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Client Alert: U.S. Eases Sanctions on Syria

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For detailed guidance on how these changes may affect your operation, please contact Michelle Roberts, at mroberts@bcrlaw.com.

May 28, 2025

On May 23, 2025, the Office of Foreign Assets Control ("OFAC") announced significant relief from sanctions imposed on Syria, with issuance of a new General License, and the State Department issued a temporary waiver under the Caesar Act. These actions follow the recent ouster of President Bashar al-Assad, seen as a key U.S. adversary in the region, and the rise of interim leader Ahmad al-Sharaa. While this marked a pivotal shift in U.S. foreign policy and aims to support the country's reconstruction and economic recovery, critical compliance obligations remain under U.S. export controls and other measures. Without a relaxation of export controls, opportunities for U.S. companies to meaningfully expand their business in Syria remain limited.

Key Authorizations of General License 25

General License ("GL") 25 authorizes U.S. persons to engage in the following activities, which were previously prohibited under the Syrian Sanctions Regulations:

- Transactions with the new Government of Syria (as in existence on or after May 13, 2025), including the Central Bank of Syria and other state-owned entities
- New investments in Syria
- Export of services to Syria
- Import and dealings in Syrian petroleum and petroleum products

Additionally, GL 25 authorizes dealings with certain individuals and entities previously designated on the Specially Designated Nationals and Blocked Persons (SDN) List, as specified in the Annex to the license.

Waiver of Caesar Act and Secondary Sanctions

The State Department issued a six-month waiver under the Caesar Syria Civilian Protection Act, suspending secondary sanctions for foreign entities engaging in specified dealings involving reconstruction and other activities in Syria. Moreover, consistent with past guidance from OFAC, OFAC confirmed in FAQs issued on May 28, 2025, that Non-U.S. persons would not risk exposure to secondary sanctions for engaging in activities or facilitating transactions that are authorized for U.S. persons under GL 25.

This alert contains general guidance, is for informational purposes only, and should not be construed as a legal opinion on the application of the law to any specific facts or circumstances.

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Remaining Restrictions and Compliance Considerations

Despite the broad authorizations under GL 25, several significant restrictions remain:

- **Export Controls Remain in Place:** Export controls remain unchanged for Syria. A license is still required for all items subject to the EAR except for EAR99 food and medicine. Syria is also still subject to an arms embargo under the ITAR. At this time, there is no indication of any immediate plans to relax these restrictions.

- **Many Parties and Blocked Property Remain Blocked:** GL 25 authorizes dealings with the new Government of Syria, SDNs listed in the Annex to GL 25, and entities 50% or more owned by such blocked parties. However, many parties operating in Syria remain blocked and are not eligible under GL 25. Additionally, property that has been blocked in the past remains blocked unless and until OFAC authorizes unblocking via specific requests or some other action. Thorough due diligence and compliance monitoring will be necessary before conducting new business involving Syria.

- **Material Support to Foreign Terrorist Organizations ("FTOs"):** Although some of the SDNs within the scope of authorizations in GL 25 are designated FTOs, knowingly providing material support to FTOs remains prohibited under U.S. law (18 U.S.C. § 2339B) and an OFAC general license does not waive that prohibition. "Material support" is broadly defined and can include the provision of funds, goods or services. While criminal prosecution of a company acting in good faith under an OFAC general license seems unlikely, GL 25 would not prevent it. Again, companies considering transactions in Syria must conduct thorough due diligence to ensure compliance.

- **Conditional Relief:** The Administration has indicated that continued sanctions relief for Syria is contingent upon the new Syrian government protecting religious and ethnic minorities and preventing Syria from becoming a haven for terrorists. Easing sanctions via a general license and temporary waiver of the Caesar Act makes swift reimposition of sanctions very easy. Moreover, banks are likely to remain very wary of financial transactions in Syria and some may be hesitant or refuse to support Syria transactions.

Bottom Line

GL 25 represents a major shift in U.S. sanctions policy toward Syria, enabling a wide range of commercial and financial activity. However, it does not amount to a full normalization of U.S.-Syria relations, and substantial legal and reputational risks remain. Companies contemplating transactions in or with Syria should proceed cautiously, ensure alignment with U.S. laws and regulations, and consult counsel as appropriate.

For detailed guidance on how these changes may affect your operation, please contact Michelle Roberts, at mroberts@bcrlaw.com.

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