

EU

EU Diplomats Support Keeping Sanctions Against Russia Over Ukraine

Following a recent European Council [meeting](#) on 6 February, EU foreign ministers have stated that sanctions against Russia must remain in force until it helps end fighting in eastern Ukraine. Foreign policy chief Federica Mogherini stated that the EU will never recognise Russia's 2014 annexation of the Crimean Peninsula and insisted that all sides must respect the Minsk peace agreement, aimed at ending the fighting in eastern Ukraine.

EU Renews All Autonomous Counter-Terrorism Listings

The EU has renewed the entirety of the listings under the EU's autonomous counter-terrorism sanctions regime that targets individuals and groups who are involved in worldwide terrorism, including Hizballah, Hamas and FARC. [Implementing Regulation \(EU\) 2017/150](#) implements [Regulation 2580/2001](#) and repeals [Implementing Regulation \(EU\) 2016/1127](#) and [Decision 2017/154](#) updates [Common Position 2001/931/CFSP](#) and repeals [Decision \(CFSP\) 2016/1136](#).

EU Renews Sanctions Against Tunisia

On 27 January 2017, the EU extended until 31 January 2018 its asset freezing measures on individuals, associated persons and entities deemed to be responsible for the misappropriation of state funds in Tunisia. The sanctions, which were first introduced on 31 January 2011, lists 48 people. [Implementing Regulation 2017/149](#) implements [Regulation 101/2011](#) and [Decision 2017/153](#) amends [Decision 2011/72/CFSP](#).

Developments Regarding the Revision of the Dual-Use Export Control Regime

On 28 September 2016, the European Commission published its [proposal](#) to "modernise and strengthen" the EU's dual-use export control regime as laid out by [Regulation \(EC\) No. 428/2009](#). Now that the commissioner's proposal has been published, it must be examined by the council and the European Parliament. All three must agree in order to adopt the proposal and the legislative process is likely to take at least a year. The proposal, which is a regulation, is set to apply on the 19th day following publication in the Official Journal.

However, this implementation is likely to occur before spring 2018. In addition to the initial consultation period, which started in 2011 and ended with the publication of the draft regulation, the legislative process will provide opportunities for interested representatives to discuss the impact of the proposal on their sector(s), either in meetings or in writing, to all three institutions.

In its capacity as co-legislator, the European Parliament is preparing a position on the proposal. The Committee for International Trade (INTA) is responsible for drafting the European Parliament's position and it has nominated Klaus Buchner as rapporteur. A first exchange of views is [expected](#) to take place on 27-28 February 2017, with a public hearing to follow later.

EU Renews Listings Under its Sanctions Against Ukraine's Territorial Integrity

On 17 January 2017, the EU published a [notice](#) addressed to 50 individuals and seven entities designated under its sanctions related to the territorial integrity, sovereignty and independence of Ukraine, stating that it intends to maintain the restrictive measures against these individuals and entities with new statements of reasons. The sanctions target individuals and entities said to be responsible for undermining the territorial integrity of Ukraine. The persons and entities concerned may submit a request to the council in order to receive the intended statements of reasons for their designation before 23 January 2017, and at any time a request to the council that the decision to include and maintain them on the list should be reconsidered. The next review is scheduled for 7 February 2017.

UK

Export Control Organisation (ECO) Updates Sixteen Open Licences

The UK ECO has published a [notice](#) that it has updated and amended 16 open licences including 13 open general export licences (OGELs), two open general transshipment licences (OGTLs) and an open general trade control licence (OGTCL). The reason for the change is due to a planned update to the Military List to reflect the removal of EU sanctions on Ivory Coast and Liberia. The new licences also make amendments to the names of some destinations. The licences have also been updated in order to refer to the Department for International Trade, to which the ECO belongs.

The new licences will come into effect on 31 January 2017 in order to give exporters time to adjust to the changes. The previous licences will remain in force until 11:59 p.m. GMT on 30 January 2017. If an exporter no longer meets the terms and conditions of a particular licence because the nature of the goods or destination has changed, then they will need to de-register from the licence via [SPIRE](#).

ECO Publishes New Guidance on Using SPIRE

On 9 January 2017, the ECO published new [guidance](#) on how to use SPIRE to get an export licence. The guidance sets out the various steps required for completion before exports can use SPIRE. These steps include registering and having available: the EORI number; the export control classification of the items in question; the supporting technical documentation to confirm the classification; the physical site from which the export will be made; whether the movement of the items is an export, an activity related to brokering or transshipment via the UK; the type of licence that the exporter wants to apply or register for; the basis for the end-use of the items in situations where the exporter has been informed by the ECO or HMRC that his or her goods require a licence; details of any third parties, such as agents or distributors; the ultimate end-use destination and end user of the items; and finally, if the items are components and the function and purpose of the system in which they will be used.

US

BIS Extends Temporary General License for ZTE

On 24 February 2017, the US Department of Commerce, Bureau of Industry and Security (BIS) published a [final rule](#) extending until 29 March 2017 the temporary general license for ZTE Corporation and ZTE Kangxun of China. Under this fourth extension of the ZTE General License, exports, reexports, and transfers (in-country) to the entities are subject to the licencing requirements and policies of the Export Administration Regulations that were in effect prior to the their 8 March 2016 addition to the Entity List.

BIS Postpones Implementation of AT Controls on Software for Certain 3D992 Oscilloscopes and Transient Recorders

In accordance with the 20 January 2017 executive memorandum entitled "Regulatory Freeze Pending Review," BIS has [delayed](#) the implementation of changes to the export control classification of software specially designed for the development, production or use of certain oscilloscopes and transient recorders controlled under 3A992.d through .g. That software will continue to be classified for export as EAR99 until 22 March 2017 when it will be classified and licenced by BIS under ECCN 3D991, subject to antiterrorism (AT) controls.

BIS Issues New Rules for Exports and Re-exports to Hong Kong

Effective 19 April 2017, a [new rule](#) issued by BIS will require exporters or re-exporters of certain items subject to the Export Administration Regulations (EAR) to obtain and maintain proof of import or export authorization issued by the government of Hong Kong. Under the rule, persons seeking to export or re-export to Hong Kong any item subject to the EAR and controlled for national security (NS), missile technology (MT), nuclear nonproliferation (NP column 1), or chemical and biological weapons (CB) reasons must first obtain a copy of a Hong Kong import licence or a written statement from the Hong Kong government that no such licence is required.

The rule imposes similar requirements on persons seeking to re-export from Hong Kong any such items. As stated by BIS, the rule intends to complement Hong Kong's export controls regulation and enable the US to provide greater assurance that exported US-origin items are properly authorised by the US to their final destination, even when passing through Hong Kong.

Trump Administration Imposes New Iran Sanctions

In response to recent ballistic missile testing activities by the Islamic Republic of Iran, the Trump administration, on 3 February 2017, issued its first economic sanctions, adding 13 individuals and 12 entities to the Office of Foreign Assets Control (OFAC) list of specially designated nationals and blocked persons. The designations were made under counter-proliferation and counter-terrorism sanctions programs, and include persons and entities tied to Iran's Islamic Republican Guard Corps (IRGC). The list of persons designated under the measure is published on the [OFAC website](#).

OFAC Targets Venezuelan Executive Vice President and Others Under Drug Trafficking Sanctions

On 13 February, OFAC [published](#) the names of two individuals and 13 entities designated for blocking sanction under the Kingpin Act for involvement in narcotics trafficking. These included Venezuelan Vice President Tareck Zaidan El Aissami Maddah, and his business partner Samark Jose Lopez Bello, and a network of US and non-US business entities believed to be involved in their illicit activities. US persons are prohibited from virtually all dealings with blocked persons or their property. As clarified by a new OFAC Frequently Asked Question ([FAQ](#)), the designations do not generally prohibit dealings with the Government of Venezuela. But, it goes on to warn that "persons should be cautious in dealings with the government to ensure that they are not engaged in transactions or dealings, directly or indirectly, with an SDN, for example by entering into contracts that are signed by an SDN, entering into negotiations with an SDN, or by processing transactions, directly or indirectly, on behalf of the SDN, absent authorization or an applicable exemption."

Enforcement Action

OFAC Announces Three Settlement Agreements and Issues Two Findings of Violation

In January, OFAC announced three settlement agreements and a Finding of Violation with several different persons: (1) a US\$17,500 settlement with [Aban Offshore Limited](#) for apparent violations of Iran sanctions; (2) a US\$10,000 settlement with an unnamed individual and the [Alliance for Responsible Cuba Policy Foundation](#) (on whose behalf the individual acted) for apparent violations of Cuba sanctions; and (3) a US\$516,105 settlement with [Toronto-Dominion Bank](#) (TD Bank) for apparent violations of the Cuba and Iran sanctions. In addition to the settlement agreement, OFAC also issued a Finding of Violation to TD Bank in its capacity as parent of wholly owned subsidiaries Internaxx Bank SA and TD Waterhouse Investment Services (Europe) Limited.

On 3 February, OFAC issued a Finding of Violation to [B Whale Corporation](#) (BWC) for a violation of Iran sanctions.

Events

UK Export Control Symposium 2017 – London, UK – 21 March 2017

The UK government's Department of International Trade Export Control Organisation (ECO) will put on this year's [Export Control Symposium](#) on Tuesday, 21 March at the Westminster Conference Centre. The symposium will include plenary session covering wide ranging global trading issues, four specialist workshops, and networking "village" for delegates and exhibitors. [George Grammas](#) will lead the advanced level US export controls workshop. Please visit our [Trade Practitioner](#) blog for additional information and registration information.

Save-the-date – US Export Controls Workshop: "The ITAR 'Virus' EARvolves!" – Stratford-Upon-Avon, UK, 12-14 June 2017

Our Aerospace, Defense & Government Services Industry Group will co-host the three-day ITAR workshop sessions with EGADD and Strategic Shipping Company Ltd. This year marks the 10th anniversary of this conference. Please visit our [Trade Practitioner](#) blog for additional information.

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](#) us 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](#).

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