

Tightening restrictions: the EU's eleventh package of sanctions against Russia

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On 23 June, the European Union adopted its eleventh package of sanctions against Russia. It includes the following arrangements and restrictions:

- The option to limit trade cooperation with third countries systemically assisting the Russian Federation in violating EU sanctions has been established. The Council of the European Union will be able to decide (unanimously) to restrict the supply to these countries of goods and technologies whose export to Russia is prohibited (in particular sensitive goods). This instrument can only be used as a last resort when all other measures, i.e. diplomatic efforts or individual sanctions, have failed.
- A ban has been imposed on the transit through Russian territory of sensitive goods and technologies that the Russian military-industrial sector could use.
- A ban has been established on access to EU ports and locks for any tankers that assist in violating the EU embargo on the import of Russian oil and petroleum products, or in not respecting the price cap set by the West for the supply of these resources to third countries. The decision on the ban will be taken by the competent authorities, primarily national, on the basis of reasonable suspicions that EU restrictions have been violated by specific vessels (based *inter alia* on information regarding the deactivation of the automatic identification system, or the 'ship-to-ship' transfer of the resource being transported).
- The supply of Russian oil to Poland and Germany via the northern line of the Druzhba oil pipeline has been banned (although this system has not been used since the end of February this year). However, this infrastructure could be used to import crude into the EU from Kazakhstan or other third countries. The Union also agreed to derogations from the sanctions regime for the export of goods, technology and services necessary to guarantee the proper maintenance and operation of the infrastructure of the Caspian Pipeline Consortium (CPC), which links oil fields in Kazakhstan to the Novorossiysk terminal on the Black Sea.
- Road transport of goods by trailers and semi-trailers registered in Russia has been banned in the EU, including those which are pulled by trucks registered outside the Russian Federation (the ban on trucks registered in Russia and Belarus has been in force since April 2022).

- Strict export restrictions on dual-use items and advance technologies have been placed on 87 companies directly supporting the Russian military and arms sector. In addition to Russian entities, companies from Iran, China (Hong Kong), the United Arab Emirates, Syria, Armenia and Uzbekistan were also included on the list.
- The lists of goods banned from export to Russia have been extended to include electronic components, semiconductor materials, equipment for the manufacture and testing of electronic integrated circuits and printed circuit boards, optical components and navigation instruments.
- The broadcasting licences of five Russian-linked media outlets responsible for spreading disinformation and propaganda in the EU and neighbouring countries, including RT Balkan and Tsargrad, have been suspended.
- Individual sanctions have been imposed on a further 71 individuals, including ground forces commander General Alexander Lapin, the son of Krasnoyarsk *krai*'s governor Artiom Uss (who escaped house arrest in Italy in March), the political scientist Sergei Karaganov, and the Kremlin war propagandists Yevgeny Poddubny and Semyon Pegov. Restrictions were also imposed on 33 legal entities, mainly companies working for the Russian army, including the ZALA AERO Group (manufacturer of Lancet drones) and FTI-Optronik SA (manufacturer of optoelectronic products), and the Russian Defence Ministry-owned television channel Zvezda. (For more details, see the [Official Journal of the European Union L 159 I](#)).

Commentary

- Differences of interest among EU member states have severely delayed the adoption of the eleventh sanctions package. The draft document, which was produced in coordination with the other G7 countries, had been circulated by the European Commission to EU members for consultation as early as the beginning of this May. Media reports indicate that, on the one hand, some countries (including Poland and the Baltic states) lobbied unsuccessfully for the extension of the proposed restrictions (including a ban on diamond imports from Russia and restrictions on cooperation with the Russian Federation in the nuclear sector). On the other hand, the EU's largest exporters, including Germany, pressed (successfully) for a relaxation of those of the postulated restrictions that could be used against third countries if they circumvent the sanctions. As a result, the application of the mechanism allowing the restriction of EU supplies of sensitive goods to third countries was subject to a number of conditions, making its potential application very difficult. In addition, five Chinese entities were removed from the lists of entities to be sanctioned for supplying goods to Russian armaments, after the government in Beijing gave assurances that these companies would cease their cooperation with the Russian Federation. It was also necessary to overcome the objections of Hungary and Greece for the eleventh sanctions package to come into force; these countries had made their agreement conditional on the removal of entities based in these countries from the Ukrainian sanctions list. Athens eventually voted in favour of this package after Kyiv removed restrictions from five Greek shipping companies. As for Budapest, although Hungary's OTP Bank remains subject to Ukrainian restrictions, it chose instead not to block the package on its own, merely announcing that

it would return to the issue during the vote on the EU's financial support for Ukraine.

- The strength of the eleventh package is its focus on countering the circumvention of restrictions by Russian companies, which could improve the effectiveness of the European Union's sanctions policy. For many months, the EU's foreign trade performance, Ukrainian analyses of the invaders' downed military equipment and numerous journalistic investigations have shown that Russian companies are finding ways to import EU goods (including high-tech goods) which are nominally subject to sanctions. The EU statistics show that while its exports to Russia in the first quarter of 2023 dropped by 36% y-o-y, in the same period EU supplies to Kyrgyzstan increased almost eightfold, to Armenia by threefold and to Kazakhstan by twofold. Meanwhile China has become the main intermediary in supplies of high-tech equipment to Russia.
- The solutions introduced in the eleventh package will restrict some of the mechanisms used to circumvent sanctions, especially those concerning the physical transit of sanctioned goods. At present the proposed measures are not particularly radical, and their implementation will be difficult; however, they are a signal to the EU's trading partners that it does not intend to continue tolerating such practices. Brussels hopes that the mere threat of restricting access to the EU market will reduce the number of actors willing to support Russia. At the same time, the EU intends to intensify cooperation with the countries of Central Asia and the South Caucasus (among others), to strengthen diplomatic relations, and to increase the technical assistance it provides. Examples of this policy include the relationship with Kazakhstan and the agreement (despite controversy within the EU) to export Kazakh oil to Germany via the Druzhba pipeline (for more details see '[Kazakhstan is set to supply oil to Germany](#)') and the exemption of the CPC oil pipeline from sanctions. Earlier Astana stepped up controls on re-exports of goods, which helped to reduce the number of cases involving the circumvention of the EU sanctions policy.
- Banning Russian trailers from entering the EU will have little impact, as similar sanctions have not been extended to Belarusian road hauliers. Following the introduction of EU restrictions on trucks from Russia and Belarus last spring, these countries' governments developed a mechanism that allowed them to maintain control over a significant proportion of road transport linking them with the EU. Both countries allowed EU hauliers only to enter their territory to the nearest border depot, where they were forced to reload their goods or replace their trailers and semi-trailers. These are then transported onwards by Russian and Belarusian hauliers. In addition, these companies were also able to secure direct access to the EU market after registering their business in EU or Central Asian countries.