Expansion of the sanctions list regarding Russia

19.07.2024

Key takeaways

- **On 24 June 2024, the EU adopted the 14th sanctions package, covering three areas: the energy sector, the financial sector, and the goods sector.**
- **This extended sanctions list regarding Russia came into force in Switzerland on 9 July 2024 at 18:00.**
- **The Federal Council is currently examining the adoption of further measures contained in this sanctions package.**
- **These 116 other persons, including natural persons, companies, and organizations, are now subject to sanctions in Switzerland.**

Introduction

The EU's 14th sanctions package was adopted on 24 June 2024. Several sanctions have been introduced as part of this sanctions package, including those in the energy, financial, and goods.

Key points

Energy sector

- Banning on transshipment of Russian liquefied natural gas (LNG) in the EU for further transportation to third countries;
- Prohibiting new investments and deliveries for ongoing LNG projects in Russia, and

Pestalozzi Rechtsanwälte AG
Feldeggstrasse 4
CH-8008 Zürich
T +41 44 217 91 11
zrh@pestalozzilaw.com

Pestalozzi Avocats SA
Cours de Rive 13
CH-1204 Genève
T +41 22 999 96 00
gva@pestalozzilaw.com

pestalozzilaw.com

- Importing restrictions for Russian LNG via terminals not yet connected to the natural gas grid.

Financial sector

- Ban on using the Russian SPFS messaging system for EU organizations;
- Prohibition on transactions with listed organizations that use SPFS, and
- Ban on transactions with financial institutions that support the Russian defense industry.

Import and export restrictions

- Extended export restrictions for organizations that support Russia's arms industry;
- Expanded list of goods like those machine tools and offroad vehicles that may not be exported for the Russian defense industry, and
- New import restrictions on helium from Russia but the support for Liechtenstein in applying similar measures.

Implementation in Switzerland

Following this sanctions package, the Federal Council amended the Ordinance on Measures in Connection with the Situation in Ukraine on 8 July 2024. During this process, 116 additional persons were sanctioned. However, Switzerland did not fully adopt the sanctions package. The additional EU measures listed above are currently being examined so that the Federal Council can consider whether to adopt them.

Newly sanctioned persons, companies, and organizations

By way of the Federal Department of Economic Affairs, Education and Research (EAER), Switzerland, on 8 July 2024, sanctioned 69 additional natural persons and 47 companies and organizations.
The newly sanctioned natural persons include, in particular, business people, propagandists, members of the armed forces, and the judiciary.

The newly sanctioned companies and organizations are mainly Russian arms companies, like OJSC "Machinebuilding plant 'Mayak'", a company in the Russian military industry. The sanctioned companies also include those actively involved in skirting sanctions in the financial and trade sectors. PV Bridge, for example, is actively involved in sanction evasion by playing the role of a key player in both financial transactions and in the supply of banned EU goods to Russia, using its partnership with third countries. More sanctioned companies can be found on this list.

The total number of sanctioned individuals, companies, and organizations is more than 2,200, which is also the same number as in the EU.

No ban on advertising in Switzerland

Voice of Europe, RIA Novosti, Izvestija, and Rossiiskaja Gazeta, four different Russian media companies, now subject to an advertising ban due to continuous propaganda and disinformation campaigns. This is a measure in the EU.

In Switzerland, these companies are not subject to a broadcasting ban. The Federal Council continues to believe that it is more effective to refute untrue and harmful statements with facts rather than to banning them.

Next steps

Both the European Council and the Federal Council have reaffirmed their support for Ukraine with the introduction of measures to weaken Russia's ability to wage war through tougher sanctions. The new sanctions package is intended to close regulatory loopholes and prevent avoiding sanctions. Although there is no automatic mechanism, Switzerland has adopted many of the EU's sanctions against Russia. The Federal Council, however, confirms that it still does not want to issue an advertising ban; it doubts the effectiveness of a ban. It remains to be seen whether further measures will be introduced.

Authors: Markus Winkler (Counsel), Xenia Pisarewski (Associate), Minh Thy Janine Nguyen (Trainee)

No legal or tax advice

This Legal Update provides a general overview of the legal situation in Switzerland and does not claim to be exhaustive. It does not constitute legal or tax advice. If you have any questions about this Legal Update or require legal advice regarding your situation, please get in touch with your contact person at Pestalozzi Attorneys at Law Ltd. or one of the contact persons mentioned in this Legal Update.

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Oliver Widmer

Partner
Attorney at law
Head Financial Services

Pestalozzi Attorneys at Law Ltd
Feldeggstrasse 4
8008 Zurich
Switzerland
T +41 44 217 92 42
oliver.widmer@pestalozzilaw.com

