

EU

EU Extends Restrictive Measures Adopted in Respect of “Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine”

On 10 March 2016, the EU renewed economic sanctions against 146 Russian individuals and 37 entities selected for “undermining the territorial integrity or stability of Ukraine.” The [measures](#), previously due to expire on 15 March 2016, will now remain in place for an additional six months until 15 September 2016. They were implemented by way of adoption of [Implementing Regulation 2016/353](#) amending [Regulation 269/2014](#) and [Decision 2016/359](#) amending Decision 2014/145/CFSP.

EU Extends Egypt Sanctions

The EU has extended its targeted sanctions relating to Egypt for another year. The restrictive [measures](#), now in place until 22 March 2017, impose asset freezes on 19 individuals subject to judicial proceedings in Egypt for their involvement in the misappropriation of state funds.

The EU Reviewed its Current Sanctions Against Zimbabwe

Following the annual review of the EU's sanctions against Zimbabwe, restrictive measures against 78 individuals and eight entities for whom sanctions had previously been suspended, have now been lifted. The EU Council renewed the remaining sanctions for an additional year; these will now remain in place until 20 February 2017. The [measures](#) include an asset freeze and travel ban on President Robert Mugabe, First Lady Grace Mugabe and against one entity, Zimbabwe Defence Industries. The measures against five government officials remains suspended but are subject to periodic review.

EU Powers Sent Letter to UNSC over Iranian Missile Launches

The UK, along with France, Germany and the US have criticised Iran for its recent missiles tests. In a joint letter to Spain's UN ambassador and UN chief Ban Ki-moon, the group of countries accused Iran of defying a UN Security Council resolution by launching nuclear-capable missiles. The tests have reignited discussions over EU and US sanctions. The situation remains on-going.

UK to Increase Sanction Enforcement Powers and Launch New Office of Financial Sanctions Implementation (OFSI)

In a bid to bring the UK in line with the US Treasury Department's Office of Foreign Assets Control (OFAC), the UK government has proposed a significant increase in the effectiveness of sanction enforcement powers. Legislation was put before parliament in February in the form of the Policing and Crime Bill. The [new legislation](#) would increase the available prison sentences for the majority of sanctions violations from six to 12 months for summary convictions, and from two to seven years for conviction on indictment. The Treasury would also receive new powers to levy civil fines on those guilty of sanctions breaches. See here for more details on [OFSI's](#) mandates.

UK Export Control Organisation (ECO) Amends the Open General Export Licence: International Non-Proliferation Regime Decontrols: Dual-Use Items

The [changes](#) include the revision of the goods schedule to reflect, amongst other things, goods due to be decontrolled following regime meetings in 2015 and changes to the EU Dual-Use List in December 2015. Russia and Syria have now been added to the excluded destinations list and some terms and conditions have also been modified.

Dependent on whether goods have been newly listed or if they were listed in previous versions of the licence and are now decontrolled, exporters will need to either register for or surrender up a licence.

US

OFAC Further Eases Cuba Sanctions Before President's Visit

In the weeks preceding President Obama's historic visit to Cuba, the US Treasury Department's OFAC announced [new measures](#) to further ease economic sanctions against the country. Like other sanctions relief measures implementing the President's shift in policy toward Cuba, these recent measures are directed to further support the Cuban people. Among other things, they expand to individual travellers the Cuba travel authorization for people-to-people exchanges, broaden the scope of authorized financial transactions involving Cuba, and authorize new categories for US businesses to establish operations in Cuba. In connection with the rulemaking OFAC published new and updated [Frequently Asked Questions](#) and a [Fact Sheet](#) summarizing the changes.

DDTC and BIS Issue Proposed Rules to Reform USML Category XII and Related Controls of Fire Control, Laser, Imaging, and Guidance and Control Equipment

The US State Department's Directorate of Defense Trade Controls (DDTC) and Commerce Departments' Bureau of Industry and Security (BIS) have issued companion proposed rules to reform Category XII of the US Munitions List (USML). Under the proposed rules ([State Rule](#); [BIS Rule](#)), certain fire control, laser, imaging, and guidance and control equipment that were previously controlled as defence articles in Category XII of the USML would transition to control under the Export Administration Regulations, administered by BIS. DDTC's proposed rule would also revise ITAR Categories VIII, XIII, and XV to reflect that certain items now described in those categories will be in the revised category XII. In addition, the BIS rule would expand the scope of control, eliminate the use of some license exceptions, and create new ECCNs for certain items subject to the EAR that provide night vision or thermal imaging capability.

Worldwide

New Sanctions Against North Korea

South Korea, the EU and US imposed or strengthened sanctions against North Korea in March. South Korea's sanctions include an asset freeze on, and a restriction on business dealings with, 38 individuals and 24 entities in North Korea alleged to be responsible for the development of weapons of mass destruction. Further sanctions were imposed against two individuals and six entities outside of North Korea who are thought to have offered indirect support. The EU introduced [new sanctions](#) levied by the UN (see our last [update](#)) and has now added 16 individuals and 12 entities targeted in the UN's sanctions to its own sanctions listing, as result of North Korea's nuclear testing and long-range rocket launch earlier this year. The US strengthened its sanctions via [Executive Order \(EO\) 13722](#) and now blocks (i.e. freezes) all property of the Government of North Korea or the Workers' Party of Korea that is under US jurisdiction or in the possession or control of a US person. The EO further authorizes the Treasury Department to designate other parties for blocking, including those that are found to operate in key sectors of North Korea's economy, to have been responsible for the exportation of workers from North Korea, and those found to have engaged in other acts supporting human rights abuses in North Korea. EO 13722 further prohibits US persons from engaging in the exportation and reexportation of goods, services (including financial services), or technology to North Korea, and new investment in North Korea.

Enforcement Actions

OFAC Announces Two Settlement Agreements and One Finding of Violation Concerning Various Parties

OFAC announced two separate settlement agreements for alleged violations of the Cuban Assets Control Regulations: (1) a US\$614,250 [settlement agreement](#) with CGG Services S.A. and its affiliated companies, and (2) a US\$304,706 [settlement agreement](#) with Halliburton Atlantic Limited and Halliburton Overseas Limited. OFAC also issued a [Finding of Violation](#) to MasterCard International Incorporated for violations of the Reporting, Procedures and Penalties Regulations.

BIS Targeted Large Chinese Telecommunications Company, Then Loosened Restrictions

On 8 March 2016, the BIS added Zhongxing Telecommunications Equipment Corporation (ZTE Corporation), ZTE Kangxun Telecommunications Ltd. (ZTE Kangxun), and two other affiliates to the Entity List (see [announcement](#)). However, due to unspecified commitments made by ZTE Corporation and ZTE Kangxun to the US, BIS eased the restrictions imposed against the two entities – but not the affiliates simultaneously designated – through a temporary general license effective March 24, 2016.

Events

Chicago, Illinois, USA – American Conference Institute (ACI) is hosting an EAR Boot Camp from 23-24 May 2016 and Chris Skinner will be presenting on a panel on how to navigate CCL classification. Visit the [ACI website](#) for additional information.

Stratford-Upon-Avon, UK – Repeating past successful efforts, we once again join EGADD UK and Strategic Shipping, Ltd. to organize the US Export Controls Workshop: The ITAR “Virus” EARvoves! from 18–20 July 2016. George Grammas will give the key note address and lead workshop discussions. Visit EGADD’s [website](#) for additional details.

About Our Team

Our Export Controls & Sanctions team is built on the ability to advise 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 intuitions in Europe, the US and other jurisdictions on export control and sanctions from a multijurisdictional perspective. Our Export Controls & Sanctions team is part of our overall International Trade practice, providing a “one-stop” 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 question relating to sanctions, please contact a member of our EU or US Sanctions team listed herein. You can also email InternationalTradeCompliance@squirepb.com for assistance.

Resources to Strengthen Compliance

We encourage you to visit the [Trade Practitioner Blog](#) where you will find more updates 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 covering the International Traffic in Arms Regulations (ITAR)* and the US Department of Commerce “600 Series”.

Download a copy of the handbook [here](#).

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