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Make Sanctions Bite

A Strategic Reset and
Sector Priorities for
Containing Russia

Executive Summary

International sanctions imposed on Russia since 2022 are working – contrary to what the Kremlin and its network of agents of influence work hard to make us believe.

The sanctions have hobbled the Russian economy and limited its ability to wage its war of conquest. The coalition of democratic states, with the European Union, the United Kingdom and the United States playing a prominent role, has materially burdened Russia: its oil exports have been forced into more expensive, opaque and risky channels, transaction costs have risen sharply, and military-related procurement has been restricted.

Yet in the fifth year of its genocidal war, Russia continues to generate eye-watering profits from selling its energy resources¹, while still obtaining the parts and tools needed to keep its war machine running². Many companies

¹ Russia's federal oil-and-gas budget revenue in 2025 was roughly EUR 96 billion, down about 24% year-on-year

² Russian X-101 cruise missiles and Geran-2 strike drones that struck residential buildings in Kyiv in May 2026 were found to contain Western-made electronic components

from the EU, the United States and the United Kingdom continue to profit from doing business with Russia, and some governments lobby on their behalf during sanctions negotiations to protect national tax revenue. While business carries on as usual, Russia persists in the deliberate killing of civilians and the destruction of civilian property and infrastructure.

This approach must change. Structuring sanctions into “packages” entails protracted negotiations, affording Russia and its partners ample time to anticipate, adapt to and influence decision-making. Once a package is adopted, Russia adeptly violates and circumvents the measures, knowing that the responsible authorities cannot track and forestall such conduct in real time.

The strategy underpinning the sanctions process must therefore be rethought, and both the general procedural framework and the approach in priority sectors must be improved.

A New Strategic Framework: From Reactive Packages to Sustained Campaigns

Russia must be recognised as a long-term strategic threat to the free world - in effect, a return to Cold War logic. This may be emotionally taxing to accept, but the reality is unambiguous: the Kremlin embarked on a course of conquest in 2008 with its invasion of Georgia, escalated in 2014 against Ukraine, and escalated again in 2022. Business as usual is not returning any time soon.

A strategic objective must be adopted: to force Russia to cease its war of conquest and abide by international law. Given the imperial nature of Russian aggression, this is necessarily a long-term goal.

Adopting a realistic long-term strategy makes possible vital shifts in procedures and resource allocation. Reactive responses to each new Russian escalation or war crime must give way to coherent, sustained sanction campaigns targeting specific goods, industries and companies.

Each campaign must be designed and executed with clear objectives, metrics, deadlines, intelligence feedback and escalation triggers, supported by permanent monitoring, real-time reporting and rapid decision-making. Sufficient resources must be allocated to enforcement - the staff, tools and organisational authority needed to do the job.

Sanctions against Russia work. With the requisite political will, they can work far better.

Priority Sectors for Action

Alongside reform of the general framework, five sectors demand immediate and sustained attention.

The Shadow Fleet

The shadow fleet remains the principal conduit for Russian exports of crude oil and refined products, and it operates effectively despite the limitations imposed. Adding insult to injury, many shadow tankers were sold by companies domiciled in the United Kingdom, Greece, Malta and Germany – the very countries imposing sanctions against the fleet. Greece and Malta openly lobby for their shipping, flagging and insurance providers and oppose the adoption of a blanket service ban, a powerful tool that could disable the shadow fleet but that remains unadopted.

Current sanctions on the shadow fleet rest on designating individual vessels. Russia keeps oil flowing by purchasing replacements; while sellers of old, dilapidated tankers profit, it is the service providers who keep the fleet running smoothly.

To disrupt the shadow fleet, sanctions must extend beyond individual vessels to the entire ecosystem of shadow services.

Direct owners, beneficial owners, technical managers, brokers and charterers who serve the illicit seaborne oil trade must all be designated. “No Russia” clauses in maritime service contracts must be made mandatory. A clear mechanism must also be established for real-time monitoring of violations and circumvention, swift submission of designation requests, and expedited sanctioning decisions.

Immobilised Sovereign Assets

Russia’s foreign sovereign assets remain immobilised across multiple jurisdictions. The largest share – €190 billion of the €300 billion total – is held by Euroclear, a depository institution domiciled in Belgium, with the remainder distributed among banks across the democratic world.

Although the eventual transfer of these assets to Ukraine remains the ultimate goal, intermediate yet constructive

steps must be taken in the meantime to put them to work for EU and Ukrainian security and reconstruction. Crucially, the proposal here goes beyond deploying only the windfall profits the assets generate: it envisages mobilising the principal itself.

The EU must, of course, mitigate the legal risks borne by Euroclear, but moving the immobilized Russian sovereign assets into a special purpose vehicle (SPV) is a measure long overdue. Once deposited with the SPV, the principal would be actively invested – placed into debt and equity instruments tied to Ukraine’s defence, its war for survival, and to post-war reconstruction. In this way the assets would no longer sit idle as a contingent liability but would generate both a direct financing stream for Ukraine and a financial return, all under the EU’s institutional umbrella and legal protection.

Rosatom Participates In The War

Rosatom and its network of affiliated military and dual-use enterprises remain outside the EU sanctions

regime, operating freely in international markets and generating revenue at every stage of the nuclear fuel cycle. While the United States has already imposed restrictions on Rosatom, the EU has taken no comparable action.

Rosatom’s affiliated companies design and produce not only nuclear weapons but also conventional arms widely deployed in Russia’s aggression against Ukraine, including control systems for cruise missiles, and cluster submunitions.

Rosatom also operates the occupied Zaporizhzhia Nuclear Power Plant, serving as an instrument of the Kremlin’s nuclear blackmail against Ukraine, the EU and the wider international community. Given that alternative suppliers for all key components of the nuclear fuel cycle exist within the EU, the bloc’s continued reliance on Rosatom must be recognised as a strategic vulnerability.

Rosatom and its affiliated entities must be sanctioned and barred from operating in the EU – though such a plan should be carefully weighed and

implemented in stages to avoid disrupting the EU energy market.

Cryptocurrency Circumvention Channels

Cryptocurrency is widely used by Russia's military-industrial complex to procure components and equipment for weapons production - a fact documented across multiple cases by Ukrainian intelligence services. While sanctions on crypto exchanges have yielded results, operators of closed exchanges have simply established new ones, migrated to alternative structures, or shifted to other transaction channels. Available evidence suggests that numerous operational cryptocurrency entities serving Russia's military-industrial complex and its intelligence agencies (the FSB and GRU) remain undetected.

Restricting illicit Russian cryptocurrency transactions requires a systematic effort by the competent authorities, robust inter-agency information sharing and cooperation, and expedited action against identified violators.

Alumina: The Aughinish Case

The Irish government's continuing support for alumina exports to Russia undermines the very purpose of EU sanctions. Aughinish Alumina - indirectly owned by Russian oligarch Oleg Deripaska - exports more than 80% of its alumina output to primary aluminium smelters in Russia. These companies, in turn, process the alumina into aluminium used in Iskander-M missiles that target civilian infrastructure and kill civilians in Ukraine on the regular basis.

EU authorities and the Irish government resist sanctioning the refinery, citing the absence of evidence of direct military use - yet evidence of such use does exist - and the plant's importance to EU aluminium supply.

Sanctioning alumina exports to Russian end-users, monitoring violations and circumvention, and reorganising supply chains to avoid market disruption are all practical and necessary measures. Several EU refineries can offset Aughinish Alumina's output during any temporary disruption. Nationalisation or expropriation of the refinery - or, at

minimum, seizure of the Russian ownership stake - should also be considered.



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