Overview of US Sanctions Regarding Crimea

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US Sanctions Regarding Crimea

- US Executive Order 13685 (19 December 2014) imposes strict import and export restrictions to and from the Crimea region that essentially cut off the peninsula from American business interests.

- Pursuant to the Executive Order, US persons generally are prohibited from engaging in the following activities:
  - New investment in the Crimea region;
  - The importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region;
  - The exportation, re-exportation, sale, or supply, directly or indirectly, from the United States, or by a US person, wherever located, of any goods, services, or technology to the Crimea region; and
  - Any approval, financing, facilitation, or guarantee of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a US person or within the United States.
Relevant Definitions

- The “Crimea region” is defined to include “the land territory in that region as well as any maritime area over which sovereignty, sovereign rights, or jurisdiction is claimed based on purported sovereignty over that land territory”

- These restrictions apply only to “US persons,” defined to include:
  - US citizens or legal permanent residents, wherever located;
  - Any persons located in the United States;
  - Any entity organized under the laws of the United States; and
  - Non-US branches of such US entities

- Notably, “US persons” does not include non-US subsidiaries of US companies that are organized under the laws of a non-US country
  - However, US parent companies – and any US person employees – of non-US subsidiaries cannot facilitate, approve or otherwise be involved in any prohibited activities involving Crimea conducted by the non-US subsidiary.
No Grandfathering Provision

- The US restrictions apply not only to new business with Crimea, but also to contracts, licenses, and permits that were concluded or issued prior to 20 December 2014
  - There is no “grandfathering” provision for activities being conducted prior to 20 December 2014

- The US Treasury Department’s Office of Foreign Assets Control (OFAC) issued a “general license” that permitted US persons to engage in activities until 1 February 2015 related to winding down any operations in Crimea that would be prohibited under the new sanctions
  - As the wind-down date has passed, a license now would be required from OFAC to engage in activities related to the wind down of prohibited activities involving Crimea
  - Any US persons that conducted wind down activities during the authorized period must provide a report to OFAC within 10 days after the activities concluded
Certain Limited Activities Permitted

- Notwithstanding the broad prohibitions regarding activities involving Crimea, OFAC has issued a number of additional “general licenses” that permit US persons to engage in transactions involving:
  - The export of agricultural commodities, medicine, medical supplies and replacement parts for medical supplies to Crimea;
  - Sending or receiving transfers of noncommercial, personal remittances to or from Crimea (e.g., sending or receiving money to or from family members located in Crimea);
    - Such authorized remittances do not include charitable donations of funds or transfers for use in supporting or operating a commercial business;
  - Operating accounts in a US financial institution for an individual ordinarily resident in Crimea, if the accounts are of a personal nature and do not involve any transfers to or from Crimea other than permitted noncommercial, personal remittances; and
  - The receipt or transmissions of telecommunications, mail or other packages involving Crimea
    - However, transactions related to the provision of telecommunications equipment/technology or capacity on telecommunications transmission facilities (such as satellite or ground network activity) remain prohibited.
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