

When Sanctions Become Bargaining Chips

The Delisting of Usmanov and Fridman from the EU Sanctions List

For years, Hungary has been the most predictable disruptor in EU sanctions decision-making. Viktor Orbán's government, reliably sympathetic to Moscow, would [threaten to veto](#) the adoption of a new Russia sanctions package or the renewal of existing restrictions. In most cases, after arguing over who should be removed from the sanctions list, Hungary would eventually withdraw its threat, Europe would breathe a sigh of relief, the sanctions list would be renewed, and the cycle would start again 6 months later.

On [22 September 2026](#), something different happened. Two founding members of the European Union, France and Luxembourg, became central to a similar confrontation. The outcome was striking: [Alisher Usmanov and Mikhail Fridman, two leading businesspersons operating in Russia, were removed](#) from the EU sanctions list.

This was more than another Brussels compromise. It was a stress test of the EU's ability to act collectively when *national interests* collide with the maintenance of targeted sanctions, the most prominent tool of the [Union's common foreign and security policy](#).

A system built around a deadline

The individual measures adopted under Russia sanctions ([Regulation \(EU\) No 269/2014](#)) impose asset freezes and travel restrictions on persons and entities considered responsible for, supporting or benefiting from actions undermining Ukraine's territorial integrity. The targets include Russian political leaders, military officials, as well as [oligarchs](#) and their associates. The adoption and subsequent maintenance of their names on the EU sanctions list depend on unanimity reached among 27 Member States in Brussels.

Until this September, listing decisions were renewed every six months, by the unanimous vote of the Member States in March and September. That timetable was intended to preserve scrutiny and regular review of EU Russia sanctions. In practice, however, it created a *predictable chokepoint*. Any capital could use the deadline to seek concessions, block renewals, and hold sanctions hostage of unanimity. The semiannual cadence was therefore a constant challenge to the validity and credibility of sanctions.

National security or national interests?

France's pressure to remove Usmanov from the EU sanctions list came as a shock. Reporters linked the [French position](#) to national-security consideration, in particular the detention of French nationals in Azerbaijan. If that account is correct, some may call it [a transaction](#). Similarly, Luxembourg's support for Fridman's delisting raised unprecedented concern. Prime Minister Luc Frieden said the country acted in the ["overriding national interest" to "avert harm"](#). He did not specify the harm. Yet, it is common knowledge that Fridman has brought [a substantial investment claim \(reported at USD 16 billion\) against the Grand Duchy](#) in connection with assets affected by sanctions. The claim is reported to be the first-ever known [investment arbitration claim filed against Luxembourg under a bilateral investment treaty \(BIT\)](#).

The precise political and legal considerations behind the positions of France and Luxembourg should be carefully distinguished. Nonetheless, common questions arise: can individual delistings become part of political negotiations driven by *bilateral* diplomatic or economic interests? If so, what are the limits of invoking *"national security"* to block EU sanctions? And who might be next in using this bargaining chip?

When a Member State seeks the delisting of an individual connected with a bilateral diplomatic issue or a major claim against that state, other governments, market participants and listed persons (particularly other Russian oligarchs) will inevitably ask to what extent political leverage interacts with the validity of EU sanctions. Accordingly, this is not merely a question about the renewal and credibility of sanctions. It is a question of EU governance.

Luxembourg's particular stake

The Grand Duchy's reputation as a stable, rule-of-law [financial hub](#) is not incidental to its economy, it is a foundation of it. Banks, investment funds, insurers and multinational groups need to know that legal risk in Luxembourg can be assessed through clear rules and predictable decisions. A substantial investor-state claim over the implementation of EU sanctions therefore poses more than a potential liability (under the BIT). It also creates uncertainty for a country whose appeal to foreign investors depends on legal certainty.

That helps explain why Luxembourg's support for Fridman's delisting is so sensitive. Delisting Fridman may be a significant step back from an ongoing source of friction.

It is worth noticing that Fridman's delisting does not necessarily lead to the end of the dispute. While removing him from the list may affect the ongoing freeze of his assets, it does

not extinguish a claim for past losses. The arbitration process remains pending. If the dispute is not over, one might question why Luxembourg pressed for delisting. Another legitimate question is: *would Luxembourg have taken the same position had Fridman not brought proceedings against it?* Where a Member State facing an unprecedented claim is seen to advocate a claimant's removal from an EU sanctions list, outsiders may reasonably question whether EU sanctions can be used to protect *national interests*, such as avoiding exposure to liability under a bilateral investment treaty (BIT) and reputational damage.

The episode also sends a message to other persons who seek delisting. Since 2022, Fridman had challenged his designation before [the EU courts](#), through a long, uncertain and evidence-intensive process. However, his successful removal from the EU sanctions list followed a political agreement among Member States (pressured by Luxembourg), not a judgment ordering his delisting. This proves that political pressure may be a more reliable route than litigation. It also shows why other well-resourced listed persons may look for bilateral leverage alongside their legal remedies.

The three-year shift: a fix with a cost

The most consequential outcome of the September delistings may be the change to the review process of EU Russia sanctions: the shift from a six-month [to a three-year renewal cycle \(until 22 September 2029\)](#). The reform removes the recurring deadline that repeatedly allowed individual Member States to threaten the sanctions regime as a whole.

The semiannual review was undoubtedly a systemic weakness. Russia sanctions cannot in fact operate confidently if their survival is renegotiated twice a year. On this view, the two delistings were an uncomfortable price for a more durable framework.

But the legal implications of a three-year cycle warrant serious examination, and [practitioners in the sanctions field](#) have reacted with surprise. Sanctions lawyers argue that a three-year extension cannot mean that the Council leaves individual listings untouched for three years. Designations must remain justified by the evidence and proportionate to their purpose. When relevant circumstances change, the Council must be prepared to reassess its decision. The test is now whether the new timetable will survive the scrutiny of the Court of Justice (CJEU) in Luxembourg, which has consistently held that temporariness and proportionality are substantive safeguards, not formalities, governing restrictive measures.

A critical moment for credibility

The September compromise did two things at once. It illustrated how divergent national interests can shape delistings and resolve *national* problems, one diplomatic, one financial. It also made the EU's Russia sanctions regime more durable by reducing the frequency of veto threats and renewal crises.

What is at stake is not just the fate of Usmanov or Fridman (and their frozen assets in the EU). If a designation appears to depend less on a *collective* agreement and more on a Member State's ability to pursue *bilateral* interests, wrapped in the language of national security, the credibility of the whole sanctions regime erodes. Kyiv, which made no secret of its [disappointment](#), calling the de-listing decisions as "[shameful and unjustifiable](#)", underscores the political cost. Moscow, and every listed person with the means to activate bilateral pressure points, will also have drawn conclusions from the episode.

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The views expressed are her own