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# Hughes Hubbard & Reed

## EU Adopts New Sanctions Against Belarus and Iran for Their Support of Russia's War Efforts Against Ukraine

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**August 11, 2023** – In the weeks following the adoption of the [eleventh package of sanctions against Russia](#), the European Union (“EU”) took a series of actions against Iran and Belarus for their role in Russia’s military aggression against Ukraine. On July 20, 2023, the EU imposed additional sanctions against [Iran](#) for its military support of Syria and Russia’s war of aggression against Ukraine. On August 3, 2023, additional sanctions were issued against [Belarus](#) over its continued human rights abuses and involvement in Russia’s military aggression against Ukraine.

### 1. **New Sanctions Against Belarus**

On August 3, 2023, the Council of the European Union adopted a new round of individual and trade sanctions against Belarus. Since October 2020, the EU has progressively expanded its restrictive measures in light of the situation in Belarus initially due to the Lukashenko’s regime repression of internal dissent and later in response to Belarus’ involvement in Russia’s unprovoked and unjustified military invasion of Ukraine. The last package of sanctions against Belarus was adopted on June 3, 2022.

This new regulation aims at enhancing the prohibitions provided by Regulation 765/2006 and bringing the Belarus sanctions regime in closer alignment with the restrictive measures set forth by Regulation 833/2014 against Russia. The measures are intended “[...] [ensure](#) that Russian sanctions cannot be circumvented through Belarus.”

The new EU measures were adopted through two [Council Decisions](#) ([Decision 2023/1592](#) and [Decision 2023/1601](#)) and two [Council Regulations](#) ([Regulation 2023/1591](#) and [Regulation 2023/1594](#)).

### **Individual restrictive measures**

On August 3, 2023, the EU listed 38 new individuals and three new entities by the amendment of the Annex I of Regulation 765/2006.

The new designations aim to freeze the assets and impose a travel ban on prison officials responsible for the torture and ill-treatment of political prisoners and other detainees, prominent propagandists, as well as members of the judicial branch involved in prosecuting and sentencing democratic opponents, members of civil society and journalists.

The three latest entities subject to these individual restrictions are:

- **Minsk Electrotechnical Plant Named After V.I. Kozlov**, one of the biggest producers of electricity equipment in Europe and one of the industrial giants of Belarus;
- **Byelorussian Steel Works**, a unique state enterprise in the metallurgical industry in Belarus and among the largest companies in the country; and
- **Belneftekhim** – Belarusian State Concern for Oil and Chemistry, one of the largest industrial complexes in Belarus and consisting of multiple other state-owned companies.

In total, as of today, 233 individuals and 37 entities have been placed on the EU restricted parties list under the Belarus program. Newly-designated individuals and entities are subject to an asset freeze and a prohibition from making funds and economic resources available to them, as well as, for individuals, a travel ban in the EU as of the date on which they were added to the EU's restricted parties list.

### **Export-related Restrictions**

In response to Belarus's continuous involvement in Russia's war of aggression against Ukraine, the EU imposed new trade sanctions targeting the aviation and space industry as well as the military sector of Belarus, including the firearms and others items used by Russia for its war against Ukraine.

### **Aviation and space sectors**

The EU adopted a new export ban against the aviation and space sectors in Belarus mirroring the restrictions adopted against Russia since the beginning of the war in February 2022.

- **New export ban targeting the aviation and space industry** – It is now prohibited to sell, supply, transfer or export, and to provide technical assistance, brokering services, financing, financial assistance, insurance and reinsurance, maintenance services as listed in Article 1sa(3) or any other services, directly or indirectly, goods and technology suited for use in aviation or the space industry (as listed in Annex XVII), whether or not originating in the Union, to any person in Belarus or for use in Belarus.
  - We note that while this new export restriction is mainly aligned with the one in the Russian sanctions program, the goods listed in Part C of Annex XI of Council Regulation 833/2014 falling under CN codes 8407 10 and 8409 10 are not covered by the Belarus restrictions.
- **Exemption** – This new export ban does not apply to the performance until September 4, 2023, of contracts concluded before August 5, 2023.
- **Derogations** –
  - The national competent authorities may authorize, under certain conditions, the execution of aircraft financial leases concluded before August 5, 2023.
  - Another derogation has been included for the export of certain listed items (falling under CN Codes 8517 71 00, 8517 79 00 and 9026 00 00) necessary for medical, pharmaceutical or humanitarian purposes.

### **Military sectors**

- **New export ban on firearms (Annex XVI)** – It is now prohibited to sell, supply, transfer or export, and to provide technical assistance, brokering services, financing, financial assistance or any other services, directly or indirectly, firearms, their parts and essential components and ammunition (Annex I to Regulation 258/2012 and Annex XVI to

Regulation 765/2006 as amended), whether or not originating in the Union, to any person in Belarus or for use in Belarus.

- This new export ban is aligned with the Russian sanctions regime (Article 2aa of Regulation 833/2014), except for the restriction on the transit of such listed items via the territory of Belarus (which was introduced in February 2023 in the Russian sanctions regime).
- **Extension of the list of goods and technology which might contribute to Belarus's military and technological enhancement (Annex Va)** – In addition to some minor amendments to the existing Annex, a new "Part B" have been added to Annex Va to include (i) semiconductor devices, (ii) electronic integrated circuits, manufacturing and testing equipment, (iii) photographic cameras and optical components, (iv) other electrical/magnetic components, and (v) electronic devices, modules and assemblies.
- **Amendments to the exemptions and derogations related to the export ban on dual-use goods (Annex I of Regulation 2021/821) and technology and goods contributing to Belarus's military and technological enhancement (Annex Va)** –
  - The exemption provided for the export of dual-use items intended for ensuring cyber-security and information security for natural and legal persons, entities and bodies in Belarus except for its government and undertakings directly or indirectly controlled by that government became a derogation. It means that an authorization from a national competent authority is now required.
  - The derogation related to civilian telecommunication networks has also been amended to limit its scope to "civilian non-publicly available electronic communications networks which are not the property of an entity that is publicly controlled or with over 50 % public ownership" only.
- **New wind-down periods regarding goods contributing to Belarus's military and technological enhancement (Annex Va) intended for the telecommunication and health sectors** –
  - The EU included a new wind-down period for such items to be exported by February 6, 2024, for contracts and operations which are ongoing on August 5, 2023, and which are necessary for the provision of civil telecommunication services to the Belarusian civilian population.
  - The EU also included a new wind-down period for items falling under CN codes 8536 69, 8536 90, 8541 30 and 8541 60 as listed in Annex Va until February 6, 2024, insofar as this is necessary for the processing of those goods in Belarus by a joint venture in which a company established in the Union has a majority ownership on August 5, 2023, for the purpose of subsequent import into the Union and subsequent production in the Union of goods destined for use in the health or pharmaceutical sector, or in the area of research and development.

## **2. New Sanctions Against Iran**

On July 20, 2023, the EU adopted a new sanction framework against Iran in response to its military support of Russia's war of aggression against Ukraine, in particular by the manufacturing and delivery of Unmanned Aerial Vehicles (UAVs), *i.e.*, drones, to Russia.

The new EU measures were implemented through one Council Decision (Decision 2023/1532) and one Council Regulation (Regulation 2023/1529).

### **Individual restrictive measures**

Since October 2022, the EU has already added several Iranian individuals and entities to the list of persons, subject to individual restrictive measures under Council Regulation 269/2014, to counter their military support to Russia. The last Iranian individuals were listed on July 20, 2023, by means of Council Implementing Regulation 2023/1496, under the already existing Annex I of Council Regulation 269/2014 for being involved in the development and delivery of UAVs.

However, on July 20, 2023, a new independent list of sanctioned individuals and entities, responsible for being associated with Iran's UAV program supporting Russia, has been adopted through Annex III of Council Regulation 2023/1529. These persons will be targeted by an asset-freeze measure consisting in the freeze of their funds or

economic resources and a prohibition for EU operators to make available any funds or economic resources to them. At the moment no one has been added to Annex III.

### **Export-related restriction**

Council Regulation 2023/1529 introduced new export control restrictions on components used in the construction and production of UAVs in Iran or for use in Iran.

- **New export ban on UAV- related items** – It is now prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology which might contribute to Iran’s capability to manufacture UAVs as listed in Annex II, whether or not originating in the Union, to any natural or legal person, entity or body in Iran or for use in Iran. In line with other sanctions programs, it is also prohibited to provide technical, brokering, financial assistance and other services related to items referred to in Annex II, as well as to sell, license or transfer intellectual property rights or trade secrets.
  - Annex II includes (i) UAVs other than those designed for carrying passengers, (ii) propulsion and navigation items such as aero gas turbine engines and internal combustion engines designed for aircraft, (iii) electronic components and devices such as cameras, and (iv) other items such as satellite navigation systems or airborne laser rangefinders.
- **Exemption** – An exemption allows the performance until October 27, 2023, of contracts concluded before July 26, 2023.
- **Derogations** –
  - National competent authorities may authorize the abovementioned activities after having determined that such goods or technology or the related technical or financial assistance are necessary for (i) medical or pharmaceutical purposes; or (ii) humanitarian purposes and health, safety and environmental emergencies.
  - It is important to underline that any authorization for the items referred to in Annex II, also required by Council Regulation 821/2021 (concerning the control of exports, brokering, technical assistance, transit and transfer of dual-use items) will have to be granted separately.

### **3. New EU FAQs under the Russian sanctions program**

Since our last alert, the Commission has updated the existing FAQs on the implementation of Regulations 833/2014 and 269/2014 on its dedicated webpage, notably regarding (i) oil imports and the oil price cap, (ii) transit of listed goods via Russia, (iii) imports, purchase and transfer of listed goods, (iv) customs related matters, (v) luxury goods, (vi) asset freeze and prohibition to provide funds or economic resources, (vii) access to EU ports, (viii) provision of service, (ix) media, (x) intellectual property rights and (XI) aviation.

Most of the new FAQs shed light on the new measures adopted in the eleventh package mainly to minimize the risk of circumvention such as on the new transit restrictions where the Commission specified that the new transit ban targeting items listed in Articles 2, 2a, 2aa and 3c of Council Regulation 833/2014 does not prohibit the direct export from the Union to a third country by air.

The Commission also specified that the new prohibition to provide technical assistance, brokering services, financing and financial assistance related to luxury items is meant prevent EU operators who cannot export the sanctioned goods support a third party in obtaining, manufacturing, repairing or maintaining the goods on its own.

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