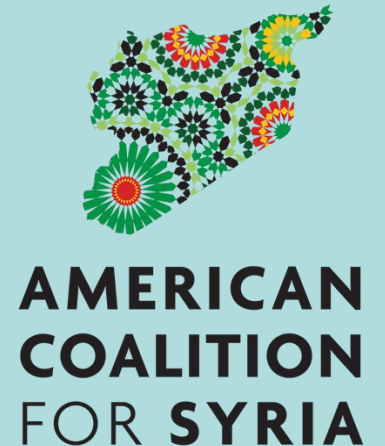


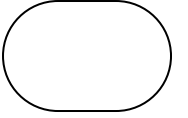
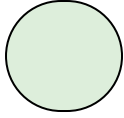
January 19, 2025

Understanding U.S. Sanctions on Syria

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Agenda

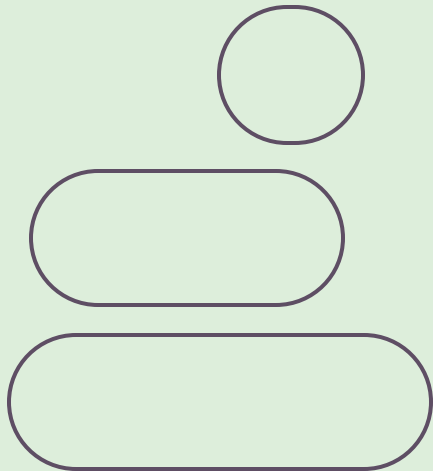


- Introduction to Sanctions
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Introduction to U.S. Sanctions

U.S. sanctions are economic restrictions on another country or on foreign persons employed as a political tool to influence foreign behavior or policies (compel behavioral change) and protect national security.

The impact of these sanctions can be significant, cutting off blocked persons from the global financial system and, in the case of comprehensive sanctions against a country, affecting global trade dynamics and leading to economic isolation for the targeted nation.



Where do sanctions come from?



Authority	Description	Example
Congress	Sanctions Legislation	The Caesar Act
President	Executive Orders (EO)	EO 13582

Department of Treasury
incorporates and implements these
in the **Syria Sanctions Regulations**
31 CFR 542

Different government agencies are tasked with enforcing sanctions

Enforcing Sanctions

Office of Foreign Assets Control (OFAC)

OFAC, under the Treasury Department, is the primary U.S. authority responsible for administering and enforcing economic sanctions based on U.S. foreign policy and national security goals. OFAC decides to designate individuals and entities, and monitors compliance. It can bring civil enforcement actions against violators.

U.S. Department of Commerce (DOC)

The Department of Commerce regulates exports and imports, and can impose export controls/restrictions on trade with designated or sanctioned countries, such as Syria. DOC handles export license applications.

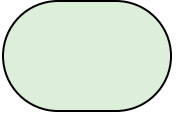
U.S. Department of State (DOS)

The State Department makes foreign policy and national security findings, and can impose visa sanctions against individuals.

Department of Justice (DOJ)

The Department of Justice (and FBI) can investigate violations of sanctions and can bring *criminal* charges for sanctions violations or evasion, as well as related activities that often intersect with sanctions violations: money laundering, material support for terrorism, foreign corruption, etc.

Some Definitions



Regime-Based Sanctions

- **Broad** measures that target current or former regimes accused by the US of engaging in activities deemed to be a threat to US national security interests.

Sectoral Sanctions

- **Broad** measures against key sectors of a country's economy or entities in them, usually because of their links to government decision-makers. EX: oil and gas, or banking

List-Based Sanctions

- **Specific** measures that target and designate individuals, entities, or vessels whose activities are deemed malicious, in violation of international laws, or harmful to national security interests.

Secondary Sanctions

- Apply to **third-country persons and dealings** that do not have a US nexus.
- Aim to pressure non-US persons to stop dealing with sanctioned persons or countries by threatening to cut them off from access to US markets and financial systems.

Comprehensive Sanctions (Embargo)

- The **most restrictive**: target an entire country or geographic region by prohibiting nearly all forms of economic, trade, and financial interaction, and restricting access to most goods and services.
 - EX: Syria, North Korea, Iran, Cuba
-

Sanctioned = Blocked =
Designated

Who is Covered Under Restrictions?

Definition of a 'US Person':

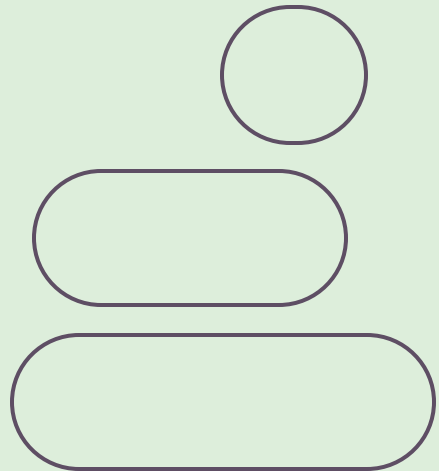
- Any US citizen or permanent resident, regardless of their location.
- Any person physically present in the United States.
- Entities organized under US law, and their foreign branches
- Any entity operating within the United States.

Persons =
Individuals and
Legal Entities

Prohibitions and Strict Liability:

- US persons are prohibited from providing or receiving funds, goods, or services to or from the blocked person, and trying to evade this prohibition.
 - Sanctions law prohibits 'causing' a violation, even if a US person did not engage in it directly.
 - OFAC enforces a strict liability standard, meaning US persons may be held liable for violations without knowledge of prohibited transactions.
-

Overview of Syria Sanctions



U.S. sanctions on Syria were primarily aimed at curbing the Assad regime's human rights abuses, support for terrorism, and its illicit behavior and efforts to undermine regional stability.

Timeline & Architecture of US Sanctions on Syria

- **1979:** Syria was designated as a State Sponsor of Terrorism, marking the beginning of a long history of US sanctions
 - **2003:** The Syria Accountability and Lebanese Sovereignty Restoration Act (**SALSA**) introduced
 - Three Executive Orders **2004-2008**
 - Five Executive Orders **2011-2012**, to address human rights abuses and support the Syrian people
 - **2012:** The Syria Human Rights Accountability Act (**SHRAA**) introduced, under the Iran Threat Reduction Act (ITRA)
 - **2017:** Countering America's Adversaries Through Sanctions Act (**CAATSA**) introduced, with secondary sanctions on Syria
 - One Executive Order in **2019**
 - **2019-2020:** The **Caesar** Syria Civilian Protection Act passed, under the Nat'l Defense Author. Act (NDAA)
-

1979: Syria's Designation as a State Sponsor of Terrorism



1979

Syria designated as a State Sponsor of Terrorism by the United States



Why?

Imposed due to Syria's alleged support for and harboring of Palestinian militant groups, like Hamas, PIJ, and PFLP, as well as of Hezbollah.



Further Accusations

Syria was later accused of facilitating the flow of foreign fighters and arms into Iraq during Iraq War (2003-2011).

State Sponsor of Terrorism (SST) Designation

- Prohibits any US assistance or economic aid to the Government of Syria
 - Prohibits the sale or export of defense articles (arms) and services to the country (anything that could “enhance the military potential” of a SST).
 - Diplomatic isolation, with restrictions on diplomatic relations and cultural exchanges with the United States.
 - US opposition to international loans to Syria.
 - Requires the US to withhold foreign assistance to any country that “provides assistance,” including military equipment, to a SST.
 - On 1/17/2025, the Biden Administration issued a limited waiver in this regard allowing the following countries to continue supporting the transitional government in Syria (while it remains labeled as a SST) without losing continued US assistance: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Turkey, Ukraine, and UAE.
 - Criminal fines and/or prison for any US person that “engages in a financial transaction with the government” of a SST.
-

Syria Accountability and Lebanese Sovereignty Restoration Act (SALSA)

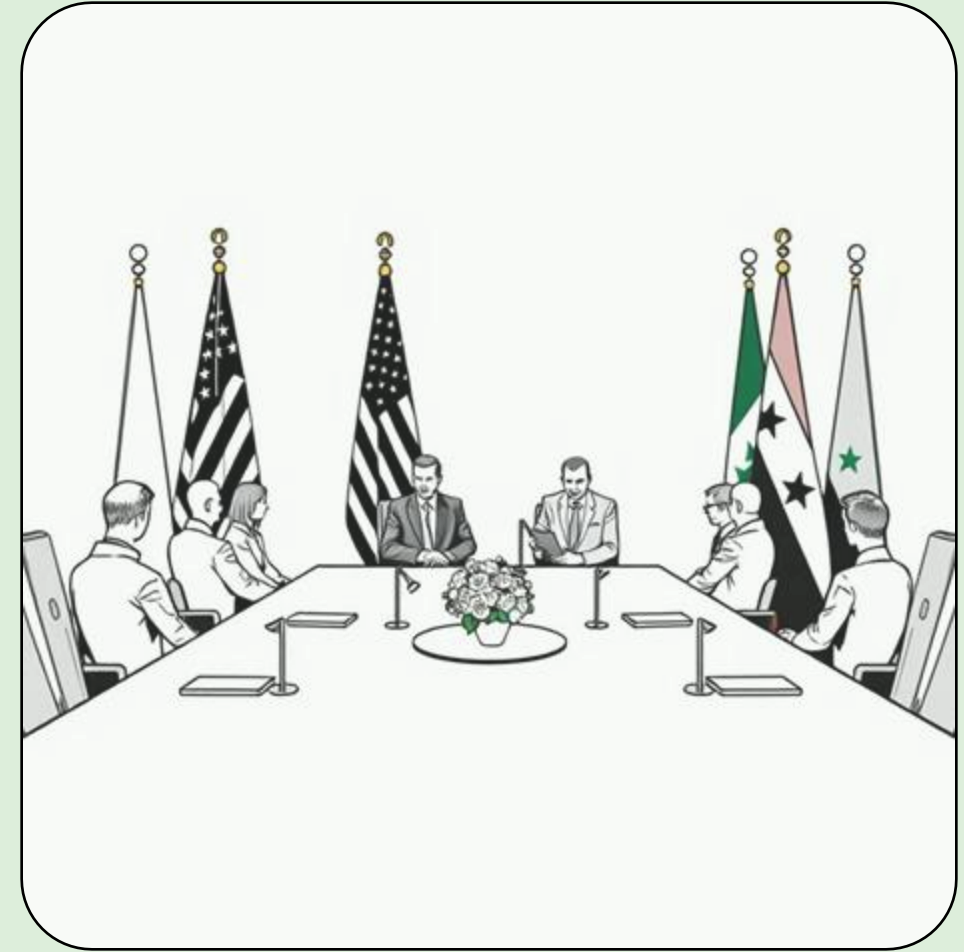
Syria was deemed to be part of the 'Axis of Evil' by President Bush, highlighting its perceived threat to the U.S.

SALSA was passed in response to the Assad regime's support for terrorist groups, its continued military presence in Lebanon, its pursuit of weapons of mass destruction, and its actions that undermined stability and reconstruction in Iraq and helped Saddam Hussein evade sanctions during the 1990s.

Implementation of SALSA sanctions followed many months of diplomatic efforts aimed at conveying U.S. concerns to Assad, who ultimately failed to take significant steps to address these concerns.

EO 13338 (2004) implemented SALSA.

Subsequent Executive Orders: EO 13399 (2006) (authorizing sanctions against anyone involved in the Hariri assassination), and EO 13460 (2008) (public corruption by Syrian senior officials)



Prohibitions Under SALSA and Related EOs

Dual-Use Export Prohibitions

Prohibition on the export to Syria of any items on the US Munitions List (arms and defense weapons, ammunition, etc.) or Commerce Control List (dual-use items such as chemicals, nuclear technology, propulsion equipment, lasers, etc.).

Airline and Diplomatic Restrictions

Restriction on travel of Syrian diplomats to within a 25-mile radius of their posting in the United States.

Prohibition on Syrian government-controlled or owned aircraft from taking off from or landing in the US (with limited diplomatic and emergency exceptions);

Export Restrictions on US Products

Prohibition on the export to Syria of most US products, except for food and medicine.

Blocking Property of Contributors

Blocks the property of persons significantly contributing to the regime's actions described in the Act and prohibits US persons from providing or receiving funds, goods, or services to the blocked person.

Executive Orders After 2011

EO 13572

[April 29, 2011] Blocks property of Syrian officials responsible for human rights abuses and repression, and anyone materially supporting

*Same as in SHRAA (2012)

EO 13573

[May 18, 2011] Blocks the property of senior officials of the Syrian government, including President Bashar al-Assad.

EO 13582

[August 18, 2011] Blocks property of the Syrian government, prohibits new investments in and the exportation of services to Syria, prohibits the importation into the US of Syrian petroleum products.

EO 13606

[April 23, 2012] Imposes sanctions on Syrian and Iranian individuals involved in human rights abuses facilitated by technology.

EO 13608

[May 1, 2012] Authorizes sanctions against foreign persons evading or assisting in the evasion of U.S. sanctions on Syria and Iran.

EO 13894

[Oct. 14, 2019, amended Jan. 15, 2025] Blocks property of anyone engaged in actions that (a) endanger civilians or lead to human rights abuses, (b) obstruct a political solution or ceasefire, (c) target or forcibly displace civilians, or (d) materially support the Syrian government.

US Persons also can't negotiate or enter into contracts with a blocked person.

EO 13582: Key Provisions

- 1) Blocks all property of the Government of Syria, including its agencies, instrumentalities, and controlled entities in the US.
 - 2) US persons are prohibited from new investments in Syria.
 - 3) US persons are prohibited from directly or indirectly exporting, reexporting, selling, or supplying services to Syria.
 - 4) Prohibits the importation into the US of Syrian petroleum or petroleum products.
 - 5) US persons are restricted from any transaction or dealing related to Syrian petroleum or petroleum products.
 - 6) US persons are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a foreign person if that transaction would be prohibited if it was performed by a US person or within the United States
-

New Investment

A transaction after 12:01 a.m. EST, August 18, 2011, that constitutes:

- a) A commitment or contribution of funds or other assets; or
- b) A loan or other extension of credit (including purchases of debt securities issued by the Syrian government)

Prohibition applies to services performed on behalf of a person in Syria or the Syrian government, or where the benefit of such services is otherwise received in Syria, if performed: (1) in the United States, or (2) outside the United States by a US person.

Services

"Services" generally include:

- **Professional services:** Legal, financial, accounting, engineering, consulting, or PR.
- **Technical services:** Assistance related to the use, repair, or maintenance of goods or technologies.
- **Operational services:** Management, logistics, or administrative activities.
- **Telecommunications or IT services:** Internet, communications, or software support.
- **Logistics and transportation:** Shipping, delivery, or freight handling.

EX: a US person is exporting a service to Syria when it **extends credit** to a foreign firm specifically to enable that firm to manufacture goods for sale to Syria.

CAATSA Sanctions

Sanctions against foreign persons who knowingly transfer, export, or otherwise provide to Syria:

- significant financial, material, or technological support that:
 - contributes materially to the ability of the Government of Syria to acquire or develop [weapons capacities]:
 - ballistic or cruise missile capabilities,
 - chemical, biological, or nuclear weapons or related technologies,
 - destabilizing types of advanced conventional weapons,
 - Significant defense articles or controlled items listed on the US Munitions List

The Caesar Act

Overview of the Caesar Act



The Caesar Act mandates the President to impose sanctions against foreign persons who knowingly provide significant financial, material, or technological support to or engage in a significant transaction with:

- the Government of Syria (GoS), its senior leaders, or a sanctioned foreign person.

Sanctions also target foreign persons that:

- facilitate Syrian oil and gas production,
 - sell military aircraft/aircraft parts or other goods or services associated with aircraft used by or on behalf of the GoS for military purposes,
 - provide significant engineering and construction services to GoS.
-

What is considered “financial, material, or technological support”?

- Any property, tangible or intangible, including but not limited to currency, financial instruments, securities, or any other transmission of value
 - Weapons, explosives, or related materiel
 - Chemical or biological agents
 - False documentation or identification
 - Communications equipment
 - Computers, electronic or other devices or equipment
 - Lodging, safe houses, or facilities
 - Vehicles or other means of transportation
 - “Goods”
 - “Technologies,” including specific information necessary for the development, production, or use of a product
-

What is a “significant transaction”?

Factor-based analysis by OFAC

- In determining whether transactions or financial services are significant and amount to a violation, OFAC may consider a number of factors, including but not limited to:
 - **Size, number, and frequency of the transactions**
 - **Nature of the transactions:** type, complexity and commercial purpose
 - **Level of awareness or involvement** (e.g., with management approval or involvement--did higher-levels have knowledge--or was it only by clerical personnel)
 - **Pattern of conduct:** whether the activity or payment illustrates a pattern of practice or is the result of a business strategy, or is an isolated event
 - **Nexus:** the proximity between the person engaging in the transaction and the blocked person
 - **Impact:** the ultimate economic benefit conferred upon the designated person, how much does it undermine US national security and foreign policy, and whether and how much it contributes to support for international terrorism, proliferation of WMDs, or to the suppression of human rights.
 - **Deception:** whether the transactions involved the use of deceptive financial practices to obscure the identities of the parties involved.
-

Conditions for Temporary Caesar Act Suspension

Accountability for War Crimes

The Government of Syria is taking verifiable steps to establish meaningful accountability for perpetrators of war crimes in Syria and justice for victims of war crimes committed by the Assad regime, including by participation in a credible and independent truth and reconciliation process.

Safe Return of Displaced Syrians

The Government of Syria is permitting the safe, voluntary, and dignified return of Syrians displaced by the conflict.

Release of Political Prisoners

The Government of Syria is releasing all political prisoners forcibly held within the prison system and allowing full access for investigations by appropriate international human rights organizations.

Toxic and Nuclear Weapons Commitments

The Government of Syria is taking steps to verifiably fulfill its commitments under the Chemical Weapons Convention and the Treaty on the Non-Proliferation of Nuclear Weapons, and is making tangible progress toward becoming a signatory to the Biological and Toxic Weapons Convention.

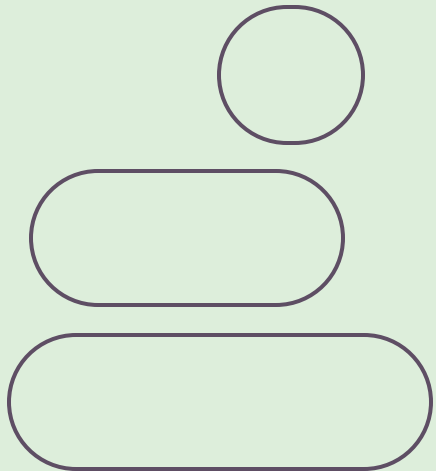
Access to Humanitarian Aid

Areas besieged by the Governments of Syria, the Russian Federation, or Iran are no longer cut off from international aid and have regular access to humanitarian assistance, freedom of travel, and medical care.

Protection of Civilian Infrastructure

Forces of the Governments of Syria, the Russian Federation, and Iran are no longer engaged in deliberate targeting of medical facilities, schools, and residential areas in violation of international norms, and are no longer utilizing Syrian air space to target civilian populations through the use of incendiary devices.

What Can We Do?



So ...

Is everything not allowed?

No, not quite ...

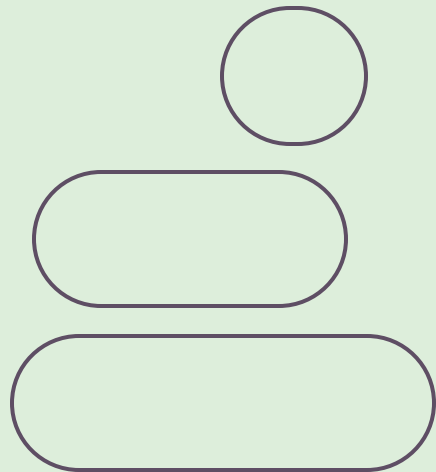
Specific Licenses are written authorizations that OFAC issues on a case-by-case basis that allow a person to engage in specified activities otherwise prohibited under sanctions. They are valid only for the transactions applied for and authorized.

General Licenses Overview

General licenses (GLs) are pre-authorized permissions for certain types of transactions that apply broadly and are self-executing. This means that if a person determines that their activities are authorized under a GL, they may proceed without having to apply for a specific license or further assurances from OFAC.

GLs simplify compliance by allowing specific activities without requiring case-by-case explicit approval.

Licenses are usually issued for humanitarian reasons or when the activity aligns with U.S. foreign policy/national security interests.



In a nutshell, existing General Licenses allow the following:

- ✓ Commercial activities in certain areas of NW and NE Syria
 - ✓ NGOs' non-commercial activities in certain categories that support the Syrian people
 - ✓ Personal, non-commercial remittances, and incidental transactions and services
 - ✓ Internet-based communications technology, and incidental transactions and services
 - ✓ The work of certain International Organizations
 - ✓ The sale, supply, storage, or donation of energy, including oil, gas, and electricity, to or within Syria (through July 6, 2025)
 - ✓ Incidental or public service-related transactions with Syrian governing institutions (through 7/6/25)
-

General License 22

Applicable only in areas of **NW and NE Syria**

US persons can make new investments, or export, sell, or supply services, that are ordinarily incident and necessary to activities* in the following economic sectors:

- agriculture
- IT and telecommunications
- power grid infrastructure
- construction
- finance
- clean energy
- transportation and warehousing
- water and waste management
- health services
- education
- manufacturing
- trade



*So long as transactions do not involve sanctioned persons.

Transactions with the Syrian Government are not allowed in GL 22.

➤ But they are in GL 24

Idlib (HTS-controlled territory) and Afrin are not encompassed in NW Syria. GL 22 basically applies to areas under SDF and SNA control (except Afrin).

GL 22 allows the processing or transfer of funds on behalf of third-country entities to or from Syria in support of the authorized transactions, and US financial institutions can rely on your representations with regard to compliance.

(d) Al Hasakah Governorate

- (1) Markaz al Hasakah District
- (2) Al Malikiyah District
- (3) Al Qamishli District
- (4) Ra's al Ayn District

(a) Halab (Aleppo) Governorate

- (1) Manbij District, excluding the following subdistricts:
 - (i) Khafsah subdistrict
 - (ii) Maskanah subdistrict
- (2) Al Bab District, excluding the following subdistricts:
 - (i) Tadif subdistrict
 - (ii) Dayr Hafir subdistrict
 - (iii) Rasm Harmal al Imam subdistrict
 - (iv) Kuwayris Sharqi subdistrict
- (3) Ayn Al Arab District
- (4) I'zaz District, excluding the following subdistricts:
 - (i) Tall Rif'at subdistrict
 - (ii) Nubl subdistrict
- (5) Jarabulus District

(b) Ar Raqqa Governorate

- (1) Markaz ar Raqqa District, excluding the following subdistricts:
 - (i) Ma'dan subdistrict
- (2) Tall Abyad District
- (3) Ath Thawrah District, excluding the following subdistricts:
 - (i) Al Mansurah subdistrict

(c) Dayr az Zawr Governorate

- (1) Markaz Dayr az Zawr District, excluding areas west of the Euphrates in the following subdistricts:
 - (i) Markaz Dayr as Zawr subdistrict
 - (ii) At Tibni subdistrict
 - (iii) Muhasan subdistrict
 - (iv) Khusham subdistrict
- (2) Al Mayadin District, excluding areas west of the Euphrates in the following subdistricts:
 - (i) Markaz al Mayadin subdistrict
 - (ii) Asharah subdistrict
- (3) Albu Kamal District, excluding areas west of the Euphrates in the following subdistricts:
 - (i) Markaz Albu Kamal subdistrict
 - (ii) Al Jala subdistrict

Since GL 22 has not been extended yet to all areas of Syria, new investments and the supply of services in certain economic sectors permitted in certain parts of Northeast and Northwest Syria are not authorized in other parts of the country. **This hinders investment and economic recovery in major population centers that were previously under regime control.**

Although under this Syria GL, NGOs cannot engage in any transactions with Foreign Terrorist Organizations (FTOs), such as HTS, under Counter-Terrorism Sanctions Regulations, NGOs are authorized to engage in the same non-commercial transactions with FTOs and other global terrorists.

NGO License (31 CFR § 542.516)



Permitted Activities for NGOs

U.S. and third-country NGOs are allowed to engage in **ALL** transactions that support non-commercial activities designed to directly benefit the Syrian people, in several categories:

- (1) humanitarian needs,
- (2) democracy building,
- (3) education,
- (4) cultural heritage preservation,
- (5) environmental protection,
- (6) peacebuilding and disarmament, and
- (7) non-commercial development.



Who are NGOs able to engage?

NGOs **can** transfer necessary and incidental funds to the Syrian Government in support of these activities.

NGOs can also apply for a specific license to engage in other activities designed to directly benefit civilians, such as removing landmines or **economic development projects**.

Other Exemptions

Personal Remittances

(31 CFR § 542.512)

US persons are allowed to send and process transfers of non-commercial, personal remittances to an individual in Syria.

This does not include charitable donations to an entity, or funds to support the operation of a family-owned business.

Internet-Based Communications Services and Software

(31 CFR § 542.511)

US persons are allowed to export or supply to Syria certain Internet-based communication services, non-commercial Internet connectivity services, as well as certain software and hardware that are incident to or enable services incident to Internet-based communications.

- Includes services incident to e-learning and collaboration platforms
 - Does not allow services intended to benefit the GoS unless they're free and publicly available, or web-hosting services for commercial entities in Syria or domain name registration services for the GoS.
 - Can apply for a specific license to engage in transactions that are incident to telecom sector/communications and enable Syrian citizens to better access the Internet.
-

General License 24

Issued on January 6, 2025

Lasts for 6 months, unless extended

Exempted transactions extend to three sanctions programs: Syrian Sanctions Regulations (SySR), the Global Terrorism Sanctions Regulations (GTSR), and the Foreign Terrorist Organizations Sanctions Regulations (FTOSR).

- SySR make up the comprehensive sanctions against Syria and the former Assad regime
- GTSR and FTOSR more specifically target HTS and its members, including Syria's de-facto leader Ahmad Al-Sharaa (Abu Mohammad al-Jolani), and newly appointed figures like Anas Khattab, the head of the Syrian intelligence services.

Issued at the bidding of regional countries, the GL's primary purpose is to authorize specific transactions related to energy, remittances, and governing institutions following the fall of the Assad regime, to alleviate humanitarian pressures and ensure the continuation of essential government services.

Allowed Transactions

- The sale, supply, storage, or donation of petrol, natural gas, electricity, and other energy products to Syria, as well as any incidental transactions in support of that.
- Personal, non-commercial remittances to recipients in Syria who are not blocked by sanctions, including transactions necessary for processing the transfer of these remittances through the Central Bank of Syria.
- "Transactions with governing institutions in Syria" (after December 8, 2024), except for military and intelligence institutions.*

* the fact that a person running a government agency is sanctioned does not prohibit necessary interactions as authorized under GL 24 with that agency.

Prohibited Transactions

- Importing Syrian petroleum/petroleum products into the United States.
- No new investments in Syria by US persons, unless it is to contribute funds for the salaries of public employees.
- Any transaction for or on behalf of Russia or Iran, including the provision of Russian-origin or Iranian-origin goods, technology, funds, or services to Syria.
- The GL does not unblock any property previously blocked by sanctions.

GL 24 complements existing general licenses pertaining to Syria, including GL 22 (for Northwest and Northeast Syria) and General Licenses for NGOs, personal remittances, and internet-based communications technologies.

Where multiple GL authorizations may apply, U.S. persons may rely on the broadest applicable authorization.

Gray Areas in GL 24: Ambiguous Language

The text of GL 24 plainly authorizes **“transactions with governing institutions in Syria”** that would otherwise be sanctionable under SySR, GTSR, or FTOSR, without adding qualifiers. Hence, this waives secondary Caesar sanctions against foreign persons who engage in transactions with the Syrian government, and it also seems to allow US persons to export or supply services to the Syrian government.

- Are all transactions with governing institutions that are not explicitly prohibited in GL 24 allowed?

FAQs 1207 and 1205 also have some ambiguity, but they seem to suggest that GL 24 has a narrower scope. Language of FAQs is not legally binding, though.

GL 24 was passed with foreign countries and energy transactions in mind.

OFAC seems to understand the “spirit” of GL 24 as authorizing (1) all energy-related transactions and (2) only incidental and public services-related transactions with the Syrian government.

- E.g., Personal remittances are already authorized under an existing GL, but GL 24 authorizes incidental transactions to personal remittances, even if they go through the Central Bank of Syria.
 - E.g., *funds transfers* to sanctioned persons (this includes many Syrian governing institutions or their leaders) are allowed only if they are for: helping the governing institution pay the salaries of public employees, paying taxes, fees, or import duties, or purchasing or receiving permits, licenses, utilities or other public services in Syria.
 - Are other types of transactions or services with governing institutions, even if they are sanctioned, allowed?
-

General Licenses (like GL 24) only authorize transactions **under sanctions laws**.

Authorized transactions under GL 24 do not relieve persons from compliance with any other laws or requirements. .

- Therefore, General Licenses do not provide assurances or clearances from other applicable laws, such as export controls or material support for terrorism laws.
- Individuals considering engagements with the Syrian government should consider all the risks, besides sanctions risk.

Because of HTS' designation as an FTO, uncertainty remains when dealing with HTS, given its role now as the governing body of Syria. **Is any engagement with the Syrian government an engagement with an FTO?**

Some of the activities authorized in GL 24 would likely implicate material support for terrorism laws, in addition to 18 U.S.C. § 2332d, which prohibits financial transactions with the government of a SST, such as Syria. Contradictory compliance risks stymie the utility and effectiveness of GL 24.

In the past, OFAC has treated its general licenses as a statement of enforcement policy when it comes to dealings with Syria and the Syrian government. Further, the DOJ has an internal, unofficial, unwritten practice to not prosecute anyone for activity that has been authorized by OFAC.

- The lack of certainty underscores why the USG should provide comfort to Americans on the legality of engaging with the Syrian government and assure them that they **will not be prosecuted under material support laws or other criminal provisions for activities allowed by OFAC**.
-

Thank

you

