

Alert | Export Controls & Economic Sanctions



July 2022

EU Sanctions Russia with ‘Maintenance and Alignment’ Package of Restrictive Measures

Go-To Guide:

- EU adopts further sanctions primarily intended to maintain and strengthen effectiveness of EU sanctions packages against Russia.
- ‘Maintenance and alignment’ package targets Russian economy after Putin’s attacks on Ukraine.

Introduction

On July 21, 2022, the Council of the European Union adopted a new, seventh **package of measures** (Package) primarily intended to tighten existing economic sanctions targeting Russia, perfect their implementation, and strengthen their effectiveness.

The Package consists, *inter alia*, of a new prohibition, extends the application of some trade restrictive measures and broadens the sanctions exemptions for certain products. These new and revised provisions came into force immediately on the date of their adoption, unless otherwise indicated below.

Companies (potentially) subject to EU sanctions should assess whether the amendments and clarifications included in the Package impact their business activities and compliance obligations.

Summary of the EU's seventh sanctions package

The Package includes the following:

New economic sanctions

First, a new prohibition to purchase, import, or transfer, directly or indirectly, gold, if it originates in Russia and has been exported from Russia into the EU or to any third country after July 22, 2022. Gold constitutes Russia's most significant export after energy. This prohibition also includes jewelry (*see* Article 30 of Regulation 833/2014, as amended by the Package).

Existing economic sanctions

Second, an extension of the list of controlled items that might contribute to Russia's military and technological enhancement or the development of its defense and security sector. In doing so, the Package reinforces export controls on dual use and advanced technology. For instance, in the computers category: “‘technology’ for the ‘development’ or ‘production’ of equipment designed for ‘multi-data-stream processing.’”

Third, the existing port access ban is extended to locks in the territory of the EU (after July 29, 2022) to ensure full implementation of Article 3ea of Regulation 833/2014 to avoid its circumvention.

Fourth, an extension of the scope of the prohibition on accepting deposits to include deposits from legal persons, entities, or bodies established in third countries and majority-owned by Russian nationals or natural persons residing in Russia. Additionally, the Package subjects the acceptance of deposits for non-prohibited cross-border trade to a prior authorization by national competent authorities.

Fifth, the EU introduces some clarification to existing measures in respect of public procurement, aviation, and justice. For instance, technical assistance with Russia in relation to aviation goods and technology will be allowed insofar as it is needed to safeguard the technical industrial standard-setting process of the International Civil Aviation Organization (ICAO). In addition, to ensure access to justice, the Package introduces an exemption from the prohibition on entering into any transactions with Russian public entities where necessary to ensure access to judicial, administrative, or arbitral proceedings.

Sixth, the EU extends the exemption from the prohibition to engage in transactions with certain Russian State-owned entities regarding transactions for agricultural products and the transport of oil to third countries with a view to avoid any potential negative consequences for food and energy security around the world. In more general terms, in this regard the EU is committed to avoiding all measures that might lead to food insecurity around the globe.

Asset freeze

Seventh, in addition to the economic sanctions set out above, the Council has added 48 persons and nine entities responsible for actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine to the EU asset-freeze list. For example, Sberbank, Sergei Korolev (first deputy director of the Russian FSB) and Andrey Belousov (first deputy prime minister of the Russian Federation).

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