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The six packages of sanctions imposed by EU on Russian Federation

One of the instruments the EU is using to bring about changes and exert pressure on Russia to stop its military attack on Ukraine are sanctions. Sanctions are instruments of foreign policy and are based on Article 29 of the Treaty of the European Union.

Sanctions can take a variety of forms, notably restrictions on admission (travel bans), asset freezes and economic measures such as restrictions on imports and exports. Sanctions allow targeting a broad range of economic activities and may have different effects, depending on their design and scope.

Decisions on the adoption, renewal or lifting of sanctions regimes are taken by the Council, on the basis of proposals from the High Representative of the Union for Foreign Affairs and Security Policy (CFSP). Since the outbreak of the Russian invasion there have been five sanction packages adopted by the Council.

I. First package - 23 February 2022

1. Restraining the ability of Russian state and government to access the EU's capital and financial markets and services;
2. Asset freezes and travel ban to 351 members of the Russian State Duma and 27 high individuals and entities;
3. Restrictive measures on import of goods and an export ban for certain goods and technologies.

II. Second package - 25 February 2022

1. Prohibition of the listing and provision of services in relation to shares of Russian state-owned entities;
2. Limiting financial inflows from Russia to the EU;
3. Prohibition to sell, supply, transfer or export to Russia specific goods and technologies in oil refining, aviation and space industry;
4. Individual sanctions, among them freezing assets of the Russian President and Minister of Foreign Affairs.

III. Third package - 28 February 2022

1. Denying permission to land in, take off from or overfly EU territories to any aircraft operated by Russian air carriers;
2. Prohibition to make transactions with the Russian Central Bank or any legal person, entity or body acting on behalf or at the direction of the RCB.
3. Seven banks have been prohibited from the specialised financial messaging services, which is used to exchange financial data (SWIFT);

4. Prohibition on investing in projects co-financed by the Russian Direct Investment Fund and provision of euro-denominated banknotes to Russia;

5. Suspending the broadcasting activities of two state-owned media outlets, Sputnik and Russia Today.

IV. Fourth package – 15 March 2022

1. Extension of the list of sanctioned individuals and entities;

2. Full prohibition of any transactions with certain Russian state-owned enterprises across different sectors;

3. Ban for EU credit rating agencies to provide rating services to Russia and Russian companies;

4. Import ban on steel products that were at the time under EU safeguard measures;

5. Import ban of luxury goods;

6. Ban EU investments in Russian energy sector.

V. Fifth package – 8 April 2022

1. EU restrictive measure applied to 1091 individuals and 80 entities;

2. Purchase, import or transfer coal and other solid fossil fuels into EU;

3. From August 2022 bans to access EU ports to vessels registered under the flag of Russia; ban any Russian road transport undertaking preventing them from transporting goods by road within EU, including in transit;

4. Export bans targeting jet fuel;

5. Export bans on quantum computers and advanced machinery and transportation equipment; semiconductors, high-end electronics, software, sensitive

6. Import bans on products such as: wood, cement, fertilisers, seafood and liquor;

VI. Sixth package – 31 May 2022

1. Ban on most Russian oil import by year-end and restrict Russia's ability to ship crude to countries worldwide;

2. Forbid the purchase of crude oil from Russia and its delivery to member states by sea in six months;

3. Forbid to buy refined petroleum products in eight months;

4. Oil delivered by pipeline would be temporarily spared;

5. Sberbank, Credit Bank of Moscow and Russian Agricultural Bank will be cut off from the international payments system SWIFT (that could provide another blow to Russia and global, raw material trade);

6. Ban on insurance related shipping oil to third countries;
7. It will be prohibited to provide, directly or indirectly, technical assistance, brokering services or financing and financial assistance, related to transport, including through ship-to-ship transfers, to third countries of crude oil or petroleum products which originate in Russia or which have been exported from Russia;
8. Restrictions on setting up trusts, providing consulting services to Russian companies and trade in a number of chemicals.

Conclusion

Commensurate with further incursions into Ukraine, additional E.U. and allied restrictions are expected to follow. The situation is extremely fluid and so it is critical to those with Ukraine- or Russia-related interests to closely monitor developments and review all transactions on a case-by- case basis.

As the regulated community withdraws, disconnects, and recalibrate for compliance or reputational reasons, the Grata International team is closely tracking the full suite of actions and is available to conduct compliance program assessments/audits and legal advises on effects to and considerations for specific situations and business operations.

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