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The EU's ninth sanctions package: symbolic unity

Iwona Wiśniewska

On 16 December, the European Union adopted its ninth package of sanctions against Russia. The restrictions introduced include:

- a ban on exports of aircraft engines and their parts, including drone engines, as well as generators, toy drones, laptops, hard drives, IT components, night vision and radio navigation equipment, cameras and lenses;
- extending the export controls and restrictions on exports of dual-use goods and technology to a further 168 entities linked to the Russian arms sector;
- freezing the assets of two private banks (the Moscow Credit Bank and the Far Eastern Bank) which cooperate closely with the state oil company Rosneft and Igor Sechin, and banning the Rosneft-controlled Russian Regional Development Bank from conducting any transactions with European entities;
- the withdrawal of broadcasting licences from a further four Kremlin-linked Russian-language TV channels which spread propaganda and disinformation (Channel One, Rossiya 1, REN TV and NTV/NTV Mir);
- a ban on the provision of advertising services, market research and public opinion polling services, product testing and technical inspection services to the Russian Federation.
- the extension of the ban on investment in new projects in the mining sector, except for those involving certain critical resources;
- the inclusion on the sanctions list (and thus freezing their assets in Europe and banning their entry to the EU) of a further 140 natural persons and 48 legal entities. The individual restrictions now cover, among others: more members of the Russian government, including Tatiana Golikova (deputy prime minister), Aleksandr Kozlov (minister of natural resources) and Maksut Shadayev (minister of digitalisation); seven governors, including Andrei Vorobyov, governor of the Moscow region; judges of the Constitutional Court, including its president Valery Zorkin; and propagandists and family members of the Russian elite, including the film director Nikita Mikhalkov, and two daughters of Ramzan Kadyrov.

At the same time, the EU has decided to ease restrictions targeting several Russian billionaires who, prior to the individual EU sanctions, had played an important role in the international trade of agri-food commodities, especially wheat and mineral fertilisers. This implies a partial unfreezing of their assets in Europe so they can continue to finance their agricultural market operations. However, member states were obliged to consult the

European Commission on their decisions to unfreeze measures in order to ensure the uniform implementation of these derogations (see *Official Journal of the European Union L 322 I*).

Commentary

- This new package of sanctions will have little impact on the Russian economy. It is primarily a demonstration of the EU's continued unity and its readiness to further restrict cooperation with the Russian Federation in the wake of its aggression against Ukraine. The document was adopted less than two weeks after the EU embargo on Russian crude oil and the price cap on this resource when sold to third countries by sea. This is one of the EU's most important instruments for seriously reducing the Kremlin's revenues. So far, these restrictions have triggered a response in the form of a drop in the price of Russian crude on world markets to around $50 per barrel (in November, the average price of Urals oil was $68 per barrel). This, in turn, has reduced Russian budget revenues and forced the Russian government to issue sovereign bonds on a mass scale to balance the budget, among other measures.
- Although the EU has so far sanctioned most sectors of Russia's economy, there are still opportunities to further reduce the revenues of its war machine, for example by imposing an embargo on Russian diamonds, or limiting cooperation with the country's nuclear energy sector. However, it is becoming increasingly difficult for member states to reach a consensus on further, more radical restrictions. In addition to a further extension of sanctions, there is an urgent need to introduce a mechanism or procedure for monitoring the implementation of the restrictions already adopted; this is currently the responsibility of EU members. In order to counteract the circumvention of the restrictions, the activities of the member states and the exchange of information between them, including on the application of exceptions to sanctions, must be coordinated more quickly. Recently, a growing number of press investigations have shown that Russian business is able to access even the most advanced technologies, including those from Europe (see '*The supply chain that keeps tech flowing to Russia*').
- During the negotiations on the ninth package, the decision to ease restrictions on several Russian billionaires who until recently had controlled mineral fertiliser plants proved particularly controversial for some EU countries. These include Andrei and Aleksandra Melnichenko (owners of the Eurochem company), Moshe Kantor (Acron), Dmitri Mazepin (Uralchem) and Andrei Guryev (Fosagro). All of them had been placed on the EU sanctions list after the Russian invasion; in order to protect their assets from restrictions, they reduced their shareholdings in the corporations they owned to less than 50%, while Andrei Melnichenko made his assets over to his wife (who was subsequently also sanctioned). Unfreezing their assets is supposed to increase the supply of fertilisers to the countries most in need and thus help combat the global food crisis. However, opponents of this solution, including Poland and Lithuania, argued that further exceptions to the sanctions would mostly lead to their circumvention. The obligation to consult the EC on the decision to unfreeze assets is primarily intended to increase control over the process. It could also become the start of a permanent exchange of information between member states on the implementation of restrictions and derogations from them.