

Trump Administration Lifts Sanctions on Turkey

October 23, 2019

On October 23, 2019, the Trump Administration moved to lift sanctions against Turkey it imposed on October 14, 2019, in response to Turkey's invasion of northern Syria. The Treasury Department's Office of Foreign Assets Control (OFAC) removed sanctions on all five sanctioned entities (three Turkish government officials and the Turkish Ministries of National Defence and Energy and National Resources). Congress could impose new sanctions on Turkey going forward, so stay tuned.

***Note: this is an update to an alert that was originally published on October 16, 2019, which appears below.**

Trump Administration Imposes Sanctions on Turkey in Response to Syrian Invasion

October 16, 2019

In the wake of Turkey's invasion of northern Syria, the Trump Administration issued an Executive Order (EO) on October 14, 2019, authorizing sanctions on Turkish government officials and government ministries. Additionally, President Trump said that he would halt ongoing trade talks with Turkey and that the United States would re-impose 50% tariffs on imports of Turkish steel.

The sanctions announced on Monday target three Turkish government officials: the Ministers of Defence, Energy and Natural Resources, and the Interior. The Treasury Department's Office of Foreign Assets Control (OFAC) also designated Turkey's Ministry of National Defence and its Ministry of Energy and Natural Resources as Specially Designated Nationals (SDNs). The new sanctions block all property and interests in property of these individuals and entities that are in,

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or come within, the United States or the possession or control of a United States person, essentially cutting these individuals and entities off from the U.S. market and dealings with U.S. companies. The prohibitions also extend to transactions with entities in which the newly-sanctioned individuals and entities hold a direct or indirect ownership interest of 50% or more.

In conjunction with the new SDN designations, OFAC issued general licenses—or broad authorizations—permitting certain otherwise prohibited transactions by U.S. government employees, grantees, or contractors as well as the United Nations, including its Programmes and Funds, and its Specialized Agencies and Related Organizations. OFAC also issued a general license allowing U.S. persons to wind down operations, contracts, and other agreements with the Ministry of National Defence or the Ministry of Energy and Natural Resources, which is effective until November 13, 2019.

The new EO is drafted broadly such that it can be used to impose additional sanctions on Turkey, other persons providing goods or services to SDNs or engaging in destabilizing activities in Syria, and foreign financial institutions that engage in a significant financial transaction involving an SDN. Additionally, Congressional leadership, after criticizing the efficacy of the Trump Administration's new sanctions, has indicated that it plans to introduce legislation providing for a more extensive package of sanctions on Turkey, including the potential of cutting off U.S. military support to the NATO partner.

Wiley Rein continues to closely monitor the developing situation in northern Syria and the Trump Administration's response. Should you have any questions about the new sanctions on Turkey, or the potential for further sanctions, please do not hesitate to contact one of the attorneys listed on this alert.