



ECONOMIC
SECURITY COUNCIL
of UKRAINE

BRIEFING SUMMARY

“DEALING THE DEADLY BLOW: REVIEWING THE YEAR OF SANCTIONS AGAINST RUSSIA”

Kyiv, February 28th, 2023

OVERVIEW

In the year since Russia's full-scale invasion of Ukraine, it has become clear that sanctions, although effective, need to be significantly strengthened to prevent Russia from continuing to wage war. This conclusion was reached by the participants of the briefing organized by the Economic Security Council of Ukraine, which took place on February 28, 2023, at the Media Center Ukraine with the participation of experts from the ESCU, the Royal United Services Institute (RUSI), as well as representatives of the Ministry of Foreign Affairs, the Verkhovna Rada of Ukraine, and the National Agency on Corruption Prevention (NACP). According to the experts, the most urgent tasks are to combat the circumvention of restrictions by Russia and its partners as well as expand the sanction coalition, which must include not only democratic countries but also countries of the Global South. The experts also concluded that Ukraine should work more in the field of sanctions at the national and international levels, with states and non-governmental institutions, to make the restrictions as effective as possible.

KEY MESSAGES

The bar has been set: should it be upheld?

- The sanctions are not yet fully operational, but in the year since the full-scale invasion, they have significantly reduced or completely disabled Russian production in certain engineering and electronics sectors.

- At the same time, the current volume of restrictions cannot cause the destruction of the Russian economy, the state of which is a key factor in the aggression against Ukraine. Therefore, the international community should continue to work on strengthening the sanctions pressure against Moscow.
- An important element of such strengthening is the improvement of the secondary sanctions mechanism in the field of trade in critical technologies. In 2023, the members of the "sanctions coalition" should review the enforcement tools for companies that continue to work in Russia or cooperate with local enterprises using the jurisdictions of third states.
- The international community should build a sustainable sanction infrastructure that will not cease to exist after the victory of Ukraine but prevent the outbreak of new conflicts around the world.

Stitching the loopholes: making sanctions hurt.

- At the national level, Ukraine must decide the body responsible for the sanction policy that has reached an unprecedented extent.
- Another step to reduce the opportunities of circumventing sanctions is to criminalize such actions; the Verkhovna Rada is already working on relevant laws.
- Ukraine should develop an effective and transparent procedure for getting out of personal sanctions, as well as constantly communicate such opportunities to persons who have come under the relevant restrictions.
- Ultimately, Ukraine should establish permanent communication and data exchange with allied countries, as well as involve representatives of the analytical community in determining the next steps to increase sanctions pressure on the Russian Federation.

Forging the framework: Ukraine's role in the sanctions process

- Currently, the EU is reducing imports of goods from Russia. So, Ukraine can partially satisfy the existing demand while mitigating the consequences of the so-called sanctions fatigue.
- It remains an important task for Ukraine to change the point of view on sanctions in Europe from "punishment" to the only peaceful instrument of protection against Russia.
- In 2022, insufficient communication with the regions of Asia and Africa, which mostly did not support anti-Russian sanctions, turned out to be

critical. Accordingly, improving dialogue with countries outside the "sanctions coalition" is an important task for the current year.



QUOTES OF THE PARTICIPANTS:

Thomas Ewing, Associate Fellow at Royal United Services Institute (RUSI)

"I read a statistic today that the number of cars produced in Russia today is lower than at any point since the Brezhnev regime; the number of aircraft produced has gone down to record lows. There are reports that Russia is no longer able to do things like issue biometric passports because it lacks the ability to import chips for that purpose."

"The goal of sanctions, again, being to degrade Russia's ability to import those components to go after its finances will take some time. But it is increasing every day Russia's cost to acquire those components."

Oleksandra Vasylenko, Special Envoy on Sanctions Policy at the Foreign Ministry of Ukraine

"2022 was the year of the greatest rapprochement with the international partners since we established many formats of interaction at the official level...and also maintained informal communication."

"During our personal contacts, we hear voices from European countries that believe they are being punished for participating in the sanction coalition... When we realized this, we said: 'This is not a punishment, this is a tool of deterrence,' because it is the only available way to make Russia unable to wage war."

Yaroslav Yurchyshyn, People's Deputy of Ukraine

"Since January 31, the Verkhovna Rada has had a law on the criminalization of sanctions avoidance in Ukraine registered and ready for consideration... We need to prove to our international partners that we are also doing our homework."

"The fact that our country has been forced to rethink its communication with the 'exotic' regions of Asia and Africa...clearly shows that the cynical phrase 'War and crisis are opportunities' is true."



Ilona Khmeleva, an expert at the Economic Security Council of Ukraine

"When this war is over, we must make sure that there will never be a new war, either in Ukraine or in any other part of the world. That is why we have to build a sanction policy that includes preventive sanctions, which the democratic countries did not do for Ukraine."

"Businesses that continue to provide the Russian Federation with the tools to wage war against Ukraine are actually deliberately helping to commit these crimes."

"The hybrid component of the Russian aggression is applied not only to Ukraine but also to other countries, including the states that are members of the European Union."

Agiya Zagrebelska, Deputy Chief of Staff at the National Agency on Corruption Prevention

"We significantly underestimate the effect of the sanctions because, on the one hand, the Russian propaganda is working, and on the other hand, the entire sanction infrastructure built in the interwar period is still being re-equipped for military use when there are thousands of sanctions."

"The analytical potential of Ukraine and the partner countries of the sanction coalition is very important so that we could work with a large amount of data and draw clear conclusions... to identify the points where we can use our limited resources."

"Ukrainian legislation lacks responsibility for circumventing sanctions and the body that will deal with it."



Roman Vybranovskyy, Communication Expert and Founder of Foreign Media Department at the National Security and Defense Council

"We need to make it inconvenient for businesses to work with Russia, to make it toxic. But to do this, we have to be different from the Russian Federation internally."

CONTACTS

The Economic Security Council of Ukraine is an institution responsible for identifying and countering internal and external threats to economic security in Ukraine. ESCU also conducts information campaigns to cover the consequences of Russia's armed aggression against Ukraine and searches for assets belonging to beneficiaries from the Russian Federation and their partners.

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