

## Trade & Customs - USA

United States tightens sanctions against Syria

Contributed by [Sidley Austin LLP](#)

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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 US persons with Syria. These sanctions represent the strongest US 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, is 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 US Treasury Department's Office of Foreign Assets Control (OFAC):

- General Petroleum Corporation;
- Syrian Company for Oil Transport;
- Syrian Gas Company;
- Syrian Petroleum Company; and
- Sytrol.

Further designations are expected.

US 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, US persons are prohibited from providing funds, goods or services to or for the benefit of the government of Syria and its state-owned enterprises. US 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, re-exportation, 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 US 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 Licence 1 - the provision of goods and services to Syrian diplomatic missions in the United States;
- General Licence 2 - the provision of legal services with respect to Syria;
- General Licence 3 - bank service charges with respect to blocked Syrian accounts;
- General Licence 4 - the exportation or re-exportation of items to Syria as authorised by the US Commerce Department;
- General Licence 5 - the exportation of services to Syria incident to internet-based communications; and
- General Licence 6 - non-commercial, personal remittances to Syria.

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Each of these general licences 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.

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