



US Lifts Travel Restrictions on Libya

February 26, 2004

International Trade

Effective today, the US Government has lifted restrictions on transactions relating to travel to, from, and within Libya. Specifically, the US Department of the Treasury, Office of Foreign Assets Control (OFAC) has issued a general license to be published at 31 CFR § 574 authorizing US persons to engage in travel-related transactions involving Libya. Separately, the US Department of State has lifted the restriction on the use of US passports for travel to Libya.

Travel and Residence Transactions Authorized

US persons are now authorized to engage in transactions relating to travel to, from and within Libya, and transactions related to their residence and maintenance within Libya. Travel-related services, such as the booking of travel and accommodations within Libya for US persons by US travel service providers also are authorized. Flights to or from Libya by US air carriers, code-sharing involving flights to or from Libya, or flights to or from the United States by Libyan air carriers remain prohibited.

Importation into the United States of Libyan-origin personal effects, including gifts limited in value to \$400 per person per trip, are authorized, provided that such items are not intended for resale or otherwise prohibited from importation.

Payments are Restricted

Payment for authorized transactions must be in cash or by debit or credit to accounts held at non-Libyan banks. Any such payments routed through the US financial system should reference the general license (31 CFR § 574) to avoid blocking or rejection of the payment. US persons may not use US-issued credit cards in Libya to pay for these transactions, except for transactions with non-Libyan carriers.

US persons in Libya are authorized to open and maintain accounts at a financial institution in Libya to pay for their maintenance, residence and travel-related expenses while in Libya. These accounts may be funded only in cash or from accounts maintained at non-US and non-Libyan government owned banks.

All Other Prohibitions on Transactions with Libya Remain in Force

The Libyan Sanctions Regulations (31 CFR Part 550) block all property and interests in property of the Government of Libya or any person purporting to be the Government of Libya, its agencies, instrumentalities and controlled entities, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of US persons, including their overseas branches. Libyan property remains blocked and the transactions authorized by the new general license do not authorize debits to blocked accounts.

PILLSBURY WINTHROP LLP
International Trade Client Alert
February 26, 2004

The regulations also continue to prohibit the following:

- Imports into the United States of goods or services of Libyan origin, other than publications and materials imported for news publications or news broadcast dissemination.
- Exports from the United States of goods, technology or services to Libya.
- The purchase by any US person of goods for export from Libya to any country.
- Performance by US persons of contracts in support of industrial, commercial or governmental projects in Libya. (This includes involvement by a US parent company in the activities of a subsidiary involving Libya.)
- The grant or extension of credits or loans by any US person to the Government of Libya or its instrumentalities and controlled entities.
- Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the above prohibitions.

Further Developments Likely

This is the first step taken by the United States to relax its sanctions on Libya following Libya's acceptance of responsibility for the bombing of Pan Am Flight 103 and Libya's agreement to dismantle its weapons of mass destruction program. The United Nations previously lifted its remaining sanctions on Libya in Security Council Resolution 1506 (12 September 2003).

By itself, lifting the prohibition on travel restrictions is a limited development. The general license, for example, would permit officials of companies with property in Libya to travel to Libya to inspect the property but companies may not engage in transactions to refurbish the property or otherwise resume business. As Libya takes further concrete steps to dismantle its nuclear, biological weapons and missile programs, further relaxation of the US sanctions is likely.

For further information, please contact Christopher R. Wall at (202) 775-9850 (cwall@pillsburywinthrop.com) or Thomas M. deButts at (202) 775-9872 (tdebutts@pillsburywinthrop.com).

This publication is issued periodically to keep PILLSBURY WINTHROP LLP clients and other interested parties informed of current legal developments that may affect or otherwise be of special interest to them. The comments contained herein do not constitute legal opinion and should not be regarded as a substitute for legal advice.

Century City * Houston * London * Los Angeles * New York * Northern Virginia * Orange County * Sacramento
San Diego * San Diego – North County * San Francisco * Silicon Valley * Stamford * Sydney * Tokyo * Washington, DC

www.pillsburywinthrop.com