



Russia Sanctions

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UPDATE CONFERENCE ON EXPORT CONTROLS AND POLICY



- The United States has implemented sanctions on Russia as a result of Russia's destabilization in Ukraine and continued occupation of Crimea
- Commerce and Treasury have implemented a range of Russia sanctions
- The United States developed its sanctions in close coordination with the European Union and other countries

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Executive Orders

Executive Orders for Russia sanctions

Executive Order 13660 (79 FR 13493), *Blocking Property of **Certain Persons** Contributing to the Situation in Ukraine*, issued by President on March 6, 2014.

Executive Order 13661 (79 FR 15533), *Blocking Property of **Additional Persons** Contributing to the Situation in Ukraine*, issued by President on March 16, 2014.

Executive Order 13662 (79 FR 16169), *Blocking Property of **Additional Persons** Contributing to the Situation in Ukraine*, issued by President on March 20, 2014.

Executive Order 13685 (79 FR 77357), *Blocking Property of **Certain Persons** and Prohibiting **Certain Transactions with Respect to the Crimea Region of Ukraine***, issued by President on December 19, 2014.



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Russia Sanctions

- New or expanded EAR requirements
 - Oligarch companies and expropriated Crimea property
 - Entity List
 - Industry sector sanctions
 - Energy – § 746.5 and Entity List
 - Defense sector – expanded § 744.21 to add Russia military end uses and end users and Entity List
 - Crimea region of Ukraine
 - Section 746.6 to impose very restrictive requirements
 - Entity List



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Energy Sector

- License required (§ 746.5 – Russian Industry Sector Sanctions) when you know that the item will be used directly or indirectly in exploration for, or production of, oil or gas in Russian:
 - (1) deepwater (greater than 500 feet);
 - (2) Arctic offshore locations; or
 - (3) shale formations in Russia, or are unable to determine whether the item will be used in such projects
- Includes a “knowledge” requirement, but also applies if unable to determine. Therefore, if you have an item that is subject to § 746.5 destined for Russia, this section should be reviewed carefully
- Item scope of § 746.5 is limited to 8 ECCNs and Schedule B numbers identified in Supplement No. 2 to part 746

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Energy Sector

- License review policy for § 746.5
 - Presumption of denial when for use directly or indirectly for:
 - exploration or production from deepwater (greater than 500 feet),
 - Arctic offshore, or
 - shale projects

in Russia that have the potential to produce oil

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Energy Sector

- Entity List
 - Subject to license requirement applying to all items subject to the EAR
 - License requirement applies only to transactions involving the three types of prohibited projects in § 746.5
 - Yuzhno-Kirinskoye Field in the Sea of Okhotsk
 - Subject to license requirement applying to all items subject to the EAR
 - Presumption of denial for license applications involving the three types of prohibited projects in § 746.5



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Defense Sector

- License Requirements
 - Russia added to § 744.21
 - Export, reexport, or transfer (in-country) of certain items (listed in Supplement No. 2 to part 744) if for a “military end use” or “military end user”
 - Entity List
 - All items subject to EAR

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Defense Sector

- Licensing Policy
 - Denial for
 - 600 series items
 - Military, security, or intelligence service end uses or end users

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Crimea region of Ukraine

- License Requirement (§ 746.6 Crimea region of Ukraine)
 - All items subject to the EAR, other than food and medicine designated as EAR99 and software necessary to enable exchange of personal communications over Internet to Crimea region of Ukraine
 - Exports and reexports to Crimea region of Ukraine and transfers within Crimea region of Ukraine

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Crimea region of Ukraine

- License Review Policy
 - Presumption of denial, except for items authorized under OFAC Ukraine-Related General License (GL) No. 4, which will be reviewed on a case-by-case basis
 - Medical devices, medical supplies and agricultural commodities are the items that may be within the scope of GL 4 that are eligible for case-by-case review under EAR. Certain EAR license exceptions, such as EAR License Exception GFT for humanitarian donations may also authorize some items within scope of GL 4
 - EAR99 food and medicine are also within GL 4, but are outside the EAR license requirements
 - No license exceptions, except those specified in § 746.6(c), available

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Crimea region of Ukraine

De minimis and Direct Product Rule

- No changes to the EAR *de minimis* or direct product rule provisions
- The 25% *de minimis* rule applies to reexports to Crimea region of Ukraine
 - Include part 746 license requirements for Crimea region of Ukraine in identifying controlled U.S. origin content in *de minimis* calculation
- Country Groups for Ukraine used for determining direct product rule
 - D:1 is used to determine if a direct product to be reexported to Crimea region of Ukraine is subject to the EAR

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Russia Sanctions

- BIS's website includes FAQs for Russia Sanctions related to Ukraine:
 - <http://www.bis.doc.gov/index.php/policy-guidance/faqs?view=category&id=114#subcat150>
- OFAC's website includes various information on the Russia sanctions related to Ukraine:
 - <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx>

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