

US

US Department of Commerce Further Tightens Cuba Sanctions

On October 18, 2019, the Bureau of Industry and Security (BIS) of the US Department of Commerce [announced](#) that it will further restrict the Cuban regime's access to goods, including commercial aircraft. This action is in response to Cuba's domestic situation, as well as its support of the Maduro regime in Venezuela.

The expanded sanctions revoke the existing license for aircraft leases to Cuban state-owned airlines, amend the licensing policy with the establishment of a denial for leases of aircraft to Cuban state-owned airlines, and clarify that aircraft and vessels are not eligible for the License Exception Aircraft and Vessels (AVS) if they are leased to or chartered by a national of Cuba. Additionally, the sanctions establish a general 10% *de minimis* level of US-origin content for Cuba, revise License Exception Support for the Cuban People (SCP) to render the Cuban government and Communist Party ineligible for donations of items for use in scientific, archeological, cultural, ecological, educational, historic preservation or sporting activities, and remove authorization for promotional items that benefit the Cuban government. Finally, the revision clarifies the scope of telecommunication items, limited only to infrastructure to improve the freedom of information that the Cuban government is able to receive without a license.

US Department of Commerce Adds 28 Chinese Organizations to Its Entity List

In response to ongoing human rights violations, BIS [announced](#) that it would add 28 Chinese governmental and commercial organizations to the Entity List for engaging in or enabling activities contrary to the foreign policy interests of the US. This action targets those entities implicated in human rights violations and abuses in China's campaign targeting Uighurs and other predominantly Muslim ethnic minorities in the Xinjiang Uighur Autonomous Region (XUAR). The additions include the XUAR People's Government Public Security Bureau, 19 subordinate elements and eight commercial entities.

Office of Foreign Assets Control (OFAC) Issues Amended Venezuela-related General Licenses 8D and 13D

Recently, the Department of the Treasury's OFAC [issued](#) an amended General License 8D, "Authorizing Transactions Involving Petróleos de Venezuela, S.A. (PdVSA) Necessary for Maintenance of Operations for Certain Entities in Venezuela." General License 8D replaces General License No. 8C and authorizes transactions not related to the exportation of reexportation of diluents and not otherwise prohibited with PdVSA by Chevron Corporation, Halliburton, Schlumberger Limited, Baker Hughes, Weatherford International and their subsidiaries through January 22, 2020.

OFAC also [issued](#) an amended General License 13D, "Authorizing Certain Activities Involving Nynas AB." General License 13D replaces General License 13C and authorizes transactions not related to the exportation of reexportation of diluents or the purchase or acquisition of Venezuelan-origin petroleum or petroleum products, and not otherwise prohibited with Nynas AB and any of its subsidiaries through April 14, 2020.

OFAC Temporarily Extends Belarus-related General License

On October 22, 2019, OFAC [issued](#) General License No. 2G – General License with Respect to Entities Blocked Pursuant to Executive Order 13405, extending the expiration date of the general license to April 26, 2021. General License No. 2G replaces General License No. 2F and authorizes transactions with blocked entities by Belerussian Oil Trade House, Belneftekhim, Belneftekhim USA, Inc., Belshina OAO, Godno Azot OAO, Gordno Khimvolokno OAO, Lakokraska OAO, Naftan OAO, Polotsk Steklovolokno OAO and their subsidiaries. Additionally, General License No. 2G includes a reporting requirement for any transaction or series of transactions in excess of US\$50,000.

Trump Administration Authorizes Sanctions on Turkey

Responding to Turkey's actions in Syria, President Trump issued an Executive Order (EO) blocking property and suspending entry of certain persons contributing to the situation in Syria. Pursuant to the EO, OFAC [added](#) three Turkish government officials and two Turkish government agencies, the Ministry of National Defence and the Ministry of Energy and Natural Resources, to the Specially Designated Nationals (SDN) List. The EO and associated OFAC action resulted in the blocking of all property and interest in property owned or controlled by the listed individuals and entities, now or at a later date, in the US or under the control of a US person.

In support of the EO, OFAC issued three Turkey-related general licenses. General License 1, "Official Business of the United States Government," permits US government employees, grantees or contractors to engage in transactions otherwise prohibited by the new EO, provided the conduct is for the official business of the US government. General License 2, "Authorizing Certain Activities Necessary to the Wind Down of Operations or Existing Contracts Involving the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey," created a wind-down period, effective through 12:01 a.m. EST, November 13, 2019, for all otherwise prohibited transactions and activities that were incident to the wind down of operations, contracts or other agreements with the Ministry of National Defence or the Ministry of Energy and Natural Resources, or any entity in which either ministry owned a 50% or greater interest. Finally, General License 3, "Authorizing Official Activities of Certain International Organizations Involving the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey," authorized otherwise prohibited transactions and activities that were for the official business of the United Nations, including its programs and funds, and its specialized agencies and related organizations.

On October 23, 2019, following Turkey's commitment to a permanent ceasefire, OFAC [removed](#) the previously designated individuals and entities from the SDN List. As a result of OFAC's actions, all property and interests in property that were blocked solely as a result of those designations are now unblocked, and all otherwise lawful transactions involving US persons with these individuals or entities are no longer prohibited. However, the EO issued on October 14, 2019, authorizing the imposition of sanctions on certain Turkish individuals and entities remains in effect, and there is legislation pending in the US Congress, which, if passed, could lead to new Turkey sanctions. In addition, the Trump Administration could reimpose sanctions, depending primarily on developments on the ground in Northern Syria.

For additional details on the quick evolution of Turkey-related sanctions, please see our [US-EU Export Controls and Sanctions Alert](#).

OFAC Enters Settlement With The General Electric Company for Violations of Cuba Sanctions

In early October, OFAC [announced](#) a US\$2,718,581 settlement with The General Electric Company (GE) of Boston, Massachusetts. GE, on behalf of three GE subsidiaries, Getsco Technical Services Inc., Bentley Nevada and GE Betz (collectively, the "GE Companies"), agreed to settle its potential civil liability for 289 alleged violations of the Cuban Assets Control Regulations (CACR). Specifically, between December 2010 and February 2014, the GE Companies appear to have been in violation of CACR by accepting payment from The Cobalt Refinery Company (Cobalt), an entity identified on the SDN List since June 1995, for goods and services provided to a Canadian customer of GE. OFAC determined that GE voluntarily disclosed the apparent violations, and that the apparent violations constitute a non-egregious case.

US Department of State Imposes Visa Restrictions on Chinese Officials for Repression in Xinjiang

On October 8, 2019, the Secretary of State [announced](#) visa restrictions on Chinese government and Communist Party officials believed to be responsible for, or complicit in, the detention or abuse of Uighurs, Kazakhs or other members of Muslim minority groups in Xinjiang, China. Family members of named persons may also be subject to these restrictions. The visa restrictions support the Department of Commerce's imposition of export restrictions on US products exported to 28 entities, including elements of the Public Security Bureau and commercial companies in Xinjiang, involved in China's campaign of surveillance, detention and repression.

US Wins Award in Airbus Subsidies Case

In October, the US Trade Representative (USTR) [announced](#) that the US had won the largest arbitration award in the World Trade Organization's (WTO) history, in its dispute with the EU over illegal subsidies to Airbus. The decision awarded US\$7.5 billion, which is nearly twice the next largest award. The arbitrator calculated the amount of the award based on WTO findings that EU launch aid for Airbus was causing significant lost sales of Boeing large civil aircraft, as well as impeding exports of Boeing large aircraft to the EU, Australia, China, Korea, Singapore and the United Arab Emirates. Under WTO rules, the arbitrator's decision is final and not subject to appeal.

EU

EU Publishes Regulation Concerning Restrictive Measures in Nicaragua

On October 14, 2019, the EU published a [regulation](#) concerning restrictive measures in view of the situation in Nicaragua. The EU sanctions target persons and entities responsible for human rights violations or abuses, the repression of civil society and democratic opposition in Nicaragua, as well as persons and entities whose actions, policies or activities otherwise undermine democracy and the rule of law in Nicaragua. The sanctions consist of a travel ban and an asset freeze. The EU has not yet identified persons or entities subject to the sanctions.

EU Decides to Suspend Issuance of License for Arms Export to Turkey

In response to the most recent developments in the Syrian conflict, the Council of the EU [decided](#) to halt arms exports licensing to Turkey on October 2019. This decision is based on the criterion that such exports could endanger regional stability. This decision is not a formal sanction, but it is a political declaration to which EU member states will adhere. Read more about this decision in our [US-EU Export Controls and Sanctions Alert](#).

EU Alters Lists of Sanctioned Persons and Entities – Extends Sanctions With Respect to Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine

Recently, the EU published a [council decision](#) concerning restrictive measures in respect of actions that undermine or threaten the integrity, sovereignty and independence of Ukraine. The decision amended the information concerning 21 individuals and 19 entities, and renewed the sanctions for a further six months.

EU Issues Notice Redefining Rules Governing Control of Exports

On September 16, 2019, the EU issued a [council decision](#) amending the Common Position 2008/944/CFSP and defining the common rules governing control of exports of military technology and equipment. Key amendments include a requirement for verification of criteria listed in Article 2 to extend to government-to-government transfers and a reconsideration of an export license where new, relevant information is available, even where one has already been granted. The amendments also include international “commitments” in addition to international “obligations” for certain licensing criteria. Additional criteria for authorities to consider before granting an export authorization include:

- The international obligations of member states under the Convention on Certain Conventional Weapons and the relevant protocols annexed thereto
- The international obligations of member states under the Arms Trade Treaty
- The commitments of member states under the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its Aspects

Article 7 is modified to include the type of information member states should exchange, including information on denial notifications and arms export policies, as well as identifying possible measures to further increase convergence.

UK

Export Control Unit (ECJU) Amends Export Control Order 2008

The ECJU has amended the Export Control Order 2008 through the implementation of Directive (EU) 2019/514. [The Export Control \(Amendment\) Order 2019](#), which came into force on June 30, 2019, amends the list of defense-related products. The changes correspond to updates made to the European Military List. In addition, updates were made to remove Eritrea from the list of countries embargoed and subject to transit control for military goods, reflecting sanctions lifted against Eritrea.

Court of Appeal Rules UK Government Acted Unlawfully in Sale of Arms to Saudi Arabia

On June 20, 2019, the Court of Appeal handed down its judgment allowing Campaign Against Arms Trade's (CAAT) appeal of the High Court's decision. The claim brought by CAAT was for a judicial review of export licensing decisions made by the Secretary of State for International Trade in relation to military exports to Saudi Arabia, which could potentially be used in the conflict in Yemen.

The Court of Appeal found that the government acted unlawfully when assessing the relevant criterion of a clear risk that the material might be used in serious violations of international humanitarian law.

The government has [stated](#) that it disagrees with part of the judgment and intends to appeal. The government has also stated that it will not grant any new licenses for export to Saudi Arabia and its coalition partners (being the UAE, Kuwait, Bahrain and Egypt) that might be used in the conflict in Yemen, while it assesses the implications of the Court of Appeal decision. Licenses granted before the judgment are not immediately affected, but the government is to reconsider the decisions it made about such licenses.

HM Revenue & Customs (HMRC) and ECJU Submit Evidence for 2017 Arms Export Annual Inquiry

The UK Committees on Arms Export Controls are conducting an [inquiry](#) examining the government's 2017 Strategic Export Controls Annual Report. On June 24, 2019, both HMRC and the ECJU gave written evidence for the inquiry.

In its evidence, HMRC gives insights into:

- The approach to considering what enforcement activity, e.g., criminal prosecution, warning letters and penalties, is appropriate
- Determining levels of fines
- Prosecution statistics for recent years
- The scope of HMRC's jurisdiction in relation to export control
- Interactions with counterparts in other countries
- Planning for export controls in light of Brexit

The ECJU comments on:

- Assessing license applications and maintaining the strategic export control list
- Scientific advice available to the ECJU
- Identifying emerging technologies as potentially being dual use
- Government-to-government exports relationships

UK Government Imposes New Control on Exports to Russia

On August 14, 2019, the UK government introduced [a new control](#) on the export of submersible vessels and related equipment, software and technology to Russia. The new control has been introduced due to Russia's development of capabilities enabling it to track, access and disrupt undersea communication cables. The UK government considers these developments as a risk to national security. Assessment of license applications by exporters for controlled items are to be carried out on a case-by-case basis.

UK Suspends Arms Exports to Turkey

The UK has reportedly suspended the granting of arms export licenses for Turkey in relation to weapons that could potentially be used for military operations in Syria. The suspension follows British ministers ordering a full review into Turkish arms licenses. Liz Truss, the UK's International Trade Secretary, commented that the International Trade Department "will take into account any developments in the operations in Syria as part of our rigorous licensing process." It has been reported that the UK has supplied approximately £1.1 billion of arms to Turkey since 2014.

Office of Financial Sanctions Implementation (OFSI) Updates Financial Sanctions

OFSI, part of the HM Treasury, working toward ensuring that financial sanctions are properly implemented and enforced in the UK, has updated numerous financial sanctions that are currently in force. The recent updates are for financial sanctions in the following regions and industries: [ISIL/Da'esh and Al-Qaida Organizations](#), [Nicaragua](#), [Venezuela](#), [Central African Republic](#), [Ukraine – Sovereignty and Territorial Integrity](#), [Syria](#), [Libya](#), [North Korea/the Democratic People's Republic of Korea](#), [South Sudan](#), [Iraq](#), [Iran – Nuclear Proliferation](#), [Cyber-Attacks](#), [Myanmar/Burma](#) and [Iran – Human Rights](#).

The UK has also recently published guidance updates on financial sanctions in the event of the UK leaving the EU without a deal for the following regions: [Burundi](#), [Russia](#), [South Sudan](#), [Zimbabwe](#), [ISIL/Da'esh and Al-Qaida Organizations](#), [Iran – Nuclear Weapons](#), [the Republic of Guinea-Bissau](#), the [Democratic People's Republic of Korea](#), the [Democratic Republic of the Congo](#), the [Republic of Belarus](#), [Chemical Weapons](#), [Domestic Counter-Terrorism](#), [International Counter-Terrorism](#) and [Syria](#).

Upcoming Events

CE@Schar COMPLIANCE 2020™, a Subscription-based Certificate Program Designed by Practitioners for Practitioners – Event Series Kickoff, November 4, 2019 | Washington DC. We are collaborating with Content Enablers and the Schar School of Policy and Government at George Mason University to offer trade compliance certification programs. Join us in person or online for the event series kickoff on November 4 at the Schar School. Register [here](#).

The Rise of International Sanctions and Their Impact on Your Business – November 15, 2019 | Prague. José María Viñals will present on a range of sanctions-specific and related topics in our Prague office. Please register your interest [here](#).

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.

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, organizations 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."

Contacts

Please feel free to contact one of the trade practitioners listed below, or you can reach our broader team at InternationalTradeCompliance@squirepb.com.

[Subscribe](#) to *The Trade Practitioner* blog for updates and alerts on topics including export controls, sanctions, investment security and tariffs, among others, and access our database of publicly known Committee on Foreign Investment in the United States (CFIUS) filings.

US

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