



EU's 11th sanctions package against Russia



Per Vestergaard Pedersen
Partner



Stine Gellert
Attorney

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On 23 June 2023, EU adopted its 11th sanctions package against Russia. By the sanctions package, more and more comprehensive sanctions are imposed on Russia and its military and authorities as well as 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).

The main new sanctions are mentioned below.

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 31 December 2023. The deadline is the latest date by which European companies can apply for and use an 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 bans on accessing ports

The sanctions package introduces several bans on the access to ports and locks in the EU. As of 24 July 2023, vessels performing ship-to-ship transfers of petroleum products, which are suspected to be in breach of the ban on importing Russian oil or petroleum products, will be banned from accessing EU ports and locks.

The competent authorities can only prohibit access for the said vessels to the ports and locks if such competent authority has reasonable cause to suspect that a vessel is in breach of the ban on importing seaborne Russian crude oil and petroleum products into the EU.

That prohibition applies to all vessels, irrespective of their flag of registration, and to any ship-to-ship transfers carried out at any point during the voyage to a Member State's ports or locks.

The sanctions package also introduces a prohibition to access EU ports and locks for vessels which manipulate or switch off their navigation tracking system when transporting Russian oil subject to the oil import ban or when transporting Russian crude oil or petroleum products purchased above the price cap.

Broadening the scope of the ban on transport of goods by vehicles registered in Russia as well as transit through Russia

The sanctions package introduces a full ban on the transport of goods into the EU by trucks with Russian trailers or semi-trailers. Therefore, the ban also extends to situations where the trailers in question are hauled by trucks registered outside of Russia.

As a measure to combat circumvention, the transit ban on transport of goods through Russia has been expanded. Now, the transit ban also extends to products and technologies that contribute to Russia's military and technological enhancement or to the development of its defence and security sector. The same applies to products suited for use in the aviation or space industry and jet fuel and fuel additives.

Prohibition to sell, license or transfer intellectual property rights

A prohibition has been introduced against the sale, license or transfer in any other way of intellectual property rights or trade secrets related to sanctioned products or technologies to Russian persons and companies (entities) for use in Russia.

Another prohibition has been introduced against the supply, creation, maintenance or use of any material or information protected by means of such intellectual property rights or constituting trade secrets.

Further evidence required for importation of iron and steel products

The sanctions package clarifies the evidence required for importation of iron and steel products processed in a third country.

From 30 September 2023, importers of iron and steel products processed in a third country must, at the time of importation, provide evidence of the country of origin of the iron and steel inputs used for the processing of the product in the third country.

New bans to combat circumvention via third countries

To avoid circumvention of the sanctions rules via third countries, new bans on the sale, supply, transfer or export to certain specified third countries of sensitive dual-use goods and sensitive dual-use technology have been introduced by the sanctions package. The bans extend to products and technology which might contribute to the enhancement of Russia's military, technological or industrial capacities or to the development of Russia's defence and security sector in a way which strengthens its ability to wage war, and whose export to Russia is prohibited under the sanctions rules in Regulation 833/2014. The bans comprise third countries whose jurisdictions have been identified by the EU to be at a continuing and particularly high risk of being used for circumvention.

Annex XXXIII to Regulation 833/2014 specifies, for each item of listed products or technology, the third countries to which the sale, supply, transfer or export is prohibited. Annex XXXIII includes only third countries that have been identified by the Council as having systematically and persistently failed to prevent the sale, supply, transfer or export to Russia of products and technology, which are listed in that Annex, and which are exported from the Union.

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 269/2014. The expansion entails that further 71 individuals and 33 entities become subject to the rules on the freezing of funds and economic resources as well as to the bans 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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