

CLIENT ALERT | 18 August 2025

# Sanctions Update: EU and UK Tighten Restrictions on Russian Oil and Provision of Software to Russia

## ***Recent moves have targeted types of business software and Russian oil — including Russian oil that is refined in countries other than Russia.***

This Client Alert is published in the context of ongoing developments and should be read in conjunction with Latham's [previous sanctions updates](#). This Client Alert is not intended to take the form of official legal advice. Given the frequency with which different jurisdictions impose new sanctions, and the detailed and nuanced nature of the sanctions updates, businesses exposed to sanctions-related developments should obtain up-to-date legal advice before taking any steps that may have legal consequences.

During 18-19 July 2025, the EU unveiled its 18th “package” of sanctions launched against Russia since Russia's invasion of Ukraine in February 2022. Among these measures, the EU seeks to close an apparent loophole by which Russian-origin oil could enter EU markets after first being “processed” in other countries. (Relatedly, the EU imposed a stringent “asset freeze” measure on an India-based oil refinery.) The package also adds certain types of banking-related software to categories of software banned for provision to Russia by persons under EU jurisdiction.

The EU's actions follow waves of EU and UK measures in recent months, many of which have also targeted Russia's oil and business sectors. This Client Alert summarises the key Russia-related updates imposed by these measures, starting with the EU's so-called 15th package.

## **The EU's 15th Package – Key Updates**

Each of the EU's 15th, 16th, 17th, and 18th packages have placed asset freezes, transaction bans, and export restrictions on ever-larger numbers of individuals, entities, and vessels alleged to have been involved in assisting Russia's actions against Ukraine. Increasingly, this covers persons and entities from countries other than Russia, including China, Turkey, and India.

The EU's 15th package, released on 16 December 2024, provided the first instances of these rounds of measures. Via [Council Implementing Regulation \(EU\) 2024/3183](#), the EU updated [Council Regulation \(EU\) No. 269/2014](#) (Regulation 269), which contains the majority of the EU's so-called asset freeze sanctions relating to Russia. This update designated more than 80 persons and entities, including a Chinese businesswoman, several China-based companies, and even an EU national alleged to have repeatedly traded Russian-origin oil above the so-called oil price cap (OPC) maintained by the EU and others in the OPC Coalition.

Elsewhere in the package, the EU introduced additional measures. Via [Council Regulation \(EU\) 2024/3192](#), the EU updated [Council Regulation \(EU\) No. 833/2014](#) (Regulation 833), which contains the majority of the EU's trade-related sanctions relating to Russia. Among these updates, the EU:

- prohibited recognising judgments or other court decisions made by Russian courts relating to legal disputes in which Russian courts had assumed jurisdiction due to alleged concerns regarding sanctions from “unfriendly” countries, including EU Member States (in what is now Article 11c of Regulation 833); and
- extended until 31 December 2025 a derogation that permits EU Member States to issue divestment-related authorisations for companies seeking to exit Russia whose steps would otherwise breach trade-related sanctions (in Article 12b of Regulation 833).

## **The EU's 16th Package – Key Updates**

In February 2025, on the third anniversary of Russia's 2022 invasion of Ukraine, the EU released its 16th package. Among the asset freeze updates in Regulation 269, the EU used [Council Implementing Regulation \(EU\) 2025/389](#) to sanction more than 80 new persons. These included Garantex, a cryptocurrency exchange based in Russia.

As with many other packages, the EU broadly aligned its sanctions against Belarus with those it had already placed over Russia. For this package, [Council Regulation \(EU\) 2025/392](#) updated [Council Regulation \(EC\) No. 765/2006](#) (Regulation 765), which contains the EU's main sanctions against Belarus. Among these alignments, the EU prohibited the provision of “crypto-asset wallet, account or custody services” to Belarussian nationals or persons and entities located in Belarus (with limited exceptions). This is contained in Article 1u of Regulation 765 and parallels a similar provision used in Regulation 833 against Russia.

The 16th package also extended the “best efforts” obligation — previously limited to the trade-related sanctions contained in Regulation 833 — to the other EU sanctions regulations relating to Russia's invasion of Ukraine. As described in this Latham [Client Alert](#), the best efforts provision requires natural and legal EU persons who own or control non-EU companies to undertake best efforts to ensure that the non-EU companies do not “participate in activities that undermine” EU sanctions. The EU has now incorporated this requirement into:

- Regulation 269 (regarding asset freeze measures, as extended via [Council Regulation \(EU\) 2025/390](#));
- [Council Regulation \(EU\) No. 692/2014](#) (regarding restrictions on Russian-occupied Crimea, as extended via [Council Regulation \(EU\) 2025/401](#)); and
- [Council Regulation \(EU\) 2022/263](#) (regarding restrictions on the Russian-occupied “oblasts” of Ukraine, as extended under [Council Regulation \(EU\) 2025/398](#)).

The 16th package also introduced changes to the trade restrictions in Regulation 833 ([via Council Regulation \(EU\) 2025/395](#)), including by:

- prohibiting the provision to Russia of various types of software used in “oil and gas exploration” (by adding them to Annex II of Regulation 833);
- export bans affecting a range of goods, including “video game controllers” and “joysticks” (due to their [capacity for being used in drone warfare](#));
- import bans on “primary” or “unwrought” aluminium subject to a wind-down quota (as detailed in what are now Article 3i(3cg) and Article 3i(3ch) of Regulation 833);
- transaction bans affecting certain ports, locks, and airports — which the EU considers are involved in OPC evasion — and the transfer to Russia of aggressive weaponry (added through what is now Article 5ae of Regulation 833);
- expanded provisions intended to assist EU persons engaged in legal disputes based on what the EU considers to be, in effect, expropriatory Russian legislation that violates “international customary law” (with these provisions being added into Articles 11a – 11d of Regulation 833);
- the “de-SWIFTing” of several Russian banks (i.e., prohibiting persons under European jurisdiction from providing “specialised financial messaging services”, such as SWIFT, to those banks by adding them to Annex XIV of Regulation 833); and
- transaction bans imposed on several non-Russian banks due to their alleged use of Russia’s alternative to SWIFT, the System for Transfer of Financial Messages (SPFS) (achieved by adding those banks to Annex XLIV of Regulation 833).

## **The EU’s 17th Package – Key Updates**

On 20 May 2025, the EU released its 17th package. Among its asset freeze-related updates to Regulation 269, the EU sanctioned the major Russian oil producer Surgutneftegaz (through [Council Implementing Regulation \(EU\) 2025/933](#)).

The EU also imposed other asset freeze sanctions on a range of persons and entities by updating other sanctions regimes containing significant numbers of Russia-related persons, namely:

- [Council Regulation \(EU\) 2024/2642](#) (regarding Russia’s alleged “destabilising activities” around the world, which the EU updated via [Council Regulation \(EU\) 2025/964](#) and [Council Implementing Regulation \(EU\) 2025/965](#) in order to sanction persons and entities alleged to have undermined the stability and security of various countries, including Germany and Estonia);
- [Council Regulation \(EU\) 2024/1485](#) (regarding “the situation in Russia” — i.e., human rights concerns — updated via [Council Implementing Regulation \(EU\) 2025/958](#) to incorporate several

additional persons, including those suspected of contributing to the oppression and eventual death of the opposition leader Alexei Navalny); and

- [Council Regulation \(EU\) 2018/1542](#) (regarding the “proliferation of chemical weapons”, updated via [Council Implementing Regulation \(EU\) 2025/959](#) to include several Russian entities related to biological warfare).

In addition, the EU updated the Annexes of Regulation 833 via [Council Regulation \(EU\) 2025/932](#). This included significant restrictions on dealing with a large number of listed vessels (as listed in Annex XLII of Regulation 833).

## **The EU’s 18th Package – Key Updates in the Newest Round of Measures**

During 18-19 July 2025, the EU released its 18th package. Several of the package’s measures heighten restrictions on Russian oil, including on those who deal with it. Notably, the EU placed asset freeze sanctions on an Indian oil refinery that is 49% owned by Russia’s “Rosneft” and alleged to be a “major refiner of Russian crude oil”. The EU implemented this and other asset freezes as updates to Regulation 269 via [Council Implementing Regulation \(EU\) 2025/1476](#). The EU also expanded the trade-related sanctions contained in Regulation 833 through [Council Regulation \(EU\) 2025/1494](#).

Those new measures include an attempt to prevent Russia’s oil from reaching the EU market “through the back door”, as described in this [EU press release](#). The EU aims to achieve this by introducing Article 3ma to Regulation 833. Specifically, the EU directs that, from 21 January 2026, it shall be prohibited to “purchase, import or transfer, directly or indirectly into the [EU]” any “petroleum products falling under CN code 2710 obtained in a third country from crude oil falling under CN code 2709 00 originating in Russia”.

Effectively, this means that the EU will generally prohibit the import of Russian crude oil that has been refined or processed into a petroleum product in a non-EU country such as India or China. From 21 January 2026, importers are generally expected to provide “evidence of the country of origin of the crude oil used for the refining of the product in a third country”. Article 3ma provides an exception if the product is imported from a “partner country” in Annex LI (presently, Canada, Norway, the UK, the US, and Switzerland).

In addition, Article 3ma provides that competent EU Member State authorities may proceed on the basis that “petroleum products imported from third countries which were net exporters of crude oil in the previous calendar year” were “obtained from domestic crude oil and not from crude oil originating in Russia”, unless they have reasonable grounds to believe otherwise.

In an OPC-related measure, Article 3n and Annex XXVIII have been updated, such that the OPC for maritime-borne Russian crude oil (CN code 2709 00) shall be reduced from US\$60 per barrel to US\$47.60 per barrel from 3 September 2025. Article 3n also directs the European Commission to monitor

the average price of Russian crude oil, with a view to regularly re-setting the OPC at 15% below the average price of Russian crude oil. The EU expects the next such update to occur on 15 January 2026, “and every six months thereafter”.

Aside from oil-related measures, the EU implemented the following:

- By updating the language of Article 5h, the EU changed the earlier de-SWIFTing of several Russian banks (as described in the 16th package) into wider-reaching “transaction bans”. In addition, the EU updated Annex XIV to include a further 22 Russian banks subject to these bans (including T-Bank, Bank Saint Petersburg, Yandex Bank, and Bank Zenit).
- The EU also imposed transaction bans on:
  - the Nord Stream 1 and Nord Stream 2 natural gas pipelines (via Article 5af);
  - the Russian Direct Investment Fund (RDIF) along with several investment projects associated with the RDIF (via Article 5ag and Annex XLIX); and
  - two Chinese banks alleged to be involved in “providing crypto assets services” that the EU says are “significantly frustrating the purpose” of its Russia-focused sanctions. The targeted Chinese banks are Heihe Rural Commercial Bank Co. Ltd and Heilongjiang Suifenhe Rural Commercial Bank Co. Ltd, both of which were sanctioned via the updates in Article 5ad and Annex XLV.
- Following prior sanctions targeting the provision of certain types of software to legal persons in Russia, the EU expanded Article 5n and Annex XXXIX to ban “software with certain uses in the banking and financial sector”. These include software for “online and mobile banking”, “loan management”, and “investment banking”.
- The EU updated Article 11 to combat “investor-State dispute” claims brought against EU Member States in response to measures arising out of EU sanctions on Russia. The EU now requires Member States to take a range of measures to frustrate the enforcement of any such claims and to recover damages from any persons bringing such claims.

In addition, the EU updated its Belarus-targeted sanctions, as contained in Regulation 765. The EU did so via [Council Implementing Regulation \(EU\) 2025/1469](#), which placed new asset freezes on a range of largely military-linked Belarusian entities. The EU also used [Council Regulation \(EU\) 2025/1472](#) to align the Belarus sanctions with recent Russia sanctions. This included a change in the wording of Article 1zb, which alters several de-SWIFTings into wider-scale transaction bans and affects the banks listed in Annex XV (currently, Belagroprombank, Bank Dabrabyt, the Development Bank of the Republic of Belarus, and Belinvestbank).

## The UK's Primary Russia Sanctions in 2025

In parallel to these EU developments, the UK has also heightened its sanctions against Russia in 2025. Notably, on [10 January 2025](#), the UK placed full-scale asset freeze sanctions on two major Russian oil companies, including Surgutneftgas.

On 22 April 2025, the UK released [The Russia \(Sanctions\) \(EU Exit\) \(Amendment\) Regulations 2025](#). These updated the UK's primary Russian-focused sanctions instrument — [The Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#) (the UK Russia Regulations). In this update, the UK followed the EU in prohibiting the export to Russia, or to “persons connected with Russia”, certain types of “sectoral software” (namely, certain types of “business enterprise” software, “industrial design” software, and “oil and gas related” software). The relevant prohibitions are now contained in [Chapter 4N](#) of the UK Russia Regulations, while the types of affected software and technologies are listed in [Schedule 3IA](#).

The UK initially provided for a [wind-down exception](#), scheduled to expire on 22 July 2025. On 21 July 2025, however, the UK released a “[General Trade Licence](#)”, which permits — until 20 October 2025 and subject to the licence user registering within 20 calendar days — the continued provision of “sectoral software” affected by Chapter 4N to “multinational clients headquartered outside of Russia” but which have “global subsidiaries and affiliates, including in Russia”. An important condition is that the software and any related “ancillary services” are not for “predominant use” by a subsidiary established in Russia.

Also, in coordination with the EU, the UK announced on [18 July 2025](#) that it would reduce the OPC for seaborne Russian crude oil from US\$60 to US\$46.60, in effect from 23:01 (BST) on 2 September 2025.

Latham & Watkins actively tracks sanctions developments across regions and is well positioned to advise on the legal and practical impacts of these measures.

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