

Client Alert

Latham & Watkins Litigation Department

Scope of US Sanctions Against Libya and Syria Defined Further by Treasury Department General Licenses*

"On Friday, September 9, the Treasury Department's Office of Foreign Assets Control (OFAC) issued a general license that carves out from the reach of OFAC's Libya sanctions dealings and transactions with all but one entity owned or controlled by the Libyan National Oil Corporation."

** Some of the information contained in this Client Alert has changed since its publication date. Latham & Watkins continues to monitor these changes. Please contact one of the lawyers listed at the bottom of this Alert if you would like to receive additional information about the current illustrative list.*

This *Client Alert* supplements our review [earlier this month](#) of the evolving US and EU sanctions against Libya and Syria. On Friday, September 9, the Treasury Department's [Office of Foreign Assets Control](#) (OFAC) issued a general license that carves out from the reach of OFAC's Libya sanctions dealings and transactions with all but one entity owned or controlled by the Libyan National Oil Corporation. On the same day, OFAC issued four additional general licenses under the recently-expanded sanctions against Syria, authorizing a narrow range of US person activities.

These most recent general licenses demonstrate that the two sanctions programs are headed in different directions — while the sanctions against Libya are narrowing as the Qaddafi government falls, the US is increasing

pressure on Syrian President al-Assad and his government, allowing only limited carve-outs from the sanctions, such as winding-down Syria-related investments and transactions. The hypertext links below will take you directly to these new general licenses.

Libya General License

OFAC's [General License No. 7](#) authorizes US persons to engage in all transactions involving entities owned or controlled by the Libyan National Oil Corporation (NOC), with the exception of [Zueitina Oil Company](#), provided that such transactions do not involve the Libyan National Oil Corporation itself or other parties whose property or interests in property are blocked. The NOC and Zueitina Oil Company continue to be subject to an asset freeze pursuant to United Nations Security Council [Resolution 1973](#) (March 17, 2011).

This OFAC general license includes an illustrative list of sixteen NOC-owned or -controlled entities that are no longer off limits as to US persons. OFAC's illustrative list includes these entities:

- Arabian Gulf Oil Company
- Azzawiya Oil Refining Company
- Brega Petroleum Marketing Company
- Harouge Oil Operations
- Jamahiriya Oil Well Fluids and Equipment
- Libya Oil
- Mediterranean Oil Services Company
- Mediterranean Oil Services GmbH
- National Oil Fields and Terminals Catering Company
- North African Geophysical Exploration Company
- National Oil Wells Drilling and Workover Company
- Oilinvest Netherlands B.V.
- Ras Lanuf Oil and Gas Processing Company
- Sirte Oil Company for Production Manufacturing of Oil and Gas
- Tamoil Group
- Waha Oil Company

Thirteen of these entities, as well as Zueitina Oil Company, were placed on OFAC's Specially Designated Nationals (SDN) list on March 22, 2011 pursuant to Executive Order 13566. At the time, OFAC announced, "[s]hould National Oil Corporation subsidiaries or facilities come under different ownership and control, Treasury may consider authorizing dealings with such entities."

As we reported in our Client Alert earlier this month, in mid-July 2011, the US Government officially recognized Libya's main opposition group, the Transitional National Council (TNC), as the legitimate Libyan transition government. OFAC has not removed any of the NOC-owned or controlled entities from the Specially Designated Nationals list and, unless and until that step is taken, their previously blocked property and interests in property will presumably remain blocked. We understand that OFAC will soon advise whether General License No. 7 has the effect of "unblocking" the property or interests in property of the NOC-owned and -controlled entities.

Syria General Licenses

As noted above, OFAC has also issued four new general licenses under the US sanctions against Syria. This brings to ten the number of general licenses issued under Executive Order 13582, issued on the August 18, 2011, which imposed broad sanctions against Syria, and on which we reported earlier. (The first six general licenses were issued on the same day as Executive Order 13582.) The four new general licenses issued on September 9 authorize US persons to engage in a narrow range of activities, as summarized below.

- **Winding-Down Transactions:** General License No. 7 authorizes the winding down of pre-sanctions contracts or agreements involving the Government of Syria, service contracts involving Syria, and ownership interests in Syria. With important exceptions, as described below, the general license permits US persons to: (1) engage in all transactions and activities with the Government of Syria or other blocked parties that are ordinarily incident and necessary to winding down pre-August 18, 2011 contracts or other agreements that involve the Government of Syria; (2) wind down, divest, or transfer to a foreign person an ownership interest — including an equity interest — in pre-sanctions investments located in Syria; and (3) wind down contractual or other pre-sanctions commitments involving the export of services to Syria.

Significantly, this general license comes with an expiration date — it is valid only through November 25, 2011. In addition, the general license does not authorize the above-described activities if they involve the debit of an account of the Government of Syria maintained by a US financial institution or other accounts blocked under various Syria-related executive orders signed

between 2004 and 2011. This OFAC general license also makes clear that it applies only to pre-sanctions transactions with the Government of Syria, and it does not authorize transactions with other parties blocked under the Syria-related executive orders. Notably, US persons availing themselves of this general license must — within ten business days after the transaction takes place — file a “detailed report” with OFAC that includes the (1) parties involved, (2) value of the transactions, and (3) dates of the transactions. As noted, the authorization provided under this general license is valid only through November 25, 2011.

- **Official Activities of International Organizations:** General License No. 8 authorizes transactions and activities otherwise prohibited by Executive Order 13582 that are for the conduct of the official business of the United Nations, and Specialized Agencies, Programmes, and Funds by employees, contractors or their grantees. This general license includes a non-exhaustive list of UN Specialized Agencies, Programmes, and Funds and provides a link to a UN chart for a more complete listing. It also requires contractors or grantees using this authorization to provide a copy of their contracts or grants to any US person before the US person engages in or facilitates transactions or activities prohibited by Executive Order 13582. In turn, US persons engaging in or facilitating transactions authorized pursuant to this general license must keep for five years from the date of the transaction a full and accurate record of each transaction.
- **US Persons Residing in Syria:** General License No. 9 authorizes individual US persons residing in Syria to engage in activities that are ordinarily incident and necessary to their personal maintenance within Syria, even if these activities involve the Government of Syria. For instance, such US persons are authorized to pay their housing expenses, buy goods and services for personal use, pay taxes to the government, and receive and pay for public utilities. This general license does not permit a US financial institution to debit an account of the Government of Syria or other accounts blocked under Syria-related executive orders. Notably, the general license makes clear that it does not authorize transactions or services “ordinarily incident to operating or supporting a business in Syria, employment in Syria, or any new investment in Syria.”
- **Operations of Certain Bank Accounts:** General License No. 10 authorizes US financial institutions to maintain and operate accounts for individuals in Syria provided their property and interests in property are not blocked pursuant to Syria-related executive orders. This general license does not permit the operation of accounts that are for use in supporting or operating a business in Syria, in contrast to transactions of a personal nature. Transfers from such accounts for the benefit of individuals ordinarily resident in Syria are authorized only to the extent permitted under General License No. 6, issued on August 18, 2011.

If you have any questions about this *Client Alert* or the potential application of these or other sanctions, please contact one of the professionals listed below or the Latham attorney with whom you normally consult:

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