

Trump Administration Permanently Lifts Sudan Sanctions

Sudan Sanctions

In 1997, the US imposed a comprehensive trade and investment embargo against Sudan. In January 2017, i.e., in the closing days of the Obama Administration, President Obama announced a six-month suspension of US economic sanctions, citing ongoing dialogue with the Sudanese government and the government's progress in achieving milestones agreed upon in those negotiations. Specifically, the Obama Administration noted the government of Sudan's sustained positive actions to maintain a cessation of hostilities in conflict areas in Sudan, to improve humanitarian access throughout Sudan and to maintain cooperation with the US on addressing regional conflicts and the threat of terrorism. A decision on the final lifting of sanctions was left to the Trump Administration, however.

On October 6, 2017, the Trump Administration announced that it will permanently revoke economic sanctions against Sudan effective October 12, 2017. The final step in the permanent revocation of sanctions was taken on October 11, 2017, when the State Department published a notice confirming the decision in the Federal Register ([82 Fed. Reg. 47287](#)).

What Does This Mean in Practice?

Exports. US companies can now export their products and services to customers in Sudan without any license or authorization from the Treasury Department's Office of Foreign Assets Control (OFAC). Depending upon the product, customer and end use, they may have to obtain an export license under the Export Administration Regulations (EAR), but OFAC's blanket ban on exports, temporarily suspended in January 2017, will be permanently revoked on October 12. Licensing policy under the EAR has been amended to create a presumption of favorable consideration of applications to export to Sudan parts to ensure the safety of civil aviation and items to inspect, operate, improve, maintain, repair and overhaul railroads. Further, for exports and re-exports of certain telecommunications equipment and associated computers, software and technology (including items that are useful for the development of civil telecommunications network infrastructure) to Sudan, the general licensing policy of denial has been converted to one of case-by-case review.

The **one exception** is military items subject to the State Department's International Traffic in Arms Regulations (ITAR). The export to Sudan of ITAR-controlled products, services or technical data will remain prohibited. Those who export or re-export to Sudan food, agricultural commodities, medicine or medical devices will be subject to an odd requirement that their export shipments take place within one year of signing the export contract.

Investments. US companies also are allowed to invest in Sudan. This may be of particular interest to US agricultural technology and energy companies.

Blocked Assets. When the sanctions were first imposed in 1997, OFAC listed as "specially designated nationals" (SDNs) Sudanese companies that were owned or controlled by the government of Sudan, and that list was updated over the years. Under the US embargo, US companies were required to "block" the property of the government of Sudan or of any Sudanese SDN. Thus, US banks were required to block funds transfers if one of the listed SDNs had any interest in the funds. All such blocked funds are now permanently unblocked. Of course, given that some of these funds were blocked almost 20 years ago, officials must first reconstruct who has the rightful claim to the unblocked funds before such funds are released. Further, even with a permanent revocation effective on October 12, it will take some time for US and European banks to reconnect with their Sudanese counterparts, meaning that there will continue to be difficulties in routing dollar and euro payments.

Remaining Constraints

Although US economic sanctions on Sudan are fully and permanently revoked on October 12, some constraints on trade with Sudan will remain. First, the Darfur and South Sudan sanctions are still in effect. Thus, US persons continue to be prohibited from engaging in transactions with any SDNs designated under these programs. However, there are only eight SDNs designated under the Darfur program (seven individuals and one entity), and only six SDNs designated under the South Sudan program (all individuals). Therefore, the practical impact of US sanctions under these two programs is quite limited.

Sudan will also remain on the US list of State Sponsors of Terrorism. However, this impacts primarily the scope of permissible action of the US government and has little immediate bearing on companies interested in pursuing commercial opportunities in Sudan.

Additionally, OFAC explains in its Frequently Asked Questions that this revocation "will not affect past, present, or future OFAC enforcement investigations or actions associated with any apparent violations of the SSR [Sudanese Sanctions Regulations] relating to activities that, effective October 12, 2017, will no longer be prohibited but that occurred prior to that date."

For US companies looking to begin working with Sudan, subject to the few exceptions noted above, Sudan is now open for business.

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About Us

Our Export Controls & Sanctions team has the ability to provide advice on the shifting regulatory framework on both sides of the Atlantic. We have extensive experience in advising and representing a wide range of companies and financial institutions in Europe, the US and other jurisdictions on export control and sanctions from a multijurisdictional perspective. Our team is part of our overall International Trade Practice, providing a “one-stop shop” solution to global trade compliance through rapid, professional and tailored advice and compliance tools to fit your business needs and processes. If you have any questions relating to sanctions, please contact a member of our EU or US Sanctions team listed herein, or email InternationalTradeCompliance@squirepb.com for assistance.

Resources to Strengthen Compliance

We encourage you to visit our blog, [The Trade Practitioner](#), where you will find additional updates and information on export controls, sanctions and other international trade topics. In addition, organizations engaged in the trade of items specially designed for military or space applications are encouraged to download our complimentary [ITAR Practitioner's Handbook](#), which covers the International Traffic in Arms Regulations (ITAR) and the US Department of Commerce “600 Series.”

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