

No. 21 2011/2012 - Sanctions in Respect of Syria

September 2011

Dear Sirs,

Sanctions in Respect of Syria

A number of economic sanctions have been in place for some time in the United States and in the European Union in relation to Syria. The scope of those sanctions has been recently extended and this Notice provides an update on the current position.

United States Sanctions

Property and all interests in property belonging to the Syrian Government and/or certain designated individuals and entities have been frozen. The individuals and entities concerned have been listed in the Specially Designated Nationals (SDN) list maintained by the United States Treasury Office of Foreign Asset Control (OFAC). The OFAC list is not exhaustive, because an entity or individual could be determined to be part of the Syrian Government without being specifically named on the list. OFAC has limited powers to grant licences to carry out transactions which would otherwise be prohibited.

United States persons are prohibited from performing contracts and engaging in other transactions with or involving the Syrian Government and/or the designated individuals or entities.

The definition of a United States person is broad and includes individuals and corporations and similar entities.

Irrespective of any involvement of the Syrian Government or SDN's the following activities are also prohibited:

- i. new investment in Syria by United States persons,
- ii. exporting, supplying or selling any services to Syria from the United States or by a United States person,
- iii. importing into the United States petroleum or petroleum products of Syrian origin,
- iv. transactions by a United States person in relation to petroleum or petroleum products of Syrian origin,
- v. approving, financing, supporting or facilitating a transaction by a United States person of a transaction by a non-United States person if the transaction by the non-United States person would be prohibited if performed by a United States person or in the United States.

European Union Sanctions

The EU adopted Council Regulation No 442/2011 on 9 May 2011.

www.hm-treasury.gov.uk/d/council_regulation_eu_442_100511.pdf. This Regulation applies:

- a. within the territory of the Union, including its airspace;
- b. on board any aircraft or any vessel under the jurisdiction of a Member State;
- c. to any person inside or outside the territory of the Union who is a national of a Member State;
- d. to any legal person, entity or body which is incorporated or constituted under the law of a Member State;
- e. to any legal person, entity or body in respect of any business done in whole or in part within the Union.

The Regulation includes asset freezing measures on certain individuals identified as being responsible for the violent repression of the civilian population in Syria. The Regulation also prohibits making economic or financial resources to or for the benefit of such individuals. Subsequent amending Regulations have extended the measures to additional individuals as well as certain entities. The listed individuals include President Assad and members of the Syrian Government. Details of those individuals and entities are available at HM Treasury's UK website at: www.hm-treasury.gov.uk/d/sanctionsconlist.htm.

It is important to note that Regulation 442/2011 provides that "No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the natural or legal persons, entities or bodies listed". The scope of this prohibition is wide and particular care needs therefore to be exercised to ensure that funds or economic resources are not provided indirectly to listed persons or entities or directly or indirectly for their benefit.

More recently on 2 September the European Union by an amending Regulation 878/2011

www.hm-treasury.gov.uk/d/finsanc_syria_council_regulation_eu_878_020911.pdf extended the sanctions to prohibit:

- i. importing crude oil or petroleum products into the Union if they either originate in Syria or have been exported from Syria,
- ii. purchasing crude oil or petroleum products which are located in or which originated in Syria,
- iii. transporting crude oil or petroleum products if they originate in Syria, or are being exported from Syria to any other country.

Providing insurance in relation to these activities is now also prohibited and hence the Club may not be able to provide cover in respect of this type of trade.

Subject to certain conditions being met, including reporting to the relevant EU authority, Regulation 878/2011 provides a grace period in respect of contracts for these activities made before 2 September.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

R J B Searle
Director