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THE EUROPEAN UNION ADOPTS A 15TH PACKAGE OF SANCTIONS AGAINST RUSSIA

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On 16 December 2024, the Council of the European Union adopted a 15th package of restrictive measures against Russia, including individual and trade sanctions.

This last-minute initiative specifically targets strategies for circumventing sanctions, such as the 'shadow fleet' piloted by Moscow and the Russian military-industrial complex.

Comprising three regulations and two decisions, this package of sanctions follows on from the conclusions of the European Council of **17 October 2024**, which condemned a flagrant violation of the United Nations Charter and called for the full and effective implementation of sanctions and new measures to counter their circumvention, including through third countries.

Individual sanctions: new targets identified

This new package of measures includes the addition of 84 individuals and entities to the sanctions list.

The individuals targeted include:

- The military unit responsible for the attack on the Okhmadyt children's hospital in Kyiv
- Managers of companies operating in the energy sector
- Officials involved in the deportation of Ukrainian children, propaganda and strategies to circumvent sanctions
- North Korea's Minister of Defense and Deputy Chief of the General Staff

This new package also targets strategic operators, such as Russian defense companies and shipping companies involved in the transport of crude oil and petroleum products, which are major sources of revenue for Russia. In addition, a chemical plant and a Russian civilian airline providing crucial logistical support to the war effort are also targeted.

It should be noted that, for the first time, significant sanctions - including travel bans, asset freezes and trade restrictions - are being imposed on Chinese actors accused of supplying Russia with drone components and microelectronic equipment for military purposes.

Widening of trade restrictions

The European Council has added 32 new entities to the list of organizations directly supporting the Russian military-industrial complex. These entities will be subject to increased restrictions on the export of dual-use goods and technologies likely to improve Russian military capabilities.

Some entities operate from third countries, such as China, India, Iran, Serbia and the United Arab Emirates, where they are believed to play a central role in circumventing sanctions and delivering strategic equipment such as drones and missiles.

Combating the 'shadow fleet' and sanctions evasion

To hinder sanctions circumvention, 52 additional ships are now banned from European ports and deprived of maritime services. This measure targets ships carrying military equipment or looted Ukrainian grain, as well as tankers belonging to the Russian 'shadow fleet', accused of circumventing the oil price cap and supporting Moscow's energy sector. It should be noted that the vessel 'Christophe de Margerie', which was the first of a fleet of ice-breaking LNG carriers specially designed to export the liquefied natural gas (LNG) produced by the Yamal LNG plant, is now subject to these restrictions.

Protection of certain European interests

The European Union is now prohibiting the recognition and enforcement on its territory of Russian court rulings issued based on article 248 of the Code of Arbitration Procedure of the Russian Federation, in order to protect European companies from financial sanctions. According to the European Union, these decisions restrict the rights of companies to bring proceedings outside Russia (*anti-suit injunctions*) and infringe international legal principles in the settlement of international commercial disputes.

In response to the increase in litigation and retaliatory measures in Russia, which allow certain designated entities and their underlying clients to seize the assets of EU CSDs held in Russia without the prior consent of those CSDs, a derogation has been introduced to unfreeze certain cash balances of EU CSDs. From now on, CSDs may ask the





Member States' competent authorities to unfreeze cash balances to use these funds, which are no longer owed to designated entities, to fulfill their legal obligations towards their participants.

In addition, it is now provided that the management by a relevant central securities depository of assets that are the subject of a prohibited transaction, as well as the management of cash balances arising from such assets, shall not give rise to liability of any kind on the part of that depository, its management or its employees unless it is established that the action resulted from negligence.

Extension of certain time limits for obtaining exemptions from competent national authorities

The deadlines for the application of certain derogations for divestments in Russia have been exceptionally extended until **31 December 2025**, thus allowing European operators still established on Russian territory to withdraw from this market. It is stipulated that these extended derogations are granted on a case-by-case basis by the Member States, mainly to facilitate an orderly asset disposal process, which would not be possible without this extension.

As a reminder, the deadlines previously set by Regulation 833/2014 were due to expire on 31 December 2024. It is also important to note that several Member States, including the Baltic States, strongly argued for removing this deadline, deeming the continued presence of European operators in Russia unacceptable.

The Council stresses that operators should be aware that Russia no longer applies the rule of law and has adopted several laws targeting the assets of companies from 'hostile countries', including Member States. Due to the risks associated with continuing to operate in Russia, EU operators are explicitly invited to consider ceasing their business operations in Russia or refraining from initiating new ones.

It cannot, therefore, be ruled out that the extension of the derogation period introduced by this latest package of sanctions provides a final opportunity for European groups still present in Russia to organize their withdrawal. This includes drawing up 'contingency plans', obliging them to anticipate the 31 December 2025 deadline and to take the necessary measures to minimize their exposure to the economic and legal risks associated with their activities on Russian territory.

Of course, the political context in the United States and the Middle East and the potential shift in doctrine regarding international sanctions will present numerous challenges to the harmonization of international restrictive measures against Russia in 2025. Nearly three years after the Russian invasion, these international developments could weaken the strategy implemented through the 15 successive packages of sanctions adopted by the European Union.
