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EU and UK Sanctions Developments

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Recent geopolitical events have prompted further changes in the European Union (EU) and UK sanctions regimes against Russia, Belarus and Syria.

EU's Russia sanctions – 16th package

On 24 February 2025, the EU adopted its 16th sanctions package against Russia, targeting sectors such as trade, energy, transport, infrastructure, financial services and media.

Whilst sanctions have significantly disrupted Russia's trade relationships, they have also prompted the development of new trade patterns and alliances involving third counties. A feature of the EU's latest package is the continued extension of restrictions impacting activities and actors outside Russia. The EU aims to close loopholes, combat circumvention attempts via third countries and improve the overall effectiveness of its regime to maintain pressure on the Russian economy and its ability to finance the war against Ukraine. Although the EU's approach is not new, it gives rise to an increased need for businesses to conduct compliance and screening activities to assess any risks outside of Russia.

Several of the new restrictions against Russia are mirrored by restrictions in the EU's updated sanctions regime against Belarus. The European Council also introduced new restrictions in Crimea and Sevastopol and certain nongovernment-controlled areas of Ukraine (in the oblasts of Donetsk, Kherson, Luhansk and Zaporizhzhia) to prevent their integration into the Russian Federation and inhibit the circumvention of EU sanctions.

In summary, the new sanctions package contains the following key measures:

Anti-circumvention measures, additional listings and extraterritorial measures

- Extends the requirement that EU entities ensure any non-EU entities they own or control do not undermine EU sanctions to cover both trade and financial sanctions measures, such that companies ensure non-EU subsidiaries do not deal with listed persons.
- Imposes export restrictions on 53 new companies that support Russia's military-industrial complex or that are engaged in sanctions circumvention. Of those companies, 34 are outside Russia: 25 in China, including Hong Kong, two in India, two in in Kazakhstan, two in the United Arab Emirates, one in Uzbekistan, one in Turkey and one in Singapore.
- Imposes 83 new asset freeze listings, 48 targeting individuals and 35 targeting entities, including those forming part of Russia's shadow fleet, supporting Russia's military-industrial complex or operating within Russian crypto-asset exchanges. Furthermore, 74 additional vessels, forming part of Russia's shadow fleet or associated with Russia's energy revenues, have also been listed.

Trade measures

- Imposes a direct import ban on Russian primary aluminium after a 12-month transitional period allowing the use of 275,000 tonnes (80% of the EU's aluminium imports in 2024).
- Refines and tightens the limited derogations and exemptions for certain dual-use and advanced technology exports (e.g. for medical use). Further categories of sensitive items are included in the list of advanced technologies subject to export restrictions:
    - Dual-use chemical precursors to produce chloropicrin and other riot control agents used by Russia as chemical weapons in violation of the Chemical Weapons Convention.
    - Software related to computer numerical control (CNC) machine tools used to manufacture weapons and video-game controllers for the Russian army to pilot drones in warfare.

    - Chromium ores and compounds because of their military use.
- Restricts the export of certain industrial goods with special military significance, such as minerals, chemicals, steel, glass materials and fireworks.
- Extends the prohibition of the sale and supply of restricted software for the management of enterprises and software for industrial design and manufacture to the sale, license or transfer in any other way of intellectual property rights or trade secrets to that software.

Energy measures

- Prohibits temporary storage or placement of Russian crude oil or petroleum products in EU ports.
- Extends the prohibition to provide goods, technology and services for the completion of Russian liquified natural gas (LNG) projects to crude oil projects (e.g. Vostok Oil project).
- Extends the scope of the ban on software for enterprise management, design and manufacturing to also restrict software related to the export, supply or provision of oil and gas exploration to Russia.

Transport and infrastructure measures

- Extends the flight ban to third-country carriers conducting domestic flights in Russia or supplying aviation goods for domestic flights/Russian airlines.
- Prohibits Russian ownership above 25% in EU road transport undertakings.
- Imposes a full transaction ban on certain Russian infrastructures, including two Moscow airports, four regional airports and maritime ports.
- Bans EU operators from providing construction services in Russia.

Financial sector measures

- Adds 13 financial institutions to the entities already prohibited from providing specialised financial messaging services.
- Adds three banks to the transaction ban due to their use of a system to circumvent EU sanctions (the Financial Messaging System of the Central Bank of Russia).
- Allows the EU to list financial institutions and crypto asset providers that participate in circumventing the oil price cap and enable transactions with listed vessels of the shadow fleet.

Measures against disinformation

- Suspends the broadcasting activities of eight additional media outlets in/directed at the EU that support and justify Russia's war against Ukraine.

UK's Russia sanctions – largest package since 2022

Also in February 2025, adopting its largest package since 2022, the UK imposed 107 new sanctions aimed at disrupting Russia's military supply chains and revenue streams, targeting:

- Producers and suppliers of machine tools, electronics and dual-use goods (including microprocessors for weapons systems) based in third countries – e.g. Central Asian states, Turkey, Thailand, India and China.
- North Korean officials – e.g. Defence Minister No Kwang-chol – for deploying troops to Russia.
- The Kyrgyzstan-based open joint stock company (OJSC) Keremet Bank – the first third-country financial institution to be sanctioned.
- 40+ additional vessels specified as part of the shadow fleet carrying Russian oil.

As seen in the EU's strategy, the UK is also targeting entities and individuals outside Russia who are supporting Russia's war against Ukraine and/or assisting in the evasion of sanctions. This coordinated approach aims to cut off Russia's access to critical technologies and essential components for military operations.

Sanctions lifting – EU ends certain Syria sanctions,

UK to follow

Meanwhile, also in February 2025, the EU suspended and lifted certain sanctions on Syria, following the fall of the al-Assad regime, highlighting the inherently transient nature of sanctions regimes and their adaptability to the emergence and resolution of crises.

The EU's position is to support an inclusive political transition in Syria, a swift economic recovery, reconstruction and stabilisation by:

- Lifting restrictions in the transport and energy sectors (including oil, gas and electricity).
- Removing five entities from the list of funds and economic resources subject to freezing.
- Introducing exemptions for banking relations between Syrian and EU financial institutions.
- Extending humanitarian exemptions indefinitely.
- Exempting luxury goods for personal use from prohibitions on exports to Syria.

However, the EU will maintain sanctions against individuals and entities associated with the former al-Assad regime, as well as on the chemical weapons sector and illicit drug trade. Sectoral measures also remain in place regarding arms trades, dual-use goods, equipment for internal repression, software for interception and surveillance, and the import/export of Syrian cultural heritage goods.

The EU will closely monitor the situation in Syria and reinstate sanctions if the new regime deviates from a path of reform that is all-inclusive and fails to consider all the different groups in Syria.

In parallel, the UK has announced plans to adapt its sanctions regime against Syria, so far mirroring the EU approach. The UK also intends to relax restrictions on the energy, transport and finance sectors and make provisions to support humanitarian delivery, whilst maintaining restrictions on members of the former al-Assad regime.

Whilst the Russia-Ukraine war remains at its height, the downscaling of sanctions against Syria serves as a reminder that EU/UK sanctions are not static and may well decrease when geopolitical circumstances improve.

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