

The EU's second round of Russia sanctions

26 February 2022

On 25 February 2022, the European Union (EU) has agreed upon further sanctions against Russia as a reaction to, as the [European Council put it](#), “the Russian Federation’s unprovoked and unjustified military aggression against Ukraine.” These sanctions add to those imposed on 23 February 2022 as a rebuke of Russia’s recognition of Ukraine’s self-proclaimed separatist entities (see our previous [Briefing](#)). The new sanctions are set to “impose massive and severe consequences for Russia”. They cover the financial sector, the energy and transport sectors, dual-use goods and export control as well as export financing, visa policy, additional listings of Russian individuals and new listing criteria.

Here are the details:

1. Further tightening of export control rules

Regulation (EU) No 833/2014 is amended to further tighten the prohibition to sell, supply, transfer or export, directly or indirectly, dual-use and other goods and technologies to persons or entities in Russia or for use in Russia. To this end, new prohibitions and authorization requirements have been introduced to the Regulation.

Goods and technologies listed in Annex I of the Dual-use Regulation

The amendments further restrict the export of goods and technologies listed in Annex I of the Dual-use Regulation (EU) 2021/821 (*dual-use goods*). Whereas the Regulation previously prohibited the export of dual-use goods “for military use or a for a military end-user”, the amended Regulation provides for a general ban subject to certain exceptions. This prohibition does not apply to dual-use goods intended for humanitarian or medical purposes, software updates, consumer communication, and other closely defined purposes. In other cases, authorization by the competent national authorities is required. They may authorize the export of dual-use goods if it is determined that the dual-use goods in question are intended for certain non-military purposes and non-military end users, including intergovernmental cooperation in purely civilian matters or space programmes, maritime safety and civilian telecommunications networks and similar purposes. This change appears to bring about a reversal of the relationship of rule and exception: Now the authorities need to positively determine the intended non-military use of the goods in question.

The authorities may also allow the export of dual-use goods for non-military use and to non-military end-users in case the export is due under contracts concluded before 26 February 2022, provided that the authorisation is requested before 1 May 2022.

The export of dual-use goods to entities belonging to Russia's defence industry and security sector listed in Annex IV is restricted further. It is only possible to receive authorisation if the goods in question are 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, or if their export is due under contracts concluded before 26 February, provided that the authorisation is requested before 1 May 2022.

Aviation

Further sector-specific changes made to the Regulation include an export ban with respect to aircrafts, spacecrafts and parts as listed in Annex XI. It prohibits, *inter alia*, the overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component, with the exception of pre-flight inspection, in relation to the goods and technology listed in Annex XI. This does not apply to the execution until 28 May 2022 of contracts concluded before 26 February 2022. An authorization is not required in this case. Other exceptions do not exist.

Energy

The amended Regulation now also prohibits to sell, supply, transfer or export, directly or indirectly, specific goods and technology suited for use in oil refining, as listed in Annex X, to any natural or legal person, entity or body in Russia or for use in Russia. The prohibition does not apply to the execution until 27 May 2022 of contracts concluded before 26 February 2022. In this case, an authorization is not required. Additional exceptions, subject to a general requirement of authorisation, apply in case of emergencies to human health and the safety of environment.

High technology

To diminish Russia's military and technological enhancement, it is prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology listed in Annex VII to anyone in Russia or for use in Russia. This prohibition applies to a broad range of high technology, such as semiconductors, software, computers (not for personal use), telecommunication equipment, equipment and software for information security, sensors and lasers, vessels and marine systems or equipment, as well as engines and other goods used for aerospace and propulsion. The Regulation provides for exceptions that parallel the ones applicable to dual-use goods: The prohibition does not apply to listed goods and technologies if intended, among others, for humanitarian or medical purposes. The

competent authorities may also authorise the export of such goods and technologies after having determined that they are intended for certain non-military purposes.

2. Financial restrictions

The new sanctions contain various financial restrictions. These restrictions include, for instance, the Russia-related prohibition to provide financing or financial assistance for dual-use goods listed in Annex I to the Dual-use regulation (EU) 2021/821 or goods listed in Annex VII, X or XI to Regulation 833/2014. Amended Regulation (EU) No 833/2014 also prohibits “to provide public financing or financial assistance for trade with, or investment in, Russia”. However, there are grandfathering clauses that allow – for a limited period of time – for the fulfilment of obligations that arose prior to the new sanctions.

In anticipation of these restrictions, Germany had already cancelled its Hermes covers, i.e., export credit guarantees given by the German government to German companies, with respect to Russia. With this step, it will become much more difficult and riskier for German companies to continue doing business with Russia, even if their products are not on sanctions lists.

Article 5 of Regulation 833/2014 contains a large number of new and stricter prohibitions in connection with the financial market. These concern, among others, transferable securities and money-market instruments as well as loans and credits. Additional banks have been listed in Annex III to this regulation. These restrictions do also target a number of companies that are listed in Annex XIII, including Almaz-Antey, Kamaz, Rostec and Russian Railways.

Completely new is the prohibition to accept any deposits from Russians and Russian companies, if the total value of deposits of the person per credit institution exceeds 100,000 EUR.

As the new financial sanctions are very comprehensive and diverse and a whole range of exemptions are provided for, we will describe the details of the financial sanctions in a separate briefing.

3. Visa restrictions and travel bans

The [Agreement](#) between the EU and the Russian Federation on the facilitation of the issuance of visas to the citizens of the European Union and the Russian Federation is partially suspended as from 28 February 2022 (cf. [Council Decision No. 2022/333](#) of 25 February 2022). This agreement contains numerous facilitations for the issuance of visas, for instance the possibility to issue multiple entry visas or the determination of the maximum fee for and length of a visa application. These possibilities have now been suspended for members of national and regional governments and parliaments of Russia, the Russian Constitutional Court and the Russian Supreme Court, members of official

Russian delegations, as well as business people and representatives of business associations. In addition, article 11 of this agreement has been suspended, according to which Russian citizens who hold valid diplomatic passports may enter, leave and transit through the EU without visas.

4. New listings and asset freezing

A large number of Russian politicians and members of the Belarussian armed forces were added to Annex I of Regulation 269/2014 (cf. Council Implementing Regulation 2022/332). Annex I now includes President Putin, Minister of Foreign Affairs Lavrov, Prime Minister Mishustin, Minister of the Interior Kolokoltsev, the Deputy Chairman of the National Security Council Medvedev and dozens of Duma members and high ranked members of the Russian administration.

All funds and economic resources belonging to, owned, held or controlled by these persons or natural or legal persons, entities or bodies associated with them shall be frozen. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the persons on the list or natural or legal persons, entities or bodies associated with them.

What to do now?

Companies doing business in Russia and Ukraine or with Russian companies or state entities should closely follow the volatile developments. They should adopt screening measures in line with new sanctions. Russia-related transactions should be brought to a halt as long as there is a risk that they might fall within the scope of the restrictive measures.

The latest sanctions are unlikely to remain the last set of restrictions imposed upon Russia. The EU has already announced that a third sanctions package, which will also cover Belarus, is being planned. Among others, banning Russia from the international financial transactions system SWIFT or further targeting Russia's oil and gas companies remain possible options for subsequent sanctions.

We are at your disposal at any time to answer questions on the practical implementation as well as on the scope of application of the sanctions. Please do not hesitate to contact [Pascal Friton](#), [Roland M. Stein](#), [Florian Wolf](#), [Laura Louca](#) or [Tobias Ackermann](#).