



RECOMMENDATIONS FOR THE NEW EU PARLIAMENT AND COMMISSION TO STRENGTHEN THE IMPLEMENTATION OF SANCTIONS AGAINST RUSSIA

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EXECUTIVE SUMMARY

The EU sanctions implementation framework remains fragmented despite significant efforts by EU member states and institutions. Encompassing 27 countries and more than 160 institutions, this splintered structure weakens the impact of the EU sanctions regime on Russia's war efforts.

The newly elected European Parliament and reelected European Commission President von der Leyen have stated their intention to prioritize EU security, identifying the support of Ukraine against Russian aggression as a strategic priority. In response to this aggression, the EU should maintain a focus on continuously monitoring the effectiveness of sanctions and countering evasion mechanisms, identifying new sanction tools, supporting member state institutions, and exploring areas where centralization could improve efficiency. The EU must also take a more proactive role in enforcing sanctions: EU institutions, such as the Commission and the European Parliament, should regularly monitor and publish data on sanctions implementation across the Union to showcase best practices, raise awareness, and identify gaps.

Additionally, the EU should explore how established institutions like FRONTEX, OLAF, Europol, Eurojust, and the nascent AMLA can be leveraged to enhance sanctions enforcement. Specifically, FRONTEX should strengthen border controls along the EU-Russia frontier to prevent export control and sanctions evasion and support information sharing between member states, particularly regarding ownership and customs history. AMLA's role should be expanded, allowing it to offer advice and training, promulgate best practices and standards, and coordinate between Financial Intelligence Units (FIUs) to enhance information sharing.

Greater focus should be placed on improving information exchange and coordination between member states and EU institutions more broadly. Enhancing the availability and interoperability of national Ultimate Beneficial Ownership (UBO) registers would improve asset identification. Systems like ARACHNE, which pool and analyze entity and trade data, can bolster sanctions intelligence and investigations.

In upcoming EU budget negotiations, adequate resources must be allocated for the preparation, implementation, monitoring, and enforcement of sanctions, including funding for investigations led by journalists and civil society experts.

The development and approval of new sanctions within EU institutions, particularly the European Council, are often protracted exercises in political bargaining. Increasing the dedicated capacity and introducing qualified majority voting would hasten the process of imposing new sanctions and hinder Russia's ability to adapt to them.

Entities in third countries, especially China and Belarus, are enabling sanctions and export control circumvention, providing Russia with access to dual-use goods, and sustaining its economy. In addition to improving enforcement within the EU, member states and institutions must enhance their investigation of these violations, increase diplomatic efforts, offer economic incentives, and, where necessary, impose sanctions on individuals and entities in third countries.

The EU should also consider implementing a reciprocal adversarial designation of countries, such as Russia, which pose a clear and present danger to European security. Such a designation, accompanied by a legal framework restricting cooperation with these nations, would serve as a proactive de-risking strategy and reduce the burden of implementing additional sanctions in the event of future escalations. It could also work to standardize the EU response and serve as a deterrent to the private sector, whose risk-reward calculations would be affected by the increased threat of having to write off assets in hostile foreign countries. Moreover, the EU should monitor the implementation of sovereign asset confiscation legislation within member states and prepare its own framework that goes beyond the current consensus, which is limited

to using proceeds derived from sovereign assets. The EU should also expedite the implementation of the Confiscation Directive on Private Assets.

Lastly, many European companies continue to operate in Russia, contributing to the Russian economy and indirectly supporting its war effort through tax revenues. A potential solution could be the imposition of an additional corporate gains tax on revenues derived from business dealings in Russia, with the proceeds benefiting the Ukrainian defense effort.

INTRODUCTION

While consistent military and economic aid to Ukraine is paramount, sanctions remain an essential complementary tool to slow, complicate, penalize and impose increased costs on the Russian war effort. Although the European Union (EU) has made great strides since the 2022 invasion, its members are still conducting substantial trade with Russia, financing its war through energy purchases, and, until recently, even re-exporting Russian energy resources. Many EU companies remain active in Russia, with their taxes, products, and services supporting the Russian economy. So far, sanctions and export control enforcement by EU member states have proven insufficient to the task of economically isolating Russia. EU goods (particularly dual-use) and funds reaching Russia often significantly outweigh the military and economic support to Ukraine. For example, the Czech Republic, which is a staunch and long-term supporter of Ukraine, contributed several times more to the Russian war machine in energy payments than the value of Czech support to Ukraine.¹

Sanctions implementation and enforcement remains fragmented among the EU member states and their institutions, creating considerable coordination and communication costs. There is a significant gap between the EU's stated goals and reality, as national political and financial concerns undermine EU commitments to the safety and security of European citizens, and Ukrainians in particular. It is apparent that some in Europe have yet to come to terms with the extent of Russian enmity towards the foundational values of the EU, a position which had already set Russia and the EU on a collision course long before the start of the full-scale war against Ukraine in February 2022. Russia has profited from the EU's conflict-aversion and lack of strategic thinking, enjoying the benefits of a robust economic relationship with the EU while actively undermining European security and democracy.

Severing European economic ties with Russia is an essential part of a larger project: creating an independent, resilient and secure Europe, which refuses to fund its own adversaries. If Europe fails to seize the moment to design long-term security mechanisms which limit the economic and financial access of hostile states, it risks validating the Kremlin's strategy of outlasting its opponents, and remains open to future exploitation by malign actors. Inaction at this point would prolong the war, increasing the political, economic and human costs to Ukraine and its allies while emboldening Russia and those that align with it.

As security, defense, and foreign policy will be key agenda items for the newly-elected European Parliament and Commission, this paper offers recommendations to improve the sanctions regime of the EU and its member states.

1 By March 2024, [the Czech government had paid](#) 57 bn. CZK of aid to Ukraine vs. 271 bn of energy revenue to Russia.

RECOMMENDATIONS

LEADERSHIP, TRANSPARENCY, AND ACCOUNTABILITY

Proactive/Leadership role

In many cases, the EU has not reacted to activities which violate its own sanctions regime and undermine its stated foreign and security policy goals in support of Ukraine. The latest example is the case of several [European banks](#), where it was action by the US, not the EU, which provided the necessary countermand to the bank's activities in Russia. In light of the potential changeover in US administration, and considering that Russia is a geographically proximate threat to the EU, it is in Europe's interest to implement and enforce more robust sanctions at a greater pace, and harmonize its regime with that of other international partners, particularly the US and UK, the latter of which has recently expressed a desire to collaborate more closely with the EU.

Transparency and Accountability

While EU bodies (such as the [High-Level Expert Group on Union Restrictive Measures](#)) and member state authorities regularly meet and evaluate the sanctions regime, there is limited reporting on the effects of the regime as it currently stands. The EU Commission (or a designated agency, e.g. AMLA) should be tasked with the responsibility of continuously monitoring sanctions implementation and the publication of an annual report.

The European Parliament, for its part, should also create a subcommittee on the implementation of economic and financial restrictive measures. This would foster a dedicated mechanism for integration of expert recommendations and the cultivation of expertise within the Parliament on these issues. It would also provide a forum for expert technical briefings to members of the parliament which accompany each addition/amendment to a sanctions regime. Complementary to the EU Commission or, alternatively, a parliamentary committee (AFET-Foreign Affairs Committee or SEDE- Subcommittee on Security and Defence) can oversee the creation of a public reporting process evaluating the implementation of restrictive measures by the EU institutions and member states.

It is in the EU's interest to increase the credibility of sanctions implementation by publicizing as much data on sanctions evasion as possible, as the EU becomes aware of it. This has myriad benefits: weaponizing the deterrent power of public awareness, improving the perceived efficacy of EU institutions, and empowering civil society, journalists, experts, and academics to play a role in research and policy analysis on sanctions enforcement. The cooperation between civil society, EU institutions and member states has been widely seen as a major point of weakness, as non-governmental entities usually receive no feedback or response to their submissions of data and recommendations.

The public would benefit from the release of a variety of metrics on sanctions violations. These include the number of investigations and prosecutions initiated alongside their respective statuses, sanctions-related trade data and data on the alleged violators (if not their identities), and an assessment of the impact of these evasions in financial and material terms. This would not only create a meaningful feedback mechanism to measure and improve sanctions implementation, but would also increase the deterrent factor of sanctions for companies in the public eye.

Another way the EU could improve sanctions implementation through increased transparency is by conducting a comparative analysis of the EU sanctions regime and those of its allies. Since 22 February 2022, the EU has reportedly enacted less than half as many sanctions against Russia as has the US. Releasing the results of such an analysis would clarify the factors holding back further EU measures while motivating states with weaker regimes to close gaps. The sensitivity of the relevant data isn't prohibitive to issuing useful reports, as shown in other reports of a sensitive nature.

THE EU'S INSTITUTIONAL CAPACITY TO SUPPORT SANCTIONS IMPLEMENTATION

The EU Commission, with its respective Directorate-Generals (DGs),² will remain instrumental in sanctions implementation, monitoring, analysis, and enforcement. One of the most productive steps for the Commission would be to take on a stronger role in fostering information exchange between the member states and EU institutions. This may require a deeper institutional framework with resourced units at DGs, including seconded national experts, expansion of the mandate and capacities of the Special Envoy and/or the respective European External Action Service (EEAS) department.

The EU already has a number of institutions formed, or in the process of being formed, whose roles include supporting the implementation of sanctions. These include FRONTEX (European Border And Coast Guard Agency), OLAF (European Anti-Fraud Office), Europol, Eurojust (European Union Agency for Criminal Justice Cooperation), EPPO (European Public Prosecutor's Office) and AMLA (the Anti-Money Laundering and Countering the Financing of Terrorism Authority). The recently re-elected President of the EU Commission, Ursula von der Leyen, has already proposed strengthening some of these bodies in response to the present and future security challenges to the EU. Intrinsic to this debate is the sensitive question of competence transfer between the EU and member states. However, even without changes to the status quo, these institutions can improve sanctions implementation if provided with greater resources, or (in case of AMLA) if their creation is accelerated and their mandate expanded.

FRONTEX and Logistics Bond

The EU states managing a land border with Russia and/or Belarus face a disproportionate burden regarding import/export controls implementation and sanctions enforcement. Due to the vast gap between capabilities and expectations, the EU-Russian border has long been considered a 1600 km-wide sanctions loophole.

These states are burdened not only with an outsized role in processing the exportation of goods from the entire EU, but also face various forms of gray zone or hybrid threats, including the weaponization of migration by Russia and Belarus. An enhanced contingent of FRONTEX guards offers increased processing capacities which are useful in both cases. FRONTEX could also provide training and coordinate cohesive border intelligence operations against large-scale sanctions evasion. This is congruent with existing plans to double FRONTEX.

Effectively controlling this border would also require a more advanced screening system – one equipped to show ultimate beneficial ownership as well as customs history (i.e. whether a truck has been turned away elsewhere) to guards in all of the border states. Additional EU funding is required to implement it.

² In particular, we refer to the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), DG for Trade (DG TRADE), DG Taxation and Customs Union (DG TAXUD), DG for Justice and Consumers (DG JUST), the International Special Envoy for the Implementation of EU Sanctions, and the European External Action Service (EEAS).

However, simply turning away potential sanctions evaders at customs falls short of a meaningful deterrent which could relieve the pressure on these institutions. Efficacious sanctions enforcement at the border requires that transport operators be fined and/or have their trucks seized on the spot, and that the export company organizing the shipment is identified, fined, and upon multiple violations, prohibited from future exports that require crossing the border into Russia or Belarus. The current system, with light or non-existent penalties, is perpetuating the problem of under-capacity.

Recognizing that the enforcement of fines can also burden institutions, one innovative solution is to implement a bond system on those companies which export across the border with Russia or Belarus. If import-export and logistics companies which operate across these borders were required to put up a bond against claims of sanctions evasion and export document falsification, it would not only reduce the challenge of enforcing financial penalties, but also serve as a meaningful deterrent for sanctions evasion at a large scale.

The persistent issue of border control presents a test for the European justice system which, if the EU is ready to embrace it, could have myriad security benefits, countering threats ranging from terrorism, to the drug trade, to human trafficking.

OLAF, Europol and Eurojust

The investigation of sanctions violations is relegated to the member states, but EU institutions still have much to offer. The number of prosecutions, which is objectively small, pales in comparison to the known scale of the violations. In particularly egregious cases, in those involving multiple jurisdictions, or in the event that member states request EU assistance, OLAF, Europol, and/or Eurojust could step in. As all of these organizations have already been active in supporting Ukraine and addressing sanctions evasion, their mandate, financing, and capabilities could be expanded to strengthen sanctions enforcement through a role which remains supportive of, but does not supplant, member state capacities.

The Anti-Money Laundering Agency (AMLA) and Banking

On the current timeline, the Anti-Money Laundering Agency (AMLA) is expected to assume its functions between 2025 and 2028. Given that its role includes supervision and support of the Financial Analytical Units of member states, whose activities are essential in sanctions implementation, there is an urgent need to expedite the process of at least those parts that could support sanctions intelligence, sharing of best practices, data, and coordination.

Banks have traditionally been at the center of AML/CFT efforts, facing considerable reputational and financial risks, and have therefore adopted mechanisms to address and process the constraints and regulations placed upon them for the security of their clients and the societies they serve. Still, banks would greatly benefit from the creation of intra-state or even EU-level banking consortia, or tools such as [SALV](#) or [TMNL](#), which share information to increase the precision of red flags and synchronize transaction monitoring to include sanctions violation alongside money laundering and counterterrorism controls. AMLA could coordinate the establishment of these tools.

Other potential roles for AMLA could include:

- Monitoring, evaluating, benchmarking, and advising the efforts of member states (Financial Intelligence Units and related institutions) in sanction implementation (see [FATF](#) as an example to evaluate standards of AML).

- Increasing the processing speed of information exchange related to sanctions implementation and coordinating cross-jurisdictional investigations, both of which have yet to reach operationally relevant speed. Ideally, transfers of information should be processed in real time, or in a matter of hours, not days. The Commission should require and support the introduction of systems and procedures for information exchange among Financial Intelligence Units and other entities in charge of sanctions implementation.

Ultimate Beneficial Ownership Registers, Information Exchange and GDPR

With regard to AML policies, the most recent [6th package](#) improves many aspects of sanctions implementation, including by delineating rules for ultimate beneficial ownership registers. Yet this improvement falls short of making these registers publicly available (a result of ECJ ruling 11/2022), limiting it to “persons with a legitimate interest, including press and civil society.” This provides space for interpretation by national authorities, resulting in different access parameters across the EU and limiting the operational use of the registers for sanctions investigations. Differences in interpretation of GDPR rules have also hindered investigations and information-sharing between banks.

With [4937 individuals or entities](#) currently sanctioned by the EU (of which [2,247](#) fall under the Ukraine regime), verifying compliance with sanctions poses a challenge for actors such as local municipalities and businesses. Furthermore, compliance with sanctions does not necessarily mean compliance with import and export controls. While there are [tools and analytical systems](#) to help with verification or investigation, these are not readily available, even to key enforcement institutions at the EU and national levels. The EU has already created tools such as [ARACHNE](#) and [BORIS](#), which pool various data sources, including private ones, to improve verification. These could be further developed and made available to sanctions-implementing bodies to increase speed and efficiency.

Periodic Revision of Lists

The periodic revision of sanctions, particularly of the already extensive list of sanctioned entities and individuals, should be uniformly increased from six to twelve months, with the aim of freeing up resources for, and increasing the focus on, sanctions enforcement. At the EU member state level, biannual reviews consume substantial resources which could otherwise be invested in monitoring and evaluation as well as further implementation of sanctions.

2028 Budget

The debate on the new Multiannual Financial Framework (MFF), or EU budget, for the fiscal years 2028–2034 will commence in 2025. The extent to which considerations of security, support for Ukraine, and sanctions implementation is reflected in the budget will send a key message to Russia of the EU’s level of commitment to Ukraine. The following are a sample of potential expenditures to be considered:

- Enhanced funding for EEAS, FRONTEX, OLAF, EUROPOL, EUROJUST, AMLA, and Commission Directorates to increase their capacity to draft sanctions, implement them, or support member state implementation and enforcement.
- Funding for states which border Russia and Belarus to increase their personnel and technological capacity to screen for sanctions evasion.
- Tailored grants for media, civil society, and expert/academic organizations to enable research into sanctions policies and investigation of sanctions violations, as well as implementation and

enforcement on both the EU and national levels. Independent investigation aides prosecution, informs the public, and deters violators.

- Financing/access to tools for data mining, analytics, training and monitoring for EU institutions and member states (e.g. ARACHNE/BORIS).

Schengen Visa Restrictions

The EU should implement a Union-wide policy regarding the conditions under which Russian and Belarusian nationals obtain EU visas. The recent decision in Budapest to carry out an extension of the Hungarian National Card scheme in its present form, which welcomes Russian and Belarusian applicants, is especially concerning given its overlap with Viktor Orbán’s so-called “peace mission” to Moscow in July 2024. This scheme facilitates the process for individuals of certain nationalities to enter Hungary as ‘guest workers’ in less time than the standard visa or work permit application procedure. While not technically violating any piece of EU legislation, the scheme facilitates the unscreened entry of Russian and Belarusian citizens into the Schengen Zone, jeopardizing the collective European security. In the absence of an EU-level policy decision to require certain visa restrictions at the member state level, this threat could be addressed through the re-introduction of (even partial) border checks with those states whose border policies adversely impact the common security.

New Sanctions and Qualified Majority Voting

The construction of new sanctions and the development of effective sanction mechanisms requires both time and institutional capacity. In the fragmented political environment of the European Union, each new sanctions package requires lengthy negotiations to accommodate not only security concerns, but also the competing political and economic interests of member states. The current voting structure allows individual member states to use any new sanctions negotiation as another opportunity to hold the EU hostage in exchange for concessions. On several occasions, Hungary has blocked and meaningfully delayed both vital material support for Ukraine and new sanctions packages. This slows the pace of development of the sanctions regime and curtails its scope (with certain individuals and entities being omitted under duress), resulting in a sanctions regime which is less effective overall.

EU bodies must therefore increase not only their capacity to effectively identify and prepare proposed sanctions lists, supporting evidence packs and mechanisms of implementation, but also their ability to support the process of communication and negotiations with and between member states. Importantly, the EU should revisit its energy sanctions to ensure the most effective oil price cap possible, and continue to reduce the importation of Russian oil and gas products.

Central to the decision-making process in the framework of the Common Foreign Security Policy is the question of implementing a system of qualified majority voting (QMV). The EU has a demonstrated need for more timely operational mechanisms to react to various threats; for this reason, the need for QMV has already become a [topic of discussion](#). Considerations on its application and use should be a central goal for the incoming Commission.

CHINA, BELARUS AND OTHER THIRD COUNTRIES

The topic of sanctions and export control evasion through third countries has been on the horizon since the early days of the Ukraine sanctions regime. The astronomical rise of export rates to certain countries in Central Asia, the South Caucasus and Turkey has persistently undercut claims of the regime’s efficacy.

While much has been achieved through diplomatic efforts and trade restrictions with, for example, Georgia and Armenia, the scale of the problem remains significant. Accordingly, the EU should bolster its diplomatic, political, economic and trade leverage and clearly articulate its positions and priorities. The most recent two sanctions packages represent a good example of how this might be accomplished, even if the EU's approach still lags far behind the impact of the US secondary sanctions.

Two particular countries, Belarus and China, represent a special challenge because of their overt hostility toward Western efforts to counter Russian aggression. At present, they openly play a prominent role in bypassing EU efforts to undermine the Russian war effort through economic and technological means.

The China Challenge

The European Union “[adopted sanctions against Belarus, Iran and North Korea for their support to Russia in the military aggression against Ukraine.](#)” China is conspicuously absent from that list. There is no doubt among credible sources that China is currently a [key enabler](#) who is [directly countering](#) Western sanctions against Russia, supporting its military production and economic viability.

As President von der Leyen said in 2023, “[de-risking](#)” the European relationship with China involves “[stress-testing our relationship to see where the greatest threats lie concerning our resilience, long-term prosperity and security.](#)” In this respect, the US offers a roadmap, having [sanctioned](#) an [increasing number](#) of Chinese companies for supporting Russia's war effort, including most recently four Chinese [financial institutions not included in EU sanctions](#). While the EU has also [begun to sanction](#) Chinese companies, this remains a largely unexplored area. The adverse economic situation in China adds another reason to enact these policies now, when they would have the greatest effect, but leveraging this advantage is stalled by the anxieties of various EU members toward confronting China.

The Russian military is dependent on a variety of declaratively non-lethal Chinese components – most notably, semiconductors, various logistical enablers (such as ball bearings for Russian trains and military production and cheap frontline sand buggies), commercial drones, satellite photos, and precision (CNC) machinery. Russia might seek Soviet-designed weapons from the Chinese stock (particularly armored fighting vehicles and artillery) at any later stage, as these can be readily refurbished and pressed into frontline service using current Russian equipment pipelines.

The EU Commission should spearhead efforts to monitor and investigate export control violations in China and Hong Kong (HK), since individual countries in the EU cannot comprehensively approach this task alone. EU institutions and diplomats can also communicate more assertively with China regarding evidence in particularly significant cases. The EU should demonstrate willingness to quickly sanction Chinese/HK banks and shell companies, especially those which have evidently been created for the explicit purpose of evading sanctions.

Particular effort should be applied to defining and enforcing a red line to prevent China from providing lethal military aid to Russia in the future. This is only possible if the EU is credibly able to impose unacceptable costs on China in the case that it crosses this line. In this respect, the EU has yet to develop mechanisms to leverage not only trade relations but conceptualize other prospective tools such as [capital markets sanctions](#).

The EU has generally tried to minimize conflict and avoid escalating trade wars with China. The benefits of this restraint are outweighed even outside the Russo-Ukraine conflict by underhanded business practices, espionage, geopolitical competition, human rights violations and China's long-standing support of other

sanctioned states. Coordinated diplomacy, targeted sanctions, and the development of a sound strategy in cooperation with the US offer mechanisms through which the EU can wield enhanced leverage over China, which is, for its part, seeking to contain the negative effects of retaliatory measures.

The Belarus Gap

In light of the pervasive use of Belarus as a route for sanctions evasion, the EU has already started to tighten restrictive measures on Belarus, but these require further harmonization with those on Russia. Based on the economic interconnectedness of the two entities within the so-called Union State logic, Belarusian territory should be perceived as an open gate into the Russian market for Western companies and goods.

Thus, it is of key importance to synchronize Western sanction regimes and export controls between the Russian and Belarusian regimes. Even if this may cause further rapprochement between the two states, there is very little the EU could do (economically or otherwise) to unwind the effects of the present administrations in both countries, which have served to entrench anti-Western sentiment and have estranged both countries from the EU for the foreseeable future. On trade, economic and security issues, Belarus cannot be considered an independent or even sovereign actor. There remain other viable avenues through which to support the pro-democracy elements of Belarusian civil society and provide an 'off-ramp' if Belarus does change its alignment in the future – but these are not materially aided by a weak EU sanctions regime today.

ADVERSARIAL DESIGNATION, CONFISCATION AND CORPORATE ISSUES

Adversarial Designation and Confiscation of Sovereign Assets

In response to the Russian designation of 'unfriendly countries,' as well as Russia's manifest and manifold activities against Europe and European interests, the EU should consider a reciprocal adversarial designation. This designation, accompanied by a legal framework limiting cooperation with such countries, would amount to a proactive de-risking program and would significantly reduce the burden of implementing further sanctions in the event of future escalation. This has the power to create a strong deterrent effect in the private sector, while synchronizing public efforts to economically decouple from Russia and other countries which rise to this level of national security threat.

The above-mentioned counter-adversarial designation forms a part of the recommended strategic communications on the impact of the sanctions regime. Skepticism on the efficacy, and even the purpose, of sanctions abounds in media and public forums, even to the point of defeatism. Although loopholes within the sanctions regime exist and remain points of concern for Western policymakers, the lack of popular awareness of the effects of the regime indirectly supports the Kremlin's propaganda narratives about an 'incompetent West and purposeless sanctions.' The topic of sanctions stands uncontested as a crucial element of strategic communication and should not be yielded to commercial incentives of the media, which favor negative reporting over that which is qualified but positive.

In the case of Russia's frozen sovereign assets, the EU should consider legislation which would enable the confiscation of all government assets, most notably those of the Russian Central Bank, with the balance of these assets (not just their interest) being put toward the defense of Ukraine. This works in conjunction with a reciprocal adversarial designation of Russia. Even if the use of Russian assets is never implemented, moving toward a legal framework that allows it will serve to further reduce the permissibility of the economic environment in Europe toward Russia.

As the EU consensus is currently limited to the use of interest from the frozen assets, certain EU member states, most notably Estonia and Latvia, have adopted national legislation allowing the permanent confiscation of the Russian state assets. The practice developed by both countries should be studied more closely by other EU members who may follow suit and either also adopt their own legislation or contribute to finding a common European one.

Acceleration of the Confiscation Directive on Private Assets

On 22 May 2024, [Directive \(EU\) 2024/1260](#) of the European Parliament and of the Council of 24 April 2024 on asset recovery and confiscation (“the Confiscation Directive”) entered into force. The Directive establishes minimum rules on tracing and identification, freezing, confiscation, and management of property assets within the framework of proceedings in criminal matters. It also empowers Asset Recovery Offices to trace and identify assets of sanctioned individuals and to cooperate with EU agencies and non-EU countries in this respect. This should lead to greater efficiency of sanctions implementation, with the aim that the assets of sanctioned individuals be frozen before they disappear or change ownership.

The Confiscation Directive’s potential impact should also be understood in connection with another new piece of EU legislation, [Directive \(EU\) 2024/1226](#) on the definition of criminal offenses and penalties for the violation of Union restrictive measures (“the Restrictive Measures Directive”) which came into force on 19 May, 2024. When the penalization of sanctions violation is harmonized at the EU level, the entire set of confiscation measures set by the Confiscation Directive, including provisions on management, will become applicable in cases of violation of sanctions by the oligarchs or their associates.

The Confiscation Directive is expected to be transposed into the national legislation of all EU Member States by 23 November 2026, and the Restrictive Measures Directive by 20 May 2025. However, increasing the efficacy of sanctions is time-sensitive, and the Member States can reasonably accelerate their efforts. EU Member States must therefore take it upon themselves to implement these directives ahead of the prescribed timeline. Furthermore, the EU should consider the consequences of setting such lengthy timeframes for the implementation of time-sensitive directives with security implications.

Corporate Profits from European Businesses in Russia

One of the most challenging aspects of sanctions implementation has been the EU’s role in shaping the actions of those [independent Western corporations](#) which operate in Russia. This has [caused strife](#) between the EU and Ukraine from the beginning of the war. Initially, many companies vowed to pull out of Russia voluntarily, but a significant number of those have [quietly reneged](#) on their promises. Companies like Auchan [never left](#) the Russian market, while Leroy Merlin and others have [rebranded](#). Zara rebranded and sold its Russian business to [its own franchisee](#). Hundreds of these companies continue to operate as before the war, albeit under slightly modified legal structures, generating profit and paying taxes to the Russian government.

Ideally, the tax levied should be equal to the amount which the company has functionally paid in support of the Russian war effort. This also comprises part of a more pointed strategic communications plan, intentionally exposing these corporations to greater public censure.

CONCLUSION

The EU framework poses unique but not insurmountable challenges for the implementation of sanctions. While they are not enforcing bodies, the European Commission, Parliament and EU institutions have the capacity to play a larger role in rendering the Ukraine sanctions regime more effective. The issue of sanctioning Russia does not exist in a vacuum: it is part of a larger project of creating a state of economic and financial security in the European Union. Efforts to reduce the permissiveness of our economic and financial system are an essential component of continuous support for Ukraine and for deterring Russian or any other aggression in the future.

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