

Transfer of frozen Russian assets to Ukraine

Adopted at the YEPP Council Meeting in Brno (24/11/2023)

Recognizing that:

- After the unprovoked full-scale invasion of Ukraine in February 2022, Russia caused a great number of losses to Ukrainian economy;
- The millions of Ukrainians were forced to leave the country and become refugees in different part of the world, which caused a disruption of the Ukrainian economy;
- The Russia Federation choose objects of infrastructures and means of communication as their main targets, which led to breakdowns in business activity on territory of Ukraine;
- In response to the Russia aggression the European Union decided to froze Russian assets on the territory of the Union;
- Russian authorities refused to pay reparations in any possible forms¹;
- The EU and Member States use their own budgets and funds to financially support Ukrainian government and Ukrainian refugees in European countries, instead of using Russian assets, which could ease financial pressure on Member States

Acknowledging that:

- The United Nations stated that in 2022 Ukrainian economy contracted by over 35%²;
- The Russian Federation could have hidden assets as much as \$1 trillion around the world³, those assets could be used to finance Russian war against Ukraine and for operations against democratic countries with aim of destabilization of political and security situation there by financing terroristic and radicle groups;
- In 2023 Ukrainian economy by the UN estimations grew only on 4,6%⁴;
- The Russian invasion had drastic influence on metal industry of Ukraine, which lead to lose of 70,7% of production in comparison with 2021⁵;

¹ Press release on the International Court of Justice finding no discrimination against Crimean Tatars and Ukrainians in Russia and completely rejecting Ukraine's reparations claims. 31.01.2024
https://mid.ru/en/foreign_policy/news/1928849/

² World Economic Situation and Prospects 2023. 25.01.2023

<https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2023/>

³ Russian Assets: Your money or your life? 15.01.2024 <https://voxukraine.org/en/russian-assets-your-money-or-your-life>

⁴ World Economic Situation and Prospects 2024. 04.01.2024.

<https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2024/>

⁵ December 2022 crude steel production and 2022 global crude steel production totals. 31.01.2023

<https://worldsteel.org/media-centre/press-releases/2023/december-2022-crude-steel-production-and-2022-global-totals/>

- It is estimated that around 17,6 million were in need of humanitarian assistance and 5,1 million Ukrainians are internally displaced⁶, which create additional pressure on Ukraine's budget;
- Nearly 30% of Ukrainian territory is mined, which cause a great problem for Ukrainian farmers and civilians⁷.
- The ongoing war takes place at 36% of territory, which was used to raise crops in pre-war period⁸;
- According to surveys 44% of the small households (growers) stressed catastrophic rise of cost of production⁹;
- United Nations High Commissioner for Refugees estimate that 5 974 800 Ukrainian left the country and became refugees in European countries¹⁰, which would have long term effect on Ukrainian economy in the future;
- The Russian attacks on civilian energy facilities in September 2022-March 2023 lead to damage of 50% of the energetic infrastructures¹¹ of Ukraine;
- During summer attacks of 2023 on Ukrainian Black Sea ports the Russian Federation destroyed 105 objects of port infrastructures¹²;
- The calculated damages to Ukraine's infrastructure and economy caused by Russia's aggression had reached \$416 billion, as was calculated in Summer of 2023¹³
- G7 and the EU are discussing a plane to use more than \$250 billion in frozen Russian central bank assets as collateral with purpose of helping Ukraine's reconstruction¹⁴

YEPP calls on:

- The EU and Member States to design an international compensation mechanism which would enable possibility of transferring frozen Russian assets to Ukrainian government with aim of restoration and rebuilding Ukraine;

⁶ Support for the reconstruction of Ukraine. 25.01.2024 <https://rm.coe.int/version-prov-support-for-the-reconstruction-of-ukraine/1680ae5503>:

⁷ One-third of Ukraine's territory, an area twice the size of Austria, is mined 18.11.2022. <https://www.pravda.com.ua/eng/news/2022/11/18/7376983/>

⁸ Ukraine's agriculture and farmland market: the impact of war 02.05.2023 <https://voxukraine.org/en/ukraines-agriculture-and-farmland-market-the-impact-of-war>

⁹ Ukraine: Impact of the war on agriculture and rural livelihoods in Ukraine <https://www.fao.org/documents/card/en/c/cc3311en>

¹⁰ Ukraine Refugee Situation <https://data.unhcr.org/en/situations/ukraine>

¹¹ 50% of Ukraine's energy infrastructure has been damaged – russia must be held accountable, says German Galushchenko 04.03.2023 <https://www.kmu.gov.ua/news/poshkodzeni-50-enerhetychnoi-infrastruktury-ukrainy-rosiia-maie-vidpovisty-za-tse-herman-halushchenko>

¹² Атаки Росії на українські порти пошкодили 105 об'єктів інфраструктури 13.09.2023 <https://www.ukrinform.ua/rubric-economy/3760882-ataki-rosii-na-ukrainski-porti-poskodili-105-obektiv-infrastrukturi.html>

¹³ Support for the reconstruction of Ukraine. 25.01.2024 <https://rm.coe.int/version-prov-support-for-the-reconstruction-of-ukraine/1680ae5503>:

¹⁴ G-7 Eye Russian Assets as Collateral to Raise Funds for Ukraine. 04.02.2024 https://www.bloomberg.com/news/articles/2024-02-04/g-7-eye-russian-assets-as-collateral-to-raise-funds-for-ukraine?utm_campaign=socialflow-organic&cmpid=socialflow-twitter-business&utm_medium=social&utm_source=twitter&utm_content=business

- The EU and Member States holding Russian sanctioned assets to actively cooperate in transferring these frozen assets to such a mechanism;
- The EU and Member States to create supervisory board of the international trust fund, which would consist of representatives from the EU and Ukraine, with responsibilities to allocate funds for the reconstruction projects in Ukraine and other entities affected by the aggression;
- The EU and Member States to continue searches of hidden Russian assets in Member States.
- The Court of Justice of the European Union (CJEU) to undertake a diligent legal examination of the proposed expropriation in accordance with e.g., Protocol to the European Convention on Human Rights, Article 1;
- Member States to offer vigorous support to Ukraine, not merely aiming to avoid defeat but actively contributing to its victory. This entails going beyond minimal efforts and demonstrating unwavering solidarity with Ukraine in its pursuit of justice and security.