

Latham & Watkins Export Controls & Economic Sanctions Practice

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Sanctions Update: UK Imposes New Sanctions Relating to Belarus

The new measures against Russia's ally largely parallel the UK's sanctions against Russia itself.

This Client Alert is published in the context of ongoing developments and should be read in conjunction with Latham's <u>previous sanctions updates</u>.

This Client Alert summarises the latest sanctions and trade restrictions that the UK has imposed on Belarus as of 12 July 2022. Different jurisdictions are introducing new sanctions, export restrictions, and other legal and regulatory measures on a regular basis. Companies exposed to sanctions-related developments in Belarus should obtain up-to-date legal advice before taking any steps that may have legal effects.

Amendments to UK Sanctions on Belarus

On 5 July 2022, the UK amended its primary legislative instrument containing Belarus-related sanctions: the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 (the UK Belarus Regulations).

This amendment, the Republic of Belarus (Sanctions) (EU Exit) (Amendment) Regulations 2022 (the Amendment), brings many of the restrictions imposed by the UK on Belarus in line with the UK's regime of sanctions imposed on Russia through the Russia (Sanctions) (EU Exit) Regulations 2019 (the UK Russia Regulations).

Designations

The Amendment expands the criteria under which the UK's Foreign Secretary can designate persons for asset-freeze sanctions under the UK Belarus Regulations. For instance, the Foreign Secretary may now impose sanctions on persons who "obtain a benefit" from the Belarus government or who are otherwise involved in conduct that aims to destabilise Ukraine, including by supporting or facilitating the Russian military.

The Amendment also gives the Foreign Secretary the power to designate persons under the urgent procedure, mirroring the procedures for designation under the UK Russia Regulations that give the UK the ability to designate persons and entities for sanctions without delay, in particular if that person or entity has been designated under the US, EU, Canadian, or Australian sanctions.

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Financial Restrictions

The Amendment expands the existing financing restrictions, adding a prohibition on dealing with newly issued transferable securities and money-market instruments issued by, and granting certain types of credit or loans to, persons "connected with Belarus" (as defined in the Amendment).

The Belarus sanctions accordingly now closely mirror the financial restrictions in Regulations 16 and 17 of the UK Russia Regulations, as described in Latham's <u>8 March 2022</u> Client Alert.

In addition, the UK Belarus Regulations now prohibit the provision of financial services to the National Bank of Belarus and the Ministry of Finance of Belarus (as well as persons owned or controlled or persons acting at the direction or on behalf of these entities) for purposes of foreign exchange reserve and asset management, again reflecting similar measures that are in place under the UK Russia Regulations.

Trade Sanctions

The Amendment significantly expands the trade restrictions in the UK Belarus Regulations, implementing import and export restrictions that closely resemble those already in place under the UK Russia Regulations. In particular, the UK Belarus Regulations now prohibit:

- the export, supply, or transfer to or for use in Belarus, or to a person connected with Belarus, of certain goods and technology, which includes:
 - critical industry goods and technology (listed in Schedule 2C);
 - military and dual-use goods and technology (listed in Schedules 2 and 3 of the Export Control Order 2008 and Annex 1 of the EU Dual-Use Regulation);
 - internal repression goods and technology (listed in Schedule 2);
 - interception and monitoring goods and technology (listed in Schedule 2A);
 - luxury goods (listed in Schedule 2E);
 - oil refining goods and technology (listed in Schedule 2F);
 - quantum computing and advanced materials goods and technology (listed in Schedule 2G); and
 - tobacco industry goods (listed in Schedule 2B).
- the provision of technical assistance, financial services, or funds relating to some of the above categories of goods and technology to a person connected with Belarus or for use in Belarus, along with brokering services as well.
- the import of the following goods that originate in, or are consigned from, Belarus:
 - arms and related materiel (i.e., military goods);
 - iron and steel products (listed in Schedule 2B);
 - mineral/petroleum products (listed in Schedule 2B); and

- potash commodities (listed in Schedule 2B).
- the provision of technical assistance, financial services, or brokering services relating to the import, acquisition, supply, or delivery of the above goods that originate in, or are consigned from, Belarus.

Notably, the Amendment provides for exceptions in respect of consumer communication devices and software updates for civilian use. With respect to sanctions on potash, it is notable that the Belarusian state-owned potash exporter, Belaruskali, is subject to asset-freezing sanctions in several jurisdictions, including the UK, the EU, and the US.

Shipping and Aviation

The Amendment introduces various restrictions related to Belarusian aircraft (including a ban on overflying or landing in the UK) and Belarusian ships (including a ban on accessing ports in the UK), again reflecting the existing UK Russia Regulations.

The Amendment also confers powers on the Foreign Secretary to control the movement of ships and direct airport operators or harbour authorities to detain ships and aircraft.

What's Next?

Latham & Watkins is tracking developments across all regions closely and expects that the US, the EU, the UK, and other governments around the world may impose additional rounds of sanctions as events unfold. The firm is well positioned to advise clients on the legal and practical impacts of these measures.

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