

EGADD Main Meeting

**This webinar will commence at 11:00
Wednesday 14 October 2020**

Housekeeping

Laura Normandale, ADS

- Please keep microphones on mute for the duration of the webinar to ensure the line is clear
- Questions to be posted using the Slido app
- This webinar will not be recorded

Spencer Chilvers Head of Export Control Policy Rolls-Royce

Chairman's Report 2020

Committee Structure



- Executive Committee
- Three new members this year, we welcome
 - **Sandra Roberts**, Boeing UK;
 - **Brett Carter**, Collins Aerospace;
 - **Arthur Browne**, Northrop Grumman UK;
- Customs, Policy and Compliance Sub-Committee
- US Export Controls Sub-Committee
- Awareness Outreach Activities Sub-Committee
- Training Sub-Committee
- Brexit Sub-Committee
- Export of Technology Guidance Working Group
- NGO Liaison Working Group

Export of Technology Guidance Working Group



- Working with ECJU to develop new guidance on electronic transfers of technology (including the Cloud).
- Members have provided feedback on where the existing guidance is lacking, highlighted questions/issues that need to be covered, including where clarification is required to assist industry's efforts to comply with the regulations.

Training Sub-Committee



- Organised an Intermediate/Advanced Conference, in London on 19th and 20th February. Much positive comment received from attendees
- Beginners' event, scheduled for 17th March postponed.

Awareness Outreach Activities Sub-Committee



- Meeting on 30th January focused on plans for training events for 2020, and the ECJU's website review.
- Telephone conference call on 21 April – discussions included:-
 - assisting ECJU with revision of its website
 - planning for the ECJU Symposium in London
 - planning for other ECJU training seminars up and down the country
 - the new Brexit OGEL

Other Committees



NGO Liaison Working Group very broad and wide-ranging meeting on 3rd April with good industry representation.

Customs, Policy and Compliance Sub-Committee

No formal meetings so far this year.

US Export Controls Sub-Committee

No formal meetings so far this year.

Brexit Sub-Committee

One formal meeting this year on 27th March.

Other Events



- EGADD together with partners Squire Patton Boggs and Content Enablers organised on-line events on 23rd and 24th July covering a wide range of export control-related issues and topics that were aimed at export control practitioners from both the UK and US.
- The EGADD Exec will be holding its biennial meeting with the Japanese Center for Information on Security Trade Controls (CISTEC) on 27 November. Have worked with them over the last 2 years on framing responses to draft Chinese export control legislation.
- Some Members of the Executive Committee also participate in the Brussels based ASD Export Control Committee

Other Events



- Webinar: Export Control Implications of the US-UK Space Technology Safeguards Agreement (3 November).
- Webinar: The Directorate of Defense Trade Controls' Defense Export Control and Compliance System (DECCS) (December?).



Department for
International Trade

EGADD MAIN MEETING

14th October 2020

Chris Barrell

Deputy Head and Head of Operations

Export Control Joint Unit



Update on the Export Controls

- Introduction – Shainla Pradhan, Director, Export Control Joint Unit (ECJU);
- Update on ECJU Performance;
- Update on issues affecting export control;
- New digital platform - LITE update and demonstration



Contact details

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Kai Bora-Kartel LITE Development Team Export Control Joint Unit



Department for
International Trade

EGADD Annual Main Meeting ECJU Export Controls Website

14 October 2020

Claire Harrison

Head of ECJU Business Awareness Unit



I will cover

- ECJU export control website navigation
- Changes we are making
- Discuss – “how Export Control Profession website can be further utilised <https://www.export.org.uk/page/ExportControls>”



Export Control Joint Unit Home Page

 **GOV.UK**

Search



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[Find training for exporters](#)

[Export controls: military goods, software and technology](#)

[Export controls: dual-use items, software and technology, goods for torture and radioactive sources](#)

<https://www.gov.uk/government/organisations/export-control-organisation>



Sign up for the OGEL EU Exit – dual use items

- Required from 1 January 2021 for most dual use controlled items to EU Member States
- This licence also covers the Channel Islands

<https://www.gov.uk/government/publications/open-general-export-licence-export-of-dual-use-items-to-eu-member-states>

- Registration is made on SPIRE

<https://www.spire.trade.gov.uk/spire/fox/espire/LOGIN/login>



- Discuss – “how the Export Control Profession website can be further utilised to signpost export control policies and licensing operations from ECJU homepage to their members”

<https://www.export.org.uk/page/ExportControls>



Thank you – please contact me

Claire Harrison

Head of Business Awareness Unit

Export Control Joint Unit

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Foreign, Commonwealth
& Development Office

UK Sanctions after the end of the Transition Period

Stuart Connick

Head, Sanctions Operations and Outreach, FCDO Sanctions Unit



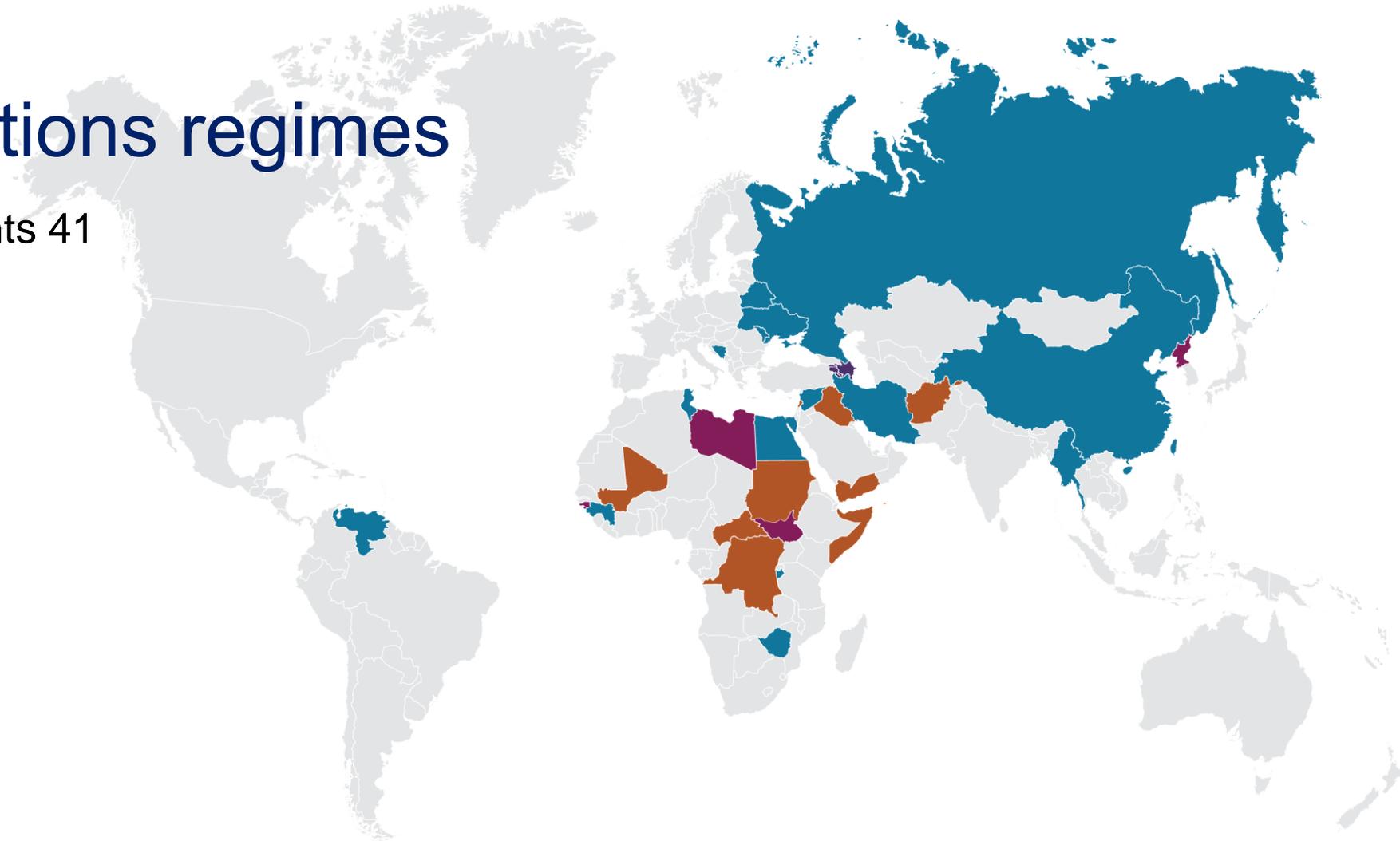
What sanctions apply now?



The UK's Sanctions regimes

The UK currently implements 41 sanctions regimes in total.

- 9 UN
- 23 EU
- 7 EU/UN
- 1 OSCE
- 1 UK





Types of measures

Common types of sanctions measures:

- Asset freezes
- Travel bans
- Arms embargoes
- Other export/import/trade controls
- Transport measures
- Wider financial measures





Targeted or non-targeted?

Some measures are targeted at designated (listed) individuals or entities:

- Asset freezes
- Travel bans
- Some trade and transport measures

Other measures apply to whole countries:

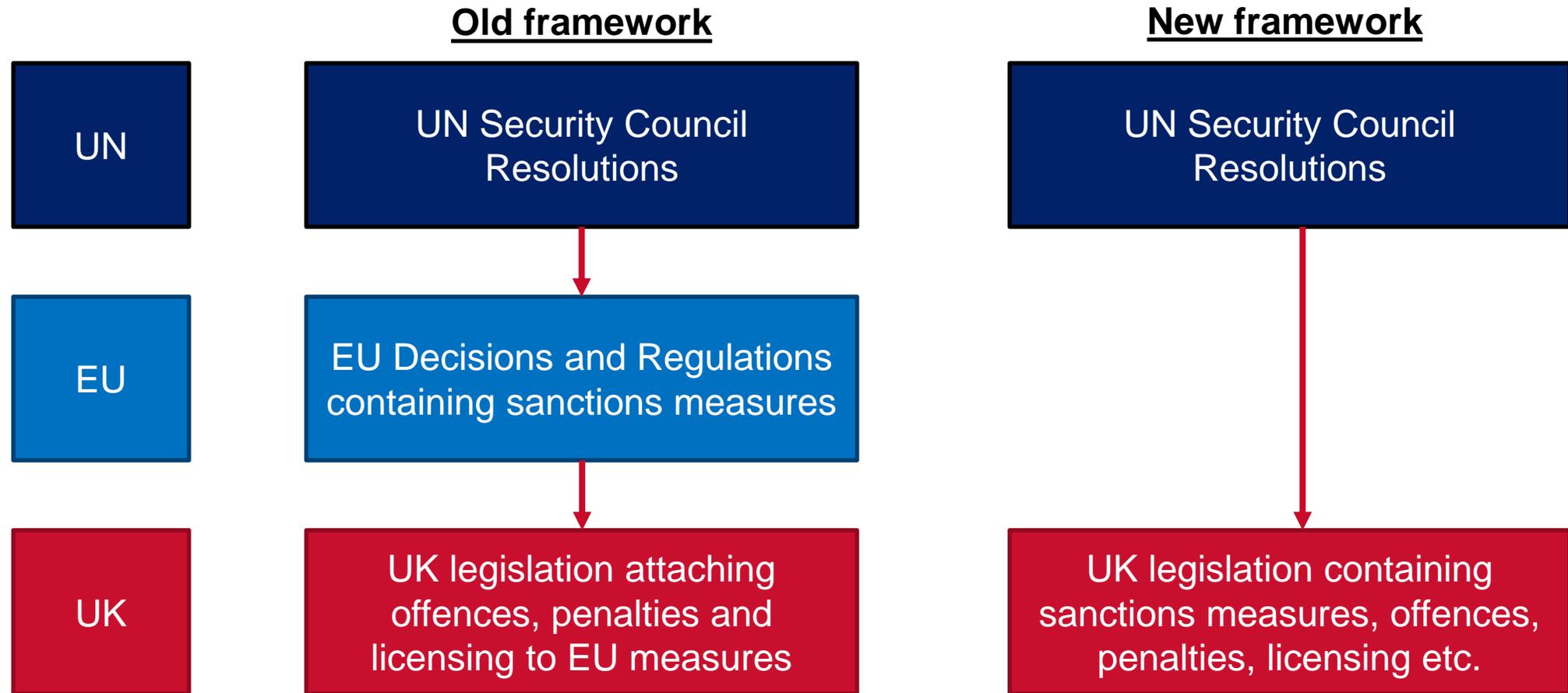
- Arms embargoes
- Other export/import/trade controls
- Transport measures
- Wider financial measures



How is the legislation changing at the end of the Transition Period?



Changes to the legislative framework





New UK legislation

Sanctions and Anti-Money Laundering Act 2018 (SAMLA)

Afghanistan
sanctions
regulation

Belarus
sanctions
regulation

DPRK
sanctions
regulation

Iran
sanctions
regulation

Russia
sanctions
regulation

Etc...



EU drafting style- Arms embargo

The sale, supply, transfer or export of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned to the Central African Republic ('CAR') by nationals of Member States or from the territories of Member States or using their flag vessels or aircraft shall be prohibited whether originating or not in their territories.



UK drafting style- Arms embargo

Export of military goods

21.—(1) *The export of military goods to, or for use in, the Central African Republic is prohibited.*

(2) *Paragraph (1) is subject to Part 6 (Exceptions and licences).*

Supply and delivery of military goods

22.—(1) *A person must not directly or indirectly supply or deliver military goods from a third country to a place in the Central African Republic.*

(2) *Paragraph (1) is subject to Part 6 (Exceptions and licences).*

(3) *A person who contravenes the prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with that offence to show that the person did not know and had no reasonable cause to suspect that the goods were destined (or ultimately destined) for the Central African Republic.*

(4) *In this regulation, “third country” means a country that is not the United Kingdom, the Isle of Man or the Central African Republic.*

Making military goods and military technology available

23.—(1) *A person must not—*

(a) *directly or indirectly make military goods or military technology available to a person connected with the Central African Republic;*

(b) *directly or indirectly make military goods or military technology available for use in the Central African Republic.*

(2) *Paragraph (1) is subject to Part 6 (Exceptions and licences).*

(3) *A person who contravenes a prohibition in paragraph (1) commits an offence, but—*

(a) *it is a defence for a person charged with the offence of contravening paragraph (1)(a) (“P”) to show that P did not know and had no reasonable cause to suspect that the person was connected with the Central African Republic;*

(b) *it is a defence for a person charged with the offence of contravening paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the goods or technology were for use in the Central African Republic.*

Transfer of military technology

24.—(1) *A person must not—*

(a) *transfer military technology to a place in the Central African Republic;*

(b) *transfer military technology to a person connected with the Central African Republic.*

(2) *Paragraph (1) is subject to Part 6 (Exceptions and licences).*

(3) *A person who contravenes a prohibition in paragraph (1) commits an offence, but—*

(a) *it is a defence for a person charged with the offence of contravening paragraph (1)(a) to show that the person did not know and had no reasonable cause to suspect that the transfer was to a place in the Central African Republic;*

(b) *it is a defence for a person charged with the offence of contravening paragraph (1)(b) (“P”) to show that P did not know and had no reasonable cause to suspect that the person was connected with the Central African Republic.*



Where to get more information on the new legislation

<https://www.gov.uk/government/collections/uk-sanctions-regimes-under-the-sanctions-act>

This page contains:

- Links to all legislation completed under SAMLA
- Regime-specific and cross-cutting guidance

UK sanctions regimes which will come into force at the end of the transition period.

Thematic

[Chemical weapons](#)

[Counter-terrorism](#)

[Counter-terrorism \(International\)](#)

[Cyber](#)

[ISIL \(Da'esh\) and Al-Qaida](#)

Country

B

[Belarus](#)

[Bosnia and Herzegovina](#)

[Burma \(Myanmar\)](#)

[Burundi](#)



How will exceptions and licensing work?



Exceptions versus licensing

Exceptions

- Set out in the legislation
- Provide that measures do not apply in specific situations (e.g. asset freezes not applying to discharge prior obligations)
- It is up to individuals/entities to judge whether their activity falls within the exception

Licensing

- Allow the Government to grant a licence to permit activity usually prohibited by the sanctions
- Grounds are set out in an annex to the legislation for financial licences, and in the guidance for trade licences.
- It is up to the licensing authority to determine whether a licence application is in line with the grounds



Sanctions licensing authorities

Asset freezes and other financial measures

HMT Office of Financial Sanctions Implementation

Import measures

DIT Import Licensing Branch

Export and all other trade measures

DIT Export Control Joint Unit

Transport measures

DFT Transport Sanctions team



Office of Financial
Sanctions Implementation
HM Treasury



Export Control
Joint Unit



Geographical validity of licences

- Some licences currently granted by the UK are valid for activity in EU Member States
 - Examples include financial sanctions licences that allow transactions that span several Member States and trade licences that allow export from another EU Member State.
- After the end of the Transition Period, only licences granted by the UK are valid in the UK, and licences granted by the UK will not be valid for activity within the jurisdiction of EU Member States.
- There may be some circumstances where a UK licence and another licence from an EU Member State or from another country is required.
 - For instance, if a UK person is exporting controlled goods from another country to a sanctioned destination or if a payment passes through several jurisdictions.



Status of extant licences

- Licences granted by the UK that are still valid at the end of the transition period will continue to be valid under the new framework up until the end of the validity period stated on the licence.



How will sanctions lists work?



Sanctions lists

UK sanctions list

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

- Published by the FCDO
- Contains all individuals, entities and ships designated under SAML A
- Includes those designated under all types of sanctions including financial, immigration, trade and transport.

OFSI Consolidated list of financial sanctions targets

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>

- Published by the HMT Office of Financial Sanctions Implementation
- Contains all individuals and entities designated under SAML A financial sanctions measures
- Does not cover non-financial sanctions designations



Sanctions lists

- Both lists are already live on GOV.UK.
- The UK Sanctions list currently only contains the one sanctions regime currently operating under SAML A.
- The OFSI Consolidated List currently contains both EU and UK measures.
- At 11.00pm on the 31st December:
 - The UK Sanctions list will be updated to include all designations made under the Sanctions regimes transitioned into UK law.
 - The OFSI Consolidated List will no longer include EU designations and will instead include those designations on the UK Sanctions List that are financial in nature.



How to prepare for the end of the Transition Period

- **The legal framework for sanctions is changing.**
 - The UK is broadly replicating EU sanctions measures, but there are differences.
 - If you undertake activity relating to a sanctioned country, it is important that you **read and understand the new UK regulations and guidance** to ensure that you are still compliant.
 - If your proposed activity is prohibited by UK sanctions and there are no relevant exceptions, either **apply for a licence** or **do not undertake the activity**.
- **The structure of sanctions lists is changing.**
 - Depending on what information you are looking for you will either need to refer to the UK Sanctions List or the OFSI Consolidated List of Financial Sanctions Targets.
 - If you currently need to check your customers/clients against sanctions lists, **ensure that you are using the right list for your activity**.
 - Some organisations may need to check both lists.



Any questions?

David Vallely & Alexander Vince

Her Majesty's Revenue & Customs

The Vital Importance of Business Ethics

ADS EGADD Main Meeting

14 October 2020

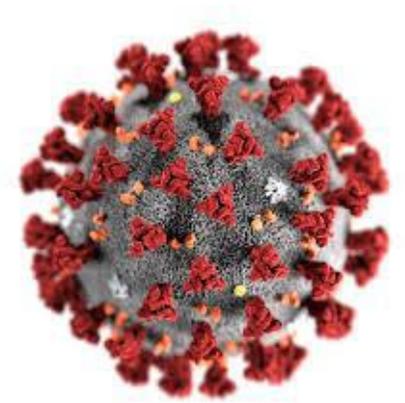
Steven Pegg

ADS BEN Chair & Lockheed Martin Ethics International Operations



COVID: Unprecedented Business Challenges

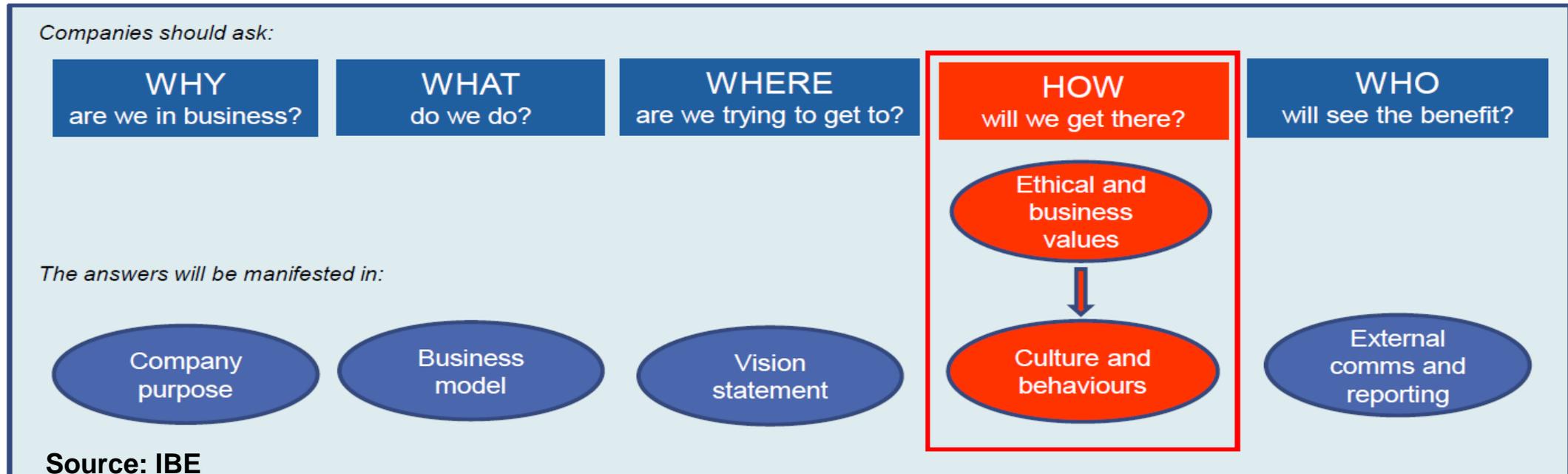
- Weak sectors and businesses are in deep trouble
- Disruptive change even in previously robust sectors
- New work patterns are creating Mental Health issues
- Focus on output and productivity vs presenteeism
- Technology has enabled flexible, remote working
- Redefines the 'office' as a collaborative space
- Requires more empathetic, inclusive, trusting leadership
- Stay focused on company purpose



Businesses with a strong foundation of ethics & compliance are best placed

The Role of Business Ethics

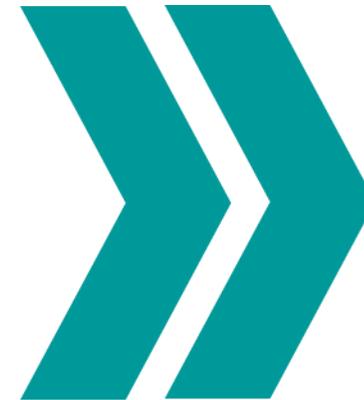
- **Business Ethics:** a series of rules provided to employees;
 - how you treat people you don't know
 - how to address the 'grey' areas in policy and process
 - often underpinned by company values & code of conduct



It is a declaration of 'How' you plan to do business and of your culture

Importance of Ethics in Aerospace/Defence Companies

- Perceived (by NGOs and Media) as **High Risk of Bribery/Corruption** sector;
 - History of **bribes** to Government/Public Officials to win high value contracts
 - Extended **supply chains** difficult to monitor
 - Use of **third party intermediaries/consultants** in high risk countries
 - Global **political and foreign policy** environment changing
 - Pressure to **maintain numbers** can create fear and silence
- What Could Go Wrong? Our Reputation is at risk
 - **Newspaper Headlines**
 - **Investigations & Fines:** Companies and Individuals
 - **Imprisonment**
 - **Debarment** from Government Contracts
 - **Share Price** sales & revenue



Investing in Business Ethics builds Stakeholder Trust & Employee Loyalty

Edelman Trust Barometer Report 2020

*“People grant their trust based on two distinct considerations:
Competence and Ethical Behaviour”*

Competence is not enough!

*Ethics is 3X more important to company trust than competence in
Global Companies*

Unleash Ethical Behaviour via a Culture Ecosystem



Source: Strategy& 2016 CEO Success study

1. Organisational and external influences

- ‘Tone’ and behaviour of leaders at the top/middle
- Organisation takes action after confirmed misconduct

2. Business processes

- Base your ethics programme on your unique threat profile
- Ensure misconduct reporting systems in place.

3. Individual ethical decision making influences

- Influenced by 1. & 2. above plus training & communication
- Psychological safety to speak up without fear of retaliation

Effective Ethics and Compliance (E&C) Programmes



Defense Industry Initiative (DII)



Summary

An investment in Business Ethics:

- Helps realise Company Purpose and Vision
i.e. the 'How' you will get there via Values, Culture and Purpose
- Builds and maintains trust from stakeholders
- Discourages misconduct and reduces risk of reputational impacts
Increasing employee loyalty and engagement
- Creates the culture to deliver on the challenges ahead
- Ensuring consistent, high quality decision making

See ADS Business Ethics Toolkit (SME Focused)

<https://www.adsgroup.org.uk/wp-content/uploads/sites/21/2019/06/BEN-Toolkit-2019-FINAL.pdf>

Questions?

LOCKHEED MARTIN



Spencer Chilvers Head of Export Control Policy Rolls-Royce

The EU Situation and Arrangements Post-Brexit

‘The choices made by the United Kingdom’s government on the future relationship and on not extending the transition period mean that these inevitable disruptions will occur as of 1 January 2021 and risk compounding the pressure that businesses are already under due to the COVID-19 outbreak.’

Dual-Use Items

- In 2019 the EC created a ‘Contingency Regulation’ in the event a Withdrawal Agreement was not secured. This would have automatically added the UK to EUGEA001. As a Withdrawal Agreement was secured the contingency regulation lapsed.
- There is now no equivalent contingency should the UK leave the EU at **the** end of December without any trade agreement.

Dual-Use Items

16 September 2020 EC Notice to Stakeholders said that when the transition period ends:-

- licences issued by the UK under 428/2009 no longer valid for exports from the EU to 3rd countries. These will require a licence issued by the relevant Member State.
- Controls under Regulation (EC) No 428/2009 will apply in relation to exports to the UK and licences will be required.
- EU Dual-Use Working Party has discussed extending EUGEA001 to the UK but no news on outcome.
- Movement of goods ongoing at the end of the transition period are to be treated as intra-Union movements regarding importation and exportation licencing requirements in EU law.

Military List Items

- Apart from no longer being able to use the General Licences issued under the ICT Directive for export to the UK there is unlikely to be much change to the way Member States deal with the UK.
- Worth contacting your EU suppliers requesting confirmation that they are ready and prepared for Brexit.

Other Issues

- Specially Designed – plan is to release a note with the next iteration of the EU Military List probably March 2021. Currently no detail on what this will say.
- France aims to issue non-binding guidelines on IT transfers early next year. Will include Cloud, managed services etc. Germany follows US practice when it comes to employees accessing technology abroad – not an export.

Contacts between the UK and EU after 1 Jan 2021



- LOI – but will the other 5 LOI states want to exclude the UK from the room when they discuss purely EU matters?
- At regime meetings and bilateral discussions with individual Member States.
- Nature of and frequency of formal/informal UK-EU meetings on export control and non-proliferation issues yet to be discussed.

Closing Remarks Spencer Chilvers