

### EU

#### EU Renews Its Sanctions Against Burma/Myanmar

The EU Council has extended its sanctions targeting Burma/Myanmar by one year until 30 April 2018. The sanctions include an arms embargo and an embargo on equipment, which might be used for internal repression. [Decision \(CFSP\) 2017/734](#) amends [Decision 2013/184/CFSP](#).

#### EU Extends Its Human Rights Restrictive Measures Against Iran

On 11 April 2017, the EU Council renewed the restrictive measures against Iran until 13 April 2018. Currently, the restrictive measures include a travel ban and asset freeze on 82 people and one entity, in addition to a ban on exports to Iran of equipment, which might be used for internal repression or monitoring telecommunications. [Implementing Regulation 2017/685](#) implements [Regulation 359/2011](#), and [Decision 2017/689](#) amends [Decision 2011/235/CFSP](#).

#### EU Expands Its Sanctions Against North Korea

As a result of North Korea's manifest violations of UN resolutions, in addition to the threat it poses to international peace and security, on 6 April, the EU Council expanded its nuclear-proliferation sanctions on North Korea. The EU's new restrictive measures further expand the ban on EU investment in and with North Korea to the conventional arms-related industry, metallurgy and aerospace sectors, and ban the provision of certain services to entities and citizens inside North Korea. [Regulation 2017/658](#) amends [Regulation 329/2007](#), and Decisions [2017/666](#) and [2017/667](#) amend [Decision 2016/849](#).

#### European Commission Updates Combined Nomenclature and Dual-Use Classification Correlation Table

The EU Commission has updated the Combined Nomenclature (CN) and Dual-Use (DU) Correlation table. The revision contains changes to the EU Dual-Use export control list, which came into force in November 2016 in line with the decision taken within the framework of the international non-proliferation regimes and export control arrangements back in 2015. The update also includes revisions of the CN customs codes in line with the Common Customs Tariff 2017. The [March 2017 CN-DU correlation table](#) is available online.

### UK

#### UK Government Launches Public Consultation on the Future Legal Framework for Imposing and Implementation Sanctions Post-Brexit

On 21 April, the UK government launched a [public consultation](#) on its proposals for domestic sanctions legislation. The consultation sets out the UK government's thinking on the overarching legal powers the UK will need to impose its own domestic sanctions once the UK leaves the EU. The consultation is scheduled to run for nine weeks and will close on 23 June 2017.

Consultation responses should be sent to the Foreign and Commonwealth Office at the address specified in the consultation paper.

#### UK Export Control Organisation (ECO) Revokes Six Open General Export Licences (OGELs)

On 5 April 2017, the ECO revoked the following OGELs, including:

- Exports of military goods, software and technology ([new OGEL for Military Goods, Software and Technology](#))
- Exports under the US-UK Defence Trade Co-operation treaty ([new OGEL for Exports under the US-UK Defence Trade Cooperation Treaty](#))
- Exports of military goods, software or technology to a government or NATO organisation ([new OGEL for Military Goods, Software and Technology: Government or NATO end use](#))
- Exports of military components ([new OGEL for Military Components](#))
- Exports of military goods used in the A400M collaborative programme ([new OGEL for Military Goods: A400M Collaborative Programme](#))
- Exports of military goods (PCBs and components for military goods) ([new OGEL PCBs and Components for military goods](#))

#### Office of Financial Sanctions Implementation (OFSI) Publishes New Guidance on the New UK Financial Sanctions Regime

Following the coming into force of Part 8 of the Policing and Crime Act 2017, which introduces new monetary penalties for breaches of financial sanctions, OFSI has published guidance on the new regime, including:

- [Guidance on monetary penalties for breaches of financial sanctions](#)
- [A response to OFSI's consultation on the process for imposing monetary penalties for breaches of financial sanctions](#)
- [An updated financial sanctions guidance](#)

As mentioned in our [March 2017 update](#), for breaches of UK, EU and UN financial sanctions, the maximum penalty is £1 million or 50% of the estimated value of the funds or economic resources, whichever is greater. The Policing and Crime Act 2017 also increases the maximum criminal penalty for breaches of financial sanctions from two to seven years imprisonment. Our recent publication on the [Policing and Crime Act 2017](#) contains an in-depth analysis of the changes to the UK's financial regime.

## **UK Scheduled to Publish Bill on Post-Brexit Sanctions Collaboration With the EU**

In a [parliamentary debate on Eastern Ukraine](#), UK Foreign Secretary Boris Johnson announced that the UK will be introducing a bill "on how we will continue to take part in sanctions jointly with our friends and partners across the channel". Boris Johnson also stated that the UK "already leads the way in imposing sanctions on the Russians for their actions in Ukraine, and we continue to insist on those".

## **House of Commons Publishes Report on Sanctions Against Russia and Brexit**

The House of Commons Foreign Affairs Committee published a [report](#) on the UK's relations with Russia, which examines sanctions on Russia. The report highlights that "recent developments in both the EU and the US have put the future of the sanctions regime in doubt". It goes on to add that "as the UK is among the strongest supporters of the sanctions regime inside the EU, its withdrawal from the EU might add weight to the voices of those inside the bloc, who would like to see the sanctions eased or lifted".

Moreover, the report states, "if the UK is determined to maintain a principled stance in relation to the sanctions on Russia, this may require uncomfortable conversations with close allies. The withdrawal of the existing sanctions should be linked to Russian compliance with its obligations toward Ukraine, and should not be offered in exchange for Russian cooperation in other areas. This approach would avoid ceding moral and legal legitimacy to Russia and departing from UK values and standards. The challenge in this approach is that the practical effect of economic sanctions on Russian decision-making is doubtful. It looks as though it will be increasingly difficult to sustain a united western position on sanctions, not least if they become a bargaining point during Brexit negotiations. The UK faces the possibility of becoming an isolated actor supporting a policy towards Russia that is failing. This could lead to further damage to Britain's long-term ability to influence Russia."

The report indicates that the Foreign Affairs Committee has called on the Foreign & Commonwealth Office to clarify how the UK would impose sanctions post-Brexit by March 2018. Readers should take note that the UK government is expected to introduce a bill on post-Brexit sanctions policy in the near future.

## **SFO Opens Probe into KBR, Inc.**

Due to the UK Serious Fraud Office's (SFO) ongoing investigation into Unaoil, in a [press release](#) dated 28 April 2017, the SFO confirms, "it has opened an investigation into the activities of KBR, Inc's United Kingdom subsidiaries, their officers, employees and agents for suspected offences of bribery and corruption". KBR, Inc. is a US-based engineering, procurement and construction company, which is publically traded on the New York Stock Exchange.

## **US**

### **OFAC Sanctions Staff of the Syrian Scientific Studies and Research Center**

On 24 April 2017, the US Treasury Department's Office of Foreign Assets Control (OFAC) designated 271 persons working in the Syrian Scientific Studies and Research Center to be added to the agency's Specially Designated Nationals (SDN) and Blocked Persons List. In its [press release](#) announcing the action, OFAC attributed the Syrian Scientific Studies and Research Center with developing and producing the country's non-conventional weapons and delivery systems. The action is meant to respond to the Assad regime's 4 April 2017 sarin attack in Khan Sheikhoun, Syria. It is one of the agency's largest such single actions taken to date, more than doubling the number of Syrian's on the OFAC SDN List. As a result, any property or interests in property of the designated persons held or under the control of US persons or in the US is blocked, and US persons are generally prohibited from dealing with the designated persons.

### **OFAC Declines to Issue Waivers for Prohibited Russian Oil Operations**

In a single sentence [press release](#) published to the OFAC website on 21 April 2017, Treasury Secretary Steven T. Mnuchin announced that OFAC "will not be issuing waivers to U.S. companies, including Exxon, authorizing drilling prohibited by current Russian sanctions". The announcement reinforces current US sanctions against Russia, which generally prohibit US persons from providing goods, services or technology in support of certain oil exploration or production activities in the Russian Federation and that involve designated parties or their property.

### **BIS Modifies Entity List Designation**

Effective 18 April 2017, the US Commerce Department, Bureau of Industry and Security (BIS) has revised the Entity List entry for Russia's Federal Security Service (*Federalnaya Sluzhba Bezopasnosti* or FSB) to conform to the OFAC general license adopted on 2 February 2017, General License No. 1. That general license authorises transactions otherwise prohibited under Executive Orders that are ordinarily incident to requesting, receiving, utilising, paying for or dealing in licenses, permits, certifications or notifications issued or registered by the FSB for the importation, distribution or use of information technology products in the Russian Federation. Conditions for use of the general license include that any exportation, re-exportation or provision of any goods or technology that are subject to the Export Administration Regulations (EAR) be licensed by BIS or otherwise authorised under the EAR. BIS has thus adopted conforming changes to FSB's Entity List entry to modify the licensing requirements to specify that they do not apply to items subject to the EAR that are related to transactions authorised by OFAC pursuant to General License No. 1.

## Enforcement Actions

### Chinese National Enters Guilty Plea for Violating US Export Controls

On 21 April 2017, the US Department of Justice [announced](#) that Fuyi Sun pled guilty to violating the International Emergency Economic Powers Act, the law underlying US export controls. Specifically, Sun admitted to attempting to export to China high-grade carbon fiber – an item with aerospace and defense applications – without the required license.

## Event

### US Export Controls Workshop: “The ITAR ‘Virus’ EARvolves!” – Stratford-Upon-Avon, UK, 12-14 June 2017

Our Aerospace, Defense & Government Services Industry Group will once again co-host the three-day ITAR workshop sessions with EGADD and Strategic Shipping Company Ltd. This year marks the 10th anniversary of this conference. Please visit our blog, [The Trade Practitioner](#), for workshop descriptions and registration information.

## About Us

Our export controls and sanctions team has 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@sqirepb.com](mailto:InternationalTradeCompliance@sqirepb.com) for assistance.

### 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, organisations 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”.

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