

No.8 2023/24 - US imposes sanctions on jet fuel transport to Burma/Myanmar



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On 23 August 2023 OFAC issued a determination that allows sanctions to be imposed on any foreign individual or entity that operates in the jet fuel sector of the Burmese economy by expanding Executive Order 14014 (the "EO"). The expansion of the EO by the U.S. authorities is *"complementing existing provisions for sanctions against those that operate in the defense sector of the Burmese economy"* (press release 23 August 2023).

OFAC also published two related Frequently Asked Questions: FAQ 1132 and FAQ.1133.

Pursuant to this Executive Order, non-U.S. persons may be sanctioned if the U.S. Government determines that they operate in the jet fuel sector of the Burmese economy or provide material support to an SDN designated under the E.O. Several individuals and entities involved in the procurement and distribution of jet fuel to Burma's military are already designated. At the same time OFAC specified that the determination does not automatically impose sanctions on all persons who operate in the sector.

OFAC further elaborated that the jet fuel sector of the Burmese economy includes "activities related to the importation, exportation, reexportation, sale, supply, or transport, directly or indirectly, of jet fuel in or involving Burma".

Although it was clarified that OFAC does not intend to target persons for engaging in activities related to civil aviation, including the sale, provision, or purchase of jet fuel to or for commercial airlines for air transport to and from Burma, the OFAC FAQs indicate that: *"Anyone supplying jet fuel to individuals or entities in Burma should exercise extreme caution to ensure jet fuel is provided only for use in civil aviation and not to military regime users"*. In practice, it may prove impossible for Members to obtain sufficient comfort that any jet fuel carried is only for use in civil aviation, and it is therefore highly likely that any carriage of jet fuel to Burma will trigger Clubs' sanctions exclusions in light of the US legislation and associated FAQs.

Members are also reminded of the applicable UK and EU sanctions and further US sanctions imposing trading restrictions, asset freezes and also containing a list of sanctioned entities and individuals.

Members are reminded that cover is not available for any trade that breaches applicable sanctions and are advised to conduct thorough due diligence on the parties, cargoes and trade involved before engaging in trade to Burma.

All Clubs in the International Group have issued a similarly worded circular.

Yours faithfully

For: West of England Insurance Services (Luxembourg) S.A.
(As Managers)

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