The EU's 18th Sanctions Package Against Russia and Belarus

Overview of Key Measures and Recent Case Law

23 July 2025

On 18 July 2025, the Council of the European Union adopted its 18th package of sanctions against Russia and Belarus in response to Russia's ongoing war of aggression against Ukraine, including continued attacks on civilian infrastructure and attempts to circumvent existing restrictions. Although initially delayed due to objections by Slovakia, the package was ultimately adopted following adjustments that addressed concerns over energy security and trade exposure.

The new measures introduce further export and import bans, tighten financial and energy restrictions, and expand individual listings. They also strengthen the sanctions regime against Belarus and include new tools aimed at preventing circumvention. As with earlier packages, the measures are closely coordinated with international partners, including the UK.

Overview of the Sanctions against Russia

The latest set of trade and sector related sanctions against Russia was implemented through Council Regulation (EU) 2025/1494, which included several changes to Regulation (EU) No 833/2014 (all subsequent references to Articles and Annexes are references to that Regulation, as amended).

Expansion of Export and Transit Bans

The package further expands existing sales and export as well as transit restrictions:

- Annex VII has been extended to include additional chemicals used in solid propellants and certain machine tools, tightening restrictions on Russia's access to advanced manufacturing technologies. The newly listed goods are subject to the restrictions of Article 2a, without a transitionary grandfathering phase for preexisting contracts.

- The sales and export ban on industry goods (Article 3k) has been broadened to an expanded array of goods essential to Russian infrastructure and arms production, with transition deadlines of 21 October 2025 and 21 January 2026, depending on the product. The newly added goods are listed in Annexes XXIIIE and XXIIIF and include raw materials and industrial inputs as well as industrial and technical equipment.

- The **transit ban** of Article 3k(1a) and Annex XXXVII has also been widened, forbidding the shipment of a growing list of sensitive goods – including those related to construction and energy (e.g. machinery of CN code 8419 89 or (semi-)trailers of CN code 8716 39) – through Russian territory en route from the EU to third countries.

- A catch-all authorisation requirement has been introduced in Article 2a(1aa): The export of Annex VII goods to third countries now requires authorisation if the exporter is informed that the items are or may be intended, in whole or in part, for use in Russia or by a Russian entity.

- The latest measures also introduce a full prohibition on the purchase, import, transfer, sale, supply, or export of items listed in the EU Common Military List to Russia (Article 4). Such an arms embargo was previously only included in Council Decision 2014/512/CFSP, as amended, but not the Regulation.

Introduction of a Purchase and Import Ban on Oil Products from Russian Crude Oil

A significant addition is the prohibition on the purchase, import, or transfer of petroleum products falling under CN code 2710 **obtained in a third country from Russian-origin crude oil**, as set out in Article 3ma. This ban enters into force on 21 January 2026, following a transition period of six months.

In a provision that resembles the ban on iron and steel products (see Article 3g), importers must provide documentary evidence demonstrating the country of origin of the crude oil used for refining, except where imports are sourced from partner countries listed in Annex LI (Canada, Norway, UK, USA, and Switzerland). For petroleum products imported from third countries that were net exporters of crude in the previous calendar year (e.g. Iraq, Saudi Arabia, Nigeria or UAE), the non-Russian origin is presumed, unless authorities have reasonable grounds to believe otherwise.

Notably, following the European Commission's guidance on similar previous provisions, the purchase prohibition likely applies irrespective of whether the oil products are intended for the EU or for third countries. Further guidance on the provision will be issued by the Commission to help comply with the ban. However, importers of oil products should start screening their suppliers of oil products and prepare for the need to document the origin of the crude oil used.

Expansion of Services Ban to Banking Software

The prohibition to provide software to the Russian government and Russian companies has been extended to **banking and finance-related software** under Article 5n (2b) and Annex XXXIX, with a winding-down period until 30 September 2025 (Article 5n (10a)). According to the extended prohibition, software is covered if it has one of the following uses: online and mobile banking, loan management, ATM and POS integration, regulatory reporting, and investment banking. As can be seen from the mention of loan management and regulatory reporting, the ban is not only potentially relevant for banks and financial institutions, but for every company in Russia that does accounting there.

In our view, the German **National General Authorisation No. 42** applies also in respect to the newly added software products. This allows, in particular, German operators to provide such software to Russian subsidiaries of EU or partner country companies. The provider needs to register with BAFA and provide details on the recipient of the software according to the terms of the general authorisation.

Transaction Bans

The 18th package has introduced additional transaction bans, especially concerning numerous Russian banks:

- The decoupling of Russian banks from SWIFT under Article 5h has been turned into a comprehensive transaction ban: all direct and indirect **transactions with Russian banks** listed in Annex XIV (including 22 newly listed banks which fall under the prohibition starting 9 August 2025) are prohibited, save for narrow exemptions, e.g., for diplomatic and consular representations and for EU nationals who reside in Russia since before 24 February 2022. The list includes Russia's largest banks, such as Sberbank, VTB Bank and Vnesheconombank (VEB.RF). The complete ban on transactions extends beyond merely prohibiting the entering into contracts; it may also apply, for instance, to making payments through those banks.

- Annex XLV has been updated to include **two small Chinese banks** for having provided crypto-assets services for the facilitation of EU-sanctioned trade. The transaction ban of Article 5ad applies to these entities from 9 August 2025. China has already expressed its objection to the measure.

- Furthermore, Article 5af introduces a comprehensive prohibition on all transactions connected to the **Nord Stream 1 and 2 pipelines**, effectively blocking any possibility of their reactivation. This includes the completion, operation, maintenance or use of the pipelines as well as any transaction in connection with the financing concerning the completion, operation, or use of the pipelines.

- A separate, targeted transaction ban now applies to the **Russian Direct Investment Fund** and its affiliates, as well as to related entities referenced in Annex XLIX (Article 5ag).

- Conversely, the transaction ban with Russian state entities of Article 5aa (such as Rosneft, Transneft, or Kamaz) now permits a specific exemption for EU operators acting as public trustees or under a firewall imposed or authorised by national competent authorities.

Further Measures

The 18th sanctions package introduces a number of additional restrictions, including:

- A **reduction of the oil price cap**: The cap under Article 3n and Annex XXVIII for Russian seaborne crude has been lowered from USD 60 to USD 47.6 per barrel. A new automatic mechanism is to keep the cap 15% below the average market price. The Commission will review the cap every six months, applying adjustments if price swings exceed 5%. Contracts concluded before the new cap enjoy a 90-day transition period.

- Notably, the Czech Republic's exemption from the seaborne Russian crude import ban (Article 3m(8)) is now terminated to reflect its complete switch to alternative sources.

- Under Article 3s and Annex XLII, another 105 vessels linked to **Russia's shadow fleet** – used for sanctioned oil logistics – are banned from EU ports and maritime services, raising the total to more than 440 vessels.

- The package further eases the criteria for **designating entities under Article 5ad involved in facilitating circumvention**. The change brings a larger number of third-country entities within the potential reach of EU sanctions, namely credit or financial institutions or entities providing crypto assets services significantly frustrating the prohibitions set out by the Russia sanctions as well as other entities significantly frustrating the oil price cap.

- In parallel, the number of persons and entities subject to **individual financial sanctions** has been expanded. In respect to the Ukraine-related sanctions (Annex I to Regulation (EU) No 269/2014) Council Implementing Regulation (EU) 2025/1476 of 18 July 2025 has added 14 individuals and 41 entities, including persons from China, India, Iran, Azerbaijan, Hong Kong, Mauritius, and the UAE. Earlier last week, Council Implementing Regulation (EU) 2025/1438 and Council Implementing Regulation (EU) 2025/1444 added multiple individuals and entities implicated in human rights violations or Russian disinformation and propaganda to

Annex IV to Regulation (EU) 2024/1485 and Annex I to Regulation (EU) 2024/2642, respectively.

Sanctions against Belarus

In addition to the Russia-related sanctions, the 18th package also included Council Regulation (EU) 2025/1472 which amended the Belarus sanctions Regulation (EC) No 765/2006 to include economic and individual measures that mostly parallel the Russia sanctions (all subsequent references in this section to Articles and Annexes are references to that Regulation, as amended).

Changes include the expansion of the **sales and export restrictions** of Article 1bb (1) and Article 1f (1) on additional industry and advanced technology items as well as the transit ban of Article 1bb (2). As in the case of Russia, operators can rely on grandfathering clauses for pre-existing contracts – but only with respect to the newly added industry goods.

Belarussian banks formerly de-coupled from SWIFT are now also subject to a comprehensive transaction ban under Article 1zb.

Eight additional entities have been listed in Annex I to Regulation (EC) No 765/2006 through Council Implementing Regulation (EU) 2025/1469 of 18 July 2025.

Measures to Protect Member States from Arbitration

Legal protections against abusive investor-state arbitration have been further strengthened with **additional procedural safeguards** set out in the Russia and Belarus sanctions regimes (Article 11 (2a), (2b), Article 11e, and Article 11f of Regulation (EU) No 833/2014 and Article 8d (2a), (2b), Article 8l, and Article 8m of Regulation (EC) No 765/2006), aimed at preventing illegitimate arbitration claims by parties subject to sanctions.

"No Claims" Provision

In the recitals of the two amending Regulations (EU) 2025/1494 (recital 22) and 2025/1472 (recital 7), the Council emphasized that the "effective implementation of the no claims clause should be regarded as the public policy of the Union and the Member States for the purposes of the recognition of enforcement of arbitral awards or judicial or administrative decisions."

Only recently, **German courts rejected recognition of two arbitral awards for a violation of Article 11** of Regulation (EU) No 833/2014 (Higher Regional Court of Stuttgart, decision of 13 May 2025, 1 Sch 3/24; Higher Regional Court of Frankfurt, decision of 12 June 2025, 26 Sch 12/24). The decisions confirmed that the no claims provision also prohibits the repayment of advance payments – a view shared by the German authorities after coordination with the European Commission. Still, the application of the provision in such a case is subject to two pending requests for a preliminary ruling by the European Court of Justice (Cases C-802/24 and C-290/25).

EU sanctions remain at the core of the EU's strategy to undermine Russia's ability to finance and sustain its war. The EU reiterated its commitment to further tighten sanctions as needed. EU operators are well advised to closely assess the impact of the new measures on their business.

***

BLOMSTEIN will closely monitor further developments and keep you informed. If you have any questions on the EU's sanctions, Roland Stein, Florian Wolf, and Tobias Ackermann, and the entire team is ready to assist you.