Published on March 8, 2025, in Europe.Russia.Débats

Belgium in Contemporary Uncertainty: The War in Ukraine and the Return of National Interest

Mr. Edouard Xia
Uclouvain
Working paper presented at the Social Sciences Seminar held at the United States Military Academy West Point, New York on 5 February 2025

1. Introduction: The war in Ukraine and Belgium's National Interest

The return to a hot phase of the war in Ukraine has undeniably had, and continues to exert, transformative effects. One of them is the continuation of the reshaping of the international system. As Robert Kagan aptly notes in his metaphorical observation: "*The jungle grows back*" (Kagan, 2018).

The war in Ukraine has revealed a distinct bipolar dynamic, prompting certain political circles to draw parallels with the Cold War era, this time with China (Charillon, 2023; 125). The transatlantic alliance and consultations within the G77 contrast sharply with Russia's economic dependence to China. Initially, China's policy reflected a position of non-intervention, even as its rhetorical stance implicitly supported Russia (Biscop, 2022). At present, both China and the West appear to be pursuing similar strategies: "*Doing enough for 'their' side to stop it from losing the war, but otherwise sitting it out in the hope that the other side will somehow give up*" (Biscop, 2024).

However, to some extent, the events that unfolded the last two years rather confirm the fact that the world order has now broadly tipped towards multipolarity and fragmentation. Medium-sized powers, such as India, South Africa, Brazil, and Turkey, are refusing to align fully with either Russia or the West and are capitalizing on opportunities arising from this geopolitical fragmentation (Tocci, 2023). This trend is further exemplified by Qatar's gas policy, the expansion of Emirati economic influence in Africa, and Saudi Arabia's deployment of soft power.

Amid the rediscovery of geopolitics and realpolitik, the postmodern European Union (EU) finds itself navigating troubled waters, grappling with its role and the nature of its power (Deschaux-Dutard & Nivet, 2024). Furthermore, the national interests of EU member states are delicately balanced between pursuing strategic autonomy, addressing economic challenges exacerbated by de-risking, and maintaining domestic stability (Bocquillon et al., 2024). Among these member states, Belgium offers an intriguing case study, exemplifying the ongoing debates surrounding EU-NATO relations, the evolution of multilateralism, and the costs associated with membership in a deeply integrated regional organization.

This paper aims to analyze the impact of the war in Ukraine on Belgium's national interest and, *ipso facto*, on its traditional foreign policy, which has been marked by continuity since World War II (Franck, 2001). This analysis is based on seven months of field research at the Belgian Ministry of Foreign Affairs, notably on the coordination of European sanctions at the Belgian level, complemented by insights gathered through a dozen semi-structured interviews with prominent diplomats.

2. The EU and NATO: Physical Security and Territorial Integrity

In 2021, Belgium published its National Security Strategy. This document – a first in the Kingdom's history – was designed to develop a culture of security, where heightened awareness of new sorts of risks and threats is combined with the safeguarding of vital interests as illustrated in Figure 1 (Moors, 2021; 9).

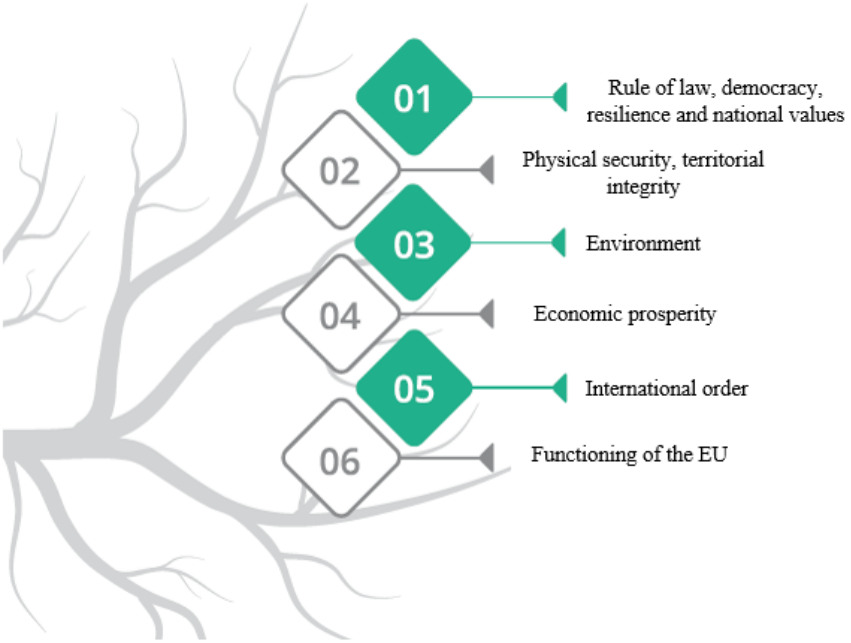


Fig. 1: Belgium's vital interests

Given its small size and limited natural resources, Belgium has historically relied on international trade to drive economic growth, establishing itself as one of the world's most open economies. In 2023, Belgium ranked as the 12th largest exporter of goods globally, accounting for 2.4% of total exports, and the 14th largest importer, with a 2.3% share (L'Hoost, 2024; 15). As a result, Belgium is also one of the most open societies in the world; it placed 2nd on the 2023 KOF Index of Globalization, trailing only Switzerland (ETH Zürich, 2024). This openness is a characteristic that serves as both a strength and a source of vulnerability. Consequently, Belgium's internal and external security are deeply interconnected. The country's approach to security extends beyond the mere defense of interests; it is grounded in values that promote stability, with democracy, human rights, and the rule of law serving as central pillars.

When it comes to physical security and territorial integrity – including the digital space, Belgium mainly relies on its integration into both the EU and the Transatlantic alliance. In 1945, Belgium made a strategic shift in its foreign policy by prioritizing alliances and multilateralism. The policy of *forced neutrality* – initially a *sine qua non* for Belgium's recognition of independence by the European Concert in 1830 – and the subsequent adoption of *voluntary neutrality* in 1936 had indeed proven insufficient to shield the kingdom from the devastation of two world wars (de Wilde d'Estmael, 2014).

Since 1990, Belgian defense policy has been characterized by a gradual reduction in both service members and budget allocations. The abolition of compulsory military service in 1995

led to a significant decrease in troop numbers, from 110,000 in 1989 to just 25,000 active members[1] by 2024 (Sherbrooke, 2025). Defense budgets also saw consistent declines, with an average annual reduction of 1.26% until 2019 (Dedonder, 2021, p. 16). In 2013, defense spending – including pensions – amounted to just 1% of Belgium's GDP, with 77% of the budget allocated to personnel costs due to the structural effects of reduced funding (Henrotin, 2015; 52). This prompted The Financial Times to describe the Belgian military as an "*unusually well-armed pension fund*" (Rachman, 2013).

The explanation for this trend lies, first and foremost, in "*the dividends of the end of the Cold War, which were reaped as adjustment variables for budget balances to be found*" (de Wilde d'Estmael, 2015; 33). Secondly, there has been a shift in the nature of threats. At the turn of the 21st century and during its first two decades, threats at the borders of NATO and EU member states partially receded, leading to a focus on force projection and crisis management as the primary roles of the armed forces. The Belgian military adapted to these changes by specializing in areas such as demining, aviation, and both military and civilian humanitarian missions. Lastly, defense and military policy in Belgium rarely feature as significant political or electoral issues, partly due to the distant and diffuse nature of modern threats (de Wilde d'Estmael, 2015; 35). In fact, Belgium's political class has historically leaned towards pacifism and anti-militarism (Coolsaet, 2008; 46), or even non-militarism (de Wilde d'Estmael). Prior to February 24, 2022, the most notable political crises related to defense were the debates over the so-called Euromissiles between 1979 and 1985 and the Iraq War in 2003.

The main consequence of this evolution is Belgium's reliance on alliances, even at the risk of being perceived as a free rider. Collective defense is anchored in NATO, while collective security is entrusted to the EU (Vandeput, 2016; 22). Based on the Berlin Plus agreement (2002), these two pillars of Belgian security are considered complementary, though debates over which approach to prioritize have sparked political discussion. The shortcomings of the Common Foreign and Security Policy (CFSP), established by the Maastricht Treaty, during the Yugoslav conflict highlighted NATO's central role. Conversely, the American unilateralism displayed during the 2003 Iraq War, which undermined Belgium's imperative of acting under a UN mandate, reaffirmed support for a strong European pillar and the further development of the European Security and Defense Policy (ESDP). The 2018 purchase of American F-35s, seen as a setback to efforts to strengthen European defense, once again shifted the trend, while American pivot to China and possible disengagement of Europe is being watched closely.

The war in Ukraine has reignited longstanding debates on Belgian defense policy (Mattelaer, forthcoming). Especially in light of the uncertainty surrounding American intentions toward the European security architecture in the early months of Trump's second term. A budget increase has been adopted with the goal of raising defense spending up from 1.3% in 2024 to 2% of GDP by 2029, then to 2.5% by 2034 (Dedonder, 2022; 31; De Wever, 2025; 188). Likewise, the number of active service members is expected to rise to 29,100 by 2030 (De Wever, 2025; 184). The decision to arm MQ-9B Sky Guardian remotely controlled drones has revived pacifist, anti-militarist and non-militarist concerns within certain political parties, with opposition focusing

[1] As a reference point, 25,000 active service members constitute 0.21% of Belgium's population of 11.82 million.

on arguments about lowering the threshold for the use of force and the risk of dehumanization (Defossé, 2021; Buysrogge, 2024). Moreover, the war on EU member states' borders has revitalized the importance of the transatlantic alliance, disproving President Macron's description of NATO as "*brain dead*" (Guibert, 2019), while also highlighting the urgent need to advance European defense integration.

Falling below NATO's 2% spending requirement and risking its international credibility as a burden-sharer, Belgium must still update its strategic plans (National Security Strategy, Strategic Vision of 2016, STAR Plan), all of which were developed before the resurgence of the war in Ukraine.

3. The Erosion of Global Multilateralism: The Rule of Law, The Environment and The International Order

The uncertainty characterizing contemporary international relations poses a threat to three other vital interests identified in the national security strategy: the achievements of democratic rule of law, national resilience and shared values; the natural environment; and the international order founded on international law and a multilateral framework.

The war in Ukraine has accelerated the geopolitical shift that has been unfolding over the past two decades. This transformation is occurring against the backdrop of great power rivalries between the U.S. and China, the post-COVID-19 recovery agenda, economic turbulence stemming from globalization, and efforts to implement the Sustainable Development Goals (SDGs). Beyond undermining the fundamental principles of the United Nations Charter, the war in Ukraine has exposed the weaknesses of the multilateral system established after World War II. The resulting fragmentation of the international system hinders the ability to cooperate on global security issues such as climate change.

The great powers of the 20th century have gradually faded. The U.S., despite its unipolar dominance in the 1990s, has transitioned to a uni-multipolar system. Meanwhile, China has emerged as an ideological and strategic rival. The United Kingdom has lost its colonial empire and struggles to achieve its post-Brexit reorientation towards a "Global Britain" (Sampson, 2023), France is rapidly losing its remaining influence in Africa, and the USSR has dissolved. These shifts have profoundly altered the distribution of power in the international system, creating a world that is increasingly multipolar and less multilateral.

While the war in Ukraine has strengthened Western unity, particularly within NATO – despite ongoing differences between Western and Eastern European allies (Pomarède, 2023) – it has also accelerated the rise of a post-Western international order. Global multilateralism is under scrutiny, challenged both internally by the U.S. and externally by China and Russia (Xia, forthcoming). The system has become more a platform for competition than cooperation. Described as a "*local conflict but a global war*" (Zanardi Landi, 2023; 1999), the war in Ukraine has laid bare countries' strategic alignments. Voting patterns on six resolutions adopted during the UN General Assembly's 11th Emergency Special Session have revealed the emergence of three distinct groups.

Resolution	For	Against	Abstained	Absent

ES-11/1 "Aggression against Ukraine", 2 March 2022.	141	5	35	12
ES-11/2 "Humanitarian consequences of the aggression against Ukraine", 24 March 2022.	140	5	38	10
ES-11/3 "Suspension of the rights of membership of the Russian Federation in the Human Rights Council", 7 April 2022.	93	24	58	18
ES-11/4 "Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations", 12 October 2022.	143	5	35	10
ES-11/5 "Furtherance of remedy and reparation for aggression against Ukraine", 14 November 2022.	94	14	73	12
ES-11/6 "Principles of the Charter of the United Nations underlying a comprehensive, just and lasting peace in Ukraine", 2 March 2023.	141	7	32	13

Fig. 2: Six resolutions adopted at the General Assembly in the framework of the 11th Emergency Special Session[2]

The first group supports Ukraine, the second backs Russia, while the third remains neutral and non-aligned – a framework reminiscent of the Cold War. These non-aligned states, primarily in the so-called Global South, are using the current rivalry to assert their autonomy and leverage their strategic importance. These countries are becoming indispensable in shaping a governance system that embraces the plurality arising from the redistribution of power within the international order (Brender, 2023).

The multilateral system established in 1945 is increasingly contested as a liberal, Western-led model. China, adopting a "*revisionist but not revolutionary posture*" (Mitter, 2022), seeks to adapt the system to Chinese characteristics (Qin, 2016). Russia, meanwhile, almost systematically blocks Western initiatives (Petiteville, *et al.*, 2023). In response, the EU has intensified outreach efforts to the Global South, supporting their push for better representation within the UN system, particularly on the Security Council (Brender, 2024).

This systemic contestation is also reflected in the proliferation of minilateral initiatives and alternative multilateral channels. This dynamic process, initiated by globalization and accelerated by information technologies, has been reinforced by the risks of interdependence exposed by the trade war between the U.S. and China, the pandemic, and the war in Ukraine. Regional alliances and issue-specific coalitions are emerging to address security risks, inflation, and supply chain disruptions. Examples include the SCO, BRICS+, the I2U2 Group, the International Lithium Association (akin to OPEC's rationale), the Chip 4 Alliance, the Quad, or AUKUS.

Belgium was quick to join the camp of Ukraine's supporters, aligning itself with the unification of Western efforts on this matter. The country supports Ukraine through civil means (reconstruction, humanitarian aid, international justice, medical assistance) and military means (armored ambulances, weapons and ammunition, tactical equipment, maintenance for F-16s to be delivered by the end of 2025). Belgium is also actively participating in the European Peace Facility and training Ukrainian pilots to operate coalition F-16s. In May 2024, Belgium and Ukraine concluded an Agreement on Security Cooperation and Long-Term Support. Despite

[2] The data for this graph were extracted from the United Nations Digital Library.

economic challenges and EU's pending proceedings over its budget deficit, Belgium has allocated a support fund of €1.7 billion for 2024 and 2025 (FPS Foreign Affairs, 2025b).

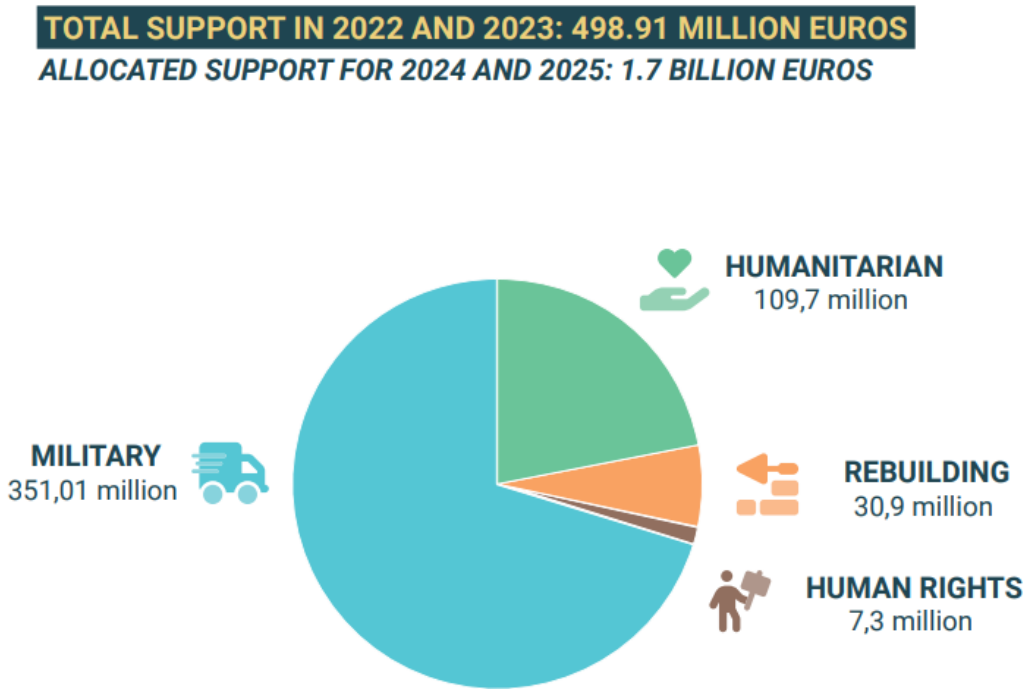


Fig. 3: Repartition of Belgian support to Ukraine 2022-2023 (FPS Foreign Affairs, 2025a)

The weakening of the UN as a structuring force in international relations has revived concerns reminiscent of the dangers Belgium faced throughout the 19th and 20th centuries (Coolsaet, 1998). After all, Belgium, as a small state albeit not necessarily a small power (Jacques *et al*, 2022), has built its security strategy around a rules-based international order. Indicative of the impact of this evolution, the question of national interest has returned to the forefront with vigor over the past two years. While national interest has always been a central concern of foreign policy, it was largely viewed as inherently aligned with the general interest of the international community. Multilateralism is in this sense "*inscribed in Belgium's DNA*" (Kenes, 2021). Some even considered national interests "*diluted in European interests*" (Anonymous interview, November 2023) and perceived as "*a dirty word*" in light of the supranational integration strategy inherited from 1945 (Belgian Diplomatic Days, 2023).

The war in Ukraine has prompted Belgium to rethink its approach to multilateralism. Once viewed as a method, goal, and ideology[3], multilateralism is now increasingly regarded by diplomats as a tool – a means rather than an end – to combat ongoing fragmentation. This contested multilateralism is seen as a phase in international cooperation, whose form is dynamic rather than static. In line with this perspective, Belgium, like the EU, advocates for UN reforms to better represent the Global South, acknowledging its growing influence in shaping international relations. Belgium's defense of the SDGs and efforts to combat impunity during its 2019-2020 UN Security Council tenure (Xia, 2024) align with the UN's 2030 Common Agenda, underscored at the Summit for the Future in September 2024.

[3] This point is deepened in Xia, forthcoming.

Simultaneously, Belgium is embracing a cautious resurgence of bilateralism, driven by the need to engage with Global South nations positioned "*on the fence*" amid geopolitical polarization. "*These are the nations that will determine tomorrow's global order*" (Anonymous interview, February 2024). This renewed emphasis on bilateralism does not necessarily contradict multilateralism. At this stage, it only represents a slight adaptation of Belgium's traditional foreign policy. Ultimately, the Kingdom appears to be strengthening its connections across regional sub-systems while leveraging the EU's multiplier effect and advocating for a rules-based international order – all at the same time.

4. The Cost of the Shelter: Economic Prosperity and the Functioning of the EU

Belgium's foreign policy of integrating into multilateral alliances can be understood through the lens of the shelter theory, developed by Thorhallsson and Steinsson. This theory posits that small states and entities depend on economic, political, and societal protection provided by larger states and international organizations to flourish (Thorhallsson & Steinsson, 2018a). In essence, small states must compensate for their inherent vulnerabilities and limited size relative to larger neighboring states. However, shelter comes with its own set of challenges. It can expose small states to political, economic, or cultural intrusion by the shelter provider. In return for protection, larger states or organizations may impose conditions that constrain the smaller state's freedom of action and decision-making.

In some cases, these constraints may be perceived as an unacceptable loss of sovereignty and autonomy. Participating in regional or international organizations can overburden the administrative capacity of small states, creating significant strains (Thorhallsson & Steinsson, 2018b). Belgium is not in this position, but it is certain that the war in Ukraine has raised the cost of its integration into the European shelter due to the repercussions of restrictive measures (sanctions) against Russia.

By December 2024, the EU had adopted its 15th package of sanctions, targeting over 24,000 individuals and entities, freezing €24.9 billion in private assets and €210 billion in Russian Central Bank assets, while banning exports to Russia worth €48 billion and imports from Russia worth €91.2 billion (EU Council & Council of the European Union, 2025). Although analysts remain divided on the effectiveness of these sanctions (de Wilde d'Estmael, 2000; Leenders, 2014; Tsouloufas & Rochat, 2023), Belgium has loyally followed the European effort. Beyond the surge in energy prices, three specific elements of the sanctions packages have had a significant impact on Belgium's economic prosperity and pose a risk to its international reputation: the disconnection of sanctioned entities from the SWIFT system (Society for Worldwide Interbank Financial Telecommunication), the issue of frozen assets held in the Belgium-based financial services company Euroclear, and the ban on importing Russian-origin diamonds.

The primary effect of these sanctions has been to compel Belgium to refocus on its national interest, navigating a unique position that no other EU member state faces on all three of these issues. It has also highlighted the creativity of the Kingdom's diplomatic work.

a. The disconnection from SWIFT

The SWIFT company, headquartered in La Hulpe, Belgium, serves as the primary messaging network for initiating international payments, with no comparable equivalent in any other European member state (Scott & Zachariadis, 2013). SWIFT played a central role in the Iranian sanctions when, in March 2012, following an agreement reached by all 27 EU member states, it disconnected from its international network all Iranian banks identified by EU sanctions. Swift is indeed incorporated under Belgian law and therefore must comply with related EU regulation, as confirmed by the Belgian government.

Iranian banks were reconnected to SWIFT in 2016 following the implementation of the JCPOA (Joint Comprehensive Plan of Action). However, in 2018, they were once again disconnected after the U.S. withdrew from the agreement and threatened SWIFT with sanctions if it failed to comply. Although the EU remained a party to the deal, SWIFT adhered to U.S demands, citing "*the stability and integrity of the wider global financial system*" as its rationale (Leigh, 2018). In response, France, the UK, and Germany facilitated the establishment of INSTEX (The Instrument in Support of Trade Exchanges) at the EU level in 2019 – a special-purpose vehicle designed to facilitate non-SWIFT transactions with Iran. Other EU member states later joined the system to ensure the continuation of humanitarian aid to Iran, where living conditions had been severely impacted (Cipriani *et al*., 2023; 26).

A similar situation arose with Russia following the annexation of Crimea in 2014. At that time, the decision was made not to exclude Russia from the SWIFT system. Anticipating the risks, Russia developed an alternative platform, the System for Transfer of Financial Messages (Система передачи финансовых сообщений). Similarly, China launched its Cross-Border Interbank Payments System in 2015. After the invasion of Ukraine on February 24, 2022, the EU, UK, Canada, and the U.S. decided in March 2024 to disconnect Russia from SWIFT. Negotiations took two years, as European member states carefully assessed the economic repercussions, particularly for Germany, which was heavily dependent on Russian energy exports.

In addition to efforts to prevent the development of alternative platforms, Spetschinsky (2022) outlines Belgium's main arguments at the time. First, the disconnection would cause significant damage to the Russian economy and, consequently, substantial losses for European companies most invested in the Russian market. Second, more than 100 countries with economic ties to Russia, including Belgium, opposed the instrumentalization of SWIFT for (geo)political purposes. Third, the disconnection would strongly incentivize Russia to accelerate the commercialization of its energy in renminbi, further contributing to the decline of the dollar.

After this episode, Belgium remained acutely aware of the impact of sanctions on a systemic actor like SWIFT and the global instability caused by the creation of alternative systems (Tulun, 2021; Nölke, 2022). This experience, in turn, helped shape Belgium's approach to Euroclear's role in enforcing European sanctions.

b. Russian's frozen assets in Euroclear

Euroclear is a Belgian company at the heart of financial markets. As a central securities depository (CSD), it connects securities issuers with investors to facilitate financial flows and

ensure that securities can be safely held and traded. Euroclear' secure platforms bring together over 2,000 financial institutions and central banks from around the world. Euroclear plays a systemic role in financial markets, holding assets worth more than €37 trillion for clients across the globe and processing monthly transactions totaling €90 trillion – the equivalent of global GDP (Euroclear, 2025).

Western countries have frozen or immobilized Russian assets worth €350 billion, of which €63.4 billion is in Belgium (Reynaert, 2024; 6). This sum is largely managed by Euroclear. Just like SWIFT, Euroclear is incorporated under Belgian law and is therefore required to comply with EU regulations, including EU restrictive measures on Russia. As a result, Euroclear finds itself in a precarious position, as Ukraine argues it is morally justified to seize these public assets to contribute to the country's reconstruction (Belga, 2024). All securities positions were indeed immediately frozen as a result of EU restrictive measures. These securities are not part of Euroclear's assets but remain the property of the client (the Russian state, mainly through the Central Bank of Russia) and, in accordance with generally applicable accounting rules, are considered off-balance-sheet positions. Since then, discussions around a potential seizure have continued at the European level. However, as dividends, interest, or maturity amounts are paid by issuers, the shares and bonds are converted into cash, and these formerly off-balance-sheet assets become part of Euroclear's balance sheet.

As Lieve Mostrey, CEO of Euroclear, explained during a hearing of the Foreign Relations Committee in the Belgian Chamber of Representatives on May 23, 2024, Euroclear strives to keep the balance sheet of its regular activities as low as possible. It has grown to €162 billion by the end of 2023, of which €134 billion relates to Russian client positions that were converted into cash and entered the balance sheet (Reynaert, 2024). Lieve Mostrey stated that Euroclear reinvests this cash in the safest way possible, primarily through central banks. In 2023, gross interest income from the repayments of interest rates amounted to €4.4 billion. This income is subject to Belgian corporate tax and generated nearly €1.1 billion in tax revenues in 2023. The Belgian state plans to use this as a "*windfall contribution*" to finance a special support fund for Ukraine[4], in accordance with the Council of the EU's prohibition from disposing of the ensuing net profits (Council of the EU, 2024) and in line with G7 position of December 6, 2023 (G7, 2023).

From the Belgian and European perspective, seizing the frozen Russian assets held within Euroclear entails five types of risks.

First and foremost, there is a legal risk to consider. The question is complex: on what legal basis could assets belonging to Russian public entities hypothetically be seized? The *Legal Memorandum of November 20, 2023, on Proposed Countermeasures Against Russia to Compensate Injured States for Losses Caused by Russia's War of Aggression Against Ukraine* sheds light on this matter, providing insights into the potential for asset seizure.

[4] This is the €1.7 billion fund previously presented in Figure 3. The fund is being channeled through the European Peace Facility and other EU programs.

Countermeasures are codified in the *Articles on the Responsibility of States for Internationally Wrongful Acts* (ARSIWA), adopted by the UN in 2001. Essentially, a state may suspend compliance with its international obligations if another state has violated its own obligations toward it. For instance, under Article 41 of ARSIWA, freezing Russian assets – which infringes on Russia' sovereign rights – is justified as a countermeasure to Russia's destabilization of the international order through its invasion of Ukraine (Legal Memorandum, 2023; items 45–46).

As explained by Pierre Klein, six conditions must be fulfilled for the use of countermeasures to be lawful (Reynaert, 2024; 14–16):

I. A prior violation of international law must have occurred. In this case, the invasion of Ukraine and the occupation of part of its territory – condemned by UNGA resolutions – violate the international principle of territorial integrity.

II. Formal notification to the responsible state must precede the countermeasures.

III. Countermeasures must be taken by states directly injured or affected by the violation of an obligation of "*a particular nature*". The second type of obligation in question is "*erga omnes* obligations", which are binding on all states. This is a matter of legal controversy. While the very principle of *erga omnes* obligations in international law was established by the Institute of International Law in 2005 (Gaja, 2005), its implications for treaty law and the law of state responsibility remain partly uncertain or disputed (Voeffray, 2014; 239–262).

IV. Countermeasures must pursue a specific objective: to end the violation of international law and compel the responsible state to compensate for damages caused by its unlawful actions – in this case, the harm caused by the war in Ukraine.

V. Countermeasures must not infringe on peremptory norms of international law – for instance the prohibition on the use of force.

VI. Countermeasures must be proportional to the initial violation and, in principle, reversible. This principle of reversibility is controversial (Ruys, 2016). Pierre Kleine notes that the International Law Commission "*included an element of flexibility by providing that countermeasures must, as far as possible, be taken in a way that allows for the resumption of compliance with the obligations in question*" (ARSIWA, Art. 49; Reynaert, 2024; 16). Thus, the cessation of hostilities, the withdrawal of Russian troops, and the restitution of territory prompted by the sanctions would not violate the principle of reversibility, as the sanctions can be lifted once the situation is normalized. However, this logic does not appear to apply to reparations, as funds provided to Ukraine would not be subject to restitution, which is the source of the controversy.

Ultimately, while the legal aspect is crucial, the issue is fundamentally political and economic.

The second risk, therefore, lies in potential Russian retaliation. European diplomats have raised concerns about a potential increase in cyberattacks as a consequence of immobilizing or seizing these assets (Sorgi, 2024). Additionally, Western companies hold interests in Russia, and European financial institutions have assets in Russian financial institutions. Through a

mechanism of reciprocal countermeasures, seizing Russian assets in Europe would in part shift the burden of contributions to Ukraine onto European economic actors rather than Russia.

The third risk is the fear of a surge in legal proceedings. Legal proceedings often take unexpected turns. For instance, Belgium is bound by the *1999 Agreement between the Belgian-Luxembourg Economic Union and the Government of Ukraine on the Reciprocal Promotion and Protection of Investments*. One such case involves ABH Holdings, a company based in Luxembourg, which initiated arbitration proceedings against Ukraine, demanding compensation for the nationalization of Sense Bank (Keszei, 2023). A significant portion of the bank was previously owned by four Russian oligarchs, all of whom have been on the EU sanctions list since March 2022. At least two of these oligarchs hold a substantial stake in ABH Holdings. Although Belgium has stated in this specific case that it "*is not involved since the entity in question is based in Luxembourg*" (Lahbib, 2023; 339), the arbitration remains unresolved, highlighting the slippery slope of multiplying legal proceedings.

Another entry point for legal challenges stems from the links between Euroclear and the Russian National Settlement Depository (NSD), another major central securities depository. Belgium's General Administrator of the Treasury estimates that over €192 billion have been frozen under sanctions targeting NSD, with the origins of these funds remaining unclear (Reynaert, 2024; 6). The end beneficiary could be a retired German, a Russian citizen, or even a sanctioned individual (Serzsei, 2024). As a result, legal actions to unfreeze these assets are on the rise.

Next are the financial and macroeconomic risks associated with destabilizing a systemic actor like Euroclear (International Monetary Fund, 2023). The message conveyed by seizing Russian assets would erode foreign investors' trust and deter potential clients concerned about the safety and protection of their assets. The protective framework provided by Royal Decree n°62 of November 10, 1967, regarding the deposit of fungible financial instruments and the settlement of related transactions, would be called into question. Moreover, the situation could harm the euro's attractiveness as a reserve currency, potentially undermining the stability of European markets. "*The EU believes it would be less costly and less risky to provide direct financial aid to Ukraine rather than attempting to seize Russian assets*", reflected a Belgian diplomat (Anonymous interview, January 2024).

Finally, the last category of risk is specific to Belgium. Euroclear contributes to the Belgian economy, employing over 2,500 people and paying corporate taxes, which amounted to €374 million in 2023 from ordinary operating income, excluding exceptional tax revenues derived from sanctions and immobilized Russian assets (Euroclear, 2024).

To mitigate these five types of risks which increase the cost of the European shelter, Belgium adopted a strategy emphasizing its multilateral integration. The approach involved advocating for a global solution to what could be perceived as a Belgian issue, emphasizing that an effective response requires broad international cooperation. Despite not being a G7 member, Belgium participated in working groups, in collaboration with the European Commission, to assess the risks associated with potential asset confiscation (Strupczewski, 2024). Similarly, *Council Regulation n°2024/576 of 12 February 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in*

Ukraine, enables Belgium to act not in isolation but within a framework of collectively agreed-upon rules. This strategy mirrors the approach employed in the context of sanctions on Russian-origin diamonds.

c. The ban on Russian diamonds

The ban on the importation of Russian diamonds, as part of the EU's 12th sanctions package, aims to deprive Russia of an important revenue stream estimated at €4 billion per year (European Commission, 2023). This measure called for all the diplomatic creativity Belgium could muster. This situation posed a real risk for Antwerp, the only rough diamond trading hub in Europe and one of three in the world with Kimberley, South Africa, and Surat, India. The impact of an EU import ban on Russian diamonds was estimated to be negligible due to the risk of the diamond market shifting to India or Dubai (Van Reet *et al*., 2024).

Belgium quickly turned the debate to avoid finding itself in the position of an EU state defending its economic prosperity at the expense of European unity and the collective effort against Russian aggression. The key argument was that effective sanctions should be put in place, meaning a global regulatory and identification system for Russian diamonds to prevent them from entering the European or American markets via third countries. The circumvention of sanctions in the diamond sector is indeed facilitated by the fact that only rough diamonds are labeled as coming from Russia and their country of origin is changed when they are cut. This issue is similar to that of blood diamonds.

Through close consultation with European member states and G7 countries, Belgium succeeded in advocating for a global tracking system based on blockchain technology (FPS, 2024; European Union, 2024; 4). G7 members have since then implemented a direct ban on diamonds over 1 carat exported from Russia. An additional ban was also imposed on Russian diamonds polished in a third country (Payne, 2024). This represents a revolution in the diamond sector, continuing the efforts initiated by the Kimberley Process in 2003 (Pretorius, 2011). Thanks to this strategy, Belgium avoided isolation and was able to defend its economic interests while loyally participating in the collective effort. "*This is probably the country's greatest diplomatic achievement*", said a Belgian diplomat (Anonymous interview, January 2024), likely on par with the 1863 purchase of the Scheldt toll, which followed a very similar strategy (Willequet, 1971).

5. Conclusion: Defending One's Own Interests Through Collective Efforts

The war in Ukraine has had a transformative effect on Belgian perceptions of its national interests. In some ways, it has marked a return to a realist perspective on international relations. However, Belgian foreign policy has not undergone substantial changes. As a *status quo* state, Belgium continues to champion the multilateral system, a cornerstone of collective solutions.

First, the resurgence of war at Europe's doorstep has highlighted the risks to physical security and territorial integrity. This situation has reignited traditional debates on defense policy, leading to a rearticulation of NATO and European integration. Consequently, military budgets are increasing, and political divides based on pacifism, anti-militarism, and non-militarism are resurfacing.

Second, the erosion of global multilateralism challenges Belgium's interests in a rules-based international order, which is essential for addressing global challenges like environmental protection and promoting the rule of law. In response, Belgium has slightly adapted its traditional foreign policy, revitalizing bilateral ties with countries in the Global South to counter the fragmentation of the international system.

Finally, the war in Ukraine has increased the cost of the European shelter through the EU's restrictive measures. Nevertheless, concerns about European functionality and economic prosperity have not prevented Belgium from acting as a loyal member state. This episode has also highlighted Belgium's diplomatic creativity in areas such as SWIFT, frozen assets within Euroclear, and the ban on Russian diamonds. Moreover, Belgium's presidency of the Council of the European Union in 2024 offered an opportunity to underscore the country's role as an honest broker, facilitating the legislative agenda and ensuring the smooth functioning of European institutions for the 2025-2029 legislative term.

References

Anonymous interview with a Belgian diplomat, Brussels, February 2024.

Anonymous interview with a Belgian diplomat, Brussels, January 2024.

Anonymous interview with a Belgian diplomat, Brussels, November 2023.

Arrêté royal du 27 janvier 2004 portant coordination de l'arrêté royal n°62 du 10 novembre 1967 favorisant la circulation des instruments financiers, *M.B*., 23 February 2004, p. 10353.

Articles on Responsibility of States for Internationally Wrongful Acts, *in Yearbook of the International Law Commission, vol. II, Part Two*, New York, United Nations, 2001, pp. 32-86.

Belga, "EU Summit: Zelensky Wants Frozen Russian Assets Used for Reconstruction and Defence", *Belga News Agency*, 21 March 2024.

Belgian Diplomatic Days, Brussels, November 2023.

Biscop, S., "No End in Sight? The West, China, and the Russo-Ukrainian War", *Egmont Policy Brief*, 2024, n° 358, pp. 1-4.

Biscop, S., "Putin Is Creating the Multipolar World He (Thought He) Wanted", *Egmont Security Policy Brief*, 2022, n° 156, pp. 1-6.

Bocquillon, P., Doyle, S., S. James, T., Mason, R., Park, S., Rosina, M. "The effects of wars: lessons from the war in Ukraine", *Policy Studies*, 2024, vol. 45, n°3-4, pp. 261–281.

Brender, R., "In Danger of Falling Short: The EU, the Global South, and the Reform of Multilateralism", *Egmont Paper*, 2024, n°127, pp. 1-18.

Brender, R., "Strengthening Multilateralism in a Multipolar World", *Egmont Policy Brief*, 2023, n°311, pp. 1-7.

Buysrogge, P., "Proposition de résolution visant à armer les capacités UAS de la Défense", *Chambre des Représentants,* 11 October 2024, Doc 56 0370/001.

Charrillon, F., "The United States from Trump to Biden: A Fragile Return to Multilateralism", *in* GUILBAUD, A., PETITEVILLE, F., RAMEL, F., *Crisis of Multilateralism? Challenges and Resilience*, London, Palgrave Macmillan, 2023, pp. 113-130.

Cipriani, M., Goldberg, L., La Spada, G., "Financial Sanctions, SWIFT, and the Architecture of the International Payments System", *Federal Reserve Bank of New York Staff Reports*, 2023, n°1047, pp. 1-32.

Coolsaet, R., "La Belgique dans l'OTAN (1949-2000)", *Courrier hebdomadaire du CRISP*, 2008, vol. 14, n° 1999, pp. 5-46.

Coolsaet, R., *België en zijn buitenlandse politiek: 1830-1999*, Leuven, Uitgeverij Van Halewijck, 1998, 670p.

Council of the EU, “Immobilised Russian assets: Council decides to set aside extraordinary revenues”, *Press release*, 12 February 2024.

Council Regulation (EU) 2024/576 of 12 February 2024 amending Regulation (EU) n°833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine, *Official Journal of the European Union*, 14 February 2024.

De Croo, A., “Belgium and Ukraine sign security agreement”, *Press release*, 28 May 2024.

De Wever, B., *Accord de coalition fédérale 2025-2029*, 21 January 2025, 205p.

De Wilde d’Estmael, T., “L’efficacité politique de la coercition économique exercée par l’Union européenne dans les relations internationales”, *Annuaire Français des Relations Internationales*, 2000, vol. 1, pp. 502-521.

De Wilde d’Estmael, T., “La politique étrangère de la Belgique : fondements et évolutions”, *Outre-Terre*, 2014, vol. 40, n°3, pp. 277-293.

De Wilde d’Estmael, T., “Le futur de la défense : horizon 2030”, *in* Vandeput, S., *Wise Pen sur l’avenir de la défense en Belgique à l’horizon 2030*, Brussels, Cabinet of Defence and Civil Service, 2015, pp. 30-36.

Dedonder, L., *STAR Plan 2022*, Brussels, La Défense, 2022, 84p.

Dedonder, L., *Update of the Strategic Vision 2030: Recommendations*, Brussels, Royal Higher Institute for Defence, 2021, 20p.

Defossé, G., “Proposition de résolution relative à un traité international interdisant les systèmes d’armes létaux autonomes”, *Chambre des Représentants*, 23 June 2021, Doc 55 2087/001.

Deschaux-Dutard, D., Nivet, B., “A Lamb in the Jungle? The EU and the Return of Power Politics”, *in* BARANETS, E., NOVO, A., *Turbulence Across the Sea: Transatlantic Relations and Strategic Competition*, Ann Arbor, University of Michigan Press, 2024, pp. 154-174.

ETH ZÜRICH, *KOF Globalisation Index* [online], https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html (accessed 31 December 2024).

EU Council & Council of the European Union, *EU sanctions against Russia explained* [online], https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/#sanctions (accessed 21 January 2025).

Euroclear, *Euroclear at a glance* [online], https://www.euroclear.com/content/dam/euroclear/Credentials/Euroclear-Credentials.pdf (accessed 21 January 2025).

Euroclear, *Euroclear delivers strong performance in 2023*, Brussels, 1 February 2024.

European Commission, “EU adopts 12th package of sanctions against Russia for its continued illegal war against Ukraine”, *Press release*, 18 December 2023.

European Union, *Restrictions on Diamonds: Frequently Asked Questions on Council Regulation n°833/2014*, 20 December 2024, 13p.

FPS Foreign Affairs (a), *Belgian support for Ukraine* [online], https://diplomatie.belgium.be/sites/default/files/2024-05/Fiche-Hulp-aan-Oekra%C3%AFne-EN.pdf (accessed 21 January 2025).

FPS Foreign Affairs (b), *Belgium supports Ukraine* [online], https://diplomatie.belgium.be/en/policy/policy-areas/highlighted/belgium-supports-ukraine (accessed 21 January 2025).

FPS Foreign Affairs, "Sancties – Nieuwe stap in de uitvoering van G7's restrictieve maatregelen tegen Russische diamant", *Press Release*, 1 March 2024.

Franck, C., "Thématique de la politique étrangère belge", *Studia Diplomatica*, 2001, vol. 54, n°5/6, pp. 51-66.

G7, *Leaders' Statement*, 6 December 2023.

Gaja, G., *Fifth Commission: Obligations and rights erga omnes in international law*, Institut de Droit International, 2005.

Guibert, N., "Mort cérébrale de l'OTAN : Emmanuel Macron assume, Jens Stoltenberg recherche l'unité", *Le Monde*, 28 November 2019.

Håkansson, C. "The Ukraine war and the emergence of the European commission as a geopolitical actor", *Journal of European Integration*, 2023, vol. 46, n°1, pp. 25-45.

Henrotin, J., "Quelle évolution pour la défense belge à l'horizon 2030 ? ", *in* Vandeput, S., *Wise Pen sur l'avenir de la défense en Belgique à l'horizon 2030*, Brussels, Cabinet of Defence and Civil Service, 2015, pp. 47-55.

International Monetary Fund, "Belgium Financial Sector Assessment Program Detailed Assessment of Observance - Assessment of the Cpss–iosco Principles for Financial Market Infrastructures Euroclear Bank", *IMF Country Report N°23/394*, 2023, 243p.

JACQUES, M., STRUYE DE SWIELANDE, T., DE WILDE D'ESTMAEL, T., « Belgium: The Capacities of a Middle Power, but the Ambitions of a Small Power? », *in* ABBONDANZA, G., *et al., Awkward Powers: Escaping Traditional Great and Middle Power Theory*, Singapore, Palgrave Macmillan, 2022, pp. 349-371.

Kagan, R., *The Jungle Grows Back. America and Our Imperiled World*, New York, Alfred A. Knopf, 2018, 192p.

Kenes, A., Kridelka, P., Fierens Gevaert, N., "La Belgique au Conseil de sécurité, une conversation avec le SPF Affaires étrangères", *Conférence de l'APNU jeunes dans le cadre UCLouvain*, 2021.

Keszei, N., "Avoirs russes gelés : la Justice tacle le Trésor et Euroclear", *L'Echo*, 17 January 2024.

Keszei, N., “Des oligarques russes tentés de recourir à un traité belge pour réclamer des milliards ukrainiens”, *L’Echo*, 20 September 2023.

L’HOOST, F., *Belgian Foreign Trade 2023*, Brussels, Belgian Foreign Trade Agency, 2024, 46p.

Lahbib, A., Réponse de la ministre des Affaires étrangères, des Affaires européennes et du Commerce extérieur, et des Institutions culturelles fédérales du 24 novembre 2023, à la question n° 270 de Monsieur le député Wouter De Vriendt du 04 octobre 2023, *Chambre des Représentants*, 29 November 2023, QRVA 55 124, pp. 338-340.

Leenders, L., “EU Sanctions: A Relevant Foreign Policy Tool?”, *EU Diplomacy Papers*, 2014, n°3, pp. 1-41.

Legal Memorandum on Proposed Countermeasures Against Russia to Compensate Injured States for Losses Caused by Russia’s War of Aggression Against Ukraine, 20 November 2023, 30p.

Leigh, Th., “SWIFT system to disconnect some Iranian banks this weekend”, *Reuters*, 9 November 2018.

Makarychev, A., Wicaksana, G.W., “Multilateralism at War: Russia’s Invasion of Ukraine, the G20 and World Order”, *Global Society*, 2024, pp. 1-22.

Mattelaer, A., “Chapter 41. Belgian Defence Policy”, *in* Brans, M., Meier, P., Reuchamps, M., Van Haute, E., *The Oxford Handbook of Belgian Politics*, Oxford, Oxford University Press, forthcoming.

MITTER, R., “China: Revolutionary or Revisionist?”, *The Washington Quarterly*, 2022, vol. 45, n°3, pp. 7-21.

Moors, P., *Stratégie nationale de sécurité*, Brussels, Chancellery of the Prime Minister, 2021, 46p.

Nölke, A., “Geoeconomic Infrastructures: Building Chinese-Russian alternatives to SWIFT”, *in* Braun, B., Koddenbrock, K., *Capital Claims: Power and Global Finance Capital Claims: Power and Global Finance*, London, Routledge, 2022, pp. 60-80.

Payne, J., “EU, G7 indirect Russian diamond ban comes into effect”, *Reuters*, 1 March 2024.

Petiteville, F., Manon-Nour, T., Tordjman, S., “Polarization and Plasticity at the United Nations Over the War in Syria”, *in* GUILBAUD, A., PETITEVILLE, F., RAMEL, F., *Crisis of Multilateralism? Challenges and Resilience*, London, Palgrave Macmillan, 2023, pp. 17-45.

Pomarède, J., “Unpacking the ‘Mess’ of Multilateral Crisis Management: NATO’s Defense Posture from Afghanistan to Ukraine”, *in* GUILBAUD, A., PETITEVILLE, F., RAMEL, F., *Crisis of Multilateralism? Challenges and Resilience*, London, Palgrave Macmillan, 2023, pp. 77-92.

Pretorius, R.-L., *Polylateralism as Diplomatic Method: The Case of the Kimberley Process, 2000-2002*, Dissertation submitted in partial fulfilment of the Master of Diplomatic Studies, University of Pretoria, 2011, 115p.

Projet de Loi portant assentiment à l'Accord entre l'Union économique belgo-luxembourgeoise et le gouvernement d'Ukraine concernant l'encouragement et la protection réciproques des investissements, fait à Kiev le 20 mai 1996, *Chambre des Représentants*, *session ordinaire 1998-1999*, 28 January 1999.

QIN, Y., "*A Relational Theory of World Politics*", *International Studies Review*, 2016, vol. 18, n°1, 2016, pp. 33-47.

Rachman, G., "Disarmed Europe will face the world alone", *Financial Times*, 18 February 2013.

Reynaert, V., Audition dans le cadre d'une Proposition de résolution visant à confisquer des avoirs russes en Belgique au profit de la reconstruction de l'Ukraine, *Chambre des Représentants,* Rapport fait au nom de la Commission des Relations extérieures, 23 May 2024, Doc 55 3720/002.

Ruys, T., "Sanctions, retortions and countermeasures: concepts and international legal framework", *in* Van den Herik, L., *Research Handbook on UN Sanctions and International Law*, Cheltenham, Edward Elgar Publishing, 2016, pp. 19-51.

Sampson, Th., "Trade", *in* Menon, A., *UK in a Changing Europe: The State if the UK Economy 2024*, London, Uk and the EU, 2023, pp. 58-60.

Scott, S.V., Zachariadis, M., *The Society for Worldwide Interbank Financial Telecommunication (SWIFT): Cooperative governance for network innovation, standards, and community*, London, Routledge, 2013, 192p.

Sherbrooke University, *Perspective monde* [online], https://perspective.usherbrooke.ca/bilan/servlet/BMTendanceStatPays?langue=fr&codePays=BEL&codeTheme=12&codeStat=MS.MIL.TOTL.P1 (accessed 21 January 2025).

Sorgi, G., "EU capitals fear Russian retaliation and cyberattacks after asset freezes", *Politico*, 5 February 2024.

Spetschinsky, L., "L'art du possible", *Revue de l'actualité euro-russe*, Janvier 2022, pp. 1-12.

Strupczewski, J., "EU Cautions on Idea of Using Russian Frozen Assets as Collateral", *Reuters*, 6 February 2024.

Thorhallsson, B., Steinsson, S. (a), "The Theory of Shelter", *Research Project Policy Briefs Presented at the Conference: 'Small States and the New Security Environment'*, Reykjavik, 26 June 2018.

Thorhallsson, B., Steinsson, S. (b), *Small States and Shelter Theory*, London, Routledge, 2018, 35p.

Tocci, N., “Bipolar, Multipolar, and Nonpolar All at Once: Our World at the Time of the Russia-Ukraine War”, *IAI Commentaries*, 2023, vol. 23, n°42, pp. 1-4.

Tsouloufas, G., Rochat, M., “Revisiting the effectiveness of economic sanctions in the context of Russia’s invasion of Ukraine”, *Canadian Foreign Policy Journal*, 2023, vol. 29, n°3, pp. 285–300.

Tulun, T., “Possible Effects of a Russian-Chinese Joint SWIFT System on the Eurasian Economy and the World Trade System”, *Center for Eurasian Studies (AVIM)*, 2021, n°30, pp. 1-4.

Van Reet, L., Benoit, J.-G., Roberts, K., Omar, Z., “European Union: Clarifying the impact of the import ban on diamonds. Article 3p of Council Regulation (EU) 2023/2878”, *Baker MCKenzie Client Alert*, January 2024.

Verstraete, W., “The Manned-Unmanned Warfare of Tomorrow”, *Egmont Commentaries*, 2025, pp. 1-5.

Voeffray, F., “Obligations erga omnes, jus cogens et actio popularis”, *in L’actio popularis ou la défense de l’intérêt collectif devant les juridictions internationales*, Genève, Graduate Institute Publications, 2014, pp. 239-362.

Willequet, J., *Le Baron Lambermont*, Bruxelles, La Renaissance du livre, 1971, pp. 27-39.

Xia, E., “Deepening Bilateralism to Fight Fragmentation: Belgium’s Complementary Strategy to Multilateralism”, *Conference proceedings - 2nd Edition of the CECRI Conference on Strategic Studies*, forthcoming.

Zanardi Landi, A., “The War in Ukraine and the Crisis of Multilateralism”, *Horizons: Journal of International Relations and Sustainable Development*, 2023, n°23, pp. 198-209.