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On October 6, 2017, President Donald Trump and the U.S. Department of State announced the revocation of economic sanctions on Sudan, following the temporary lifting of sanctions on January 17, 2017. The announcement concluded the two-step process outlined in Executive Order 13761, as amended by Executive Order 13804. In step one, OFAC issued a general license that temporarily authorized all transactions prohibited by the Sudanese Sanctions Regulations (SSR) and the executive orders underlying the Sudan sanctions. The termination of the Office of Foreign Assets Control's (OFAC) Sudan sanctions was made contingent on a U.S. government determination that the government of Sudan sustained positive developments in certain key areas, including maintaining a cessation of hostilities in conflict areas in Sudan; continuing improvement of humanitarian access throughout Sudan; and maintaining its coordination with the United States on addressing regional conflicts and the threat of terrorism. On October 6, 2017, Secretary of State Rex Tillerson provided such a determination in a report to the president on the government of Sudan's sustained positive actions in the key areas over a nine-month reporting period.

As of October 12, 2017, U.S. persons may engage in all transactions previously prohibited by the SSR and related executive orders without the need for a general or specific license. However, individuals and entities engaging in dealings in Sudan or in the region should still exercise some caution.

First, the termination of sanctions on Sudan does not eliminate the need to comply with other OFAC sanctions programs, including restrictions under OFAC's Darfur-related, South Sudan and global terrorism sanctions. Furthermore, the Terrorism List Governments Sanctions Regulations (TLGSR) prohibits U.S. persons from engaging in transfers from the government of Sudan that would constitute a donation to a U.S. person, or with respect to which a U.S. person knows, or has reasonable cause to believe, would pose a risk of furthering terrorist acts in the United States. However, a general license in the TLGSR authorizes U.S. persons to engage in financial transactions with respect to stipends and scholarships covering tuition and related educational, living and travel expenses provided by the government of Sudan to Sudanese nationals who are enrolled as students in an accredited educational institution in the United States.

Second, the sanctions relief does not impact Sudan's status as a state sponsor of terrorism. As a result, an OFAC license is still required for certain exports and re-exports to Sudan of agricultural commodities, medicine and medical devices. OFAC issued a general license to cover such exports. Moreover, certain restrictions under the International Traffic in Arms Regulations (ITAR) administered by the Department of State and the Export Administration Regulations (EAR) and enforced by the Commerce Department's Bureau of Industry and Security (BIS) continue to remain in place. Specifically, all transactions involving Sudan that are subject to the ITAR continue to require an export license or other approval from the State Department. Exports, re-exports and transfers of most goods, software and technology that are subject to the EAR and listed on the Commerce Control List also continue to require a license from BIS prior to their export, re-export or transfer to Sudan. Items that are not specifically listed on the Commerce Control List but that are subject to the EAR (*i.e.*, so-called "EAR99" items) continue to require a BIS license for export, re-exports or transfer to certain end users and end uses in Sudan.

US Revokes Sudan Sanctions

Third, the revocation of sanctions does not mean that sanctions cannot be quickly reimposed. Secretary Tillerson's report noted that the administration continues to have a range of concerns about the government of Sudan's activities and emphasized the importance of Sudan's continued cooperation on a range of administration priorities, including North Korea. The administration made clear that the United States is prepared to use existing tools to apply pressure if the government of Sudan backtracks.

Finally, the revocation of sanctions does not affect any past, present or future OFAC enforcement investigations or actions related to any apparent violations of the SSR that occurred before January 17, 2017. Consequently, despite the revocation of sanctions, we expect to continue to see the announcement of Sudan-related penalties over the next several years.

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