

NON-PAPER - ADDITIONAL SANCTIONS ON RUSSIA

We propose imposing **severe and immediate economic costs** on Russia in response to President Putin's **war of choice against Ukraine**. These include **sweeping financial sanctions** and **stringent export controls** that will have profound impact on Russia's economy, financial system, and access to cutting-edge technology. The sanctions measures **impose severe costs** on Russia's largest financial institutions and will **further isolate** Russia from the **global financial system**. The export control measures will **cut off** Russia's access to **vital technological inputs**, **weakening its industrial base**, and **undercut Russia's strategic ambitions** to exert influence on the world stage. The scale of President's Putin's aggression and the threat it poses to the international order require a resolute response.

The proposed actions are **close coordinated** with our closed partners allies, including with the United States, Canada, United Kingdom and others to hold the Russian government responsible.

On February 23, the Council already adopted a first package of sanctions that included

- **Asset freezes and travel bans** on most members of the Duma and further RU individuals/entities who undermine the territorial integrity of Ukraine;
- **Asset freezes and a full blocking** on three RU banks that are instrumental to the Kremlin;
- **A lending / refinancing ban** against the Russian state/government;
- **A far-reaching trade and investment ban** covering the non-government controlled areas in Eastern Ukraine.

Today's second package of sanctions will cover **six additional areas**:

CHAPTER 1 - FINANCIAL SECTOR

In the financial sector, the EU should take additional measures on the **following transactions**:

1. financial interactions with **Russian banks beyond the currently banned institutions**;
2. financing of **Russian state-owned enterprises**;
3. financial **flows and investments from Russia** to the EU.

This package of measures builds on and extends the current EU sanctions in the financial field, which prohibit lending to and the buying of securities of five major state-owned Russian banks. It reflects the **specificities** of the Russian economic and financial sector,

¹ Bank Rossiya, Promsvyazbank and VEB.

with its high degree of political and/or financial connections between the state, banks and high-net-worth individuals.

Close coordination with like-minded partners has been undertaken on these measures.

1. Prohibition of lending to and purchasing securities of new (private) banks

This is an extension of the present refinancing ban on five state-owned institutions² to two additional private banks: Alfa Bank and Bank Otkritie.

2. Financing of Russian state-owned enterprises

2.1. Prohibit the *new* listing of shares of Russian state-owned enterprises on EU exchanges

This measure targets the financing options of Russian state-owned enterprises on EU stock markets.

2.2. Prohibit lending to and the purchase of securities of *additional* state-owned enterprises

The companies to be targeted would include: Almaz-Antey (Aerospace & Defense), Kamaz (Automotive), Novorossiysk Commercial Sea Port (Shipping), Rostec (subsidiaries mainly in the military sector), Russian Railways (Infrastructure), Sevmash (Shipbuilding), Sovcomflot (Shipping) and United Shipbuilding Corporation (Shipbuilding).

3. Financial inflows from Russia to the EU

3.1. Prohibit the acceptance of *new* deposits of Russian nationals and residents in EU banks

This measure applies to individuals/entities for all deposits above EUR 100 000, thus clearly impacting on the Russian elite.

Coordination with like-minded partners, incl. Switzerland and others, has been undertaken.

3.2. Prohibit EU central securities depositories (CSD) from holding accounts of Russian clients

This measure would have a broader effect by barring the investment in EU securities.

² Sberbank, Vneshtorgbank (VTB), Gazprombank, Russian Agricultural Bank and Vnecheconombank (VEB).

3.3. Prohibit the selling of EUR-denominated securities to Russian nationals and residents

EUR-denominated bonds are an important anchor of safe international investments.

CHAPTER 2 - ENERGY SECTOR

Export ban on specific refining technologies from the EU to RU

This EU export ban specifically covers **equipment and technology** needed for the upgrade of RU oil refineries to Euro-6 standards.

CHAPTER 3 - TRANSPORT SECTOR

Export ban on aircraft, space, spare parts, technology and related services

This would be a ban on the export, sale, supply or transfer of all aircraft, aircraft parts and equipment to Russia and on all related repair, maintenance and financial services. These measures also cover aircraft leasing and similar services.

CHAPTER 4 - DUAL-USE GOODS AND EXPORT FINANCING

Further export restrictions for dual-use goods and for additional advanced technology items

In the area of **export control**, the EU should take additional measures **expanding the scope** of goods and technologies. The three components of the package of new export control measures:

- 1) Tightening the restrictions on existing listed dual-use items, applying them to all end-users in the destination of concern - and not only military end-users;
- 2) Restricting trade with a list of 64 Military End Users, this would apply to a wide range of civilian goods;
- 3) Imposing controls on additional goods, controlled in the US for so-called “anti-terrorist” purposes, for all end-users; these items may contribute, directly or indirectly, to enhancing Russia’s military and technological capacity. This measure would apply to all end-users for items in the following sectors: electronics, computers, telecoms and information security, sensors and lasers, marine applications.

Close coordination has also been undertaken with partners expected to apply substantially equivalent trade measures. This coordination will be further stepped up following the adoption of the measures to ensure a level playing field for EU and U.S. companies. As a result, the U.S. would exempt the EU exports to Russia from the application of its own new controls.

CHAPTER 5 - VISA POLICY

The Union should **suspend visa free travel** for holders of Russian diplomatic passports, and visa facilitation arrangements for holders of service passports.

The Commission will table a **legislative proposal** to this end in parallel with the sanctions proposals.

CHAPTER 6 - ADDITIONAL LISTINGS OF RU INDIVIDUALS AND NEW LISTING CRITERIA

We are putting forward proposals for **additional listings** of Russian individuals undermining Ukraine's territorial integrity or benefitting from the current aggression. In practice this means that:

- all remaining Duna members (351 already listed)
- members of Russia's National Security Council
- Belarussian individuals who have facilitated the invasion of Ukraine. These individuals are from the military, ministry of defence, Belarussian national security council and border guard services

In parallel, we are putting forward a proposal for an **enlargement of the current listing criteria**, to better capture other forms of support to the Russian regime, including oligarchs.

Additionally, work on preparing a **further economic sanctions package** to cover **Belarus** is under way.