

## U.S. broadly relaxes sanctions, but not export controls, on Syria

June 4, 2025 | Client Update | 10-minute read

The Treasury and State Departments have issued sanctions relief permitting U.S. and foreign persons to engage in a broad set of transactions with Syrian businesses, the Syrian government and certain key economic and state-affiliated entities. Blocking sanctions remain in force against some persons, and no export control relief has been issued.

Following President Trump's May 13 announcement of his intention to broadly lift sanctions against Syria,<sup>1</sup> the Treasury and the State Departments on May 23 concurrently announced sanctions relief measures supporting Syria's political transition and economic reconstruction. The Treasury Department's Office of Foreign Assets Control (OFAC) issued [General License 25](#) (GL 25), the Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued [exceptive relief](#) relating to the Commercial Bank of Syria, and the State Department [announced](#) a 180 day waiver of mandatory sanctions under the Caesar Act. Without dismantling the multilayered sanctions framework developed over the past four decades, which is statutorily required in some cases, the recent measures authorize a broad range of commercial transactions and restore the ability of U.S. financial institutions to maintain correspondent accounts with the Commercial Bank of Syria. They expand upon OFAC's issuance of [General License 24](#) (GL 24) at the end of the Biden Administration, which previously authorized a more limited set of transactions with the Syrian government, its central bank, and with respect to energy products. As of the date of publication, however, comprehensive U.S. export controls remain in place.

The [FAQs](#) released in relation to General License 25 describe the May 23 measures as steps in a broader and still unfolding U.S. government effort to unwind the full architecture of Syria sanctions, conditioned on the new Syrian government's cooperation and maintenance of stability and security for ethnic minorities. As such, they do not lift all restrictions on trade and interaction with Syria. A number of individuals and entities associated with the former Assad regime remain designated on the specially designated nationals (SDN) list and, thus, U.S. persons are still generally prohibited from dealing with or in the property of such blocked persons. More significantly, Syria remains subject to a broad U.S. export embargo principally administered by the U.S. Department of Commerce, Bureau of Industry and Security (BIS) under the Export Administration Regulations, and a license is still required for the export, reexport, or transfer to Syria of most items (other than food and medicine) subject to the U.S. Export Administration Regulations (EAR).<sup>2</sup> It is unclear when and to what extent these restrictions will be eased to complement the existing sanctions relief.

The European Union and the United Kingdom have also taken steps to lift many economic sanctions against Syria.<sup>3</sup>

### Overview of sanctions relief

#### OFAC licenses many commercial transactions

The issuance of GL 25 by OFAC authorizes certain types of transactions that would otherwise be prohibited by existing regulations, though it does not amend or repeal those regulations. As a result, U.S. persons and other persons required to comply with U.S. sanctions may now engage in a wide range of transactions.

**Select examples of transactions authorized by GL 25**

Provide services to people and companies in Syria that are not blocked persons or are specifically identified in the license;

Transact with the new Government of Syria<sup>4</sup> and certain other identified blocked persons;

Invest in Syrian companies and projects that are not blocked persons; and

Import or deal in petroleum and petroleum products from Syria.

This authorization broadly licenses away all of the prohibitions of the OFAC-administered Syria Sanctions Regulations (SySR) 31 C.F.R. part 542, though it is subject to a number of conditions and limitations.

While GL 25 authorizes prospective transactions involving the Government of Syria and the 28 other blocked persons named in the Annex to the license, it does not unblock any property that was blocked on or before May 22, 2025 or remove the names of the listed persons from the SDN list.

All other individuals or entities designated on the SDN List in connection with Syria (as well as entities that are 50 percent or more owned by one or more such blocked persons) remain blocked, including Bashar al-Assad and his enablers, terrorists,<sup>5</sup> human rights abusers, and narcotics traffickers. U.S. persons and others engaging in business in or with Syria pursuant to General License 25 thus will need to ensure that their activities do not involve such blocked persons.

General License 25 also excludes from its authorizations any transaction for or on behalf of the Government of the Russian Federation, the Government of Iran, the Government of the Democratic People's Republic of Korea (DPRK), or related to the transfer or provision of goods, technology, software, funds, financing, or services to or from these countries. The condition applies without regard to whether the transaction is separately prohibited by U.S. sanctions related to those three countries.

**Select examples of transactions still prohibited following GL 25**

Transactions involving property blocked before May 22, 2025 (including such property of the Central Bank of Syria);

Exports to Syria of items subject to the EAR (unless separately authorized by BIS);

Transactions with HTS or other designated terrorist organizations; and

Most transactions involving Syria and relating to Russia, Iran or the DPRK.

## Broad export control restrictions remain in place

More significantly, the sanctions relief extended by OFAC has, at least to date, not been matched by parallel steps to relax the broad U.S. embargo on exports of goods to Syria, which is primarily implemented through the EAR and administered by BIS. It remains the case that a license from BIS is required for the export or reexport to Syria of all items subject to the EAR, other than food or medicine classified as EAR99. This includes all items listed on the Commerce Control List (CCL) as well as EAR99 items other than food or medicine (a category that includes many basic consumer goods, for example).

Though certain of the existing export control restrictions implement statutory requirements under the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003<sup>6</sup> and others flow from Syria's designation as a State Sponsor of Terrorism, which remains in effect, there does not appear to be any legal obstacle to the executive branch unilaterally relaxing them or granting licenses more freely (as opposed to the previous policy of denial in most instances). It remains unclear, however, when and to what extent the administration intends to act. Unless and until parallel relief is granted on the export control front, the relaxation of OFAC sanctions will have little practical benefit for U.S. exporters of goods, and remaining export control restrictions may also complicate efforts by non-exporters to take advantage of the relief (for example, by restricting their ability to bring U.S. equipment or software into the country to support provision of services).

## FinCEN greenlights correspondent accounts with a major Syrian bank

Also on May 23, 2025, FinCEN issued [exceptive relief](#) permitting covered U.S. financial institutions—which includes U.S. commercial banks as well as agencies and branches of foreign branches in the U.S.—to establish, maintain, administer, or manage correspondent accounts for or on behalf of the Commercial Bank of Syria (CBoS), which had been prohibited as a result of a finding under Section 311 of the USA PATRIOT Act. Nevertheless, such financial institutions remain obligated to apply due diligence to guard against any indirect use of such accounts for money laundering activity.

FinCEN's exceptive relief, operates in parallel with GL 25's authorization of transactions with major Syrian banks such as the Central Bank of Syria, the Real Estate Bank, the Agricultural Cooperative Bank, and the Industrial bank. Together, they appear to be directed at restoring capital flow to the country, but permission to transact does not supersede the risk management and diligence obligations of U.S. financial institutions. It remains to be seen whether the financial sector will have the appetite to engage in Syria.

## State Department temporarily waives secondary sanctions for non-U.S. persons

Concurrent with the Treasury Department's action, the U.S. Department of State issued an initial [180-day waiver](#) of the Caesar Syria Civilian Protection Act of 2019 (Caesar Act). Among other things, the Caesar Act requires the President to impose secondary sanctions on non-U.S. persons that knowingly transact in certain goods or services related to Syria (e.g., military aircraft parts, petroleum) or that engage in a significant transaction with or provide loans or other financial support to a person sanctioned under Syrian sanctions.<sup>7</sup> Under the Caesar Act, the President may continue to waive the application of any provision of the Caesar Act for renewable periods of up to 180 days provided he certifies to Congress that such a waiver is in the national security interests of the United States.<sup>8</sup>

The waiver of sanctions described in the Caesar Act is particularly relevant for non-U.S. persons, who may transact with Syria outside U.S. jurisdiction without the risk of being subject to secondary sanctions under the Caesar Act for so long as the waiver remains in force. The State Department's stated goal in issuing the waiver is to promote "stability-driving investments" in Syria. The current waiver will expire on November 19, 2025 if not renewed.

## Looking ahead

GL 25 is self-executing in that persons who determine that certain activities are authorized under a GL may proceed without further assurance from OFAC. In practice, businesses should keep the following considerations in mind:

- The license does not address export control restrictions that remain fully in force and are a significant obstacle to U.S. companies seeking to take advantage of the relaxation in sanctions. The stated policy of the Trump administration suggests that further action should be forthcoming, but the timing and scope remain uncertain.
- U.S. persons should continue to apply due diligence procedures to avoid contravening other sanctions regulations that are still in place with regards to Syria, including GL 25's express exceptions. In particular, they will still need to ensure that counterparties within Syria are not blocked persons (other than the Syrian Government or those listed in the Annex to GL 25) and that transactions are not connected to Russia, Iran or the DPRK.
- Activities that were already licensed prior to GL 25 remain authorized. The [FAQs](#) released by OFAC in connection with GL 25 state that U.S. financial institutions that process transactions for NGOs already operating in Syria may rely on the statements of their customers that such transactions are authorized, unless the institutions know or have reason to know a transaction is not authorized.
- Most transactions authorized under GL 24 will now continue to be authorized following its expiration date of July 7, 2025 as OFAC has clarified that GL 25 generally authorizes the transactions covered by GL 24.
- Businesses should also monitor for potential divergence between U.S. and other countries' sanctions regimes as each adopts relief measures that vary in effective time, scope, and duration.

## Risk of reversal

The U.S. sanctions regime against Syria is complex and multi-layered. It was created by a combination of statute, executive order, regulation, guidance and licenses over more than two decades and is administered by multiple U.S. government agencies. The President has significant, though not unlimited, power to issue relief and exemptions, but a

truly sweeping and lasting overhaul of the Syrian sanctions regime will require Congressional action. As with other international trade programs under the current administration, executive action on Syria sanctions is likely to be dynamic. The latest round of relief is conditioned on the Syrian government not supporting terrorist regimes and providing security for ethnic minorities. The scope of relief may shift rapidly based on the situation on the ground in Syria and the U.S. political situation, and regulated persons should be prepared to adapt quickly to new developments. On a practical level, this means being prepared to immediately stop any transactions currently authorized by a license should the license be revoked or altered.

*Summer Associate Yi Qu contributed to this client update.*

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

**Mark Chalmers**

+44 20 7418 1324  
mark.chalmers@davispolk.com

**Kendall Howell**

+1 202 962 7068  
kendall.howell@davispolk.com

**Neil H. MacBride**

+1 202 962 7035  
neil.macbride@davispolk.com

**Paul Marquardt**

+1 202 962 7156  
paul.marquardt@davispolk.com

**Will Schisa**

+1 202 962 7129  
will.schisa@davispolk.com

**Patrick Q. Sullivan**

+1 202 962 7179  
patrick.sullivan@davispolk.com

**Charles Marshall Wilson**

+1 202 962 7130  
charles.wilson@davispolk.com

*This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.*

- <sup>1</sup> *In Riyadh, President Trump Charts the Course for a Prosperous Future in the Middle East*, The White House (May 2025), <https://www.whitehouse.gov/articles/2025/05/in-riyadh-president-trump-charts-the-course-for-a-prosperous-future-in-the-middle-east/>.
- <sup>2</sup> See 15 C.F.R. § 746.9. Syria also remains subject to a U.S. arms embargo administered through the International Traffic in Arms Regulations (ITAR). See 22 C.F.R. § 126.1(d).
- <sup>3</sup> Council of the European Union, *Syria: EU Adopts Legal Acts to Lift Economic Sanctions on Syria, Enacting Recent Political Agreement* (May 28, 2025), <https://www.consilium.europa.eu/en/press/press-releases/2025/05/28/syria-eu-adopts-legal-acts-to-lift-economic-sanctions-on-syria-enacting-recent-political-agreement/>; U.K. Foreign, Commonwealth & Development Office, *UK Bolsters Support for Syrian People by Amending Syria Sanctions* (May 2025), <https://www.gov.uk/government/news/uk-bolsters-support-for-syrian-people-by-amending-syria-sanctions>.
- <sup>4</sup> The authorization with respect to the Government of Syria applies to the government as it exists on or after May 13, 2025, and includes "Syrian President Ahmed al-Sharaa and his government;" it does not extend to the former Bashar al-Assad regime or its members.
- <sup>5</sup> This includes Hayat Tharir Al-Sham (HTS), an insurgent group which helped bring President al-Sharaa to power and has been designated as a foreign terrorist organization and included as a blocked person on the SDN List since 2018.
- <sup>6</sup> Pub. L. 108-175, codified at 22 U.S.C. § 2151 note.
- <sup>7</sup> Caesar Syria Civilian Protection Act of 2019, Pub. L. 116-92 § 7412(a), codified at 22 U.S.C. § 8791 note.
- <sup>8</sup> *Id.* at § 7432(b).