EU Council adopts 13th sanctions package. What does it entail? 3/10/24

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Two years after Russia invaded Ukraine, the EU Council adopted its 13th package of sanctions on 23 February 2024. Aiming to support Ukraine and tighten the restrictions against Russia's military and defence sector, as well as targeting restrictions against individuals and entities from third countries, the EU Council has launched a number of restrictive measures.

Individual inclusion in an annex to Council Regulation (EU) 269/2014

The 13th package's restrictions are targeted against the military and defence sector and related persons, employees of judicial institutions, politicians and persons responsible for having Ukrainian children illegally deported and engaged in military activities. The list already includes more than 2,000 individuals and entities being subject to the sanctions restrictions.

With the latest package, the EU Council has imposed restrictive measures on another 106 individuals and 88 entities, including the Secretary-General of the Belarus Red Cross and North Korea's Missile General Bureau, as well as a number of Belarus-registered charities.

The persons on the sanctions list have their assets frozen, and EU citizens and entities are prevented from making funds available to the sanctioned individuals and entities. Also, the individuals on the sanctions list are subject to a travel ban that makes it illegal for them to enter the EU or cross it in transit.

Import and export controls and restrictions in Council Regulation (EU) 833/2014

To undermine Russia's military and industrial capabilities and tighten the trade restrictions, the EU Council has expanded Annex IV to Regulation (EU) 833/2014 to include another 27 Russian and third-country companies. The annex now includes a number of entities that have supported Russia's military and industrial sector. The newly added companies are supplying key components for Russia's weapons industry and drone production or are associated with drone purchases. These sanctioned entities are subject to more export restrictions on dual-use goods and dual-use technologies, such as the technology needed to produce unmanned aerial vehicles that can be used for military purposes, for military production or to strengthen Russia's defence and security sectors. Some of the sanctioned entities are registered in countries such as India, China, Kazakhstan, Thailand and Turkey.

New restrictions on iron and steel imports/exports

The United Kingdom has been added to the list of iron and steel import partner countries, like Switzerland and Norway within the 12th sanctions package. A listing means these partner countries have adopted similar restrictions on iron and steel imports as the EU. As a result, the iron and steel products listed in Regulation (EU) 833/2014 do not require evidence of origin if they are imported from the United Kingdom or other partner countries.

More rights and obligations for central securities depositories (CSDs)

Between the 12th and the 13th sanctions package, the EU Council adopted Regulation (EU) 2024/576 amending Regulation (EU) 833/2014 on 12 February 2024 to lay down a CSD's rights and obligations concerning the frozen assets and reserves of Russia's Central Bank. This regulation is the next step in the political process aimed at forcing Russia to cover the cost of rebuilding Ukraine.

Thus, from 15 February 2024, CSDs holding frozen assets and reserves of Russia's Central Bank totalling over EUR 1 million apply the following rules on cash balances accruing because of the restrictive measures:

a. These cash balances are recorded separately.
b. Revenues accruing or being generated from the cash balances mentioned at (a) in CSD financial statements are registered separately from 15 February 2024 onwards.
c. A net profit that is determined under national law in relation to the revenue mentioned at (b) must not be paid in dividends or distributed in any other form to shareholders or to any third party until the EU Council decides to set up a financial contribution to the EU budget, sourced from that net profit, to support Ukraine and its recovery and reconstruction and decides on the procedure for making that contribution.
d. Every CSD may ask its supervisory authority's permission to take a portion out of the net profit mentioned at (c) in order to meet statutory requirements for capital and risk management until the EU Council makes the decision mentioned at (c).