



The Bottom Line

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INCREASED SANCTIONS LEVIED ON MYANMAR

Summary

On 17 May 2021, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) issued an additional round of sanctions pursuant to Executive Order 14014 "Blocking Property with Respect to the Situation in Burma" ("EO 14014").

Background

Since gaining independence from the United Kingdom in 1948, Myanmar (formerly Burma) has been embroiled in the longest civil war in history, with ethnic groups fighting the country's military rulers, known as the Tatmadaw. The conflict continued until a series of political, economic, and administrative reforms enacted between 2011-2015 led to the release of pro-democracy leader Aung San Suu Kyi and other political prisoners, the establishment of the National Human Rights Commission, new labor and currency laws, and freedom of the press. This past November, her party won an overwhelming 396 out of 476 seats in Myanmar's parliament, after which the former military government under Min Aung Hlaing alleged election fraud and seized control. Suu Kyi and former President Win Myint were arrested in pre-dawn raids. A state of emergency was declared for one year.

On February 11, 2021, the White House authorized sanctions in response to the military coup. The US Treasury Department's Office of Foreign Assets Control (OFAC) named ten individuals and three entities as Specially Designated Nationals (SDNs) pursuant to the Executive Order. At the same time, the US Commerce Department's Bureau of Industry and Security (BIS) announced new restrictions on certain exports to Myanmar of items subject to the Export Administration Regulations (EAR).

Current Status

Since October 2016, when prior US sanctions were terminated, the United States has maintained targeted sanctions against certain individuals and entities under other programs, including a number of SDNs named under the Global Magnitsky Sanctions program which allows the executive branch to target individuals responsible for committing human rights violations or acts of significant corruption.

These sanctions do not specifically prohibit dealings with Myanmar or the government of Myanmar in general, neither do they restrict investments or the export of financial services to Myanmar. They also do not prohibit day-to-day interactions with a ministry or government agency that is run by a designated individual on the SDN list. The most recent sanctions designate and adds the State Administrative Council (SAC), four individual members of the SAC, seven SAC-appointed ministers, the SAC-appointed governor of the Central Bank of Myanmar (CBM), the SAC-appointed chairman of the Union Election Commission and three other individuals who are the children of existing members of the SAC to the Specially Designated Nationals (SDN) list. It is important to highlight that "US Persons" are generally prohibited from engaging in transactions involving both listed SDNs and any entities 50% or more owned by these SDNs (even if not themselves listed).

Impact

Businesses should exercise prudence and ensure they do not enter into any contracts that are signed by the SDN or engage in direct negotiations with the SDN. Businesses should also be alert to any approvals or awards that require sign-off by an SDN official. Generally, unless authorized by a general or specific license issued by OFAC or otherwise exempted, all transactions by US Persons which involve any property of SDNs are prohibited. The prohibitions would include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any SDN or the receipt of any contribution or provision of funds, goods, or services from such SDN.

RESOURCES

[Myanmar's Aung San Suu Kyi detained for 2 weeks under import-export laws following coup](#) (MSN News)

[Biden Administration Announces Sanctions and Export Controls in Response to Myanmar Coup](#) (Stephoe)

[US hits Myanmar with sanctions, aid cuts, export bans in bid to reverse military coup](#) (ABC News)

[Myanmar: The Legal Effect of the 17 May 2021 US Sanctions on Businesses](#) (Baker McKenzie)