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Crimea and Sevastopol – Substantial EU additional sanctions on investment, services and trade

In order to strengthen the EU's policy of not recognising the annexation of Crimea and Sevastopol by Russia, the Council of the European Union has decided to reinforce the package of restrictive measures adopted on 23 June¹ and 30 July² targeting cooperation and exchanges with those regions. The recent Council Regulation (EU) No 1351/2014³ (hereinafter the "New Regulation") substantially broadens the former restrictions, notably the scope of the ban on investments.

Enlargement of the scope of the EU restrictive measures regarding investment

Council Regulation (EU) No 825/2014 of 30 July 2014 had already introduced a ban on new investments but only with regard to **infrastructure in the sectors of transport, telecommunications and energy and the exploitation of natural resources** in Crimea and Sevastopol.

From 20 December, investments in Crimea and Sevastopol as well as services directly related to the investment ban are now prohibited in all sectors of the economy⁴. In this respect, European and EU-based companies may no longer acquire any new participation or extend any existing participation in ownership of real estate or control of an entity in Crimea or Sevastopol. It is furthermore prohibited to grant loan or credit or otherwise provide financing, including equity capital, to an entity in Crimea or Sevastopol, or for the **documented purpose** of financing such entity. Finally, the creation of joint ventures in Crimea or Sevastopol or with an entity in Crimea or Sevastopol is no longer authorised.

¹ Council Regulation (EU) No 692/2014 of 23 June 2014

² Council Regulation (EU) No 825/2014 of 30 July 2014

³ OJEU of 19 December 2014, L 365/46

⁴ Article 2a of the New Regulation

Tourism activities prohibited⁵

In addition, the New Regulation also provides for a prohibition on services related to **tourism activities in Crimea and Sevastopol, including in the maritime sector**. In particular, its European cruise ships shall no longer be permitted to enter into or to call at any port in the Crimean Peninsula listed in Annex III of the Regulation⁶, except for reasons of maritime safety in cases of emergency.

This prohibition applies to ships flying the flag of a Member State or any ship owned and under the operational control of a European Union ship owner or any ship over which a European Union operator has assumed overall responsibility as regards its operation.

The restrictions mentioned in the two above sections do not apply to the execution of an obligation arising from a **contract concluded before 20 December 2014**, or ancillary contracts necessary for the execution of such a contract, **provided that the competent authority has been informed** at least five working days in advance.

Restrictions related to certain goods and technology⁷

The New Regulation provides for a prohibition on services in the sectors of transport, telecommunications, energy and exploitation of oil, gas and minerals in Crimea and Sevastopol. In addition, the former export prohibition on goods and technology in the sectors of transport, telecommunications, energy and exploitation of oil, gas and minerals, has been broadened.

The sale, supply, transfer and export of goods and technology as listed in Annex II of the Regulation to any natural or legal person, entity or body in Crimea or Sevastopol or for use in Crimea and Sevastopol are now prohibited.

The former Annexes II and III of Council Regulation (EU) N°692/2014, as amended, contained a list of mineral resources as well as key equipment and technology related to the creation, acquisition or development of infrastructure in the sectors of transport, telecommunications, energy, and the exploitation of oil, gas and mineral reserves in Crimea and Sevastopol. These annexes have been replaced by a single "Annex II", which includes certain goods and technologies suited for use in the sectors of transport, telecommunications, energy as well as the prospection, exploration and production of oil, gas and mineral resources.

The direct or indirect provision of technical assistance or brokering services related to the goods and technology listed in Annex II or related to the provision, manufacture, maintenance and use of such items to any natural or legal persons, entity or body in Crimea and Sevastopol are prohibited. It shall furthermore no longer be permitted to provide technical assistance, or brokering, construction or engineering services directly relating to infrastructure in Crimea or Sevastopol in the sectors referred to in the previous paragraph as defined on the basis of Annex II, independently of the origin of the goods and technology.

Finally, the provision of financing or financial assistance related to the above-mentioned goods and technology is also subject to a ban.

⁵ Article 2d of the New Regulation

⁶ Namely Sevastopol, Kerch, Yalta, Theodosia, Evpatoria, Chernomorsk, and Kamysh-Burun.

⁷ Article 2b and 2c of the New Regulation

The prohibitions described in this section do not apply to the **execution prior to 21 March 2015 of an obligation arising from a contract concluded before 20 December 2014**, or from ancillary contracts necessary for the execution of such contracts, provided that the competent authority has been informed at least five working days in advance.

Conclusion

In order to minimise the effect of such restrictive measures on economic operators and on the civilian population in Crimea and Sevastopol, the New Regulation further provides exceptions and transitional periods. The restrictive measures are indeed directly applicable and binding in the member States.

To follow the developments, you may consult the websites of the [competent authorities in Luxembourg](#), including the [Luxembourg prudential surveillance authority](#) (CSSF), the [Luxembourg Ministry of Finance](#) as well as the European Commission's [consolidated list](#) of persons subject to sanctions.

For further information please contact:



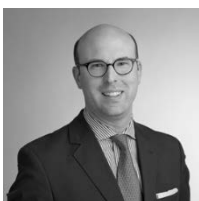
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