

The ESCP Geopolitics Institute Policy Papers, IP N° 2026-02

Chasing loopholes: the EU's fight against sanctions circumvention

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Abstract

Sanctions circumvention has emerged as a central obstacle in the European Union's (EU) sanctions targeting Russia under the Common Foreign and Security Policy (CFSP). The scale and scope of post-2022 measures, combined with Russia's evasion strategies, have heightened the stakes attached to tackling circumvention. This objective has led the EU to adopt an unprecedented set of legal instruments and diplomatic initiatives. Despite these efforts, structural, operational, and legal challenges to the fight against circumvention persist. The unanimity requirement among Member States remains a significant strain on decision-making, fragmented national enforcement hampers uniform application, the legality of certain measures remains contested, and reliance on third-country cooperation remains uneven. This paper recalls that while sanctions circumvention cannot be fully eliminated, the EU's effectiveness depends on its capacity to adapt swiftly, refine its regulatory and operational tools, and strengthen both intra-EU coordination and global enforcement partnerships to respond to increasingly sophisticated evasion schemes.

Keywords: EU sanctions; Circumvention; CFSP; Shadow fleet

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In collaboration with Sorbonne Nouvelle and INALCO, a Sorbonne Alliance project.



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Chasing loopholes: the EU's fight against sanctions circumvention

1. Introduction

A recurring issue in any discussion on the current European Union (EU)'s restrictive measures adopted against Russia under the Common Foreign and Security Policy (CFSP) is the problem of circumvention, and more specifically, the question of what the EU and its Member States can realistically do to address it. The unprecedented breadth of the EU's sanctions regime adopted since 2022 has made the challenge more visible and politically salient, turning circumvention into a central strategic obstacle.

In broad terms, sanctions circumvention may be defined as the practices by which economic operators, individuals or legal entities – whether directly subject to EU sanctions or indirectly required to comply with prohibitions such as import or export bans – seek to evade the effects of restrictive measures.¹ Put differently, these actors identify loopholes, exploit grey zones, or design alternative channels to 'go around' sanctions that would otherwise constrain their commercial or financial activities.

Circumvention is by no means a new phenomenon. Almost, if not all, major sanctions regimes throughout history have grappled with it. From Napoleon's nineteenth-century continental blockade against the United Kingdom² to the United States' sanctions on Cuba, North Korea, and Iran,³ certain states and/or non-state actors have consistently attempted to avoid the effects of sanctions.

Numerous factors explain the persistence of sanctions circumvention, two of which are particularly salient. Firstly, for sanctioned states, circumvention often becomes a matter of political and economic survival.⁴ It is reasonable to expect that any state targeted by far-reaching restrictions will actively seek to dilute or bypass their effects. Secondly, sanctions compliance crucially rests on economic operators, whose behaviour is shaped not only by legal obligations but also by their own business interests. (European) companies may face a double incentive: the desire to preserve existing trade relationships ('business as usual') and the prospect of benefiting from a risk-premium that arises when supply decreases but demand for certain goods remains constant or increases.⁵ In some cases, circumventing restrictions or accepting the possibility of circumvention might appear necessary to keep the company afloat, if not financially attractive.

¹ See Court of Justice of the European Union (2011). Case C-72/11, *Afrasiabi*. CJEU, Luxembourg.; European Commission (2024). Frequently Asked Questions – Circumvention and Due Diligence. *European Commission, Brussels*, available at: https://finance.ec.europa.eu/system/files/2023-06/faqs-sanctions-russia-circumvention-due-diligence_en.pdf.

² See Mulder, Nicholas (2022). *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*. Yale University Press, New Haven, 1-24.

³ See Demarais, Agathe (2022). *Backfire: How Sanctions Reshape the World Against U.S. Interests*. Cambridge University Press, Cambridge.

⁴ Preble, Keith A. and Willis, Charmaine N. (2024). Trading with Pariahs: North Korean sanctions and the challenge of weaponized interdependence. *Global Studies Quarterly*, 4(2).

⁵ Sibona, Marco (2024). Tackling Circumvention of EU Sanctions. *Jacques Delors Institute Policy Brief*, Paris. Available at: https://institutdelors.eu/content/uploads/2025/04/PB_241001_Sanctions_Sibona_EN_3.pdf; Fisman, Raymond, Marcolongo, Giovanna and Wu, Meng (2025). The undoing of economic sanctions: Evidence from the Russia–Ukraine conflict. *Journal of Public Economics*, 240.

Sanctions circumvention is, thus, a constant phenomenon. However, this issue has gained exceptional salience in the context of the sanctions targeting Russia. Several factors explain this heightened prominence. First, the scale of the EU's sanctions, coupled with the political imperative to make them effective – both to constrain Russia's war-fighting capacity and to safeguard the Union's security interests – has significantly raised the stakes.⁶ Second, the depth of prior economic interdependence between the EU and Russia has made compliance particularly demanding. Russia remains, by far, the most economically significant state subjected to EU restrictive measures.⁷

Third, and crucially, the Russian state has engaged in systematic and coordinated efforts to circumvent the sanctions. A first emblematic example of that is Russia's so-called 'shadow fleet', a network of often ageing and obscurely owned tankers that transport Russian oil illicitly, frequently through ship-to-ship transfers. While the practice of using a shadow fleet long predates the post-2022 sanctions against Russia (notable examples include Iran, North Korea and Venezuela),⁸ it has expanded dramatically since then.⁹ A second form of circumvention consists of the use of front or shell companies, frequently established in jurisdictions with limited transparency, and which act as intermediaries for sanctioned entities or serve to obscure the end-users of restricted products.¹⁰ Third, Russia has actively redirected trade through alternative routes that involve countries such as Turkey, Kazakhstan and China.¹¹ Finally, there has been a marked increase in Russia's use of alternative payment systems, including crypto-assets, to mitigate the impact of EU financial restrictions and SWIFT-related measures.¹²

Taken together, these techniques underscore the extent to which circumvention has been embedded in Russia's response to EU sanctions from the very outset of the conflict. They also explain why the EU has developed a novel and far-reaching set of measures to address the issue (section 2). Yet, these efforts also reveal intrinsic limitations that continue to challenge the effectiveness of EU sanctions police (section 3), prompting the question of possible avenues to strengthen the EU's response to circumvention (4).

⁶ Caprile, Anna and Cirlig, Cristina (2025). EU sanctions against Russia 2025: State of play, perspectives and challenges. *EPRS Briefing*, European Parliament, Brussels. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/767243/EPRS_BRI\(2025\)767243_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/767243/EPRS_BRI(2025)767243_EN.pdf).

⁷ See, for instance, Centre for European Policy Studies (CEPS) (2022). A transformational moment? The EU's response to Russia's war in Ukraine. *CEPS Report*, Brussels. Available at: <https://cdn.ceps.eu/wp-content/uploads/2022/05/A-transformational-moment-The-EUs-response-to-Russias-war-in-Ukraine.pdf>.

⁸ See Frittelli, John (2024). The Global Oil Tanker Market: An Overview as It Relates to Sanctions. *Congressional Research Service*, Washington, DC. Available at: <https://www.congress.gov/crs-product/R47962>.

⁹ Caprile, Anna and Leclerc, Cabija (2024). Russia's "shadow fleet": Bringing the threat to light. *EPRS Briefing*, European Parliament, Brussels. Available at: [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2024\)766242](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)766242).

¹⁰ See, for instance, Kaca, Elżbieta (2025). Countering the circumvention of EU sanctions against Russia by foreign companies. *Polish Institute of International Affairs* (PISM), Warsaw. Available at: <https://www.pism.pl/publications/countering-the-circumvention-of-eu-sanctions-against-russia-by-foreign-companies?>.

¹¹ Ruth, Oliver (2025). The impact of sanctions and alliances on Russian military capabilities. Royal United Services Institute (RUSI), London. Available at: <https://www.rusi.org/explore-our-research/publications/commentary/impact-sanctions-and-alliances-russian-military-capabilities>.

¹² Financial Times (2025). Crypto coin for Russian shadow payment moves \$9bn. *Financial Times*, London. Available at: <https://www.ft.com/content/1c71cac0-b86b-4361-8f54-ee5d3bb5a489>.

European Commission (2025). EU adopts 19th package of sanctions against Russia. *European Commission*, Brussels. Available at: https://finance.ec.europa.eu/news/eu-adopts-19th-package-sanctions-against-russia-2025-10-23_en.

2. The EU's unprecedented response to sanctions circumvention

Since 2022, the EU's response to sanctions circumvention has been unprecedented – legally, politically, and operationally. This section touches upon selected aspects that illustrate the wide range of tools mobilised by the EU.

The first tool used by the EU to tackle circumvention is the CFSP itself. Since 2022, the EU has frequently amended its legal acts imposing restrictive measures to introduce new provisions targeting circumvention. This is particularly evident regarding sanctions involving individual listings, such as asset freezes. The Council has broadened the listing criteria to target a wider range of individuals and entities involved in circumvention. This includes individuals who facilitate sanctions evasion,¹³ those who own or operate vessels in Russia's shadow fleet (particularly transporting crude oil or petroleum products),¹⁴ and, under the so-called 'criterion g', leading businesspersons operating in Russia, their immediate family members, or other natural persons benefiting from them.¹⁵ It is notably on the basis of this criterion that the EU has targeted Russian oligarchs and their inner circle.¹⁶ The Council also introduced a reporting obligation for listed individuals: they must declare all resources located in each relevant Member State,¹⁷ and failure to do so constitutes circumvention which may potentially lead to confiscation.¹⁸ It should also be noted that in May 2025, to prevent the delisting of Russian oligarchs who resigned or sold their business interests in order to claim that they no longer fulfilled their designation grounds, the Council amended the corresponding restrictive measures. It is now specified that even if such persons resign from their position or sell their shares, they will continue to be considered leading businesspersons unless sufficient, recent, and reliable information demonstrates otherwise.¹⁹ While this development is legally questionable as it effectively reverses the burden of proof and introduces a form of presumption that listed targets continue to fulfil the listing criteria,²⁰ it allows to avoid a premature release of assets. Additionally, the Council has sanctioned entities located in third countries (including India, China, and Kazakhstan) which contribute to Russia's military and technological development, thereby ensuring that alternative supply chains supporting Russia's defence capabilities are targeted.²¹

¹³ Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, (2014) Official Journal of the European Union, Brussels, 078/6, as amended by subsequent acts, Article 3(1)(h).

¹⁴ Council Regulation (EU) No 269/2014, Article 3(1)(k).

¹⁵ Council Regulation (EU) No 269/2014, Article 3(1)(g).

¹⁶ Challet, Celia (2025). Op-Ed: No Links, Still Listed: Reflections on AG Medina's Opinions in Russian Leading Businesspersons Cases. *EU Law Live*, Brussels. Available at: <https://eulawlive.com/op-ed-no-links-still-listed-reflections-on-ag-medinas-opinions-in-russian-leading-businesspersons-cases/>.

¹⁷ Council of the European Union (2022). Council Regulation (EU) 2022/1273 amending Regulation (EU) No 269/2014. *Official Journal of the European Union*, Brussels. OJ L 194/1, art 9(2).

¹⁸ Council of the European Union (2022). Council Regulation (EU) 2022/880 amending Regulation (EU) No 269/2014. *Official Journal of the European Union*, Brussels. OJ L 153/75.

¹⁹ Council of the European Union (2025). Council Decision (EU) 2025/904 amending Decision 2014/145/CFSP. *Official Journal of the European Union*, Brussels. OJ L 2025/904.

²⁰ Challet, Celia (2025). Op-Ed: No Links, Still Listed: Reflections on AG Medina's Opinions in Russian Leading Businesspersons Cases. *EU Law Live*, Brussels.

²¹ Sibona, Marco (2024). Tackling Circumvention of EU Sanctions. *Jacques Delors Institute Policy Brief*, Paris.

The EU's fight against circumvention is also visible with respect to the sectoral restrictions adopted under the CFSP. The EU has prohibited legal advisory services to Russian entities,²² the transit of dual-use goods via Russia,²³ the re-export of sensitive goods to Russia (the so-called 'no Russia clause'),²⁴ and access to EU ports for vessels suspected of violating sanctions, including 444 vessels in Russia's shadow fleet transporting military equipment or stolen grain.²⁵ Furthermore, the EU included a provision to ban exports to third countries that have been 'identified by the Council as having systematically and persistently failed to prevent [their] sale, ply, transfer or export to Russia'.²⁶ While no country has been listed to date, this provision signalled the EU's willingness to place the fight against circumvention at the forefront of its Russia sanctions.

The second tool consists of the burgeoning soft law and guidance issued by the Commission since 2022 to support compliance with the Russia sanctions. Examples include the Commission's guidance on foreign direct investment from Russia and Belarus,²⁷ on the implementation of firewalls,²⁸ and the hundreds of pages of the now-famous 'Frequently Asked Questions' (FAQs).²⁹ While this soft law remains non-binding and has sparked legal disputes on its interpretative value,³⁰ it does provide a minimum framework to guide economic operators and national authorities in their implementation of EU sanctions.

The third tool is EU criminal law. A Council decision of 2023 identified sanctions violations as an EU crime under Article 83(1) TEU,³¹ paving the way for a directive harmonising national offences and penalties.³² This marks an important step toward integrating sanctions enforcement into the EU criminal law framework, which has been complemented by a parallel increase in the cooperation between the European Anti-Fraud Office (OLAF) and Europol.³³ The adoption of anti-money laundering directives and regulations in 2024 also

²² Council of the European Union (2014). Council Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. *Official Journal of the European Union*, Brussels. JO LI 259/3, art 5n(a).

²³ Council Regulation (EU) No 833/2014, as amended by subsequent acts, art 2(1)a.

²⁴ Council Regulation (EU) No 833/2014, as amended by subsequent acts, art 12g.

²⁵ Council Regulation (EU) No 833/2014, as amended by subsequent acts, art 3s.

²⁶ Council Regulation (EU) No 833/2014, as amended by subsequent acts, art 12f.

²⁷ European Commission (2022). Guidance to the Member States concerning foreign direct investment from Russia and Belarus C/2022/2316. *European Commission*, Brussels.

²⁸ European Commission (2023). Guidance Note – Implementation of Firewalls. *European Commission*, Brussels. Available at: https://finance.ec.europa.eu/document/download/6aacaf09-97e5-46c3-ad38-de760f0e8baf_en?filename=guidance-firewalls_en.pdf.

²⁹ European Commission (2024). Consolidated version of the FAQs on sanctions against Russia and Belarus. *European Commission*, Brussels. Available at: https://finance.ec.europa.eu/publications/consolidated-version_en.

³⁰ Case C-109/23, Jemerak [2024] EU:C:2024:307; Challet, Celia and Lonardo, Luigi (2024). Opinion of AG Medina in Jemerak (C-109/23): How do sanctions against Russia affect the legal profession? *EU Law Live*, Brussels. Available at: <https://eulawlive.com/op-ed-opinion-of-ag-medina-in-jemerak-c-109-23-how-do-sanctions-against-russia-affect-the-legal-profession-by-celia-challet-and-luigi-lonardo/>.

³¹ Council of the European Union (2022). Council Decision (EU) 2022/2332 identifying the violation of Union restrictive measures as an area of crime. *Official Journal of the European Union*, Brussels.

³² Council of the European Union (2024). Directive (EU) 2024/1226 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673. *Official Journal of the European Union*, Brussels. OJ L 2024/1226.

³³ OLAF (2025). OLAF and Europol join forces to strengthen the fight against sanctions circumvention. *OLAF Press Release*, Brussels. Available at: https://anti-fraud.ec.europa.eu/media-corner/news/olaf-and-europol-join-forces-strengthen-fight-against-sanctions-circumvention-2025-11-20_en.

aims to strengthen efforts to detect and prevent circumvention through financial channels.³⁴

The fourth tool consists of multilateral cooperation and sanctions diplomacy. The appointment of David O’Sullivan as EU Sanctions Envoy has strengthened outreach to third countries to close loopholes. The EU has established coordination mechanisms, including the Freeze and Seize Taskforce and the REPO Taskforce with G7 partners and Australia, to trace and freeze Russian assets.³⁵ Through the Global Export Control Coalition, which now comprises 39 countries, the EU participates in a Common High Priority List of critical items to harmonise export control requirements and limit international circumvention.³⁶

The fifth and final tool encompasses additional operational measures targeting the Russian shadow fleet. In April 2025, the EU amended the 2022 Vessel Monitoring Directive to introduce a mandatory ship reporting system.³⁷ Some Member States, particularly in the Baltic region, have joined Operation Nordic Warden and NATO’s Operation Baltic Sentry to monitor shadow fleet routes in real time and support the enforcement of the restrictions on access to EU ports.³⁸ These hard-security efforts have prompted an escalation with Russia, which dispatched fighter jets and missile-armed ships to escort certain tankers.³⁹ However, these developments precisely demonstrate the EU’s willingness to act on an important pressure point for Russia.

Taken together, these measures reflect the EU’s increasingly comprehensive approach to countering sanctions circumvention. Nonetheless, significant challenges remain, as the next section demonstrates.

3. Challenges to the fight against circumvention

Despite the breadth of measures adopted since 2022, the EU’s efforts to curb sanctions circumvention continue to face significant structural, operational, and legal challenges.

A first major and persistent challenge lies in the need to secure the unanimous agreement of all 27 Member States to adopt or maintain sanctions. This requirement inevitably slows

³⁴ For a detailed overview of this important anti-money laundering ‘package’ and the underpinning legal instruments, see Council of the European Union (2024). Anti-money laundering: Council adopts package of rules. *Council Press Release*, Brussels. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2024/05/30/anti-money-laundering-council-adopts-package-of-rules/>.

³⁵ European Commission (2022). Enforcing sanctions against listed Russian and Belarusian oligarchs: Freeze and Seize Task Force. *European Commission*, Brussels. Available at: https://ec.europa.eu/commission/presscorner/detail/sv/ip_22_1828.

³⁶ European Commission (2024). EU and partners expand list of common high priority items. *European Commission*, Brussels. Available at: https://policy.trade.ec.europa.eu/news/eu-and-partners-expand-list-common-high-priority-items-further-weaken-russias-war-effort-2024-02-23_en.

³⁷ European Commission (2025). Commission Delegated Directive (EU) 2025/811 amending Annex I to Directive 2002/59/EC of the European Parliament and of the Council as regards information to be notified to ship reporting systems. *Official Journal of the European Union*, Brussels. OJ L 2025/811.

³⁸ See Saiz Erausquin, Gonzalo and Keatinge, Tom (2025). Countering Shadow Fleet Activity through Flag State Reform. *Royal United Services Institute (RUSI)*, London. Available at: <https://www.rusi.org/explore-our-research/publications/insights-papers/counteracting-shadow-fleet-activity-through-flag-state-reform>.

³⁹ Ataman, Joseph (2025). Russian fighter jet protects “shadow fleet” vessel. *CNN*, Atlanta. Available at: <https://edition.cnn.com/2025/05/20/europe/russian-fighter-jet-shadow-fleet-intl-cmd>.

down decision-making and can weaken the EU's ability to respond swiftly to circumvention practices. The protracted negotiations on the ban on Russian diamonds⁴⁰, which gave Moscow ample time to redirect its exports, or the difficulties encountered in lowering the G7 oil price cap,⁴¹ illustrate these political constraints. The question remains as to what possible avenues might be used to mitigate the unanimity obstacle. Aside from long-standing debates on possible shifts to qualified majority voting,⁴² one avenue might consist of using the so-called constructive abstention in the meaning of Article 31(2) TEU, which would allow Member States to adopt or renew CFSP decisions on restrictive measures while exempting the Member State(s) that oppose from being obliged to implement the decision. While offering undeniable pathways,⁴³ its possible application raises legal questions as to the implementation of restrictive measures.⁴⁴ Furthermore, the pending case *Hungary v. Council and European Peace Facility* illustrates how certain Member States may attempt to deprive the mechanism of its utility.⁴⁵ These limits may explain why, to the author's knowledge, constructive abstention remains yet to be used in the field of restrictive measures. Another possible avenue may be provided by the pending case *European Parliament v. Council*, in which the Parliament, supported by the High Representative in the case, challenges the Council's use of unanimity for the update of a CFSP decision on restrictive measures.⁴⁶

A second structural difficulty stems from the fragmentation of enforcement at the national level. Implementing and monitoring sanctions requires considerable human, financial, and administrative resources, from customs authorities to financial intelligence units. Across the EU, more than 160 competent authorities are responsible for sanctions enforcement.⁴⁷ In the absence of a centralised EU sanctions authority, this complex patchwork, combined

⁴⁰ Politico (2022). Belgium's diamonds lose shine amid Russia sanctions talk. *Politico Europe*, Brussels. Available at: <https://www.politico.eu/article/belgium-antwerp-diamonds-russia-sanctions-talk/>

⁴¹ Gray, Andrew and Bayer, Lili (2025). EU's new Russia sanctions aim for more effective oil price cap. *Reuters*, London. Available at: https://www.reuters.com/world/europe/eus-new-russia-sanctions-aim-more-effective-oil-price-cap-2025-07-18/?utm_source=chatgpt.com

⁴² Navarra, Cecilia and Jančová, Lenka (2023). Qualified majority voting in CFSP. *EPRS Study*, European Parliament, Brussels. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740243/EPRS_STU\(2023\)740243_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740243/EPRS_STU(2023)740243_EN.pdf).

⁴³ Mahnič, Petra (2025). Constructive abstention in EU foreign and security policy. In Hoffmeister, Frank and Havas, Lorant (eds), *The High Representative of the Union for Foreign Affairs and Security Policy as a Legal Actor*, Brill, Leiden.

⁴⁴ Bartoloni, Eugenia (2022). Simple abstention and constructive abstention in international economic sanctions. *European Papers*, 7(3), pp. 1121–1130.

⁴⁵ Case T-452/25, *Hungary v. Council and European Peace Facility* (pending). Hungary exercised constructive abstention in relation to various European Peace Facility instruments, notably Council Decision 2024/1471 on the allocation of the amounts of the financial contribution paid to the European Peace Facility (OJ L2024/1471). This decision allocated 90% of the financial contribution from the windfall profits stemming from the immobilized Russian assets to the European Peace Facility. While it purposefully abstained from this decision, Hungary later contested the prevention of its participation in the adoption of a subsequent decision regarding those funds, and it brought the case before the General Court.

⁴⁶ Case C-883/24, *European Parliament v. Council* (pending). On the pending case, see Celia Challet (2025). 'Oligarchs, Unanimity and Preliminary Questions: Navigating Two Years of EU Sanctions Litigation'. *LCEL Research Paper Series*, No. 1 (forthcoming).

⁴⁷ Portela, Clara and Olsen, Kim (2023). Implementation and monitoring of EU sanctions regimes, including recommendations to reinforce the EU's capacities to implement and monitor sanctions. *European Parliament Study*, Brussels. Available at: [https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU\(2023\)702603](https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU(2023)702603).

with the difficulty of detecting actual ownership for the purpose of sanctions enforcement,⁴⁸ results in uneven implementation and delays. The numerous preliminary references submitted by national courts to the Court of Justice further reveal uncertainties among national judges and authorities as to how certain sanctions ought to be applied in practice.⁴⁹

A third challenge comes from the review of the legality of EU restrictive measures, some of which are highly litigated before the Court of Justice of the EU (CJEU). Numerous individuals have sought the annulment of their asset freezes in Luxembourg, invoking the CJEU's settled case-law according to which if there is a change of circumstances in a listed person's situation, the Council must take it into account and possibly delist them.⁵⁰ Applicants have challenged the legality of several anti-circumvention provisions, arguing that they raised issues of legal certainty, proportionality, fundamental rights, and division of competences between the EU and Member States. So far, the CJEU has acknowledged that the fight against increasingly complex evasion schemes may justify the introduction of new measures such as the reporting obligation,⁵¹ and it has upheld the legality of the ban on legal advisory services.⁵²

However, the Court has made equally clear that the objective of combating circumvention does not grant a blank check to the Council. Especially for individual measures, such as asset freezes, the Council remains bound by strict procedural obligations to state reasons, to provide sufficient evidence and to respect the wording of its own listing criteria.⁵³ The Luxembourg case law thus underscores that, while the EU may innovate and tighten its sanctions framework, it must remain within the boundaries of EU constitutional principles.

Finally, a last challenge in the fight against sanctions circumvention stems from the EU's dependence on third countries' cooperation, which remains uneven and often insufficient to prevent circumvention. Diplomatic outreach to countries such as Kazakhstan has, according to the EU, yielded some results,⁵⁴ but sanctions cooperation with China is virtually absent, and North Korea has actively supplied Russia with artillery and missiles in defiance of UN sanctions.⁵⁵ Maritime enforcement, too, illustrates the EU's difficulty to enforce some of its sectoral sanctions. The ease of 'flag hopping' allows vessels to re-register under

⁴⁸ See Nicolazzo, Giovanni and Anastasio, Matteo (2025). On enforcement of targeted sanctions: Estimating the control of sanctioned Russian entities over European companies and proposing a methodology to detect sanctions circumvention. *European Journal of Criminology*.

⁴⁹ Celia Challet (2025). 'Oligarchs, Unanimity and Preliminary Questions: Navigating Two Years of EU Sanctions Litigation'. *LCEL Research Paper Series*, No. 1 (forthcoming); Challet, Celia (2026). L'influence des renvois préjudiciaux sur la notion de sanction en droit économique. In Culot, Henri (ed.), *Le renouveau des sanctions en droit économique*, Bruylant, Brussels (forthcoming).

⁵⁰ Miadzvetskaya, Yuliya (2025). Leaving the EU sanctions list: How Evidence-Based Judicial Review Facilitates Opportunistic Changes in Circumstances. *European Law Review*.

⁵¹ Case T-635/22, *Fridman and Others v. Council* [2024] EU:T:2024:620; case T-644/22, *Timchenko v. Council* [2024] EU:T:2024:621. For a confirmation in appeal, see case C-805/24 P *Gennady Timchenko and Elena Timchenko v. Council* [2025] EU:C:2025:792.

⁵² See Case T-797/22 *Ordre néerlandais des avocats du barreau de Bruxelles v. Council* [2024] EU:T:2024:670.

⁵³ Case T-744/22, *Tokareva v. Council* [2024] EU:T:2024:608; Challet, C. (2024). 'How far may the Council go to combat sanctions circumvention? Recent CJEU rulings on the restrictive measures against Russia'. *EU Law Live*. Available at: <https://eulawlive.com/weekend-edition/weekend-edition-no207/>.

⁵⁴ European External Action Service (EEAS) (2023). Kazakhstan: 20th Cooperation Committee Meeting with the EU. *EEAS*, Brussels. Available at: https://www.eeas.europa.eu/eeas/kazakhstan-20th-cooperation-committee-meeting-eu-took-place-astana_en.

⁵⁵ European External Action Service (EEAS) (2024). Joint Statement from Foreign Ministers Condemning DPRK–Russia Cooperation. *EEAS*, Brussels. Available at: https://www.eeas.europa.eu/eeas/joint-statement-foreign-ministers-condemning-dprk-russia-cooperation_en.

permissive jurisdictions (such as Panama, Liberia, the Marshall Islands, or smaller registries like Gabon, Cameroon or Comoros) to evade scrutiny and operate under new identities.⁵⁶ While diplomatic engagement has prompted some registries (including Panama, Liberia and Barbados) to deregister vessels or tighten oversight,⁵⁷ these gains are quickly offset as ships simply move to more lenient registries. As recent investigations – including those involving Cook Islands-registered tankers smuggling Russian and Iranian oil⁵⁸ – demonstrate, evasive maritime practices remain highly adaptive, and existing tools such as insurance bans have limited effect in the absence of a stronger and more coordinated global enforcement.

4. Conclusion: what way forward?

The EU is, and will continue to be, in a perpetual chase after sanctions loopholes. Sanctions circumvention cannot be fully eliminated; rather, the real measure of success lies in the EU's ability to adapt swiftly to increasingly sophisticated evasion techniques. Notwithstanding the challenges outlined above, and while numerous other measures could still be considered,⁵⁹ the 19th package of sanctions targeting Russia, adopted on 23 October 2025,⁶⁰ reflects a significant effort to tackle circumvention. The EU designated Chinese refineries and oil traders purchasing Russian crude oil, thereby addressing indirect trade via third countries. To disrupt the shadow fleet, the package expands listings across the entire maritime value chain – covering insurers, maritime registries providing false flags, shipbuilders, port operators, and key facilitators such as Lukoil's UAE-based trading arm – and added 117 additional vessels to the port access and services ban. The reinsurance of vessels belonging to the shadow fleet is now also prohibited. On the financial side, the EU imposed a transaction ban on the state-backed stablecoin A7A5 as well as on several third-country banks that circumvent EU sanctions. Finally, the EU imposed restrictions on maintaining relationships with entities active in nine Russian special economic zones.

As always, however, operators and sanctions targets will adapt. While the EU will need to adapt to constantly evolving circumvention strategies, a decisive factor for effectiveness will remain the Member States' ability to deliver robust, well-resourced, and coordinated domestic enforcement.

⁵⁶ Saiz Eraudquin, Gonzalo and Keatinge, Tom (2025). Countering Shadow Fleet Activity through Flag State Reform. Royal United Services Institute (RUSI), London. Available at: <https://www.rusi.org/explore-our-research/publications/insights-papers/counteracting-shadow-fleet-activity-through-flag-state-reform>.

⁵⁷ Saiz Eraudquin, Gonzalo and Keatinge, Tom (2025).

⁵⁸ South China Morning Post (2025). Cook Islands: a Pacific haven for sanctions-dodging Russian and Iranian oil tankers? South China Morning Post, Hong Kong. Available at: <https://www.scmp.com/news/asia/australasia/article/3334856/cook-islands-pacific-haven-sanctions-dodging-russian-and-iranian-oil-tankers>.

⁵⁹ See, for instance, Moiseienko, Anton (2025). Russia (Non) Sanctions Matrix. *Economic Crime Law Blog*. Available at: <https://economiccrimelaw.com/2025/06/23/russia-non-sanctions-matrix/>.

⁶⁰ Council of the European Union (2025). Council Regulation (EU) 2025/2033 amending Regulation (EU) No 833/2014. *Official Journal of the European Union*, Brussels. OJ L 2025/2033.

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