

## CLIENT MEMORANDUM

# President Obama and Treasury Act to Lift the U.S. Sanctions on Sudan

January 17, 2017

## AUTHORS

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On January 13, 2017, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued a general license to suspend the OFAC-administered embargo on Sudan, and President Obama issued an Executive Order to conditionally terminate most U.S. sanctions on Sudan in six months' time. Some restrictions on business with Sudan remain in place, including a prohibition on the export and re-export to Sudan of most controlled U.S.-origin goods and technology.

### **I. OFAC General License Authorizes Transactions with Sudan**

On January 13, 2017, OFAC issued a general license to authorize all transactions prohibited by the Sudanese Sanctions Regulations (the "SSR"), 31 C.F.R. Part 538 and Executive Orders 13067 and 13412. The general license, effective January 17, 2017, suspends the general U.S. embargo on the export and import of goods and services to and from Sudan, and U.S. persons may now transact with most individuals and entities in Sudan. OFAC announced the following actions as a result of the general license:

- All property and interests in property blocked pursuant to the SSR will be unblocked, including the property of the Government of Sudan.

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- All trade between the United States and Sudan that was previously prohibited by the SSR will be authorized.
- U.S. persons will no longer be prohibited from facilitating transactions between Sudan and third countries, to the extent previously prohibited by the SSR.

The general license is available [here](#).

### II. Certain Sudan-Related Restrictions Remain in Effect

Despite the issuance of the new general license, certain restrictions remain in effect for transactions involving Sudan:

- U.S. companies doing business with Sudan within the scope of the license must maintain records of all transactions involving Sudan for at least five years.
- Any export or re-export of U.S. agricultural commodities, medicine, or medical devices to Sudan must be shipped within the 12-month period from the date of the signing of the export contract.
- Export and re-export restrictions in the Export Administration Regulations remain in place, including the prohibition on exports or re-exports of almost all controlled goods and technology to Sudan without a license from the U.S. Department of Commerce.
- Targeted sanctions relating to Darfur and South Sudan, as well as for terrorism and other global sanctions regimes, also remain in place, and designated individuals and entities remain blocked.<sup>1</sup> U.S. persons are prohibited from engaging in any transaction involving designated individuals and entities that appear on the List of Specially Designated Nationals and Blocked Persons (“SDN List”) or are owned 50 percent or more either by an individual SDN or in the aggregate. Companies therefore should continue to screen transactions and ensure compliance with the prohibitions and requirements that remain in place.

### III. Executive Order Provides for Permanent Lifting of Sudan Sanctions

Also on January 13, 2017, President Obama issued an Executive Order to provide for the permanent lifting of sanctions on July 12, 2017, so long as the Government of Sudan continues the positive action it has taken over the past six months involving increased cooperation with the United States and bilateral engagement on conflict areas in Sudan, counterterrorism, and humanitarian access throughout Sudan. If Sudan meets these conditions, and the Secretary of State publishes a notice in the Federal Register stating that the Government of Sudan has met these conditions, the

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<sup>1</sup> These prohibitions are contained in E.O. 13400, “Blocking Property of Persons in Connection with the Conflict in Sudan’s Darfur Region,” E.O. 13664, “Blocking Property of Certain Persons with Respect to South Sudan,” the Darfur Sanctions Regulations, 31 C.F.R. Part 546, and the South Sudan Sanctions Regulations, 31 C.F.R. Part 558.

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prohibitions contained in Executive Orders 13067 and 13412 will terminate, permanently ending the embargo and many of the targeted designations for Sudan.

The Executive Order is available [here](#).

### Conclusion

With the easing of sanctions, and the potential termination of the sanctions in six months, U.S. persons will be able to engage in transactions with Sudan, which have been generally prohibited since 1997. Companies doing business involving Sudan or South Sudan should continue to screen counterparties against the SDN List to prevent any prohibited transactions with an SDN involving a U.S. person or subject to U.S. jurisdiction.

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January 17, 2017

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