

U.S. ECONOMIC SANCTIONS UPDATE: TURKEY



Washington, DC, December 15, 2020

THE UNITED STATES IMPOSES ECONOMIC SANCTIONS AGAINST NATO ALLY TURKEY IN RESPONSE TO TURKEY'S PROCUREMENT OF RUSSIAN S-400 MISSILE SYSTEM

Yesterday, the United States, in an unprecedented act against a NATO ally, imposed sanctions on the Republic of Turkey's Presidency of Defense Industries (SSB) pursuant to Section 231 of the Countering America's Adversaries Through Sanctions Act (CAATSA) for knowingly engaging in a significant transaction with Rosoboronexport, Russia's main arms export entity, by procuring the S-400 surface-to-air missile system. The sanctions include a ban on all U.S. export licenses and authorizations to SSB and an asset freeze and visa restrictions on Dr. Ismail Demir, SSB's president, and other SSB officers. Turkey's decision to procure the S-400 system has also resulted in Turkey's suspension and pending removal from the global F-35 Joint Strike Fighter partnership.

Upon the imposition of sanctions, Secretary of State Pompeo urged Turkey to resolve the S-400 problem immediately in coordination with the United States, and stated that "Turkey is a valued Ally and an important regional security partner for the United States, and we seek to continue our decades-long history of productive defense-sector cooperation by removing the obstacle of Turkey's S-400 possession as soon as possible." Turkey purchased the S-400 system from Russia for several billion dollars.

The CAATSA sanctions against Turkey:

- Block the property of SSB's principal officers (sanctions targets) and prohibit all financial transactions with them

- Designate SSB as a CAATSA sanctions target (not as an SDN) and exclude designated SSB officers from entering the United States
- Restrict or deny US export licenses for exports to SSB
- Restrict US Eximbank loans to SSB
- Restrict loans from US financial institutions to a sanctions target to not more than 10 million dollars in a 12 month period
- Direct the United States to oppose any loan from any international financial institution that would benefit a sanctions target


Questions and Guidance:

Should you wish to discuss any questions or need additional guidance regarding any aspect of the foregoing or sanctions involving other countries (Iran, Syria, Cuba, North Korea, Russia, the Crimea region of Ukraine, Venezuela (presently only SDNs)) or Russian and other entities or individuals subject to U.S. economic sanctions (*e.g.*, OFAC SDN List), please contact us.

The Eren Law Firm will continue to closely monitor developments with respect to the implementation of the expected measures against Turkey and provide further guidance, as necessary.


For more information or questions regarding the subject covered in this *Economic Sanctions Update*, please contact:

Hal Eren - Washington, DC

 + 1 202 429 9883

hal.eren@erenlaw.com

Steven Pinter - Washington, DC

 + 1 202 429 9883

steven.pinter@erenlaw.com

The Eren Law Firm is an economic sanctions boutique. Its other core areas of concentration and practice include corporate transactions, and international dispute resolution, anti-money laundering, and international trade regulation. The Firm's clients from around the world include banks and financial institutions; insurance, reinsurance and other financial services companies; natural resource extraction companies, industrial companies, marine and air transportation companies, ship owners; sovereign governments; foreign state enterprises; and individuals.

Mr. Eren and Mr. Pinter of the Firm served in senior positions at the U.S. Treasury's Office of Foreign Assets Control (OFAC), the U.S. government agency that administers and enforces U.S. economic sanctions, for a combined 25 years prior to entering private law practice, respectively 20 and 18 years ago, and since this time, they have devoted and continue to devote most of their time in private practice to economic sanctions issues and matters, particularly those involving Iran.

EREN

Economic Sanctions Lawyers

Washington, DC

erenlaw.com

Mr. Pinter was OFAC's Chief of Licensing for 17 years during which time he was one of the chief arbiters of OFAC decisions. Mr. Eren's portfolio at Treasury mainly involved issues and matters involving Iran and the former Yugoslavia.

This *Economic Sanctions Update* has been prepared and disseminated by The Eren Law Firm for informational purposes only and it does not constitute legal advice. The information contained in this *Economic Sanctions Update* is not intended to create, and the receipt of it does not constitute an attorney-client relationship or legal advice.

Dissemination and duplication of this *Economic Sanctions Update*, in whole or in part, is authorized with attribution/credit.

© Copyright. The Eren Law Firm.