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SANCTIONS AND RESTRICTIVE MEASURES IN THE WAKE OF THE UKRAINIAN CRISIS: LATEST DEVELOPMENTS



| 26/02/22 | Pierre Sellal

1. A first series of restrictive measures, taken by the European Union following the actions taken by Russia against Ukraine, resulted in the adoption and publication of 5 regulations on February 23rd (presented in a previous update on February 25th).

Following a special EU Council meeting of heads of state or government on February 24th and 25th, and the meetings of economy and finance ministers, and of the Foreign Affairs Council held on February 25th, additional measures were decided.

2. Individual sanctions (such as a freeze on assets and a travel ban from entering or transiting through the EU), have been expanded through the inclusion in the new list of sanctioned individuals of the names of President Putin, Foreign Affairs Minister Lavrov, the members of the National Security Council of the Russian Federation and those members of the Duma not previously included in previous lists.

3. The European Council also announced its intention to implement a series of additional restrictive economic measures in the following areas:

- the financial sector (extension of the list of Russian banks subject to restrictions on access to European capital markets; a ban on trading in securities and bonds of Russian entities, including Russian state-owned entities and entities in the energy and aviation sectors; and a ban on accepting deposits in excess of €100,000 by Russian citizens in European banks);

- the energy and transport sectors (ban on exports of parts or equipment for the aviation and space sectors, as well as goods and technologies for the oil industry);

- dual-use goods that can be used for both civilian and military applications (taking the form of tighter rules or else a ban on exports of sensitive technologies);

- more stringent export controls and restrictions on export financing;

- visa policy (tightening of conditions, including for holders of diplomatic passports).

4. The disconnection of Russia and Russian banks and financial institutions from the Swift system was discussed by the G7 partners. The British Prime Minister indicated his willingness to cut Russia off; U.S. President Biden stated that he was waiting for Europe to take a position in this respect. During their meeting on February 25th, the EU's 27 finance ministers asked the Commission and the ECB to urgently assess the impact the measure could have on trade between Russia and the EU, particularly in the energy sector, before deciding to block Russia, a measure in respect of which Germany, Italy, Austria, Hungary and Cyprus expressed reservations during the European Council meeting.

5. The final list of entities, in particular banks and financial institutions, targeted by the additional measures has not yet been completed but should be known by February 28th.

This list could be shorter than those established on February 24th and 25th by the United States and the United Kingdom. It is also possible that the restrictive measures adopted by the EU and its partners may differ both in their intensity and nature, despite the ongoing coordination efforts.

This situation should lead companies to exercise special caution if they do business with any of the Russian entities targeted on either side of the Atlantic.

In this context, the U.S. Office of Foreign Asset Control (OFAC) has published guidance for "non-U.S." persons likely to have dealings with the individuals or entities targeted by the new U.S. sanctions ([OFAC Guidance Regarding Risks of Non-U.S. Persons Being Sanctioned for Engaging in Activities with Newly Sanctioned Persons](#)) which it is important to consult.

6. On a broader international level, two developments deserve special attention:

- Russia opposed its veto yesterday, as was to be expected, to a resolution by the UN Security Council deploring Russia's aggression in Ukraine and demanding that it immediately cease the use of force against Ukraine. But it is notable that China (in the



same way as India and the United Arab Emirates) abstained from the vote and did not support Russia in its opposition to the text. This is a further sign that China is looking to distance itself more from Russia as regards the Russian invasion, due to Chinese concerns about the respect of the sovereignty of States and their borders.

- Switzerland is under strong pressure from the United States (especially) and from the EU to adopt comparable restrictive measures in the financial sector; something it has traditionally resisted in the name of its "neutrality". It has, however, already committed to blocking any attempts by targeted Russian entities, from circumventing the sanctions decided on by the U.S. or the EU.
