

PASMUN 2026



Committee: ECOFIN

Topic: The Russian Frozen Assets Question: The Ethics of Seizing Sovereign Wealth

Letter of Introduction

Dear Delegates,

Welcome to the Economic and Financial Affairs Council Committee at PAS MUN! I am Mariana, and along with my partners Pedro and Clara, we are honored to serve as your chairs for this committee on "The Russian Frozen Assets Question: The Ethics of Seizing Sovereign Wealth." This topic holds significant relevance to us as we live in a world where international conflicts increasingly challenge the principles of sovereignty, financial security, and global justice. The freezing of Russian sovereign assets has raised concerns about whether these funds should remain protected as sovereign property or be seized and redirected toward supporting Ukraine. Our discussions will center on examining the legal, ethical, and economic implications of seizing sovereign wealth, considering the responsibilities of nations during times of conflict, and exploring potential solutions that balance accountability with respect for international financial principles.

I am currently in eleventh grade, and I started my Model United Nations experience about 6 years ago. I am very honored to have this role and participate in the Pan American School MUN 2026 as a chair of this committee. Having this opportunity and being in this Model United Nations experience is very gratifying and surprising for me. I hope you all are able to have a great and fruitful debate without forgetting to build strong friendships and have FUN. See you there!

My name is Pedro de la Silva, and I am very excited to be serving as one of your Co-Chairs for PAS MUN 2026. I am currently in twelfth grade, and throughout my MUN experience, I have developed a strong appreciation for debate, diplomacy, and the opportunity to understand global issues from different perspectives. I am especially excited about this committee because our topic combines economics, international relations, and law, while also raising difficult questions that do not have simple answers. As delegates, I encourage you to come prepared to defend your country's position while remaining open to negotiation and compromise. Most importantly, I hope this committee gives you the opportunity to challenge yourselves, meet new people, and enjoy the experience. I look forward to meeting all of you and seeing the discussions and solutions you bring to the committee!

My name is Clara de la Silva, and I am very excited to be serving as one of your Co-Chairs for this MUN conference. Although this is my first experience as a Chair, I am truly looking forward to learning alongside all of you and making this committee an enjoyable and meaningful experience. I hope that throughout this conference, you feel confident expressing your ideas, challenging different perspectives, and working together to find creative solutions. More than anything, I wish for you to take advantage of this opportunity to learn, participate, and step outside of your comfort zone. I am incredibly excited to meet all of you and see the ideas, debates, and discussions you bring to our committee. I hope we can make this a memorable MUN experience for everyone!

History of the Committee

The Economic and Financial Committee, commonly known as the Second Committee of the United Nations General Assembly, is one of the six Main Committees through which UN Member States discuss international issues. The committee has existed since the first session of the General Assembly in 1946 and focuses primarily on global economic and financial matters.

Its agenda covers subjects such as macroeconomic policy, international financing, sustainable development, globalization, poverty reduction, food security, and economic development. Every UN Member State may be represented in the Main Committees, allowing countries with very different economic systems and political interests to debate common international challenges. The committee discusses agenda items and develops draft resolutions and recommendations that can later be considered by the General Assembly.

The question of frozen Russian sovereign assets is particularly relevant to an Economic and Financial Committee because it involves the international financial system, sovereign reserves, sanctions, property rights, reconstruction financing, and the potential consequences that confiscating one country's reserves could have for the global economy.

History of the Problem:

The current debate over Russian sovereign assets can be traced back to 2014, when Russia annexed Crimea from Ukraine. In response, the European Union, the United States, and several other governments introduced sanctions against Russian officials, entities, and sectors of the Russian economy. In March 2014, the EU began introducing asset freezes and travel restrictions against individuals connected to actions threatening Ukraine's territorial integrity, and later that year expanded its measures to include broader economic sanctions involving finance, energy, defense, and other sectors.

The issue became significantly larger following Russia's full-scale invasion of Ukraine on February 24, 2022. Western governments introduced much broader financial sanctions, including restrictions involving the Central Bank of Russia. The European Union prohibited transactions related to the management of reserves and assets belonging to the Russian Central Bank, effectively preventing Russia from accessing a large portion of its foreign reserves held within participating jurisdictions.

An important distinction in this debate is the difference between freezing, or immobilizing, assets and confiscating them. When an asset is frozen, its owner remains the legal owner, but is prevented from accessing, transferring, or using it while the restrictions remain in place. Confiscation or seizure, in contrast, would involve permanently taking the asset from its original owner and transferring ownership or control to another party. This distinction is central to the debate because freezing assets as part of sanctions is already widely used, while permanently confiscating the sovereign reserves of another state raises more complex questions involving international law, sovereign immunity, property rights, and the stability of the international financial system.

By early 2024, approximately €260 billion in Central Bank of Russia assets had been immobilized across the jurisdictions of the G7, the European Union, and Australia, with more

than two-thirds located in the EU. This figure is broadly consistent with estimates of roughly \$280–300 billion in Russian sovereign assets immobilized internationally.

However, another possibility emerged between 2023 and 2024: rather than confiscating the assets themselves, governments could use the extraordinary profits or interest generated by those immobilized assets. In May 2024, the EU established a legal framework allowing extraordinary revenues generated from immobilized Russian Central Bank assets to be used to support Ukraine. This allowed governments to direct financial benefits toward Ukraine without necessarily transferring ownership of the underlying Russian reserves.

In June 2024, G7 leaders took this approach further by establishing the Extraordinary Revenue Acceleration (ERA) Loans for Ukraine initiative. Under the plan, approximately \$50 billion (€45 billion) in loans would be provided to Ukraine, with repayment supported by future revenues generated from the immobilized Russian sovereign assets. In December 2024, for example, the United States disbursed its \$20 billion share of the initiative.

The issue has continued to develop. As of 2026, approximately €210 billion in Russian Central Bank assets remain immobilized within the European Union. The EU has continued transferring extraordinary revenues generated by these assets to mechanisms supporting Ukraine; by August 2026, the assets had generated approximately €8 billion in windfall profits since their immobilization. The EU has also stated that the underlying Russian assets should remain immobilized until Russia ends its full-scale invasion and compensates Ukraine for the damage caused.

This leaves delegates with the central question of the debate: What should ultimately happen to the principal value of the immobilized Russian sovereign assets? Some governments and legal experts have explored mechanisms that could allow the assets to contribute toward Ukraine's reconstruction and compensation. Others have raised concerns about sovereign immunity, legal precedent, retaliation against foreign assets, and the possibility of weakening international confidence in reserve currencies and Western financial institutions.

Delegates must therefore consider several possible approaches: keeping the assets frozen until a future settlement is reached; continuing to use only the profits generated by the assets; developing an international compensation mechanism; or establishing a legal basis for some form of confiscation. The challenge for the committee will be to determine how the international community can promote accountability and assist Ukraine while protecting the principles of sovereignty, international law, and confidence in the global financial system.

Bloc Positions

Ukraine: Ukraine supports the permanent confiscation of Russian state assets and their use for reconstruction, compensation for victims, and defense. Its argument is ethical: Russia caused the damage through its invasion, so Russia should pay rather than placing the long-term financial burden on Ukraine and its allies.

Russia: Russia opposes both confiscation and the use of profits from its assets for Ukraine. It argues that the reserves remain Russian state property and are protected by sovereign immunity; it frames seizure as illegal theft and has challenged EU measures involving proceeds from frozen assets.

United States: The United States has been among the stronger legal supporters of possible confiscation. The U.S. REPO Act authorizes the president to seize and transfer certain immobilized Russian sovereign assets for Ukraine, though the United States holds much less of these assets than European countries do.

Belgium: Belgium is a major cautious voice because Euroclear, the financial institution holding a large share of frozen Russian assets, is based there. Belgium supports keeping the assets frozen but has warned that full confiscation could create serious legal cases, retaliation, and damage to trust in European financial institutions.

Poland: Poland is a strong supporter of using Russian assets more actively to support Ukraine. It is likely to argue that leaving the assets untouched weakens accountability for aggression; Poland has joined Sweden, the Netherlands, and Spain in calling for renewed EU discussion on using immobilized Russian assets for Ukraine.

Current Situation

The assets seized by the European Union and the G7 countries remain inaccessible to Russia, but the principal amount has not been officially confiscated. Instead, international governments have focused on using the extraordinary profits and interest generated by the immobilized assets to support Ukraine.

To further explain, the Extraordinary Revenue Acceleration (ERA) initiative provides loans to Ukraine that will be repaid using future revenues from Russian sovereign assets. The G7 has stated that Russia's assets will remain immobilized until Russia ends its aggression and pays for the damage caused to Ukraine. The European Union has implemented a similar strategy. In August 2026, the EU received €1.4 billion in windfall profits generated from interest on cash balances connected to immobilized Russian Central Bank assets. The EU stated that these funds would be used to support Ukraine. This demonstrates that governments are currently using the profits from the frozen assets while continuing to debate whether the original assets should also be confiscated.

As a result, the main issue before ECOFIN is whether the existing policy of freezing Russian assets and using only their profits is sufficient. Delegates must also consider whether the international community should create a broader mechanism for confiscating the assets themselves and what legal safeguards would be necessary if that policy were adopted. The resolution should balance assistance for Ukraine with concerns about fairness, international law, financial stability, and the future treatment of sovereign assets.

Things to Consider/Case Studies

-Case Study 1: The Iraqi Invasion of Kuwait (1990) and the UN Compensation Commission (UNCC)

Following Iraq's invasion of Kuwait, the UN Security Council froze Iraqi state assets globally and established the UNCC (via Resolution 687). Rather than unilateral confiscation, a structured international organization collected revenues from Iraqi oil exports to pay \$52 billion in reparations to individuals, corporations, and governments damaged by the invasion.

-Case study 2: The U.S. Seizure of Afghan Central Bank Assets (2021–2022)

After the Taliban took control of Kabul, the United States froze approximately \$7 billion of Da Afghanistan Bank (DAB) reserves held in the Federal Reserve Bank of New York. In 2022, the U.S. executive branch split these funds, reserving half for legal claims by victims of 9/11 and transferring the other half to a Swiss-based "Afghan Fund" to benefit the Afghan public while bypassing the Taliban regime.

Questions a Resolution Must Answer

- Should the UN only allow countries to use the profits/interest from the frozen money, or should countries seize the original money itself?
- What legal rules (such as international laws or UN resolutions) justify keeping the assets frozen or seizing them?
- Which international organization or team should manage and distribute the money to make sure it goes directly to rebuilding Ukraine and isn't stolen or lost to corruption?
- What rules can delegates put in place to make sure taking a country's central bank money doesn't set a bad example for other global conflicts in the future?
- How can countries prevent major financial problems, like other nations losing trust in Western banks or switching away from using the US Dollar and Euro?
- What specific steps must Russia take (such as withdrawing troops or paying reparations) before its frozen money can be unlocked or returned?

- How should the international community handle potential counter-action or economic retaliation from Russia against foreign companies or countries that vote to seize its funds?
- If the original money is seized, should it be given directly to Ukraine's government, placed in a special UN-managed trust fund, or used to issue financial loans?

Suggestions for Further Research:

- **United Nations Documents:** Look up UN General Assembly Resolution A/RES/ES-11/5 to read about how the UN proposed creating a system to pay for damages in Ukraine.
- **International Court of Justice (ICJ) Reports:** Read updates on legal cases at the UN's highest court regarding the war and international responsibility.
- **European Union (EU) News & Official Statements:** Research European Council updates on how Euroclear works and how the EU uses interest from frozen assets to fund ERA loans.
- **Global Economic & Legal Think Tanks:** Search for beginner-friendly articles from places like the Atlantic Council, Bruegel, or Peterson Institute for International Economics (PIIE) that explain the financial risks of seizing state money.
- **International News Outlets:** Follow reputable outlets like BBC, Reuters, or AP News for current updates on G7 decisions and Russian responses regarding frozen reserves.

Closing Remarks

Delegates, navigating the Russian frozen assets question requires balancing moral urgency and international justice against legal stability, economic risk, and long-standing norms of sovereign immunity. The decisions made in this committee should not only address the immediate needs of reconstruction and accountability but also safeguard the stability and integrity of the international financial system for decades to come.

As chairs, we look forward to watching you negotiate thoughtfully, debate diplomatically, and construct innovative solutions. We wish you an inspiring, productive, and memorable conference at PAS MUN 2026!

References

Beake, N. (2025, December 3). Belgium urges Europe to drop plan for frozen Russian assets to aid Ukraine. <https://www.bbc.com/news/articles/cz7n95wzl9lo>

Caprile, A., & Peters, T. (2025, September). Confiscation of immobilised Russian sovereign assets (Briefing PE 775.908). European Parliamentary Research Service. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775908/EPRS_BRI\(2025\)775908_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775908/EPRS_BRI(2025)775908_EN.pdf)

Frozen Russian Assets: Can €210 billion Help Fund Ukraine in 2027? (Sep 29, 2026). <https://www.epc.eu/publication/frozen-russian-assets-can-210-billion-help-fund-ukraine-in-2027/>

Weiss, M. A. (Co-ordinator), Thomas, C., & Elsea, J. K. (2023, March 13). *Afghanistan Central Bank Reserves* (CRS In Focus IF12052). Congressional Research Service. https://www.congress.gov/crs_external_products/IF/HTML/IF12052.web.html