

## **BUSH ADMINISTRATION IMPOSES TRADE SANCTIONS AGAINST SYRIA**

Pursuant to the “Syria Accountability and Lebanese Restoration Act of 2003,” (“the Act” or “the Syria Act”) and other statutes, President Bush on May 11, 2004 signed an executive order imposing economic sanctions against Syria that include prohibitions against certain business transactions between U.S. persons and Syrian entities. The new sanctions are based on U.S. concerns over Syria’s continued development of weapons of mass destruction, support for terrorism, continued military presence in Lebanon, and its failure to cooperate with international sanctions against Iraq.

The new sanctions program bans exports to Syria of items on the “United States Munitions List” and the Commerce Department’s “Control List” of dual-use goods and technology, such as chemicals, nuclear technology, lasers, and other items that can be used for either military or commercial applications. These sanctions are mandatory under the Act.

In addition, the President also imposed two other sanctions within his discretion under the Act that affect economic relations between the United States and Syria, including:

- Prohibiting the export to Syria of “products of the United States,” other than food and medicine; and
- Prohibiting take-offs or landings in the United States of the aircraft of any air carrier owned or controlled by Syria.

Pursuant to presidential authority under other statutes, the new sanctions also include the following:

- The President has directed the Treasury Department to issue USA PATRIOT Act anti-money laundering regulations requiring U.S. financial institutions to sever correspondent accounts with the Commercial Bank of Syria;
- The Treasury Department has been authorized to freeze the assets within U.S. jurisdiction of certain Syrian nationals and governmental entities.

The Syria Act also gives the President the option of implementing other sanctions which he has declined at this time, but may implement at any time in the future, including: blocking transactions in any property in which the government of Syria has any interest; prohibiting U.S. businesses from investing or operating in Syria; reducing diplomatic contacts with the Syrian government; or prohibiting Syrian diplomats posted at the United Nations or at their embassy in Washington, D.C. from traveling more than 25 miles away from New York City or Washington, D.C.

While the new sanctions are relatively mild compared to others authorized by the Act, they will affect many U.S. businesses. Every business should be aware that violations of the sanctions program could result in substantial civil or criminal penalties. We recommend that businesses and individuals review their current business activities to assure compliance with these new requirements.

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For more information, please feel free to call Martin Weinstein at 202-303-1122 or Miriam Bishop at 202-303-1126, both in our Washington, D.C. office.

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