

### EU

#### EU Extends Sanctions Enacted in Respect of the Situation in Ukraine

On 14 May, the Council of the EU decided to add five individuals to the list of sanctions persons considered as being responsible for actions that undermine or threaten the territorial integrity, sovereignty and independence of Ukraine. They have been subject to the freeze of all of their assets located in the EU or held in EU entities. ([Council Implementing Regulation \(EU\) 2018/705](#) and [Council Decision \(CFSP\) 2018/706](#))

#### EU Amends Sanctions Against North Korea

The Council of the EU decided, on 14 May, to amend its sanctions against North Korea. In practice, the scope of the application of the EU sanctions against North Korea remains the same. The EU decided, however, to change the grounds for sanctioning certain people, finding that they act on behalf of other sanctioned entities or assist in the evasion of EU sanctions. ([Council Implementing Regulation \(EU\) 2018/714](#) and [Council Decision \(CFSP\) 2018/715](#))

#### The European Commission Decides to Retaliate Against the US 232 Tariffs on Steel and Aluminium

The European Commission formally made a decision to retaliate against the US extra tariffs on steel and aluminium. First, the EU suspended its trade concessions towards the US. The EU considers that the US 232 measures on steel and aluminium give the EU a right to retaliate. Later, the European Commission [launched](#) the formal procedure to impose retaliatory tariffs as of July 1.

The EU will retaliate in two stages. In July, the EU will impose extra tariffs on some US goods. Different sets of US goods may also be covered by extra tariffs as of 23 March 2021 or after the final resolution of WTO Dispute Settlement Body on the US 232 measures. The EU retaliatory tariffs will range between 25% and 50%. ([Commission Implementing Regulation \(EU\) 2018/724](#))

#### The European Commission Undertakes Measures to Minimize Negative Effects of the US Sanctions Against Iran on EU Businesses

In response to the US withdrawal from the Joint Comprehensive Plan of Action (JCPOA), the EU started the process of amending [Council Regulation \(EC\) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom](#) ("the Blocking Regulation"). The European Commission adopted a new annex to the Blocking Regulation that significantly extends the list of US sanctions covered by the Blocking Regulation. The Blocking Regulation prohibits EU entities/individuals from complying with certain foreign laws that are applied extraterritorially, unless the European Commission issues an authorisation.

This new annex to the EU Blocking Regulation has not yet entered into force. It signifies that the European Commission decided on its final language and sent it to the European Parliament and the Council of the EU has two months to oppose to it (until 6 August). It is most likely that this amendment will enter into force after this two-month period.

### UK

#### The Sanctions and Anti-Money Laundering Act Receives Royal Assent

On 23 May 2018, the [Sanctions and Anti-Money Laundering Act](#) (Act) was given Royal Assent by HM The Queen.

The immediate purpose of the Act is to ensure that sanctions imposed by the UK continue to mirror those imposed by international sanctions regimes during the process of the UK withdrawing its membership of the EU. Post-Brexit, the Act gives the UK government the power to impose sanctions where it considers it to be appropriate for a variety of purposes, including to prevent terrorism or for the purpose of compliance with UN or other international obligations.

#### Introduction of New Form for Reporting Suspected Financial Sanctions Breaches

The UK Office of Financial Sanctions Implementation has published a new reporting form to help organisations and individuals to comply with their obligations to report suspected breaches of financial sanctions.

The requirements legally require a report to be submitted, at the earliest opportunity, where there is knowledge or suspicion by a relevant institution, business or profession, that a breach of financial sanctions has occurred, that a person is a designated person, or that they are in possession of frozen assets.

The [new form](#) is available on the UK government website, which also provides further guidance on what information is required to be submitted when completing the form.

Individuals and companies are strongly encouraged to familiarise themselves and understand what reporting obligations apply to them, as well as the penalties for non-compliance, which can include a criminal prosecution or monetary penalty.

#### Four Amended Open General Export Licences Exclude Burma

In response to the EU's recent decision to extend and strengthen the sanctions regime on Burma, the UK Export Joint Control Unit has amended and republished five open general export licences (OGELs) to remove Burma as a permitted destination from Schedule 2.

The four OGELs in question are: [export after exhibition: dual-use items](#), [export after repair/replacement under warranty: dual-use items](#), [export for repair/replacement under warranty: dual-use items](#) and [low value shipments](#).

### US

#### President Trump Ceases US Participation in the JCPOA

On 8 May, President Trump announced his decision to cease US participation in the JCPOA. As a result, US nuclear-related sanctions that were lifted as part of the JCPOA sanctions relief will be re-imposed following a wind-down period. The Office of Foreign Assets Control (OFAC) has released [Frequently Asked Questions \(FAQs\)](#) related to the President's decision.

For more information, please see our update [President Trump Ends US Participation in the JCPOA](#).

## OFAC Issues Updated Ukraine-/Russia-related General Licenses

In May, OFAC issued updated Ukraine-/Russia-related General Licenses (GL) in connection with the 6 April 2018 additions to the OFAC List of Specially Designated Nationals and Blocked Persons of numerous Russian oligarchs and related entities. [GL 13B](#) was issued on 31 May 2018, and it replaces and supersedes GL 13A in its entirety. GL 13B extends the expiration date of the GL to 12:01 AM 5 August 2018. GL 13 authorises certain transactions necessary to divest or transfer debt, equity or other holdings in certain blocked persons. On 22 May, OFAC issued [GL 12C](#), which replaces and supersedes GL 12B in its entirety. GL 12 authorises certain activities necessary to the maintenance or wind down of operations or existing contracts involving a list of entities. This list includes AgroHolding Kuban; Basic Element Limited; B-Finance Ltd.; EN+ Group PLC; JSC EuroSibEnerg; GAZ Group; Gazprom Burenie, OOO; Ladoga Menedzhment, OOO; NPV Engineering Open Joint Stock Company; Renova Group; Russian Machines; United Company RUSAL PLC; and any other entity owned, directly or indirectly, 50% or more by one of these entities. Finally, on 22 May, OFAC issued [GL 15](#), which authorises US persons to engage in specified transactions related to winding down or maintaining business with GAZ Group and its subsidiaries until 23 October 2018. Along with the updated and new GLs, OFAC issued [FAQs](#) and revised [existing FAQs](#).

## Issuance of Venezuela-related Executive Order

On 21 May, President Trump issued [Executive Order 13835](#), Prohibiting Certain Additional Transactions With Respect to Venezuela. This Order prohibits US persons from dealing in 1) the purchase of any debt owed to the government of Venezuela; 2) any debt owed to the government of Venezuela that is pledged as collateral after 21 May; and 3) the sale, transfer, assignment or pledging as collateral by the government of Venezuela of any equity interest in any entity in which the government of Venezuela has a 50% or greater ownership interest.

## Kingpin Act Designations

On 7 May, OFAC [designated](#) Venezuelan national Pedro Luis Martin Olivares (Martin) as a significant foreign narcotics trafficker pursuant to the Foreign Narcotics Kingpin Designation Act. OFAC also designated two individuals, Walter Alexander Del Nogal Marquez and Mario Antonia Rodriguez Espinoza, for materially assisting in, or providing support, or providing goods or services in support of, the international narcotics trafficking activities of Martin. According to the Secretary of the Treasury, Steven T. Mnuchin, “[t]his action is in response to Martin’s extensive drug trafficking and money laundering activities. Systematic corruption and a collapse in the rule of law are defining features of Venezuela’s government.”

## BIS and DDTC Issue Companion Proposed Rules for Reforming Export Controls on Firearms and Ammunition

The Department of Commerce, Bureau of Industry and Security (BIS), has issued a proposed rule describing how articles the President determines no longer warrant control under United States Munitions List (USML) Category I – Firearms, Close Assault Weapons Combat Shotguns, Category II – Guns and Armament and Category III – Ammunition/Ordnance would be controlled on the Commerce Control List (CCL), under the Export Administration Regulations (EAR). The Department of State, Directorate of Defense Trade Controls (DDTC) simultaneously published a companion proposed rule that would revise Categories I, II and III of the USML to describe more precisely the articles that would remain on the USML.

The BIS proposed rule is published in the Federal Register at [83 Fed. Reg. 24166](#), while the DOS proposed rule is published in the Federal Register at [83 Fed. Reg. 24198](#). The agencies are accepting comments on the proposed rules until 9 July 2018.

## Upcoming Events

### 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. Continue reading [here](#) for additional details on topics to be discussed, format, benefits, provisional agenda and registration information.

## 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](mailto: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”.

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