

Update

Incremental Challenges

In another day of significant developments in relation to EU sanctions, important but widely-contrasting decisions were taken in relation to Myanmar and Syria. Changes were also made to the list of persons and bodies affected by restrictive measures in relation to Iran.

On 23 April 2012 the EU Foreign Affairs Council concluded that it would suspend most of the sanctions in place against Myanmar/Burma in recognition of the progress made there in the last year and in order to encourage further reforms. In sharp contrast, the EU Council also announced that sanctions against Syria would be extended in response to reports of continued use of heavy weapons in civilian areas and further violations of human rights.

The announcements illustrate not only the fast-moving nature of sanctions – if such were needed following the latest round of measures against Iran – but also the policy of adopting incremental changes in order to build pressure or reward changes in behaviour. The diplomatic advantages of such an approach are evident, but it can also result in greater uncertainty for businesses trying to keep abreast of the changes and to take commercial decisions.

The suspension of measures in Myanmar illustrates this difficulty; although this will undoubtedly

create greater opportunities for investment, encouraged by the public commitment of the EU to this process, companies will have to make a careful assessment of business risk given the possible re-imposition of measures in the future. A further factor is that incremental adjustments in sanctions inevitably mean a greater number of announcements of measures that are likely to be increasingly targeted and nuanced, making compliance an even more challenging task.

For affected businesses the key to managing this incremental imposition and removal of sanctions is twofold: first, to remain constantly alert to the frequent adjustments and changes and take every effort to remain up to date and second, to ensure that contracts fully reflect the fast-moving sanctions landscape with the inclusion of appropriate clauses that, as far as possible, anticipate potential difficulties.

The key changes announced in relation to each country can be summarised as follows:

Myanmar

Sanctions that included trade bans, asset freezes, travel bans, suspension of certain aid programs and restrictions on the imports of timber, coal, certain metals and precious and semi-precious stones are set to be suspended, with the exception of the arms embargo. The suspension will be kept under review.

Syria

Present measures include; prohibition of purchase, import into the EU or transport of Syrian crude oil; an embargo on arms, telecommunications items and materials for power plant construction; financial restrictions including (re) insurance of government and/or designated entities; an asset freeze and travel ban for designated entities. To these will be added restrictive measures on the export to Syria of equipment, goods and technology that can be used for internal repression or for making and maintaining such products as well as a ban on the sales of luxury goods from the EU to Syria.

Iran

The latest in the series of EU Regulations amending the list of persons and bodies affected by restrictive measures in relation to Iran was published on 24 April 2012. Of particular note on this occasion was that Regulation 350/2012 confirmed the removal of chartered accountants Morrison Menon from the restricted bodies list. The UAE firm had attracted publicity recently with its decision to commence legal action against the Council of the European Union for its inclusion on the list. Clearly their representations to the EU have been heeded and this may increase the possibility of similar challenges by other affected parties in the future.

US Sanctions

Also on 23 April 2012 the US President signed an Executive Order blocking the property and interests of persons and entities involved in the use of technology to disrupt or monitor communications in Iran and Syria.

For further information please visit our sanctions microsite:

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