

EU

EU Extends Economic Sanctions Against Russia by Six Months

On 28 June 2017, the European Council extended the economic sanctions targeting specific sectors of the Russian economy until 31 January 2018. These sanctions were originally introduced on 31 July 2014 in response to Russia's actions destabilising the situation in Ukraine and to target the financial, energy and defence sectors, as well as dual-use goods. The EU has expressed that the sanctions against Russia should continue until Russia fully complies with the Minsk agreements. [Council Decision 2017/1148](#) amends [Council Decision 2014/512/CFSP](#).

EU Updates Listings of Individuals and Entities on Its Sanctions Against Iran

On 23 June 2017, the Council updated the listing information for 14 entities and 23 individuals who are listed on the EU's anti-nuclear proliferation sanctions against Iran. [Council Implementing Regulation \(EU\) 2017/1124](#) implements [Council Regulation 267/2012](#) and [Council Implementing Decision \(CFSP\) 2017/1127](#) implements [Council Decision 2010/413/CFSP](#).

EU Renews Its Sanctions Against Guinea-Bissau

The EU has [announced](#) that it has reviewed the list of persons and entities designated on its sanctions against Guinea-Bissau and decided that the restrictive measures should continue to apply to them. The sanctions target people seeking to prevent the restoration of the constitutional order or taking action that undermines stability in the Republic of Guinea-Bissau, and in particular those who played a leading role in the coup d'état of 12 April 2012, and those who aim to undermine the rule of law and curtail the primacy of civilian power.

EU Renews Its Sanctions Against Crimea and Sevastopol

On 19 June 2017, the Council extended its territorial sanctions against Crimea and Sevastopol until 23 June 2018. Under these sanctions, EU members are prohibited to import into the EU goods originating in Crimea or Sevastopol, with the exception of goods originating in Crimea or Sevastopol that have been granted a certificate of origin by the Government of Ukraine. In addition, it is prohibited to provide, directly or indirectly, financing or financial assistance, as well as insurance or reinsurance, related to the import of goods originating in Crimea or Sevastopol. [Council Decision \(CFSP\) 2017/1087](#) amends [Council Decision 2014/386/CFSP](#).

EU Council Agrees to Develop Sanctions Framework to Address Cyber Attacks

Following a Council [press release](#) from 19 June 2017, it has been revealed that the Council has agreed to develop a framework for a joint EU diplomatic response to malicious cyber activities, referred to as the "cyber diplomacy toolbox".

Of note, the press release states that "the EU is concerned by the increased ability and willingness of state and non-state actors to pursue their objectives through malicious cyber activities", and further adding that "states should not knowingly allow their territory to be used for internationally wrongful acts using Information and Communication technologies (ICT)".

Entry Into Force of Additional Requirements for Licenced Trade With Iran

Additional requirements with regard to the provision of information about end-use and end-use locations that must be complied with in order to receive authorisation for the supply, sale, transfer or use of certain nuclear-related goods to, from or in Iran have been introduced by the EU. [Council Regulation \(EU\) 2017/964](#) amends [Council Regulation \(EU\) 267/2012](#) and [Council Decision \(CFSP\) 2017/974](#) amends [Council Decision 2010/413/CFSP](#).

UK

High Court Rules That UK Arms Sales to Saudi Arabia Are Lawful

On 10 July 2017, the High Court ruled that the export of UK arms and weapons to Saudi Arabia is lawful. The claimant, Campaign Against the Arms Trade (CAAT), had challenged the government's continued granting of licences for UK arms sales to Saudi Arabia, claiming that the UK was in breach of international humanitarian law. The court held that the closed material, which has not been made public for national security reasons, "provides valuable additional support for the conclusion that the decisions made by the Secretary of State not to suspend or cancel arms sales to Saudi Arabia were rational". Whilst the UK government has stated that defence exports would continue to be reviewed, the CAAT has already expressed that an appeal against the High Court's ruling was planned. The High Court's judgment is available [here](#), and the Court press summary is available [here](#).

HMRC Publishes Advisory Notice on Money Laundering and Terrorist Financing Controls in Overseas Jurisdictions

On 23 June 2017, the Financial Action Task Force (FATF) published information identifying jurisdictions with deficiencies in their antimoney laundering and counter-terrorist financing regimes. In response to this published information by the FATF, in its [advisory notice](#), HM Treasury advises firms to consider North Korea and Iran as high-risk jurisdictions for the purposes of the Money Laundering Regulations 2007, and to apply enhanced due diligence measures in accordance with the risks. In addition, firms are advised to take appropriate actions with regard to Bosnia and Herzegovina, Ethiopia, Iraq, Syria, Uganda, Vanuatu and Yemen in order to minimise the associated risks, which may include enhanced due diligence measures in high-risk situations.

UK Publishes Responses to Its Sanctions Consultation

As a result of a freedom of information request, HM Treasury has published responses it received to its consultation on “[t]he process for imposing monetary penalties for breaches of financial sanctions”. See [here](#) for public responses, and [here](#) for HM Treasury’s own consultation response.

Queen’s Speech Signals the Arrival of a UK International Sanctions Bill

On 21 June 2017, the Queen’s [Speech](#) included the International Sanctions Bill as part of the new Brexit-related draft legislation, which is designed to “support our role as a permanent member of the UN Security Council and a leading player on the world stage, by establishing a new sovereign UK framework to implement international sanctions on a multilateral or unilateral basis. The Bill will return decision-making powers on non-UN sanctions to the UK, and enable the UK’s continued compliance with international law after the UK’s exit from the EU”. The UK government has issued a [public consultation](#) concerning the content of this new sanctions bill.

US

Trump Administration Announces New Policy on Cuban Embargo

In a [National Security Presidential Memorandum](#) issued 16 June 2017, the Trump Administration outlined modest changes to US Cuba policy and forthcoming revisions to economic sanctions regulations implementing the Cuba embargo. According to the memorandum, the shift is intended to “promote a stable, prosperous, and free country for the Cuban People,” by, among other things, redirecting US funds to private enterprise in Cuba and the Cuban people and away from the Cuban government.

The memorandum calls on the Secretaries of State, Treasury, Commerce and Transportation to, within 30 days, begin to reform Cuba sanction regulations. Among other things, the memorandum directs the Secretary of State to publish a list of entities that are under Cuban government control and to prohibit certain transactions by US individuals and companies with those entities. The list is to include entities related to the Cuban military, intelligence or security services, such as the Cuban conglomerate Grupo de Administracion Empresarial S.A. (GAESA) and its affiliates, subsidiaries and successors. Direct transactions by US companies with a listed entity will be prohibited if not initiated prior to the issuance of forthcoming Office of Foreign Assets Control (OFAC) regulations. The memorandum further directs the Secretary of the Treasury to strengthen restrictions on tourism in Cuba by ending individual people-to-people travel to the island, enhancing enforcement of requirements for Cuba travel under existing General Licenses, and conducting regular audits of Cuba travel.

US Commerce and Treasury Departments Add to Lists of Sanctioned Entities Under Russia-/Ukraine-Related Programmes

In June 2017, OFAC and the US Commerce Department’s Bureau of Industry and Security (BIS) imposed coordinated sanctions against two entities from the Crimea Region of Ukraine and eight entities from Russia. OFAC added each entity to the OFAC List of Specially Designated Nationals (SDN List) and Block Persons under the executive orders implemented in 2014 in response to Russia’s takeover of the Crimea Region of Ukraine. For its part, BIS added each entity to the Entity List, thereby imposing a licence requirement for transactions involving one of the entities and any item subject to the Export Administration Regulations (EAR). Those exports are now subject to a licence review policy of presumption of denial and are ineligible for licence exceptions. The list of designated parties and additional information about the designations are available on the [OFAC website](#) and [BIS website](#).

US Treasury Department Proposes Financial Sanctions Against Chinese Bank to Address North Korea Concerns

On 29 June 2017, the US Treasury’s Financial Crimes Enforcement Network (FinCEN) announced a [proposed rule](#) that would designate China’s Bank of Dandong to be a foreign financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act. The measure responds to findings that the bank used the US financial system to facilitate millions of dollars of transactions for companies involved in North Korea’s nuclear and ballistic missile programmes. If implemented, the proposed rule will require US banks to block access to the US financial system by the Bank of Dandong directly and indirectly through other non-US banks. In conjunction with the measure, OFAC added two Chinese nationals and one Chinese shipping company to the OFAC SDN List which were found to have been involved in North Korea transactions.

Worldwide

UN Adopts New Sanctions Against North Korean Officials and Entities

On 2 June 2017, the UN Security Council adopted [new sanctions](#) targeting 18 North Korean officials and entities as a result of North Korea’s recent ballistic missile tests. Under these sanctions, entities and people are subject to an asset freeze and travel ban in all UN countries. The EU’s implementing measures are [Commission Regulation 2017/970](#), which amends [Council Regulation 329/2007](#) and [Council Decision 2017/975](#), which implements [Council Decision 2016/849](#).

Enforcement Action

OFAC Announces Settlement Agreements With American Honda Finance Corporation and American International Group, Inc.

On 8 June 2017, OFAC [announced](#) a settlement agreement with American Honda Finance Corporation (AHFC), a California company, under which AHFC agreed to pay US\$87,255 to settle apparent violations of Cuba sanctions. Separately, on 26 June 2017, OFAC [announced](#) a settlement agreement with American International Group, Inc. (AIG), a Delaware company headquartered in New York, under which AIG agreed to pay US\$148,698 to settle apparent violations of sanctions related to Iran, Sudan, Cuba and weapons of mass destruction.

About Us

Our Export Controls & 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@squirepb.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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