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BLOG

The EU Issues an Eighth Package of Sanctions Against Russia

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On October 6, 2022, the EU agreed to implement a new package of Russia sanctions in response to Russia's annexation of the Donetsk, Luhansk, Kherson, and Zaporizhzhia regions, its mobilization of additional troops, and nuclear threats.

This new package includes restrictions such as:

- ***Freezing of assets.*** The EU imposed restrictive measures, including the freezing of assets, on additional entities and individuals, including key decision makers, oligarchs, senior military officials, and propagandists responsible for undermining Ukraine's territorial integrity.
- ***New geographical restrictions***. The new measures expand the geographical scope of the restrictions to include not only Crimea, Donetsk, and Luhansk, but also Kherson and Zaporizhzhia. Therefore, these regions are now also subject to the same geographical restrictions as Crimea or the Donetsk and Luhansk regions.
- ***Export restrictions.*** The EU will also extend the export prohibition by adding new items to the list of goods which could contribute to the enhancement of Russian industrial and military capacities. It also imposes restrictions on exports of goods for use in the aviation sector.
- ***Import restrictions.*** The import ban was further extended to include finished and semi-finished steel products originating in, or exported from, Russia. The prohibition also applies to other goods that originate in the Russian Federation or are exported from Russia, and includes such items as wood pulp and paper, certain elements used in the jewelry industry such as stones and precious metals, certain machinery and appliances, certain chemical items, vehicles, textiles, footwear, leather, cigarettes, plastics, ceramics and cosmetics. We note that the effective date for some of these new restrictions is deferred and member states may provide specific authorizations. The import restrictions also affect coal and other solid fossil fuels.
- ***G7 oil price cap.*** The EU agreed to put in place a price cap mechanism to enable operators in the supply chain of seaborne Russian oil to demonstrate that it has been purchased at or below the price cap. The price cap – pending the practical guidance from the Commission– is designed to mitigate adverse consequences on the third country energy supply chain and reduce price surges, while limiting Russian revenue.

- ***Restrictions on State-owned companies.*** The new measures extend the prohibition to engage in transactions with certain Russian State-owned or controlled legal persons, entities, or bodies. The new measures also include a ban on EU nationals holding any positions within such entities.
- ***Financial, IT consultancy and business services.*** The new sanctions ban all crypto-asset wallets, accounts or custody services for Russian personas and residents. The previous prohibitions had allowed crypto-asset wallets up to a 10,000 EUR threshold. The provision of architectural and engineering services as well as of IT consultancy services and legal advisory services are also prohibited. 'Legal advisory services' covers the provision of legal advice to the government of Russia and legal entities established in Russia including the application or interpretation of law. The prohibitions provide an exception for the representation in the context of legal representation services before administrative agencies, courts, or other tribunals.
- ***Sanctions circumvention.*** The EU is trying to avoid circumvention that may arise from the new measures, specifically the price cap and, as a result, is introducing a further listing criterion specifically targeting facilitation.

The EU measures continue to take an aggressive approach and intend to continue causing an impact on the Russian economy, including its military and industrial capabilities. With the import ban alone, the EU expects to deprive Russia of almost €7 billion. The UK also announced (but not yet implemented) similar measures on September 30 (see here).

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