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Client Alert: United States Terminates Burma Sanctions After Nearly 20 Years

On October 7, 2016, the President of the United States signed an Executive Order (the “Executive Order”) terminating the national emergency with respect to Burma and revoking Executive Orders and waiving statutory directives imposing economic, financial and blocking sanctions against Burma (Myanmar) (collectively, the “Burma Sanctions”). This action marks the culmination of more than four years of incremental relaxation of the Burma Sanctions during a period a historic political change in Burma.

As originally promulgated in 1997, the Burma Sanctions generally prohibited new investment in Burma, the importation of Burmese goods, the exportation of financial services to Burma, and the importation Burmese jadeite and rubies. In addition, under the Burma Sanctions, the U.S. government blocked the property and interests in property of certain Burmese individuals and entities, making it unlawful to engage in dealings involving the property or interests in property of such individuals or entities.

In July 2012, the U.S. government began to relax certain elements of the Burma Sanctions in recognition of recent political reforms, and to encourage further political liberalization and economic modernization, in the Southeast Asian nation. Burma’s continued democratic progress led, in November 2015, to national elections in which the National League for Democracy, a former opposition party led by Aung San Suu Kyi, won a majority of seats in parliament. Following the elections, it was widely expected that the Burma Sanctions would be further relaxed or suspended; in September 2016, the President announced his intention to terminate the Burma Sanctions altogether.

The Executive Order communicates the President’s determination that the situation that gave rise to the declaration of a national emergency with respect to Burma, as initially declared in May 1997 and later modified in scope in 2007 and 2012, has been significantly altered and, therefore, that the associated national emergency should be terminated. The Executive Order identifies Burma’s significant advances in democratization as the primary source of this policy shift, noting specifically the establishment of a democratically-elected, civilian-led government, the release of

political prisoners and the greater enjoyment of human rights and fundamental freedoms.

As a result of the Executive Order, the Burma Sanctions, which were administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), are no longer in effect. Termination of the Burma Sanctions carries the following impacts, among others:

- All entities and individuals blocked pursuant to the Burmese Sanctions Regulations (the "BSR"), which were issued by OFAC for administration of the Burma Sanctions, have been removed from OFAC's Specially Designated Nationals and Blocked Persons List (the "SDN List");
- All property and interests in property blocked pursuant to the BSR are now unblocked;
- All OFAC-administered restrictions under the Burma Sanctions relating to banking or financial transactions with Burma are no longer in effect; and
- The ban on importation into the United States of Burmese-origin jadeite and rubies, and any jewelry containing such items, is no longer in place.

Termination of the Burma Sanctions does not impact any Burmese entities or individuals blocked pursuant to other OFAC-administered sanctions programs, and such entities and individuals remain designated on the SDN List, with their property and interests in property still blocked. Additionally, OFAC has made clear that it may continue or initiate any investigations or enforcement actions relating to apparent violations of the Burma Sanctions that may have occurred while the Burma Sanctions were in effect.

This Client Alert is only a summary and is not comprehensive as to the full scope of the Burma Sanctions or changes directed pursuant to the Executive Order.

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