

# EU and US Take Actions to Ease Belarus Sanctions

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On October 29, 2015, the EU and the United States took separate action to ease certain Belarus-related sanctions. As of October 31, 2015, the EU suspended asset freezes and travel restrictions imposed on 170 persons, as well as the asset freeze against certain entities, until end February 2016. On October 29, 2015, the US Department of the Treasury's Office of Foreign Assets Control issued General License No. 2. The general license, which is set to expire on April 30, 2016, authorizes transactions involving certain Belarusian entities blocked pursuant to Executive Order 13405.

## EU suspends most asset freezes under Belarus sanctions

On October 29, 2015, the European Union (EU) Council announced its decision to suspend the asset freeze and travel ban imposed on most persons (170 individuals), and the asset freeze imposed on various entities, in Belarus.<sup>1</sup> The legal acts outlining these changes to the EU's existing sanctions against Belarus<sup>2</sup> – Council Decision 2015/1957<sup>3</sup> and Council Regulation 2015/1948<sup>4</sup> – were published in the EU's Official Journal on October 30, 2015, and entered into force on October 31, 2015.

As a result of the sanctions suspension, only four individuals (considered to be involved in unresolved disappearances in Belarus) will continue to be subject to the asset freeze. They are: Uladzimir NAVUMAU, Dzmitry Valerievich PAULICHENKA, Viktor Uladzimiravich SHEIMAN, and Iury Leanidavich SIVAKAU. Under the current EU laws, the asset freeze situation for listed legal entities is somewhat unclear. The asset freeze against three entities (Beltechexport, Beltech Holding and Spetspriborservice) is consistently suspended, but the new legal acts differ as to whether the asset freeze is suspended with respect to seven remaining listed

<sup>1</sup> See Council Statement "[Belarus: EU suspends restrictive measures against most persons and all entities currently targeted](#)" of October 29, 2015.

<sup>2</sup> The EU's sanctions against Belarus are currently imposed through Council Decision 2012/642/CFSP, as amended (latest consolidated version [here](#)) and Council Regulation 765/2006, as amended (latest consolidated version available [here](#)).

<sup>3</sup> See Council Decision (CFSP) 2015/1957 of 29 October 2015 amending Decision 2012/642/CFSP concerning restrictive measures against Belarus (available [here](#)).

<sup>4</sup> See Council Regulation (EU) 2015/1948 of 29 October 2015 amending Regulation (EC) No 765/2006 concerning restrictive measures in respect of Belarus (available [here](#)).

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entities.<sup>5</sup> Accordingly, we would normally expect a corrigendum to be published in the near future to correct this discrepancy (which we would expect to clarify that the asset freeze is suspended for all ten entities).

The EU decision was taken in response to the release of Belarusian political prisoners in August 2015, and is considered part of a process to improve the EU's relations with Belarus. The EU's sanctions against Belarus were due to expire on October 31, so the EU has officially prolonged these measures for four months (i.e. until February 29, 2016). At the same time, through Council Implementing Regulation 2015/1949,<sup>6</sup> the asset freeze list was updated for numerous entries (many of which will now benefit from the suspension) and to take account of recent EU court case law, by removing four entities from the list.<sup>7</sup>

Following the suspension, an arms embargo and limited asset freeze is still in place under the EU's sanctions against Belarus. Decision 2015/1957 notes that the sanctions will *"be kept under constant review and shall be renewed, or amended as appropriate, if the Council deems that its objectives have not been met."*

## US Issues General License Authorizing Transactions with Certain Belarusian Entities

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) issued General License No. 2 (GL No. 2) to authorize transactions involving certain Belarusian entities that had been blocked pursuant to Executive Order 13405 (the "Order"). A copy of GL No. 2 is available [here](#). GL No. 2 expires on April 30, 2016, unless it is extended or revoked.

Executive Order 13405, which is entitled "Blocking Property of Certain Persons Undermining Democratic Processes of Institutions in Belarus," was issued on June 16, 2006 to impose economic sanctions on individuals and entities determined to be responsible for actions or policies that undermine Belarus' democratic processes or institutions.<sup>8</sup> These parties are designated on OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List). All property and interests in property of these individuals and entities located in the United States (US) or within the possession or control of a US person,<sup>9</sup> wherever located, are considered blocked and may not be dealt in. Any entity in which one or more blocked parties hold, directly or indirectly, a 50 percent or greater ownership interest is itself considered blocked by operation of law. US persons may not engage in any dealings, directly or indirectly, with blocked parties.

### Entities Covered by GL No. 2

Effective October 30, 2015, General License No. 2 authorizes transactions involving nine listed entities blocked pursuant to the Order, as well as any entities that are owned, individually or in the aggregate, directly or indirectly, 50 percent or more by one or more of these entities. The nine listed entities are:

- Belarusian Oil Trade House
- Belneftekhim
- Belneftekhim USA, Inc.
- Belshina OAO
- Grodno Azot OAO
- Grodno Khimvolokno OAO

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<sup>5</sup> The legal entities are: LLC Triple, JSC Berezovsky KSI, JCJSC QuartzMelProm, CJSC Prostor-Trade, JLLC AquaTriple, LLC Rakowski browar and CJSC Dinamo-Minsk. More specifically, Council Regulation 2015/1948 lists them as entities for which the asset freeze has been suspended, whereas Council Decision 2015/1957 does not.

<sup>6</sup> See Council Implementing Regulation (EU) 2015/1949 of 29 October 2015 implementing Article 8a(1) of Regulation (EC) No 765/2006 concerning restrictive measures in respect of Belarus (available [here](#)).

<sup>7</sup> LLC Triple Metal Trade, JV LLC Triple-Techno, MSSFC Logoysk, and Triple-Agro ACC.

<sup>8</sup> Executive Order 13405 is available [here](#).

<sup>9</sup> A US Person is defined to include any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. 31 CFR § 548.312.

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- Lakokraska OAO
  - Naftan OAO
  - Polotsk Steklovolokno OAO

Prior to this general license taking effect, all transactions by US Persons or in the United States, or by non US Persons with a US nexus, involving these parties directly or indirectly were prohibited. Now, subject to the terms of GL No. 2, such transactions are permitted, at least for 6 months. GL No. 2 provides that, unless otherwise authorized by OFAC, all property and interests in property of the entities described in the general license that were blocked pursuant to E.O. 13405 prior to October 30, 2015 remain blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in. The general license also does not authorize transactions, directly or indirectly, with any other person whose property and interests in property are blocked pursuant to 31 C.F.R. § 548.201(a) of OFAC's Belarus Sanctions Regulations or Executive Order 13405, even if those transactions are conducted through any of the entities described in GL No. 2.

## GL No. 2 Reporting Requirements

If U.S. persons engage in transactions involving, directly or indirectly, any of the entities described in the general license, they are required, within 15 days of the execution of any such transaction, or a series of such transactions, in excess of \$10,000 to file a report with the U.S. Department of State. The reports are required to include the following information:

- 1) Estimated or actual dollar value of the transaction(s), as determined by the value of the goods, services, or contract;
- 2) The parties involved;
- 3) The type and scope of activities conducted; and
- 4) The dates or duration of the activities.

Companies doing business in Belarus should monitor closely EU and US sanctions targeting Belarus to ensure compliance. Penalties for noncompliance are severe. We will continue to track and report on these developments.

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