

OFAC Announces a Significant Amendment to the Sudanese Sanctions Regulations Authorizing All Prohibited Transactions

January 13, 2017

On January 13, 2017, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) amended the Sudanese Sanctions Regulations (SSR) in connection with current U.S.-Sudan bilateral engagement and to reflect positive developments in Sudan over the past six months relating to bilateral cooperation, the cessation of internal hostilities, regional cooperation, and improvement in humanitarian access. According to Adam Szubin, Acting Under Secretary for Terrorism and Financial Intelligence, "Treasury's sanctions are aimed at encouraging a change in behavior, and in the case of Sudan, our sanctions were intended to pressure the Government of Sudan to change the way it treats its people. The Executive Order issued by President Obama and the amendment to the SSR announced today recognize the positive steps taken by the Government of Sudan over the past several months and aim to further incentivize the Government of Sudan to continue to improve its conduct."

Specifically, as a result of this amendment, which will be implemented as a general license in the SSR:

- All property and interests in property blocked pursuant to the SSR will be unblocked;
- All trade between the United States and Sudan that was previously prohibited by the SSR will be authorized;
- All transactions by U.S. persons relating to the petroleum or petrochemical industries in Sudan that were previously prohibited by the SSR will be permitted, including oilfield

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Practice Areas

Export Controls and Economic Sanctions
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services and oil and gas pipelines; and

- U.S. persons will no longer be prohibited from facilitating transactions between Sudan and third countries, to the extent previously prohibited.

In other words, U.S. persons will generally be permitted to transact freely with Sudanese persons and entities, including the Government of Sudan. Significantly, this general license is subject to a six-month review period.

Notwithstanding this significant easing of sanctions against Sudan, it is important to note that the export of agricultural commodities, medicine, and medical devices to Sudan still require one-year licenses pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA), a statutory requirement. Furthermore, sales of military equipment will remain prohibited. In addition, OFAC's new general license for Sudan does not eliminate the requirement that U.S. companies comply with other sanctions provisions, including those involving terrorism and weapons of mass destruction. Finally, all of the general license's terms must be satisfied, including recordkeeping requirements, in order for U.S. companies to avail themselves of the license. Consequently, although this new general license presents significant business opportunities for U.S. companies seeking to do business in Sudan, it is important that they remain diligent in ensuring that their transactions with Sudanese persons comply with all OFAC sanctions requirements.

For more information, please contact Jack, Dan, or Tessa.