

EU

EU Issues Declaration on South Sudan Sanctions

Following the extreme violence and fighting in July 2016, the EU's High Representative, Federica Mogherini, issued a [declaration](#) on South Sudan. The EU reiterates its call on all South Sudanese parties to implement the Agreement on the Resolution of the Conflict in good faith. The declaration is clear that the EU remains ready to impose sanctions against any individual responsible for undermining the peace process in South Sudan. The EU declaration further notes that the EU has long maintained an arms embargo on South Sudan, and supports the UN Security Council's willingness to consider additional measures, including an arms embargo, should obstruction of the UN's mission in South Sudan continue.

EU Renews Sanctions Over Actions Against Ukraine's Territorial Integrity

The EU Council has renewed by six months, until 15 March 2017, its restrictive measures targeting actions against Ukraine's territorial integrity, sovereignty and independence. These restrictive measures consist of asset freezes and travel bans against 146 people and 37 entities. In its [statement](#), the EU Council stated that its assessment of the situation did not justify a change in the regime of sanctions nor in the list of persons and entities under restrictive measures.

In summary, various EU measures are in place in response to the Ukraine crisis, including economic sanctions targeting specific sectors of the Russian economy, currently in place until 31 January 2017, and restrictive measures in response to the illegal annexation of Crimea and Sevastopol, confined to the territory of Crimea and Sevastopol, currently in place until 23 June 2017. [Regulation 2016/1661](#) implementing [Regulation 269/2014](#), and [Decision 2016/1671](#) amending [Decision 2014/145/CFSP](#).

EU Commission Publishes Report on Dual-Use Export Control Regime

In its annual [report](#) to the European Parliament on the EU's export control regime for dual-use goods, the EU Commission states that dual-use goods are estimated to represent 20% of all EU total exports, and that a large amount of dual-use exports outside of the EU are to E001 countries benefitting from general export authorisations and in particular the US.

Other notable announcements include the preparation of EU Guidelines supporting structured exchanges of information and consultations among member states with respect to the "cryptography note" and regarding the definition of "exporter" in situations in which a reseller is involved.

EU Amends Its List of Restricted Goods Under Its Sanctions Against Iran

The EU has amended Annex 1 (Nuclear Suppliers Group), which includes goods, technology and software, and Annex III (Missile Technology Control Regime) in regard to its anti-nuclear proliferation sanctions against Iran, which designate which items are subject to restrictions under the measures. The amendments include new information about items listed in Annexes I and III in order to enable better identification by reference to existing identifying codes. [Commission Implementing Regulation \(EU\) 2016/1375](#) amending [Council Regulation 267/2012](#).

EU Expands Its Sanctions Against North Korea

The EU sanctions against North Korea have been amended in order to incorporate recent changes to UN sanctions against North Korea and to tighten the restrictions currently in place on North Korean vessels. This update provides for the designation of additional items to which prohibitions on the transfer, procurement and provision of technical assistance apply. Furthermore, the EU has decided to extend the UN's prohibition on the entry into ports of any vessel that is owned, operated or crewed by North Korea to also include North Korea flagged vessels. [Regulation 2016/1333](#) amends [Regulation 329/2007](#) and [Decision \(CFSP\) 2016/1341](#) amends [Decision \(CFSP\) 2016/849](#).

UK

Theresa May Confirms That Brexit Will Not Affect EU Russian Sanctions

On 1 August, during a phone conversation with President of Ukraine Petro Poroshenko, UK Prime Minister Theresa May confirmed that the position of the UK as regards sanctions against Russia was "unchanged following the UK's Brexit vote in June". The Prime Minister further added that sanctions will remain until Russia fully complies with its obligations under the Minsk agreements.

Worldwide

UN Security Council Calls for Stricter Enforcement of Sanctions Against North Korea

The UN Security Council released a press [statement](#) on 6 September condemning the ballistic missile launches conducted by North Korea on 5 September, in direct violation of UN sanctions. The statement further added that members of the Security Council called upon all member states to redouble their efforts to implement fully the measures imposed on North Korea. Back in March 2016, the UN had introduced new sanctions on North Korea, including a number of trade and economic restrictions and targeted several new people and entities with asset freezes and travel bans.

US

New Rule Harmonises the EAR and ITAR Destination Control Statements

The US Commerce Department's Bureau of Industry and Security (BIS) and the State Department's Directorate of Defense Trade Controls (DDTC) each issued companion final rules (see [here](#) and [here](#)) that will amend the EAR and the ITAR, respectively, to harmonise the destination control statement language provided in both sets of regulations. These actions are the latest in a series taken pursuant to the President's Export Control Reform initiative. Both rules will take effect on 15 November 2016.

OFAC Issues New General License for Temporary Aircraft Exports to Iran

On 29 July 2016, the Treasury Department's Office of Foreign Assets Control (OFAC) issued a new general license authorising temporary sojourn of certain non-US registered aircraft in Iran. The general license, General License J, applies only to re-exports by non-US persons of fixed-wing civil aircraft that are registered in a country other than the US, Iran or another E:1 country, and that are subject to the EAR for export to Iran. Temporary sojourns in Iran that are authorized by General License J must be no more than 72 hours, and aircraft must remain under the control of the non-US person re-exporter. Additional limitations and related authorisations are set forth in [General License J](#).

BIS Extends ZTE General License

BIS has issued a [final rule](#) extending to 28 November 2016 the temporary general license for ZTE Corporation and ZTE Kangxun, which were both added to the Entity List on 8 March 2016. Effective 24 March 2016, the general license temporarily restores the licensing policy applicable to these two entities prior to their Entity List designation. The entities were added to the Entity List (along with two other ZTE entities), in connection with a scheme to reexport controlled items to Iran contrary to United States law. However, BIS issued the general license due, in part, to "binding commitments made by these entities to the U.S. Government" and under the condition that they timely perform their undertakings to the US government and cooperate in resolving the matter.

BIS Issues Proposed Rule to Extend Duration of License Exception TMP for Manufacturing in Mexico

On 23 August 2016, BIS published a [proposed rule](#) that would extend the time limitation on temporary exports of controlled items to Mexico under license exception TMP (15 CFR §740.9). The rule would align TMP with Mexico's Decree for the Promotion of Manufacturing, Maquiladora and Export Services (IMMEX) programme, which provides for quota- and tax-free imports of goods for use in manufacturing in Mexico. License exception TMP currently allows temporary exports of up to one year for most eligible items. The propose rule would extend that period to up to four years, the maximum available time for temporary imports under the IMMEX programme.

BIS Updates the EAR to Implement Wassenaar Changes to Encryption Controls and Others

On 20 September 2016, BIS issued a [final rule](#) implementing into the Commerce Control List (CCL) and other provisions of the EAR changes made to the Wassenaar Arrangement's List of Dual-Use Goods and Technologies, adopted at the December 2015 Wassenaar Arrangement plenary meeting. The final rule revises 58 ECCNs in the CCL, adds two new ECCNs and changes eligibility criteria for various license exceptions. These include amendments to the Information Security (including encryption) controls in Category 5 – Part 2 of the CCL, which are designed to simplify controls and streamline licensing requirements for encryption items. Notably, the rule eliminates Encryption Registration requirements, modifies the scope of items controlled under ECCNs 5A002, 5B002, 5D002 and 5E002 (reclassifying certain items in 5A002 under new ECCNs 5A003 and 5A004), and eliminates certain ECCNs within 5A992, 5D992 and 5E992.

Enforcement Actions

OFAC Issues Separate Findings of Violation to Health Insurance Policy Issuer and Administrator

OFAC issued Findings of Violation (FOV) to AXA Equitable Life Insurance Company (AXA) and Humana, Inc., the parent company of Kanawha Insurance Company (Kanawha), AXA's Third Party Administrator (TPA) for the insurance policies at issue. According to the enforcement information (see [here](#) and [here](#)) released by OFAC, the FOVs stem from AXA's issuance of two insurance policies to, and Kanawha's provision of TPA services to, persons who were designated under the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. Part 598.

OFAC Announces Settlement Agreements for Iran Sanctions Violations

OFAC announced settlement agreements with two separate US companies for alleged violations of the Iranian Transactions and Sanctions Regulations. World Class Technology Corporation agreed to a [settlement](#) of US\$43,200, while PanAmerican Seed Company agreed to a [settlement](#) of US\$4,320,000.

Upcoming Events

Counsel Connect Autumn Seminar Series – A Dog’s Brexit – Multiple Locations in the UK – October 2016

Trade practitioners from our European offices will provide a series of Brexit updates complemented by more general up-to-date, topical advice to help interested parties make informed decisions and formulate the best business protection strategies. See event dates, locations and registration information on the [Trade Practitioner Blog](#).

ITAR and the EAR: US Trade Controls Compliance in Europe - London, UK - 31 January-1 February 2017

George Grammas will participate in C5’s 5th Forum on compliance with ITAR and the EAR and be among the panelists to discuss “How to Work with Conflicting Definitions.” See [here](#) for conference agenda and registration info.

7th Annual Advanced ITAR & EAR Compliance Conference & Workshops - Washington DC - 8-9 February 2017

Squire Patton Boggs will once again partner with Marcus Evans to host the two-day gathering. The 2017 conference will provide a forum for professionals in the field to discuss with industry and government experts the evolving Export Control Reform, as well as provide assistance with developing compliance strategies to comprehensively address existing regulations and updates. Follow our [blog](#) for additional information.

Contacts

EU

Robert MacLean

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

Aline Doussin

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

About Our Team

Our Export Controls & 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 & Sanctions team is part of our overall International Trade Practice, providing a “one-stop shop” 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 questions 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.

Resources to Strengthen Compliance

We encourage you to visit the [Trade Practitioner Blog](#) where you will find more updates on export controls, sanctions and other international trade topics. In addition, organisations engaged in the 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)* and the US Department of Commerce “600 Series”.

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

Martin Rees

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

Daniel Waltz

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

Stephen McHale

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

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.