



19.3.2024

NOTICE TO MEMBERS

Subject: Petition No 0755/2023 by Ilias Konstantinidis (Cypriot) on ecological and economic consequences of the shutdown of Latvian company "Ventamonjaks"

1. Summary of petition

The petitioner states that on the 27th of May 2022, the State Environmental Service of the Republic of Latvia ("Valsts vides dienests") suspended operations of Latvian company "Ventamonjaks". The cited reason for this suspension was the association of the company with a sanctioned individual deemed as the company's real beneficiary. This has resulted in Ventamonjaks' bank accounts being frozen, thus disabling the company's ability to meet its financial obligations. The petitioner claims that the sudden cessation of operations of "Ventamonjaks", a major participant in Latvia's economy, has jeopardized the ecological balance in the region, reduced national tax revenue, and disrupted the livelihoods of local residents. The petitioner claims that the lack of ongoing, routine maintenance and supervision brought about by the suspension could result in hazardous conditions leading to a severe environmental disaster due to improperly stored ammonia. He also stresses the alleged significant loss of tax revenue from "Ventamonjaks", which results in substantial economic consequences. The petitioner states that the situation concerning export restrictions on certain goods is overseen by the European Union under the Council Regulation (EU) No 269/2014. According to the petitioner, there is an opportunity for flexibility by way of derogation under Article 4 (1) of this regulation. The petitioner requests that governing bodies at the national and European levels take action to enable the safe operation of the "Ventamonjaks" facility. In his opinion, the available legal provisions, such as the derogation clauses within the Council Regulation (EU) No 269/2014, should be explored.

2. Admissibility

Declared admissible on 17 November 2023. Information requested from Commission under

Rule 227(6).

3. Commission reply, received on 19 March 2024

The European Union ('EU') has imposed restrictive measures ('sanctions') in light of Russia's unprovoked aggression against Ukraine. One of the objectives of the sanctions is to weaken the Russian government's ability to finance its war. EU sanctions are designed to maximise the negative impact for the Russian economy while limiting the consequences for EU businesses and citizens. Furthermore, the sanctions are carefully calibrated to minimise the negative consequences on the civilian population.

The petitioner states that the Latvian government suspended the operations of the Latvian company "Ventamonjaks", due to its association with a sanctioned individual and the freezing of its assets in application of Council Regulation (EU) No 269/2014 of 17 March 2014¹ concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. It is proposed in the petition that a derogation should be granted to SIA "Ventamonjaks" to allow the company to operate, considering "*the potential for an ecological disaster due to improperly stored ammonia*", caused by the absence of maintenance, and "*the significant loss of tax revenue from one of Latvia's major contributors, resulting in substantial economic consequences*", as well as the widespread social impact that the termination of the activities of the company has on citizens.

EU sanctions include derogations to mitigate possible unintended consequences. In particular, Council Regulation (EU) No 269/2014 includes derogations to allow, if certain conditions are met, the release of certain frozen funds or economic resources, or the making available of certain funds or economic resources, when these are necessary to satisfy the basic needs of listed persons and entities (which may include for example the payment of taxes), or are intended exclusively for payment of fees or service charges for routine holding or maintenance of frozen funds or economic resources, or are necessary for extraordinary expenses (see Article 4 of Council Regulation (EU) No 269/2014).

Similarly, the same Regulation includes a derogation allowing payments by listed persons and entities if they are due under contracts concluded or obligation that arose before the listing (see Article 6 of Council Regulation (EU) No 269/2014).

Please note that the primary responsibility for ensuring the proper implementation and enforcement of EU sanctions rests with the EU Member States. Therefore, within the EU, the only authorities able to grant authorisations in line with the exceptions set out in Council Regulations are the national authorities competent for sanctions. The Commission is not entitled to issue such authorisations.

Conclusion

In conclusion, in the case mentioned in the petition it is for the Latvian competent authorities to assess whether the conditions for the issuance of any of the authorisations under the relevant derogations are met and whether any of such authorisations should be issued.

¹ OJ L 78, 17.3.2014, p. 6–15, consolidated version <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0269-20230915>