

E-ALERT | International Trade Controls

March 11, 2011

EU IMPOSES ADDITIONAL ECONOMIC SANCTIONS AGAINST LIBYA

On March 10, 2011, the Council of the European Union (“EU Council”) adopted [Council Regulation \(EU\) No 233/2011](#) (“Regulation”), imposing additional restrictive measures against Libya in view of the government’s ongoing repression of protestors. The Regulation adds one new individual and five new entities to the list of designated persons set out in Annex III to [Regulation \(EU\) No 204/2011](#). These newly designated parties are subject to asset blocking and other restrictive measures (as described in our March 4, 2011 [e-alert](#)).

FREEZING OF FUNDS AND ECONOMIC RESOURCES

The newly designated individual is Mr. Mustafa Zarti, who is the vice chief executive of the Libyan Investment Authority, a board member of the National Oil Corporation, head of the oil company Tamoil and vice chairman of First Energy Bank in Bahrain. The five newly designated entities are as follows:

- Central Bank of Libya (CBL);
- Libya Africa Investment Portfolio;
- Libyan Foreign Bank;
- Libyan Housing and Infrastructure Board (HIB); and
- Libyan Investment Authority (LIA, a.k.a. Libyan Arab Foreign Investment Company (LAFICO)).

The Regulation freezes all funds and economic resources that belong to or are owned, held or controlled by the designated persons. In parallel, the Regulation prohibits making available any funds or economic resources, directly or indirectly, to or for the benefit of the designated persons.

The Member States are authorized to release frozen funds in certain circumstances, including as necessary to satisfy the basic needs of the designated persons.

The prohibition on making funds or economic resources available effectively bars any business dealings with the designated persons, subject to certain narrow exceptions. The ban extends to entities owned or controlled by the designated persons. There is no uniform threshold for “control” that Member State authorities apply when interpreting the above provision. In case of doubt, we advise clients to consult Member State authorities prior to any transaction with entities in which a designated person owns a stake of 25% or above.

The US sanctions against Libya already applied to entities controlled by the government of Libya. Hence, US persons have already blocked assets in their possession or control belonging to the Central Bank of Libya, LIA and other entities controlled by the Libyan government.

SCOPE OF THE EU SANCTIONS AGAINST LIBYA

As noted in our earlier alert concerning the EU sanctions against Libya, the sanctions against these newly designated persons apply:

- within the territory of the EU, including its airspace;
- on board any aircraft or vessel under the jurisdiction of the EU;
- to all EU Member State nationals whether within or outside the territory of the EU;
- to any legal person, entity or body incorporated under the law of an EU Member State; and
- to any legal person, entity or body in respect of business done in whole or in part within the EU.

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Our EU and US offices are deeply involved in advising clients concerning the application of the EU and US sanctions and would be pleased to help clients navigate the new requirements affecting trade and investment in Libya.

If you have any questions concerning the material discussed in this client alert, please contact the following members of our foreign trade controls practice group:

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