

Update: U.S. and EU Further Relax Sanctions against Libya

September 26, 2011

This memorandum briefly updates our September 22, 2011 summary of the easing of international economic sanctions by the United Nations, United States and European Union (EU) in support of the National Transitional Council of Libya.

General License 8A: General License with Respect to the Government of Libya, Its Agencies, Instrumentalities and Controlled Entities and the Central Bank of Libya

On September 23, 2011, the Office of Foreign Assets Control (OFAC) issued General License 8A, effective September 19, 2011, authorizing all transactions involving the Government of Libya, its agencies, instrumentalities, and controlled entities, and the Central Bank of Libya, ^[1] subject to two limitations. First, all funds, including cash, securities, bank accounts and investment accounts, blocked pursuant to Executive Order 13566 ^[2] or the Libyan Sanctions Regulations ^[3] remain blocked, except as authorized under General License 7A. ^[4] Second, transactions must not involve specific persons listed in the annex to the license, which primarily focuses on members of the Qadhafi family, as well as certain senior members of the former Libyan regime, such as Ali Al-Mahmoudi Al Baghdadi, former Prime Minister of Libya, Abu Zaid Dorda, former Director of the External Security Organization, Abdullah Al-Senussi, former Director of Military Intelligence, among others. ^[5]

Additionally, General License 8A authorizes any transactions involving contracts previously blocked by Executive Order 13566 because of an interest by the Government of Libya, subject to the two limitations identified above.

Practice Areas

International Trade

EU Sanctions

On September 22, 2011, the Council of the European Union adopted Council Decision 2011/625/CFSP amending certain restrictive measures previously imposed on the Libyan government. ^[6] This Decision largely mirrors United Nations Security Council Resolution 2009, ^[7] lifting restrictions on the supply or sale of arms and financial assistance "intended solely for security or disarmament assistance to the Libyan authorities," and modifying the asset freeze imposed on the Central Bank of Libya, Libyan Arab Foreign Bank, Libyan Investment Authority and Libyan Africa Investment Portfolio. Although the assets of these entities remain frozen, EU Member States may allow for the use of these entities' funds, financial assets and economic resources for certain humanitarian and development needs, provided that the Member State seeks approval from the Sanctions Committee five days in advance of such use of funds and consults with Libyan authorities about the use of such funds. The Council Decision further authorizes that the four entities subject to the asset freeze may make payments due under contracts entered into prior to the implementation of the asset freeze, provided the payment is not made to a blocked entity.

Additionally, on September 22, 2011, the Council of the European Union adopted Council Implementing Regulation 941/2011 lifting asset freezes previously imposed on two entities - the Libyan National Oil Corporation and Zuietina Oil Company. ^[8]

This article was co-authored by John B. Reynolds, III and Cari N. Stinebower.

[1] See General License 8A *available at* http://www.treasury.gov/resource-center/sanctions/Programs/Documents/libya2_gl8a.pdf. By its terms, General License 8A replaces and revokes General License 8, issued on September 19, 2011. Additionally, the authorization provided in General License 8A supersedes General License 1B.

[2] See http://www.treasury.gov/resource-center/sanctions/Programs/Documents/2011_libya_eo.pdf.

[3] See Libyan Sanctions Regulations, 31 C.F.R. Part 570 *available at* <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/2011-16621.pdf>.

[4] See General License 7a *available at* http://www.treasury.gov/resource-center/sanctions/Programs/Documents/libya2_gl7a.pdf. By its terms, General License 7A replaces and revokes General License 7, issued on September 9, 2011.

[5] See Annex to General License 8A *available at* http://www.treasury.gov/resource-center/sanctions/Programs/Documents/libya2_gl8a.pdf.

[6] Council Decision 2011/625/CFSP (Sep. 22, 2011) *available at* <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:246:0030:0032:EN:PDF>.

[7] S.C. Res. 2009, U.N. Doc. S/Res/2009 (Sep. 16, 2011).

[8] Council Implementing Regulation (EU) No. 941/2011 (Sep. 22, 2011) *available at* <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:246:0011:0012:EN:PDF>.