

Russia/Ukraine: Sanctions overview

In response to its failure to comply with EU demands regarding the annexation of Crimea and Sevastopol, various sanctions have been imposed upon Russia by both the EU and the US. This article is intended to summarise the current position with respect to EU sanctions.

EU SANCTIONS

Who do they apply to?

The EU sanctions apply to EU nationals and registered entities as well as non-EU entities carrying out business in the EU. The sanctions apply within the territory of the EU and on board any vessel under the jurisdiction of an EU Member State.

Russia/Ukraine sanctions

In July 2014 the EU placed economic restrictions on Russia targeting the military, the oil industry, and financial services. These are contained in Regulation 833/2014 (as amended by Regulations 960/2014 and 1290/2014). They are summarised below.

The Oil Industry

It is prohibited to sell, supply, transfer or export directly the items listed in Annex II of Regulation 833/2014 to anyone in Russia or for use in Russia. The items listed in Annex II are items suitable for the following types of projects: oil exploration and production in waters deeper than 150 metres, oil exploration and production in the Arctic Circle, and shale oil projects in Russia.

Further, there are restrictions on the provision of technical assistance, brokering services of financing or financial assistance, in relation to these items.

In September 2014 the EU imposed a further restriction on provision of services including drilling, well testing, logging, and completion services and the supply of specialised floating vessels for projects of the above types in Russia. This is an absolute prohibition with no possibility of prior authorisation.

Military

It is prohibited to make available directly or indirectly dual use goods and technologies (relating primarily to the energy industry) to anyone in Russia or for use in Russia if those items are or may be intended in part for military use or to anyone listed in Regulation 833/2014.

Access to Capital Markets and Loans

Restrictions have been imposed which restrict financial dealings with certain named entities operating in Russian financial and defence industries. The restrictions place heavy limitations on transactions with named persons and entities involving transferable securities and money market instruments.

Asset Freezes and Travel Bans

Asset freezes and asset bans are in place against a number of named persons and entities for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.

Specific Crimea / Sevastopol restrictions

Further to UN general Assembly Resolution 68/262, Crimea and Sevastopol were to be deemed part of Ukraine. The EU has imposed substantial restrictions in response to what they condemn as the illegal annexation of Crimea and Sevastopol. These are contained in Council Decision 2014/386/CFSP and Council Regulation 692/2014 as amended by Decision 2014/507/CFSP and Regulation 825/2014. In December 2014, Regulation 1351/2014 also came into effect.

There are restrictions in place on the import into the EU of goods originating in Crimea or Sevastopol and on the provision, directly or indirectly, of financing or financial assistance, as well as insurance and reinsurance, related to the import of such goods.

There is also a prohibition on the sale, supply, transfer or export of certain goods and technologies to any natural or legal person or entity or body in Crimea/Sevastopol or for use in Crimea/Sevastopol that relate to the following industries:

- transport
- telecommunications
- energy; and
- the prospection, exploration and production of oil gas and mineral resources.

US SANCTIONS

It is important to note that the US has also implemented its own sanctions regime, which mirrors in many ways the EU regime. Full details can be found on the website of the US Department of the Treasury, by following this link <https://www.treasury.gov/resource-center/sanctions/Programs/pages/ukraine.aspx>