

ClientAlert

International Trade

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EU Suspends Most Sanctions Against Burma/Myanmar; US Only Eases Some

I. Introduction

In response to the ongoing democratic reforms in Burma/Myanmar, the Council of the European Union agreed on April 23, 2012 to suspend all sanctions for one year, but to leave the arms embargo and the embargo on equipment that might be used for internal repression in place.

The United States partially eased sanctions against Burma/Myanmar on April 18, 2012 by issuing General License No. 14-C which, going forward, authorizes the export and reexport to Burma/Myanmar of certain financial services by US entities that support specific not-for-profit activities. At present, US sanctions on other types of financial services, investments, imports and dealings with blocked parties remain in place.

As a result of these steps, EU companies may see greater opportunities in Burma/Myanmar in the short term. Individuals and entities subject to US sanctions regulations largely remain restricted—at least for now.

II. EU Suspends Most Sanctions Against Burma/Myanmar

Background

EU restrictive measures against Burma/Myanmar were mainly listed in Council Decision 2010/232¹ and implemented by Council Regulation 194/2008², which included a ban on the supply of certain goods and technology relating to arms and military equipment and internal repression. The sanctions also included restrictions on trade and investment in the sectors of logging, timber processing, and mining of precious metals and precious stones. In addition, 59 companies were subject to an asset freeze, while investment in 52 enterprises controlled by the regime was restricted. Furthermore, 491 persons were subject to a travel ban and an asset freeze.

Suspension of Sanctions, With the Exception of the Arms Embargo and the Embargo on Equipment That Might Be Used for Internal Repression

On February 17, 2012, the Council already suspended the admission restrictions for 87 persons, including the president, the vice presidents, cabinet members and the speakers of the two houses of parliament and their family members. Those individuals nevertheless remained subject to a freeze of their assets within the EU.³

The Council now decided to suspend all remaining sanctions for one year, with the exception of the arms embargo and the embargo on equipment for internal repression, which remain in force. The sale, supply, transfer or export of arms and related materiel of all types, including



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weapons and ammunition, military vehicles and equipment, paramilitary equipment and spare parts, as well as equipment that might be used for internal repression, and the provision of related technical and financing or financial assistance, remains therefore prohibited.

The Council also decided to remove 31 natural persons from the list of persons subject to admission restrictions and an asset freeze.

The sanctions were formally suspended by Decision 2012/225, published today, which entered into force on April 26, 2012.⁴ Decision 2012/225 applies until April 30, 2013. The Council, however, noted that this suspension is subject to constant review and that a further easing or lifting of sanctions might be possible if more progress is being made on ongoing reforms.

The Council also stated that it would support a reinstatement of the GSP scheme for Burma/Myanmar once the International Labour Organization has given its assessment regarding the situation in the country.

III. US Eases Sanctions by Authorizing Financial Services in Support of Specified Not-For-Profit Activity

At present, the US sanctions regime against Burma/Myanmar remains largely in place. Under US sanctions, "US Persons" are prohibited from, among other things, investing in Burma/Myanmar, exporting/reexporting financial services to Burma/Myanmar, importing from Burma/Myanmar or dealing with Burmese blocked parties.

On April 18, 2012, the US Office of Foreign Assets Control (OFAC) issued General License No. 14-C.⁵ Subject to certain limitations, General License No. 14-C authorizes the exportation and reexportation of financial services to Burma/Myanmar in support of certain not-for-profit activities including: (1) projects to meet basic human needs; (2) democracy building and good governance activities; (3) educational activities; (4) sporting activities; (5) non-commercial development projects directly benefiting the Burmese people; and (6) religious activities. The other US sanctions restrictions remain in effect.

General License No. 14-C cannot be used, however, for the exportation or reexportation of financial services to, or for the benefit of, any persons whose assets are blocked.

IV. Conclusion

While EU and US policies toward Myanmar are largely in line with one another, the relaxation of sanctions under the two regimes apparently is proceeding at slightly different paces. As this area is currently in flux, Myanmar-related transactions should still be vetted carefully for sanctions compliance.

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1 [Council Decision 2010/232/CFSP of April 26, 2010](#) renewing restrictive measures against Burma/Myanmar.

2 [Council Regulation \(EC\) No 194/2008 of February 25, 2008](#) renewing and strengthening the restrictive measures in respect of Burma/Myanmar and repealing Regulation (EC) No 817/2006.

3 See [Council Decision 2012/98/CFSP of February 17, 2012](#) amending Decision 2010/232/CFSP renewing restrictive measures against Burma/ Myanmar.

4 [Council Decision 2012/225/CFSP of April 26, 2012](#) amending Decision 2010/232/CFSP renewing restrictive measures against Burma/Myanmar.

5 [General License No. 14-C](#), effective April 18, 2012.