

Department of Commerce Extends Temporary General License Authorizing Exports to Certain ZTE Entities to August 30th

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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 restricted the ability of U.S. and non-U.S. persons to export or reexport goods subject to the Export Administration Regulations ("EAR") to these companies. Please see our prior [client alert](#) for a more detailed description of these restrictions.

Effective March 24, 2016, BIS issued a temporary general license that eased these restrictions with respect to two of these entities: ZTE Corporation and ZTE Kangxun. It returned the licensing and other policies of the EAR 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 was originally effective until June 30, 2016, and renewable if the U.S. Government determined, in its sole discretion, that ZTE Corporation and ZTE Kangxun were timely performing their undertakings to the U.S. Government and otherwise cooperating with the U.S. Government in resolving the matter.

BIS has now decided to further extend the Temporary General License covering these entities until August 30, 2016. Thus, exports to ZTE Corporation and ZTE Kangxun may continue for an additional two months. The latest statement from BIS makes no further changes to the regulatory restrictions placed on ZTE and the other named entities.

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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