

National Security, Sanctions, and Export Controls

Human Rights and Global Strategy

An Arms Embargo and Export Controls on Cambodia for Corruption, Human Rights Abuses, and China's Military Influence

By: [Rachel K. Alpert](#) and [Alexander E. Cottingham](#)

In response to “deepening Chinese military influence...as well as growing corruption and human rights abuses,” on December 8, 2021, the State Department and Commerce Department’s Bureau of Industry and Security (BIS) [announced](#) an arms embargo and new export controls on Cambodia. These actions follow a stream of other US government actions targeting Chinese influence and corruption in Cambodia, including (1) the Treasury Department’s Office of Foreign Assets Control’s September 2020 Global Magnitsky Act (GloMag) [sanctions designation](#) of Union Development Group Co., Ltd., a Chinese state-owned entity operating in Cambodia; (2) the November 2021 GloMag [sanctions designation](#) of two Cambodian government officials for their alleged role in the misappropriation of funds related to construction projects on Ream Naval Base after Deputy Secretary of State Wendy Sherman had [cautioned Cambodia against](#) the Chinese military’s exclusive use of the base; and (3) the November 2021 issuance of an inter-agency Cambodia Business [Advisory](#) on High-Risk Investments and Interactions.

The announcements also echo themes of the two-day [Summit for Democracy](#), which the Biden administration describes as centered on defending against authoritarianism, addressing and fighting corruption, and promoting respect for human rights, and come on the heels of the December 6, 2021 [announcement](#) of a US diplomatic boycott of the Beijing 2022 Winter Olympic games. In this context, the arms embargo and export controls on Cambodia indicate a new tactic in US government efforts to counter corruption, resist China’s growing sphere of influence beyond its borders, and promote human rights -- putting other countries on notice that the United States is willing to use economic countermeasures, arms embargoes, and export controls to promote these policy priorities.

Increased US Export Controls

Effective December 9, 2021, the new [State Department](#) and [BIS](#) export controls increase scrutiny of export license applications for national security (NS) items to Cambodia; add Cambodia to the list of countries subject to “military” and “military intelligence” end use and end user controls; and add Cambodia to the list of countries subject to a US arms embargo.

- **National Security Controlled License Application Scrutiny:** BIS requires a license to export, reexport, or transfer (in-country) items controlled on the [Commerce Control List](#) for “[national security](#)” purposes to most countries. BIS uses different levels of scrutiny to examine license applications based on the country involved. Previously, BIS reviewed export license applications involving Cambodia under a general policy of [approval](#). Now, Cambodia [joins](#) Russia, China, Venezuela, and Burma as a country for which BIS export license applications are subject to a “presumption of denial” if those items contribute to weapons systems and their components.
- **Military and Military Intelligence End Use and End User Controls:** BIS has added Cambodia to the list of countries subject to “military end use” and end user [controls](#) (MEU) and “military intelligence end use” and end user [controls](#) (MIEU). As a result of these additions, a license is now

required to export, reexport, or transfer (in-country) MEU-controlled items, identified [here](#). A license is also required if you have “knowledge” that the item is intended, for a “military-intelligence end use” or a “military-intelligence end user” in Cambodia, which the new [restrictions](#) identify as including the General Department of Research and Intelligence in Cambodia.

- **US Arms Embargo:** The State Department and BIS concurrently added Cambodia to the list of countries subject to a US arms embargo, set forth in [section 126.1](#) of the International Traffic in Arms Regulations and Country Group D:5 of [supplement no. 1 to part 740 of the Export Administration Regulations](#) (EAR). It is US [policy](#) to deny all licenses and approvals for the export or import of defense articles and defense services involving countries under a US arms embargo. In addition, as a Country Group D:5 country, Cambodia is now subject to additional EAR restrictions, including on *de minimis* US content, license exception availability, and more restrictive licensing policies.

Supply Chain Considerations

Prior to the announcement of the above export controls, on November 10, 2021, the State, Treasury, and Commerce Departments jointly issued a [business advisory](#) identifying “Considerations for U.S. Companies and Organizations that Conduct Business in Cambodia within Key Sectors or in Partnership with High Risk Entities.” The advisory similarly highlighted themes of corruption and human rights, noting two main areas of risks associated with business in Cambodia: (1) illicit finance activities (specifically in Cambodia’s financial, real estate, casino, and infrastructure sectors); and (2) trafficking in persons, wildlife, and narcotics, particularly in relation to the manufacturing and timber sectors.

To address these risks, companies with operations in Cambodia should conduct supply chain due diligence and ensure that they have appropriate Bank Secrecy Act / Anti-Money Laundering controls. To this end, the advisory encourages use of the Department of Labor’s [Comply Chain mobile app](#) and the State Department’s [Responsible Sourcing Tool](#) for due diligence purposes. Finally, the advisory notes the need to be mindful of applicable sanctions and export controls.

Following this advisory, the increased State Department and BIS export controls underscore the importance of “Know Your Customer” and supply chain screening and due diligence to identify and mitigate the variety of risks associated with corruption, trafficking, export controls, and sanctions in Cambodia. These recent US actions may also be indicative of more targeted US countermeasures against countries within China’s growing sphere of influence, which could affect the ability of companies with a US nexus to conduct business in such locations in the future.

Contact Us



Rachel K. Alpert

ralpert@jenner.com | [Download V-Card](#)



Alexander E. Cottingham

acottingham@jenner.com | [Download V-Card](#)

Practice Leaders

Paul Feldberg

Co-Chair, National Security,
Sanctions, and Export Controls

pfeldberg@jenner.com

[Download V-Card](#)

Rachel K. Alpert

Co-Chair, National Security,
Sanctions, and Export Controls

ralpert@jenner.com

[Download V-Card](#)

Amb. Keith M. Harper

Co-Chair, Human Rights and
Global Strategy

kharper@jenner.com

[Download V-Card](#)

Mélida Hodgson

Co-Chair, Human Rights and
Global Strategy

mhodgson@jenner.com

[Download V-Card](#)

Amb. David Pressman

Co-Chair, Human Rights and
Global Strategy; National
Security, Sanctions, and Export
Controls

dpressman@jenner.com

[Download V-Card](#)