Chairman Casey, Ranking Member Risch, distinguished

members of the committee, thank you for the opportunity

to appear before you today. I am pleased to join Assistant Secretary

of State Feltman. We have a great partnership with the State

Department and the State Department’s Syria team.

In my testimony today, I would like to review the role of financial

sanctions in our Syria strategy.

Since the Syrian uprising began in March 2011, President

Obama has issued three new Executive orders. The first, signed in

April, targets those responsible for human rights abuses in Syria.

The second, signed in May, directly sanctions President Assad and

senior members of his regime. And the third, signed in August,

imposes a full government blocking program prohibiting all transactions

with the Government of Syria, freezing regime assets, banning

the export of services to and investment in Syria, and banning

dealings in Syrian-origin petroleum.

Each Executive order delegates to Treasury the authority to designate

additional individuals and entities, and we have made full

use of that authority to target regime insiders and to deny the

regime the resources it needs to sustain its continued repression.

Since the uprising began, we have designated more than three

dozen individuals and entities. Our actions have targeted insiders

and officials such as Assad advisor Buthaina Shaaban, Foreign

Minister Walid al-Moallem, and Mohammed Hamsho, a prominent

businessman and front man for corrupt officials. We have imposed

sanctions on Syriatel, the largest mobile phone operator in Syria

owned by Assad crony Rami Makhluf. We have designated Hamsho

International Group. We have designated Syrian military intelligence,

the Syrian National Security Bureau, and Syrian Air Force

intelligence, all deeply complicit in the brutal use of violence

against peaceful protesters.

Demonstrating the full range of Syria’s illicit conduct, we used

preexisting authority to target the Commercial Bank of Syria for

providing financial services to Syrian and North Korean entities

that facilitate weapons of mass destruction proliferation.

And we have used our authorities to highlight the role of Iran,

designating the head and deputy head of the Islamic Revolutionary

Guard’s Qods Force and Iran’s law enforcement forces for assisting

the regime’s brutality. Iran claims solidarity with the popular

movement sweeping the Arab world today, but Iran’s real policy is

plain: to export to Syria the same repressive tactics employed by

the Iranian Government against its own people.

As we have steadily increased the pressure on the Assad regime,

we have done so in close coordination with our allies in Europe and

around the world. Like the United States, the EU has designated

numerous regime officials and insiders, prohibited new investment

in the Syrian energy sector, frozen the assets of the Commercial

Bank of Syria, and most significant, implemented a ban on the

importation of Syrian oil and gas to Europe.

The impact of these coordinated, multilateral measures has been

profound. Today, the Government of Syria finds it increasingly

difficult to access the international financial system. Its ability to

conduct trade in dollars has been severely constrained, and it has

been deprived of its most significant source of revenue.

The EU previously accounted for more than 90 percent of Syria’s

crude exports. As a result of the EU’s ban, that market has effectively

been eliminated, and despite Syria’s aggressive efforts to find

new markets, there appear at present to be few willing buyers. And

while Iran may seek to provide financial assistance to Damascus,

Iran itself is under pressure from wide-ranging international sanctions.

In short, working in concert with our allies, we have used our

sanctions tools to send Assad and his regime this clear message:

your reprehensible actions have consequences. Continued repression

of popular dissent will only deepen your isolation.

As long as Assad maintains his illegitimate hold on power, we

will continue to identify individuals and entities that are complicit

in the Assad regime’s abuses. We will expose, target, and disrupt

the regime’s sources of revenue and support, and we will continue

to engage our partners around the world urging them to block

Syria’s access to alternative oil markets, asking governments and

the private sector to join us in imposing aggressive and comprehensive

measures against the Assad regime.

I look forward to continuing our work with this committee, and

I am happy to answer any questions you may have.

Senator, I think in both cases we have imposed

comprehensive, broad measures to isolate the regimes.

They are. I would say they are comparable.

Also comparable. I would note that in Libya an important

distinction is that the action we took followed action in the

U.N. Security Council which meant that the action we took in

Libya was accompanied by action globally, which amplified the impact

in Libya dramatically, and obviously in both the cases of Syria

and Iran, we are seeking to develop as broad a multilateral coalition

to increase that pressure as we can.

Like Assistant Secretary Feltman, I would hesitate

to speculate on a specific timeline, but I would say that there are

very clear indications that their financial resources are strained. I

mean, they are in financial dire straights. Their revenues have

been dramatically cut not only as a result of the action against

their energy sector, but also the impact of the tourism industry in

Syria as a result of the violence. They have seen a dramatic drop

in revenue, and I think it is clear that they are having to draw

down their foreign exchange reserves much more rapidly than they

would like.

Well, Senator, as Secretary Feltman said, I think it

is hard to overstate the significance of Turkey’s break with Syria.

They have, also as Secretary Feltman mentioned, already imposed

what is, in essence, an arms embargo. We have seen remarks from

Erdogan suggesting that they are considering additional measures

possibly including financial sanctions. We would certainly welcome

any such measures and also will engage with them to encourage

them to do so.

Yes.

Senator, thanks for the question.

I cannot speak to any specific examples of financial support.

Clearly the Assad regime is looking around the world for support

and also for alternative markets. I will say just as a general matter

they have not found much success to date.

Again, I cannot speak directly to any specific forms

of financial support.

With respect to finding markets that might replace what they

have lost when they lost the European oil market, that is correct.

They have not found anything that would even begin to replace

what they have lost.

Thanks very much, Senator. An important question.

To the question of the Lebanese financial sector, we have designated

one Lebanese financial institution. It is a subsidiary of the

Commercial Bank of Syria, the Syrian-Lebanese Commercial Bank.

We are also regularly engaged with our counterparts in Lebanon

to stress the importance of remaining vigilant and not allowing

their financial system to be exploited by the regime or regime

insiders. I think, in particular, after an action that we took earlier

this year in making a PATRIOT Act section 311 finding against the

Lebanese Canadian Bank in Beirut, the Lebanese are very alive to

the risks that they run if they allow their financial system to be

exploited. But again, we continue to engage very regularly with

Lebanese counterparts.

Our sanctions currently already do prohibit and

investment in the Syrian oil sector. They prohibit all transactions

between United States persons and the Government of Syria, and

the Europeans have taken a similar action as well.

Senator, with respect to—our export control regime

is administered by the Commerce Department and I would have to

refer you to the Commerce Department for specifics on this particular

instance, unless Secretary Feltman has anything he would like to add.

Thanks very much, Senator.

First, with respect to the impact that sanctions are having, I

would note that Syria has for a long time been among the more

sanctioned countries, and so the ties between the Syrian and the

United States financial system were limited. Our actions have been

comprehensive and aggressive, but there is only so much we can

do unilaterally. The real significance of what has been done is that

we have done it in concert with the Europeans in particular, and

the European actions have really been dramatic. The impact has

been profound.

Mostly because of oil. Their actions go beyond oil.

And you know, their actions like ours—I do not want to diminish

the importance of the symbolic nature of the actions as well—by

highlighting the activity of those complicit in the human rights

abuses and also by highlighting the Syrian business community

who support the Assad regime—you know, we are sending an

important message both to the protesters on the streets in Syria

that we stand by them, and I think we are sending a message to

the Syrian business community, an important constituency, that

there are severe personal costs to associating one’s self too closely

with Assad.

That is correct, Senator.

I have not much to add to what Secretary Feltman

said. I would note that the ban on imports that the Syrian Government

posed at the end of September I think was significant for a

couple of reasons. I think it was imposed in large part to protect

their foreign exchange reserves, which is a demonstration that the

actions we have taken together have had a significant impact. And

importantly, I think the fact that the ban was imposed and then

subsequently revoked is just one example of many examples of sort

of erratic, inconsistent policymaking by the Syrian regime which

has really focused the anger and dissatisfaction of the Syrian

people on the Syrian regime rather than on the international community.