

RISK ALERT – EU EXTENDS ASSET FREEZE MEASURES TO SIX PORTS IN LIBYA

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On 17 June 2011 the Council of the European Union published two Regulations, **572/2011** and **573/2011**, amending the provisions of EU Regulations **204/2011** and **360/2011** in relation to the imposition of asset freezing measures against persons, entities and bodies believed to be involved in human rights abuses against the Libyan population.

EU Regulation 572/2011 extends the list of persons and entities subject to restrictive measures set out in the annexes to Regulations 204/2011 and 360/2011 to include six port authorities - **Tripoli, Al Khoms, Brega, Ras Lanuf, Zawia and Zuwara.**

These port authorities have been added to the list of designated entities by reason of their being under the control of the Qadhafi regime.

The asset freeze measures laid down by the EU include the freezing of funds and economic resources held or controlled by designated persons, and a prohibition on making funds, financial assets or economic resources available to listed persons or entities. The effect of Regulation 572/2011 is that any person or entity falling under the jurisdiction of the EU is prohibited from paying port or other fees to these port authorities for any reason. The relevant competent authorities of each EU member state will have authority to grant a licence under **Article 10a**, up until 15 July 2011, to enable fulfilment of contractual obligations that were entered into prior to 7th June 2011, (being the date on which the EU Council passed Decision 2011/332/CFSP pursuant to which it was decided to impose sanctions upon the six port authorities). After 15 July 2011, no licence shall be granted even if the contractual obligation had been entered into prior to 7th June 2011. The “existing contract exemption” applies where the means of delivery under the contract involves any of the listed ports; the contract need not be with the port itself. It is important to note, however, that the existing contract exemption does not apply to contracts relating to oil, gas and refined products.

A further exemption is available under **Article 8a** of Regulation 572/2011 in relation to making funds and economic resources available for humanitarian purposes, but again, a licence must be obtained from the relevant competent authority.

EU Implementing Regulation 573/2011 has removed one individual, Mustafa Zarti, an Austrian national, from the list of sanctioned entities. This person is therefore no longer subject to the asset freeze imposed by Regulation 204/2011.

Copies of the EU Regulations 572/2011 and 573/2011, a guidance note issued by HM Treasury, and a number of articles concerning UN, EU and US sanctions measures against Libya can be downloaded from the dedicated “Sanctions” area on the Club’s website www.simsi.com.