

## EU

### EU Extends Its Sanctions Against Syria

The sanctions, which are in place until 1 June 2017, include an oil embargo, restrictions on certain investments, freeze of assets of a number of individuals and entities in the EU, export restrictions on equipment and technology that might be used for internal repression and for monitoring or interception of internet or telephone communications. [Decision 2016/850](#) amends [Decision 2013/255/CFSP](#).

### EU Renews Its Sanctions Against Crimea and Sevastopol

The Council [extended](#) the restrictive measures in response to the illegal annexation of Crimea and Sevastopol by Russia until 23 June 2017. The sanctions measure target imports of products from Crimea or Sevastopol, investing in or providing tourism services in Crimea or Sevastopol, exporting certain goods and technologies to Crimean companies, or providing technical assistance to Crimea in the transport, telecommunications and energy sectors.

### EU Renews Its Sectoral Sanctions Against Russia

The EU has [renewed](#) its economic sanctions against Russia for a further six months until 31 January 2017. These sanctions, which were due to expire on 31 July 2016, include restrictions on Russia's energy industry and financial sector, as well as restrictions on dual-use exports and arms embargo. A comprehensive review of the sanctions, including an assessment of the Minsk Agreements, is due to take place in the EU in December 2016.

### EU Lifts Its Sanctions Against Liberia

The EU arms embargo on Liberia has been lifted, marking the end of its Liberian sanctions regime. This decision implements the UN Security Council's unanimous vote to lift the sanctions against Liberia, which took place on 25 May 2016. In October 2015, the UN and the EU had lifted their asset freezes and travel bans targeted at Liberia. [Regulation \(EU\) 2016/983](#) repeals [Regulation \(EC\) 234/2004](#) and [Decision \(CFSP\) 2016/994](#) repeals [Common Position 2008/109/CFSP](#).

### EU Lifts UN Security Council Sanctions Against Côte d'Ivoire

The EU Council repealed its restrictive measures against Côte d'Ivoire on 10 June 2016. The adoption of [Security Council Regulation 2283](#) on 28 April 2016, which terminates with immediate effect all UN sanctions against Côte d'Ivoire, has led to the Council lifting the entirety of the Union's own additional restrictive measures against the country. [Regulation 2016/907](#) repeals [Regulation 174/2005](#) and [Regulation 560/2005](#), and [Decision \(CFSP\) 2016/917](#) repeals [Decision 2010/656/CFSP](#).

### EU Launches Legal Action Against Export Restrictions on Chinese Raw Materials

Following successful legal actions in 2012 and 2014, the EU has initiated a [third legal challenge](#) to restrictions on Chinese exports of key metals and minerals, including graphite, cobalt, copper, lead, chromium, magnesia, talcum, tantalum, tin, antimony and indium. Currently, China imposes a set of export restrictions, including export duties and export quotas which

restrict access to these products for companies outside China. EU trade officials have claimed that these restrictions have distorted the market and favoured the Chinese industry at the expense of EU companies and consumers. Formal consultations between the EU and China will take place over 60 days. If there is no satisfactory solution, the EU can request the WTO to set up a panel to rule on the compatibility of China's measures with WTO rules.

### New EU Trade Rules for Torture Goods

The European Permanent Representatives Committee (COREPER) has approved [amendments](#) with regard to EU rules that govern the sale and export of goods that can be used for capital punishment or torture. The proposed amendments to [Regulation 1236/2005](#) include:

- A prohibition on the brokering of equipment, which is subject to a ban and listed in Annex II, to cover transfers of goods which are not located in the EU
- The introduction of a prior authorisation regime for brokering services and technical assistance for Annex III and IIIA goods
- A prohibition on the transit of goods listed in Annex II, and any of the goods listed in Annex III or IIIA, if the transporter knows that the goods will be used for torture or capital punishment
- A prohibition on the advertisement and promotion at exhibitions and trade fairs of goods listed in Annex II
- The establishment of a coordination group, which serves as a platform for Member States and the Commission to exchange information on administrative practices

The amendments are scheduled to be approved by the European Parliament in September 2016, and will then be submitted to the Council for adoption.

### Federica Mogherini Issues Statement on Next Steps for EU Sanctions on Iran

A year after the conclusion of the Joint Comprehensive Plan of Action (JCPOA) with Iran, Federica Mogherini, the EU's High Representative for Foreign Affairs and Security Policy, issued a [statement](#) on the progress to date and the next steps for EU sanctions on Iran. The EU is set to continue to actively support the full and effective implementation of the JCPOA throughout the lifetime of the agreement. Mogherini also reiterated that the EU's sanctions-related commitments under the JCPOA had been fulfilled. Clarity regarding the lifting of the sanctions is paramount in order to allow a full reengagement of European banks and businesses with Iran. In this respect, Mogherini noted that the EU has published guidance, including a [comprehensive note](#), on the sanctions which have been lifted.

### EU Eliminates Customs Duties on IT Equipment

On 1 July 2016, the EU [extended](#) duty-free treatment to new IT products covered by the Information Technology Agreement (ITA). EU citizens will enjoy cheaper IT goods and the EU industry will pay less for components allowing it to lower production costs and retain production in the EU.

## UK

### UK Government Launches Export Control Joint Unit (ECJU)

As an integral part of the UK government's 2015 Strategic Defence and Security Review, the [Export Control Joint Unit](#) began operating on 18 July. The ECJU brings together staff and resources from the Export Control organisation, the Foreign and Commonwealth Office and the Ministry of Defence to promote global security through strategic export controls and facilitate responsible exports. The UK's export licensing process, including the issuance of MOD Form 680 for approval to release classified information and equipment to foreign entities, will remain unchanged. Exporters are advised to continue using the SPIRE online export licensing system. On the other hand, the decision to grant or refuse an export licence in any individual case has become the responsibility of the Secretary of State of the newly formed Department for International Trade headed Secretary of State Liam Fox.

### Export Control Organisation (ECO) Amends Two Open General Export Licences (OGELs)

The UK's ECO has updated two of its OGELs: the [Military Goods: Collaborative Project Typhon licence](#) and the [International Non-Proliferation Regime Decontrols: Dual-Use Items licence](#). The former licence has been updated to add Kuwait to the list of authorised destinations for the export of military goods for the maintenance of Typhoon aircraft. The latter licence has been updated to remove rating code 2B006.b.1.c. from the register of items allowed for export. The [rating code](#) includes particular types of laser-based measuring systems.

### ECO Amends Maritime Antipiracy Open General Trade Control Licence (OGTCL)

This OGTCL has been amended to reflect developments and changes in the maritime antipiracy sector. This licence provides, subject to certain conditions, export licensing coverage for maritime antipiracy services that transit through "high risk areas". The licence enables those who have registered to use it, to supply, deliver or transfer any of the controlled goods listed in [Schedule 1](#) between any two overseas territories, which are not listed in [Schedule 2](#).

## US

### Administration Imposes Economic Sanctions Against North Korean Regime

On 6 July 2016, the US Treasury Department's Office of Foreign Assets Control (OFAC) added Kim Jong Un and 10 high-ranking officials of the North Korean government, and five North Korean entities, to the agency's List of Specially Designated Nationals and Blocked Persons. The [action](#) follows the recent release of the US State Department's "Report on Serious Human Rights Abuses or Censorship in North Korea", which describes human rights abuses by each designated party. As a result of the designations, all property of a designated party that is under US jurisdiction is frozen and US persons are generally prohibited from transactions involving those parties or their property or property interests. The list of designated North Korean parties is available on the [OFAC website](#).

### Civil Monetary Penalties for Sanctions and Export Control Violations Set to Increase

Under the authority of the Federal Civil Penalties Inflation Adjustment Act of 1990 (the Act), as amended, OFAC is adjusting for inflation the maximum amount of the civil monetary penalties that may be assessed under its relevant regulations. For instance, for penalties assessed under the authority of the International Emergency Economic Powers Act (IEEPA), penalties will increase to the greater of US\$284,582 or twice the amount of

the underlying transaction per violation. Importantly, the new civil monetary penalty amounts will only be applicable to civil monetary penalties assessed after 1 August 2016, where the associated violations occurred after 2 November 2015.

The Act applies also to penalty provisions of the Arms Export Control Act (AECA) (22 U.S.C. 2751 et seq.), which authorises the International Traffic in Arms Regulations (ITAR). Effective 1 August 2016, civil monetary penalties now capped at US\$500,000 per violation of the controls on the temporary import and export of defence articles and defence services will increase to US\$1,094,010 per ITAR violation.

### Export Control Reform Continues Through Changes to Key Terms

In June, the US Commerce Department's Bureau of Industry and Security (BIS) and the State Department's Directorate of Defense Trade Controls (DDTC) published companion rules to harmonize the definitions of key terms in the Export Administration Regulations (EAR) and the ITAR, respectively. The terms affected by the rulemaking include such fundamental concepts in export controls as "export", "reexport", "release", "transfer" and "technical data". BIS issued its [final rule](#) on 3 June 2016, but will continue to consider public comments on a rolling basis. DDTC has issued a [proposed rule](#); the final rule is pending publication. Both rules become effective as of 1 September 2016.

## Worldwide

### Russia to Lift Sanctions on Turkey

Russian Prime Minister Dmitry Medvedev has [announced](#) that Russia is set to remove on a gradual basis its economic sanctions against Turkey. The sanctions are to be lifted "gradually" to prevent any harm against Russian producers. Russia's sanctions on Turkey restrict the import of certain Turkish goods, including fruit and vegetables, and tourism to Turkey.

### Russia Renews Embargo on Food Imports

Russia has [renewed](#) its embargo on food imports from several of the countries that have imposed sanctions on Russia, until 31 December 2017. The countries include Member States of the EU, the US, Canada, Australia, Norway, Albania, Montenegro, Iceland, Liechtenstein and Ukraine. Russia first introduced the embargo in 2014 as a counter-measure to sanctions imposed by western governments in protest to Russia's annexation of Crimea. Foods covered by the ban include beef, chicken, pig meat, dairy, fish and shellfish products, nuts, fruits and vegetables, but excludes certain supplements, baby and children's foods and certain vegetables for planting.

### China Bans Export of more Dual-Use Goods to North Korea

China has banned the export of 40 items to North Korea that could be used to develop nuclear arms and other weapons of mass destruction. The [list](#) of banned products and materials, which adds to a much longer Chinese list of prohibited goods released in 2013, includes metal hydrides and high-strength aluminium alloys, as well as laser-welding and plasma-cutting equipment. China's Ministry of Commerce has also banned the export of a dozen chemicals that could be used in the production of "chemical warfare agents."

## Enforcement Actions, Announcements

### OFAC Announced Settlement Agreements with Two Companies for Iran and Sudan Sanctions Violations

OFAC announced settlement agreements with two different companies. First, HyperBranch Medical Technology, Inc. agreed to a US\$107,691.30 settlement for apparent violations of the Iranian Transactions and Sanctions Regulations. Second, Alcon Laboratories, Inc., Alcon Pharmaceuticals Ltd. and Alcon Management, SA, Settle Potential Civil Liability agreed to a US\$7.6 million settlement for apparent violations of the Iranian Transactions and Sanctions Regulations and the Sudanese Sanctions Regulations.

## Individual Sentenced for Smuggling Electronics to Russia in Violation of US Export Controls

The US Department of Justice announced the sentencing of Alexander Brazhnikov Jr. to 70 months in prison in connection with the shipment of controlled electronic components that were ultimately supplied to Russian military and security forces in violation of US export control laws. Brazhnikov Jr. also agreed to a forfeiture money judgment of US\$65 million.

## Upcoming Event

### American Metal Market (AMM) North American Ferroalloys Conference – Chicago, Illinois – 19-21 September 2016

Fellow Trade Practitioner Peter Koenig will discuss trade policymaking, antidumping and countervailing duty issues at the North American Ferroalloys Conference, a new event sponsored by AMM that aims to convene the entire steel supply chain, provide opportunities for networking and facilitate vital business connections in the industry. See our [Trade Practitioner Blog](#) for additional details.

### Counsel Connect Autumn Seminar Series - A Dog's Brexit - multiple locations in the United Kingdom - October 2016

Trade practitioners from our European offices will provide a series of Brexit updates complemented by more general up-to-date, topical advice, to help interested parties make informed decisions to formulate the best business protection strategies. See event dates, locations and registration information on the [Trade Practitioner Blog](#).

## 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 institutions 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@sqirepb.com](mailto:InternationalTradeCompliance@sqirepb.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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