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Resolution 2557 (2024)[1]

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

Parliamentary Assembly

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 setting up a comprehensive system of accountability which has resulted, as a first step, in the establishment of the Register of Damage Caused by the Aggression of the Russian Federation against Ukraine (the Register), 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 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 a terrorist one, as set out in Resolution 2463 (2022) "Further escalation in the Russian Federation's aggression against Ukraine".

1. *Assembly debate* on 26 June 2024 (19th and 20th sittings) (see Doc. 16000, report of the Committee on Political Affairs and Democracy, rapporteur: Ms Yelyzaveta Yasko). *Text adopted by the Assembly* on 26 June 2024 (20th sitting).

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 to resort to Article 41 of the Charter of the United Nations, given that the aggressor State Russia is a permanent member of the United Nations Security Council, 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 targeting 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 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 inadequate 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. The Assembly draws attention to the other critical sectors of the Russian Federation's economy that need to be targeted by sanctions. For instance, Russian liquefied natural gas is still making its way onto the European market, representing around 15% of the total supply. In 2023 alone, the Russian Federation earned US$99 billion from the supply of gas.

10. Special attention should be paid to the Russian steel slabs (semi-finished products for rolling into plate or coil rolled), pig iron and iron ore products. For instance, in November and December 2023 alone, Russian slabs entered the European Union at a price much lower than the market price (€450 per tonne instead of €600 per tonne according to the European Steel Association (EUROFER)). This is one of the core sectors of the Russian economy, estimated to account for 3% of the country's gross domestic product (GDP), or approximately US$60 billion annually. This results in price dumping, delaying the green transition and boosting the Russian Federation's economy, which funds its war of aggression against Ukraine.

11. 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:

11.1. 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;

11.2. 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;

11.3. ban the export of critical raw materials, manufactured battlefield goods and dual-use items to the Russian Federation, especially those that could contribute to the war effort, and impede access to their transport hubs, services and financial assistance to all carriers transporting these goods to the Russian Federation;

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

11.5. enlarge the list of sanctioned individuals, to also 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;

11.6. ensure that Russian companies in the military and defence sectors, especially those producing weapons, as well as their owners and managers, are targeted by sanctions;

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

11.8. strengthen and enlarge the ban on media outlets broadcasting Russian propaganda, ensuring that prohibition is enforced and that appropriate penalties are in place in case of failure to comply.

12. The Danish Straits mostly lie within Danish territorial waters and represent a point of passage for roughly one third of Russian oil exports. According to international law, Denmark cannot impede the transit of foreign vessels through the Danish Straits, unless they appear to be in violation of environmental rules. At the same time, the European Union sanctions also apply to the territorial waters of its member States. The Assembly therefore invites the Danish authorities, in co-operation with other States and relevant international actors, to convene a reflection group to consider the measures that Denmark can apply, in compliance with international law, to prevent vessels from exploiting freedom of navigation in the Danish Straits to circumvent the system of international sanctions.

13. Welcoming the decision taken on 8 May 2024 by the European Council to use windfall profits from the Russian Central Bank’s 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 compensate Ukrainian citizens, rebuild destroyed cities and regions, and reconstruct Ukraine.

14. 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:

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

14.2. expand and simplify export control measures, in particular by establishing a co-ordinating mechanism for multilateral export controls, by setting up more robust tracking and verification systems to prevent sanctioned goods and materials from entering global markets through indirect channels, and by strengthening the collection, accessibility and exchange of relevant customs and banking data;

14.3. bolster corporate responsibility, by:

14.3.1. establishing corporate responsibility codes impeding trade with the Russian Federation, directly or via third countries, in strategic sectors critical to its war effort;

14.3.2. providing clearer guidance on the sanctions regime to the private sector, especially in relation to the “No Russia clause” imposed on European Union exporters;

14.3.3. introducing due diligence systems to track the complete route of their exports;

14.3.4. introducing criminal liability for corporate managers of companies involved in sanctions violation and circumvention;

14.3.5. enhancing the effectiveness of inspections and investigations;

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

14.5. set up and publish a register of individuals and companies operating under their jurisdiction which support the Russian Federation's effort in its war of aggression against Ukraine;

14.6. set up and publish a register of individuals and companies operating under their jurisdiction which are involved in sanctions violation and circumvention;

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

14.8. 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;

14.9. 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;

14.10. 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;

14.11. 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;

14.12. enhance penalties which are applied for sanction circumvention;

14.13. raise public awareness through a communication strategy that explains the importance of sanctions to European citizens and clarifies their goal, which ultimately is to minimise the economic power of the aggressor State Russia and therefore to reduce its capabilities to wage its war of aggression and commit war crimes;

14.14. provide support to those independent media outlets that are actively countering the Russian propaganda efforts.

15. In order to eliminate safe havens and ensure a more homogeneous legal framework concerning the criminalisation of sanctions violation and circumvention, 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.

16. 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's Common Foreign and Security Policy. The Assembly urges the European Union to consider this alignment a necessary condition to proceed with membership negotiation procedures.

17. In December 2022, the European Commission decided to appoint an International Special Envoy for the Implementation of EU Sanctions, to ensure a continuous dialogue with third countries to avoid sanctions circumvention or violation. The Assembly invites the European Union to strengthen these diplomatic efforts, especially with third countries which are not yet imposing restrictive measures on the Russian Federation, by identifying possible incentives for them to do so.

18. 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?".

19. The Assembly welcomes and encourages the initiatives taken by the Council of Europe 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–EU Technical Support Instrument project on "Effective implementation of the sanctions regime and enhanced cross-border cooperation in EU Member States".