



CLIENT ALERT:
**U.S. AGAIN TARGETS PETROLEUM SHIPMENTS
INVOLVING IRAN AND SYRIA**

March 26, 2019

Introduction

On November 20, 2018 the U.S. Office of Foreign Asset Control (“OFAC”) issued an Advisory warning the maritime community against transporting petroleum to the Syrian Government. On March 25, 2019, OFAC has reprised that warning, in a second Advisory entitled “*Sanctions Risks Related to Petroleum Shipments Involving Iran and Syria.*” This Advisory may portend a tougher enforcement of the U.S. sanctions against Syria. To read the Advisory in full, click [Here](#).

A Stern Warning

The Advisory states that its purpose is to “... alert persons globally to the significant U.S. sanctions risks for parties involved in petroleum shipments to the Government of Syria.” Executive Order 13582 prohibits any dealings by U.S. persons in any way related to petroleum or petroleum products of Syrian origin. That Executive Order does not specifically declare sanctionable any dealings by non-US persons in respect of petroleum or petroleum products moving to or from Syria, but does provide for the blocking of the property in the U.S. of “any person” (not just a U.S. person) who is determined to have materially assisted, sponsored, or provided financial, material technological support for, or goods or services in support of any person whose property is blocked pursuant to the Executive Order, which includes the Government of Syria. The Advisory establishes that Executive Order 13582 would be the basis for sanctioning non-U.S. persons who supply petroleum to Syria.

The Advisory makes it clear that sanctions could be imposed over a wide range of persons involved with the supply of petroleum products to Syria. After noting that Iran and Russia have been involved in providing the Government of Syria with petroleum, the Advisory states:

“Those who in any way facilitate the financial transfers, logistics, or insurance associated with these or other petroleum shipments are at risk of being targeted by the

*United States for sanctions. The United States is committed to disrupting illicit financial and other support to the Government of Syria, to include transporting petroleum to its state-owned and-operated ports, **regardless of location or nationality of those facilitating such support.**" (emphasis added)*

The Advisory warns that insurers, shipping companies, financial institutions and others involved in supplying petroleum to the Government of Syria may be subject to sanctions. The same risk applies to those engaged in transactions relating to the purchase, sale, transport or marketing of petroleum or petroleum products from Iran. Any entity sanctioned by the United States would be designated to the U.S. Specially Designated Nationals List, with the result that U.S. persons would be generally prohibited from engaging in any transactions with that entity and that entity's property and interests in property of the United States would be blocked. Looking beyond petroleum products, the Advisory also warns that sanctions may be imposed on any person who provides support to the Syrian Government, stating:

"The U.S. government will aggressively target for designation any person who provides support to the regime, for example by facilitating exports to or imports from the Government of Syria, including government-owned entities, unless such exportation or importation is otherwise exempt or authorized."

Annex of Ships Which Have Delivered Petroleum to Syria

The Advisory includes an Annex which is a non-exhaustive list of vessels which have carried petroleum products to Syria from 2016 through 2018, or which have engaged in STS transfers of petroleum destined for Syria between 2016 and 2019. The Advisory states in a footnote that the Annex is not a sanctions list or a comprehensive list of vessels in which blocked persons may have an interest. However, the Annex states that it identifies "...vessels **which have engaged in sanctionable conduct** in support of the Government of Syria or entities owned by the Government of Syria." (emphasis added)

Deceptive Shipping Practices and Due Diligence

The Advisory outlines various deceptive practices engaged in by those providing petroleum to the Government of Syria. It also outlines risk mitigation measures which it recommends to those in the international maritime community, in order to help avoid becoming involved in a sanctionable transport of petroleum products to Syria.

Summary

The U.S. has again warned, in no uncertain terms, that those who engage in petroleum-related transactions involving Iran and Syria can be subject to U.S. sanctions. As set forth in the Advisory, the definition of the Government of Syria is quite broad. In addition, other activities which support the Government of Syria may also be sanctionable. Shipowners and marine insurers should carefully analyze any trade with Syria to determine whether it might be considered sanctionable.

Disclaimer: This Client Alert provides only a general summary of the U.S. Office of Foreign Asset Control's March 25, 2019 Advisory related to petroleum shipments involving Iran and Syria and is not intended to constitute comprehensive legal advice. Specific legal advice should be taken with respect to each individual inquiry regarding the designations. For additional clarification, please feel free to contact Bill Juska (juska@freehill.com), Gina Venezia (venezia@freehill.com) or Bill Pallas (pallas@freehill.com).

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