



Escalating Deterrence: Europe's Sanctions and Military Strategy in the Ukraine War

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ESCALATING DETERRENCE: EUROPE'S SANCTIONS AND MILITARY STRATEGY IN THE UKRAINE WAR

As Europe sharpens its sanctions blade, who truly wields it? The EU's latest Russia sanctions package—its most far-reaching yet—signals a desperate bid to restore strategic coherence amid war fatigue and wavering public support. The UK is in lockstep, expanding its own blacklist and tightening financial nooses. But behind the scenes, Washington's silent pause speaks volumes. With President Trump holding back direct moves, Brussels and London act as surrogate enforcers of U.S. pressure—yet remain shut out of the ultimate decision-making. Caught between Russian defiance and American strategy, Europe risks overextending itself without a clear exit plan. Sanctions escalate, but leadership—and direction—remains elusive.

SANCTIONS ROUND 18: EXPANDING RESTRICTIONS ON RUSSIA'S OIL AND FINANCIAL SECTORS

In July 2025, the European Union approved the next, [eighteenth, package of sanctions against the Russian Federation \(economic and individual restrictive measures\)](#) focused on the energy sector, oil export logistics, and financial infrastructure. The EU expanded the sanctions list by adding 14 individuals and 41 legal entities, with the total number of individual defendants exceeding 2,500. A complete ban on transactions was introduced for another 22 Russian banks and any transactions with the Russian Direct Investment Fund and its structures. Export restrictions against suppliers of the Russian military-industrial complex have been strengthened: Three Chinese and eight Belarusian companies, as well as 26 new organizations (including seven in China and Hong Kong and four in Turkey) have been sanctioned.

At the same time, the UK [expanded its sanctions](#) regime against Russia with 23 new items at once: The updated list included an additional 22 individuals and one organization. Restrictions were imposed on participants in chemical weapons programs, the blacklist of ships and companies was expanded, and measures in the financial and energy sectors were tightened with 10 individuals and 20 vessels added. Taken together, these steps are formally aimed at reducing Russia's export revenues, complicating bypass logistics schemes and restricting access to critical technologies and financial resources—further limiting Russia's revenues from oil exports to third countries and dealing a blow to the Russian financial sector.

The EU is also imposing a blanket ban on Nord Stream 1 and Nord Stream 2 transactions, including the provision of goods or services, thereby preventing the completion, maintenance, operation and any future use of the Nord Stream 1 and Nord Stream 2 pipelines. Three of the four pipelines from Russia to Germany were destroyed as a result of sabotage in September 2022. However, if repaired, these gas pipelines laid under the Baltic Sea could again bring Russia profits from the sale of gas. Interestingly, American investor Stephen Lynch in 2025 [expressed interest in buying](#) the infrastructure of Nord Stream 2 in order to “de-Russianize” and resume gas supplies to Europe under U.S. control. But it can be assumed that the EU is now also complicating the ability of the United States to take control of these gas pipelines.

One of the central elements of the new EU package was the reduction of the price ceiling for Russian oil from \$60 to \$47.6 per barrel (a 15 percent decrease), as well as measures against 105 new ships of the “shadow fleet,” bringing the total number of ships included in the list to 444. Initially, [it was proposed to lower the price ceiling](#) to a fixed \$45 per barrel. But Malta, Greece, and Cyprus expressed doubts about such measures. They feared losses for their shipping companies in the event of a strong reduction in the price ceiling. In the end, a compromise solution was reached: The price ceiling would be adjusted regularly and

would remain flexible, but never more than 15 percent below the market average price.

STRANGLING REVENUES OR MANAGING DECLINE? RUSSIA'S RESPONSE TO SANCTIONS

At the same time, analyzing the possible losses of the Russian Federation from the new price ceiling, in May 2025, Russia's monthly revenues from the export of all fossil fuels already decreased by three percent compared to the previous month to just €565 million per day (or around €17 billion per month), which is the lowest figure since the beginning of the full-scale invasion. In May 2025, Russia [received from oil exports](#), including maritime transportation and pipelines, on average about seven billion euros per month. Of these, €5–5.5 billion came (€176 million per day) from seaborne oil and €2–1.5 billion (€59 million per day) from pipeline oil. And in the future, the new price ceiling of \$47.6 per barrel may reduce Russia's revenues to approximately 2.5–2.7 billion euros per month. However, this calculation presupposes strict and complete compliance with the price cap policy, which is not always implemented even now. Thus, the amount of economic loss for the Russian Federation will be “unpleasant and painful,” but far from “fatal.”

In fact, over the past year, Russia has already sold a significant part of its oil using circumvention schemes at a price close to this new limit: In the second quarter of 2025, the average export price of Russian Urals oil was \$52–58 per barrel, and some shipments went at a price of \$45–50, taking into account logistics and sanctions discounts. The new restriction brings the sanctions threshold closer to the actual market price but increases pressure on traders, insurers, and carriers who continue to serve Russian exports despite the risks.

A final analysis of the real effectiveness of the current package of sanctions is possible only on the horizon of several months, considering the dynamics of export flows and budget revenues to Russia. Previous rounds

of sanctions, although they did not lead to a one-time collapse of Russian revenues, nevertheless gradually increased costs for the Russian economy, reduced the profitability of exports, and limited investment in critical industries.

In total, since 2022, the European Union and the United Kingdom have adopted 17 packages of sanctions against Russia, consistently tightening trade restrictions, imposing price ceilings on oil and petroleum products, freezing the assets of the Central Bank of the Russian Federation (more than €260 billion), as well as blocking access to critical technologies, financial and insurance services, ports, and logistics. The EU has banned the import of Russian oil by sea from the end of 2022, limited gas supplies, expanded individual sanctions lists to include about two thousand individuals and structures, and also included key banks, military enterprises and the media in the sanctions regime. The UK [has synchronized most of the measures with the EU](#), separately strengthening sanctions against the military-industrial complex, commodity exports, transport, and financial sectors. The losses of the Russian budget from the reduction of oil and gas revenues and additional costs for logistics and servicing of external debt are [estimated at an average](#) of \$100 billion annually.

However, a significant problem for the effectiveness of sanctions remains their incompleteness and insufficient control over their application: Only 45 countries (albeit the most developed) out of more than 190 [have joined the sanctions against the Russian Federation](#), and a significant part of exports, especially raw materials and high-tech equipment, continues through intermediary countries, as well as through the “shadow fleet” and alternative financing schemes. This “loophole” in the sanctions architecture allows Russia to retain part of its export revenues and access to critical goods, reducing the overall economic and technological effect of sanctions pressure.

HOW EUROPE SIGNALS ESCALATION WITHOUT COMMITMENT

Strategically, the tightening of the sanctions regime coincides with the expansion of [military support for Ukraine](#): The supply of new [Patriot long-range missile systems](#), as well as the gradual lifting of restrictions on the use of Western weapons for strikes on Russian territory, are being discussed. All this forms a comprehensive line of pressure on Moscow, aimed at increasing the military and economic cost of the war.

Germany gives vague signals regarding the supply of German–Swedish TAURUS long-range cruise missiles to Ukraine. German Defense Minister [Boris Pistorius said in an interview with the Financial Times](#) on July 13 that Germany would not supply TAURUS missiles to Ukraine, despite increased Russian air attacks and repeated requests from Ukraine. But later, on July 17, 2025, during a joint press conference with British Prime Minister Keir Starmer in London, German Chancellor Friedrich Merz [said that Ukraine would](#) receive Patriot anti-aircraft missiles “very soon” in connection with Donald Trump’s decision to increase Kyiv’s firepower. Without mentioning the missiles directly, Merz said that Ukraine will soon receive additional support that will facilitate long-range attacks: “Ukraine will be significantly better prepared, able to use these systems and receive our support for them in the coming weeks and months.”

Merz clarified that defense ministers are now working on logistics to fulfill Trump’s proposal, which involves European countries sending weapons to Ukraine before buying more of them from the United States. Both leaders also spoke about the need to put economic pressure on the Russian Federation, with Merz urging Trump to agree to a package of sanctions proposed by U.S. Senator Lindsey Graham. The Russian foreign ministry said that German facilities will become a target for the Russian Federation in the event of the transfer of TAURUS missiles to Kyiv. These formulations of Merz actually leave room for maneuver and allow for the possibility of transferring not only Patriot, but also other long-range systems—perhaps under a different name or after a technological upgrade (rebranding), following the example of how Russia renamed Iranian Shahed drones to Geranium.

Earlier, during the visit of Ukrainian President Volodymyr Zelensky to Germany, the prospects for [new agreements](#) on investment in the defense sector and the removal of restrictions on the range of missiles were discussed. President Zelensky [previously confirmed](#) that the topic of long-range TAURUS cruise missiles remains on the agenda, and Kyiv continues to seek access to these systems or their analogues. The rapid evolution of the “long-range program” indicates that Germany may follow the scenario of limited technology transfer or come up with a joint production scheme with Ukrainian or European structures, which would bypass direct restrictions and reduce political risks.

LOUD SIGNALS, LIMITED IMPACT: EUROPE’S SANCTIONS AND WEAPONS STRATEGY

On a more global level, both new sanctions from the EU and the UK and Germany’s signals regarding long-range technologies for Ukraine should be considered an element of pressure and tough bargaining, and not only from the EU.

Despite the active positioning of Germany (and of Chancellor Friedrich Merz personally) as a contender to become a new geopolitical leader in Europe, Berlin is not inclined to take unilateral action on the issue of transferring long-range weapons systems to Ukraine. In the face of a high escalation threat from the Russian Federation and possible consequences for Germany itself, any decision to supply TAURUS missiles—or the launch of another scheme for the transfer of long-range technologies—is highly likely to be adopted only after agreement with the United States and within the framework of a collective Western strategy.

At the same time, from a military point of view, the transfer of TAURUS missiles or missile technologies to Ukraine will not in itself become a turning point in the war, just as earlier deliveries of Western artillery, missile systems, armored vehicles, and aircraft did not, despite numerous announcements of victory.

A similar logic can be traced in the sanctions policy: New packages of measures by the EU and the UK, no matter how tough they are, rarely come into clear conflict with Washington's current tactics. US President Donald Trump can, in the absence of concessions from Russia on peace talks, give the "green light" and effectively delegate the function of increasing pressure on Moscow to European partners, so as not to be drawn into direct escalation before the end of the Kremlin's "probationary" period. But if it becomes clear that the Kremlin has decided to ignore "sanction signals", then the new US administration is capable of taking independent, decisive steps. Which it demonstrated by first issuing Russia a [50-day](#) and then a [10-day ultimatum](#). Thus, both the sanctions and any real deliveries of long-range weapons from Germany and other European countries should be viewed as elements of a complex diplomatic game and as coordinated pressure from the West on Russia, primarily to force Moscow to make concessions in the negotiations, and not as a manifestation of the independent line of individual European capitals.

Such a policy of the EU and British countries, among other things, is aimed at creating internal pressure within the Russian Federation itself. Demonstrative steps, especially public statements about possible strikes on strategic facilities and infrastructure deep in Russian territory, objectively increase nervousness and anxiousness in Russian society. But according to a [Levada Center poll](#) in February 2025, sanctions have created problems for only 15 percent of Russians and no problems for the remaining 85 percent. Therefore, it is necessary to understand the limited effectiveness of such a tool.

It has long been known that sanctions policy without negotiations is ineffective. Sanctions as an instrument of pressure are effective only in combination with the negotiation process. Otherwise, they only lead to the isolation and polarization of the target country, which increases the risks of protracted conflict. Examples are Iran, North Korea, and Belarus, where long-term sanctions have not achieved the goal of changing the political course or regime. Moreover, in parallel, in such states, under the slogans of

combating external interference, the opposition was completely defeated, which was previously able to provide political and informational competition, albeit limited, to the official authorities. Yes, the countries that fell under sanctions became poorer and their elite more limited, but their political regimes became stronger and even more repressive.

THE SILENT STAKEHOLDER: WHY EUROPE CAN'T SHAPE THE OUTCOME

We should not forget that Europe bears not only political and moral responsibility for the settlement of the conflict, but also for its causes, since it was one of the key participants in previous diplomatic attempts to end the crisis in Ukraine (the Minsk agreements, the agreements between former Ukrainian President Viktor Yanukovich and the opposition), which were never implemented. And if we ignore this history, we lose understanding of the current reality. The confrontation around Ukraine did not start in 2022, or even in 2014. No, the battle for Ukraine between Russia and the Western world has been unfolding since at least the early 2000s with the [“Kolchuha scandal,”](#) the [murder of journalist Georgy Gongadze,](#) and the [actual removal of Leonid Kuchma from power.](#) And many political strategies regarding the Russia–Ukraine war unfortunately look like attempts to “hide the body on the battlefield”—to cover up obvious diplomatic failures, escalation and war.

Now the policy of the EU and the UK regarding the Russia Ukraine war is not very effective from the point of view of ending the war: European countries have significant political, economic, military, and social tools to influence the course of the conflict and bear a significant part of its burden but are practically deprived of access to the real negotiation process to form future geopolitical balances. The continuation of the current policy of supporting Ukraine guarantees Europe only a further increase in political, economic, and security costs but does not necessarily turn it into a key player in the future security architecture. The main rea-

son for this is the huge political inertia of Europe, its inability to pursue its own “policy of interests,” and its lack of an “exit strategy,” which all key participants except Europe have. But the most important thing is that this policy does not answer the question of what comes next. What should Europe do next if the enemy continues to ignore the pressure, and the escalation continues to grow? Are the elites ready to answer to their societies for the further expansion of the crisis?

The approach of deterrence through escalation (political, military or economic) is also limited in the current situation. It works well with a noticeably weaker enemy—although not always, as the case with Vietnam, Afghanistan, etc.—but it is extremely risky with a comparable enemy, especially one with the final factor of war, namely nuclear weapons, and historical geopolitical ambitions.



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