

# Client Alert

## International Trade

25 June 2014

# EU updates sanctions against Libya and Syria, and introduces import ban for Crimean products



### I. Introduction

The EU Council on 23 June 2014 took several sanctions-related actions,<sup>1</sup> all effective on 24 or 25 June 2014, including:

- the introduction of an **EU import ban for products from Crimea and Sevastopol** (and related financing/insurance services);
- an update of the EU sanctions against **Libya** with respect to implement a recent UN Security Council Resolution aimed at **preventing illicit crude oil transactions involving vessels designated at UN level** (while also removing two entities from the asset freeze list); and
- the **addition of 12 individuals to the Syria asset freeze list**.

### II. EU import ban – Crimea/Sevastopol

To add teeth to its earlier condemnation of the annexation of the Autonomous Republic of Crimea and the city of Sevastopol, the EU is banning the import goods originating in Crimea or Sevastopol as of 25 June 2014 through **Council Regulation 692/2014<sup>2</sup> and Council Decision 2014/386/CFSP<sup>3</sup>**. The provision of direct/indirect financing or financing or (re-)insurance related to such imports is also prohibited. Originating goods for the purpose of this import ban shall be goods “wholly obtained” in Crimea or Sevastopol, or goods which have undergone their last substantial transformation there (i.e. the classical EU non-preferential origin rule applies here). Knowingly and intentionally participating in circumvention of these measures is also forbidden. Like all EU sanctions measures, these measures apply within the EU and on board aircraft/vessels under EU Member State jurisdiction, to any EU nationals (anywhere in the world) and entities falling under EU Member State laws, and to any business done in whole or in part in the EU.

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<sup>1</sup> The various measures were published in Official Journal (OJ) [No L 183](#) of 24 June 2014.

<sup>2</sup> See pages 9-15 of OJ No L 183.

<sup>3</sup> See pages 70-71 of OJ No L 183.

However, the ban **will not apply to** goods which have been made available to the Ukrainian authorities for examination and for which compliance with the preferential origin rules for Ukrainian products are satisfied and an origin certificate has been issued by the Government of Ukraine.

The prohibitions will not apply for the execution until 26 September 2014 of **contracts concluded before 25 June 2014** (and ancillary contracts) provided that the activities related to their execution are notified at least 10 working days beforehand.

In addition, the Regulation also **forbids the satisfaction of claims** in connection with prohibited goods imports or related to contracts/transactions whose performance is affected by these measures if these are made by or on behalf of parties listed under the EU's Ukraine-related asset freeze list (set out in Annex I of Regulation 269/2014),<sup>4</sup> or parties that are found by an arbitral, judicial or administrative decision to have infringed Regulation 692/2014.<sup>5</sup>

The import ban will apply **until 23 June 2015**, but could be renewed or amended as appropriate, and will therefore remain **under constant review**.

### III. Update of EU Libya sanctions

The EU has updated the EU Libya Sanctions Regulation 204/2011<sup>6</sup> through **Council Regulations 689/2014<sup>7</sup> and 690/2014.<sup>8</sup>**

The main aim of Regulation 690/2014 – which applies from 25 June 2014 - is to implement the UN Security Council Resolution 2146 (2014) adopted in March 2014 to stop disruptions of Libya's energy exports and to reiterate that all facilities should be transferred back to the proper authorities.

To this end, Council Regulation 690/2014 introduces a new provision which states that it is **prohibited to load, transport or discharge crude oil from Libya on “designated vessels”** flying the flag of an EU Member State **unless this has been authorised** by the competent Member State authority after consultation with the Government of Libya focal point (as appointed and notified by the Libyan Government to the UN Sanctions Committee). The list the designated vessels will feature in a new Annex V to Regulation 204/2011, which will also specify the UN Sanctions Committee measures applicable to these. Annex V as yet is empty but the European Commission has been empowered to insert the details following the UN Sanctions Committee's determination of the vessels and the applicable measures.

**Access to EU ports for these vessels is prohibited, except** where entry is necessary for inspection, in an emergency situation, or when the vessel is returning to Libya.

The provision of **bunkering and ship supply services (as well as other servicing of vessels) to designated vessels will also be forbidden** by EU nationals, or from the EU territory, if the UN Sanctions Committee has so specified. The EU Member States may grant **exemptions** from this ban for humanitarian or safety purposes, or when the vessel is returning to Libya (subject to notification of the UN Sanctions Committee and the European Committee).

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<sup>4</sup> See [Council Regulation 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine](#) (latest consolidated version, not yet reflecting the amendments made by [Council Regulation 476/2014](#) and [Council Regulation 477/2014](#)).

<sup>5</sup> For more information on the EU's Ukraine-related sanctions and the parties on the asset freeze list, see also our [previous W&C alerts](#).

<sup>6</sup> See [Council Regulation 204/2011 of 2 March 2011 concerning restrictive measures in view of the situation in Libya \(as amended\)](#).

<sup>7</sup> See pages 1-2 of OJ No L 183.

<sup>8</sup> See pages 3-5 of OJ No L 183.

**Financial transactions related to crude oil aboard designated vessels** (including the sale of the crude oil or its use as credit) and the taking out of related transport insurance is prohibited if the UN Sanctions Committee has specified this. **Port fees can however be accepted** where a designated vessel is allowed to enter an EU port under the above exemption.

In parallel, Council Regulation 289/2014 **updates the asset freeze list** (Annex III to Regulation 204/2011) for one entry (Capitana Seas Limited) and removes two entities from the list (Libyan Holding Company for Development and Investment, and Dalia Advisory Limited (LIA sub)). These changes took effect on 24 June 2014.

#### **IV. Update of EU Syria sanctions asset freeze list**

With Council Regulation 693/2014,<sup>9</sup> the EU adds 12 Ministers to the asset freeze list contained in Annex II of the EU Syria Sanctions Regulation 36/2012<sup>10</sup> as of 24 June 2014. The list now contains almost 200 natural persons and over 50 entities.

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<sup>9</sup> See pages 15-17 of OJ No L 183.

<sup>10</sup> See [Council Regulation 36/2012 of 18 January 2012 concerning restrictive measures in view of the situation in Syria and repealing Regulation 442/2011](#) (latest consolidated version, not yet reflecting the amendments made by [Council Regulation 578/2014](#)).

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