Switzerland has adopted the European Union's 13th sanctions package – Implications and action points for companies

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Key takeaways

- **Switzerland implemented the EU's 13th sanctions package: New measures against Russia.**
- **Over one hundred natural persons and nearly ninety companies sanctioned.**
- **Focus on the Russian military-industrial complex and the production of military equipment;**
- **New trade restrictions to prevent sensitive goods deliveries to Russia.**
- **Contractual obligation to prevent re-export: Action required for exporters.**

New Sanctions against Russia

In response to Russia's ongoing aggression against Ukraine, Switzerland has adopted the EU's 13th sanctions package.

These measures came into effect on 1 March 2024 and include sanctions against over one hundred natural persons and nearly ninety companies, mainly active in the Russian military-industrial complex.

In addition, the contractual obligation to prevent re-export came into force on 20 March 2024.

Sanctioned persons and companies

Companies involved in the manufacture of missiles, drones, and other military equipment are the focus of the sanctions.

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These measures may have a significant impact on business activities, particularly for companies with links to the Russian market.

New trade restrictions

In addition to the sanctions on individuals and companies, new trade restrictions have been introduced to prevent the purchase of sensitive goods and technologies for the Russian military.

Exporters should be aware that the sale and export of certain components that can be used for the development and manufacture of drones has been prohibited since 1 March 2024.

Contractual obligation to prevent re-exportation

According to Article 14f of the Ordinance on Measures in Connection with the Situation in Ukraine, exporters must contractually prohibit the re-export of goods listed in Annexes 3 and 19 as well as high priority goods listed in Annex 31 to a third country (outside the EEA and/or a partner country) for sale, delivery, export, transportation and transit to or for use in Russia.

This contractual obligation has been in effect since 20 March 2024 and requires appropriate remedial measures in the event of a breach.

Exporters are also obliged to report any violations promptly to the State Secretariat for Economic Affairs ("SECO").

SECO interpretation aid

SECO has published an interpretation guide containing possible formulations of the contractual clause in German, French, and English.

This interpretation guide provides support for companies to ensure that their contracts comply with the new requirements.

Companies should use this interpretation aid to review their existing contracts and, if necessary, adapt them to ensure compliance with the new regulations.

Next steps

For companies involved in international trade, it is crucial to stay informed about the new sanctions and trade restrictions and to adapt their business practices if necessary. We recommend consulting the official communications from SECO and the EU on this topic and seeking legal advice if necessary.

Pestalozzi has many years of experience in drafting, negotiating and enforcing contractual obligations. We are happy to assist you in analyzing your business relationships and can advise you on the options available to deal with direct and indirect effects of sanctions on contractual relationships.

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No legal or tax advice

This legal update provides a high-level overview and does not claim to be comprehensive. It does not represent legal or tax advice. If you have any questions relating to this legal update or would like to have advice concerning your particular circumstances, please get in touch with your contact at Pestalozzi Attorneys at Law Ltd. or one of the contact persons mentioned in this legal update.

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