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EU Adopts Fifth Package of Sanctions Against Russia Over its Continued Military Aggression Against Ukraine

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April 14, 2022 – On April 8, 2022, the EU imposed further restrictive measures on Russia “in light of Russia’s continuing war of aggression against Ukraine, and the reported atrocities committed by Russian armed forces in Ukraine.” The sanctions seek to “reinforce pressure on the Russian government and economy, and to limit the Kremlin’s resources for the aggression.” They were imposed through four EU Council Regulations and three Council Decisions targeting Russia and Belarus.

New sanctions package targeting Russia of April 8, 2022

1. Individual Restrictive Measures

The EU added 216 individuals and 18 entities to the EU restricted parties list pursuant to Council Implementing Regulation 2022/581.

The 216 listed individuals include oligarchs such as Moshe Kantor, Boris Rotenberg and Oleg Deripaska, and other prominent businesspeople involved in the energy, finance, media, defense and arms industries. The list also includes family members of already sanctioned individuals, such as the daughters of Vladimir Putin. The 18 newly sanctioned entities include four major Russian banks (Bank Otkritie, Novikombank, Sovcombank, and VTB), a company active in the transport sector (JSC GTLK), and companies in the military-defense industry whose technology or products have played a role in the invasion.

The newly named individuals and entities are subject to an asset freeze and a prohibition from making funds and economic resources available as well as a travel ban in the EU as of April 8, 2022. In total, as of April 11, 2022, 1,091 individuals and 80 entities have been designated under the EU’s Ukraine/Russia-related sanctions program.

New derogation options from the asset freeze and the prohibition to make funds and economic resources available to designated persons and entities.

Pursuant to [Council Regulation 2022/580](#), competent authorities may authorize the release of certain frozen funds or economic resources, or the making available of certain funds or economic resources, after having determined that the funds or economic resources concerned are:

- to be paid into or from an account belonging to a diplomatic mission, consular post or international organization enjoying immunities in accordance with international law under certain conditions; or
- necessary for the termination by October 9, 2022, of operations, contracts, or other agreements, including correspondent banking relations, concluded with Otkritie FC Bank, Novikombank, Sovcombank and VTB Bank before April 8, 2022.
- necessary for the sale and transfer by October 9, 2022, of proprietary rights in a legal person, entity or body established in the Union where those proprietary rights are directly or indirectly owned by a natural or legal person, entity or body listed in Annex I, and the proceeds of such sale and transfer remain frozen.

2. Sectoral Sanctions

[Council Regulation 2022/576](#) of April 8, 2022, amends Council Regulation 833/2014 to strengthen existing measures, target new key sectors of the Russian economy and [close existing loopholes](#).

Military Sector

- **Limitation of derogation options** – The authorization that could be granted for the export and the provision of certain services related to dual-use items as well as items listed in Annex VII when they were intended for civilian telecommunications networks is now limited to civilian non-publicly available electronic communications networks which are not the property of an entity that is publicly controlled or with over 50 % public ownership.
- **Extension of derogation options** – An authorization for the export and the provision of certain services related to dual-use items as well as the items listed in Annex VII can now be granted if the competent authorities have reasonable grounds to believe it (i) is 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, even with the involvement of a military end-user, or (ii) is intended for intergovernmental cooperation in space programs, even if the items are intended for aviation or the space industry.
- **Amendment of the Annex VII** – A new category of items (category VIII) has been added to Annex VII including some equipment for oil production or oil exploration.

Energy Sector

- **Extension of the restrictions on items listed in Annex X** – Annex X now includes items suited for use in liquefaction of natural gas (and not only oil refining).

New restrictions On Coal

- **New import prohibition on coal and other fossil fuel** – It is now prohibited to import and to provide certain services related to coal and other solid fossil fuels, as listed in Annex XXII, originating from Russia into the Union.
 - These prohibitions do not apply to the performance of contracts concluded before April 9, 2022 until August 10, 2022.
- **Extension of the restriction on items listed in Annex II** – The prohibition to export and to provide certain services related to items listed in Annex II now applies when it is necessary for the transport of coal from or through Russia into the Union.
- **Extension of financial sanctions to the coal sector** –

- The prohibition to acquire participation, to finance or to create a joint venture with entities operating in the energy sector in Russia now applies to the import of coal into the EU.
- The prohibition to engage in any transaction with the Russian entities listed in Annex XIX now applies to transactions related to the purchase, import or transport of coal (which was previously exempted) after August 10, 2022.
- The exemption set forth in article 5aa (3) now applies to the purchase, import or transport of the remaining listed items (including petroleum products) into the member countries of the European Economic Area, Switzerland, or the Western Balkans.

Iron and Steel Sector

- **Amendment of the Annex XVII** – A few CN codes have been amended in Annex XVII of Council Regulation 833/2014.

Aviation Sector

- **New export control restriction on jet fuel and fuel additives** – It is now prohibited to export and to provide certain services related to jet fuel and fuel additives as listed in Annex XX to any person in Russia or for use in Russia.
- **New exemption** – The export control restriction related to items listed in Annex XI and XX does not apply when they are intended for intergovernmental cooperation in space programs.
- **New derogation for aircraft financial leases** – The competent authorities may authorize the performance of an aircraft financial lease concluded before February 26, 2022, under certain conditions.

Luxury Sector

- **New derogation** - The competent authorities may authorize the transfer or export to Russia of cultural goods which are on loan in the context of formal cultural cooperation with Russia.
- **Amendment of the Annex XVIII** – Sections 10 of Annex XVII of Council Regulation 833/2014 has been amended and a new section 23 related to optical articles has been added.

Import and Export Control on New Sectors

- **New restrictions on items listed in Annex XXI**– It is now prohibited to purchase, import, or transfer, and provide certain services related to items listed in Annex XXI, including crustaceans, caviar, cement, phenols, potassium chloride, fertilizers, wood, glass, cruise ships, *etc.*
 - These prohibitions do not apply to the performance until July 10, 2022, of contracts concluded before April 9, 2022. After July 10, 2022, these prohibitions will not apply in specific situations described in article 3i (4).
- **New restrictions on items listed in Annex XXIII**– It is now prohibited to export and provide certain services related to items listed in Annex XXIII, including chalk, magnesite, petroleum jelly, hydrogen, oxygen, arsenic, *etc.*
 - These prohibitions do not apply to the performance until July 10, 2022, of contracts concluded before April 9, 2022. They also do not apply when they are necessary for the official purposes of diplomatic or consular missions of Member States or partner countries in Russia or of international organizations enjoying immunities.
 - The competent authorities may authorize such transactions if they are necessary for humanitarian purposes.

Finance

- **Inclusion of crypto-assets in the deposit-related prohibition** – The prohibition for credit institutions to accept any deposits from Russian nationals or natural persons residing in Russia, or legal persons established in Russia, is now applicable to the provision of crypto asset wallet, account or custody services, if the total value of crypto-assets per wallet, account or custody provider exceeds EUR 10 000.
 - The EU also added a new obligation for the Member States and the Commission to inform each other of any detected instances of breach, circumvention and attempts at breach or circumvention of the prohibitions set out

in this Regulation through the use of crypto-assets.

- **Sale of banknotes and transferable securities** – The prohibitions on the sale of banknotes and transferable securities (issued after April 12, 2022) to Russia, previously only applicable to euros, are extended to any official currency of a Member State.
- **General ban on public procurement** – It is now prohibited to award or continue the performance of any public or concession contract to or with (i) a Russian national, or a natural or entity established in Russia; (ii) an entity owned more than 50 % by an entity referred to in point (i), or (iii) a person acting on behalf or at the direction of an entity referred to in point (i) or (ii) of this paragraph. This prohibition also applies when these Russian entities are acting as subcontractors, suppliers or entities whose capacities are being relied on, as long as they account for more than 10% of the contract value.
 - The prohibition does not apply until October 10, 2022, for contracts concluded before April 9, 2022.
 - The regulation also provides for several derogations.
- **Global prohibition to provide public financial support** – The EU introduced a new general restrictive measure prohibiting the provision of any financial support under a Union, Euratom or Member State national program or contracts, to any entity established in Russia with over 50% public ownership or public control.
 - The Regulation provides for several exemptions, including for humanitarian purposes and climate and environmental programs.
- **Prohibition on business and administrative services** – It is now prohibited to register, provide a registered office, business or administrative address as well as management services, to a trust or any similar legal arrangement having as a trustor or a beneficiary directly or indirectly connected to Russia. Also, as of May 10, 2022, it shall be prohibited to act as, or arrange for another person to act as, a trustee, nominee shareholder, director, secretary or a similar position, for a trust or similar legal arrangement as referred to previously.
 - These prohibitions are not applicable to the operations strictly necessary for the termination by May 10, 2022, of contracts concluded before April 9, 2022. These prohibitions also do not apply when the trustor or beneficiary is a national of a Member State or a natural person having a temporary or permanent residence permit in a Member State.
 - The competent authorities may authorize these services if they are necessary for (i) humanitarian purposes or (ii) civil society activities that directly promote democracy, human rights or the rule of law in Russia.

3. New Sanctions Targeting the Transport Sectors

Council Regulation 2022/576 of April 8, 2022, finally amends Council Regulation 833/2014 by including new measures targeting the Russian transport sectors.

Maritime Sector

- **New prohibition targeting Russian vessels** – It is prohibited to provide access after April 16, 2022, to ports in the Union to any vessel registered under the flag of Russia and vessels that have changed their Russian flag or registration after 24 February 2022.
 - This prohibition does not apply in the case of a vessel in need of assistance seeking a place of refuge, of an emergency port call for reasons of maritime safety, or for saving life at sea.
 - Several derogations have been provided to authorize a vessel to access a port in the Union, under certain conditions (e.g.: purchase, import or transport into the Union of natural gas and oil, including refined petroleum products, titanium, aluminum, copper, nickel, palladium and iron ore, as well as certain chemical and iron products, as well as certain chemical and iron products as listed in Annex XXIV, etc.).

Road transport undertaking

- **Prohibition on road transport undertaking** – It is now prohibited for any road transport undertaking established in Russia to transport goods by road within the territory of the Union, including in transit.

- Several exemptions (mail, transport of goods that started before April 9, 2022, under certain conditions, *etc.*) and derogations (purchase, import or transport of natural gas and oil, pharmaceutical, medical, agricultural and food products, *etc.*) have been provided for in the Regulation.

New sanctions package targeting Belarus of April 8, 2022

Council Regulation 2022/577 of April 8, 2022, amends Council Regulation 765/2006 to mirror some new restrictive measures adopted against Russia.

Finance

- **Sale of banknotes and transferable securities** – The prohibitions on the sale of banknotes and transferrable securities (issued after April 12, 2022) to Belarus, previously only applicable to euros, are extended to any official currency of a Member State.

Road transport undertaking

- **Prohibition on road transport undertaking** - It is now prohibited for any road transport undertaking established in Belarus to transport goods by road within the territory of the Union, including in transit.
 - Several exemptions (mail, transport of goods that started before April 9, 2022, under certain conditions, *etc.*) and derogations (purchase, import or transport of natural gas and oil, pharmaceutical, medical, agricultural and food products, *etc.*) have been provided for in the Regulation.

4. New EU FAQs

Since March 31, 2022, the European Commission has issued 12 Frequently Asked Questions on its dedicated webpage. The following FAQs were published:

- On March 31, 2022, one FAQ was issued on Financial Assistance;
- On April 4, 2022, two FAQs were issued on Deposits and Euro-denominated banknotes;
- On April 5, 2022, one FAQ was issued on Circumvention and due diligence;
- On April 8, 2022, two FAQs were issued on Assets freeze and prohibition to provide funds or economic resources and General Questions;
- On April 9, 2022, one FAQ was issued on Luxury Goods;
- On April 11, 2022, four FAQs were issued on Central securities depositories, Prohibition to access EU ports, Crypto-assets, and Sales of Securities; and
- On April 13, 2022, one FAQ was issued on Technical assistance.

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