

U.S. ECONOMIC SANCTIONS UPDATE: HONG KONG



Washington, DC, June 4, 2020

UNITED STATES TO TAKE ACTIONS WITH RESPECT TO HONG KONG IN LIGHT OF RECENT DEVELOPMENTS

On May 29, 2020, in reaction to steps taken by China, President Trump announced the Administration's determination that Hong Kong is no longer sufficiently autonomous from the People's Republic of China ("PRC"), and that "strong and meaningful" steps would be taken by the US government to "begin the process" of reviewing and revoking agreements that currently provide Hong Kong with preferential treatment under US law.

Potential Actions Affecting Hong Kong:

Stricter Export Controls

Customs Duties and Import Quotas for Imports from Hong Kong/Section 301 Actions

Imposition of Sanctions and Visa Ban against Persons Undermining Hong Kong's Autonomy. The President is required, with limited exceptions such as for intelligence activities, to impose sanctions on such persons under the International Emergency Economic Powers Act (50 U.S.C. §1701 et seq.), including to block and prohibit all transactions in property and interests in property (i.e., designation as a Specially Designated National) of such persons and rendering them ineligible for immigration visas or

admission to the United States, potentially even revoking existing visas. Such sanctions are easy to implement and may be imminent.

Blacklisting of Hong Kong Entities. The US Government has already indicated that it may imminently “blacklist” additional companies, including certain Hong Kong companies, threatening US national security under the EAR, specifically by adding such parties to the Entity List. Numerous PRC companies have been added to the Entity List in recent years, including Huawei. Such Entity List blacklistings would have the effect of prohibiting both US and non-US companies from sending any US origin/content goods, software and technologies to those Entity List parties.

Tighter Immigration, Particularly in Academic and Research Fields.

Loss/Reduction of Preferential Treatment in Other Areas. Other areas currently afforded special treatment that could be affected include agreements with respect to financial and monetary matters, investment, shipping and air transport, communications, tourism, culture, sport, academic research, and educational exchanges.

Questions and Guidance:

Should you wish to discuss any questions or need additional guidance regarding any aspect of the foregoing or sanctions involving other countries (Iran, Syria, Cuba, North Korea, Russia, the Crimea region of Ukraine, Venezuela (presently only SDNs)) or Russian and other entities or individuals subject to U.S. economic sanctions (*e.g.*, OFAC SDN List), please contact us.

The Eren Law Firm will continue to closely monitor developments with respect to the implementation of the expected measures against Hong Kong and provide further guidance, as necessary.

For more information or questions regarding the subject covered in this *Economic Sanctions Update*, please contact:

Hal Eren - Washington, DC	 + 1 202 429 9883	hal.eren@erenlaw.com
Steven Pinter - Washington, DC	 + 1 202 429 9883	steven.pinter@erenlaw.com
Tony Ng – Hong Kong	 + 1 202 429 9883	tony.ng@erenlaw.com

The Eren Law Firm is an economic sanctions boutique. Its other core areas of concentration and practice include corporate transactions, and international dispute resolution, anti-money laundering, and international trade regulation. The Firm’s clients from around the world include banks and financial institutions; insurance, reinsurance and other financial services companies; natural resource extraction companies, industrial companies, marine and air transportation companies, ship owners; sovereign governments; foreign state enterprises; and individuals.

EREN

Economic Sanctions Lawyers

Washington, DC

erenlaw.com

Mr. Eren and Mr. Pinter of the Firm served in senior positions at the U.S. Treasury's Office of Foreign Assets Control (OFAC), the U.S. government agency that administers and enforces U.S. economic sanctions, for a combined 25 years prior to entering private law practice, respectively 18 and 16 years ago, and since this time, they have devoted and continue to devote most of their time in private practice to economic sanctions issues and matters, particularly those involving Iran. Mr. Pinter was OFAC's Chief of Licensing for 17 years during which time he was one of the chief arbiters of OFAC decisions. Mr. Eren's portfolio at Treasury mainly involved issues and matters involving Iran and the former Yugoslavia.

This *Economic Sanctions Update* has been prepared and disseminated by The Eren Law Firm for informational purposes only and it does not constitute legal advice. The information contained in this *Economic Sanctions Update* is not intended to create, and the receipt of it does not constitute an attorney-client relationship or legal advice.

Dissemination and duplication of this *Economic Sanctions Update*, in whole or in part, is authorized with attribution/credit.

© Copyright. The Eren Law Firm.