



The ongoing war in Ukraine has already led to a number of tragedies - deaths and injuries of both civilians and soldiers on both sides of the conflict, the forced emigration millions of refugees from across Ukraine, and increased geopolitical tensions around the world. It also has a huge impact on relations between Western countries and Russia. In response to Russia's invasion of Ukraine, the EU, the USA, the UK, as well as many other countries have been adopting unprecedented restrictive measures against Russia, as well as against Russian companies and nationals, unseen since the World War II, aimed at discouraging Russia economically to continue in the war against Ukraine. In this paper, we would like to describe and summarise the EU restrictive measures in force against Russia, whether were adopted before or after the outbreak of the war.

GENERALLY

At this moment, there are several different sanctions regimes relating to the aggression of the Russian Federation ("RF", "Russia") on the territory of Ukraine, which are gradually evolving, intertwining and expanding. For better understanding, we first present the timeline of adoption of restrictive measures against particular persons, territories or types of goods. Then we describe each sanction regime.

These restrictive measures are described according to the legal status as of 18 March 2022. Please note that the content and scope of these restrictive measures have been evolving quite rapidly. Kindly note that that we only describe sanctions adopted by the EU. Trade with Russia may also be adversely affected by other extensive sanctions adopted by the USA or the UK, which we do not describe here.

TIMELINE

2014 – Adoption of the first restrictive measures against Russia following the annexation of Crimea and the destabilisation of eastern Ukraine by the Russian Federation

21 February 2022 – Restrictive measures adopted against five more persons – members of the Russian State Duma and Crimean politicians due to their role in undermining or threatening the territorial integrity, sovereignty and independence of Ukraine

23 February 2022 – Package of sanctions in response to Russia's recognition of the separatist formations in Donbass, the so-called "Donetsk People's Republic" (the "DPR") and "Luhansk People's Republic" (the "LPR") against 351 members of the Russian State Duma and an additional 27 individuals, restrictions on economic relations with the non-government-controlled areas of Donetsk and Luhansk regions and restrictions on Russia's access the EU's capital and financial markets and services.

24 February 2022 – Further sanctions against Russia following Russia's aggression against Ukraine that target the financial sector, the energy and transport sectors, dual-use items, export control and export financing, visa policy and additional sanctions against Russian individuals.

25 February 2022 – Sanctions against Vladimir Putin, Sergey Lavrov and the remaining members of the Russian State Duma who supported Russia's immediate recognition DPR and LPR.

28 February 2022 – Adoption of the ban on transactions with the Russian Central Bank, a ban on the overflight of EU airspace and on access to EU airports by Russian carriers, new personal sanctions

2 March 2022 – Exclusion of selected Russian banks from SWIFT and suspended broadcasting activities in the EU of the outlets Sputnik and Russia Today.

9 March 2022 – 146 members of the Russia Federation Council added to the sanction list, who voted for ratification of the "Agreement on friendship, collaboration and mutual assistance" between Russia and DPR and Russia and LPR, as well as 14 Russian entrepreneurs or managers of large Russian companies.

15 March 2022 – A new package of trade sanctions, extension of the sanction list by other Russian oligarchs and other important persons

SANCTIONS REGIMES

Restrictive measures are adopted by EU Council decisions, which are subsequently implemented by EU Council regulations. Since only regulations are directly applicable and binding on all legal and natural

persons in the EU, we refer to these regulations only.

Sanction regime 1 – Council regulation No. 208/2014 of 5 March 2014

This regulation provides restrictive measures against certain Russian and Ukrainian politicians, including former President Yanukovich and his son, in connection with the events in Ukraine in 2014 – annexation of Crimea by Russia and the creation of the separatist formations of the DPR and LPR.

These sanction measures are still in force, only the list of persons targeted by sanctions has been changed (narrowed down) by the implementing regulation No. 2022/375 of 3 March 2022.

Sanction regime 2 – Council regulation No. 269/2014 of 17 March 2014

These are restrictive measures against individuals responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine, the annexation of Crimea and the destabilisation of eastern Ukraine, or who conduct transactions with separatist groups in the Donbas region of Ukraine. The restrictive measures consist of (i) freezing all funds and economic resources of such persons and (ii) preventing access to funds and financing. The Council of the EU also instructed EU member states to take measures to prevent these persons from entering the EU. At the end of 2021, the sanction list included over 200 natural and 50 legal persons.

These restrictive measures are still in force, and following the recognition of the DPR and LPR by Russia amending regulations (No. 2022/259 of 23 February 2022, No. 2022/330 of 25 February 2022) together with implementing regulations (No. 2022/236 of 21 February 2022, No. 2022/260 of 23 February 2022, No. 2022/261 of 23 February 2022, No. 2022/330 of 25 February 2022, No. 2022/336 of 28 February 2022, No. 2022/396 of 9 March 2022, No. 2022/408 dated 10 March 2022 and 2022/428 dated 15 March 2022) were adopted which expanded the list of the sanctioned persons, such as Vladimir Putin, Sergey Lavrov, Sergei Shoigu, Anton Vaino, Dmitry Peskov, members of the State Duma of the Russian Federation who voted for the recognition of the DPR and LPR, and other Russian and Belarusian politicians. On the sanction list, there are also Russian businessmen and managers such as Igor Sechin, Alisher Usmanov, Mikhail Fridman, Gennady Timchenko, Dmitry Mazepin, German Khan, Roman Abramovich and many others. There are three Russian banks on the list - Bank Rossiya, Promsvyazbank and Vnesheconombank (VEB.RF) - which effectively means a ban on any financial activity by these banks in the EU and a ban on EU persons doing business with these banks.

Sanction regime 3 – Council regulation No. 692/2014 of 23 June 2014

The regulation introduces sanctions on goods coming from the Crimea or Sevastopol in response to their illegal annexation. The regulation bans import of goods to the EU from Crimea or Sevastopol, including any financing and financial aid, including insurance related to such import. It is prohibited to acquire any real estate, acquire or increase new shares in legal entities residing in these areas, take part in financing of such entities, set up joint ventures with them or provide investing services. It also bans export of listed goods from the transportation, telecommunication, energy or mining sectors to persons from Crimea or Sevastopol or intended for use in these territories. It is forbidden to provide services in the tourism sector in Crimea and Sevastopol.

These restrictive measures are still in force.

Sanction regime 4 – Council regulation No. 833/2014 of 31 July 2014

This regulation bans or restricts certain types of business activities that persons in the EUR are allowed to undertake vis-a-vis Russia or Russian natural or legal persons.

As of the end of 2021, the regulation prohibited to export, dual-use items, if such goods could be intended for military use, for a military end-user or listed legal entities. In addition, the export of oil exploration and production equipment to Russia and the provision of any services related to military, dual-use or oil exploration and production equipment were prohibited. A ban was also issued on the financing of five Russian banks (Sberbank Rossii, VTB Bank, Gazprombank, Vnesheconombank and Rosselkhozbank) and selected Russian companies operating in the military and mining industry (Oboronprom, Uralvagonzavod, Objedinonnaya aviastroitelnaya korporatsiya, Rosneft, Transneft, Gazpromneft), prohibiting trading with their securities or making loans to these entities.

The military escalation in Ukraine has led to a substantial extension of sanctions under the regulation.

By the amending regulation No. 2022/262 of 23 February 2022 financial sanctions have been extended by a ban on financing of Russia, Russian Government, Russian Central Bank as well as any legal entity acting on their behalf.

After the start of the Russia's invasion to Ukraine, regulation No. 2022/328 of 25 February 2022 extended the ban on the export of dual-use items to Russia regardless of whether or not the items are intended for military use or for military end user. Now it is prohibited the export of dual-use items to any natural or legal person, entity or body in Russia or for use in Russia. Dual-use items are specified by the Council regulation No. 2021/821 as items, including software and technology, which can be used for both civil and military purposes.

It is further prohibited to export certain goods and technology which might contribute to Russia's technological enhancement of its defence and security sector. The above-mentioned items include e.g. sensors and lasers, radio or telecommunications equipment, radar systems, navigation or airborne communication equipment, marine equipment or propulsion equipment.

The regulation requires the EU entrepreneurs to obtain a prior license to export certain technologies for the oil industry in Russia and prohibits the provision of associated services necessary for deep-water oil exploration and production, arctic oil exploration and production or shale oil projects in Russia, including its Exclusive Economic Zone and Continental Shelf.

Further, it is prohibited to supply aircrafts, spacecrafts and their components, including the supply of spare parts, the carrying out of repairs or the provision of any services or financing related to aircraft or spacecraft. These restrictive measures also mean that European companies can no longer lease aircrafts to Russian airlines, nor can they supply Russia with spare parts. As a result, Russian airlines have been forced to suspend all international flights except for those to Belarus and it is questionable whether their aircrafts will be able to keep their airworthiness on a long-term.

Furthermore, credit institutions in the EU are prohibited from accepting deposits from Russian citizens and residents or legal entities established in Russia in excess of EUR 100.000. This restriction does not apply to individuals who are also nationals of a Member State of the European Union or hold a temporary or permanent residence permit in the EU, or to deposits that are necessary for non-prohibited cross-border trade between the EU and Russia.

By the amending regulation No. 2022/334 of 28 February 2022, the EU followed the lead of member state's national governments, including the Czech Republic, and closed its airspace to Russia, prohibiting Russian air carriers, any Russian-registered aircraft, and any non-Russian-registered aircraft which is owned or chartered, or otherwise controlled by any Russian natural or legal person, entity or body from landing in, taking off from, or overflying, the territory of the EU, except for emergency landing or emergency overflight.

The same regulation also prohibited any transactions related to the management of reserves as well as of assets of the Russian Central Bank. As a result, Russia's foreign exchange reserves within the EU were frozen.

The amending regulation No. 2022/345 of 1 March 2022 prohibits, with effect from 12 March 2022, the provision of specialised financial messaging services to certain Russian credit institutions and their Russian subsidiaries, which are relevant for the Russian financial system (Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vneshekonombank (VEB.RF) and VTB Bank). This means that these banks are excluded from the SWIFT system operated by the Belgian company S.W.I.F.T. SCRL.

This regulation also prohibits to export euro denominated banknotes to Russia, to Russian persons or for use in Russia, except for export for personal use of natural persons travelling to Russia or for official purposes of diplomatic or consular missions. Therefore, when exporting larger amounts of cash when travelling to Russia, careful consideration will always need to be given as to whether that amount can still be considered for the personal use of the traveller and his family members, who travel with him.

The amending regulation No. 428/2022 of 15 March 2022 extended sanctions to the supply, financing and investing in the Russian energy sector. It further prohibited to provide any rating services to Russian natural persons and legal entities. The regulation introduced also extensive sanctions as to the import of iron and steel from Russia to the EU and export of luxury goods to Russia.

Sanction regime 5 – Council regulation No. 2022/263 of 23 February 2022

The regulation consists of restrictive measures adopted by EU in response to the recognition of the non-government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine and the ordering of Russian armed forces into those areas. In its structure, this regulation copies the regulation No. 692/2014 of 23 June 2014 (see above) and, similarly to the Crimea and Sevastopol sanctions, prohibits the import of

goods originating in these territories to the EU as well as financing such import. It also prohibits the export of dual-use items and selected other related goods in the field of transport, telecommunications, energy and the exploitation of natural resources, including provision of related services. It is also prohibited to acquire any real estate, acquire or increase the shareholder interests in entities residing in these regions.

Please note that this regulation does not clearly define the exact territory subject to restrictive measures, and the territory which is not under the control of the Ukrainian government is currently changing from day to day. Therefore, in borderline cases it will always be necessary to individually analyse whether the area is a permissible or prohibited area for the import/export of goods or provision of services.

MEASURES ADOPTED BY THE CZECH AUTHORITIES

In addition to the above-mentioned restrictive measures adopted by EU, the Czech Government adopted the resolution No. 130 of 25 February 2022, which ordered to stop immediately accepting visa applications and permits for long-term and permanent residence at the Czech embassies submitted by Russian nationals and stop the visa proceedings already initiated. This effectively means that no Russian citizen will be able to obtain a new visa, including a tourist visa, at Czech embassies until further notice.

Furthermore, the Standing Commission on Activities of the Financial Analytical Office ("FAÚ") adopted the resolution dated 1 March 2022, calling on the FAÚ to adopt measures leading to increased controls on financial and real estate transactions of nationals and entities of Russia and Belarus. Although this Resolution is not legally binding, it can be expected to lead to increased activity of the FAÚ in controlling financial transactions of Russian individuals and entities.

CONCLUSION

The restrictive measures imposed by the above-mentioned regulations are implemented in the Czech Republic in accordance with Act No. 69/2006 Coll., on the Implementation of International Sanctions. Depending on the type and severity of the violation, a fine of up to CZK 50 000 000 may be imposed for such conduct. Violation of sanctions regulations may also be qualified as a crime of violation of international sanctions pursuant to Section 410 of the Criminal Code, or in specific cases it can be also classified as one of the economic crimes, such as violation of regulations on export control of dual-use items and technologies (Section 262 of the Criminal Code).

Export of other goods, as well as any other transactions than listed above are still permitted. However, you may encounter a number of practical problems in such deals, such as problems with money transfers, financing or delivery of goods to/from Russia.

A list of all persons currently on the sanctions lists of the EU can be found on the website of the FAÚ [here](#).

A list of all persons currently on the sanctions lists of United states of America can be found on the website of the U.S. Department of the Treasury [here](#).

A list of persons sanctioned by the UK can be found in various formats on the UK Government website [here](#).

Please note that the above list refers only to the current sanctions imposed upon Russia. A number of similar restrictive measures have been imposed upon the Republic of Belarus as a country providing active support to Russia during the invasion to Ukraine. Given the minor importance of Belarus in international trade, we focus in this bulletin only on sanctions against Russia.

If you are interested in more information, please do not hesitate to contact us.



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