

## Summer 2017 (July/August/September)

### EU

#### Entry Into Force of Additional Requirements for Licensed 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](#).

#### Sanctions on Russia Expanded Over Allegations of Diverted Turbines

On 4 August 2017, the EU Council designated six new companies and individuals to the list of persons subject to restrictive measures regarding actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. These are laid out in [Implementing Regulation \(EU\) 2017/1417](#) and [Council Decision \(CFSP\) 2017/1418](#). The designations were made in response to allegations dating back to July of this year that a Russian state-owned entity, Technopromexport, illegally diverted four Siemens gas power plant turbines to Sevastopol.

#### Further Sanctions Imposed on Libya by EU and UN

At the beginning of August, the EU introduced measures to implement United Nations Security Council (UNSC) resolutions targeting Libya's oil sector. The measures give effect to the UNSC's expansion of sanctions relating to illegal oil exports from Libya, so that now they cover vessels loading, transporting or discharging petroleum, which includes crude oil and refined petroleum, to be exported from Libya. See: [Council Regulation \(EU\) 2017/1419](#) of 4 August 2017, and [Commission Implementing Regulation \(EU\) 2017/1423](#) of 4 August 2017.

#### EU Transposes UN Sanctions on North Korea

On 15 September 2015, [Regulation \(EU\) 2017/1548](#) and [Decision \(CFSP\) 2017/1562](#) were published in the Official Journal of the European Union. They strengthen the EU's restrictive measures against North Korea by transposing the sanctions brought in by UN Security Council Resolution 2371(2017). The Council is also due to transpose the more recent UN Security Council Resolution of 11 September 2017, namely [Resolution 2375](#). See our "Worldwide" section for more details of these UN resolutions.

### UK

#### New Sanctions Introduced Criminalising Failure to Report Offences

On 8 August, the [European Union Financial Sanctions \(Amendment of Information Provisions\) Regulations 2017](#) came into force. For certain UK businesses and professions, it is now a criminal offence to fail to report to the Office of Financial Sanctions Implementation if they "know or have reasonable cause to suspect that a person has committed an offence under the relevant [financial sanctions] regulations or is a person who is the subject of an asset freeze."

### US

#### US Enacts New Economic Sanctions Against Iran, Russia, North Korea and Syria

On 2 August 2017, President Trump signed into law the countering America's Adversaries Through Sanctions Act (CAATSA) after Congress passed H.R. 3364, expanding US sanctions targeting Iran, Russia, North Korea and Syria. Among other things, the law tightens US sanctions and authorises the imposition of additional sanctions targeting Iran, Russia, North Korea and, to a lesser extent, Syria. You can read our [summary of the CAATSA and its implications](#) on our website. Even though signed into law, President Trump expressed his concerns about CAATSA in a [White House press release](#).

#### Trump Administration Extends Review Period and Suspension of Sudan Sanctions Program

By Executive Order dated 11 July 2017 ([EO 13804](#)), the Trump Administration has extended the review period set by Executive Order 13761, of 13 January 2017, for the Secretary of State to report on whether or not Sudan has continued measures to ease hostilities in the country and cooperation with the US. EO 13804 extends the review period by three months, from 12 July 2017 to 12 October 2017. The EO does not, however, alter the suspension of the sanctions initiated under EO 13761 through the comprehensive General License authorising transactions prohibited by the Sudanese Sanctions Regulations. (Our January 2017 publication looks at the [Obama administration's lifting of the Sudan embargo](#).) In addition, EO 13804 revokes the requirement in EO 13761 for annual reports on whether or not the government of Sudan has sustained the positive actions that gave rise to the suspension of sanctions.

## BIS Amends the EAR to Reflect Changes to the MTCR Annex

The US Commerce Department's Bureau of Industry and Security (BIS) has updated the Commerce Control List and related provision of the Export Administration Regulations (EAR) to implement changes to the Missile Technology Control Regime (MTCR) Annex that were agreed to by MTCR member countries at the 2016 Plenary meetings. The [rule](#) announcing the changes, which became effective as of 7 July 2017, revised 13 Export Control Classification Numbers (ECCNs), and added new ECCN 9B104 to control certain aerothermodynamic test facilities usable for rockets, missiles or unmanned aerial vehicles. The rule also makes clarifying revisions to the definitions of "missiles" and "unmanned aerial vehicles" in §772.1 of the EAR (and conforming changes throughout the EAR), although those revisions reflected existing US interpretation and did not alter the scope of controls.

## BIS Publishes EAR Encryption Updates

On 15 August 2017, BIS published the [Wassenaar Arrangement 2016 Plenary Agreements Implementation](#) into the Federal Register. The BIS Encryption and EAR webpage provides quick reference guides, updated flow charts and a summary of the changes that were made to Category 5, Part 2 of the Commerce Control List. For example, the update has removed Note 4 and replaced it with positive text in 5A002.a, which specifies the items subject to control. Further, the exclusion in Note 4 for entertainment, mass commercial broadcasts, digital rights management or medical records management has been moved to Technical Note 1. A full list of the updates to EAR encryption is available on the [BIS Encryption and EAR webpage](#).

## Trump Administration Imposes Additional Venezuelan Sanctions

On 26 July 2017, pursuant to EO 13692, the US Treasury Department's Office of Foreign Assets Control (OFAC) [sanctioned 13 current or former senior officials of the Venezuelan government](#) for undermining democracy in the country. The sanctions came ahead of the 30 July 2017 election in Venezuela, which the Treasury Department described as "orchestrated by Venezuelan President Nicolas Maduro of a National Constituent Assembly (Asamblea Nacional Constituyente, or ANC) that will have the power to rewrite the Venezuelan constitution and may choose to dissolve Venezuelan state institutions."

Following the 30 July election, the Treasury Department announced the addition of President Maduro to OFAC's list of Specially Designated Nationals (SDN List), also pursuant to EO 13692. In announcing the new sanctions against President Maduro, [Secretary of the Treasury Mnuchin said](#): "By sanctioning Maduro, the United States makes clear our opposition to the policies of his regime and our support for the people of Venezuela who strive to return their country to a full and prosperous democracy."

On 24 August, the Trump Administration expanded existing sanctions on the government of Venezuela and state-owned oil company Petroleos de Venezuela, S.A. (PdVSA). President Trump signed an [executive order](#) containing five substantive prohibitions on certain financial instruments to the extent that they involve PdVSA or the Venezuelan government.

## OFAC Sanctions Parties From Singapore, China and Russia for Aiding North Korea

On 23 August, the US Department of the Treasury Office of Foreign Assets Control (OFAC) imposed sanctions on [individuals](#) from China, Russia and Singapore alleged to have supported North Korea's nuclear and ballistic missiles programmes. Further information is contained in the [official OFAC press release](#).

## Worldwide

### Turkey Removes Longstanding Export Restrictions on Copper and Aluminum Scrap

On 11 July 2017, in response to continuous efforts by the EU Commission, member states and European industry in the context of the EU Market Access Partnership, Turkey lifted longstanding export restrictions on copper and aluminum scrap, which are important raw materials for the steel industry. Restrictions on copper exports from Turkey have been in place since 2006, when Turkey introduced registration requirements, followed in 2010 by a stringent licencing regime. In April 2011, these measures were extended to include aluminium scrap. The EU Market Flash Notice can be found [here](#).

### UN Approves Further Sanctions Against North Korea

On 5 August 2017, the UN Security Council unanimously approved [Resolution 2371 \(2017\)](#) strengthening sanctions on North Korea, so that North Korea shall not supply, sell or transfer coal, iron, iron ore, seafood, lead and lead ore to other countries. The resolution also named nine individuals and four entities to be subject to an already established travel ban and asset freeze. As well as requesting that INTERPOL issue special notices to designated individuals.

On 11 September 2017, the UN Security Council [unanimously approved](#) further sanctions on North Korea in response to North Korea's recent nuclear tests. The sanctions strengthen some of the measures introduced by Resolution 2371 and limit oil exports, ban the country's textile imports and access to gas liquids, and promote cargo ship inspections.

## Enforcement Actions

### ExxonMobil Corporation to Pay US\$2 Million Penalty for Sanctions Violations From Russia Energy Contracts

On 20 July 2017, OFAC [announced](#) a US\$2 million civil monetary penalty against ExxonMobil Corporation for violations of the Ukraine-Related Sanctions Regulations. The action stems from contracts with Russian energy firm Rosneft OAO. That entity is listed on OFAC Sectoral Sanctions Information (SSI) List and subject to Directives 2 and 4; however, ExxonMobil Corporation was not alleged to have violated the Directive. Rather, OFAC claimed that ExxonMobil Corporation engaged in prohibited transactions with Rosneft OAO's President and specially designated national, Igor Sechin, by entering into contracts for oil and gas projects in Russia signed by Sechin.

## 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](mailto: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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