The EU's Strategic Use of Sanctions and Export Controls in 2026

Geopolitics, technology and war are shaping the bloc's use of sanctions and export controls this year

FEBRUARY 12, 2026

The article was originally published in *Dow Jones Risk Journal*

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2025 was a significant year for the European Union's use of sanctions and export controls. Confronted with Russia's continued war against Ukraine, rising geopolitical fragmentation and accelerating technological competition, the EU increasingly relied on economic restrictions as tools of strategic policy. These developments are also set to define the direction of the EU's sanctions and export controls agenda in 2026.

The EU targets Russia and its enablers

EU sanctions policy in 2025 was dominated by continued and intensive action against Russia and Belarus. Over the course of the year, the EU adopted four additional Russia sanctions packages, each introducing a broad set of new restrictive measures. These packages expanded export and services restrictions across multiple sectors and significantly widened the number of asset-freezing designations. These developments culminated in the EU's decision to permanently immobilize Russian state assets held within the EU.

Looking ahead to 2026, further Russia sanctions appear all but certain. The EU has already publicly announced its intention to adopt a 20th Russia sanctions package by Feb. 24, marking the four-year anniversary of Russia's full-scale invasion of Ukraine. Based on available reporting, proposals concerning the new package include additional export restrictions, further limits on the servicing of Russian oil tankers and tighter controls on imports of Russian fertilizers as well as further asset-freezing designations.

A trend that is likely to continue in 2026 is the EU's growing focus on non-Russian entities whose activities are considered to undermine the EU Russia sanctions. In particular, the EU may further target vessels, ports, refineries and other energy infrastructure located in third countries involved in processing, transporting or facilitating the sale of Russian oil and petroleum products. The July 2025 designation of Nayara Energy, an Indian refinery partly owned by Rosneft and identified as a major processor of Russian crude, marked a significant step in this direction.

The EU is also expected to pursue further action against the diversion of EU-manufactured goods to Russia via third countries. The EU has already established a legal basis within the Russia sanctions regulation to impose export restrictions on specific destinations identified as posing a high risk of diversion but has so far refrained from designating specific countries for these restrictions. Use of these destination-based restrictions in 2026 appears likely, particularly where engagement efforts with these countries have proven insufficient.

Beyond Russia, Iran is also expected to remain a central focus of EU sanctions policy. In October 2025, the EU reimposed a wide range of asset-freeze, trade and financial restrictions that had previously been eased in 2015 under the Joint Comprehensive Plan of Action, following Iran's failure to meet its commitments under that framework. In addition, in response to the violent suppression of mass protests, the EU adopted further targeted asset freezing measures in January against Iranian government officials and members of the security apparatus implicated in human rights violations. Iran's ongoing military support for Russia further heightens the likelihood of additional restrictive measures being introduced.

Finally, 2026 is also likely to see a continued increase in sanctions enforcement across the EU. Since 2022, enforcement activity has steadily intensified, a trend that is expected to accelerate as EU Member States implement Directive (EU) 2024/1126, which partially harmonizes criminal sanctions for sanctions violations. While it remains to be seen whether this will translate into a significant rise in prosecutions, the directive will provide national authorities with stronger legal tools to investigate and enforce EU sanctions.

The EU's evolving approach to export controls

2025 also marked a turning point in the EU's approach to export controls. On Sept. 8, the European Commission adopted a Delegated Regulation updating the EU Dual-Use List set out in Annex 1 of Regulation (EU) 2021 /821. The Dual-Use Regulation is the EU's principal legal framework governing exports of dual-list items-goods, software and technology that have both civilian and military applications.

At first glance, the 2025 update appears to follow established practice. The EU's Dual-Use List is typically revised annually to reflect changes agreed at the multilateral level, in particular within the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies. The Wassenaar Arrangement, alongside other regimes such as the Missile Technology Control Regime, the Australia Group and the Nuclear Suppliers Group, provides a forum in which participating states coordinate export controls through consensus-based decision-making. Many EU Member States are members of these international regimes, and historically, unanimous amendments adopted within these regimes were subsequently transposed into the Dual-Use Regulation.

However, the 2025 update marks a notable departure from this approach. For the first time, the EU has introduced controls into the Dual-Use Regulation that were not unanimously agreed within the relevant multilateral frameworks. These controls cover, among other things, quantum technologies, semiconductor manufacturing and testing equipment, integrated circuits and certain types of additive manufacturing equipment.

This development reflects the growing dysfunction of multilateral export control regimes since Russia's full-scale invasion of Ukraine in 2022. Under the current legal framework, the Dual-Use Regulation affords the EU Commission only limited scope to introduce new controls independently of those agreed upon within the multilateral agreements. At the same time, the consensus-based nature of those regimes such as the Wassenaar Arrangement has allowed Russia, a longtime Wassenaar Arrangement member, to block the adoption of new controls on emerging technologies. This has significantly constrained the regimes' ability to adapt to rapid technological advances and shifting security risks, and has, in turn, prevented timely updates to the EU Dual-Use List through the traditional multilateral route.

The EU Commission sought to overcome this impasse by relying on Article 17(1) of the Dual-use Regulation. That provision allows the EU Commission to amend the EU Dual-Use List by delegated act to reflect international obligations and commitments accepted by Member States, including commitments undertaken within multilateral regimes. In the 2025 update, the EU Commission treated the newly introduced controls as commitments accepted by EU Member States in their capacity as participants in the Wassenaar Arrangement, even though those controls have yet to be formally incorporated into the Arrangement's control lists because of Russia's blockade-a scenario often referred to as "Wassenaar minus one."

The 2025 update signals a broader shift in the role of export controls. Originally conceived as tools to prevent the proliferation of weapons of mass destruction, export controls are increasingly used as instruments of economic security and geopolitical influence. This evolution is evident globally, from U.S. restrictions targeting advanced semiconductors and artificial intelligence capabilities, to China's tightening of controls on rare earths and other critical inputs-measures that have had significant effects for European companies. Recognizing this shift, the EU intends to undertake an overarching evaluation of the Dual-Use Regulation to assess whether it remains fit for purpose in light of new geopolitical and geoeconomic realities.

Given the limited flexibility of the current framework and its reliance on slow-moving multilateral processes, the review may prompt considerations of new legal mechanisms enabling faster, autonomous EU export controls decisions. As innovation accelerates, further EU level controls in areas such as artificial intelligence, quantum technologies, advanced semiconductors and biotechnology are also likely to remain high on the EU's 2026 agenda.

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