

The EU's 12th package of sanctions against Russia

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The 12th package of EU sanctions against Russia, aimed at further increasing economic pressure in response to Russia's continued aggression towards Ukraine, entered into force on 19 December 2023. It includes additional listings of Russian individuals and companies as well as new trade restrictions, such as the long-awaited import ban on Russian diamonds and prohibitions related to enterprise management software. Of particular practical relevance are additional measures against the circumvention of long-standing sanctions, including a new obligation for EU exporters to contractually prohibit the re-export of certain sensitive goods to Russia.

The new amendments to Regulation (EU) No 833/2014 (*Regulation 833/2014*) can be found in [Regulation \(EU\) 2023/2878](#). Minor changes were also made to Regulation (EU) No 269/2014 by [Regulation \(EU\) 2023/2873](#), whereas [Implementing Regulation \(EU\) 2023/2875](#) added further names of individuals and companies on the EU sanctions list. In this briefing, we outline the most significant changes.

Additional import and export restrictions

The trade restrictions under Regulation 833/2014 are extended as follows:

- **New Import ban on Russian diamonds:** As part of a coordinated effort by the G7, the EU has implemented a ban on the direct or indirect import, purchase, or transfer of Russian diamonds in Article 3p of Regulation 833/2014. Starting 1 January 2024, there will be a direct ban on all non-industrial natural and synthetic diamonds, including diamond jewellery. An indirect ban on Russian diamonds processed in third countries, including jewellery with Russian diamonds, will be progressively implemented from 1 March 2024, and fully in place by 1 September 2024.
- **Additional import bans on industrial goods under Article 3i of Regulation 833/2014:** These include pig iron and spiegeleisen, copper wires, aluminium wires, foils, pipes and cables (see reissued Annex XXI to Regulation 833/2014). Companies should check carefully whether any goods imported from Russia (even indirectly) were added to the list. The new paragraphs 3ca, 3cb, and 3cc of Article 3i give an indication, which new goods were listed.
- **Expansion of the industry list of goods covered by Article 3k of Regulation 833/2014:** Annexes XXIIIA and XXIIIB were added to Regulation 833/2014, considerably expanding the list affected by the sales and export prohibitions to, among

others, machinery and their parts, construction-related goods, steel, copper and aluminium goods, as well as lasers and batteries. Under the grandfathering clauses of the new Art. 3k (3aa) and (3ab) of Regulation 833/2014, pre-established contracts relating to these goods may be executed until 20 March and 20 June 2024, respectively.

- **Additional export restrictions regarding advanced technology goods** under Article 2a and reissued Annex VII of Regulation 833/2014: These include new export controls on chemicals, thermostats, DC motors and servomotors for unmanned aerial vehicles, machine tools, and machinery parts.
- **Further restrictive measures in the energy sector:** The G7+ **oil price cap** against Russia has been enhanced, with stricter monitoring of tanker sales to third countries and more detailed attestation requirements to prevent evasion using a 'shadow fleet' (see Article 3q of amended Regulation 833/2014).

Iron and steel import documentation

The EU has introduced **Annex XXXVI** to Regulation 833/2014, which lists **partner countries that align with EU measures on importing iron and steel** from Russia. Currently, the list includes Norway and Switzerland, but not the UK (although the UK sanctions regime has introduced very similar import bans). For imports from these countries, there is no longer a requirement to provide evidence of the country of origin of listed iron and steel inputs used for the processing of listed products. The EU has further **extended the transitional periods for importing specific steel products** over a 4-year period.

Prohibition of software provisions and future authorisation requirements

The business service prohibitions of Article 5n of Regulation 833/2014 have been extended to include a ban on the sale, supply, transfer, export, or provision of **enterprise management software as well as industrial design and manufacturing software** to the Russian government or Russian entities. Newly added Annex XXXIX of Regulation 833/2014 specifies the categories of included software in broad terms and only names certain categories as examples ("including"). The list includes for enterprise management software broad categories, such as enterprise resource planning (ERP), customer relationship management (CRM), business intelligence (BI), supply chain management (SCM), enterprise data warehouse (EDW), computerized maintenance management system (CMMS), project management software, and other types of software. The new prohibition adds to the ban of mass-market encryption software under Article 2a (1) of Regulation 833/2014 which already encompassed a wide range of standard software.

Also worth emphasising is the fact that the **EU will repeal the exemption under Article 5n (7) of Regulation 833/2014 for the provision of controlled business services to Russian subsidiaries** of companies established in the EU or other partner countries of the

Regulation after a six-month transitional period ending on 20 June 2024. After that date, providing business services to Russian subsidiaries will be subject to authorisation from the competent authority (see new Article 5n (10) (h) of Regulation 833/2014).

“No Russia clause”

One additional focus of the new sanctions package is on more stringent measures against the circumvention of sanctions. **Some EU exporters will be required to implement a “No Russia clause”** in their contracts: According to Article 12g of Regulation 833/2014, exporters need to contractually prohibit re-exporting certain goods to Russia or for use in Russia when dealing with third countries other than partner countries.

The list of goods affected is limited to particularly sensitive items, namely goods listed in Annex XI suited for use in aviation or the space industry (including brake linings and pads as well as airdrops), jet fuel and fuel additives listed in Annex XX, firearms and other arms listed in Annex XXXV to Regulation 833/2014 or Annex I to the Firearms Regulation (EU) No 258/2012. Importantly, the obligation also applies to the trade with so-called common high priority items as listed in newly introduced Annex XL to Regulation 833/2014, which encompasses a range of different items and especially certain electronic parts.

The obligation to include “No Russia clauses” in contracts starts to apply on 20 March 2024 but does not affect the execution of contracts concluded before 19 December 2023 until 20 December 2024 or until their expiry date, whichever is earlier. This transitional period however also means that **contracts with a longer duration will likely have to be renegotiated**. Article 12g (3) of Regulation 833/2014 further specifies that the exporter’s contract must provide “adequate remedies” if the contractual partner violates the “No Russia clause”. This could mean to include contractual fines or provide for the termination of the contract in case of a breach. In addition, exporters are required to inform the national authorities of such a contractual violation.

Additional transit prohibition

Another measure that is aimed at countering sanctions circumventions is the expansion of the transit ban. Items exported from the EU to third countries (but not the other way around) may, under Article 3k (5c) of Regulation 833/2014, not transit Russian territory if they are listed in newly added Annex XXXVII to Regulation 833/2014.

Notification for the transfer of funds

A new notification requirement for the **transfer of funds exceeding EUR 100,000** has been established by Article 5r of Regulation 833/2014. It applies from 1 May 2024 with respect all payments out of the EU, regardless of their target, if made by EU legal persons, entities or bodies directly or indirectly owned for more than 40% (!) by Russian nationals or entities or natural persons residing in Russia.

Individual listings

Finally, **over 140 individuals and entities** have been added to the list of natural and legal persons subject to asset freezes and the prohibition to make funds and economic resources available to them. This includes key figures and entities in Russia's military, defense, and IT sectors, as well as major economic players such as AlfaStrakhovanie Group, one of the biggest Russian insurance companies, Rosfinmonitoring and the Federal Service for Financial Monitoring. The new listings also include a number of IT companies.

As usual, the EU **added various businessmen and -women to the list that own or control important Russian entities**. Thus, EU companies should carefully check whether Russian companies they are dealing with are indirectly sanctioned through these listed persons.

We continue to follow developments in EU sanctions against Russia closely. BLOMSTEIN is at your disposal at any time to answer questions on the practical implementation as well as on the scope of application of these measures. Please do not hesitate to contact [Roland M. Stein](#), [Florian Wolf](#), [Laura Louca](#) or [Tobias Ackermann](#).