



During the second quarter of 2022, the United States (“US”) expanded upon the trade actions it took against the Russian Federation (“Russia”) during the first quarter of 2022 in response to Russia’s continued aggressions towards Ukraine as well as Belarus’s continued support of Russia’s aggressions.

This second alert follows our first alert on this topic, dated 25 March 2022 (available [here](#)), and is intended to summarize some of the more significant actions taken by the US during the second quarter of 2022 that are impacting global trade with Russia and Belarus. It is not intended to be exhaustive and excludes the actions taken by other nations.

Additional alerts may be issued as events evolve.

Actions taken by the Biden Administration

On 6 April 2022, President Biden issued an Executive Order (“EO”) that prohibited new investment in, trade with, and the provision of certain services to Russia from US persons in response to Russia’s continued aggressions toward Ukraine. “Certain [prohibited] services” are to be determined by the Secretary of the Treasury, in consultation with the Secretary of State, in furtherance of Section 5 of EO 14066 and Section 5 of 14068.

On 27 June 2022, the Biden Administration also announced that more than 570 groups of Russian products will be subject to a 35% tariff beginning immediately. The tariffs are listed under Harmonized Tariff Schedule of the US (“HTSUS”) subheading 9903.90.08 and apply to the HTSUS subheadings listed in note 30(b) to subchapter III of chapter 99. The affected products include, among others: certain types of salts; certain articles of iron, steel, copper, nickel, lead, aluminium and minerals; metals; chemicals; soaps; glues; certain plastic, rubber and leather articles; textile articles; stone and cement articles; ceramic products; tools; turbines and engines; electric machinery and equipment; arms and ammunition; wood and paper products; mattresses; aircraft and parts; lenses and cameras; yachts; motor vehicles and parts; and works of art and antiques.

Recent actions taken by the Office of Foreign Assets Control (“OFAC”)

On 6 April 2022, the US Department of the Treasury’s OFAC “took [additional] major steps to degrade the economy Russia Federation in response to Russia’s continued brutal war against

Ukraine and atrocities against Ukrainian citizens,” pursuant to the Directives of EO 14024. Specifically, OFAC:

- fully blocked Public Joint Stock Company Sberbank of Russia (“Sberbank”), which is Russia’s largest financial institution and is majority-owned by the Government of Russia, expanding on previously imposed sanctions that directly and indirectly targeted Sberbank, along with expressly listing 42 Sberbank subsidiaries for meeting or exceeding OFAC’s sanctions-nexus threshold (i.e., being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly) with Sberbank. All entities with such sanctions nexus with Sberbank were blocked under EO 14024, even if not expressly listed on OFAC’s Specially Designated Nationals (“SDN”) List.
- imposed “full blocking restrictions” on Joint Stock Company Alfa-Bank (“Alfa-Bank”), which is Russia’s largest privately owned financial institution, which is a distinct entity from the non-US-sanctioned Alfa-Bank in Ukraine, expanding on previously imposed sanctions that directly and indirectly targeted Alfa-Bank. OFAC expressly listed six Alfa-Bank subsidiaries that met OFAC’s sanctions-nexus thresholds, and all entities with such sanctions nexus with Alfa-Bank were blocked under EO 14024, even if not expressly listed on OFAC’s SDN List.
- Designated additional immediate family members of Vladimir Putin and Sergei Lavrov, and the remaining twenty-one members of Russia’s Security Council—that had not yet been designated—to the SDN List.

On 7 April 2022, pursuant to EO 14024, OFAC designated Alrosa, a Russian state-owned enterprise and redesignated United Shipbuilding Corporation on the sanctions list. US persons and any persons within the US are consequently prohibited from transacting with the two named entities and other entities that are directly or indirectly owned by Alrosa or United Shipbuilding Corporation. US has also blocked all the property of the two entities that are in the US or in possession of US persons.

On 8 May 2022, OFAC imposed sanctions on accounting, trust and corporate formation services, and management consulting sectors of Russia economy pursuant to Section 1(a) of EO 14024. OFAC also prohibited the exportation, reexportation, sale, or supply, directly or indirectly, from the US, or by a US person to the abovementioned sectors located in Russia. Also, effective from 8 May 2022, OFAC authorized certain transactions that are otherwise banned by the Russian Harmful Foreign Activities Sanctions Regulations via the following four general licenses:

1. General License 25A indefinitely authorizes certain transactions of services, software, hardware, or technology incident to the exchange of communication services such as social networking, instant messaging, web browsing, and blogging.
2. General License 33 authorizes US institutions until 7 June 2022 to enter into transactions prohibited by EO 14024, which are necessary for winding down operations or contracts that were in effect prior to 8 May 2022.
3. General License 34 authorizes transactions with person located in Russia that are prohibited by Section 1(a)(ii) of EO 14071 and are incident to the winding down of existing accounting, trust and corporate formation, and management consultancy services.
4. General License 35 authorizes transactions related to credit rating or auditing services that are prohibited by Section 1(a)(ii) of EO 14071, until 20 August 2022.

On 2 June 2022, OFAC added eight persons (including God Nisanov, Evgeny Novitsky, Maria Zakharova, Sergey Gorkov, and Alexey Mordashov and three family members – Marina, Nikita and Kirill Mordashov) and four entities (Severstal, Algoritm, Severgroup, and Nord Gold) that are connected to Alexey Mordashov, on the SDN list pursuant to EO 14024 and thereby blocking any property or interests in property of the identified persons and entities.

On 6 June 2022, OFAC issued clarifications on the new investment prohibitions of EO 14066, EO 14068, and EO 14071 that prohibit the purchase of both new and existing debt and equity securities issued by a Russian Federation entity. OFAC clarified that US persons may

continue to hold certain securities that were acquired on or after the effective date of the respective EO prohibitions. US persons may also hold shares in US funds that contain debt or equity securities issued by entities in Russia so long as Russia entity holdings represent less than a predominant share by value of debt or equity.

On 15 June 2022, OFAC designated two persons, Stanislav Shevchuk and Alexander Zhuchkovsky, as supporters of the Russian Imperial Movement, thereby blocking all property and interests in property of the individuals named.

Recent actions taken by the Department of Commerce's Bureau of Industry and Security ("BIS")

On 7 April 2022, the BIS expanded the highly restrictive license requirements for Export Control Classification Numbers ("ECCNs") in Categories 0 through 2 of items on the Commerce Control List ("CCL") to Russia and Belarus based on a new license requirement that was added earlier this year for all ECCNs in Categories 3 through 9 of the CCL, 58 of which were not previously controlled to Russia. These actions effectively require that all the items covered on the CCL need to meet with the highly restrictive license requirements for exports to Russia and Belarus. The items that would be affected by this action include certain composite materials, medical products containing certain toxins or genetically modified organisms, hydraulic fluids, pumps, valves, and lower-level machine tools.

Between 8 April 2022 and 24 June 2022, the BIS imposed restrictions on fourteen Russian aircraft entities (Roman Abramovich, Aeroflot, AirBridgeCargo, Aviastar-TU, Alrosa, Azur Air, Nordstar, Nordwind, Pegas Fly, Pobeda, Rossiya, Royal Flight, S7 Airlines, and Utair) and one Belarus aircraft entity (Belavia) pursuant to a finding that they were in apparent violation of the Export Administration Regulations ("EAR"). Without prior BIS authorisation, any person providing any forms of services to the identified aircrafts would be subject to BIS enforcement actions such as jail time, fines or loss of export privileges.

On 11 May 2022, the BIS issued a final rule that further expanded existing sanctions against Russian industry sectors by imposing a license requirement for exports, reexports, or in-country transfers to and within Russia for additional items subject to the EAR identified under specific Schedule B numbers or HTSUS codes. This final rule amended part 746 of the EAR to further expand the scope of the Russian industry sector sanctions by adding an additional 205 HTSUS codes at the 6-digit level and 478 corresponding 10-digit Schedule B numbers to Supplement No. 4 to part 746 of the EAR. This imposed a license requirement for all exports, reexports, and in-country transfers to or within Russia for the items in scope. Items that were already in transit on 9 May 2022 that would now require a license were allowed to proceed under the previous eligibility. Additionally, the final rule revised the license review policy under § 746.5(b)(2) to specify that applications involving items that meet humanitarian needs will be reviewed on a case-by-case license-review policy. This humanitarian case-by-case review will focus on whether the items could generate revenue to support Russia's military capabilities. Finally, this final rule also revised Supplement No. 4 to part 746 of the EAR by re-organizing the list of items subject to a license requirement under § 746.5(a)(1)(ii) to make it easier for exporters to determine whether a particular item is described in the Supplement—specifically by:

- Re-organizing the columns to list them in the order of Schedule B, Schedule B Description, HTSUS code, and HTSUS description;
- Individually listing the existing Schedule B numbers so each number corresponds with a single HTSUS code;
- Ordering the list numerically by Schedule B number; and
- Modifying and adding to the introductory language.

On 2 June 2022, the BIS extended the license requirements for Russian and Belarusian military end uses and military end users to include food and medicine designated as EAR99. These revisions will affect items that are destined only for certain regions in Ukraine and will now be subject to a case-by-case review. Further, BIS modified certain EAR provisions related to exports of luxury goods destined for Russia and Belarus and items for use in Russia's oil refinery sector. The BIS also added 71 entities located in Russia and Belarus to the Entity List.

On 16 June 2022, the BIS expanded sanctions against Belarusian state-owned airline, Belavia, thereby temporarily denying export privileges under the EAR for a period of 180 days.

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