



Department
for Business
Innovation & Skills

EU Sanctions against Russia

Date 5 December 2014

Further information

Contents

Introduction	2
Restrictions on energy-related goods, technologies, and associated services.....	2
Financial Assistance	6
Technical assistance.....	8
Arms embargo.....	9
Restrictions on dual-use items.....	10
Competent Authorities	11
Licence refusals and appeals.....	11
Compliance and enforcement	12
Further information	12

Introduction

The European Union has imposed two rounds of sanctions on Russia since the end of July 2014.

The first set of sanctions was imposed on 31 July 2014 via [Council Decision 2014/512/CFSP](#) and [Council Regulation \(EU\) No 833/2014](#).

On 12 September 2014, the EU amended the Decision and Regulation and adopted new measures via [Council Decision 2014/659/CFSP](#) and [Council Regulation \(EU\) No 960/2014](#).

On 5 December 2014 the EU provided additional clarity on the scope of certain elements of the sanctions via [Council Decision 2014/872/CFSP](#) and [Council Regulation \(EU\) No 1290/2014](#).

Information on the overall scope of each round of sanctions, and the subsequent clarifications, was provided in Notices to Exporters [2014/22](#), [2014/25](#), and [2014/xx](#) respectively. This FAQ seeks to address the questions most commonly asked about the sanctions. You are strongly advised to read the Decisions and Regulations themselves. Nothing in this document should be taken to be legal advice – if you require legal advice you should make your own arrangements.

Restrictions on energy-related goods, technologies, and associated services

Where can I find the list of restricted goods and technologies?

The technologies concerned are defined in Article 3 and Annex II of [Council Regulation No 833/2014](#).

What restrictions apply to those goods and technologies?

A licence is required for the sale, supply, transfer or export of the listed technologies to Russia, or for any other country where the technologies are for use in Russia, including its Exclusive Economic Zone and Continental Shelf. A licence will not be granted if there are reasonable grounds to determine that the sale, supply, transfer or export of the technologies is for use in connection with the following:

- (a) oil exploration and production in waters deeper than 150 metres;
- (b) oil exploration and production in the offshore area north of the Arctic Circle; or
- (c) Projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing. It does not apply to exploration and production through shale formations to locate or extract oil from non-shale reservoirs.

A licence is also required for the provision of technical assistance, brokering services, financing and financial assistance related to the sale, supply, transfer or export of these technologies to Russia or for use in Russia, including its Exclusive Economic Zone and Continental Shelf. Again, a licence will not be granted if there are reasonable grounds to determine that the transaction relates to a project pertaining to oil exploration and production in waters deeper than 150m, oil exploration and production in the offshore area north of the Arctic Circle, or shale oil projects (as defined above) in Russia,

including its Exclusive Economic Zone or Continental Shelf.

However a licence may be granted where the transaction is for one of the specified oil projects in Russia and that transaction concerns the execution of an obligation arising from a contract concluded before 1 August 2014 or ancillary contracts necessary for the execution of such contracts. A licence may also be granted where the sale, supply, transfer or export of the items, or provision of related services, is necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment. In “duly justified cases of emergency” an activity may proceed without a licence; however the exporter or service provider must provide the Export Control Organisation with a written notification within 5 working days of the export or service giving full details of the transaction and a justification as to why it was necessary to proceed without a licence.

What “associated services” are affected?

From 12 September 2014 it is **prohibited** to provide specified services necessary for the following projects in Russia, including its Exclusive Economic Zone and Continental Shelf:

- (a) oil exploration and production in waters deeper than 150 metres;
- (b) oil exploration and production in the offshore area north of the Arctic Circle; or
- (c) Projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing. It does not apply to exploration and production through shale formations to locate or extract oil from non-shale reservoirs.

The specified services are:

- i. Drilling
- ii. Well testing
- iii. Logging and completion services
- iv. Supply of specialised floating vessels

There is an exemption for the execution of an obligation arising from a contract or a framework agreement concluded before 12 September 2014 or ancillary contracts necessary for the execution of such contracts.

There is also an exemption where the services in question are necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment. In this case, the service provider must notify the Export Control Organisation within five working days of any activity undertaken, providing full details of the activity and the relevant justification. .

Can I be granted a licence to carry out any of the “associated services”?

No. The provision of those services is prohibited, unless one of the exemptions applies.

If the service represents the execution of an obligation arising from a contract or framework agreement concluded before 12 September 2014, or an ancillary contract necessary for the execution of such a contract, you do not need to apply for a licence or

seek clearance from the Government to carry out that activity. However you should retain sufficient documentary evidence (such as a copy of a contract concluded before 12 September 2014) to demonstrate that you acted in compliance with the sanctions.

If no such contractual obligation exists and you are providing the service because it is necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment, then you must notify the Export Control Organisation within 5 working days of the activity undertaken. The notification must give full details of the activity and provide a justification for why it was necessary to provide the service.

If an exemption does not apply we cannot authorise your involvement in any of the listed services.

My goods are not in Annex II but I am supplying them for use in the oil industry in Russia. Do I need a licence?

A licence is required for export of goods and technologies listed in Annex II, as well as for dual-use and military items.

I am exporting goods listed in Annex II to Russia but they are not for use in the oil industry. Do I need a licence?

Yes. A licence is required for export to Russia of goods and technologies listed in Annex II regardless of intended or actual end-use.

I am transferring goods listed in Annex II to another EU Member State but I know they will ultimately be for use in Russia. Do I need to apply for a licence?

A licence will only be required when the goods leave the EU. In all cases the licence application must be made in the Member State where the exporter is established.

If a component listed in Annex II is incorporated into a larger finished product which is not itself listed in Annex II, is a licence required?

The requirement for prior authorisation applies to items listed under the CN codes listed in Annex II to [Council Regulation \(EU\) No 833/2014](#). If the item to be supplied has a CN code that is not listed in Annex II then an authorisation is not required even if that item contains a listed item as a component.

Our company supplies personnel to the oil industry in Russia. Would these activities fall under the scope of the Russia sanctions?

The answer depends on what those personnel will be doing in Russia. Under the sanctions it is prohibited to provide, directly or indirectly, any of the specified “associated services” to the specified sectors of the oil industry in Russia. In addition, prior authorisation is required to provide, directly or indirectly, technical assistance related to technologies listed in Annex II. It is also prohibited to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent these measures. The sanctions apply to nationals of an EU Member State, to any legal entity or body incorporated or constituted under the law of a Member State, and to any business done in whole or in part within the EU.

Any EU national or business directly engaged in providing the “associated services” or technical assistance described above is subject to the sanctions. A company arranging the supply of staff to carry out those activities may be considered to be *indirectly* supplying the services or assistance (because they are arranging for someone else to provide that service/assistance). In that case the company’s activities would be subject to the sanctions.

Note that the exemptions relating to “associated services” may still apply, and that a licence may be granted for provision of technical assistance, if the appropriate conditions are met.

I am supplying other services – such as HR or payroll services – to companies in the oil sector in Russia. Do the sanctions apply to my activities?

The sanctions only apply to the provision, directly or indirectly, of the specified services.

How do I apply for a licence?

Licence applications must be submitted using the appropriate application form to the Export Control Organisation (ECO) in the Department of Business, Innovation and Skills (BIS) via, [SPIRE](#), the online export licensing system. The ECO can be contacted by email at eco.help@bis.gsi.gov.uk or by phone on 020 7215 4594.

Note: If you are applying for a licence for “brokering services” related to Annex II technologies you will need to apply for a Standard Individual Trade Control Licence (SITCL). We recognise that because the licence application form was designed for overseas trade in military goods not all the questions will be relevant to the supply of goods subject to sanctions. Please write “Not applicable” where this is the case.

How do I make notifications for use of the “emergency procedure” under Articles 3, 3a and 4(3)?

Send the notification by email to eco.help@bis.gsi.gov.uk with the following in the subject line: **Notification under Article [3, 3a, and/or 4(3) – delete as appropriate] of Regulation 833/2014**. The notification must include full details of the goods supplied or the service provided, and must include a full justification of why the use of the emergency procedure was necessary (e.g. a description of the event that was likely to have a serious and significant impact on human health and safety of the environment, and why the provision of your goods or services were necessary to prevent or mitigate that event).

I have a contract to supply Annex II goods to Russia but the goods will be delivered by a sister company in another EU Member State. Who should apply for the licence?

The licence must be applied for in the Member State where the exporter is established. The exporter is the person holding the contract with the customer outside the EU, therefore in this case you should apply for the licence. In doing so you must tell us the Member State from which the goods will be delivered.

Is a licence to supply Annex II goods valid throughout the EU?

Yes, a licence to supply Annex II goods is valid throughout the EU.

What information must I provide in support of a licence application?

You must provide full details of:

- The goods and/or technology you wish to export.
- The consignee and, if different, the end-user of the goods and of any third party involved in the transaction.
- The intended end-use of the goods, including (where known) the project name and the location where the goods will be used.

What happens then?

The ECO will consider your application carefully against the terms of the EU sanctions. You may be asked to provide further information or clarification. You will be informed of the outcome of your application via the SPIRE system.

How long will it take to process a licence application?

The median processing time for licence applications for Russia is currently 21 working days.

I have been told it will take 20 days to process a licence application. Can't you do it more quickly?

We aim to deal with all licence applications promptly. 20 working days is our target for processing 70% of licence applications for export of military and dual-use items. We are currently processing 49% of licence applications for Russia within 20 working days, and 98% within 60 working days. The median processing time is 21 working days.

Do these sanctions prohibit all engagement in the Russian shale, arctic and deep water sectors?

There are restrictions and prohibitions on the sale and supply of specified goods; on the provision of related technical assistance, brokering services and financing and financial services; and on the provision of specified services to projects pertaining to oil exploration and production in waters deeper than 150m, oil exploration and production in the offshore area north of the Arctic Circle, or shale oil projects (as defined above) in Russia, including its Exclusive Economic Zone or Continental Shelf. While the Government can give general advice and guidance about the scope of these new restrictions and how to comply with them, we cannot give legal advice – companies requiring legal advice should make their own arrangements.

Financial Assistance

What is meant by 'financial assistance'?

There is no definition of "financial assistance". We understand the term in its broadest sense, i.e. involvement in any financial transaction which promotes, enables or facilitates the prohibited or restricted trade transaction to which it relates.

Does 'financial assistance' include the processing of payments for prohibited/restricted trade transactions?

Yes, it is our view that this is a form of financial assistance.

Does ‘financial assistance’ include the provision or brokering of insurance or reinsurance for the transport of prohibited or restricted goods?

The prohibition on the provision of financing and financial assistance related to the supply of items on the EU Common Military List specifically refers to “insurance and re-insurance”. In addition, we have amended the Export Control Order 2008 to make Russia an “embargoed destination” under the UK’s national controls on trade (i.e. brokering) in goods on the UK Military List.

There is no reference to “insurance or reinsurance” in the corresponding measures relating to provision of financial assistance for supply of dual-use items or Annex II technologies. As a result we consider that these other measures do not include insurance or reinsurance.

I have to process a payment for a trade transaction that has already taken place. Do I still need a licence?

For financial assistance related to military and to dual-use items, the provision of financial assistance is prohibited unless the assistance is an obligation arising from a contract or agreement concluded before 1 August 2014. In this case no licence is required. You should however retain sufficient records to demonstrate that the assistance provided was an obligation arising from a contract or agreement concluded before 1 August 2014

For financial assistance related to the list of energy related technologies in Annex II of the Regulation, a licence is required in all circumstances. Where the assistance is an obligation arising from a contract or agreement concluded before 1 August 2014 the Regulation permits us to grant a licence where otherwise we would have to deny a licence, but it does not remove the requirement for a licence to be in place before the assistance is provided.

The ECO has already authorised the trade transaction. Do I need a licence to process the payment?

Yes. The Regulation requires that the provision of financial assistance be authorised in advance. However you should indicate on your application that a licence for the trade transaction has already been granted and this will allow us to process your application more quickly.

Can a single licence authorise both the trade transaction and any related financial assistance?

A licence is generally granted to a single named entity or individual. In most cases the trade and financial aspects of the transaction will be carried out by separate entities or persons and therefore separate licences will be required.

Can a single licence for financial assistance authorise multiple payments?

Yes. Please provide a schedule of proposed payments in support of your application

Who is responsible for granting licences for financial assistance?

The Export Control Organisation in BIS is the licensing body for financial assistance under Article 4(3) of the Regulation.

How do I apply for a licence?

Licence applications must be submitted to the Export Control Organisation (ECO) in the Department of Business, Innovation and Skills (BIS) via [SPIRE](#), the online export licensing system. The ECO can be contacted by email at eco.help@bis.gsi.gov.uk or by phone on 020 7215 4594.

What information must I provide in support of a licence application?

You must provide full details of:

- The financial assistance you wish to provide
- The trade transaction to which the financial assistance relates
- All the parties involved in the transaction

What happens then?

The ECO will consider your application carefully against the terms of the EU sanctions. You may be asked to provide further information or clarification. You will be informed of the outcome of your application via the SPIRE system.

How long will it take to process a licence application?

The median processing time for licence applications for Russia is currently 21 working days.

I have been told it will take 20 days to process a licence application. Can't you do it more quickly?

We aim to deal with all licence applications promptly. 20 working days is our target for processing 70% of licence applications for export of military and dual-use items. We are currently processing 49% of licence applications for Russia within 20 working days, and 98% within 60 working days. The median processing time is 21 working days.

Technical assistance

What is technical assistance?

“Technical assistance” is defined in the Regulation as “any technical support related to repairs, development, manufacture, assembly, testing, maintenance, or any other technical service, and may take forms such as instruction, advice, training, transmission of working knowledge or skills or consulting services; including verbal forms of assistance”.

Who is responsible for granting licences for technical assistance?

The Export Control Organisation in BIS is the licensing body for technical assistance under Article 4(3) of the Regulation.

How do I apply for a licence?

Licence applications for technical assistance must be submitted to the Export Control Organisation (ECO) in the Department of Business, Innovation and Skills (BIS). If you are providing technical assistance as part of a transaction that also involves the export or supply of goods or technology for which an export licence is required, you should ensure that your export licence application also specifies the technical assistance to be provided. In this case you should submit your application via [SPIRE](#), the online export licensing system.

If you are providing technical assistance as a stand-alone activity, you should apply in writing to eco.help@bis.gsi.gov.uk with "Technical assistance licence" in the subject line.

What information must I provide in support of a licence application?

You must provide full details of:

- The technical assistance you wish to provide, including details of the goods or technology to which the assistance relates
- The end-use of the goods or technology for which you are providing assistance
- All the parties involved in the transaction

What happens then?

The ECO will consider your application carefully against the terms of the EU sanctions. You may be asked to provide further information or clarification. You will be informed of the outcome of your application via the SPIRE system or in writing, depending on how your application was submitted.

How long will it take to process a licence application?

The median processing time for licence applications for Russia is currently 21 working days.

I have been told it will take 20 days to process a licence application. Can't you do it more quickly?

We aim to deal with all licence applications promptly. 20 working days is our target for processing 70% of licence applications for export of military and dual-use items. We are currently processing 49% of licence applications for Russia within 20 working days, and 98% within 60 working days. The median processing time is 21 working days.

Arms embargo

I already have a licence to export military goods to Russia. Is that licence still valid?

We have reviewed extant licences to ensure they are consistent with the Regulation. We have already contacted licence holders directly if they are affected by the new sanctions.

Is Russia now an “embargoed destination” under the UK’s trade controls?

Yes, we have amended the Export Control Order 2008 to add Russia to the list of “embargoed destinations” (i.e. Part 2 of Schedule 4 of the Order).

I have a contract to supply military goods to Russia that was signed before 1 August 2014. Will I be granted an export licence?

We will assess all export licence applications for military items against the terms of the Regulation and against the Consolidated EU and National Arms Export Licensing Criteria. You should provide a copy of the relevant contract in support of your application. The existence of a relevant contract does not guarantee that a licence will be granted.

Restrictions on dual-use items

What is the definition of dual-use items?

“Dual-use” means those items listed in Annex I to [Regulation \(EC\) No 428/2009](#), as amended - this is the EU Dual-Use Regulation. The current EU Dual-Use List is published in the UK as part of the UK Strategic Export Control Lists. See: <https://www.gov.uk/government/publications/uk-strategic-export-control-lists-the-consolidated-list-of-strategic-military-and-dual-use-items-that-require-export-authorisation>

I already have a licence to export dual-use items to Russia. Is that licence still valid?

We have reviewed extant licences to ensure they are consistent with the Regulation. We have already contacted licence holders directly if they are affected by the new sanctions.

I have a contract to supply dual-use goods to Russia for a military end-use that was signed before 1 August 2014. Will I be granted an export licence?

We will assess all export licence applications for dual-use items against the terms of the Regulation and against the Consolidated EU and National Arms Export Licensing Criteria. You should provide a copy of the relevant contract in support of your application. The existence of a relevant contract does not guarantee that a licence will be granted.

I am supplying non-listed dual-use items for a military end-use or to a military end-user in Russia. Do I need a licence?

Because Russia is subject to an arms embargo imposed by a Decision adopted by the Council of the EU the “Military End-Use” control applies to export to Russia of non-listed dual-use items. As a result, if you are aware, or have been informed by the ECO, that the items are or may be intended for a military end-use in Russia then you should apply for a licence.

The 'Military End-Use' control is set out in Articles 4(2) and 4(4) of Council Regulation 428/2009. Further guidance on the control can be found here:
<https://www.gov.uk/military-end-use-control-guidance-notes>

Are there any restrictions on exporting dual-use items to specific named entities?

[Council Regulation \(EU\) No 960/2014](#) extends the prohibition on the sale, supply, transfer or export of dual-use items and the provision of technical assistance, financing and financial assistance and brokering services related to the sale, supply, transfer or export of these goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly to any person, entity or body in Russia, as listed in Annex IV to the Regulation. The entities listed in Annex IV are as follows:

- **List of natural or legal persons, entities or bodies, referred to in Article 2a**
- JSC Sirius
- OJSC Stankoinstrument
- OAO JSC Chemcomposite
- JSC Kalashnikov
- JSC Tula Arms Plant
- NPK Technologii Maschinostrojenija
- OAO Wysokototschnye Kompleksi
- OAO Almaz Antey
- OAO NPO Bazalt

Competent Authorities

Who are the “competent authorities” under the Regulation?

The Export Control Organisation in BIS is the competent authority for Articles 2, 2a, 3, 3a and 4. HM Treasury are the competent authority for Article 5.

Licence refusals and appeals

Can a licence be refused?

Yes. A licence will be refused where the transaction would be a breach of any of the provisions of the Regulation. For licence applications for the export or supply of military or dual-use items we will also assess the application against the Consolidated EU and National Arms Export Licensing Criteria.

If a licence is refused, can I appeal?

Yes. We will give you as much information as possible about the reason for refusal and you will then have 28 days in which to submit an appeal in writing. Your appeal should be supported, where possible, by additional information that you believe wasn't taken into account in our original decision.

Compliance and enforcement

Has the Government created national legislation to enforce the provisions of the sanctions?

The [Export Control \(Russia, Crimea, and Sevastopol Sanctions\) Order 2014 \(SI 2014/2357\)](#), as amended by the [Export Control \(Russia, Crimea, and Sevastopol Sanctions\) \(Amendment\) Order 2014 \(SI 2014/2932\)](#) provides for enforcement of those elements of the trade sanctions that cannot be enforced through existing legislation (for example the Customs & Excise Management Act 1979 or the Export Control Order 2008). The Order also adds Russia to the list of “embargoed destinations” for the purposes of the UK’s controls on overseas trade in military goods.

How will Government ensure compliance?

We expect all UK companies to comply fully with the sanctions, and Government is committed to helping businesses comply. HMRC and the Border Force are responsible for ensuring compliance with export controls and trade sanctions and they have a range of measures available to them to ensure compliance. The unlicensed export of controlled goods is a criminal offence and serious and deliberate evasion of the controls may lead to prosecution.

Further information

Where can I get further information?

Information about doing business in Russia in respect of the sanctions is published at: <https://www.gov.uk/government/news/doing-business-in-russia-and-ukraine-sanctions-latest>

The ECO can be contacted by email at eco.help@bis.gsi.gov.uk or by phone on 020 7215 4594.

While the Government can give general advice and guidance about the scope of these new restrictions and how to comply with them, we cannot give legal advice – companies requiring legal advice should make their own arrangements.

Contact details

For further details of strategic export controls, please contact:

Export Control Organisation,

Department for Business, Innovation and Skills

1 Victoria Street

London SW1H 0ET

Tel: 020 7215 4594 Fax: 020 7215 2635 E-mail: eco.help@bis.gsi.gov.uk

More information on export controls is available on the ECO pages of the [GOV.UK](#) website, also the [SPIRE Export Licensing Database](#).

For further details of financial sanctions, please contact:

Financial Sanctions

HM Treasury

Horse Guards Road

London SW1A 2HQ

Email: financialsanctions@hmtreasury.gsi.gov.uk

Website: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

Export Control Organisation, 5 December 2014

BIS/14/1284