

## E-ALERT | International Trade Controls

May 13, 2014

### FURTHER DEVELOPMENTS IN THE EU SANCTIONS RELATING TO UKRAINE

The Council of the European Union (“EU Council”) adopted yesterday [Council Regulation 476/2014](#), which broadened the legal basis for the EU sanctions related to the crisis in Ukraine.

In addition, the EU published [Council Implementing Regulation \(EU\) No 477/2014](#) designating an additional thirteen persons for asset freezing and visa bans. Moreover, making use of the new legal basis, the EU has designated two Crimean companies for asset freezing measures. The EU designated the new parties in response to the referendum on independence held in south-eastern Ukraine over the weekend, and the absence of any steps towards de-escalation in Ukraine. One of the two designated companies, PJSC Chernomorneftegaz, was already subject to U.S. sanctions, as described in [our previous client alert](#).

With the addition of these fifteen newly-designated parties, the EU has now sanctioned a total of sixty-one individuals and two companies in connection with the Russian annexation of parts of Ukraine and twenty-two individuals in connection with the embezzlement of Ukrainian state funds.

### NEW LEGAL BASIS FOR THE EU DESIGNATIONS

The broader legal basis will allow the EU to designate persons associated with actions and policies undermining stability or security in Ukraine as well as with obstructing the work of international organizations in the country, and entities linked to such persons. It will also allow the designation of entities established in Crimea and Sevastopol, which have been recently confiscated, or entities which have benefited from such confiscation.

### ADDITIONAL EU DESIGNATIONS

In the same manner as prior EU sanctions measures, all funds and “economic resources” belonging to, owned, held, or controlled by the newly designated parties must be frozen. “Economic resources” include “assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but which may be used to obtain funds, goods or services.” In addition, Regulation 477/2014 prohibits making available funds or “economic resources,” directly or indirectly, to or for the benefit of the designated parties.

The newly designated entities include:

1. **PJSC Chernomorneftegaz.** A subsidiary—located in Simferopol—of the national Ukrainian oil and gas company Naftogaz. On March 17, 2014, the Crimean Parliament adopted a resolution declaring the appropriation of assets belonging to Chernomorneftegaz on behalf of the self-proclaimed Republic of Crimea.
2. **Feodosia.** Regulation 477/2014 provides no detail about this company, except to mention that on March 17, 2014, the Crimean Parliament adopted a resolution declaring the appropriation of

assets belonging to the “Feodosia enterprise” on behalf of the self-proclaimed Republic of Crimea. The press has reported that Feodosia is an oil supply company based in Crimea.

The newly designated individuals include:

1. **Vyacheslav Viktorovich Volodin.** First Deputy Chief of Staff of the Presidential Administration of Russia. Responsible for overseeing the political integration of the annexed Ukrainian region of Crimea into Russia.
2. **Vladimir Shamanov.** Commander of the Russian Airborne Troops, Colonel-General. In his senior position, Mr Shamanov holds responsibility for the deployment of Russian airborne forces in Crimea.
3. **Vladimir Nikolaevich Pligin.** Chair of the Duma Constitutional Law Committee. Responsible for facilitating the adoption of legislation on the annexation of Crimea and Sevastopol by Russia.
4. **Petr Grigorievich Jarosh.** Acting Head of the Federal Migration Service office for Crimea. Responsible for the systematic and expedited issuance of Russian passports for the residents of Crimea.
5. **Oleg Grigorievich Kozyura.** Acting Head of the Federal Migration Service office for Sevastopol. Responsible for the systematic and expedited issuance of Russian passports for the residents of Crimea.
6. **Viacheslav Ponomariov.** Self-declared mayor of Slaviansk. Mr Ponomariov called on Russian President Vladimir Putin to send in Russian troops to protect the city and later asked him to supply weapons. Mr Ponomariov’s men were allegedly involved in kidnappings of several journalists and military observers.
7. **Igor Mykolaiovych Bezler.** One of the leaders of self-proclaimed militia of Horlivka. Mr Bezler took control of the Security Service of Ukraine’s Office in Donetsk region building and afterwards seized the Ministry of Internal Affairs’ district station in the town of Horlivka.
8. **Igor Kakidzyanov.** One of the leaders of armed forces of the self-proclaimed Donetsk People’s Republic.
9. **Oleg Tsariov.** Member of the Ukrainian Rada. Mr Tsariov publicly called for the creation of the Federal Republic of Novorossia, composed of south-eastern Ukrainian regions.
10. **Roman Lyagin.** Head of the Central Electoral Commission of the Donetsk People’s Republic. Actively organized the referendum on May 11, 2014 on the self-determination of the Donetsk People’s Republic.
11. **Aleksandr Malykhin.** Head of the Central Electoral Commission of the Lugansk People’s Republic. Actively organized the referendum on May 11, 2014 on the self-determination of the Lugansk People’s Republic.
12. **Natalia Vladimirovna Poklonskaya.** Prosecutor of Crimea. Actively implementing Russia’s annexation of Crimea.
13. **Igor Sergeievich Shevchenko.** Acting Prosecutor of Sevastopol. Actively implementing Russia’s annexation of Sevastopol.

Of note, the newly designated individuals do not include any businesspersons, such as the ones that have been recently designated by the U.S. government, as reported in our [previous client alerts](#).

\* \* \*

We are following developments in Ukraine closely and will provide further updates as events unfold. Our U.S. and EU offices have deep expertise in the application of U.S. and EU sanctions, and we are well-positioned to advise companies and individuals on compliance with the sanctions relating to Ukraine and Russia, as well as on the broader impact of the Ukraine crisis on foreign investment and other commercial and legal interests in Ukraine, Russia, and elsewhere in the region.

---

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

<b>David Addis</b>	+1.202.662.5182	<a href="mailto:daddis@cov.com">daddis@cov.com</a>
<b>Marney Cheek</b>	+1.202.662.5267	<a href="mailto:mcheek@cov.com">mcheek@cov.com</a>
<b>Stuart Eizenstat</b>	+1.202.662.5519	<a href="mailto:seizenstat@cov.com">seizenstat@cov.com</a>
<b>Peter Flanagan</b>	+1.202.662.5163	<a href="mailto:pflanagan@cov.com">pflanagan@cov.com</a>
<b>Corinne Goldstein</b>	+1.202.662.5534	<a href="mailto:cgoldstein@cov.com">cgoldstein@cov.com</a>
<b>Alan Larson</b>	+1.202.662.5756	<a href="mailto:al Larson@cov.com">al Larson@cov.com</a>
<b>Peter Lichtenbaum</b>	+1.202.662.5557	<a href="mailto:plichtenbaum@cov.com">plichtenbaum@cov.com</a>
<b>David Lorello</b>	+44.(0)20.7067.2012	<a href="mailto:dlorello@cov.com">dlorello@cov.com</a>
<b>Lisa Peets</b>	+44.(0)20.7067.2031	<a href="mailto:lpeets@cov.com">lpeets@cov.com</a>
<b>Kimberly Strosnider</b>	+1.202.662.5816	<a href="mailto:kstrosnider@cov.com">kstrosnider@cov.com</a>
<b>Agnieszka Polcyn</b>	+44.(0)20.7067.2039	<a href="mailto:apolcyn@cov.com">apolcyn@cov.com</a>
<b>Ezra Steinhardt</b>	+44.(0)20.7067.2381	<a href="mailto:esteinhardt@cov.com">esteinhardt@cov.com</a>

This information is not intended as legal advice. Readers should seek specific legal advice before acting with regard to the subjects mentioned herein.

In an increasingly regulated world, Covington & Burling LLP provides corporate, litigation, and regulatory expertise to help clients navigate through their most complex business problems, deals and disputes. Founded in 1919, the firm has more than 800 lawyers in offices in Beijing, Brussels, London, New York, San Diego, San Francisco, Seoul, Shanghai, Silicon Valley, and Washington. This communication is intended to bring relevant developments to our clients and other interested colleagues. Please send an email to [unsubscribe@cov.com](mailto:unsubscribe@cov.com) if you do not wish to receive future emails or electronic alerts.

© 2014 Covington & Burling LLP, 1201 Pennsylvania Avenue, NW, Washington, DC 20004-2401. All rights reserved.