

18th package of sanctions against Russia

On **July 18, 2025**, the Council of the European Union (hereinafter, EU) published the 18th package of sanctions against Russia and Belarus, one of the most severe to date. This new package introduces changes in the energy, financial, commercial and military sectors. It also adds new individuals, financial institutions, and companies to the prohibitions and sanctions listed in Regulation (EU) 833/2014. The main sanctions by sector are detailed below, with a special emphasis on their impact on foreign trade, the export of military equipment, and restrictions on dual-use products and technologies.

ENERGY SECTOR

As part of the 18th package of sanctions adopted by the EU in response to Russia's aggression against Ukraine, **significant restrictive measures are being introduced in the energy sector** with the aim of drastically reducing Russia's revenues from fossil fuel exports.

One of the main elements of this new package is a total ban on the acquisition, import, or transfer - whether direct or indirect - of petroleum products originating in Russia into the territory of the Union. This restriction also applies to products obtained from Russian crude oil processed in a third country, which represents a substantial tightening of previous measures. However, a limited

exception is provided for imports from certain allied countries, specifically Canada, the United States, the United Kingdom, Norway, and Switzerland, provided they meet specific traceability criteria. This ban will take effect on **January 21, 2026**.

In line with this measure, the EU has decided to remove the temporary exemption that allowed the Czech Republic to continue importing Russian crude oil by pipeline. As of July 1, 2025, this exemption will be revoked, requiring that Member State to completely halt such imports and seek alternative sources of supply.

The EU has also agreed to reduce the price cap set by the G7 for Russian crude oil exports. The **new limit has been lowered from \$60 to \$47.60 per barrel**, which represents a significant adjustment from the previous threshold. This price cap mechanism now includes an automatic review clause every six months to ensure that the maximum **price remains at least 15% below the international market price**, thereby reducing the Kremlin's profit margin and limiting its ability to finance the war effort.

Another key measure in the package is **the ban on importing refined petroleum products originating from third countries but derived from Russian crude oil**, regardless of where they were processed.

18th package of sanctions against Russia

This provision aims to close indirect channels for trading Russian crude oil, making it more difficult for it to enter the European market through triangulation mechanisms.

In terms of logistics and maritime transport, the European Union is significantly expanding the list of sanctioned vessels that form part of the so-called shadow fleet, used by Russia to circumvent sanctions and transport oil without transparency. In this new phase, 105 additional vessels are being added, bringing the total to 444 vessels subject to specific restrictions.

These sanctions include: a ban on access to European ports, exclusion from maritime insurance coverage, and a block on related technical and financial services. In addition, direct sanctions are imposed on the captains of these ships and the flag registry operators responsible for providing legal cover for these evading vessels.

Finally, **a total ban is imposed on all commercial or technical activities related to the Nord Stream 1 and Nord Stream 2 gas pipelines.** This measure includes a ban on the supply of equipment, maintenance services, technical assistance, investment and financing linked to these pipelines.

Although both gas pipelines are currently inactive, this sanction seeks to eliminate any future possibility of reactivation or alternative exploitation that could directly or indirectly benefit Russia.

BANKING SECTOR

This package of sanctions adopted by the European Union also significantly reinforces the financial isolation of the Russian Federation, with the aim of hindering its access to the international banking system and reducing its ability to finance the war against Ukraine.

Firstly, it has been decided to expand the list of Russian financial institutions subject to restrictions, **adding 22 additional banks that are now subject to a total ban on transactions within the territory of the European Union.**

This measure is in addition to those already in force from previous packages, **including the exclusion of several Russian entities from the SWIFT financial messaging system,** which has limited their ability to operate internationally.

The EU has also imposed a total ban on any financial, commercial or investment relations with the Russian Direct Investment Fund (RDIF), one of the Kremlin's main instruments for channeling foreign capital into strategic sectors of its economy.

18th package of sanctions against Russia

This restriction extends not only to the fund itself, but also to all its subsidiaries and associated entities, effectively blocking its presence in European financial markets.

TECHNOLOGICAL SECTOR

The EU has intensified **export restrictions on dual-use goods**, such as high-tech equipment, electronic components, semiconductors, sensors, specialized software and industrial machinery.

The aim is to prevent Russia from using these goods in the production of weapons, drones, surveillance systems or missiles.

In addition, **26 new entities have been added to the list of those sanctioned for their involvement in the Russian military-industrial complex**, including companies located in third countries such as China, Hong Kong and Turkey. This reflects the EU's concern about international networks that facilitate the circumvention of sanctions.

To curb the triangulation of products through neutral countries or Moscow's allies, customs control mechanisms, economic intelligence sharing and trade monitoring with high-risk jurisdictions have been strengthened. The list of critical goods that cannot transit through Russia when exported from the EU to third countries has also been expanded to

include key products for the construction and energy sectors.

Finally, a general provision has been introduced allowing Member States to halt and investigate suspicious transactions related to technology exports, with the aim of closing possible avenues of evasion through third countries. These measures consolidate the EU's strategy to limit Russian access to sensitive technology and protect the integrity of the European market.

DEFENSE SECTOR

In the field of defense and security, the EU is adopting measures aimed at curbing Russian military capabilities and punishing crimes committed during the war against Ukraine. The impact of these measures is particularly significant on foreign trade, particularly with regard to the export of arms, military technology and dual-use products.

Firstly, the EU **has imposed sanctions on fourteen individuals and forty-one entities that have participated in the militarisation and forced indoctrination of Ukrainian minors**, as well as in the illegal transfer of children from the occupied territories.

These individuals and entities have also contributed to war propaganda and the systematic plundering of Ukrainian cultural heritage.

18th package of sanctions against Russia

As a result, their assets within the EU have been frozen, they have been banned from entering or transiting through any Member State, and all commercial or financial relations with any European actor have been blocked. These restrictions result in the total isolation of those sanctioned from the Western economic circuit, preventing collaboration, technology transfers, investments or participation in international defense programs.

Additionally, existing bans on the export of arms, ammunition, military equipment and related products to Russia and Belarus have been reinforced. These bans are rigorously enforced, even when the products are intended to be shipped through third countries, a common practice to circumvent sanctions.

Furthermore, controls have been extended to components that, although they may have civilian uses, can also be used for military purposes. These products include radars, sensors, navigation systems, chips, lasers and advanced composite materials. This regulatory reinforcement means that EU companies are obliged to verify the destination of exported goods more rigorously.

To this end, customs control mechanisms have been stepped up and cooperation with third countries has been increased, with the aim of detecting possible triangulations by intermediaries in neutral countries.

Any exports that could contribute to strengthening the Russian or Belarusian arms industry will be blocked immediately, thus reinforcing the economic siege on both regimes.

On the other hand, the package introduces stricter measures on dual-use products and technologies. This category includes highly sensitive technological components, such as precision semiconductors, military telecommunications systems, satellite technologies, encryption software, as well as drones and their parts.

To limit Russia's access to these resources, **the EU has sanctioned 26 new entities involved in the development of the Russian military-industrial complex, some of which are based in countries such as China and Belarus.**

These restrictions mean that exports of such products are prohibited even where the buyer asserts civilian end-use. In addition, **EU technology companies must apply exhaustive verification controls, ensuring that their products are not re-exported to Russia through intermediaries or front companies.**

18th package of sanctions against Russia

This situation has created a high-risk commercial environment that discourages cooperation even with countries that are not formally sanctioned but maintain close relations with Moscow, affecting international trade in advanced technology across the board.

Finally, the package introduces specific sanctions targeting **Belarus**.

A total ban is imposed on the import of arms from that country, and sanctions are imposed on strategic companies in the Belarusian military-industrial complex, as well as on senior government officials involved in logistical and operational support for the Russian invasion.

If you require further information on this matter, please contact any of us at the following address:

Belén Palao Bastardés

Managing partner

belen.palao@blnpalao.com

Javier Martin Palomino

Senior lawyer

javier.martin@blnpalao.com

Maria Amigo Tapia

Junior lawyer

maria.amigo@blnpalao.com

