The EU's 14th Package of Sanctions Against Russia

A Comprehensive Approach and Strengthened Measures

EMEA – June 2024

On 24 June 2024, the Council of the European Union adopted a new set of sanctions against Russia in response to its continued aggression against Ukraine. These new measures target high-value sectors of the Russian economy, such as energy, finance and trade, and are designed to tighten the enforcement of existing sanctions. Additionally, 69 new individuals and 47 new entities have been added to the list of persons subject to an asset freeze.

This latest round of EU sanctions introduces new measures targeting the energy sector, in particular liquefied natural gas (LNG) from Russia. The package not only prohibits future investment and exports related to Russian LNG projects currently under construction, but also imposes a ban on the use of EU ports for the transshipment of Russian LNG, effective after a nine-month transition period. As an immediate and specific measure, the EU has also banned the reloading of Russian LNG within its territory for export to third countries. This includes all methods of transfer, such as ship-to-ship and ship-to-shore, effectively cutting off a key avenue for Russia to generate revenue from its LNG exports.

To enforce and prevent circumvention of the current measures, EU parent companies are required to ensure that their subsidiaries in third countries do not engage in activities that undermine the sanctions.

In addition, EU parent companies that provide intra-group services to entities established in Russia will be allowed to continue with that activity until 30 September 2024, but only if the recipient of those services is a Russian legal entity owned or controlled exclusively or jointly by an entity incorporated under the law of a member state or a partner country.[1]

Further, transactions with listed entities using the System for Transfer of Financial Messages (SPFS), developed by the Central Bank of Russia as an alternative to SWIFT, are also prohibited. In addition, the EU has prohibited transactions with certain financial and credit institutions, such as non-EU providers of crypto-assets, which support the operation of the Russian defence industrial base.

In relation to the transport sector, the new sanctions foresee bans on port access and certain services to vessels involved in Russian military operations. Further, non-scheduled flights operated by or for Russian entities have been added to the flight-ban and operators with a Russian shareholding exceeding 25% have become subject to the road transport ban.

In terms of import/export controls and restrictions, more than 61 companies have been designated as restricted entities by the EU. These include some companies based in third countries such as China, Kazakhstan, Kyrgyzstan, Turkey and the UAE, which will now be subject to stricter export controls on dual-use goods and technologies, as well as goods deemed to strengthen Russia's defence or security sectors.

The range of restricted items has also been expanded to include certain machine tools and certain "all-terrain vehicles", while additional restrictions have been imposed on exports that support Russian industrial capabilities, such as chemicals, plastics, excavation equipment and imports of helium from Russia. Liechtenstein has also become a partner country, applying import restrictions on iron and steel products from Russia in line with the EU measures.

With regard to Russian diamonds, the new regulation clarifies that diamonds that are already in the EU or another third country (other than Russia), or that were cut or manufactured outside Russia before the ban was implemented, are not subject to the ban. In addition, jewellery may be temporarily imported or exported for events such as trade fairs or for repairs.

Further, the introduction of a full traceability mechanism for imports of rough and polished natural diamonds has been extended until 1 March 2025 and the ban on jewellery containing Russian diamonds produced in third countries will be delayed until the council reaches an agreement on this.

Lastly, EU operators are required to include contractual provisions to prevent industrial know-how transferred to third countries from being used in products destined for Russia. The new regulation introduces compensation rights for EU operators in relation to damages resulting from the imposition of sanctions and expropriation.

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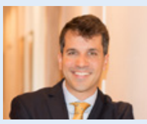

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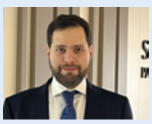

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1 Pursuant to Annex VIII to Regulation 833/2014, the following countries are considered to be partner countries: the US, Japan, the UK, South Korea, Australia, Canada, New Zealand, Norway and Switzerland.

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