

Department of Commerce Temporarily Eases License Requirements for Export to ZTE Entities

MARCH 24, 2016

On, March 8, 2016, the Department of Commerce's Bureau of Industry and Security ("BIS") issued a final rule adding four ZTE entities to the Entity List: Zhongxing Telecommunications Equipment Corporation ("ZTE Corporation"); Beijing 8-Star International Co.; ZTE Kangxun Telecommunications Ltd. ("ZTE Kangxun"); and ZTE Parsian. Adding these entities to the Entity List immediately restricted the ability of U.S. and non-U.S. persons to export or reexport goods subject to the Export Administration Regulations to these companies. Please see our [client alert](#) for a more detailed description of these restrictions.

Effective March 24, 2016, BIS has issued a general license that will, temporarily, ease these restrictions with respect to only two of these entities: ZTE Corporation and ZTE Kangxun.

This Temporary General License currently is in effect until June 30, 2016, and returns the licensing and other policies of the Export Administration Regulations regarding exports, reexports, and transfers (in-country) to ZTE Corporation and ZTE Kangxun to that which was in effect just prior to their addition to the Entity List on March 8, 2016. This Temporary General License is renewable if the U.S. Government determines, in its sole discretion, that ZTE Corporation and ZTE Kangxun are timely performing their undertakings to the U.S. Government and otherwise cooperating with the U.S. Government in resolving the matter.

It should be noted that the Temporary General License does not currently include the other two entities added March 8, 2016: Beijing 8-Star International Co. and ZTE Parsian. Companies should be careful to vet diversion risk if they choose to take advantage of the Temporary General License to export goods to ZTE.

Winston's team of professionals is available to assist your business in understanding the new rule, and to develop a program to ensure compliance.

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