

NOTE ON INTERNATIONAL SANCTIONS 2016

THE BELOW NOTE IS GENERAL INFORMATION ONLY AND NOT LEGAL ADVICE

INTRODUCTION

International sanctions are put in place as a consequence of global political problems. Sanctions are adopted by a country or group of countries against another state or individual(s) in order to elicit a change in their behaviour.

The United Nations, the European Union, the United States of America along with many other countries all have their own specific sanctions regimes which they impose on other states.

We hope that this information note will be a handy guide to sanctions and their implications.

WHAT ARE SANCTIONS?

Sanctions are domestic penalties applied by one country on another with the purpose of controlling, prohibiting or restricting financial or trade activity. They are enacted by each country's Government and regulated and administered by Government bodies.

In Ireland, the Central Bank and the Department of Enterprise, Trade and Innovation are responsible for the implementation and administration of international financial/trade sanctions in effect.

WHERE DO SANCTIONS ORIGINATE?

United Nations (UN) Resolutions can result in sanctions. If you live in a UN member state you are likely to be subject to UN Sanctions.

The European Union (EU) also issues sanctions which are enforced by each EU member state

EU Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, **Ireland**, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

In the United States sanctions are issued by the Office of Foreign Asset Control (OFAC).

Many other countries also have their own sanctions regimes and if you are transacting business involving another country, it is worth checking their current sanctions regime.

TYPES OF SANCTIONS

There are two main types of sanctions currently in operation internationally – financial and trade.

Financial Sanctions

- can freeze the funds or any kind of assets of a designated individual, entity or body
- can prohibit funds being made available to a designated individual, entity or body
- can restrict insurance activity (e.g. insurance prohibitions relating to Syria and Iran)

An example would include, being unable to pay a member of Al Qaida, Hezbollah, the Taliban or any other designated terrorist group (see the designated terrorist group list).

Trade sanctions

- typically relate to restrictions of the export of arms or related services, and ‘dual use’ items
- Syria and Iran have broad trade sanctions against them, relating to exports of crude oil, petrochemicals and various other goods from those countries.

As of September 2016 the sanctioned territories for the UN, UK, EU and US combined are:

SANCTIONED TERRITORIES LIST

Afghanistan	North Korea (Democratic People’s Republic of Korea)
Belarus	Republic of Guinea-Bissau
	Republic of Guinea (Guinea-Conakry)
Burundi	Russian Federation
Central African Republic	Serbia
	Somalia
Cuba	South Sudan
Democratic Republic of Congo (DRC)	Sudan
Egypt	Syria
Eritrea	Tunisia
Iran	Ukraine (inc Crimea)
Iraq	Venezuela
Lebanon	Yemen
Libya	Zimbabwe

TRADE SANCTIONS

The EU trade controls regime is governed by EU Regulation 428/2009, which governs the trading of 'controlled goods' affecting Ireland. 'Controlled goods' are defined as military, dual-use or category A goods.

– **Military Goods** – include weapons, ammunition, explosives, riot control equipment, armoured goods, vessels and aircraft.

– **Dual-Use Goods** – include goods, software or technology, which can be used for both civil and military purposes e.g., a nuclear reactor.

– **Category A Goods** – include gallows, guillotines, electric chairs, leg irons/shackles, restraint chairs, thumb screws, stun guns, electronic shock belts.

Why do you need to be aware of sanctions?

CIVIL AND CRIMINAL PENALTIES

- The breaching individual could face imprisonment for up to 7 years and/or unlimited fine for a breach of EU sanctions
- Criminal penalties up to \$1 million per violation may be imposed and imprisonment for up to 20 years for a breach of US sanctions
- Confiscation of company's assets obtained as a result of criminal conduct
- Regulatory enforcement action
- Severe reputational damage

SPEAK TO YOUR LEGAL COUNSEL FOR FURTHER INFORMATION ON THE LEGAL IMPLICATIONS