

BLOG



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In light of the recent wave of sanctions against Russia issued by the United States (see Winston & Strawn's post <u>here</u>), the European Union ("EU") issued a tenth package of Russia sanctions on February 25, 2023. This package includes new designations, import and export control bans and restrictions, sanctions enforcement and anticircumvention measures, and additional measures related to Russian media entities, services by Russian nationals in critical EU infrastructure, gas storage, and divestment.

In more detail, the new sanctions package includes restrictions such as:

- Additional designations. The EU imposed asset freezes on 87 individuals and 34 entities. This includes Russian banks Alfa-Bank, Rosbank, and Tinkoff Bank; the National Wealth Fund of the Russian Federation and the Russian National Reinsurance Company; Russian decision-makers; entities operating in the military sector; senior government officials; military leaders complicit in the war against Ukraine; proxy authorities installed by Russia in the occupied territories in Ukraine; key figures involved in the kidnapping of Ukrainian children to Russia; organizations and individuals disseminating disinformation and thereby adding to the military warfare through information warfare; individuals in Iran involved in the production or provision of drones and other components supporting Russia's military; and members and supporters of Russia's Wagner mercenary group, among others.
- Additional import bans. The EU issued additional trade bans of Russian synthetic rubber and asphalt or bitumen.
- Additional export bans. The EU issued additional export bans that target goods and critical technologies particularly relevant for the Russian military industrial complex, including trucks, other heavy vehicles, construction machines, pumps, and machines used in the construction sector.
- Additional restricted items. The EU also included export restrictions on sensitive dual-used and advanced technology items that could contribute to Russia's military capabilities. These include certain electronic components used in Russian weapons systems, specific rare earth materials, electronic integrated circuits, and thermal cameras. Furthermore, the EU issued a new full ban on turbojets and their parts, therefore reinforcing the existing ban on aircrafts and aircraft parts.
- Additional entities added to Annex IV. Ninety-six entities have been added to the list of companies considered to be directly supporting the Russian military sector. As a consequence, these entities are subject to tighter export restrictions.

- New enforcement and anti-circumvention measures. First, the EU introduced a transit ban for dual-use goods and advanced technology and firearms via Russia's territory. In other words, goods can no longer transit via the territory of Russia when exported to third countries. Second, the EU introduced an obligation for aircraft operators to notify nonscheduled flights to their competent authorities. Third, the EU introduced more detailed reporting obligations on funds and economic resources belonging to listed individuals and entities that have been frozen or were subject to any move in the two weeks preceding the relevant listing, as well as further details of the information to be reported (see Council Regulation (EU) 2023/426). Finally, the EU introduced new reporting obligations to Member States and to the Commission on immobilized reserves and assets of the Central Bank of Russia (see Council Regulation (EU) 2023/427).
- Additional designations related to Russian media entities. The EU designated Arab language subsidiaries of RT (Russia Today) and Sputnik because they disseminate disinformation and war propaganda that aids Russia's war efforts. They are also Russian state-owned and/or under the Kremlin's influence.
- Additional ban related to services by Russian nationals in critical EU infrastructure. The EU imposed a ban on Russian nationals serving on boards of critical infrastructure companies in the EU, such as electricity grids or gas providers, to ensure the security and safety of the EU and its citizens.
- Additional sanctions related to gas. The EU prohibited the provision of gas storage capacity in the EU to Russian nationals, Russian residents, or Russian entities.
- Additional measures related to divestment. The EU adopted and extended measures to facilitate the divestment from Russia by EU operators (see <u>Council Regulation (EU) 2023/426</u> and <u>Council Regulation (EU) 2023/427</u>). The EU now allows for services relating to divestment that would otherwise be prohibited. It also extended the duration of the period in which the competent authorities of the Member States may authorize transactions that are necessary for divestment and withdrawal.

The EU expects that import bans cover EU imports worth almost EUR 1.3 billion, while the exports will be worth EUR 11.4 billion, in addition to the previous nine packages already imposed that had an impact of EUR 90 billion and EUR 32.5 billion on exports and imports, respectively.

The EU has published additional guidance on its latest package of restrictive measures, available here. The EU's tenth package of sanctions was issued almost a year after the beginning of Russia's invasion of Ukraine (see Winston's post summarizing sanctions over the last year here. In light of continued Russian full-scale invasion and military aggression towards Ukraine, in the European Council conclusions as of February 9, 2023, the EU reiterated its resolute condemnation of Russia's war of aggression against Ukraine and restated its unwavering support for Ukraine's sovereignty and territorial integrity.

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