Why Europe Must Develop Extraterritorial Sanctions

Benjamin Hilgenstock[1]

The sanctions imposed against Russia after its full-scale invasion of Ukraine in 2022 are not universal—rather, they were adopted and are being enforced by a "coalition of the willing." This reality has important implications for their implementation and effectiveness, as countries outside this coalition actively participate in efforts to reduce their impact. Extraterritorial measures have proven highly effective in enforcing the Russia sanctions in third countries, particularly regarding the shadow fleet and export controls. However, since only the US aggressively wields the instrument of secondary sanctions, its potential withdrawal from the sanctions coalition poses a serious challenge to the remaining allies of Ukraine, first and foremost in Europe. The European Union has carefully ventured into the realm of extraterritorial measures over the past three-and-a-half years despite its principled opposition to secondary sanctions. It is imperative and urgent for Europe to go further and sharpen the tools that enable it to project its considerable economic power outside its borders, bring Russia's aggression against Ukraine to an end, and preserve the rules-based international order.

The Context: Non-Universal Modern Sanctions Regimes

Intuitively, sanctions work best when they are imposed by a broad coalition of countries. While this does not guarantee their success, there are less jurisdictions through which they can be circumvented and violated. The regime of sanctions imposed on Russia following its full-scale invasion of Ukraine in February 2022 may be one of the most comprehensive in history. It also may target a larger and more integrated economy than any sanctions regime that came before. But fundamentally, it has been imposed by a "coalition of the willing," and not through a multilateral legal framework, e.g., the United Nations Security Council. This makes a significant difference for the regime's implementation and enforcement—and, ultimately, its effectiveness.[2] The countries of the "sanctions coalition"[3] account for ~60% (roughly $65 trillion) of global GDP but only ~15% (~1.15 billion) of the world's population.[4] Importantly, many key emerging markets do not partake in the sanctions regime—including the largest 10 by GDP[5]—and some play an active role in supporting Russia's circumvention efforts.

More Context: The Nature and History of Secondary Sanctions

Sanctions with extraterritorial nature—also known as secondary sanctions—have played an important role in economic statecraft for quite some time now. Ultimately, a naval blockade of a foreign port falls in this category. But more common in the 20th and 21st century has been the threat to cut off an entity, which interacts with a sanctioned party, from the US financial system and the US dollar. The US leverages its dominant role in global finance to induce compliance by actors that do not fall under its jurisdiction—by making them face a choice between going along or facing financial ruin. In most cases, this does not leave them any other option but to comply.[6]

The European Union considers such secondary sanctions a violation of international law. As recent as June 2025, the EU reaffirmed this position, when it called, at the UN General Assembly, for the "elimination

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[1] Director, Center for Geoeconomics and Resilience, Kyiv School of Economics (KSE) Institute.
[2] See, for instance, *"Backfire: How Sanctions Reshape the World Against U.S. Interests,"* (A. Damarais, Columbia University Press, 2022).
[3] Includes Australia, Canada, European Union, Japan, New Zealand, Norway, South Korea, Switzerland, Singapore, Taiwan, the United Kingdom, and the United States.
[4] Calculations based on 2024 numbers. For the World Economic Outlook database, see here.
[5] Based on IMF figures for nominal GDP in US dollar. The ten largest emerging markets (excluding Russia) are China, India, Brazil, Mexico, Indonesia, Türkiye, Saudi Arabia, Argentina, the UAE, and Thailand.
[6] See, for instance *"Backfire: How Sanctions Reshape the World Against U.S. Interests,"* (A. Damarais, Columbia University Press, 2022).

of unilateral extraterritorial coercive measures as a means of political and economic compulsion."[7] While it is not unlikely that the EU has sometimes—quietly—welcomed the US' use of secondary sanctions when transatlantic interests were in alignment—e.g., in the case of economic pressure on Russia—it has set up a legal framework that is supposed to protect EU operators from the effect of secondary sanctions. This tool—the "blocking statute"—was created in November 1996 through Council Regulation (EC) 2271/96 to counter US sanctions on Cuba and Iran.[8] It gained more prominence in 2018 after the United States unilaterally withdrew from the Iran nuclear deal (JCPOA).

The blocking statute prohibits EU persons from complying with the listed extraterritorial measures, identifies any foreign judgments based on these measures as unrecognized and unenforceable in the EU, establishes a right to compensation for damages incurred through the application of foreign extraterritorial sanctions, which can be pursued in EU courts, and mandates that EU operators inform the European Commission of any impact from such measures on their economic or financial interests.[9] While this sounds quite comprehensive on paper, it did not reduce the impact of the US' threat with secondary sanctions on European businesses. Despite the fact that the European Union remained a party of the JCPOA and that Iran had not been found to have violated the terms of the agreement (at that time), they could not risk losing access to the US financial system and US dollar—and walked away from their Iran business.[10] In response, the EU, in early 2019, created an alternative financial system to allow European and Iranian companies to continue legitimate trade—the Instrument in Support of Trade Exchanged, or INSTEX—but it did not succeed.[11]

Another case where the threat of US secondary sanctions had an immediate effect on European businesses is that of Nord Stream 2. The natural gas pipeline between Russia and Germany—at the time of the sanctions under construction—had been extremely politically controversial in Europe and beyond as it was intended to allow Russian exports to circumvent Ukraine's pipeline system and would have potentially increased Europe's dependence on Russian supplies even more.[12] In 2017, the US Congress—during the first Trump administration—passed the Countering America's Adversaries Through Sanctions Act (or CAATSA), which authorized sanctions on person making investments into or providing services to Nord Stream 2's construction.[13] Two-and-a-half years later, in December 2019, mandatory sanctions on foreign persons that sell, lease, or provide vessels for laying pipes for Nord Stream 2 (and TurkStream) were imposed with the Protecting Europe's Energy Security Act (PEESA).[14] These sanctions' scope was broadened at the start of 2021 to include facilitating construction, testing, inspection, certification, or technology upgrades.[15] As a result of PEESA, European companies, including, most importantly, Allseas, a Swiss-based company involved in the pipeline's construction, disengaged from the project effectively overnight.[16] While the pipeline was ultimately completed—with a significant delay and to no effect as its certification was stopped by the German government after Russia's full-scale invasion of Ukraine and both Nord Stream 1 and 2 are now under EU sanctions[17]—the episode, once again, illustrates what little choice most companies have when it comes to the compliance with US policies that carry the threat of secondary sanctions.

In recent weeks and months, we have seen the emergence of a new—Trumpian—spin on secondary sanctions: tariffs. President Trump has threated to impose—and in the case of India actually imposed—

[7] See the EU's statement a the UN General Assembly on 13 June 2024 here.
[8] See Council Regulation (EC) No 2271/96 of 22 November 1996 here. The specific laws to which the blocking statute applies can be found in the Annex.
[9] See the European Commission's explainer on the blocking statute here. For a more in-depth discussion of the European Union's option to counter economic coercion, see *"Countering Economic Coercion: How Can the European Union Succeed"* (B. Hilgenstock and E. Ribakova, FEPS, June 2022) here.
[10] See, for instance, *"European Firms Start Pulling Back From Iran"* (Wall Street Journal) from 16 May 2018 here.
[11] See *"Europe dissolves Iran trade system that never took off"* (Associated Press) from 9 March 2023 here.
[12] For a summary of Nord Stream 2's history and the political controversy surrounding it, see *"Nord Stream 2: Background, objections, and possible outcomes"* (S. Pifer, Brookings Institution, April 2021) here.
[13] For information on the Nord Stream 2-related provisions in CAATSA, see here.
[14] See, for instance, *"Sanctions against Nord Stream 2 in the US defence budget"* (OSW, Centre for Eastern Studies) from 18 December 2019 here.
[15] See the relevant Sec. 7503 here.
[16] See *"US envoy defends Nord Stream 2 sanctions as 'pro-European'"* (Financial Times) from 21 December 2019 here.
[17] See the European Commission's statement from 18 July 2025 regarding the 18th sanctions package here.

tariffs on imports to the United States for as long as India continues to import Russian crude oil.[18] While the mechanism is different than that of secondary sanctions—targeting an entire economy instead of the actors actually involved in the transactions with Russian oil (i.e., Indian oil companies)—the principle is the same: an entity in a third country that does not fall under US jurisdiction is threatened (or punished) due to its interactions with a sanctioned party—or one that the US administration objects to. While the instrument is much blunter, the threat still carries a heavy punch. So far, India appears to have refused to reduce its imports of Russian oil,[19] but that may simply be a result of the tariffs not being high enough. To what extent the US is going to employ this tool going forward—and whether its European partners go along with this strategy as Trump wants them to[20]—remains to be seen. But the appeal of tools that induce compliance with one's sanctions in other jurisdictions is obvious.

Below, this paper will look at the role that measures with extraterritorial reach have played in the case of the Russia sanctions regime and the EU's increasing venturing into such areas.

The Russia Case: Effective Enforcement in Third Countries

The Russia sanctions regime illustrates the critical importance of extraterritorial measures for ensuring that third-country actors are induced to comply with restrictions imposed by the sanctions coalition. These tools are particularly relevant in the areas of energy sanctions and export controls, where third countries—Russia's friends and enablers—play a critical role for its continued ability to wage war.

The Role of Russia's Friends and Enablers

As mentioned above, the sanctions imposed on Russia after the full-scale invasion of Ukraine are far from global in nature. And Russia has been able to circumvent them to a significant extent by relying on friends and enablers in third countries, including in the areas of energy and exports controls.

As far as **energy** is concerned, sanctions began in earnest in December 2022, when the European Union's (and United Kingdom's) ban on imports of Russian crude oil took effect.[21] This coincided with the start of the G7's oil price cap (OPC), which intended to reduce Russian export earnings and budget revenues by driving up the price discount on Russian oil while, at the same time, maintaining stability in the global oil market. Similar measures—i.e., embargo and price caps—took effect in February 2023 with regard to Russian petroleum products. Other coalition countries, namely Australia, Canada, and the United States banned imports of Russian oil and gas shortly after the start of the full-scale invasion; however, these countries did not make up a significant share of Russian exports at the time (3.7% in 2021). The EU and UK embargos changed the situation substantially, as they had accounted for 56.5% of Russia's oil and gas exports (in 2021). Measures related to Russian natural gas are largely non-existent in the European Union for various political reasons, aside from a ban on the transshipment of Russian LNG[22] and sanctions on the defunct Nord Stream pipelines.[23] However, Russia effectively self-sanctioned by attempting to blackmail Europe over its foreign policy towards Ukraine with the interruption of gas flows in 2022. Due to the lack of pipeline infrastructure, Russia has not been able to replace European buyers, and the Russian natural gas sector is in a very challenging situation.[24] With its 19th sanctions package, the EU adopted a ban on imports of Russian LNG, starting January 2027 for long-term contracts and within six months for short-terms contracts.[25]

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[18] See, for instance, *"India's Russian oil gains wiped out by Trump's tariffs"* (Reuters) from 27 August 2025 here.
[19] See, for instance, *"India's Russian oil imports set to rise in September despite U.S. tariffs"* (Reuters) from 28 August 2025 here.
[20] See, for instance, *"Trump urges EU to impose 100% tariffs on China, India to pressure Putin, sources say "* (Reuters) from 10 September 2025 here.
[21] For a discussion of the energy sanctions regime, including deliberate loopholes and the challenges of the G7+ oil price cap, see *"What effects have energy sanctions had on Russia's ability to wage war?"* (B. Hilgenstock, Economics Observatory, August 2025) here.
[22] See the European Commission's statement from 24 June 2024 regarding the 14th sanctions package here.
[23] See the European Commission's statement from 18 July 2025 regarding the 18th sanctions package here.
[24] See, for instance, *"Gazprom plunges to first annual loss in 20 years as trade with Europe hit"* (Reuters) from 2 May 2024 here.
[25] See the European Commission's statement from 23 October 2025 regarding the 19th sanctions package here.

Importantly, the decision to target the *price* of Russian exports rather than their volumes means that Russia was able redirect its shipments from the European market to other destinations, most importantly China, India, and Türkiye. As a result, oil export volumes have remained remarkably stable over the past three-and-a-half years and allowed Russia to continue earning significant amounts of money from the export of oil. For instance, in 2024, total oil exports amounted to $189 billion, essentially unchanged from 2023 ($188 billion), 2021 ($181 billion), and 2019 ($189 billion). The only exceptions are 2020—when the world economy suffered from the Covid-19 pandemic, and 2022, when energy prices soared after the start of the full-scale invasion of Ukraine.[26] Another reason for this dynamic is that the oil price cap turned out to be extremely difficult to enforce due to the absence of credible pricing information as well as the emergency of the so-called "shadow fleet," which fundamentally undermines its leverage.[27] China, India, Türkiye, and other smaller buyers are a key reason for why Russia's ability to pay for its war of aggression largely remains in place. It is worth pointing out, however, that the sanctions coalition's price-based strategy with regard to Russian oil depends on the fact that these countries continue—or increase—their purchases.

A second key area of the sanctions regime where third-country circumvention is absolutely essential for Russia is that of imports of export-controlled **war-critical goods** such as microelectronics, navigation and communications technology, and high-precision machinery (such as CNC machines). In the early days of the full-scale war, the sanctions coalition imposed wide-ranging export controls on such items—and has expanded the list of so-called "common high-priority" (CHP) goods several times.[28] Nevertheless, investigations based of Russian customs records have shown that Russia has continued to import items that are critically-important for its production of weaponry, including missiles and drones.[29] In addition, Ukrainian authorities have documented that technology from countries that have imposed export controls on Russia is consistently found in Russian weapons on the battlefield in Ukraine—or in the debris of missiles and drones that attack Ukrainian cities and civilian infrastructure on a nightly basis.[30] Western technology has also been identified in production facilities of the Russian military-industrial complex.[31] Generally speaking, there are three key types of export controls evasion and/or violations. *First*, Russia is increasingly relying on substitutes from Chinese producers. This channel accounted for 59.7% of all Russian CHP imports in 2023.[32] *Second*, Russia buys goods produced in sanctions coalition countries through entities in third-countries (i.e., transshipment), including, most notably, in China, the UAE, and Türkiye. This channel accounted for 14.2% of the total. *Third*, Russia buys CHP goods from sanctions coalition-based companies that are produced in third countries and, thus, never physically enter these jurisdictions. These made up 24.9% in 2023.

There are, of course, many more areas where the redirection of exports and/or supply chains has significantly limited the impact of the sanctions coalition's measures. However, these are the ones that most directly affect Russia's ability to pay for the war on Ukraine and conduct it on the battlefield.

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[26] For details on Russian oil and natural gas exports, see KSE Institute's *"Russia Chartbook"* here.
[27] While the term "shadow fleet" is not used consistently in the public debate, it is often understood as capturing oil tankers that do not have any links to restricted services from G7+ jurisdictions and to which, therefore, the oil price cap does not apply. Since early 2022, the share of Russian seaborne oil exports transported with shadow tankers has risen significantly, reaching around two-thirds (above 90% for crude oil) in mid-2024 before declining in recent months as a result of lower oil prices and measures targeting the shadow fleet. Nevertheless, the shadow fleet continues to transport more than half or Russia's oil exports. See here. For more on the price cap's enforcement challenges, see *"What effects have energy sanctions had on Russia's ability to wage war?"* (B. Hilgenstock, Economics Observatory, August 2025) here.
[28] See the European Union's version of the CHP list here. These 50 six-digit HS (trade) codes have been identified by the EU, UK, US, and Japan as export controls-related enforcement priorities.
[29] See, for instance, *"Challenges of Export Controls Enforcement,"* (O. Belousova *et al.*, KSE Institute, January 2024) here.
[30] See the section on foreign components in Russian weapons here. For an analysis of the Russian military-industrial complex's dependence on imported components, see *"Disassembling the Russian War Machine: Key Players and Nodes"* (P. Shkurenko *et al.*, KSE Institute, March 2025) here and "*Disassembling the Russian War Machine: Logistics, Chokepoints, and Dependencies"* (L. Risinger *et al.*, KSE Institute, July 2025) here.
[31] See the section on *"Instruments of War"* here.
[32] These numbers were calculated based on transaction-level data from Russia's customs service. This data is no longer available in a comprehensive manner. Thus, the analysis cannot be updated for the post-2023 period.

Extraterritorial Measures: Energy Sanctions

Despite of the fact that energy sanctions have shown limited effectiveness at reining in Russian aggression, there are several cases where measures with extraterritorial reach have made a difference. These are all examples on steps taken by the US, the only jurisdiction that is aggressively using secondary sanctions. The EU's venturing into extraterritorial measures is discussed further below.

First, the US imposed sanctions on Novatek's Arctic LNG II terminal in Russia's far north in November of 2023, which carried the threat of secondary sanctions for any entity involved with the project.[33] This made continued participation so risky that major project partners almost immediately withdrew.[34] In addition, the buyers of LNG from the Arctic LNG II terminal face the same choice and, as a result, export volumes have remained small compared to the facility's overall capacity.[35] As Russia considers LNG critical for the future of its natural gas sector, especially after the loss of most of the European market for pipeline gas exports, the US has a powerful tool to reduce Russian export earnings. While smaller terminals such as Portovaya and Vysotsk have been targeted by the US, the largest facility—Yamal LNG and Sakhalin II—remain unsanctioned or are subject to important exemptions. Ultimately, some buyers will take the risk of buying cargo from sanctioned terminals—which has been observed with regard to Arctic LNG II[36]—but most will not, and export volumes will drop dramatically.

Second, coalition countries have targeted the shadow fleet by designating (i.e., listing) individual vessels. As of late-October 2025, a total of 610 oil tankers were sanctioned by at least on jurisdiction, with the EU (526 ships), UK (519 ships), and US (215 ships) most active.[37] Other jurisdictions include Australia, Canada, and New Zealand. The limited alignment between the EU/UK listings and US ones—only 152 ships are targeted by all three jurisdictions as of now—have allowed to analyse the relative effectiveness of vessel designations. As it turns out, steps taken by the US (i.e., OFAC), which carry the implicit threat of secondary sanctions, have a stronger impact than those by the EU and UK, which very much do not.[38] Essentially, any person or entity interacting with a US-sanctioned tanker or the cargo it carries, runs the risk of enforcement action by US authorities. This includes ship owners and managers, insurance companies, oil traders, and, importantly, port authorities and the buyers of the oil (e.g., refineries in China and Türkiye). As it remains entirely possible to import Russian oil without this risk—by relying on unsanctioned tankers—there is a strong incentive to comply.[39]

Third, a creative spin on traditional secondary sanctions is the Trump administration's employment of "secondary tariffs."[40] While the specific threat is different (and rather blunt)—a tariff on all US imports from a certain country that continues to buy Russian oil (e.g., India) rather than disconnection from the US financial system for a specific entity (e.g., buyer of Russian oil)—the principle is the same. Ultimately, actors outside of US jurisdiction face the decision of compliance with US sanctions or extremely severe consequences. Whether secondary tariffs achieve their intended objective remains to be seen but, at least theoretically, for a country such as India, the benefit from importing somewhat cheaper Russian oil pales in comparison to the costs incurred from broad tariffs on Indian exports to the US.[41]

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[33] See OFAC's press release here.
[34] See, for instance, *"Foreign shareholders freeze participation in Russia's Arctic LNG 2"* (Reuters) from 25 December 2023 here.
[35] See, for instance, *"Russia's Arctic LNG 2 suspends gas liquefaction amid sanctions, lack of tankers, sources say"* (Reuters) from 2 April 2024 here.
[36] See, for instance, *"China takes fourth cargo from sanctioned Arctic LNG 2 project"* (Reuters) from 15 September 2025 here.
[37] See KSE Institute's *"Russia Chartbook"* here.
[38] See, for instance, *"An update on the efficacy of sanctions against Russia"* (R. Brooks and B. Harris, Brookings Institution, August 2025) here.
[39] See, for instance, *"Major Chinese port group bans tankers on OFAC's sanctions list"* (Splash247.com) from 8 January 2025 here.
[40] See, for instance, *"India's Russian oil gains wiped out by Trump's tariffs"* (Reuters) from 27 August 2025 here.
[41] According to some estimates, Indian companies have saved at least $17 billion by importing discounted Russian oil since early 2022 (see here). However, a 25% tariff applied to Indian exports to the United States could cost more than $22 billion per year as this trade (accounting for tariff-exempt categories) amounted to more than $45 billion in the first half of 2025 according to Intracen data (see here).

Extraterritorial Measures: Export Controls

In the area of export controls, the fact that Russia continues to have access to war-critical goods, including from producers in export controls-imposing countries, does not mean that sanctions have not had a meaningful impact. Among the most effective measures taken against Russia since February 2022 is Executive Order 14114, through which the Biden administration in December of 2023, threatened financial institutions in third countries involved in transactions related to Russian imports of CHP goods with loss of access to the US financial system and the US dollar.[42] This leveraging of the role of the US' role in global finance represented a quite standard use of extraterritorial measures—and it was highly impactful. According to media reporting, banks in countries that generally do not much care about the Russia sanctions regime, including in China, the UAE, and Türkiye, became much more hesitant to get or remain involved in the trade with CHP goods.[43] While this did not stop the flow of war-critical goods in Russia, it has likely driven up the price dramatically, which had already been elevated due to the need to pay off layers and layers of intermediaries and enablers.[44] Interestingly, and consistent with past cases of US secondary sanctions, the threat alone was sufficient and no enforcement action had to be taken in almost two years.

New Frontiers: The EU's Venturing into Extraterritoriality

Recognizing the need to extend the reach of European Union restrictive measures (i.e., sanctions) in the context of the non-universal nature of the Russia sanctions regime, the EU has carefully ventured into extraterritoriality—without using this specific term, of course.

First, in June 2023 as part of the EU's 11th sanctions package, the Union established a mechanism for adding companies from third countries that were found to have been involved in the circumvention of EU prohibitions, including export controls, to the Annex IV of Council Regulation (EU) 833/2014. Article 12f states that it is prohibited to sell, supply, transfer, directly or indirectly, certain goods and technologies, to any entities in the annex. Furthermore, it is prohibited to provide technical assistance, brokering or other services, financing or financial assistance related to these goods and technologies, and bans the transfer of intellectual property rights or trade secrets to the listed entities.[45] Previously, only Russian companies had been eligible for addition to Annex IV. While this does not represent secondary sanctions in the original sense—and requires a unanimous decision by the Council to list an entity—, it significantly extends the reach of EU restrictive measures by punishing entities outside of EU jurisdiction involved in violations of other EU sanctions, here: export controls.

Second, in July 2025 as part of its 18th sanctions package, the EU created the possibility to target non-EU (i.e., third-country) financial institutions (and providers of crypto assets). Specifically, Article 5ad of Council Regulation (EU) 833/2014 prohibits to directly or indirectly engage in any transactions with a financial institution that significantly frustrates the purpose of the provision of Regulations 833/2014 and 269/2014 and/or supports Russia's war of aggression against Ukraine, including by processing transactions or providing export financing for trade operations that frustrate the purpose of the aforementioned regulations.[46] This measure meaningfully expands the EU's ability to ensure compliance with its restrictive measures outside of its immediate jurisdiction.

Third, in October 2025 as part of the 19th sanctions package, a mechanism to sanction ports and locks was expanded from those in Russia to ports and locks in third countries that are involved in the circumvention of EU sanctions, including the price cap and, presumably, designations of shadow tankers.[47]

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[42] For the text of EO 14114, see here. For an analysis of its impact, see, for instance, here. See also *"US hits Turkish and Chinese companies over Russia trade"* (Financial Times) from 12 December 2023 here.
[43] See *"China firms go 'underground' on Russia payments as banks pull back"* (Reuters) from 29 April 2024 here. See also *"Impact of Recent U.S. Secondary Sanctions Authority Targeting Foreign Financial Institutions Supporting Russia's Military-Industrial Base"* (Cleary Gottlieb, February 2024) here.
[44] See Box 1 in *"Challenges of Export Controls Enforcement,"* (O. Belousova *et al.*, KSE Institute, January 2024) here.
[45] See Council Regulation (EU) No 833/2014 of 31 July 2014 here.
[46] See Council Regulation (EU) No 833/2014 of 31 July 2014 here.
[47] See Council Regulation (EU) 2025/2033 of 23 October 2025 amending Regulation (EU) No 833/2014 here.

While this tool has not been employed yet, it would allow to put considerable pressure on actors—here, port authorities—that fail to respect EU vessel designations by continuing to service them.

Fourth, the 11th sanctions package created a last-resort mechanism—the so-called "anti-circumvention tool"—through which the sale, supply, transfer or export of specific sanctioned goods and technologies to third countries can be banned, "whose jurisdiction is demonstrated to be at a continuing and particularly high risk of being used for circumvention."[48] So far, this instrument has not been used.

Conclusions: Preparing for a Sanctions Coalition without the US

At the time of this paper's writing, it remains entirely unclear which direction the US' sanctions policy with regard to Russia is going to take in the coming weeks and months. However, if Donald Trump's treatment of America's traditional European allies in other areas—NATO, trade—is any indication, Europe should start preparing for a world in which it has to maintain economic pressure on Russia largely on its own. And the continent should understand that, in many areas, it actually holds the cards.

For instance, whether European countries will return to relying on Russian oil and natural gas is entirely up to them. Despite some rather grotesque rumours in recent months about US interests attempting to revive the Nord Stream pipelines[49] or gaining control over the Ukrainian pipeline transit system[50] to restart deliveries of Russian gas to Europe, it is simply not up to the US administration of American businesses. Should the EU manage to phase out imports of Russian oil and gas as part of its RePowerEU plan,[51] the age of Russian fossil fuels in Europe will be over for the foreseeable future. In a similar way, the dominant share of Russian sovereign assets immobilized since February 2022 is located in Europe.[52]

But, of course, there are areas where a US pull-back would cause serious disturbances, including, most notably, all for which the extraterritorial reach of US sanctions fundamentally impacts the measures' effectiveness.[53] This includes, as mentioned above, sanctions on shadow tankers and the enforcement of export controls via the financial sector. While the EU has carefully ventured into the realm of extraterritoriality, it will need to have a much broader discussion about such measures to maintain pressure on Russia in the absence of the United States. This conversation should take place now. Ultimately, as the last three-and-a-half years have painfully illustrated, the effectiveness of sanctions in third countries is a question of power. Europe has such power—it continues to represent one of the largest markets for goods and services in the world—but its decision makers must work out how to use this power in a strategic way to further European economic and security interests.

[48] See Council Regulation (EU) 2023/1214 of 23 June 2023 amending Regulation (EU) No 833/2014 here.
[49] See, for instance, *"Putin ally pushes deal to restart Nord Stream 2 with US backing"* (Financial Times) from 2 March 2025 here.
[50] See, for instance, *"US 'demands control' from Ukraine of key pipeline carrying Russian gas"* (The Guardian) from 12 April 2025 here.
[51] For the European Commission's proposal, see here.
[52] See, for instance, *"Resolving Accountability Over Russian State Assets: New Understandings of Jurisdiction and Policy Opportunities"* (Y. Ziskina *et al*., New Lines Institute, January 2025) here.
[53] See, for instance, B. Hilgenstock's presentation at the event *"How effective are current sanctions on Russia—and how can enforcement be strengthened?"* organized by the Stockholm Institute of Transition Economies (SITE) on 18 June 2025 here.