

METHODS USED BY THE RUSSIAN FEDERATION TO CIRCUMVENT INTERNATIONAL SANCTIONS IMPOSED BY THE INTERNATIONAL COMMUNITY

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Following the Russian Federation's unjustified attack on Ukraine in February 2022, the international community reacted firmly and successively imposed international sanctions against the Kremlin regime. In order to force the Russian Federation to comply with international law and stop this unjustified military conflict, these sanctions must be rigorously implemented at the level of democratic states so as not to provide the authoritarian regime in Moscow with the resources necessary to continue the military conflict in Ukraine indefinitely. The Russian Federation has reacted to these international sanctions by deciding to cooperate with other sanctioned states, to negotiate new contracts for the distribution of its energy resources, to use proxies to obtain military and dual-use products and technologies necessary for its own defence industry etc. To counteract these measures, democratic states must strengthen the international sanctions regime imposed on the Russian Federation by eliminating systemic vulnerabilities, including measures to sanction states that support Russia, and identifying the best methods to prevent the authoritarian regime in Moscow from circumventing international sanctions.

Keywords: international sanctions; dual use; circumvention measures; energy resources; sanctions regime;

INTRODUCTION

Immediately after the Russian Federation's unjustified attack on Ukraine in February 2022, the Western democratic community took firm action to impose sanctions against the autocratic authorities in Moscow, with the aim of supporting Ukraine in its defence against Russia's unprovoked aggression. Against the backdrop of the ever-increasing costs of the war, the economic sanctions imposed on the Russian Federation as part of the Western states' response to this unprovoked and illegitimate invasion are increasingly destabilising the Russian economy, these challenges being important for the authorities in Moscow in the peace negotiations process.

Although international sanctions have had an effect on the Russian Federation's economy, Russian exporters, particularly those in the energy sector (oil and natural gas), have managed to find buyers for these resources outside Western countries. Thus, these energy importers play a significant role in supplying the Russian Federation with foreign currency, which allows the Russian authorities to continue financing the military conflict in Ukraine.

It can be said that the West, especially the European Union, which was the Russian Federation's main partner until 2022, has not shown sufficient determination and political will to rigorously enforce international sanctions. In this context, Russia continues to have the goods and technologies it needs to continue the military conflict in Ukraine. Although it is impossible to completely stop all the channels used by the Russian Federation to circumvent international sanctions, it is possible to identify viable solutions to limit these activities by the Moscow authorities by increasing costs for Russia and extending delivery times.

In this context, Western action should focus on three areas of interest, namely: strengthening financial sanctions, including by imposing sanctions on entities in third countries that violate international regulations; prioritising the implementation of restrictions within the EU, in particular by eliminating operational loopholes and reducing or eliminating supply channels for products and technologies that can be used in the Russian defence industry, and further reducing the Russian Federation's revenues, in particular those generated by the energy sector, by combating the circumvention of sanctions by Russian companies and completely eliminating Western countries' dependence on Russian energy resources.

While some countries, such as China, the Islamic Republic of Iran and North Korea, openly support the Russian Federation in violating international sanctions mainly for ideological reasons, other countries, such as Turkey, do so for profit. The European Union must therefore focus its diplomatic efforts on these countries, including by extending the use of secondary sanctions to them.

SANCTIONS IMPOSED BY WESTERN STATES ON THE RUSSIAN FEDERATION

After the Russian Federation's unprovoked invasion of Ukraine in February 2022, the international community reacted immediately, with 141 UN member states strongly condemning Russia's invasion of Ukraine by voting, on 2 March 2022, for a General Assembly resolution condemning the actions of the Moscow authorities (UN, 2022). Of these 141 states, only 39 imposed economic restrictions on the financial and technological capacity of the Russian Federation with the aim of making it impossible to continue the war in Ukraine (EU member states and G7 member states, in particular the USA, the United Kingdom of Great Britain and Northern Ireland, Canada and Japan) (European Commission, 2022, p. 1). The extent of the sanctions imposed on Russia by each state varied substantially depending on political and economic interests. The strictest restrictions against the Russian Federation were adopted by the USA, which, in addition to financial, trade and individual sanctions directly targeting Russian entities, also imposed secondary sanctions against entities in third countries that do not comply with the sanctions imposed by the USA. This radical and effective approach adopted by the USA must also be adopted by the EU and other Western states in order to persuade the authorities in Moscow to end the war in Ukraine as soon as possible (Wisniewska, 2023-1).

The main objective of international sanctions targeting Russian imports was to reduce the Russian Federation's revenues and budget revenues in order to limit its ability to finance the war in Ukraine. An important aspect was the EU Member States' renunciation of Russian energy resources. Whereas, prior to the outbreak of the military conflict in Ukraine, the EU was heavily dependent on Russian natural gas and the countries of Central and Eastern Europe were largely dependent on Russian energy resources, there has now been a substantial reduction in dependence on these resources. Of course, giving up Russian energy resources has also had negative effects in certain EU Member States, mainly Germany, which have been forced to import natural gas and oil at significantly higher prices. As a result, the economic competitiveness of companies in these countries has declined due to rising production costs, leading to lower sales and, implicitly, to economic crisis.

The international sanctions mainly targeted the following areas:

- **Arms** – The sanctions imposed by Western countries prior to the February 2022 attack on Ukraine in this area were supplemented by the inclusion of equipment, components and machine tools necessary for arms production. The first joint list of products and technologies subject to international sanctions was drawn up on 3 March 2022 and, in the following period the list was expanded, with several states committing to comply with the sanctions regime imposed on the Russian Federation. Thus, by December 2024, the coalition that imposed restrictive measures against the Moscow regime comprised 39 states, and the list contained 50 categories of products and technologies (e.g. integrated circuits and the machinery used to manufacture them, drones, optical equipment, communications technologies, bearings) (European Commission, 2024). In addition to these restrictive measures, restrictions have been imposed since July 2014 on certain military and dual-use products and technologies. Furthermore, following the annexation of Crimea in March 2014, the USA prohibited American companies from cooperating with many Russian companies operating in the defence sector.
- **Energy** – sanctions include a ban on the supply of technologies necessary for the liquefaction of natural gas, as well as the provision of specialised services related to the development of oil and natural gas extraction.
- **Aviation and space** – sanctions relate to the supply of fuel for aircraft, aeroplanes and helicopters, as well as spare parts for them. Maintenance or repair services for aircraft and helicopters are also subject to sanctions.
- **Transport** – the restrictions concern the supply of rolling stock, including locomotives, as well as other means of transport (e.g. trucks). Repair and maintenance services for these products are also subject to sanctions.
- **IT sector** – international sanctions target the supply of electronic and optical components, cameras and production management software, as well as the provision of related services.

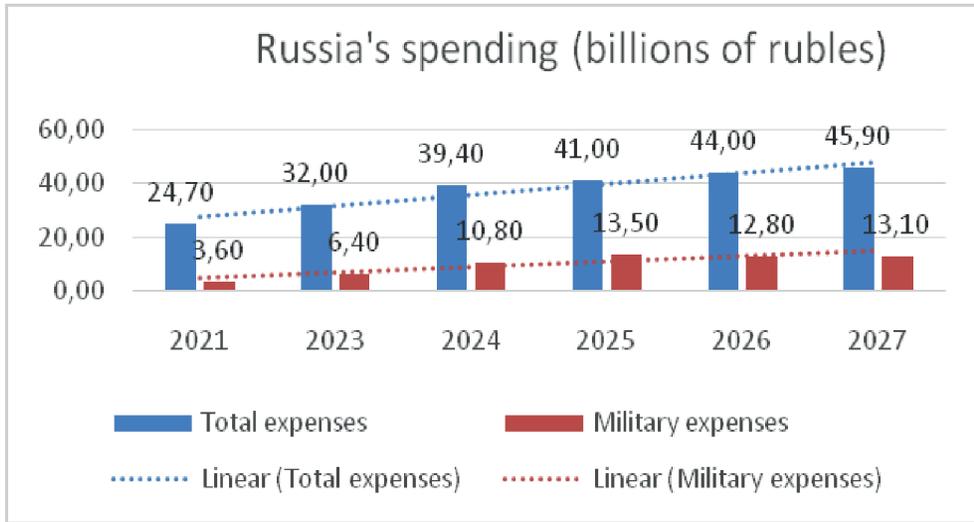
The restrictive measures also targeted the export of luxury goods (e.g. watches, jewellery, alcoholic beverages), and the list of sanctions included certain companies and large-scale investment projects (e.g. Arctic LNG), mainly targeting the arms and energy sectors, as well as Russian companies operating in these areas of strategic interest to the Moscow authorities. Another very important aspect is the freezing of Russian companies' assets in Western countries and the prohibition of Western companies from conducting financial transactions with them.

The sanctions imposed by Western countries against the Russian Federation must be rigorously enforced in order to limit the Moscow authorities' ability to obtain the funds necessary to continue the conflict in Ukraine. Although the restrictive measures were imposed in a timely manner by Western countries, the Moscow authorities have identified ways to circumvent them, which has led to the creation of parallel networks responsible for importing the products, equipment and technologies needed by the Russian Federation to continue the military conflict, including with the support of states friendly to Russia (e.g. China, the Islamic Republic of Iran, North Korea).

METHODS OF CIRCUMVENTING INTERNATIONAL SANCTIONS BY THE RUSSIAN FEDERATION

In order to circumvent international sanctions, the Russian Federation has used a variety of ingenious methods which, for a certain period of time, have allowed the import of products subject to sanctions. This process of avoiding international sanctions continues today, with the Russian Federation taking advantage of legislative vulnerabilities in certain countries or opportunities offered to companies in third countries to make substantial profits. From the point of view of the danger of the continuation of the military conflict in Ukraine, the most dangerous are military and dual-use products that are used in the Russian military-industrial complex. Although economically developed countries in the Euro-Atlantic area have mature systems for controlling exports of strategic products and technologies (military and dual-use), there have been cases where legal procedures have been circumvented by the use of shell companies in countries that are not subject to international sanctions. In this context, careful verification of intermediary companies is required, both by the responsible authorities in Euro-Atlantic states and by exporting companies, which should implement an internal control system capable of verifying importing companies.

The Russian Federation's military sector has grown rapidly since the invasion of Ukraine. The authorities in Moscow have planned to allocate approximately USD 135 billion to national defence, representing approximately 33% of total government expenditure. At the same time, preferential loans and extra-budgetary support from the Russian Federation's National Social Assistance Fund were granted to finance the defence industry.



Graph 1: Russian Federation expenditure on national defence¹

As can be seen in *graph 1*, the Russian Federation's military expenditure will increase until 2027, which reveals the Moscow authorities' interest in strengthening their defence industry in order to continue the military conflict in Ukraine or even extend the military conflict to other states. In this context, to counterbalance the Russian Federation's armament, NATO agreed to increase military spending to 3%, and the EU took measures to supplement the military spending of member states by launching various programmes aimed at modernising the military-industrial sector (e.g. SAFE).

The Russian military sector does not comply with market economy principles, as the prices of military equipment are set arbitrarily and defence companies are paid in advance from the state budget. Due to the enormous demand from the Russian armed forces, it accepts everything that the Russian military complex can produce, regardless of the quality of the military equipment.

Official Russian statistics prior to the outbreak of the war in Ukraine revealed that the Russian Federation's military sector depended on imports for approximately 10% of its needs, with the necessary products being technologically advanced, namely advanced electronics and optical systems. In 2015, after the introduction

¹ The source of the data is the State Duma of the Russian Federation and the Ministry of Public Finance of the Russian Federation. For 2022, national defence expenditure has not been made public. The data for 2023 were taken from the Russian Federation Budget Law adopted in December 2022, the data for 2024 were taken from the Budget Law adopted in November 2023, and the data for 2025, 2026 and 2027 were taken from the Draft Budget Law adopted in November 2024 (A.N.).

of the first international sanctions against the Russian Federation targeting the arms industry following the illegal occupation of the Crimean Peninsula, Russia's deputy minister of defence, Yuri Borisov, mentioned 826 military products whose manufacture required parts and technologies imported from Euro-Atlantic countries. It highlights the degree of dependence of the Russian military industry on imports from Euro-Atlantic countries, a percentage that has fallen significantly since February 2022. In the first half of 2023, the value of deliveries of goods essential for the production of military equipment fell by about 40%, while the value of deliveries of dual-use products fell by about 30%. The products most difficult for the Russian military complex to replace are aircraft and space navigation instruments, control devices, data transmission and reception stations, and integrated circuits, the value of which fell by more than 50% (Simola, 2023).

With regard to products and technologies used by the military that are subject to international sanctions, the Russian Federation has strengthened its cooperation with countries that have not adopted the sanctions regime, primarily China and, to a lesser extent, Hong Kong. Turkey, Malaysia, Kazakhstan, Kyrgyzstan and Armenia also played an important role (Pierzchala, 2024). Although Russia has not released data and information on its defence system, according to SIPRI estimates, in the period 2022-2023, the value of imported military equipment amounted to approximately USD 130 million, less than the maximum value recorded in 2014 (USD 200 million), but significantly more than in the years immediately following the military invasion of Ukraine, when those imports were minimal (SIPRI, 2025).

In the first phase, in order to circumvent international sanctions, the Russian Federation made legislative changes regarding import duties on certain products. Thus, in April 2022, Russia exempted goods brought into the country by individuals from customs duties up to the amount of EUR 1,000. In this context, citizens imported household appliances, electronics and perfumes on a large scale, not only for personal use, but also for resale on the domestic market. At the same time, depending on market demand, customs duties were substantially reduced, sometimes even to zero, including for electronic components, construction materials, pharmaceutical raw materials and paper, which not only covered the existing market deficit but also reduced the purchase prices of these scarce products (Eurasian Economic Commission, 2022).

On 30 March 2022, the Russian Federation legalised parallel imports, i.e. the import of products manufactured without the express consent of the trademark owner, this mechanism being imposed against the backdrop of foreign companies withdrawing from the Russian market. In the first two years of operation of this illegal

trade mechanism, products worth approximately USD 70 billion were imported. These parallel imports were carried out through countries that did not join the coalition of countries that imposed sanctions on the Russian Federation, in particular China (where large Western companies have production facilities), but also Hong Kong, Turkey (especially clothing) and Singapore (especially electronic products). In addition to these countries, the USA also mentioned the following countries that were most frequently used to circumvent international sanctions imposed on the Russian Federation and the Republic of Belarus: South Africa, Armenia, Brazil, the United Arab Emirates, Georgia, India, Kazakhstan, Kyrgyzstan, Mexico, Serbia, Taiwan, Tajikistan and Uzbekistan (Kommersant, 2024). In many cases, the goods did not physically reach these countries, as the products were diverted directly by Russian companies to the Russian Federation. In these situations, only the documents were drawn up by companies in the aforementioned countries, with the products being transported directly to Russia and the intermediary companies intentionally not declaring the final destination of the imported products. Thus, third countries were used primarily as transit points for goods subject to international sanctions, with the aim of concealing their final destination and substantially reducing logistics costs.

Under pressure from Western states, Turkey, which was an important logistics hub and a favourite route for Russian companies, banned the transit of products subject to international sanctions in March 2023 (Michalski, 2023). In Central Asia, imports that were initially made directly by the Russian Federation were brokered by companies in Kazakhstan or Kyrgyzstan, and products subject to international sanctions remained on Russian territory (Yle News, 2023). This route was also eliminated by the EU, which strengthened the sanctions regime for dual-use goods and technologies, prohibiting their transit through the Russian Federation. Another vulnerability that has been exploited by the Russian authorities is that the states through which dual-use products transit do not control shipments of such products and do not verify their final destination. To solve this problem, it is necessary for these countries to amend their legislation on the control of dual-use goods and technologies in order to control their transit and transshipment.

At the same time, the Russian Federation has used companies established in third countries (shell companies) for the re-export of products subject to sanctions. The interposition of these companies in the exporter-intermediary-final recipient chain has allowed the Russian Federation to illegally purchase products needed by the Russian military complex for the production of military equipment used in the conflict in Ukraine. In general, these companies are owned or controlled through intermediaries by Russian entities, their purpose being to import products

and technologies from the West and subsequently deliver them to the Russian Federation. Thus, it should be noted that, after the outbreak of the military conflict in Ukraine, the number of Russian-owned companies in Russia's neighbouring countries has increased significantly. This method involves significant additional costs, given that Russian-owned companies are required to pay taxes and duties in third countries. In this context, the Moscow authorities have held negotiations with third countries to obtain favourable financial conditions for Russian companies conducting commercial operations in these countries. This method is evidenced by the exponential growth in trade between the aforementioned countries, Western countries and the Russian Federation (Chupilkin, 2023).

In many cases, the Moscow authorities have created chains of intermediary entities with which they have managed to cover several countries, particularly for the import of dual-use products (Cook, 2023). Using this method, the Russian Federation has managed to purchase equipment from the USA and EU Member States, which was subsequently used to assemble weapons used in the military conflict in Ukraine (Tkachova, 2024). Statistics on exports of products subject to international sanctions to Southeast Asia, Turkey, the Persian Gulf states and Kazakhstan have increased significantly, indicating that some of these products have reached Russia through entities in the aforementioned states (Pierzchala, 2024).

The authorities in Moscow also took advantage of the lack of harmonisation between the sanction regimes imposed on the Russian Federation and Belarus. Thus, the massive export of cars from EU Member States to the Republic of Belarus, recorded until mid-2024, was largely destined for the Russian market, which was subject to sanctions on car imports (Kłysiński, 2024). Another illegal method used by Russian companies was to use incorrect customs codes in the classification of goods that were not on the control lists in order to circumvent export controls in accordance with the customs codes of the Harmonised System.

The sector most affected by international sanctions was the aviation industry, which was heavily dependent on equipment deliveries from major Western companies. The Russian aviation industry was unable to import specific equipment or produce it domestically. Under these circumstances, companies in the aviation industry proceeded to "*cannibalise*" certain aircraft by using their parts to repair other aircraft. The pressure on the Russian aviation industry was reflected in a sharp increase in aviation incidents in the country in 2023, with their number tripling during the reference period. Components were also imported from China, Tajikistan, Kyrgyzstan, Turkey and the United Arab Emirates. At the same time, the Russian Federation purchased aircraft, in particular small training aircraft (e.g. Cessna)

and passenger aircraft (e.g. Bombardier). In 2024, at least 28 aircraft were imported into Russia, mostly from Turkey (11), but also from Western countries, namely Germany and Sweden (Verstka Media, 2025).

One of the sectors that has not yet managed to recover is liquefied natural gas (LNG), with international sanctions in this area proving effective. Novatek has managed to complete a production line as part of the Arctic LNG 2 project with a delay of about one year. However, the company is unable to deliver LNG due to difficulties in accessing gas transporters, as sanctions targeting the Arctic LNG 2 project have discouraged foreign companies from cooperating in LNG transport. In this context, the construction of the other two production lines of the Arctic LNG 2 project is delayed, and the viability of the project is currently at risk (Rudnik, 2024).

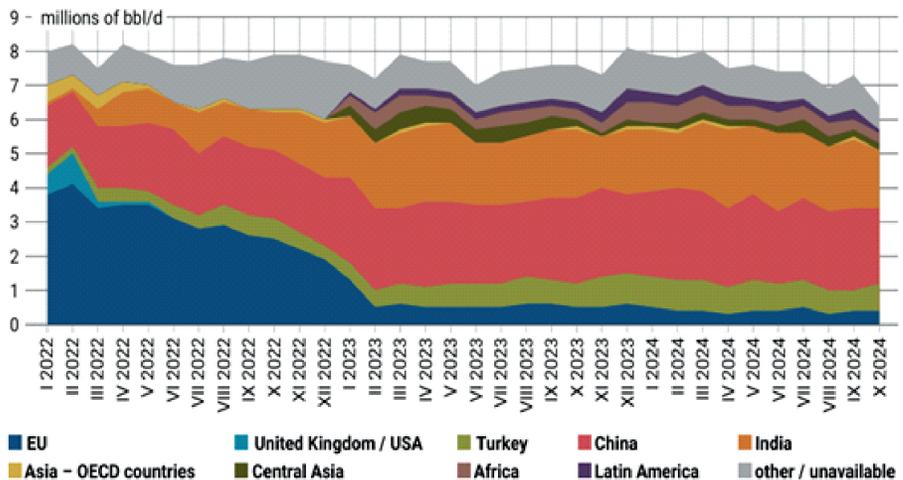
Another area that has been affected by international sanctions is the smartphone and laptop market, where in 2023 there was a decrease in the total value of imported devices by approximately 15%, revealing that cheaper and lower quality models were purchased. Thus, the smartphone market was dominated in 2023 by China, which held a 79% market share of the total. Samsung held a 10% share (approximately 3 million units), and Apple had an 8% market share (approximately 2.5 million units, a 50% decrease from 2021, although the total value decreased by only 30%). Analysis of the market has shown that Russian consumers tend to save money when purchasing electronic devices and to ensure access to maintenance and technical support services during the warranty and post-warranty periods, which is becoming increasingly difficult for Western brands. There is also a noticeable trend in the market towards the illegal import of counterfeit products, which account for approximately 30% of the market, with sales mainly taking place in online stores (Interfax RU, 2024).

The imposition of restrictions on the export of oil and petroleum products from Russia has affected not only that country, but also the global market. The energy sector (natural gas and oil) accounted for approximately 30% of the Russian Federation's total revenue, with most of it coming from exports of oil and oil derivatives. In 2021, Russia was the world's third largest oil producer, surpassed only by the USA and Saudi Arabia, but it was the largest exporter (prior to 2022, Russia's exports of oil and oil products accounted for 13% and 11% of global sales, respectively).

In this context, the restrictions imposed on the Russian Federation on exports of oil and petroleum products focused on two areas: imposing an embargo on these products at the level of the G7 member states and adopting a price cap mechanism

to reduce the Russian Federation’s revenues. Thus, the maximum price was set at USD 60/barrel, and two quotas were imposed for fuels, namely products with a high profit margin (e.g. diesel, petrol) of approximately USD 100/barrel and products with a low profit margin (e.g. fuel, oil), for which the price was capped at USD 45/barrel. The purpose of the price cap was to avoid a sudden reduction in global oil supplies and a fall in the prices of Russian oil and petroleum products.

In order to effectively combat the restrictive measures imposed mainly by the EU on Russian oil imports, as well as the embargo imposed by the G7 countries, Russia has directed its exports of energy products (oil and natural gas) to other emerging markets. To understand the market share of Western countries, it should be noted that in 2021, before the outbreak of the conflict in Ukraine, Russia exported approximately 100 million tonnes of oil to the G7 countries and 76 million tonnes of oil to EU member states. Thus, oil purchases that were previously made by Western countries were taken over by two countries with great economic potential, namely China and India. Russia has thus become dependent on the two Asian countries, which have taken advantage of this aspect, by imposing low oil prices, leading to the economic development of China and India, which have access to energy resources at extremely competitive prices. According to Russian authorities’ statistics, approximately 90% of oil exports went to these two countries. In terms of refined petroleum product exports, Russia has identified new customers in Asia, Africa and South America, thus diversifying its foreign market in order to withstand international sanctions imposed by Western countries.



Graph 2: Destinations of Russian Federation exports of oil and petroleum products between 2022 and October 2024 (International Energy Agency, authors’ processing)

As can be seen in *graph 2*, the dependence of EU Member States on the Russian Federation's oil resources has fallen dramatically during the analysed period, highlighting the effectiveness of international sanctions against the authorities in Moscow.

To counteract the sanctions, Russia has set up a "ghost fleet" that transports Russian oil and fuel, thus defying the efforts of the Western coalition members. According to data provided by the Kiev School of Economics, this so-called "ghost fleet" has about 90 oil tankers. At the same time, unidentified buyers have purchased 187 second-hand oil tankers, including from European shipowners, for a total value of \$3.8 billion. In this context, it is assumed that a large part of these oil tankers are currently used by Russian shipowners to transport Russian oil products (Nightingale, 2023).

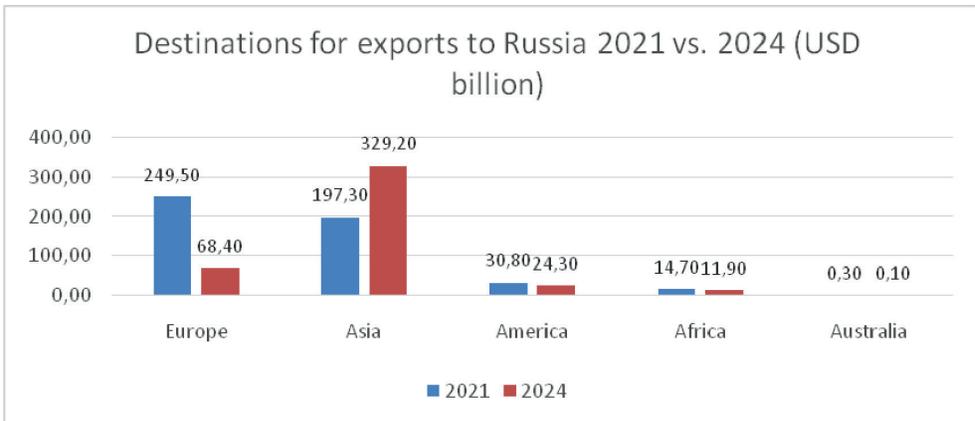
Another method used by Russian shipowners to transport petroleum products is to cooperate with Western entities (transport service providers, insurers, port authorities etc.) by providing transponders to transmit false location signals in order to conceal their connection with petroleum products of Russian origin. In addition, oil from the Urals region is mixed with other types of oil on board oil tankers to conceal its origin, which, according to the European Commission, constitutes a violation of the international sanction regime imposed on the Russian Federation (Wisniewska, 2023-2).

According to some estimates, in November 2024, approximately 34% of the oil and petroleum products exported by Russia by sea were transported using oil tankers owned or insured by Western companies, particularly European ones, compared to 80% before February 2022. At the same time, it is possible that some of these oil shipments violated the price cap.

In the case of exports of other raw materials (e.g. coal, diamonds, gold, timber, metals), Russian companies use intermediaries based in third countries. For example, before 2022, EU Member States were the second largest export market for Russian coal after China, receiving approximately 25% of Russia's coal exports. After the introduction of sanctions, coal imports into the EU fell to almost zero, forcing the Russian Federation to export coal to China, India and Turkey. However, through companies in Kazakhstan and Kyrgyzstan, covert coal exports to EU Member States, particularly Poland and Lithuania, continued. Kazakhstan increased its coal exports to the EU by approximately 29 times, from 56,000 tonnes in 2021 to over 1.6 million tonnes. The largest quantity of coal was exported to Poland (50% in 2022 and 60% in 2023). At the same time, the quantities exported by Kyrgyzstan to the EU were much smaller, namely 54,000 tonnes in 2023 (previously, this country did not export any coal).

As for gold exports, since 2022, Russia has been exporting to the United Arab Emirates, Hong Kong and Turkey, whereas before the attack on Ukraine, the Moscow authorities exported gold to the United Kingdom of Great Britain and Northern Ireland (beneficiary: London Bullion Market Association – LBMA). Starting in 2023, the export trend to these countries changed through the Eurasian Economic Union, particularly through Armenia. Thus, in the first half of 2024, Armenia imported 68 tonnes of gold from the Russian Federation worth USD 4 billion, compared to 17 tonnes and USD 1 billion in 2023 (Zayakin, 2024). This disproportionate import of gold by Armenia raises suspicions that the gold was exchanged for cash and securities in order to avoid using the banking system, so that there would be no electronic traces and the amounts obtained would not be confiscated by the authorities. This informal gold exchange system allowed the Russian Federation to obtain currency to finance the illegal war in Ukraine. Other countries involved in the illicit export of gold from the Russian Federation were Uzbekistan and Kazakhstan. Thus, in 2023, the United Kingdom of Great Britain and Northern Ireland imported 200 tonnes of gold from Kazakhstan and 40 tonnes from Uzbekistan, while Switzerland received 50 tonnes and 100 tonnes respectively.

Armenia was also used as the main route for diamond exports to the United Arab Emirates, exporting 30 times more (4.5 million carats) than it actually produced. Diamond exports to India in 2024 increased by 22% compared to the same period in 2023, reaching 4.1 million carats (Collins, 2024).

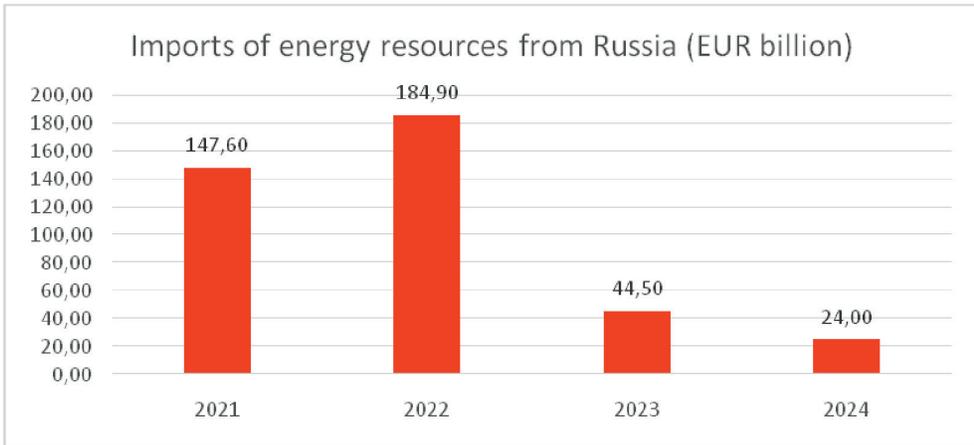


Graph 3: Destinations of Russian goods exports 2021 vs. 2024
(Customs Service of the Russian Federation, authors' processing)

Methods Used by the Russian Federation to Circumvent International Sanctions Imposed by the International Community

The analysis of *graph 3* clearly shows a substantial reduction in Russian exports to Europe and an exponential increase in exports to Asia, confirming the hypothesis that the Moscow authorities have identified new markets, particularly in China and India.

However, it is important to note that certain countries in Central and Eastern Europe, including Austria, the Czech Republic, Slovakia and Hungary, import energy resources (oil and natural gas) from the Russian Federation via pipelines, and certain countries in Western Europe (e.g. France, Italy, Belgium, Germany) continue to purchase LNG from Russia. Thus, the EU remains in fourth place in terms of energy resource purchases from Russia, paying EUR 24 billion in 2024, although the volume of these resources has decreased substantially compared to 2022 (Raghunandan, 2025). In order to further reduce the Russian Federation’s revenues, it is necessary to identify additional energy resources from countries that are not subject to sanctions and to carry out thorough and comprehensive checks to identify the origin of products in order to avoid imports of Russian energy products from countries that re-export them claiming they are from their own production.



Graph 4: EU imports of energy resources from the Russian Federation (EUR billion) (Eurostat, authors’ processing)

The Russian Federation makes extensive use of cryptocurrencies for concealment and cross-border settlements to circumvent international sanctions. In 2023, Russia mined approximately 54,000 bitcoins, worth a total of USD 3 billion. In this context, the number of large farms and related infrastructure in the Russian Federation has increased significantly. The largest mining farm in Russia is located in Bryansk and is managed by BitRiver, a company linked to Russian oligarch Oleg Doripaska, who is on the international sanctions list (Savic, 2024).

MEASURES NEEDED TO STRENGTHEN THE SANCTIONS REGIME AGAINST THE RUSSIAN FEDERATION

Although successive packages of international sanctions have been imposed on the Russian Federation, their effects have been limited, given that the authorities in Moscow have identified certain vulnerabilities in Western states, which they have exploited opportunistically. In this context, Western states must focus on the strict application of sanctions and compliance with them. Thus, although the European Commission has presented its vision of desirable behaviour, it is not legally binding, and each EU Member State is free to interpret the expression “*all efforts*” differently. In this context, not all EU Member States currently recognise that violations of the sanction regime imposed by Western states on the Russian Federation constitute a criminal offence (Amberg, 2024).

It is also necessary for Western countries to monitor and comprehensively analyse, in particular, the Russian Federation’s neighbouring countries, which are used by the Russian authorities to export products subject to sanctions or to import products and technologies that can be used by the Russian military complex.

Another very important aspect is the identification of legal loopholes and the strengthening of legislation related to the implementation of international sanctions, given that Russian entities are quickly adapting to these sanctions. In this context, it is necessary to extend sanctions whenever necessary, while at the same time effectively combating measures taken by the Russian Federation to circumvent sanctions.

Harmonising the restrictions imposed on Russia and Belarus is essential, given that the two countries act in synergy, with the Republic of Belarus benefiting from political and economic support from the authorities in Moscow and the two countries coordinating their actions.

At the same time, it is necessary to achieve better cooperation and coordination of activities between national customs institutions and services and those of the European Commission and relevant European agencies (e.g. OLAF, FRONTEX). Close cooperation with the business sector is very important, and a clear communication policy is needed, including the creation of an online platform to collect all data on international sanctions and practical guidance on their implementation.

The diplomatic efforts of the EU and other states in their relations with third countries used by the Russian Federation to circumvent international sanctions must focus on convincing them of the need to apply international sanctions voluntarily in order to avoid prolonging the military conflict in Ukraine. An example in this context is the US policy which, through diplomatic pressure on certain

third countries threatened with secondary sanctions, has discouraged companies in those countries from conducting commercial operations with the Russian Federation.

CONCLUSIONS

Although the sanctions regime imposed by the Western community on the Russian Federation is consistent, this state continues to use deceptive methods to circumvent it, making it necessary to take firm action to identify the entities that benefit from these practices and to sanction them accordingly. At the same time, diplomatic pressure must be intensified on third countries that support the Russian Federation in circumventing international sanctions, and Western companies that support these illegal mechanisms must be directly sanctioned.

One aspect of great importance is the complete withdrawal of EU Member States from the process of purchasing energy resources from the Russian Federation, including the elimination of derogations for Central and Eastern European countries that allow purchases through the Druzhba pipeline, as well as the introduction of an embargo on imports of piped natural gas and liquefied natural gas (LNG) from the Russian Federation.

At the same time, there must be a further reduction in EU cooperation with the Russian Federation in the field of nuclear energy and a complete severing of ties (there are 19 nuclear reactors built with Russian technology operating in the EU).

Finally, it is necessary to explore new innovative ways to target the Russian economy, including regulating certain restrictions on Russian companies' access to the EU market through the intelligent use of the tariff regime. With regard to sanctions targeting the Russian financial sector, it is necessary to disconnect a significant number of Russian banks from the SWIFT system, increase the number of sanctioned banking institutions, introduce sanctions for other financial institutions (e.g. the Moscow Stock Exchange), requiring European financial institutions (e.g. Raiffeisen Bank, UniCredit, OTP Bank) to withdraw from the Russian market, and imposing EU restrictions on banks in third countries that support the Russian Federation in processing transactions that are subject to the sanctions regime.

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