the Expert Group
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Global security threats are growing in scale and complexity – reaching deep into finance, trade, and critical technologies. That is why economic measures, such as sanctions and export controls, have become not only instruments of political pressure, but also core components of modern security policy.

At the same time, their effectiveness increasingly depends on explicit leadership – the ability to make timely, strategic decisions and to unite the international community around them.

This White Paper reviews the existing achievements and challenges of the European economic statecraft and sets out new, practical steps to strengthen the EU's role in maintaining internal and global security – both in countering ongoing Russian aggression and in responding to future instability.

ECONOMIC SECURITY COUNCIL *of* UKRAINE

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EXECUTIVE SUMMARY

Without the European Union's involvement, a multilateral and comprehensive economic response to Russian aggression against Ukraine would not have been possible.

On the eve of the full-scale invasion, Europe was the Russian Federation's primary trading partner, providing Kremlin with substantial revenues through energy imports and served as a key source of technology exports that supported the development of Russian industry and military capabilities. Without the active engagement of a key actor such as the European Union, the sanctions regime against Russia would not have achieved its current impact.

The progress achieved over the past three years would not have been possible without the European Union's flexibility in employing economic instruments, the evolution of its positions and approaches, and the resolve demonstrated by individual Member States. Throughout the full-scale invasion, Brussels preserved the unity of its sanctions regime, significantly enhanced its instruments, and found the necessary mechanisms and compromises to align the interests and address the concerns of all participants.

However, in the current context of profound political uncertainty and ongoing attempts by the Russian Federation to extract concessions from the West under the pretext of a "readiness" for a just peace, sustained economic pressure on the aggressor is becoming even more critical, calling for a new level of leadership from the European Union.

Even after more than three years of full-scale invasion and an unprecedented number of sanctions imposed in response to Russian aggression, 27 members of the European Union have enough economic and business instruments to slow down Russia's advance on the battlefield and force it into fair and practically substantiated negotiations. The EU can still target a range of sectors that continue to enable Russian aggression, including:

- Confiscate Russian sovereign and private assets, ensuring more sustainable support for Ukraine and its struggle, while relieving the burden on European taxpayers;
- Block Russian revenues from the sale of energy resources, metallurgical products, and nuclear technologies, which form the basis of the Kremlin's export earnings and its influence beyond Russia;
- Shut down Russian financial flows that serve as the Kremlin's infrastructure for sustaining critical exports, acquiring technologies essential for replenishing its military arsenal, and circumventing previously imposed sanctions;
- Transform the Russian military-industrial complex into a sector deprived of access to Western technologies, components, support, and expertise by blocking its grey import schemes, its access to non-Western alternatives, and depriving it of a critical mineral and raw material base;
- Record in sanctions lists all persons involved in supporting and implementing Russian aggression, as well as conducting hybrid attacks against Member States, thereby demonstrating the inevitable consequences of such actions;
- Restore and reform the coordination system for the above-mentioned measures among all countries whose security and prosperity, both in the short and long term, are threatened by Russian aggression.

Implementing such a package of measures requires determination on the part of the European Union and careful engagement with internal systemic challenges that continue to constrain the effectiveness of the EU's sanctions policy. In the near term, Brussels should focus on:

- Expanding the extraterritorial scope of its economic restrictions and leveraging the full potential of its unique role in global trade;
- Reforming the decision-making process for the adoption and renewal of sanctions;
- Strengthening compliance mechanisms by enhancing the mandates of central institutions, increasing their resources, and improving their tools for influencing the behavior of individual Member States;
- Supporting, developing, and utilizing a broad network of civil society initiatives engaged in research, OSINT, partnerships with the private and academic sectors, advocacy, and related activities.

However, to respond effectively to internal challenges and strengthen economic pressure on the Russian Federation, EU Member States must first and foremost recognize the strategic importance of sustaining such countermeasures and maintaining long-term deterrence against future aggression. The European restrictions imposed on Russia since 2014 must not be lifted until their core objectives are fully achieved, namely:

- Ending Russia's ongoing aggression against Ukraine and rendering such aggression either unprofitable or impossible;

- Ensuring a just resolution of the war and securing the resources necessary to compensate the affected party for its losses;
- Upholding the global principle of the inviolability of borders and the non-recognition of the illegal occupation of sovereign territories.

Moreover, certain European sanctions—particularly those aimed at restricting Russia's military industry capacity, its access to critical Western dual-use technologies etc.; those imposed in response to Russia's hybrid attacks beyond Ukraine, and those aimed at decoupling from strategic European dependencies from Russian supplies — must remain in place and be upheld even after the end of the active phase of the full-scale invasion of Ukraine, as part of a broader policy to prevent renewed aggression and safeguard the security of EU Member States.

As the Russian Federation will likely remain a long-term strategic military threat for the EU member states, the economic deterrence of potential Russian aggression will remain an actual task after any potential ceasefire in Ukraine. It is EU's self-interest to use non-military instruments like economic and sectoral restrictions to weaken Russian capacity to forge a military threat against the EU member states. In practice, that means necessity for the EU to take measures to restrict economic and technological development of the Russian Federation.

For more than three years of full-scale war, the European Union has undertaken a monumental effort to defend Ukraine's sovereignty, strengthen its economic security, and reduce its dependence on Russia. This progress should not be reversed, but instead built upon and transformed into a defining feature of European leadership.

PART I:

Achievements, Challenges, and Prospects of European Sanctions Policy

EU SANCTIONS IMPOSED IN RESPONSE TO THE FULL-SCALE INVASION

Since 2014, following the launch of Russian aggression against Ukraine with illegal occupation of Crimea and military hostilities in the Donbas (including downing of MH17 civilian aircraft with hundreds of EU citizens killed), the EU started to apply individual and sectoral sanctions against the Russian Federation, including in oil & gas production and in financial services. But it is following Russia's full-scale invasion of Ukraine in February 2022 that the EU economic restrictions reached an unprecedented level aimed at forcing Russia to renounce aggression and limiting its military and economic power.

As of May 2025, the European Union's sanctions and export control framework against Russia comprises 16 packages, covering hundreds of product categories and targeting thousands of individuals and entities.[1] To date, more than 2,400 individuals and entities have been sanctioned by the European Union for their involvement in supporting Russian aggression.[2] Among them are 1,876 individuals—including Russian officials, propagandists, oligarchs, and Kremlin-linked businesspersons— most of whom have been subjected to asset freezes and entry bans within the European Union. The remaining 538 are entities such as political parties, banks, enterprises from Russia's military-industrial complex, and those in the transport and energy sectors. This group also includes companies from third jurisdictions involved in sanctions circumvention, along with entities from Iran and Belarus. In addition, the European Union has suspended the broadcasting and licensing of 27 Russian media outlets within its territory.[3]

A separate pillar of EU sanctions consists of import restrictions on products that form the backbone of Russia's export revenues and fund its large-scale military expenditures. Since August 2022, the European Union has imposed a ban on the import of Russian coal. The ban on the import of oil and refined petroleum products by sea, which accounted for 90% of all shipments to the EU, entered into force in December 2022 and February 2023, respectively.[4] Finally, as a member of the G7, the European Union joined the price cap mechanism on Russian oil. In addition, Brussels has prohibited the import of Russian liquefied petroleum gas, steel, iron, primary aluminum, cement, timber, gold, and diamonds. At the same time, certain Member States have fully phased out the use of Russian pipeline gas.[5] As of March 2025, 58% of the European Union's pre-war imports from Russia—equivalent to EUR 91.2 billion—are subject to various restrictions.[6]

The European Union has made equally significant efforts to block the export of its goods to Russia, particularly those that play a critical role in producing weapons and maintaining Moscow's industrial capacity. In particular, the European Union has banned the export of semiconductors, engines, aerospace components, aircraft, aviation fuel, optical and navigation devices, specialized chemicals, manufacturing and oilfield equipment, and a broad range of dual-use goods.[7] Investment in Russian energy and mining projects, including production activities and developing liquefied natural gas facilities, is also prohibited.[8] The estimated value of the aforementioned export restrictions and bans currently stands at EUR 48 billion, representing 54% of the European Union's exports to Russia in 2021.[9]

Restrictions on the export of European services to Russia must also be considered, with a total estimated value of EUR 3.28 billion (equivalent to 16% of the EU's service exports to the Russian Federation on the eve of the invasion).[10] Among other measures, the European Union has prohibited the provision of accounting, auditing, construction, and engineering services as well as consulting related to intellectual property and sanctioned technologies. It has also banned the export of software for production management and industrial design.[11]

In addition to trade-related sanctions, the European Union has imposed various restrictions on the Russian

1. https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/
2. https://data.europa.eu/apps/eusanctionstracker/search/WyJyZWdpbWUvVUtSIl0=
3. https://www.consilium.europa.eu/en/policies/sanctions-against-russia/
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11. https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/

banking sector. As of May 2025, 23 Russian and 4 Belarusian banks have been disconnected from the SWIFT international financial messaging system.[12] Additional restrictive measures include the prohibition of European and foreign financial institutions from using the Russian System for Transfer of Financial Messages (SPFS), conducting transactions with the Central Bank of the Russian Federation, and supplying euro banknotes to Russia. According to cumulative estimates, approximately 70% of the assets within the Russian banking system are currently subject to sanctions.[13]

Moreover, approximately EUR 200 billion (USD 217 billion) in Russian assets—primarily consisting of the foreign exchange reserves of the Central Bank of Russia—have been frozen by EU Member States.[14] These actions form part of broader international efforts that have led to the immobilization of approximately EUR 274 billion (USD 300 billion) in Russian reserves worldwide, the majority of which are held in European financial institutions.[15]

THE IMPACT OF EUROPEAN SANCTIONS ON THE RUSSIAN ECONOMY AND MILITARY-INDUSTRIAL COMPLEX

The sanctions imposed by the European Union and measures taken by other members of the sanctions coalition have substantially damaged the Russian economy.

The EU's ban on the import of Russian oil (combined with the G7-imposed price cap) has deprived Moscow of one of its most profitable export markets, forcing it to redirect oil sales to Asia at discounted prices. Russia's total export revenues, of which energy resources constitute the majority, declined by 29% in 2023 compared to 2022, and by 14% compared to 2021.[16] Due to Russia's self-imposed gas restrictions, Gazprom's share of the EU gas market fell from over 35% to just 7%, leading to a substantial decline in its export revenues.[17] Consequently, in 2024, Gazprom reported a net loss of RUB 1.076 trillion (approximately USD 12.89 billion)—its first annual loss in 24 years.[18]

As a result of European sanctions on Russian diamonds, introduced in coordination with international partners, the state-owned corporation Alrosa has been left with unsold diamond inventories valued at RUB 129.9 billion (USD 1.3 billion). Consequently, Alrosa's revenues declined by 26%, and its net profit fell by a factor of 4.4.[19]

Blocking access to high-tech products such as semiconductors, aviation parts, and specialized equipment has undermined Russia's ability to sustain its aerospace, military, and oil refining industries. European exports to Russia in the machinery and equipment category declined tenfold, from EUR 3.5 billion to EUR 365 million.[20] Restrictions in the aviation sector have severely affected Russian civil aviation—in 2025 alone, approximately 30 airlines in Russia had declared bankruptcy or ceased operations.[21] Russian airlines lost 58 aircraft in a year due to sanctions and related accidents, which reduced their operational fleet.[22]

In general, as of the fourth quarter of 2024, EU exports to Russia had decreased by 62%, while imports from Russia had fallen by 85% compared to the first quarter of 2022, effectively resulting in Russia's near-total loss of its largest trading partner.[23] According to some expert estimates, Russia's total losses—accounting for freezing sovereign assets (in the event of their confiscation) and introducing the oil price cap—could exceed USD 500 billion.[24] According to other estimates, the scale of Russia's budgetary losses resulting from sanctions is equivalent to four annual Russian military budgets.[25]

However, the most extensive sanctions in the history of the European Union have not resulted in the collapse of Russia's economy or state institutions. This is partly due to exceptionally high energy prices, previously accumulated cash reserves from energy exports to the EU, the redirection of exports to new markets in Asia that helped cushion the sanctions shock, massive wartime spending, and the relatively effective monetary policy of the Russian Central Bank.[26] The decline in Russia's GDP by 2–3% in 2022 was milder than many expert forecasts.[27] For example, following a drop in export revenues in 2023, Russia's federal budget revenues from oil and gas sales rose by more than 26% in 2024, reaching approximately RUB 11.13 trillion (USD 108.22 billion), mainly due to the widespread use of the "shadow fleet".[28] Overall, since February 24, 2022, Russia has earned approximately EUR 847 billion from fossil fuel exports worldwide, nearly double the estimated losses incurred due to sanctions.[29]

There was no restrictions on EU's energy trade with Russia after illegal occupation and attempted annexation of Crimea and start of the war in Donbas in 2014. Even throughout the full-scale invasion, Russia has continued to trade with the European Union, receiving more than EUR 210 billion from European countries for energy exports in 2022 alone. These revenues were enabled by the fulfillment of contracts concluded before the imposition of sanctions, a lengthy adaptation period before the oil embargo took effect in December 2022, and a sharp rise

12. https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/
13. https://www.csis.org/analysis/how-sanctions-have-reshaped-russias-future
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24. https://www.csis.org/analysis/how-sanctions-have-reshaped-russias-future
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26. https://www.reuters.com/markets/europe/russian-central-bank-hikes-rates-by-350-bp-12-extraordinary-meeting-2023-08-15/
https://www.reuters.com/world/europe/putin-growing-concerned-by-russias-economy-trump-mulls-more-sanctions-2025-01-23/
27. https://cepa.org/comprehensive-reports/addicted-to-war-undermining-russias-economy/
28. https://www.reuters.com/business/energy/russian-oil-gas-revenues-jump-26-2024-108-bln-2025-01-13/
29. https://energyandcleanair.org/publication/eu-imports-of-russian-fossil-fuels-in-third-year-of-invasion-surpass-financial-aid-sent-to-ukraine/

in global commodity prices.[30] Even in 2024, the EU paid EUR 21.9 billion for imports of Russian fossil fuels.[31] Last year, the EU also imported a record 16.5 million tons of Russian liquefied natural gas, which exceeded imports from previous years. Exports of Russian fertilizers to the EU in 2024 increased by more than 33%, reaching 6.2 million tons worth EUR 2.2 billion.[32] Russian aluminum and other base metals continued to enter the European Union without restrictions for nearly two years, until the adoption of the 16th sanctions package. Between 2022 and 2024, despite existing sanctions and due to broad exemptions, Russia earned approximately EUR 10.52 billion from iron and steel exports to the EU. [33]

While direct exports of high-tech goods from the European Union to Russia have significantly declined, the scale of re-exports to the Russian Federation through third countries remains impressive. For example, between July and December 2022, EU exports to Armenia increased by 178%, to Azerbaijan by 45%, to Georgia by 41%, to Kazakhstan by 116%, and to Kyrgyzstan by 537% compared to the same period in 2021. A similar trend continued throughout 2023.[34] These goods are frequently rerouted to Russia, particularly in the case of dual-use items. Before the full-scale invasion, the markets of Armenia and Kyrgyzstan showed little demand for European marine navigation equipment — unsurprisingly, as neither country has access to the sea. However, following the introduction of sanctions, demand for such equipment rose sharply, reaching hundreds of thousands of euros in some months, with Kyrgyzstan importing nearly EUR 1 million and Armenia EUR 6.5 million in January 2024 alone.[35]

In addition to re-exports through Turkey and countries of the former Soviet Union, Russia has been receiving more than USD 300 million worth of dual-use goods each month from the People's Republic of China since the beginning of the full-scale invasion.[36] China has emerged as a key re-export hub, enabling Russia to maintain indirect access to European technologies, equipment, and components. It has also become a major exporter of its own products to Russia, replacing goods previously supplied by the EU and helping to shield the Russian economy from potential shortages.

THE POTENTIAL OF EUROPEAN LEADERSHIP WITHIN THE SANCTIONS COALITION

Despite widespread circumvention schemes and the challenges outlined above, the new sanctions regime applied to the Russian Federation has marked a turning point for the European Union as an international actor—and for Western states more broadly—given its scale, instruments, and level of international coordination. Over the past three years, the EU has made what can be described as a near-quantum leap in its sanctions policy: moving from a position of complete non-recognition of secondary sanctions to the gradual extraterritorial application of its measures, and from 27 fragmented enforcement regimes to launching the criminalization of sanctions circumvention at the Union-wide level.

At the same time, isolating the impact of European sanctions from the broader efforts of the entire sanctions coalition is extremely difficult and arguably undesirable. One of the defining features of the sanctions imposed on Russia since 2022 is the unprecedented level of multilateral coordination. This includes the formation of numerous intergovernmental working groups, cooperation platforms, and joint initiatives across jurisdictions—such as the oil price cap mechanism, restrictions on the import of Russian rough diamonds and gold, the development of a shared List of Common High Priority Items, and the establishment of the Export Enforcement Five, an intergovernmental group focused on coordinated export control enforcement. Enhanced coordination and synchronization within transatlantic and democratic alliances—particularly the combination of U.S. financial power, the European Union's economic influence, and the targeted instruments of other jurisdictions—has been central to maintaining sustained pressure on the Russian economy. However, the future of the international sanctions coalition remains uncertain.

Since the beginning of 2025, the United States of America—an integral driver of economic pressure on the Russian Federation throughout three years of full-scale invasion—has repeatedly indicated the possibility of lifting certain sanctions and resuming economic cooperation with Moscow, including in energy and investment.[37] The phased easing of sanctions, including some imposed in response to the 2014 annexation of Crimea, was also included in the peace deal presented by the U.S. administration to Ukraine and its Western partners in April of this year.[38]

At the same time, in early April of this year, a bipartisan group of 50 U.S. senators introduced a bill providing for the imposition of additional sanctions on Russia should it refuse to engage in good-faith peace negotiations with

30. https://www.epc.eu/en/publications/Cost-of-aggression-EU-sanctions-against-Russia-two-years-on~58f570
31. https://energyandcleanair.org/publication/eu-imports-of-russian-fossil-fuels-in-third-year-of-invasion-surpass-financial-aid-sent-to-ukraine/
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38. https://www.reuters.com/world/ukrainian-european-peace-deal-counterproposals-us-talks-london-2025-04-25/

Ukraine.[39] The "bone-crushing" new sanctions currently supported by 72 senators include introducing 500% duties on countries that buy Russian oil.[40] According to media reports, the U.S. administration has prepared a new government sanctions package against Russia; however, its adoption under the 47th U.S. President remains uncertain.

The foundation for such European leadership should rest on the unprecedented achievements and progress made over the past three years, as outlined in the preceding sections. One should also consider the European Union's significant potential to enhance its sanctions policy further and apply fair pressure on the aggressor in areas that merit deeper discussion.

First and foremost, in the context of anti-Russian sanctions, the EU has been—and remains—a key global trade hub and center of economic gravity. Before the full-scale invasion, the EU was Russia's largest trading partner, accounting for about 37.9% of total Russian exports and 36.5% of imports.[41] In 2021, Russia was the European Union's fifth-largest trading partner, with a total trade turnover of approximately EUR 257.5 billion.[42] To compare, the trade turnover between Russia and the US during the same period amounted to just USD 36.1 billion.[43]

Despite the significant reduction in Russia's share of EU trade, Brussels continues to serve as a limited but still important market for Moscow. Overall, 42%—or nearly half—of Russia's pre-war imports remain unrestricted by sanctions, and existing measures require enhanced compliance and enforcement.[44] As noted above, in 2024 alone, Russia earned more than EUR 20 billion from the European Union through energy sales. Furthermore, approximately 13% of the gas purchased by EU Member States still originates from Russia.[45] According to researchers at CREA, the EU retains sufficient leverage to collapse Russia's fossil fuel revenues by up to 20%.[46]

Europe's unique role in global trade also provides significant leverage in addressing sanctions circumvention schemes employed by Moscow, particularly in cooperation with third jurisdictions. With a GDP of EUR 17 trillion, the European Union ranks among the world's largest economies. It is the leading global exporter of manufactured goods and services, accounting for approximately 14% of international trade in goods.[47] The sheer scale of the European market, with its 450 million consumers, compels many countries worldwide to take Brussels' sanctions into account, even if they do not actively support efforts to deter aggression.[48]

European sanctions can block direct access to markets, products, and services for the aggressor and deter third parties, provided the risk of losing business opportunities in Europe is sufficiently high and reinforced by concrete enforcement cases.[49] The European Union is a significant trading partner and investor in Central Asia and the South Caucasus. Its diplomatic engagement, coupled with the implicit threat of sanctions, has prompted countries such as Kazakhstan and Uzbekistan to enhance export monitoring and curb the re-export of restricted goods.[50] Brussels' substantial ties with Gulf countries—both as a major purchaser of oil and gas and a key provider of technology—give the European Union a strong negotiating position with partners such as the United Arab Emirates in efforts to dismantle sanctions evasion networks operating within their jurisdictions.[51] The EU is the largest trading partner for influential jurisdictions like China, Turkey, and India. Some sectors of Chinese industry are 70–80% dependent on access to European technologies; Ankara exports more than 41.3% of all its goods to Europe; and Brussels' share in Indian trade (12.2%) exceeds that of both the United States (10.8%) and China (10.5%).[52]

Equally important is the fact that the very nature of the European Union and its extensive network of internal and external economic relations provide it with strong resilience in adapting to sanctions regimes and a rapidly evolving business environment. For example, most Russian energy imports have been replaced by U.S. liquefied natural gas, and natural gas supplies from Norway, Qatar, Algeria, and Azerbaijan have increased.[53] Moreover, the EU is systematically investing in long-term initiatives to modernize and expand its energy infrastructure, such as the Czech Republic's TAL pipeline modernization project, which is designed to increase oil imports from Italy and enhance energy independence.[54] The EU is also advancing the development of domestic production in sectors previously reliant on imports from the Russian Federation — in particular, it supports expanding the use of manure-derived fertilizers, commonly referred to as RENURE.[55]

CHALLENGES IN ADVANCING EUROPEAN LEADERSHIP

To effectively reinforce the European Union's sanctions policy, it is essential to assess the outcomes of measures taken to date and the potential for further progress, and acknowledge the systemic challenges

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54. https://www.reuters.com/markets/commodities/czechs-start-oil-imports-through-upgraded-tal-pipeline-april-2025-03-27/
55. https://www.ft.com/content/691a94be-ab82-43e6-b14c-9e96913db8ec

currently confronting the EU sanctions framework. The following section outlines key barriers to enhancing its effectiveness.

Limited extraterritorial application of EU restrictive measures

The United States has traditionally been the primary enforcer of extraterritorial measures within international sanctions regimes. Since the onset of the full-scale invasion, Washington has imposed significantly more sanctions than other coalition members and introduced 494 secondary sanctions targeting entities across 57 countries.[56]

The foundation of U.S. extraterritorial sanctions enforcement typically lies in the dominance of the U.S. dollar within the global financial system. This position enables U.S. sanctions to not only directly restrict the aggressor state's activities but also influence the conduct of its ad hoc partners, for example, by threatening to block the correspondent accounts of foreign financial institutions engaged in transactions that support the Russian military-industrial complex.[57]

The euro, while important, is used less extensively on the global stage than the U.S. dollar. For example, when considering international transactions in which at least one party is located outside the euro area, the euro accounts for approximately 9.4% of global financial flows.[58] The corresponding figure for the U.S. dollar exceeds 50%.[59]

In addition, the European Union has historically not recognized the legitimacy of secondary sanctions under international law. As early as 1996, the EU adopted a regulation empowering Member States to take protective measures against the extraterritorial application of third-country laws to safeguard EU citizens and companies.[60]

However, since the onset of the full-scale invasion, the European Union has de facto moderated its stance and taken several notable steps toward incorporating elements of extraterritoriality into its sanctions regime. Under the 11th sanctions package, the EU introduced the possibility of imposing export restrictions on entire jurisdictions that systematically facilitate the circumvention of sanctions.[61] In the 13th package, several Chinese companies supplying goods to the Russian military sector were added to the sanctions list for the first time.[62] Furthermore, the EU now requires European companies to ensure that their subsidiaries in third countries comply with sanctions against Russia–an approach that carries extraterritorial implications for foreign markets.[63] Finally, the 14th package of EU sanctions introduces the possibility of imposing a full prohibition on transactions with foreign credit and financial institutions, as well as crypto-asset service providers, if they are found to be involved in transactions that contribute to the export of dual-use goods to Russia. This measure resembles Executive Order 14114 issued by the President of the United States, which effectively warned foreign banks of the risk of losing access to U.S. correspondent banking services.[64]

However, despite the advancements above—and the European Union's significant trade and economic influence, which can partially offset the euro's comparatively limited global reach—the EU sanctions regime cannot yet be regarded as fully extraterritorial. A clear political consensus and legal position favoring embedding extraterritoriality into EU sanctions policy has yet to emerge. The shifts in approach observed to date appear to be primarily reactive responses to the unprecedented deterioration of the security environment. Consequently, many available legal instruments remain underutilized or are not applied in practice. This applies to the EU's still overly cautious approach to sanctioning Chinese actors involved in facilitating sanctions circumvention, the absence of a European counterpart to U.S. Executive Order 14114 as a policy instrument, and the lack of comprehensive restrictions targeting entire jurisdictions that have consistently supported the Russian Federation in the supply of sanctioned goods over an extended period.

The European Union must recognize its global role not only in fostering international partnerships and expanding trade networks but also in leveraging economic instruments to safeguard both its security and broader international stability, as well as to deter acts of aggression decisively. To achieve this, Member States should fully utilize the extraterritorial tools already embedded in EU sanctions legislation and consider advancing new measures. These may include the introduction of secondary sanctions on purchasers of Russian oil, stricter penalties for foreign financial institutions that indirectly support the Russian industrial base, and targeted sanctions against foreign manufacturers that use European technologies to produce and export goods to Russia.

Consensus as an obstacle to speed, flexibility, and effectiveness

Sanctions imposed by the United States, the United Kingdom, or Canada can be enacted within days

56. https://www.castellum.ai/russia-sanctions-dashboard
https://www.vedomosti.ru/politics/articles/2024/07/26/1052165-s-2022-goda-pochti-500-firm-kosnulis-vtorichnie-sanktsii-ssha?from=copy_text
57. https://www.presidency.ucsb.edu/documents/executive-order-14114-taking-additional-steps-with-respect-the-russian-federations-harmful
58. https://www.atlanticcouncil.org/blogs/econographics/the-euros-share-of-international-transactions-is-likely-smaller-than-it-looks/
59. https://www.bloomberg.com/news/articles/2025-02-20/us-dollar-s-use-in-global-transactions-tops-50-swift-says
60. https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31996R2271:EN:HTML
61. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3429
62. https://www.eunews.it/en/2024/02/23/the-13th-package-of-eu-sanctions-on-russia-is-official-china-and-north-korea-also-hit/
63. https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/
64. https://sanctionsnews.bakermckenzie.com/eu-adopts-14th-russia-sanctions-package
https://www.akingump.com/en/insights/alerts/new-executive-order-authorizes-the-imposition-of-secondary-sanctions-on-foreign-financial-institutions

through executive action, such as a presidential executive order or a prime ministerial decision. In the U.S., the President is even vested with special authorities that sometimes allow the executive branch to assume full responsibility for sanctions policy, bypassing congressional procedures.

By contrast, the European Union adopts its sanctions measures collectively, requiring consensus among all 27 Member States. This consensus-based process for adopting sanctions packages is inherently lengthy and complex, limiting the European Union's ability to apply economic restrictions proactively and strategically, and to respond swiftly to actions taken by the aggressor.

For example, although discussions on banning Russian diamonds began at the outset of the full-scale invasion, the European Union's import ban was not adopted until December 18, 2023, as part of the 12th sanctions package, following prolonged resistance from certain Member States, notably Belgium, home to the Antwerp diamond hub.[65]

In addition, the requirement for unanimous approval of sanctions continues to constrain their overall ambition. In many cases, the pursuit of consensus prevents the inclusion of the most impactful measures for countering Russian aggression in draft sanctions packages, as they are expected to be automatically blocked. When more assertive provisions do make it into EU regulations, the compromises required to secure agreement often dilute their effectiveness, expanding the number of exemptions and loopholes, and reducing the intended restrictions from robust to largely symbolic.

An additional challenge is the requirement to renew EU sanctions packages every six months, a process that also depends on consensus among Member States. This demands continuous administrative and political resources, exposes divergences within the Union, and creates opportunities for hostile actors to coordinate pressure on the decision-making process.[66]

It is also worth noting that the justification of vetoes by individual EU Member States on the grounds of national interest is often not accompanied by corresponding efforts to strengthen resilience to the underlying threats. Although, as noted above, the veto power over the EU's sanctions policy has been exercised by several Member States, Hungary stands out as the most frequent user, having blocked 18 EU statements or decisions since 2011—more than twice the number of any other Member State (notably, nine of these vetoes have been issued since October 2023).[67] In particular, by blocking certain sanctions decisions, Budapest has succeeded in maintaining the flow of Russian oil through the Druzhba pipeline, more than two years after the imposition of the EU's complete embargo on Russian crude.[68] However, although this veto was officially justified on "national security grounds," the Hungarian government has not taken any tangible steps to diversify its energy supply in the long term.[69]

The number of countries within the European Union that impede a unified economic response to Russian aggression appears to be increasing. In this context, Hungary has found an ally in Slovakia, which has also on multiple occasions signaled its intention to block the adoption of new sanctions against Russia, particularly in the wake of the termination of gas transit through Ukraine.[70] In 2025, representatives of the extra-parliamentary Slovak Renaissance Movement (SHO) submitted a petition to the Office of the President of Slovakia, calling for a national referendum on terminating the application of sanctions against the Russian Federation.[71] Under these circumstances, addressing the challenges outlined above—and establishing a faster, more effective, and more flexible mechanism for the imposition of sanctions—is becoming increasingly vital to the future of the European Union's sanctions policy.

EU Member States currently have access to a range of legal instruments that could enable decision-making on sanctions without the participation of those whose positions are considered biased, inconsistent with the Union's common policy, or not grounded in genuine national interests. These include the potential use of qualified majority voting mechanisms.

Equally important is the need for a clearer and more coordinated position from Brussels regarding the application of national sanctions regimes by Member States. Unlike the implementation of sanctions measures, which is fully delegated to individual jurisdictions and will be addressed in greater detail in the following sections, the EU's sanctions process does not sufficiently leverage the capacities of national governments. An updated framework for interaction between the EU's unified sanctions regime and national regimes should, on the one hand, enhance the speed and effectiveness of deterring the aggressor, and on the other, preserve robust centralized coordination and uphold European unity.

65. https://www.mayerbrown.com/en/insights/publications/2023/12/european-union-adopts-12th-sanctions-package-against-russia
66. https://cepa.org/article/pressure-to-lift-russia-sanctions-do-the-opposite/
67. https://ucleuropeblog.com/2025/03/20/redefining-european-integration-the-impact-of-hungarys-vetoes-on-eu-governance/
68. https://ec.europa.eu/commission/presscorner/detail/es/qanda_22_7653
69. https://euromaidanpress.com/2024/09/06/politico-hungary-loses-cheaper-russian-oil/; https://balkaninsight.com/2024/12/11/hungary-turns-itself-into-hub-for-russian-gas/
70. https://www.rferl.org/a/eu-russia-sanctions-hungary-slovakia-blacklist-deadlock/33344214.html
71. https://dennikn.sk/minuta/4618501/?ref=mpm

Heterogeneity in law enforcement approaches

In contrast to the approval and adoption of EU sanctions measures, monitoring their implementation remains entirely decentralized. Responsibility for implementing, enforcing, and prosecuting sanctions violations rests with Member States and their respective national competent authorities, which currently number around 160 institutions.[72]

Individual European Union countries demonstrate different levels of involvement and approaches to sanctions enforcement. While some Member States adopt a proactive approach–engaging in systematic efforts to identify violations and cooperating closely with international partners–others demonstrate a more limited commitment, adhering only formally to regulatory requirements.

In practice, a company violating sanctions may face significantly different consequences, for example, in Estonia versus Portugal. For example, the Netherlands has consistently led in the number of convictions related to sanctions violations since 2017, with 40 cases. However, none of them led to long prison terms. Germany, by contrast, has recorded only 10 convictions, but has issued four of the longest known prison sentences for sanctions violations, including a seven-year term in 2020 and a sentence of six years and nine months in 2024. Finland stands out for having initiated approximately 800 ongoing investigations related to sanctions violations, yet the total fines imposed to date amount to only EUR 11,080. Meanwhile, Poland has carried out 24 successful enforcement actions related to sanctions against Russia and Belarus, yet has not recorded a single criminal conviction, highlighting the predominance of administrative proceedings over criminal prosecution.[73]

In this context, it is noteworthy that only recently did the European Union reach an agreement to classify sanctions evasion as a criminal offense across all Member States—an essential step toward strengthening and harmonizing the system of penalties. However, the responsibility for implementing Directive 2024/1226, which entered into force on 20 May 2024, rests with the Member States, which are required to transpose its provisions into national legislation by 20 May 2025.[74]

Thus, the heterogeneity in law enforcement approaches undermines the overall effectiveness of the EU sanctions regime and creates opportunities for circumvention through weaker points within the system.

One of the most widely discussed solutions to this challenge is the establishment of a dedicated, centralized sanctions watchdog at the European Union level. As early as February 2023, the Netherlands proposed the establishment of a sanctions enforcement headquarters in Brussels to tackle the circumvention of EU sanctions. The envisioned body would serve to centralize information, coordinate enforcement efforts, and strengthen the capacities of Member States in implementing sanctions.[75]

It is also worth noting that there are more far-reaching proposals within the expert community than the initiative the Netherlands government put forward. These include suggestions for granting a future centralized authority not only the mandate to enhance information exchange (a function already partially performed by the European Commission), or to coordinate national actions, but also to assess Member States' compliance performance—and, in some cases, to conduct independent criminal investigations and impose direct sanctions.

However, regardless of the adopted model, establishing a single authority at the EU level—while representing a significant step toward enhancing the effectiveness of the sanctions regime—will not fully resolve the challenges outlined above.

First and foremost, any newly established authority will require a corresponding mechanism to influence the behavior of Member States—one that appeals not only to the EU's overarching principles and values (including the imperative to counter Russian aggression against Ukraine), but also to the specific interests of individual countries, which may at times prioritize national considerations over consistent adherence to the sanctions regime. Existing instruments of economic influence, such as financial incentives and penalties, widely employed by EU institutions to promote legislative reforms and adherence to the Union's fundamental values, could also be effectively extended to the domain of sanctions policy. The experience with Hungary demonstrates that EU financial instruments—such as aid tranches and access to funding and assets—can exert a tangible influence on domestic and foreign policy decisions at the national level. In addition, the European Union consistently employs pre-conditionality mechanisms in its foreign policy, including in its relations with candidate countries for EU membership.

An equally important challenge for a future EU sanctions authority will be the issue of resource constraints. This factor continues to affect the effectiveness of the current sanctions regime, despite the involvement of over one

72. https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU(2023)702603
73. https://blogs.duanemorris.com/europeansanctionsenforcement/2024/10/25/european-sanctions-enforcement-performance-league-tables-2017-2024/
74. https://eucrim.eu/articles/the-new-directive-on-the-violation-of-union-restrictive-measures-in-the-context-of-the-eppo/
75. https://www.euractiv.com/section/global-europe/news/netherlands-calls-for-eu-sanctions-enforcement-headquarters/

hundred institutions across the 27 Member States. For example, according to information obtained by representatives of Investigate Europe, the European Commission unit responsible for sanctions employs just 25 people. They are tasked not just with following the work of all competent national authorities, but also with preparing upcoming sanction packages. According to David O'Sullivan, the EU's special sanctions envoy, 80 to 100 EU officials are working on the sanctions issue across different departments. Across all EU staff and experts in the different member states, 300 and 350 people are coordinating the implementation of sanctions, 11-12 people on average, which is not true in small states like Estonia, Slovenia, or Lithuania. To compare, Washington probably employs between 700 and 800 people to analyze and monitor all sanctions.[76]

The most straightforward response to this resource gap is to increase targeted investment and expand the staffing of relevant national authorities. In addition, the level of digitalization of core processes already influences the effectiveness of enforcement in individual Member States. It will undoubtedly play a critical role in the functioning of any future centralized authority. Established in 2022, the Ukrainian government portal War&Sanctions—now overseen by the Main Directorate of Intelligence of the Ministry of Defense of Ukraine—has evolved throughout the full-scale invasion into more than just a coordination tool for Ukrainian agencies. It has become a valuable resource for information sharing and exchange, serving foreign governments, investigators, media, think tanks, and businesses worldwide.[77]

However, an equally important tool for enhancing productivity amid limited resources and staffing is the active engagement of independent external expertise. This refers primarily to leveraging the extensive network of public initiatives, civil society organizations, and investigative teams that have emerged since the onset of the full-scale invasion.

The EU sanctions policy requires coordinated compliance monitoring and systematic and centralized engagement with the public sector. Civil society actors already play a vital role in aligning the priorities of national governments and EU institutions around shared objectives, while also facilitating more active, flexible, and timely information exchange among state stakeholders. Looking ahead, a centralized network of public partners and "contractors" could significantly enhance the operational capacity of a future unified sanctions authority.

To support the development of public initiatives related to sanctions policy and export controls—or at a minimum, to ensure their sustainability—the European Union should consider establishing new grant funding programs to cover targeted projects and the institutional development of relevant organizations. Part of this funding, particularly for analytical and research initiatives, could be channeled through existing European instruments, such as Horizon Europe, within which sanctions-related topics should be prioritized. In addition, support access should be simplified and made more accessible to civil society initiatives of various scales and focus areas.[78]

76. https://www.investigate-europe.eu/posts/eu-dropping-the-ball-on-sanctions-enforcement
77. https://war-sanctions.gur.gov.ua/en
78. https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en

CONCLUSIONS

Summing up all this in this section, the European Union has made an invaluable contribution to joint efforts to counter Russian aggression against Ukraine and has also demonstrated unprecedented flexibility in applying economic instruments of foreign policy. However, Moscow's aggressive actions persist, while political uncertainty grows within the sanctions coalition. In such circumstances, as a global trading power, the European Union, with Member States close to the Russian threat, has the capacity and responsibility to demonstrate greater strategic independence and resolve by assuming a leading role in the sanctions domain. In addressing internal systemic challenges, Brussels should remain focused on expanding the sanctions regime against the Russian Federation until its core objectives are fully achieved. The following sections of this report focus on a series of sectoral and individual restrictions to ensure such a qualitative expansion of the sanctions regime.

PART II:

Sectoral and Individual Recommendations

CONFISCATION OF FROZEN RUSSIAN ASSETS

Problem:

Russia's full-scale invasion of Ukraine has already resulted in losses exceeding USD 500 billion.[79] According to World Bank estimates, Ukraine requires up to USD 37 billion annually to sustain its defense efforts.[80]

To ensure Ukraine's current resilience and support its future recovery and sustainable development, it is essential to develop and use sources of financial revenue that will, at a minimum, alleviate the burden on Western taxpayers and, in turn, place greater responsibility on the aggressor state.

In this context, confiscating frozen Russian sovereign and private assets within EU jurisdictions becomes particularly important.

Currently, approximately EUR 210 billion in assets of the Central Bank of Russia have been frozen within the European Union, with more than half of that amount (EUR 183 billion) held at Euroclear Bank.[81] Despite the substantial volume of frozen assets, the prospect of their confiscation and subsequent transfer to Ukraine faces various legal challenges.

First and foremost, international law upholds the principle of sovereign immunity, under which states and their property are protected from the jurisdiction of foreign courts.[82] In addition, the decision-making process regarding confiscation is influenced by concerns about potential repercussions for the EU's financial system, particularly the risk of undermining confidence in the euro and the Eurozone—risks that Ukrainian and Western experts have assessed as "overstated." [83]

In its conclusions, the European Council has repeatedly stated that Russia's assets should remain immobilised until Russia ceases its war of aggression against Ukraine and compensates it for the damage caused by this war.[84] Currently, revenues generated from frozen assets are being transferred to Ukraine. Notably, during the G7 summit in May 2024, a political agreement was reached to transfer approximately USD 50 billion.[85] However, even this record amount remains insufficient to compensate for losses caused by Russian aggression. In turn, the effective confiscation of sovereign assets could offset approximately 40% of the damage caused.

In addition to the sovereign assets of the Russian Central Bank, the assets of sanctioned Russian individuals, estimated at over EUR 50 billion, also remain frozen.[86] However, given the European Union's strong commitment to respecting private property rights, the mechanisms available for confiscating such assets are extremely limited. Despite the adoption of legislation in Estonia that permits confiscation without infringing property rights (by granting sanctioned individuals the right to future claims against the Russian state), the issue remains a subject of debate at the European Union level.[87]

79. https://www.worldbank.org/en/news/press-release/2025/02/25/updated-ukraine-recovery-and-reconstruction-needs-assessment-released
80. https://www.pravda.com.ua/eng/news/2024/05/23/7457196/
81. https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/; https://www.euroclear.com/newsandinsights/en/press/2025/mr-05-euroclear-delivers-strong-results-in-2024.html#content_title_44677136
82. https://legal.un.org/ilc/texts/instruments/english/conventions/4_1_2004.pdf
83. https://kse.ua/wp-content/uploads/2025/04/Asset_Confiscation_EconFin_Concerns_KSEInstitute.pdf
84. https://www.consilium.europa.eu/en/press/press-releases/2024/12/19/european-council-conclusions-on-ukraine/ https://www.consilium.europa.eu/en/press/press-releases/2025/03/20/european-council-20-march-2025-ukraine/
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86. https://www.bloomberg.com/news/articles/2025-03-17/uk-and-eu-advance-talks-on-seizing-frozen-russian-assets
87. https://www.riigikogu.ee/tegevus/eelnoud/eelnou/d2665559-f09b-43ec-9c69-5fdb5fd1cdae/rahvusvahelise-sanktsiooni-seaduse-muutmise-ja-sellega-seonduvalt-teiste-seaduste-muutmise-seaduse-eelnou-332-se/

Recommendations to address this problem:

I. Adopt a decision or regulation by the Council of the European Union to apply countermeasures in the form of confiscating Russian sovereign assets, with their subsequent transfer to support Ukraine and compensate for the damage caused.

II. Accelerate the process of confiscating and transferring assets of sanctioned Russian individuals to Ukraine, through:

- The swift implementation by Member States of Directive (EU) 2024/1224 on the criminalization of sanctions violations and circumvention, and on enhancing the effectiveness of enforcement, specifically in identifying and freezing assets linked to such offenses;
- The prompt transposition by Member States of Directive (EU) 2024/1260 about the transfer to Ukraine of assets confiscated during criminal proceedings for sanctions violations;
- The adoption by EU Member State parliaments of legislation allowing for the confiscation of sanctioned individuals' assets, while granting such individuals the right to seek compensation directly from the Russian Federation;
- The adoption of national legislation by EU Member States providing for the transfer to Ukraine of fines and other revenues collected for sanctions violations and circumvention.

BLOCKING RUSSIAN REVENUES FROM THE SALE OF ENERGY RESOURCES

Problem:

Russia's capacity to sustain its military aggression against Ukraine remains heavily dependent on revenues from fossil fuel exports. Over the past decade, revenues from such exports have accounted for approximately 30 to 50 % of the total Russian federal budget.[88] From February 2022 to early 2025, Russia earned approximately EUR 887 billion from energy exports, significantly exceeding the EUR 211 billion spent on its war effort during the same period.[89] In 2024 alone, Russia's revenues from fossil fuel exports amounted to approximately EUR 254 billion.[90]

Despite existing EU sanctions, Russian oil, gas, and related products continue to reach European markets through loopholes and indirect supply channels. Overall, from February 2022 to early 2025, the European Union spent more than EUR 207 billion on imports of Russian fossil fuels.[91]

As of 2024, Russian natural gas still accounted for approximately 13% of the European Union's total gas imports. The primary consumers include Italy, the Czech Republic, and France. At the same time, Hungary and Slovakia remain significant, though smaller in volume, due to their increasing reliance on imports via the TurkStream pipeline.[92]

In addition, the European Union continues to rely heavily on Russian LNG. By mid-December 2024, imports had reached a record 16.5 million tons, surpassing the 15.18 million tons imported in 2023.[93] In 2023, Russian LNG accounted for approximately 20% of the EU's total LNG imports—a sharp increase from just 6% the previous year.[94] Throughout 2024, EU Member States collectively spent nearly EUR 7 billion on Russian LNG.[95]

Although imports of Russian crude oil to the European Union have significantly declined, with Russia's share falling to 2% in the fourth quarter of 2024, deliveries to Hungary continue.[96] Moreover, Russian oil continues to enter the EU market indirectly through petroleum products shipped from third countries such as India and Turkey.[97] Before the full-scale invasion, Russia's share of India's oil imports was less than 1%; by March 2025, this figure had risen to 40%. Turkey, in turn, imported 24.4 million tons of Russian oil products valued at EUR 17.6 billion during 2023–2024, representing a 105% increase compared to the same period in the previous year.[98]

Russia's oil trade increasingly relies on a "shadow fleet"—a network of aging and unsafe tankers that employ deceptive maritime practices to evade sanctions. These include disabling transponders, conducting ship-to-ship transfers, operating under opaque ownership structures, and using falsified documentation.[99] As of early 2025, approximately 70% of Russia's oil exports were transported via this shadow fleet.[100] As of early 2025, the shadow fleet comprised over 1,000 vessels, of which only 153 are currently subject to EU sanctions.[101] Meanwhile, up to 60% of Russian crude oil and oil products maritime exports go through its Baltic Sea ports through the territorial waters and exclusive economic zones of the EU member states.[102]

In addition to serving as a tool for sustaining Russian budget revenues, shadow fleet vessels often pose serious environmental and security risks. More than 72 % of these vessels are over 15 years old, increasing the risk of mechanical failures, collisions, and oil spills.[103] Experts estimate that a single major oil spill from a shadow tanker could cost coastal states up to EUR 1.6 billion in damages and cleanup efforts.[104]

88. https://www.oxfordenergy.org/publications/follow-the-money-understanding-russias-oil-and-gas-revenues/
89. https://san.com/cc/russia-made-254b-from-fossil-fuel-exports-the-west-contributed-to-that-total/
90. https://san.com/cc/russia-made-254b-from-fossil-fuel-exports-the-west-contributed-to-that-total/
91. https://www.russiafossiltracker.com/
92. https://ember-energy.org/latest-insights/the-final-push-for-eu-russian-gas-phase-out/ https://www.reuters.com/business/energy/gazprom-increase-gas-supplies-through-turkstream-april-slovak-spp-says-2025-03-31/; https://www.aljazeera.com/news/2025/3/27/europe-imports-more-russian-gas-aiding-wartime-economy-report-finds
93. https://www.ft.com/content/ef4230c1-befa-4053-97b2-397c69c20002
94. https://www.reuters.com/business/energy/iea-director-says-europe-should-replace-russian-lng-with-qatari-supply-2027-2025-02-25/
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96. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_trade_with_Russia_-_latest_developments https://www.reuters.com/business/energy/hungary-could-meet-serbias-oil-needs-with-new-pipeline-2028-minister-says-2025-04-02/
97. https://energyandcleanair.org/publication/refining-loophole-widens-44-increase-in-sanctioning-countries-imports-of-oil-products-from-russian-crude-in-2023/
98. https://csd.eu/fileadmin/user_upload/publications_library/files/2024_5/Kremlin_Pitstop_-_Financing_Putin_s_War.pdf
99. https://energyandcleanair.org/publication/policy-briefing-tackling-the-russian-shadow-fleet/
100. https://www.ibanet.org/Russia-shadow-fleet-a-growing-threat https://www.geopoliticalmonitor.com/russias-shadow-fleet-a-masterclass-in-sanctions-evasion/
101. https://www.rand.org/pubs/commentary/2025/01/countering-russias-shadow-fleet.html https://www.geopoliticalmonitor.com/russias-shadow-fleet-a-masterclass-in-sanctions-evasion/
102. https://www.blackseanews.net/en/read/226292
103. https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/766242/EPRS_BRI%282024%29766242_EN.pdf
104. https://energyandcleanair.org/publication/ensuring-an-ecological-disaster-shadow-tanker-spill-could-cost-coastal-states-usd-1-6-bn/

Recommendations to address this problem:

I. Take decisive action to neutralize the shadow fleet and prevent its continued transportation of sanctioned oil, including through the following measures: [105]

- Prohibit port access and insurance services for tankers engaged in deceptive maritime practices;
- Impose sanctions on the captains of shadow fleet vessels and the crewing companies responsible for their employment;
- Establish a public blacklist of vessels involved in sanctions evasion and ban their entry into EU waters;
- Prohibit provision of maritime oil transportation services to Russia by tankers under EU MS flag or ownership;
- Enhance coordination with global partners and insurance providers to strengthen oversight beyond EU jurisdiction;
- Introduce mandatory compliance with AIS (Automatic Identification System) requirements and enforce penalties for tampering or manipulation;
- Littoral member states to prohibit ship-to-ship transfers in their exclusive economic zones, introduce responsibility for such practices, ensure necessary maritime surveillance and control;
- Ensure adequate resources and capabilities for Member States to conduct maritime monitoring in the Baltic, North, and Mediterranean Seas, modeled on NATO's Baltic Sentry mission, which deploys additional assets to enhance vigilance and deterrence in the Baltic Sea.[106]

II. Block the supply of Russian petroleum products to the EU market by extending sanctions to refineries outside the Union that use Russian oil purchased in violation of the price cap. Require importers of petroleum products to submit documentation confirming the non-Russian origin of the feedstock, following the model of restrictions on Russian diamond imports, and include participants in the covert re-export of Russian fuel in the EU's list of high-risk companies.

III. iii. Impose a full ban on the import of Russian liquefied natural gas into the European Union, including supplies under both long-term contracts and spot market transactions, by relying on a diversified network of suppliers, including the United States, Qatar, Nigeria, Algeria, and Norway, as well as new LNG terminals in Germany and the Netherlands.

IV. Coordinate binding measures and national obligations of Member States to establish mechanisms for the complete phase-out of dependency on Russian energy supplies by 2027, in line with the REPowerEU plan, including through the following actions:[107]

- Set new energy-saving targets and scale up investments in energy efficiency, particularly in the building and industrial sectors;
- Require Member States to adopt national plans for reducing gas demand;
- Optimize existing gas infrastructure to enable further diversification without creating new critical dependencies;
- Accelerate the development of renewable energy by streamlining permitting procedures, expanding solar and wind generation, and modernizing power grids;
- Prioritize clean heating technologies and integrated energy system planning;
- Reform carbon pricing mechanisms and ensure adequate financial support through the Recovery and Resilience Facility.

V. Promote the use of blockchain technologies to verify the origin of fossil fuels, including developing a decentralized registry that records each transaction from extraction to final delivery.[108]

VI. Implement a real-time vessel tracking system and AI-based risk analysis mechanism, similar to the United Kingdom's "Nordic Warden" initiative, which employs artificial intelligence to process data from multiple sources, including AIS, to assess the risks associated with vessels linked to Russia's "shadow fleet".[109]

VII. Enhance oversight of energy-related financial transactions involving cryptocurrencies, particularly Bitcoin and the Tether stablecoin (USDT).[110]

VIII. Deploy targeted fiscal instruments to reinforce sanctions and close existing economic loopholes, including: the imposition of import duties on energy products and derivatives originating from Russian oil or gas (even when supplied through intermediaries); the expansion of the Carbon Border Adjustment Mechanism (CBAM) to cover imports with high methane emissions, particularly LNG; and the introduction of a windfall tax on companies profiting from the sale of Russian energy resources or supporting Russian energy infrastructure, with revenues directed toward Ukraine's reconstruction.

IX. Consider introducing an extraterritorial ban on purchasing Russian energy carriers, accompanied by the potential application of sanctions or other trade and financial restrictions against jurisdictions engaged in systematic imports of Russian energy resources, particularly crude oil.

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105. https://razomwestand.com/briefing-note-addressing-the-russian-shadow-fleet-threat-with-a-joint-eu-and-allies-approach-for-enhanced-targeted-sanctions/
106. https://www.rferl.org/a/baltic-sea-sabotage-undersea-cables-nato-security-rutte-stubb-michal/33274853.html
107. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en
108. https://www.mdpi.com/2304-8158/12/17/3235
https://wezom.com/blog/blockchain-technology-in-oil-and-gas-industry
https://www.mdpi.com/1424-8220/23/11/5342
109. https://www.thestack.technology/uk-leads-new-force-tracking-russian-shadow-fleet-with-ai/
110. https://www.reuters.com/business/energy/russia-leans-cryptocurrencies-oil-trade-sources-say-2025-03-14/

BLOCKING RUSSIAN REVENUES FROM THE SALE OF METALLURGICAL PRODUCTS

Problem:

Ferrous metallurgy is Russia's second most significant industry after oil and gas, contributing approximately 5% to the country's GDP.[111] In 2023, this sector generated an estimated EUR 21 billion in direct and indirect tax revenues for the Russian state budget, equivalent to nearly one-third of military expenditures during the same period.[112] Furthermore, in 2024, Russian exports of ferrous metallurgy products, including cast iron and steel, reached USD 15 billion, accounting for roughly 3.8% of the aggressor country's total export volume.[113]

In addition to its financial contribution, Russian ferrous metallurgy is a critical supplier to the military-industrial sector. For example, the NLMK Metallurgical Group—currently the largest supplier of metallurgical products to the EU—is Russia's sole producer of specialized electrical steel, a critical material for manufacturing power systems used in military equipment, including engines and generators.[114]

Despite the European Union's introduction of substantial restrictions on imports of finished rolled products from Russia, which have significantly curtailed the aggressor state's exports and supported domestic EU producers, ferrous metallurgy products continue to reach the EU market. As a result of multiple sanctions exemptions, Russia exported ferrous metallurgy products worth EUR 3 billion to the European Union in 2023.[115] In 2024, despite a significant decline in import volumes (to EUR 2.6 billion), the European Union remained the largest market for Russian ferrous metallurgy exports, accounting for 32% of total shipments.[116]

Much of such imports fall on Russian metallurgical semi-finished products (slabs and billets), cast iron, and direct reduction iron.[117] The final sanctions on these positions were introduced with a substantial transition period and a broad range of quotas.[118] Specifically, under the 8th EU sanctions package, the ban on the import of slabs included a two-year transition period (until September 30, 2024), while the 12th package extended this transition period by an additional four years, with a higher quota volume. The sanctions exceptions for slabs will allow Russia to earn approximately 6 billion euros over the next four years, based on EU import prices from Russia for 2024.[119]

In 2024, the largest European importers of Russian slabs were Belgium (40% or EUR 657 million), Italy (22% or EUR 371 million), Denmark (16% or EUR 274 million), and the Czech Republic (16% or EUR 264 million).[120] For many of these Member States, the volume of imports may be linked to the presence of rolling mills operated by the Russian NLMK Group on their territory, as previously noted. In the Czech Republic, the Vitkovice Steel Plant was historically linked to the Russian EVRAZ Group. Although the facility was recently acquired by the Indian company Jindal Steel, imports of Russian slabs into the Czech Republic amounted to approximately EUR 20 million as of 2025.[121]

It is also important to note that Russian steel products benefit from significantly lower production costs, driven by artificially low domestic gas prices, cheaper electricity and diesel fuel, the absence of carbon emission taxation, and a deliberately managed currency devaluation. In 2024, the average import price of Russian steel was EUR 510 per ton, falling to EUR 456 per ton by December 2024, while production costs for integrated EU producers are estimated at EUR 540–EUR 550 per ton.[122]

The dumping prices of Russian steel products contribute to a decline in market price levels within the EU, resulting in revenue losses for European steel producers that either manufacture slabs domestically or procure them from third countries. This, in turn, adversely affects production volumes and employment across the Union, particularly in the metallurgical and related sectors, which collectively support approximately 2.5 million jobs.

111. https://rosstat.gov.ru/statistics/accounts
112. https://www.nalog.gov.ru/rn77/related_activities/statistics_and_analytics/
https://rosstat.gov.ru/statistics/finance
https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiu9aS1uuOIAxW9Z_EDHd8aHz8QFnoECBkQAQ&url=https%3A%2F%2Fminfin.gov.ru%2Fru%2Fstatistics%2Ffedbud&usg=AOvVaw2JmF1aj48JAUSNA2vcjBw6&opi=89978449
113. https://www.tradeimex.in/blogs/exploring-russia-exports
114. https://www.pravda.com.ua/articles/2025/04/4/7505927/
https://www.ukrmetprom.org/nlmk-kompaniya-yaka-spriyaie-agresoru/
https://www.radiosvoboda.org/a/skhemy-lisin-yaderna-zbroya/32046618.html
https://www.radiosvoboda.org/a/news-skhemy-biznes-lisina-spivpratsyuye-z-oboronkoyu-ta-vyaznytsyamy-rosiyi/32500897.html?fbclid=IwAR2VzXRu3QxxV8eWpmn0iT_VClZV2tcu8_NLY_CWI0jFKrPTfxqT56ZUzbI
115. https://ec.europa.eu/eurostat/databrowser/view/ds-045409__custom_15984040/default/table?lang=en
116. https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c643%7c%7c%7c%7c72%7c%7c%7c2%7c1%7c2%7c2%7c2%7c1%7c2%7c1%7c1%7c1
https://rosstat.gov.ru/enterprise_industrial
117. DRI – екологічний замінник чавуну
118. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L:2022:259I:FULL
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302878
119. https://ec.europa.eu/eurostat/databrowser/view/ds-045409__custom_15984040/default/table?lang=en
120. https://ec.europa.eu/eurostat/databrowser/view/ds-045409__custom_15984040/default/table?lang=en
121. https://ec.europa.eu/eurostat/databrowser/view/ds-045409__custom_15984040/default/table?lang=en
122. https://www.eurofer.eu/assets/publications/brochures-booklets-and-factsheets/european-steel-in-figures-2024/EUROFER-2024-Version-June14.pdf

Recommendations to address this problem:

I. Shorten the transition period for the import of Russian slabs, currently set to expire on September 30, 2025—a measure that could cost Russia up to EUR 5 billion in foreign exchange revenues.[123]

II. During the transition periods applicable to the import of Russian metallurgical products, introduce additional anti-dumping duties amounting to +50% of the price. This measure could result in Russia losing EUR 0.4 billion in foreign exchange revenues.[124]

III. Avoid any potential transition period extension for importing Russian cast iron, DRI, and steel billets.

IV. Impose sanctions on the Russian NLMK Group (Novolipetsk Steel PJSC, VIZ-Steel LLC, and Stoilensky Mining and Beneficiation Plant OJSC), as well as on Vladimir Lisin, Chairman of the Group's Board of Directors.

V. In coordination with partners, strengthen the mechanism for restricting access to EU and G7 markets for metallurgical products from third countries (such as China, Turkey, Kazakhstan, and others) produced using Russian raw materials and semi-finished products.

123. https://ec.europa.eu/taxation_customs/dds2/taric/quota_tariff_details.jsp?Lang=en&StartDate=2024-10-01&Code=098258

124. https://ec.europa.eu/taxation_customs/dds2/taric/quota_tariff_details.jsp?Lang=en&StartDate=2024-10-01&Code=098258

ENHANCING PRESSURE ON THE RUSSIAN FINANCIAL SECTOR

Problem:

Since the onset of the full-scale invasion, the Russian financial sector has played a critical and multifaceted role in supporting the war effort against Ukraine. Notably, under Kremlin direction and conditionality, banks have extended preferential loans to enterprises within the Russian military-industrial complex. Since mid-2022, this extra-budgetary financing mechanism has contributed to a total increase in corporate borrowing of approximately USD 415 billion, with an estimated 50–60% of this growth comprising mandatory concessional financing for defense contractors.[125]

In addition, the Russian Ministry of Defense utilizes financial institutions—including Gazprombank—to disburse salaries and "combat" payments to military personnel.[126] Furthermore, Russian banks, including those with foreign ownership, must provide concessional loans, credit holidays, and subsidized military mortgages to mobilized individuals and serving military personnel. The Central Bank of the Russian Federation has also "recommended" that financial institutions reduce or eliminate fees for transfers from the accounts of participants in the so-called "Special Military Operation" and their family members and cash withdrawals from those accounts.[127]

In addition to supporting the military-industrial complex and armed forces of the aggressor state, Russian banks are actively engaged in constructing a parallel financial network, cooperating with financial institutions in China, the United Arab Emirates, Turkey, and Kazakhstan, to preserve Russia's ability to process payments for the import of dual-use goods. A prime example of such circumvention is the establishment of new foreign branches or subsidiaries of Russian financial institutions in jurisdictions with more permissive regulatory environments.

In addition, Russia is using alternative payment messaging systems—most notably its System for Transfer of Financial Messages (SPFS)—to reduce reliance on the SWIFT network, from which many Russian banks have been excluded.[128] The European Union has already prohibited the use of the SPFS. It has imposed initial sanctions for violations of this ban, including against several Belarusian banks and a branch of a Russian bank operating in China.[129]

There is growing evidence that Russian companies are increasingly relying on small regional banks, particularly in border regions of China, Central and Southeast Asia, and Turkey, to conduct transactions related to sanctioned activities, as major state-owned financial institutions have become more cautious due to the heightened risk of exposure to secondary sanctions.[130]

Russian Mir payment cards continue to be accepted in at least 14 countries and territories not recognized by the international community (Armenia, Azerbaijan, Uzbekistan, Cuba, Venezuela, Laos, Belarus, Kazakhstan, Tajikistan, Myanmar, Nicaragua, South Ossetia, Abkhazia, and Iran).[131] In addition, the Russian government continues to pursue measures to enable the use of Mir payment cards in China and India.[132]

In addition to interbank transactions, Russia increasingly relies on nontraditional methods to facilitate sub-sanctioned payments. For example, certain Russian oil companies are reported to use cryptocurrency exchanges and conduct settlements in Bitcoin, Ether, and stablecoins—most notably Tether (USDT), which is among the most widely used and least volatile—to enable the conversion of Chinese yuan and Indian rupees into Russian rubles.[133] An equally important circumvention method involves factoring companies that purchase outstanding receivables between foreign suppliers and Russian customers.

125. https://navigatingrussia.substack.com/p/russias-hidden-war-debt?triedRedirect=true&fbclid=IwY2xjawHzDrRleHRuA2FlbQIxMAABHdUAWupxMMzs7Hj1SvXliRmHW8CIqagnhABtgJBqmCZcP3NxX2TqDz9vSA_aem_K-LrB4n--3vg3ENUZ2bMbw
126. https://www.radiosvoboda.org/a/skhemy-hazprombank-viyna-sanktsiyi/31913940.html
127. https://www.cbr.ru/faq/voprosy-i-otvety-po-kreditnym-kanikulam-dlya-uchastnikov-special-noy-voennoy-operacii/; http://www.sberbank.ru/ru/person/credits/kanikuly-voennym https://www.otpbank.ru/credit-holiday/ https://www.citibank.ru/russia/services/rus/debt_restructuring.htm
128. https://www.clearygottlieb.com/news-and-insights/publication-listing/ofac-sanctions-gazprombank-continues-to-target-russian-financial-sector-and-foreign-financial-institutions
129. https://sanctionsnews.bakermckenzie.com/eu-adopts-14th-russia-sanctions-package
130. https://www.reuters.com/world/russia-china-find-payments-workaround-us-sanctions-net-widens-sources-say-2024-06-20/
131. https://howtrip.ru/karta-mir-za-granicej/#spisok-stran-gde-prinimayut-mir
132. https://www.scmp.com/economy/global-economy/article/3270980/china-russia-eye-stronger-cross-border-payments-sanctions-create-time-bomb
133. https://www.reuters.com/business/energy/russia-leans-cryptocurrencies-oil-trade-sources-say-2025-03-14/

Recommendations to address this problem:

I. Prioritize the imposition of sanctions on Russian financial institutions that serve the military-industrial complex, the armed forces, and the state apparatus, as well as those involved in sanctions circumvention and subsidiaries of Russian banks operating in third-country jurisdictions;

II. Consider authorizing the complete disconnection of all remaining Russian banks from the SWIFT system, and freezing the assets of all Russian financial institutions not yet subject to such measures, with a view to their potential confiscation and subsequent allocation for Ukraine's reconstruction, pending an appropriate legal decision;

III. Prohibit new investments in Russia's sovereign debt, including secondary market transactions and investments in state-owned enterprises, and impose restrictions on financial arrangements that facilitate asset exchanges or other mechanisms aimed at raising funds for the Russian state budget;[134]

IV. Impose sanctions on foreign financial institutions that facilitate Russian sanctions circumvention schemes, particularly by invoking the legal framework established under the EU's 14th sanctions package, which prohibits European operators from engaging with foreign financial and cryptocurrency entities involved in transactions related to the transfer of dual-use goods to Russia;

V. Prohibit European financial institutions from offering or maintaining any factoring services for the Russian Federation or intermediaries acting on its behalf, and introduce a ban on European operators cooperating with foreign factoring companies involved in Russian sanctions circumvention schemes;

VI. Impose sanctions on prominent factoring companies and other intermediaries involved in Russian sanctions circumvention schemes, including the blocking of cryptocurrency wallets associated with relevant individuals;

VII. Strengthen compliance requirements and counterparty verification procedures in the banking and cryptocurrency sectors of the EU and partner countries, particularly in trade-related due diligence and transaction monitoring focused on specific categories of dual-use goods, rather than solely on dealings with sanctioned entities.

134. https://fsi.stanford.edu/working-group-sanctions

ENHANCING OVERSIGHT AND ENFORCEMENT OF DUAL-USE GOODS EXPORT CONTROLS

Problem:

Despite the substantial restrictions imposed by the European Union following the onset of the full-scale invasion, Russia continues to circumvent sanctions and supply its military-industrial complex with essential components, equipment, software, and raw materials.

By mid-2023, Russia had effectively restored its imports of dual-use components, particularly microchips and electronics, to pre-war levels.[135] For a broader category of goods deemed essential to the Russian military- industrial complex, total imports reached USD 22.2 billion.[136]

Under mounting pressure from Western sanctions and periodic shortages of critical items, the Russian Federation has increasingly relied on complex supply chains involving extensive networks of intermediaries and shell companies.

EU border states have come under strain in this context. In the Baltic region, reports of potential sanctions violations have risen sharply. In Estonia, the number of such reports increased tenfold, while in Latvia, they surged by a factor of 23 between 2021 and 2022.[137] These reports frequently involve complex and atypical supply routes, unclear sources of funds, and transactions linked to shell companies.[138]

Moscow also actively uses third countries (Turkey, China, the United Arab Emirates, Kazakhstan, Armenia) to re-export and maintain access to prohibited goods. The decline in direct exports of advanced technologies and dual-use goods from the EU to Russia has been almost entirely offset by a sharp rise in European exports to the Middle East and Central Asia. Between October 2022 and September 2023, EU exports of such items to Turkey, the United Arab Emirates (UAE), Kazakhstan, Kyrgyzstan, and other high-risk jurisdictions increased by EUR 2.979 billion—or 81.55%—compared to the same period over the previous two years.[139] In parallel, Kazakhstan's exports of so-called "battlefield items" to Russia rose by 401% in 2022 compared to last year. A similar trend was observed in Turkey with 62% increase in such exports in 2022 (USD 9.3 billion compared to USD 5.7 billion in 2021). This upward trajectory continued in 2023, with total exports amounting to USD 10.9 billion.[140]

Nevertheless, the PRC holds a central role among key jurisdictions enabling sanctions circumvention. By the end of 2022, after the first wave of the Western sanctions, over 75% of Russian imports were routed through intermediaries in China or Hong Kong—up from just 22% before the war.[141]

According to open data from Chinese customs, China monthly exports over USD 300 million of dual-use products to Russia. By the end of 2023, Chinese exports of so-called "priority" goods to Russia had reached record levels, amounting to approximately USD600 million in December 2023 alone.[142] At the same time, China hosts numerous subsidiaries of Western companies, whose products can more easily enter Russia by crossing a single shared border. Moreover, Chinese manufacturers are expanding exports to Russia of domestically produced goods incorporating European technologies, components, investments, and R&D.

135. https://carnegieendowment.org/research/2024/03/why-russia-has-been-so-resilient-to-western-export-controls?lang=en
136. https://kse.ua/wp-content/uploads/2024/01/Challenges-of-Export-Controls-Enforcement.pdf#:~:text=the%20first%20ten%20months%20of,from%20export%20controls%20coalition%20countries
137. https://www.moneylaundering.com/news/baltic-nations-log-dramatic-increase-in-sanctions-related-reports/
138. https://www.fid.gov.lv/uploads/files/2024/Sanctions%20evasion%20risk%20indicators_2024_ENG%20%28002%29.pdf
139. https://www.euractiv.com/section/economy-jobs/news/eu-sanctions-on-russia-massively-circumvented-via-third-countries-study-finds/
140. https://carnegieendowment.org/research/2024/10/turkiye-and-russia-an-unequal-partnership?lang=en
141. https://carnegieendowment.org/research/2024/03/why-russia-has-been-so-resilient-to-western-export-controls?lang=en
142. https://merics.org/sites/default/files/2024-06/Chatham%20House%20GMF%20MERICS%20Report%20China-Russia%20alignment_06-2024.pdf

Recommendations to address this problem:

I. Conduct regular audits of sanctions compliance procedures and end-user verifications currently implemented by European manufacturers of dual-use goods critical to Russia. In parallel, update the standards for these procedures by increasing their frequency, enhancing manufacturers' reporting obligations, and raising the level of liability for violations and negligence, including in cases involving subsidiaries of European companies operating in third countries;

II. Extend the enhanced sanctions compliance and end-user verification procedures introduced in the 14th EU sanctions package—currently limited to CHPL-listed goods—to all products contributing to the development of Russian industry and military production;

III. Extend the obligation to include in commercial contracts a ban on the re-export of goods to Russia (the so-called No Russia clause) to producers of all goods that contribute to the development of Russian industry and military production, as well as to contracts concluded by subsidiaries of European companies in third countries;

IV. Together with sanctions coalition partners, review and expand the Common High Priority Items List, which currently covers only 50 Harmonized System codes and excludes a significant range of goods actively imported by the Russian Federation—particularly components, consumables, and equipment used to support Moscow's import substitution efforts and to service Western products imported before the full-scale invasion;

V. Use the legal framework provided by EU legislation to introduce sanctions against jurisdictions that actively and systematically violate the European sanctions regime, including applying complete bans or limited export quotas on goods, technologies, and software from the EU to such countries;

VI. Significantly increase the scale and frequency of sanctions imposed on Russian and foreign companies and individuals involved in supplying dual-use goods to the Russian military-industrial complex, notably by expanding the use of extraterritorial measures against facilitators of sanctions circumvention;

VII. To support the implementation of the previous recommendation, mitigate the legal risks associated with broader sanctions, and enable the more regular introduction of at least partial restrictions, establish an EU-level register of unverified suppliers of dual-use goods, as well as individuals and entities suspected of sanctions circumvention—modelled on the Unverified List maintained by the U.S. Department of Commerce's Bureau of Industry and Security;

VIII. Make all possible diplomatic and interagency efforts to synchronize sectoral trade bans and export control provisions with sanctions coalition partner countries to prevent specific jurisdictions or product categories from becoming loopholes or channels for sanctions circumvention;

IX. Introduce an explicit extraterritorial ban on the export and re-export to the Russian Federation of final dual-use products manufactured in third countries using components, technologies, raw materials, software, R&D, intellectual property, or investments of European origin—modelled on the United States' Foreign Direct Product Rules;

X. Strengthen the application of the legal framework established by Council Regulation 2024/1745 of 24 June 2024 that permits the imposition of a complete ban on transactions with foreign credit and financial institutions, as well as crypto-asset service providers, if they are involved in transactions that facilitate the export of dual-use products to Russia;[143]

XI. Intensify the efforts of relevant authorities in EU countries to conduct both scheduled and, particularly, randomized audits of foreign trade operations involving CHPL goods, to identify potential violations of the sanctions regime, non-compliance with due diligence procedures and the No Russia clause, and to ensure maximum transparency and public disclosure of any violations and sanctions applied against entities found to be in breach;

143. https://eur-lex.europa.eu/eli/reg/2024/1745/oj/eng

UNDERMINING THE STRATEGIC MINERAL RESOURCE BASE OF RUSSIAN MILITARY PRODUCTION

Problem:

Despite having significant—sometimes the largest in the world—reserves, the Russian Federation remains critically dependent on imports of a wide range of so-called strategic materials, primarily metals and chemical compounds, including beryllium, tungsten, antimony, titanium, tantalum, zirconium, and others.

Due to insufficient domestic production, a lack of foreign processing technologies, and poor quality of raw materials, Russia imports strategic materials both as processed or finished products and as primary ores and minerals.

It is important to emphasize that strategic mineral materials form the backbone of Russian military-industrial production, particularly in manufacturing various components for modern weapons, including aviation, missile systems, and armored vehicles. Without access to the necessary minerals, alloys, and compounds, achieving the required strength, heat resistance, accuracy, or weight and size specifications for military equipment would be impossible. At the same time, these materials are used for import substitution of high-tech components—from guidance systems to electronics and composites—that are crucial for the effectiveness and competitiveness of Russian weaponry.

Thus, while beryllium alloys are actively used in the production of components for Russian high-speed aircraft, rockets, satellites, and other space technologies, the aggressor country remains dependent on importing processed beryllium ore, its processing into concentrate, and the recycling processes, i.e., the disposal of beryllium products that have reached the end of their service life.

In addition, Russia is forced to import up to 1,000 tons of processed antimony (metal antimony and antimony oxides) annually, which accounts for 50-65% of its total domestic demand.[144] Antimony (or stibium) is used to enhance lead bullets, increase the strength of armor-piercing ammunition, improve explosives in firearms, and manufacture fuses for grenades and artillery shells. It is also crucial for producing night-vision goggles, flares, nuclear weapons, and infrared sensors.[145]

Another strategic material widely used in the Russian military-industrial complex is tantalum. Despite significant reserves of tantalum ores, Russia does not have sufficient domestic capacity to process raw materials and produce the final product. Before 2022, Russia imported about 50 tons of metal tantalum per year, which covered domestic demand. Due to their high reliability and low failure rate, Russian manufacturers of modern weapons consistently require tantalum capacitors, which are essential in telecommunications, electronics, Korsar and Shahed drones, and other military equipment.[146]

The Russian military-industrial complex is equally dependent on the supply of processed zirconium concentrates, molybdenum ores, and a wide range of primary and processed titanium raw materials. Access to these critical materials enables Russia to produce nuclear submarines, jet engines, missiles, cannons, tank barrels, armored military vehicles, and fighters, including the MiG and Su series. The list is not exhaustive.

However, despite their critical role in Russian aggression against Ukraine and Moscow's significant dependence on imports, none of the above strategic materials are subject to comprehensive EU export bans. This gap can be explained by the fact that, despite isolated cases—such as the export of zircon concentrate from Germany, Spain, Italy, and France, or the supply of South African chromium ore through the Netherlands—most of these strategic mineral resources do not originate from the European Union.

For example, molybdenum ore is mainly imported from Armenia and Belarus.[147] Part of the zircon concentrate supply was sourced from the United States and Indonesia.[148] A significant share of metallic tantalum comes from China.[149] As of 2024, China also covered 52% of Russia's demand for titanium ores. The leading suppliers of high-purity antimony and antimony trioxide for Russia are Ankara and, again, Beijing.[150] In 2023, Russia imported USD 9.22 million worth of beryllium and related products from Kazakhstan, which also exports tantalum to the aggressor country.[151]

However, as noted in previous sections of this report, European trade restrictions can have a broad extraterritorial impact. A prime example is the cessation of operations at the Russian Novotroitsk Chromium Compound Plant, caused by a shortage of raw materials following the severance of relations with a key Kazakh supplier.[152] The supplier halted deliveries

144. https://d-russia.ru/wp-content/uploads/2024/03/bulletin_tpu-2022-v333-i2-15.pdf
145. https://www.militarymetalscorp.com/antimony/
https://nuczu.edu.ua/sciencearchive/ProblemsOfEmergencies/vol23/Ivanov.pdf
https://www.gazeta.ru/army/2022/06/13/14982038.shtml
146. http://www.strongtantalum.com/how-is-tantalum-used-in-the-military-industry/
147. https://oec.world/en/profile/bilateral-product/molybdenum-ore/reporter/arm
148. https://prom-siberia.ru/analytics/rynok-titan-i-czirkonijsoderzhashhih-konczentratov-rossii/
149. https://www.prometall.info/analitika/skolko_tantala_nuzhno_rossii
150. https://resourceworld.com/armz-uranium-holding-to-build-enterprise-for-production-of-antimony-regulus-in-russia/
151. https://oec.world/en/profile/bilateral-product/beryllium-articles-thereof-nes/reporter/rus?redirect=true

to Russia due to the complete ban on exporting and re-exporting chromium products, which are crucial for producing and repairing Russian artillery, as introduced in the 16th EU sanctions package.[153]

152. http://www.up.mk.ua/ru/articles/154392

153. https://www.eurointegration.com.ua/news/2025/02/24/7205694/
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202500395#:~:text=Decision%20(CFSP)%202025/394%20expands,controllers%20used%20to%20guide%20UAVs

Recommendations to address this problem:

I. Introduce comprehensive sectoral bans on the export and re-export to Russia of finished beryllium, stibium, tantalum, zirconium products, molybdenum and titanium raw materials and concentrates, and other strategically important primary and processed raw materials for the Russian military-industrial complex. Additionally, monitoring and blocking the activities of entities and individuals involved in facilitating such deliveries is warranted.

II. Introduce comprehensive sectoral bans on exporting and re-exporting critical equipment for extracting and processing strategic minerals to Russia, and monitor and block the activities of legal entities and individuals involved in facilitating such deliveries.

III. Apply extraterritorial measures to restrict supplies of these raw materials, finished products and equipment to Russia from and through third countries.

STRENGTHENING INDIVIDUAL SANCTIONS AGAINST KEY INDIVIDUALS AND ENTITIES IN CRITICAL SECTORS

Problem:

As noted earlier, since the start of the full-scale invasion, the EU has imposed an unprecedented number of individual sanctions on Russian companies and related individuals. However, despite this unprecedented scale, specific categories of accomplices and participants in Russian aggression against Ukraine remain largely outside the sanctions lists. Primarily, this concerns representatives of the Russian military-industrial complex.

As of mid-2024, the Russian military-industrial complex encompasses at least 6,000 enterprises employing over 3.5 million workers. Another 10,000 companies are involved in servicing Russian weapons manufacturers.[154] Currently, EU sanctions have been applied to approximately 760 military-industrial complex enterprises in the aggressor country, covering only 12.7% of the total.[155]

This gap may be due to sectoral bans on cooperation with the Russian military-industrial complex within the EU. However, there is currently no clear, unified interpretation of this term in European sanctions legislation, and it remains uncertain whether a sufficiently comprehensive definition can be established that would not create a loophole. Moreover, EU law enforcement agencies responsible for monitoring sanctions compliance often prioritize cases involving violations by Russian military-industrial complex enterprises already subject to individual restrictions. Thus, even in sectoral bans, significant gaps in individual sanctions against the Russian "defense" industry critically weaken the effectiveness of countering aggression.

The hybrid tools used by the Kremlin in Ukraine and far beyond are no less important than the conventional methods of such aggression. In particular, the Russian Federation is the largest distributor of disinformation within the European Union. Since 2015, seventeen thousand incidents of Russian disinformation have been recorded in the EU. 1,500 of them were discovered in 2024.[156]

The spread of such disinformation involves a broad spectrum of individuals, including politicians, media representatives, members of cultural and academic communities, and representatives of the Russian Orthodox Church. Their ability to visit EU Member States, participate in scientific events, conferences, joint projects, and own real estate and other assets in Europe serves as additional channels for disseminating harmful narratives. According to various estimates, the number of individuals actively spreading pro-Kremlin propaganda and disinformation could reach up to 1,800 people.[157] Despite this, EU sanctions have been applied to only 2% of this group.[158]

A separate category of persons in this context is Russian athletes, whose participation in the aggression against Ukraine is not limited to its legitimization, spreading disinformation, and whitening the reputation of Russia. Representatives of Russian sports help the aggressor circumvent sanctions by having access to Western markets. Some athletes and officials serve in the Russian army and directly participate in combat operations on Ukrainian sovereign territory. Others support the aggressor's military by raising and transferring funds for UAVs, weapons, equipment, and similar resources. As of today, out of more than 130 identified athletes actively supporting Russian armed aggression, only five individuals are under European restrictions.[159]

Similar to disinformation, Russian cyber aggression now affects not only the territory of Ukraine but also numerous EU Member States. Since the onset of the full-scale invasion, the situation regarding Russian cyberattacks against the European Union has significantly aggravated. Of all geographical targets, the proportion of attacks on EU countries increased from 9.8% to 46.5% in the first six months of 2023. Meanwhile, 61% of all cyberattacks registered in 2023 were attributed to the Russian Federation.[160] In 2024, in response to its involvement in Russian cyberattacks, the EU imposed sanctions on hackers from organizations such as the Callisto Group, Armageddon, and Wizard Spider.[161] However, in practice, hundreds of individuals and groups are involved in such activities, and cyber aggression itself is a centralized policy of the Kremlin, necessitating more extensive resistance.

Numerous cases of misappropriation, destruction, and illegal movement of Ukrainian cultural property in the temporarily occupied territories are also a significant aspect of Russian aggression. From 2014 to 2023, as part of illicit excavations on the Crimean Peninsula, Russians appropriated and/or moved millions of cultural property items.[162] A total of 34,872 museum items from the state part of the Museum Fund of Ukraine were stolen from six museum institutions in five recently de-occupied

154. http://special.kremlin.ru/catalog/regions/TUL/events/73368
155. Individuals, organizations, or entities that are end users in the military sector, are part of the Russian military-industrial complex, or have commercial or other connections to, or otherwise support, the Russian defense and security sector, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0833-20250225
156. https://www.dw.com/uk/doslidzenna-rosia-golovnij-posiruvac-dezinformacii-v-es/a-69091173
157. https://youcontrol.com.ua/articles/baza-propahandystiv/
158. https://war-sanctions.gur.gov.ua/propaganda/persons?page=3&per-page=12
159. https://war-sanctions.gur.gov.ua/sport/persons
160. https://www.eurelectric.org/news/cyber-attacks-on-the-rise-in-the-eu-need-for-skills-investments-and-implementation/ https://www.consilium.europa.eu/en/press/press-releases/2024/06/24/cyber-attacks-six-persons-ad
161. ded-to-eu-sanctions-list-for-malicious-cyber-activitiescyberattacks-against-eu-member-states-and-ukraine/?utm_source=brevo&utm_campaign=AUTOMATED%20-%20Alert%20-%20Newsletter&utm_medium=email&utm_id=320
162. https://krymbezpravil.org.ua/materialy/nezakonni-arkheolohichni-rozkopky-u-zoni-budivnytstva-avtomobilnoi-dorohy-do-transportnoho-perekhodu-cherez-kerchensku-protoku/?utm_source=chatgpt.com

regions of Ukraine.[163] However, of the 260 individuals and 45 organizations identified as being involved in the theft and destruction of Ukrainian cultural heritage, only five individuals are currently under EU sanctions.[164]

One of the most critical and long-term consequences of Russia's full-scale invasion of Ukraine has been the forced deportation of Ukrainian children. As of early 2024, at least 20,000 Ukrainian children have been abducted by Russia.[165] To promote pro-Russian influence and recruit children for military education, a network of "re-education camps" has been established on the territory of the Russian Federation and in the temporarily occupied territories of Ukraine.[166] Currently, only 60 of the 300 identified individuals and 10 of the more than 160 organizations actively involved in the forced deportations of Ukrainian children are under EU sanctions.[167]

163. https://mcsc.gov.ua/news/evakuacziya-kulturnoyi-spadshhyny-kulturni-czinnosti-z-55-muzeyiv-i-biblioteky-ukrayiny-vryatovano-vid-vijny/
164. https://war-sanctions.gur.gov.ua/en/stolen
165. https://www.ukrinform.ua/rubric-society/3821263-ak-rosia-vikradae-ukrainskih-ditej-na-konferencii-v-rizi-nazvali-sist-scenariiv.html
166. https://suspilne.media/605893-tabori-perevihovanna-ak-rf-namagaetsa-peretvoriti-ukrainskih-ditej-na-vorogiv-ukraini/
167. https://war-sanctions.gur.gov.ua/kidnappers/companies?page=14&per-page=12

Recommendations to address this problem:

I. Implement comprehensive blocking sanctions against:

- All enterprises within the Russian military-industrial complex, including individuals and entities that supply goods, provide services, scientific knowledge and technologies, financing, or otherwise support the operations of Russian defense enterprises;
- Russian state-owned and government-affiliated media outlets, non-governmental agencies, private media projects, online communities, forums, and social networks, as well as media managers, owners, executives, journalists, TV hosts, editors, war correspondents, bloggers, influencers, and representatives of the Russian Orthodox Church who actively spread Russian disinformation;
- Russian athletes and sports officials who publicly support the armed aggression against Ukraine, have participated in combat operations, are members of Russian security forces, hold positions in Russian and international sports organizations, and lobby for Russia's interests on the global stage;
- Organizations and individuals involved in decisions related to the destruction or misappropriation of Ukrainian cultural heritage, those funding or directly conducting illegal archaeological activities, the export or storage of cultural artifacts, as well as those engaged in the "reconstruction" or development of Ukrainian heritage sites;
- Cybercriminal groups and individuals involved in cyberattacks, cyberespionage, and destabilizing activities against governmental, military, and infrastructure targets, as well as those developing or distributing malicious software, stealing data from databases and financial institutions;
- Individuals involved in the forcible deportation, transfer, and placement of Ukrainian children into Russian families, as well as those organizing "re-education camps," cultural exchanges, or participating in the militarization and russification of Ukrainian children.

INCREASING PRESSURE ON THE RUSSIAN NUCLEAR ENERGY SECTOR

Problem:

The Russian state corporation Rosatom, comprising approximately 400 industrial and research enterprises across more than 15 divisions, from machine-building to weapons, warrants special attention within this report due to its significant role in generating revenue for the Russian federal budget, expanding Russian influence abroad, and supporting the development of the aggressor state's military-industrial complex.[168]

First and foremost, it is essential to note that the state corporation Rosatom and its subsidiaries hold exclusive and monopoly control over all Russian exports of services related to nuclear energy, thereby controlling all revenues generated from this sector.[169] In 2024, EU member states paid more than USD 700 million to import Russian uranium products alone. In addition, between 2023 and 2024, Rosatom sold fuel materials to countries such as the Czech Republic, Bulgaria, Slovakia, and Finland, totaling 1.3 billion euros.[170] According to the ESA report, natural uranium supplies to the EU from Russia totaled 3,419 tU (23.45%), conversion services totaled 3,543 tU (26.51%), and uranium enrichment services totaled 4,647 tSW (37.9%) in 2023.[171]

The dependence of EU countries on Rosatom's products and services enables the Kremlin to increase its influence in Europe, particularly through the continued implementation of nuclear projects, such as the construction of the Paks-2 nuclear power plant in Hungary. Additionally, Russia has concluded new cooperation agreements, including a joint project with Framatome for producing nuclear fuel under the TVEL license at the European Hexagonal Fuel SAS plant in Lingen, Germany. It continues research activities in alternative areas of nuclear energy development.[172]

Russia's continued expansion in the nuclear energy technology market outside the EU is equally concerning.[173] During the full-scale invasion, Rosatom signed more than 70 agreements and memoranda to enhance cooperation with various countries.[174] The expansion of Rosatom, driven by the state corporation's disregard for nuclear and energy security principles, threatens all regions involved. This expansion is particularly noticeable in Latin America, Southeast Asia, and, with a special focus, African countries.

Rosatom's expansion has both a geographical (or geopolitical) and an industrial dimension, occurring through the active acquisition of non-core assets.[175] For example, in February 2023, Critical Information Systems (a subsidiary of Rosatom) acquired 100% of the shares of MCST JSC, a developer of processors based on the Elbrus architecture and the Elbrus Linux operating system. Russian media reported that the state corporation acted on behalf of the government, aiming to save a vital electronics developer that faced financial difficulties following the imposition of sanctions.[176] Also, in 2022, Rosatom became the de facto owner of the South Korean lithium battery developer Enertech, acquiring 49% of the company's shares (an equivalent share had been purchased by the state corporation in 2021).[177]

Perhaps the most critical factor in Rosatom's involvement in the aggression against Ukraine is its work in support of the Russian state's “defense” order. According to the annual statements of the corporation's CEO, Alexey Likhachev, Rosatom handles 100% of the orders, which involve maintaining the nuclear arsenal and developing, producing, and procuring components and equipment for other weapons.[178]

Rosatom is directly involved in the occupation of the Zaporizhzhia Nuclear Power Plant and the electricity supply to the temporarily occupied territories of Ukraine. To facilitate this, the corporation has established relevant subsidiaries, including the Operating Organization of Zaporizhia NPP JSC.[179] Moreover, the National Nuclear Energy Generating Company Energoatom staff, the sole legal operator of Ukrainian nuclear power plants, has repeatedly faced pressure to accept Russian citizenship and sign contracts with Rosatom.

As of April 2025, only 50 out of 400 Rosatom Group enterprises were under international sanctions. These include companies from the nuclear weapons, engineering, scientific, composite, and fuel divisions that cooperate with the Russian military sector. The application of European sanctions against Rosatom's key companies, particularly TVEL JSC and Tehsnabexport JSC (TENEX), is complicated by the EU's significant dependence on cooperation with the Russian state corporation.[180]

168. https://rosatommd.ru/mediacenter/informatoriy/chem-zhe-zanimaetsya-rosatom.html
169. https://normativ.kontur.ru/document?moduleId=1&documentId=474366
170. https://ec.europa.eu/eurostat/databrowser/view/ds-045409/legacyMultiFreq/table?lang=en
171. https://euratom-supply.ec.europa.eu/document/download/29018562-122c-4818-8774-2424fc029bf6_en
172. https://rosatomnewsletter.com/2024/12/19/paks-ii-picks-up-pace/
https://bellona.org/news/nuclear-issues/2025-01-this-german-town-could-decide-the-future-of-eu-reliance-on-russian-nuclear-fuel
173. https://www.report.rosatom.ru/en
174. https://dixigroup.org/en/over-70-agreements-during-the-full-scale-war-how-rosatom-expands-beyond-sanctions/
175. https://dixigroup.org/en/analytic/5-facts-about-rosatom-threats-of-further-cooperation-with-the-russian-corporation/
176. https://www.forbes.ru/tekhnologii/484796-kommersant-uznal-o-pokupke-strukturoj-rosatoma-razrabotcika-processora-el-brus
177. https://www.interfax.ru/business/901448
178. https://tass.ru/ekonomika/21763903
179. http://www.kremlin.ru/acts/bank/48370
180. https://www.bruegel.org/analysis/ending-european-union-imports-russian-uranium

Recommendations to address this problem:

I. Prohibit European entities from implementing joint projects or establishing new enterprises with Rosatom subsidiaries. Instead, focus on the continued development of alternative and independent supply chains for nuclear fuel cycle products free from Russian technologies and licenses.

II. Introduce a comprehensive ban on European Union companies participating in Rosatom's projects in third countries, effectively preventing the supply of European NPP control systems, critical technologies, and components used in constructing Russia-designed nuclear power plants abroad.

III. Prohibit European research organizations from cooperating with the Rosatom group in new nuclear technologies, particularly developing and implementing small modular reactors.

IV. Introduce blocking sanctions against Rosatom Group subsidiaries, focusing primarily on companies that directly or indirectly cooperate with the Russian military sector, including Giredmet JSC, Industrial Innovations JSC, Siberian Chemical Plant, Centrotech, and Atomdat-Innopolis JSC.

V. Synchronize EU restrictions with sanctions already imposed by other states against Rosatom's subsidiaries, which currently include approximately 27 entities.

VI. Lead efforts to remove Russian citizens from senior positions at the IAEA and terminate cooperation with Russia at various agency facilities.

CONDUCTING AN AUDIT OF INTERGOVERNMENTAL SANCTIONS PLATFORMS

Problem:

At the onset of the full-scale invasion, the United States played a key role in coordinating international sanctions efforts, particularly by creating and supporting relevant intergovernmental platforms. For example, the REPO Task Force, established in March 2022 with the participation of Australia, Canada, the EU and its member states, the United Kingdom, and the United States, was founded on the initiative of the US Departments of Treasury and Justice, with active involvement from U.S. agencies such as FinCEN (Financial Crimes Enforcement Network).[181]

The Export Enforcement Five coalition, formed in September 2023 to coordinate efforts to restrict exports of dual-use and military goods to Russia, included the United States, Australia, Canada, New Zealand, and the United Kingdom. However, it primarily operated under the U.S. Department of Commerce, specifically through its Bureau of Industry and Security.[182]

The United States also established individual working groups at the national level that played a global role, such as Task Force KleptoCapture, created in March 2022, which focused on prosecuting sanctions violations and confiscating the assets of Russian oligarchs, and the Disruptive Technology Strike Force, which was tasked with preventing authoritarian regimes from acquiring American technology.[183]

Today, in practice, Washington has ceased participation in nearly all intergovernmental platforms focused on sanctions and export control, slowed down work in the monitoring group for enforcing the price caps on Russian oil—the Price Cap Coalition, dissolved the federal Task Force KleptoCapture, and redirected a significant number of experts working on sanctions issues to other sectors that, according to the current U.S. administration, are deemed higher priorities for national security.[184]

181. https://home.treasury.gov/news/press-releases/jy0659
182. https://www.bradley.com/insights/publications/2023/10/the-us-department-of-commerce-bureau-of-industry-security-and-e5-partners-provide-guidance-on-russia
183. https://www.justice.gov/archives/opa/pr/us-departments-justice-and-treasury-launch-multilateral-russian-oligarch-task-force
https://www.mcguirewoods.com/client-resources/alerts/2024/2/disruptive-technology-strike-force-continues-focus-on-trade-secret-theft-export-control-enforcement/
184. https://www.bloomberg.com/news/articles/2025-03-20/allies-say-us-retreating-from-push-to-enforce-russia-sanctions
https://www.reuters.com/world/trump-threatens-secondary-tariffs-russian-oil-if-unable-make-deal-ukraine-2025-03-30/
https://apnews.com/article/russia-sanctions-trump-treasury-doj-bondi-85ccedf25d5146db74d83dce01c9958c

Recommendations to address this problem:

I. Given the critical role of international coordination and synchronization for the effectiveness of economic countermeasures against Russian aggression, as well as future threats to European and global security, and considering the EU's important position in the worldwide trade and financial systems and its active participation in all the aforementioned intergovernmental groups and coalitions, it is Brussels that should assume responsibility for maintaining existing platforms, auditing their effectiveness, and driving necessary reforms;

The European Union already has significant experience creating platforms that unite the efforts of 27 national governments. In March 2022, the Freeze and Seize Task Force was established within the EU to ensure the effective application of sanctions against Russian and Belarusian individuals and entities.[185] An equally important example is Operation OSCAR, launched by Europol on April 11, 2022, for the collaboration of EU member states, Eurojust, and Frontex. The operation aims to strengthen financial investigations into criminal assets from sanctioned individuals and entities;[186]

II. In addition to the existing platforms for intergovernmental cooperation, the European Union should create additional platforms for the synchronized investigation and blocking of Russian financial, import, and export flows.

185. https://ieu-monitoring.com/editorial/task-force-freeze-and-seize-opening-remarks-by-eu-commissioner-reynders/443312

186. https://www.europol.europa.eu/media-press/newsroom/news/europol-steps-efforts-to-trace-sanctioned-assets-three-years-after-russia%E2%80%99s-invasion-of-ukraine

CONCLUSIONS

The primary purpose of this section was to demonstrate that even after more than three years of full-scale invasion and an unprecedented number of sanctions imposed in response to Russian aggression, the 27 members of the European Union have enough economic and business instruments to slow down Russia’s advance on the battlefield and force it into fair and practically substantiated negotiations. The EU can still address a range of sectors that continue to support Russian aggression, including confiscating Russian assets, blocking Kremlin revenues from energy sales, shutting down financial flows between the aggressor and its situational allies, restricting the Russian military-industrial complex’s access to the European market, and enhancing its network of platforms for intergovernmental coordination.

Of course, implementing such a package of measures requires not only determination on the part of the European Union but also careful engagement with internal systemic challenges that continue to constrain the effectiveness of the EU’s sanctions policy, as discussed in previous sections of this report.

However, the key challenge for Ukraine's vital European leadership in the sanctions coalition is the divisions within the Union regarding the necessity of sanctions against Russia, which have significantly intensified since the beginning of this year and are actively exacerbated by the aggressor country. In some member states, proposals to lift all sanctions against the Russian Federation have become more tangible.[187]

At such a critical moment, even setting aside the pragmatic argument that extensive sanctions ensure Europe's participation in the peace settlement process, it is essential to recognize that European restrictions cannot be lifted until their objectives are achieved– objectives that have both short-term and long-term consequences (see Table 1).

187. https://spravy.pravda.sk/domace/clanok/750834-sho-odovzdalo-prezidentovi-peticiu-chce-referendum-o-stopnuti-sankcii-voci-rusku/

Purpose of the measures introduced	Reason to keep	End result for the EU
Force the aggressor to stop aggression, make it unprofitable or even impossible.	The aggression is ongoing.	Reducing the destabilization of the region, strengthening the EU's security role, and supporting democratic values.
Ensure the allocation of adequate resources to provide compensation to those affected by aggression.	The aggression continues, and Ukraine has not received fair compensation.	Establish the prerequisites for regional stabilization by supporting Ukraine's recovery and reducing the material burden on EU Member States.
Respond to conventional and hybrid attacks, raising their price and making them more difficult to implement.	Russian attacks targeting EU countries are not only continuing but becoming increasingly frequent.	Protecting EU security, maintaining the Union's reputation, and blocking channels for external attacks.
Restrain aggressive potential, minimize threats of repeated aggression.	The threat from Russia persists, and the regime's goals and interests have not changed.	Reducing the risk of repeated aggression, forming a strategic advantage over potential and real aggressors.
Reducing economic vulnerability to the aggressor and unfriendly actors.	The threat of renewed aggression from Russia remains a pressing concern, as the regime's strategic objectives and interests have not shifted, while the European Union continues to face partial dependence and underlying vulnerabilities.	Strengthening the EU's economic security, flexibility and resilience, and reducing vulnerability to potential and real aggressors.
Upholding the principle of the inviolability of borders	Ukrainian territories remain under the unlawful control of the Russian Federation.	Countering the normalization and "export" of aggression, and ensuring the security of EU border states.

Table 1. Short-term and long-term goals of the European sanctions regime

First and foremost, EU sanctions are intended to halt Russia's ongoing aggression against Ukraine by making it either unprofitable or impossible to sustain. However, as of today, the Armed Forces of Ukraine continue to defend the country on the battlefield, while Russian attacks on civilian Ukrainian cities are intensifying.

Specific instruments of European Union influence are directed toward securing a just resolution of the war and ensuring the available resources necessary to compensate Ukraine for the damage it has suffered. As mentioned earlier, a portion of these resources, in the form of frozen Russian sovereign and private assets, is currently under the control of the European Union. However, two critical steps are lacking to achieve this objective: confiscating and transferring these assets to Ukraine.

An equally important objective of European sanctions is protecting the global principle of the inviolability of borders and the non-recognition of the illegal occupation of sovereign territories—principles that are vital not only for Ukraine, but also for EU Member States situated close to the Russian Federation. However, a significant portion of Ukrainian territory, including the annexed Crimean Peninsula, remains under the control of the aggressor state.

In addition, as outlined in previous sections of this report, while Ukraine continues to endure a full-scale confrontation with Russia, European Union Member States are increasingly becoming targets of Russian hybrid attacks. The EU's economic restrictions–particularly the new sanctions framework introduced last year[188] – should serve as a long-term instrument for countering hybrid aggression by increasing its cost, deterring participation, and restricting access to the financial resources necessary for its execution.

Beyond addressing Russia's ongoing aggression against Ukraine, the European sanctions regime also holds the potential to pursue broader strategic objectives. The full-scale invasion and its retrospective analysis showed that economic instruments must respond to the direct preparation and implementation of aggression. For years, the Russian Federation has used unhindered access to European markets to strengthen its economic position, gain leverage over EU countries, and develop its military-industrial complex. The ongoing peace efforts, alongside the continued hybrid attacks referenced above, demonstrate that even if the war in Ukraine comes to an end, the Kremlin is unlikely to alter its geopolitical objectives and will instead use the time gained to rebuild its capacity for renewed aggression. Therefore, certain European sanctions, particularly those aimed at restricting Russia's access to critical Western dual-use technologies, must remain in force and be upheld even after the active phase of the full-scale invasion concludes. European components, raw materials, equipment, and expertise can no longer serve as a tool for maintaining aggression.

Another key lesson of Russia's full-scale invasion of Ukraine has been the European Union's need to establish reliable and diversified supply and trade chains. Russian aggression, which necessitated a strong economic response, delivered a significant shock to the EU energy market, impacted specific sectors of European industry, and resulted in substantial losses for European businesses with assets in the territory of the aggressor state. Despite these challenges, European Union Member States have succeeded in preserving economic stability, strengthening supply chains, finding more reliable markets, and addressing various structural vulnerabilities. The complete lifting of all sanctions and restrictions on the Russian Federation, as well as the repeal of regulatory measures introduced for European actors during the full-scale invasion, would undermine the progress achieved, restore Russian influence within the EU, and leave the Union vulnerable to comparable losses in the event of renewed aggression.

In summing up the findings of this report, it is crucial to emphasize that the Russian Federation's full-scale invasion fundamentally reshaped the Ukrainian, European, and global security landscape. These transformations—and the threats they entail—require the European Union to remain vigilant and demonstrate strategic determination, unity, and leadership, particularly in economic pressure and long-term deterrence.

188. https://www.consilium.europa.eu/en/press/press-releases/2024/10/08/russia-eu-sets-up-new-framework-for-restrictive-measures-against-those-responsible-for-destabilising-activities-against-the-eu-and-its-member-states/