

Suspension of License Exceptions for Hong Kong

Effective June 30, 2020, BIS is hereby suspending any License Exceptions for exports to Hong Kong, reexports to Hong Kong, and transfers (in-country) within Hong Kong of items subject to the Export Administration Regulations (EAR), 15 CFR Parts 730-774, that provide differential treatment than those available to the People's Republic of China. BIS is taking this action pursuant to Section 740.2(b) of the EAR, 15 CFR § 740.2(b), which provides that all License Exceptions are subject to revision, suspension, or revocation, in whole or in part, without notice.

A License Exception is an authorization contained in Part 740 of the EAR that allows exports, reexports, or transfers (in-country) under stated conditions, of items subject to the EAR that would otherwise require a license. As a result of this suspension, no items subject to the EAR may be exported to Hong Kong, reexported to Hong Kong, or transferred within Hong Kong based upon an authorization provided by a License Exception except for transactions that would otherwise be eligible for a license exception if exported to the People's Republic of China. A license must instead be sought and obtained whenever a license requirement applies for an export to, a reexport to, or a transfer within, Hong Kong.

However, shipments of items that are removed from eligibility for a License Exception as a result of this action and were on dock for loading, on lighter, laden aboard an exporting or transferring carrier, or en route aboard a carrier to a port of export or reexport on June 30, 2020, pursuant to actual orders for export to Hong Kong, reexport to Hong Kong, or transfer within Hong Kong, may proceed to their destination under the previous License Exception eligibility.

Similarly, deemed export/reexport transactions involving Hong Kong persons authorized under a License Exception eligibility prior to June 30, 2020 may continue to be authorized under such provision until August 28, 2020, after which such transactions will require a license. Exporters, reexporters, or transferors (in-country) availing themselves of this 60 day savings clause must maintain documentation demonstrating that the Hong Kong recipient was hired and provided access to technology eligible for Hong Kong under part 740 prior to June 30, 2020.

BIS is taking this action because the Chinese Communist Party has imposed new security measures on Hong Kong which undermine its autonomy and thereby increase the risk that sensitive U.S. items will be illegally diverted to the Chinese People's Liberation Army or Ministry of State Security, Iran, or North Korea.