

On February 23, 2024, coinciding with the two-year anniversary of the start of the conflict between Russia and Ukraine, the European Council published its 13th package of sanctions against Russia, concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine. Through this new package, the EU reaffirms its unity and firm commitment to defending its fundamental values and principles, while also demonstrating unwavering support for Ukraine.

The European Council has settled 194 individual designations, including 106 individuals and 88 entities deemed responsible for actions detrimental to or threatening the territorial integrity, sovereignty, and independence of Ukraine. Overall, EU restrictive measures for actions undermining or jeopardizing the territorial integrity, sovereignty and independence of Ukraine now apply to more than 2,000 persons and entities.

Previous EU sanctions packages targeted entire sectors or key export products, such as crude oil, coal, gold and, most recently, diamonds. However, it seems that two years into the conflict, the EU is facing increasing obstacles in adopting sanctions as tools capable of securing unanimous approval from the 27.

A report released by the EU's official statistics office highlighted a continuous decrease in Europe's trade with Russia throughout the conflict. However, there were two significant exceptions noted: imports of liquefied natural gas (LNG) and fertilizers. Furthermore, the latest package shows that all the core measures have already been implemented, leaving the issue of sanctions circumvention to be tackled.

In this newsletter, we present the main aspects of these new regulations, differentiating them according to the most affected areas:

Asset Freeze Obligations

This new list includes individuals and companies targeting the military and defense sectors. These include more than 140 companies and individuals from the Russian military-industrial complex, including manufacturers of missiles, drones, anti-aircraft missile systems, military vehicles, high-tech components for weapons and other military equipment.

Additionally, in relation to persons involved in the temporary occupation and annexation of parts of Ukraine by Russia, six judges and 10 officials from the occupied territories of Ukraine have been designated, as have 15 persons and two entities involved in the forcible transfer, deportation, and military indoctrination of Ukrainian children.

Furthermore, 10 Russian companies and individuals involved in the shipment of arms from the Democratic People's Republic of Korea (DPRK) to Russia have been designated. This also includes the DPRK Minister of Defense, as well as a number of Belarusian companies and individuals providing support to the Russian armed forces.

Trade Measures

Regarding foreign trade, this 13th package intensifies EU's actions to prevent Russia from acquiring sensitive Western technologies for the Russian military, placing particular emphasis on unmanned aerial vehicles or drones. In this regard, several companies that supply Russia with key drone components have been designated. Additionally, new sectoral sanctions have been introduced to complicate the drone war.

For the first time, and based on trade and customs data, the new package designates 27 Russian and third-country companies to the list of entities associated with Russia's military-industrial complex. This package has included:

- 17 Russian companies involved in the development, production, and supply of electronic components.
- Four companies registered in China and one each in Kazakhstan, India, Serbia, Thailand, Sri Lanka, and Turkey, also active in the electronic components sector.

Export restrictions have been imposed in relation to dual-use goods and technology, as well as goods and technology that can contribute to the technological upgrading of Russia's defense and security sector.

Iron and Steel

In this decision, the inclusion of the UK marks a significant development, as it joins a list of partner nations that have adopted several restrictive measures concerning the import of iron and steel from Russia. In addition, the decision implies the application of import control measures by the UK, which closely resemble those applied by the EU. This move underlines a concerted effort among allied nations to align regulatory frameworks and collectively address concerns regarding trade practices involving Russian imports of iron and steel.

Common High Priority (CHP) List

Aligning with the UK and the US, the EU incorporated five additional items into the Common High Priority (CHP) list initially released in September 2023. These newly added codes pertain to computer numerically controlled machines, integral for producing essential military hardware. It is imperative for industries to acknowledge the revised list and enforce heightened scrutiny and vigilance on exports of these goods to prevent any potential diversion to Russia.

Although this new set of sanctions has just been formally adopted, public media sources close to European institutions report that the European Council is currently considering a possible 14th package, which would be prompted by the reported death of Aleksei Navalny, together with the ongoing discussions on the possibility of seizing frozen Russian assets to increase financial assistance to Ukraine.

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