

Business, Economy, Euro


## Finance

# Extraterritoriality (Blocking statute)

Protecting EU operators, reinforcing European strategic autonomy.

## What is the blocking statute?

The blocking statute is an important achievement of unified EU action to protect EU operators, whether individuals or companies, from the extra-territorial application of third country laws.

The purpose of the [European Union's blocking statute](#)  (Council Regulation (EC) No 2271/96) is to protect EU operators from the extra-territorial application of third country laws.

The European Union **does not recognise the extra-territorial application of laws adopted by third countries** and considers such effects to be contrary to international law.

In 1996, the United States took such measures concerning Cuba, Iran and Libya. In response, the EU adopted the blocking statute. It **protects EU operators engaged in lawful international trade** and/or movement of capital, as well as related commercial activities, against the effects of the extra-territorial legislation specified in its Annex. This annex currently consists of U.S. measures concerning Cuba and Iran.

The blocking statute protects EU operators, regardless of their size and field of activity, by

- **nullifying the effect** in the EU of any foreign court ruling based on the foreign laws listed in its Annex;
- **allowing EU operators to recover in court damages** caused by the extra-territorial application of the specified foreign laws.

The blocking statute prohibits compliance by EU operators with any requirement or prohibition based on the specified foreign laws. EU operators whose economic and financial interests are affected by the extra-territorial application of those laws are obligated to inform the European Commission.

If EU operators consider that non-compliance with a requirement or prohibition based on the specified foreign laws would seriously damage their interests or the interests of the Union, they can apply to the Commission for an authorisation to comply with those laws. Such an authorisation may be granted by the Commission in specific and duly motivated circumstances, and as a derogation from the rule. A [template to help EU operators prepare and submit the application](/document/download/1a5bf6a5-6941-48e9-92ab-f2b4bc31ce35_en?filename=template-applications-authorisations-comply-foreign-laws_en.docx) (/document/download/1a5bf6a5-6941-48e9-92ab-f2b4bc31ce35\_en?filename=template-applications-authorisations-comply-foreign-laws\_en.docx) is available.

A [guidance note](#), was published on 7 August 2018 to help EU operators with the implementation of the updated blocking statute.

EU operators can reach out to their [national competent authorities responsible for the implementation of the blocking statute](#), in their country.

## 2021 amendment of the blocking statute

In its [2021 Communication “The European economic and financial system: fostering openness, strength and resilience” of 19 January 2021](#), the Commission announced that it would consider amending the blocking statute to further deter and counteract the unlawful extra-territorial application of sanctions to EU operators by countries outside the EU.


This amendment would also streamline the application of the current EU rules, including by reducing compliance costs for EU citizens and businesses.

On 2 August 2021 the Commission published an [inception impact assessment in view of the amendment of this initiative, and the feedback received is available here](#).

On 9 September 2021 the Commission launched a [public consultation to collect feedback on a possible amendment of the blocking statute](#). The consultation period ran until the 4 November 2021.

## 2018 blocking statute update in support of the Iran nuclear deal

Soon after its withdrawal from the Joint Comprehensive Plan of Action (JCPOA), also known as the ‘Iran nuclear deal’, the United States announced that it would be re-imposing sanctions on Iran as from 7 August 2018. In reaction, the EU lost no time in updating the blocking statute in order to include in its annex the re-imposed extra-territorial U.S. sanctions, thereby mitigating the impact of these sanctions on EU operators doing legitimate business in and with Iran.

[Commission Delegated Regulation \(EU\) 2018/1100 of 6 June 2018](#) , entered into force on 7 August 2018.

This update forms part of the EU's support to the continued, full and effective implementation of the JCPOA, including by sustaining legitimate trade and economic relations between the EU and Iran, which were normalised when nuclear-related sanctions were lifted as a result of the JCPOA.

For more information, please contact [relex-sanctions@ec.europa.eu](mailto:relex-sanctions@ec.europa.eu)

## Recent updates

- **17 December 2021**

[Summary of responses to the public consultation on the review of the blocking statute](#) ([/document/download/c4ab6d05-2663-477f-a680-91163ecc5aa3\\_en?filename=2021-blocking-statute-review-summary-of-responses\\_en.pdf](#)).

- **9 September - 4 November 2021**

[Public consultation about a possible amendment of the blocking statute](#) ([https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13129-Unlawful-extra-territorial-sanctions-a-stronger-EU-response-amendment-of-the-Blocking-Statute-/public-consultation\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13129-Unlawful-extra-territorial-sanctions-a-stronger-EU-response-amendment-of-the-Blocking-Statute-/public-consultation_en)).




- **3 September 2021**


[Report from the Commission relating to notifications under Article 2 of the blocking statute](#)

- **28 June 2021**

[List of competent authorities of the Member States in accordance with Article 7\(e\) of Council Regulation \(EC\) No 2271/96 on protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom](#)

## Key documents

- [Council Regulation \(EC\) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation](#) 
- [Commission Delegated Regulation \(EU\) 2018/1100 of 06.06.2018 amending the Annex to Council Regulation \(EC\) No 2271/96 of 22 November 1996 protecting against the effects of extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom](#) 
- [Commission Implementing Regulation \(EU\) 2018/1101 laying down the criteria for the application of Article 5, second paragraph of Council Regulation \(EC\) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom](#) 

- [Guidance note: Questions and answers: adoption of update of the blocking statute](#) 

## Related links

[Sanctions \(restrictive measures\)](#) (*[/eu-and-world/sanctions-restrictive-measures\\_en](#)*) 