

SPECIAL ECONOMIC ZONES

RELATED PROVISION: ARTICLE 5ah OF COUNCIL REGULATION 833/2014
FREQUENTLY ASKED QUESTIONS – AS OF 19 DECEMBER 2025

1. What is the purpose of Article 5ah?

Last update: 19 December 2025

Article 5ah aims to prevent EU operators from contributing, directly or indirectly, to the economic or technological environment of certain Russian special economic, innovation or preferential zones (hereinafter: SEZs) that play a key role in supporting Russia's military-industrial base.

The Regulation distinguishes between:

- SEZs listed in Part A of Annex LII (namely, Alabuga and Technopolis Moscow)

EU operators must fully withdraw from these zones and discontinue any existing participation or arrangements. For further details, see Questions 2, 3, 4, 5 and 7.

- SEZs listed in Part B of Annex LII

EU operators may maintain existing participations or arrangements, but may not undertake any new investments, extensions or expansions. For further details, see Question 6.

2. What does Article 5ah prohibit EU operators from doing with regard to SEZs listed in Part A of Annex LII?

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For SEZs listed in Part A, the following prohibitions apply:

(a) New activities — Article 5ah(1)

For these SEZs, EU operators may not:

- acquire any new or extend any existing participation in entities located in these SEZs;
- create new branches, joint ventures or representative offices in these SEZs;
- enter into new contracts or arrangements for goods, services, technology, software, intellectual property or trade secrets transfer/licensing linked to these SEZs.

(b) Maintaining existing activities — Article 5ah(2)

As of 25 January 2026, EU operators may not maintain:

- existing participations in entities located in these SEZs;
- existing branches, joint ventures or representative offices in these SEZs;

- existing contracts or arrangements for goods, services, technology, software, intellectual property or trade secrets transfer/licensing linked to these SEZs.

This means EU operators should take reasonable and feasible measures to withdraw fully from these SEZs. See also Questions 3, 4, 5 and 7.

(c) Financing and investment services — Article 5ah(3)

EU operators may not provide loans, credit, other financing or investment services connected to the activities referred to above.

(d) Entities outside the SEZ — Article 5ah(4)

The prohibitions above also apply with regard to entities located outside the SEZ that are owned or controlled by an entity located within the SEZ. Withdrawal therefore also extends to such owned/controlled entities.

3. What is expected from EU operators in terms of withdrawal from SEZs listed in Part A of Annex LII?

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EU operators must take all reasonable and feasible measures to discontinue their participation in entities located in a Part A SEZ. This includes ending:

- ownership, control and voting rights;
- participation in branches, representative offices or joint ventures;
- contractual arrangements relating to goods, services, technology, intellectual property or trade secrets transfer/licensing or financing;
- any other form of economic involvement linked to the SEZ.

Where Russian authorities hinder or prevent withdrawal (for example through nationalisation, forced administration or refusal to process filings), operators should document their attempts to exit, cease involvement in management and/or oversight, and ensure that no further benefit is conferred. Operators are not responsible for outcomes beyond their control.

Where strictly necessary to complete the withdrawal, operators may request an authorisation pursuant to the derogation in Article 5ah(7)(d).

4. How should EU operators handle goods, equipment, technology and intellectual property when withdrawing from a SEZ listed in Part A of Annex LII?

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EU operators are not required to take steps that would result in the involuntary transfer of proprietary equipment, technology, intellectual property or trade secrets, software or other assets to Russian entities. Goods, technology and know-how that are subject to restrictions under Council Regulation 833/2014 or other EU sanctions may only be transferred or handled in accordance with the applicable provision.

Where strictly necessary for an orderly withdrawal, competent authorities may authorise:

- the removal, neutralisation, disabling or disposal of assets;
- the retrieval of controlled goods; or
- other measures that avoid conferring economic or technological benefit on the SEZ entity or the Russian state.

Transfers that would enable the continued use of controlled items within the SEZ, or otherwise benefit Russian actors, may not be undertaken unless expressly authorised under an applicable derogation. Competent authorities should assess any such request with particular attention to circumvention risks.

5. Are there any restrictions with regard to the choice of buyer(s) of an EU operator's participation in an entity located in a SEZ listed in Part A of Annex LII?

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The sale or disposal of a participation in an entity located in a Part A SEZ may only take place in accordance with Article 5ah and other applicable provisions of Council Regulation 833/2014 and, where relevant, other EU sanctions legislation such as Council Regulation 269/2014.

Where a disposal is authorised as strictly necessary for withdrawal, the prospective buyer must not be:

- a person listed under EU sanctions;
- an entity owned or controlled by a person listed under EU sanctions; or
- a person or entity whose involvement would risk conferring undue economic or technological benefit to the SEZ entity or the Russian state.

Competent authorities will assess the proposed buyer to ensure that the transaction does not undermine the objectives of the Regulation or facilitate circumvention. Authorisations may be subject to conditions to ensure that no undue benefit is transferred to Russian counterparties.

6. What does Article 5ah prohibit EU operators from doing with regard to SEZs listed in Part B of Annex LII?

Last update: 19 December 2025

For SEZs listed in Part B, the following prohibitions apply:

(a) New activities - Article 5ah(1)

EU operators may not:

- acquire new or extend existing participations in entities located in these SEZs;
- create new branches, joint ventures or representative offices in these SEZs;
- enter into new contracts or arrangements for goods, services, technology, software, intellectual property or trade secrets transfer/licensing linked to these SEZs.

EU operators may carry out operational activities and continue and/or amend existing participations, contracts and arrangements, provided that they do not expand or deepen their economic presence and do not undertake new investments or commitments. In doing so, operators must continue to comply with all other relevant restrictions in Regulation 833/2014, including those concerning transfers of technology, software, intellectual property and trade secrets, financing, technical assistance and the anti-circumvention clause.

(b) Financing and investment services - Article 5ah(3)

EU operators may not provide loans, credit, other financing or investment services connected to activities prohibited under paragraph 1.

(c) Entities outside the SEZ - Article 5ah(4)

The prohibitions above also apply with regard to entities located outside the SEZ if they are owned or controlled by an entity located within the SEZ.

7. Are EU operators expected to incur losses in order to comply with Article 5ah?

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Article 5ah does not require EU operators to incur disproportionate or unnecessary losses. Operators must take all reasonable and feasible measures to comply but are not expected to absorb uncontrolled losses resulting from hostile or arbitrary actions by Russian authorities.

Where appropriate, operators may request authorisations for actions strictly necessary to divestment and withdrawal from Russia or the wind-down of business activities in Russia. Competent authorities will consider such requests on a case-by-case basis, taking into account proportionality and the overall objectives of the Regulation.