

BELARUS: U.S. Sanctions

by The Swedish Club and Reed Smith LLP

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Overview

In 2006, President George W. Bush issued Executive Order 13405, “Blocking Property of Certain Persons Undermining Democratic Processes or Institutions in Belarus.” (EO 13405) EO 13405 authorizes the imposition of sanctions on persons: (1) responsible for, or who have participated in, actions or policies that undermine democratic processes or institutions in Belarus; (2) that are responsible for, or have participated in, human rights abuses related to political repression in Belarus; and (3) that are senior-level officials, a family member of such official or a person closely linked to such an official who is responsible for or has engaged in public corruption related to Belarus. The Executive Order also authorizes the imposition of sanctions on entities that are owned or controlled by, or are acting on behalf of, persons sanctioned under EO 13405.

Current Designations

Under the Belarus Sanctions Program, the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) has added over 30 individuals and 18 entities to its Specially Designated Nationals and Blocked Persons List (SDN List). Among these sanctioned persons are the following nine Belarusian state-owned enterprises and their subsidiaries:

1. Belarusian Oil Trading House
2. Belneftekhim
3. Belneftekhim USA, Inc.
4. Belshina OAO
5. Grodno Azot OAO
6. Grodno Khimvolokno OAO
7. Lakokraska OAO
8. Naftan OAO
9. Polotsk Steklovolokno OAO

Who these Sanctions apply to

U.S. persons are prohibited from engaging in virtually all transactions with the sanctioned persons without authorization from OFAC. Moreover, U.S. dollars cannot be used to transact with these sanctioned persons, even by non-U.S. persons.

Additionally, non-U.S. persons will risk sanctions if they materially assist, sponsor, or provide financial, material, or technological support for, or goods or services in support of” persons sanctioned under EO 13405.

U.S. sanctions, including those imposed pursuant to EO 13405, apply to entities owned 50 percent or more by persons sanctioned under EO 13405. The nine entities listed above own and operate through countless subsidiaries. Accordingly, thorough due diligence for transactions involving Belarus is critical.

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