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Canada Border  
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Agence des services  
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HM Revenue  
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**Te Kāwanatanga  
o Aotearoa**  
New Zealand Government

# Exporting Commercial Goods

## Guidance for Industry and Academia

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### Russia Sanctions – Common High Priority Items List

Australia, Canada, New Zealand, the United Kingdom, and the United States (collectively referred to as “the Export Enforcement Five” or “E5”) have put in place unprecedented packages of sanctions and export controls aimed at imposing economic costs against Russia, degrading its war machine, and showing solidarity with and support for Ukraine. The E5 packages are being administered in coordination with the sanctions and export controls specific to Russia implemented by all 39-members of the Global Export Control Coalition (GECC)<sup>1</sup> partnership.

The E5’s respective export controls and sanctions have hindered Russia’s ability to wage its illegal war in Ukraine and have forced Russian officials to make difficult economic choices.

Our coordinated efforts seek to degrade Russia’s military capabilities by restricting its foreign procurement of items critical to Russian weapons development.

### The List

Together with international partners including the European Union and Japan, the E5 have agreed to prioritize controlled items in certain Harmonized System (HS) codes that Russia is using in its weapons systems. The E5 have all either implemented sanctions and export controls or have increased scrutiny of these items to prevent potential sanctions and export control evasion. The HS codes on the list include electronic components such as integrated circuits and radio frequency (RF) transceiver modules. The list includes items that are essential for the manufacturing and testing of electronic components and circuits retrieved from the battlefield. The list, which is reproduced below, will be updated when required.

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<sup>1</sup> The GECC includes Iceland, Liechtenstein, Norway, Switzerland, Australia, Canada, the 27 member states of the European Union, Japan, the Republic of Korea, Taiwan, New Zealand, the United Kingdom, and the United States.

The list of six-digit HS codes (HS6) is divided into four tiers, with tiers one and two containing particularly sensitive items:

- Tier 1: Integrated circuits (also referred to as microelectronics).
- Tier 2: Electronics items related to wireless communication, satellite-based radio navigation, and passive electronic components.
- Tier 3: This tier is divided into electronic and non-electronic items to provide greater clarity to the different industries that may work with these items.
- Tier 4: Manufacturing, production and quality testing equipment of electric components and circuits.

### **TIER 1**

<b>HS Code</b>	<b>HS Description and Representative Part</b>
8542.31	Electronic integrated circuits: Processors and controllers, whether or not combined with memories, convertors, logic circuits, amplifiers, clock and timing circuits, or other circuits
8542.32	Electronic integrated circuits: Memories
8542.33	Electronic integrated circuits: Amplifiers
8542.39	Electronic integrated circuits: Other

### **TIER 2**

8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus
8526.91	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus: Radio navigational aid apparatus
8532.21	Other fixed capacitors: Tantalum capacitors
8532.24	Other fixed capacitors: Ceramic dielectric, multilayer
8548.00	Electrical parts of machinery or apparatus, not specified or included elsewhere in chapter 85

### **TIER 3**

8471.50	Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units
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- 8504.40 Electrical transformers, static convertors (for example, rectifiers) and inductors; part thereof: Static convertors
- 8517.69 Other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network
- 8525.89 Television cameras, digital cameras and video camera recorders
- 8529.10 Parts suitable for use solely or principally with the apparatus of headings 8524 to 8528; Antennas and antenna reflectors of all kinds; parts suitable for use therewith
- 8529.90 Parts suitable for use solely or principally with the apparatus of headings 8524 to 8528: Other
- 8536.69 Coaxial connectors; cylindrical multicontact connectors; rack and panel connectors; printed circuit connectors; ribbon or flat cable connectors; other
- 8536.90 Electrical apparatus for switching or protecting electrical circuit, or for making connections to or in electrical circuits: Other apparatus
- 8541.10 Diodes, other than photosensitive or light-emitting diodes (LED)
- 8541.21 Transistors, other than photosensitive, with a dissipation rate of less than 1 W
- 8541.29 Transistors, other than photosensitive not elsewhere specified
- 8541.30 Thyristors, diacs and triacs, excluding photosensitive semiconductor devices
- 8541.49 Photosensitive semiconductor devices, excluding photovoltaic generators and cells
- 8541.51 Semiconductor-based transducers
- 8541.59 Semiconductor devices not elsewhere specified
- 8541.60 Mounted piezo-electric crystals
- 8482.10 Ball bearings
- 8482.20 Tapered roller bearings, including cone and tapered roller assemblies
- 8482.30 Spherical roller bearings
- 8482.50 Other cylindrical roller bearings, including cage and roller assemblies
- 8807.30 Other parts of airplanes, helicopters or unmanned aircraft
- 9013.10 Telescopic sights for fitting to arms; periscopes; telescopes designed to form parts of machines, appliances, instruments or apparatus of this chapter or Section XVI
- 9013.80 Other optical devices, appliances and instruments not elsewhere specified
- 9014.20 Instruments and appliances for aeronautical or space navigation (other than compasses)
- 9014.80 Other navigational instruments and appliances

#### **TIER 4**

8471.80	Units for automatic data-processing machines excluding processing units, input or output units and storage units
8486.10	Machines and apparatus for the manufacture of boules or wafers
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrated circuits
8486.40	Machines and apparatus for the manufacture or repair of masks and reticles; for assembling semiconductor devices; for lifting, handling, loading or unloading of semiconductor devices
8534.00	Printed circuits
8543.20	Signal generators
9027.50	Other instruments and apparatus using optical radiations (ultraviolet, visible, infrared)
9030.20	Oscilloscopes and oscillographs
9030.32	Multimeters with recording device
9030.39	Instruments and apparatus for measuring or checking voltage, current, resistance or electrical power, with recording device
9030.82	Oscilloscopes, spectrum analyzers and other instruments and apparatus for measuring or checking electrical quantities, for measuring or checking semiconductor wafers or devices

#### **Applying a Risk-Based Approach to Exporting**

Exporters are strongly encouraged to conduct additional due diligence when encountering one of the listed HS codes to ensure end user legitimacy and mitigate attempts to evade the E5's respective export controls and/or sanctions. HS codes can be found on trade documents including commercial invoices, packing slips, airway bills, sea or house bills, or other supporting trade documentation.

After reviewing export data related to the list's tier one and tier two HS codes, the E5 have identified three patterns associated with importers in non-GECC countries that raise diversion concerns:

- the company never received exports prior to February 24, 2022;
- the company received exports that did not include any of the tier one and tier two HS codes prior to February 24, 2022; or
- the company received exports involving the tier one and tier two HS codes prior to February 24, 2022, but also saw a significant spike in exports thereafter.

Accordingly, the E5 is requesting that exporters conduct customer and transactional due diligence prior to export. Specifically, when opening accounts for new customers engaged in trade and located in non-GECC countries, exporters are urged to:

- evaluate the customer’s date of incorporation (*e.g.*, incorporation after February 24, 2022),
- evaluate the end-user and end-use of the item (*e.g.*, whether the customer’s line of business is consistent with the ordered items), and
- evaluate whether the customer’s physical location and public-facing website raise any red flags (*e.g.*, business address is a residence, no website is available).

For existing customers, exporters should pay particular attention to anomalous increases in the volume or value of orders. Exporters should also request and review additional information about the end-use and end-user, as well as inconsistencies between the items ordered and the customer’s line of business.

### **Select Red Flag Indicators of Export Control and Sanctions Evasion**

The E5 is providing an additional select list of potential red flag indicators of export control and/or sanctions evasion that may be relevant to exporters. (Consult your country’s export controls and/or sanctions authority to know your obligations.) Consideration of these indicators, in conjunction with conducting appropriate risk-based customer and transactional due diligence, will assist in determining whether an activity may be connected to export control and/or sanctions evasion. As no single red flag is indicative of illicit or suspicious activity, all the surrounding facts and circumstances should be considered before determining whether a specific transaction is suspicious or associated with potential export control and/or sanctions evasion.

#### **New Transactional and Behavioral Red Flags**

1. Transactions related to payments for defense or dual-use products (items that can be used for both civilian and military purposes) from a company incorporated after February 24, 2022, and based in a non-GECC country.
2. A new customer whose line of business is in trade of products associated with the tier one or two HS codes, is based in a non-GECC country, and was incorporated after February 24, 2022.
3. An existing customer who did not receive exports associated with the tier one or two HS codes prior to February 24, 2022, and is now exporting or re-exporting such items to known transshipment points.
4. An existing customer, based outside the Export Five, received exports associated with one or more of the tier one and two HS codes prior to February 24, 2022, and requested or received a significant increase in exports with those same codes thereafter.
5. A customer who lacks or refuses to provide details on banks, shippers, or third parties, including about end-users, intended end-use, or company ownership.
6. Transactions involving smaller-volume payments, all from the same end-user’s foreign bank account, to multiple, similar suppliers of dual-use products.
7. Parties to transactions listed as ultimate consignees or listed in the “consign to” field who do not typically engage in business consistent with consuming or otherwise using the subject commodities (*e.g.*, other financial institutions, mail centers, or logistics companies).
8. A customer that significantly overpays for a commodity, as determined by known market prices.

9. A customer or address thereof that is similar to one of the parties on a proscribed party or sanctions list of one or all of the Export Five.

### **Responsibilities of the Exporter**

Failure to comply with these recommendations can result in reputational harm, future business relationship challenges, fines, and/or criminal charges. Know the laws and your obligations.

### **Considerations Prior to Export Declaration**

Many other items not captured by the HS codes listed above are subject to export controls and sanctions. It is the responsibility of the exporter to ensure compliance with all applicable legislation. There are a number of screening tools available that could be used to assist with preliminary compliance and due diligence:

- [Consolidated List](#) – Australia
- [Consolidated Canadian Sanctions List](#)
- [Canadian Sanctions](#)
- [Restricted Goods and Technologies List](#) - Canada
- [United Nations Security Council Consolidated List](#)
- [Consolidated U.S. Screening Tool](#)
- [OFAC Sanctions List Search](#) - U.S.
- [D19-11-1](#) (Canadian sanctions)
- [D20-1-1](#) (Canadian Export Reporting)
- [Reporting of Exported Goods Regulations](#) - Canada

A number of other resources are available to exporters including:

- [Handbook of Export and Import Commodity codes](#) - Canada
- [Export and Brokering Controls Handbook](#) - Canada
- [A Guide to Canada's Export Control List](#)
- [BIS Policy Guidance](#) - U.S.
- [The U.S. Export Administration Regulations](#)
- [BIS Compliance & Training](#)- U.S.
- [UK Export Control Guidance](#)
- [Australian Defence Export Controls \(DEC\)](#)
- [New Zealand Export Controls](#)