



The Daily Bugle Weekly Highlights Week 7 (11 - 15 Feb 2019)

Last week's highlights of The Daily Bugle included in this edition are:

- 1 Treasury/OFAC Issues Venezuela-related General Licenses, Amends FAQs
- 2 DHS/CBP Announces Harmonized System Update 1901
- 3 Hong Kong/TID Posts Notice on End-Use/Catch-All Control
- 4 German BAFA Publishes February Export Control Newsletter
- 5 Treasury/OFAC Assesses Civil Monetary Penalty Against AppliChem GmbH for Cuba Sanctions Violations

1. Treasury/OFAC Issues Venezuela-related General Licenses, Amends FAQs

(Source: [Treasury/OFAC](#), 11 Feb 2019.)

The Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing [General License 3C](#), "Authorizing Transactions Related to, Provisions of Financing for, and Other Dealings in Certain Bonds," and [General License 9B](#), "Authorizing Transactions Related to Dealings in Certain Securities." Additionally, OFAC is revising Frequently Asked Questions (FAQs) [650](#), [661](#), and [662](#).

2. DHS/CBP Announces Harmonized System Update 1901

(Source: [CSMS# 19-000062](#), 12 Feb 2019.)

Harmonized System Update (HSU) 1901 was created on February 11, 2019 and contains 397 ABI records and 89 harmonized tariff records.

Changes made include those mandated by Presidential Proclamation 9834, To Take Certain Actions Under the African Growth and Opportunity Act and for Other Purposes. This proclamation can be found in the Federal Register dated January 7, 2019 Vol. 84, No. 4, page 35. It can be retrieved using [this link](#).

This update also contains adjustments made as a result of the USTR's Notice of Modification to Section 301 Action: China's Acts Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. The Notice can be found in the Federal Register dated December 28, 2018, Vol. 83 No. 248, page 67463. It can be retrieved using [this link](#).

Modifications required by the verification of the 2019 Harmonized Tariff Schedule (HTS) are included as well.

The modified records are currently available to all ABI participants and can be retrieved electronically via the procedures indicated in the CATAIR. For further information about this process, please contact your client representative. For all other questions regarding this message, please contact Jennifer Keeling via email at Jennifer.L.Keeling@cbp.dhs.gov.

3. Hong Kong/TID Posts Notice on End-Use/ Catch-All Control

(Source: [Hong Kong Trade and Industry Department](#), 13 Feb 2019.)

This circular seeks to remind traders of the import / export licensing requirement for articles or documents due to their end-use, which is commonly known as “End-use” or “Catch-all” Control.

The Legal Basis

In accordance with the Import and Export Ordinance (Chapter 60, Laws of Hong Kong) and the Import and Export (Strategic Commodities) Regulations (Cap 60G) (“the Regulations”), articles specified in the four Schedules to the Regulations are subject to licensing requirements. Schedule 1 is the full list of strategic commodities subject to import and export licensing requirements. Schedule 2 extracts from Schedule 1 the more sensitive strategic commodities for which import and export licensing requirements are imposed even if they are only “articles in transit” through Hong Kong. Schedules 3 and 4 are the legal basis for “End-use” or “Catch-all” Control.

End-use / Catch-all Control

As provided by the Regulations and its Schedules 3 and 4 ([Appendix A](#)), any articles or technological documents are subject to import and export licensing control, insofar as the importer / exporter knows or suspects that they will be or may be used for activities related to nuclear, chemical or biological weapons or missile capable of delivering them (i.e., weapons of mass destruction (“WMD”) purposes). In other words, even for articles / documents which are not listed strategic commodities on Schedule 1 to the Regulations (e.g., low-end dual-use goods like test equipment, electronics parts, machine tools, etc. which are commonly available in the market), their import / export must be covered by licences if they will be or may be used for WMD purposes.

Know the Customer, End-user and End-use

For each and every business transaction / order / enquiry, traders must make their best efforts to check and get to know the customer, the end-user and the intended end-use of the articles / documents. Traders are strongly advised to conduct at least the following:

- Customer and End-user screening: to determine the bona fides of the customer / end-user and whether they are subject to any sanction / embargo / special restrictions by the United Nations or the government(s) of the articles’ original exporting country (place);
- End-use screening: to determine the legitimacy of the stated end-use and to ensure it will not be used for WMD purposes;
- Transaction screening: to view the transaction as a whole in order to make a judgement as to whether it is legitimate; and

- Destination screening: to determine if the country (place) is of any specific concern, particularly whether it is subject to sanction / embargo / special restrictions by the United Nations or the government(s) of the articles' original exporting country (place).

Results of the checking / screening together with other related information (e.g., customer's proposed shipping arrangement) would help traders come to a judgement about the risk the articles / documents will be / may be used for WMD purposes. In this connection, some of the factors that may indicate a dubious transaction (also known as 'Red-flag indicators') are set out in [Annex](#) (pdf format) for traders' reference.

If any business transaction / order / enquiry is suspected or considered for WMD purposes, traders are advised to seek consultation and make a licence application for Trade and Industry Department ("TID")'s consideration (see paragraph 7 below).

Making Licence Application

To obtain an import / export licence for articles or documents which are subject to End-use / Catch-all control, traders should provide in writing to TID with the following information / supporting document(s):

- (1) the name, full address and business registration number/HKID number/passport number of the importer and/or exporter;
- (2) the name and telephone number of the contact person;
- (3) the name and full address of the foreign exporter and/or consignee;
- (4) the name and full address of the end-user;
- (5) the specific end-use of the goods concerned;
- (6) the shipment details, e.g. foreign exporting country (place), destination, arrival date, departure date, vessel/flight/vehicle number;
- (7) the consignment details, i.e. brand name, model number, full product description, country (place) of origin, quantity and value;
- (8) if any, the authorisation type, reference number, issuing country (place), issue date of the export authorisation of foreign exporting or product's originating country (place) and/or import authorisation of product's final destination; and
- (9) an original end-user statement ([Appendix B](#)) duly completed and signed by the end-user

All the above should be sent to the Customer Service Centre of Strategic Trade Controls Branch (address: Room 1619, 16/F, Trade and Industry Tower, 3 Concorde Road, Kowloon City, Hong Kong).

Sanction / Embargo / Special Restriction

As mentioned above, traders are strongly advised to conduct screenings and checks for each and every business transaction / order / enquiry. In conducting these screenings and checks, traders may refer to the websites of the foreign government agencies and the United Nations [FN/1] for the most updated information on the persons / companies / countries / places that are subject to

sanction / embargo / special restriction. They may also contact their overseas exporters, manufacturers or the overseas licensing authorities direct for the detailed export control information in respect of individual cases.

[TID's Strategic Commodities Control System's Website](#) provides hyperlinks to the websites of some major foreign government agencies. From time to time, TID organises outreach seminars on various topics of strategic trade control system. Some are organised in collaboration with foreign government agencies. Invitations to the seminars are announced in [our website](#). For reference, traders may also see the relevant page of our website for information on previous seminars, including the presentation materials.

Reminder

Section 6A of the Import and Export Ordinance stipulates that no person shall import or export any article specified in the Schedules to the Import and Export (Strategic Commodities) Regulations except under and in accordance with a licence issued by the Director-General of Trade and Industry. Any person who contravenes the provision commits an offence and is liable:

- (1) on summary conviction to a fine of HK\$500,000 and to imprisonment for two years; and
- (2) on conviction on indictment to an unlimited fine and to imprisonment for seven years

In addition to prosecution, the Department may impose administrative actions against these persons. Such administrative actions may involve but shall not necessarily be confined to, suspension of a licence, refusal to issue a licence, debarment from all licensing facilities, etc.

Enquiry

If you have any enquiry concerning licensing requirements on end-use / catch-all control, please contact our Licensing Section at 2398 5575. For specific technical questions or matters concerning classification of the goods and the pre-classification service, please contact our Classification Section at 2398 5587. Enquiry could also be sent by fax to 2396 3070 (Licensing Section) or 3525 1526 (Classification Section) or by email to stc@tid.gov.hk.

[FN/1]

- <https://www.un.org/securitycouncil/sanctions/information>
- <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

4. German BAFA Publishes February Export Control Newsletter

(Source: [Germany BAFA](#), 4 Feb 2019.)

The German Federal Office for Economic Affairs and Export Control (BAFA) has published its February 2019 Export Control Newsletter (in German). The newsletter is available [here](#).

5. Treasury/OFAC Assesses Civil Monetary Penalty Against AppliChem GmbH for Cuba Sanctions Violations

(Source: *Treasury/OFAC*, 14 Feb 2019.)

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today announced a \$5,512,564 penalty against AppliChem GmbH ("AppliChem") of Darmstadt, Germany for 304 violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515. Between May 2012 and February 2016, AppliChem violated § 515.201 of the Cuban Assets Control Regulations when it fulfilled Cuba orders of chemical reagents on 304 invoices. OFAC determined that AppliChem's U.S. parent voluntarily self-disclosed the apparent violations, and that the apparent violations constitute an egregious case.

For more information on this action, please visit the following [web notice](#).

FCC's Newsletter "The Daily Bugle"



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 - Congressional Record
 - Commerce/AES
 - Commerce/BIS
 - DHS/CBP
 - DOJ/ATF
 - DoD/DSS
 - DoD/DTSA
 - State/DDTC
 - Treasury/OFAC
 - White House
- and similar websites of:
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 - Canada
 - European Union
 - U.K.
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