

EU MEASURES IN RESPONSE TO THE WAR IN UKRAINE - 13 APRIL

EU adopts fifth package of sanctions against Russia and Belarus

The package of sanctions adopted by the Council on 8 April includes a **prohibition** to provide access to EU ports to vessels registered under the flag of Russia as of 16 April 2022. The new sanctions as outlined in <u>Council Regulation (EU)</u> 2022/576 and Council Regulation (EU) 2022/577 do not apply to:

- the purchase, import or transport into the Union of natural gas and oil, including refined petroleum products, titanium, aluminium, copper, nickel, palladium and iron ore, as well as certain chemical and iron products
- the purchase, import or transport of pharmaceutical, medical, agricultural and food products, including wheat and fertilisers
- the purchase, import or transport into the Union of coal and other solid fossil fuels until 10 August 2022
- transport of nuclear fuel and other goods strictly necessary for the functioning of civil nuclear capabilities
- humanitarian purposes

In addition, the prohibition shall not apply in the case of a vessel in need
of assistance seeking a place of refuge, of an emergency port call for
reasons of maritime safety, or for saving life at sea.

The European Commission published a guidance with <u>FAQs on the enforcement of this prohibion</u>.

The new sanctions also **prohibit any road transport undertakings established** in Russia or Belarus from transporting goods within the EU, including in transit. However, this ban shall not apply to:

- goods in transit between the Kaliningrad region and Russia
- purchase, import or transport into the Union of natural gas and oil, including refined petroleum products, as well as titanium, aluminium, copper, nickel, palladium and iron ore
- purchase, import or transport of pharmaceutical, medical, agricultural and food products, including wheat and fertilisers
- humanitarian purposes
- transport of mail as universal service

The ban entered into force on 9 April but does not apply until 16 April for vehicle or road undertakings which were already in the territory of the EU on 9 April or needs to transit through the EU to return to Russia or Belarus.

The package provides further **export bans**, targeting jet fuel and other goods such as quantum computers and advanced semiconductors, high-end electronics, software, sensitive machinery and transportation equipment, and **new import bans** on products such as wood, cement, fertilisers, seafood and liquor.

CLECAT stresses the importance of a uniform and clear application of the sanctions in the different member States of the EU in order to limit further disruptions of European logistics chains. In this respect national competent public authorities should ensure sufficient resources to guarantee a smooth application of the measures, avoiding further delays in already disrupted supply chain. The ban on Russian vessels from EU ports as well as the import and export bans on different categories of goods implies a lot of additional checks to be done in ports by customs to control cargo covered or exempted by the ban.

Member States enhance cooperation to face transport challenges

Transport ministers held an informal videoconference on 8 April to exchange views on how the European Union could provide a coordinated response on the impact

of the war in Ukraine. With the participation of Ukrainian Minister for Infrastructure, Oleksandr Kubrakov, ministers identified three main areas of work:

- **supporting Ukraine**, in particular by coordinating means of transport to ensure the continuity and fluidity of transport capacities for people, simplifying the mobility of refugees and their economic integration and coordinating logistical flows to facilitate the delivery of material aid to Ukraine and imports of goods into the European Union.
- protecting transport workers, through European coordination of aid solutions, to ensure their safety and to allow operations to continue, while responding to possible needs for international coordination and action (IMO, ICAO, ILO).
- strengthening the resilience of the European transport system to enable the sector to cope with the crisis.

CLECAT welcomes the Member States' commitment to better coordinate their response to the transport challenges posed by the war in Ukraine. This announcement comes after the European Commission proposed two mandates to open negotiations with Ukraine and Moldova on the temporary waiving of certain permit requirements to boost road transport capacity and ease trade links during the current crisis. With Black Sea ports and maritime routes still closed due to the war, transport capacity between Ukraine and EU Member States is significantly lower. Road freight transport and rail freight transport are crucial in helping move products, especially food and agricultural products, to the EU while the war continues to affect traditional routes.

Source: Council of the EU



EC proposes road transport agreements with Ukraine and Moldova

On 6 April, the European Commission sent two recommendations for a Council decision authorising the opening of negotiations with <u>Ukraine</u> and <u>Moldova</u> in order to conclude road freight transport agreements between the EU and both countries. This initiative seeks to secure supply chains, including food security, following Russia's aggression against Ukraine which has closed traditional transport routes.

The agreements would provide more flexibility for road freight transport, allowing Ukrainian, Moldovan and EU hauliers to transit through and operate between each other's territories. The proposal also includes clauses on the recognition of Ukrainian driving licences and certificates of professional competence to further support Ukrainian drivers. The agreements should be limited in time and apply for as long as the impact of Russia's military aggression against Ukraine on transport infrastructures and operations remains severe.

These transport agreements would allow Ukraine to shift important export goods from sea routes, currently unavailable due to the blockage of the Black Sea ports by Russian forces. Moldova is also heavily affected by this blockage, losing essential transport routes through Ukraine for its own exports, with significant impact on its economy. Source: <u>European Commission</u>



Call to capacity increase of the Middle Corridor

Many logistics companies operating rail freight connections between China and the EU are avoiding transit through Russia for security reasons. Instead of the 'main route', which previously served half of all EU-bound rail freight traffic, they opt for the 'middle corridor' through Azerbaijan and Georgia to Istanbul, where the cargo is reloaded onto vessels bound for Trieste. The 'middle corridor' is currently the focus of the market, as it appears to be the most feasible alternative to the main route on the New Silk Road which is currently abandoned by many companies.

The 'middle corridor' offers such an alternative, albeit with limitations. Cargo inevitably needs to cross the Caspian Sea, which greatly limits the capacity of the corridor. The short-haul sea leg across the Caspian Sea is considered a major bottleneck for the route, with only three vessels currently operating between Baku and Aktau. From September onwards, the number of vessels will be increased to six, thus doubling the capacity on the middle corridor.



Russian airlines added to EU Air Safety List

On 11 April, the European Commission <u>updated</u> the EU Air Safety List, which is the list of airlines that are subject to an operating ban or operational restrictions within the EU, because they do not meet international safety standards. The full list is available <u>here</u>.

Following this update, 21 airlines certified in Russia are now included on the EU Air Safety List. According to the Commission, this reflects serious safety concerns due to Russia's forced re-registration of foreign-owned aircraft, knowingly allowing their operation without valid certificates of airworthiness. This is in breach of international aviation safety standards enshrined in the Convention on International Civil Aviation (the Chicago Convention). The Russian Federal Air Transport Agency has allowed Russian airlines to operate hundreds of foreign-owned aircraft without a valid Certificate of Airworthiness.

In announcing the update of the EU Air Safety List, the EU Commissioner for Transport, Adina Vălean, <u>noted</u>: "I want to make it crystal-clear that this decision is not another sanction against Russia; it has been taken solely on the basis of technical and safety grounds. We do not mix safety with politics."



European Commission guidance on Due Diligence

The European Commission has issued a <u>Notice advising EU economic</u> operators that they should take due diligence measures to prevent circumvention of the restrictive measures that the EU has put in place following Russia's invasion of <u>Ukraine</u>. The Commission advises economic operators to take adequate due diligence measures to prevent circumvention of the measures:

- via exports to third countries from where such goods can be diverted easily towards Russia and Belarus; particular attention has to be paid to exports of such goods to countries of the Eurasian Economic Union (EAEU, composed in addition to the Federation of Russia and the Republic of Belarus of the Republics of Armenia and Kazakhstan and of the Kyrgyz Republic), as goods in any member of the EAEU are in free circulation throughout the EAEU;
- through imports from third countries from where the goods concerned can
 be diverted easily to the EU, in particular when such countries do not apply
 restrictions on imports from Russia and Belarus; this is in particular the
 case of goods imported from other EAEU countries.

Due diligence measures that exporters and importers are advised to take are, for instance, the introduction in import and export contracts of provisions destined to ensure that any imported or exported goods are not covered by the restrictions. These may take the form of e.g. a statement that the respect of such provision is an essential element of the contract, or of contractual clauses committing the importer in third countries not to export the concerned goods to Russia or Belarus, and not to resell the concerned goods to any third party business partner that does not take a commitment not to export the concerned goods to Russia or Belarus giving rise to liability in case the latter re-exports the items to those countries.

The Commission also notes that economic operators should foresee that EU customs authorities may carry out more strict controls and may also request conclusive evidence that the concerned goods are not imported from or exported to Russia and Belarus via third countries.

Additionally, to provide further guidance to economic operators, the European Commission published a document with <u>FAQs on circumvention and due diligence</u>.

The European Commission also published a guidance with <u>FAQs on the application of sanctions concerning luxury goods</u>.

More information about the EU sanctions on Russia and Belarus is available on the <u>Commission's dedicated webpage</u>, which includes a detailed timeline on the adopted sanctions and (updated) guidance documents with FAQs.