

UK Friends of Ukraine and the International Centre for Ukrainian Victory (ICUV) joint submission to the UK Treasury Committee inquiry on are the UK's financial sanctions on Russia working?

Introduction

We welcome the Treasury Committee's timely inquiry into the effectiveness of the UK's sanctions regime in response to Russia's illegal full-scale invasion of Ukraine. We commend the significant steps already taken by the UK Government to impose financial and trade restrictions on Russia. These sanctions have undoubtedly delivered a blow to the Russian economy and limited its ability to finance its war machine. However, in light of the ongoing atrocities in Ukraine and Russia's continued aggression, there is a need to further strengthen and broaden the UK's sanctions package. The UK should demonstrate renewed leadership, urging a more robust and unified international response.

In our submission we cover several key areas including Russian oil, insurance, components and technology being used by the Russian military, bypassing of sanctions through third party states and the confiscation of Russian assets.

You can learn more about UK Friends of Ukraine and the ICUV via the links below.

<https://friendsofukraine.uk/>

<https://ukrainianvictory.org/>

Note: When referring to \$ in the submission, we are talking about US dollars.

1. How Russian refined oil and petroleum products are still entering the UK market

The UK prohibits the import, acquisition, supply and delivery of Russian oil and oil products into the UK and associated ancillary services.¹ However, evidence suggests Russia is successfully bypassing these sanctions to continue refining and selling oil. Broadly, these can be categorised into legal loopholes via third party refinement or illegally bypassing sanctions through the use of 'shadow fleets.'

Third party refinement

Countries such as India who have not imposed sanctions on Russia can legally import Russian crude, refine it, and then export the finished product, including exporting to the UK, who continue to accept refined oil. This is known as the refining loophole.

The Centre for Research on Energy and Clean Air (CREA) has said this loophole means countries who have not sanctioned Russia like India and China, can legally import Russian crude and refine it into oil products like jet fuel and diesel. In a separate briefing, Global Witness estimated that throughout 2023, 5.2 million barrels of refined petroleum products that had been produced from Russian crude oil were imported

¹ [UK Department for Business and Trade and UK Department for Energy Security & Net Zero, UK ban on Russian oil and oil products, UK Government, 14 April 2023](#)

to the UK, worth approximately £563 million.^{2 3} Most of the fuel imported, 4.6 million barrels, was jet fuel, which the group's researchers suggested was used in 5% of UK flights. As a valued ally of Ukraine, we need to stop this pipeline of cash coming from the UK to Russia and we note that the UK is not the only country who have failed to close this refining loophole, with EU sanctions also failing.⁴

Shadow fleets

Reports indicate Russia is using a network of untraceable tankers to obfuscate the origin and destination of oil shipments. This 'shadow fleet' facilitates continued exports despite sanctions. As of 13 January 2024, the shipping industry publication Lloyd's List, said there were 560 vessels in the sanctions busting fleet. Firms like the Russian oil giant Rosneft have evaded sanctions through this 'shadow fleet.'

These vessels are often owned by a shell company, for the purpose of avoiding international scrutiny.⁵ According to a New Statesman investigation, some of the shell companies involved in these shadow fleets are set up in British offshore tax havens.⁶

Recommendations

- Introduction of a similar Bill as has been introduced in the U.S through the Ending Importation of Russian Oil Act.⁷ This is a cross party piece of legislation which if enacted in other countries would provide for a prohibition on the importation of Russian energy products produced at refineries outside Russia;
- Enhance international cooperation to identify and track vessels suspected of carrying sanctioned oil. This includes:
 - Sharing intelligence on 'shadow fleet' activities;
 - Encouraging port authorities to deny entry to vessels suspected of sanctions violations.
- Improved information sharing between governments and industry is crucial. This will enable better tracking of refined oil flows and identification of potential sanctions breaches;
- 6 years ago, the UK Parliament legislated to introduce public registers of beneficial ownership in British offshore tax havens, to make it easier to identify who owns what, follow the money trail and decrease corporate secrecy. However, the UK Government has not implemented this legislation. The UK Government should implement this legislation without delay, as it could play a role in helping to sink the 'shadow fleet.'

2. Insurance provision for ships transporting Russian oil

Russia has been able to successfully replenish its military budget to continue its war of terrorism against Ukraine through relying on oil tankers owned and insured by Ukraine's allies, including the UK. According to research by CREA, between March 2022 and November 2023, the UK provided insurance to ships transporting Russian crude oil worth €120.6 billion (£103,398 billion). The research also showed that since

² [Global Witness, EU purchases of laundered Russian oil worth an estimated €1.1 billion to the Kremlin in 2023, 23 February 2024](#)

³ [Margaret Hodge, Close the loopholes that let dirty Russian money breeze into Britain, Politics Home, 27 February 2024](#)

⁴ [Margaret Hodge, Close the loopholes that let dirty Russian money breeze into Britain, Politics Home, 27 February 2024](#)

⁵ [Huileng Tan, Russia's dark fleet of ships kept its oil exports strong. But 2 recent incidents in the Red Sea highlight the risks of that strategy, Business Insider, 15 January 2024](#)

⁶ [Margaret Hodge, Close the loopholes that let dirty Russian money breeze into Britain, Politics Home, 27 February 2024](#)

⁷ [GovInfo, Public Law 117-109 - Ending Importation of Russian Oil Act, 8 April 2022, U.S. Government](#)

the announcement of the oil price cap by the Price Cap Coalition of the UK, G7, EU and Australia on 2 December 2022, €46.4 billion (£39.7 Billion) of Russian oil has been transported on tankers using UK protection and indemnity. In short, 33% of all Russian oil (by volume and not just crude oil) was transported on tankers insured in the UK since the oil price cap was implemented by the UK Government from 5 December 2022 until November 2023.^{8 9 10}

We highlight in the appendix that the problem is wider than the UK alone.

Recommendations

As a key humanitarian and military donor to Ukraine, the UK government has a moral duty to address this sanctions loophole. It is disappointing that the government has not addressed it or pressurised the British insurance industry. We support the following recommendations:

- An agreement by those in the price cap coalition to set the price cap at \$30 per barrel. According to research by CREA, if the price cap had been established in December 2022 at this price, Russia's oil export earnings would have been reduced by 40%;¹¹
- We welcome that on 20 December 2023, the UK and U.S. Governments tightened rules around the shipping of Russian oil, alongside similar detailed guidance from G7 Nations, the EU and Australia.¹² However, more needs to be done. The UK and other price cap coalition members should require maritime insurers to verify via bank statements that the oil price was paid below the cap, to help avoid fraudulent documents being used to obtain insurance;¹³
- There is clear evidence of the price cap being violated through vessels owned and insured by the UK continuing to load Russian oil at Russian ports, when oil prices remain above the price cap.¹⁴ However, there seems little proof of enforcement agencies holding shippers, insurers or vessel owners accountable through enforcement penalties. The UK Office of Financial Sanctions Implementation (OFSI) should investigate UK entities and insurance companies that have provided their services to smooth the way for maritime transportation of Russian oil above the price cap. They should impose substantial and public financial penalties on UK violators of the cap;
- At present, OFSI can impose fines on entities of around £1 million for breaches of the oil price cap or 50% of the value of the breach. This is not high enough to change behaviour, as tankers carrying crude oil are frequently valued at over £100 million;¹⁵
- The implementation of a spill insurance verification program for vessels that travel through the waters of the UK and the price cap coalition would allow sanctioning countries to mandate that tankers traveling through their waters must provide compliant spill liability under international maritime law.

¹⁶

⁸ [B4Ukraine, Insuring Russia's invasion: UK's role, 20 January 2024](#)

⁹ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

¹⁰ [HM Treasury, UK and allies announce price cap of \\$60 on Russian oil, UK Government, 2 December 2022](#)

¹¹ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

¹² [Chris Cook and Tom Wilson, US and UK tighten enforcement of Russian oil price cap, FT, 20 December 2023](#)

¹³ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

¹⁴ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

¹⁵ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

¹⁶ [Isaac Levi, Insuring an invasion: UK insures EUR 46.4 bn Russian oil since sanctions, CREA, 20 January 2024](#)

3. Bypassing of sanctions through members of the Eurasian Economic Union (EEU)

The EEU is a partial customs union made up of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. It is a partial customs union as member states, particularly Russia, often act unilaterally.¹⁷ For companies hoping to bypass sanctions, the minimal paperwork required to move products between EEU states is tempting. However, Belarus is also under sanctions, while Russian-Armenian relations have become increasingly fraught in the aftermath of the war in Nagorno-Karabakh. This leaves two countries, Kazakhstan and Kyrgyzstan.¹⁸

In May 2022, Russia signed new laws allowing sanctioned items destined for foreign markets to be brought into Russia without approval from trademark owners. Goods only needed to be imported into a third country before being sent on to Russia itself. It has allowed the practice of 'parallel imports' as a way of Russia circumventing sanctions. Dual purpose items like household appliances have been cannibalised and repurposed for military use.¹⁹

Worryingly, the biggest category of items being sent to countries in the EEU and other countries like Uzbekistan are parts of airplanes, helicopters or unmanned aircraft, which can be used to make drones and other aeronautic units.²⁰

Kazakhstan remains an important source of 'parallel imports' for Russia.²¹ Furthermore, Kazakhstan's leader, Kassym-Jomart Tokayev owes his position to a Russian intervention in January 2022, with economic ties between the two nations growing since then. 2022 and 2023 have been record years for Russia-Kazakhstan economic cooperation, with trade at \$26 and \$27 billion respectively. Almost half of all foreign companies working in Kazakhstan are now Russian, with significant interest in Kazakhstan from Russian state owned enterprises and private companies linked to the Kremlin. An example of a Russian company involved in parallel imports through Kazakhstan can be found in the appendix.

Another country helping Russia evade sanctions is Kyrgyzstan. Kyrgyzstan's official statistics show that its exports to Russia increased from \$393 million in 2021 to \$1.07 billion in 2022. However, Dr Erica Marat, an Associate Professor at the National Defence University in Washington D.C. told the Kyiv Post that: "Kyrgyzstan is reporting some increase in trade, but very often, these countries will report goods as arriving from an unknown destination and leaving for an unknown destination. It's a loophole." Dr Marat has authored a detailed report with Dr Alexander Kupatadze on how countries in Central Asia and the South Caucasus are helping Russia evade sanctions linked to in the appendix.

¹⁷ [Kataryna Wolczuk, Rilka Dragneva and Jon Wallace, What is the Eurasian Economic Union, Chatham House, 15 July 2022](#)

¹⁸ [Katie Marie Davies, Kyrgyzstan's trade is booming as Russia masters sanctions circumvention, Kyiv Independent, 29 December 2023](#)

¹⁹ [Katie Marie Davies, Kyrgyzstan's trade is booming as Russia masters sanctions circumvention, Kyiv Independent, 29 December 2023](#)

²⁰ [Ed Conway, British firms' exports are almost certainly bolstering Russia's war machine in Ukraine, Sky data analysis finds, Sky News, 21 February 2024](#)

²¹ [Rahimbek Abdrahmanov and Kamshat Zhumagulova, How Kazakhstan helps Russia bypass western sanctions, The Diplomat, 25 October 2023](#)

Recommendations

The UK Department for Business and Trade provides trade and investment services and practical support in Kazakhstan, helping UK companies to export to Kazakhstan. It should consider whether such services make best use of UK taxpayers funding. The UK Government exports substantially to Kazakhstan and Kyrgyzstan, with specific figures provided in the appendix.

Ukraine's allies, including the UK, have been reluctant to impose sanctions on Kazakhstan and Kyrgyzstan, for fear of pushing both these countries further into the grip of Russia. However, we believe they will not stop the increasing export of dual use of good to Russia from these countries willingly. Stronger and broader export controls are need on both nations and entities operating on their territory.²²

4. Use of UK components in Russian weapons and military technology

Evidence highlights that Russia is circumventing sanctions on dual use goods deemed to be critical to Russia's military industry and war effort.²³ Russia is still receiving vital components for manufacturing hypersonic missiles, drones and other weapons from UK suppliers and other western allies.²⁴ A report by the Kyiv School of Economics (KSE) in January 2024 found that 95% of foreign components were sourced from producers who come from countries allied to Ukraine.²⁵ This is happening in two ways:

- Circumvention of sanctions due to third-party states such as China (including Hong Kong), Turkey and the United Arab Emirates. According to research from B4Ukraine, China is responsible for 70% of final sales and 75% of final shipments of battlefield goods to Russia from January to October 2023.^{26 27 28} Whilst the direct route of various dual use goods to Russia is closed, companies in South East Asia have significantly increased their imports of these types of goods from countries like Turkey and other countries who have strong economic relationships with Russia.²⁹ These goods are then transferred to Russia, which is unsurprising given the buyer company is usually affiliated with the aggressor state;³⁰
- Direct purchases transferred to Russia.

It has been calculated that British suppliers exported over \$100 million worth of vital components for military technology for Russia in the first 10 months of 2023, according to figures from the KSE. The materials include semiconductors and drones, often through third party states. About \$15 million of the goods were

²² [Kate Mallinson, Russia's influence is increasing in Kazakhstan despite the war in Ukraine, Chatham House, 29 February 2024](#)

²³ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.18](#)

²⁴ [Inna Popovych and Anna Holishevskya, Trap Aggressor examined three types of Shaheds: What's inside Russian attack drones, Trap Aggressor, 21 March 2024](#)

²⁵ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.18](#)

²⁶ [Oleksandr Liemienov, How the Russian Federation circumvents sanctions for the production of high-tech weapons, Mirror of the Week, 19 October 2023](#)

²⁷ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.19](#)

²⁸ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.22](#)

²⁹ [Bohdan Miroshnychenko, Czech weapons, US electronics. How the Russian-made Laneet attack UAVs expose holes in anti-Russian sanctions, Ukrainska Pravda, 28 August 2023](#)

³⁰ [Gary Somerville and Jack Crawford, Risky business: Southeast Asia's continued trade with Russia, Royal United Services Institute \(RUSI\), 24 August 2023](#)

supplied to Russia, directly from UK warehouses. Furthermore, Russia received UK made computer numerical control machines worth around \$1.5 million.³¹

Examples of British companies involved in the indirect transfer of components or technology for the Russian military and/or its proxies can be found in the appendix.

Recommendations

- The majority of foreign companies whose components are found to be used by Russia have suspended operations and no longer directly sell to Russia, hence Russia's use of third party intermediaries. Companies, including UK companies, should implement stronger internal due diligence procedures to establish control over where their products move after the initial sale to a distributor. Further suggestions to strengthen due diligence can be found in the appendix;³²
- B4Ukraine members have provided private sector companies with guidance for steps that can be taken to cut Russian military end users out of their supply chains. The UK Ministry of Defence should share these guidelines on their website and disseminate them widely in their discussions with British defence companies of all sizes;³³
- Aligning and expanding dual use goods lists across the UK, EU, G7 nations such as the USA and Canada and other allies of Ukraine. Clear and aligned standards of compliance set through negligence provisions would also help. This will require improved multilateral cooperation between the UK and Ukraine's western allies, which could be aided by a multilateral export controls treaty;³⁴
- Enforcement agencies like OFSI need to have the resources and willingness to investigate the trade of export controlled dual use goods and impose substantial financial and reputational penalties where violations occur;³⁵
- Current sanctions on third party intermediaries are incomplete and inconsistent. Allies of Ukraine should impose the broadest and strongest restrictions possible on the largest players in China, Turkey, the UAE and other third party entities.³⁶

5. Confiscation of frozen Russian assets and their use for aid to Ukraine

As of 9 March 2023, the UK had frozen over £18 billion worth of Russian assets since the full-scale invasion. If confiscated, the funding would be equivalent to £650 donated by every household in the UK.³⁷

Furthermore, the foreign currency reserves of the Russian Central Bank (RCB) were immobilised in the G7 and EU member states. The total amount of the RCB assets frozen is reported to be approximately (\$300 billion), with approximately €191 billion being placed in Belgium, on the accounts of Euroclear.³⁸

³¹ [Tom Saunders, UK suppliers send \\$100 million of key equipment to Russia, The Times, 12 February 2024,](#)

³² [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.21](#)

³³ [B4Ukraine, Risk management after Russia's invasion of Ukraine: Recommendations & tools for businesses, September 2023](#)

³⁴ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.25](#)

³⁵ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.21](#)

³⁶ [B4Ukraine, 2024 is the year to defund Russia's war: The West holds the key, 2 February 2024, p.23](#)

³⁷ [Home Office, HM Treasury and The Rt Hon Tom Tugendhat MBE VR MP, United Kingdom helps freeze more than £48 billion in Russian assets, 9 March 2023](#)

³⁸ [Laura Dubois, Frozen Russian assets yield €4.4 billion in 2023 says Euroclear, FT, 1 February 2024](#)

Full confiscation of the Russian Central Bank (RCB) assets has been discussed since the full-scale invasion began as a measure to hold Russia internationally accountable for its war of aggression. Both UK Friends of Ukraine and the ICUV support the confiscation of frozen Russian assets, including in the UK.

The confiscation of Russian assets is supported by prominent international law scholars.³⁹ Initially, confiscation was considered almost impossible due to the legal barrier of immunity of state property in courts (“sovereign jurisdictional immunity”) supported by applicable international customary law.⁴⁰ However, later the universal legal estimation confirmed the following:

- Confiscation of RCB assets would be a legitimate countermeasure against Russian aggression based on international law on Russia’s failure to fulfill its obligations.⁴¹ This included a call for Russia to cease violation of international law (use of force, non-fulfillment of the International Court of Justice (ICJ) provisional orders to stop Russia’s full scale invasion of Ukraine)⁴² and compensation for the damages and losses inflicted to Ukraine by unprovoked Russian military aggression. Such a countermeasure would be more proportionate than just freezing assets considering the amount of damages documented is currently at \$486 billion.⁴³ Confiscation may also be organised in a reversible way as required by international law, when it comes to establishing the amount of Russian reparations to Ukraine after the end of the war (which are already due for payment according to the UN General Assembly Resolution of 14 November 2022);⁴⁴
- Confiscation of Russian assets should be conducted through the executive (non-judicial) procedure and based on the newly adopted or amended national legislation of respective states such as the UK and supported by a supranational act in the case of the EU (which competence is still not established for 100% of EU member states in this legislative area). Such executive confiscation should be applied as an international countermeasure based on a joint decision of states at the G7 and the EU level.

So far, at the official level, such an approach has been reflected through the Canadian Government’ Special Economic Measures Act.⁴⁵ As for the EU in general and specific member states where the majority of assets are held, the position is more cautious based on a number of fears.⁴⁶ These fears include possible legal actions from Russia or the RCB in national courts and international tribunals, possible retaliation against European companies still operating in the Russian market and the potentially negative economic impact of confiscation on the Eurozone’s stability and the reputation of the EU banking system. Belgium as well as the EU’s central authorities propose to use the profits from managing frozen Russian assets, as well as taxes from such profits

³⁹[Open letter by international lawyers and practitioners](#)

⁴⁰[The United Nations, UN convention on jurisdictional immunities of states and their property, UN General Assembly, 2 December 2004](#)

⁴¹[The United Nations, Responsibility of states for internationally wrongful acts, UN General Assembly, 12 December 2001](#)

⁴²[ICJ, Allegations of genocide under the Convention on the prevention and punishment of the crime of genocide: Ukraine Vs Russian Federation, Order of 16 March 2022](#)

⁴³[The World Bank, Ukraine: Third rapid damage and needs assessment February 2022 to December 2023, February 2024](#)

⁴⁴[UN, General Assembly adopts text recommending creation of register to document damages caused by Russian Federation against Ukraine, UN General Assembly, 14 November 2022](#)

⁴⁵[Canadian Government, Special Economic Measures Act, amended on 22 June 2023](#)

⁴⁶[Sinead Cruise and Alexander Marrow, Western banks warn of risks in EU plan to grab Russian assets, sources say, Reuters, 22 March 2024](#)

to finance Ukrainian defence against Russian aggression, as well as compensating for losses and reconstruction.^{47 48}

Recommendations

- We believe the UK Government should use its standing as a leading G7 member, 6th largest economy in the world and second largest in Europe, to advocate for the EU and EU member states to adopt a position in support of the confiscation of Russian assets and legislate accordingly, alongside trying to convince member states like Belgium to drop any opposition to confiscatory sanctions;⁴⁹
- There are proposed scenarios according to which Ukrainian needs may be supported by funds raised by issuing bonds. Such bonds would be issued either against frozen and immobilized assets or profits generated from the management of these assets.⁵⁰ The latter proposal appears the most reasonable option due to investment attractiveness and rationality. The use of such profits from managing Russian sovereign assets could be of great assistance to Ukraine's military, reconstruction and humanitarian needs. Therefore, it would be reasonable and beneficial for all the states holding Russian assets and managing them, including the UK, to use them to finance Ukrainian defence and reconstruction;
- The full confiscation of RCB assets should happen regardless of any other supplementary steps, as it is a legitimate and powerful instrument of making Russia pay for the damage it has caused Ukraine.

These ways of supporting Ukraine could become an alternative to permanent financial aid to Ukraine and significantly ease the burden on taxpayers, including UK taxpayers. As for the possible legal, economic and political risks mentioned above, the ICUV has prepared a number of studies with expert opinions included in the appendix, showing that some of them are exaggerated or have no relation to the confiscation of assets.

Conclusion

The profits from the circumvention of sanctions are used by Russia for shells, tanks and missiles that cause mass destruction and terrorise Ukrainians. We believe the loopholes need to be closed by the UK Government and other allies of Ukraine without delay. The UK Government has the opportunity to lead the way for other allies of Ukraine to follow, in further defunding of Russia's war machine.

⁴⁷ [New Voice of Ukraine, Belgium PM supports EU proposal to allocate Ukraine billions from frozen Russian assets, 21 March 2024](#)

⁴⁸ [Selen Valente Rasquinho, EU agrees to allocate to Ukraine income from frozen Russian assets subject to bloc sanctions, Anadolu Agency, 22 March 2024](#)

⁴⁹ [Manu Singh, World Economy ranking 2024: Top 10 countries in world list, International Monetary Fund, 6 March 2024](#)

⁵⁰ [Alberto Nardelli and Jennifer Jacobs, US backs \\$50 billion Ukraine bond using frozen Russian assets, Bloomberg, 21 March 2024](#)

Appendix

Section 2. Insurance provision for ships transporting Russian oil

1. The problem is wider than the UK, as in December 2023, 62% of Russian oil products, chemicals and liquefied petroleum gas (LPG) were carried on tankers owned or insured in countries, who are meant to be implementing the price cap.

[B4Ukraine, Insuring Russia's invasion: UK's role, 20 January 2024](#)

Section 3. Bypassing of sanctions through members of the Eurasian Economic Union (EEU)

1. One player involved in the dual use of goods is Russia's OZON, according to a report by Rahimbek Abdrahmanov and Kamshat Zhumagulova for The Diplomat. They state that Ozon has made significant investments in logistics infrastructure in Kazakhstan, including the construction and acquisition of large logistic centres. OZON's actions reveal an intention to consolidate cargo, including those related to parallel imports through Kazakhstan to Russia. Moreover, alongside Kazakhstan, OZON has initiated an active expansion into the logistics services markets of Kyrgyzstan and Armenia as well. You can read about this in the article linked to below.

[Rahimbek Abdrahmanov and Kamshat Zhumagulova, How Kazakhstan helps Russia bypass western sanctions, The Diplomat, 25 October 2023](#)

2. The below research paper examines the practices used to evade sanctions imposed on Russia after its invasion of Ukraine in 2022, focusing on the import–export operations of Russia, Belarus, Georgia, and Kazakhstan. The research finds that sanctions have not cut supplies to Russia but have instead empowered informal trade networks and intermediaries.

[Dr Erica Marat and Dr Alexander Kupatadze, Under the Radar: How Russia Outmanoeuvres Western Sanctions with Help from its Neighbours, Serious Organised Crime & Anti-Corruption Evidence Research Programme, August 2023](#)

3. The UK has some economic clout to bear when it comes to Kazakhstan and Kyrgyzstan. Total UK exports to Kazakhstan amounted to £1.8 billion in the four quarters to the end of Q3 2023, an increase of 89.2% or £851 million compared to the four quarters to the end of Q3 2022.

Total UK exports to Kyrgyzstan amounted to £64 million in the four quarters to the end of Q3 2023, an increase of 190.9% compared to the four quarters to the end of Q3 2022).

[UK Department for Business and Trade, Trade and investment factsheets: Kazakhstan](#)

[UK Department for Business and Trade: Trade and investment factsheets: Kyrgyzstan](#)

[Ed Conway, British firms' exports are almost certainly bolstering Russia's war machine in Ukraine, Sky data analysis finds, Sky News, 21 February 2024](#)

Section 4. Use of UK components in Russian weapons and military technology

1. According to media reports, a British semiconductor manufacturer produced chips found in an abandoned Russian tank in Brovary, Kyiv region, which was discovered in March 2022. Another British company has reportedly organised sales of around \$1.2 billion worth of electronics in Russia since the full-scale invasion of Ukraine began.

[Tom Saunders, UK suppliers send \\$100 million of key equipment to Russia, The Times, 12 February 2024](#)

2. A further way of stronger internal due diligence from foreign companies whose components are found to be used by Russia would be to have reservations to the sale and purchase contracts with determined financial liability and subsequent termination of business.

Section 5. Confiscation of frozen Russian assets and their use for aid to Ukraine

1. **[ICUV brief: Confiscation of Russian Sovereign Assets: Mission Possible and Overdue. Overcoming sovereign immunity under customary international law. Legal arguments](#)**
2. **[ICUV study: Confiscation of Russian Sovereign Assets: Mission Possible and Overdue. There's no alternative to Western reserve currencies. Economic argument](#)**
3. **[ICUV brief: "Retaliation argument": Russia started expropriation of Western assets before the West seriously began seeking solutions to confiscation of Russian assets](#)**
4. **[ICUV brief: POLITICAL ARGUMENT: Russian crimes in Ukraine are severe. Other countries should not feel threatened the West would confiscate their assets for minor transgressions](#)**