

U.S. DEPARTMENT OF STATE
Office of the Spokesperson

For Immediate Release

FACT SHEET

December 14, 2020

CAATSA Section 231
“Imposition of Sanctions on Turkish Presidency of Defense Industries”

Today, The United States is imposing sanctions on the Republic of Turkey’s Presidency of Defense Industries (SSB) pursuant to Section 231 of the Countering America’s Adversaries Through Sanctions Act (CAATSA) for knowingly engaging in a significant transaction with Rosoboronexport (ROE), Russia’s main arms export entity, by procuring the S-400 surface-to-air missile system. SSB is Turkey’s primary defense procurement entity and has responsibilities in defense industrial development. As a part of this action, the United States is imposing full blocking sanctions and visa restrictions on Ismail Demir, the president of SSB; Faruk Yigit, SSB’s vice president; Serhat Gencoglu, SSB’s Head of the Department of Air Defense and Space; and Mustafa Alper Deniz, Program Manager for SSB’s Regional Air Defense Systems Directorate.

CAATSA 231 and today’s actions are not intended to undermine the military capabilities or combat readiness of Turkey or any other U.S. ally or partner, but rather to impose costs on Russia in response to its wide range of malign activities. The United States made clear to Turkey at the highest levels and on numerous occasions that its purchase of the S-400 system would endanger the security of U.S. military technology and personnel and provide substantial funds to Russia’s defense sector, as well as Russian access to the Turkish armed forces and defense industry. Turkey nevertheless decided to move ahead with the procurement and testing of the S-400, despite the availability of alternative, NATO-interoperable systems to meet its defense requirements. This decision resulted in Turkey’s suspension and pending removal from the global F-35 Joint Strike Fighter partnership.

CAATSA 231 requires that at least five of the 12 sanctions described in Section 235 of CAATSA (CAATSA 235) be imposed on any person determined to have knowingly engaged in a significant transaction with a person that is a part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. This authority was delegated to the Secretary of State, in consultation with the Secretary of the Treasury, on September 29, 2017. ROE is included on the CAATSA List of Specified Persons (LSP) as a person that is part of, or operates for or on behalf of, the defense sector of the Government of the Russian Federation. In addition to being identified on the LSP, the Treasury Department designated ROE on April 6, 2018, pursuant to Executive Order 13582, for its support to the Government of Syria.

The Secretary of State, in consultation with the Secretary of Treasury, has selected the following sanctions from CAATSA Section 235, as implemented by Executive Order (E.O.) 13849, to impose on SSB:

- a prohibition on granting specific U.S. export licenses and authorizations for any goods or technology transferred to SSB (Section 235(a)(2));
- a prohibition on loans or credits by U.S. financial institutions to SSB totaling more than \$10 million in any 12-month period (Section 235(a)(3));
- a ban on U.S. Export-Import Bank assistance for exports to SSB (Section 235(a)(1));
- a requirement for the United States to oppose loans benefitting SSB by international financial institutions (Section 235(a)(4)); and
- imposition of full blocking sanctions and visa restrictions (Section 235(a)(7), (8), (9), (11), and (12)) on Dr. Ismail Demir, president of SSB; Faruk Yigit, SSB's vice president; Serhat Gencoglu, Head of SSB's Department of Air Defense and Space; and Mustafa Alper Deniz, Program Manager for SSB's Regional Air Defense Systems Directorate.

Today's action further demonstrates the Department of State's continuing commitment to the full implementation of CAATSA 231. State encourages all persons to avoid engaging in transactions with entities on the LSP that may risk mandatory sanctions, including those for high-value, sophisticated weapons systems.

The Treasury Department's Office of Foreign Assets Control (OFAC) has added SSB to its Non-SDN Menu-Based Sanctions List, which indicates that SSB is subject to the sanctions from the CAATSA 235 menu listed above.

OFAC also added the four individual officers to its Specially Designated Nationals and Blocked Persons List. As a result of this action, all property and interests in property of these individuals within United States jurisdiction are blocked, and United States persons are generally prohibited from transacting with them. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person or the receipt of any contribution or provision of funds, goods, or services from any such person.

Information on CAATSA Section 231 can be found at www.state.gov/section-231-of-the-countering-americas-adversaries-through-sanctions-act-of-2017/.

Guidance on implementation of CAATSA Section 231 can be found at <https://www.state.gov/countering-americas-adversaries-through-sanctions-act/public-guidance-frequently-asked-questions/>.

For additional questions, please contact RussiaSection231Sanctions@state.gov.