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Europe Should Beat Russia at Its Own Nationalization Game

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Jean-Francois Badias / AP / TASS

Europe is facing growing political and social pressure to move beyond sanctions and asset freezes toward something far more consequential in its economic war with Russia: nationalizing strategic Russian industrial assets operating in Ireland, Finland and other parts of Europe.

Two cases now sit at the center of that debate: Aughinish in Limerick, Ireland, and nickel operations linked to Finland's industrial ecosystem and Nornickel, both ultimately controlled by Russian oligarchs. The argument is no longer theoretical. It is driven by claims that these assets sit uncomfortably close to supply chains feeding Russia's war economy.

Moscow has already forcefully taken foreign firms in its country under state control since the start of the war. For Europe and its member states, learning from that playbook could be an important tool in the effort to address gaps in the sanctions regime.

In Ireland, the Aughinish alumina refinery, part of an industrial network linked to oligarch Oleg Deripaska's Rusal, has come under a firestorm following investigations by the Organized Crime and Corruption Reporting Project and The Irish Times. These reports suggest alumina from the plant was routed to Russian smelters, with the resulting aluminum ultimately reaching sanctioned arms manufacturers.

Amid mounting calls for state intervention, critics argue that Ireland should not be profiting from exports that directly or indirectly sustain Russia's war machine. The trade may be legal, but for a country about to assume the European Union's presidency in July, it is increasingly impossible to defend.

While no formal move has been taken, the political argument is hardening: that alumina is not just an industrial input, but a strategic input feeding sectors from aerospace to defence and therefore cannot sit comfortably within structures tied to Russian capital.

Forty-seven MEPs across the political spectrum have urged EU leaders to redirect Irish alumina into European supply chains and address the issue in the next sanctions package. In a joint letter, the politicians argue the tools already exist and only political will is lacking.

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A similar dynamic is unfolding in Finland, where the Harjavalta nickel refinery, operated through Nornickel and its oligarch owner Vladimir Potanin, is increasingly seen as feeding Russia's war economy through strategic metals that underpin battery and defence supply chains.

Global Witness, the international NGO, argues that Russian-mined nickel linked to Nornickel continues to enter Western supply chains via Harjavalta. After processing, it is reclassified as Finnish and exported onward despite restrictions on Russian-origin imports, raising concerns that sanctions gaps allow material linked to Russia's industrial base to flow into global defense supply chains.

Elsewhere, Europe has already moved further along the same spectrum. In September 2022, Germany placed Rosneft's German refinery stakes under state trusteeship, removing operational control without formal nationalization.

Infrastructure associated with Gazprom in Germany was placed under state trusteeship in April 2022, when Gazprom Germania was taken over by the regulator and later fully nationalized as SEFE.

The model is now established: emergency trusteeship first, legal restructuring second, and if pressure persists, forced divestment with nationalization increasingly part of the policy horizon.

Russia's pre-2022 strategy was to embed itself deeply within Europe, as well as making the continent dependent on its energy exports, which was widely treated at the time as ordinary globalisation. Post-2022 sanctions targeted financial ownership and control structures rather than the underlying physical integration of supply chains. The result is a fragmented landscape of partial exits, forced restructurings with legal ambiguity over who ultimately owns and controls key assets.

In Italy, Romania and Bulgaria, assets tied to Russian oil major Lukoil are facing sustained political scrutiny and growing pressure toward selling or restructuring.

Roman Abramovich-linked assets in Britain have become a reference point in debates over quasi-nationalization of sanctioned Russian wealth. Proceeds from the sale of Chelsea Football Club remain frozen in the country pending agreement about their use.

That logic extends into industrial exposure linked to Evraz, the Abramovich-owned steel group, where the UK approach has focused less on formal seizure and more on constraining ownership through sanctions pressure, financing restrictions, and market exclusion, effectively hollowing out control without nationalization.

Australia set an early precedent in 2022 by banning alumina exports to Russia, prompting Rio Tinto to assume full control of Queensland Alumina Limited and sideline Rusal, which held a 25% stake in the refinery. It took sanctions, not nationalization, to remove Russian-linked influence from the asset.

These cases reflect a broader pattern of selective enforcement across sectors. The question being raised in policy circles is no longer simply compliance with sanctions, but whether Europe should tolerate any residual exposure to Russian-linked industrial control in critical materials.

Taken together, they point to a larger reality that sanctions policy has not fully addressed: Russia's economic empire in Europe was not dismantled so much as partially rebranded, rerouted and left intact in key sectors.

Related article: Roman Abramovich Can Talk to Moscow and Kyiv. But He Can't Change Putin's Mind.

What connects these debates is a broader shift in European thinking: ownership is no longer treated as neutral if it is embedded in geopolitically sensitive supply chains. The war in Ukraine has collapsed the old separation between commercial infrastructure and strategic risk.

This is why the discussion is beginning to move from sanctions to trusteeship and now toward the frontier of nationalization. Not in ways that are always explicit, but it is increasingly built into how policymakers frame security of supply and strategic autonomy.

Europe has not yet crossed that line. But it is getting closer with every new audit of Russian-linked exposure in critical industries, and every political decision that treats control as a matter of security rather than ownership.

While Deripaska and Potanin have been personally sanctioned by the United States, Britain and Canada, Aughinish and Harjavalta have both escaped direct Western sanctions.

Europe, however, has shown it can move decisively when political will aligns. It cut Russian banking exposure after 2022, expelling major lenders such as Sberbank and VTB Bank from Europe.

In aviation leasing, the rupture was more chaotic but equally stark: around 500 aircraft leased to Russian carriers were stranded or written off after sanctions, with Ireland at the center of Europe's leasing exposure. In both cases, financial and aviation links to Russia were effectively dismantled, even as litigation and asset recovery continue.

Russian oligarchs have predictably used legal and corporate structures to mount a rearguard action against nationalization. In the case of Aughinish, Lord Greg Barker, Chairman of EN+ Group and linked to Rusal, lobbied Ireland's former Taoiseach Leo Varadkar just four weeks after the invasion of Ukraine, as contingency plans to nationalize the plant were being considered.

There is international precedent for such moves. My book "Leaving Russia" examines how Ukraine rapidly nationalized certain Russian-linked assets, including Sense Bank, owned by Alfa Group. It also shows how the group, controlled by Russian oligarchs, campaigned hard to block moves against Kyivstar amid concerns about maintaining the stability of critical telecom infrastructure.

No doctrine has emerged yet. Europe still frames these decisions as sanctions enforcement and supply chain resilience, but the logic is shifting toward a more direct proposition: strategic assets cannot remain under opaque or adversarial ownership simply because they are commercially integrated.

In the growing furor over Irish alumina and scrutiny of Finnish nickel supply chains, we can see how hard this status quo will be to maintain. The tools of economic statecraft are no longer limited to freezing assets or restricting trade; they are moving toward a quiet redefinition of ownership and control.

Europe has not crossed that line. But in Ireland and Finland, political and institutional pressure is already testing how far it can go.

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