

What Just Happened?

Eight Significant Compliance Events in the Past Month

1. Myanmar: New sanctions imposed after the military coup
2. Russia: EU and US look to impose additional sanctions; the US imposes sanctions on Nord Stream 2 contractors; numerous contractors exit
3. Iran: Biden Administration hopes to renew the JCPOA, but it won't be easy
4. China: Trump adds to Entity and Communist Chinese Military lists; will Biden follow?
5. China: China responds by sanctioning Trump officials
6. Venezuela Parting Shot: Trump names more sanctions targets
7. Belarus: US and EU increase pressure on Belarus
8. Money Laundering: FATF adds Cayman Islands, Morocco, 2 other countries to its money laundering watch list

We highlight eight of the more significant compliance events in the past month.

1. Following the military coup in Myanmar on February 01, the US, UK, New Zealand, and Canada have established or enhanced sanctions programs on Myanmar. The EU is in the review process, issuing a [joint statement](#) condemning the coup on February 22. For the most part, these are list-based programs that target specific individuals and companies. However, the US goes a bit farther, as is typical, by naming the entire military sector. On March 05, the US also added several military agencies and military controlled companies to the US Entity List, which will likely prohibit all US exports to those entities. Links to the [US Executive Order 14014](#) and additional sanctions. Links to the [Canada](#), [New Zealand](#), and [UK](#) sanctions. Companies with business in Myanmar should conduct enhanced due diligence to determine if it is doing business with any newly sanctioned parties. Be aware that military members control a vast swath of commerce in Myanmar, often through intermediaries.
2. Western pressure continues on Russia for various reasons, but principally for interference in elections, the poisoning of opposition leader Navalny, and hacking of US government computer systems. The US [sanctioned](#) a vessel and a company engaged in the Nord Stream 2 pipeline project intended to bring large volumes of Russian gas to Europe under the Baltic Sea. That action prompted numerous construction companies and insurers to [exit the project](#). The Biden Administration has stated that [more sanctions will follow](#) based on the Solar Winds hack and Navalny poisoning. The EU has also stated its [intent to issue sanctions](#) due to the poisoning.

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The EU is expected to enact its sanctions by the end of March. These are significant developments that will create complex compliance issues in the near term.

3. What to do with Iran? Iran is a centuries-old country with a strong and enduring culture. Iran also meddles in regional affairs and is developing the capability to produce nuclear weapons. Every American administration since the Shah was deposed has vowed that Iran would not develop nuclear weapons. The Obama Administration spent years and significant political capital to negotiate and implement the Joint Comprehensive Plan of Action (JCPOA) along with Russia, China, France, the UK, and the EU. The Trump administration withdrew from the JCPOA and embarked on a maximum pressure campaign. Trump spent the last two years of his presidency imposing ever harsher sanctions on Iran. Now on the clock – the Biden Administration. President Biden has consistently expressed a desire for the US to re-join the JCPOA. This is now the official US position. Iran has expressed an interest in joining talks but on the condition of the US lifting sanctions. Iran has also stated it wants one trillion dollars from the US as compensation for harm caused by Trump's sanctions. These will be difficult negotiations. But, they will have enormous consequences for Iran and the broader Middle East Region. Watch this space. Carefully.
4. The final days of the Trump Administration were busy ones in the sanctions space. In addition to numerous new sanctions on Iran, it was also busy with sanctions on China, including creating a new Military End-Users list initially populated by 103 Chinese and Russian entities. The US Department of Commerce holds that list. A license will be required to export, re-export, or transfer certain items to entities on the list. Although not explicit, a license request will begin as presumed denied. The creation of the Military End-User List was the latest in new restrictions on trade between the USA and China, including creation of the Communist Chinese Military Companies list, which restricts US Persons trading in securities of entities on that list.
5. Not to be outdone, China has also been busy in the sanctions space. Immediately after President Biden's inauguration, China placed 28 Trump administration figures and associates on China's sanction list, including Secretary of State Mike Pompeo, Trade Advisor Peter Navaro, former national security advisor John Bolton, and general advisor and gadfly Steve Bannon. A couple of thoughts on this: 1) the action, coming hours after Trump had left office, seems a bit timid at least in timing and more importantly, 2) this action is another indication that China is gearing up to play in the sanctions space. No doubt we will see more of these kinds of China actions in the months and years ahead.
6. In a wide-ranging parting shot to Venezuela, the Trump Administration placed 14 entities, six vessels, and three individuals on its Specially Designated Nationals List (SDN list) for violating Executive Order No. 13850 by assisting in the sale of Venezuela oil. The action occurred the day before Trump left office. It remains to be seen what the Biden Administration will do with Venezuela. But, absent a significant geopolitical change or provocation, Venezuela will probably not be high on Biden's to-do list.

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7. On February 18, 2021, the United Kingdom [added 27 individuals to the UK Sanctions List](#) for events in Belarus. The August 09, 2020 Belarus election resulting in Belarus President Alexander Lukashenko's re-election was widely condemned as fraudulent. The EU has named dozens of individuals to the EU sanctions list. The Biden administration took similar action, also on February 18, by [adding 43 Belarus administration officials to the US visa ban list](#), joining 66 previously named individuals. With actions by the UK and the US both occurring on February 18, it is likely not a coincidence.
8. On February 25, 2021, the Financial Action Task Force ("FATF") added the **Cayman Islands, Morocco, Senegal, and Burkina Faso** to its terrorist finance watch list. Officially known as the FATF Jurisdictions Under Increased Monitoring List, it is commonly referred to as the FATF grey list. These countries join 18 other countries on the [FATF list](#). (The Bahamas has been removed). FATF is an organization dedicated to listing those countries with weak laws and controls to prevent money laundering, terrorist financing, and proliferation financing. Does FATF have a blacklist? Short answer: Yes, the High-Risk Jurisdictions Subject to a Call for Action List. Or the OECD blacklist / [FATF blacklist](#). That list's members are Iran and North Korea. Companies dealing with any of the 24 jurisdictions on the grey list or blacklist should exercise additional due diligence and care in their financial dealings.