

Syria Sanctions - New General License Issued by OFAC Following Trump Announcement

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President Trump announced plans to relax sanctions against Syria during his recent trip to the Middle East, where he visited with the country's President, Ahmed al-Sharaa. The first step in the practical unwinding of this sanctions program came on May 23, 2025, when the Treasury's Office of Foreign Assets Control ("OFAC") issued Syria General License 25 ("GL 25"). GL 25 affords immediate relief for certain otherwise prohibited financial transactions with the Syrian government and other interests. This marks a significant departure from over four decades of US policy toward Syria.

Our client alert outlines the historic landscape of US-Syria sanctions, the scope of GL 25, and its practical implications in this evolving regulatory landscape.

Historic Syria Economic Sanctions: The US first designated Syria as a State Sponsor of Terrorism in 1979. The growth in US sanctions, particularly after the year 2004, functionally prohibited all government dealings, new investment in Syria, and dealings in petroleum. For example, Executive Order ("EO") 13338, dated 2004, implemented the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 and imposed additional sanctions under the International Emergency Economic Powers Act ("IEEPA"). The US expanded sanctions significantly in 2011 in response to the Syrian government's crackdown on civilian protests. The White House issued EO 13572 in April 2011, which targeted Syrian officials involved in human rights abuses. In May 2011, EO 13573 added sanctions against additional senior Syrian officials including Former President Bashar al-Assad. In August 2011, the White House issued EO 13582 which further broadened restrictions by blocking all transactions in property of the Syrian government, prohibiting US investment in Syria generally, and banning the export of services and transactions involving Syrian petroleum products.

Current Syria Economic Sanctions Relief under GL 25: The new OFAC license now authorizes certain otherwise prohibited financial transactions with Syria and Syrian interests. The license eases broad-based restrictions on commercial activity involving Syria even though the foundational legal and regulatory restrictions remain in place. Additional details are forthcoming from OFAC. The license also authorizes transactions involving otherwise blocked persons and the entities that they own as found in an Annex to GL 25, including the Government of Syria (as constituted on or after May 13, 2025). GL 25 does not authorize transactions involving blocked individuals or entities that are not listed in the Annex. GL 25 also does not unblock any property frozen under other OFAC regulations. It also does not authorize any transactions involving or benefiting the governments of Iran, Russia, or North Korea. The Trump Administration emphasized that the sanctions relief is contingent upon prompt and meaningful action by the Syrian government on key policy priorities.

Other Agencies that Regulate Syria Business: The Trump Administration's stated purpose for this change in policy is to support the rebuilding of Syria's economy, financial sector, and infrastructure, aligning with broader US foreign policy goals. OFAC's GL 25 is a first step in this direction. Other steps are also emerging, including the Financial Crimes Enforcement Network's recent grant of exceptions for U.S. financial institutions to open and maintain correspondent accounts for the Commercial Bank of Syria in certain cases.

Best practices for regulatory compliance remain key during times of change such as these. Easing tensions do not mean that all rules for lawful US business come to an end. US persons must still comply with OFAC and other restrictions enforced by federal agencies with jurisdiction over international transactions and trade, including the export controls administered and enforced under the Directorate of Defense Trade Controls ("DDTC") International Traffic in Arms Regulations ("ITAR") and the Bureau of Industry and Security ("BIS") Export Administration Regulations ("EAR"). Even today, Syria remains on the list of "proscribed countries" published by the Department of State under its ITAR. Accordingly, exports of ITAR-controlled defense articles are also subject to a policy of denial without a license. BIS also maintains its general policy of denial for the export or reexport to Syria of all items to Syria without a license, including certain information and technology. BIS Licenses permit the export of humanitarian aid items including the provision of food and medicine. While US policy is subject to change these broad prohibitions remain in place.

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