

Investigations, Compliance and Defense

Burma Sanctions Reach the Military-Industrial Complex

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Executive Summary

- On March 25, 2021, the United States, in a coordinated effort with the UK, [announced](#) the most impactful sanctions since the February 1, 2021 coup against Burma's military regime, extending sanctions to key entities in Burma's military-industrial complex.
- For companies continuing to conduct business with a nexus to Burma, it is now especially important to screen in-country counterparts against the US, UK, and EU sanctions lists, and conduct due diligence into entity ownership and control.
- Sanctions and export controls targeting Burma will most likely continue to escalate as the US, EU, UK, and international community seek to respond to human rights abuses and encourage a restoration of Burma's democratically elected government.

United States Sanctions and Export Controls

In the Biden Administration's first sanctions action, on February 11, 2021, President Biden issued Executive Order [14014](#), "Blocking Property With Respect to the Situation in Burma" (the Burma EO) in response to the military coup. Since that time, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated 16 individuals affiliated with the military, 2 military units, and 11 business entities under the Burma EO (in actions on [February 11, 2021](#), [February 22, 2021](#), [March 10, 2021](#), [March 22, 2021](#), and [March 25, 2021](#)). In two final rules published on March 8, the US Commerce Department's Bureau of Industry and Security (BIS) also increased the export controls applicable to [Burma](#) and restricted exports to specified [Burmese entities](#).

1. March 25th Sanctions against MEHL and MEC

The Burmese military controls significant segments of the country's economy through the designated military holding companies, Myanmar Economic Holdings Public Company Limited (MEHL) and Myanmar Economic Corporation Limited (MEC). The designation of these entities will therefore have wide-ranging impacts on the ability of companies and individuals to transact with the trading, natural resources, alcohol, cigarettes, and consumer goods sectors in Burma, cutting off funding streams supporting the Burmese military's brutal repression of peaceful protestors.

- [Sanctions Prohibitions](#): US persons are now generally prohibited from transacting with these two companies or with entities in which they (or other sanctioned parties) own a 50 percent or more, direct or indirect interest. In addition, all property and interests in property of these entities that are in the United States or in the possession or control of US persons are blocked and must be reported to OFAC.
- [General Licenses](#): OFAC issued four general licenses intended to allow for the continuity of [US Government](#), [International Organization](#), and specified [NGO](#) activities, and to provide until 12:01 am EDT on **June 22, 2021** for other impacted business to [wind down activities](#) with MEC, MEHL, or their 50 percent or more owned affiliates.

2. US Export Controls

In addition to sanctions designations and coup-related foreign assistance restrictions, the Biden Administration has increased the level of export controls applicable to Burma and its military. Specifically, BIS:

- Moved Burma from Country Group B to the more restrictive Country D:1, thereby removing certain export license exceptions and restricting the export of items subject to national security controls (NS on the Commerce Control List);
- Moved Burma from Computer Tier 1 to the more restrictive Computer Tier 3 in the (Computers) (APP) license exception, decreasing the range of EAR-controlled computers, technology and source code eligible for export and re-export to Burma;
- Imposed military end use or end user restrictions also applicable to China, Russia, and Venezuela; and
- Added four entities to the entity list (MEC, MEHL, the Burmese Ministry of Defence, and the Burmese Ministry of Home Affairs. The export, re-export, and transfer (in-country) of items subject to the Export Administration Regulations to these entities is now generally prohibited.

EU and UK Sanctions and Export Controls

As with the United States, prior to February 2021, the EU's Burma-related sanctions frameworks involved arms embargos, trade restrictions, and asset freezes against designated individuals. The UK adopted these measures into domestic law as part of the Brexit process. Since February 2021, however, the lists of designated persons under EU sanctions and UK sanctions have diverged as they have expanded.

In February 2021 and in response to the military coup, the UK added eight individuals also sanctioned by the US to the [UK sanctions list](#).

The EU's response to the military coup came some weeks later, on March 23, 2021, when it [added](#) 11 individuals, ten of whom are also sanctioned by the US and/or UK, to the EU sanctions list.

In parallel with the US action on March 25, 2021, the UK [added](#) MEHL but not MEC to its sanctions list. It did so under the UK Global Human Rights Sanctions Regulations instead of the UK's Burma specific sanctions. However, the effect is much the same in that the entity is now subject to an asset freeze. While the UK has not issued a general license similar to the US, one can still apply for specific licenses if, for example, one needs to satisfy obligations which arose before MEHL was designated.

The EU has not taken any action against MEHL or MEC. However, the EU has recently [amended](#) its designation criteria in relation to its Burma-related sanctions to allow for sanctions to be imposed against entities owned or controlled by the Myanmar Armed Forces, or that generate revenue for, provide support to, or benefit from the Myanmar Armed Forces. It is therefore possible that such designations may follow.

EU and UK export controls and trade restrictions in relation to Burma remain unchanged.

As violence continues to [escalate](#) in Burma—with at least 114 civilians killed by the military on March 27th alone—additional sanctions are likely.



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