



## **Maintenance and Alignment Sanctions Package**

*27 July 2022*

### **Introduction**

The 24 February 2022 signalled the beginning of Moscow’s invasion and escalation of the long-standing conflict with Ukraine. Since the Russian invasion of Ukraine, the European Union has adopted a total of six sanctions packages covering a wide range of sectors, targeting the Russian economy aiming to undermine Moscow’s possibility to enhance its military capabilities.

On the 21 July 2022 the European Council adopted the Commission’s proposal for amending and implementing a new (7th) sanctions package. This new sanctions package has been announced as the “Maintenance and Alignment” package by the European Commission (the alignment package), as the package aims at clarifying a number of provisions in the previous sanctions packages, among other that the EU sanctions shall not

be a hindrance for the proliferation of agricultural products. Further, the package seeks to align the current EU sanctions with those adopted by members of the G7.

### **The Maintenance and Alignment Package**

The alignment package<sup>1</sup> took effect immediately on 21 July 2022 and includes the following main items:

- The existing ban on export of dual-use goods and advanced technology is extended to cover further items, which might contribute to Russia's military and technological enhancement or the development of its defence and security sector. The extension covers, among others, special materials such as fibres used in aircraft, manufacturing tools, i.e., machine tools that can be used to produce industrial components or weapons, and items used in law enforcement.
- A new ban on directly or indirectly importing, purchasing or transferring Russian-origin gold exported from Russia after the 22 July 2022.
- The existing prohibition on Russian vessels accessing European ports is extended to also include a prohibition for Russian vessels using European locks (for water navigation).
- A new allowance for sharing technical assistance with Russian entities in relation to aviation goods and technology within the framework of the International Civil Aviation Organization.
- The existing exemption from the prohibition on engaging with Russian state-owned entities is extended regarding agricultural products and the oil supply to third countries.
- Further, 48 Russian persons and nine entities are added to the European Union Financial Sanctions List, associated with the Russian military-industrial complex. Also added to the list are six Syrian persons and one entity suspected of assisting with the recruitment of personnel to fight for Russia in Ukraine.

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<sup>1</sup> [Regulation \(EU\) 2022/1270 of 21 July 2022](#), [Regulation \(EU\) 2022/1269 of 21 July 2022](#), [Regulation \(EU\) 2022/1273 of 21 July 2022](#), and [Regulation \(EU\) 2022/1274 of 21 July 2022](#).

- In addition to the above items, the package includes a number of clarifications and smaller adjustments, and amendments are included throughout the existing sanction's framework targeting Russia and Belarus.

### **How to stand on the Sanctions?**

Since the invasion, sanctions have grown to affect a sizable part of trade and services with Russia and Belarus. It is now so that sanctions are no longer a niche legal sector, which only undertakings operating in selected markets and geographical areas should be aware of. The current outreach of the sanctions imposed on Russia and Belarus means that all undertakings should be wary hereof, as even without direct relation to Russia or Belarus undertakings can unintentionally infringe imposed sanctions.

Undertakings should not only consider their own regulatory compliance but also the effect of any collaboration with Russian and/or Belarusian entities may have on a brand. Recently undertakings have been subject to harsh negative publicity, and business connections have been severed due to continued collaboration with the Russian and/or Belarusian market – this is especially prevalent for undertakings with direct consumer sales.

Investors need to be careful, and KYC (“Know Your Client”) investigations are even more important to ensure regulatory compliance with sanctions, as the financial sanctions list keeps expanding. Further, the sanctions and the lasting effects hereof should be considered and thoroughly investigated when making investments. Not only can the direct economic consequences of fines and higher prices negatively affect one's investment, but also a potential target's involvement with Russia or Russian entities could potentially paralyze the target entity and/or have insurmountable consequences for the target's brand, which consequently can have a grave effect on investment.

It is therefore important to ensure that a potential target can sustain itself under the sanction regime and the effects hereof, as well to ensure that there exist no undisclosed ties to Russia or Russian entities.

### **Final Remarks**

As Moscow's invasion continues and potential war crimes and atrocities are uncovered, it seems likely that the Western societies must adapt to long-lasting sanctions against Russia. Even if Moscow were to re-establish the status quo before 24 February 2022, it seems unlikely that the sanctions would also revert hereto.

It is likely that some individuals would be removed from the financial sanctions list, and trade in some market sectors might once again be unhindered. However, restrictions on trade and financial services which can assist in enhancing the capabilities of the Russian military

and government should be expected to stay in force for a long time. Further, the ongoing changes made to Europe's energy supply and untangling of Europe's dependence on Russian energy are hardly going to be reverted either.

We would therefore advise that undertakings implement appropriate policies and procedures which accounts for these new circumstances, to help ensure compliance throughout an undertaking's affiliations and supply chain.

### **Need help navigating in the fast-changing markets?**

At Moalem Weitemeyer, we closely follow these continued developments, engaging our expertise in a wide range of legal fields to ensure we can provide up-to-date legal advice as the conflict unfolds.

We have set up teams ready to help our clients navigate these changed environments.

**If you have any questions or require further information regarding any of the above, please do not hesitate to contact us:**



Pernille Nørkær  
Partner

[Pernille.noerkaer@moalemweitemeyer.com](mailto:Pernille.noerkaer@moalemweitemeyer.com)



Jeanette Kjeldgaard Rasmussen  
Senior Associate

[Jeanette.rasmussen@moalemweitemeyer.com](mailto:Jeanette.rasmussen@moalemweitemeyer.com)



Henrik Ringgaard Diget  
Associate

[Henrik.diget@moalemweitemeyer.com](mailto:Henrik.diget@moalemweitemeyer.com)

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