

Submission to the European Parliament and European Commission on the issue of sanctions circumvention



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This submission contains the following information:

- Overview of Russia's economic ability to wage war: Russia has the economic capability to wage its war for at least 10 years (pages 2-3).
- Overview of Russian and Ukrainian military budgets: Russia's military budget is three times larger than Ukraine's, and in these circumstances, it will be extremely difficult for Ukraine to win without additional measures (page 3).
- Examples of Kazakhstan and Kyrgyzstan's assistance to Russia in circumventing sanctions: supplies of gunpowder, electric detonators, microcircuits, armoured vehicle components (pages 4-6).
- Two new global challenges for Ukraine and the West: Russia's military alliance, the Collective Security Treaty Organisation (CSTO), and a new axis of evil – long-term projects that provide Russia with the resources for a perennial war (pages 6-8).
- Solutions to help Ukraine win faster: existing secondary sanctions are not working, so smart sanctions are needed against the political leadership and oligarchs of Kazakhstan, Kyrgyzstan, the CSTO military alliance and the Eurasian Economic Union. Military aid to Ukraine also has to be increased according to its needs (pages 8-10).
- List of individuals and entities recommended for inclusion in the sanctions list for assisting Russia (pages 10-11), and rationale for the inclusion in the sanctions list (pages 11-14).

Overview of Russia's economic ability to wage war

Following the introduction of several sanctions packages in the spring of 2022, the World Bank predicted that Russia's economy would contract by 11.2%.¹ However, at the end of 2022, as estimated by the World Bank and the International Monetary Fund, Russia's GDP declined by only 2.1%.² As of April 2023, the International Monetary Fund (IMF) expects Russia's economy to grow by 0.7%, while the World Bank predicts Russia's GDP to drop by 0.2%. In 2024, the IMF expects Russia's economy to grow by 1.3%.³ By comparison, in October 2022 the IMF estimated that the Russian economy would shrink by 2.3% in 2023 and in January 2023 the forecast was +0.3%. The Russian economy is thus showing resilience in the face of massive sanctions from democratic countries. While Ukraine's economy shrank by almost 30.3% in 2022 – and that includes financial assistance from the West.⁴

¹ <https://documents1.worldbank.org/curated/en/099053504222211133/pdf/IDU0c72f82f302430046a80b0400a3effeb3e549.pdf>

² <https://www.consilium.europa.eu/en/infographics/impact-sanctions-russian-economy/#:~:text=The%20chart%20shows%20that%2C%20in,IMF%20forecasts%20growth%20by%200.3%25>

³ <https://www.imf.org/en/Countries/RUS>

⁴ <https://www.rbc.ua/ukr/news/minekonomiki-nazvali-tsifru-padinnya-vvp-1681123480.html#:~:text=%D0%9F%D0%BE%20%D0%BE%D1%86%D0%B5%D0%BD%D0%BA%D0%B0%D0%BC%20%D0%9C%D0%92%D0%A4%2C%20%D0%B2%202022,%D1%80%D0%BE%D1%81%D1%82%D0%B0%20%D0%BD%D0%B0%201%2C0%25>

In January-May 2023, the Russian Ministry of Finance reported that oil and gas revenues were reduced by 50% compared to the same period in 2022, while the budget deficit was almost USD 40 billion (more than the USD 35 billion planned for 2023).⁵ However, these figures should not mislead readers. Even assuming a budget deficit of USD 60-80 billion at the end of 2023, **Russia will have enough economic capacity to wage its war for at least 10 years:**

- Bloomberg experts estimate that in 2022, Russia retained about **USD 80 billion in "shadow reserves" abroad** from raw material exports.⁶ Russian journalists analyzed data from Russia's Federal Customs Service and found that energy exports in 2022 amounted to USD 383.7 billion, which is 43 % more than in 2021.⁷
- Russia's international reserves reached USD 586.9 billion as of 23 June 2023. In March 2022, the Russian Ministry of Finance reported that Western countries had seized about USD 300 billion of Russia's reserves out of a total of USD 640 billion.⁸ Consequently, **Russia still has about USD 300 billion of unseized assets.**
- According to a report by the Central Bank of Russia, individuals and entities had **about USD 1 trillion in deposits** with Russian banks at the end of 2022.⁹ The state could borrow some of these funds by issuing securities.

Thus, even with a budget deficit of USD 60-80 billion a year, Russia has sufficient financial resources to wage its war for at least 10 years. These calculations do not take into account the further projected growth of Russia's economy.

Speaking on Ukraine's channel 24 and on the channel of Russian public figure and lawyer Mark Feygin, opposition politician and former Minister of Energy, Trade and Economy of Kazakhstan Mukhtar Ablyazov presented an updated analysis of Russia's economic ability to wage the war, previously voiced together with experts engaged by the Open Dialogue Foundation.^{10, 11}

Overview of Russian and Ukrainian military budgets

The Stockholm International Peace Research Institute estimates that in 2022 Russia spent about USD 86.4 billion on military expenditures, while Ukraine spent USD 44 billion.¹² A twofold difference. In 2023, Janis Kluge, an expert at the German Institute for International Security Studies, estimates that Russia spends about USD 9.4 billion a month on military expenditures.¹³ Over a year, the amount is more than USD 110 billion. While the expenditures of Ukraine are three times less – about USD 3 billion a month, reported the Minister of Finance of Ukraine.¹⁴ For 2023, this amount will be around USD 40 billion. Consequently, in 2023 the difference in military budgets has become even larger, although Ukraine needs to carry out more large-scale and costly counter-offensive operations to liberate its territories. An important aspect of comparing the military budgets of the two countries is

⁵ https://minfin.gov.ru/ru/press-center/?id_4=38518-predvaritelnaya_otsenka_ispolneniya_federalnogo_byudzhetna_za_yanvar-mai_2023_goda

⁶ <https://www.bloomberg.com/news/articles/2023-03-14/russia-built-80-billion-offshore-cash-pile-in-year-of-sanctions#xj4y7vzkg>

⁷ <https://www.currenttime.tv/a/rossiya-neft-dohody/32316574.html>

⁸ <https://www.rbc.ru/economics/13/03/2022/622dd6ee9a7947081b63341c>

⁹ https://cbr.ru/Collection/Collection/File/43816/analytical_review_bs-2022.pdf

¹⁰ <https://www.youtube.com/watch?v=iW8AdSiRCEg&t=1869s>

¹¹ <https://www.youtube.com/watch?v=lhwAtZbpWc&t=2s>

¹² <https://www.dw.com/ru/sipri-v-evrope-proizosel-samyj-rezkij-v-mire-rost-voennyh-rashodov/a-65383664>

¹³ <https://www.moscowtimes.ru/2023/05/16/rossiya-tratit-na-voynu-bolshe-30-milliardov-rublei-v-den-a43050>

¹⁴ <https://www.rbc.ua/ukr/news/marchenko-nazvav-misyachnu-sumu-vidatkiv-1680079699.html>

that Russia covers its costs by running its own economy, while Ukraine relies almost entirely on direct financial and military aid from democratic countries.

Sanctions circumvention is a big challenge for Ukraine and the West, but it has a very simple and effective solution

Despite extensive Western sanctions on Russia, the Russian economy continues to generate the resources needed to wage war. Russia's projected GDP growth indicates that the existing sanctions, as well as measures against sanctions circumvention, are not achieving the desired effect. This has a direct impact on Russia's military capabilities. For example, in December 2022 the Ukrainian military reported that Russia is capable of producing about 40 missiles per month, and in May 2023 the figure was already 65 missiles per month.^{15, 16} And this is not the limit.

Kazakhstan, and more specifically President Tokayev and his entourage, are the key supporters of Russia in circumventing the sanctions. Their help includes the supply of sanctioned goods worth billions of dollars, access to international financial transactions (Visa, Mastercard), funding of a war worth billions of dollars, preventive rescue of assets of *Rosatom*, *Eurasian Development Bank*, *Polymetal* from potential sanctions and much more – read more in the reports (links in the footnotes).^{17, 18, 19, 20}

The Kazakhstani and Kyrgyz authorities have also abused interstate cooperation mechanisms to lobby for the lifting of anti-Russian sanctions. To achieve this goal, the presidents of Kazakhstan and Kyrgyzstan use state agencies and companies:

- In July 2022, the US Department of Treasury lifted sanctions imposed on *Alfa-Bank Kazakhstan*.²¹ In March 2023, the US Department of Treasury lifted sanctions imposed on *Sberbank Kazakhstan*.²² The lifting of the anti-Russian sanctions was made possible by lobbying efforts on the part of the National Bank, the Agency for Regulation and Development of the Financial Market, the Ministry of Foreign Affairs of Kazakhstan, and national management holding *Baiterek* at the behest of Tokayev.
- In May 2023, Kazakhstan's Finance Minister Yerulan Zhamaubayev said that the Kazakhstani authorities are persuading the EU to unblock USD 700 million in the *Eurasian Development Bank*.²³ *The Eurasian Development Bank* is the key investment bank of the Eurasian Economic Union (EEU) and finances projects that contribute to the stable development of the economies of EEU member states, including Russia.
- In June 2023, three Kyrgyz government ministers travelled to Brussels to persuade EU officials to unblock funds from the Russia-Kyrgyz Development Fund.²⁴ The Fund was established in 2014

¹⁵ <https://hromadske.ua/ru/posts/rossiya-ezhemesyachno-proizvodit-okolo-40-novyh-raket-ukrainskaya-voennaya-razvedka>

¹⁶ <https://focus.ua/voennoye-novosti/567766-novost-nepriyatnaya-rossiya-uvelichila-proizvodstvo-raket-na-40-ekspert-video>

¹⁷ <https://en.odfoundation.eu/a/494919,kremlins-secret-ally-how-tokayev-is-helping-putin-circumvent-sanctions/>

¹⁸ <https://en.odfoundation.eu/a/508247,the-secret-of-tokayev-and-putin-how-to-circumvent-the-oil-embargo/>

¹⁹ <https://en.odfoundation.eu/a/570712,everything-for-the-front-everything-for-victory-how-tokayev-helps-putin-while-fooling-ukraine-and-the-west/>

²⁰ <https://en.odfoundation.eu/a/624385,the-beneficiaries-of-russias-war-against-ukraine-how-the-nazarbayev-tokayev-regime-is-helping-putin/>

²¹ <https://ofac.treasury.gov/recent-actions/20220714>

²² <https://ofac.treasury.gov/recent-actions/20230308>

²³ https://tengrinews.kz/kazakhstan_news/zamorozku-rossiyskoy-doli-v-eabr-prokommentiroval-jamaubaev-500497/

²⁴ <https://economist.kg/vlast/2023/06/22/aktivy-rkfr-v-ies-zamorozhieny-srazu-tri-ministra-vylieteli-v-briussiel-na-pierieghovory/>

and has supported Kyrgyz entrepreneurs. However, there are concerns that the Fund could also be used to buy shares in Russian oil companies and support the Russian economy.

Tokayev and Zhaparov's assistance to Russia has a direct positive impact on Russia: support for the Russian economy and military-industrial complex, support for Russian citizens such as access to goods, services. But for Ukraine it has a direct negative impact – the prospect of a long-term destructive war. And in the short term, it creates difficulties for the Ukrainian counter-offensive. Ukrainians themselves acknowledge that the counteroffensive is difficult and that Russia has prepared well for it.²⁵ Bypassing the sanctions plays an important role in this, as Russia's military-industrial complex not only continues to produce weapons, but is increasing its production.

Kyrgyz President Sadyr Zhaparov and his entourage also provide significant assistance to Russia in circumventing sanctions. Below are examples of sanctioned goods supplied to Russia from Kazakhstan and Kyrgyzstan.²⁶

Kazakhstan:

1. In 2022, Kazakhstan exported **11.5 tonnes of gunpowder** worth USD 437,000 to Russia, although it did not make any shipments in 2021. At the same time, in 2022, Kazakhstan imported 17.8 tonnes of gunpowder from France. From 11.5 tonnes of gunpowder, **3.5 billion 7.62×54mm bullets** can be produced. Meanwhile, European officials reported in March 2023 that the EU has a shortage of explosives for Ukraine's ammunition production.²⁷ For Kazakhstan, which supplies French gunpowder to Russia, there is gunpowder, but for Ukraine there is none?
2. Supplies of **bearings used in the production of armoured vehicles** in 2022 exceeded USD 111 million, **almost twice** the amount in 2021.
3. The sum of exports of **integrated circuits** from Kazakhstan to Russia exceeded USD 18 million, **74 times** the amount of exports for 2021.

The Kazakhstani authorities abuse the Enhanced Partnership and Cooperation Agreement (EPCA) with the European Union by gaining advantages for the free purchase of sanctioned goods for subsequent delivery to Russia.

Kyrgyzstan:

1. Kyrgyzstan exported **115,920 electric detonators** to Russia in 2022, although it did not make any shipments in 2021. Electric detonators are used in the production of **anti-personnel and antitank mines**, which pose a problem for the Ukrainian counter-offensive. For its part, Kyrgyzstan imported 193,536 electric detonators from Canada in 2022. That is, Kyrgyzstan was exporting Canadian-made electric detonators to Russia.
2. Shipments of integrated circuits from Kyrgyzstan to Russia in 2022 amounted to USD 612,800, **104 times more** than in 2021.

²⁵ <https://www.bbc.com/russian/articles/c80d94yyrrgo>

²⁶ Source: official statistics of foreign trade of Kazakhstan and Kyrgyzstan with Russia

²⁷ <https://www.ft.com/content/ae0e1a1-c464-4af9-a1c8-73fcbc46ed17>

More information on shipments of sanctioned goods can be found in the Foundation's reports at the links in the footnotes.^{28, 29}

Despite promises to "comply with sanctions", Tokayev continues to ship sanctioned goods to Russia in 2023:

- In January-April 2023, the amount of microchips shipped to Russia was 36 times higher than in the whole of 2021.

The president of Kyrgyzstan supplied Russia with integrated circuits worth almost USD 5 million in January-April 2023 alone, **845 times more than in all of 2021**, or 8 times more than in all of 2022. In both Kazakhstan and Kyrgyzstan, the countries' leaderships are only increasing the supply of sanctioned goods to Russia, widening the "gaps" in the sanctions regime.

In authoritarian countries like Kazakhstan and Kyrgyzstan, only the political leadership and their entourage have the power to ship sanctioned goods to Russia:

- The Customs Service allows such goods to be supplied under orders from the presidents.
- The main banks that conduct financial transactions on trade deals belong to Tokayev and Zhaparov's entourage. The banks provide access to *Visa* and *Mastercard* to Russians in violation of sanctions, with Tokayev and Zhaparov's permission, otherwise the national banks of Kazakhstan and Kyrgyzstan would have long ago penalised such banks for helping Russians. In the case of Kazakhstan, government agencies are acting as lobbyists in the US and have succeeded in getting sanctions lifted from Russian banks (*Sberbank*, *Alfa-Bank*) in Kazakhstan.
- The country's main financial resources for purchasing large quantities of sanctioned goods belong to the political leadership and their entourage.
- Railway companies transporting sanctioned goods are owned by the state.

But there are two greater challenges for Ukraine and the West:

1. Russian military alliance, Collective Security Treaty Organisation (CSTO)

The Collective Security Treaty Organisation (CSTO) is a military alliance of Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan. Since 1 January 2023, Imangali Tasmagambetov, Kazakhstan's former prime minister, former Minister of Defence and longtime aide to former President Nursultan Nazarbayev, has been Secretary General of the CSTO. On 28 February 2023 at a meeting with Russian Minister of Trade and Industry Denis Manturov, Imangali Tasmagambetov, on behalf of Nazarbayev and Tokayev, proposed that Russia organise joint arms production and repair within the CSTO member states due to "the geopolitical situation and increasing tensions".³⁰ Kazakhstan is the only country within the CSTO that is not under sanctions and has the infrastructure and significant financial resources to produce and repair weapons, and is able to freely import Western-made electronic components.

²⁸ <https://en.odfoundation.eu/a/624385,the-beneficiaries-of-russias-war-against-ukraine-how-the-nazarbayev-tokayev-regime-is-helping-putin/>

²⁹ <https://en.odfoundation.eu/a/627027,russias-accomplices-in-the-war-against-ukraine-kazakhstan-and-kyrgyzstan-the-russian-armys-reliable-rear/>

³⁰ https://odkb-csto.org/news/news_odkb/generalnyy-sekretar-odkb-imangali-tasmagambetov-vstretilsya-s-zamestitelem-predsedatelya-pravitelstv/?ysclid=leokr4rqy7996701643#loaded

In addition, it is important to consider the high probability that the CSTO might be involved in a war against Ukraine:

- First, Russia has constitutionally recognised Ukraine's seized territories as its own, allowing the CSTO to be used for "protection against a Ukrainian counter-attack". This does not require a UN mandate, just a formal reference to the CSTO charter, apart from the fact that Putin does not need legal justification or UN permission to use the CSTO.
- Secondly, in late May 2023, Russian MP Sergey Mironov, voicing the Kremlin's position, called for an interstate solution to the issue of prosecutions for "mercenarism" in Kazakhstan, Kyrgyzstan and Uzbekistan for the involvement of their citizens in the war against Ukraine.³¹
- Third, on 31 May 2023, Kazakhstan's lower house of parliament ratified agreements with the CSTO that introduce the concept of a "coordinating state" (within the CSTO this can only be Russia) and define the manner in which CSTO "peacekeeping" troops are to be deployed.³² And while the Kazakhstani authorities state that CSTO peacekeeping troops can only be used under a UN agreement, it is clear that Putin, who does not respect international law, can also use CSTO troops in a war against Ukraine to increase escalation and force Ukraine to accept "new territorial realities".

Our experts estimate that Russia could recruit at least 500,000 people in Central Asia, paying them USD 3,000 a month, since the main population of Central Asia is poor.

2. The axis of evil — Russia, Iran, China and Central Asia.

Similar to the Triple Alliance in the World War II, the new axis of evil poses a global challenge to Ukraine and all democratic countries. Putin has launched the biggest war in Europe since World War II. Iran is supplying drones and munitions to Russia.³³ China has ramped up its energy imports from Russia, helping the Russian economy.³⁴ Central Asian countries are a back door for circumventing sanctions. In the new axis of evil, Kazakhstan and the whole of Central Asia play a key role due to their geographical location: goods from China go to Russia, including through Kazakhstan, and goods, gas and oil exports to China from Russia also go through Kazakhstan.

Putin and Tokayev are building the infrastructure to circumvent sanctions and reorient and expand Russian exports to Iran, China, Pakistan, India and Southeast Asia in the long term. In this way, Russia will reduce its dependence on the West, increase exports to new markets and gain the necessary resources to fight a perennial war. Such a strategy by Putin is reflected and supported in Tokayev's statement at the Eurasian Economic Union (Russia, Kazakhstan, Belarus, Kyrgyzstan and Armenia) summit in Moscow on 25 May 2023.³⁵ Tokayev stated that Kazakhstan would act as a reliable logistical hub for the Eurasian Economic Union (EEU), and proposed Kazakhstan as the centre for the EEU industrial cooperation. In fact, he proposed organising in Kazakhstan the production of industrial goods that Russia is currently forced to import to circumvent sanctions.

³¹ https://24.kg/obschestvo/267164_serгей_mironov_vozmutilsya_chno_migrantov_nakazyvayut_zachastie_vvoynе_vukraine/

³² <https://www.zakon.kz/6395312-mazhilis-ratifikatsiroval-izmeneniya-v-soglashenie-o-mirotvorcheskoy-deyatelnosti-stran-odkb.html>

³³ <https://news.sky.com/story/irans-alleged-ammunition-for-russias-war-in-ukraine-the-secret-journey-of-the-cargo-ships-accused-of-supplying-invasion-12828039>

³⁴ <https://www.forbes.ru/biznes/486911-rossia-perenapravila-neft-v-kitaj-i-indiu-dostatocno-li-etih-dvuh-rynkov>

³⁵ <https://www.akorda.kz/ru/prezident-kazahstana-prinyal-uchastie-v-zasedanii-vysshego-evraziyskogo-ekonomicheskogo-soveta-254528>

Tokayev also welcomed Russia's intentions to form transport and logistics corridors in the direction of China, India, Pakistan, Iran, the Middle East and Southeast Asia. Tokayev supports Russia in this direction, as Kazakhstan participates in new transport routes: "North-South" trade corridor via the Caspian Sea from Russia to Iran, railway routes from Russia through Kazakhstan to China, Iran.

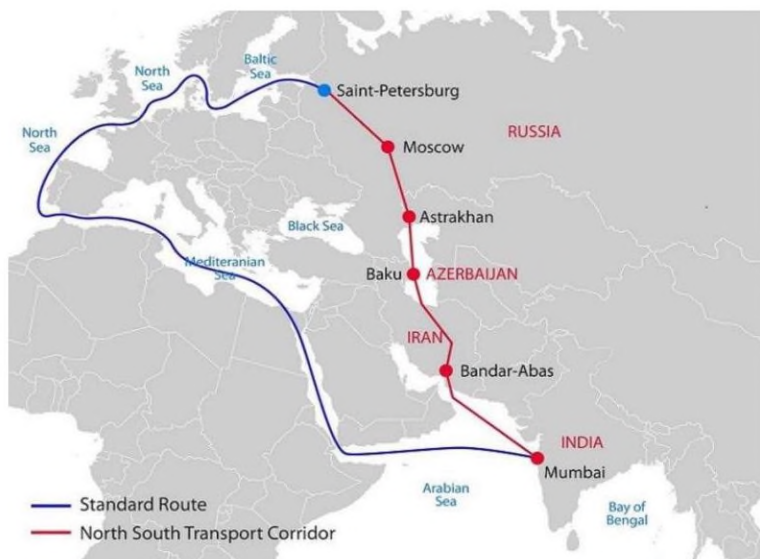
Russia is also working on projects to develop gas transportation routes towards China via Kazakhstan, into Central Asia, Iran with access to the Persian Gulf and the Indian market.^{36, 37, 38} In the medium to long term, 5-10 years, Russia will redirect its oil, gas and other exports to new markets, which will generate enough resources to wage its war against Ukraine. And for the next 10 years, before these projects are implemented as described above, Russia has the economic capacity to finance the war.

This is not an apocalyptic future. It is a quite real scenario. However, there are simple and effective solutions that will speed up Ukraine's victory and prevent the scenario described above from happening.

How smart sanctions will help Ukraine

Existing sanctions are not having the desired effect, partly due to the enormous help in circumventing the sanctions provided by third countries. And Central Asia, namely Kazakhstan and Kyrgyzstan, are

key supporters as members of the EEU and the CSTO. Although, secondary sanctions by the West are ineffective.



1. Sanctions against shell companies

In April 2023, the U.S. imposed sanctions on an Uzbek company, *Alfa Beta Creative*.³⁹ Oleg Grablin is the nominal owner of this company. In June 2022, another of Oleg Grablin's companies, *Promcomplektlogistic*, came under U.S. sanctions.⁴⁰ This did not result in a

disruption of the supply of sanctioned goods from Uzbekistan to Russia. The authorities of Uzbekistan, Kazakhstan or other authoritarian countries can set up thousands of shell companies. It is useless to impose sanctions against them. On 1 July 2023, President Zelensky imposed sanctions against two companies from Kazakhstan, but this would not have any effect on the continued supply of sanctioned goods from Kazakhstan to Russia, as a million such companies could be created.⁴¹

³⁶ <https://eodaily.com/ru/news/2023/06/28/42-mlrd-gazprom-predstavit-gazifikaciyu-kazahstana-s-vyhomom-v-kitay>

³⁷ <https://www.currenttime.tv/a/uzbekistan-rossiya-gaz/32465602.html>

³⁸ <https://www.kommersant.ru/doc/6029314>

³⁹ <https://www.federalregister.gov/documents/2023/04/17/2023-07840/additions-and-revisions-of-entities-to-the-entity-list>

⁴⁰ <https://uz.kursiv.media/2022-06-29/kompaniya-iz-uzbekistana-popala-pod-sankcii-ssha/>

⁴¹ <https://rus.azattyq.org/a/32485005.html>

2. Ban on transit of sanctioned goods through Russia

The EU's 11th sanctions package includes a transit ban on high-tech goods through Russia (and these goods transit through Russia to Kazakhstan and other Central Asian countries). But Kazakhstan and Kyrgyzstan can bring, for instance, semiconductors from Europe or the United States by plane directly to Kazakhstan and Kyrgyzstan and then deliver them using trucks to Russia. In addition, Kazakhstan and Kyrgyzstan purchase a significant portion of sanctioned goods, including microchips, semiconductors from South Korea, Japan, China, Taiwan, Malaysia, Vietnam and other countries. Therefore, a transit ban is not effective. For the same reason, the EU and the US export controls on Kazakhstan and Kyrgyzstan will not prove effective.

With their promises to "comply with sanctions", Tokayev and his representatives are buying time to further help Russia circumvent sanctions, as the US and the EU are not imposing personal sanctions on them for helping Russia. With European MPs leaving to prepare for the upcoming elections, decisions on sanctions could slow down, further widening the gaps in the sanctions regime.

Recommendations

1. The only effective tool is **smart sanctions** adopted against the political leadership, including presidents and oligarchs, Russia's main accomplices in circumventing sanctions — Kazakhstan and Kyrgyzstan (list below). This would paralyse their ability to help Russia circumvent sanctions:

- This would freeze the assets they hold in the West and put them at risk of losing them altogether. The assets they have were acquired illegally during their long years in power. This is a personal strike against them.
- The executors of their orders to help circumvent sanctions will be frightened and afraid to follow orders — even verbal ones — to help Russia circumvent sanctions.
- They will be restricted in their financial capacity to carry out import and export procedures on sanctioned goods.

Consequently, this will reduce Russia's economic and military capabilities. And this, in turn, will have a direct positive impact on the Ukrainian counter-offensive. Such sanctions would send a strong signal to other countries that help Russia that both the leadership of these countries and their entourage will be held personally responsible. Sanctions are also needed against the EEU political alliance, the Secretary General of the CSTO and the organisation itself so that Putin will not have the opportunity to engage it in a war against Ukraine.

A number of Western countries have unfounded fears that imposing sanctions on individuals or entities from Kazakhstan will "*push Kazakhstan into the arms of Putin*" or China.⁴² This is an illusion. Kazakhstan (its leadership) has long been on Russia's side. Kazakhstan is a member of political and military alliances with Russia (EEC and CSTO), Kazakhstan has the same information and cultural space as Russia. Kazakhstan provides extensive assistance to Russia in the war against Ukraine. China is present in Kazakhstan's economy, but does not have even close influence as Russia. Kazakhstan's

⁴² <https://kz.kursiv.media/2023-06-25/dmnnv-es-kazakhstan-rossii/>

dependence on the West is greater than the West's dependence on Kazakhstan. Oil and other resources can be bought by the West in other markets, while Kazakhstan will have no one to sell its oil to because Europe is the main buyer. Unlike Russia, Kazakhstan does not have the capacity to redirect oil exports to new markets. Therefore, it does not make sense to fear something that already happened a long time ago. It is necessary to act decisively. And we must act now.

2. Given that Russia's military expenditure is three times that of Ukraine, military aid to Ukraine should be increased in line with Ukraine's needs.

3. Provide political and financial support to independent civil society in Kazakhstan and Kyrgyzstan that gathers evidence of the involvement of political leadership in Kazakhstan and Kyrgyzstan in helping Russia circumvent sanctions.

4. Curb the misuse of interstate cooperation tools by authoritarian regimes such as Kazakhstan to target the opposition and their close ones abroad for political persecution and to lift or soften anti-Russian sanctions.

LIST OF INDIVIDUALS AND ENTITIES RECOMMENDED FOR INCLUSION IN THE SANCTIONS LIST FOR HELPING RUSSIA CIRCUMVENT SANCTIONS

Kazakhstan:

1. **TOKAYEV Kassym-Jomart:** born on 17 May 1953, a Kazakhstani politician and diplomat who is currently serving as the President of Kazakhstan since 20 March 2019.
2. **TASMAGAMBETOV Imangali Nurgaliyevich:** born on 9 December 1956, a Kazakhstani politician and diplomat, Secretary General of the Collective Security Treaty Organisation (CSTO) since 1 January 2023, as the representative of the Republic of Kazakhstan.
3. **KULIBAYEV Timur Askarovich:** born on 10 September 1966, a Kazakhstani oligarch, son-in-law of former Kazakhstani president Nursultan Nazarbayev.
4. **TURLOV Timur Ruslanovich:** born on 13 November 1987, a Russian oligarch, founder and major shareholder of *Freedom Holding*.
5. **VASILENKO Roman Yurievich:** born on 14 August 1972, a Kazakhstani diplomat, Deputy Minister of Foreign Affairs of the Republic of Kazakhstan since January 2022.
6. **Freedom Holding:** a Kazakhstani investment company.

International organisations:

1. **Collective Security Treaty Organisation (CSTO):** an interstate military alliance in Eurasia consisting of six post-Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.
2. **Eurasian Economic Union (EEU):** an interstate political union in Eurasia, consisting of five post-Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

Kyrgyzstan:

1. **JAPAROV Sadyr Nurgozhoyevich:** born on 6 December 1968, President of Kyrgyzstan since 28 January 2021.
2. **TASHIYEV Kamchybek Kydyrshayevich:** born on 27 September 1968, Chairman of the State Committee for National Security of Kyrgyzstan since October 2020.
3. **ZULUSHEV Kurmankul Toktoraliyevich:** born on 12 February 1970, General Prosecutor of Kyrgyzstan since October 2020.
4. **NIYAZBEKOV Ulan Omokanovich:** born on 28 August 1975, Minister of Internal Affairs of Kyrgyzstan since 14 October 2020.
5. **MAKSUTOV Altynbek Askarovich:** born on 13 October 1972, Minister of Culture, Information, Sports and Youth Policy of Kyrgyzstan since October 2022.
6. **BOKONTAYEV Kubanychbek Keneshovich:** born on 18 January 1969, Chairman of the National Bank of Kyrgyzstan since 29 September 2021.
7. **ISABEKOV Samat Satarov:** born on 9 October 1972, Chairman of the State Customs Service of Kyrgyzstan since 20 January 2022.
8. **Kyrgyzstan RSK Bank.**
9. **Kyrgyzstan Bakai Bank.**
10. **Demir bank.**

The rationale for the inclusion of the above persons and entities in the list of sanctions

Individual	Reasons
Kazakhstan	
<p>TOKAYEV Kassym-Jomart: born on 17 May 1953, a Kazakhstani politician and diplomat who is currently serving as the President of Kazakhstan since 20 March 2019.</p>	<p>As head of state, Tokayev controls all branches of government. All the actions of the customs service, the state railroad company, the country's financial regulator (controlling the second-tier banks that secure transactions) are subordinated to the President of Kazakhstan. Therefore, export operations to circumvent sanctions cannot take place without his direct instruction and coordination.</p>
<p>TASMAGAMBETOV Imangali Nurgaliyevich: born on 9 December 1956, is a Kazakhstani politician and diplomat, since 1 January 2023</p>	<p>As Secretary General of the CSTO, he manages the CSTO bodies and promotes the joint production and repair of weapons for Russia. He also supports Kremlin military propaganda, accusing the West of</p>

<p>the current Secretary General of the Collective Security Treaty Organization (the CSTO) as representative of Kazakhstan.</p>	<p>fomenting war.</p>
<p>KULIBAYEV Timur Askaruly: born on 10 September 1966, a Kazakhstani business oligarch and son-in-law of a former president of Kazakhstan - Nursultan Nazarbayev.</p>	<p>On 13 April 2022, Timur Kulibayev through his <i>Halyk Bank</i> purchased from <i>Sberbank Kazakhstan</i> part of its loan portfolio that consisted of 7500 corporate borrowers (25% of the loan portfolio of <i>Sberbank Kazakhstan</i>). Kulibayev paid a purchase price of over USD 730 million for that loan portfolio, thereby providing much needed liquidity to the sanctioned Russian subsidiary bank. On 30 May 2022, the shareholder of <i>Sberbank Kazakhstan</i>, <i>Sberbank Russia</i>, decided to pay a shareholder dividend of 99.99% of <i>Sberbank Kazakhstan's</i> net profit, which was approximately USD 300 million.</p>
<p>TURLOV Timur Ruslanovich: born on 13 November 1987, a Russian oligarch, founder and major shareholder of <i>Freedom Holding</i>.</p>	<p><i>Freedom Bank</i>, owned by Timur Turlov, provides Russians with access to the <i>Mastercard</i> international payment system, thus helping to circumvent financial sanctions. Timur Turlov has been on Ukraine's sanctions list since autumn 2022, but without sanctions from the US and EU, he will continue to help Russia bypass financial sanctions.</p>
<p>VASILENKO Roman Yurievich (Cyrillic: Василенко, Роман Юрьевич): born on 14 August 1972, since January 2022, Deputy Minister of Foreign Affairs of the Republic of Kazakhstan.</p>	<p>Deputy Minister Vasilenko is responsible for disinforming Ukraine and Western countries about Kazakhstan's alleged compliance with sanctions. However, official statistics on Kazakhstan's foreign trade indicate massive shipments of sanctioned goods from Kazakhstan to Russia. Deliberate disinformation allows the regime in Kazakhstan to avoid secondary sanctions and enjoy impunity, while helping Russia to continue its aggressive war against Ukraine.</p>
<p>Freedom Holding: a Kazakhstani investment company, founded by Russian oligarch Timur Turlov.</p>	<p>The Holding owns the <i>Freedom Bank</i>, which assists Russians in circumventing financial sanctions. The Holding has been on Ukraine's sanctions list since autumn 2022, but without sanctions from the US and EU, it will continue to help Russia bypass financial sanctions.</p>
<p>International organisations</p>	
<p>The Collective Security Treaty Organization (CSTO): an interstate military alliance in Eurasia consisting of six post-Soviet states: Armenia,</p>	<p>Despite the fact that Russia, with the support of Belarus, its closest ally and another member of the CSTO, launched a full-blown war in February 2022,</p>

<p>Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.</p>	<p>Kazakhstan continues to regularly conduct military exercises and joint training with Russia and Belarus within the framework of the CSTO.</p> <p>Recent military exercises of the CSTO have focused on enhancing the organization's special forces management, air defense, and collective response capabilities. These exercises serve as a cover for Russia to train its troops and prepare for its military aggression against Ukraine.</p> <p>CSTO member states are making preparations for the potential involvement of the CSTO in a war against Ukraine.</p>
<p>Eurasian Economic Union (EEU): an interstate political union in Eurasia, consisting of five post-Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.</p>	<p>EEU member states support Russia in circumventing sanctions. The EEU, as an organisation, promotes and facilitates parallel import procedures.</p>
<p>Kyrgyzstan</p>	
<p>JAPAROV Sadyr Nurgojoyevich: born on 6 December 1968, president of Kyrgyzstan since 28 January 2021.</p>	<p>As head of state, Sadyr Japarov oversees state authorities that facilitate the circumvention of sanctions in favour of Russia, including the State Customs Service and the National Bank of Kyrgyzstan. Without guidance from the head of state, the Customs Service and the financial regulator cannot take actions that facilitate the circumvention of sanctions.</p>
<p>TASHIYEV Kamchybek Kydyrshaeovich: born on 27 September 1968, chairman of the State Committee for National Security of Kyrgyzstan since October 2020.</p>	<p>As chairman of the State Committee for National Security and the closest confidante of President Sadyr Japarov, Kamchybek Tashiyev oversees all security agencies in Kyrgyzstan and pursues a policy of repression against opponents of the authorities. As the closest confidante of the President and chairman of the State Committee for National Security, he ensures the security of shipments of sanctioned goods to Russia.</p>
<p>ZULUSHEV Kurmankul Toktoralievich: born on 12 February 1970, General Prosecutor of Kyrgyzstan since October 2020.</p>	<p>As General Prosecutor, whose function is to oversee the rule of law, Kurmankul Zulushev has engaged in political persecution of civil society and restriction of the activities of independent media. By suppressing civil society, Prosecutor General Kurmankul Zulushev prevents unbiased reporting of facts on the</p>

	circumvention of sanctions.
NIYAZBEKOV Ulan Omokanovich: born on 28 August 1975, Minister of Internal Affairs of Kyrgyzstan since 14 October 2020.	As Minister of Internal Affairs, Ulan Niyazbekov is directly responsible for human rights violations in Kyrgyzstan and political persecution of civil activists, human rights defenders and politicians, in particular in the case of the transfer of the <i>Kempir-Abad</i> reservoir to Uzbekistan and the arbitrary detention of peaceful protesters supporting Ukraine. By suppressing civil society, Minister of Internal Affairs Ulan Niyazbekov prevents unbiased reporting of facts on the circumvention of sanctions
MAKSUTOV Altynbek Askarovich: born on 13 October 1972, Minister of Culture, Information, Sports and Youth Policy of Kyrgyzstan since October 2022.	As Minister of Culture and Information, Altynbek Maksutov is directly responsible for suppressing independent media such as <i>Radio Azattyk</i> , limiting critical coverage of socially important processes in Kyrgyzstan, including the facts of sanctions circumvention and human rights abuses.
BOKONTAEV Kubanychbek Keneshovich: born on 18 January 1969, chairman of the National Bank of Kyrgyzstan since 29 September 2021.	As chairman of the National Bank of Kyrgyzstan, Kubanychbek Bokontayev is directly responsible for helping Kyrgyzstan's banks circumvent financial sanctions. The financial regulator, led by Kubanychbek Bokontayev, encourages Kyrgyzstan's banks to provide Russians with access to international payment systems, as well as provide export transactions for sanctioned goods to Russia.
ISABEKOV Samat Satarovovich: born on 9 October 1972, chairman of the State Customs Service of Kyrgyzstan from 20 January 2022.	As chairman of the State Customs Service of Kyrgyzstan, Samat Isabekov allows the re-export of sanctioned goods from Kyrgyzstan to Russia.
RSK Bank Kyrgyzstan	One of the commercial banks in Kyrgyzstan that gave Russians access to international financial transactions while bypassing sanctions.
Bakai Bank Kyrgyzstan	One of the commercial banks in Kyrgyzstan that gave Russians access to international financial transactions while bypassing sanctions.
Demir bank	One of the commercial banks in Kyrgyzstan that gave Russians access to international financial transactions while bypassing sanctions. In October 2022, Demir Bank unjustifiably blocked the account of <i>Radio Azattyk</i> without a court decision in a politically motivated case.