Update on Embargoes and Sanctions

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Topics of Discussion

- Sanctions and Embargoes Overview
- Sanctions Update
- Compliance Concerns
What is an embargo/sanction?

• Import or Export Restriction for an entire country or region
Sanctions and Embargoes
Definitions

• Sanctions
  – Targeted bans/prohibitions on trade relating to individuals, entities, industries, or government personnel

• Embargoes
  – Wide-scale prohibition of trade with a country with limited exception

• Sanctions and Embargoes in the US are administered by the Office of Foreign Assets Control (OFAC)*

• *Other US Government entities which promulgate or enforce export controls primarily include BIS, DDTC, CBP, DOD, however these entities do not typically institute economic sanctions
Do you know all the sanctioned countries?
## Types of Sanctions

<table>
<thead>
<tr>
<th>Sanction Definitions</th>
<th>Description</th>
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<tbody>
<tr>
<td>Country Wide Sanction</td>
<td>This sanction applies to an entire country no matter the address; ie Cuba</td>
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<tr>
<td>Regional Sanction</td>
<td>This sanction will apply only to a certain region in that country; ie Crimea Region</td>
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<tr>
<td>Country Related Sanction</td>
<td>This is a sanction regarding people that are threatening the peace of that country; ie Yemen</td>
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<tr>
<td>People Related Sanction</td>
<td>There are additional sanctions that are related to specific people within a country or region</td>
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## Sanction Details

<table>
<thead>
<tr>
<th>Sanction Reason</th>
<th>Details</th>
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<tbody>
<tr>
<td>Arms Embargo</td>
<td>Related to military or weapons. Can also relate to Dual-Use Technology</td>
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<tr>
<td>Asset Freeze</td>
<td>Ensures no funds, financial assets or economic resources are available to the sanctioned area</td>
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<tr>
<td>Cultural Property Restriction</td>
<td>Monuments under the protection of state for scientific, historic or cultural significance to the area.</td>
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<tr>
<td>Export Restriction</td>
<td>Restriction or limitation on the quantity of goods exported to a specific country or area</td>
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<tr>
<td>Import Restriction</td>
<td>Also known as Import Controls – a way of controlling volume or value of goods coming into country</td>
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<td>Financial Sanction</td>
<td>Prohibit a firm from carrying out transactions with a person, organization or restricted area.</td>
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<tr>
<td>Full Sanction</td>
<td>Sanctions imposed by countries against others for politically reasons</td>
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<tr>
<td>Technical Assistance Sanction</td>
<td>Prohibition on providing financial or technical assistance, brokering services related to military activities</td>
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<tr>
<td>Travel Restriction</td>
<td>Diplomatic measure prohibiting a person from entering or remaining in a country.</td>
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<tr>
<td>Vessel Restriction</td>
<td>Restrictions on specified Vessels</td>
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</table>
US Organizations

- OFAC Sanctions Program
- EAR – Embargoes and Special Controls
- State Sponsors of Terrorism
- Defense Trade Control Embargoes
Office of Foreign Assets Control

• Overview:
  – The use of sanctions by the U.S. goes back to the earliest days of the Republic through trade embargoes, blocked assets controls, and other commercial and financial restrictions
  – OFAC was formally created in December 1950, following the entry of China into the Korean War, when President Truman declared a national emergency and blocked all Chinese and North Korean assets subject to U.S jurisdiction
Office of Foreign Assets Control

• Overview:
  – OFAC is an agency of the U.S. Department of Treasury
  – OFAC administers a series of laws that impose embargoes and economic sanctions against hostile targets to further:
    • U.S. foreign policy and
    • National security objectives
Office of Foreign Assets Control

• Scope of OFAC Jurisdiction:
  – OFAC’s authority arises through laws created under one of two legal frameworks for sanctions and embargoes of foreign countries,
    • Trading With the Enemy Act (TWEA)
    • International Economic Emergency Powers Act (IEEPA)
Office of Foreign Assets Control

• Updated Penalties under TWEA and IEEPA (Civil and Criminal):
  – TWEA
    • Civil: $85,236 penalty (adjusted for inflation as of Feb 2017)
    • Criminal: Ten years imprisonment, $1,000,000 fine for corporations, and $100,000 fine for individuals, and forfeiture of funds or property involved in violations
  – IEEPA
    • Civil: $289,238 penalty or twice the amount of the underlying transaction (adjusted for inflation as of Feb 2017)
    • Criminal: Ten years imprisonment and $50,000 fine for corporations and individuals
  – Additional penalties under 18 USC 3571
Office of Foreign Assets Control

- List-Based Sanctions Programs enforced by OFAC Blocking:
  - The Specially Designated National List
  - The list maintained by Treasury is designed as a reference tool providing actual notice of actions by OFAC with respect to Specially Designated Nationals and other persons whose property is blocked, to assist the public in complying with the various sanctions programs administered by OFAC
Office of Foreign Assets Control

- Other List-Based Sanctions Programs enforced by OFAC:
  - Anti-Terrorism Sanctions
  - Diamond Trading Sanctions
  - Counter Narcotics Trafficking Sanctions
  - Non-proliferation Sanctions
  - Cyber-Related Sanctions
  - Transnational Criminal Organizations
  - Magnitsky Sanctions
  - Persons Undermining The Sovereignty of Lebanon Or Its Democratic Processes And Institutions
  - Sectoral Sanctions
• OFAC Country Related Sanctions
• Crimean Sanctions

Balkans Sanctions
– Belarus Sanctions
– Burundi Sanctions
– Central African Republic Sanctions
– Burma Sanctions (no longer active)
– Cote d'Ivoire (Ivory Coast) Sanctions (no longer active)
– Cuba Sanctions
– Democratic Republic of the Congo Sanctions
– Iran Sanctions
– Iraq Sanctions
– Lebanon Sanctions

• Ukraine/Russia Sanctions
  • Crimea Sanctions
– Syria Sanctions
– Somalia Sanctions
– Sudan Sanctions*
– Libya Sanctions
– North Korea Sanctions
– Ukraine/Russia Sanctions
– Yemen Sanctions
– Zimbabwe Sanctions
### US Sanctioned Countries

<table>
<thead>
<tr>
<th>Country</th>
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<th>EAR Embargoes</th>
<th>State Sponsors of Terrorism</th>
<th>Defense Trade Control</th>
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Major Sanctions Updates

- Cuba Sanctions
- Iran Sanctions
- Russia/Ukraine Sanctions
- North Korea Sanctions
- Sudan Sanctions
- Other Sanctions Updates
# US – Cuba Sanctions

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**Exceptions (BIS and OFAC)**

- Certain transactions for pharmaceutical and research
- Telecommunications and Internet-based services general licenses
- Certain individuals physical presence
- Some ability to open and maintain bank accounts for authorized purposes
- Ability to provide goods and services to Cuban Nationals outside Cuba
- Imports of Gifts to US and Educational Activities
Overview of Cuba Sanctions

• The U.S. has a long history of blocking trade with Cuba dating back to the 1960s
• For decades trade was entirely disallowed unless meeting specific license exceptions
• The most recent changes to regulations around Cuban sanctions occurred under President Obama, loosening some travel and import restrictions, however, President Trump has indicated an intention to withdrawal from some of those decisions and adjust sanctions to punish the Castro regime
Overview of Cuba Sanctions

- Chronological Timeline of the Implementation of Embargo
- Trading with the Enemy Act of 1917 (TWEA)
- 1961: Foreign Assistance Act, § 620(A)
- 1963: Cuban Assets Control Regulations (CACR)
- 1992: Cuban Democracy Act (Torricelli Act)
- 1996: Cuban Liberty & Democratic Solidarity (Libertad) Act (Helms-Burton Act)
- 2000: Trade Sanctions Reform & Export Enhancement Act (TSRA)
- 2014: Obama administration announces a new course in relations between the U.S. and Cuba
Overview of Cuba Sanctions

- Course of Action under Obama Administration
- 2009: Reversed some of the remittances policies and restrictions on travels by George W. Bush
- July 2015: Embassy of U.S. reopens in Havana, Cuban Embassy re-opened in Washington D.C.
- March 20th, 2016: President Obama visits Cuba in an effort to engage and empower the people of Cuba
- Focus on economic development through entrepreneurship, tourism, cultural preservation, arts and educational exchanges
Cuba Sanctions Update

- Amendments to Cuban Assets Control Regulations (CACR)
- U.S. slowly easing sanctions since December 2014
- Amending the CACR and EAR to allow additional types of travel, remittances, and investments into Cuban infrastructure and businesses
- Authorized imports from Cuba in some particular circumstances
- Cuba no longer a “state sponsor of terrorism”
- Continued easement of sanction restrictions and additional general licenses for trade and travel activities
- This course has changed in the past several weeks under President Trump, however the regulations set forth under Obama are still intact to date
Cuba Sanctions Update

- Current Authorized Travel-Related Activates in Cuba (I)
- Additional general licenses for 12 travel-related categories:
  - Family Visits
  - Professional research/meetings
  - Official government business
  - Journalism
  - Educational visits (don’t have to be under the auspices of an organization anymore)
  - Religious visits
Cuba Sanctions Update

- Current Authorized Travel-Related Activates in Cuba (II)

- Additional general licenses for 12 travel-related categories continued:
  - Public performances, workshops, athletic competitions, exhibitions
  - Support for the Cuban people (Cultural exchanges)
  - Humanitarian Projects
  - Private foundations or research and education institution activities
  - Exports to Cuba of authorized items
  - Exports/imports of informational materials
Cuba Sanctions Update

• Current Authorized Travel-Related Activates in Cuba (III)

• Applicability of general licenses:
  – Must have a full-time program including events and activities corresponding to your license
  – Must keep meticulous and detailed records of itinerary, expenses, etc.
  – Recommended to use an approved travel provider with a valid license
  – Travel insurance for travel to Cuba is now allowed
Cuba Sanctions Update

• Applicability of general licenses continued:
  – Spending money in Cuba
    • Persons traveling may open a bank account for authorized transactions
    • No more per diem spending limits
    • May use U.S. issued credit/debit cards (just because you MAY, doesn’t mean you CAN!)
    • May import, upon return to U.S., informational materials, $400 of Cuban goods (including $100 worth of alcohol and tobacco) for personal use only
Cuba Sanctions Update

• Persons subject to U.S. jurisdiction may purchase or acquire Cuban-origin merchandise, including alcohol and tobacco products, while in a third country provided such products are consumed while in the third country

• Authorization does not allow for importation of any Cuban-origin merchandise into the U.S.
Cuba Sanctions Update

• Current Authorized Remittances under CACR
• Fewer restrictions on certain remittances:
  – Family remittances
  – Disposition of funds pursuant to administration of estates or life insurance proceeds
  – Donative remittances (no dollar limit)
  – Emigration-related expenses
  – Religious organization remittances
    • Students engaged in authorized education in Cuba
  – Pro-democracy remittances and humanitarian projects promoting democracy
  – Additional general licenses available for providers of remittances
Cuba Sanctions Update

- Certain U.S. entities may now maintain a “physical presence” in Cuba
  - Lease office space, maintain a warehouse, retail space, etc.

- Authorized parties include:
  - News bureaus
  - Exporters of authorized Cuban goods
  - Mail/parcel services
  - Educational institutes/private foundations
  - Telecom and Internet service providers
  - Travel services and providers
  - Entities engaging in non-commercial activities & humanitarian projects in support of Cuban people
Cuba Sanctions Update

• Imports of Cuban Goods into the U.S.

• Goods produced by independent Cuban entrepreneurs authorized for U.S. importation
  – Many types of goods are excluded including animal/vegetable products, foods, mineral products, textiles
  – Must be able to document the entrepreneur status of the Cuban manufacturer/producer

• All services provided by independent Cuban entrepreneurs authorized for import into the U.S.
  – Must be able to document the entrepreneur status of the Cuban manufacturer/producer
Cuba Sanctions Update

• Resumed Commercial Air Travel
• Aug. 31st, 2016 marked the first time a commercial airline from the U.S. had flown to Cuba in more than 50 years
• Purpose is to normalize relations and increase people-to-people contact, support civil society in Cuba, and enhance the flow of information to Cuban people
• With expanded travel, Americans will be able to help with business training, provide assistance to small farmers and private businesses
• Note: U.S. law still PROHIBITS tourist travel to Cuba
  – Can ONLY TRAVEL under the 12 authorized travel-related activities
• Financially affordable way of traveling than charter flights
Cuba Sanctions Update

• Continuation of Cuba’s Designation Under TWEA
• On Sept. 11, 2016, President Obama renewed Cuba’s placement under TWEA (Trading with the Enemy Act)
• While TWEA imposes limitations on foreign trade with Cuba, the designation is a strategic move by the Obama Administration
  – Through TWEA, President has the ability to control and influence the sanctions
• The Helms-Burton Act would have become effective in the absence of renewal of Cuba’s designation under TWEA, ceding control of sanctions back to the Congress
Latest Developments in Cuba Sanctions

• June 16, 2017—President Trump admonished the Castro regime and human rights violations resulting from their leadership, calling for cancelling “the last administration’s completely one sided deal with Cuba”
Latest Developments in Cuba Sanctions

• June 16, 2017—White House Statement on Cuban relations
• Called for stricter enforcement of exceptions and exemptions to US Sanctions
• Called for enhanced travel restrictions
  – Limited non-academic educational travel to apply only to groups
• Called for new regulations to begin publication in 30 days
  – OFAC published FAQ stating that no laws had yet been put into place and that regulations would be issued in the coming months, also clarified travel restriction issues and that changes will be prospective (not reaching backward)
Direction of Cuba Sanctions

- Currently no official regulatory change in regulations under President Trump, but upcoming
- No open relationship under President Trump without radical change in Castro regime
- Maintaining Embassy, so far no full degradation of political relationship
- Trump unpredictable, recasting a “good deal”
# US – Iran Sanctions

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Overview of Iran Sanctions

- The U.S. has imposed sanctions on Iran to curtail their economic activities under several legal authorities since 1979, after the U.S. Embassy incident in Tehran
- Department of State’s Office of Economic Sanctions Policy and Implementation is responsible for enforcing and implementing a number of U.S. sanctions programs
- Department of Treasury also has been at the forefront in enforcing sanctions on Iran
Governing Executive Orders (I)

- 12170 ('79): Blocking Iranian Government Property
- 12205 & 12211 ('80): Prohibiting Certain Transactions With Iran
- 12276 ('81): Direction Relating to Establishment of Escrow Accounts
- 12277 ('81): Direction to Transfer Iranian Government Assets
- 12278 ('81): Direction to Transfer Iranian Government Assets Overseas
- 12279 ('81): Direction to Transfer Iranian Government Assets Held by Domestic Banks
- 12281 ('81): Direction to Transfer Certain Iranian Government Assets
- 12282 ('81): Revocation of Prohibitions Against Transactions Involving Iran
- 12283 ('81): Non-Prosecution of Claims of Hostages & for Actions at the U.S. Embassy & Elsewhere
- 12284 ('81): Restrictions on the Transfer of Property of the Former Shah of Iran
- 12294 ('81): Suspension of Litigation Against Iran
- 12613 ('87): Prohibiting Imports from Iran
- 12957 ('95): Prohibiting Certain Transactions Regarding Development of Iranian Petroleum Resources
- 12959 & 13059, ('95) & ('97): Prohibiting Certain Transactions with Respect to Iran
Governing Executive Orders (I)

• 133553 (’10): Blocking Property of Certain Persons for Serious Human Rights Abuses by the Gov. of Iran
• 13574 (’11): Implementation of Certain Sanctions Set Forth in the Iran Sanctions Act of ’96
• 13599 (’12): Blocking Property of the Gov. of Iran and Iranian Financial Institutions
• 13606 (’12): Blocking the Property & Suspending Entry into the U.S. of Certain Persons Due to Grave Human Rights Abuses by the Gov. of Iran via Info. Tech.
• 13608 (’12): Prohibiting Certain Transactions with & Suspending Entry into the U.S. of Foreign Sanctions Evaders with Respect to Iran & Syria
• 13622 (’12): Additional Sanctions with Respect to Iran
• 13645 (’13): Implementation of Certain Sanctions Set Forth in the Iran Freedom and Counter-Proliferation Act of ’12 & Additional Sanctions
• 13716 (’16): Revocation of EO 13574, 13590, 13622, & 13645, Amendment of EO 13628 with Respect to Iran, And Provision of Implementation Authorities for Aspects of Certain Statutory Sanctions Outside the Scope of U.S. Commitments Under the JCPOA
Status of Iranian Sanctions

- Iran Sanctions are still in place
- Trade Embargo with Iran:
  - U.S. Persons continue to be broadly prohibited from engaging in transactions or dealings directly or indirectly with Iran or its government.
  - Non-U.S. persons continue to be prohibited from knowingly engaging in conduct that seeks to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran
- Export Controls to Iran:
  - U.S. controls on the exportation or re-exportation of goods, technology, and services to Iran remain in place. Pursuant to these authorities, the exportation or re-exportation by a U.S. person or from the United States to Iran or the Government of Iran, as well as the re-exportation by non-U.S. persons of items that contain 10 percent or more U.S.-controlled content with knowledge or reason to know that the re-exportation is intended specifically to Iran or the Government of Iran, generally requires a license
Future Landscape of Iranian Sanctions

- Transition Day – October 20, 2023
  - Set to be eight years after Adoption Day and dependent on Iran’s cooperation regarding nuclear weapons development and inspection requirements
  - The US executive administration must request new legislation from Congress to lift the remaining sanctions against Iran
- Until Transition Day, most sanctions against Iran regarding US persons and related activity remain in full force
- The political climate in the US and around the world may be very different in 2023 and the advancement of any sanctions relief could be politically dependent
JCPOA Implementation Timeline & Beyond

- **Finalization Day**: July 14, 2015
- **UNSC endorses JCPOA**
- **Adoption Day**: Late October 2015
- **Implementation Day**: Early 2016
- **UN conventional arms sanctions lifted**
- **Transitional Day**: Iran uses up to 20 advanced centrifuges in test cascades
- **Termination Day**: Limits lifted on R&D of enrichment technology
- **End of physical restraints on enrichment**
- **End of IAEA monitoring of centrifuge production**
- **End of IAEA monitoring of uranium production**
- **Full implementation of Non-Proliferation Treaty and Additional Protocol**

Timeline:
- 5 yrs
- 8 yrs
- 8.5 yrs
- 10 yrs
- 15 yrs
- 20 yrs
- 25 yrs
Recent Entity List Additions

• In the wake of ballistic missile testing by Iran,
  – Feb 2017 added 25 entities to the SDN list
  – March 2017 added 30 entities to the SDN list

• July 18, 2017 Added 16 entities to SDN list for transnational criminal activity

• Reactions to breach in JCPOA and current Sanctions against Iran

• Firms added who were related to military and ballistics missile launch
Political Motivations

• “They are laughing at the stupidity of the deal we’re making…we should double up and triple up the sanctions” – Donald Trump

• Trump has backed away recently, and to this point has not withdrawn the US from JCPOA

• May 16, 2017 the US added additional entities to the sanctions list

• There is currently a bill moving through both houses of congress proposing additional sanctions to Iran, Russia, and North Korea (more on this bill later)
US – Russia Sanctions

- Exceptions
- See Restrictions/Exceptions in the EAR

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## US-Ukraine Sanctions

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- **Exceptions**
- **Sanctions apply to Crimea Region**
- **11 General Licenses available** – Agriculture commodities, Medicine, Medical Supplies, Telecommunications and Mail
Russian Sanctions Overview

• Implemented through Executive Orders and EAR amendments dating back to March 2014
• Sanctions target specific individuals and entities, but also broad industries and geographic locations
  – Friends of Putin
  – Some Financial institutions
  – National oil & gas companies
  – Military end-users
  – Energy industry in general
  – Specific oil field
• Sanctions have developed to include larger lists of restricted entities and commodities and expanded to include the Crimea region of Ukraine
Recent Entity List Additions

- December 28, 2016—President Obama added 9 entities to the sanctions lists and issued Executive Order 13757 sanctioning “malicious cyber-enabled activity”

- January 9, 2017—Added 5 entities to SDN under Magnitsky-related designations

- June 20, 2017—Added 38 Russian ad Ukraine related entities to the SDN; added 20 entities to the SSL
Russian Sanction Updates

• General Licenses available for Crimea
  – Noncommercial personal remittances
  – Operation of existing accounts
  – Telecommunications and regular mail transactions
  – Export of software and related services incident to internet-based communications

• OFAC Crimea Sanctions Advisory
  – Be cautious of evasive practices by foreign entities including omission or clouding of references to Crimea and locations within Crimea or Ukraine. Request additional confirming information from these parties regarding the destination of the products.
  – Beware of Crimean parties being identified in documents as located in “Russia” as Russia and Crimea consider the annexation to be lawful
  – Screening system should include search terms for cities, places, addresses that are located in Crimea but may not state the region, not just “Crimea”
Russian Sanction Updates

• December 28, 2016—Executive Order 13757 issued under Obama administration sanctions in retaliation for Russian tampering during US Presidential election, undermining democratic process and institutions
  – Identified a number of entities and persons focused on Cyber related actions
  – Amended prior Executive Order 13694

• March 29, 2017—President Trump extended EO 13694 for an additional year until April 1, 2018, citing continuing national emergency related to continued malicious cyber-related activity
What will happen next with Russia?

• There are political actions being taken in the House of Representatives and in the Senate to address tightening sanctions against Russia, given the apparent relationship (more on this later)
  – Particularly, new sanctions are slated to focus on Cybersecurity, Energy, Financing, and Human Rights Violations (support of Assad)
  – Address President’s power to rescind or lessen sanctions by requiring accountability for waivers or the relaxing/rescinding sanctions in the future

• Politics, both in the US and Russia/Ukraine could influence the direction of these sanction regimes.
### US – North Korea Sanctions

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Overview of North Korea Sanctions

- There are extremely strict sanctions against North Korea
  - Broad prohibition of imports and exports with North Korea without applicable exemption or license to do so
  - EO 13466, 13551, 13570, 13678, steadily increase sanctions against North Korea, particularly with regard to nuclear non-proliferation
  - Latest EO 13722 of March 15, 2016 issued in furtherance of UN sanctions and strengthened blocking trade with the Government of North Korea
  - Minimal exceptions, do not do business with North Korea without permission!
Update on North Korea Sanctions

- Throughout the past 6 months, there have been numerous additions to the SDN list in reaction to state groups and nuclear weapons program development
  - 1/11/17, 3/31/17, 6/1/17, 6/29/17
  - Very active enforcement

- There is currently a bill moving through both houses of congress

- proposing additional sanctions to Iran, Russia, and North Korea
Forthcoming Sanctions against Iran, Russia, and North Korea
Forthcoming Sanctions against Iran, Russia, and North Korea

• The Senate and House of Representatives have been constructing a bill to tighten sanctions against Iran, Russia and North Korea
• The bill has been transforming over the past several months to include all three countries
• Hot political issue, particularly given the Russian investigations revolving around President Trump and his election
• On June 29, 2017, the Senate passed bill S.722 entitled “Countering Iran’s Destabilizing Activities Act of 2017” which included sanctions against Iran and Russia and passed by a vote of 98-2
• On July 24, 2017, the House of Representatives passed related bill H.R. 3364 entitled “Countering America’s Adversaries Through Sanctions Act” in a vote of 419-3
Forthcoming Sanctions against Iran, Russia, and North Korea

• In these bills, the Congress is considering actions that will strengthen enforcement of sanctions against these countries with changes to the existing sanctions in place
  – All countries are impugned with serious human rights abuse
  – Terrorism and arms related sanctions regarding Iran
  – Cybersecurity, energy, financial and arms related sanctions regarding Russia
  – Communications, foreign assistance,

• Also contemplate checks on the Executive branch, e.g.
  – Requiring reports regarding personnel designated under the sanctions
  – Removal of Russian related sanctions require congressional oversight
Forthcoming Sanctions against Iran, Russia, and North Korea

• Under current bill, oversight is heightened regarding Russian sanctions:
  – “Notwithstanding any other provision of law, before taking any action … to terminate the application of … sanctions … the President shall submit to the appropriate congressional committees and leadership a report that describes the proposed action and the reasons for that action.”

• There are specific guidelines for what must be included in the report including, among other things, the significance of the change in sanctions to the US foreign policy, the anticipated effect, and policy objectives

• Additionally, the bill sets timelines for review of the President’s report

• New level of review of executive actions, undoubtedly in response to current investigations
Forthcoming Sanctions against Iran, Russia, and North Korea

- Global Reaction to Sanctions and Forthcoming Sanctions:
  - Iran
    - The text of the bill intimates cooperation and coordination with EU regarding sanctions
    - March 2017 Iran imposed its own sanctions against the US, alleging human rights violations regarding Palestine and in aid of Israel
    - April 2017, EU extended sanctions against Iran until April 2018
  - North Korea
    - These sanctions are largely constructed to conform to UN sanctions against North Korea
    - China is not pleased
  - Russia
    - The EU (Germany) has indicated strong resistance to additional sanctions against Russia because those sanctions would fine and further curtail and prohibit US involvement with European entities related to joint EU-Russia energy projects
    - Recently instituted sanctions of their own against the US, retaliatory to the December 2016 ousting of Russian spies
Forthcoming Sanctions against Iran, Russia, and North Korea

• Congress attempting to move quickly on passing law…
  – Bill has been sent to the president on Iran, Russian and North Korean sanctions
  – Complicated by August recess
  – Presidential veto issue
Forthcoming Sanctions against Iran, Russia, and North Korea

• Sanctions Forecast
  – Russia and Iran with a chance of North Korea
  – Veto issues
  – Constitutional issues
  – Politically sticky situation
    • Domestic vs International interests for Congress
    • Domestic vs International interests for President
US – Iraq Sanctions

- Exceptions
- See Restrictions/Exceptions in the EAR

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<th>Arms Embargo</th>
<th>Import Restriction</th>
<th>Export Restriction</th>
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US – Sudan Sanctions

- Exceptions to specific sections of Sudan
- Publishing Activities; Petroleum and petrochemical industries; Food; Agriculture Commodities; Medicine; Personal Communication

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<th>Arms Embargo</th>
<th>Asset Freeze</th>
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Update on Sudan Sanctions

• January 17, 2017—OFAC amended the Sudanese Sanctions regulations to permit previously prohibited transactions
• The so called “2017 rule” amends the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (SSR), effective January 17 2017, to add a general license authorizing all transactions prohibited by the SSR and by Executive Orders 13067 and 13412. The general license does not eliminate the need to comply with other provisions of 31 C.F.R. chapter V or other applicable provisions of law, including any requirements of agencies other than OFAC. Such requirements include, for example, the Export Administration Regulations (15 C.F.R. parts 730 through 774) administered by the Bureau of Industry and Security of the Department of Commerce.
Update on Sudan Sanctions

• The 2017 Rule includes importation, exportation and processing of goods from Sudan

• In addition, BIS eased licensing restrictions for EAR99 products and revised its policy of review for non-military end users and uses from a general policy of denial to a case-by-case or general policy of approval for license applications to export or reexport certain items, mostly related to aviation or medical equipment

• BUT NOT SO FAST!
Update on Sudan Sanctions

• July 11, 2017—President signs Executive Order extending the period of review for Sanctions against the Government of Sudan from January 13, 2017 to October 12, 2017

• This EO will serve to extend the review period so that the sanctions are not entirely eliminated and still exist, however the “2017 rule” broadly authorizing most prohibited transactions is still in place

• Sudan isn’t out of the woods yet, but things are looking good
US – Syria Sanctions

- Exceptions
- Certain activities related to publishing
- Implementation of Limited Syria Waiver for Reconstruction Assistance

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Update on Venezuela Sanctions

• US Sanctions against Venezuela have continued to increase, with additional military designations by OFAC to the Specially Designated Nationals list

• May 18, 2017—8 military officials named to SDN list

• July 26, 2017—13 military and civilian entities named to the SDN list
Update on Venezuela Sanctions

• Additional sanctions are being considered, given the perceived tendency toward dictatorship in the current political climate surrounding Maduro

• The impact of increased economic sanctions, particularly with regard to the oil and gas industry, could destabilize the country’s economy
UN Sanctions

Australia Implementation of UN Sanctions

Canada Economic Sanctions

Europe Sanctions or Restrictive Measures
## Global Sanctions

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<th></th>
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<th>Europe Sanctions or Restrictive Measures in Force</th>
<th>Australia’s Implementation of UN Security Council Sanctions</th>
<th>Canadian Economic Sanctions</th>
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Changing Times

- January 2017
  - EAR removes Special Iraq Reconstruction License (SIRL)
  - US eased Sanctions on Sudan in place for 2 decades
- April 2017
  - Globally different sanctions removed Liberia and Côte d'Ivoire
- June 2017
  - Canada removed Belarus from Area Control List
- July 2017
  - Venezuela Political Entities Sanctioned
  - US OFAC Sanctioned several companies related to Iran Missile Launch
  - US Congress approved additional sanctions on Russia, North Korea, and Iran
When to check???

Sales

Suppliers

Business Partners

Import

Marketing

Export

Hiring

Vessels/Logistics

Screening Sanctions / Denied People
And there’s more regulations!

- People Related Sanctions
- Export Control Regimes
Are you checking people?

<table>
<thead>
<tr>
<th>Sanction/Embargo</th>
<th>Country</th>
<th>People Related Sanction</th>
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Export Control Regimes

- **WA (Wassenaar Arrangement)**
  - Dual Use Goods and Munitions Lists
- **AG (Australia Group)**
  - Chemical and Biological Weapons
- **ZC (Missile Technology Control Regime)**
  - Missiles
- **NSG (Nuclear Suppliers Group)**
  - Nuclear
- **MTCR (Zangger Committee)**
  - Nuclear
Managing the Compliance Risk of Sanctions

- Staying Up To Date!!
- Configurability
- Support/Implementation
- What to do when you get a hit
## Staying Up to Date

<table>
<thead>
<tr>
<th>Sanction/Embargo</th>
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Compliance Within a Changing Regulatory Environment

• Monitoring changes
  – Authoritative advice, not popular media
  – Don’t listen to the your sales team

• Seek Resources of US Government
  – OFAC “Frequently Asked Questions”
  – BIS Export Compliance Guidelines and Audit Module
  – Dept. of Justice “Evaluation of Corporate Compliance Programs”
Compliance Within a Changing Regulatory Environment

- Stakes are high, OFAC has issued $104,166,224 in penalties and settlements so far this year.
- Requires internal compliance system that is adaptive, not reactive
- Read the law and make the law work for you.
Sanction Screening Configurability

- Do you need to be screening Defense (Military) Related Sanctions?
- What countries are you exporting from?
- What sanctions truly apply to your business based on their sanction reasons?
- Do you ship dual-use products?
Support/ Implementation

• Can you get notified when there is an update to a sanction?
• When there is an update do you have to configure sanction?
• Do you have the ability to turn off and on sanctions?
What happens if …. 

• July 2017 – CSE agreed to pay over 12 million for violating OFAC Iranian Sanctions

• July 2017 – ExxonMobile fined 2 million for violating Ukraine Related Sanctions

• March 2017 – ZTE settled with OFAC for over 100 million for 251 Iranian Sanctions Violations
For Further Questions:

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