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Compliance & Risk Management

Ukraine sanctions – update as of 25 April 2022

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Recent developments in the US, EU, UK, and Norwegian sanctions as a response to the Russian attack on Ukraine

Since our last update on 28 March 2022, the US, EU, and the UK have announced additional sanctions against Russia. Norway has, as expected, aligned its sanctions against Russia with those of the EU.

We view it as likely that Western countries will continue to escalate sanctions against Russia as long as the war in Ukraine continues. For that reason, our previously communicated position that any adaption to current sanctions entails high risk is strengthened.

Furthermore, recent analysis shows that the Russian sanctions have a devastating impact on the Russian economy. As of now, roughly 60% of Russian foreign currency reserves are frozen abroad, and Russia is heading for the deepest recession since the collapse of the Soviet Union. Estimates for Russia's GDP in 2022 range from -8.5% to -15%. In addition, sanctions have triggered rapid inflation, with average consumer prices up 8.67% since the invasion. Longer-term, expert predictions suggest a continuing economic hit, with GDP growth depressed as the country is cut off from Western technology and critical inputs.

Reference is also made to our previous newsletters, which you will find by following the following links: [Link one](#) and [Link two](#).

High-level overview of recent developments

Norwegian Sanctions

8 April 2022 – Sanctions against Belarus

Following the Belarussian aid to the Russian invasion of Ukraine, Norway has implemented further sanctions against Belarus by amending the regulation 8 September 2006 no. 1041. Some important aspects are:

- A ban on the export of multipurpose goods and technology and goods and technology that can help increase the military strength of Belarus.
- Expansion of the ban on imports of petroleum products to include additional mineral products.
- Ban on imports of wood products, cement products, iron and steel products, rubber products, and a ban on the export of machinery.
- Prohibition of providing professional assistance related to sanctioned goods and technology.
- Prohibition of transactions concerning the management of the Central Bank of Belarus' reserves and assets.
- Prohibition against listing and providing services on trading sites with respect to certain transferable securities.
- Prohibition against providing public financing or financial assistance for trade with or investments in Belarus.
- Prohibition of receiving certain deposits from Belarusian natural and legal persons.
- Prohibition of central securities depository to provide certain services for transferable securities issued to Belarussian natural and legal persons.
- Prohibition against selling transferable securities in euros to Belarusian natural and legal persons.

- Prohibition against transferring banknotes in euros to Belarus or to natural or legal persons in Belarus, including to Belarus's government and central bank, or for use in Belarus.
- Prohibition of providing specialised financial dissemination services used to exchange financial data (i.e. SWIFT) with certain Belarusian banks.

The EU's Fifth Sanction Package has not yet been implemented into Norwegian law. However, following statements from the Norwegian Ministry of Foreign Affairs, we expect this Package to be implemented at the beginning of May.

EU Sanctions

8 April 2022 – The European Union Fifth Sanction Package

The European Union announced its fifth sanction package on 8 April 2022. This package includes:

- A ban on the import of all forms of Russian coal.
- A full transaction ban and asset freeze on four additional Russian banks (VTB, Novikombank, Sovcombank, and Otkritie Bank).
- A prohibition on providing high-value crypto-asset services to Russia.
- A prohibition on providing trust services to wealthy Russians, making it more difficult for them to store their wealth in the EU.
- A full ban on Russian and Belarusian freight road operators working in the EU. Exemptions are provided for essentials such as mail, agricultural and food products, humanitarian aid, and energy.
- An entry ban on Russian-flagged vessels to EU ports. Exemptions apply for medical, food, energy, and humanitarian purposes, amongst others.
- Export bans on advanced technology products, including quantum computing, advanced semiconductors, sensitive machinery, transportation, and chemicals.
- Import bans of Russian cement, rubber products, wood, spirits (including vodka), liquor, high-end seafood (including caviar). This import ban is further strengthened through an anti-circumvention measure against potash imports from Belarus.
- A full prohibition on the participation of Russian nationals and entities in public procurement contracts in the EU.
- Restriction on financial and non-financial support to Russian publicly owned or controlled entities under EU, Euratom and Member State programmes.
- Legal clarifications that provide for an extension of the prohibitions on the export of banknotes and the sale of transferrable securities to Russian nationals or entities, applicable to all official EU currencies.
- A further 217 individuals and 18 entities are sanctioned through asset freezes and/or travel bans.

13 April 2022 – Some exemptions to enable humanitarian assistance in Ukraine

The European Union provided humanitarian exceptions in its sanctions regime on 13 April to organisations such as

- The International Red Cross and Red Crescent (ICRC).
- UN Specialised humanitarian agencies.
- Organisations not covered may apply for individualised exemptions on specific terms.

The exemptions provide derogations from the prohibition to make funds or economic resources available to designated persons and entities under the Ukraine territorial integrity regime, provided that the funds or resources are necessary for humanitarian purposes in Ukraine.

21 April 2022 – EU sanctions against two individuals over the Russian annexation of Crimea

The European Union sanctioned the following persons on 21 April 2022:

- Serhiy Vitaliyovich Kurchenko. Ukrainian national who, through support from pro-Russian separatists, assumed control of industrial companies in Crimea.
- Yevgeniy Viktorovich Prigozhin. Russian businessman with close ties to President Putin. Founder and unofficial head of the Wagner Group, a Russian Private Military Company (PMC), described as "Putin's private mercenary army".

US Sanctions

31 March 2022 – Expansion of sanctions regime to prevent sanction evasion

The US Treasury implemented the following changes on 31 March 2022:

- An additional 21 entities and 13 individuals were sanctioned, mainly due to combat Russian sanction evasion.
- Expansion of the sectoral sanctions under Executive Order 14024 to also include the Russian aerospace, marine, and electronics sectors.

1 April 2022 – Additions to the export control list

The US Department of Commerce expanded the exports controls list (the Entity List) with 120 Russian and Belarussian firms over their support to the Russian and Belarussian Armed Forces.

5 April 2022 – Sanctions against Russian crypto entities

The US Treasury sanctioned the following two Russian financial entities on 5 April 2022:

- Hydra, the world's largest darknet market.
- Garantex, a cryptocurrency exchange, for its role in enabling ransomware.

6 April 2022 – Prohibition on outbound US investments into Russia

Following the Russian atrocities in Bucha, Ukraine, the Biden administration issued Executive Order (EO) 14071 on 6 April 2022. EO 14071 entails, inter alia, the

- Ban on any new outbound US investments into Russia, including a ban on the facilitation by US persons on prohibited transactions by a foreign person.
- Following a determination by the Secretary of the Treasury, a ban on the export of specified services to Russia.

In addition, the US Treasury also imposed financial restrictions on:

- Sberbank.
- Alfa-Bank.
- Family members of President Putin and Foreign Minister Lavrov.

7 April 2022 – Sanctions against Russian industrial entities

The US Treasury also sanctioned the following entities on 7 April 2022:

- Alrosa, Russia's largest diamond mining company.
- United Shipbuilding Corporation, a major Russian shipbuilding company that constructs Russian navy warships.

8 April 2022 – Import ban of Russian oil and new tariffs against Russia and Belarus

The Biden administration signed two bills into law on 8 April 2022,

- HR 6968 – The Ending Importation of Russian Oil Act, which bans US imports of Russian oil.
- HR 7108 – The Suspending Normal Trade Relations with Russia and Belarus, which raises US tariffs towards Russia and Belarussia.

In addition, to recognise that some partner countries has implemented substantially similar export controls on Russia and Belarus, the US Department of Commerce added Iceland, Liechtenstein, Norway, and Switzerland to the list of countries excluded from the license requirements under US Russia/Belarus Sanctions rules (as enacted on 24 February and 2 March) (including the Foreign Direct Product Rule).

9 April 2022 – Amendments to the export license control regime

The US Department of Commerce expanded license requirements on export controls applied to Russia and Belarussia to now cover all items on the Commerce Control List (CCL).

UK Sanctions

27 March 2022 – Suspension of academic cooperation

The UK suspended publicly funded research and innovation collaborations with Russian universities and companies that were deemed to be of strategic benefit and importance to the Russian state.

30 March 2022 – Legislative amendments for the expansion of sanctions against oligarchs

On 30 March 2022, the UK Parliament made the following legislative amendments:

- The prohibition of providing maintenance to aircraft or ships belonging to specific sanctioned Russian oligarchs or their businesses.
- Sanctions against two individuals, Eugene Shvidler and Oleg Tinkov.
- Extensions of the Crimea sanctions regarding finance, trade, and shipping to Donetsk and Luhansk.

31 March 2022 – Sanctions against Russian propagandists

The UK followed the European Union on 31 March 2022, by sanctioning Russia Today and Sputnik, for their role in spreading Russian disinformation. In addition, several individual propagandists were also sanctioned.

6 April 2022 – Further sanctions against Russian banks and oligarchs

Following G7 and European Union statements, the UK imposed the following sanctions:

- Full-on asset freeze of the Russian banks Sberbank and Credit Bank of Moscow.
- An end to all new UK outward investment to Russia, which was £11 billion in 2020.
- The UK to end all imports of Russian coal and oil by the end of 2022, and gas "as soon as possible" afterwards.
- Action against oligarchs and key strategic industries, meaning a ban on imports of iron and steel products.
- Export ban of UK advanced technology products such as quantum computing and advanced materials technologies.
- Asset freezes and/or travel bans on Russian oligarchs, inter alia,
 - Viatcheslav (Moshe) Kantor (the largest shareholder of fertiliser company Acron).
 - Andrey Guryev (known close associate of Vladimir Putin and founder of PhosAgro).
 - Sergey Kogogin (director of Kamaz – manufacturer of trucks and buses, including for the Russian military).
 - Leonid Mikhelson (founder and CEO of leading Russian natural gas producer Novatek).
 - Andrey Akimov (CEO of Gazprombank).
 - Aleksander Dyukov (CEO of GazpromNeft).
 - Boris Borisovich Rotenberg, (son of the co-owner of Russia's largest gas pipeline producer SGM).

8 April 2022 – Sanctions against the personal inner circle of President Putin

The UK announced financial sanctions against the daughters of President Putin and Foreign Minister Lavrov on 8 April 2022.

13 April 2022 – Mass sanctions against individuals and oligarchs

The UK imposed financial sanctions against 206 individuals, 178 of these being separatists of the so-called Donetsk and Luhansk Republics. Some of the sanctioned individuals are:

- Pavel Ezubov, cousin of Oleg Deripaska.
- Nigina Zairova, Executive Assistant to Mikhail Fridman.
- Alexander Ananchenko and Sergey Kozlov, self-styled Prime Minister and Chair of Government of the so-called Donetsk and Luhansk People's Republics.
- In addition, close associates and employees of the aforementioned were sanctioned, as well as an additional 22 individuals.

19 April 2022 – UK Tax Authorities revoke the Moscow Stock Exchange's preferential status

The UK's tax authority announced it would revoke the Moscow Stock Exchange's status as a recognised stock exchange, depriving future investors of access to certain UK tax benefits.

21 April 2022 – Further UK sanctions against the "Putin war machine"

Following the Russian atrocities and war crimes in Ukraine, the UK sanctioned the following individuals for their role in these abuses:

- Lt Colonel Azatbek Omurbekov, a Commanding Officer in the Russian Army for his involvement in the "Bucha massacre".
- Colonel-General Andrey Serdyukov, Commander of the Airborne Forces.
- Major General Valery Flyustikov, Commander of Special Operations Forces.
- Colonel-General Nikolay Bogdanovsky, First Deputy Chief of the General Staff.

How can BAHR support you?

An effective compliance programme is key for being able to navigate the increasingly complex sanctions and trade restrictions. At BAHR, we regularly assist our clients with establishing, assessing and further developing their compliance programmes, and handling day-to-day compliance challenges. We regularly advise clients on trade sanctions, export control and disengagements. We can also assist you with assessing your contracts and engagements in light of both sanctions risks as well as potential remedies to address such risks.

Feel free to contact us for assistance or an informal conversation on this topic.

Disclaimer: This newsletter comprises only general information on selected trade sanctions and export control laws and regulations in Norway, the EU, UK and US and is not exhaustive and may be updated from time to time. This overview is prepared for information purposes only and shall neither be considered nor constructed as legal advice in any respect. No liability or responsibility is accepted as a result of the newsletter.

The BAHR Sanctions Team



Jon Christian Thaulow

Partner

+47 905 29 550
jct@bahr.no



Morten P. Smørdal

Partner

+47 911 98 980
mps@bahr.no



**Svein Gerhard
Simonnæs**

Partner

+47 920 21 027
sgs@bahr.no



Annina Luterbacher

Senior Associate

+47 413 24 084
anlut@bahr.no



Erik Tørrissen

Senior Associate

+47 920 50 055
erito@bahr.no



**Julie Charlotte
Aaheim**

Senior Associate

+47 992 68 015
relae@bahr.no



Rebekka Lae

Associate

+47 478 65 666
relae@bahr.no



**Kristoffer Roheim
Justad**

Associate

+47 993 03 348
krjus@bahr.no