

The EU's fourth package of sanctions against Russia

23 March 2022

Almost four weeks after Russia's invasion of Ukraine and its ongoing military aggression, the EU has adopted another – the fourth – package of sanctions against Russia on 15 March 2022. This briefing provides an overview on these latest developments, which concern not only the adding of more oligarchs and regime-affiliated elites to the EU's sanctions list, but also tighten trade restrictions with respect to, among others, the import of steel products, the trade with luxury goods, including vehicles and their spare parts, as well as transactions with certain Russian state-owned enterprises.

Further persons and entities on the sanction list

With [Implementing Regulation \(EU\) 2022/427](#), the EU added to its sanctions list under [Regulation \(EU\) No 269/2014](#) several oligarchs with close ties to President Putin, one of whom being Roman Abramovich, commonly known as the owner of English football club Chelsea F.C. Other private persons include major shareholders of various conglomerates, chairmen of iron and steel companies and other influential people supporting and profiting Russian decision-making, including German Khan, Viktor Rashnikov, and Alexey Kuzmichev. The Regulation also lists several publicists and propagandists working for the Russian media. In addition, the expanded list now also targets companies in various sectors such as aviation, military and dual-use goods and ship building.

Tightening of trade restrictions

With [Regulation \(EU\) 2022/428](#), the EU also amended [Regulation \(EU\) 833/2014](#) concerning restrictive measures against Russia in multiple respects:

- Revised Article 3, among others, establishes a prohibition (rather than an authorization requirement as in the old version) for the export of certain equipment, technology and services for Russia's energy industry, as listed in Annex II, such as line pipes, rock-drilling or earth-boring tools, or specific vessels. This also applies to related technical or financial assistance. The execution until 17 September 2022 of pre-existing contracts concluded before 16 March 2022 remains possible. In exceptional cases, the competent authorities may authorize such exports, including when it is deemed necessary for ensuring critical energy supply within the EU.
- Also targeting the energy sector, Article 3a now prohibits investment activities relating to the energy sector, including the acquisition of participation in Russian energy

companies or the creation of joint ventures. As in the case of Article 3, an authorization may be granted under narrow conditions.

- Newly inserted Article 3g imposes an import ban on certain iron and steel products, thereby adopting restrictions similar to but not as extensive as the ones [imposed previously on Belarus](#). The import or purchase of products listed in Annex XVII (which, as of now, only concerns certain steel but not iron products) originating in Russia or locating from Russia is thus prohibited. This is flanked by restrictions on the transport of such products and the provision of related assistance as well as by an exemption for the execution until 17 June 2022 of contracts concluded before 16 March 2022.
- New Article 5j prohibits the provision of credit rating services to anyone in Russia but only applies as of 15 April 2022.

Finally, the amendments introduce far-reaching and unprecedented restrictions on the trade with luxury goods and transactions with certain state-owned companies. The details of these final prohibitions are as follows:

Export restrictions on luxury goods

Under Article 3h, a far-reaching prohibition is introduced to sell, supply, transfer or export luxury goods as listed in Annex XVIII to anyone in Russia or for use there. Annex XVIII comprises a wide variety of products, including various groceries, clothes, electrical items, such as computers or smartphones, as well as vehicles. As the [European Commission](#) put it, this prohibition is “to directly hit the Russian elites.” In general, these items only fall within the scope of the prohibition if their value exceeds EUR 300 per item unless otherwise specified in the Annex. Notably, the German Federal Ministry for Economic Affairs and Climate Change has already published an [FAQ](#) (in German) on the interpretation of, *inter alia*, the details of this prohibition. It clarified, for instance, that for determining the value of a product, the crucial factor is the price paid by the importer of the good in question.

Significantly, the prohibition also applies to vehicles under category 17 of Annex XVIII as far as they are intended for the transport of persons and have a value exceeding EUR 50,000. Also, motorcycles exceeding the threshold of EUR 5,000 are covered by the prohibition. The prohibition further applies to accessories and spare parts, if intended for a vehicle covered by Annex XVIII. Crucially, according to the Ministry’s FAQ, these items are not subject to any value limit. Notably, category 17 also goes beyond the intended goal of banning the export of luxury items and covers, for instance, railways locomotives and tramway coaches.

Prohibitions of transactions with certain state-owned enterprises

Finally, under Article 5aa of amended Regulation (EU) No 833/2014, any transactional engagement with companies, as listed in Annex XIX, is banned. This extensive prohibition

BLOMSTEIN

- going beyond the usual prohibitions of making available funds or economic resources
- affects primarily certain state-owned enterprises, including Rosneft, Transneft, Gazprom Neft, United Aircraft Corporation, Kamaz, and OPK Oboronprom. Importantly, the prohibition also extends to transactions with subsidiaries and companies majority-owned by the listed entities, as far as they are established outside the EU. Although the prohibition applies with immediate effect, it also provides for an exception with respect to the execution until 15 May 2022 of contracts concluded before 16 March 2022 and excludes from its scope certain transactions related to the import of fossil fuels and metals as well as to certain energy projects outside Russia.

These new amendments further complicate the application of the EU sanctions regime in practice, especially in light of unprecedented restrictions. In the meantime, the European Commission has published an [FAQ on export restrictions](#) that helps answering some of the questions concerning Regulation (EU) No 833/2014 but predates the most recent changes.

Because the sanctions have been extensively broadened, difficult legal issues continue in a variety of circumstances. We are at your disposal at any time to answer questions on the practical implementation as well as on the scope of application of these sanctions. Please do not hesitate to contact [Pascal Friton](#), [Roland M. Stein](#), [Florian Wolf](#), [Laura Louca](#) or Tobias Ackermann.