

New U.S. Sanctions Policies Provide for Libya Oil and Gas Licensing

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Publication Date: April 27, 2011

On April 26, 2011, the U.S. Treasury Office of Foreign Assets Control (OFAC) took steps to broaden and clarify its policies for licensing petroleum transactions involving the Transitional National Council of Libya (TNC), the anti-Gaddafi opposition in eastern Libya. These new measures provide a basis for U.S. persons to engage in TNC-linked oil and gas transactions that otherwise could be barred by President Obama's February 25, 2011 broad sanctions order "Blocking Property and Prohibiting Certain Transactions Related to Libya," E.O. 13566.

First, Treasury issued General License No. 5, a blanket authorization for U.S. persons to engage in transactions involving Qatar Petroleum or the Vitol group of companies related to oil, gas, or petroleum products exported from Libya under the auspices of the TNC. OFAC's authorization is granted subject to the condition that neither the Government of Libya nor any other blocked person (with the exception of Arab Gulf Oil Company (AGOCO), operating under the auspices of the TNC) receives any benefit from such transactions. Special reporting and due diligence requirements attach to such transactions to ensure the Government of Libya is not involved.

Also on April 26th, OFAC issued a Statement of Licensing Policy establishing a favorable regime through which U.S. persons can request authorization, on a case-by-case basis, to engage in the following dealings:

- The purchase from the TNC, the exportation from Libya, and/or the importation into the United States of oil, gas, and petroleum products produced in areas of Libya under the control of the TNC
- The trading, importation, and exportation of, and other dealing in or related to, oil, gas, and petroleum products produced in areas of Libya under the control of the TNC

- All transactions, including but not limited to investment, involving the production and transport of oil, gas, and petroleum products produced in areas of Libya under the control of the TNC

All licenses are subject to the provision that the Government of Libya, its agencies, instrumentalities, and controlled entities - with the exception of entities operating in areas controlled by the TNC and under the auspices of the TNC - do not receive any benefit from such activities or transactions.

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