

## CLIENT ALERT

### Targeting Syria: New US and EU Sanctions?

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New sanctions on Syria come in the wake of weeks of build up as the world watches Syrian President Assad's five month long violent crackdown on political protestors in Syria. The United States and the European Union have already announced expanded sanctions programs and are petitioning the United Nations for broader international action.

#### U.S. Sanctions

President Obama yesterday issued an Executive Order in response to "the Government of Syria's continuing escalation of violence against the people of Syria" dramatically expanding U.S. sanctions in four key ways:

- First, while previous U.S. sanctions had only blocked the assets of key Syrian government officials including President Assad and his leadership, the Executive Order, incorporating identical language to that used in this spring's wide-ranging Libya sanctions, blocks all assets of the entire Syrian government as well as "its agencies, instrumentalities, and controlled entities."
- Second, the Executive Order prohibits "new investment in Syria by a United States person, wherever located."
- Third, expanding the pre-existing prohibition on the export of goods controlled by the Export Administration Regulations ("EAR"), the Executive Order prohibits the export, sale or supply of any services to Syria.
- Fourth, the Order also prohibits the importation of Syrian petroleum or petroleum products as well as prohibiting any transactions incidental to such importation, such as financing, transporting, brokering, or facilitating the import of Syrian petroleum.

The Department of the Treasury's Office of Foreign Assets Control also yesterday issued six general licenses authorizing: (1) certain diplomatic services; (2) the provision of legal services; (3) normal bank service charges; (4) the exportation, and incidental provision of services for those exports, of goods licensed or authorized under the EAR; (5) personal internet communications; and, (6) personal remittances.

As with any new and rapidly developing sanctions program many questions arise in considering how these rules apply to specific business arrangements. Nonetheless, any business with Syria must be evaluated for compliance with these new rules.

#### E.U. Sanctions

Council Regulation 442/2011 imposed restrictive measures against Syria as of May 10th, 2011. The restrictions include (1) the prohibition of any transfer or facilitation of the transfer of any military or paramilitary equipment, as well as equipment that may be used for internal repression; (2) the general prohibition of any related technical or financial assistance "to any natural or legal person, entity or body in, or for use in, Syria"; (3) entry and transit bans for the persons listed in Annex II of the Regulation and for persons associated with them; and (4) the freezing of funds and economic resources of the listed persons.

The Council Regulation applies for a period of 12 months and is kept under constant review. The Council frequently updates the list of targeted persons upon proposal by a Member State or the High Representative of the Union for Foreign Affairs. The last update, on August 1st, added five more persons to the existing list. The number of listed persons is currently 35, including President Bashar Assad and four government entities.

Member States may grant exemptions only after first having notified the Council and only on condition that the Council does not oppose the proposed exemption. Furthermore, the competent authorities of Member States may authorize the release of certain frozen funds or economic resources only under strict requirements and each Member State is obliged to notify the others regarding each authorization granted.

On Friday, August 19, the European Union's political security committee proposed to expand the EU sanctions to include an embargo on Syrian crude oil. The proposal still needs to be formally adopted by the Council of Ministers in order to become law, but that is expected to take place in the coming days. The committee also agreed to add 15 people and five companies to the list of targeted persons and entities.

### **U.N. Sanctions**

After calling for President Assad's resignation, both the U.S. and the EU are pressing the United Nation's Security Council to enact its own set of expanded sanctions on Syria. Such an effort must overcome potential opposition from Russia and China, but if enacted, would potentially require all UN member states to impose similar measures on Syria.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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