

# Client Alert

## International Trade

15 April 2014

# EU expands Ukraine-related asset freeze list to four more persons, work on possible Russia sanctions continues



### I. Introduction

In an attempt to strengthen European Union (EU) sanctions targeting misappropriation of Ukrainian state funds, the EU has added **another four names** to the existing list of individuals subject to an asset freeze. These restrictions have been published in Regulation 381/2014 in the Official Journal of the EU today, and entered into force on the same day.<sup>1</sup>

In the meantime, the EU's work on possible additional wide-ranging economic, trade and financial restrictions on Russia in relation to Crimea continues.

### II. Sanctions

Based on conclusions issued by the Council on Monday, 14 April 2014,<sup>2</sup> the EU has expanded the Ukraine related asset freeze. As of 15 April 2014, the existing EU asset freeze list in relation to alleged misappropriation of Ukrainian state funds and human rights violations in Ukraine imposed under Regulation 208/2014<sup>3</sup> has been expanded from 18 persons (see our alert from 6 March 2014 describing those measures [here](#)) to **22 persons**.

This is in addition to the separate list of **33 individuals in Russia and Crimea** subject to a visa ban and asset freeze under Regulation 269/2014<sup>4</sup> in relation to the Crimea crisis (see our alerts from 17 and 21 March 2014 describing those measures [here](#) and [here](#)).

The **4 persons designated effective 15 April 2014** are as follows:

1. Serhiy Arbuzov (*former Prime Minister of Ukraine*)
2. Yuriy Ivanyushchenko (*Party of Regions MP*)
3. Oleksandr Klymenko (*former Minister of Revenues and Charges*)
4. Edward Stavytskyi (*former Minister of Fuel and Energy of Ukraine*)

In addition, the EU has amended certain identifying information for three persons already listed as subject to an asset freeze under Regulation 208/2014.

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<sup>1</sup> See [Council Implementing Regulation 381/2014](#) of 14 April 2014 implementing Regulation (EU) No 208/2014 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Ukraine, [2014] OJ L 111/33.

<sup>2</sup> See [Council conclusions on Ukraine](#) of 14 April 2014.

<sup>3</sup> See [Council Regulation \(EU\) No 208/2014](#) of 5 March 2014 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Ukraine, [2014] OJ L 66/1.

<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, [2014] OJ L 78/6.

As a result of the asset freeze, all funds and economic resources belonging to, or controlled by, the listed persons and that fall under EU jurisdiction (e.g. held by EU banks) will be frozen. Furthermore, no funds or economic resources may be made available – *directly or indirectly* – to or for the benefit of the listed persons by parties falling under EU jurisdiction.

Member States can authorise derogations from the asset freeze in certain limited circumstances. There are two notable situations (in addition to the standard provisions relating to basic needs, legal services, etc.): first, where release of funds is to satisfy a court or arbitral decision that predates the asset freeze, where the beneficiary is not the listed person (Article 5 of Regulation 208/2014); and, second, where a payment by a listed party is due under a contract that pre-dates the asset freeze provided the payment does not benefit that listed party (Article 6 of Regulation 208/2014).

These sanctions apply to the **EU territory** (including its airspace), **nationals of EU Member States** (including those located outside the EU), and **on board vessels and aircraft under Member State jurisdiction**. Sanctions further apply to **companies incorporated or registered under the law of an EU Member State and to other non-EU companies in respect of business done in whole or in part in the EU**. This means that non-EU companies can be covered by the newly adopted measures, depending on the particular circumstances under which they perform their business activities in the EU.

### III. Related developments and next steps

On 14 April 2014, the Council also adopted a Regulation providing for temporary unilateral EU tariff liberalization on goods originating in Ukraine.<sup>5</sup> This Regulation is expected to be published and enter into force later this month, and apply as an interim support measure for Ukraine until permanent tariff benefits start to apply under the bilateral Deep and Comprehensive Free Trade Area (DCFTA), or 1 November 2014 at the latest.

With respect to potential further expansion of EU sanctions in response to Ukraine related developments, the Council confirmed in its statement of 14 April 2014 that the European Commission is working on a proposal for possible economic, trade and financial sanctions. However, the timeline for potential application of such measures continues to be uncertain. In the meantime, representatives of the EU, US, Ukraine and Russia are scheduled to meet in Geneva on 17 April 2014 to discuss the crisis in Ukraine.<sup>6</sup>

For more information about Ukraine related US and EU sanctions, see [here](#).

More information on the EU's sanctions regime against other countries can be found in our latest client alerts on [Iran](#), [Syria and Belarus](#).

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<sup>5</sup> See [Council approves financial support and trade measures for Ukraine](#) of 14 April 2014.

<sup>6</sup> See [EU, US, Ukraine and Russia to meet on 17 April in Geneva](#) of 11 April 2014.