

Sanctions 17 Oct, 2019

# U.S. Sanctions Against Turkey



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As a result of the Turkish military action in northern Syria, President Trump issued an Executive Order on 14 October 2019 imposing sanctions against the Turkish Ministry of Energy and Natural Resources and the Turkish Ministry of National Defence, as well as designating the Minister of National Defence, the Minister of Interior and the Minister of Energy.

As noted in a helpful Client Alert (below) issued by the Club's U.S. attorneys Freehill Hogan & Mahar, these sanctions should have limited effect on shipping except where shipowners engage in trades with the Turkish Ministries affected. The impacts of such trading on both U.S. and non-U.S. persons are described by Freehill's as follows:

*"U.S. persons are immediately prohibited from engaging in any transactions with the Turkish Ministries of Energy and Natural Resources and National Defence, or with the three designated individuals. In addition, should a U.S. person hold any property of either the Ministries or the three designated individuals, that property must be blocked.*

*Non-U.S. persons can be subject to sanctions if they are determined to have materially assisted, sponsored or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to this order. For example, under a similar provision in the sanctions against Syria, an entity was designated to the U.S. SDN List in 2015, along with six vessels it owned or controlled, for materially assisting Syria by regularly arranging for the shipment of products such as liquefied petroleum gas (LPG) and gasoil to the Syrian Government-controlled port of Baniyas. Therefore, non-U.S. persons need to exercise caution in any transactions with either the Turkish Ministry of Energy and Natural Resources or the Turkish Ministry of Defence. Any transaction that could be considered as material assistance to, or goods or services in support of, those Ministries could result in the imposition of sanctions against a non-US person."*

A General Licence issued by OFAC allows parties until 13 November 2019 to wind-down their activities with the two Ministries. Other General Licences provide carve-outs for, broadly, U.S. Government and United Nations' transactions.

Members are therefore strongly advised to wind-down any activities with the Turkish Ministries affected and avoid future trade with these and the designated individuals. They should also continue to monitor the situation in Turkey and note the potential for expanded sanctions if the situation in northern Syria continues to deteriorate.

Members with any questions on this or any other sanctions matter should contact the Managers for guidance.

Client Alert →