

UDK: (094):(4-672 EEZ):327.561.341.6:094:341.518(490)(477):341.653:656.51:553982:
368.7.368.029:497.15) (417.12) (439) (431.7)

Miloš M. Petrović, PhD¹

EU REGULATIONS

OVERVIEW OF CERTAIN PARTS OF THE COUNCIL REGULATION (EU) 22/879

In early June 2022, the EU institutions adopted the sixth package of sanctions against Russia in the context of its military activities in Ukraine that began three months earlier. In legal terms, the Regulation 2022/879 amends the contents and expands the scope of application of the earlier document (Regulation 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine).² They aim to impair the Russian government's ability to finance its war against Ukraine.³ The EU will prohibit the import of seaborne crude oil from Russia (which represents as much as two thirds of total imports into the EU), as well as sanctions against large Russian banks and broadcasters.⁴ The sixth package does not refer to the delivery of oil by land pipeline and stipulates temporary exceptions from full application of measures for mainland members such as Slovakia, Hungary and the Czech Republic, which have a high degree of dependence on Russian energy sources, and Croatia and Bulgaria are also allowed temporary deviations in certain areas.⁵

Having regard to Council Decision 2022/884 that also imposes prohibitions on the purchase, import or transfer into Member States, directly or indirectly, of crude oil and certain petroleum products, which originate in Russia or are exported from

¹ Miloš M. Petrović holds a PhD degree in political science and he is the author of papers regarding European law and political science.

² *Official Journal of the European Union*, Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, L 153/53.

³ European Commission, Questions and answers on the sixth package of sanctions against Russia, 2022, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_2823, accessed: 20.10.2022.

⁴ RSE, EU prohibited import of two thirds of Russian oil, 2022, <https://bit.ly/3VKOKIG>, accessed: 15.10.2022.

⁵ RSE, EU officially approved the sixth package of sanctions against Russia, 2022, <https://bit.ly/3yV4rDu>, accessed: 15.10.2022.

Russia, and on the insurance and reinsurance of maritime transport of such goods to third countries with appropriate transitional periods.⁶ Due to the geographical situation of several Member States, which generates specific dependence on crude oil imported by pipeline from Russia, those Member States should take all necessary measures to obtain alternative supplies so as to ensure that imports by pipeline of crude oil from Russia are made subject to the prohibitions as soon as possible.⁷ It is necessary to prohibit the onward transfer, transport or re-sale of crude oil from Russia delivered into a Member State, as well as to prohibit, following a transitional period of eight months, the onward transfer, transport or re-sale to other Member States of petroleum products obtained from such crude oil. Due to the specific dependency of the Czech Republic on such petroleum products, an additional ten-month period should be allowed for it to obtain alternative supplies.⁸ Temporary restrictions are stipulated for Bulgaria (the prohibition on imports of crude oil via maritime transport) and Croatia (the purchase, import or transfer of Russian vacuum gas oil).⁹ Temporary exceptions for previously mentioned Member States, including the scope, conditions and deadlines, were largely specified by amendments to Article 3.¹⁰ The Regulation stipulates a possibility if the supply of crude oil by pipeline from Russia to a landlocked Member State is interrupted for reasons beyond the control of that Member State, the import of seaborne crude oil from Russia into that Member State should be allowed, as well as regional institutional cooperation in the event of disruptions in oil supply and crises in this regard, cooperation between members in monitoring any attempts to circumvent the embargo, etc.¹¹

Article 3m, Paragraph 1 stated that it shall be prohibited to purchase, import or transfer, directly or indirectly, crude oil or petroleum products, as listed in Annex XXV, if they originate in Russia or are exported from Russia.¹² Paragraph 2 stated that it shall be prohibited to provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance or any other services related to the prohibition in Paragraph 1.¹³ The latter also referred to insurers' operations, that is, to limiting provision of their services in areas covered by restrictive measures.

⁶ *Official Journal of the European Union*, Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, L 153/54.

⁷ *Official Journal of the European Union*, Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, L 153/54.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*, L 153/53.

¹¹ *Ibid.*, L 153/55.

¹² *Ibid.*, L 153/56.

¹³ *Ibid.*

After a transitory period of 8 months, Member States importing Russian crude and petroleum products via pipeline will not be able to resell these products to other Member States or to third countries.¹⁴ This is in order to ensure a level playing field between Member States. After a period of 6 months, EU operators will be prohibited from insuring and financing the transport, in particular through maritime routes, of Russian oil to third countries. This will make it particularly difficult for Russia to continue exporting its crude oil and oil products to the rest of the world.¹⁵ In this manner, European insurers are also prohibited to carry out their business activities related to Russian oil, which will undoubtedly have far-reaching consequences for the entire insurance sector.

The Regulation 22/879 aimed to end the import of Russian crude oil before the end of 2022, and the import of other petroleum products at the beginning of 2023, which would mean a suspension of about 90% of Russian exports to Europe, which normally obtained about a quarter of its supplies from Russia.¹⁶ This is an extremely ambitious goal, having in mind the high degree of energy dependence of numerous Member States on sources originating from Russia.

However, the mentioned regulation does not refer only to the energy, but also prescribes restrictive measures in operations of financial institutions, the media, and even companies and individuals, which are perceived as harmful to the interests of the European Union. One such example is the sanctioning of Moscow-based company *Independent Insurance Group Ltd*, the insurer of Russian companies from the military and defence sector, which provides insurance services for international shipments of military goods.¹⁷ It is the main risk insurer for the state-owned conglomerate "Rostec" that closely cooperates with the Ministry of Defence of Russia, which is why the European Union perceives it as a supporting factor in threatening the territorial integrity and sovereignty of Ukraine.¹⁸ It is one of the examples illustrating the restrictions on insurance sector that arise due to the war in Ukraine.

Having in mind that the transitional periods for the full implementation of the Regulation 22/879 expire at the beginning of 2023, as well as the proclaimed intention of the EU to suspend cooperation with Russia in the energy domain as much as possible due to the war in Ukraine, it seems very likely that the insurance sector will, like other sectors, continue to endure significant negative consequences.

¹⁴ European Commission, Questions and answers on the sixth package of sanctions against Russia, 2022, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_2823, accessed: 20.10.2022.

¹⁵ *Ibid.*

¹⁶ RSE, EU officially approved the sixth package of sanctions against Russia, 2022, <https://bit.ly/3yV4rDu>, accessed: 15.10.2022

¹⁷ *Official Journal of the European Union*, Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, L 153/122.

¹⁸ *Ibid.*

It remains to be seen to what extent the European Union's ambition to diversify supply sources by purchasing from other suppliers will have a compensatory effect on the insurance sector as well (e.g. in establishing partnerships with new players, or in deepening existing ties).

Translated by: Jelena Rajković

Sources

- *Official Journal of the European Union*, Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, (L 153).
- European Commission, Questions and answers on the sixth package of sanctions against Russia, 2022, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_2823, accessed: 20.10.2022.
- RSE, EU officially approved the sixth package of sanctions against Russia, 2022, <https://bit.ly/3yV4rDu>, accessed: 15.10.2022.
- RSE, EU prohibited import of two thirds of Russian oil, 2022, <https://bit.ly/3VKOkIG>, accessed: 15.10.2022.