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Trade Sanctions and Customs: Legal Intersections and Business Implications

Olof Forssell, Advokat | 11 June 2025

Office locations





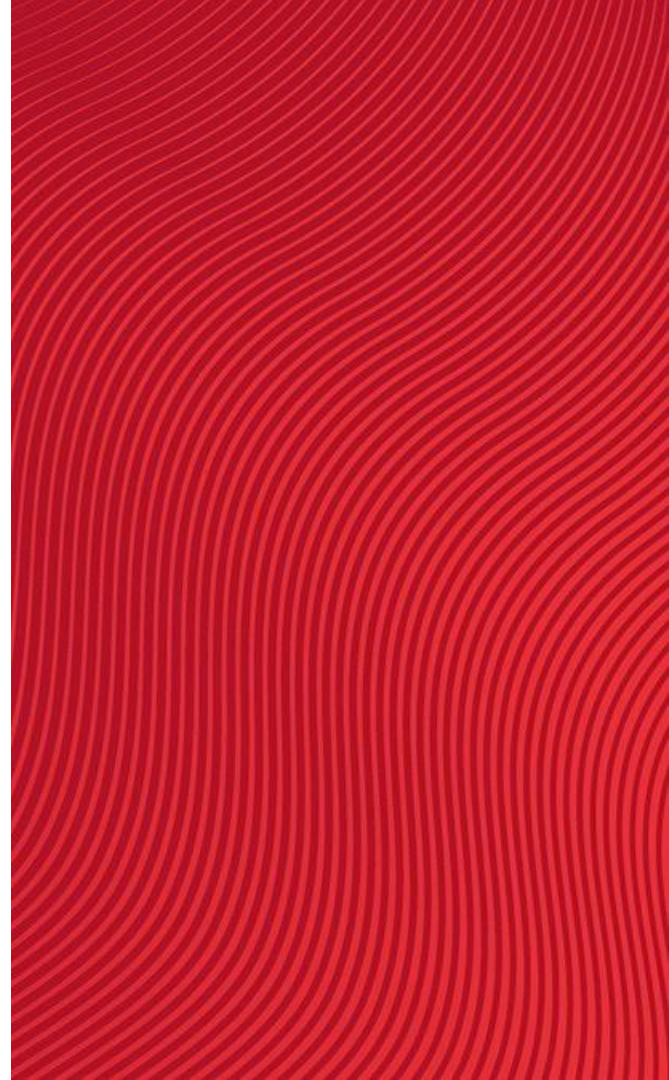
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01 Introduction

02 Trade Sanctions and Customs

03 Sanctions and Customs: Broader
implications

04 (Customs) Enforcement



01 Introduction

What are export controls and sanctions?

Restrictions on international trade and exports:



Sanctions focuses on individuals/entities

- Prohibit or restrict dealings with those who are targeted (e.g., countries, regions, governments, individuals, companies, charities, armed forces), so-called Restricted Parties
- Scope depends on party imposing, party targeted, relevant foreign policy objectives, and sometimes overlaps with Export Controls (e.g., Russia)



Export controls focuses on products

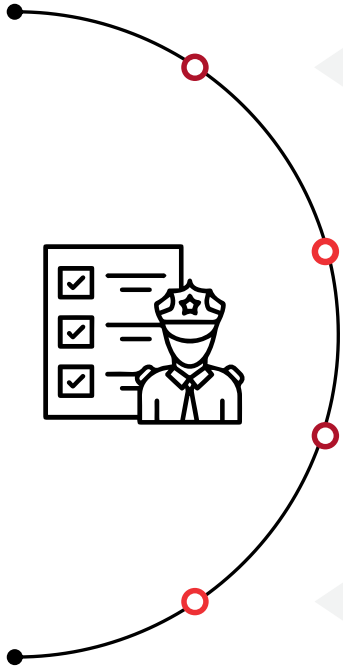
- Controls on cross-border (and in some cases in-country) movements of strategic goods, software or technology
 - Military items
 - Dual-use products
 - "Catch all" (EU and UK unique), , i.e., restricted end-use
- **Products listed in sanctions (technical descriptions or customs codes)**

EU/UK: Country-specific controls

Country	Arms Embargo	Additional restrictions
Afghanistan	X (Partial)	
Armenia	X (OSCE)	
Azerbaijan	X (OSCE)	
Belarus	X	Internal repression, dual use goods, road transport, cement, diamonds, firearms, their parts and ammunition, various minerals and metals, luxury goods, machinery and electrical equipment, maritime navigation, oil refining, potassium chloride, rubber, telecommunication equipment, tobacco, wood
Burma/Myanmar	X	Internal repression; export of dual-use goods for use by military/border guard police; military training/cooperation,
Central African Republic	X	
China	X (Partial)	
Crimea & Sevastopol, Donetsk, Luhansk, Zaporizhzhia and Kherson	X	Import ban and related services; investment ban; goods and technology for use in transport, telecommunications, energy and the prospection, exploration and production of oil, gas and mineral resources and related services; services related to tourism activities; restrictions on providing technical assistance, brokering, construction or engineering services to relating to infrastructure in the transport, telecommunications, energy and oil, gas and mineral resources sectors etc.
DR Congo	X	
Iran	X	Missile technology; nuclear-related transfers; graphite and raw or semi-finished metals; ERP software; internal repression (including the transit of such goods and technology via Iran is also prohibited, as well as related technical or financial assistance and brokering services); transaction ban with ports and locks
Iraq	X	Cultural property
Lebanon	X	
Libya	X	Internal repression; restrictions regarding crude oil illicitly exported from Libya and vessels involved, boats and outboard motors; arms procurement;
North Korea	X	(Exports and in some cases imports): Nuclear/WMD/ballistic missile related; dual-use; luxury goods; textiles; fuel and various petroleum and natural gas products; restrictions related to aircraft, vessels; various minerals, natural resources and metals; statues; any item where destined for armed forces; cargo inspections; food and agricultural products, machinery, electrical equipment; transportation vehicles; investment restrictions regarding DPRK government; nuclear, mining, refining, chemical sectors; controls on financial services and investments; requirement to repatriate all North Korean workers abroad etc.
Russia	X	Dual-use for military use/end-user; goods, technologies, services in oil industry (prohibitions regarding oil exploration and production in waters deeper than 150 metres, in the offshore area north of the Arctic Circle, or projects that have the potential to produce oil from resources located in share formations by way of hydraulic fracturing); access to EU capital markets/funding; defence restrictions; various other import and export restricted items etc.
Somalia	X	Power to inspect vessels in certain circumstances, import restrictions on Somali charcoal
South Sudan	X	
Sudan	X	
Syria	X	(Exports and in some cases imports): telecommunications/information security items; insurance services; internal repression; luxury goods; cultural property; gold, diamonds and precious metals; certain controls on financial services and investments
Venezuela	X	Internal repression; monitoring or interception equipment technology
Zimbabwe	X	Internal repression

02 Trade Sanctions and Customs

Understanding Customs Regulations



The rules and regulations relating to cross-border (import/export) movement of goods into and from the EU

Common EU external tariff and common EU customs framework (Union Customs Code, the UCC)

When goods are brought in and shipped out of the EU, import declarations and export declarations must be filed

Covers the amount of customs duty payable on imported goods and, for certain specific products (e.g., tobacco, alcohol, fuels), the amount of excise duty payable.

Key Areas of Customs Regulations

Classification

1

- Must determine the "customs code" for a product
- Forms the basis for customs duties, fees and statistics
- Can also have implications for sanctions

Valuation

2

- Duty rate applies to the "value" of product
- The duty rates vary between 0 and 20 percent, but there are also higher duty rates for certain goods

Origin

3

- Distinction between "preferential origin" and "non-preferential origin"
- Can also have implications for sanctions

Some clarifications...



- Customs only covers physical goods
- No customs duty on export from the EU, but companies still have to declare the goods
- 0% duty rate does not mean that we do not have to submit a customs declaration
- Easy to start importing - harder to get "benefits"
 - Only need to apply for Economic Operator Registration and Identification (EORI) number
- Customs law is, in principle, harmonized throughout the world

Classification & sanctions (e.g., military items and dual use)

Article 2

1. The direct or indirect sale, supply, transfer or export of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts therefor, to Russia by nationals of Member States or from the territories of Member States or using their flag vessels or aircraft, shall be prohibited whether originating or not in their territories.
2. It shall be prohibited:
 - (a) to provide technical assistance, brokering services or other services related to military activities and to the provision, manufacture, maintenance and use of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts therefor, directly or indirectly to any natural or legal person, entity or body in, or for use in Russia;

Article 2

1. It shall be prohibited to sell, supply, transfer or export, directly or indirectly, dual-use goods and technology, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia.
2. It shall be prohibited to:
 - (a) provide technical assistance, brokering services or other services related to the goods and technology referred to in paragraph 1 and to the provision, manufacture, maintenance and use of those goods and technology, directly or indirectly to any natural or legal person, entity or body in Russia or for use in Russia;
 - (b) provide financing or financial assistance related to the goods and technology referred to in paragraph 1 for any sale, supply, transfer or export of those goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly to any natural or legal person, entity or body in Russia, or for use in Russia;

Classification & sanctions (e.g., export, technical descriptions)

Article 2a

1. It shall be prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology which might contribute to Russia's military and technological enhancement, or the development of the defence and security sector, as listed in Annex VII, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia.

1a. The transit via the territory of Russia of goods and technology which might contribute to Russia's military and technological enhancement or to the development of its defence and security sector, as listed in Annex VII, exported from the Union, shall be prohibited.

2. It shall be prohibited to:

(a) provide technical assistance, brokering services or other services related to the goods and technology referred to in paragraph 1 and to the provision, manufacture, maintenance and use of these goods and technology, directly or indirectly to any natural or legal person, entity or body in Russia, or for use in Russia;

(b) provide financing or financial assistance related to the goods and technology referred to in paragraph 1 for any sale, supply, transfer or export of those goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly to any natural or legal person, entity or body in Russia, or for use in Russia;

Category I – Electronics

X.A.I.001 Electronic devices and components.

a. 'Microprocessor microcircuits', 'microcomputer microcircuits', and microcontroller microcircuits having any of the following:

1. A performance speed of 5 GigaFLOPS or more and an arithmetic logic unit with an access width of 32 bit or more;
2. A clock frequency rate exceeding 25 MHz; or
3. More than one data or instruction bus or serial communication port that provides a direct external interconnection between parallel 'microprocessor microcircuits' with a transfer rate of 2,5 Mbyte/s;

b. Storage integrated circuits, as follows:

1. Electrically erasable programmable read-only memories (EEPROMs) with a storage capacity;
 - a. Exceeding 16 Mbit per package for flash memory types;
or

Classification & sanctions (e.g., export, customs codes)

Article 3k

1. It shall be prohibited to sell, supply, transfer or export, directly or indirectly, goods which could contribute in particular to the enhancement of Russian industrial capacities, whether or not originating in the Union, as listed in Annex XXIII, to any natural or legal person, entity or body in Russia or for use in Russia.

1a. The transit via the territory of Russia of the goods and technology as listed in Annex XXXVII, exported from the Union, shall be prohibited.

2. It shall be prohibited to:

(a) provide technical assistance, brokering services or other services related to the goods and technology referred to in paragraph 1 and to the provision, manufacture, maintenance and use of those goods and technology, directly or indirectly to any natural or legal person, entity or body in Russia or for use in Russia;

(b) provide financing or financial assistance related to the goods and technology referred to in paragraph 1 for any sale, supply, transfer or export of those goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly to any natural or legal person, entity or body in Russia, or for use in Russia.

ANNEX XXIII

List of goods and technology as referred to in Article 3k

CN code	Description
0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower, chicory plants and roots other than roots of heading 1212:
0602 30	Rhododendrons and azaleas, grafted or not
0602 40	Roses, grafted or not
0602 90	Other live plants (including their roots), cuttings and slips; mushroom spawn – Other
0604 20	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared – Fresh
2508	Clays, andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths (excl. kaolin and other kaolinic clays, and expanded clay)
2509	Chalk
Ex 8421	Centrifuges, incl. centrifugal dryers (excl. those for isotope separation); filtering or purifying machinery and apparatus, for liquids or gases (excl. such machinery and apparatus for water and other beverages, and excl. artificial kidneys; parts thereof)

Classification, origin & sanctions (e.g., import, customs codes)

Article 3i

1. It shall be prohibited to purchase, import, or transfer, directly or indirectly, goods which generate significant revenues for Russia thereby enabling its actions destabilising the situation in Ukraine, as listed in Annex XXI into the Union if they originate in Russia or are exported from Russia.

2. It shall be prohibited to:

- (a) provide technical assistance, brokering services or other services related to the goods and technology referred to in paragraph 1 and to the provision, manufacture, maintenance and use of those goods and technology, directly or indirectly in relation to the prohibition in paragraph 1;
- (b) provide financing or financial assistance related to the goods and technology referred to in paragraph 1 for any purchase, import or transfer of those goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly in relation to the prohibition in paragraph 1.

ANNEX XXI

List of goods and technology referred to in Article 3i

CN code	Name of the good
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked crustaceans, whether in shell or not, whether or not cooked before or during the smoking process; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine
1604 31 00	Caviar
1604 32 00	Caviar substitutes
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages
2303	Residues of starch manufacture and similar residues, beet-pulp, bagasse and other waste of sugar manufacture, brewing or distilling dregs and waste, whether or not in the form of pellets
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
2523	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal

Classification, origin & sanctions (e.g., import, customs codes)

Article 3g

1. It shall be prohibited:
 - (a) to import, directly or indirectly, iron and steel products as listed in Annex XVII into the Union if they:
 - (i) originate in Russia; or
 - (ii) have been exported from Russia;
 - (d) to import or purchase, as from 30 September 2023, directly or indirectly, iron and steel products as listed in Annex XVII when processed in a third country incorporating iron and steel products originating in Russia as listed in Annex XVII; with regard to products listed in Annex XVII processed in a third country incorporating steel products originating in Russia of CN codes 7207 11, 7207 12 10 or 7224 90, this prohibition shall apply as of 1 April 2024 for CN code 7207 11 and as of 1 October 2028 for CN codes 7207 12 10 and 7224 90;

For the purpose of the application of this point, at the moment of importation, importers shall provide evidence of the country of origin of the iron and steel inputs used for the processing of the product in a third country unless the product is imported from a partner country for importation of iron and steel as listed in Annex XXXVI;

ANNEX XVII

List of iron and steel products referred to in Article 3g

CN Code	Description
7206	iron and non-alloy steel in ingots or other primary forms (excl. remelting scrap ingots, products obtained by continuous casting and iron of heading 7203)
7207	semi-finished products of iron or non-alloy steel
7208	flat-rolled products of iron or non-alloy steel, of a width \geq 600 mm, hot-rolled, not clad, plated or coated
7209	flat-rolled products of iron or non-alloy steel, of a width of \geq 600 mm, cold-rolled 'cold-reduced', not clad, plated or coated
7210	flat-rolled products of iron or non-alloy steel, of a width \geq 600 mm, hot-rolled or cold-rolled 'cold-reduced', clad, plated or coated
7211	flat-rolled products of iron or non-alloy steel, of a width of $<$ 600 mm, hot-rolled or cold-rolled 'cold-reduced', not clad, plated or coated

03 Sanctions and Customs: Broader implications

Classification & sanctions (e.g., export, customs codes)

Article 3k

1. It shall be prohibited to sell, supply, transfer or export, directly or indirectly, goods which could contribute in particular to the enhancement of Russian industrial capacities, whether or not originating in the Union, as listed in Annex XXIII, to any natural or legal person, entity or body in Russia or for use in Russia.

1a. The transit via the territory of Russia of the goods and technology as listed in Annex XXXVII, exported from the Union, shall be prohibited.

2. It shall be prohibited to:

(a) provide technical assistance, brokering services or other services related to the goods and technology referred to in paragraph 1 and to the provision, manufacture, maintenance and use of those goods and technology, directly or indirectly to any natural or legal person, entity or body in Russia or for use in Russia;

(b) provide financing or financial assistance related to the goods and technology referred to in paragraph 1 for any sale, supply, transfer or export of those goods and technology, or for the provision of related technical assistance, brokering services or other services, directly or indirectly to any natural or legal person, entity or body in Russia, or for use in Russia.

ANNEX XXIII

List of goods and technology as referred to in Article 3k

CN code	Description
0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower, chicory plants and roots other than roots of heading 1212:
0602 30	Rhododendrons and azaleas, grafted or not
0602 40	Roses, grafted or not
0602 90	Other live plants (including their roots), cuttings and slips; mushroom spawn – Other
0604 20	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared – Fresh
2508	Clays, andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths (excl. kaolin and other kaolinic clays, and expanded clay)
2509	Chalk
Ex 8421	Centrifuges, incl. centrifugal dryers (excl. those for isotope separation); filtering or purifying machinery and apparatus, for liquids or gases (excl. such machinery and apparatus for water and other beverages, and excl. artificial kidneys; parts thereof

Broader (legal) implications that require customs considerations

“Associated Services”

Prohibited to provide technical assistance, brokering services or other services related to the provision, manufacture, maintenance of sanctioned goods

Trade Finance

EU sanctions restricts providing financing or financial assistance in relation to sale, export etc. of sanctioned goods



Intra-EU sales & use of incoterms

E.g., recent EU sanctions factsheet: Using the EXW rule does not discharge an exporter/seller from the obligation to comply with EU sanctions

Processing of payments

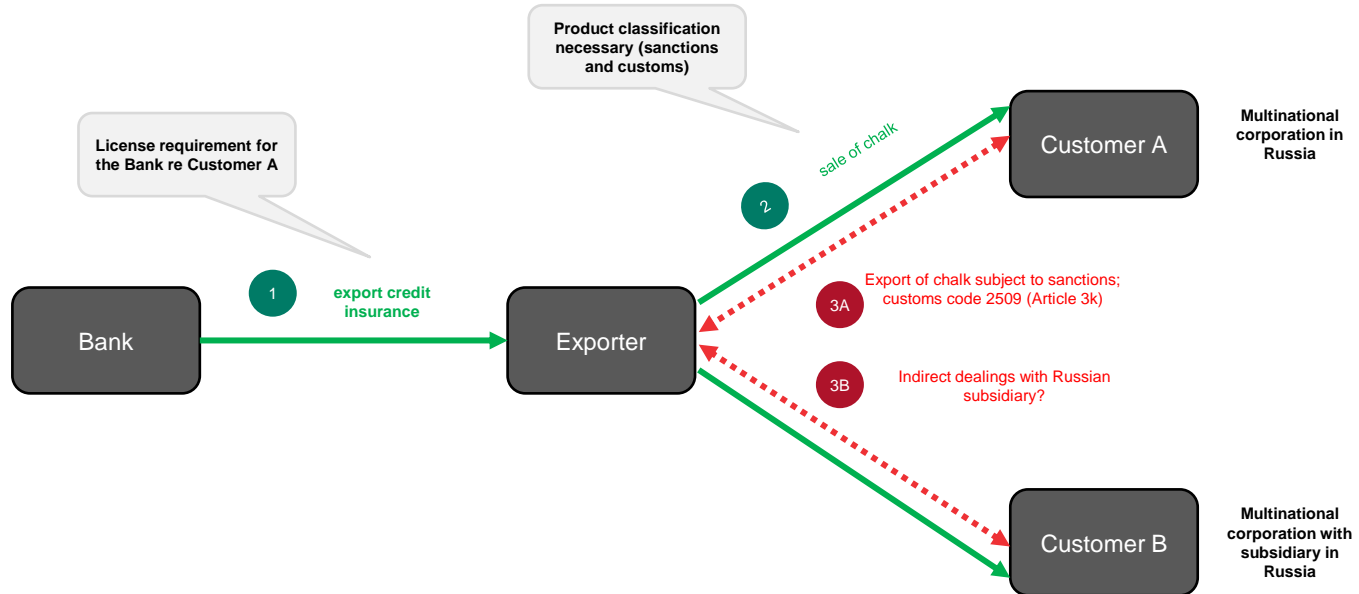
The ECJ clarified that the processing of payments linked to the sale, export etc. of sanctioned goods is prohibited

Case Study: Swedish exporter of chalk (HS 2509)

Sweden/EU

Sweden/EU

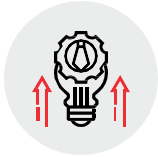
Third Country



Circumvention & customs aspects



"No Russia/Belarus" Clause



Enhanced Due Diligence Requirements regarding CHP Items



"Best Efforts" Obligation



Greater emphasis on accurate customs/master data in light of sanctions circumvention



04 (Customs) Enforcement

Sanctions and Customs: Recent case law

Swedish Customs' broad discretion under the UCC

Swedish Sanctions development

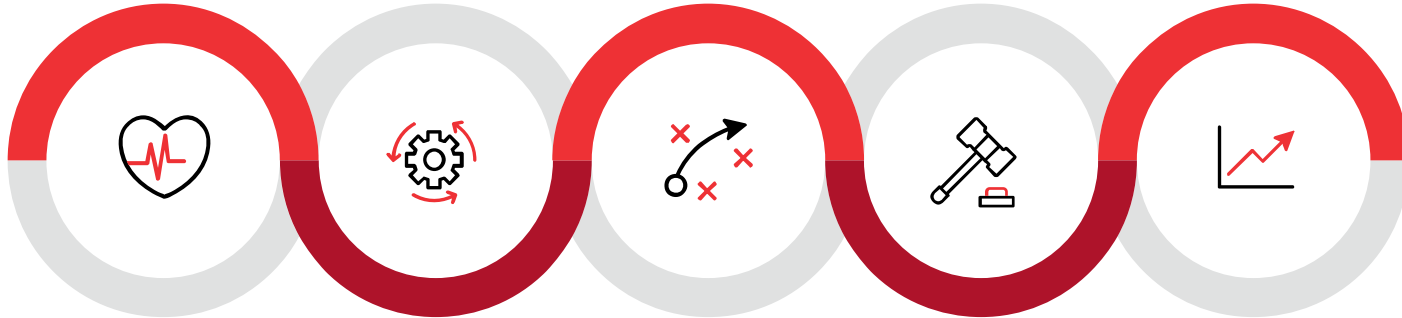
Primarily addressed in administrative courts due to the broad discretion granted to Swedish Customs under the UCC (Articles 46.1, 188, and 194).

End-User Certificate

Swedish Customs imposes strict requirements for the submission of end-user certificates

In the future?

The new Swedish sanctions law is expected to lead to an increase in prosecutions and convictions—potentially including attempted exports



Burden of proof

In cases involving intervention measures, the burden of proof lies with Swedish Customs.

ECJ

Several referrals are currently pending before the ECJ concerning the interpretation of EU sanctions—such as the prerequisite that a measure must 'generate significant revenues for Russia

Questions

Contacts



Olof Forssell

Advokat

Tel: +46 8 566 177 11

Cell: +46 79 074 52 53

olof.forsell@bakermckenzie.com

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