

US

AeroVironment, Inc. Settles Allegations of ITAR Violations

Without admitting or denying the allegations, AeroVironment, Inc. recently [settled](#) on allegations that it violated the International Traffic in Arms Regulations (ITAR). The allegations were in connection with unauthorized export of defense articles, including technical data, failure to properly maintain records involving ITAR-controlled transactions and violations of the provisos, terms and conditions of export authorizations.

State Department Updates the Cuba Restricted List

On November 15, 2019, the US Secretary of State [announced](#) the addition of five subsidiaries owned by the Cuban military to the Cuba Restricted List, which denotes entities with which direct financial transactions involving US persons are generally prohibited. The newly listed entities include Gran Hotel Bristol Kempinski, Grand Aston Varadero Resort, Grand Aston Cayo Las Brujas Beach Resort and Spa, Gran Muthu Imperial Hotel, and Gran Muthu Rainbow Hotel. The listings are effective as of November 19, 2019.

US Department of Commerce Extends Huawei Temporary General License

On November 18, 2019, the Bureau of Industry and Security (BIS) of the US Department of Commerce [announced](#) that it will extend the Temporary General License (TGL) for 90 days, authorizing specific, limited engagements in transactions involving the export, reexport, and transfer of items subject to the Export Administration Regulations (EAR) to Huawei and its non-US affiliates listed on the Entity List. The TGL authorizes certain activities, including those necessary for the continued operations of existing networks and equipment, as well as the support of existing mobile services, including cybersecurity research critical to maintaining the integrity and reliability of existing and fully operational networks. For a full description of the activities authorized under the TGL, please see our [previous alert](#). The extension pushes the date of expiration from November 18, 2019 to February 16, 2020. Those exports, reexports or in-country transfers of items subject to the EAR that are not authorized under the TGL will continue to require a license, which will be reviewed by BIS under a presumption of denial.

Huawei was added to the Entity List after the Department of Commerce concluded that the company is engaged in activities that are contrary to US national security or foreign policy interests, including alleged violations of the International Emergency Economic Powers Act (IEEPA), conspiracy to violate IEEPA by providing prohibited financial services to Iran and obstruction of justice in connection with the investigation of those alleged violations of US sanctions, among other illicit activities.

OFAC Amends Ukraine General Licenses

On November 1, 2019, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) [issued](#) amended Ukraine-related General License Nos. 13M and 15G. [General License No. 13M](#) authorizes certain transactions that are necessary to divest or transfer debt, equity, or other holdings in GAZ Group by a non-US person to another non-US person through March 31, 2020. It also authorizes all transactions necessary to divest or transfer debt, equity, or other holdings in entities in which GAZ Group owns, directly or indirectly, a 50% or greater interest, that were issued by GAZ Auto Plant, to a non-US person.

[General License No. 15G](#) authorizes certain activities necessary to the maintenance or wind down of operations or existing contracts with GAZ Group, or any other entity in which GAZ Group owns, directly or indirectly, a 50% or greater interest that were in effect prior to April 6, 2018. This General License also authorizes research and development regarding, and the related purchase, manufacture, and installation of, Electronic Stability Program systems and other advanced driver assistance systems consistent with applicable automotive safety regulatory requirements, in vehicles produced by GAZ Group, or research and development regarding components necessary to implement Euro 5/6 emissions standards in vehicles produced by GAZ Group or any other entity in which GAZ Group owns a 50%, or greater, interest. The General License authorizes these transactions through March 31, 2020.

OFAC Amends and Issues New Venezuela General License and Revokes Syria General License

On November 5, OFAC [issued](#) new and amended Venezuela-related General License Nos. 34A and 35, and it revoked Syria-related General License Nos. 2 and 3. Venezuela [General License 34A](#) authorizes all transactions and activities that were prohibited by Executive Order (EO) 13884 involving individuals who meet the definition of "government of Venezuela," including all transactions that involve property in which such individuals have an interest, provided that such individuals are one or more of the following: (1) US citizens; (2) permanent resident aliens of the US; (3) individuals who have a valid US immigrant or nonimmigrant visa, other than individuals in the US as part of Venezuela's mission to the United Nations; (4) former employees and contractors of the government of Venezuela; or (5) current employees and contractors of the government of Venezuela who provide health or education services in Venezuela, including at hospitals, schools and universities.

Venezuela [General License 35](#) authorizes US persons to pay taxes, fees and import duties to, and purchase or receive permits, licenses, registrations, certifications and public utility services from, the government of Venezuela, where such transactions are otherwise prohibited by EO 13884 and are otherwise necessary and ordinarily incident to such persons' day-to-day operations.

OFAC also revoked Syria-related General License Nos. 2 and 3. [General License No. 2](#) previously authorized through November 13, 2019, all transactions and activities that were prohibited by EO 13894 that were ordinarily incident and necessary to the wind down of operations, contracts, or other agreements involving the government of Turkey's Ministry of National Defence or the Ministry of Energy and Natural Resources, or any entity in which one or more of such ministries own, directly or indirectly, a 50% or greater interest, that were in effect prior to 12:01 EDT on October 14, 2019.

The now-revoked [General License No. 3](#) previously authorized all transactions and activities prohibited pursuant to Sections, 1, 2, and 3 of EO 13894 involving the government of Turkey's Ministry of National Defence or the Ministry of Energy and Natural Resources, or any entity in which one or more of such ministries own, directly or indirectly, a 50% or greater interest, that are for the official business of the United Nations, including its Programmes and Funds, and its Specialized Agencies and Related Organizations, including the following entities: World Bank; International Monetary Fund; UN Food and Agriculture Organization; UN Office for the Coordination of Humanitarian Affairs; UN Office of the United Nations High Commissioner for Human Rights; UN Habit; UN Development Program; UN Population Fund; Office of the UN High Commissioner for Refugees; UN Children's Fund; World Food Program; and the World Health Organization, including the Pan-American Health Organization.

OFAC Announces Settlement With Apollo Aviation Group, LLC

OFAC [announced](#) a US\$210,600 settlement with Apollo Aviation Group, LLC (Apollo). Apollo agreed to this settlement for its potential civil liability for 12 apparent violations of the Sudanese Sanctions Regulations (31 CFR part 538). Apollo is alleged to have violated the Sudanese Sanctions Regulations by leasing three aircraft engines to any entity in the UAE, which then subleased the engines to a Ukrainian airline, which subsequently installed the engines on an aircraft that was leased to Sudan Airways. At the time of the transactions, Sudan Airways was listed on OFAC's Specially Designated Nationals List (SDN).

OFAC Amends Venezuela Sanctions Regulations

On November 22, OFAC [published](#) updates to the Venezuela Sanctions Regulations (31 CFR Part 591) in the Federal Register. The updates include incorporating a general license into subpart E that authorizes the US government to engage in certain activities related to Venezuela. OFAC also added a new interpretative provision at § 591.407 to clarify that, notwithstanding the existence of any general license, the entry into a settlement agreement or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property blocked pursuant to § 591.201 is prohibited unless authorized pursuant to a specific license issued by OFAC.

EU

EU Issues Notices Concerning Restrictive Measures in Tunisia

On November 19, the European Council (the Council) published a notice concerning the treatment of information of data subjects to whom restrictive measures apply in Tunisia. The Council also published a notice confirming that it will renew the measures provided for in Decision 2011/72 and in Annex I to Regulation (EU) No. 101/2011.

EU Issues Notices Concerning Restrictive Measures in Venezuela

On November 12, the Council published a [notice](#) concerning the treatment of information of data subjects regarding restrictive measures in Venezuela and also a [notice](#) confirming that those persons mentioned in Annex I to Decision 2017/2074 should continue to be included in the list of persons subject to restrictive measures. In addition, on November 11, the Council also issued a [notice](#) making the electronic consolidated list of persons, groups and entities subject to restrictive measures and in the interactive sanctions map publicly available. The amendments also enable the processing of relevant data relating to criminal offences committed by listed natural persons, to criminal convictions of such persons or to security measures concerning such measures, to the extent processing is necessary for the preparation of the information concerned.

EU Publishes Regulation Concerning Restrictive Measures in Turkey

On November 11, the EU published a Regulation concerning restrictive measures in view of Turkey's unauthorized drilling activities in the Eastern Mediterranean. The decision adopted by the Council provides for the freezing of funds and economic resources of certain persons, entities or bodies responsible for activities that have not been authorized by the Republic of Cyprus.

EU Issues a Report to the European Parliament and Council on the Implementation of a Regulation Setting up a Community Regime for the Control of Exports, Transfer, Brokering and Transit of Dual-use Items

On November 4, the European Commission issued a [report](#) concerning the implementation of Regulation (EU) No. 428/2009. Prepared by the Commission, with the input of member states, the report provides information on the implementation of the regulation and export control data for 2017. Elements discussed in the report include the technical exchange of information, implementation issues, electronic exchanges of information between competent authorities, capacity building and EU dual-use trade items and destinations.

EU Publishes Regulation Amending Restrictive Measures Concerning ISIL and Al-Qaida

On November 8, the EU published a [notice](#) concerning the decision of the Sanctions Committee to delete one entry in the list of persons, groups and entities to whom the freezing of funds and economic resources should apply.

EU Moves Sanctions Responsibility Within the Commission

The European Commission recently [announced](#) that responsibility for sanctions will move from the office of EU High Representative to the Director General for Financial Stability, Financial Services and Capital Markets (FISMA).

UK

HMRC Fines UK Exporter More Than £80,000

HM Revenue and Customs (HMRC) has fined a UK company £82,152.33 in around April 2019 for illegal and unlicensed exports of military goods controlled by the Export Control Order 2008. No further details of the breach have been released.

OFSI Fines a Swedish Telecoms Company for Syria Sanctions Breaches

The Office of Financial Sanctions Implementation (OFSI), in its third penalty of the year in response to violations of the UK's sanctions regime, has fined the UK subsidiary of Swedish telecoms company Telia £146,341. The violations in question were specifically the Syria (EU Financial Sanctions) Regulations 2012, whereby Telia had "indirectly facilitated" international telephone calls to SyriaTel, an entity sanctioned under the Syria sanctions regime. The penalty followed an earlier penalty imposed in July 2019 of £300,000, which was reduced following a ministerial review.

UK Government Publishes Guidance on Chemical Weapons Sanctions

In preparation for the eventuality of the UK leaving the EU without a deal, which was scheduled for October 31, 2019, but has now been delayed further, on October 22, 2019, the UK government published a [guidance](#) to accompany the Chemical Weapons (Sanctions) (EU Exit) Regulations 2019.

The guidance, provided by the Secretary of State for Foreign and Commonwealth Affairs, is designed to assist in the implementation of, and compliance with, the regulations, as well as provide best practice for complying with the prohibitions and requirements, enforcing these in circumstances where they do not apply.

The UK government has advised that the guidance should be read alongside more detailed sanctions guidance published by the OFSI.

OFSI Publishes 2018 – 2019 Annual Review

OFSI has released its [Annual Review](#), which examines key areas of work, including:

- Financial sanctions regimes implemented
- Additions to the consolidated list
- 2018 frozen asset review
- Licenses and amendments issued
- Reported financial sanctions breaches

During the last year, OFSI was granted increased funding, enabling the establishment of two new teams covering growing priority areas: (1) managing legal risk and (2) improving the effectiveness of financial sanctions.

Brexit remains a key issue for OFSI, with the development of both statutory and non-statutory guidance to assist preparations.

OFSI Updates Financial Sanctions

The OFSI, part of the HM Treasury, working toward ensuring that financial sanctions are properly implemented and enforced in the UK, has updated a number of financial sanctions that are currently in force. The recent updates are for financial sanctions in the following regions and industries: [Iran \(nuclear proliferation\)](#), [Venezuela](#), [ISIL \(Da'esh\) and Al-Qaida organizations](#), and [Iraq](#).

The OFSI has also published [post-Brexit guidance on financial sanctions](#).

Contacts

Please feel free to contact one of the trade practitioners listed below with any question, or you can reach our broader team at InternationalTradeCompliance@squirepb.com.

[Subscribe](#) to *The Trade Practitioner* blog for updates and alerts on topics including export controls, sanctions, investment security and tariffs, among others, and access our database of publicly known Committee on Foreign Investment in the United States (CFIUS) filings.

US

George Grammas

Partner, Washington DC/London
T +1 202 626 6234
T +44 20 7655 1301
E george.grammas@squirepb.com

Daniel Waltz

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

Christopher Skinner

Principal, Washington DC
T +1 202 626 6226
E christopher.skinner@squirepb.com

Karen Harbaugh

Partner, Washington DC
T +1 202 457 6485
E karen.harbaugh@squirepb.com

EU

Robert MacLean

Partner, Brussels
T +32 2 627 7619
E robert.macleans@squirepb.com

José María Viñals

Partner, Brussels/Madrid
T +32 2 627 1111
T +34 91 426 4840
E josemaria.vinals@squirepb.com

Simon Lucas

Senior Associate, Leeds
T +44 113 284 7208
E simon.lucas@squirepb.com

Wojciech Maciejewski

Associate, Brussels
T +32 2 627 7612
E wojciech.maciejewski@squirepb.com

International Trade Practice co-leaders: partners Frank Samolis and George Grammas (Washington DC)

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.

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.”

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.

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