

COMPREHENSIVE EMBARGO ON SUDAN LIFTED, ALTHOUGH SOME RESTRICTIONS REMAIN

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Effective October 12, the Trump administration revoked the U.S. embargo on Sudan in accordance with Executive Order 13761 (Jan. 13, 2017) and Executive Order 13804 (July 11, 2017). As a result of this action, Sudan and the government of Sudan are no longer subject to comprehensive sanctions administered by the Department of the Treasury's Office of Foreign Assets Control ("OFAC") prohibiting "U.S. Persons" (defined below) from engaging in transactions with Sudan. (The Sudan sanctions had already been suspended through a General License issued by OFAC in January, but this action will complete the process by revoking the sanctions entirely.) OFAC has posted FAQs to its website addressing the revocation of the Sudan embargo.

According to a statement issued by the State Department, the embargo is being revoked in recognition of the government of Sudan's "sustained positive actions to maintain a cessation of hostilities in conflict areas in Sudan, improve humanitarian access throughout Sudan, and maintain cooperation with the United States on addressing regional conflicts and the threat of terrorism."

Notwithstanding this latest action, there are certain important restrictions that remain with respect to Sudan.

First, various persons and entities in Sudan remain subject to other OFAC-administered sanctions programs, including Darfur-related sanctions imposed under Executive Order 13400. These restricted persons are identified on OFAC-administered restricted party lists, most notably the Specially Designated Nationals and Blocked Persons List. "U.S. Persons," which includes U.S. companies and their foreign branches, U.S. citizens and permanent residents wherever located or employed globally, and foreign persons while in the United States (including any business operations or facilities of a non-U.S. Person located in the United States), should be cognizant of transactions that involve or that benefit, directly or indirectly, such restricted persons. As a general matter, this will require a thorough screening of transactions for restricted person involvement.

Second, Sudan remains subject to heightened export controls under the U.S. Export Administration Regulations ("EAR"), which controls the export and re-export of commercial and "dual-use" goods, software, and technology subject to EAR jurisdiction (e.g., U.S.-origin items) and also remains subject to a U.S. military embargo. Notably, these export control restrictions apply to not only U.S. Persons but also foreign persons dealing in items subject to U.S. jurisdiction, even if the transaction has no nexus to the United States or to U.S. Persons (except for the item involved). Persons exporting or supplying goods, software, technology, or services to Sudan should confirm that the transaction does not run afoul of the military embargo or require authorization under the EAR. (For EAR items, as a general matter, any item identified on the EAR's Commerce Control List (non-"EAR99" items) requires authorization for export or re-export to Sudan. This may include products that normally do not require authorization to other countries.)

Third, notwithstanding the lifting of the embargo, Sudan still currently retains its status as a State Department-designated State Sponsor of Terrorism ("SST"). Sudan's SST designation results in certain sanctions that may

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impact transactions with the country, including denial of tax credits for income earned in Sudan, denial of duty-free treatment for Sudanese goods exported to the United States, and the potential prohibition on certain U.S. financial transactions with the Sudanese government without authorization from the Department of the Treasury. Additionally, for U.S. exchange-listed companies, dealings in SST-designated countries may draw scrutiny from the Securities and Exchange Commission's Office of Global Security Risk.

Because Sudan remains a SST-designated country, authorization is still required for the export and re-export of certain agricultural commodities, medicine, and medical devices under the Trade Sanctions Reform and Export Enhancement Act of 2000 ("TSRA"), which is not amended or superseded by the executive orders. OFAC accordingly has issued General License A authorizing all exports and re-exports of agricultural commodities, medicine, or medical devices to Sudan, the government of Sudan, or to any person in a third country purchasing specifically for resale to Sudan or the government of Sudan. Consistent with TSRA requirements, qualifying transactions for Sudan must be shipped within a 12-month period beginning on the date of the signing of the contract for export or re-export.

The International Trade practice group of K&L Gates is available to assist with this development and with questions regarding compliance with other international trade laws.

KEY CONTACTS



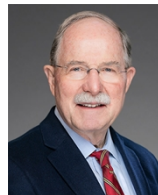
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