

CFS



Centre for
Finance & Security

**Sanctions and Illicit Finance Monitoring and
Analysis Network (SIFMANet)**


SIFMANet - 2025 Recommendations

A Sanctions Strategy for Europe

SIFMANet

Sanctions and Illicit Finance
Monitoring and Analysis
Network





As the third anniversary of Russia's full-scale invasion of Ukraine approaches, the first phase of the sanctions response has run its course. The tempo of packages has declined and the hard work of ensuring effective implementation – and punishing those that facilitate evasion – must advance.

The geopolitical landscape has also changed. The nexus between Russia, North Korea, Iran and China is strengthening; and many countries in the sanctions coalition have new leaders – some of whom have very different attitudes to sanctions. The change of President in the US may also affect the transatlantic status quo.

Inconsistencies in implementation and enforcement remain, and these must still be addressed, but it is also time to take Europe's sanctions effort and capability to the next level by strengthening standalone capacity and developing stronger partnerships with likeminded third countries.

Against this background, SIFMANet offers its third set of sanctions recommendations, which will drive our work in 2025, shaped to reflect this changing background whilst ensuring that the international security role sanctions are intended to play for Europe is cemented and strengthened, whether against Russia or other threats.



Six Steps for Success

1 Get Serious on Enforcement



Whilst new sanctions targets should be identified as Russia's circumvention activity continues, this should not eclipse ensuring existing regimes are fully implemented and failures – whether intentional or not – are punished and publicised.

2 Embed an Intelligence-led Approach



Provide Better Intelligence to Customs and Enforcement Agencies: Develop secure, technology-based platforms for intergovernmental and cross-border customs and financial data sharing, to expedite the identification of illicit transactions and enhance capacities for investigations.



Provide Better Intelligence to the Private Sector: If sanctions are to be a core pillar of Europe's security, the private sector – as key implementers – must be given the necessary information to act effectively. Europe should establish a sanctions intelligence hub that informs – and thus enhances – private sector implementation.



Publicise Enforcement Action: The EU's 14th package requires the sharing of enforcement information between member states and the Commission. This information should be publicised in order to provide learning to the private sector.



Leverage Investigative Journalism: With little intelligence coming to the private sector from governments, investigative journalism is invaluable. A fusion and analysis hub of investigative reporting should be established.



Six Steps for Success

3 Focus on Achilles' Heels



Don't Treat Corporates as Banks: Sanctions engagement with the private sector, in the main, still views the community through a banking lens. Banks have 15-20 years of experience of sanctions implementation; most corporates are new to the topic. Engagement needs to be tailored accordingly.

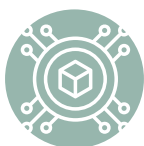


Strengthen Maritime Sanctions Enforcement: In line with the need for greater intelligence sharing, a Europe-wide maritime sanctions evasion tracking system should be developed using AIS and other information system, and the private sector (insurance, ship brokers, owners and other industry participants) should be empowered to identify and disrupt shadow fleet/oil price cap evasion targets. Non-compliance should be publicly punished. Governments should work with the shipping industry to avoid wholesale derisking and expand legitimate use of G7 shipping services.

4 Anticipate New Developments



Evasion Through Virtual Assets is Accelerating: Europe should develop a dedicated virtual asset (VA) public-private partnership on sanctions evasion to bring together blockchain analytics providers, VA exchanges, financial institutions and EU/national competent authorities to boost understanding of and responses to VA-based sanctions evasion.



Monitor Development of New Payment Systems: New payment systems are central to the development of sanctions evasion. Europe's sanctions strategy should address the use of these systems by entities seeking access to the UK or single market.

Six Steps for Success

5 Develop a Sanctions Strategic Communications Cell



A More Nuanced Understanding of Third Countries is Required:

Third countries' perspectives on sanctions vary. Understanding and responding to the drivers of decision-making – including economic security and historic trade ties and political alignment – is key.



Mitigate Financial Sector De-Risking: The international banking community is under intense pressure from G7 capitals to act as the global sanctions enforcer. This will inevitably lead to detrimental de-risking, resulting in geopolitical recriminations, unless policymakers heighten their engagement.

6 Create Channels for Sanctions Collaboration with Third Countries' Private Sectors



Engage with third country private sector who are more sensitive to sanctions risk than their governments. Promote information-sharing to highlight sanctions evasion risks – and consequences – to support private sector compliance within these jurisdictions.