



## Forthcoming 16th EU Russia sanctions package: What to expect?

While discussions in the Council of the EU on the anticipated 16th sanctions package continue, details on the expected changes are gradually trickling in. The European Commission circulated its proposal for a 16th package in early February and we understand that the text is facing little substantial opposition from EU Member States so far. As a result, hope is raised within EU circles that the package can be adopted before the third anniversary of Russia's invasion of Ukraine on 24 February 2025.

Below we provide an overview of the most notable new **trade restrictions** to be expected:

- With respect to trade in goods, the 16<sup>th</sup> package will likely make additional items subject to **sale/export restrictions**, as well as to **purchase/import restrictions**:
  - Additional **export restrictions** are expected on, for example, video game equipment and flight simulators, chromium, and broader categories of paper products as well as safety glass. For certain newly added products, the export restrictions will only apply after a 3-month phasing-in period for existing contracts;
  - Notable new **import restrictions** are expected on unwrought aluminium (with CN code: 7601). The restrictions would include aluminium alloys and have a one-year, phase-in period with "necessary" imports of 275,000 metric tonnes exempt for this period;
  - Additional **transit restrictions** are expected on, for example, certain flat-rolled products of alloy steel, certain machine tools, and certain automotive parts and accessories.
- The 16<sup>th</sup> sanctions package would furthermore include **construction services** in the scope of services that EU operators are restricted from providing to the Russian government and/or Russian legal entities. Additionally, EU operators will be prohibited from selling, licensing, or transferring **IP rights or trade secrets related to restricted software** to the Russian government and/or Russian legal entities.
- Contrary to expectations, it appears that the 16<sup>th</sup> sanctions package will **not introduce a full ban on Russian liquefied natural gas ("LNG")**.
- As regards **polished diamonds**, the 16<sup>th</sup> sanctions package is expected to extend the phase-in period for diamond sellers to implement a mandatory blockchain-based tracing system, verifying non-Russian origin, from March to September 2025.
- The new package is also expected to include a **self-standing prohibition on selling or exporting dual-use or advanced goods and technologies included in Annex VII to Council Regulation (EU) 833/2014 to persons and entities listed in Annex IV to Council Regulation (EU) 833/2014** that are associated with providing support to Russia's defence operations. To date, inclusion in this annex merely restricted the potential of obtaining an authorisation from the national competent authorities under the exemptions to the export restrictions;

- To crack down further on **circumvention of the G7 price cap on Russian oil**, the 16<sup>th</sup> sanctions package is expected to add another 74 (or 75) ageing oil tankers to its list of vessels belonging to Russia's so-called "shadow fleet", banning such vessels from, *inter alia*, accessing EU ports. Additionally, the package includes new restrictions on the provision of "software related to oil and gas exploration" and restricts the placement under temporary storage or the free zone procedure of crude oil and petroleum products originating in Russia.
- Relevant to the **maritime sector**, the package will restrict all direct and indirect transactions with certain listed ports. While we have not seen the list of included ports yet, it will include ports which have been used to facilitate violations or circumvention of the EU trade sanctions against Russia.

Regarding **targeted sanctions**, we anticipate the addition of approximately 50 new entities and individuals. While the specific listings have not yet been disclosed, we expect that some Russian regional banks will be among them.

The insights above are for informational purposes only. As negotiations are still ongoing among EU Member States, we cannot guarantee what will be included in the final text or whether additional restrictions may be introduced. We will, of course, keep you updated once the adopted text of the 16th sanctions package is made public.

Please do not hesitate to reach out if you have any concerns.

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