

BIS Sanctions Review & Export Trends Hong Kong

Presented by:
Tracy L. Patts



Cuba Update

- On November 9, 2017, the Bureau of Industry and Security (BIS) published a rule to implement portions of the National Security Presidential Memorandum on Cuba, dated June 16, 2017.
 - Established a general policy of denial for exports and reexports involving parties on the State Department’s Cuba Restricted List
 - <https://www.state.gov/e/eb/tfs/spi/cuba/cubarestrictedlist/index.htm>
 - Expanded the list of Cuban government officials ineligible for certain license exceptions
 - Simplified and expanded the license exception authorizing certain exports and reexports to the Cuban private sector for private sector economic activities



Cuba

- Authorization required for all items subject to the Export Administration Regulations (EAR)
- License Exceptions
 - Agriculture (AGR)
 - Support for the Cuban People (SCP)
 - Aircraft and Vessels on Temporary Sojourn (AVS)
 - Consumer Communication Devices (CCD)
- Favorable/case-by-case policy for
 - Medicines and Medical Devices
 - Telecommunications
 - Intended to meet the needs of Cuban people
 - Necessary for Environmental Protection
 - Necessary for Safety of Civil Aviation



Iran

- The Office of Foreign Assets Control (OFAC) is the primary licensing agency
- BIS maintains license requirements on Commerce Control List (CCL) items only. OFAC maintains additional license requirements
- If OFAC authorizes the transaction, no additional BIS license is required for the same transaction
 - Except for parties on Entity List, persons subject to denial orders, deemed exports/reexports



North Korea

- Authorization required for all items subject to the EAR
 - Except food and medicine designated EAR99
- Very limited license exceptions
- Policy of denial
 - Items controlled for nuclear nonproliferation and missile technology
 - “Luxury goods”
- Favorable review for items diagnosing and treating transnational health threats
 - Drug-resistant tuberculosis



Sudan

- Authorization required for nearly all items on the CCL
- License exception
 - CCD
- Favorable license policy
 - United Nations (UN) and humanitarian relief organizations
 - Telecommunications infrastructure
 - Safety of civil aviation (parts and components)
 - Improvement of railroads (parts and components)
- Denials to military (other than United Nations–African Union Mission in Darfur (UNAMID))



Syria

- Authorization required for all items subject to the EAR
 - Except food and medicine designated EAR99
- License exceptions
 - Temporary Imports, Exports & Reexports (TMP)
 - Technology and Software –Unrestricted (TSU) (updates to software)
- Favorable review for items to support the Syrian people



Occupied Crimea

- Authorization required for all items subject to the EAR
 - Except food and medicine designated EAR99 and certain communications software
- Presumption of denial
 - Except on a case-by-case basis for certain agricultural commodities, medicine, medical supplies, and replacement parts



Russian Energy Sector Sanctions

- Authorization required for certain items for exploration or production from deepwater (500 feet), arctic offshore, or shale projects
- Applications reviewed under a presumption of denial



Military Controls

- Authorization required for certain items on the CCL intended for military end uses or military end users in China, Russia, or Venezuela
- Applications reviewed on a case-by-case basis

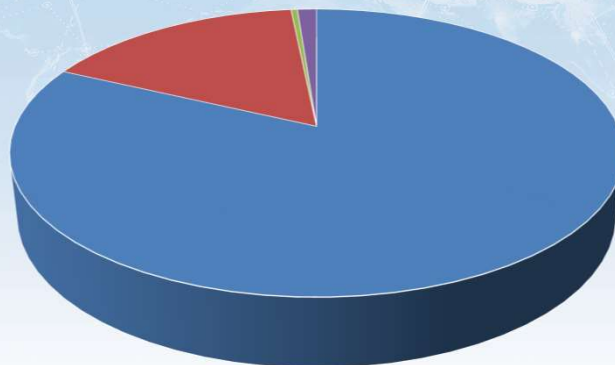


U.S. Export Volume to Hong Kong

- **In 2017, only 1.7% of U.S. exports to Hong Kong required authorization from the Bureau of Industry and Security**
 - The total volume of U.S. exports to Hong Kong recorded in 2017 was in U.S. dollars was \$40 billion.
 - Of the 1.7 %, only .4% required a license from the Bureau of Industry and Security, as opposed to a license exception.
- **Over 16% of the \$40 billion exports recorded in 2017, while subject to the Export Administration Regulations, did not require a license for export to Hong Kong**
 - These items primarily consisted of less sensitive information security equipment and aircraft parts and components, according to both U.S. dollar value and shipment volume



BIS Authorized Export Volume to Hong Kong

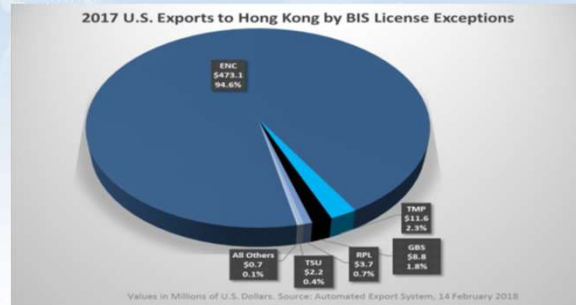


■ Subject to the EAR/EAR99 ■ Subject to the EAR/ECCN - NLR ■ BIS License ■ BIS License Exception

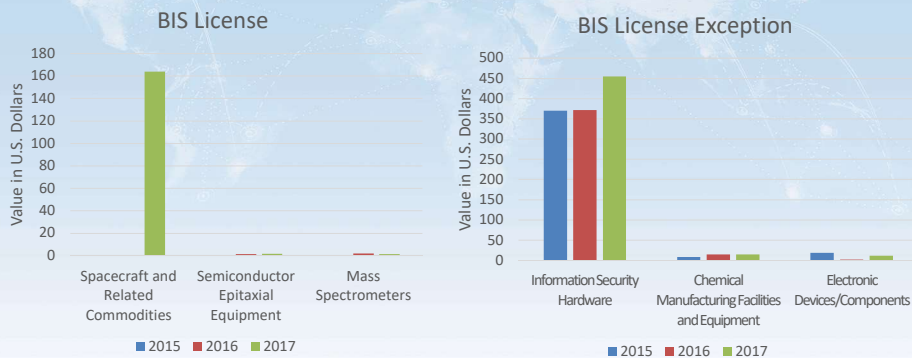


License Exception Volume

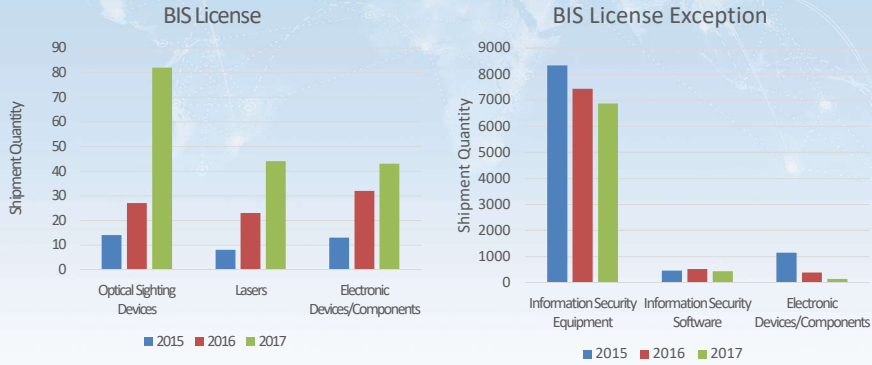
- Of those items exported under license exception, the highest volume of items exported was under License Exception Encryption.



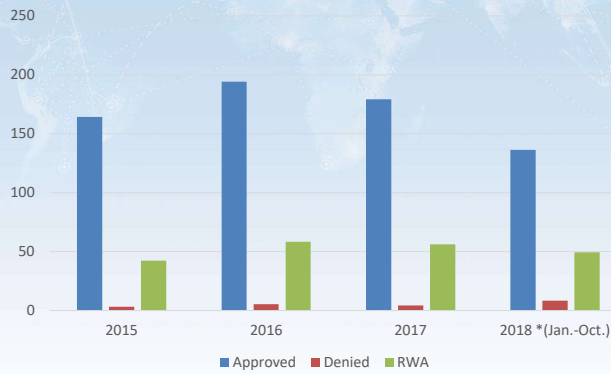
Top Exports by U.S. Dollar Value



Top Exports by Shipment Volume



BIS License Quantity 2015-2018*



Questions?



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