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Swedish Sanctions: National vs EU policy and compliance

Sanctions seminar at the Swedish Export Control Society on 11 June 2025

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Focus on enforcement and acts of circumvention

- I. EU has 36 sanctions regimes in place targeting 5 365 individuals and entities. About half relate to Russia
- II. Half of Russia's imports of battlefield items in the first ten months of 2023 ultimately came from manufacturers based in jurisdictions that have imposed sanctions (source: RUSI)
- III. Finland is presumably in the lead on the enforcement front - customs has initiated over 800 pre-trial investigations into suspected violations of sanctions, of which approximately 90 are being investigated as aggravated regulation offences
- IV. EU now regularly sanction third-country companies and vessels
- V. EU Directive (2024/1226) aims to harmonize/strengthen sanctions enforcement must have been implemented 20 May 2025 – mandatory criminalization for natural persons as well as corporate liability
- VI. No known enforcement action in Sweden (although there are clear signs of sanctions circumvention according to The National Board of Trade Sweden)

Why is Sweden behind on the enforcement front?



What other risks can arise?

- I. US enforcement – two of three enforcement actions mentioned in the US Tri-seal compliance note of March 2024 concerned Swedish linked companies
- II. Obstructed M&A transactions and listing processes
- III. Loss of banking services and insurance
- IV. Adverse customer or business partner reactions
- V. Blackmail by business partners

The awakening

Figure 33: By country of dispatch, in \$ million



KSE Institute

Dom B 17320-22:

Tingsrätten bedömer sammantaget att åklagaren har visat att Sergey Skvortsov bedrivit verksamhet som utgjort en sorts plattform för GRU. I den bedömningen har tingsrätten även beaktat den bevisning som åklagaren åberopat avseende liknande rysk teknikanskaffning i andra länder samt i förekommande fall tillhörande utländska avgöranden. Tingsrätten finner mot angiven bakgrund att Sergey Skvortsov varit en del av rysk teknikanskaffning från väst varigenom han anskaffat föremål för Rysslands räkning. **Det är även klarlagt att exportregler i samband med detta har överträtts i vissa hänseenden.**



Säkerhetspolisen Swedish Customs ISP

Rysk teknikanskaffning

Russian technology acquisition

Behov av kundkännedom och effektiva efterlevnadsprogram

Rysslands pågående anskaffning av produkter och teknik från Sverige utgör ett hot mot nationell säkerhet.

Detta hot, jämte de därmed relaterade kommersiella och straffrättsliga riskerna som sådan handel medför, understryker behovet av god kundkännedom och effektiv implementering av interna efterlevnadsprogram.

Some agencies are not very helpful...

Säkerhetspolisen bedömer att rysk underrättelse- och säkerhetstjänst, i anskaffningen av varor som omfattas av sanktioner, fortsatt använder sig av flera olika aktörer och företagsstrukturer som har koppling till Sverige. Rysk underrättelsetjänst har därtill intresse av kunskap och teknik från svensk forskning och industri samt använder Sverige som en plattform för att anskaffa kunskap och teknik från andra länder.

När det gäller varor som kan sägas omfattas av EU:s sanktioner, men som ändå exporteras direkt eller indirekt till Ryssland, ser Säkerhetspolisen följande tre typfall.

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Some agencies are not very helpful, continued



What steps have the Swedish government taken?

- I. Nine (!) agencies have been ordered to step up sanctions enforcement – the bottom-line strategy appears to be “enhance cooperation”
- II. A new Sanctions Act in force as of 10 June:
 - I. Increased penalties: Max penalty for normal breach is increased from two to three years and max penalty for gross breach is increased from four to six years
 - II. Minor breaches are criminalized (however only prosecuted if there is a public interest)
 - III. Recurring breach is a new crime which can lead to max six years imprisonment
 - IV. Attempted breach, as well as instigation and aiding, is criminalized
 - V. Agencies must report suspected breaches to the enforcement agencies

As to corporate liability, Sweden relies on the general corporate fine provisions. However, only large companies can be subject to corporate fines in excess of MSEK 10 but the EU Directive provides that certain breaches must have a minimum penalty of 5% of the company’s turnover or MEUR 40.



III. Increased check-ups of Russia’s “shadow fleet”

- New Ordinance (1 July) to verify insurance status of vessels passing through Swedish territorial waters or the economic zone – not just those that call at a port.
- Under what circumstances can coastal states hinder vessels in transit outside territorial waters (12NM)?

Ownership and control – not an easy issue

- I. Ownership = more than 50% proprietary rights. Aggregated ownership counts
- II. Control = Eight non-binding and non-exhaustive criteria from the EU Council.
- III. If any of these criteria are satisfied, it is considered that the legal person or entity is controlled by another person or entity, unless the contrary can be established on a case-by-case basis
- IV. Even if control is at hand, it may be possible to do the transaction nevertheless if it can be reasonably determined that the funds or economic resources will not be used by or be for the benefit of that listed person or entity
- V. In 2022, the Swedish Administrative court found twice against government agencies who had refused transactions, because the agencies had not proved that control was at hand (i.e. Kubal in Sundsvall)
- VI. In June 2024, the Administrative Court of Appeal (Mål nr 3638-23) issued an odd judgement suggesting mere influence/association with a listed person is sufficient (Sibur International)
- VII. UK – A CoA judgement suggests Vladimir Putin, as designated, controls every company in Russia (obiter). A subsequent lower court decision and government guidance refute this
- VIII. US - there is no “control” criteria under US sanctions



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