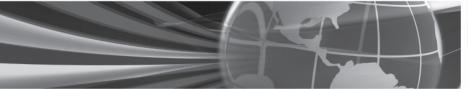
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November 21 2006

President Relaxes Sudan Business Regulations

On October 13, 2006, President Bush signed into law the Darfur Peace Act ("Act"), and simultaneously issued Executive Order No. 13412 outlining implementation of the Act. The President's actions carve out a <u>limited exemption</u> for transactions taking place wholly in and with certain regions of Southern Sudan, in order to provide U.S. support to the regional government of Southern Sudan, assist with the peace efforts in Darfur, and provide economic assistance in specified areas of Sudan. Specifically, U.S. persons are now permitted to engage in activities (including non-humanitarian business transactions) exclusively involving Southern Sudan, Southern Korodofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur and marginalized areas in and around Khartoum. The Act and Executive Order otherwise maintain the countrywide blocking of property and interests in property of the Government of Sudan. The "Government of Sudan" includes the Government and its agencies, controlled entities and the Central Bank of Sudan, but does not include the regional government of Southern Sudan.

As a result of this exemption, U.S. Treasury Department Office of Foreign Assets Control ("OFAC") authorization is no longer required for any humanitarian or non-humanitarian activity relating exclusively to these named regions and the regional government of Southern Sudan, provided that the Government of Sudan does not have an interest in the transaction. Otherwise the existing comprehensive sanctions on U.S. person involvement in transactions involving Sudan and the Government of Sudan continue in effect. In addition, the Executive Order continues to prohibit all transactions by U.S. person relating to Sudan's petroleum or petrochemical industries, including, but not limited to oilfield services and oil or gas pipelines, irrespective of location within Sudan.

Any proposed transaction involving Sudan or Sudanese persons must be assessed on a case-by-base basis to determine what licensing requirements (or exemptions) might apply. Also note that exports and certain reexports to Sudan of U.S. origin items by any person, where ever located, are subject to the dual licensing jurisdiction of the U.S. Department of Commerce Bureau of Industry and Security ("BIS"). As such, all exports should be analyzed separately to determine any BIS licensing requirements that might apply, in addition to OFAC licensing requirements.

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