

US

OFAC Amends and Reissues North Korea Sanctions Regulations

On 1 March, the Office of Foreign Assets Control (OFAC) announced the amendment and reissuance in its entirety of the [North Korea Sanctions Regulations](#), 31 C.F.R. part 510. These regulations were updated to reflect and incorporate the North Korea-related executive orders issued in recent years and additional changes to North Korea-related laws, specifically the North Korea Sanctions and Policy Enhancement Act of 2016 and Countering America's Adversaries Through Sanctions Act of 2017. Along with the amended regulations, OFAC published six new and updated North Korea-related [FAQs](#).

OFAC Issues New Russia-/Ukraine-related Designations

On 6 April, the Office of Foreign Assets Control (OFAC) [designated](#) seven Russian oligarchs, 12 companies they own or control, 17 senior Russian government officials and a state-owned Russian weapons trading company and its subsidiary, a Russian bank, pursuant to Executive Order 13661, 13662 and the Countering America's Adversaries Through Sanctions Act (CAATSA). According to the US Department of Treasury, the action "targets a number of the individuals listed in the [CAATSA] Section 241 report, including those who benefit from the Putin regime and play a key role in advancing Russia's malign activities."

OFAC also issued General License [12A](#), [13](#) and [14](#), and new Frequently Asked Questions. For more information about the new designations, the general license and the FAQs, visit the [OFAC Ukraine-/Russia-related Sanctions page](#).

BIS Denial Order Against ZTE

Effective 15 April 2018 until 23 March 2025, the Bureau of Industry and Security imposed a [denial order](#) of export privileges against Zhongxing Telecommunications Equipment Corporation of Shenzhen, China (ZTE Corporation) and ZTE Kangxun Telecommunications Ltd. of Hi-New Shenzhen, China (ZTE Kangxun) (collectively, ZTE). Additionally, both entities were added to the [BIS Denied Persons List](#), effective 15 April.

According to the US Department of Commerce [announcement](#), Secretary Ross said, "ZTE made false statements to the U.S. Government when they were originally caught and put on the Entity List, made false statements during the reprieve it was given, and made false statements again during its probation."

President Trump Issues Executive Order 13827

On 19 March, the President issued [Executive Order \(EO\) 13827](#), Taking Additional Steps to Address the Situation in Venezuela. This EO prohibits US persons from engaging in all transactions related to, provision of financing for and other dealings in any digital currency, digital coin or digital token that was issued by, for or on behalf of the government of Venezuela after 9 January 2018. OFAC also issued new [Frequently Asked Questions](#) to accompany the EO.

EU

EU Amends the Scope of Sanctions Against the Central African Republic

In order to implement the UN Security Council resolution of 30 January 2018, the Council of the EU has amended the scope of the exemptions to the embargo on exports of arms to the Central African Republic (CAR). In addition, the EU has amended the criteria for designation of persons and entities under the CAR-related sanctions. ([Council Decision \(CFSP\) 2018/391](#))

EU Prolongs Validity of Certain Sanctions Enforced in Relation to the Situation in the Ukraine

The Council of the EU has extended the validity of the sanctions against persons involved in the misappropriation of Ukrainian State funds, or persons responsible for human rights violations in Ukraine, and natural or legal persons, entities or bodies associated with them. The sanctions remain in force until 6 March 2019. ([Council Decision \(CFSP\) 2018/333](#) and [Council Implementing Regulation \(EU\) 2018/388](#))

European Commission Starts Consultations on Its Guidelines for "Specially Designed for Military Use" Under the Transfer Directive

[Directive 2009/43/EC](#) (so-called the "Transfer Directive") regulates terms and conditions of the transfer of defense-related products within the EU. According to the Transfer Directive, products are subject to licensing requirements to the extent they are "specially designed for military use". The European Commission, in close cooperation with member states, has undertaken an initiative to clarify the scope of the term "specially designed for military use" used in the Transfer Directive. The guidelines in this are directed to member states' competent authorities and the defense industry. Before the finalisation of the guidelines, interested parties have a possibility to submit their comments on this topic. The relevant survey may be accessed on the [Commission's website](#).

EU Prolongs and Simultaneously Amends Its Sanctions in Relation to Bosnia and Herzegovina

The Council of the EU has decided to extend the EU restrictive measures concerning the situation in Bosnia and Herzegovina, including the asset freezes, until 31 March 2019 ([Council Decision \(CFSP\) 2018/459](#)). In addition, the EU has decided to lift a travel ban on persons who were involved in violent incidents in Mostar on 10 February 1997 ([Council Decision \(CFSP\) 2018/458](#)). The travel ban for three persons who are currently subject to the investigation by the Bosnian authorities has not been enforced since 20 March 2018.

EU Extends the Validity of Its Sanctions in Relation to the Situation in Libya

The Council of the EU has decided to prolong the applications of Libya-related sanctions against three persons until 2 October 2018. ([Council Decision \(CFSP\) 2018/476](#))

EU Amends Sanctions Against Egypt

The Council of the EU has extended the application of its sanctions against persons responsible for the misappropriation of state funds of Egypt. The sanctions are in force until 22 March 2019. In addition, the Council of the EU has decided to delist six individuals from the list of affected persons. ([Council Decision \(CFSP\) 2018/466](#) and [Council Implementing Regulation \(EU\) 2018/465](#))

European Commission Published the Updated List of Competent Authorities Under the Kimberley Process, Including Venezuela

The EU updated the list of national authorities participating in the Kimberley Process certification scheme for trade in rough diamonds. The list also includes the competent authorities of Venezuela that were readmitted to participate in this scheme. ([Commission Implementing Regulation \(EU\) 2018/578](#))

EU Extends the Validity of Its Sanctions Against Iran

The Council of the EU has decided to prolong the application of its sanctions against persons responsible for serious human rights violations in Iran until 13 April 2019. ([Council Decision \(CFSP\) 2018/568](#))

EU Adopts New Embargo and Sanctions Against Myanmar

The Council of the EU imposed new EU sanctions on Myanmar. The EU prohibited exports of dual-use goods for military and Border Guard Police end-users, and introduced restrictions on exports of equipment for monitoring communications that might be used for internal repression. Further, the Council of the EU froze assets of natural persons from the Myanmar Armed Forces (Tatmadaw) and the Border Guard Police. ([Council Decision \(CFSP\) 2018/655](#) and [Council Regulation \(EU\) 2018/647](#))

UK

UK Amends the Consolidated List of Strategic Military and Dual-use Items

On 5 March 2018, the Export Council Joint Unit (ECJU) of the UK Department for International Trade updated the [Consolidated Control List of Strategic Military and Dual-use Items that Require Export Authorisation](#). The updated list notably takes into account changes made to Schedule 2 of the Export Control Order 2008, which lists the military goods, software and technology subject to export controls.

UK Issues New Open General Export Licence and Updates 26 Open General Export Licences

On 11 April 2018, the Export Council Joint Unit (ECJU) published a new Open General Export Licence (OGEL) applicable to [information security items](#). The purpose of this OGEL is to allow the export of "low risk" information security items deploying encryption to a wide range of destinations.

On the same date, the ECJU amended 26 OGELs to reflect new contact details of the ECJU and Ministry of Defence. The scope of all the amended OGELs remains the same. The military and dual-use OGELs updated are: [certified companies](#), [export for exhibition: military goods](#), [exports or transfers in support of UK government defence contracts](#), [exports under the US-UK Defence Trade Cooperation Treaty](#), [historic military vehicles and artillery pieces](#), [military components](#), [military goods](#), [software and technology](#), [military goods: Collaborative Project Tycoon](#), [military goods: software and technology: government or NATO end use](#), [military surplus vehicles](#), [vintage aircraft](#), [exports in support of joint strike fighter: F-35 Lightning II](#), [military goods: A400M Collaborative Programme](#), [chemicals](#), [cryptographic development](#), [export after exhibition: dual use items](#), [export after repair/replacement under warranty: dual use items](#), [export for repair/replacement under warranty: dual use items](#), [low value shipments](#), [oil and gas exploration: dual use items](#), [technology for dual use items](#), [specified dual use items \(X\)](#), [PCBs and components for dual use items](#), [military and dual use: UK forces deployed in embargoed destinations](#), [military and dual use goods: UK forces deployed in non-embargoed destinations](#), [exports of non-lethal military and dual use goods: to UK diplomatic missions or consular posts](#).

UK Company Fined Six-figure Sum for Illegal Exports

An unnamed UK company has recently been fined [£109,312.50 for making unlicensed exports of military goods controlled by the Export Control Order 2008](#).

The fine was issued by Her Majesty's Revenue and Customs (HMRC), which is responsible for enforcing UK export control legislation in collaboration with the Crown Prosecution Service. The fine is an example of HMRC using its powers to offer a penalty fine in lieu of making a criminal prosecution and serves as a reminder to exporters of the consequences of failing to comply with the relevant legislation relating to UK exports of military goods.

UK Issues Guidance on Application of the "Cryptography Note"

The UK has issued [guidance](#) to assist exporters to make their own assessment on the application of the "Cryptography Note" – [Note 3 to Category 5 Part 2, Information Security as it appears in Annex I to Council Regulation \(EC\) No. 428/2009](#) (as last amended by Regulation (EU) No. 2268/2017).

Products that use cryptography are usually controlled under the dual use list. The guidance explains how the Cryptography Note is intended to exclude such goods from control in circumstances where (1) the goods can be easily acquired by the general public, (2) the cryptography functionality cannot be easily changed by the user and (3) the goods are designed for installation by the user without further substantial support by the supplier.

If an exporter is unsure whether the Cryptography Note applies to one of its products, it should consider applying for an export licence. Upon receipt of a licence application, the licensing authority may request further information as evidence of eligibility.

Upcoming Events

Cocktails and Conversations at the BIS Conference

The US Department of Commerce will host its 31st Bureau of Industry and Security (BIS) Annual Conference on Export Controls and Policy change to 14 and 15 May in Washington DC at the Marriott Marquis Hotel. We look forward to seeing you at the conference and are planning a small gathering following the BIS Update reception on 14 May.

Please [RSVP](#) if you are interested in joining us. More details will follow as we know who will be in Washington DC for the update and available to join us.

Register Now: US Export Controls Workshop – “The ITAR ‘Virus’ Continues to EARvolve!” – Stratford-Upon-Avon, UK, 23-25 July 2018

[Our Aerospace, Defense & Government Services Group](#) is pleased to partner once again with [EGADD](#) and [Strategic Shipping Company Ltd](#) to host the upcoming workshops in the UK. Only a limited amount of seats remain available, so interested persons are encouraged to register soon. Continue reading [here](#) for additional details on topics to be discussed, format and benefits. We will hold an ITAR webinar on 19 June and an EAR webinar on 21 June in connection with this event.

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About Us

Our export controls and sanctions lawyers have the ability to provide advice 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 institutions in Europe, the US and other jurisdictions on export control and sanctions from a multijurisdictional perspective. Our 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, or email InternationalTradeCompliance@squirepb.com for assistance.

Resources to Strengthen Compliance

We encourage you to visit our blog, [The Trade Practitioner](#), where you will find additional updates and information 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](#), which covers the International Traffic in Arms Regulations (ITAR) and the US Department of Commerce “600 Series”.