

Alert | Export Controls & Economic Sanctions



June 2023

EU Sanctions Russia with Eleventh Package of Restrictive Measures

Go-To Guide:

- EU adopts further sanctions intended to ensure that EU sanctions against Russia are better enforced and implemented
- EU sanctions continue to target Russian economy after Putin's attacks on Ukraine.

On June 23, 2023, the Council of the European Union adopted a new, **eleventh package of restrictive measures** (Package) to ensure that EU sanctions against Russia are better enforced and implemented. The Package is informed by the lessons learned from implementation over the past year.

The Package consists, *inter alia*, of new prohibitions, a new anti-circumvention tool, and over 100 additional persons/entities subject to a so-called asset freeze. The Package took effect June 24, 2023, the day following its publication in the *Official Journal of the EU*.

Companies should assess whether the amendments and clarifications included in the Package impact their business activities and compliance obligations.

Key Aspects of the Package

New Anti-circumvention Tool

First, the EU introduced a new anti-circumvention tool which allows the EU to prohibit the supply, sale, transfer, or export of specified sanctioned goods and technology to certain third countries whose jurisdictions are deemed to be at an ongoing and particularly high risk of circumvention. Annex XXXIII shall specify which goods and third countries will be covered, although at the time of writing this GT Alert, it is not yet populated. Pursuant to the Package the Council should, when deciding which targeted goods, technology, or third countries should be included, take into account a thorough technical analysis by the Commission on the circumvention issues in question. Before including a third country on the list of countries concerned by that measure, the EU should inform and actively seek the views of the government of that third country on the basis of the preliminary findings set out in the technical analysis by the Commission and the EU's intended remedial action.

The new anti-circumvention instrument will act as a last resort when other measures and approaches by the EU in relation to concerned third countries have not been enough to prevent circumvention.

Extending Existing Trade Sanctions

Second, there is an extension of the transit prohibition for certain sensitive goods (e.g., aviation-related goods) exported from the EU to third countries through Russia.

Third, 87 new entities were added to the list of those directly supporting Russia's military and industrial complex in its war against Ukraine. These entities are subject to tighter export restrictions for dual-use and advanced technology items. For the first time, this list does not only include Russian and Iranian entities, but also covers entities registered in other jurisdictions, including Armenia, Hong Kong, and Syria.

Fourth, there is an expansion of the existing export restrictions to include a prohibition on the sale, license, or transfer of intellectual property rights and trade secrets or technology to any person/entity in Russia or for use in Russia. This includes, among others, dual-use goods/technology, goods and technology as listed in Annex II, and firearms and essential components.

Fifth, there is an extension of the prohibition to trade in firearms, as well as other arms as listed in Annex XXXV, with any person, entity, or body in Russia or for use in Russia.

Sixth, the EU tightened restrictions on imports of iron and steel goods. Importers of sanctioned iron and steel goods that have been processed in a third country are now required to prove that the inputs used do not come from Russia. The importers must, at the moment of importation, provide evidence of the country of origin of the iron and steel inputs used for the product's processing in a third country.

Seventh, there is a new prohibition on providing technical assistance, brokering services, or other services relating to the export of the luxury goods listed in Annex XVII valued over EUR 300 to any person or entity or for use in Russia. In addition, the Package introduces a derogation regarding luxury goods: the competent authorities may authorize the sale or supply of a vessel falling under CN code 8901 10 00 or 8901 90 00 subject to certain conditions. Furthermore, the Package extends the list of luxury goods subject to restrictions in Annex XVIII.

Eighth, there is an expansion of the prohibition regarding the goods on the Common Military List to include brokering services.

Ninth, there is an expansion of the prohibition to include the sale of transferable securities denominated in any currency issued after August 6, 2023, to any Russian national or natural person residing in Russia or any legal person, entity, or body established in Russia.

Transport Restrictions

Tenth, there is a new prohibition on access to EU ports for vessels that engage in ship-to-ship transfers suspected to be in breach of the Russian oil import ban or the G7 Coalition price cap. Moreover, the EU introduced a new prohibition on accessing EU ports for vessels which manipulate or turn off their navigation tracking system at any point of the voyage to a Member State when transporting Russian oil subject to restrictions.

Eleventh, the EU extended the (transport) prohibition to cover trucks with Russian trailers and semi-trailers from transporting goods to the EU, including if those trailers or semi-trailers are hauled by trucks registered in other countries.

Twelfth, Germany and Poland may no longer import Russian oil by pipeline.

Other Restrictions

Thirteenth, the media prohibition was extended to include five additional Russian media outlets (RT Balkan, Oriental Review, Tsargrad, New Eastern Outlook, and Katehon).

Fourteenth, the Package includes a new information sharing requirement for Member States authorities. The competent authorities must exchange information on the enforcement of Articles 2 (dual-use goods), 2a (goods and technology which might contribute to Russia's military and technological enhancement), and 2b (authorization) with the other Member States and the Commission including on any authorization granted or denied and, in the event of suspected forum shopping or other cases appropriate, on requests for authorization received. Furthermore, the competent authorities must exchange information on the enforcement of the articles mentioned with the other Member States and the Commission, including on related infringements and penalties, as well as best practices of national enforcement and the detection and prosecution of unauthorized exports.

Derogations and Exemptions

Fifteenth, the Package introduced various additional derogations and exceptions. For example, the Package set out a new derogation to certain prohibitions on enabling the maintenance of the Caspian Pipeline Consortium (CPC) pipeline and associated infrastructure.

Asset Freeze

Sixteenth, the Council added 71 persons and 33 entities (*e.g.*, MRB Bank, and CMRBank) to the asset freeze list. The list also includes senior military officials, decision makers on war, persons involved in the illegal deportation of Ukrainian children to Russia, judges who took politically motivated decisions against Ukrainian citizens, and persons responsible for the looting of cultural heritage. As a result, all funds and economic resources belonging to, owned, held, or controlled by such persons and entities will be frozen.

In addition, the Council decided to broaden the listing criteria on which specific designations can be based to include: (i) natural or legal persons, entities, or bodies significantly frustrating the provisions of the restrictive measures adopted by the EU in response to Russia's war against Ukraine, and (ii) legal persons, entities, or bodies operating in the Russian IT-sector with a license administered by the Federal Security Service of the Russian Federation (FSB) Center for Licensing, Certification, and Protection of State Secrets, or a "weapons and military equipment" license administered by the Russian Ministry of Industry and Trade.

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