

# US-EU Export Controls and Sanctions Alert: US Commerce Department Issues Temporary General License for Huawei Technologies Co., Ltd. and the 68 Huawei Companies Added to the Entity List May 2019

On May 22, 2019, the US Department of Commerce, Bureau of Industry and Security (BIS) [published](#) in the *Federal Register* a Final Rule creating a 90-day Temporary General License (TGL) for Huawei Technologies Co., Ltd. (Huawei) and the 68 affiliated Huawei entities (collectively, the “Huawei Listed Companies”) that were added to the Entity List following the Final Rule that BIS displayed on the “Public Inspection List” on May 16, 2019, where it announced that the Huawei Listed Companies were being added to the Entity List. (See [our previous publication](#) on adding Huawei to the Entity List.)

It is important to note that the TGL only authorizes certain enumerated transactions. The Huawei Listed Companies remain on the Entity List. All exports, reexports and transfers (in-country) are still prohibited, except for the enumerated transactions listed herein.

## TGL Effective Date

BIS intends that the TGL will apply as of May 20, 2019, the time that the unpublished notice was displayed “on the Public Inspection List” maintained by the Office of the Federal Register. The TGL will be effective through August 19, 2019.

## TGL Impact

The new TGL temporarily modifies the license requirements for those Huawei Listed Companies that have been added to the Entity List. The new Final Rule adds Supplement No. 7 to part 744 of the Export Administration Regulations (EAR) to create the TGL, thereby returning the licensing requirements for the Huawei Listed Companies to those licensing requirements that existed prior to May 16, 2019 for exports, reexports and transfers (in-country).

## TGL Conditions

The TGL specifically allows parties to engage in transactions for:

- **Continued operation of existing networks and equipment.** The continued operation of existing networks and equipment, including software updates, pursuant to contracts with the Huawei Listed Companies that were in effect on or before May 16, 2019.
  - **Support to existing handsets.** Support for Huawei handsets that were available to the public on or before May 16, 2019.
  - **Cybersecurity research and vulnerability disclosure.** Research regarding security vulnerabilities of existing and currently fully operational Huawei networks and equipment.
  - **Engagement as necessary for development of 5G standards by a duly recognized standards body.** Engagement with the Huawei Listed Companies as necessary for the development of 5G standards by a duly recognized international standards body (e.g., Institute of Electrical and Electronics Engineers; Internet Engineering Task Force; International Organization for Standards; etc.).
- Transactions that meet any of these four conditions will be eligible for the TGL, which includes the authority to export without a license (NLR) or to utilize any other license exception that would have been otherwise available on or before May 16, 2019.

## TGL Requirements

The TGL creates a recordkeeping requirement for those transactions that are eligible for the TGL. Prior to making an export, reexport or transferor (in-country) pursuant to this TGL, an exporter, reexporter or transfer must create a certification statement. In order to rely on the TGL, the certification statement must specify how the export, reexport or transfer (in-country) meets the scope of the TGL. The exporter, reexporter or transferor that drafted the statement is responsible for retaining the certification statement.

The business impact from the recent rulings related to Huawei will reverberate around the global telecommunications industry. To help you stay compliant with the latest rules and regulations, reach us at [InternationalTradeCompliance@squirepb.com](mailto:InternationalTradeCompliance@squirepb.com) for any export controls or technology transfer questions.

## 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.

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## 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, organizations 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.”