

TRUMP'S RUSSIA SANCTIONS TOOLKIT: OPTIONS TO INCREASE LEVERAGE TO END PUTIN'S WAR AGAINST UKRAINE

BY MAX MEIZLISH AND JOHN HARDIE

MAY 14, 2025

Despite President Donald Trump's repeated calls for an immediate ceasefire and a negotiated end to the war in Ukraine, Russian President Vladimir Putin continues to attack the country while effectively demanding wholesale Ukrainian capitulation. President Trump has repeatedly threatened Moscow with economic punishment if it continues "tapping [him] along."¹ Yet in response, Moscow has only doubled down on its maximalist demands.²

Peace talks are scheduled for May 15 in Istanbul, but Moscow has signaled it will continue to refuse a ceasefire. America's European allies stand ready to turn up the economic pressure on Russia if it remains intransigent. This memo outlines points of leverage the Trump administration can use to encourage compromise by Putin or, should he prove uncooperative, undermine Moscow's ability to fund its war. These include:

1. Cutting off Russia's energy revenues by crushing the shadow fleet, lowering the G7 oil price cap, and targeting other revenue-generating commodities.
2. Shutting down third-country sanctions-evasion hubs by targeting key intermediaries in China, India, Turkey, the United Arab Emirates, and elsewhere.
3. Expanding sanctions on Russia's strategic state-owned enterprises and high-tech sectors, including Rosatom and Roscosmos.
4. Escalating toward comprehensive sanctions on Russia and its central bank.
5. Conditioning any future sanctions relief on measurable behavioral changes by Moscow and preserving long-term leverage through phased unwinding, continued enforcement, and snapback mechanisms.

ENERGY REVENUE: CUTTING OFF THE OXYGEN TO RUSSIA'S WAR MACHINE

Russia's ability to fund its war machine depends heavily on continued energy export revenue, the backbone of Moscow's federal budget. Despite the G7 price cap and other restrictions on Russian oil and gas sales, loopholes and evasion tactics have allowed significant revenue to continue flowing to Moscow. China, India, and Turkey constitute approximately 74 percent of Russia's fossil fuel export economy and have likewise become hubs for

1. William Christou, "Trump says he fears Putin 'may be tapping me along' after Zelenskyy meeting," *The Guardian* (UK), April 26, 2025. (<https://www.theguardian.com/world/2025/apr/26/trump-and-zelenskyy-hold-very-productive-ceasefire-talks-in-rome>)

2. Russian Federation Ministry of Foreign Affairs, "Foreign Minister Sergey Lavrov's written interview with Brazilian newspaper O Globo, April 28, 2025," April 28, 2025. (https://mid.ru/en/foreign_policy/news/2011929)

energy sanctions evasion.³ Washington should more aggressively designate individuals and entities in countries responsible for skirting sanctions and allowing energy revenue to continue flowing to Russia.

- **Crush the “shadow fleet” of oil tankers Russia has used to circumvent sanctions.** The Trump administration should take the following targeted measures:
 - Designate all remaining undesignated shadow fleet vessels. By some estimates, just over half the shadow fleet remains unsanctioned as of April 2025.⁴ As a first step, the United States should join planned EU and UK sanctions on the shadow fleet.
 - Designate all shadow fleet vessel owners, operators, captains, and crew.
 - Designate all ports, repair docks, terminal operators, refineries, and oil and gas traders dealing with shadow fleet vessels or the underlying goods they transport.
 - Designate all insurance and reinsurance companies involved in insuring oil tankers that transport Russian petroleum products, including Absolute Insurance, AMT Insurance, SOGLASIE Insurance Company, Sogaz Insurance, and VSK Insurance.⁵
 - Implement a five-year “grey listing” for vessels that could potentially enter the shadow fleet, based on an established set of criteria. Washington should require the vessels to report their activities to avoid future designation.
- **Incrementally reduce the oil price cap, in coordination with G7 partners, in tranches of 5 to 10 percent over a specified period to tighten the financial noose.** Washington’s objective should be to lower the cap as close as possible to Russian industry’s cost of production, thus minimizing revenue while still incentivizing continued exports. This approach would create a predictable reduction in Russia’s primary revenue stream and provide time for third parties, preferably those engaged by the United States and its allies — such as India, with whom Washington is negotiating a trade deal — to replace any lost capacity. The Trump administration should pair reductions in the price cap with increased secondary sanctions on violators, including, but not limited to, any vessels, ports, insurers, and traders that are party to illicit transactions.
- **Expand price caps to other commodities, such as metals, minerals, coal, and nuclear fuel, to attack Russia’s diversified revenue streams.** Targeting nickel, bauxite, iron ore, and other exports represents a logical next step in America’s economic pressure campaign targeting sources of revenue for Russia’s war machine.
- **Impose an escrow account regime for all identified Russian commodities to create a mechanism to control revenue flows.** This approach would ensure that proceeds from Russian commodity sales are held in monitored, third-country accounts and not freely available to fund Russia’s war efforts.
- **Identify and designate early-stage energy infrastructure developments in their initial phases of construction, financing, or development.** Doing so would preemptively block Russia’s attempts to build new revenue streams

.....
3. “EU imports of Russian fossil fuels in third year of invasion surpass financial aid sent to Ukraine,” *Centre for Research on Energy and Clean Air*, April 10, 2025. (<https://energyandcleanair.org/publication/eu-imports-of-russian-fossil-fuels-in-third-year-of-invasion-surpass-financial-aid-sent-to-ukraine>)

4. Craig Kennedy, “Moscow’s Fading Shadow Fleet: Russian Oil Revenues are More Vulnerable than Ever,” *Navigating Russia*, May 7, 2025. (<https://navigatingrussia.substack.com/p/moscows-fading-shadow-fleet-russian>)

5. Nidhi Verma, “India expands Russian insurers’ pool after US sanctions,” *Reuters*, January 22, 2025. (<https://www.reuters.com/world/india/india-expands-russian-insurers-pool-after-us-sanctions-2025-01-22>); Benjamin Hilgenstock, Anatolii Kravtsev, and Yuliia Pavytska, “Oil Spill Insurance and the Shadow Fleet,” *Kyiv School of Economics*, February 2025. (https://kse.ua/wp-content/uploads/2025/02/Shadow-Fleet-Insurance_Feb2025.pdf)

and export capabilities, cutting off future cash flows before they can materialize. This is particularly important for deterring investment in future Russian projects from countries such as China.⁶

ADDRESSING THIRD-COUNTRY ENABLERS: SHUTTING THE EVASION BACKDOOR

Russia's evasion of sanctions and export controls relies heavily on cooperative third countries willing to process Russian goods, provide financial services, or transship prohibited items. A comprehensive strategy must address these enablers directly.

- **Impose secondary targeted tariffs through multiple mechanisms:**
 - Tariffs on countries purchasing Russian oil in violation of the G7 price cap mechanism (primarily Turkey, India,⁷ and China).
 - Tariffs on goods containing more than a specified percentage of Russian-origin or Russian-processed materials.
 - Tariffs on any country whose trade with Russia has surpassed or continues to surpass pre-war levels after a certain period.
- **Impose an arms export ban on any country found to be in gross violation of the G7 price cap on Russian oil.** This step would introduce significant consequences for enabling Russia's energy revenue generation.
- **Sanction third-country intermediaries facilitating Russian circumvention of export controls.** Washington should focus primarily on networks in China, Turkey, the United Arab Emirates, and countries in the Caucasus and Central Asia. These networks have become a lifeline for Russia's military production, enabling substantial increases in the output of missiles and other weapons despite Russia's reliance on restricted Western components and machinery. Aggressive enforcement could entail designating certain countries as "Jurisdictions of Primary Diversion Concern," requiring additional reporting, verification, and oversight on shipments destined to those jurisdictions.
- **Systematically targeting enablers of sanctions violations.** Such perpetrators should include the lawyers, bankers, and commodities traders in third-party countries who facilitate Russia's evasion of international sanctions and export controls.

STRATEGIC STATE ENTITY DESIGNATIONS: TARGETING KEY REVENUE GENERATORS

Russia's state-owned enterprises represent both significant sources of revenue and strategic assets for the Kremlin's war effort. Targeted designations of key entities would strike at core capabilities.

- **Designate Rosatom and its subsidiaries as specially designated nationals (SDNs).** This step would undercut Russia's nuclear industry, whose global footprint has largely escaped sanctions despite generating significant revenue and strategic positioning.⁸ Russia's nuclear exports to various countries — including the United

6. Maxim Rodionov, "Russia, China discuss Beijing's participation in Russian LNG projects, minister says," *Reuters*, May 8, 2025. (<https://www.reuters.com/business/energy/russia-china-discuss-beijings-participation-russian-lng-projects-minister-says-2025-05-08>)

7. Any retaliatory measures aimed at India, with which the United States is currently negotiating a trade deal, should be considered within the context of ongoing deliberations and any potential reduction by India in tariffs and non-tariff trade barriers targeting the United States.

8. Andrea Stricker and Anthony Ruggiero, "Ending Global Dependence on Russia's Nuclear Sector," *Foundation for Defense of Democracies*, February 3, 2023. (<https://www.fdd.org/analysis/2023/02/03/ending-global-reliance-on-russias-nuclear-energy-sector>)

States — represent both a key revenue stream and a point of political leverage that Moscow has exploited.⁹ Aggressive enforcement against Rosatom should include targeting all levels of its nuclear sector operations, from construction and plant operation to the fuel itself. Although the Treasury Department should sanction Rosatom immediately, it may need to provide case-by-case waivers until the United States can source sufficient domestic or allied replacements for its uranium needs.

- **Target Russia’s state-owned space corporation Roscosmos and its subsidiaries.** Such a step would limit another high-technology sector that generates revenue for the Russian government and create greater sanctions risk for firms and governments in third countries that partner with Russia on matters related to space exploration and high-tech innovation.
- **Expand designations across strategic sectors and institutions.** Targets should include undesignated firms operating in the following sectors and institutions supporting Russia’s war effort:
 - Aviation
 - Weapons development
 - Research institutions
 - Explosives manufacturing
 - Naval industry
 - Raw materials production
 - Parts and components manufacturing
 - Machinery and equipment
 - Repairs and maintenance services

COMPREHENSIVE SANCTIONS: THE FINAL PILLAR OF ECONOMIC PRESSURE

Further disrupting the flow of funds to Russia and increasing reporting requirements for activity involving Russia’s financial sector are of critical importance. The following measures can help isolate the Russian economy and increase financial pressure on third parties dealing with Russia, thereby limiting Moscow’s ability to fund its war machine. If Putin fails to negotiate in good faith, Washington could implement more robust and comprehensive sanctions to cut Russia off from global trade.

- **Impose comprehensive sanctions on the Russian Federation or, alternatively, on the Government of the Russian Federation, including any political subdivision, agency, or instrumentality thereof.** This comprehensive application of economic sanctions would target not just specific entities but also the entire country and/or the governmental apparatus supporting Russia’s war effort.
- **Designate the Central Bank of Russia (CBR) as an SDN.** This step would further isolate Russia and present greater secondary-sanctions risk for third-party enabling countries. Washington could pair this action with a requirement for foreign financial institutions holding CBR assets to move them to accounts at Federal Reserve

.....
⁹ According to Rosatom, the conglomerate earned over \$18 billion in export revenue in 2024, and its total foreign order portfolio exceeds \$200 billion. See: “Rosatom foreign order portfolio exceeds \$200 bln, export revenue \$18 bln in 2024,” *Interfax* (Russia), February 13, 2025. (<https://www.interfax.com/newsroom/top-stories/109775>)

Banks in the United States, effectively freezing Russia's sovereign wealth. The United States could then allocate these funds to a G7 coalition-driven trust supporting Ukrainian reconstruction and war efforts.

- **Disrupt Russia's SWIFT alternative by imposing sanctions on foreign financial institutions participating in Russia's SPFS (System for Transfer of Financial Messages).** According to the Russian Central Bank, SPFS had almost 180 third-country participants as of the end of 2024.¹⁰ Sanctioning these banks and the foreign financial institutions offering them correspondent banking services, as the Treasury Department has previously threatened to do, would further isolate Russia's banking sector and make it more difficult for Russia to transact internationally.¹¹ This would likewise introduce greater secondary-sanctions risk for foreign financial institutions supporting SPFS-linked activity. Similarly, Washington could announce that it will bar any financial institution connected to SPFS and above a certain capitalization threshold from using correspondent or payable-through accounts in the United States. Using Section 311 of the USA PATRIOT Act, Treasury could also require U.S. financial institutions and agencies to reject transactions that directly or indirectly utilize SPFS.¹²
- **Deploy anti-money laundering tools under Section 311 of the USA PATRIOT Act to designate Russia as a "primary jurisdiction of money laundering concern."** Such a step would create a powerful deterrent for financial institutions considering business with Russian entities.¹³ Similarly, leveraging Section 9714(a) of the Combating Russian Money Laundering Act to target malign Russian cryptocurrency exchanges would place additional reporting requirements on firms transacting with Russian-linked cryptocurrency exchanges in regions such as the Baltics, the Caucasus, and Central Asia, which may be conducting transactions benefiting Russia's defense-industrial base and energy sector.

PROTOCOLS FOR UNWINDING SANCTIONS

Regardless of whatever peace deal may emerge, all sanctions, export controls, and other measures aimed at constraining Russia's defense-industrial base (DIB) should remain in place and not be considered within the terms of negotiations to end the war in Ukraine. This includes restrictions on Russian imports of Western microelectronics and precision machinery. Russia will remain a persistent threat to important U.S. interests, particularly as its military reconstitutes after the war ends, taking advantage of substantial investments in the Russian DIB since 2022. While Western sanctions and export controls cannot stop Russian rearmament, they can make it harder and more costly. Slowing Russia's rearmament can buy Europe some time as it embarks on the yearslong process of reducing dependence on the U.S. military.

The lifting of non-defense sanctions, however, should be on the table — but only for a good deal. Below are some considerations to guide potential sanctions relief.

- **Condition sanctions relief on actual changes in Russian behavior.** The United States should unwind sanctions only to the extent that Russia negotiates in good faith, fulfills its obligations over an established period, and does

10. "Participants from 24 countries connected to Bank of Russia's Financial Messaging System," TASS (Russia), April 2, 2025. (<https://tass.com/economy/1937683>)

11. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Gazprombank and Takes Additional Steps to Curtail Russia's Use of the International Financial System," November 21, 2024. (<https://home.treasury.gov/news/press-releases/jy2725>)

12. Matthew Zweig and John Hardie, "Time to Sanction Russia's Alternative to SWIFT," *Foundation for Defense of Democracies*, March 7, 2022. (<https://www.fdd.org/analysis/2022/03/07/time-to-sanction-russias-alternative-to-swift>)

13. Matthew Zweig and John Hardie, "Consider Designating Russia as a Jurisdiction of Primary Money Laundering Concern," *Foundation for Defense of Democracies*, May 20, 2022. (<https://www.fdd.org/analysis/2022/05/20/russia-jurisdiction-primary-money-laundering>)

not continue to engage in military aggression against Ukraine. Measurable metrics of compliance are necessary to make such assessments.

- **Lift sanctions gradually and prepare for snapback.** The preservation of leverage is critical to ensuring that a potential peace deal sticks. Washington should lift sanctions only gradually, making meaningful economic benefits dependent on long-term compliance. Rather than lifting sanctions entirely, the Trump administration could consider issuing broad general licenses authorizing dealings with otherwise blocked Russian and Russian-linked firms while maintaining their sanctioned status. The United States could thereby provide Russia with significant sanctions relief without fully unwinding the economic pressure already in place. Such an approach would appropriately recognize that Russia's threat to U.S. national interests extends beyond the immediate war in Ukraine to other aspects of geostrategic competition and security. Additionally, any peace agreement should explicitly stipulate that sanctions will snap back if Russia resumes its aggression against Ukraine or any other sovereign nation in the region, with particular attention to Georgia and Moldova.
- **Preserve leverage during negotiations.** Non-enforcement of sanctions is tantamount to sanctions relief. To maximize its leverage, the Trump administration should continue designations and enforcement even during negotiations. Unfortunately, due to a lack of regular enforcement actions and reduced engagement in international sanctions working groups,¹⁴ America's sanctions regime on Russia appears to have atrophied in recent months. Notably, almost half the shadow fleet tankers Washington designated in 2023 and 2024 have reportedly resumed shipping Russian oil as of April 2025 after previously sitting idle.¹⁵ Additionally, at least one Chinese shipyard may be facilitating repairs for sanctioned Russian liquefied natural gas carriers.¹⁶
- **Set realistic expectations.** The dissolution of a sanctions program does not necessarily resolve illicit-finance risks with respect to a particular jurisdiction or activity. In fact, it might make such risks more challenging to navigate for companies reentering a sanctioned jurisdiction. Likewise, the private sector will often not rush back into a previously sanctioned jurisdiction. Clearly communicating these dynamics to Moscow and helping set realistic expectations is important in ensuring the sustainability of any agreement that results in sanctions relief.
- **Ensure stakeholder buy-in.** For any Russia policy to succeed, the Trump administration must secure the buy-in of international allies and partners as well as significant — and preferably bipartisan — majorities in the House and Senate. Congressional support is critical given that lawmakers can block the lifting of many Russia sanctions pursuant to statutory authorities.¹⁷

14. Alberto Nardelli and Ewa Krukowska, "Allies Say US Retreating From Push to Enforce Russia Sanctions," *Bloomberg*, March 20, 2025. (<https://www.bloomberg.com/news/articles/2025-03-20/allies-say-us-retreating-from-push-to-enforce-russia-sanctions>)

15. Julian Lee, "Russia's Oil Exports Edge Higher With Return of Sanctioned Ships," *Bloomberg*, April 29, 2025. (<https://www.bloomberg.com/news/articles/2025-04-29/russia-s-crude-shipments-edge-higher-with-the-return-of-sanctioned-ships>)

16. Malte Humpert, "Russian 'Shadow Fleet' LNG Carriers Find Sanctions Reprieve in Chinese Maintenance Yard," *gCaptain*, May 8, 2025. (<https://gcaptain.com/russian-shadow-fleet-lng-carriers-find-sanctions-reprieve-in-chinese-maintenance-yard>)

17. John Hardie, Peter Doran, Matthew Zweig, and Nick Stewart, "On Crimea and Russia Sanctions Relief, Congress Has Leverage," *Foundation for Defense of Democracies*, April 25, 2025. (<https://www.fdd.org/analysis/2025/04/25/on-crimea-and-russia-sanctions-relief-congress-has-leverage>)

CONCLUSION

The Trump administration has a unique opportunity to maximize American leverage and leave Putin with a stark choice: agree to a ceasefire and negotiate on acceptable terms or face intensified economic pressure. By cutting off Russia's energy revenues, exposing and punishing third-country sanctions evasion, expanding the scope of designations to strategic state entities, and moving toward comprehensive financial isolation, the United States can intensify the economic toll on Moscow while limiting the resources available for continued aggression.

By applying pressure systematically and signaling a credible pathway for relief, the United States can raise the cost of delay and force Moscow to weigh its options. The choice will be Putin's — but the longer he resists a negotiated settlement, the worse his alternatives will become.

Foundation for Defense of Democracies (FDD)

FDD is a Washington, DC-based nonpartisan research institute focusing on national security and foreign policy.

FDD's Center on Economic and Financial Power (CEFP)

FDD's Center on Economic and Financial Power studies national economic security, with a focus on how the United States can leverage its economic and financial power to achieve its national security objectives. CEFP promotes greater understanding of how the U.S. government can best employ its economic and financial authorities to counter its adversaries.

FDD's Russia Program

Russian strongman Vladimir Putin is engaged in a strategic confrontation with the United States. In partnership with Beijing, Tehran, and other authoritarian regimes, Moscow seeks to replace the American-led, liberal international order with a new world order that is decidedly illiberal – one in which Russia has a “sphere of influence” over its neighbors, along with increasing influence in the Middle East, Latin America, and Africa. FDD's Russia Program conducts in-depth research, produces insightful and timely analyses, identifies illicit activities, and provides policy options to combat the political, economic, cyber, and cognitive warfare weapons Moscow uses against the United States and its allies.

Max Meizlish is senior research analyst for FDD's Center on Economic and Financial Power (CEFP). He supports the CEFP team across all research areas, with a particular focus on sanctions designations, tools of economic statecraft, and Treasury-related policy and research. Max was previously with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC).

John Hardie serves as deputy director of FDD's Russia Program. His research focuses on national security issues related to Russia, with a focus on U.S. support for Ukraine. His byline has appeared in publications including *Foreign Policy*, *Defense News*, *Defense One*, *Breaking Defense*, and *The Hill*, among others. He also contributes to *FDD's Long War Journal*, covering the Russian military and Moscow's war in Ukraine.

FDD values diversity of opinion and the independent views of its scholars, fellows, and board members. The views of the authors do not necessarily reflect the views of FDD, its staff, or its advisors.