



SANCTIONS UPDATE

United States Tightens Sanctions Against Syria

On August 18, 2011, President Obama imposed [further sanctions](#) on Syria. The new sanctions block all property interests of the Government of Syria and prohibit many trade transactions by U.S. persons with Syria. These sanctions represent the strongest U.S. financial action taken against the regime of Syrian President Bashar al-Assad since the start of popular protests in Damascus earlier this year.

Effective immediately, all property of the Government of Syria, including its state-owned enterprises, are blocked. This blocking order affects, but is not limited to, the following state-owned enterprises, which have been added to the List of Specially Designated Nationals administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC):

- General Petroleum Corporation (a.k.a. "GPC");
- Syrian Company for Oil Transport (a.k.a. Syrian Crude Oil Transportation Company; a.k.a. "SCOT"; a.k.a. "SCOTRACO");
- Syrian Gas Company;
- Syrian Petroleum Company (a.k.a. "SPC");
- Sytrol.

Further designations are expected.

U.S. persons who possess or control blocked property may not withdraw, transfer, spend or otherwise deal in such property and have 10 business days to report the blocked property to OFAC. OFAC defines property broadly to include almost anything of value, including services and contracts. As a result of this blocking action, U.S. persons are prohibited from providing funds, goods or services to or for the benefit of the Government of Syria and its state-owned enterprises. U.S. persons are also prohibited from receiving funds, goods or services from the Government of Syria or its state-owned enterprises.

The most recent sanctions also prohibit:

- New investment in Syria;
- The exportation, reexportation, sale or supply of services to Syria;
- Trade transactions involving Syrian petroleum products; and
- Donations to the Government of Syria and other blocked entities.

These prohibitions substantially strengthen existing U.S. sanctions against Syria. The net effect is a comprehensive sanctions regime barring almost all trade transactions involving Syria, except the importation into the United States of services and non-petroleum products of Syrian origin.

OFAC has licensed certain activities in six categories, relating to:

- [General License No. 1](#): the provision of goods and services to Syrian diplomatic missions in the United States;
- [General License No. 2](#): the provision of legal services with respect to Syria;
- [General License No. 3](#): bank service charges with respect to blocked Syrian accounts;
- [General License No. 4](#): the exportation or reexportation of items to Syria as authorized by the U.S. Commerce Department;
- [General License No. 5](#): the exportation of services to Syria incident to Internet-based communications; and
- [General License No. 6](#): non-commercial, personal remittances to Syria.

Each of these general licenses is subject to numerous conditions.

OFAC may impose civil penalties in an amount equal to the greater of \$250,000 or twice the value of a transaction for each violation of these sanctions. Criminal penalties can be as high as \$1 million per violation for corporations, or up to \$100,000 and 10 years imprisonment per violation for individuals.

Sidley Austin has a team of lawyers experienced in the application of U.S. economic sanctions to companies and humanitarian organizations. We would be pleased to assist your organization to adjust your compliance practices to reflect the evolving regulatory environment.

If you have any questions regarding this update, please contact the Sidley lawyer with whom you usually work.

Sidley Austin's Sanctions Practice

Lawyers in our Sanctions Practice advise companies on the applicability of U.S. sanctions programs to corporate and banking transactions, insurance contracts and the sale of goods and services. We handle license applications for agricultural commodities, medical devices and medicines under the Trade Sanctions Reform and Export Enhancement Act of 2000. We also represent companies in enforcement actions involving U.S. sanctions, assist with internal investigations and the development of compliance programs, and counsel clients on voluntary disclosures. For more information about our Sanctions Practice please contact Lisa Crosby (lcrosby@sidley.com, +1.202.736.8754) or Robert Torresen (rtorresen@sidley.com, +1.202.736.8570).

To receive future copies of this and other Sidley updates via email, please sign up at www.sidley.com/subscribe

BEIJING BRUSSELS CHICAGO DALLAS FRANKFURT GENEVA HONG KONG LONDON LOS ANGELES NEW YORK
PALO ALTO SAN FRANCISCO SHANGHAI SINGAPORE SYDNEY TOKYO WASHINGTON, D.C.

www.sidley.com

Sidley Austin LLP, a Delaware limited liability partnership which operates at the firm's offices other than Chicago, London, Hong Kong, Singapore and Sydney, is affiliated with other partnerships, including Sidley Austin LLP, an Illinois limited liability partnership (Chicago); Sidley Austin LLP, a separate Delaware limited liability partnership (London); Sidley Austin LLP, a separate Delaware limited liability partnership (Singapore); Sidley Austin, a New York general partnership (Hong Kong); Sidley Austin, a Delaware general partnership of registered foreign lawyers restricted to practicing foreign law (Sydney); and Sidley Austin Nishikawa Foreign Law Joint Enterprise (Tokyo). The affiliated partnerships are referred to herein collectively as Sidley Austin, Sidley or the firm.

SIDLEY AUSTIN LLP
SIDLEY