

U.S. Imposes New Economic Sanctions Against Syria

Today, the White House issued an Executive Order imposing new, and significantly broader, U.S. economic sanctions against Syria (the "**Executive Order**") (available online at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/syria_eo_08182011.pdf).

Up to today, U.S. sanctions imposed an asset freeze only on certain designated individuals and entities in Syria, including a growing list of firms associated with cronies of the Syrian regime, referred to as Specially Designated Nationals or "**SDNs**", as well as prohibiting the export of most U.S.-origin goods to Syria.

The Executive Order, issued in response to the Government of Syria's escalation of violence against the people of Syria, adds to these existing sanctions by targeting the Government of Syria as a whole, including its agencies, instrumentalities, and controlled entities, requiring U.S. persons to freeze the assets of all such entities, even if not appearing on the SDN list. Consequently, the Executive Order effectively precludes both U.S. and non-U.S. persons from executing transactions for the Government of Syria, or SDNs of Syria, through U.S. banks or the U.S. financial system. Under the policy of the Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the asset freeze would apply not only to all instrumentalities of the Syrian Government, such as the Central Bank of Syria, but to all entities in which they hold a 50 percent or more ownership interest, directly or indirectly. In addition, OFAC today specifically identified five Syrian energy companies as Government of Syria entities and designated them as SDNs of Syria.

Further, the Executive Order imposes broad sanctions against the country of Syria as a whole, as well as particular sanctions targeting the Syrian petroleum industry (a significant source of revenue for the Government of Syria), by prohibiting:

- (a) new investment in the territory of Syria by U.S. persons, wherever located;
- (b) the export, reexport, sale or supply, directly or indirectly, of services to Syria from the United States or by U.S. persons, wherever located;
- (c) the import into the United States of Syrian-origin petroleum or petroleum products; and
- (d) U.S. persons engaging in any transactions or dealings with Syrian-origin petroleum or petroleum products.

Among other sweeping consequences, the ban on provision of services to Syria has the effect of prohibiting U.S. persons from providing financial or other services to all individuals or entities located in Syria, foreclosing the access of Syria residents to the U.S. financial system.

We anticipate that OFAC will issue updates to its Syrian Sanctions Regulations implementing the Executive Order. These updates may include general

If you would like to know more about the subjects covered in this publication or our services, please contact:

[George Kleinfeld](#) +1 202 912 5126

[David DiBari](#) +1 202 912 5098

[Ali Burney](#) +1 202 912 5012

[Jacqueline Landells](#) +1 202 912 5061

To email one of the above, please use firstname.lastname@cliffordchance.com

Clifford Chance, 2001 K Street NW,
Washington, DC 20006-1001, USA
www.cliffordchance.com

Attorney Advertising

Prior results do not guarantee a similar outcome.

licenses and/or exemptions that may moderate the impact of the sanctions on individual residents of Syria.

When the U.S. issued a similar, although less sweeping Executive Order against Libya in February 2011, the EU shortly followed with analogous sanctions. It remains to be seen whether the EU will match the new comprehensive U.S. sanctions against Syria.

This client memorandum does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com