



## EU clarifies its sanctions against Russia

The EU adopted<sup>1</sup> clarifications on its sanctions against Russia went into effect as of Dec. 6, 2014. The clarifications amend the definition of various terms used in Regulation 833/2014.<sup>2</sup> In addition, the applicability of the sanctions is further clarified. The effect of the new Regulation on trade and export compliance is limited.

### 1. Clarifications of definitions used

Various definitions used in Regulation 833/2014 have been clarified. The term 'Russia' is replaced by "Russia, including its Exclusive Economic Zone and Continental Shelf." The term 'deep water oil exploration and production' is replaced by "oil exploration and production in waters deeper than 150 metres." The term 'Arctic oil exploration and production' is replaced by "oil exploration and production in the offshore area north of the Arctic Circle." And lastly the term 'shale oil projects' is replaced by "projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing."

### 2. Items Annex II

Regulation 833/2014 currently requires authorization for certain transactions concerning energy related equipment and technology intended for use in Russia. The authorization must be denied if the equipment or technology is used in Russia for deep water, arctic or shale projects unless the export concerns the execution of an obligation arising from a contract or an agreement concluded before Aug. 1, 2014. The

<sup>1</sup> Council Decision 2014/872/CFSP of Dec. 4, 2014 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, and Decision 2014/659/CFSP amending Decision 2014/512/CFSP, and the associated Council Regulation (EU) No 1290/2014 of Dec. 4, 2014 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, and amending Regulation (EU) No 960/2014 amending Regulation (EU) No 833/2014.

<sup>2</sup> Council Regulation (EU) No 833/2014 of July 31, 2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine.

EU clarified that this possibility to ‘opt-out’ regarding pre-2014 contracts also applies to “ancillary contracts necessary for the execution of such a contract.”

The new Regulation also introduces an exemption for health and safety emergencies. The equipment and technology as mentioned in Annex II may be exported without a prior authorization in case “the sale, supply, transfer or export of the items is necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment.”

### 3. Arms and Dual use items

Under Regulation 833/2014 it is prohibited to sell, supply, transfer or export, directly or indirectly, dual-use goods and technology, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia, if those items are or may be intended, in their entirety or in part, for military use or for a military end-user. An authorization may be granted in relation to contracts concluded before Aug. 1, 2014. The new Regulation introduces the same ‘opt-out’ for dual-use and military equipment. As with the Annex II equipment and technology, the authorities may now grant an authorization for “ancillary contracts necessary for the execution of such a contract” as well.

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