



UPDATE 2014
CONFERENCE ON EXPORT CONTROLS AND POLICY

Sanctions & Special Controls

Moderator:
Anthony Christino III
Director, Foreign Policy Division
Bureau of Industry and Security



U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

Panelists

- *Anthony Christino III*, Director, Foreign Policy Division, BIS, Commerce
- *Andrea Gacki*, Assistant Director for Licensing, Office of Foreign Assets Control (OFAC), Treasury
- *Eric Medoff*, Global Team Lead, Office of Sanctions Policy and Implementation, State



U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

2

Foreign Policy Division, Bureau of Industry and Security

- Country Policy regarding Sanctions & Special Controls
- Russia Policy
- Deemed Export Licenses for Country Group E:1 Foreign Nationals
- International Engagement: Foreign Import/Export Permit Requirements



3

Country Policy

- Cuba §746.2
- Iran §746.7
- Iraq §746.3
- N. Korea §746.4
- Sudan §742.10
- Syria §746.9



4

Russia Policy

- March announcement to hold all pending licenses to Russia
- April 28 announcement to deny pending applications for licenses to export or reexport any high technology item to Russia or occupied Crimea that contribute to Russia's military capabilities, and add thirteen persons to the Entity List, all located in Russia.
 - Deny all military items (600 series, remaining -018s, 0A919) to all end users
 - Deny dual-use items to military/security/intelligence end uses/end users



5

Russia Policy

- Latest rule signed on July 15, added eleven persons under twelve entries to the Entity List. The twelve entries consist of one person in Crimea (Occupied), eight persons in Russia, and three persons in Ukraine.



6

Deemed Export Licenses for Country Group E: 1 Foreign Nationals

Risk Assessment based on:

- Relevance to capabilities of concern (*e.g.*, offensive/defensive cyber warfare; electronic monitoring/suppression of dissent)
- Background of individual (*e.g.*, participation in government-funded education or research; employment by government or government-affiliated companies; military service)



7

Foreign Import/Export Permit Requirements

- High Volume of Trade = Increased Risk of Diversion
- Hong Kong, Singapore and the United Arab Emirates impose permit requirements on many multilaterally controlled items.
- Reluctance of a foreign customer to provide a required permit upon the request of U.S. exporter is a "*red flag.*"



8

Hong Kong Import/Export Permits

- Import permits are required for all items on Hong Kong's Strategic Control Commodities List which generally conforms to the four multilateral export control regimes.
- Consignment-specific import permits are valid for six months.



9

Hong Kong Import/Export Permits

- Similarly, export permits are required for all items on Hong Kong's Strategic Control Commodities List.
- Consignment-specific export permits valid for three months.
- For additional information, please refer to the Hong Kong Trade and Industry Department website at <http://www.tid.gov.hk> .



10

Singapore Export Permits

- Export permits are required for all items on Singapore's Strategic Goods Control List which generally conforms to the four multilateral export control regimes.
- Permitting scheme is specific to the commodity and consignee and may be per transaction or bulk permit.
- Singapore maintains some carve-outs for some transshipments through a Foreign Trade Zone.
- For additional information, please refer to the Singapore Customs website at <http://www.customs.gov.sg>.



11

UAE Import/Export Permits

- Import/export permits are currently required for certain items:
 - armored vehicles and parts and components;
 - chemicals on schedules II or III require import permits;
 - and nuclear related items.
- UAE has undertaken an effort to implement a control list which fully conforms to the four multilateral export control regimes.
- For additional information, please refer to the UAE Embassy in the United States website at <http://uaetrade-usa.org/index.php?page=export-portal&cmsid=118>.



12

Questions?

The Foreign Policy Division gladly accepts telephonic inquires concerning country policy and foreign import/export permit requirements at:

(202) 482-4252



U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

13

Sanctions: The Latest on OFAC Licensing

BIS Update
July 29, 2014



OFAC

OFFICE OF FOREIGN ASSETS CONTROL

Topics of Discussion



- Amended statement of licensing policy on civil aviation for Iran
- General license with respect to certain services, software, and hardware incident to personal communications for Iran

Case study: Civil aviation



- On January 12, 2014, the P5+1 (the United States, United Kingdom, Germany, France, Russia, and China) and Iran arrived at technical understandings for the Joint Plan of Action (JPOA), and agreed to begin its implementation on January 20, 2014, for a six-month period.

Case study: Civil aviation **OFAC**



- On July 19, 2014, the P5+1 and Iran affirmed that they will continue to implement the commitments described in the JPOA.
- The U.S. government has extended through November 24, 2014 the sanctions relief provided for in the JPOA. This extended relief came into effect on July 21, 2014.

Case study: Civil aviation **OFAC**



- The JPOA provides for the temporary licensing of the “supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation and associated services. License safety related inspections and repairs in Iran as well as associated services.”





Case study: Civil aviation

OFFICE OF FOREIGN ASSETS CONTROL

- On July 21, 2014, the Treasury Department's Office of Foreign Assets Control (OFAC) issued an *Amended Statement of Licensing Policy on Activities Related to the Safety of Iran's Civil Aviation Industry*, with an expiration date of November 24, 2014.
- This complements an existing statement of licensing policy at 31 C.F.R. § 560.528.

Case study: Civil aviation

OFFICE OF FOREIGN ASSETS CONTROL

- Pursuant to the statement of licensing policy, a U.S. company applies to export spare parts and repair aircraft of Iran Air and Mahan Air.
-  • **Do: Submit applications with respect to Iran Air under this licensing policy.**
-  • **Don't: Apply to inspect or repair Mahan Air aircraft under this licensing policy.**

Case study: Civil aviation

OFFICE OF FOREIGN ASSETS CONTROL

- In submitting the application, the U.S. company submits relevant ECCNs and identifies commercial passenger and cargo aircraft to be repaired.



- **Do: Provide all relevant ECCNs in support of such an application.**



- **Don't: Apply to repair Iranian aircraft that only transports cargo.**

Case study: Civil aviation

OFFICE OF FOREIGN ASSETS CONTROL

- The U.S. company applies for authorization that extends beyond November 24, 2014, in order to collect payment from Iran for any repairs.



- **Do: Structure your proposal to avoid this. The statement of licensing policy is strict in its time limitations.**

Case Study: GL D-1




- On February 7, 2014, OFAC, in consultation with the Departments of State and Commerce, issued amended Iranian General License D-1 ("GL D-1").
- GL D-1 clarifies certain aspects of General License D, which was issued on May 30, 2013, and adds certain new authorizations relating to the provision to Iran of certain hardware, software, and services incident to personal communications.
- Effective February 7, 2014, GL D-1 replaces and supersedes in its entirety GL D.




Case Study: GL D-1





- A non-U.S. company filed an application with OFAC for a license to export smartphones subject to the EAR to Iran.
- The smartphones will be used by ordinary Iranians.
- The smartphones are on the Commerce Control List.



Case Study: GL D-1  OFFICE OF FOREIGN ASSETS CONTROL

-  • **Do: Subscribe to OFAC alerts to learn about recent actions.**
-  • **Do: Formally withdraw your application if you believe a new general license resolves your request.**
-  • **Do: Check the general license for limitations. Only smartphones designated EAR99 or classified under ECCN 5A992.c are eligible for export.**

Case Study: GL D-1  OFFICE OF FOREIGN ASSETS CONTROL

- The non-U.S. company will export the smartphones to Iran from a third country.
 -  **»DO: Check the changes to this general license. GL D-1 now authorizes a non-U.S. person located outside of the United States to export certain hardware and software subject to the EAR to Iran.**

Reminder

- **Now available:** An electronic way to apply for a license from OFAC.

Resource Center

[Home](#) » [Resource Center](#) » [Financial Sanctions](#) » [OFAC Licensing Application Page](#)

OFAC Licensing Application Page

A license is an authorization from OFAC to engage in a transaction that otherwise would be prohibited. To apply for a License, click the link below or scroll down for more information on the different Licensing categories.

APPLY FOR A LICENSE HERE

LICENSING INFORMATION BY CATEGORY
CUBA TRAVEL
Educational Exchange Travel to Cuba for People-to-People Contact

Online Applications

- In using the online application form, applicants must first select the type of application that will be submitted from the following four choices:
 - Application to export agricultural commodities, medicine, or medical devices to Sudan or Iran pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000
 - Application to travel to Cuba
 - Application for the release of a wire transfer blocked at a U.S. financial institution
 - Application for a license or interpretive guidance in all other circumstances (“Transactional”)

Online Applications **OFAC**
OFFICE OF FOREIGN ASSETS CONTROL

OFAC
Office of Foreign Assets Control

Submitting a New License Application:
Applicants must first select the type of application that will be submitted from the following choices:

- Application to export agricultural commodities, medicine, or medical devices to Sudan or Iran pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2001.
- Application to travel to Cuba.
- Application for the release of a wire transfer blocked at a U.S. financial institution.
- Application for a license or interpretive guidance in all other circumstances ("Transactions").

Detailed instructions will be provided for each of the different application types.

Additional Information:

- All required fields are marked by a red asterisk.
- Help is available on each page by selecting the link in the bottom left corner.
- If you close your web browser before you have submitted your application, your changes will not be saved when you return.

Terms of Agreement:

NOTICE

- COMPLETE ALL APPLICABLE SECTIONS. FAILURE TO PROVIDE ADEQUATE INFORMATION MAY RESULT IN YOUR APPLICATION BEING RETURNED WITHOUT ACTION.
- ATTACH COPIES OF ANY DOCUMENTS RELATED TO THE UNDERLYING TRANSACTION (E.G., DEPARTMENT OF COMMERCE LICENSE, SALES OF LONG COPY OF THE ORIGINAL SALES CONTRACT, PASSPORT, TOURIST/TEMPORARY RESIDENT CARD, BIRTH CERTIFICATE, OR OTHER IDENTIFYING DOCUMENTATION).
- ALL DOCUMENTS MUST BE IN ENGLISH OR INCLUDE AN ENGLISH TRANSLATION.
- A COPY OF THIS APPLICATION AND ALL RELATED DOCUMENTATION MUST BE RETAINED BY THE APPLICANT FOR AT LEAST FIVE YEARS AFTER THE DATE OF THE UNDERLYING TRANSACTION.
- LICENSES GRANTED PURSUANT TO THIS APPLICATION ARE SUBJECT TO THE CONDITIONS BELOW.
- LICENSEES SHALL SUBMIT AND MAKE AVAILABLE FOR INSPECTION ANY RELEVANT RECORDS OR ANY OTHER INFORMATION AS REQUESTED BY THE SECRETARY.
- ALL APPLICANT LICENSES ARE SUBJECT TO THE LIMITATIONS SET FORTH HERE.

I have read and agree to the Terms of Agreement above.

Application Type:

Online Applications **OFAC**
OFFICE OF FOREIGN ASSETS CONTROL

- Detailed instructions will be provided for each of the different application types.

OFAC
Office of Foreign Assets Control

Step 1 Step 2 Step 3 Step 4

Transactional

Application Information:

Application Reason:

Application Reference Number:

Program:

Subcategory:

Previous Case ID:

Description of Subject Matter:

Help Contact Us v-12.2 Home | OFAC | usstias.gov

Online Applications



- Is it sufficient to submit an application to OFAC electronically?
 - You may submit your application electronically OR by mail or courier pursuant to 31 C.F.R. § 501.801.
 - There is no need to submit a paper copy to OFAC if you submit a request electronically.

Online Applications



- Can I submit a request for interpretive guidance electronically?
 - Yes. Please proceed to use the “Transactional” application.
 - When you attach your documents at the final stage, please attach your request for interpretive guidance.

OFAC Web Resources



- **OFAC Homepage**
- www.treas.gov/ofac

- **Current Sanctions Programs**
- <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

- **OFAC License Application Page**
- <http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx>

- **Frequently Asked Questions**
- http://www.treasury.gov/resource-center/fags/Sanctions/Pages/ques_index.aspx

- **Subscribe to OFAC Alerts**
- https://service.govdelivery.com/service/multi_subscribe.html?code=USTREAS

Office of Sanctions Policy and
Implementation,
Economic Bureau,
U.S. Department of State



U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

BIS Presentation: Sanctions

Eric Medoff
U.S. Department of State
Economic and Business Affairs Bureau
Sanctions Policy and Implementation

Office Overview: State

- Office of Sanctions Policy and Implementation (EB/TFS/SPI)
 - Policy
 - Licensing
 - Targeting

Sanctions: Overview

- ▣ The deliberate, government inspired withdrawal or threat of withdrawal of customary trade or financial relations for foreign policy or national security goals.
 - ▣ Bilateral government programs
 - ▣ Exports
 - ▣ Imports
 - ▣ Financial Transactions
 - ▣ Economic activities of international financial institutions

Regional Overviews

- ▣ Near East (NEA)
- ▣ European (EUR)
- ▣ Western Hemisphere (WHA)
- ▣ East Asia (EAP)
- ▣ Africa (AF)

Iran Update

- ▣ Any sanctions not explicitly relieved by the JPOA remain in force, and all sanctions relief shall expire on November 24, 2014.
- ▣ The Joint Plan of Action (JPOA) provided Iran with limited, temporary sanctions relief in exchange for certain commitments to limit its nuclear program.
- ▣ Sanctions relief related to civil aviation, automotive, petrochemical exports, and Iran's trade in gold and precious metals will continue until the JPOA extension expires.
- ▣ Other considerations:
 - ▣ General License D-1

Syria Update

- ▣ U.S. sanctions on Syria continue to broadly affect the ability of U.S. persons to engage in dealings with Syria and entities and individuals therein.
- ▣ General policy of export denial remains in place.
 - ▣ Case by case: Medicine, certain telecommunications equipment, and safety of flights parts
- ▣ U.S. continues targeted sanctions on the Asad regime and its supporters.

European Affairs- Ukraine/Russia

- ▣ Objective: Increase the costs of Russia's illegal annexation of Crimea and its destabilizing actions in East Ukraine.
- ▣ U.S. Treasury froze the assets of several Russian defense companies, as well as blocked new financing of some of Russia's most important banks and energy companies.
- ▣ Significant but targeted U.S. actions – designed for maximum impact on Russia and minimum impact on U.S. and allies

Cuba - Western Hemisphere

- ▣ Comprehensive economic sanctions, with licensing exceptions and certain foreign policy objectives
 - ▣ Increase information, resources, humanitarian relief, and people-to-people contact
- ▣ General export denial policy with exceptions
 - ▣ Favorable treatment: medicine and medical devices
 - ▣ Case by Case: humanitarian donations, Telecommunications
- ▣ US Exports to Cuba: \$359 million+ (2013)

Burma- East Asia

- ▣ Easing majority of sanctions, but limited restriction remain:
 - ▣ Military
 - ▣ SDNs
 - ▣ Import of rubies, jadeite, and jewelry containing them
- ▣ U.S. companies entering Burma market, USG encourages considering the market.
- ▣ Burma's exports to U.S. since April 2014 (\$26MM) have nearly matched exports for all of 2013 (\$30MM).

Sudan - Africa

- ▣ Comprehensive U.S. sanctions program to pressure Government of Sudan but support the people
- ▣ General License for U.S. food exports
- ▣ Favorable consideration for U.S. medical and agricultural equipment
- ▣ GL-1- U.S. foreign policy supports academic and professional exchanges

Resources

www.state.gov/iransanctions

www.state.gov/e/eb/tfs/spi/ukrainerussia/

treasury.gov/sdn

Eric Medoff:

E-mail. MedoffES@state.gov

Ph. 202-647-3188