

What the United States Can Do to Tighten Financial Sanctions on the Assad Regime and its Enablers

The United States and the European Union already have in place stiff financial sanctions against Syria. However, these restrictions on lending to or conducting financial transfers on behalf of the Syrian Central Bank and other Syrian entities are being circumvented by banks based in Russia and other countries, banks that in turn have corresponding accounts in U.S. and European countries and borrow in Western capital markets.

Enhanced financial sanctions are a tool both for encouraging the Assad regime to comply with international demands that it surrender its chemical weapons, and also for persuading the Assad regime that it must end its widespread involvement in crimes against humanity and mass atrocities and participate in negotiations with the opposition and all parties to the conflict to end it.

Since 2011, the Obama Administration has used its executive authorities to expand its sanctions against the Assad regime as the death toll in Syria mounted. In April 22, 2012, the President issued Executive Order 13606 that blocked the property of designated human rights abusers and banned them from entering the country. This order also applied to designated persons connected with grave human rights abuses resulting from the use of information technology, an important update to sanctions enforcement in the digital age.

In May 2012, the president signed [Executive Order 13608](#) "Prohibiting Certain Transactions with and Suspending Entry into the United States of Foreign Sanctions Evaders with Respect to Iran and Syria." This landmark order targeted foreign entities that violated or attempted to violate U.S. sanctions or helped other evade them, in order to bar access to the U.S. marketplace to international companies providing products or services that enable human rights violations in Syria.

In addition, last summer a senior Treasury Department official publicly warned that the U.S. could take action against Russian banks that continue to do business with the Central Bank of Syria and the state-owned Commercial Bank of Syria. However, no public enforcement actions have been

taken by either the United States or the European Union against Russian or other international banks that may be continuing to perform financial transactions for the Assad regime and/or disguising these transactions to evade sanctions. For example, Reuters recently quoted two unnamed Russian defense industry sources as saying that the Assad government has turned to one or more smaller Russian banks to make its financial transactions.

The U.S. Treasury Department should announce publicly that any international banks that are still doing business with the Assad regime or helping the regime disguise its financial transactions will no longer be eligible for corresponding bank privileges in the United States. President Obama should designate them as offenders based on [Executive Order 13608](#). The State Department should work closely with the European Union and all other nations that have condemned the use of chemical weapons and supported holding Syria accountable – [31 countries](#) as of September 10 – to find ways to stop sanctions evasion and cut off banks and any other entities that supply weapons, credit, financial transfers or other financial services, shipping, telecommunications services or equipment, insurance or other materiel or services to the Assad government which could enable its attacks on civilians.

The State Department should also work towards the adoption of a new round of U.N. Security Council sanctions modeled on Resolution 1929, in which Russia and China joined in imposing enhanced financial sanctions on Iran to prevent nuclear proliferation. In particular, a provision modeled on UNSC 1929 section 23, that called upon states to "prohibit in their territories the opening of new branches, subsidiaries, or representative offices of Iranian banks, and also that prohibit Iranian banks from establishing new joint ventures, taking an ownership interest in or establishing or maintaining correspondent relationships with banks in their jurisdiction to prevent the provision of financial services," could be applied to the Assad regime and any other party to the Syrian conflict that refuses to surrender its chemical weapons for destruction and submit to unfettered U.N. inspection.