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BUREAU OF INDUSTRY AND SECURITY
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Commerce Expands and Aligns Restrictions with Allies and Partners and Adds 71 Entities to Entity List in Latest Response to Russia's Invasion of Ukraine

Restrictions Announced Today Coordinated Closely with International Partners and Demonstrate Steadfast Commitment to Ukraine

WASHINGTON, D.C. – Today, the Department of Commerce's Bureau of Industry and Security (BIS) released two rules that continue efforts to impose powerful and coordinated restrictions on Russia for its ongoing full-scale invasion of Ukraine by expanding controls to additional items in alignment with international partners and allies, and adding 71 entities to the Entity List, primarily for supporting Russia's military and defense sectors. BIS also released its second joint alert with Treasury's Financial Crimes Enforcement Network (FinCEN) urging continued vigilance by U.S. financial institutions against potential Russian export control evasion.

"Putin's continued war of aggression has been hampered by the strong, coordinated action of the United States and our partners and allies as he and his lieutenants have expressed numerous times over the past year," **said Deputy Secretary of Commerce Don Graves**, "We will continue to stand strong with the people of Ukraine against this aggression, and will continue to align our efforts to cut off the Russian defense industrial base, as well as entities that seek to support it, as long as it takes."

"The export controls imposed by the Global Export Control Coalition will continue to bite harder and harder the longer Putin persists in his unjust aggression against Ukraine," **said Under Secretary of Commerce for Industry and Security Alan F. Estevez**, "We will continue to impose costs on the Kremlin for continuing this war both by further restricting their access to additional items, as well as through aggressive enforcement in concert with our allies and partners."

"Over the past year, the sweeping export controls imposed against Russia by the Global Export Control Coalition have degraded Russia's ability to repair, replenish, and reconstitute the advanced weapons and platforms it needs to sustain its war machine," **said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**, "The steadfast support and coordination of our Global Export Control Coalition partners has been—and remains—essential to supporting Ukraine's efforts."

"Export Enforcement is aggressively prioritizing enforcement of controls on items that the U.S., EU, UK, and Japan have identified as contributing to Russian weapons systems such as missiles and drones," **said Assistant Secretary for Export Enforcement Matthew S. Axelrod.** "Where our investigations and end-use check program identify evasion activity by companies in third countries, we will use all of our authorities, including the Entity List, to shut it down."

RULE SUMMARIES AND TEXT

The brief summaries and links to the text of the rules released on the Federal Register's website are below. The effective date for all of today's rules is May 19, 2023.

"Implementation of Additional Sanctions Against Russia and Belarus Under the Export Administration Regulations (EAR) and Refinements to Existing Controls"

Rule Summary:

Today's first rule builds on the substantial controls already put in place by the United States and its allies and partners on a variety of inputs for Russia's industrial and commercial, chemical and biological, and other sectors that can support Russia's defense industrial base and/or be diverted to such uses through Belarus.

The rule does this by making the existing Russian and Belarusian Industry Sector Sanctions stronger, more effective, and easier to understand and comply with by adding license requirements for additional items, as outlined in the Export Administration Regulations (EAR), to align U.S. controls further with controls implemented by U.S. partners and allies. The rule makes four major changes:

- The rule adds the remaining HTS-6 Codes under three entire harmonized tariff system chapters (Chapters 84, 85, and 90; now over 2,000 total entries) to the industrial and commercial controls listed in Supplement No. 4 to Part 746 of the EAR so that every HTS-6 Code under these three chapters is now controlled. The items added in today's rule include a variety of electronics, instruments, and advanced fibers for the reinforcement of composite materials, including carbon fibers. This comprehensive approach seeks to further cut off Russia's access to any items of potential military application within these chapters and deny Russia additional resources it needs to continue waging war, while also simplifying the compliance decisions for persons trading in these items as all items in these chapters now require a license.

- The rule also adds certain additional chemicals to Supplement No. 6 to part 746 of the EAR, which consists of discrete chemicals, biologics, fentanyl and its precursors, and related equipment designated EAR99 that may be useful for Russia's industrial capability or may be diverted from Belarus to Russia for these activities of concern.

- The rule expands the list of foreign-produced items in Supplement No. 7 to part 746 of the EAR that require a license when destined to Russia, Belarus, and Iran to make the EAR's controls stronger, more effective, and easier to understand and further limit Iran's ability to support Russia's military aggression against Ukraine by providing unmanned aerial vehicles or UAVs. This addition builds on the rule issued on February 24, 2023, that created Supplement No. 7 which identifies a number of priority items of concern and that is being used to advance counter-evasion efforts.

- Expanding the destination scope of the Russia/Belarus Foreign-Direct Product (FDP) Rule, as well as other conforming changes. The rule applies the Russia/Belarus FDP Rule to the temporarily occupied Crimea region of Ukraine, thereby making it more difficult for items to be procured for Russia's use in Crimea in support of its ongoing military aggression in Ukraine.

Rule Text Available **here**.

"Addition of Entities to the Entity List"

Rule Summary:

This rule that adds sixty-nine entities in Russia and one entity each in Armenia and Kyrgyzstan to the Entity List.

- The sixty-nine Russian entities are added to the Entity List for providing support to Russia's military and defense sector. These entities are also receiving "footnote 3" designations as Russian or Belarusian 'military end users,' and will be subjected to the restrictions imposed under the Russia/Belarus-Military End User FDP Rule, which represent some of the most severe restrictions available under the EAR.

- One Armenian entity and one Kyrgyz entity are added to the Entity List for preventing the successful accomplishment of end-use checks and posing a risk of diversion of items subject to the EAR to Russia.

Rule Text (with Full List of Entities) Available **here**.

BIS-FinCEN Alert:

The supplemental alert issued today builds on FinCEN and BIS's first joint alert, issued in June 2022, and provides financial institutions additional information with respect to new BIS export control restrictions relating to Russia. The alert also reinforces ongoing U.S. Government engagements and initiatives designed to further constrain and prevent Russia from accessing needed technology and goods to supply and replenish its military and defense industrial base. It details evasion typologies and identifies additional transactional and behavioral red flags to assist financial institutions. Link to today's alert is **here**.

Additional Background:

Since Russia's full-scale invasion began in February 2022, BIS has taken numerous regulatory and enforcement actions in coordination with our international allies and partners, as well as our interagency colleagues, to apply stringent export controls intended to degrade Russia's defense industrial base and ability to sustain its war machine, as well as to facilitate additional support for Ukraine's resistance.

Additional information on these actions is available on BIS's Russia-Belarus Resources page at: https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus

Additional Background on the Entity List Process:

These BIS actions were taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the EAR.

The Entity List (supplement no. 4 to part 744 of the EAR) identifies entities for which there is reasonable cause to believe, based on specific and articulable facts, that the entities—including businesses, research institutions, government and private organizations, individuals, and other types of legal persons— have been involved, are involved, or pose a significant risk of being or becoming involved in activities contrary to the national security or foreign policy interests of the United States. Parties on the Entity List are subject to export, reexport, and transfer (in country) licensing requirements and license application review policies supplemental to those found elsewhere in the EAR.

Entity List additions are determined by the interagency End-User Review Committee (ERC), comprised of the Departments of Commerce (Chair), Defense, State, Energy, and where appropriate, the Treasury.

The ERC makes decisions regarding additions to, removals from, or other modifications to the Entity List. The ERC makes all decisions to add an entity to the Entity List by majority vote and makes all decisions to remove or modify an entity by unanimous vote.

Additional information on the Entity List is available on BIS's website at: https://bis.doc.gov/index.php/policy-guidance/faqs

For more information, visit www.bis.doc.gov.

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