



Customs Flash Belgium

EU takes additional restrictive measures against Russia



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The escalating tensions in Ukraine and the tragic events of 17 July 2014, have prompted the EU to take additional restrictive measures against Russia. The measures, which enter into effect as of August 1, are:

1. All dual-use goods and technologies intended for military use or to military end-users, may no longer be exported to Russia, even those not originating in the Union.
2. Exports to Russia of energy-related equipment and technology shall be subject to prior authorisation by competent authorities in Member States. Where these products are destined for deep water oil exploration and production, arctic oil exploration or production, and shale oil projects, licences will be denied.
3. All items on the EU common military list are subject to an embargo and can no longer be imported or exported to/from Russia.

For obligations resulting from a contract prior to 1 August 2014, authorisations may be granted by the competent Member States for the sanctions listed above. These sanctions also extend to services, and for the above it is prohibited to provide technical assistance, brokering services, financing services, financial assistance, and other similar services.

4. Limited access to EU primary and secondary capital markets for Russian state-owned financial institutions. EU nationals and companies are no longer allowed to buy or sell financial instruments, with a maturity of over 90 days, issued by major state-owned Russian banks, development banks, their subsidiaries and those acting on their behalf. This prohibition also extends to services related to their issuing, such as brokering.

These restrictive measures will be kept under constant review, but are currently intended to be in application until 31 July 2015.

In light of recent events, the EU has also expanded its list of natural and legal persons, entities and bodies subject to restrictive measures in Crimea and Sevastopol. It has also significantly reinforced its import restrictions against the two regions.

What does it mean for you?

Companies directly and indirectly engaging in trade with Russia need to identify how the above measures will affect their commercial partners, exports and supply chain. For those companies exporting energy-related technologies and equipment, clarifications on their intended use will be required before applying for licence. These companies should bear in mind that applying and receiving a licence is a process that could take up to several weeks, and should be aware this could affect the lead times if the application process was not initiated well in advance.

Companies are also invited to keep a close eye on the list of natural and legal persons, entities and bodies subject to restrictive measures in order to ensure that their commercial partnerships are not impacted by the EU measures against Russia, Crimea and Sevastopol.

What to do?

Deloitte's Customs and Global Trade (CGT) team will continue to monitor the EU's trade restrictions on Russia, Crimea and Sevastopol and inform the market of the ongoing sanctions. If you would like more detailed information on the new and current EU sanctions against Russia, please contact one of our colleagues below.

Deloitte's CGT team can also help you assess how your supply chain and revenue flows could be affected by trade restrictions against Russia, Crimea and Sevastopol.

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