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INSIGHT

Russia's Central Bank Assets

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After Russia launched a full-scale war on Ukraine in February 2022, the Group of 7 countries (G7, including Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) announced coordinated sanctions against Russia's central bank. Specifically, the G7 and partner countries, including Australia and Switzerland, froze about $280 billion in Russian central bank assets held in their jurisdiction—at the time, about half of the central bank's total assets.

In April 2024, Congress passed the Rebuilding Economic Prosperity and Opportunity (REPO) for Ukrainians Act (Division F of P.L. 118-50). Among other measures, it directs the President to engage with partner countries on how the assets could be used to support Ukraine. Following months of negotiations, the G7 finalized in October 2024 plans for $50 billion in loans to Ukraine to be repaid with the future interest on frozen Russian assets.

Policymakers are again discussing Russian central bank assets in the context of potential negotiations to end the conflict. Congress could shape U.S. policy regarding Russian assets through legislation and exercise oversight of the Administration's policies through hearings and reporting requirements.

Context: Policy Debates and Previous Actions

Since the assets were frozen, policymakers and policy analysts in the United States, Europe, and partner countries have debated whether, and if so, how, to use frozen Russian assets. Many experts have argued that using Russian central bank assets to help Ukraine is legally and morally justified. For example, the *Economist* argued that "the moral case to make Russia pay is obvious," because Russia "waged war without provocation, without regard to civilian lives and in frequent violation of international law," the economic damage is "far beyond the capacity of Ukraine" to address, and "western taxpayers should not have to foot all the bill." The Ukrainian government, European Commission, World Bank Group, and United Nations estimated in February 2025 that Ukraine's reconstruction and recovery costs would total $524 billion over the next decade, almost three times the size of Ukraine's economy.

Some observers have raised legal, economic, and strategic concerns and objections regarding the use of frozen Russian assets for Ukraine—for example, whether transferring Russian assets to Ukraine would violate international law, jeopardize confidence in western financial markets and currencies, and complicate negotiations to end the war.

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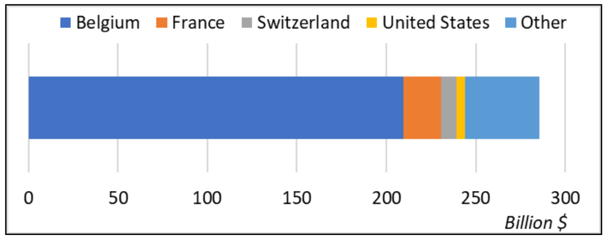
G7 Coordination and Loan to Ukraine

The United States has coordinated with European partners as most of the assets are held in Europe. While the United States reportedly holds less than 2% of the assets (about $5 billion), about 80% of the assets are held in European countries (**Figure 1**). Holdings are particularly concentrated in Euroclear, a central securities depository headquartered in Belgium.

Figure 1. Frozen Russian Central Bank Assets



Source: Created by CRS using data from Laura Dubois and Sam Fleming, "The Legal Case for Seizing Russia's Assets," *Financial Times*, December 2023.

The legal and reputational risks of seizing the assets have been a particular concern for some European policymakers. In May 2024, EU member state governments (acting in the Council of the EU) adopted measures to use some of the interest from Russia's frozen sovereign assets—rather than confiscating and using the underlying assets—to support Ukraine. Such measures could raise an estimated $3 billion a year.

Following negotiations, the G7 leaders announced in June 2024 plans to launch the "Extraordinary Revenue Acceleration (ERA) Loans for Ukraine." The ERA is to provide $50 billion in loans to Ukraine, to be repaid by profits from frozen Russian central bank assets. The ERA seeks to minimize the legal risks (because the underlying assets are not confiscated) while front-loading financing to Ukraine. In the ensuing months, policymakers negotiated the details of the loan, which were announced by the G7 finance ministers in October 2024. Among the details announced included the precise commitments by different jurisdictions: the United States, $20 billion; the European Union, $19 billion; Canada, $3.5 billion; Japan $3.2 billion; and the United Kingdom, $2.9 billion.

In December 2024, the U.S. Treasury Department announced the disbursement of a $20 billion loan as the U.S. portion of the ERA. The funds were transferred to the World Bank's Facilitation of Resources Strengthening Ukraine Financial Intermediary Fund (F.O.R.T.I.S. Ukraine FIF), through which the funds are made available to Ukraine. The subsidy cost of the loan—$535.25 million—was paid using previously appropriated funds.

The European Commission disbursed the first loan tranche ($3.25 billion) to Ukraine in January 2025. Canada finalized its agreement with Ukraine in February, and the UK signed its agreement with Ukraine in March.

Current Debates and the Role of Congress

Some U.S. and European policymakers remain interested in seizing Russian central bank assets. For example, at the Munich Security Conference in mid-February 2025, a bipartisan group of Senators called for the seizure of the assets. In early March, officials in France, Germany, and the UK reportedly discussed plans to seize the assets, in response to shifts in U.S. policy under the Trump Administration.

On March 14, 2025, the G7 foreign affairs ministers discussed seizing the Russian central assets if Russia does not agree to a ceasefire with Ukraine. Within Russia, proposals have reportedly circulated among officials to use Russia's frozen reserves for rebuilding Ukraine as part of a potential peace deal, if part of the money is used to rebuild portions of Ukraine under Russian control.

To date, the United States has not authorized or transferred any Russian central bank assets held in its jurisdiction, although the REPO Act authorizes the President to seize the assets to provide financial assistance to Ukraine (Sec. 104). The REPO Act also prohibits the release of Russian assets to the Russian government unless certain conditions are met relating to the end of the conflict and Ukraine's compensation (Sec. 103).

Congress could amend or pass new legislation shaping U.S. policy on the frozen Russian assets including, for example, how the assets should be treated in negotiations with Russia and Ukraine. Congress could also conduct oversight of the Administration's policies toward Russian assets in its discussions with Ukraine, Russia, and European counterparts.

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