



## Syria Sanctions

14 December 2015

### **SYRIA : United States**

#### **WHO DO THE US SANCTIONS APPLY TO?**

##### **A. US Persons**

United States sanctions generally apply to “US Persons,” which includes US citizens and permanent resident aliens, persons physically in the United States (regardless of citizenship), US-organized entities, and any foreign entity owned or controlled by a US person.

These parties are prohibited from engaging in transactions with companies and persons targeted by the sanctions legislation. They are also prohibited (without a licence) from approving, guaranteeing, financing or facilitating transactions by foreign parties with sanctioned countries or parties, if those transactions would be prohibited if engaged in directly by a US person or entity. Facilitation can include referring to a foreign party, business opportunities involving prohibited countries or persons, and financing, insuring or transporting a shipment of goods sold by a foreign person to a sanctioned country or party.

##### **B. Foreign Persons**

The US sanctions against Syria have extraterritorial effect in certain circumstances, meaning that they can apply to non-US parties. The following non-exhaustive list describes some of the principal circumstances in which non-US persons are directly impacted:

- **Foreign Entities Owned by Blocked Parties:** The assets of foreign entity are blocked if the entity is owned or controlled by the Syrian government or by any individual or entity designated on the Specially Designated Nationals (“SDN List”) or otherwise “blocked” under US sanctions. US persons are thus prohibited from knowingly engaging in any prohibited transaction, directly or indirectly, with such entities without a license.
- **Foreign Subsidiaries:** Unlike US sanctions against Iran, foreign subsidiaries of US parent companies are not subject to the same prohibitions regarding Syria as their US parent companies. However, OFAC may subject transactions to greater scrutiny if a US-owned foreign entity is involved .
- **Foreign Evaders:** US persons are prohibited from any transactions or dealings with parties qualifying as “foreign sanction evaders” of US sanctions against Syria and Iran. Prohibited transactions include any dealings related to goods, services, or technology located in or intended for the United States, or provided by or to any US person wherever located. This includes not only commercial transactions but also donations of humanitarian aid (food,

medicine, clothing, etc.) for the benefit of foreign sanctions evaders. Evaders also are barred from entering the United States.

- OFAC has the authority to designate parties as foreign sanction evaders that:

(1) have violated, attempted to violate, conspired to violate, or caused a violation of any existing Syria (or Iran) sanctions, and, where the conduct relates to property and interests in property “of any person subject to United States sanctions concerning Iran or Syria,” any nonproliferation or anti-terrorism sanctions;

(2) have facilitated “deceptive transactions” for or on behalf of any person subject to Iran or Syria sanctions; or

(3) are owned or controlled by, or acting or “purporting to act” on behalf of such a person or entity.

- **Cyber-Suppression:** Foreign individuals and entities will be barred from entering the US and their property will be blocked if they are found to engage in “cyber-suppression”—computer or network disruption, monitoring, or tracking that facilitates human rights abuses by the Syrian governments. This includes the following activities:

- operating, or directing the operation of, information and communications technology that facilitates cyber-suppression;

- selling, leasing, or otherwise providing, directly or indirectly, goods, services, or technology to Iran and Syria likely to be used to facilitate cyber-suppression; or

- materially assisting, sponsoring, or providing financial, material, or technological support for, or goods or services to or in support of, cyber-suppression or persons designated by OFAC.

## WHAT IS PROHIBITED?

The following general prohibitions apply under US law

- **Syrian Government: property and interests blocked**

All property and interests in property held by the Government of Syria are blocked. This includes the Syrian government's agencies, instrumentalities, and controlled entities, which are in the United States or within the possession or control of US persons.

- **New Investment in Syria**

New investment in Syria by a US person, wherever located. Accordingly, investments by US persons, including commitments of funds or other assets, loans or any other extensions of credit, in Syria, are prohibited.

- **Trade to Syria**

Direct or indirect exportation, re-exportation, sale, or supply of any services to Syria from the United States or by a US person, wherever located is prohibited.

- **Individuals and Entities on the SDN List**

All property and interests in property held by individuals and entities on the Specially Designated Nationals ("SDN List") are blocked where that property is in the US, comes within the US or comes within the possession or control of US persons.

- Individuals and entities not listed by name on the SDN List are nevertheless blocked if they are owned or controlled by, or that have acted on behalf of, directly or indirectly, any SDN.
- Also blocked are property and property interests of individuals and entities that (1) have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, any person whose property and interests in property are blocked.
- On August 3, 2015, OFAC designated, among others, the General Directorate of Syrian Ports, Lattakia Port General Company, Tartous Port General Company, Syrian General Authority for Maritime Transport, Syrian General Shipping Agencies Company ("Shipco"), and the Syrian Chamber of Commerce. The designations were made pursuant to Executive Order ("E.O.") 13582, and as a result of the designations, any property of those entities in the U.S. is blocked and U.S. persons are generally prohibited from engaging in transactions with them. As a result of the listing, members involved in providing LPG and gasoil to Syria should very careful since transactions could be considered as material support, goods or services supplied to the Syrian Government. The Syrian Company for Oil Transport ("SCOT") is a Syrian Government-owned entity which is also listed on the SDN list.

- **Facilitation**

No US person may approve or facilitate the entry into or performance of transactions or contracts with Syria by a foreign subsidiary of a US firm that the US person is precluded from performing directly. Similarly, no US person may facilitate such transactions by unaffiliated foreign persons.

- **Petroleum Products:**

The importation into the United States of petroleum or petroleum products of Syrian origin.

Any transaction or dealing by a US person, wherever located, in or related to petroleum or petroleum products of Syrian origin. This includes purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating, or guaranteeing, in or related to petroleum or petroleum products of Syrian origin.

- **Finance**

The regulations prohibit any approval, financing, facilitation, or guarantee by a US person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a US person or within the United States.

US banks and their overseas subsidiaries are barred from maintaining a correspondent account with The Commercial Bank of Syria (“CBS”). US Banks are also required to conduct due diligence that ensures the CBS is not circumventing sanctions through its business dealings with them.

- **Travel**

US persons are not generally prohibited from engaging in transactions ordinarily incident to travel to or from Syria, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including non-scheduled air, sea, or land voyages.

#### **DEALING WITH DESIGNATED PARTIES : ASSET FREEZES**

The property and interests in property of all parties on OFAC’s list of Specially Designated Nationals (SDN List) are blocked where that property is in the US, comes within the US or comes within the possession or control of US persons.

This extends to blocking the property of an entity in which a designated party owns a 50% or greater interest (either directly or indirectly), even if that entity is not itself designated.

It is prohibited to enter into a property transaction with a designated party, unless exempt or otherwise authorised.

→ What does this mean?

Blocking property imposes an across-the-board prohibition against transfers or dealings of any kind with that property.

“Property” includes funds and other financial assets.

If a party is on the SDN List, any commercial dealings with that party, or with any entity in which the designated party owns a 50% or greater interest, are effectively prohibited.

### **How can I find out which parties are designated?**

The full SDN List can be found on the OFAC website: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

It is also possible to search the list via the website: [http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fuzzy\\_logic.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fuzzy_logic.aspx)

### **CARGO: IMPORT, EXPORT AND RELATED RESTRICTIONS**

#### **Carrying cargo to Syria – what cargos are prohibited?**

- General prohibition on exporting goods, technology or services: Unless a specific OFAC license is granted, it is prohibited to export, re-export, sell or supply, directly or indirectly, any goods, technology or services from the US or by a US person, wherever located, to Syria or the Government of Syria.
- It is prohibited to export from the US any goods, technology or services if the party exporting them knows, or has reason to know, that the items are intended for supply, transshipment or re-exportation to Syria.
- This prohibition extends to providing services, including any brokering function from the US or by a US person, wherever located. For example, a US person (wherever located) or any person acting within the US, may not broker off-shore transactions which benefit Syria or the Government of Syria. This includes the sale of foreign goods and arranging for third-country financing or guarantees.

#### **Carrying cargo from Syria – what cargos are prohibited?**

- There is no *general* prohibition on importing goods and services of Syrian origin into the United States, unless such importation involves an otherwise prohibited transaction.
- It is prohibited to import any petroleum products of Syrian origin into the US, either directly or through third countries.
- US persons are also prohibited from providing financing for prohibited import transactions.

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