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CUSTOMS AND TRANSPORT LAW
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THE NEW EU SUBJECTIVE AND COMMODITY SANCTIONS AGAINST RUSSIA

The European Union with **Regulations (EU) 1269 and 1270 dated 7/21/2022** adopted new measures by which it tightened the existing subjective, commodity and financial sanctions against Russia, reinforcing their effectiveness.

1) Subjective Sanctions

1.1) The new package of sanctions has extended the number of listed individuals and entities, including among others of:

- **Sberbank**, the Russian largest bank, which is barred from conducting transactions outside Russia, except for certain time exemptions to allow it to complete transactions, contracts, agreements, sales or transfers of property concluded before 7/21/2022;
- additional persons involved in Russia's aggression against Ukraine, such as high ranking military leaders, the Night Wolves motorcycle club and propagandists of disinformation.

1.2) According to Article 6d of **Regulation (EU) 2022/1273**, EU countries may authorize the release of frozen economic resources when:

- this is necessary to prevent or mitigate an event that could have a serious and significant impact on **human health and safety** or **environment**;
- the proceeds from the release of such economic resources are frozen.

1.3) Pursuant to Article 6e of Regulation (EU) 2022/1273, EU countries may authorize the release of certain frozen funds or economic resources belonging to listed entities (Sberbank, Banca Rossiya, Promsvyazbank, VEB.RF, Otkritie FC Bank, Novikombank, Sovcombank, VTB Bank), when they have determined that such funds or economic resources are necessary for the purchase, import or transportation of **agricultural and food products**, including wheat and fertilizers.

2) Commodity Sanctions

2.1) It is prohibited to directly or indirectly purchase, import or transfer:

- **Gold** (Annex XXVI Reg. EU 833/2014), except for strictly personal use and not for sale;
- **Jewelry** (Annex XXVI EU Reg. 833/2014), except for strictly personal use and not for sale.

The ban extends to gold of Russian origin imported into the EU from third countries and products containing gold of Russian origin that have undergone substantial processing in third countries in order to change their customs origin and evade sanctions (so-called complex triangulations).

2.2) The new package of sanctions has extended the list of "**almost dual-use**" goods (Annex VII EU Reg. 833/2014), which it is prohibited to directly or indirectly purchase, import or transfer, including among others:

- Anti-riot equipment, batons, blackjacks, helmets and shields in use by law enforcement agencies;
- Chemical agents, fingerprint powders and inks, radiation monitoring dosimeters;
- Mixtures containing various concentrations of chemical precursors;
- Oil and gas exploration equipment, software and data;
- Controlled technologies;
- Industrial process control hardware/systems designed for power generation industries;

- Equipment exclusively intended, by design or application, to protect against specific hazards associated with civilian industrial activities in the mining, agricultural, pharmaceutical, medical, veterinary, environmental, waste management, and food sectors;
- Nanomaterials.

2.3) It is prohibited to directly or indirectly purchase, import or transfer:

- **Vaccines**;
- **Immunotoxins**;
- Numerous **medical products** listed in EU Reg. 1269/2022.

3) Financial Sanctions

3.1) The scope of the ban on banks accepting deposits exceeding 100,000 euros from Russian citizens, individuals residing in Russia and legal persons, entities or bodies established in Russia has been expanded. As of July 21, the European Council extended the ban to include deposits from legal persons, entities or bodies established in third countries but held, directly or indirectly, more than 50 percent by Russian citizens or natural persons residing in Russia.

The extension of the ban will oblige banks to acquire a residency declaration from account holders of non-EU resident companies both when opening the account and during its management, if it exceeds the value of 100,000 euros.

3.2) However, according to EU Regulation 2022/1269, the competent national authority of an EU country may waive the above prohibition and authorize the bank to accept a deposit exceeding 100,000 euros from the above-mentioned persons (Russian citizens, natural persons residing in Russia, and legal persons entities or bodies established in Russia or third countries but held by Russian citizens or natural persons residing in Russia), provided that such deposits are necessary for the unbanned cross-border trade in goods and services between the EU and Russia.

4) News on the execution of controls

According to the new Article 12a(3) and (4) of Regulation (EU) 2014/833, the national authorities of the EU countries competent to carry out controls (in Italy, the Ministry of Foreign Affairs, the Guardia di Finanza, and the Customs Agency) may exchange with each other and with the European Commission data on suspected infringing activities, including the personal data of the controlled subjects and even as an exception to the EU rules on the processing of personal data, provided that such interchange serves to establish effective cooperation aimed at countering the violation of the prohibitions and restrictive measures against Russia laid down in the Regulations EU.

5) Operational advise

Bacciardi Partners' professionals remain available to interested companies to support them in preventing the risk of incurring violations of the Regulations EU through the following services:

- execution and/or updating of subjective and commodity audits;
- execution and/or updating of general analysis of risks related to business operations with sanctioned countries;
- support in drafting and reviewing corporate contracts;
- support in the development of an Internal Compliance Program.