

Forget half-measures, G7 must confiscate frozen Russian assets

An open letter to the leaders of the G7

G7 leaders are expected to make a decision at their next meeting on whether – and how – to seize the nearly €300 billion in Russian state assets frozen in western countries since February 2022. We, as chairs and parliamentarians of our respective parliamentary foreign and European affairs committees, collectively urge G7 leaders to explore all legal avenues to support Ukraine, starting with the creation of multilateral or bilateral loan facilities backed by the windfall profits generated by the frozen Russian assets. However, this should only be considered as a first step – not a final decision. The ultimate objective must be to fully confiscate all Russian assets and transfer them to Ukraine, ensuring that this process adheres to international law.

Russia's war of aggression has already done almost €500 billion in damage to Ukraine's infrastructure – and that amount grows daily. At least €3 billion a month in outside financial assistance is required just to prevent a collapse of Ukraine's economy. Against numbers like these, confiscating €3 billion in annual windfall profits on Russia's frozen assets simply is not a sufficient response to the challenge Russia has issued to Ukraine and its friends in the democratic world. Moreover, a multilateral or bilateral loan facility backed by windfall profits generated by the frozen Russian assets is estimated to only provide around €40-50 billion to Ukraine. We see these proposals as a first step – not an alternative – to confiscating the nearly €300 billion.

We need to step up our assistance to help Ukraine win this war – both for Ukraine's democratic European future and for our own security. To do that, we need to be prepared to take big, bold decisions proportionate to the historical significance of our times. Our decision here will set a precedent either way. If we confiscate the entire €300 billion in accordance with international law, we affirm the legal right to take countermeasures when a state like Russia grossly violates international law with its aggression.

Confiscating the full amount will signal our resolve to both Putin and other authoritarians who may seek to attack their neighbours – that such aggression has severe financial consequences. Leading economists who support full confiscation point out that most market impacts were already priced in at the time these assets were originally frozen two years ago – and that seizure in response to aggression would be too rare an occurrence to have major currency impacts. Western countries also host a large majority of the world's central bank reserves, with no viable alternative.

Confiscating the full €300 billion is a legal countermeasure under international law, economically feasible, and strategically imperative. If we choose not to do it, we will signal to Putin and other authoritarians that we are afraid to act decisively. With Putin preparing to test NATO and China watching us for clues on how we might react to aggression in the Pacific, now is the time to demonstrate our full resolve. To do this, we urge the G7 to dispense with half-measures and to take the only step that will have the required impact – confiscation of all €300 billion in frozen Russian central bank assets.

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