

EU

EU Extends Its Sanctions to New Persons and Entities in Certain Third Countries

In June, the EU decided to extend its sanctions to certain entities and persons in the following countries: [Iran](#), [Libya](#), [Myanmar/Burma](#), [North Korea](#) and [Venezuela](#). Further, the European Commission added new persons to and amended some entries related to sanctions directed against the ISIL (Da'esh) and Al-Qaida organisations ([Commission Implementing Regulation \(EU\) 2018/816](#) and [Commission Implementing Regulation \(EU\) 2018/888](#)).

EU Asks the Trump Administration to Waive the Application of US Secondary Sanctions Against Iran for EU Business

On 4 June, the ministries of France, Germany, the UK and Federica Mogherini (High Representative of the European Union for Foreign Affairs) sent [a letter](#) to Steven Mnuchin (US Secretary of the Treasury) and Mike Pompeo (US Secretary of State). They requested that the US grant exemption from its sanctions against Iran:

- For all EU companies that engaged in Iran after the Joint Comprehensive Plan of Action (JCPOA) implementation day, 16 January 2016
- For automotive, civil aviation and infrastructure sectors
- For financial operations with the Central Bank of Iran and Iranian banks not sanctioned by the EU
- For winding-up periods for companies that choose to withdraw from Iran
- Prolongation of the General License H, allowing subsidiaries of US companies to continue their business in Iran

The US administration has not yet officially replied to this request.

EU Removes Restrictions on the Central Bank of Iraq

On 15 June, following the decision of the Sanctions Committee of the United Nations Security Council, the European Commission removed the Central Bank of Iraq from the list of entities subject to the freezing of funds and economic resources ([Commission Implementing Regulation \(EU\) 2018/875](#)).

Germany Establishes the Iran Contact Point

The German Federal Ministry for Economic Affairs and Energy has set up the [Iran Contact Point](#) to assist German businesses with queries about doing business with Iran. The EU intends to limit the negative impact of the US secondary sanctions against Iran that will follow the withdrawal of the US from the JCPOA. The Economic Affairs Ministry will answer any questions from companies about further opportunities and risks related to their presence in Iran.

EU Discusses UK Sanctions Policy After Brexit

On 15 June, the EU Council Working Party on Brexit (Article 50) published [slides](#) discussing the convergence of UK and EU foreign policies, including economic sanctions, after Brexit. The Council Working Party confirms that there is a strong commitment to cooperate in the field of foreign, security and defence policy between the EU and the UK. The convergence of sanctions policies is the designed outcome of the future EU and UK relationship.

EU Extends Sanctions Related to Crimea and Sevastopol

The Council of the EU decided, on 18 June, to prolong the application of the EU sanctions in response to the illegal annexation of Crimea and Sevastopol until 23 June 2019 ([Council Decision \(CFSP\) 2018/880](#)).

UK

ECJU Reintroduces Control List Classification Advisory Service

The export control joint unit (ECJU) has reintroduced the control list classification advisory service with effect from 25 June 2018. The service has been suspended since 2014 for operational reasons.

The advisory service enables exporters to seek advice from the ECJU on the assessment of the classification of goods and technology against the UK strategic export control lists without making a formal licence application.

The advisory service is available through the SPIRE online processing system. In order to manage demand and to provide an efficient service, exporters are asked to limit each enquiry to a maximum of four items. Exporters are also asked to attempt to self-assess goods and technology before submitting an enquiry where possible.

Use of the control list classification advisory service does not absolve exporters from their legal obligations under the UK's export control legislation and is not a substitute for making a licence application where necessary.

UK Updates Argentina Export Control Policy

Following an improvement in political relations between the UK and Argentina following the election of President Macri in December 2015, the UK government has decided to lift additional restrictions that had been imposed on exports to Argentina in 2012.

Until recently, it had been the UK government's policy not to grant an export licence for any military or dual-use goods and technology supplied to military end-users in Argentina, except in exceptional circumstances. The revised policy will be to continue to refuse licences for export and trade of goods judged to enhance Argentine military capabilities. However, where like-for-like equipment is no longer available, the UK may grant licences where it is judged that they are not detrimental to the UK's defence and security interests.

The House of Commons and House of Lords have issued [a statement](#) announcing the change in policy.

UK Strengthens Merger and Takeover Rules

On 11 June 2018, new rules came into force that strengthened the UK government's ability to scrutinise mergers and takeovers that may raise national security concerns.

The new regulations amend the threshold tests for businesses in the military, dual-use, computing hardware and quantum technology sectors that are most likely to have implications for matters of national security. Businesses that develop or produce goods on certain of the Strategic Export Control Lists will be covered by the amended thresholds.

The legislation amending the share of supply test and turnover threshold can be accessed [here](#) and the accompanying guidance [here](#).

US

OFAC Revokes Iran General Licenses Following US Withdrawal From JCPOA

On 27 June 2018, following the [announced](#) US withdrawal from the JCPOA with Iran, OFAC amended the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR) to revoke Iran-related [General Licenses I and H](#).

The amendments to the ITSR narrow the scope of those general licences to activities relating to winding down previously authorised transactions. Revoked [General License I](#) had previously authorised certain transactions related to the negotiation of, and entry into, contingent contracts under the *Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services*. The wind down of activities that were previously authorised under General License I are authorised through 4 November 2018. [General License H](#) (also revoked) authorised non-US subsidiaries of US companies to engage in certain Iran trade. Now authorised, through 4 November 2018, are only transactions incident and necessary to the wind down of transactions previously authorised under General License H.

OFAC issued updated [Frequently Asked Questions](#) related to the revocation of General License I and H and the amendment of the regulations.

OFAC Issues Ukraine-/Russia-related General License 16

On 4 June, OFAC [issued](#) Ukraine-/Russia-related [General License 16](#). The General License authorises US persons to engage in specified transactions related to winding down or maintaining business involving EN+ Group PLC, JSC EuroSibEnerg, or any entity in which EN+ Group PLC or JSC EuroSibEnerg owns, directly or indirectly, a 50% or greater interest, until 23 October 2018. US persons participating in transactions authorised by General License 16 are required, within 10 business days of the expiration of the licence, to file a comprehensive detailed report of each transaction. Additional information about the reporting requirement is provided in [General License 16](#).

OFAC Removes Sudanese Sanctions Regulations

Following the revocation of certain provisions of [Executive Order 13067](#) and the entirety of [Executive Order 13412](#), effective 12 October 2017, US persons were no longer prohibited from engaging in transactions that were previously prohibited solely under the Sudanese Sanctions Regulations. Therefore, effective 29 June 2018, OFAC [removed](#) the Sudanese Sanctions Regulations from the Code of Federal Regulations.

Importantly, however, the US continues to recognise Sudan as a state sponsor of terrorism. The US Commerce Department's Bureau of Industry and Security (BIS) therefore continues to require a licence for exports to Sudan of all items on the Commerce Control List and controlled for anti-terrorism reasons.

Enforcement Actions

BIS Reaches Superseding Agreement With ZTE

On 7 June, the Department of Commerce announced that Zhongxing Telecommunications Equipment Corporation, of Shenzhen, China and ZTE Kangxun Telecommunications Ltd. of Hi-New Shenzhen, China (collectively, ZTE) agreed to a superseding settlement agreement with BIS. According to the settlement agreement, once ZTE pays the US\$1 billion civil penalty and places US\$400 million into an escrow account in a BIS-approved US bank, BIS will terminate the 15 April 2018 denial order issued against ZTE and make an announcement that ZTE has been removed from the Denied Persons List. However, for now, ZTE remains on the Denied Persons List. BIS has released a copy of the [Superseding Settlement Agreement](#) and the [Superseding Order](#) and has published [Frequently Asked Questions](#).

OFAC Reaches Settlement With Ericsson

On 6 June 2018, OFAC [announced](#) a US\$145,893 [settlement agreement](#) with Ericsson, Inc. of Plano, Texas and Ericsson, AB of Stockholm, Sweden for their potential civil liability for an apparent violation of the Sudanese Sanctions Regulations (the Regulations) preceding the [General License Authorizing Transactions Involving Sudan](#) and the [removal](#) of the Regulations. The apparent violation involved employees of both entities conspiring together and with employees of a third company to export and re-export a satellite hub from the US to Sudan and to export and re-export satellite-related services from the US to Sudan in violation of the Regulations. OFAC determined that the entities voluntarily self-disclosed the apparent violation, and that the apparent violation constitutes an egregious case.

Upcoming Events

US Export Controls Workshop – “The ITAR ‘Virus’ Continues to EARvolve!” – Stratford-Upon-Avon, UK, 23-25 July 2018

[Our Aerospace, Defense & Government Services Group](#) is pleased to partner once again with [EGADD](#) and [Strategic Shipping Company Ltd](#) to host the upcoming workshops in the UK. You can read [additional details on the event](#), including topics to be discussed, format, benefits, provisional agenda and registration information, on [The Trade Practitioner](#).

About Us

Our export controls and sanctions lawyers have 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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