



# Options for Better Sanctions Implementation for the Next Czech Government

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TABLE OF CONTENTS

<b>Summary</b>	<b>1</b>
<b>Recommendations</b>	<b>2</b>
<b>Introduction</b>	<b>4</b>
<b>1 Capacity and Resourcing</b>	<b>5</b>
<b>2 Czech Sanctions Legislation</b>	<b>6</b>
<b>3 Better Use of Frozen Assets</b>	<b>7</b>
<b>4 Export Control</b>	<b>10</b>
<b>5 Energy Sector</b>	<b>11</b>
<b>6 EU Level Sanctions Implementation</b>	<b>13</b>
<b>7 Cooperation with the UK</b>	<b>14</b>



## Summary

- Implementation of Russia and Belarus-related sanctions stands at a critical juncture with the uncertain position of the United States, which for the past months has been oscillating between harsh rhetoric and little action.
  
- At the same time, more and more support has been arriving from various of Russia's allies, like the PRC or the North Korean regime, which have been supplying the Kremlin with the technology, financial resources and human power to continue in their war of aggression against Ukraine and the wider West.
  
- Therefore, much more needs to be done inside the EU as well as with other like-minded partners, such as the UK, Canada, Japan, Austria and New Zealand, which continue their policy of isolating Russia and Belarus and stepping up pressure against the aggressors.
  
- Based on the nature of the sanctions efforts being embedded at the national level, a strong role and position is held by the individual EU members, including Czechia, which should, after the parliamentary elections, continue with the existing course which should be further strengthened and focused on several key areas and sectors.
  
- Among those, the priorities should be capacity building and better cooperation with out-of-government actors, management of frozen Russian assets or energy sanctions together with legislative implementation and diligent export control.
  
- Czechia needs to be ready for disruptions in the EU's sanctions policy which is currently agreed unanimously and look for allies within the coalition of the willing, including the UK, Poland or the Baltic states, to continue pressuring Russia, a course of action which is in its national interests.



## Recommendations

The next Czech government should treat sanctions and their implementation as a relatively low-cost foreign policy tool with wide-reaching effects on Russia, which is the main security threat to the country and the European continent as a whole. At the same time, it should continue investing in stronger national implementation, contribute to the design and adoption of new EU-level sanctions, including the upcoming 19th sanctions package, and make effective use of its own sanctions legislation.

### Capacity and Resourcing:

- Increase the number of expert-level staff in sanctions-implementing bodies.
- Continue building dedicated expertise within national authorities, academia, and civil society for advising businesses, monitoring compliance, and prosecuting violations.
- Invest in practical exchange of expertise and lessons learned across like-minded Western institutions and national sanctions implementers.
- Focus on enforcement: strengthen prosecutorial and judicial capacity to handle sanctions violations effectively. Finalised court proceedings will provide both informative value and a deterrent effect for actors considering circumvention or acting negligently.

### Czech Sanctions Legislation:

- Accelerate implementation of the EU confiscation directive.
- Address flow-through accounts and money laundering schemes, including promoting transparency of ownership and making the ultimate beneficiary registry an operating tool.
- Consider further amendments to the Sanctions Act and the Act on the Implementation of International Sanctions to improve enforceability.

### Better Use of Frozen Assets:

- Support alternative uses of frozen Russian sovereign assets to increase profitability for Ukraine's benefit.
- Consider ways to support Ukraine using frozen private Russian assets, linked to broader EU-level initiatives. Draw inspiration from Estonia and Latvia in testing confiscation of private assets tied to Russian regime figures.

### Export Control:

- Expand state support for SMEs (training, advisory, compliance resources).
- Invest in monitoring technology and data-driven systems.
- Engage civil society and journalists to complement enforcement.
- Regularly publish statistics on investigations and prosecutions to strengthen deterrence.

### Energy Sector:

- Increase the enforcement of oil price caps and refined product bans since both are experiencing a new impetus in the 18<sup>th</sup> package of sanctions
- Support EU-US alignment on energy sanctions while preparing for potential US policy shifts, which might cause additional damage to the common sanctions efforts against the Kremlin.
- Accelerate full decoupling from Russian energy products by the end of 2026 at the latest, including by making use of the EU-US new trade partnership in energy.
- Build resilience against energy security risks in Central and Eastern Europe.



### **EU-Level Sanctions Implementation:**

- Strengthen EU-level institutions for coordination and possibly partial direct enforcement.
- Harmonise implementation to avoid contradictory licensing practices and loopholes.
- Secure dedicated EU and national funding in the new MFF for sanctions enforcement.
- Extend sanctions review cycles, consider veto-proofing key measures, or reform decision-making mechanisms.
- Fund pan-European independent investigations (academic, journalistic, civil society) into sanctions circumvention.



## Introduction

**Since the onset of Russia’s full-scale invasion of Ukraine, the Czech Republic has supported Ukraine’s defence through various forms of military assistance, support for Ukrainian refugees, and an active policy of isolating Russia, based partly on sanctions implementation. In addition to EU-level measures, the Czech Republic has created its own national sanctions list under the so-called Czech “Magnitsky Act,” eliminated energy imports from Russia, and contributed to EU-wide mechanisms such as the “catch-all provision.”<sup>1</sup>**

Military assistance to Ukraine remains paramount. In parallel, a concerted effort to design new sanctions and—crucially—to improve their implementation is an important, complementary, and comparatively low-cost tool that helps both Ukraine and the Czech Republic by degrading the security threat posed by Russia.

It is in the Czech Republic’s interest to continue building effective sanctions tools. This policy paper summarises the current situation and debate around sanctions and outlines options for their further development and effective implementation by the next government to be formed after the October 2025 parliamentary elections.

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<sup>1</sup> Hana Štaffová, “Česká celní správa jako hnací motor mezinárodní spolupráce v boji proti obcházení sankcí,” Customs Administration of the Czech Republic, Press release, July 28, 2025, <https://celnisprava.gov.cz/cz/tiskove-zpravy/2025/Stranky/%C4%8Cesk%C3%A1-celn%C3%AD-spr%C3%A1va-jako-hnac%C3%AD-motor-mezin%C3%A1rodn%C3%AD-spolupr%C3%A1ce-v-oblasti-obch%C3%A1zen%C3%AD-sankc%C3%AD.aspx#>.



# 1 Capacity and resourcing

Since the start of the full-scale invasion—and the continuous rollout of new sanctions against Russia—a wide range of Czech institutions have been involved in their implementation. Notably, the Ministry of Foreign Affairs, the Financial Analytical Office (FAU), the Ministry of Finance, the Ministry of Industry and Trade, the Customs Administration, the Police, and the Czech National Bank. By the eighteenth sanctions package of the EU, more than 2,500 entities and individuals were covered, alongside sectoral sanctions, export controls, asset freezes and other restrictive measures requiring coordination both domestically and internationally. After initial, moderate staff increases and redeployments to handle the first packages, the personnel capacity of these institutions has not expanded in a way commensurate with the expansion of the sanctions regime.

This stands in sharp contrast to the necessary and commendable increases in investment and staffing in the Armed Forces—also a response to Russia's invasion and the new security realities. Plans envisage at least 2,000 additional full-time soldiers and more than 5,000 active-reserve soldiers<sup>2</sup>. While funding has been allocated, recruitment and equipment procurement will take time.

Dedicated expertise across the sanctions-implementing institutions should be increased to expand their capacity to implement sanctions, to inform and advise relevant actors—particularly the business community—on new measures, and to monitor, investigate, prosecute, and deter sanctions violations. Doubling current expert-level staffing across key implementing bodies would amount to only a few dozen additional personnel. Civilian sanctions specialists entail lower personnel costs than military staff, even without calculating expensive training and equipment costs, and can have an immediate, material impact on Russia's military capabilities. By more efficient streamlining and the expansion of dedicated personnel, Czechia would follow the example of other European states, like the Netherlands or Denmark, which have expanded their approach to economic security, of which sanctions implementation is an integral part.

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<sup>2</sup> The last available data from 2025: 28,285 full time soldiers, 4521 active reserve soldiers. The 2035 plan for the build-up of the Armed forces states a goal of 30,000 full time and 10,000 active reserves. Data: Kvantitativní genderová analýza k 1. lednu 2025, Ministry of Defence of Czech Republic, September 23, 2025, [https://mocr.mo.gov.cz/assets/informacni-servis/povinne-informace/1-rovne-prilezitosti/kvantitativni-genderova-analyza-k-1--1--2025\\_1.pdf](https://mocr.mo.gov.cz/assets/informacni-servis/povinne-informace/1-rovne-prilezitosti/kvantitativni-genderova-analyza-k-1--1--2025_1.pdf). /Koncepce výstavby Armády České republiky 2030, Ministry of Defence of Czech Republic, October 30, 2025, [https://mocr.mo.gov.cz/images/id\\_40001\\_50000/46088/koncepce\\_\\_2030.pdf](https://mocr.mo.gov.cz/images/id_40001_50000/46088/koncepce__2030.pdf).



## 2 Czech sanctions legislation

In 2022, two important pieces of legislation were relatively quickly passed by the Parliament - the amendment of Act No. 69/2006 Coll., on the Implementation of International Sanctions, and other related acts,<sup>3</sup> and the Czech version of the Magnitsky Act, a law restricting certain serious conduct in international relations (the Sanctions Act)<sup>4</sup>. Only much later, however, were the first names added to the national sanctions list, which spoke to a lack of experience and also a cautiously legalistic approach.

In August 2025, the EU Directive against violations of international sanctions<sup>5</sup> became a law<sup>6</sup>, as perhaps the last major legislation enacted during the current Government. It now allows the criminalisation of violations of certain international sanctions committed through gross negligence and thus strengthens enforceability. For Czech exporters, the new legislation requires greater caution in choosing partners in third countries to avoid indirect exports to Russia or Belarus.

Less successful was the attempt to implement the EU confiscation directive.<sup>7</sup> The Ministry of Justice submitted the appropriate bill to the Government too late to be passed before the parliamentary elections. This Directive aims to establish minimum rules on the tracing and identification, freezing, confiscation and management of property within the framework of proceedings in criminal matters. It applies to various directives, including to the above-mentioned EU Directive against violations of international sanctions. Consequently, profits can be more easily confiscated from persons or companies circumventing EU sanctions.

The implementation of the EU confiscation directive is also important for Czechia to tackle the long-lasting domestic problem with so-called 'flow-through' accounts,<sup>8</sup> also known as transit accounts. These are used to conceal the origin of illegally acquired funds. There is a high degree of difficulty in prosecuting the crime of money laundering without an evident predicate offence. Without proof that the money originated from an illegal act, law enforcement authorities are obliged to defer the case and release the seized funds even in cases of highly suspicious transactions. The new bill on the confiscation of illegally acquired assets would allow for the confiscation of assets even without a conviction for the original crime, and the court would base its ruling on the circumstances of the case, including the available evidence and specific facts. The urgency of this legislation can be seen in the data of the Czech National Centre for Organized Crime. Between 2021 and 2022, 'flow-through' accounts were used for the laundering of 100 billion CZK.<sup>9</sup> Given the

<sup>3</sup> The Act was promulgated on 31 August 2022 in the Collection of Laws, volume 111, number 240/2022 Coll., online here: Sněmovní tisk 253, Novela z. o mezinárodních sankcích - EU <https://www.psp.cz/sqw/historie.sqw?o=9&t=253>.

<sup>4</sup> The Act was promulgated on 2 January 2023 in the Collection of Laws, Volume 1, Number 1/2023 Coll., online here: Sněmovní tisk 256, Vl. n. z. o omezujících opatřeních - sankční zákon, <https://www.psp.cz/sqw/historie.sqw?o=9&T=256>.

<sup>5</sup> Directive (EU) 2024/1226 of the European Parliament and of the Council of 24 April 2024 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673, online: <https://eur-lex.europa.eu/eli/dir/2024/1226/oj>.

<sup>6</sup> The Act was promulgated on 5 August 2025, in the Collection of Laws, Part 270, under number 270/2025 Coll., online here: Sněmovní tisk 861, Novela z. - trestní zákoník - EU, <https://www.psp.cz/sqw/historie.sqw?o=9&t=861>.

<sup>7</sup> Directive (EU) 2024/1260 of the European Parliament and of the Council of 24 April 2024 on asset recovery and confiscation, online: <https://eur-lex.europa.eu/legal-content/CS/TXT/?uri=CELEX:32024L1260>.

<sup>8</sup> Adam Hayes, "What Is a Flow-Through (Pass-Through) Entity, Types, Pros & Cons," Investopedia, Update; August 31, 2024, <https://www.investopedia.com/terms/f/flow-through.asp>.

<sup>9</sup> "Česko je v celosvětovém schématu praní peněz. Za dva roky tudy protéklo 100 miliard, říká ředitel NCOZ," (Czechia is part of a global money laundering scheme. In two years, 100 billion has flowed through the country, says the director of the National Centre for Organized Crime,) Vít Kubant, Marie Veselá, *iRozhlas.cz*, 3 July 2024, online here:



October 2025 elections and possible complications with forming a government, it remains to be seen whether the Czech Republic will manage to implement the directive by the deadline set by the EU, i.e. by November 23, 2026. It is unfortunate that this much needed provision got stalled despite notable cases of Russian oligarchs using ‘flow-through’ accounts to launder their money in Czechia.<sup>10</sup>

According to an official report of the Czech Prosecutor General's Office, 23 criminal proceedings have been initiated in connection with violations of EU sanctions adopted in response to the military conflict in Ukraine. Of the total number of 23 cases, criminal proceedings were initiated in 9 cases in 2024. In one case, the criminal proceedings have already been concluded with a final conviction (export of goods subject to sanctions to Russia). As regards the nature of criminal activity related to the export of goods subject to sanctions, in most cases these are dual-use goods or specific (luxury) consumer goods. In one case, the export concerned a civilian aircraft and, in another case, spare parts for military aircraft.<sup>11</sup> The increasing number of cases related to violations of EU sanctions shows an urgent need to strengthen relevant legislation, since the existing laws are not sufficient to deal with the new challenges. The new government should accelerate the implementation of the EU confiscation directive and review whether there is a necessity to amend the Sanctions Act or the Act on the Implementation of International Sanctions to make them work better in practice.

### 3 Better use of frozen assets

Over the past several months, the debate about the seizure and use of frozen Russian assets inside the EU on behalf of Ukraine has stagnated. Mainly in relation to the bulk of the frozen Russian Central Bank assets in EU jurisdictions, particularly in the Belgian Euroclear central securities depository and settlement system, which have until now remained untouched.<sup>12</sup> So far the EU and G7 countries have only managed to use the interest from these sovereign reserves to back a loan on behalf of Ukraine and provide financing for the EU Peace Facility.<sup>13</sup> This solution fails to make better use of the underlying assets as the interest has thus far generated relatively low proceeds compared to other market options. It also leaves the assets vulnerable, in the worst case returned to Russia if political dissent causes a delay in regular semi-annual sectoral sanctions renewal.

However, with the war dragging on, there is not only the need, but also the relevant legal basis<sup>14</sup> for confiscation of the frozen assets and their direct transfer to Ukraine, especially since the destruction caused by Russia has been increasing with

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[https://www.irozhlas.cz/zpravy-domov/cesko-je-v-celosvetovem-schematu-prani-penez-za-dva-roky-tudy-proteklo-100\\_2407030630\\_jkd](https://www.irozhlas.cz/zpravy-domov/cesko-je-v-celosvetovem-schematu-prani-penez-za-dva-roky-tudy-proteklo-100_2407030630_jkd).

<sup>10</sup> Pokorná, Zdislava, “Podezřelé ruské stamiliony pro malou pražskou firmu muselo Česko rozmrazit, ve hře je změna zákona,” Deník N, April 6, 2022, <https://denikn.cz/853110/podezrele-ruske-stamiliony-pro-malou-prazskou-firmu-muselo-cesko-rozmrazit-ve-hre-je-zmena-zakona/>.

<sup>11</sup> “Activity report for 2024”, Supreme Public Prosecutor's Office, July 1, 2025, on-line here: <https://verejnazaloba.cz/nasz/cinnost-nejvyssiho-statniho-zastupitelstvi/zpravy-o-cinnosti/zprava-o-cinnosti-za-rok-2024/>.

<sup>12</sup> “Top 10 shareholders”, Euroclear Holding SA/NV, July 1, 2025, <https://www.euroclear.com/investorrelations/en/top-10-shareholders-Euroclear-Holding-SA-NV.html>.

<sup>13</sup> “Europoslanci schválili půjčku Ukrajině za ruské peníze,” ČT24, October 22, 2024, <https://ct24.ceskatelevize.cz/clanek/svet/europoslanci-schvalili-pujcku-ukrajine-splatky-pujdou-ze-zmrzeneho-ruskeho-majetku-354619>.

<sup>14</sup> Philippa Webb, “Legal options for confiscation of Russian state assets to support the reconstruction of Ukraine,” European Parliamentary Research Service, February 2024, [www.europarl.europa.eu/RegData/etudes/STUD/2024/759602/EPRS\\_STU\(2024\)759602\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2024/759602/EPRS_STU(2024)759602_EN.pdf).



every single day of the war.<sup>15</sup> Nevertheless, the European leaders<sup>16</sup>—including those from the EU institutions, such as the European Central Bank<sup>17</sup>—have been, for different reasons,<sup>18</sup> only lukewarm towards finding the political solution to this primarily legal and technical problem. One available option is to keep the principal assets untouched but transferred from Euroclear to a specially created trust fund.<sup>19</sup> There, the assets could be invested and actively managed providing better returns while not being confiscated and thus satisfy the condition of sovereign asset immunity. Another option recently proposed by German chancellor Merz is to use sovereign assets to back a 140 billion Euro interest free loan to Ukraine, which would be provided by EU members with repayment linked to Russian reparation.<sup>20</sup>

In the case of private assets frozen by EU sanctions or national sanctions legislation, most EU countries have been reluctant to consider the mechanism of confiscation, primarily due to the sensitivity of private ownership, often regulated in countries' constitutions. The exceptions are Estonia and Latvia who want to test the ground and legal solidity using national measures, which could then be replicated across the European bloc. Under the Estonian legislation Ukraine can claim compensation for damage caused by Russia. Estonia can legally seize immobilised Russian assets held within its jurisdiction and transfer their value to Ukraine as reparations. Several conditions apply such as a connection between the asset owner and the wrongful act or that Russia has not itself reacted to claims for compensation<sup>21</sup>. Most importantly, both countries went outside of the Russian sovereign assets talk and focused on private assets belonging to Russian individuals close to the Kremlin regime.

By this, they also promoted the European debate concerning all the private assets, laundered resources and money stolen from Russia that are present in the EU, where Czechia—unfortunately—has historically featured very prominently.<sup>22</sup>

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<sup>15</sup> “Updated Ukraine Recovery and Reconstruction Needs Assessment”, World Bank Group, February 25, 2025, <https://www.worldbank.org/en/news/press-release/2025/02/25/updated-ukraine-recovery-and-reconstruction-needs-assessment-released>.

<sup>16</sup> “Belgian PM Says Best to Leave Frozen Russian Funds in Euroclear for Now,” Reuters, August 26, 2025 <https://www.reuters.com/world/belgian-pm-says-best-leave-frozen-russian-funds-euroclear-now-2025-08-26/>.

<sup>17</sup> Ben Munster, “ECB resistance wavers as pressure mounts to seize Russian assets,” Politico, March 10, 2025, <https://www.politico.eu/article/governments-may-be-warming-to-the-idea-of-seizing-russian-assets-but-the-ecb-isnt/>.

<sup>18</sup> The arguments are that sovereign assets should remain immune from confiscation, that it would undermine the Euro as a reserve currency and make Russia retaliate in various ways.

<sup>19</sup> Tom Keatinge and Kinga Redłowska, “How to use Russia’s central bank assets for Ukraine,” Politico, April 1, 2025, <https://www.politico.eu/article/russia-central-bank-assets-ukraine/>.

<sup>20</sup> Sebastian Shukla, “German Chancellor Friedrich Merz pushes for frozen Russian assets to be used for Ukraine,” CNN, September 25, 2025, <https://edition.cnn.com/2025/09/25/world/merz-european-union-russian-assets-ukraine-intl>.

<sup>21</sup> Tetiana Khutor, “Opinion: Estonia leads the charge on using frozen Russian assets,” The Kyiv Independent, June 4, 2024, <https://kyivindependent.com/opinion-estonia-leads-the-charge-on-using-frozen-russian-assets/>.

“At the request of Ukraine, or an internationally recognized compensation mechanism, Estonia can confiscate assets from individuals or entities that have financially or materially supported unlawful acts. Before applying this procedure, the Ministry must establish several conditions: The wrongful act caused proven damage eligible for compensation under international law. Ukraine has sought compensation from Russia, which has not been honoured in a reasonable timeframe; Ukraine or an international organization has requested Estonia to use the sanctioned property as an advance payment for damages; The entity’s connection to Russia and involvement in the wrongful act is proven; The property belongs to the sanctioned entity; There are no overriding exceptional circumstances protecting the entity’s interests. Once the procedure begins, the Ministry notifies the sanctioned entity, and the assets are sold. After covering storage and enforcement costs, the proceeds go to Ukraine, an international organization, or the compensation mechanism that applied.” Opinion: Estonia leads the charge on using frozen Russian assets, Tetiana Khutor, Kyiv Independent, June 4.

<sup>22</sup> Jan Menšík, “Rusové perou peníze přes Česko. Vzniká návrh, jak tomu zabránit,” novinky.cz, October 16, 2024, <https://www.novinky.cz/clanek/domaci-rusove-perou-penize-pres-cesko-vznika-navrh-jak-tomu-zabranit-40492348>.



Paradoxically, the discussion on confiscation of the Russian assets in Czechia has been only lukewarm. The Ministry of Foreign Affairs was unwilling to move with the agenda, which was elaborated by the former member of the Czech Parliament Ondřej Kolář and several members of the security community in Czechia.<sup>23</sup> This, despite the fact that at the EU level, Czechia has been in the hawkish camp to seize the Russian sovereign assets belonging to the Central Bank, however, almost exclusively located outside of the country. Regarding the in-land Russian properties, the decision will remain with the new government that emerges from the October parliamentary elections, which brings some risks of a potential defreeze or any other type of compromise in this area.<sup>24</sup> After the vote, this remains the risk since the Ministry of Foreign Affairs will most likely be run by the difficult to read and predict political power, the Motorists for Themselves. At the same time, the discussion has been given new impetus at the EU level, where the newest resolution of the European Parliament on Ukraine proposed<sup>25</sup> to move forward with a legal basis to confiscate and use Russian assets on behalf of Ukraine.<sup>26</sup>

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<sup>23</sup> “Skupina expertů navrhuje konfiskovat nemovitosti Ruska v Česku, opozici se zákon nelíbí,” ČT 24, January 23, 2024, <https://ct24.ceskatelevize.cz/clanek/domaci/skupina-expertu-navrhuje-konfiskovat-nemovitosti-ruska-v-cesku-opozici-se-zakon-nelibi-345215>.

<sup>24</sup> In November 2023, Czech authorities effectively froze all properties managed by the Russian state in Czechia.

Daniela Lazarová, “Czechia freezes Russian state-owned property on its territory,” Radio Prague International, November 16, 2025, <https://english.radio.cz/czechia-freezes-russian-state-owned-property-its-territory-8800251>.

<sup>25</sup> “Urges the Commission and the Member States to confiscate the immobilised Russian assets and make them available for Ukraine’s defence, reconstruction and reparations for victims, in line with international law and the principle of state responsibility; stresses, in order to achieve the former, the paramount importance of ensuring that sovereign Russian assets remain immobilised within the EU;” “European Parliament resolution of 9 September 2025 on the 2023 and 2024 Commission reports on Ukraine”, European Parliament, September 9, 2025, [https://www.europarl.europa.eu/doceo/document/TA-10-2025-0175\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-10-2025-0175_EN.html).

<sup>26</sup> Dominika Máchová “Zabavení ruského majetku je možné, říká Kolář. Téma oživil v europarlamentu,” Forum 24, July 24, 2025, <https://www.forum24.cz/zabaveni-ruskeho-majetku-je-mozne-rika-kolar-tema-ozivil-v-europarlamentu>.



## 4 Export controls

The Czech Republic has been supporting its exporters through information resources, including dedicated seminars on export controls. Czech authorities—particularly the Customs Administration—have contributed to EU-level efforts, notably within the Strategic Trade Enforcement and Investigation Network and by implementing the “catch-all provision.”<sup>27</sup> Authorities can now halt shipments that are not on a control list if they have reason to believe it could contribute to a sanctioned end-use. Currently, Czech law enforcement is investigating and prosecuting approximately 30 entities<sup>28</sup> for potential violations.

However, as the recent list of companies implicated in export circumvention provided by Ukraine demonstrates,<sup>29</sup> there are no quick fixes; rather, a comprehensive set of diligently enforced measures is required.

This includes sustained cooperation with the private sector to develop and enhance compliance mechanisms. Small and medium-sized enterprises (SMEs), in particular, often have limited experience and resources to carry out the thorough due diligence process. Some have also so far lacked exposure to relevant authorities, either due to ignorance of procedures, or the insufficient reach of the authorities, and do not feel themselves to be at risk of prosecution.

In addition to providing adequately resourced and staffed assistance for the private sector, effective monitoring of export control circumvention—although time- and resource-intensive—can yield valuable intelligence on circumvention networks, tools, and mechanisms. Such intelligence can then inform both the business sector and law enforcement. Achieving this will require ongoing investment in trained personnel, technology, including data-driven systems (among others, a concise and accessible Ultimate Beneficiary Registry<sup>30</sup>), as well as the involvement of journalists and civil society experts who can complement official investigative efforts. As previously mentioned, the relevant staffing levels in the Czech republic have remained close to the 2022 levels.

Finally, the consistent public disclosure of enforcement actions—such as statistics on investigations, prosecutions, and court judgments—can serve both as a learning tool for stakeholders and as a deterrent against attempts at circumvention.

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<sup>27</sup> In view of the existing challenges and practical experience in customs procedures in sanctions, the Czech Customs Administration has initiated the introduction of a legislative instrument, the so-called “catch-all” clause, into the sanctions legislation. Current practice shows that customs authorities do not always have sufficient evidence of the intention to circumvent sanctions from the customs documents submitted when exporting goods. Only the investigation by the authorized national authorities of cases in which, according to customs officers, sanctions could be circumvented can lead to obtaining sufficient evidence to refuse export. This legislative amendment will allow exports to be suspended until the final destination and purpose of the goods are clarified.

Hana Štaffová, “Česká celní správa jako hnací motor mezinárodní spolupráce v boji proti obcházení sankcí,” Customs Administration of the Czech Republic, Press release, July 28, 2025, <https://celnisprava.gov.cz/cz/tiskove-zpravy/2025/Stranky/%C4%8Cesk%C3%A1-celn%C3%AD-spr%C3%A1va-jako-hnac%C3%AD-motor-mezin%C3%A1rodn%C3%AD-spolupr%C3%A1ce-v-oblasti-obch%C3%A1zen%C3%AD-sankc%C3%AD.aspx#>.

<sup>28</sup> “Detektivové NCOZ se zabývají třemi desítkami kauz porušování protiruských sankcí,” České noviny, February 26, 2025, <https://www.ceskenoviny.cz/zpravy/detektivove-ncoz-se-zabyvaji-tremi-desitkami-kauz-porusovani-protiruskych-sankci/2639739>.

<sup>29</sup> Michal Tomeš, “Získali jsme Zelenského seznam českých firem obcházejících sankce. V Rusku končí i zakázané pily z Brna,” Deník N, Lukáš Prchal, July 8, 2025, <https://denikn.cz/1780091/ziskali-jsme-zelenskeho-seznam-ceskych-firem-obchazejicich-sankce-v-rusku-konci-i-zakazane-pily-z-brna/>.

<sup>30</sup> For the Czech ultimate beneficial owner (UBO) register, see: <https://esm.justice.cz/ias/issm/rejstrik>.



## 5 Energy sector

Stepping up restrictive measures in the energy sector has most recently been the main avenue to punish Russia for its war of aggression against Ukraine. The debate has been occupied by how to diminish the capacities of Russia's shadow fleet of tankers transporting LNG and crude oil as well as how to close other loopholes in the field, such as the oil products refined from Russian oil. Rightly so, when considering that the income from oil and gas constitutes more than 30 per cent of income of the Russian state budget.<sup>31</sup>

This has been reflected in all recent sanctions efforts, most robustly in the EU's 18<sup>th</sup> sanctions package<sup>32</sup>—which targets energy infrastructure as well as the banking sector and finance as the main means to cripple the Russian war economy. The latest package of sanctions also closed other remaining loopholes and took aim at other Russian assets, including—for example—the Russian-controlled Vadinar refinery in India, which has been processing Russian fossil fuels. Even more significantly, the 18<sup>th</sup> package finally banned the import of refined Russian oil products, which had bypassed the oil embargo introduced earlier.<sup>33</sup> Finally, the EU leaders also agreed to lower the price cap on Russian crude oil to \$47.6 per barrel (from originally \$60), which will put more pressure on the Kremlin if it is complemented by diligent efforts to track, trace and ideally sanction Russian energy exports and their reexport.<sup>34</sup>

To decouple from the remaining Russian energy dependency, the European Commission has pushed an action plan to gradually cut off Russian supplies, which is supposed to run until the end of 2027.<sup>35</sup> On top of that, a simultaneously negotiated EU-US trade partnership might further increase the stakes and motivate European countries to switch to the US providers instead within a shorter period of time.<sup>36</sup> This will be particularly sensitive for some of the Central and Eastern European countries, most prominently Hungary or Slovakia, which have been fostering and even increasing their dependence on Russian oil, even though Ukraine cut off its transport of natural gas via its territory from 1 January 2025. Now, there is also more uncertainty regarding imports of Russian crude oil via the Kremlin's Druzhba pipeline since Ukraine has repeatedly targeted the interconnector in the past weeks. Finally, only the EU's 18<sup>th</sup> package saw Czechia getting rid of its own exception on the Russian crude oil supplies.

<sup>31</sup> Heli Simola, "Falling oil prices reduce Russia's budget revenues," Bank of Finland, May 5, 2025, <https://www.bofbulletin.fi/en/blogs/2025/falling-oil-prices-reduce-russia-s-budget-revenues/>.

<sup>32</sup> "EU adopts 18th package of sanctions against Russia," European Commission, July 18, 2025, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_25\\_1840](https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1840).

<sup>33</sup> However, similarly to the oil price cap, the devil might be in the detail of how to monitor this and realise the enforcement in practice, including when not pushing the ban towards some third-party actors, including the US, UK, Switzerland or Norway apart from the Gulf states and other MENA countries, Isaac Levi, "EU Closes the Refining Loophole after More Than 2 Years of Pushing For This Policy," Centre for Research on Energy and Clean Air (CREA), August, 2025, [https://www.linkedin.com/posts/isaac-levi-6429ab126\\_eu-closes-the-refining-loophole-after-more-activity-7353700573096955904-hKk5?utm\\_source=social\\_share\\_send&utm\\_medium=member\\_desktop\\_web&rcm=ACoAABKM7KcBnEr7eKYBk4ydhfwD9BFN9SCIAML](https://www.linkedin.com/posts/isaac-levi-6429ab126_eu-closes-the-refining-loophole-after-more-activity-7353700573096955904-hKk5?utm_source=social_share_send&utm_medium=member_desktop_web&rcm=ACoAABKM7KcBnEr7eKYBk4ydhfwD9BFN9SCIAML).

<sup>34</sup> The proposal of the 19th package envisions a full prohibition of Russian LNG imports by January 2027 lifting remaining exemptions on Rosneft and Gazprom Neft, expanding sanctions on Russia's shadow fleet and its enablers, including 118 new vessels or a full transaction ban on Russian banks and financial institutions, including those operating in third countries - among others. "Statement by the High Representative/Vice-President Kaja Kallas on the 19th package of sanctions", European External Action Service, September 19, 2025, [https://www.eeas.europa.eu/eeas/russia-statement-high-representativevice-president-kaja-kallas-19th-package-sanctions\\_en](https://www.eeas.europa.eu/eeas/russia-statement-high-representativevice-president-kaja-kallas-19th-package-sanctions_en).

<sup>35</sup> "Commission proposes gradual phase-out of Russian gas and oil imports into the EU," European Commission, Jun 17, 2025 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_25\\_1504](https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1504).

<sup>36</sup> "EU-US trade deal explained - energy aspects," European Commission, July 30, 2025, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_25\\_1935](https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_1935).



In general, for the European debate on the Russian sanctions, US efforts and enforcement remain crucial. On the US side, tariffs as a form of secondary sanctions recently entered into force against India<sup>37</sup> which has been, together with PRC and Brazil, among the top purchasing powers of Russian fossil fuels. However, how much this has been about Ukraine and Russia, or a tactical move to get a bilateral agreement with India, which is still not in place remains a subject of discussion. Especially since no new measures have been taken so far under Trump against the PRC, Brazil or even Slovakia and Hungary which have been cutting lucrative deals with Russia too. In this way, the US is lagging behind its EU counterparts and more carefully balancing its position, which is evident also since the widely watched summit between Trump and Putin in Alaska and the following meetings. Most recently, the ambivalent position of the US President Donald Trump was further strengthened by his message to the NATO leaders to stop buying Russian crude oil.<sup>38</sup>

The US position on sanctions and next steps remains difficult to predict. The EU, together with the UK and other partners such as Japan, Canada, and other Commonwealth members, may need to strengthen their partnership to continue sanctions without US support, if necessary, while at the same time working to keep the US engaged in pressuring Russia. Within the EU, this effort should be driven by countries such as Czechia, Poland, the Nordic states, and the Baltic states, in close cooperation with the UK. In recent months, the EU and its member states have demonstrated greater resolve in targeting the operations of the shadow fleet and limiting Russia's income from energy exports. Alongside a continuing effort to identify and list/sanction new shadow tankers, complementary action should include better control (price attestation) of purchases below the price cap. EU diplomacy can pressure so-called flag states to restrict the currently lenient registration<sup>39</sup> and scrutinize new registries (some of them fake) facilitating registration of the shadow fleet tankers. Further, Western companies are providing services to facilitate export of Russian coal, often under the invalid pretext of energy security. Such services should be scrutinized and limited. The EU can investigate and sanction terminals re-exporting Russian refined products and be more strict with the import of refined products to the EU.<sup>40</sup> These efforts can still be enhanced through improved coordination, monitoring, investigation, and enforcement.<sup>41</sup> The EU can also designate entities in third countries that undermine its sanctions regime, as it has already begun to do, and thereby demonstrate to the Trump administration its willingness to take responsibility for its own security—an important element in maintaining a constructive dialogue with Washington.<sup>42</sup>

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<sup>37</sup> Nikhil Inamdar, "Trump's 50% tariff on India kicks in as Modi urges self-reliance," BBC, 27 August 2025, <https://www.bbc.com/news/articles/c5ygznn158qo>.

<sup>38</sup> Josh Boak, "Trump calls on all NATO countries to stop buying Russian oil, threatens 50% to 100% tariffs on China," The Associated Press, September 13, 2025, <https://apnews.com/article/trump-ukraine-oil-tariffs-nato-f8ca988188dceacb509ca40661ec3ebo?ref=rawdiary.com>.

<sup>39</sup> Gonzalo Saiz Erasquin, Tom Keatinge, "Countering Shadow Fleet Activity through Flag State Reform," RUSI, September 2, 2025, <https://www.rusi.org/explore-our-research/publications/insights-papers/countering-shadow-fleet-activity-through-flag-state-reform>.

<sup>40</sup> More on Russian energy export and available restrictive measures at Centre for Research on Energy and Clean Air (CREA), Isaac Levi "Sanctions against Russia: How the EU can constrain the Kremlin war-chest", September 12, 2025, <https://energyandcleanair.org/presentation-sanctions-against-russia-how-the-eu-can-constrain-the-kremlin-war-chest/>.

<sup>41</sup> There is, for example, also an ongoing discussion on how much to go after the sanctions violators, including the ship owners, insurers, maintenance companies or even the higher-ranking crew members or captains too.

Isaac Levy, "EU Closes the Refining Loophole after More Than 2 Years of Pushing For This Policy," Centre for Research on Energy and Clean Air (CREA), August, 2025,

<https://www.linkedin.com/feed/update/urn:li:activity:7353700573096955904/>.

<sup>42</sup> Cyril Barabaltchouk, "Europe Must 'Put Up or Shut Up' on Sanctions Against Russia, Says Bessent," United 24 Media, August 14, 2025, <https://united24media.com/latest-news/europe-must-put-up-or-shut-up-on-sanctions-against-russia-says-bessent-10766>.



## 6 EU level sanctions implementation

Because the EU-imposed sanctions are implemented at the member state level, the system remains institutionally fragmented<sup>43</sup> and uneven in terms of political will, policies, capacity, and capability. And the Union is as strong as its weakest link and member in this respect. In comparison, the US can leverage not only its political and economic weight, but also better staffed and centralised institutions and the will to implement secondary sanctions. While continued cooperation with the US is essential, the EU needs to better integrate its own sanctions effort to enforce measures effectively and, where necessary, also independently.

The EU already has institutions<sup>44</sup> whose mandates could be adjusted to coordinate and support national enforcement, and even to undertake certain elements of the EU-wide, independent implementation. Some of the priorities that cannot be addressed on the national level include the contradictory implementation of EU sanctions regulations across member states (and the adoption of contradictory licenses) which creates loopholes for sanctions circumvention; pressure and stricter timeframes for transposition of sanctions related directives (for example on criminalisation); implementation of the oil price cap and the ban on refined oil products.

The recently presented EU budget (the Multiannual Financial Framework—MFF, *currently under negotiation*) prioritises security. Adequate financing in support of sanctions implementation—at both EU and national levels—would not only help curb Russia's aggression and undermine its war economy but also provide tools for stronger economic security against other global threats and reinforce the EU's rule-of-law commitments in addressing illicit economic and financial activity.

Further measures should include lengthening the sanctions review cycle, veto-proofing essential sanctions (such as frozen sovereign assets) or adopting a different decision-making mechanism for revising existing measures. Additional resources should be allocated to fund pan-European academic, civil-society, and journalistic investigations into sanctions implementation—work that, until recently, relied largely on US funding.<sup>45</sup>

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<sup>43</sup> Some 160 institutions implement EU sanctions across the 27 member states.

<sup>44</sup> European External Action Service, Relevant DGs, Eurojust, Europol, AMLA, European Prosecutors Office, OLAF, Frontex, EMSA.

<sup>45</sup> A considerable research, investigation, outreach and network-building fund that is flexible, not burdened with extensive administration and operationally relevant was sourced from US donors including NED or Department of State.



## 7 Cooperation with the UK

The United Kingdom plays an outsized role in enforcing sanctions on Russia, leveraging its prominence in maritime services—particularly through its Protection and Indemnity (P&I) Clubs—and its strategic position along key shipping corridors used by Russia’s tanker fleet. The UK has restructured its sanctions enforcement system and invested in staffing these institutions<sup>46</sup>. This has sent a strong signal to the business community to take compliance seriously, while also facilitating communication and clarification of the relevant regulations. Engagement with the business sector is an area where the Czech Republic could benefit from the UK’s experience.

Further EU–UK cooperation should focus on simplifying compliance for operators on both sides in order to maximise the impact of restrictive measures. This is especially important in light of divergences with the United States, as well as the adoption of a joint Oil Price Cap beyond the G7 framework.

For Czechia, the UK represents a key partner with a clear position on the Russian aggression against Ukraine and the need to maintain the international isolation of the Kremlin. Thus, in the case of any turbulence regarding the international sanctions regime, the British continuity approach and leadership will be useful in maintaining the basic pillars of our response, and will guide the coalition of the willing in favour of Ukraine and against the Russian threat in the years to come. For Czechia, Poland or the Baltic and Nordic partners, the UK is an essential partner bringing in know-how as well as practical skills and competences in the area of sanctions implementation, which can inspire partners from the region. Thus, more exchange and practical work together, including between the sanctions implementation units, OTSI and OFSI on the UK side and FAU, relevant ministries and the Customs Administration on the Czech side, should be encouraged and politically supported to achieve more meaningful results.

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<sup>46</sup> The Office of Financial Sanctions Implementation (OFSI) which handles financial sanctions. The Office of Trade Sanctions Implementation (OTSI) oversees trade—and civil enforcement, including services and shipping-related measures.



## Association for International Affairs (AMO)

AMO is an NGO dedicated to research and education in the field of international relations. As a leading independent foreign policy think tank, AMO publishes analyses and provides a platform for informed discussion among actors in foreign, European, and security policy. It also explains current issues to the general public. Its mission is to improve Czech foreign policy and contribute to the creation of a world that respects the values of freedom, democracy, and sustainability.



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