



Russia's war in Ukraine: a review of legal acts relevant for business

17 June, 2022

Russia's war in Ukraine has prompted an unprecedented reaction of countries all over the world – economic sanctions and other restrictive measures to Russian and Belarusian entities. Lithuanian companies having business or other business relationships in those countries feel the impact of these measures, too. These companies currently encounter various legal issues, such as termination of business or transfer of activities, performance of agreements etc., therefore this newsletter will help you follow the legislation or its amendments important for business in Europe, Lithuania, Ukraine, Russia and Belarus. All of the periodic reviews can be found [here](#).

European Union

- The European Union (EU) has adopted the Sixth Sanctions [Package](#) against Russia:
 - the import of crude oil and certain oil products of Russian origin and the insurance and / or reinsurance of the transportation of oil and certain oil products of Russian origin are prohibited. The ban on imports of oil and certain of its products does not apply to the transmission of oil by pipeline, but Member States are encouraged to find alternative suppliers of oil as soon as possible with a view of extending the ban to cover also the pipeline supplies in the future. Additional exemptions apply to the Czech Republic, Bulgaria and Croatia;
 - Sberbank is removed from the SWIFT system;
 - three Russian state broadcasters are banned from distributing content in the EU;
 - imposing sanctions on defense companies, high-ranking military personnel and others involved in the siege of Bucha and Mariupol.

In Lithuania

- The Ministry of Economy and Innovation has [announced](#) the possibility to apply to business entities affected by the war in Ukraine for the conclusion of working and investment loans and leasing transactions, for which individual aid guarantees will be provided. There are special requirements for applicants to receive support:
 - Imports or exports were disrupted by the war crisis. The share of imports or exports with Ukraine, the Russian Federation, and the Republic of Belarus together accounted for at least 25 percent of the borrower's total share of imports or exports (including with the Member States of the European Union) from 2021 onwards. January 1 until 2021 31 December; or
 - Expenditures on fuel, electricity and / or gas accounted for at least 3 percent of expenditures in 2021; and
 - Has no or has terminated trade obligations with the Russian Federation and / or Belarus by 2022 at the latest. June 30
 - Support is provided by INVEGA, but businesses must contact the appropriate financial intermediary, such as a bank, credit union or leasing company.

In Ukraine

- [Decree](#) of the President of Ukraine no. 401/2022 approving the resolution of the National Security and Defense Council on the introduction of additional sanctions has been adopted:

- Sanctions have been imposed on 261 Russian higher education institutions and their rectors;
 - Sanctions restrict cultural exchanges, scientific cooperation, scientific and sports contacts, entertainment programs;
 - The rectors of educational institutions have been subject to wider sanctions, including the freeze of assets.
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- Ukraine's Antitrust Committee has resumed its activities, including merger control and antitrust oversight under the 2022 in April [guidelines](#) which are applicable until 17 June, 2022. (inclusive). The review of cases suspended due to the war continues from June 9.
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- An [electronic platform](#) has been launched to collect information on Russia's damage to Ukraine's agricultural sector:
 - Using the platform, businesses and other farmers can provide information and report damages for compensation;
 - The categories of property for which destruction, theft or damage can be reported are the following: land, infrastructure, agricultural equipment, cars and trucks, stockpiles of raw materials, livestock or cereals, other equipment.
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In Russia

- Russian Presidential [Decree](#) no. 322 stipulating that payments for the use of intellectual property must be made to a special bank account to be initiated by the payer (entity of the Russian Federation):

- The decree applies to cases where Russian entities have to make payments for the use of intellectual property to persons from "unfriendly" countries, as well as to persons who have supported sanctions against Russia, have stopped supplying services / goods in Russia and some other categories.
- If such an "unfriendly" Russian rightholder does not agree to the opening of a special account, the decree allows the copyright user not to make any payment and this is not considered a violation of the rightholder's rights. In order to receive payments from the special account, the rightholder will be required to apply to a special government commission for permission to transfer funds to the rightholder's account..
- There are certain exceptions for contracts in specific areas (communications, medicine, agriculture, IT), low-value payments and entities from "unfriendly" countries that are properly fulfilling their contractual obligations to Russian contractors.

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- For the purposes of implementing the [decree](#) mentioned above, the Russian Government has adopted Resolution no. 1031, which established the criteria for banks that can implement the administration of relevant accounts, the procedure for the exchange of information between such banks and the competence of institutions performing separate procedures.
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In Belarus

- A draft law on the amendment of the Law on Mortgages of the Republic of Belarus, registered in Belarus, which expands the possibilities to restrict the possibilities of concluding a mortgage agreement, expands the obligations of the mortgagee and the rights of the mortgage creditor:

- The draft law stipulates that if a mortgage contract is concluded for the property that will be created and acquired by the mortgage lender in the future, the mortgage contract is not subject to the registration requirement (eg by pledging planned but not yet built property);
 - The mortgage lender is obliged to notify the mortgage creditor about the concluded marriage contract changing the legal regime of the mortgaged property, as well as about the change of the properties of the mortgaged property and statements of third parties to the mortgagee regarding recognition of their rights to the mortgaged property;
 - If the mortgagee enters into the above-mentioned marriage contract or fails to notify the mortgagee of the other circumstances mentioned above, as well as in cases where the mortgage object is threatened with loss (loss), the mortgagee is entitled to terminate the mortgage agreement and replace the mortgage with another security;
 - The mortgagee is entitled to require the mortgagee to fulfill the obligation secured by the mortgage earlier in cases where the mortgagee does not notify the mortgagee of a change in the characteristics of the mortgage object when such object is acquired in the future.
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