



Välisministeerium
Ministry of Foreign Affairs
Republic of Estonia

Open Dialog Foundation
11 a Szucha Avenue, office 21
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Poland

3 August 2015 No 10.1-9/4038-10

Dear President of the Open Dialog Foundation,

In response to your letter dated 22 June 2015, please find enclosed the following information regarding the steps taken by Estonia in order to implement the EU sanctions imposed in relation to the situation in Ukraine, as well as concrete cases of application of the restrictive measures.

Please note that it is not only within the competence of the Ministry of Foreign Affairs to provide the explanations requested. Therefore, the request was forwarded to the governmental authorities that are competent to provide the relevant information. Pursuant to Article 5(4) of the Act, a transmittal letter dated 7 July 2015 was sent to the following governmental authorities: the Ministry of Justice, the Ministry of Economic Affairs and Communications, the Ministry of Agriculture, the Ministry of Finance, the Ministry of the Interior, the Internal Security Service, the Civil Aviation Administration, the Road Administration, the Banking Association, the Financial Intelligence Unit of the Police and Border Guard Board (hereinafter the FIU), and the Maritime Administration.

Your letter is considered as a request for explanation within the meaning of Article 2(2)(1) of the Response to Memoranda and Requests for Explanations and Submission of Collective Addresses Act of Estonia¹ (hereinafter the Act). In accordance with Article 6 of the Act, the information is provided within the time-limit. The information is public and submitted in accordance with the procedure provided by the Estonian Public Information Act.²

Ministry of Justice

According to Article 9(1)(2) of the International Sanctions Act,³ the Ministry of Justice is responsible for the implementation of international sanctions in the case of a prohibition or restriction on the transaction with an immovable and a registered ship, entered into the register, as well as in the case of a prohibition or restriction on the transaction with the property, entered in the Register of Non-profit Organisations and Foundations and Commercial Register.

¹ <https://www.riigiteataja.ee/en/eli/507042014003/consolide>

² <https://www.riigiteataja.ee/en/eli/514112013001/consolide>

³ <https://www.riigiteataja.ee/en/eli/530122014002/consolide>.



International financial sanctions are implemented by registrars of the Land Register and the Commercial Register. These registers are maintained by the Court system and registrars are referred to as assistant judges. If a foreigner is registered in the Land or Commercial Register and a registrar has a suspicion that the foreigner might be subject to financial sanctions, the registrar is obliged to check the list of persons subject to sanctions. This check can be performed either on the website⁴ of the FIU or the relevant website⁵ of the European Union. The FIU is informed in case the registrar finds a match or is not sure whether the person subject to the checks is subject to sanctions or not.

The Ministry of Justice is currently developing an IT solution for the registers allowing for automatic search from the sanctions list that gives an alert to registrars in case of a match or a very likely match.

In case a party to a contract or an applicant is subject to sanctions, the registrar refuses making a register entry (the registrar makes a negative decision concerning the application). Usually, no entries or notations are inserted to the court registries regarding sanctions. However, in some cases, when relevant court orders and notations so require, information regarding sanctions is entered into the Land Register.

Civil Aviation Administration

According to the International Sanctions Act, the Civil Aviation Administration, a sub-office of the Ministry of Economic Affairs and Communications, is one of the implementers of international financial sanctions and the chief processor of the Aircraft Register.

The Aircraft Register is a database maintained in order to keep records of aircrafts, grant nationality to aircrafts and register registered securities over movables. In order to operate an aircraft, the data concerning the aircraft must be entered into the register. The legal basis for the Aircraft Register is the Aviation Act⁶ (Chapter 3) and the Statutes of the Aircraft Register (Regulation No. 194 of 20 June 2000 by the Government of the Republic of Estonia).

An owner of an aircraft or an authorised person may apply for entry of an aircraft in the register. The following information will be entered in the Aircraft Register: data concerning the aircraft, the owner and the operator; the registered security over movables established on the aircraft; and any amendments to the information. If the aircraft belongs to the state, information concerning the manager of state assets and the authorised authority (provided that these have been specified) will also be entered into the register.

The submitted data is subject to careful examination by the Civil Aviation Administration. Any amendments in the register will be based on accurate and correct data. As such, the Civil Aviation Administration observes information also related to international sanctions and amendments to the relevant sanctions. Any information related to EU sanctions imposed in relation to the Russian Federation and Ukraine is taken into account. Currently the Civil Aviation Administration has no practical experience with regard to these restrictive measures, as none of the amendments to the data in the Aircraft Register is related to persons or entities concerning the relevant restrictions.

⁴ <https://www.politsei.ee/et/organisatsioon/rahapesu/finantssanktsiooni-subjekti-otsing-ja-muudatud-sanktsioonide-nimekirjas/>.

⁵ http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm.

⁶ <https://www.riigiteataja.ee/en/eli/510072014015/consolide>



Banking Association

The following steps have been taken by the Estonian banking sector with regard to the implementation of the relevant sanctions:

- Client base screening against the list of sanctioned persons, entities and bodies;
- Screening payments in order to avoid transactions with or related to sanctioned persons, entities and bodies, or payments that would be in breach of sector or region based sanctions;
- Enhanced due diligence of clients that make payments with Russia or Ukraine, in order to monitor possible activity in the sanctioned area;
- Screening payments with Ukraine;
- Screening payments with Russian sanctioned banks;
- Screening new issues of financial instruments by sanctioned Russian banks;
- Prohibiting the financing of sanctioned Russian banks (sector based sanctions).

Due to banking secrecy and confidentiality obligations related to submitting reports regarding suspicious activities (including on sanctioned persons, entities and bodies), banks cannot disclose particular information regarding the application of restrictive measures. However, the Banking Association confirms that it has had suspicions with regard to funding sanctioned persons. In addition, banks refrain daily from transactions that are not subject to freezing, but which must be rejected due to correspondent bank requirements or (possible) breaches of sector/territory based restrictions.

Ministry of Interior

The FIU is an independent structural unit of the Estonian Police and Border Guard Board, a governmental agency within the Ministry of Interior.

According to the International Sanctions Act, the FIU is the competent authority to conduct supervision of the implementation of international financial sanctions. It provides support to the implementation of international financial sanctions. As stipulated in the International Sanctions Act, the FIU informs regularly the Ministry of Foreign Affairs about the implementation of international financial sanctions. Not only does the FIU deal with financial sanctions cases, but it also attends multilateral working groups, the content of which is confidential.

So far the FIU has received 13 reports in relation to financial sanctions imposed on Russia and Ukraine:

- A case of a company registered in Estonia, owned by and under control of a person listed in the sanctions list. Since the ownership as well as the control function were performed through legal persons registered outside the European Union, the ownership as well as the control function were changed and the company fell out from the scope of sanctions;
- A case of a person trying to finance a person listed in the sanctions list. Sanctions were implemented and criminal proceedings were initiated against the person due to being accused of attempting to finance terrorism;
- A case of a person listed in the sanctions list attempting to open a bank account through another person;
- A case where a payment to a bank listed in the sanction list was rejected;



- A case of financing a transaction of prohibited goods that were being imported to Russia. This transaction was prevented;
- In two cases there were only the Office of Foreign Assets Control ("OFAC") of the US Department of Treasury sanctions, where the banks decide the amount of the risk on their own;
- In six other cases there were only suspicions that were not confirmed.

In addition, the Schengen Information System (SIS) and the National Register of Prohibitions on Entry are the systems preventing the entry into, or transit through the territory of Estonia of natural persons included in the sanctions list. All third-country nationals crossing external borders of the Member States of the European Union are thoroughly checked at the border. The person and his/her travel documents are checked via databases (e.g. SIS, national registers). Thus, anyone listed in the annexes to the relevant acts or anyone whose details have been entered in the SIS and the National Register of Prohibitions on Entry, are prohibited to cross the border. So far the Estonian Police and Border Guard Board is not aware of any instances of persons listed in the annexes of the relevant Council Decisions attempting to cross the Estonian border.

Maritime Administration

The Maritime Administration proceeds from the national public administration and the supervision competence requirement, promptly informing the competent administrative body of a violation in their field. In case there is a finding of a cargo being under sanctions, the National Tax and Customs Board is informed. As to the sanctioned persons involved, this information is sent to the Police and Border Guard Board. In addition, the information concerning sanctions is communicated to the Estonian Ship Owners Union. Maritime Administration also publishes the respective information on their home page.

The Strategic Goods Commission

The Strategic Goods Commission is a body established by the Ministry of Foreign Affairs for the licensing and supervision of strategic goods to ensure the functioning of the strategic goods control system.

The Strategic Goods Commission reports that Estonia implements sanctions entirely and is usually rather strict with regard to implementation. The numbers of refusing licences, as well as the number of violations at the border have increased significantly. The following are the examples from the Strategic Goods Commission Activity Report 2014 concerning events and developments in the area of export control in the international arena:

- The implementation of restrictive measures against Russia has left a significant impact on the work of the Strategic Goods Commission. These sanctions limit the import, export and transit of military and dual-use goods. In 2014, the Strategic Goods Commission refused to issue special authorisations on eleven occasions, while in 2013 there were only three such occasions.



- A total of 143 offences have been identified with regard to strategic goods. This is three times more in comparison to the number of violations in 2013. The violations were discovered concerning the following goods belonging to the list of strategic goods: military ground vehicles, spare parts of military aircrafts, radio navigation devices, night vision sights, bullet proof vests, electric shock weapons and telescopic batons.

Due to restrictions on access, the Strategic Goods Commission cannot disclose any information about specific cases of application of restrictive measures.

Please accept the assurances of my highest consideration.

A handwritten signature in blue ink, appearing to read 'Kraavi-Käerdi', written in a cursive style.

Kristi Kraavi-Käerdi

Deputy Director General of the Legal Department

Ministry of Foreign Affairs of the Republic of Estonia