US extends EAR enhanced favourable treatment to the UAE:

Country group reclassification, conditional licence exception eligibility and the advanced-computing carve-out

14 July 2026

On 10 July 2026, the US Bureau of Industry and Security (BIS) issued a final rule amending the Export Administration Regulations (EAR). The rule removes the United Arab Emirates (UAE) from country groups D:3 and D:4, and adds it to Country Group A:5, the group that receives the most favourable licence-exception treatment the EAR offers.[1]

Press coverage has described the rule as making controlled military goods, satellites and advanced computing hardware licence-free for the UAE. The new rule for the UAE widens access to licence exceptions for controlled items rather than removing licensing requirements, as often reported. These exceptions require BIS approval of the recipient by name, while the Commerce Control List (CCL) obligations remain fully in place.

Background

Before this rule, the UAE held a mixed position under the EAR. Country Group B opened up a range of licence exceptions for low-sensitivity and limited-value shipments, subject to conditions. Its parallel listing in country groups D:3 (i.e. chemical and biological (CB)) and D:4 (i.e. missile technology (MT)) offset that permissive stance. Most of the exceptions that would otherwise have applied fell away for items controlled for CB or MT reasons. Licence exception "Temporary Imports, Exports, Reexports, and Transfers" (TMP) is the clearest illustration. To use BIS own example, prior to the update, an exporter could not use licence exception TMP to send an MT-controlled unmanned aerial vehicle to a UAE trade fair for display. The same pattern held across the others, with licence exceptions "Governments" (GOV) and "Additional Permissive Reexports" (APR) generally unavailable for items destined to the UAE, while licence exceptions "Unrestricted Technology and Software" (TSU) and "Aircraft, Vessels and Spacecraft" (AVS) restricted for MT-controlled items.[2]

The D:4 listing also triggered the missile-related end-use controls in § 744.3, together with the restrictions on what US persons could do to support missile programmes under § 744.6.

The BIS reclassification rests on a record that it has been building ever since 2024. It points first to the designation of the UAE as a major defence partner in September of that year, and to the framework agreement on military interoperability that followed. It points next to the US–UAE Artificial Intelligence Cooperation framework of May 2025, and to the UAE's role in advancing US interests in Operation Epic Fury. Finally, it points to what it calls the UAE's regional leadership in running a strategic trade control system. Each of these is the agency's own account of why it has acted, and this alert reports them as such.[3]

The Rule

While removing D:4 status enables support for UAE drone programmes, the removal does not affect CCL-based requirements.[4]

Licence exception "Authorized Cybersecurity Exports" (ACE) covers cybersecurity items, intrusion software, network surveillance tools and related technology. § 740.22(c)(2) of the EAR prohibits using licence exception ACE for government end users in any Country Group D country. The UAE has now left D:3 and D:4, so on the face of the amended country-group table, UAE government bodies become eligible recipients of cybersecurity items under licence exception ACE. BIS does not draw attention to this, and the rule's summary mentions only that "additional provisions" of ACE become available. Exporters of cybersecurity items should read § 740.22(c) against the amended table before relying on the exception.

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1. BIS, Enhanced Favorable Treatment for the United Arab Emirates under the Export Administration Regulations (Final Rule, RIN 0694-AK54, filed for public inspection 10 July 2026; publication 14 July 2026); Bureau of Industry and Security, Department of Commerce Eases Export Controls for UAE (10 July 2026).

2. This licence exception authorises exports and reexports for international nuclear safeguards; US government agencies or personnel; agencies of cooperating governments; international inspections under the Chemical Weapons Convention; and the International Space

3. Enhanced Favorable Treatment for the UAE, *supra* No. 1; 15 CFR §§ 740.3, 740.4, 740.6, 740.9, 740.11, 740.13, 740.15, 740.16, 740.22, 744.3, 744.6. *cf*, Congressional Research Service, The United Arab Emirates (UAE): Issues for U.S. Policy (RS21852).

4. Enhanced Favorable Treatment for the UAE, *supra* No. 1; 15 CFR §§ 744.3(a)(1), 744.3(a)(3), 744.6(b)(2), 740.22(c)(2), Supp. No. 1 to Pt 740.

The UAE's unique A:5 designation sits oddly because the country belongs to none of the four traditional international export control regimes. To bridge this gap, the final rule adds Supplement No. 8 to Part 740 of the EAR and replaces long-standing BIS policy of state-level trust of most A:5 countries with a strict US government vetting process for specific parties within the UAE, transforming compliance into a high-level national security action. Similarly, removing the UAE from the D:4 MT group reflects a shift toward a bilateral, risk-based relationship rather than reliance on multilateral agreements. This entire framework that changes the UAE's status under the EAR is strictly administrative, meaning the US can quickly revise it at any time.[5]

Advanced computing is where the gap between the policy announcement and the legal instrument is widest. Since 13 May 2025, BIS has ceased enforcing the worldwide licence requirements for advanced computing items classified under export control classification numbers (ECCNs) 3A090.a, 4A090.a, and related ".z" paragraph items that were introduced under the AI Diffusion Rule.[6] Instead, BIS has stated that it only enforces this licence requirement "to destinations in Country Groups D:1, D:4, or D:5 (excluding those also specified in Country Groups A:5 or A:6), and to entities headquartered in or with an ultimate parent headquartered in Country Group D:5 or Macau, wherever located".[7]

The accompanying supplementary language published with the final rule, however, makes clear that these licence requirements continue to apply to the UAE, despite its removal from Country Group D:4. Specifically, the final rule amends § 742.6(a)(6)(iii)(B) to name the UAE expressly and retain the licence requirement for ECCNs 3A090.b, 4A090.b, and related ".z" paragraph items to or within the UAE, except when the ultimate consignee and all end users are "approved entities" in the UAE that are listed in newly created Supplement No. 8 to Part 740. BIS has explained that these same stipulations will also apply to advanced computing items.

The result is that BIS has moved the UAE out of Country Group D:4 and into A:5, while preserving, by express reference, the same licence requirement that applied to its previous D:4 status. As of the filing date, only three categories of recipients may receive licence-free advanced computing items. The first is generally any UAE government agency, including the Ministry of Defence and armed forces. The second is two UAE artificial intelligence companies, Group 42 Holding Ltd (G42) and Core42, whose approval lapses automatically 270 days after filing unless they become US companies. The third is eight named US-headquartered artificial intelligence companies, together with their UAE subsidiaries.

The result is an additional layer of compliance for exporters that requires a keen understanding of the limited nature of the UAE's newfound status. For example, an exporter seeking to rely on licence exception "Strategic Trade Authorization" (STA) for a shipment to the UAE must satisfy both the standard STA requirements, including recordkeeping and licence exception acknowledgements, and also confirm that the ultimate consignee and every UAE end user is expressly identified in Supplement No. 8. Because only the three categories of approved recipients discussed may qualify for this treatment, and notably, the authorisation for G42 and Core42 with respect to advance computing items does not extend to license exception STA, exports involving any other UAE end user remain subject to the EAR's licensing requirements wherever a licence would otherwise be required.[8]

Outlook

The rule's practical effect will turn less on the country-group change than on the administrative machinery attached to it. Five points bear on how operators should proceed.

- **The new approved-entity list matters more than the A:5 status**
  - A UAE counterparty that is not listed gains nothing from the reclassification. Approval requires an advisory opinion under § 748.3(c). The supplement allows the secretary of commerce thirty days to consider the request in consultation with the secretary of state and the assistant to the president for national security affairs, and an additional five days to notify the applicant of the determination result.
- **The exception removes the licence application, but not the due diligence obligation**s
  - BIS expects roughly 50 fewer applications a year. Under licence exception STA, the exporter must confirm that the ultimate consignee and every end user is listed with an approval of the right scope, meet the conditions in § 740.20, keep records, and file in the Automated Export System (AES).
- **Broad approved list**
  - Licence exception STA covers items controlled for national security (NS), CB, nuclear nonproliferation (NP), regional stability (RS), crime control (CC) and significant item (SI) reasons, including deemed exports to UAE approved nationals.
- **The G42 and Core42 approvals lapse after 270 days**
  - Both expire unless the companies become US companies, a term the rule does not define. The eight US-headquartered companies approved at paragraph (c) carry no equivalent sunset.

5. Enhanced Favorable Treatment for the UAE, *supra* No. 1; 15 CFR §§ 740.2(a)(26), 740.20(c)(1), 742.6(a)(6)(iii)(A)-(B), 748.3(c), 748.5(e)-(f), supps. No. 1 and 8 to Pt 740.

6. BIS, US Department of Commerce, Department of Commerce Announces Rescission of Biden-Era Artificial Intelligence Diffusion Rule, Strengthens Chip-Related Export Controls (Press Release, 13 May 2025).

7. Enhanced Favorable Treatment for the UAE, *supra* No. 1.

8. Enhanced Favorable Treatment for the UAE, *supra* No. 1; 15 CFR §§ 740.2(a)(26), 740.20, Pt 744, Supp. No. 8 to Pt 740; Export Control Reform Act of 2018, 50 U.S.C. § 4821; 5 U.S.C. § 553.

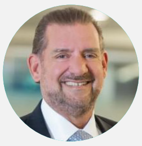
- **The conditioned-A:5 model may recur**
  - The new rule extends Country Group A:5 treatment to a state outside the multilateral regimes while retaining an entity-level check. Nothing in the rule indicates whether BIS intends to apply it elsewhere.

Taken together, these points describe a regime in which the assurance underlying a transaction is bilateral and administrative rather than multilateral. It rests on determinations BIS has made about named entities, and those determinations are revisable on the same basis on which they were made.

How can we help?

Our International Trade & Foreign Investment Practice advises exporters, financial institutions and sovereign clients across our US, UK and EU offices. We can help you assess whether your UAE counterparties fall within the approved-entity list, and prepare advisory-opinion requests under § 748.3(c) where they do not. We can review your licence-exception eligibility, together with the recordkeeping and AES filings that licence exception STA requires. For exporters of cybersecurity items, we can advise on what the D-group removal means for eligibility under licence exception ACE. And for operators whose supply chains cross jurisdictions, we can align your US, UK and EU licensing positions so that a transaction authorised in one place is not caught in another

Contacts



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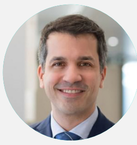

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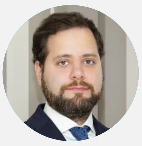

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