



Sanctions tracker: EU's 14th sanctions package focuses on anti-circumvention and further expands sectorial measures

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On 24 June 2024, the European Union ("EU") [adopted](#) its 14th package of sanctions against Russia. Key elements of the latest package include further anti-circumvention measures, additional restrictions on the Russian energy sector, further financial sector measures, an enlargement of restrictions on imports and exports of advanced technology goods, as well as additional targeted sanctions against individuals and entities.

The 14th package consists of [Council Regulation \(EU\) 2024/1745](#) amending Regulation (EU) 833/2014, and [Council Regulation \(EU\) 2024/1746](#) and [Council Implementing Regulation \(EU\) 2024/1746](#) which amend Regulation (EU) 269/2014. The amending regulations came into force on 25 June 2024 following their publication in the Official Journal. The European Commission has also published a [Q&A document](#) regarding the newly introduced measures.

Key features of the 14th sanctions package

Anti-circumvention

The 14th package contains several measures aimed at the strengthening of anti-circumvention. In particular, the newly introduced Article 8a of Regulation 833/2014 now requires EU parent companies to undertake "*their best efforts*" to ensure that their non-EU subsidiaries do not take part in any activities undermining EU sanctions. The European Commission has not yet provided any further clarification as to what exactly may be expected from EU parent companies to satisfy the "*best efforts*" test.

Moreover, in accordance with the newly introduced Article 12ga of Regulation 833/2014, EU operators which sell, licence or transfer IPR or industrial know-how [related to certain items on the Common High Priority \("CHP"\) list](#) [are](#) now required to contractually prohibit their commercial counterparts in third countries from using those rights and know-how to manufacture CHP goods for Russia or for use in Russia. The CHP list includes a number of dual-use goods and advanced technology items which the EU considers are being used in Russian military system on the battlefield in Ukraine (or are critical to the production or use of those systems).

Similarly, Article 12gb of Regulation 833/2014 obliges EU exporters of CHP goods to implement specific due diligence requirements to ensure that CHP goods do not reach Russia, including through risk assessment, policies, controls and procedures. EU exporters of CHP goods must also ensure that their foreign subsidiaries trading in CHP goods implement the same measures. Both provisions require compliance from 26 December 2024 and Article 12ga provides an additional six-month transitional period for pre-existing contracts.

Finally, the existing anti-circumvention provision in Article 12 of Regulation 833/2014 and Article 9 of Regulation 269/2014 now clarifies that circumvention for these purposes includes the participation in "*activities the object or effect of which is to circumvent the [EU sanctions]*", even "*without deliberately seeking that object or effect but being aware that the participation may have that object or effect and accepting that possibility*". Importantly, this amendment is a codification of existing case law from the European Court of Justice in [Case C-72/11](#). In principle, therefore, it should not make the anti-circumvention rules stricter than they already were. The amendment is nevertheless indicative of a greater focus on tackling circumvention.

Measures targeting liquified natural gas

The latest package contains important new energy-related measures targeting liquified natural gas ("**LNG**"). In particular, Article 3a of Regulation 833/2014 has been extended to prohibit all future investments in LNG projects under construction in Russia, while the newly introduced Article 3t prohibits the provision of goods, technology, services and technical / financial assistance to such projects.

In addition, the newly added Article 3r will prohibit the use of EU ports for the transshipment of Russian LNG to third countries, as well as any related technical / financial assistance and brokering services. The ban will cover both ship-to-ship transfers and ship-to-shore transfers, as well as re-loading operations, but will be limited to transshipment operations to third countries (and will therefore not apply to transshipments to Member States).

Moreover, the new Article 3u added to Regulation 833/2014 prohibits the import of Russian LNG into terminals which are not connected to the EU gas pipeline network. This measure is limited to specific facilities in certain Member States only and does not impede the imports of Russian LNG through other facilities in the EU for consumption in the EU.

Widening of financial restrictions

The newly introduced Article 5ac of Regulation 833/2014 imposes a ban on EU banks operating outside of Russia to use the System for Transfer of Financial Messages ("**SPFS**"), a Russian network that allows financial institutions to exchange specialised financial messaging services (an equivalent to SWIFT in Europe). That said, Article 5ac(5) provides for certain limited exceptions, for example where the relevant transaction is strictly necessary for certain energy payments or repayments of debt to EU nationals and entities.

Article 5ac further empowers the EU to prohibit EU operators from transacting with specific non-Russian third country banks which are connected to SPFS, as listed in Annex XLIV. However, no third country banks have thus far been added to Annex XLIV.

Furthermore, in line with the newly introduced Article 5ad of Regulation 833/2014, transactions with targeted credit and financial institutions and crypto assets providers established outside of the EU which facilitate transactions supporting Russia's defence-industrial base, as listed in Annex XLV, are prohibited. At present, Annex XLV remains empty and no third country banks / financial institutions are currently subject to such restrictions.

Other sectorial restrictions

The latest package also introduced a number of measures which tighten the existing restrictions in the transport sector. In particular, the existing prohibition in Article 3l of Regulation 833/2014 on Russian road undertakings to transport goods in the EU has been expanded to now also apply to EU companies which are owned 25% or more by Russian persons. In addition, the 14th package amended the flight ban contained in Article 3d of

Regulation 833/2014 to apply not only to Russian airlines and Russian owned / controlled aircraft, but also to any aircraft where a Russian person or company decides the origin or destination or time of the flight.

The newly introduced amendments also extended restrictions on exports of goods which contribute to Russia's military and technological enhancement and whose export to Russia is prohibited by the existing Article 2a of Regulation 833/2014. For example, the export of "quadbikes", microwave and aerial amplifiers, as well as digital flight data recorders to Russia is now prohibited. Similarly, the list of goods which are considered to contribute to the enhancement of Russian industrial capacities and whose export to Russia is therefore prohibited under Article 3k of Regulation 833/2014 has also been expanded to include a large number of chemicals, plastics, vehicle parts and machinery.

Moreover, through the expansion of Annex XXI of Regulation 833/2014, the package extends the import ban to helium, which the EU considers a key component for the semiconductor and health industries and, as such, a source of significant revenues for Russia. As with other import bans, the provision of technical / financial assistance and brokering services related to the import of helium is also prohibited.

Additional targeted individuals and entities

The 14th sanctions package [added](#) a further 69 individuals and 47 entities that the EU sees as having aided Russia's war against Ukraine to Annex I of Regulation 269/2014. Individuals and entities listed in Annex I are subject to an asset freeze, and it is illegal to make funds or other economic resources available to them, whether directly or indirectly. In addition, natural persons are subject to a travel ban, which prevents them from entering or transiting through EU territories.

Moreover, the latest package also added 61 new entities seen as supporting the Russian military-industrial complex to the list in Annex IV of Regulation 833/2014. It is noteworthy that the additions include 33 entities registered in third countries, namely in China, Kazakhstan, Kyrgyzstan, Turkey, and the United Arab Emirates, which the EU considers as having been involved in the circumvention of trade restrictions. The sale, supply, transfer and export of dual use goods and certain technologies (listed in Annex VII of Regulation 833/2014) to these entities is restricted and can only be approved by the Member States under strict conditions set out in Article 2b of Regulation 833/2014 are met.

The newly added Article 3s of Regulation 833/2014 further empowers the EU to target specific vessels which it considers have been utilised in Russia's actions against Ukraine. The designated vessels are subject to a port access ban in the EU, as well as a ban on the provision of services. More specifically, EU operators are no longer allowed to provide a broad array of maritime and other services to the designated vessels, including ship brokering, flag registration services, ship supply services, crew changes services, cargo loading etc. In the 14th package, the EU listed 27 vessels as subject to these restrictions (as per Annex XLII).

Possibility for EU operators to claim compensation from Russian parties in courts in the EU

The 14th package introduced provisions enabling EU operators to claim compensation in Member State courts from Russian parties in two circumstances.

Firstly, the new Article 11a of Regulation 833/2014 creates a legal basis for EU operators to recover damages incurred as a consequence of claims lodged by Russian parties in non-EU courts regarding EU operators' non-performance of contracts affected by EU sanctions.

Secondly, the new Article 11b of Regulation 833/2014 enables EU operators to claim compensation from Russian parties that benefit from expropriation by Russia, in violation of international law or bilateral investment treaties.

