



This document is scheduled to be published in the Federal Register on 01/17/2017 and available online at <https://federalregister.gov/d/2017-00844>, and on [FDsys.gov](https://fdsys.gov)

## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

### 31 CFR Part 538

### Sudanese Sanctions Regulations

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule.

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**SUMMARY:** The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending the Sudanese Sanctions Regulations to authorize all prohibited transactions, including transactions involving property in which the Government of Sudan has an interest. OFAC is issuing this general license in connection with ongoing U.S.-Sudan bilateral engagement and in response to positive developments in the country over the past six months related to bilateral cooperation, the ending of internal hostilities, regional cooperation, and improvements to humanitarian access.

**DATES:** Effective: [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** The Department of the Treasury’s Office of Foreign Assets Control: Assistant Director for Licensing, tel.: 202-622-2480, Assistant Director for Regulatory Affairs, tel.: 202-622-4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490; or the Department of the Treasury’s Office of the Chief Counsel (Foreign Assets Control), Office of the General Counsel, tel.: 202-622-2410.

**SUPPLEMENTARY INFORMATION:**

**Electronic Availability**

This document and additional information concerning OFAC are available from OFAC’s website ([www.treasury.gov/ofac](http://www.treasury.gov/ofac)).

**Background**

OFAC is amending the Sudanese Sanctions Regulations (the “Regulations”) to add section 538.540, authorizing all transactions prohibited by the Regulations and by Executive Orders 13067 and 13412, effective as of [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Newly authorized transactions include the processing of transactions involving persons in Sudan; the importation of goods and services from Sudan; the exportation of goods, technology, and services to Sudan; and transactions involving property in which the Government of Sudan has an interest.

OFAC is issuing this rule in connection with ongoing U.S.-Sudan bilateral engagement and in order to support and sustain positive developments in the country over the past six months. In conjunction with this engagement, the U.S. government has supported the Sudanese government's ongoing efforts, including its cessation of military offensives in Darfur and the Two Areas, its cooperative efforts to resolve the ongoing conflict in South Sudan and cease any activity to undermine stability there, to improve access for humanitarian assistance by reducing government obstruction and streamlining governing regulations, and to enhance bilateral counterterrorism and security cooperation, including efforts to counter the Lord's Resistance Army.

Notwithstanding these positive developments in Sudan and the decision to amend the Regulations today to authorize all transactions prohibited by the Regulations, section 906 of the Trade Sanctions Reform and Export Enhancement Act of 2000, as amended (22 U.S.C. 7201 *et seq.*) (TSRA), continues to require in pertinent part that the export of agricultural commodities, medicine, and medical devices to Sudan shall be made pursuant to one-year licenses issued by the U.S. government, except that the requirements of such one-year licenses shall be no more restrictive than general licenses administered by the Department of the Treasury. *See* 22 U.S.C. 7205(a)(1). Section 906 of TSRA also specifies that procedures be in place to deny licenses for certain exports of agricultural commodities, medicine, and medical devices to Sudan. As with a general license added to the Regulations in 2011 that authorized the exportation or reexportation of food to Sudan (*see* 31 CFR 538.523; 76 FR 63191 (October 12, 2011)), the new general license

added today includes the one-year license requirement and, along with counter-terrorism sanctions implemented by OFAC set forth in 31 CFR chapter V and other continuing requirements and authorities, satisfies TSRA's requirement that procedures be in place to deny authorization for exports to Sudan that are determined to be promoting international terrorism. In particular, § 501.601 of the Reporting, Procedures and Penalties Regulations, 31 CFR part 501 (RPPR), requires that all U.S. persons maintain records of authorized transactions for a period of not less than five years and further provides that OFAC may obtain these records at any time to monitor activities conducted pursuant to the general license; section 538.502 of the Regulations provides that OFAC may exclude any person, property, or transaction from the operation of this general license; and section 501.803 of the RPPR provides that OFAC may amend, modify, or revoke this general license at any time.

This new general license does not eliminate the need to comply with other provisions of 31 CFR chapter V including those parts related to terrorism, the proliferation of weapons of mass destruction, or narcotics trafficking, or other applicable provisions of law, including any requirements of agencies other than OFAC. Such requirements include, for example, the Export Administration Regulations (15 CFR parts 730 through 774) administered by the Bureau of Industry and Security of the Department of Commerce. This general license does not affect past, present, or future enforcement actions or investigations with respect to any violations, including apparent or alleged violations, of the Regulations that occurred prior to the effective date of this final rule.

## **Public Participation**

Because the amendment of the Regulations involves a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

## **Paperwork Reduction Act**

The collections of information related to the Regulations are contained in the RPPR. Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

## **List of Subjects in 31 CFR Part 538**

Administrative practice and procedure, Banks, banking, Foreign trade, Sanctions, Services, Sudan.

For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR part 538 to read as follows:

**PART 538—SUDANESE SANCTIONS REGULATIONS**

1. The authority citation for part 538 continues to read as follows:

**Authority:** 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); 22 U.S.C. 7201-7211; Pub. L. 109-344, 120 Stat. 1869; Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230; E.O. 13412, 71 FR 61369, 3 CFR, 2006 Comp., p. 244.

**Subpart E—Licenses, Authorizations, and Statements of Licensing Policy**

2. Add § 538.540 to subpart E to read as follows:

**§ 538.540 All transactions authorized; Government of Sudan property unblocked.**

(a) All transactions prohibited by this part and Executive Orders 13067 and 13412, including all transactions that involve property in which the Government of Sudan has an interest, are authorized.

(b) Pursuant to section 906(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7205), any exports or reexports of agricultural commodities, medicine, or medical devices to the Government of Sudan, to any individual or entity in Sudan, or to any person in a third country purchasing specifically for resale to any of the foregoing must be shipped within the 12-month period beginning on the date of the signing of the contract for export or reexport.

**Note 1 to § 538.540:** Section 538.540 authorizes all transactions necessary to unblock any property or interests in property that were blocked pursuant to 31 CFR 538.201 prior to [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER], including the return or processing of funds.

**Note 2 to § 538.540:** This authorization is effective on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and does not eliminate the need to comply with other provisions of 31 CFR chapter V or other applicable provisions of law, including any requirements of agencies other than the Department of the Treasury's Office of Foreign Assets Control. Such requirements include the Export Administration Regulations (15 CFR parts 730 through 774) administered by the Bureau of Industry and Security of the Department of Commerce and the International Traffic in Arms Regulations (22 CFR parts 120 through 130) administered by the Department of State.

**Note 3 to § 538.540:** Consistent with section 906(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7205), each year OFAC will

determine whether to revoke this general license. Unless revoked, the general license will remain in effect.

Dated: January 10, 2017.

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John E. Smith,  
Acting Director, Office of Foreign Assets Control.

BILLING CODE 04810-AL

[FR Doc. 2017-00844 Filed: 1/13/2017 8:45 am; Publication Date: 1/17/2017]