EXPERT'S REPORT

UNITED NATIONS GENERAL ASSEMBLY SECOND COMMITTEE

CHURKIN MOSCOW INTERNATIONAL MODEL UNITED NATIONS

ECONOMIC AND FINANCIAL IMPLICATIONS OF FREEZING SOVEREIGN ASSETS TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS

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1. GENERAL INTRODUCTION

Introduction to frozen sovereign assets

The freezing of sovereign assets must be assessed against the background of the international law of State immunity, which protects a State and its property from certain foreign judicial and enforcement measures. The International Court of Justice (ICJ) addressed this body of law in *Jurisdictional Immunities of the State (Germany v. Italy)*.[1] State immunity comprises two distinct forms of protection: immunity from jurisdiction and immunity from measures of constraint. Immunity from jurisdiction protects a State from being sued before the courts of another State; immunity from measures of constraint, by contrast, protects State property from enforcement measures such as attachment or execution.

Modern State immunity law generally follows the restrictive doctrine (a doctrine under which a State generally enjoys immunity from jurisdiction, except for commercial transactions). However, this commercial-activity exception mainly concerns immunity from jurisdiction. It does not automatically remove immunity from measures of constraint, which is governed by separate rules. Under this regime, a State's property can be seized or subjected to enforcement only if it is used for commercial purposes and is located within the State where the court sits. Central-bank property, however, is explicitly excluded from this rule and therefore continues to enjoy a higher level of protection.[2]

The freezing or other restriction of State-owned assets is not a new phenomenon. Such measures were applied well before 2022, including those imposed on Iran in 1979, Iraq in the 1990s, and Libya in 2011. Since 2022, however, this practice has expanded significantly, most notably in relation to Russia's sovereign reserves, as well as assets connected with Iran and Afghanistan. As discussed below, these three cases are not legally identical. They differ in the type of assets involved, the legal basis for the restrictions, and the mechanisms through which they were imposed.

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[1] Jurisdictional Immunities of the State (Germany v. Italy: Greece intervening), Judgment, I.C.J. Reports 2012, p. 99, esp. para. 57.

[2] United Nations Convention on Jurisdictional Immunities of States and Their Property : adopted by UN General Assembly Resolution 59/38 of 2 December 2004 (not yet in force), Arts 5, 10, 18–21 [Electronic resource] // United Nations. — URL: https://legal.un.org/ilc/texts/instruments/english/conventions/4_1_2004.pdf (accessed: 10.09.2026).

According to the Council of the European Union, an asset freeze means that funds and other assets belonging to listed persons and entities cannot be accessed, moved or sold, and that no funds or economic resources may be made available to them, directly or indirectly.[3] In practice, the frozen assets remain the legal property of the state concerned, which merely loses the ability to use, transfer or sell them while the restriction is in force. This definition, however, was formulated for persons and entities individually designated in EU sanctions lists and should not be transposed automatically onto central-bank assets, which raise distinct immunity considerations; in relation to the Central Bank of Russia's reserves discussed below, this report therefore uses the terms immobilised assets or immobilised reserves rather than "frozen assets".

Freezing must not be confused with permanent confiscation. Freezing is generally a provisional measure that restricts the use or control of assets without necessarily changing ownership. Freezing and seizure are not full synonyms: seizure typically carries a distinct procedural meaning, often denoting a measure taken in connection with judicial or law-enforcement proceedings, and the two terms should not be used interchangeably. Confiscation, by contrast, entails permanent deprivation of property and is far more legally exceptional, since its application to a foreign state's sovereign or central-bank assets remains contested and depends on the applicable legal framework and rules on state immunity.

What types of sovereign assets can be frozen

Sovereign assets typically include a state's foreign exchange reserves, central bank deposits and securities, sovereign wealth funds, and other financial assets held abroad. Because central banks routinely hold reserves in the currencies and financial systems of other countries, a significant share of a state's sovereign wealth is located outside its own territory, creating a regulatory link that can make such assets subject to restrictive measures in the jurisdiction where they are held, subject to the applicable rules on sovereign and central-bank immunity.

Why can sovereign assets be frozen

States typically impose sanctions, which may include freezing sovereign assets, in response to an international conflict, crisis or serious violation of international law, aiming to limit the target state's ability to finance certain activities or to increase pressure for a change of policy or conduct.

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[3] EU sanctions against Russia: questions and answers // Council of the European Union. URL: https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/ (accessed: 06.09.2026); Council Regulation (EU) No 269/2014, Art. 1(f). URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0269-20251023 (accessed: 06.09.2026).

The legal basis differs from case to case: some measures are adopted by the United Nations Security Council under Chapter VII of the UN Charter, including Article 41, which provides for measures not involving the use of armed force, while unilateral measures adopted by individual States and regional restrictive measures, such as those adopted by the European Union, rest on a different legal basis.

Relevant cases

Sections 3 and 4 of this report examine these three cases in detail, together with the immunity framework applicable to each of them. The following chapters set out the relevant facts, the type of assets affected, and the legal basis and institutional mechanisms underlying each restriction.

Where are the relevant assets frozen?

The United States is a key jurisdiction for Afghan central-bank reserves and plays a central role in enforcing Iran sanctions; measures immobilising the Central Bank of Russia's reserves were adopted by the EU, the United States and other G7 partners acting in coordination in late February 2022. The European Union holds the largest share of immobilised Russian sovereign assets, mainly through EU-based central securities depositories, and separately maintains sanctions regimes concerning Iran and the Taliban in Afghanistan; the latter should not be described as an EU freeze of Da Afghanistan Bank reserves.[4] Available sources do not show that China itself has imposed a sovereign-asset freeze on Russia or Afghanistan, though the status of Iranian funds held there is described inconsistently across sources; Chinese officials have publicly called for Afghan reserves to be returned to Afghanistan's central bank.[5]

Frozen assets within the broader sanctions system

Freezing sovereign assets is only one part of a wider system of economic sanctions, which may also include trade restrictions, export controls, import bans, and restrictions on financial institutions or on individuals and entities. Within the EU, such measures are introduced through successive legal acts; since February 2022 the EU has adopted numerous sanctions packages related to the conflict in Ukraine, gradually expanding restrictions rather than introducing them all at once.

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[4] Afghanistan: EU response // Council of the European Union. URL: https://www.consilium.europa.eu/en/policies/afghanistan-eu-response/ (accessed: 06.09.2026).

[5] Ministry of Foreign Affairs of the People's Republic of China, statement, 24 February 2023. URL: https://www.fmprc.gov.cn/eng./xw/fyrbt/lxjzh/202405/t20240530_11347472.html (accessed: 06.09.2026).

Task of the Committee

The Committee's task is to assess the economic and financial consequences of freezing and immobilising sovereign assets. It considers their impact on the global economy, confidence in the international financial system, financing for development and poverty in affected States (SDG 1). The Committee works out a draft resolution recommending common approaches to these issues.

2. INTERNATIONAL LAW ON STATE IMMUNITY

State immunity protects a state and its property from the jurisdiction of the courts of another state. It covers administrative and civil proceedings, as well as enforcement measures (enforcement immunity). It reflects the sovereign equality of States as a main pillar of the contemporary international legal order. State immunity is closely related to but distinct from diplomatic immunity and the immunity of heads of State as well as the immunity of international organizations.

The main document covering rights and immunities of sovereign states is the United Nations Convention on Jurisdictional Immunities of States and Their Property (UNCSI), adopted by the General Assembly of the United Nations on 2 December 2004, resolution 59/38. Article 19 sets out the general prohibition and exceptions to post-judgment measures of constraint; Article 21 separately lists categories of property presumed not to be "in use for other than government non-commercial purposes. This is the most frequently quoted piece of international legislation on the matters of freezing sovereign financial assets:

Article 19
State immunity from post-judgment measures of constraint
No post-judgment measures of constraint, such as attachment, arrest or execution, against property of a State may be taken in connection with a proceeding before a court of another State unless and except to the extent that:

(a) the State has expressly consented to the taking of such measures as indicated:
(i) by international agreement;
(ii) by an arbitration agreement or in a written contract; or
(iii) by a declaration before the court or by a written communication after a dispute between the parties has arisen; or

(b) the State has allocated or earmarked property for the satisfaction of the claim which is the object of that proceeding; or

(c) it has been established that the property is specifically in use or intended for use by the State for other than government non-commercial purposes and is in the territory of the State of the forum, provided that post-judgment measures of constraint may only be taken against property that has a connection with the entity against which the proceeding was directed.

Article 21
1. The following categories, in particular, of property of a State shall not be considered as property specifically in use or intended for use by the State for other than government non-commercial purposes under article 19, subparagraph (c):

(a) property, including any bank account, which is used or intended for use in the performance of the functions of the diplomatic mission of the State or its consular posts, special missions, missions to international organizations or delegations to organs of international organizations or to international conferences;

(b) property of a military character or used or intended for use in the performance of military functions;

(c) property of the central bank or other monetary authority of the State; (d) property forming part of the cultural heritage of the State or part of its archives and not placed or intended to be placed on sale;

(e) property forming part of an exhibition of objects of scientific, cultural or historical interest and not placed or intended to be placed on sale.

The United Nations Convention on Jurisdictional Immunities of States and Their Property is **not yet in force,**[6] as it lacks the required number of ratifications, but the fact that it was approved by the General Assembly makes it a basis for decisions in national courts.

The UNCSI is one of few documents that might be considered as a part of the international law on assets immunity and their use. Other cases and interpretations of the document are decided with customary law. Customary international law is an unwritten source of international law that binds all states based on established state practices accepted as law.[7]

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[6] United Nations Treaty Collection. Multilateral Treaties Deposited with the Secretary-General, Chapter III, No. 13 //treaties.un.org .– URL: https://treaties.un.org/pages/viewdetails.aspx?src=treaty&mtdsg_no=iii-13&chapter=3&clang=_en (accessed: 10.09.2026).

[7] Statute of the International Court of Justice : San Francisco, 26 June 1945. – Art. 38.

Another organisation that addressed this issue was the International Monetary Fund (IMF) whereby Article VIII, Section 1(a) of the IMF Agreement prohibits its members from imposing restrictions on the making of payments and remittances for current international transactions without IMF approval.[8] In practice, however, the Fund has never yet blocked such an action. A 1952 decision of its Executive Board takes the pragmatic approach that the IMF should not become a forum for deciding security issues and therefore only expects members to give notice of restrictions to be imposed (before they are applied or, if this is not possible, no later than 30 days).[9]

3. CASE STUDY ON IMMUNITY DEFINITION AND IMPLEMENTATION

The law is ***still unclear*** on when central bank's assets can enjoy immunity from authorities and whether it is possible to seize them by a civil lawsuit and practice differs by region.

In the U.S. law

Foreign Sovereign Immunities Act (FSIA) was passed by the Congress in October 1976. The FSIA, in 28 U.S.C. § 1609, makes all property of a foreign state immune from execution, except as provided in §§ 1610 and 1611. Section 1610 exempts (under certain conditions), "property in the United States of a foreign state . . . used for a commercial activity in the United States." Section 1611(b)(1) then provides that "[n]otwithstanding the provisions of section 1610," the property of a foreign state shall be immune from attachment if it is property" of a foreign central bank or monetary authority held for its own account." The Second Circuit Court of Appeals held that central bank immunity applies to funds "being used for central banking functions as such functions are normally understood."[10] The U.S. cases acknowledge that there is no "definitive list of activities" that are "normally understood" as central banking functions and that those functions could change over time.

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[8] Articles of Agreement of the International Monetary Fund and International Bank for Reconstruction and Development // United Nations Monetary and Financial Conference (Bretton Woods, N.H., 1–22 July 1944) : Final Act and Related Documents. – Washington, D.C. : Government Printing Office, 1944.

[9] Butchard P. Sanctions, International Law and Seizing Russian Assets : Research Briefing. – London : House of Commons Library, 2024. – 7 Nov.

[10] NML Cap., Ltd., 652 F3d

In the European law

At the regional level, a narrower treaty predates the UNCSI: the European Convention on State Immunity (ECSI), adopted in Basel on 16 May 1972 under the auspices of the Council of Europe. Unlike the UNCSI, the ECSI is already in force. As of 2026 parties to the treaty are:

- Austria
- Belgium
- Cyprus
- Germany
- Luxembourg
- Netherlands
- Switzerland
- United Kingdom

Articles 1 to 15 establish grounds on which a Contracting State cannot claim immunity from jurisdiction, echoing exceptions later found in the UNCSI, including express consent, commercial contracts performed through a local entity, and dispute regarding immovable property. Chapter II adds procedural rules on service of process and default judgments. On enforcement, however, the ECSI is markedly more protective of the state than the UNCSI. Article 23 provides that: no measures of execution or preventive measures against the property of a Contracting State may be taken in the territory of another Contracting State except where and to the extent that the State has expressly consented thereto in writing in any particular case. The only exception made by Article 26 allows restricting assets if they are involved in commercial activity.

Examples of state immunity over sovereign active interpretations in national courts:

In 2021 the Swedish Supreme Court addressed central bank immunity in Ascom v. Kazakhstan, which was one of many actions brought around the world by investors to enforce international arbitral awards against the Republic of Kazakhstan. In the Swedish litigation, an arbitration panel in Stockholm held that Kazakhstan violated the fair and equitable treatment standard of the Energy Charter Treaty and awarded over 500 million dollars to aggrieved investors. To enforce the award, the investors attached property of the National Fund of Kazakhstan ("NFK"), a sovereign wealth fund managed by the Kazakh central bank. The attached property included shares of Swedish corporations.

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[11] European Convention on State Immunity : Basle, 16 May 1972 // European Treaty Series. – № 74.

[12] Sweden. Högsta domstolen [Supreme Court]. Decision of 18 November 2021, Case No. Ö 3828-20.

The Swedish Supreme Court had to decide whether the assets of the sovereign wealth fund were immune from measures of execution because they were held and managed by the central bank of Kazakhstan. Concerning the specific property in question , the Swedish Supreme Court noted that it was part of the NFK's "savings portfolio". That portfolio was managed with a significantly higher risk tolerance than permitted by the NFK's "stabilization portfolio." The court observed that the savings portfolio, unlike the stabilization portfolio, was managed like other long-term assets invested in the international capital market. Because the savings portfolio was managed like a normal private equity portfolio, it should not be characterized as "an instrument for the exercise of the National Bank's exchange and monetary policy function." Note that the court's conclusion means that the savings portfolio is not entitled to central bank immunity.[13]

The same case in the court of appeal of Belgium was ruled in favour of investors and froze more than $500 million of Kazakh assets in Belgium. The court rejected a categorical approach to immunity and apparently reasoned that because the assets were in commercial use, they were not entitled to immunity, even if they were invested through the central bank.[14]

A similar UK case against Kazakhstan as of 2005, AIG v. Kazakhstan decided by the High Court of Justice, held that Kazakh sovereign wealth funds managed by the Kazakh central bank were entitled to immunity. The decision applied to the UK State Immunity Act and afforded categorical immunity to assets managed by a foreign central bank, regardless of whether they were invested like private assets with the long-term goal of obtaining high profits at reasonable risk levels.[15]

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[13] Ascom Group S.A., Anatolie Stati, Gabriel Stati and Terra Raf Trans Traiding Ltd. v. Republic of Kazakhstan (I), SCC Case No. 116/2010

[14] Cour d'appel de Bruxelles (17e ch.). Arrêt du 29 juin 2021, № 5536/2021

[15] AIG Cap. Partners, Inc. v. Republic of Kazakhstan [2005] EWHC (Comm) 223

4. CASE STUDY ON FROZEN ASSETS

Afghanistan

The United States has frozen Afghan central bank assets held in the United States after the Taliban took power in Kabul. What makes the Afghan situation unusual is that the United States has not recognized any government of Afghanistan at all. The Da Afghanistan Bank ("DAB"), the central bank of Afghanistan, had approximately $7 billion worth of assets in the United States, all of which were blocked by an Executive Order issued by President Biden pursuant to the *International Emergency Economic Powers Act*.[16] The Departments of the Treasury and State in turn announced the creation of the "Afghan Fund," a legal entity in Switzerland, to make decision about the disbursement of the $3.5 billion dollars. The disbursement of central bank assets through the Afghan Fund apparently raises no issues of immunity. Technically, the assets are being turned over to representatives of the Afghan government. In other words, ownership of the central bank assets has not changed, they still belong to "Afghanistan," even if the Taliban-controlled DAB has no control over or access to them. The United States has decided not to recognize the Taliban and has instead designated or "certified" other people, at least for the limited purposes of disbursing central bank assets. The U.S. government describes the designation of individuals other than the Taliban who now control Afghan central bank assets as "consistent with past practice." [17]

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[16] Exec. Order No. 14064 // Federal Register. – 2022. – Vol. 87. – P. 8391.

[17] Joint Statement by U.S. Treasury and State Department: The United States and Partners Announce Establishment of Fund for the People of Afghanistan // U.S. Department of the Treasury. – 2022. – 14 Sept. – URL: https://home.treasury.gov/news/press-releases/jy0947 (accessed: 10.09.2026).

Iran

Iran's assets abroad have been frozen or otherwise restricted since 1979, when the Iranian Revolution and the subsequent hostage crisis led President Jimmy Carter to block Iranian government property in the United States under the International Emergency Economic Powers Act, freezing roughly $11 billion worth of assets in 1980 dollars($44.58 billion today).[18] Part of this sum was released in 1981 once the Algiers Accords ended the hostage crisis.[19] A much larger figure, estimated at $100 to $120 billion by the late 2010s, is often described as "frozen," but most of it is not held in blocked U.S. accounts; it consists of Iranian oil revenue and other funds sitting in banks abroad, in countries such as South Korea, Iraq, China, Japan and Luxembourg, that Iran cannot repatriate because doing so would violate sanctions. When the 2015 nuclear deal (JCPOA) relaxed those sanctions, only a fraction of that sum, on the order of $30 billion, was expected to actually become available to Iran.[20]

The clearest immunity dispute involves Iran's central bank, Bank Markazi. Victims of the 1983 Beirut barracks bombing and other acts of terrorism attributed to Iran obtained default judgments against Iran under the terrorism exception to the FSIA and sought to execute against Bank Markazi assets held in New York. In 2012 Congress passed the Iran Threat Reduction and Syria Human Rights Act, which identified the pending litigation by name and made the relevant Bank Markazi assets available for execution.[21] Bank Markazi argued that this was an unconstitutional legislative intrusion into a judicial function. However the U.S. Supreme Court in Bank Markazi v. Peterson upheld the statute, holding that Congress may change the law governing a pending case, including one naming a foreign sovereign and its central bank.[22] The United States has since used other Iranian-linked assets in a similar way, including the forfeiture of a Manhattan office tower tied to Iran and worth more than $1 billion.

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[18] Exec. Order No. 12170 // Federal Register. – 1979. – Vol. 44. – P. 65729.
[19] Declaration of the Government of the Democratic and Popular Republic of Algeria : 19 January 1981.
[20] Joint Comprehensive Plan of Action Vienna, 14 July 2015
[21] Public Law No. 112-158 // United States Statutes at Large. – 2012. – Vol. 126. – P. 1214.
[22] Bank Markazi v. Peterson, 578 U.S.

In Certain Iranian Assets (Islamic Republic of Iran v. United States of America), the International Court of Justice has moved into the compensation phase of a long-running dispute centred on the 1955 Treaty of Amity, Economic Relations, and Consular Rights between the two states. In its Judgment of 30 March 2023 gave the Parties 24 months to negotiate the amount, with the matter to return to the Court, at either Party's request, if no agreement be reached. Iran notified the Court in December 2025 that the negotiations had failed, a position the United States confirmed in February 2026. By an Order of 25 February 2026, the Court accordingly fixed 25 November 2026 as the deadline for Iran's Memorial and 25 August 2027 for the United States' Counter-Memorial on the sole question of compensation due, reserving the subsequent procedure for further decision.

Baltic States

After the end of the Second World War when the United Kingdom refused to recognize the Soviet annexation of the Baltic states in 1940 and, accordingly, did not turn Baltic states' government assets located in the United Kingdom over to the Soviet government. However the United Kingdom also wanted to confiscate the Baltic gold to pay Soviet debts to British citizens. The issue was not resolved until 1992, when the Baltic states got their independence back and claimed continuity of their statehood, getting compensation from the UK.[23]

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[23] Denza E., Poulsen L. Settling Russia's Imperial and Baltic Debts // American Journal of International Law. – 2023. – Vol. 117. – P. 441, 461.

Russia

Assets of the Russian Central Bank in Europe were frozen in the beginning of 2022 because of the conflict in Ukraine by regulations from the Council of the European Union. The European Union claims to justify this decision by the doctrine of collective state countermeasures, based on Articles 49-54 of Articles on the Responsibility of States for Internationally Wrongful Acts (Annex to UN General Assembly Resolution 56/83 of 12 December 2001) that say: “states lawfully to carry out measures – that would otherwise be illegal – against a state that has violated fundamental rules of international law, in order to induce it to cease its unlawful conduct or to comply with its obligation to compensate states injured by this conduct”. [24]

Most of the Central Bank assets located in EU jurisdiction were managed by a Belgian private financial company Euroclear. The sum held in Euroclear’s accounts is estimated around EUR 185-200 billion, which functioned as foreign exchange reserves and custodial securities investments.[25]The assets were immobilised by Council Regulation 2022/334 of 28 February 2022 amending existing sanctions regulation from 2014 adding:

‘4. Transactions related to the management of reserves as well as of assets of the Central Bank of Russia, including transactions with any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Russia, are prohibited.

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[24] Caprile A., Peters T. Confiscation of Immobilised Russian Sovereign Assets: State of Play, Arguments and Scenarios : Briefing, PE 775.908 // European Parliamentary Research Service. – 2025. – Sept. – URL: https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775908/EPRS_BRI(2025)775908_EN.pdf (accessed: 10.09.2026).

[25] EU sanctions against Russia explained // Council of the European Union. – URL: https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/ (accessed: 10.09.2026).

Along with the impact of other sanctions, freezing the CBR's reserves resulted in significant cash withdrawals from ATMs by the public and a 30% devaluation of the rouble against the dollar within a week. This forced the CBR to raise interest rate drastically from 9.5% to 20%, as well as to impose restrictions on lending in foreign currencies.

Not able to confront the EU regulations, Euroclear faced charges in Russia. The trial ended on the 15th of May 2026 with the Moscow Arbitration Court ordering Euroclear to pay more than RUB 18 trillion to the CBR as compensation for lost profit from the assets.[26] Euroclear refused to recognise Russian jurisdiction over the case.[27]

The most unprecedented moment is the discussion on what Europe shall do with the Russian assets facing the current confrontation. In May 2023, the G7 issued a statement indicating that they were taking steps to fully map Russian state assets immobilised under their jurisdiction. They declared that these assets would remain frozen until Russia had paid for the damage it had allegedly caused in Ukraine. Building on this position, at its summit in June 2024 the G7 decided to grant Ukraine loans totalling around $50 billion by the end of that year, with each loan proportional to the size of the respective member's economy. This aid was to be repaid using the profits generated from trading frozen assets deposited in G7 countries. This loan mechanism was called ERA (Extraordinary Revenue Acceleration) Loans for Ukraine. But confiscation of profits is not the same as

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[26] РБК Арбитражный суд Москвы удовлетворил иск ЦБ к Euroclear на 18,2 трлн руб. [Электронный ресурс]. – 2026. – 15 мая. – URL: https://www.rbc.ru/finances/15/05/2026/6a0709c59a79474bd3dd001b (accessed: 10.09.2026).

[27] ТАСС Euroclear после отклонения апелляционной жалобы не признал юрисдикцию суда РФ [Электронный ресурс]. – URL: https://tass.ru/ekonomika/27923853 (accessed: 10.09.2026).

confiscation of assets themselves that causes opposition from Belgium where they are stored. The Belgian government addressed the other members of the EU calling for sharing responsibility for such an action and guaranteeing compensation for Belgium if this decision would make other investors withdraw their money from the country. As of September 2026, consensus was not reached, but Sweden, the Netherlands, Spain, Poland continue to be the most active supporters of the idea of fully transferring the sum to Ukraine as a grant or a 0% loan.

Special status of central-bank property. Article 21(1)(c) UNCSI states that the property of a central bank or other monetary authority is not to be considered as property used for other than government non-commercial purposes. The commercial-use exception of Article 19(c), on which most enforcement against State property relies, therefore cannot in principle be applied to it; the U.S. FSIA (§ 1611(b)(1)) is built on the same logic. The EU and its partners answer that Articles 19 and 21 regulate post-judgment measures of constraint taken in connection with court proceedings, whereas the EU measures are executive acts adopted by the Council, **not** the enforcement of a judgment.

The immobilisation of the CBR's reserves presumptively violates immunity from measures of constraint, and can't be justified as a temporary preventive measure or as a countermeasure, while permanent confiscation or active management of the assets goes beyond what any exception allows.

According to the United Nations Charter Article 41, the Security Council is **the only body** that can impose sanctions on a state. The Russian Federation considers all sanctions imposed by any other country or organization to be a breach of international law.[28]

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28 https://russiancouncil.ru/analytics-and-comments/comments/v-mire-est-tolko-odna-instantsiya-upolnomochennaya-vvodit-sanktsii-eto-sb-oon/ (accessed: 10.09.2026).

The official Russian position was stated by the spokeswoman of the Ministry of Foreign Affairs, Maria Zakharova:

Any disposition of our sovereign assets without the Russian Federation's consent—whether through indefinite freezing, seizure, or attempts to frame their de facto confiscation as some sort of "reparations loan"—constitutes a completely unlawful act that flagrantly violates the norms of international law. No matter what pseudo-legal pretexts Brussels uses to justify it, this amounts to nothing more than blatant, crude theft.[29]

Since the beginning of 2026, the G7 countries have extended loans to Ukraine totaling $10.5 billion, backed by proceeds from frozen Russian assets. The cumulative amount transferred to Kyiv under this mechanism has reached $49.4 billion.[30]

5. SDGs

The confiscation, immobilisation or transfer of sovereign assets is not only a legal and financial question. It can also affect development financing, public expenditure and social policy in the country whose assets are involved. When a State loses access to part of its reserves, or when frozen assets are later used for a specific purpose, this can influence the amount of money for reconstruction, social protection or investment. These effects may have implications for progress towards certain United Nations Sustainable Development Goals (SDGs), which depend on stable and predictable financing.

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29 https://russiancouncil.ru/analytics-and-comments/comments/v-mire-est-tolko-odna-instantsiya-upolnomochennaya-vvodit-sanktsii-eto-sb-oon/ (accessed: 10.09.2026).

30 https://russiancouncil.ru/analytics-and-comments/comments/v-mire-est-tolko-odna-instantsiya-upolnomochennaya-vvodit-sanktsii-eto-sb-oon/ (accessed: 10.09.2026).

Financing for development

Reaching the SDGs by 2030 requires large amounts of financing, and this financing is currently insufficient. The Financing for Sustainable Development Report 2026, prepared by the UN Inter-agency Task Force on Financing for Development, states that development progress is being held back by global fragmentation, geopolitical tension and armed conflict, and that developing countries face a growing financing squeeze.[31] The report notes that official development assistance is expected to decline further in 2026, while debt-service burdens in many developing countries have reached their highest levels in twenty years.[32] The report does not address frozen or immobilised sovereign assets directly, but it provides broader context on the global financing situation that is relevant to this discussion. Questions concerning sovereign assets held abroad — whether frozen, immobilised or otherwise restricted — have also entered parts of the broader international discussion on development financing. However, using such assets raises legal and economic questions that go beyond ordinary development aid, and these questions are discussed in Sections 2 to 4 of this report.

Poverty and social protection

The first area of concern is **Sustainable Development Goal 1: No Poverty** (including target 1.3 on social protection systems). Public budgets fund social assistance, pensions, food support and other programmes that protect vulnerable populations. Loss of access to central-bank reserves does not directly remove budgetary funds, but it can weaken external liquidity and monetary stability and, through those channels, indirectly constrain fiscal space for such programmes.

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31 https://russiancouncil.ru/analytics-and-comments/comments/v-mire-est-tolko-odna-instantsiya-upolnomochennaya-vvodit-sanktsii-eto-sb-oon/ (accessed: 10.09.2026).

32 https://russiancouncil.ru/analytics-and-comments/comments/v-mire-est-tolko-odna-instantsiya-upolnomochennaya-vvodit-sanktsii-eto-sb-oon/ (accessed: 10.09.2026).

On the other hand, if frozen assets or income generated from them are later directed toward humanitarian or social purposes, this may temporarily increase available resources for a specific population. The outcome depends heavily on which mechanism is used and who controls the distribution of funds.

This is closely connected to **Sustainable Development Goal 10: Reduced Inequalities.** In some mechanisms, decisions on sovereign assets are taken by institutions outside the affected country, such as foreign governments, courts or international bodies. This can limit direct participation by affected groups in decisions that concern the resources meant to help them. Whether the process reduces or increases inequality[24] within the country depends on how transparently the funds are managed and how clearly the intended beneficiaries are identified.

Economic recovery and reconstruction

A second area of concern is **Sustainable Development Goal 8: Decent Work and Economic Growth.**[25] Sovereign assets, if released or redirected, could in principle support reconstruction, infrastructure and employment. Additional financing may help restart productive activity in a country recovering from conflict or economic collapse. At the same time, restricting a state's access to its own reserves can create serious economic difficulties, including currency instability and banking-sector stress, particularly when the reserves in question belong to a central bank. The Afghan case, discussed below, shows both dimensions of this problem.

Institutions, transparency and legal certainty

A third area concerns **Sustainable Development Goal 16: Peace, Justice and Strong Institutions (including targets 16.3, 16.6 and 16.7).** Sections 2 and 3 of this report describe how sovereign immunity and its exceptions are defined under customary international law, the UN Convention on Jurisdictional Immunities of States and Their Property (which has not yet entered into force, and whose Articles 18-21 relate primarily to measures of constraint in connection with proceedings before a court and cannot automatically be extended to non-judicial sanctions measures), and national legislation such as the US Foreign Sovereign Immunities Act.

Whenever assets are frozen, immobilised or redirected, questions arise about which institution decides how the funds are used, how the process is supervised, and how affected parties can seek redress. Weak transparency or unclear accountability in managing such funds can undermine confidence in the process, regardless of its underlying legal justification. This is a central institutional question for any future mechanism involving sovereign assets.

International cooperation

A fourth area concerns **Sustainable Development Goal 17: Partnerships for the Goals** (including targets 17.13, 17.14 and 17.16). Decisions on sovereign assets taken by one State or group of States can have consequences that extend beyond the immediate case. Other governments may reassess how safe it is to hold reserves in foreign jurisdictions, which can affect how central banks manage reserves globally. The *Financing for Sustainable Development Report 2026* emphasises reforming the international financial architecture and strengthening multilateral cooperation as priorities for closing the financing gap.[33] In a similar fashion, any future use of sovereign assets for development purposes may raise additional questions of coordination and trust, and could benefit from broad international agreement; this specific conclusion reflects the analysis of this report rather than a finding of the FSDR 2026 itself.

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[33] United Nations. Financing for Sustainable Development Report 2026: Implementing the Sevilla Commitment. URL: https://unctad.org/publication/financing-sustainable-development-report-2026-implementing-sevilla-commitment (accessed: 08.09.2026).

Examples: Afghanistan and Russia

TAfter August 2021, about $7 billion of Da Afghanistan Bank's reserves held in the United States were blocked.[34] In February 2022, the U.S. Administration split them: $3.5 billion was earmarked for the benefit of the Afghan people, while the remaining amount stayed subject to litigation by relatives of September 11 victims.[35] The earmarked funds became the Afghan Fund, a Geneva-based foundation established with Switzerland in 2022 to support the Afghan economy, for example currency stability, without giving the Taliban direct access. In the Russian case, the EU has kept the reserves immobilised but decided in 2024 that the net windfall profits they generate may be used to support Ukraine's reconstruction.[36] Both cases show that assets or their income can serve development and reconstruction goals (SDG 17) without changing ownership, but such use raises separate legal and financial questions and affects States' confidence in holding reserves abroad.

6. Conclusion

A large part of the difficulty with frozen sovereign assets comes from the absence of a shared legal framework among the States involved. Each actor — the State whose assets are affected, the State holding them, and any third country or institution managing them — currently follows its own rules. This makes outcomes hard to predict and creates real risks for the wider financial system. Closer coordination is therefore needed, especially in the following areas:

Legal basis and definitions

- distinguish clearly between freezing, immobilisation and confiscation in national and international rules, since each has different legal consequences;

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[34] Afghanistan Central Bank Reserves [Electronic resource] : In Focus IF12052 // Congressional Research Service. – URL: https://www.congress.gov/crs_external_products/IF/HTML/IF12052.web.html (accessed: 08.09.2026).

[35] Executive Order on Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan [Electronic resource] // The White House. – 2022. – 11 Feb. – URL: https://bidenwhitehouse.archives.gov/briefing-room/presidential-actions/2022/02/11/executive-order-on-protecting-certain-property-of-da-afghanistan-bank-for-the-benefit-of-the-people-of-afghanistan/ (accessed: 08.09.2026).

[36] Extraordinary Revenues Generated by Immobilised Russian Assets: Council Greenlights the Use of Net Windfall Profits to Support Ukraine's Self-Defence and Reconstruction [Electronic resource] : Press release // Council of the European Union. – 2024. – 21 May. – URL: https://www.consilium.europa.eu/en/press/press-releases/2024/05/21/extraordinary-revenues-generated-by-immobilised-russian-assets-council-greenlights-the-use-of-windfall-net-profits-to-support-ukraine-s-self-defence-and-reconstruction/ (accessed: 09.09.2026).

- agree on common standards for when and how such measures may be applied

Immunity of central-bank property

- States hold different views on the protection of central-bank property. Some emphasise its special status, since in their view it is normally protected more strongly than other State assets, and stress the importance of predictability for the international monetary system.
- Others argue that immunity is not absolute and that restrictive measures, including the use of income from immobilised assets, may be justified in response to conduct they regard as internationally wrongful.
- Whether, and under what conditions, the immobilisation of central-bank property can be distinguished from a transfer of ownership, and whether the use of income from immobilised assets may be justified as a response to internationally wrongful conduct.

Oversight and accountability

- ensure that any body managing frozen or immobilised assets reports clearly on how the funds, or income from them, are used;
- give the affected State (or, where relevant, its recognised representatives) a channel to raise objections or seek redress.

Cooperation between States

- coordinate positions among States applying similar measures, so that comparable cases are treated in a comparable way;
- involve relevant international organisations, such as the UN and the IMF, in setting common expectations

Use of proceeds

- when income generated by frozen or immobilised assets is redirected — for reconstruction, humanitarian relief or similar purposes — this should not come at the cost of monetary stability or confidence in how reserves are protected abroad

The freezing or immobilisation of a State's assets is not, in itself, precluded under international law. Such measures may be permissible under certain conditions. However, the question of where the line should be drawn between legitimate pressure on a State responsible for internationally wrongful conduct, on the one hand, and undue interference with sovereign immunity and the stability of the international financial system, on the other, remains open. This is a matter that warrants continued attention and further consideration by the international community.

Glossary

Sovereign assets — property owned by a State in its sovereign capacity and held abroad, including foreign-exchange reserves, central-bank deposits and securities, and sovereign wealth funds. Such assets are protected by State immunity. [UN Convention (2004), Arts. 2, 5; Council Regulation (EU) No 833/2014, Art. 5a(4); Council Regulation (EU) 2024/576.]

State immunity — a rule of international law protecting a State and its property from the jurisdiction and enforcement measures of foreign courts, subject to certain exceptions. [UN Convention (2004), Arts. 5, 10, 18–19.]

Central-bank assets — assets and reserves held by a State's central bank or monetary authority. They receive enhanced protection from enforcement and, under EU sanctions law, certain transactions involving the Central Bank of Russia's assets are prohibited, resulting in their immobilisation.

Freezing — a legal measure temporarily prohibiting the use, transfer, sale, or other disposal of assets, without affecting ownership. [Council Regulation (EU) No 269/2014; Council Regulation (EU) No 833/2014.]

Immobilisation — the legal or practical inability to use, transfer, or otherwise dispose of assets. The term is broader and more descriptive than *freezing* and is used in this report for the Central Bank of Russia's reserves, which are therefore referred to as *immobilised assets* or *immobilised reserves*, rather than "frozen assets". [Council Regulation (EU) No 833/2014, Art. 5a(4); Council Regulation (EU) 2024/576.]

Confiscation — a measure entailing permanent deprivation of property, as distinct from the temporary and reversible restrictions typical of freezing or immobilisation; its application to a foreign State's sovereign or central-bank assets remains legally contested and depends on the applicable framework and rules on State immunity.

Immunity from jurisdiction — one of the two forms of State immunity, protecting a State from being sued before the courts of another State; distinct from immunity from measures of constraint, which protects State property from enforcement rather than a State from suit. [UN Convention (2004), Arts. 5, 10.]

Immunity from measures of constraint (also enforcement immunity) — the form of State immunity protecting State property from enforcement measures such as attachment, arrest or execution; governed by separate rules from immunity from jurisdiction and not automatically removed by the commercial-activity exception. [UN Convention (2004), Arts. 18–21.]