



# EU's 12th sanctions package against Russia



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The sanctions package introduces new trade bans and prohibitions to combat circumvention of EU sanctions rules. By the sanctions package, additional individuals and entities become subject to the list of sanctioned parties (the asset freezing list).

The main new sanctions are mentioned below.

## EU's 12th sanctions package against Russia

On 18 December 2023, the EU adopted its 12th sanctions package against Russia.

By the sanctions package, more and more comprehensive sanctions are imposed on Russia and its military and authorities and certain Russian individuals and businesses. The sanctions package introduces new trade bans and prohibitions to prevent circumvention of EU sanctions rules. By the sanctions package, additional individuals and entities become subject to the list of sanctioned parties (the asset freezing list).

## Deadline for the wind-down of activities in Russia is extended

The sanctions package extends the deadline under Article 12b of Regulation (EU) 833/2014 by six months until 30 June 2024. The deadline is the latest date by which European companies can apply for ad use authorisation for

the transfer of assets in connection with a possible wind-down of their activities in Russia. By the extension, European companies will have more time to finalise a possible wind-down of their activities in Russia.

## New import ban on Russian diamonds

By the sanctions package, an import ban has been imposed on Russian diamonds.

As of 1 January 2024, it is prohibited, directly or indirectly, to purchase, import or transfer diamonds and certain products containing diamonds originating in Russia. The ban applies to diamonds with a weight equal to or above 1.0 carats per diamond.

As of 1 September 2024, it is prohibited, directly or indirectly, to purchase, import or transfer diamonds and certain products containing diamonds if such products contain diamonds that have been polished in a third country and originate in Russia. The ban applies to diamonds with a weight equal to or above 0.5 carats or 0.1 grams per diamond.

Certain products are exempt from the ban if such products are for the personal use of individuals travelling to the EU and not intended for resale.

Unsorted diamonds and diamonds in primary forms with specific commodity codes imported into the EU must immediately be presented for inspection by the relevant authority.

## New prohibitions on the provision of services to Russian parties and exemptions

Article 5n of Regulation 833/2014 contains various prohibitions on the provision of certain services to the Russian government and legal persons, entities and bodies established in Russia. The prohibitions also extend to the provision of the related services by EU parent companies to their Russian subsidiaries.

The sanctions package amends Article 5n to include prohibitions on the provision of several types of services to Russian parties, including the provision of software for business management and for industrial design and manufacturing.

In addition, the sanctions package introduces some exemptions to the prohibitions in Article 5n. The sanctions package clarifies that some of the prohibitions only apply from 20 June 2024 to the sale, supply, transfer, exports or provision of services which are exclusively for the use of legal persons, entities or bodies which are established in Russia and which are owned or controlled, solely or jointly, by a legal person, entity or body incorporated or established under the law of a Member State, a country that is a member of the European Economic Area, Switzerland or a so-called partner country listed in Annex VIII.

## New ban on re-export to Russia of certain goods, technologies and products

The sanctions package lays down new bans on the re-export of certain products to Russia or for use in Russia.

As of 20 March 2024, exporters of certain goods, technologies and products related to the sale, supply, transfer or export to a third country must contractually prohibit its customers in third countries from re-exporting the goods, technologies and products to Russia or for use in Russia.

For existing contracts concluded before 19 December 2023 with customers in third countries, the obligation will only apply from 20 December 2024 or the expiry date of the relevant contract, whichever date is the earlier.

The prohibition covers sensitive goods and sensitive technology stated on the lists in Annex XI, Annex XX and Annex XXXV to Regulation 833/2014, common high priority products stated on the list in Annex XL to Regulation 833/2014 and firearms and ammunition stated on the list in Annex I to Regulation 258/2012.

## Broadening the scope of ban on exports of certain products, technologies and goods and transit through Russia

The ban on exports of certain products which may contribute to enhance Russia's industrial capacity will be expanded. The ban now applies to more products that have been added to the list of products in Annex XXIII to Regulation 833/2014 and the new Annexes XXIII A and XXIII B to Regulation 833/2014.

The ban on exports of certain products and technologies that contribute to Russia's military and technological enhancement or to the development of its defence and security sector will be expanded. The ban now applies to more products and technologies, which have been added to the list of products and technology in Annex VII to Regulation 833/2014. The added products and technologies include certain chemicals, lithium batteries, thermostats, DC motors and servomotors for unmanned aerial vehicles (UAVs), certain machine tools and machinery parts.

As a measure to combat circumvention, an additional transit ban will be introduced, that is a ban on transport of certain goods and technologies through Russia. Transit through the territory of Russia of the goods and technologies which are listed in Annex XXXVII to Regulation 833/2014 and which are exported from the EU is now prohibited. Transit through the territory of Russia of diamonds and products containing diamonds, as listed in Annex XXXVIII A, Parts A, B and C, to Regulation 833/2014, is now also prohibited.

## New exemption for the provision of pilotage services

Regulation 833/2014 also contains a prohibition on providing technical assistance or services related to the products and technologies subject to different sanctions rules. The Regulation contains a couple of rules stating that the provision of pilotage services are exempt from the prohibition on the provision of technical assistance or services under different sanctions rules.

The sanctions package amends the general exemption rule for the provision of pilotage services. The application of the exemption rule now only requires that the pilotage services provided are necessary for maritime safety. This is a relaxation of the previous exemption rule, according to which the pilotage services provided could be provided only to vessels in innocent passage as defined in international law.

Regulation 269/2014 contains, among others, a prohibition on making and performance of agreements and performance of transactions with sanctioned parties. The prohibitions also apply to the performance of agreements and transactions relating to pilotage services and other related services. The Regulation contains some rules stating that the use of frozen funds or economic resources for payments of the provision of pilotage services is exempt from the sanctions rules.

The sanctions package amends the general exemption rule for the provision of pilotage services and the use of frozen funds or economic resources for payment. The application of the exemption rule now only requires that the pilotage services provided are necessary for maritime safety. This is a relaxation of the previous exemption rule, according to which the pilotage services provided could be provided only to vessels in innocent passage as defined in international law.

## Expansion of the list of sanctioned parties (the asset freezing list)

The sanctions package expands the list of sanctioned parties (the asset freezing list) listed in Annex I to Regulation no. 269/2014. The expansion entails that further 61 individuals and 86 entities become subject to the rules on the freezing of funds and economic resources as well as the ban on making funds and economic resources available.

## The sanctions package's impact on Danish enterprises

Danish enterprises must comply with sanctions which apply to their business, activities and matters. A Danish enterprise which fails to comply with a provision or a ban concerning a sanction under Danish law, including EU law, UN law or any other international law which applies under Danish law, may be penalised under the rules thereon. These are, among others, some of the rules of the Danish Criminal Code, including its section 110 c.

Danish enterprises should therefore examine and assess whether they comply with the sanctions rules. As a result of the more and more comprehensive sanctions against Russia under the 12th and 13th sanctions packages, Danish enterprises should ensure that their activities and transactions cannot be regarded as circumvention of the sanctions rules.

We advise enterprises on the sanctions rules and their compliance with them in relation to their performance of activities and transactions and related matters.

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Services	Shipping og transport, Energi og forsyning, Finansiering af aktiver (fly, skibe, vindmøller mv.), Struktureret finansiering og securitisering, Regulatoriske forhold i den finansielle sektor, International handel, investeringer, reguleringer og compliance, Virksomhedsoverdragelser (M&A)
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