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The role of sanctions in countering the Russian Federation's war of aggression against Ukraine

Report¹

Committee on Political Affairs and Democracy

Rapporteur: Ms Yelyzaveta YASKO, Ukraine, Group of the European People's Party

Summary

The Russian Federation's war of aggression against Ukraine must be stopped, and all those responsible must be held accountable for their crimes.

The Parliamentary Assembly has already acknowledged that a wide range of legal, political and diplomatic measures are necessary to stop the aggression, and has therefore taken a clear stance in favour of sanctions against the Russian Federation and key figures of the Russian regime.

The sanctions system is however weakened by gaps and loopholes, which are exploited by the Russian authorities and targeted individuals to avoid and circumvent the restrictions.

The Assembly should urge member and observer States to adopt strong measures that enhance the effectiveness of the sanctions regime, expand the range of imposed sanctions, increase the number of participating countries and improve their co-ordination, learning from the experience gathered so far.

1. Reference to committee: [Doc. 15812](#), Reference 4769 of 9 October 2023.



Contents	Page
A. Draft resolution	3
B. Explanatory memorandum by Ms Yelyzaveta Yasko, rapporteur	6
1. Introduction	6
2. The role of sanctions	6
2.1. Categories of sanctions	6
2.2. The effectiveness of sanctions	8
3. The consequences of the Russian Federation's unprovoked full-scale war of aggression against Ukraine	9
4. The current sanctions regime against the Russian Federation	11
5. Impact of the sanctions regime against the Russian Federation	12
6. How the Russian Federation is circumventing sanctions	13
7. Further measures to deter and counter sanctions circumvention	14
8. The work of the Council of Europe on sanctions	16
9. Conclusions	17

A. Draft resolution²

1. The Russian Federation's aggression against Ukraine, which started in 2014 and escalated into the unprovoked full-scale military invasion of Ukraine in 2022, is a major breach of international law which warranted the expulsion of the Russian Federation from the Council of Europe. Standing in solidarity with Ukraine and its people, the Parliamentary Assembly reiterates its firm condemnation of the Russian Federation's war of aggression against Ukraine and the uncountable wrongful acts and violations of international law committed by the Russian Federation.
2. The Russian Federation's war of aggression against Ukraine must be stopped, and all those responsible must be held accountable for their crimes. The Assembly welcomes the progress made towards the setting up of a comprehensive system of accountability which has ushered, as a first step, into the establishment of a Register of Damage Caused by the Aggression of the Russian Federation against Ukraine, under the aegis of the Council of Europe. The Assembly emphasises the need to ensure that the Register also includes all damage caused to the temporarily occupied territories.
3. The Assembly calls for the swift completion of the system of accountability through the establishment of a compensation mechanism and the setting up of a special tribunal to investigate and prosecute the Russian Federation's political and military leadership for the crime of aggression. The international compensation mechanism should be primarily aimed at compensating citizens, including those who have been forced to relocate from the temporarily occupied territories. The Assembly calls for consultations to be started as soon as possible on the draft Agreement between the Council of Europe and the Government of Ukraine on the establishment of a special tribunal for the crime of aggression of the Russian Federation against Ukraine, including its Statute, and on a possible draft enlarged partial agreement governing the modalities of support to such a Tribunal, its financing and other administrative matters.
4. The Assembly has already acknowledged that a wide range of legal, political and diplomatic measures are necessary to stop the Russian Federation's war of aggression against Ukraine. Thus, it has taken a clear stance in favour of sanctions against the Russian Federation and key figures of Vladimir Putin's regime, including in its [Resolution 2506 \(2023\)](#) "Political consequences of the Russian Federation's war of aggression against Ukraine", [Resolution 2529 \(2024\)](#) "Situation of the children of Ukraine", and [Resolution 2539 \(2024\)](#) "Support for the reconstruction of Ukraine". The Assembly reiterates the recommendations contained therein, as well as in its [Resolution 2252 \(2019\)](#) "Sergei Magnitsky and beyond – fighting impunity by targeted sanctions" and [Resolution 2542 \(2024\)](#) "Sanctions against persons on the 'Kara-Murza list'", in which it invites all States that have not yet adopted Magnitsky-type targeted sanctions laws to do so without further delay. The Assembly also reiterates its call on Council of Europe member States to declare the current Russian regime as a terrorist one, as set out in [Resolution 2463 \(2022\)](#) "Further escalation in the Russian Federation's aggression against Ukraine".
5. The Assembly recognises that the propaganda and disinformation spread by the Russian media serve as a tool of warfare used both on the territory of the Russian Federation and abroad, especially in the so-called global south countries. The channels used by the aggressor State to influence the outside world should be sanctioned. In order to achieve this, sanctions should be imposed on individual propagandists who promote the ideology of the "Russian World" and incite war and hatred against Ukraine.
6. Faced with the inability of the United Nations Security Council (UNSC) to resort to Article 41 of the United Nations Charter given that the aggressor State Russia is a permanent member of the UNSC, a coalition of States and the European Union have introduced and regularly updated an unprecedented range of restrictive measures aimed at holding the Russian Federation's authorities, elites and their accomplices accountable for their wrongful acts, and to hamper the Russian Federation's capacity to wage the war of aggression against Ukraine by impacting its military and economic sectors. In addition, sanctions have been imposed against Belarus, in response to its involvement in the Russian Federation's war of aggression against Ukraine, and against Iran in relation to the manufacture and supply of drones which are being used by the Russian military in Ukraine. The imposition of sanctions contributes to the efforts to restore justice, bring suffering to an end, and deter the aggressor State Russia from any temptation to further broaden its military threat in Europe.
7. Among the most significant restrictive measures against the Russian Federation are the imposition of an oil price cap and export control measures, as well as specific targeted sanctions against individuals and companies directly involved in the Russian Federation's war of aggression against Ukraine. Thanks to these

2. Draft resolution adopted unanimously by the committee on 30 May 2024.

sanctions, the Russian Federation has lost US\$113 billion in revenues related to oil exports, which has considerably reduced the inflow of foreign currencies. Sanctions have also strongly limited the Russian Federation's access to goods and technologies which are critical for its military industry.

8. Despite these results, the Assembly is concerned that the effectiveness of the sanction system is weakened by gaps and loopholes, which are exploited by the Russian authorities and targeted individuals to circumvent the restrictions. In order to bypass the oil price cap, for instance, the Russian authorities have assembled a "shadow fleet" of old vessels, which operate under different flags and represent a serious environmental hazard due to their poor maintenance and unsecure insurance coverage. The Russian Federation's volume of trade with countries such as China, Iran, Kazakhstan and Kyrgyzstan has sharply increased, and so has it with some Council of Europe member States. Evidence shows that this increase is due to the re-exportation of sensitive goods originating from sanction-imposing countries, despite the existing ban.

9. In light of these considerations, the Assembly believes that urgent and robust action is needed to enhance the effectiveness of the sanction system, learning from the experience gathered so far. The Assembly, therefore, calls on Council of Europe member and non-member States to consider the following measures to reinforce and expand the range of sanctions imposed:

9.1. strengthen compliance with the oil price cap, by listing the vessels of the "shadow fleet" assembled by the Russian Federation and its accomplices, banning them, and establishing a whitelist of brokers authorised to provide information regarding transactions under the price cap;

9.2. ensure that other strategic sources of Russian income are also targeted, including liquefied natural gas and pipeline gas, as well as agricultural, metallurgical and nuclear industries, by banning both the direct import and the resale of related products;

9.3. ban access to their transportation hubs, services and financial assistance to all carriers transporting critical raw materials and manufactured battlefield goods towards the Russian Federation, especially those that could contribute to the war effort;

9.4. ban all Russian and Belarusian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) international payment messaging system, and urge banks to cease operations in the Russian Federation;

9.5. enlarge the list of sanctioned individuals, also to include the persons directly responsible for and participating in the persecution and ill-treatment of Vladimir Kara-Murza, the persecution, ill-treatment and death of Alexei Navalny, the deportation, forcible transfer and unjustifiable delay in repatriation of Ukrainian children, and the destruction of Ukrainian cities and towns, such as Mariupol, Bakhmut, Avdiivka, and Marinka;

9.6. consider the available legal grounds to also target family members of sanctioned individuals.

10. Welcoming the decision taken on 8 May 2024 by the European Council to use windfall profits from Russian central bank frozen assets to support Ukraine's recovery and military defence, the Assembly reiterates its call to explore all available legal options to confiscate frozen Russian assets and the interests accruing thereon, and commit them to compensating Ukrainian citizens, rebuilding destroyed cities and regions, and reconstructing Ukraine.

11. The effectiveness of the sanctions regime should also be improved by increasing the number of participating countries, enhancing their co-ordination and reducing legal gaps and loopholes. To this effect, the Assembly invites Council of Europe member and non-member States to:

11.1. join the coalition of countries that are imposing restrictive measures on the Russian Federation, if they have not done so yet;

11.2. expand and simplify export control measures, in particular by establishing a co-ordinating mechanism for multilateral export controls, and by establishing more robust tracking and verification systems to prevent sanctioned goods and materials from entering global markets through indirect channels;

11.3. bolster corporate responsibility, by establishing corporate responsibility codes impeding trading with the Russian Federation directly or via third countries and providing clearer guidance on the sanctions regime to the private sector and at the same time imposing the introduction of due diligence systems to track the complete route of their exports and of legal liability of company management, as well as by increasing the number of inspections and investigations;

11.4. tackle sanctions circumvention facilitated by companies' subsidiaries operating in third countries, by holding accountable parent companies globally;

11.5. set up and publish a register of individuals and companies which support the Russian Federation's effort in its war of aggression against Ukraine and are involved in the illegal deportation of Ukrainian children, in the destruction of the Ukrainian infrastructure, agriculture, flora and fauna, in sanctions violation and circumvention, and in propaganda and disinformation, as well as individuals and legal entities (including scientists and scientific institutions of the aggressor State) which are involved in cultural cleansing or erasure, the deliberate destruction of cultural heritage and the looting of cultural property or use Ukrainian cultural sites for their own purposes (including in the form of exhibitions, auctions, and scientific publications);

11.6. enlarge and diversify the adoption of secondary sanctions to target countries, entities and individuals contributing to sanctions violation and circumvention;

11.7. withhold financial assistance and all kinds of aid to those countries, entities and individuals who support the Russian Federation in its war of aggression against Ukraine;

11.8. consider mirroring the same range and nature of restrictive measures to the closest allies of the Russian Federation, such as Belarus, Iran, North Korea, and their elites;

11.9. improve multilateral co-operation in order to ensure the harmonisation of relevant national legislations, the elimination of legal loopholes facilitating sanctions circumvention, the continuous exchange of information and best practices, and the conduct of joint inspections and investigations;

11.10. reinforce the financial, human and technical capacities of the national authorities responsible for the enforcement of sanctions, so that they have enough means to properly and efficiently conduct their tasks;

11.11. enhance penalties which are applied for sanction circumvention.

12. In order to eliminate safe havens and ensure a more homogeneous legal framework for what concerns the criminalisation of sanctions violation and avoidance, the Assembly urges European Union member States to expedite the incorporation in their national legislation of the provisions contained in Directive (EU) 2024/1226 of the European Parliament and of the Council of 24 April 2024 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673.

13. In addition, applicants to European Union membership should ensure that their domestic legislation is aligned with the provisions contained in Directives 2024/1226 and 2018/1673, and in general with decisions taken under the European Union Common Foreign and Security Policy. The Assembly urges the European Union to consider this alignment a necessary condition to proceed with membership negotiation procedures.

14. As regards sport sanctions, the Assembly regrets the decision taken by the International Olympic Committee to allow Russian and Belarusian athletes to participate in the Paris 2024 Olympic Games as individual neutral athletes, contrary to its call to fully ban their participation, expressed in [Resolution 2507 \(2023\)](#) "War of aggression against Ukraine – Participation of Russian and Belarusian athletes in the Paris 2024 Olympics and Paralympics?".

15. The Assembly welcomes and encourages the initiatives that the Council of Europe is undertaking on the matter of sanctions, including through the work of the Committee of Legal Advisers on Public International Law (CAHDI) and the monitoring activities of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), as well as the Council of Europe – European Union Technical Support Instrument project on "Effective Implementation of the Sanctions Regime and enhanced cross-border cooperation in EU Member States".

B. Explanatory memorandum by Ms Yelyzaveta Yasko, rapporteur

1. Introduction

1. Restrictive measures or “sanctions” have proved on multiple occasions to be an effective diplomatic tool to put pressure on governments and individuals responsible for breaching international and humanitarian law, violating human rights and threatening international peace. They are also used to project a moral stance and convey a political message by countries willing to distance themselves from the illegal acts of targeted parties.
2. Sanctions span from banning travel, sports or cultural activities, to cutting diplomatic ties, freezing assets and imposing sectoral trade restrictions or generalised embargoes. They can be enforced unilaterally or under a multilateral framework, and they can be formulated in a way that targets only specific individuals or entities.
3. Since the launch of its aggression against Ukraine in 2014, the Russian Federation has been involved in serious violations of international human rights and humanitarian law in the temporarily occupied parts of Ukraine’s Donetsk, Luhansk, Zaporizhzhia, and Kherson regions, as well as in the Autonomous Republic of Crimea and the city of Sevastopol. The Russian Federation’s unprovoked full-scale military invasion of Ukraine started on 24 February 2022 stands as a stark example of the devastating impact of wars and conflicts on human lives, regional stability, and trust in global institutions.
4. In response to these crimes, an increasingly larger group of States has imposed an unprecedented number of sanctions against the Russian Federation, contributing to its international isolation and making it the most sanctioned country globally. The current sanctions regime against the Russian Federation represents, therefore, a unique case.
5. Sanctions against the Russian Federation are effective in reducing the country’s economic, trade and military capacities, and in contributing to hold the Russian Government and elites accountable for their internationally illegal acts. Without sanctions, the Russian Federation would have much larger financial, technological and material resources to conduct its criminal acts of war of aggression against Ukraine and its population, infrastructure and environment. The Russian authorities and their partners are, however, constantly finding new ways to circumvent sanctions.
6. In order to cement the results achieved so far and tighten the grip of sanctions around Russian critical economic sectors, this report proposes the introduction of further measures that can cover the existing gaps and loopholes and put additional pressure on the aggressor State Russia.

2. The role of sanctions

2.1. Categories of sanctions

7. The first half of the 20th century has been characterised by the two World Wars, by far the largest and deadliest conflicts of human history. In 1945, in the aftermath of the Second World War, the United Nations (UN) were established, through the ratification of the UN Charter and with the main purpose of maintaining international peace and security, by taking “effective collective measures for the prevention and removal of threats to the peace”. The UN Charter codifies the major principles of international relations, from sovereign equality of States to the prohibition of the use of force in international relations.³
8. The European continent had been the epicentre of the two World Wars. In 1949, echoing the principles at the basis of the UN, the Council of Europe was created under the premise that “the pursuit of peace based upon justice and international co-operation is vital for the preservation of human society and civilisation” and with the aim of achieving “a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage and facilitating their economic and social progress”.⁴
9. After the conclusion of the Cold War, the first decades of the 21st century have quickly turned into a missed chance for international peace and stability. We now live in an increasingly multipolar world, grappling with serious security challenges. In different regions, numerous cases of systematic violations of human rights

3. [United Nations Charter, 1945.](#)

4. [Statute of the Council of Europe \(ETS No. 1\).](#)

and freedoms persist, exacerbating social tensions and fuelling conflicts. Currently, there are over 100 armed conflicts globally,⁵ undermining fundamental human freedoms and impeding national economic development as well as international security and peace.

10. In order to achieve the aims professed by the United Nations and the Council of Europe, and to ensure global security and respect for international law, effective mechanisms and instruments are needed, in particular in instances where a State threatens the sovereignty of another State, or when it is violating human rights, freedoms, and democratic principles on a large scale domestically.

11. In this sense, sanctions can serve as a means of holding governments accountable for their acts. If a government engages in activities contrary to democratic values or in aggressive actions against its own citizens or neighbouring States, sanctions act both as a deterrent and as a coercive measure. Through sanctions, the “senders” (sanctioning States or international organisations) attempt to modify the behaviour of the “targets” (sanctioned government authorities and, in some cases, individuals or non-state actors).

12. Sanctions can cover cultural, diplomatic, economic and military relations. In particular, they can be categorised into several types based on their target and scope:

- comprehensive sanctions aim to restrict all or most relationships with the target country. They may include trade embargoes, financial restrictions, as well as limitations on cultural, travel and diplomatic relations;
- sectoral sanctions target specific sectors of a country's economy, such as finance, energy, or defence. They aim to restrict or prohibit certain types of trade or transactions within those sectors;
- personal sanctions are directed at individuals or entities deemed responsible for specific actions or behaviours. They may include travel bans, asset freezes, or restrictions on financial transactions;
- secondary sanctions target third parties, such as individuals, companies, or countries which engage in certain activities with the sanctioned entity or country. These sanctions aim to deter others from doing business with the target country by imposing penalties or restrictions on them.

13. According to the UN Charter, the UN Security Council might determine the need to adopt measures not involving the use of armed force to maintain or restore international peace and security. Article 41 of the Charter provides an indication of the kind of measures UN member States might need to adopt, such as: “complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations”.⁶

14. The adoption of UN Security Council sanctions during the Cold War was rather rare, as the permanent members seldom agreed on their use: only two mandatory sanctions were imposed, on Southern Rhodesia in 1968 and South Africa in 1977. The adoption rate gradually increased in the aftermath of the collapse of the Soviet Union, and sanctions were more frequently used during the nineties. As an example, sanctions were imposed on Iraq (1990-2003), during the break-up of the former Yugoslavia (1991-1996), on Haiti (1993-1994), as well as in the context of intrastate conflicts, in particular targeting some African countries.⁷

15. Currently there are 14 UN Security Council sanctions regimes in place, aimed at supporting the political settlement of conflicts, tackling nuclear proliferation and countering terrorism.⁸ The current polarisation amongst the permanent members of the UN Security Council makes it extremely difficult to achieve an agreement on the imposition of new sanctions and even to manage existing sanctions regimes. The most recent example of this is the veto imposed on 28 March 2024 by the Russian Federation on a UN Security Council Resolution which would have extended until 30 April 2025 the mandate of the Panel of Experts assisting the Sanctions Committee established pursuant to Resolution 1718 (2006) on North Korea.⁹

16. Also because of the deadlock within the UN Security Council, States have increasingly adopted sanctions unilaterally, at individual level or in co-ordination with other like-minded countries, to pursue foreign policy objectives and in particular as a means to protect human rights, democracy and international law against a government violating or threatening to violate them. In some other instances however, unilateral

5. www.icrc.org/en/document/humanitarian-crisis-world-cant-ignore-2023.

6. United Nations Charter, 1945.

7. Security Council Report, “UN Sanctions”, 2013.

8. www.un.org/securitycouncil/sanctions/information.

9. <https://press.un.org/en/2024/sc15648.doc.htm>.

sanctions are also enforced in addition to those mandated by the UN Security Council, mostly to reinforce them – this is a common practice of the European Union or the United States, and an example was the case of multiple sanctions packages imposed on Iran on its nuclear proliferation programme.

17. Unilateral sanctions are currently being adopted outside the framework of the UN Security Council in a number of cases. As an example, the United States have been imposing a comprehensive economic embargo on Cuba since 1962. Among other cases, it is worth to mention the sanctions regime adopted against Myanmar by the European Union, the United States, the United Kingdom and Australia, in response to the military coup carried out in 2021 and the severe violations of human rights in the country. More recently, Türkiye decided to suspend trade with Israel over the conflict in the Gaza Strip; the United States, on the other hand, threatened to suspend the provision of weapons to Israel, should it decide to proceed with the invasion of the city of Rafah.

18. According to the different possible scenarios depicted above, sanctions can therefore serve as a:

- deterrent against undesirable actions, by signalling to targeted States, individuals or non-state actors that certain behaviours, such as aggressions, terrorism or human rights abuses, will result in diplomatic, financial or economic consequences;
- coercive tool, in order to put pressure on States, individuals or non-state actors already engaging in such behaviours, and make it harder for them to keep doing so;
- diplomatic leverage to encourage negotiation, mediation, or compliance with international demands;
- mean of pressure for requiring authoritarian regimes to initiate democratic reforms.

2.2. The effectiveness of sanctions

19. Empirical research has shown that sanctions can cause substantial harm to target countries, in particular when they aim at choking trade and financial transactions and thus manage to strongly impact their gross domestic product. The overall effectiveness of sanctions in improving the protection of human rights and in encouraging democratic change in target countries is however still disputed by academic research.¹⁰

20. Based on the Global Sanctions Database,¹¹ which covers a total of 1 325 sanction cases starting from 1950, a study published in 2020 came to the following main conclusions: “(i) the use of sanctions has risen over time; (ii) European countries are the most frequent users and African countries the most frequent targets, with sanctions being mostly non-reciprocal; (iii) sanctions are becoming more diverse, with the share of trade sanctions declining and the share of financial and travel sanctions rising; (iv) the main objectives of sanctions are increasingly related to democracy and/or human rights and less to classical questions of international diplomacy; (v) the success rate of sanctions had been increasing until 1995 and has fallen since then; on average the success rate is about 30%”.¹²

21. An additional consideration is that sanctions might produce adverse consequences, both on the sender countries and the target country’s population.¹³ For this reason, targeted “smart” sanctions are often preferred, as they put most of the pressure on specific individuals, entities and non-state actors responsible for international law or human rights violations. In any case, sanctions of all kinds normally represent a much less costly alternative to direct military confrontation, and in this sense they encounter lower resistance both at national and international levels.

22. On the other hand, the enforcement of sanctions also exquisitely represents a moral stance and a political message on the side of sender countries. A sender country can decide to limit and restrain its relationship with a target country or individuals by imposing sanctions in order to clearly distance itself from a deplorable behaviour, signalling that it does not want to provide means to those operating in violation of recognised norms of international law or human rights protection. This is the case, for example, of sanctions

10. J. Gutmann, M. Neuenkirch and F. Nuemeir, “The Impact of Economic Sanctions on Target Countries: A Review of the Empirical Evidence”, *EconPol Forum*, 2023 and C. von Soest and M. Wahman, “The Underestimated Effect of Democratic Sanctions”, *E-International Relations*, 2014.

11. www.globalsanctionsdatabase.com/.

12. G. Felbermayr, A. Kirilakha, C. Syropoulos, E. Yalcin, and Y. Yotov, “The Global Sanctions Data Base”, *School of Economics Working Paper Series 2020-2*, LeBow College of Business, Drexel University, 2020.

13. The report on “Addressing the social and economic effects on sanctions” currently being prepared by the Committee on Social Affairs, Health and Sustainable Development (rapporteur: Sibel Arslan, Switzerland, SOC) will further analyse this aspect.

recently imposed by the European Union, the United Kingdom, Canada and the United States on Israeli settlers on the West Bank for acts of violence and incitement against Palestinians. They consist of freezing of their assets and restricting their ability to travel abroad.

23. The effectiveness of sanctions in some instances might not be immediately evident, as it might take time (possibly several years) before change actually happens. In these cases, economic pressure imposed on target countries entails a progressive erosion by attrition of their financial resources, and an increased instability in their macro-economic fundamentals. As the impact is felt in the long-run, sender countries need a strong resolve in their commitment to achieve their objectives.

24. Notwithstanding all of the above, sanctions have factually proven to be effective in several international issues, in particular in preventing conflicts, reducing geopolitical tensions, and encouraging regime changes. As an example, in 1921 the threat of economic sanctions from the League of Nations prevented Yugoslavia from invading Albania; in 1925, a conflict between Bulgaria and Greece was avoided in a similar fashion.¹⁴ Sanctions also contributed to democratic reforms and the overthrow of the apartheid regime in South Africa, to the introduction of multi-party democracy in Malawi, and to the abandonment of Taiwan's plans to develop nuclear weapons.¹⁵

25. The sanctions imposed on the USSR in the 1980s had a profound impact on its economy, exacerbating the crisis within the State system, isolating the Soviet Union from technologically advanced countries, and ultimately contributing to its collapse. Another successful example is represented by the sanctions leading to the nuclear deal with Iran: while the agreement is not in place any longer, it was because of the sanctions regime that Iran formally agreed that its nuclear programme would not be used to develop nuclear weapons.¹⁶

26. Sanctions are not a panacea, and it would be naïve to expect that they can be a game-changer alone. They can however play a key role when they are combined with other tools such as early warning mechanisms, diplomatic negotiations, and in the worst and most unfortunate scenarios, military intervention. They entail a powerful moral, symbolic and political significance, which is unrelated to their immediate effectiveness. They also represent a more viable and economic alternative to military intervention. Policymakers need to take into account all these aspects whenever they consider the adoption of sanctions in combination with or in alternative to other foreign policy tools.

3. The consequences of the Russian Federation's unprovoked full-scale war of aggression against Ukraine

27. Since launching its aggression against Ukraine in 2014, the Russian Federation has been responsible for serious violations of international human rights and humanitarian law in the temporarily occupied parts of Ukraine's Donetsk, Luhansk, Zaporizhzhia, and Kherson regions, as well as in the Autonomous Republic of Crimea and the city of Sevastopol. It has enforced demographic changes, suppressed religious communities, militarised the Crimean Peninsula, and imposed restrictions on education and freedom of expression and assembly, leading to arrests and political persecution, particularly targeting Ukrainians and Crimean Tatars.

28. The Russian Federation's illegal, unprovoked and unjustified full-scale military invasion of Ukraine started on 24 February of 2022 in continuation of the Russian Federation's war of aggression against Ukraine that has been ongoing since 19 February of 2014, stands as a stark example of the devastating impact of wars and conflicts on human lives, regional stability, and trust in global institutions. Thousands have died, with shelling destroying homes, schools, hospitals, causing flooding and disrupting water supplies to irrigation systems. These actions constitute a direct violation of Articles 3, 18, 25, 26 of the Universal Declaration of Human Rights, as well as Article 2 of the European Convention on Human Rights (ETS No. 5).

29. In particular, the UN Human Rights Monitoring Mission in Ukraine (HRMMU) has documented at least 31 366 civilian casualties in Ukraine, with 10 810 fatalities and 20 556 injuries since 24 February 2022. The vast majority of these casualties (91%) were caused by explosive weapons with wide area effects, including shelling from artillery, tanks and multiple launch rocket systems (MLRS), cruise and ballistic missiles (air, sea and land-based), and air strikes, including loitering munitions and other unmanned aerial vehicles (UAVs). Official statistics do not account for civilian casualties in the temporarily occupied territories. In particular, preliminary data indicate that more than 22 000 civilians were killed in Mariupol. Furthermore, HRMMU recorded that 1 109 educational facilities and 482 medical facilities were either destroyed or damaged, along

14. www.washingtonpost.com/news/worldviews/wp/2014/04/28/13-times-that-economic-sanctions-really-worked/.

15. Ibidem.

16. European Parliament Briefing: "EU sanctions: A key foreign and security policy instrument", April 2024.

with critical infrastructure.¹⁷ The total damage to the infrastructure in Ukraine estimated by the Kyiv School of Economics as of January 2024 was reaching up to US\$ 155 billion.¹⁸ In particular, the amount of destruction suffered by the city of Mariupol alone between 24 February and 20 May 2024, is estimated at approximately US\$14.5 billion (according to the Mariupol City Council), including the damage resulting from the destruction of two metallurgical plants, estimated by the World Bank at US\$4.2 billion.

30. According to the special report of the Ukrainian Parliament Commissioner for Human Rights on the observance of the rights of persons affected by the Russian Federation's war of aggression against Ukraine, at least 19 500 Ukrainian children have been illegally abducted and deported to the Russian Federation. However, the actual number might surpass several hundreds of thousands of Ukrainian children taken by the Russian authorities since the commencement by the Russian Federation of the unprovoked full-scale military invasion against Ukraine.¹⁹ Additionally, over 2 090 children are reported missing, 535 have been killed, 1 257 have sustained injuries, and 13 have been victims of sexual violence. On 17 March 2023, the International Criminal Court (ICC) issued arrest warrants for the President of the Russian Federation, Vladimir Putin, and for the Commissioner for Children's Rights, Maria Alekseyevna Lvova-Belova, both "allegedly responsible for the war crime of unlawful deportation of population (children) and that of unlawful transfer of population (children) from occupied areas of Ukraine to the Russian Federation". The Office for Democratic Institutions and Human Rights of the Organization for Security and Co-operation in Europe (OSCE/ODIHR) urged the Russian Federation to immediately cease the practices of forcible transfer or deportation of children from Ukraine to the temporarily occupied territories and the Russian Federation.²⁰

31. Furthermore, residents of the temporarily occupied territories of Ukraine are being forcibly mobilised into the Russian Armed Forces. Since April 2015, approximately 35 000 individuals from temporarily occupied Crimea and the city of Sevastopol have been illegally conscripted. Moreover, starting from February 2022, up to 90 000 residents from temporarily occupied parts of Ukraine's Donetsk, Luhansk, Zaporizhzhia, and Kherson regions have been coercively enlisted into units of the 1st and 2nd Army Corps within the Southern Military District of the Russian Armed Forces.

32. The Russian armed forces have been consistently responsible for organised and extensive plundering of private, public and other properties across Ukraine, especially targeting agricultural products and metal products. Factories are being looted, and equipment is being dismantled for scrap metal. This looted property is then transported to the Russian Federation through routes passing via temporarily occupied Crimea and Belarus. The act of pillage is explicitly prohibited under customary international humanitarian law, as stipulated in Articles 28 and 47 of the Regulations Regarding the Laws and Customs of War on Land, which is an annex to the Convention (IV) respecting the Laws and Customs of War on Land of 1907 (Hague Regulations).²¹ This Convention is still in force and binding upon the Russian Federation. Recognised as a war crime since the First World War, the prohibition of looting has also been expressly outlined in legal documents such as the Nuremberg Tribunal Statute and is currently delineated as a war crime under Article 8(2)(b)(xvi) of the Rome Statute of the ICC.²²

33. In 2022 and 2023, Ukrainian law enforcement agencies recorded Russian-flagged vessels transporting grain stolen from the temporarily occupied territories, specifically from the Kherson and Zaporizhzhia regions to third countries through Crimean seaports closed since 2014. The Russian occupying administration forged shipping documents in order to "clean up" and legitimise the stolen grain being transported. In addition, according to the HRRMU, since 11 July 2023, dozens of attacks damaged or destroyed facilities related to grain production and export in territory under the control of Ukraine, including port facilities, grain silos and vehicles for transporting grain. Additionally, metal products and surviving equipment were stolen from the metallurgical enterprises in the city of Mariupol, as well as from the territory of its sea port, and were transported out through the Mariupol sea trade port.

34. The Russian army is systematically stealing objects of Ukraine's cultural heritage. Since 24 February 2022, at least 245 such cases have been officially recorded.²³ The stolen cultural property is transported across the territory of the Russian Federation, becoming part of exhibitions and private collections of Russian

17. Ukraine: Protection of civilians in armed conflict – March 2024 update.

18. <https://kse.ua/about-the-school/news/155-billion-the-total-amount-of-damages-caused-to-ukraine-s-infrastructure-due-to-the-war-as-of-january-2024/>.

19. <https://childrenofwar.gov.ua/en/>.

20. OSCE/ODIHR, "Report on Violations and Abuses of International Humanitarian and Human Rights Law, War Crimes and Crimes Against Humanity, related to the Forcible Transfer and/or Deportation of Ukrainian Children to the Russian Federation", May 2023.

21. <https://ihl-databases.icrc.org/en/ihl-treaties/hague-conv-iv-1907>.

22. www.icc-cpi.int/sites/default/files/RS-Eng.pdf.

individuals, the subject of research by various institutions, and is used for Russian propaganda purposes, in particular to fuel the “Russian world” concept by demonstrating the so-called “rich Russian culture”. In addition, since the first days of Russia’s war of aggression against Ukraine, Russian troops have cynically damaged or destroyed at least 1 062 sites of Ukraine’s cultural heritage. Of these, 307 are architectural monuments, 316 are architectural and urban planning monuments, 226 are historical monuments, 21 are monumental art monuments, 19 are urban planning and monumental art monuments, and 56 are archaeological monuments. This is a direct violation of Article 56 of the Hague Regulations.

35. The scale of Russian strikes is not diminishing. As reported by the Institute for the Study of War, during the night of 21-22 March 2024, the Russian forces conducted the largest combined drone and missile attack against Ukrainian energy infrastructure since the beginning of the full-scale invasion of Ukraine, launching 151 drones and missiles targeting 136 energy facilities in Zaporizhia, Khmelnytskyi, Odesa, Dnipropetrovsk, Poltava, Mykolaiv, Vinnytsia, Lviv, and Ivano-Frankivsk oblasts. On 22 March, Russian missile strikes destroyed all power units and auxiliary equipment at the Zmiivska Thermal Power Plant (TPP) in Kharkiv Oblast and critically damaged HPP-1 and HPP-2 of the Dnipro Hydroelectric Power Plant (HPP) in Zaporizhzhia. Targeting energy infrastructure has a significant impact on Ukrainian population, and aims at degrading Ukrainian defence industrial capacity.²⁴

4. The current sanctions regime against the Russian Federation

36. In response to the Russian Federation’s unprovoked full-scale military invasion of Ukraine, both individual States and the European Union have imposed an unprecedented number and range of sanctions against the aggressor State Russian Federation, contributing to its international isolation: approximately 14 000 distinct sanctions are now targeting Russian individuals and legal entities, making the Russian Federation as the most sanctioned country globally, and significantly limiting it militarily and economically.

37. The main rationale justifying the extent of the current sanctions regime against the Russian Federation is to hold the government and the responsible elites accountable for the full-scale war of aggression that it is waging against Ukraine and the uncountable violations of human rights that this entails. Sanctions contribute to counter the Russian Federation’s military effort in the battlefield, in particular by impeding the use of its financial assets held abroad, by minimising inflows related to oil and other exports, and by reducing industrial access to technology and dual-use goods which are vital for the production of weapons and military materiel.

38. On 23 February 2024, the European Union adopted its 13th package of sanctions: these packages target individuals and entities that are enabling the Russian Federation’s war of aggression against Ukraine effort, include individuals and entities from other countries, such as Belarus, Iran and North Korea.²⁵ On the same date, the United States also announced over 500 new sanctions against individuals and entities based in the Russian Federation as well as in other countries, in relation to the Russian Federation’s war of aggression against Ukraine as well as violation of human rights, in particular the death of Russian opposition politician Alexei Navalny in detention.²⁶

39. The European Union adopted on 22 March 2024 additional restrictive measures against 33 persons and two entities linked to Navalny’s sudden death.²⁷ On 1 May 2024, the United States further sanctioned 280 persons and entities engaged in the development of the Russian Federation’s future energy, metals, and mining production and export capacity; sanctions evasion and circumvention; and furthering the Russian Federation’s ability to wage its war against Ukraine. In particular, the United States State Department is accusing the Russian Federation of using chemical weapons (including chloropicrin and riot control agents) against Ukrainian forces, in violation of the Chemical Weapons Convention, to which the Russian Federation is a party.²⁸

40. Canada, Australia, Japan and other countries have also joined the “sanctions coalition”, adopting similar measures since the beginning of the unprovoked full-scale military aggression of the Russian Federation against Ukraine.

23. <https://nazk.gov.ua/en/news/bring-back-what-s-ours-nacp-launches-a-new-section-stolen-heritage-within-the-project-war-and-art/>.

24. Institute for the Study of War, *Russian Offensive Campaign Assessment*, 30 March 2024.

25. European Council, “EU sanctions against Russia explained”.

26. <https://home.treasury.gov/news/press-releases/jy2117>.

27. European Council, *Death of Alexei Navalny: EU sanctions 33 individuals and two entities under its Global Human Rights Sanctions Regime*, 22 March 2024.

28. www.state.gov/imposing-new-measures-on-russia-for-its-full-scale-war-and-use-of-chemical-weapons-against-ukraine-2/.

5. Impact of the sanctions regime against the Russian Federation

41. Sanctions have dealt a significant blow to the Russian economy and to Moscow's capacity to fund its war of aggression against Ukraine, as described by several experts during the hearings within the Committee on Political Affairs and Democracy held on 12 December 2023 and on 18 April 2024, as well as during the side-event co-organised on 23 January 2024 by the Ukrainian delegation to the Parliamentary Assembly and the Kyiv School of Economics Institute (KSE). This was also stressed by the International Special Envoy for the Implementation of EU Sanctions, David O'Sullivan, during the online meeting I had with him on 24 May 2024.

42. Without sanctions, the Russian Federation would have access to a much larger amount of financial resources as well as to a bigger pool of crucial military technologies, and would therefore have been in a position to increase its military expenditures and ultimately cause even more damage to the Ukrainian population, infrastructure and environment. In this sense, the effectiveness of sanctions against the Russian Federation cannot be disputed. Their role is absolutely essential in the achievement of a comprehensive, just and lasting peace for Ukraine.²⁹

43. One consideration made by the experts consulted during the above-mentioned exchanges is related to the misinformation, spread by Russian propaganda, concerning the costs of sanctions on sender countries. It is important to stress that these costs are massively exaggerated or even linked to sanctions in a disingenuous way. An example of this is the increase in energy prices in Europe in 2022: while no meaningful sanctions on Russian energy exports were in place back then, this was rather the result of the Russian Federation's attempt to weaponise gas flows. Sanctions are actually having a strong impact on the Russian Federation, and they should be reinforced with additional measures in order to tighten the grip around Russian economy and financial stability.

44. In particular, the Russian Federation's external balance in 2023 sharply deteriorated, with a 63% drop in trade surplus and a 79% drop in current account surplus compared with 2022. The lower inflows of foreign currency have led to an important devaluation of the ruble, which has lost around 40% of its value against the euro and the US dollar since the fall of 2022. This has augmented inflationary pressures and forced the Central Bank of the Russian Federation (CBR) to increase interest rates and reintroduce capital controls.³⁰ These measures will have an impact on Russian economy also in the longer term.

45. The Russian Federation heavily depends on the National Wealth Fund (NWF) to sustain its budgetary requirements. Since the commencement of its war of aggression against Ukraine, the Russian Federation has allocated a minimum of 4.7 trillion rubles (approximately US\$55 billion) of the NWF's liquid assets to bolster the budget and aid struggling enterprises. Total assets of the NWF stood at 12.3 trillion rubles (US \$133.4 billion, 6,8% of GDP) in February 2024. Only 41% of the assets are now liquid, posing challenges for their immediate repurposing to support the budget. While euro assets fell to zero in December 2023, the liquid portion is now composed only by yuan-denominated assets and gold: budgetary funding through the NWF will become more difficult, as these are more complicated to use at scale.

46. Before the unprovoked full-scale military invasion of Ukraine, Russia held US\$634 billion in international reserves, part of what is described as "Fortress Russia". Thanks to the sanctions imposed on the CBR and the NWF, approximately US\$313 billion of these reserves are currently immobilised. This leaves the Russian Federation with access to around US\$153 billion in monetary gold and roughly US\$118 billion in foreign exchange (primarily in yuan). At the same time, Russian banks and corporates were still able to acquire US \$187 billion in assets abroad: this aspect should be monitored and taken in consideration in the design of future measures.³¹

47. Simultaneously, the fiscal situation seems to have stabilised in recent months due to the growth of oil and gas revenues, which in January-February 2024 were 71% higher compared to the same period in 2023, and because of the weakening of the ruble. On the other hand, while budgetary deficit in January-February 2024 was smaller compared to the previous year, expenditures have increased sharply because of Russia's war of aggression against Ukraine. The 2024 budget of the Russian Federation allocates 10.775 trillion roubles to 'national defence', marking a 70% increase from the 2023 budget of 6,8 trillion roubles and tripling the pre-war against Ukraine year 2021 expenditure. A third of these funds are designated for the upkeep of

29. Resolution 2516 (2023) "[Ensuring a just peace in Ukraine and lasting security in Europe](#)".

30. Kyiv School of Economics Institute – Russia Chartbook: "[Further Weakening Of Russian Macroeconomic Stability Will Require Additional Measures](#)", 21 March 2024.

31. Ibidem.

the army and defence industry. In total, nearly 40% of the budget will be devoted to military expenditures. Additionally, funding for information policy and regime propaganda will continue at a record level of 121.3 billion roubles.

48. In order to keep the deficit contained, Russian authorities introduced a windfall tax on the excess profits of companies in August 2023,³² and might need to increase taxes even further.³³ To this respect, it is important to recall that Russia lost US\$113 billion related to oil exports because of the sanctions, an amount that would have been certainly used by the Russian aggressor to fund its growing military costs.

49. Sanctions have significantly limited the Russia's ability to manufacture UAVs, tanks, cruise missiles, and repair military equipment due to a shortage of foreign machines (such as computer numerical control ones), components and semiconductors. They have also led to the withdrawal of international companies from the Russian market.

50. Uralvagonzavod, the primary producer of Russian tanks, has halted production due to component shortages. Similarly affected, the Chelyabinsk Tractor Plant, specialising in machinery repairs, ceased its operations. Certain divisions within the JSC Kalashnikov Concern have also halted the production of specific civilian products. An indicative example occurred on 18 October 2022, when JSC Vostochnaya Verf filed for bankruptcy. The inability to manufacture sea tankers and missile ships, coupled with the challenge of repairing them due to the lack of foreign components – unavailable in both the Russian and Asian markets – led to this outcome. Additionally, the shortage of semi-automatic weapons has resulted in the Russian Federation resorting to more economical but outdated and less reliable ammunition.

51. Nevertheless, between 11 September 2022 and 21 March 2024, Russia conducted 1 309 missile, artillery, and kamikaze UAV attacks on infrastructure and civilian targets in Ukraine. This includes the deployment of Iranian drones, namely the Shahed-136/131. The Assembly should urge the international community to enhance efforts to monitor and control the transfer of cutting-edge technologies to the Russian Federation. It is important to prevent the dissemination of advanced technologies to the Russian Federation and other authoritarian regimes that pose a threat to democratic nations. Every possible scheme that the Russian Federation employs to circumvent sanctions and access the latest technologies must be identified and countered.

6. How the Russian Federation is circumventing sanctions

52. An essential challenge in the effective implementation of sanctions against the aggressor State Russian Federation lies in curtailing the avenues for circumventing these sanctions. A considerable volume of goods and components has been routed to Russia via intermediary third countries. The Russian Federation is endeavouring to evade sanctions by utilising routes through China, India, Taiwan and the United Arab Emirates, as well as Kazakhstan, Kyrgyzstan and certain Council of Europe member States, such as Armenia, Azerbaijan, Georgia, Serbia and Türkiye.

53. In particular, these countries have become a backdoor trade route of Western technology and dual-use goods towards the Russian Federation, ultimately facilitating the circumvention of sanctions, probably with the implicit approval of Western producers. Some of these countries are also facilitating the re-export of Russian products towards third countries.³⁴

54. Furthermore, Russian authorities in 2022 authorised a practice known as “parallel imports” of goods, allowing the import of items without the consent of the original manufacturer. This practice was previously regarded as smuggling under Russian law. The Russian Government however defined a list of goods for which parallel imports are now allowed, including both critical military equipment and components, as well as consumer goods.

55. One of the most important measures adopted to target the Russian Federation's oil revenues was the imposition, at the end of 2022, of a price cap equal to US\$60/barrel. The rationale was to require the Russian Federation to accept reduced revenues in exchange for access to the shipping services offered by the sender countries, also considering that 80% of the Russian Federation's seaborne oil must pass through European territorial waters. The aim was to reduce Russian oil revenues while at the same time preventing shortages of oil supply on the global markets.

32. *Reuters* – “Putin signs law on windfall tax”, 4 August 2023.

33. “Further Weakening Of Russian Macroeconomic Stability Will Require Additional Measures”, op. cit.

34. “Serious Organised Crime and Anti-Corruption Evidence, “Under the Radar: How Russia Outmanoeuvres Western Sanctions with Help from its Neighbours”, August 2023.

56. As months went by, the Russian authorities increasingly managed to identify different channels to circumvent the price cap sanction. In particular, Russian exporters are using fake “price attestations” under-reporting the real value of their cargoes to sender countries’ shipping services, and have assembled a “shadow fleet” composed by 300 to 600 tankers, which are not relying on services provided by sender countries.

57. According to the KSE, in October 2023 more than 99% of seaborne exports of Russian crude oil appeared to have been sold above the price cap.³⁵ The use of the shadow fleet also represents a substantial environmental risk, as it is largely composed by very old and poorly maintained tankers, covered by inadequate insurance policies.

58. Sender countries are starting to adopt measures to reduce the use of the shadow fleet: in recent months, the United States Treasury Department has listed 41 vessels as assets of sanctioned entities, and out of these, only 5 tankers are completing pre-sanctions voyages. This is an encouraging sign, demonstrating that the shadow fleet can and should be targeted.³⁶ As a response, the Russian state-owned oil tanker company Sovcomflot has recently renamed and reflagged from Russia to Gabon four of its tankers, in an attempt to distance them from listings on sanctions databases.³⁷

7. Further measures to deter and counter sanctions circumvention

59. Resolution 2506 (2023) of the Assembly already contained a comprehensive series of recommendations for member States, observer States and the European Union to address sanctions avoidance, and encouraged further reflection on the issue of sanctions against the Russian Federation.³⁸ These recommendations are still valid, and should be considered in the adoption of future policies and legislation related to sanctions avoidance.

60. The European Parliament resolution of 9 November 2023 on the effectiveness of the EU sanctions on Russia (2023/2905(RSP)) also called on the European Union and its member States to undertake a number of different measures aimed at countering sanctions circumvention and strengthening compliance; among these, it requested to “reinforce and centralise, at EU level, the oversight of sanctions implementation and to develop a sanctions circumvention prevention and monitoring mechanism”. It is important to stress that the European Commission monitors that all EU member States implement and enforce EU sanctions, but the effective oversight on sanctions implementation relies on over 160 national competent authorities (NCAs) in member States, with widely different national sanctions implementation systems.³⁹

61. Furthermore, the experts consulted during the last months in the framework of the preparation of this report have suggested a series of actions that countries should undertake in order to strengthen the sanctions regime and reduce to a minimum the capacity of the Russian Federation to circumvent it. The main proposals are summarised here below.

62. Compliance with the oil price cap needs to be strengthened. The Russian shadow fleet can be targeted by expanding the number of shadow tankers listed under sanctions and enforcing the existing mandatory oil spill insurance requirements: EU coastal countries should leverage their geographical “choke points” addressing tankers passing through their territorial waters, including by limiting or impeding access to their ports, and barring shadow vessels from receiving services or financial assistance. In particular, a ban on the passage (entry/exit) of tankers transporting Russian oil through the sea straits controlled by Denmark and Türkiye, is recommended. Establishing a whitelist of brokers authorised to provide information regarding transactions under the price cap (for example, attestations)⁴⁰ as well as stepping up investigations and penalties can also alter the risk calculations made by trading companies. Furthermore, the price cap should be lowered further, to deprive the Russian Federation of critical foreign currency inflows.⁴¹

35. Kyiv School of Economics Institute – Russia Chartbook: “Widespread Price Cap Violations Do Not Leave Room For Error – Action to Improve Enforcement Is Needed”, 21 November 2023.

36. Kyiv School of Economics Institute – Russia Chartbook: “Further Weakening Of Russian Macroeconomic Stability Will Require Additional Measures”, 21 March 2024.

37. <https://shippingwatch.com/carriers/Tanker/article17068855.ece>.

38. Resolution 2506 (2023) “Political consequences of the Russian Federation's war of aggression against Ukraine”.

39. European Parliament Study on “Implementation and monitoring of the EU sanctions’ regimes, including recommendations to reinforce the EU’s capacities to implement and monitor sanctions”, October 2023.

40. Kyiv School of Economics Institute – Energy sanctions starts biting Russia, but their stronger enforcement is needed to deprive Russia from windfall earnings and shorten the war, 11 September 2023.

41. Kyiv School of Economics Institute – Russia Chartbook: “Further Weakening Of Russian Macroeconomic Stability Will Require Additional Measures”, 21 March 2024.

63. Other critical sectors of the Russian Federation need to be targeted. The price cap affects only oil, while Russian liquefied natural gas (LNG) is still making its way to the European market, representing around 15% of the total supply.⁴² Diversifying European energy supplies and reaching energy independence from Russian oil and gas represent a strategic imperative. To this purpose, in the medium term, purchases of Russian LNG and pipeline gas should be phased out. In addition, oil and gas-related services for production and exports provided by foreign companies should also be prohibited, in order to push up Russian costs for oil production.⁴³ Furthermore, a ban on imports from the Russian Federation should be introduced, particularly targeting products from the agricultural (grains), metallurgical, and nuclear industries, in order to further reduce foreign currency inflows. Financial institutions should be included in the sanctions packages, in particular by banning all Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) international payment messaging system. Finally, banks should be urged to cease operations in the Russian Federation, to mitigate excessive profits that result in substantial tax contributions to the Russian budget.

64. Export controls to the Russian Federation must be expanded, simplified and aligned among countries. Producers from sender countries were responsible for 44% of Russian battlefield goods imports in January-October 2023. In order to tackle this, a mechanism similar to the Coordinating Committee for Multilateral Export Controls (CoCom – created by Western countries during the Cold War in order to co-ordinate their national controls over technology exports to the Soviet Union and other communist regimes) should be reestablished.⁴⁴ Furthermore, exemptions and derogations to the restrictive measures should be limited and made publicly available, and criminal liability for sanctions violations should be introduced, especially for what concerns the export of battlefield goods, dual-use goods, microchips and cutting-edge technology. More robust tracking and verification systems should be implemented, to prevent sanctioned goods and materials from entering global markets through indirect channels.

65. The private sector should be involved, and corporate responsibility should be bolstered. On the one hand, clearer guidance to the private sector on how the sanctions regime functions should be provided; on the other hand, compliance throughout the supply chain should be ensured, by conducting regular audits, strengthening external investigations, and encouraging internal “due diligence” investigations. The imposition of harder fines can function as a deterrent, if for a company the risk and ultimately the cost of being caught circumventing the sanctions regime become higher than the potential profits that it can gain by doing so. In addition, a register of companies and entities involved in sanctions circumvention could be created and made public.

66. Secondary sanctions need to be enlarged. Third countries facilitating or engaging in exchanges with the Russian Federation must be sanctioned: exports to these countries should be restricted and targeted with additional secondary sanctions. The sender countries are already trying to adopt these measures, with some results: for example, banks in Türkiye and China are now refusing to accept Russian payments, leading to mass freezing or cancellation of transactions. This has already been reflected in the statistics of transactions with the Turkish lira. The volume of trading in this currency on the Moscow Exchange in January 2024 was RUB 13,9 billion, which is almost four times less than in December 2023. The amount of RMB (Chinese currency yuan) held by Russian banks abroad fell to a 1,5-year low. As of 1 January 2024, banks held RMB balances of US\$6,8 billion in correspondent accounts abroad. In December, RMB balances on correspondent accounts held by banks outside the Russian Federation decreased by a quarter (by 25,7%, or US\$2,3 billion). Additionally, on 2 April Kyrgyzstan’s national payment system Elkart announced that it would stop processing transactions using the Russian “Mir” payment system to prevent secondary sanctions.⁴⁵

67. Legal options to confiscate frozen Russian assets and use them to rebuild Ukraine should be explored. Resolution 2539 (2024) adopted on 16 April 2024 by the Assembly already provided an extensive analysis of this issue.⁴⁶ Member States should ensure that they properly follow-up on the recommendations included therein, especially for what concerns the establishment of an international compensation mechanism under the auspices of the Council of Europe to comprehensively address the damage incurred by natural and legal persons affected, including the State of Ukraine, due to the unlawful actions of the Russian Federation with its unprovoked full-scale military invasion of Ukraine. They should also ensure that the Russian frozen assets they hold are transferred to this mechanism and made available for the recovery and reconstruction of

42. www.reuters.com/business/energy/new-west-east-route-keeps-europe-hooked-russian-gas-2024-04-03/.

43. *Ibidem*.

44. International Working Group on Russian Sanctions, Working Group Paper n.19 “Action Plan 3.0: Strengthening Sanctions Against the Russian Federation”, May 2024.

45. Institute for the Study of War, “Russian Offensive Campaign Assessment”, 2 April 2024.

46. Resolution 2539 (2024) “Support for the reconstruction of Ukraine”.

Ukraine. The international compensation mechanism should be primarily aimed at compensating for the damage caused to citizens, including those who have been forced to move from the temporarily occupied territories.

68. Personal sanctions should be expanded, in order to include all individuals providing active support to the Russian Federation's war against Ukraine and to the Russian regime, as well as the entities affiliated to them, in order to hold them accountable for their actions. Further thought should be given to the possible mechanisms that would allow an enlargement of the list of targeted individuals in order to include their family members, without violating international law and human rights provisions.

69. Violation and circumvention of sanctions should be criminalised. An important step in this direction was already taken by the European Union, which on 29 April 2024 published in its Official Journal a Directive on the definition of criminal offences and penalties for the violation of Union restrictive measures.⁴⁷ The Directive aims at establishing minimum and similar rules among member States, which will have 12 months to incorporate its provisions in their national legislation. The Directive defines what conducts member States will be required to consider as criminal offences committed intentionally or with serious negligence and in violation of a prohibition constituting an EU restrictive measure. It also provides indications on the kind of penalties for natural and legal persons related to the different offences. EU member States should ensure that they expedite the incorporation of these provisions into their national legislation, and non-EU member States should make efforts to align to them as much as possible.

70. Multilateral co-operation among countries needs to be improved. This concerns in particular the harmonisation of different legislations, lists of controlled goods, as well as lists of targeted persons and entities; the exchange of critical information; the establishment of shared monitoring and tracking mechanisms; and the conduct of joint inspections and investigations. Furthermore, it will be crucial to enlarge the number of sender countries. Resolution 2506 (2023) of the Assembly already called on "countries aspiring to join the European Union, including Council of Europe member States, to ensure strict alignment with decisions taken under the European Union Common Foreign and Security Policy". The European Union could establish a centralised authority to harmonise the enforcement of sanctions among its member States and to co-ordinate their action with non-EU States.

71. The capacities and resources of NCAs must be reinforced. At national level, the NCAs responsible for enforcing and monitoring sanctions should be strengthened in terms of human, financial and technical resources, and their work should be streamlined, creating unified enforcement structures. To this purpose, more initiatives like the one currently being implemented by the Council of Europe through its Economic Crime and Cooperation Division (mentioned below) should be encouraged and supported with the necessary financial means.

8. The work of the Council of Europe on sanctions

72. The Council of Europe works on sanctions under different perspectives and through different mechanisms. In particular, the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) evaluates its members against the internationally-applicable standards elaborated by the Financial Action Task Force (FATF). The FATF standards require countries to implement several UN Security Council Resolutions concerning the establishment of mechanisms enabling the application of asset-freezing measures with regard to individuals associated with terrorism or proliferation or financing thereof. MONEYVAL therefore monitors the implementation of the FATF recommendations, and follows the relevant legislative measures adopted by the European Union and the relevant jurisprudence of the Court of Justice of the European Union and of the European Court of Human Rights.⁴⁸

73. In a similar fashion, the Committee of Legal Advisers on Public International Law (CAHDI) includes in the agenda of all its meetings a specific item entitled "National implementation measures of UN sanctions and respect for human rights". The Committee members discuss recent developments concerning the implementation of sanctions at each meeting, in particular for what concerns relevant national case-law and legislation in their respective national or regional systems. It also holds and regularly updates a public database on the "Implementation of UN sanctions and respect for human rights", which contains details of national practices regarding the implementation of sanctions.⁴⁹

47. [Directive \(EU\) 2024/1226 of the European Parliament and of the Council of 24 April 2024 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive \(EU\) 2018/1673.](#)

48. www.coe.int/en/web/moneyval/implementation/targeted-financial-sanctions.

49. www.coe.int/en/web/cahdi/united-nations-sanctions.

74. The Economic Crime and Cooperation Division is tackling the issue of sanctions enforcement through technical assistance projects, co-funded by the European Union. The first initiative was completed in 2023 and produced four studies whose findings shall assist the NCAs of EU member States in further improving their work in order to ensure a better implementation of the EU sanctions' regime against the Russian Federation.⁵⁰ The second initiative, currently ongoing, aims at enhancing the capacities of the NCAs to identify directly or indirectly designated legal persons or entities, and to access and exchange information at national and international levels and with business operators.⁵¹

9. Conclusions

75. The positive impact of sanctions in protecting human rights, averting international conflicts or encouraging democratisation and regime change has been proved in a number of cases. The unprecedented number and range of sanctions against the Russian Federation, in response to its full-scale, unprovoked, unjustified and illegal war of aggression against Ukraine, have reduced Russian financial and military capacities, and therefore substantially limited the impact of its illegal acts against Ukrainian people, infrastructure and environment, which would otherwise be much larger.

76. The Council of Europe and its member States have demonstrated that they stand united with Ukraine against Russia's war of aggression against Ukraine. Their resolve has been crucial to identify mechanisms to hold the Russian authorities, elites and their accomplices accountable for their internationally illegal acts, in particular with the establishment of the Register of Damage caused by the Aggression of the Russian Federation against Ukraine.

77. This commitment needs to continue: the current sanctions regime, although effective, still presents gaps, loopholes and inconsistencies that the targeted authorities, companies and individuals continue to exploit to their advantage, in order to circumvent the sanctions adopted against them.

78. Council of Europe member and non-member States which oppose the war of aggression against Ukraine need to co-ordinate in the adoption of further measures that can close these loopholes and contribute to achieving a comprehensive, just and lasting peace for Ukraine, along the terms of the President Zelensky's Peace Formula.

50. www.coe.int/en/web/corruption/completed-projects/tsi-sanctions.

51. www.coe.int/en/web/corruption/projects/tsi-sanctions-ii.