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Subject: EU weighs oil embargo against Syria, other measures (Reuters)

BRUSSELS, Aug 19 (Reuters) - The European Union could decide to toughen sanctions against Syrian President Bashar al-Assad's government on Friday, imposing a ban on oil imports from the country and banning business with major companies, EU diplomats said.

The move would follow a significant stepping up of pressure against Assad by the EU and the United States, in response to continued violence against anti-government protesters contesting the four-decade rule of Assad's family.

The United States and the EU, along with the governments of Britain, France and Germany, called on Thursday for Assad to step down, marking a dramatic turnaround in the Western approach to him. Major states had until now urged him to reform rather than leave.

Washington coupled its call with new sanctions, ordering a freeze on Syrian government assets in the United States, banning U.S. citizens from operating in or investing in Syria and prohibiting U.S. imports of Syrian oil products.

In Brussels, EU diplomats were to meet on Friday to decide what additional measures, if any, the bloc should take against Syria.

Diplomats said options included an embargo on Syrian oil and a ban on exports of equipment for exploration and production, as well as a ban on doing business with main companies in the oil, banking and telecommunication sectors.

"There are several options on the table," one EU diplomat said. "We will look at expanding the criteria for sanctions, to include companies that not only support the regime's violence but also profit from it."

The EU's 27 governments have already subjected 35 individuals including Assad to asset freezes and visa bans and targeted military-linked firms tied to the suppression of dissent.

More people or companies could be added to the list after Friday's discussions.

Europe has taken an incremental approach to Syrian sanctions in recent months, with some EU governments concerned about harming their commercial interests and long-term relations with the government.

Big European corporations such as Anglo-Dutch Royal Dutch Shell <RDSa.L> and France's Total are

significant investors in Syria.

But discussions on new punitive moves have gathered pace, in coordination with Washington, diplomats said.

Sweden's foreign minister, Carl Bildt, said there very strong reasons for an oil embargo to be used to put pressure on Assad.

"What one always has to put in the balance is to make sure it doesn't hit ordinary people to a too large extent," he said in Sweden.

"I believe it is inevitable that it does to some extent but the situation in which we are now it is important to sent the strongest possible signal."

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