

Russia Must Pay

For nearly two years, Ukraine has been defending itself from a full-scale Russian invasion rooted in aggression that began a decade ago in February 2014. Russia is employing scorched-earth tactics on the battlefield, systematically targeting Ukrainian infrastructure, economy, energy systems, and the environment, as well as cultural heritage, education, and healthcare on a daily basis. Since February 2022, Ukrainian law enforcement agencies have launched investigations into 116,411 war crimes and 15,803 crimes against national security. Within the first year of full-scale war alone, documented damages reached a staggering [USD 411 billion](#). Calculating the exact figure at the moment is challenging, but it involves colossal losses that continue to grow as the war rages on. This is a genocidal war with the underlying Russian aim either to fully subjugate Ukraine or destroy it.

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Ukraine's allies promise to continue supporting Ukraine's fight against the aggressor, but the initially flawed pledge of standing with Ukraine for ['as long as it takes'](#) has transformed into ['as long as we can'](#) instead of 'whatever it takes for the victory.' With elections looming in several of Ukraine's partner countries this year, including the US, there's a real risk of shortage or delay in aid.

Meanwhile, in its budget for 2024, Russia increased defense spending by almost 70%, putting its economy on a wartime footing and preparing for years of fighting



Olena Halushka
Guest Contributor

Olena Halushka is a co-founder of the "International Center for Ukrainian Victory" and a board member at the Ukrainian NGO "Anti-corruption Action Center". Earlier, she worked as a chief of international advocacy at the post-Maydan coalition of 80 CSOs "Reanimation Package of Reforms" (2015-2017). She advised the Member of Parliament of Ukraine (2012-2014). Olena has experience in local-level politics as she served as the Kyiv City Council member and deputy chair of the Council's Commission on Housing and Energy (2014-2015). Olena is a regular contributor to Ukrainian and Western media. She obtained a PhD in International Economics from the Kyiv National University in 2016.



in the protracted war. Russia successfully bypasses sanctions, bolstering its military capabilities, and, by some estimates, now receives even more [income](#) from oil exports than before the invasion of Ukraine.

The ongoing challenges with US aid make it clear that European leaders should take the lead in building a long-term sustainable strategy in 2024 to support a decisive Ukraine victory. Important pillars of such support will be doubling down on military aid, toughening sanctions, and, crucially, implementing the long overdue confiscation of Russian assets.

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During the first days of the full-scale war, Western countries froze approximately \$300 billion of the Russian Central Bank's assets (RCB assets). For now, these funds remain untouched. Initially, confiscating these funds was not considered, as Western powers leaned towards keeping this money immobilized till the end of the war. Since then, the horizon for freezing the assets has [morphed](#) into "until Russia pays for the damage it has caused to Ukraine." More recently, the question has evolved further: how to use this money for Ukraine at present?

Opponents of confiscation raise legal, economic, and political objections. Still,

this is clearly a political decision that cannot be answered theoretically without responding to another question: are there alternative sources to sustain long-term support for Ukraine in the protracted war that Russia is preparing for? If there are no other viable options, wouldn't a potential fall of a sovereign state to the imperialistic conquest bring more harm to the global order than confiscation of the aggressor's money? The decision should be made collectively by a coalition of G7 and EU countries.

The main legal barrier frequently named is that the confiscation would contradict the sovereign immunity of a foreign state's property. However, the language of existing international instruments directly envisages that the sovereign immunity concept relates only to court judgments and does not cover the treatment of one state's executive branch of another state.

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More than that, the confiscation of Russian assets fully aligns with international law, constituting a legitimate countermeasure under the [2001 UN Articles](#) on the Responsibility of States for Internationally Wrongful Acts. The freezing of RCB assets was also a countermeasure, even though it failed to stop the war. Therefore,

the measures can justly and logically be toughened and made commensurate with injuries suffered by Ukraine. In fact, even the full confiscation of USD 300 billion of RCB assets will not match the total damage inflicted on Ukraine. Furthermore, this countermeasure is reversible since Russia is obligated not only to cease the war but also to provide reparations. Consequently, the confiscated assets may be netted as the due payment of Russian reparations when the war ends.

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Confiscating Russian state assets could also be justified as a measure of collective self-defense under [Article 51](#) of the UN Charter, which recognizes the right of individual or collective self-defense if an armed attack occurs against the UN Member. Transferring the frozen Russian assets to Ukraine is crucial to redressing the imbalance between the Russian war machine and the Ukrainian effort to save the country and resist aggression. In the NATO 2022 Strategic Concept, Russia is already [named](#) as “the most significant and direct threat to Allies’ security.” If Ukraine lost the war, Russian aggression would become an imminent threat to EU countries and their transatlantic allies.

One of the most prominent yet false eco-

nomie arguments against confiscation is the myth that it could destroy Western financial systems by inciting major non-Western economies to diversify away from USD and Euro as reserve currencies. The fact is that there is no alternative to Western reserve currencies. According to IMF data for the second [quarter](#) of 2023, 89.2% of all reserves are held in USD, EUR, JPY, and GBP. If carried out by a joint coalition of the G7 and the EU, there is no need to worry about the risks of “de-dollarization” or “de-euroization.”

China has tried for over a decade to position the RMB (Chinese Yuan) as an alternative but failed. The main reasons are the country’s weaponization of the national currency in trade wars against the West and its inability to implement full convertibility. The full-scale Russian invasion of Ukraine made China’s position even more vulnerable despite the expectations of some that the reserves of third countries might flock to the Chinese currency after the freezing of Russian assets. Between 2010 and 2021, investors bought a net of USD 558 billion of Chinese bonds and [sold](#) USD 115 billion from February 2022 to March 2023. Without attractive reserve assets, RMB struggles to compete, and its share in the world’s reserves as of Q2 2023 [dropped](#) to 2.4%, down from 2.8% in Q2 2022.

Gold is not a feasible option either, as it is highly volatile, with short-term volatility

[reaching](#) 15-20%. Gold has high transaction costs and lacks quick and free convertibility into other currencies.

The concluding point on the risk of authoritarian regimes diversifying reserve currencies away from G7 countries is that the primary risk event has already occurred - the immobilization of assets. If any other state intended to respond to this, they had a two-year window to take action by now.

On the contrary, the confiscation of Russian assets can send a clear message to other countries: aggressive wars should not be started. For the trust of third countries in the West not to be shaken, it is necessary to work out clear legal mechanisms with which illegal Russian aggression can be assessed. On 16 March 2022, in the [case](#) concerning Allegations of Genocide under the Convention on the Prevention and Punishment of the Crime of Genocide (Ukraine v. Russian Federation), the International Court of Justice issued an order calling on Russia to suspend military operations immediately, something which it failed to do. On 14 November 2022, the UN General Assembly adopted [Resolution](#) ES-11/5, "Furtherance of remedy and reparation for aggression against Ukraine," in which it recognized that "the Russian Federation must be held to account for any violations of international law in or against Ukraine [...] and that it must bear the legal consequences of all of

its internationally wrongful acts, including making reparation for the injury, including any damage, caused by such acts." These legal decisions can also be used as grounds for confiscating Russian assets.

In 2014, Russia openly violated the 1994 Budapest Memorandum by attacking Ukraine, although it had an obligation to respect the independence and sovereignty of Ukraine in exchange for the latter giving up its nuclear arsenal. In the course of the war, Russia committed countless war crimes against civilians and prisoners of war. Moscow terrorized the world and Ukraine by threatening a potential nuclear disaster, weaponizing food, causing one of the world's largest environmental disasters through the destruction of the Kakhovka Dam, and making Ukraine the country most heavily contaminated by mines in the world. The gravity of Russian crimes is immense, and the bar Russia has crossed is exceptionally high.

In order to prevent confiscation from happening, the Russian government is [re-sorting](#) to its regular practice of blackmail and intimidation. Putin repeatedly established "red lines" and threats of "appropriate measures" if crossed. *Bild* journalists [highlight](#) that the West and Ukraine have already breached these lines without any effective response from Russia. Before the war, when only a select few countries provided Ukraine with light defensive weapons, Russia warned the West against

supplying weapons to Ukraine. However, Ukraine is now receiving substantial military support, including heavy weapons, long-range missiles, and modern air defense systems, and is expecting F-16 fighter jets. Russian “red lines” disappear as soon as they are crossed.

With regard to confiscation blackmail, Russia promised to take “symmetric measures” involving the confiscation of US and European assets in Russia. As is well known, Western countries do not keep their reserves in Russian banks, and so there are no substantial risks in this regard. The Russian government already began the de facto confiscation of the private assets of Western companies starting from the first days of its full-scale invasion of Ukraine. This decision was unrelated to the potential Western confiscation of the RCB assets. Moscow started with the restrictions on dividend payments from securities and ultimately progressed to gaining full control over market exits and asset sales, preventing their sale at fair and profitable prices. Numerous companies have fallen under the control of Putin’s allies, with some being effectively expropriated without any compensation being provided. For instance, [Fortum](#) (Finland), [Danone \(France\)](#), and [Carlsberg Group](#) (Denmark) were taken into what Russia calls “temporary management.”

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The delay of aid for Ukraine’s self-defense, macroeconomic stability, and recovery can have a detrimental impact on the nation’s ability to defend itself against the imperialistic conquest. The occupation of more Ukrainian lands would bring much more killings, ethnic cleansing, and violence. The atrocities the world was outraged to see in Bucha in spring 2022 would multiply hundreds or thousands of times. Ukraine’s defeat would force millions of new refugees to flee from genocide, putting a cosmic burden on the EU economy. Russian victory would trigger other wars across the globe, with dictators pursuing their foreign policy goals by force. Russian victory would be the victory of the Axis of Evil. This cannot be allowed.

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Sustainable peace in Europe will only be secured with Ukraine’s victory. The confiscation of Russian assets in favor of Ukraine is a viable option for not only ensuring stable funding but also for upholding justice. ■