

# Client Alert

## International Trade

28 July 2014

# EU adds names to Ukraine sanctions and widens criteria in preparation for further sanctions, possibly this week; prolongs Iran sanctions relaxation and adds more names to Syria sanctions list

### I. Introduction

This alert resumes three changes to EU sanctions adopted over the past week. This week is likely to be equally busy as further sanctions on Ukraine and Russia are expected imminently.

First, and most important, the criteria for imposing an asset freeze under the Ukraine sanctions have been widened, enabling a broader range of persons or entities potentially to be targeted. In addition, 33 names were added to the existing **Ukraine-related asset freeze list** as of 25 July 2014.

Second, the temporary relaxation of sanctions against **Iran** has been extended until **24 November 2014** (to reflect the agreement to extend negotiations in Geneva).

Third, 3 persons and 9 entities were added to the **Syria** asset freeze list as of 23 July 2014.

### II. Expansion of Ukraine sanctions

First and foremost, the Council has widened the designation criteria to enable imposition of asset freezes and visa bans on more parties. This time, **Regulation 811/2014** – effective as of **25 July 2014** – has extended the criteria to cover persons or entities that actively support or are benefiting from Russian decision makers responsible for the annexation of Crimea or the destabilization of Eastern Ukraine.<sup>1</sup>

The EU is continuing to discuss **possible further sanctions in relation to Ukraine and Russia** this coming week, such as targeted measures in relation to access to capital markets, defence, dual-use goods and sensitive technologies,

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<sup>1</sup> See [Council Regulation \(EU\) No 811/2014](#) of 25 July 2014 amending Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. This extension follows a recent expansion of the designation criteria as of 19 July 2014 to target entities, including from the Russian Federation, that are materially or financially supporting actions undermining or threatening Ukraine's sovereignty, territorial integrity and independence. (See [Council Regulation 783/2014](#) of 18 July 2014 amending Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.)

including in the energy sector.<sup>2</sup> Current reports strongly indicate that new EU sanctions in this context, including in the form of additional asset freeze designations (including under the new asset freeze criteria) and sector-specific measures, could be politically agreed by the Council in the early part of the week (though the legal texts giving effect to the measures may take longer to be officially published).

In the meantime, Regulation 810/2014 has been adopted and published by the EU<sup>3</sup> to add **15 persons** deemed responsible for pro-separatist activities in Ukraine to the list of parties subject to an asset freeze and visa ban. In addition, **18 entities have been added** to the asset freeze list. The total number of parties listed under original Regulation 269/2014 imposing EU sanctions in respect of actions considered to undermine or threaten the territorial integrity, sovereignty and independence of Ukraine now stands at **87 persons and 20 entities** (see our alert from 14 July 2014 on the previous expansion of this list [here](#)).

The newly added parties effective **25 July 2014** are:

#### Individuals

1. Mikhail Efimovich FRADKOV (*Permanent member of the Security Council of the Russian Federation; Director of the Foreign Intelligence Service of the Russian Federation*)
2. Nikolai Platonovich PATRUSHEV (*Permanent member and Secretary of the Security Council of the Russian Federation*)
3. Aleksandr Vasilievich BORTNIKOV (*Permanent member of the Security Council of the Russian Federation*)
4. Rashid Gumarovich NURGALIEV (*Permanent member and Deputy Secretary of the Security Council of the Russian Federation*) Boris Vyacheslavovich GRYZLOV (*Permanent member of the Security Council of the Russian Federation*)
5. Sergei Orestovoch BESEDA (*Commander of the Fifth Service of the FSB, Federal Security Service of the Russian Federation*)
6. Mikhail Vladimirovich DEGTYAREV (*Member of the State Duma*)
7. Ramzan Akhmadovitch KADYROV (*President of the Republic of Chechnya*)
8. Alexander Nikolayevich TKACHYOV (*Governor of the Krasnodar Krai*)
9. Pavel GUBAREV (*One of the self-described leaders of the so-called 'people' Republic of Donetsk*)
10. Ekaterina GUBAREVA (*So-called 'Minister of Foreign Affairs' responsible of defending the so-called 'Donetsk People's Republic'*)
11. Fedor BEREZIN (*So-called 'deputy defence minister' of the so-called 'Donetsk People's Republic'*)
12. Valery Vladimirovich KAUROV (*Self-described 'president' of the so-called 'Republic of Novorossiya'*)
13. Serhii Anatoliyovych ZDRILIUK (*Senior aid to Igor Strelkov/Girkin*)
14. Vladimir ANTYUFEYEV (*Former 'Ministry of State Security' in the separatist region of Transnistria*)

#### Entities undermining the territorial integrity, sovereignty and independence of Ukraine

1. So-called 'Lugansk People's Republic' (*Official website: <http://lugansk-online.info>*)
2. So called 'Donetsk People's Republic' (*Official information: <http://dnr-news.com/>*)
3. So called 'Federal State of Novorossiya' (*Official press releases: <http://novorossia.su/official>*)
4. International Union of Public Associations 'Great Don Army' (*Official website: <http://vvd2003.narod.ru/>*)
5. 'Sobol' (*Official website: <http://soboli.net>*)
6. So called 'Lugansk Guard' (*Social media: <https://vk.com/luguard>*)
7. So called 'Army of the Southeast' (*Social media: <http://vk.com/lugansksbu>*)
8. So called 'Donbass People's Militia' (*Social media: <http://vk.com/polkdonbassa>*)
9. 'Vostok battalion' (*Social media: [http://vk.com/patriotic\\_forces\\_of\\_donbas](http://vk.com/patriotic_forces_of_donbas)*)

#### Entities whose ownership has been transferred contrary to Ukrainian law

1. State ferry enterprise 'Kerch ferry'

<sup>2</sup> See Council, "[Further sanctions over situation in Eastern Ukraine agreed](#)", 24 July 2014.

<sup>3</sup> See [Council Implementing Regulation 810/2014](#) of 25 July 2014 implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.

2. State enterprise 'Sevastopol commercial seaport'
3. State enterprise 'Kerch commercial sea port'
4. State enterprise Universal-Avia
5. Resort 'Nizhnyaya Oreanda'
6. Crimean enterprise 'Azov distillery plant'
7. State concern 'National Association of producers "Massandra"'
8. 'State enterprise Magarach of the national institute of wine'
9. State enterprise 'Factory of sparkling wine Novy Svet'

Under the asset freeze, all funds and economic resources belonging to, or controlled by, the listed parties and that fall under EU jurisdiction (e.g., are 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.

#### **IV. Prolongation of temporary relaxation of EU Iran Sanctions**

With respect to Iran, the EU has adopted Council Decision 2014/480/CFSP<sup>4</sup> **prolonging the temporary relaxation of the EU's sanctions against Iran**, reflecting the agreement to prolong the negotiations in Geneva between Iran and the P5+1. The temporary suspension of certain sanctions measures against Iran (relating to (re)insurance and transport services for Iranian crude oil, supply of petrochemical products, trade in gold and precious metals, as well as certain financial transactions) was initially agreed in January 2014 for a 6-month period under the Joint Plan of Action (and therefore was set to expire on 20 July 2014). (For more information on the original relaxation, see our [alert](#) of 21 January 2014.)

As a result of the prolonged relaxation, the temporary suspension of relevant EU sanctions measures against Iran will remain in place until **24 November 2014**; relevant contracts would need to be executed within that date in order to benefit from the suspension. This is consistent with the agreement reached on 19 July 2014 between China, France, Germany, Russia, the UK, the US and Iran, with support from the EU's High Representative, to continue negotiations with Iran.

#### **III. Expansion of Syria asset freeze**

In view of the gravity of the situation in Syria, the EU has as of **23 July 2014** added **3 persons** (including a businessman, military commander and research institute director) and **9 entities** to the EU's Syria asset freeze list under Council Implementing Regulation 793/2014 (which amends original Regulation 36/2012).<sup>5</sup> The newly added entities are:

- Oceans Petroleum Trading
- Tri Oceans Trading
- The Baniyas Refinery Company
- The Homs Refinery Company
- Army Supply Bureau
- Industrial Establishment of Defence
- Higher Institute for Applied Sciences and Technology
- National Standards & Calibration Laboratory
- El Jazireh/Al Jazerra

Our alert from 25 June 2014 on the previous expansion of this asset freeze list (by 12 ministers) is available [here](#).

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<sup>4</sup> See [Council Decision 2014/480/CFSP](#) of 21 July 2014 amending Decision 2010/413/CFSP concerning restrictive measures against Iran.

<sup>5</sup> See [Council Implementing Regulation \(EU\) No 793/2014](#) of 22 July 2014 implementing Regulation (EU) No 36/2012 concerning restrictive measures in view of the situation in Syria.