NEWS FOREIGN AFFAIRS

EU wants to sanction Russians who profited from Carlsberg, Adidas seizures

Latest proposal from European Commission would penalize those who took control of Russia-based branches of EU firms.

SHARE

POLITICO Free article usually reserved for subscribers



Until now, the EU has not been able to penalize people who profited from the seizures | Catherine Ivill/Getty Images

NOVEMBER 23, 2023 3:15 PM CET

BY GREGORIO SORGI

Russians who seized parts of European companies after Vladimir Putin's invasion of Ukraine would be sanctioned under proposals put forward by the European Commission.

Businesses such as the Danish brewer Carlsberg, French food manufacturer Danone and German sportswear company Adidas were among those who had their Russia-based operations taken over by the Kremlin over national security concerns.

Until now, the EU has not been able to penalize people who profited from the seizures. But that will change if the bloc's governments approve the Commission's latest sanctions plans contained in a document seen by POLITICO.

Since the start of the war last year, Brussels has pushed through 11 waves of sanctions against Moscow — covering sectors from energy to banking — in an effort to empty Putin's war chest and penalize his cronies. The 12th package, proposed by the Commission last week and due to come into force by the end of the year, mainly focuses on banning the import of Russian diamonds to Europe.

The EU would be able to target people or bodies "benefiting from the compulsory transfer of ownership or control over entities established in Russia, which were previously owned or controlled by Union persons," according to the text, which was discussed by EU envoys last Friday.

Friends of Putin

Since February 2022, the Russian state has seized 93 foreign businesses and taken hold of Western-owned assets worth over $400 million, according to the Russian news agency TASS.

The new state-owned companies are usually placed in the hands of Kremlin acolytes. One example is 32-year-old Yakub Zakriev — a relative of Chechen leader Ramzan

Kadyrov and an ally of Putin — who was appointed to both the head of Danone and Carlsberg's Russian operations.

The EU cannot freeze or confiscate assets in Russia as its sanctions have no effect outside Europe, nor can it force the new owners to hand back the seized assets, but the thinking is that sanctions would discourage them from accepting the concession from the Russian state in the first place.

"If they engage in this transaction then they will be automatically on the sanctions list, with all the consequences for the company and for the owners, including financial restrictions and travel restrictions," Svitlana Taran, a researcher at the European Policy Centre, a Brussels-based think tank, said.

The Commission's proposal would technically allow the European owners of the seized company to receive compensation from the Russian state but this is unlikely to happen as it would rely on the Kremlin making an offer, said an EU diplomat, speaking on condition of anonymity,

Related Tags

Aid and development | Business and competition | Companies | Courts | Energy | EU-Russia relations | Finance and banking | Imports | Kremlin | Payments | Policy | Research and Development | Russia sanctions | Sanctions | Security | travel restrictions | War | War in Ukraine

Related Countries

Belgium | Russia | Ukraine

Related People

Ramzan Kadyrov | Vladimir Putin

Related Organizations

European Commission

Our readers read next



Banned snacks pulled from Eurostar departures area at Brussels Midi station

7 HRS AGO 3 MINS READ



Latvia bans MPs from traveling to Russia, Belarus

7 HRS AGO 2 MINS READ



Baltic countries team up on mass evacuation plans as Russian threat grows

7 HRS AGO 2 MINS READ



US moves warships closer to Israel

8 HRS AGO 2 MINS READ

More from Gregorio Sorgi



Countries face losing out on billions with EU set to reject Covid recovery fund extension

Italy, Spain and Poland among those at risk as European Commission prepares to say €650 billion scheme's 2026 deadline is here to stay.

MAY 28 4 MINS READ



EU to approve Bulgaria's euro bid

The country could join the single currency on Jan. 1, 2026, even as local concerns over adoption persist.

MAY 27 4 MINS READ



EU is set to approve shifting Poland's post-Covid funds to defense

Warsaw wants to use around €6 billion in EU money to build shelters and roads for tanks.

MAY 26 2 MINS READ



EU to Africa: No more free cash

The European Commission wants to strengthen the link between foreign aid and domestic priorities like energy and migration.

MAY 20 4 MINS READ

POLITICO

POLICY

Agriculture and Food
Central Banker
Competition and Industrial Policy
Cybersecurity and Data Protection
Defense
Energy and Climate
Energy and Climate UK
Energie et Climat France

Financial Services
Financial Services UK
Health Care
Mobility
Paris Influence
Sustainability
Technology
Tech France
Technology UK
Trade
Trade UK

NEWSLETTERS

Berlin Bulletin
Berlin Playbook
Brussels Playbook
Dimanchissime
EU Election Playbook
EU Influence
Global Playbook
Global Policy Lab: Living Cities
London Influence
London Playbook
Playbook Paris
POLITICO Confidential
Sunday Crunch

PODCASTS

EU Confidential
Politics at Sam and Anne's
Power Play
Westminster Insider
Berlin Playbook — Der Podcast

OPINION

All Opinion
Beyond the Bubble
Germany Interpreted
Declassified
From Across the Pond
Unpacked

FEATURED SERIES

Europe's looming water crisis
Polish Presidency of the EU
A global emergency: Tackling antimicrobial resistance
Living Cities
POLITICO 28

SUBSCRIPTIONS

POLITICO Pro
Print Edition

Research and analysis division

EDITIONS

POLITICO Europe
POLITICO UK
POLITICO France
POLITICO Germany
POLITICO US

Manage Privacy Settings | About us | Contact us | Privacy Policy | Cookie Policy | Media Solutions |
Research and Analysis Division | Agency IQ | Press | Print Edition | Careers at POLITICO | Ts&Cs | FAQs