

Fried Frank International Trade and Investment *Alert*TM

U.S. Sanctions Turkish Government for Syrian Military Action

On October 14, 2019, President Trump issued an [Executive Order](#) (EO) authorizing wide-ranging sanctions on those contributing to the instability in Syria, specifically targeting the Turkish government and officials. The EO authorizes blocking sanctions on the Turkish government, current and former Turkish government officials, sectors of the Turkish economy to be determined by OFAC, and persons involved in threatening the peace, security, and territorial integrity of Syria, and committing human rights abuses in relation to the conflict in Syria. In addition, the EO authorizes secondary sanctions against foreign financial institutions that conduct significant transactions with the newly blocked persons. OFAC has already designated the Turkish Ministries of National Defence and Energy and Natural Resources and three government ministers as blocked persons under this EO.

Blocking Sanctions

The EO authorizes OFAC to designate the following persons as blocked persons:

- Any current or former Turkish government official, agency, or instrumentality, or certain sectors of the Turkish economy.
- Any person who has materially assisted, sponsored, or provided support for any blocked persons.
- Any person who is owned or controlled by, or acted on behalf of, blocked persons.
- Any person who is responsible for, complicit in, engaged in, or attempted to engage in actions or policies threatening the security and stability of Syria, or in the commission of serious human rights abuses.

In essence, the EO authorizes sanctions that could potentially constitute a ban on any business with all or part of the Turkish government, or its current or former officials, or companies operating in sectors that OFAC may determine.

Menu-Based Sanctions

In addition, the State Department may also impose menu-based sanctions on persons (and their adult family members) who are found to have contributed in Syria to the following:

- Prevention of a ceasefire

- Blocking efforts to promote a political solution to the conflict
- Preventing displaced persons from voluntarily returning to their residences in Syria
- Forcible repatriation of persons or refugees to Syria
- Expropriation of property for personal gain or political purposes.

The menu-based sanctions include a range of options ranging from procurement bans, visa bans, and import bans, to restrictions on access to the U.S. financial system and foreign exchange markets. Notably, the menu also includes a designation for blocking sanctions.

Secondary Sanctions

The EO also provides that if any foreign financial institution knowingly conducts or facilitates any significant transaction related to persons designated under the EO, it may be barred from opening any correspondent or payable-through accounts in the United States.

General Licenses

Pursuant to the EO, U.S. persons are prohibited for conducting any transactions, directly or indirectly, with or on behalf of blocked persons, including the Turkish Ministry of Defence. However, three general licenses allow for the continuation of certain activities beyond October 14, 2019.

[General License 1](#): Authorizes transactions and activities related to the official business of U.S. government employees, grantees, or contractors.

[General License 2](#): Authorizes transactions and activities necessary to the wind down of operations and contracts involving the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey or any entity majority-owned by those ministries through November 13, 2019.

[General License 3](#): Authorizes transactions related to the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey or any entity majority-owned by those ministries for the official business of the United Nations and other related entities that are listed, including the World Bank and the International Monetary Fund.

President Trump [stated](#) that Turkey was threatening the peace and security of the Syrian region and that “[t]he United States will aggressively use economic sanctions to target those who enable, facilitate, and finance ... heinous acts in Syria.” The U.S. Department of the Treasury issued a [press release](#) noting that the order is intended to “dissuade Turkey from any further offensive military action in northeast Syria, including but not limited to indiscriminate targeting of civilians, targeting of civilian infrastructure, targeting of ethnic or religious minorities, or targeting or other actions that undermine the continued counterterrorism activities of the Syrian Democratic Forces.”

Continuing the Trump Administration’s use of tariffs and trade policy as strategic types of sanctions for perceived threats to U.S. interests or national security, President Trump said in a [Statement Regarding Turkey’s Actions in Northeast Syria](#) that he would be increasing tariffs on imports of Turkish steel to 50% and halting negotiations on a \$100 billion trade deal in progress.

While these sanctions are potentially wide-ranging, they could change quickly depending on the political and military situation in Syria. Vice President Mike Pence is traveling to Turkey today to meet with Turkish President Recep Tayyip Erdogan in an effort to resolve the tension between the two nations. Ahead of the meeting, President Erdogan said he would not agree to a ceasefire. It may be difficult politically for the United States to change its position unless Turkey withdraws militarily from Syria or agrees to a ceasefire. These sanctions are, however, a notable development, as Turkey is a NATO member with military cooperation with many Western countries. Many U.S. and European companies may have direct or indirect dealings with the Turkish Ministry of National Defence. We are continuing to monitor the situation, including for any potential expansion of sanctions due to an escalation in the region.

All U.S. companies and any financial institutions that conduct business internationally, particularly any companies that do business in or with Turkey or the Turkish government, should thoroughly review their business activity, evaluate potential risks given the EO's wide scope, and ensure compliance with these new sanctions. Additionally, companies that do business with Turkey or the Turkish government should ensure that they monitor this new and potentially volatile sanctions development. Companies should also update their compliance policies and procedures to reflect the latest changes. If you have any questions regarding the Syria sanctions program and/or the increased U.S. sanctions scrutiny targeted at Turkey, or how they may affect your business, please reach out to the contacts listed below.

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This alert is not intended to provide legal advice, and no legal or business decision should be based on its content. If you have any questions about the contents of this alert, please call your regular Fried Frank contact or the attorneys listed below:

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