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# E-ALERT | International Trade Controls

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## EU LIFTS ASSET FREEZE ON CERTAIN LIBYAN AND IVORIAN PARTIES EU IMPOSES ADDITIONAL ECONOMIC SANCTIONS AGAINST SYRIA AND SOMALIA

With the National Transitional Council now in power in Libya, the European Union is continuing to ease its sanctions against that country. Following the removal of 29 entities from the designated parties list earlier this month, the Council of the European Union ("EU Council") on September 22, 2011 adopted Council Regulation 941/2011, lifting the asset freeze imposed on the Libyan National Oil Corporation and Zueitina Oil Company. Subsequently, on September 28, 2011, the EU Council adopted Council Regulation 965/2011, lifting the asset freeze against the Central Bank of Libya, the Libyan Investment Authority, the Libyan Foreign Bank and the Libyan Africa Investment Portfolio, but only with respect to those assets that were not frozen as of September 16, 2011.

Importantly, although the EU has removed a number of individuals and entities from the designated parties list, many Libyan parties remain listed and, as such, continue to be subject to the EU sanctions.

The EU has also been active with regard to other sanctioned countries – in some cases easing, and in others strengthening sanctions. Specifically, on September 22, 2011, the EU Council lifted the asset freeze imposed on a number of parties from the Ivory Coast. On September 23 and September 26, 2011, the EU Council adopted additional EU sanctions against Syria and Somalia.

## EU SANCTIONS AGAINST LIBYA

Pursuant to the actions of the UN Security Council ("UNSC") detailed in our September 20, 2011 e-alert, Regulation 941/2011 lifted the freeze on assets of the Libyan National Oil Corporation and Zueitina Oil Company. The assets owned or controlled by these two entities will now be released; in parallel, the prohibition on making funds and economic resources available to those entities will no longer apply.

Regulation 965/2011 lifted the freeze on assets of the Central Bank of Libya, Libyan Investment Authority, Libyan Foreign Bank and Libyan Africa Investment Portfolio but only with respect to those assets that were not frozen as of September 16, 2011. Assets owned and controlled by these four entities that were frozen before September 16, 2011 remain frozen. However, consistent with the UNSC action, national authorities may release certain of these frozen assets <u>if they are necessary for one or more of the following purposes</u>:

- humanitarian needs;
- fuel, electricity and water for strictly civilian uses;
- resuming Libyan production and sale of hydrocarbons;
- establishing, operating, or strengthening institutions of civilian government and civilian public infrastructure; or
- facilitating the resumption of banking sector operations, including to support or facilitate international trade with Libya.

Other conditions also apply for assets of these four entities to be released. In particular, the EU Member State concerned in the matter must have:

(i) Notified the UNSC Sanctions Committee of its intention to authorize access to these assets; and
(ii) Notified the UNSC Sanctions Committee that those assets will not be made available to or for the benefit of any party that remains subject to EU sanctions (*i.e.*, designated parties); and
(iii) Consulted in advance with the Libyan authorities about the use of such funds or economic resources; and
(iv) Shared with the Libyan authorities the notifications made to the UNSC Sanctions Committee.

If neither the UNSC Sanctions Committee nor the Libyan authorities have objected to the release of the assets within five working days of such notifications, then the funds may be released.

In addition, Member States may release certain frozen assets belonging to the four named financial institutions if a payment is due under a contract or agreement that was concluded by, or an obligation that arose for these institutions, before the date on which they were designated and if:

(i) The competent authority of the concerned Member State has determined that the payment (A) is not made, directly or indirectly, to or for the benefit of any of the parties which continue to be designated, and (B) is not made to or for the benefit of any of these four financial institutions, and
(ii) The UNSC Sanctions Committee has been notified by the relevant Member State of the intention to grant an authorization ten working days in advance.

In parallel, on September 22, 2011, Decision 2011/137/CFSP lifted the EU prohibition on the supply, sale or transfer of:

(i) Arms and related materiel of all types, including technical assistance, training, financial and other assistance, intended solely for security or disarmament assistance to the Libyan authorities; and

(ii) Small arms, light weapons and related materiel, temporarily exported to Libya for the sole use of UN personnel, representatives of the media, and humanitarian and development workers and associated personnel,

if notice of such supply, sale or transfer is provided to the UNSC Sanctions Committee in advance and in the absence of a negative decision by the Committee within five working days of such a notification.

## EU SANCTIONS AGAINST SYRIA

On September 23, 2011, Council Regulation 950/2011 extended the EU sanctions against Syria to prohibit:

(i) The granting of any financial loan or credit to, the acquisition or extension of a participation in, or the creation of any joint venture with any Syrian person, entity or body engaged in the exploration, production or refining of crude oil; and
(ii) The sale, supply, transfer or export, directly or indirectly, of new Syrian-denominated banknotes and coinage, printed or minted in the European Union, to the Central Bank of Syria.

The Regulation has also added two more individuals and the following six entities to the EU list of designed parties. These newly designated parties – which include Addounia TV, Cham Holding, El-Tel Co., Ramak Construction Co, Souruh Company and Syriatel – are subject to an asset freeze and other restrictive measures (as described in our May 25, 2011, e-alert).

## EU SANCTIONS AGAINST IVORY COAST AND SOMALIA

On September 22, 2011, Council Regulation 949/2011 removed the asset freeze against 13 Ivorian individuals (associates of the former president of the Ivory Coast, Laurent Gbagbo). The EU began lifting sanctions against Ivorian individuals and businesses when Alasanne Ouattara took power as president in April 2011.

Finally, on September 26, 2011, Council Regulation 956/2011 added two individuals to the EU list of designed parties and amended the identifications of three individuals already listed. This amendment reflects the decisions made on September 24, 2010 and July 28, 2011 by the UNSC Sanctions Committee, established pursuant to Resolutions 751 (1992) and 1907 (2009), concerning Somalia and Eritrea. These newly designated parties are subject to an EU asset freeze and other restrictive measures established by Regulation 356/2010.

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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 understand the requirements affecting trade and investment in Libya, Syria, the Ivory Coast and Somalia.

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If you have any questions concerning the material discussed in this client alert, please contact the following members of our firm:


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