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En+ Group and the French Economy

SANCTIONS BACKGROUND

- On April 6, the U.S. Treasury Department's Office of Foreign Asset Control (OFAC) designated a range of Russian officials and interests as subject to U.S. sanctions. This list included Russian oligarch Oleg Deripaska and the En+ Group (En+), as well as the world's second-largest aluminum company, Rusal.
- Mr. Deripaska currently controls 70% of En+.
- En+ owns 48% of Rusal but effectively controls it.
- Aluminum production will be severely impacted if Rusal goes out of business. Manufacturing companies, that depend on aluminum, such as the automobile, telecommunications and aerospace industries, will be hard hit with global implications.
- Since the Treasury Department's announcement, sanctions have been enforced against Mr. Deripaska, En+ and Rusal.
- OFAC has extended several deadlines during the past two months to allow the Barker plan to be implemented. However, further extensions may well be necessary in August and beyond.

THE BARKER PLAN

- The independent chairman of En+, Lord Gregory Barker, is aggressively responding to the OFAC's actions in an effort to lift the sanctions on En+ and Rusal. The Barker Plan has three components:
 - Reduce Mr. Deripaska's ownership stake in En+ below 50%;
 - Remove Mr. Deripaska from the boards of both En+ and Rusal;
 - Replace Mr. Deripaska's allies on the boards by independent directors.

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- Through these reforms, the Barker Plan would accomplish the Trump Administration's goal of removing Mr. Deripaska from control of En+ and Rusal. As U.S. Treasury Secretary Steven Mnuchin has stated: "*Our objective was not to put Rusal out of business . . . and the first aspect would be that he (Mr. Deripaska) sells down below 50% . . .*"

- Lord Barker has the support of the company's minority shareholders, its independent board, and the London Stock Exchange.

- The Barker Plan is already underway:

- On May 18, 2018, Mr. Deripaska stepped down from the board of En+ effective immediately. He also announced he will not seek reelection to the board of Rusal.
- On May 23, 2018, Rusal's CEO resigned from the company along with seven directors, all of whom were appointed by Mr. Deripaska.

NEXT STEPS

- Lord Barker, as well as executives from En+ and Rusal, are engaged in very productive discussions with OFAC to successfully implement the Barker Plan and address the Trump Administration's concerns over Mr. Deripaska. In addition to the progress that has already been made to remove Mr. Deripaska and his allies from the boards of En+ and Rusal, Lord Barker is also in discussions with potential investors to buy down Mr. Deripaska's controlling interest.

- En+ and Rusal, under the guidance of Lord Barker, are pleased with OFAC support in granting additional time to fully implement the Barker Plan.

SUPPORT FROM YOUR GOVERNMENT

- The French Republic has a clear and significant interest in the success of the Barker Plan. Manufacturing and jobs are at stake.

- To protect French economic interests and support the Barker Plan, we request Ambassador Araud take the following steps:

1. Email a strong statement of support for the Barker Plan and all extensions necessary to execute it to key Trump Administration officials, including:

- David Meale, Deputy Acting Assistant Secretary for Counter Threat Finance and Sanctions, U.S. State Department
MealeD@state.gov
- Seth Bridge, OFAC, U. S. Treasury Department, Seth.Bridge@treasury.gov
- Any other officials with whom you have particularly good working relationships.

2. Draft and submit to us a statement of support for public use in the future.

[Insert Name of Appropriate Official]

"The Government of Jamaica expresses strong support for the Barker Plan to restructure En+ Group and Rusal in a way that would lead to lifting U.S. sanctions against En+ and Rusal, while also achieving all the goals of the sanctions policy. We urge the Trump Administration to grant any time extensions necessary for the plan to be expeditiously implemented.

Many jobs are at stake at the West Indies Alumina Company. Continued sanctions will hurt those jobs and workers and negatively impact consumers around the world."

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(Officials' names, addresses, etc.)

Dear Mr. Meale and Mr. Bridge:

On behalf of the Government of Jamaica, I would like to express strong support for the Barker Plan to restructure the En+ Group (En+) and Rusal in order to lift the threat of sanctions against the companies. Specifically, we request an extension of any relevant deadlines to allow the time needed for the Barker Plan to be fully implemented.

Rusal owns a part of West Indies Alumina Company, WINDALCO. Continued sanctions will impact our economy, and those jobs and workers.

Jamaica supports the Barker Plan as the most effective path to both avoid these severe negative impacts, and achieve all the goals of U.S. sanctions. We understand that important progress has been made, including the recent resignation from the En+ board of Mr. Oleg Deripaska, the true target of U.S. sanctions, along with the resignations of eight of his appointed board members at Rusal. Extending the sanction deadlines would allow further reforms of the Barker Plan to take effect, including the elimination of Mr. Deripaska's controlling interests in En+ and Rusal.

In light of all this, on behalf of the government of Jamaica, I express strong support for the Barker Plan, and request any reasonable time extensions to allow it to be implemented.

Please share this communication with other relevant U.S. officials. Thank you for your time and consideration.

Sincerely,

Ambassador Audrey Marks

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(Officials' names, addresses, etc.)

Dear Mr. Meale and Mr. Bridge:

On behalf of France, I would like to express strong support for the Barker Plan to restructure the En+ Group (En+) and Rusal in order to lift the threat of sanctions against the companies. Specifically, we request an extension of any relevant deadlines to allow the time needed for the Barker Plan to be fully implemented.

As the second largest producer of aluminum in the world, Rusal impacts thousands of manufacturing jobs, including our automotive, telecommunications and aerospace industries. Continued sanctions will severely impact our economy and these jobs.

France supports the Barker Plan as the most effective path to both avoid these severe negative impacts, and achieve all the goals of U.S. sanctions. We understand that important progress has been made, including the recent resignation from the En+ board of Mr. Oleg Deripaska, the true target of U.S. sanctions, along with the resignations of eight of his appointed board members at Rusal. Extending the sanction deadlines would allow further reforms of the Barker Plan to take effect, including the elimination of Mr. Deripaska's controlling interests in En+ and Rusal.

In light of all this, on behalf of France, I express strong support for the Barker Plan, and request any reasonable time extensions to allow it to be implemented.

Please share this communication with other relevant U.S. officials. Thank you for your time and consideration.

Sincerely,

Ambassador Gerard Araud

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[Insert Name of Appropriate Official]

"The Government of France would like to express its strong support for the Barker Plan to restructure En+ Group in a way that achieves U.S. policy goals while protecting workers and consumers around the world. A critical component of our economy is aluminium, and our automotive, telecommunications and aerospace industries depend upon it. The Barker Plan would both address U.S. concerns and prevent unnecessary disruptions to the global aluminium market. We encourage the U.S. Treasury Department to allow the Barker Plan to proceed."

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