

E-ALERT | International Trade Controls

August 30, 2011

DEVELOPMENTS IN US SANCTIONS AGAINST LIBYA

NEW AUTHORIZATION FOR TRANSACTIONS INVOLVING

TRANSITIONAL NATIONAL COUNCIL OF LIBYA

The US Treasury Department's Office of Foreign Assets Control ("OFAC") has announced a notable change to the framework for the sanctions against Libya, by providing a general authorization for transactions involving the Transitional National Council ("TNC"). The TNC is the political body organized earlier this year by the anti-government rebels in Libya.

Since the February 2011 imposition of sanctions against Libya, the Administration has issued a series of authorizations and announcements regarding the TNC. On April 29, 2011, OFAC issued an authorization for US persons to engage in certain transactions related to oil, gas, and petroleum products exported from Libya under the auspices of the TNC, so long as neither the Government of Libya nor any other sanctioned person—with the exception of the Arab Gulf Oil Company—receives any benefit. On July 15, 2011, the US State Department announced that it recognized the TNC as Libya's legitimate governing authority until a fully representative interim government could be established. The July 15 announcement did not make clear how US recognition of the TNC would alter application of US sanctions against Libya, and OFAC licensing continued to be required for transactions involving the TNC.

OFAC's [General License No. 6](#) has now clarified this situation by authorizing participation by US persons in all transactions involving the TNC, subject to two limitations: (i) such transactions may not involve any other party whose property and interests in property are blocked, and (ii) all property and interests in property blocked pursuant to the sanctions against Libya as of August 19, 2011, remain blocked. Although dated August 19 and just recently made available on OFAC's website, the new general license is effective as of July 15, 2011, the date on which the US officially recognized the TNC.

Significantly, specific licensing will continue to be required for many transactions involving Libya and Libyan entities. Persons whose property and interests in property are blocked include government-owned banks as well other large entities, such as the Libya National Oil Corporation. A list of parties designated by OFAC as subject to blocking under the sanctions against Libya is found [here](#); the property and interests in property of any entity in which one of these parties owns, directly or indirectly, a 50 percent or greater interest are also blocked.

The political situation in Libya remains dynamic, and we anticipate additional developments with regard to sanctions in the coming days following a meeting later this week between Secretary of State Clinton and her counterparts. We will circulate additional e-alerts as circumstances warrant.

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