

Sanctions Alert

A bi-monthly summary of sanctions news and developments

In this Issue:

Russia News

- 02 Canada and Australia Impose Sanctions over Crimea
 - 03 UK Suspends Licences for Export to Russian Military
 - 03 US Imposes New Sanctions, Halts Export Licences in Response to Ukraine Crisis
 - 04 EU Adds 12 Individuals to Russian Sanctions List
 - 04 Russia Imposes Visa Restrictions against US and Canadian Officials
 - 05 Switzerland Decides not to Impose Sanctions on Russia
 - 05 Debevoise & Plimpton LLP: The Sanctions Resource
-

EU News

- 06 EU Renews Sanctions on Iran
 - 06 EU Extends Sanctions on Egyptian Individuals
 - 07 EU Renews Sanctions on Bosnia & Herzegovina
 - 07 ECJ Rejects Applications against Syrian Listings
 - 07 ECJ Criticises Commission for Failing to Follow *Kadi* Principles
-

US News

- 08 OFAC Updates Guidance on Burma Sanctions
 - 09 US Makes New Narcotics Designation
 - 09 New Iran General License for Academic Activities
 - 09 US Company Settles with OFAC for Alleged Sale of Fuel to Iranian Vessel
-

UN News

- 10 UN Bans Illicit Crude Oil Exports from Libya

Russia News

Canada and Australia Impose Sanctions over Crimea

In addition to the sanctions imposed by the US and the EU, both Canada and Australia have joined the international effort to impose sanctions in respect of events in Crimea.

Building on the Freezing Assets of Corrupt Foreign Officials (Ukraine) Regulations, which took effect on 5 March and froze the assets of 18 politically exposed foreign persons, the Canadian government has subsequently introduced the Special Economic Measures (Russia) Regulations and the Special Economic Measures (Ukraine) Regulations. The regulations in respect of Russia target individuals believed to be connected with the government of Russia, and individuals or entities believed, directly or indirectly, to facilitate, support, provide funding for, or contribute to the deployment of Russian armed forces to Crimea. The regulations in respect of Ukraine target individuals believed to be engaged, directly or indirectly, in the deployment of Russian armed forces to Crimea or in the seizing of control of Ukrainian government and military entities inside Crimea. Both sets of regulations impose an asset freeze which prohibits persons in Canada and Canadian nationals abroad from: dealing in property held by or on behalf of a designated person; facilitating or providing financial or other related services in respect of such a dealing; making any goods available to a designated person; and providing any financial or related services to or for the benefit of a designated person. Both sets of regulations

provide for limited exemptions to the asset freeze. Canada has subjected 32 individuals and one entity (Bank Rossiya) to the Special Economic Measures (Russia) Regulations and 9 individuals to the Special Economic Measures (Ukraine) Regulations.

On 19 March, the Australian Minister for Foreign Affairs announced that the Australian government would amend the Autonomous Sanctions Regulations 2011 in order to impose financial sanctions and travel bans on 12 as yet unidentified Ukrainian and Russian individuals deemed to have been instrumental in threatening the sovereignty and territorial integrity of Ukraine. Once the sanctions have been imposed, it will be an offence to make any kind of asset available to, or for the benefit of, the designated individuals, whether directly or indirectly. It will also be an offence to use or deal with assets owned or controlled by such individuals.

[Freezing Assets of Corrupt Foreign Officials \(Ukraine\) Regulations](#)

[Canadian Sanctions: Russia](#)

[Canadian Sanctions: Ukraine](#)

[Australian Minister for Foreign Affairs Press Release](#)

[Department of Foreign Affairs and Trade Website](#)

[Back to the top](#)

UK Suspends Licences for Export to Russian Military

The UK has suspended export licences for military and dual-use items which “could be or are being deployed” by Russian armed forces or other Russian state agencies “against Ukraine”. Also suspended are licences for exporting such items to third countries for manufacture where there is a clear risk that the end product will be “used against Ukraine”.

In a further development, two Open General Export Licences (“OGELs”) covering military or dual-use goods that are of a less restricted nature or are exported to non-sensitive destinations have been amended to add

Russia to the list of non-permitted destinations. The first OGEL allows for the export of specified military/dual-use goods for the purpose of repair and return, replacement under warranty or return as unwanted goods. The second OGEL allows for the export of specified military/dual-use goods for demonstration purposes only.

[Notice to Exporters 2014/06](#)

[Notice to Exporters 2014/08](#)

[Back to the top](#)

US Imposes New Sanctions, Halts Export Licences in Response to Ukraine Crisis

On 20 March, the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) designated 20 individuals and one entity pursuant to recent sanctions authorised in response to the crisis in Ukraine. This is in addition to the 11 individuals who were designated on 17 March 2014. According to a statement by President Barack Obama, the newly sanctioned persons are “individuals with substantial resources and influence who provide material support to the Russian leadership, as well as a bank that provides material support to these individuals.” The entity—Bank Rossiya, based in St. Petersburg—is the first entity to be designated for Ukraine-related sanctions.

The same day, President Obama issued Executive Order 13662 authorising the US Secretary of the Treasury to impose sanctions on designated individuals in “such sectors of the Russian Federation economy as

may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, such as financial services, energy, metals and mining, engineering, and defense and related materiel.” This is the third executive order issued authorising sanctions in response to the crisis in Ukraine. It remains to be seen which sectors, if any, of the Russian economy the US will target.

On 27 March, the Bureau of Industry and Security (“BIS”) of the US Commerce Department and the Directorate of Defense Trade Controls (“DDTC”) at the US State Department separately announced on their websites that each had placed a hold on the issuance of licences for the export of controlled items to Russia. The ban imposed by BIS applies to “dual-use” items such as explosives, lasers, software and electronic devices that could potentially be used for

[Continued on page 4](#)

military purposes, while the DDTC ban applies to items categorised as munitions. In 2013 BIS approved 1,832 export contracts worth approximately US\$1.5 billion, which represented 14% of total US exports to Russia. US\$800 million of that figure came from licences for the export of detonators used for mining, construction and drilling, meaning that the sanctions will not be

limited to affecting the Russian military but will also extend to the oil, gas and mineral industries.

[Treasury Department Press Release](#)

[OFAC Announcement of Blocked Persons](#)

[Executive Order 13662 \(PDF\)](#)

[Back to the top](#)

EU Adds 12 Individuals to Russian Sanctions List

On 21 March, the EU adopted Council Regulation 284/2014 and Council Implementing Decision 2014/151/CFSP meaning that a further 12 individuals have been added to the list of persons subject to the asset freeze and travel ban imposed by Council Regulation 269/2014 and Council Decision 2014/145/CFSP. The newly designated individuals are: Dmitry Olegovich Rogozin, Sergey Glazyev, Valentina Ivanova Matviyenko, Sergei Evgenevich Naryshkin, Dmitry Konstantinovich Kiselyov, Alexander Mihailovich Nosatov, Valery Vladimirovich Kulikov, Vladislav Yurievich Surkov, Mikhail Malyshev, Valery Medvedev, Lt. Gen. Igor Turchenyuk and Elena Borisovna Mizulina. The aforementioned individuals have been added to the list for a variety of reasons, including publicly calling for the annexation of Crimea, publicly supporting the deployment of Russian forces,

commanding Russian forces that have occupied Ukrainian sovereign territory and administering the Crimean referendum. As with Council Regulation 269/2014 the asset freeze prohibits EU persons and persons within the EU from dealing in funds or economic resources that belong to, are owned, controlled or held by the designated individuals, and from making funds or economic resources available, directly or indirectly, to the designated individuals.

[Council Regulation 284/2014 \(PDF\)](#)

[Council Implementing Decision 2014/151/CFSP \(PDF\)](#)

[Council Regulation 269/2014 \(PDF\)](#)

[Council Decision 2014/145/CFSP \(PDF\)](#)

[Back to the top](#)

Russia Imposes Visa Restrictions against US and Canadian Officials

Reacting to the sanctions imposed on it by North America, Russia has retaliated by imposing its own set of sanctions, including entry bans on US and Canadian officials.

The 9 US officials banned from entering Russia are: John McCain, John Boehner, Harry Reid, Robert Menendez, Caroline Atkinson, Daniel Pfeiffer, Benjamin Rhodes, Mary Landrieu and Daniel Coats.

[Continued on page 5](#)

The Russian Ministry of Foreign Affairs has also banned the entry into Russia of the following 13 Canadian officials: Christine Hogan, Wayne G. Wouters, Jean-Francois Tremblay, Andrew Sheer, Peter Van Loan, Raynell Andreychuk, Dean Allison, Paul Dewar, Irwin Cotler, Ted Opitz, Christia Freeland, James Bezan and Paul Grod.

[RT Article on Sanctions against Canadian Officials](#)

[Washington Post Article on Sanctions against US Officials](#)

[Back to the top](#)

Switzerland Decides not to Impose Sanctions on Russia

Although Switzerland was one of the first countries to freeze the assets of individuals linked to Viktor Yanukovich's former government, it has refrained from imposing sanctions against Russia. The Swiss government has said, however, that it will not be "abused" by those wanting to circumvent the sanctions that have been imposed by other countries, and that it will not be complicit in the avoidance of these sanctions. Furthermore, as Switzerland does participate in the Schengen zone, which allows for passport-free travel, some of the sanctions imposed by the EU will apply regardless. By way of example, the Swiss Foreign Minister has clarified that the 33 individuals subject to

EU sanctions will not be able to apply to Switzerland for a Schengen visa. Commentators have cited Switzerland's tradition of neutrality, its status as a global commodities market and its thriving private banking industry as reasons for the decision to not impose direct sanctions. It should be noted that Switzerland's decision to stay out of the imposition of sanctions has no effect on its banks, such as UBS and Credit Suisse, who must comply with the sanctions that have been imposed by third countries.

[Reuters Article](#)

[Back to the top](#)

Debevoise & Plimpton LLP: The Sanctions Resource

Owing to the constantly evolving nature of the situation in Russia and Ukraine, Debevoise & Plimpton LLP has created "The Sanctions Resource: Russia and the Ukraine" which collects together all of the alerts and

updates that the firm has published since the beginning of the crisis. A link to the resource is below.

[The Sanctions Resource: Russia and the Ukraine](#)

[Back to the top](#)

EU News

EU Renews Sanctions on Iran

The EU has notified the individuals and entities listed in the Annex to Council Decision 2011/235/CFSP (the “Annex”), Annex II to Council Decision 2010/413/CFSP (“Annex II”), and Annex IX of Council Regulation 267/2012 (“Annex IX”) that the restrictive measures imposed upon them continue to apply. The annexes list persons and entities involved in nuclear or ballistic missiles activities, associated with the Islamic Revolutionary Guard Corps, or associated with the

Islamic Republic of Iran Shipping Lines. All three annexes impose an asset freeze, with the Annex and Annex II also imposing a travel ban.

[Council Decision 2011/235/CFSP \(PDF\)](#)

[Council Decision 2010/413/CFSP \(PDF\)](#)

[Council Regulation 267/2012 \(PDF\)](#)

[Back to the top](#)

EU Extends Sanctions on Egyptian Individuals

The EU has adopted Council Decision 2014/153/CFSP extending, until 22 March 2015, the asset freeze imposed by Council Decision 2011/172/CFSP on 19 Egyptian individuals, including former Egyptian President Mohamed Hosni Elsayed Mubarak, members of his family and certain political associates. The listed persons have been identified as being responsible for misappropriation of Egyptian State funds, or being associated with those responsible. The EU has notified the individuals, who are also subject to restrictive measures under Council Regulation 270/211, that they may apply to the competent authorities of relevant

Member States to obtain an authorisation to use frozen funds for basic needs or specific payments. Requests must be submitted before 30 January 2015, together with supporting documentation.

[Council Decision 2014/153/CFSP \(PDF\)](#)

[Council Decision 2011/172/CFSP \(PDF\)](#)

[Council Notice 2014/C 82/03 \(PDF\)](#)

[Council Regulation 270/211 \(PDF\)](#)

[Back to the top](#)

EU Renews Sanctions on Bosnia & Herzegovina

By Council Decision 2014/157/CFSP, the EU has renewed, until 22 March 2015, the asset freeze and travel ban imposed by Council Decision 2011/173/CFSP upon persons whose activities undermine the sovereignty, territorial integrity, constitutional order and international personality of Bosnia and Herzegovina; seriously threaten the security situation

in Bosnia and Herzegovina; or undermine the Dayton/Paris General Framework Agreement for Peace.

[Council Decision 2014/157/CFSP \(PDF\)](#)

[Council Decision 2011/173/CFSP \(PDF\)](#)

[Back to the top](#)

ECJ Rejects Applications against Syrian Listings

The European Court of Justice (the “ECJ”) has rejected the applications of a Syrian bank and Syrian individual seeking the removal of sanctions imposed on them.

In the first case (Joined Cases T-174/12 and T-80/13), Syrian Lebanese Commercial Bank applied for removal from the Annex of Council Decision 2011/273/CFSP subjecting it to an asset freeze. The ECJ held that the European Council was right to determine that the bank, which is 84.2% owned by the Commercial Bank of Syria, was associated with the Syrian regime.

In the second case (Case T-202/12), Bushra al-Assad, the sister of President Bashar al-Assad and widow of the deputy Minister of Defence applied for removal from Annex I of Council Decision 2011/782/CFSP, on which she had been included on account of her close personal relationship and intrinsic financial

relationship with her brother and other core Syrian regime figures. The Council considered that she benefited from and was associated with the Syrian regime. The ECJ held that the Council’s presumption that she benefitted from the regime had not been successfully rebutted. She remains subject to an asset freeze and a travel ban.

[Press Release in Respect of Cases T-174/12 and T-80/13 \(PDF\)](#)

[Press Release in Respect of Case T-202/12 \(PDF\)](#)

[Council Decision 2011/273/CFSP \(PDF\)](#)

[Council Decision 2011/782/CFSP \(PDF\)](#)

[Back to the top](#)

ECJ Criticises Commission for Failing to Follow *Kadi* Principles

The ECJ has recently published its judgment in Case T-306/10 *Hani El Sayyed Elsebai Yusef v. European Commission*. The subject matter of the case was an application by Yusef to be removed from Annex I

of Regulation 881/2002, which imposes restrictive measures directed against persons and entities associated with Osama bin Laden, Al-Qaida and the Taliban. Yusef had claimed that the Commission had failed to observe

[Continued on page 8](#)

the principles stated by the ECJ in the cases of *Kadi* and *Al Barakaat International Foundation v. Council and Commission* (“Kadi I”) and *Kadi v. Commission* (“Kadi II”).

In Kadi I, the ECJ held that when deciding to freeze the funds of an individual under Council Regulation 881/2002, the relevant EU institution is obliged to communicate to the person concerned the evidence used against them or to grant them the right to be informed of that evidence. In Kadi II, it held that the Commission must not see itself as strictly bound by the findings of UN sanctions committees, but must rather exercise its discretion to call those findings into question. Applying these principles, the ECJ criticised the Commission for providing to Yusef nothing more than the three press releases published by the relevant UN sanctions committee and no other evidence.

The ECJ found that the Commission had therefore acted unlawfully because it had failed to observe the principles which apply when reviewing designations. However, this did not lead to the ECJ ordering the Commission to remove Yusef from the list. The ECJ found that, despite the procedural unlawfulness, it could not rule out the possibility that, on the merits of the case, the retention of Yusef’s name on the list was justified.

[T-306/10 Hani El Sayyed Elsebai Yusef v. European Commission](#)

[Council Regulation 881/2002 \(PDF\)](#)

[Back to the top](#)

US News

OFAC Updates Guidance on Burma Sanctions

On 1 April, OFAC released an update to its online guidance, known as Frequently Asked Questions (“FAQ”). This update covers recent changes in the Burma sanctions programme, including the expiration of the general ban on the import of goods of Burmese origin and the subsequent issuance of Executive Order 13651, which reinstates the prohibition on the importation into the United States of any jadeite or rubies mined or extracted from Burma and any articles of jewellery containing jadeite or rubies mined or extracted from Burma. The updated FAQ also addresses many potential

questions related to financial sanctions against Burma, including permitted transactions with Burmese banks, the opening of correspondent accounts with Burmese institutions, and restrictions on new investments in Burma. Transactions with any persons designated under the Burma sanctions program remain prohibited, unless authorised by a general or specific licence.

[Questions Related to Burma Sanctions](#)

[Back to the top](#)

US Makes New Narcotics Designation

On 26 March, OFAC designated Pahlawan Rozi, an Afghan national, pursuant to the Foreign Narcotics Kingpin Designation Act (“Kingpin Act”). According to the US, Mr. Rozi smuggles narcotics across the Tajikistan-Afghanistan border. The US also asserts that Mr. Rozi is a weapons trafficker and has bribed high-ranking Afghan government officials to avoid police interference in his narcotics trafficking activities.

OFAC notes that Mr. Rozi owns a money transfer business (*hawala*) as well as large amount of money and assets, including buildings, businesses and orchards in Kunduz Province.

[Treasury Department Press Release](#)

[Back to the top](#)

New Iran General License for Academic Activities

On 20 March, OFAC issued Iran General License G, which authorises various academic activities. Under the new general licence, accredited academic institutions in the United States are authorised to establish and operate undergraduate and graduate academic exchange agreements with Iranian universities and provide scholarships to participating Iranian students. US academic institutions are also authorised to export certain additional educational services to Iran, such as processing applications from Iranian students, employing as teachers individuals resident in Iran

and offering undergraduate courses, including online courses. US persons are also authorised to participate in certain academic coursework and research in Iran, to export services in support of certain non-profit activities, such as combatting illiteracy, and to administer certain professional certificate examinations and university entrance exams.

[Iran General License G \(PDF\)](#)

[Back to the top](#)

US Company Settles with OFAC for Alleged Sale of Fuel to Iranian Vessel

On 31 March, OFAC announced that GAC Bunker Fuels (USA) LLC, of Houston, Texas, has agreed to pay \$157,500 to OFAC to settle potential civil liability for allegedly supplying bunker fuel in Brazil for an Iranian vessel in violation of the Iranian Transactions and Sanctions Regulations. According to OFAC,

the transaction occurred in November 2008 and was valued at \$513,141.

[OFAC Enforcement Announcement \(PDF\)](#)

[Back to the top](#)

UN News

UN Bans Illicit Crude Oil Exports from Libya

The UN Security Council has banned illicit crude oil exports from Libya, and has authorised Member States to inspect designated vessels on the high seas. Resolution 2146/2014 permits, for a renewable period of 90 days, the inspection of designated vessels deemed to be involved in the illicit export of crude oil from Libya. Once a vessel has been designated, its flag State is obliged to direct the vessel not to load, transport or discharge any crude oil from Libya which may be aboard the vessel. Further, all Member States shall take the necessary measures to: prohibit designated vessels from entering their ports (other than for the purposes of an inspection, in the case of an emergency, or unless it is to return to Libya); prohibit the provision by its nationals or from its territory of bunkering services

such as the provision of fuel or supplies (unless they are for humanitarian purposes or for purposes of allowing the vessel to return to Libya); and require its nationals and legal persons in its territory not to engage in any financial transactions with respect to any crude oil from Libya aboard the vessels. Pursuant to the resolution, Member States are authorised to inspect designated vessels on the high seas and take appropriate actions to return the crude oil to Libya, though they are requested to seek the consent of any vessel's flag State before doing so.

[UN Resolution 2146/2014](#)

[Back to the top](#)

Sanctions Alert

Sanctions Alert is a publication of
Debevoise & Plimpton LLP

919 Third Avenue
New York, New York 10022
+1 212 909 6000
www.debevoise.com

Washington, D.C.
+1 202 383 8000

London
+44 20 7786 9000

Paris
+33 1 40 73 12 12

Frankfurt
+49 69 2097 5000

Moscow
+7 495 956 3858

Hong Kong
+852 2160 9800

Shanghai
+86 21 5047 1800

For further information in relation
to any of the above, please email
sanctions@debevoise.com or call:

Satish Kini
Partner, Washington
+1 202 383 8190
smkini@debevoise.com

Carl Micarelli
Counsel, New York
+1 212 909 6813
cmicarelli@debevoise.com

Jessica Gladstone
International Counsel, London
+44 20 7786 9166
jgladstone@debevoise.com

Matthew Getz
International Counsel, London
+44 20 7786 5518
mgetz@debevoise.com

Jane Rahman
Associate, London
+44 20 7786 5463
jrahman@debevoise.com

Please address inquiries
regarding topics covered in
this publication to the editors.

All content (c) 2014 Debevoise &
Plimpton LLP. All rights reserved.
The articles appearing in this
publication provide summary
information only and are not
intended as legal advice. Readers
should seek specific legal advice
before taking any action with
respect to the matters discussed
herein. Any discussion of U.S.
federal tax law contained in these
articles was not intended or written
to be used, and it cannot be used
by any taxpayer, for the purpose
of avoiding penalties that may be
imposed on the taxpayer under
U.S. federal tax law.

Please note:

The URLs in Sanctions Alert are
provided with hyperlinks so as
to enable readers to gain easy
access to cited materials.