

EU

Iran

Following the Joint Comprehensive Plan of Action (JCPOA) (reported in our [previous bulletin](#)) the EU adopted the first legal acts implementing the sanctions relief, permitting shipment of certain nuclear-related equipment out of Iran and the modification of certain nuclear plants in Iran, along with the activities to enable Iran to satisfy certain commitments in the JCPOA and the actions required to prepare for the implementation of the JCPOA. [Council Regulation \(EU\) 2015/1327](#) and [Council Regulation \(EU\) 2015/1328](#).

In the meantime, the UK government, launched a survey for UK businesses to ascertain what interest there is from UK companies to conduct business in Iran, and what support services those companies may require. The survey deadline was 11 August 2015.

Russia, and the Situation in Ukraine, Crimea and Sevastopol

Montenegro and Albania both aligned themselves with the Decisions of the Council to extend the sanctions in place in response to the “illegal annexation of Crimea and Sevastopol” and in respect of the situation in Ukraine. EFTA countries, Iceland, Liechtenstein and Norway, have followed suit and extended their own sanctions regimes to match the extended timelines of the various EU regimes in force in these regions. See our [client alert](#) for an overview of the sanctions’ timeline.

Switzerland also, from 1 July 2015, implemented additional rules to extend the import ban for war materials from Russia and Ukraine. The prohibition now applies to imports of explosives, pyrotechnic devices and propellant powder for military purposes that were not previously covered. This is part of the Government’s policy to ensure that Switzerland “cannot be misused to circumvent the measures imposed by the European Union”. [Press Release](#).

Cooperation on Dual-use Items with Jordan and Kazakhstan

The German Federal Office for Economic Affairs and Export Control (“BAFA”) has been charged, since 1 January 2014, with control over the outreach projects with Jordan and Kazakhstan, directed at enhancing their export control systems for dual-use items. The aim of this project is to reduce the risk of proliferation of weapons of mass destruction, and related materials, equipment and technologies. The project will continue for two years, providing “tailor-made” support for the specific demands of these two countries.

UK Export Control Organisation Guidance on Intrusion Software Controls

The UK Export Control Organisation issued a guidance note explaining the intrusion software controls. To fall within the definition of intrusion software, the software must be specifically designed or modified to avoid detection or defeat protective countermeasures and has to be able to steal or modify data or the execution path to run externally provided instructions. [Guidance](#).

US

US Commerce Department Amends Export Administration Regulations to Implement Removal Cuba’s State Sponsor of Terrorism Designation

On 22 July 2015, the US Department of Commerce Bureau of Industry and Security (BIS) amended the Export Administration Regulations (EAR) to implement the Secretary of State’s removal of Cuba from the list of State Sponsors of Terrorism. The rulemaking removes anti-terrorism (AT) licensing requirements for Cuba and references throughout the EAR to Cuba as a state sponsor of terrorism. However, Cuba remains subject to a comprehensive US embargo and, under Section 746.2(a) of the EAR, a license or license exception is still required for all exports to Cuba of items subject to the EAR, including EAR99 items.

The amendments to the EAR include removing Cuba from the list of E:1 (Terrorist Supporting Countries), in Supplement No. 1 to Part 740 of the EAR. Importantly, this makes Cuba eligible for the general 25% de minimis level for exports to Cuba of items located outside the US that incorporate certain controlled US-origin content. Previously, the de minimis level for Cuba was set at 10%. In addition, Cuba is now eligible for certain aspects of four different license exceptions, including RPL, BAG, GOV and AVS. BIS published [guidance](#) on its website to help exporters understand the updated Regulations.

October 15 Deadline to Confirm Compliance of Licenses and Approved Agreement for Aircraft, Aircraft Engines and Aircraft Parts and Components

On 15 October 2013, as part of the US Government’s Export Control Reform (ECR), the US Departments of State and Commerce transitioned certain military aircraft, aircraft engines and aircraft parts and components from the United States Munitions List (USML) of the International Traffic in Arms Regulations (ITAR) to the Commerce Control List (CCL) of the EAR. Any license involving these transitioning items may become invalid on the two year anniversary, 15 October 2015. Licenses involving items that remain on the USML will remain valid until expired or returned by the license holder, unless otherwise revoked, suspended, or terminated. Any Technical Assistance Agreements (TAAs) or Manufacturing License Agreements (MLAs) involving transitioning items may also become invalid on 15 October 2015 unless amended properly.

Importers Must Assess GSP Eligibility or Lose Potential Refunds

The renewal of the Generalized System of Preferences (GSP) program became effective on 29 July 2015. The GSP renewal has retroactive effect for the period during which it lapsed (1 August 2013 through 28 July 2015), and US Customs and Border Protection (CBP) recently provided notice that it will begin processing refunds on duties paid on GSP-eligible merchandise during the lapse period. Importers whose formal and informal entries were filed through the Automated Broker Interface (ABI) using the appropriate Special Program Indicator (SPI) Code are not required to take any action, and CBP will automatically process these refunds. However, non-ABI filers and ABI filers that did not include the appropriate SPI Code on qualifying entries must submit a duty refund request to CBP by 28 December 2015. Refund requests for unliquidated entries may be subject to a different deadline. Companies should be reviewing imports from GSP-eligible countries even if they think they qualify for automatic refunds in order to ensure that they receive all refunds owed to them.

Events

Export Control Symposium 2015: George Grammas, partner and co-chair of our International Trade Practice, will speak as part of a US-export controls panel at the Export Control Symposium 2015 (ECS 2015), hosted by the UK Government, the Department for Business, Innovation & Skills, and Export Control Organisation on 22 September 2015. ECS 2015 will focus on a wide range of topics relating to export controls, including how to managing risks, a comparative UK/US export controls discussion and guidance on doing business globally. Interested persons can RSVP [here](#).

Announcements

France Announces Plans for a New National Agency Office for the Detection and Prevention of Corruption: France set out draft legislation (loi Sapin II) providing for a national agency for the detection and prevention of corruption to be created, replacing the Service Central de Prévention de la Corruption. The agency will have a duty to prevent corruption by enterprises and will have new investigatory and monitoring powers in the field of compliance with international sanctions.

US Enforcement Actions

BIS Adds Russian Oil and Gas Field to Entity List: On 7 August 2015, BIS issued a Final Rule adding the Yuzhno-Kirinskoye Field to the Entity List. The Yuzhno-Kirinskoye Field is located in the Sea of Okhotsk and reportedly contains substantial reserves of oil. As a result of being added to the Entity List, BIS now requires a license for exports, reexports, or transfers (in-country) of any item subject to the EAR to this location.

Envirotech Settles Potential Civil Liability for Alleged Violations of the Export Administration Regulations: Envirotech Pump Systems, Inc. (Envirotech), a St. Louis company, agreed to pay US\$500,000 to settle possible civil liability for 32 alleged violations of the EAR. Envirotech allegedly sold globe, gate and butterfly valves to China, Russia and other destinations without a license. These items were classified under Export Classification Control Number (ECCN) 2B350 and controlled for reasons of chemical and biological weapons proliferation. US\$350,000 of the US\$500,000 civil penalty will be waived if Envirotech commits no further violations for two years.

Contacts

EU

Robert MacLean

Brussels
T +32 2 6277 619
E robert.macleane@squirepb.com

Martin Rees

London
T +44 207 655 1137
E martin.rees@squirepb.com

Aline Doussin

London/Brussels
T +44 20 7655 1145
E aline.doussin@squirepb.com

Tim Wünnemann

Berlin
T +49 30 72 616 8116
E tim.wunnemann@squirepb.com

US

George Grammas

Washington DC
T +1 202 626 6234
E george.grammas@squirepb.com

Stephen McHale

Washington DC
T +1 202 457 6344
E stephen.mchale@squirepb.com

Daniel Waltz

Washington DC
T +1 202 457 5651
E daniel.waltz@squirepb.com

Christopher Skinner

Washington DC
T +1 202 626 6226
E christopher.skinner@squirepb.com

Squire Patton Boggs International Trade Practice Co-Leaders: Frank Samolis and George Grammas

About Our Team

Our export controls and sanctions team is built on the ability to advise on the shifting regulatory framework on both sides of the Atlantic. We have extensive experience in advising and representing a wide range of companies and financial intuitions in Europe, the US and other jurisdictions on export control and sanctions from a multijurisdictional perspective. Our export controls and sanctions team is part of our overall International Trade Practice, providing a “one-stop” solution to global trade compliance through rapid, professional and tailored advice and compliance tools to fit your business needs and processes. If you have any question relating to sanctions, please contact a member of our EU or US sanctions team listed herein. You can also email InternationalTradeCompliance@squirepb.com for assistance.

ITAR Practitioner’s Handbook

Organisations engaged in trade of items specially designed for military or space applications are encouraged to download our complimentary ITAR Practitioner’s Handbook covering the International Traffic in Arms Regulations (ITAR). In addition to the ITAR, this Handbook includes: the US Department of Commerce “600 Series;” a summary of ITAR and Export Administration Regulations (EAR) exemptions; a primer for export controls compliance; key points of contacts for the US government, including phone numbers; and other useful materials.

Download a copy of the Handbook [here](#).

The contents of this update are not intended to serve as legal advice related to individual situations or as legal opinions concerning such situations nor should they be considered a substitute for taking legal advice.

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