



The EU's latest sanctions on Russia: What the 18th package may mean for your business

On 18 July 2025, the Council of the European Union adopted its 18th package of sanctions against Russia as well as further measures against Belarus. The new package is [cited](#) by Kaja Kallas, the High Representative for Foreign Affairs and Security Policy and chair of the Foreign Affairs Council to be one of the “*strongest sanctions packages against Russia to date*” and predominantly targets the Russian energy and banking sectors.

The new package further strengthens the EU's trade and sectoral sanctions against Russia through [Council Regulation \(EU\) 2025/1494](#), which amends [Council Regulation \(EU\) 833/2014](#). It also expands the EU's targeted sanctions against Russia via [Council Implementing Regulation \(EU\) 2025/1476](#), amending [Council Regulation \(EU\) 269/2014](#). In addition the EU adopted new measures against Belarus including [Council Regulation \(EU\) 2025/1472](#) and [Council Implementing Regulation \(EU\) 2025/1469](#) which update the sanctions framework set out under [Council Regulation \(EC\) 765/2006](#). Below, we provide an overview of the key developments which may affect your business.

Energy Sector

As regards the restrictions on Russia's energy sector, the new package:

- **reduces the price cap for Russian crude oil** from USD 60 to USD 47.6 per barrel to further limit the revenue generated for Russia from its energy exports. Moreover, the EU will set a moving price cap on Russian crude oil at 15% below its average market price over the six preceding months.
- **terminates the Czech Republic's** exemption from the ban on Russian oil imports.
- establishes an **import ban**, as of 21 January 2026, on **refined petroleum products from any third country that are based on Russian crude oil**, with the exception of imports from Canada, Switzerland, Norway, the United Kingdom and the United States. Once effective, the import ban will also require importers of refined petroleum products to provide proof of non-Russian origin of the crude oil used for the petroleum products. This measure resembles similar restrictions introduced on steel and iron processed in third countries incorporating Russian steel or iron inputs (See [VBB, The European Union's 11th sanctions package against Russia – key changes](#)).
- introduces a ban on all direct and indirect transactions in connection with the completion, operation, maintenance, use and/or financing of the **Nord Stream 1 and 2 natural gas pipelines**.
- adds a further **105 vessels to the list targeting Russia's shadow fleet**, aiming to prevent the circumvention of EU sanctions, including the revised crude oil price cap. In total, 444 vessels are now banned from receiving maritime transport services and accessing EU ports.
- lists several actors along the **Russian shadow fleet value chain** under EU targeted sanctions. More specifically, the listings include certain traders of Russian crude oil, both Russian and international companies involved in shadow fleet management, the captain of a shadow fleet vessel, a private operator of an international flag registry, and Nayara Energy Ltd, an Indian oil refinery purchasing Russian crude oil from the Russian fleet.
- lists **Yakutsk Fuel and Energy Company**, an entity active in the Russian LNG sector, under EU targeted sanctions.

Trade Restrictions

Moreover, the 18th package introduces notable new trade restrictions. Specifically, the package:

- introduces **additional export restrictions** on various goods, including certain chemicals (such as chemicals for propellants), metals, plastics and machinery, as well as computer numerical control machines.
- adds **additional restrictions on the transit**, via the territory of Russia, of a range of economically critical goods used for construction and transport.
- **adds 26 entities to the list in Annex IV** to Council Regulation (EU) 833/2014, thereby prohibiting EU operators from selling or exporting dual-use and advanced technology items included in Annex VII to Council Regulation (EU) 833/2014 ("**advanced technology items**") to these entities.
- establishes a "**catch-all**" **authorisation requirement** for exports of advanced technology items to any third country, if the exporter has been informed by its national competent authority that the items are or may be intended for export to Russia or for use in Russia. This authorisation requirement aims to further tackle circumvention via third countries of exports of advanced technology items.

Targeted Sanctions

As regards EU targeted sanctions against Russia, the 18th sanctions package introduces **55 new listings**, consisting of 41 entities and 14 individuals, which are considered to have participated in actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. Aside from the new listings, the 18th sanctions package does not introduce any other substantive amendments to the EU targeted sanctions regime against Russia.

Banking Sector

Furthermore, the 18th sanctions package introduces several new restrictions in the banking and financial sector. In particular, the package

- **expands the existing ban on the provision of specialised financial messaging services** to certain Russian banks to a full ban on all, direct and indirect, transactions with these banks, subject to certain exceptions and licensing grounds. In addition, 22 additional banks are brought within the scope of this expanded ban. The transaction ban will apply from 9 August 2025.
- expands the listing grounds for **third-country financial institutions and crypto-asset service providers** under the transaction ban pursuant to Article 5ad of Council Regulation (EU) 833/2014. Now, third-country financial institutions and crypto-asset service providers can be listed under Article 5ad for "significantly frustrating the purpose of" the prohibitions in either Council Regulation (EU) 833/2014 or Council Regulation (EU) 269/2014.
- establishes a ban on all direct and indirect transactions involving the **Russian Direct Investment Fund ("RDIF")**, its sub-funds and affiliated companies. The transaction ban also extends to certain non-EU entities in which the RDIF has made significant investments, as well as to certain non-EU entities that provide investment or other financial services to the RDIF, its sub-funds, affiliated companies, or entities in which it holds a significant investment.
- introduces a ban on the sale, supply, transfer, export or provision of software management systems used in the banking and financial sector to the Russian Government or Russian legal entities. The package creates an exemption for contracts concluded before 20 July 2025 until 30 September 2025.

Other Measures

Additionally, the 18th sanctions package introduces new provisions to protect EU Member States and companies from investor-state arbitration initiated under bilateral investment treaties ("**BITs**") concluded with Russia. These measures will enable EU Member States to seek compensation, include a commitment to refuse recognition of arbitration claims linked to compliance with EU sanctions against Russia, and require active participation by EU Member States in arbitration proceedings under such BITs.

Measures against Belarus

With regard to Belarus, the new restrictions prohibit the import of arms from Belarus, expand the list of goods subject to transit and export bans, and list eight additional entities operating in Belarus which support Russia's military-industrial complex. Moreover, the Belarus sanctions regime has been updated to mirror the new sanctions against Russia by similarly expanding the financial messaging services ban to a full transaction ban with certain banks, and by introducing a "catch-all" authorisation requirement for advanced technology goods if exporters have been informed by their competent authorities that the good may be intended for Belarus.

Key Takeaways

With this latest package of sanctions the EU has shown a clear intent to support Ukraine and to disrupt the flow of revenue from Russia's oil and gas industry. EU operators engaged in the oil and gas sectors with a Russian nexus will need to closely review the newly designated entities and vessels and should ensure that their compliance procedures are sufficient to address the risks arising.

Given that increasingly non-Russian companies are being designated for involvement in Russia's so-called shadow fleet, close attention should be paid to counterparties in order to identify whether they are at risk for future designation.

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