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## **RUSSIA INVADES UKRAINE**

### Implementation of Sanctions Against Russia Under the Export Administration Regulations (EAR)

**Dates:**

This rule is effective February 24, 2022.

**Document Citation:**

87 FR 12226

Bureau of Industry and Security, Department of Commerce.

#### NEWSLETTER NOTES

- **Russia Invades Ukraine**
- **Russian Sanctions**
- **Germany Halts Gas Line**
- **Putin Orders Invasion**
- **Executive Orders**
- **Oil Released**
- **EAR99 End Use/User**
- **Media Crackdown Russia**
- **Oligarchs Targeted**

(\*Continued On The Following Column)

# RUSSIAN SANCTIONS

## FOR FURTHER INFORMATION CONTACT:

For questions on the Entity List and MEU List, contact the Chair, End-User Review Committee, Office of the Assistant Secretary, Export Administration, Bureau of Industry and Security, Department of Commerce, Phone: (202) 482-5991, Fax: (202) 482-3911, Email: [ERC@bis.doc.gov](mailto:ERC@bis.doc.gov).

For other questions on this final rule, contact Eileen Albanese, Director, Office of National Security and Technology Transfer Controls, Bureau of Industry and Security, Department of Commerce, Phone: (202) 482-0092, Fax: (202) 482-3355, Email: [tpd2@bis.doc.gov](mailto:tpd2@bis.doc.gov). For emails, include "Russia" in the subject line.

## SUPPLEMENTARY INFORMATION:

### I. Background

In response to the Russian Federation's (Russia's) further invasion of Ukraine, the Bureau of Industry and Security (BIS) imposes extensive sanctions on Russia by amending the Export Administration Regulations (15 CFR parts 730-774) (EAR). Russia's invasion of Ukraine flagrantly violates international law, is contrary to U.S. national security and foreign policy interests, and undermines global order, peace, and security, and therefore necessitates these stringent and expansive sanctions. The Commerce Department's sanctions are one aspect of the broad U.S. Government response to Russia's unprovoked aggression and are being imposed in coordination with allies and partners.

In response to Russia's 2014 invasion of Ukraine and occupation of the Crimean region, the U.S. Government, in coordination with its partners and allies, imposed restrictions on Russia, including asset-blocking measures, licensing requirements applicable to exports, reexports, and transfers (in-country) of items subject to the EAR destined for certain Russian entities, and special controls on items subject to the EAR intended for use in specified Russian industry sectors. Leading up to Russia's further invasion of Ukraine, the U.S. Government announced that should Russia encroach further on Ukraine's territory, it would impose additional, comprehensive sanctions with significant consequences.

The export control measures implemented in this final rule protect U.S. national security and foreign policy interests by restricting Russia's access to items that it needs to project power and fulfill its strategic ambitions. These items include sophisticated technologies designed and produced in the United States, as well as certain foreign-produced items that contain or are based on U.S.-origin technology subject to the EAR or other technology that is subject to the EAR that are essential inputs to Russia's key technology and other sectors. BIS is primarily targeting the Russian defense, aerospace, and maritime sectors with these new export controls. These export controls include controls on the export from abroad of certain foreign-produced items that are subject to the EAR. Given the global dominance of U.S.-origin software, technology, and equipment (including tooling), these new controls, implemented in parallel with similarly stringent measures by partner and allied countries, will cover a broad scope of items that Russia seeks to advance its strategic ambitions and consequently impair the country's key industrial sectors.

## II. Overview of New Controls

BIS is implementing a new license requirement for Russia on items subject to the EAR and classified under any Export Control Classification Number (ECCN) in Categories 3 through 9 of the Commerce Control List, Supp. No. 1 to part 774 of the EAR (CCL). The new license requirement is added under new § 746.8(a)(1) (Russia sanctions) in part 746 of the EAR (Embargoes and Other Special Controls). License exceptions described in § 746.8(c)(1)-(7) may be used to overcome the license requirement. When a license application is required, applications for such items will be subject to a policy of denial. However, to minimize unintended consequences, a case-by-case review policy applies to applications to export, reexport, or transfer (in-country) items that ensure safety of flight, maritime safety, meet humanitarian needs, enable government space cooperation, and allow transactions for items destined to specified Western subsidiaries and joint ventures, support civil telecommunications infrastructure in certain countries, and government-to-government activities. The case-by-case review policy will be used to determine whether a transaction that meets the criteria above would benefit the Russian government or defense sector. Additionally, BIS is establishing two new foreign "direct product" rules (FDP rules) in § 734.9 of the EAR. The first relates to the entire country of Russia, as described in new § 734.9(f) (the "Russia FDP rule"). Foreign-produced items subject to the EAR under the Russia FDP rule will be subject to the license requirement described in new § 746.8(a)(2) but will be eligible for certain license exceptions described in § 746.8(c)(1)-(7). When a license application is required, such applications will be subject to a general policy of denial but will be subject to case-by-case review for certain circumstances described further in § 746.8(b).

(\*Continued on page seven)

## [Germany will halt authorization of a major gas pipeline over Russia's actions in Ukraine, Chancellor Olaf Scholz says](#)

Scholz said that given Russia's actions in Ukraine, regulatory approval for the controversial Nord Stream 2 pipeline between Germany and Russia would not happen for the time being. Despite pressure from Washington, the German government had previously held off directly saying that the pipeline would be stopped in case of a Russian invasion.

## [Russia says its recognition of separatist areas in eastern Ukraine includes territory now held by Ukrainian forces](#)

Kremlin spokesman Dmitry Peskov said Tuesday that Russia has recognized the independence of rebel-held regions within borders that the separatists originally proclaimed when they broke away from Ukraine in 2014. Since large parts of those regions have since been reclaimed by Ukrainian forces during their eight-year war, Russia's declaration raises Western fears that Moscow intends to invade more of Ukraine's territory.

## [Putin orders Russian forces into separatist regions in Ukraine for 'peacekeeping' purposes](#)

The Russian president signed decrees dispatching the troops after recognizing the Donetsk and Luhansk enclaves as independent republics. These measures could be precursors to a broader Russian invasion.

## [Kremlin Decision on Eastern Ukraine](#)

02/21/2022 04:54 PM EST

Antony J. Blinken, Secretary of State

We strongly condemn President Putin's decision to recognize the so-called "Donetsk and Luhansk People's Republics" as "independent." As we said when the Duma first made its request: this decision represents a complete rejection of Russia's commitments under the Minsk agreements, directly contradicts Russia's claimed commitment to diplomacy, and is a clear attack on Ukraine's sovereignty and territorial integrity.

States have an obligation not to recognize a new "state" created through the threat or use of force, as well as an obligation not to disrupt another state's borders. Russia's decision is yet another example of President Putin's flagrant disrespect for international law and norms.

President Biden will sign an Executive Order that will prohibit all new investment, trade, and financing by U.S. persons to, from, or in the so-called "Donetsk and Luhansk People's Republics" regions of Ukraine. We will continue to coordinate with Ukraine and our Allies and partners to take appropriate steps in response to this unprovoked and unacceptable action by Russia. The E.O. is designed to prevent Russia from profiting off of this blatant violation of international law. It is not directed at the people of Ukraine or the Ukrainian government and will allow humanitarian and other related activity to continue in these regions.

Our support for Ukraine's sovereignty and territorial integrity as well as for the government and people of Ukraine is unwavering. We stand with our Ukrainian partners in strongly condemning President Putin's announcement.

## Department of State Presence in Ukraine

02/21/2022 09:08 PM EST

Antony J. Blinken, Secretary of State

Today the Department of State is again taking action for the safety and security of U.S. citizens, including our personnel. For security reasons, Department of State personnel currently in Lviv will spend the night in Poland. Our personnel will regularly return to continue their diplomatic work in Ukraine and provide emergency consular services. They will continue to support the Ukrainian people and the Ukrainian government, coordinating on diplomatic efforts. The United States' commitment to Ukraine's sovereignty and territorial integrity in the face of Russia's aggression is unwavering. The fact that we are taking prudent precautions for the sake of the safety of U.S. government personnel and U.S. citizens, as we do regularly worldwide, in no way undermines our support for, or our commitment to, Ukraine. Our commitment to Ukraine transcends any one location.

We strongly reiterate our recommendation to U.S. citizens to depart Ukraine immediately. The security situation in Ukraine continues to be unpredictable throughout the country and may deteriorate with little notice. There is a strong likelihood that any Russian military operations would severely restrict commercial air travel. Russian troops have continued to move closer to the border in what looks like plans for an invasion at any moment. There have been reports of increased ceasefire violations in Kharkiv, Luhansk, and Donetsk in recent days. And Russia has ordered troops to deploy into the so-called DNR and LNR regions of Ukraine. U.S. citizens who choose to remain in these areas despite our advice to depart Ukraine immediately should remain vigilant and alert to their surroundings. In the event of an attack, U.S. citizens should seek shelter in a hardened structure and monitor major news outlets for guidance on when it is safe to move.

U.S. citizens seeking to depart Ukraine needing further information should communicate with the Department of State via our [online assistance request form](#) or call 1-833-741-2777 (in the United States) or 1-606-260-4379 (from overseas) for immediate assistance. U.S. citizens planning to depart Ukraine should consult our guidance on [how to cross land borders](#) when departing Ukraine. We have stationed support teams near the Ukrainian border in Romania, Hungary, Slovakia, and Moldova to provide assistance to U.S. citizens, and have opened a [Welcome Center](#) for U.S. citizens in Poland.

U.S. citizens can seek consular services at Embassies and Consulates in the region listed below, or any U.S. Embassy or Consulate. Visit our [United with Ukraine](#) website for more information about U.S. government actions to support the Ukrainian government and people.

U.S. Embassy Poland: <https://pl.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Hungary: <https://hu.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Romania: <https://ro.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Moldova: <https://md.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Czech Republic: <https://cz.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Slovakia: <https://sk.usembassy.gov/u-s-citizen-services/>

U.S. Mission to Germany: <https://de.usembassy.gov/services/>

U.S. Embassy Lithuania: <https://lt.usembassy.gov/u-s-citizen-services/>

U.S. Mission to the United Kingdom: <https://uk.usembassy.gov/u-s-citizen-services/>

U.S. Mission to Turkey: <https://tr.usembassy.gov/u-s-citizen-services/>

U.S. Embassy Bulgaria: <https://bg.usembassy.gov/u-s-citizen-services/>

*(\*Continued On The Following Column)*

# Executive Order on Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to Continued Russian Efforts to Undermine the Sovereignty and Territorial Integrity of Ukraine

FEBRUARY 21, 2022 • [PRESIDENTIAL ACTIONS](#)

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.) (NEA), section 212(f) of the Immigration and Nationality Act of 1952 (8 U.S.C. 1182(f)), and section 301 of title 3, United States Code,

I, JOSEPH R. BIDEN JR., President of the United States of America, hereby expand the scope of the national emergency declared in Executive Order 13660 of March 6, 2014, and expanded by Executive Order 13661 of March 16, 2014, and Executive Order 13662 of March 20, 2014, and relied on for additional steps taken in Executive Order 13685 of December 19, 2014, and Executive Order 13849 of September 20, 2018, finding that the Russian Federation's purported recognition of the so-called Donetsk People's Republic (DNR) or Luhansk People's Republic (LNR) regions of Ukraine contradicts Russia's commitments under the Minsk agreements and further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine, and thereby constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States. Accordingly, I hereby order:

Section 1. (a) The following are prohibited:

- (i) new investment in the so-called DNR or LNR regions of Ukraine or such other regions of Ukraine as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State (collectively, the "Covered Regions"), by a United States person, wherever located;
- (ii) the importation into the United States, directly or indirectly, of any goods, services, or technology from the Covered Regions;
- (iii) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Covered Regions; and
- (iv) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.

*(\*Continued On The Following Column)*

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or license or permit granted prior to the date of this order.

Sec. 2. (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person (including any foreign branch) of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

- (i) to operate or have operated since the date of this order in the Covered Regions;
- (ii) to be or have been since the date of this order a leader, official, senior executive officer, or member of the board of directors of an entity operating in the Covered Regions;
- (iii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order; or
- (iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to this order.

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order.

Sec. 3. The prohibitions in section 2 of this order include but are not limited to:

- (a) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order; and
- (b) the receipt of any contribution or provision of funds, goods, or services from any such person.

Sec. 4. (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

*(\*Continued On The Following Page)*

Sec. 5. Nothing in this order shall prohibit transactions for the conduct of the official business of the Federal Government by employees, grantees, or contractors thereof.

Sec. 6. (a) The unrestricted immigrant and nonimmigrant entry into the United States of noncitizens determined to meet one or more of the criteria in section 2 of this order would be detrimental to the interests of the United States, and the entry of such persons into the United States, as immigrants or nonimmigrants, is hereby suspended, except where the Secretary of State or the Secretary of Homeland Security, as appropriate, determines that the person's entry would not be contrary to the interests of the United States, including when the Secretary of State or the Secretary of Homeland Security, as appropriate, so determines, based on a recommendation of the Attorney General, that the person's entry would further important United States law enforcement objectives.

(b) The Secretary of State shall implement this authority as it applies to visas pursuant to such procedures as the Secretary of State, in consultation with the Secretary of Homeland Security, may establish.

(c) The Secretary of Homeland Security shall implement this order as it applies to the entry of noncitizens pursuant to such procedures as the Secretary of Homeland Security, in consultation with the Secretary of State, may establish.

(d) Such persons shall be treated by this section in the same manner as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

Sec. 7. I hereby determine that the making of donations of the types of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order would seriously impair my ability to deal with the national emergency declared in Executive Order 13660, expanded in Executive Orders 13661 and 13662, and further expanded by this order, and I hereby prohibit such donations as provided by section 2 of this order.

Sec. 8. For the purposes of this order:

(a) the term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(b) the term "person" means an individual or entity;

(c) the term "United States person" means any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States;

(d) the term "noncitizen" means any person who is not a citizen or noncitizen national of the United States; and

(e) the term "region of Ukraine" includes the land territory in that region as well as any maritime area over which sovereignty, sovereign rights, or jurisdiction is claimed based on purported sovereignty over that land territory or area.

Sec. 9. For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render those measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 13660, expanded in Executive Orders 13661 and 13662, and further expanded by this order, there need be no prior notice of a listing or determination made pursuant to section 2 of this order.

Sec. 10. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All executive departments and agencies of the United States shall take all appropriate measures within their authority to implement this order.

Sec. 11. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

JOSEPH R. BIDEN JR.

THE WHITE HOUSE,  
February 21, 2022.

*(\*Continued On The Following Column)*

## U.S. Navy Christens First Snakehead LDUUV Prototype

A U.S. Navy team led by the Naval Undersea Warfare Center (NUWC) Division Newport and the Program Executive Office for Unmanned and Small Combatants (PEO USC) conducted a vehicle christening for the first Snakehead Large Displacement Unmanned Undersea Vehicle (LDUUV) prototype Feb. 2 at the Narragansett Bay Test Facility in Newport, RI.

Xavier Vavasseur 14 Feb 2022

*NAVSEA press release*

*This story was update with actual pictures of the Snakehead LDUUV (see bottom of the page)*

Snakehead is a modular, reconfigurable, multi-mission LDUUV deployed from submarine large ocean interfaces. It is equipped with a government-owned architecture, mission autonomy capabilities and vehicle software, employing innovation in the areas of hull materials and lithium-ion battery certification. Deployed from a submarine dry deck shelter, Snakehead provides guidance and control, navigation, situational awareness, propulsion, maneuvering and sensors in support of undersea missions.

The Navy continues to invest in a family of unmanned undersea vehicles (UUVs) to meet the mission requirements for maintaining undersea domain superiority. Snakehead is the Navy's largest submarine-launched UUV, providing increased endurance, depth capability, and payload capacity beyond small and medium UUVs.

## Ukraine plans state of emergency and urges citizens to leave Russia amid fears of military conflict

The 30-day state of emergency, which must be confirmed by parliament, allows Ukraine to impose curfews and restrictions on mass gatherings in certain regions. It comes after Moscow's deployment of troops into disputed parts of eastern Ukraine sharply raised the risks of a major military escalation.

## Biden Announces Sanctions on Russia after its moves against Ukraine, calling them "flagrant violation of International law"

In imposing economic penalties on Russia, the United States joins European allies in responding to Russia's deployment of troops into two pro-Russian separatist regions of eastern Ukraine. President Biden called Russia's actions the "beginning of an invasion."

(\*Continued from Page Two)

## II. Overview of New Controls (Cont)

The second new FDP rule targets Russian 'military end users,' as described in new § 734.9(g) (the "Russia-MEU FDP rule"). Foreign-produced items subject to the EAR under the Russia-MEU FDP rule will be subject to the license requirement described in new § 746.8(a)(3). No license exceptions are available to overcome this license requirement, except as specified in the Entity List entry for a Footnote 3 entity on the Entity List in supplement no. 4 to part 744 of the EAR, and such items will be subject to a policy of denial for all license applications, as described in § 746.8(b).

BIS has determined that certain countries are committed to implementing substantially similar export controls as part of their domestic sanctions against Russia. These countries are identified in Supplement No. 3 to part 746 (Russia Exclusions List). They are excluded from the requirements of the Russia and Russia-MEU FDP rules and the *de minimis* provisions under Supplement No. 2 to part 734 with respect to ECCNs that either specify only Anti-terrorism (AT) in the reason for controls paragraph of the ECCN or are classified under ECCN 9A991. This exclusion may be full or partial, as noted in the Scope column of the Russia Exclusions List and may only apply when the criteria specified in § 746.8(a)(4) or (5) are met. In addition, the Russia Exclusions List includes certain countries that have committed to implementing substantially similar controls under their domestic laws but have not yet implemented them.

BIS also is expanding the scope of the existing 'military end use' and 'military end user' control under § 744.21 of the EAR for Russia to apply to all items "subject to the EAR" except food and medicine designated EAR99, or ECCN 5A992.c and 5D992.c unless for Russian "government end users" and Russian state-owned enterprises (SoEs). At the same time, this rule removes forty-five Russian entities from the Military End-User (MEU) List in Supplement No. 7 to part 744 and adds them to the Entity List with an expanded license requirement for the export, reexport, and transfer (in-country) of all items "subject to the EAR," including those items subject to the Russia-MEU FDP rule for 'military end users' in Russia. Finally, BIS adds two new Russian entities to the Entity List under this final rule and revises two existing entries for Russian entities on the Entity List.

## III. Amendments to the Export Administration Regulations (EAR)

### A. Implementation of New Sanctions Against Russia

**Addition of Expansive License Requirements, Restrictive License Review Policies, and Restrictions on License Exception Eligibility for Russia**

## 1. Section 746.8(a)(1) License Requirement

New § 746.8(a)(1) (Items classified in an ECCN in CCL Categories 3 through 9) is supplemental to the license requirements found elsewhere in the EAR. Under this paragraph, a license is required for the export, reexport, or transfer (in-country) to or within Russia of any item subject to the EAR and specified in an ECCN in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL, excluding deemed exports and deemed reexports. In implementing these controls, BIS imposes broad transfer (in-country) requirements on an entire country, reflecting the significance of the U.S. national security and foreign policy concerns, resulting from the Russian further invasion of Ukraine. These license requirements are intended to further restrict items to the Russian military and defense sector. Additionally, paragraph (a)(1) extends EAR license requirements to many items that did not previously require a license to Russia on the basis of their CCL classification alone, such as the parts and components used in civil aircraft controlled under ECCN 9A991.d. Although these items generally are controlled at a lower level under the EAR, they are still necessary for the functioning of aircraft, vessels and electronic items. As such, restrictions on these items can significantly limit Russia's ability to obtain items it is not able to produce. In addition, with these new license requirements, additional items will be treated as controlled U.S.-origin content for purposes of *de minimis* calculations under supplement no. 2 to part 734 of the EAR, except as described in § 746.8(a)(5). BIS estimates that these new controls will result in an additional 350 license applications being submitted to BIS annually.

## 2. Section 746.8(a)(2) License Requirement for the Russia FDP Rule

New paragraph (a)(2) (Foreign-produced “direct product” items subject to the EAR under Russia FDP rule) requirements are imposed in conjunction with the simultaneous creation of a new foreign “direct product” rule specific to Russia (Russia FDP rule) in § 734.9(f) of the EAR. The Russia FDP rule establishes a license requirement for foreign-produced items that meet certain product scope and destination scope requirements in § 734.9(f) of the EAR. Specifically, the Russia FDP rule makes the “direct product” of a wide range of CCL software and technology, or items produced by a complete plant or “major component” of a plant that itself is the “direct product” of such U.S.-origin technology or software, when it is known that the foreign-produced item is destined to Russia or will be incorporated into or used in the “production” or “development” of any “part,” “component,” or “equipment” produced in or destined to Russia. Notably, the product scope of the Russia FDP rule does not include items designated EAR99 that are produced by “technology” or “software” as described in § 734.9(f)(1)(i) or by a complete plant or “major component” of a plant as described in § 734.9(f)(1)(ii). The Russia FDP rule is described in greater detail below.

Under paragraph (a)(2), a license is required for the reexport, export from abroad, or transfer (in-country) of any foreign-produced items subject to the EAR under the Russia FDP Rule described in § 734.9(f) of the EAR to any destination. The phrase “any destination” is used to address situations involving multi-step manufacturing processes that occur in more than one country and in which the parties involved have “knowledge” that the foreign-produced item being produced will ultimately be reexported or exported from abroad to Russia. The license requirements under paragraph (a)(2) will apply to the reexports or exports from abroad from manufacturing country 1 to manufacturing country 2 (each contributing to the production chain), when there is “knowledge” that the reexport or export from abroad of the item is ultimately destined to Russia or incorporated into or used in the production or development of any part component or equipment (not designated EAR99) produced in or ultimately destined to Russia.

BIS estimates new license requirements under § 746.8(a)(2) will result in an additional 2,000 license applications being submitted to BIS annually.

## 3. Section 746.8(a)(3) License Requirement for the Russia-MEU FDP Rule

New paragraph (a)(3) (Foreign-produced “direct product” items subject to the EAR under Russia-Military End User FDP Rule) requirements are imposed in conjunction with the simultaneous creation by this rule of a new foreign “direct product” rule specific to Russia (Russia-Military End User FDP Rule) in § 734.9(g) of the EAR. The Russia-Military End User FDP rule establishes a license requirement for foreign-produced items that meet certain product scope and destination scope requirements in § 734.9(g) of the EAR. Specifically, this Russia-Military End User FDP rule makes the “direct product” of a wide range of CCL software and technology (any software or technology in an ECCN in any category of the CCL subject to the EAR, or items produced by a plant or major component of a plant that itself is the “direct product” of such U.S.-origin technology or software) when it is known that the foreign-produced item will be incorporated into, or will be used in the “production” or “development” of any “part,” “component,” or “equipment” produced, purchased, or ordered by any entity with a footnote 3 designation in the license requirement column of the Entity List. Notably, the product scope of the Russia-Military End User FDP rule includes items designated EAR99 that are a “direct product” of “technology” or “software” described in § 734.9(g)(1)(i) or produced by a complete plant or “major component” of a plant as described in § 734.9(g)(1)(ii). The Russia-MEU FDP rule is described in greater detail below.



Section 746.8(a)(3) specifies that except as described in paragraph (a)(4) of this section, a license is required to reexport, export from abroad, or transfer (in-country), to any destination, any foreign-produced item subject to the EAR under § 734.9(g) of the EAR other than food or medicine designated as EAR99, or ECCN 5A992.c and 5D992.c unless for Russian “government end users” and Russian state-owned enterprises (SoEs). Because the Russia-Military End User FDP rule includes “software” and “technology” in ECCNs in Categories 0, 1 and 2 (in addition to the other 7 categories of the CCL), the likelihood that EAR99 food and medicine foreign direct products could be subject to the EAR increases. To the extent that the direct product of ECCN 0, 1, and 2 may encompass EAR99 food or medicine, this rule exempts those items from the license requirement. For the same reasons noted above in connection with paragraph (a)(2), this final rule also uses the phrase ‘any destination.’

#### 4. Countries Excluded From Certain Russia License Requirements Under Section 746.8

This final rule also adds a new paragraph § 746.8(a)(4) (Exclusion from license requirements under paragraphs (a)(2) and (3)) to identify countries that BIS has determined are committed to implementing substantially similar export controls as part of their domestic sanctions against Russia. These countries warrant full or partial exclusions, as appropriate, from the requirements set forth under paragraphs (a)(2) and (3) as identified in supplement No. 3 to part 746 (Russia Exclusions List). Similarly, this final rule adds new paragraph (a)(5) (Exclusion from scope of U.S.-origin controlled content under paragraph (a)(1)) to carve out certain content from the scope of U.S.-origin controlled content for *de minimis* purposes under supplement No. 2 to part 734 of the EAR when making a *de minimis* calculation for Russia. New paragraph (a)(5) specifies that the license requirements in paragraph (a)(1) of this section are not used to determine controlled U.S.-origin content in a foreign-made item, provided that: The U.S.-origin content is described in ECCNs that either specify only Anti-terrorism (AT) in the reason for controls paragraph of the ECCN or is classified under ECCN 9A991 and is included in the Scope column of the Russia Exclusions List; and the foreign-made item will be reexported or exported to Russia from a country in the Russia Exclusions List.

As a conforming change, this final rule also revises supplement No. 2 to part 734—Guidelines for *De Minimis* Rules, by revising the third sentence of paragraph (a)(1), which specifies using the license requirements in part 746 for identifying U.S.-origin controlled content for *de minimis* content. This final rule adds a parenthetical phrase after part 746 to add the phrase “excluding U.S.-origin content that meets the criteria in § 746.8(a)(5).”

Excluded countries for purposes of § 746.8 are identified in new supplement No. 3 to part 746—Countries Excluded from Certain Russia License Requirements, also known as the Russia Exclusions List. The new supplement includes three columns, identifying: (1) The countries for purposes of the exclusion under § 746.8(a)(4) and (5); (2) the scope of the exclusion; and (3) the **Federal Register** document announcing the addition of such countries to the supplement. This final rule adds the twenty-seven countries of the European Union, Australia, Canada, Japan, New Zealand, and the United Kingdom, as the first countries in supplement No. 3 to part 746. The introductory text of the Russia Exclusions List specifies that exclusions may be full or partial. If a partial exclusion applies, the applicable ECCNs will be described in the Scope column of list.

#### 5. Licensing Policy for Applications Required Under Section 746.8

Under new § 746.8(b) (Licensing policy), applications for the export, reexport or transfer (in-country) of items that require a license under new paragraph (a)(1) and (2) will be reviewed, with certain limited exceptions, under a policy of denial. License applications for certain categories of exports, reexports, and transfers (in-country) will be reviewed on a case-by-case basis to determine whether the transaction would benefit the Russian government or defense sector. These categories are as follows: Applications related to safety of flight, maritime safety, to meet humanitarian needs, in support of government space cooperation, applications for companies headquartered in Country Groups A:5 and A:6 to support civil telecommunications infrastructure, or involving government-to-government activities. In addition, applications for items destined to certain companies operating in Russia will be reviewed on a case-by-case basis if the companies are: (1) Wholly-owned U.S. subsidiaries; (2) foreign subsidiaries of U.S. companies that are joint ventures with other U.S. companies, (3) joint ventures of U.S. companies with companies headquartered in Country Group A:5 and A:6 in supplement no. 1 to part 740 countries, (4) wholly-owned subsidiaries of companies headquartered in Country Group A:5 and A:6 in supplement no. 1 to part 740 countries, or (5) joint ventures of companies headquartered in Country Group A:5 and A:6 with other companies headquartered in Country Groups A:5 and A:6. The case-by-case review policy does not apply to Russian-headquartered companies. This final rule also specifies in paragraph (b) that license applications required under paragraph (a)(3) will be reviewed under a policy of denial in all cases.

#### 6. License Exceptions for Section 746.8 License Requirements

Lastly, under new paragraph (c) (License Exceptions), this final rule specifies that certain license exceptions apply to § 746.8(a)(1) and (2). Specifically, the license exceptions that apply are: Certain sections of License Exception TMP for items for use by the news media, § 740.9(a)(9); License Exception GOV, § 740.11(b); License Exception TSU for software updates for civil end users provided those civil end users are subsidiaries or joint ventures of companies headquartered in the United States or a country or countries from Country Groups A:5 or A:6, § 740.13(c); License Exception BAG, excluding firearms and ammunition (paragraph (e)), § 740.14; License

Exception AVS, § 740.15 (a) and (b); License Exception ENC, excluding Russian “government end users” and Russian state owned enterprises (SOEs), § 740.17; and License Exception CCD, § 740.19. This final rule also specifies in paragraph (c) that no license exceptions may overcome the license requirements in paragraph (a)(3) except as specified in the Entity List entry for a Footnote 3 entity on the Entity List in supplement no. 4 to part 744 of the EAR, which is consistent with the fact that entities on the Entity List are generally not eligible for license exceptions.

## B. New Russia and Russia-MEU FDP Rules

In § 734.9 (Foreign-Direct Product (FDP) Rules), this final rule adds two new Foreign-Direct Product (FDP) rules as part of the new Russia sanctions. The first rule targets Russia as a destination, and the second targets Russian ‘military end users.’

### 1. Addition of Russia FDP Rule

Through the Russia FDP rule set out in new paragraph (f) of § 734.9 of the EAR, this rule establishes that a foreign-produced item located outside the United States is subject to the EAR if it meets both the product scope in paragraph (f)(1) of this section and the destination scope in paragraph (f)(2). License requirements, license review policy, and license exceptions applicable to the foreign-produced items that are subject to the EAR pursuant to this paragraph (f) are identified in § 746.8, described above. Product scope for the Russia FDP rule is defined in paragraph (f)(1)(i) (“Direct product” of “technology” or “software”) and paragraph (f)(1)(ii) (“Direct product” of a complete plant or major component of a plant).

The criteria in paragraph (f)(1)(i) applies to a foreign-produced item that is not designated EAR99 and that is the “direct product” of U.S.-origin “technology” or “software” specified in any ECCN in product groups D or E in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL. The criteria in paragraph (f)(1)(ii) applies to a foreign-produced item that is not designated EAR99 and is produced by any plant or ‘major component’ of a plant that itself is a “direct product” of U.S.-origin “technology” or U.S.-origin “software” and specified in any ECCN in product groups D or E in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL. This is an expansive list of “technology” and “software,” which will result in many additional foreign-produced items being considered “subject to the EAR” compared to the other existing FDP rules that applied to Russia prior to the publication of this rule. The additional foreign-produced items that will be “subject to the EAR” will be subject to the new license requirements imposed through this rule under the Sanctions against Russia (new § 746.8), as described above.

For a foreign-produced item to be subject to the EAR under the Russia FDP rule, the criteria in new § 734.9(f)(2) (Destination scope of the Russia FDP rule) must also be met. New paragraph (f)(2) specifies that a foreign-produced item meets the destination scope of the Russia FDP rule if there is “knowledge” that the foreign-produced item is destined to Russia, or will be incorporated into, or used in the “production” or “development” of any “part,” “component,” or “equipment” not designated EAR99 and produced in or destined to Russia.

### 2. Addition of Russia-Military End User (Russia-MEU) FDP Rule

The Russia-MEU FDP rule set forth in new paragraph (g) targets Russian ‘military end users’ that, as described below, previously were on the MEU List and are being removed from the MEU List and added to the Entity List in Supplement No. 4 to part 744 of the EAR in this final rule. To address the significant support that these ‘military end users’ provide to the Russian military, a new and more expansive FDP rule is warranted for these identified ‘military end users’ under the EAR compared to the FDP rules that apply to certain destinations under the EAR. This final rule adds a new paragraph (g) to impose this new FDP rule targeting these Russian ‘military end users.’ A foreign-produced item located outside the United States is subject to the EAR if it meets both the product scope in paragraph (g)(1) of § 734.9 and the destination scope in paragraph (g)(2). License requirements, license review policy, and license exceptions applicable to the foreign-produced items that are subject to the EAR pursuant to paragraph (g), which are now identified in § 746.8, are described above.

This final rule adds paragraph (g)(1)(i) (“Direct product” of “technology” or “software”) and paragraph (g)(1)(ii) (“Direct product” of a complete plant or major component of a plant) to define the product scope for the Russia-MEU FDP rule. The criteria in paragraph (g)(1)(i) extends to the “direct product” of “technology” or “software” subject to the EAR and specified in any ECCN in product groups D or E in any category of the CCL. Paragraph (g)(1)(ii) applies to a foreign-produced item that is produced by a plant or ‘major component’ of a plant that itself is a “direct product” of U.S.-origin “technology” or U.S.-origin “software” subject to the EAR and specified in any ECCN in product groups D or E in any category of the CCL, which is an expansive list of “technology” and “software.” This will result in many additional foreign-produced items being considered “subject to the EAR” compared to the other existing FDP rules that applied to these Russian ‘military end users’ prior to the publication of this rule. The additional foreign-produced items that will be “subject to the EAR” will be subject to the new license requirements being imposed as part of the sanctions against Russia set forth in new § 746.8.

For a foreign-produced item to be subject to the EAR, the criteria in new paragraph (g)(2) (End-user scope of the Russia MEU FDP rule) must be met. New paragraph (g)(2) specifies that a foreign-produced item meets the destination scope of the Russia MEU FDP rule if there is “knowledge” as specified in new paragraph (g)(2)(i) (Activities involving Footnote 3 designated entities) that a foreign-

produced item will be incorporated into, or will be used in the “production” or “development” of any “part,” “component,” or “equipment” produced, purchased, or ordered by any entity with a footnote 3 designation in the license requirement column of the Entity List in supplement No. 4 to part 744 of the EAR.

In a corresponding change, this final rule adds a new footnote 3 to the Entity List for each of the Russian ‘military end users’ that are being removed from the MEU List and added to the Entity list as described below. The new footnote 3 to the Entity List is a key part of the criteria for the Russia-MEU FDP rule and will include a cross reference back to §§ 734.9(g), 746.8, and 744.21. With the changes described below, forty-five entities on the Entity List now have a footnote 3 designation, as well as two additional entities being added to the Entity List and two existing entities that are being revised in this rule that will also have the footnote 3 designation, for a total of forty-nine entities with a footnote 3 designation. As specified in new paragraph (g)(2) of § 734.9, any entity with a footnote 3 designation in the license requirement column of the Entity List is a party to any transaction involving the foreign-produced item, *e.g.*, as a “purchaser,” “intermediate consignee,” “ultimate consignee,” or “end-user.” A new Note 3 to paragraph (g) specifies that for purposes of paragraph (g), a ‘military end user’ is any entity listed on the Entity List under Russia with a footnote 3 designation.

## C. Conforming Changes

Based on the foregoing changes to the EAR, this final rule also makes certain conforming changes to the Russia industry sector sanctions in § 746.5(a)(1); the Commerce Country Chart in supplement No. 1 to part 738; the Consumer Communication Devices license exceptions in § 740.19; and certain licensing review policies in part 742. In addition, this rule makes a correction to the Entity List FDP rule in § 734.9(e).

### 1. Russia Industry Sector Sanctions Changes

Under § 746.5 (Russian industry sector sanctions), this final rule revises paragraph (a)(1) (General prohibition) to make clarifying edits and add a cross reference to new § 746.8. As this paragraph specifies that there are other provisions of the EAR that apply to exports, reexports, and transfers (in-country) to Russia, a reference to the new sanctions against Russia in § 746.8 is needed to remind exporters, reexporters, and transferors to also look at § 746.8 when determining whether a license is required. This final rule also revises the text to remove the reference to Section 6 of the Export Administration Act of 1979 as this reference is outdated with the passage of the Export Control Reform Act of 2018 (ECRA), and a statutory reference is not necessary. This final rule also corrects the web address referenced in supplement No. 2 to part 746—Russian Industry Sector Sanction List to use the current web address being used by the U.S. Census Bureau regarding Schedule B information.

### 2. Commerce Country Chart Change

In supplement No. 1 to part 738—Commerce Country Chart, as a conforming change to the addition of new § 746.8, this final rule revises footnote 6 to add a reference to § 746.8, so exporters, reexporters, and transferors are aware of the need to also review license requirements in § 746.8 for items listed in any ECCN in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL.

### 3. License Exception CCD Changes

This final rule amends License Exception CCD (§ 740.19), which was previously limited to Cuba, by adding Russia as an additional eligible destination. While § 740.1(a) specifies that any license exception authorizing reexports also authorizes in-country transfers, provided the terms and conditions for reexports under that license exception are met, this final rule revises § 740.19 to add explicit references to transfers (in-country). BIS is making this clarification because new § 746.8 imposes controls on transfers (in-country) within Russia.

In § 740.19(a) (Authorizations), this rule adds Russia and a reference to transfers (in-country). Under the introductory text of paragraph (b) (Eligible commodities and software), this rule adds Russia and a reference to transfers (in-country) and removes an outdated reference to Sudan. Finally, under paragraph (c)(1) (Organizations), this final rule revises paragraph (c)(1)(i), which identifies eligible end users for License Exception CCD, to add Russia and a reference to transfers (in-country). The revision to paragraph (c)(1)(i) specifies that License Exception CCD is limited to the export, reexport, or transfer (in-country) of eligible commodities and software to and for the use of independent non-governmental organizations in Russia. This final rule further adds the Russian Government to the exclusions under paragraph (c)(1)(ii) and adds a new paragraph (c)(1)(iii) (Ineligible Russian Government Officials) to exclude the specified officials from receiving commodities and software under License Exception CCD. Only the end users named as eligible in paragraph (c) may receive the commodities and software eligible under License Exception CCD. This rule also amends paragraph (c)(2) as a correction and clarification, to state that License Exception CCD authorizes exports, reexports and transfers (in-country) to individuals.

When License Exception CCD was initially added to the EAR in 2009, the text of this paragraph only referenced exports. However, a reading of paragraph (a) of the license exception and the preamble to the rule that added the license exception to the EAR indicates that License Exception CCD was intended to authorize both exports and reexports to individuals. See [74 FR 45985](#) at 45987

(9/8/2009). The addition of transfer (in-country) will clarify that the authorization applies not only to reexports, but also to transfers (in-country).

#### 4. Part 742 (Control Policy—CCL Based Controls) Changes

In part 742, as conforming changes to the license review policy of denial added under paragraph (b) to new § 746.8, this final rule makes changes to license review policies in five sections: 742.2 (Proliferation of chemical and biological weapons), 742.3 (Nuclear nonproliferation), 742.4 (National security), 742.5 (Missile technology), and 742.6 (Regional stability).

Under § 742.2, this final rule revises the second sentence of paragraph (b)(4) to change the license review policy from presumption of denial to policy of denial. This final rule adds two additional sentences to clarify that certain items, such as items to Russia in support of U.S.-Russia civil space cooperation activities, are reviewed on a case-by-case basis as specified under § 746.8(b).

In both §§ 742.3 and 742.5, this final rule revises the second sentence of paragraph (b)(4) to change the license review policy from presumption of denial to policy of denial. For these sections, this final rule also revises the third sentence to remove the reference to commercial space launches from the case-by-case license review policy, and adds a cross reference to the license review policy under § 746.8(b).

Under § 742.4, this final rule revises the third sentence of paragraph (b)(7)(i) to remove the reference to Russia because the license review policy set forth in the paragraph will no longer apply to Russia. This final rule also adds a new paragraph (b)(9), which states that all applications for Russia will be reviewed in accordance with the licensing policy set forth in § 746.8(b).

Under § 742.6, this final rule revises paragraph (b)(8) to remove the reference to Russia because the license review policy set forth in the paragraph will no longer apply to Russia. This final rule also adds a new paragraph (b)(9), specifying that all applications for Russia will be reviewed in accordance with the licensing policy set forth in § 746.8(b). Finally, to establish that license applications for export, reexport or transfer (in-country) to or within Russia will also be reviewed in accordance with the foreign policy interest of promoting the observance of human rights throughout the world and consistent with United States arms embargo policies in § 126.1 of the ITAR (22 CFR 126.1), this final rule adds text to new paragraph (b)(9) to carry over certain portions of the preexisting license review policy for Russia under paragraph (b)(8).

#### 5. Entity List FDP Rule Correction

On February 2, 2022, BIS published a rule in the **Federal Register** entitled “Foreign-Direct Product Rules: Organization, Clarification, and Correction” (87 FR 6022), which contained an error. In § 734.9(e), BIS unintentionally omitted the term “U.S.-origin” in the phrase ““direct product” of “technology” or “software” subject to the EAR.” With this final rule, BIS fixes that error by reinserting “U.S.-origin” in ““direct product” of “U.S.-origin” “technology” or “U.S.-origin” “software.”” Lastly, as clarification for purposes of the new Russia-Military End User FDP rule that this rule adds to § 734.9(g), as described above, BIS did not intend to include “U.S.-origin” for purposes of paragraph (g)(1)(i), but did intend its inclusion in paragraph (g)(1)(ii), as well as in new paragraphs (f)(1)(i) and (ii) for the Russia FDP rule. This final rule, thus, makes clarifying revisions to § 734.9.

## D. Changes to ‘Military End Use’ and ‘End User’ Controls for Russia

This final rule revises the scope of the ‘military end use’ and ‘military end user’ controls under § 744.21 of the EAR to reflect the expanded controls for Russia, which, with the publication of this final rule, apply to all items “subject to the EAR” instead of to the narrower subset of items identified in supplement no. 2 to part 744. As a result of the expanded controls for Russia for ‘military end users’ and ‘military end uses,’ BIS is revising the Entity List in supplement No. 4 to part 744 and the Military End-User (MEU) List in supplement no. 7 to the same part to make conforming changes. Accordingly, this final rule revises § 744.21 paragraphs as follows to reflect the expanded ‘military end use’ and ‘military end user’ controls for Russia:

In paragraph (a), this final rule revises the first sentence to remove Russia from the part of the sentence that specifies the prohibition applies to the countries listed. This final rule further revises that first sentence to add, after Venezuela, the phrase “or any item subject to the EAR except for food or medicine designated as EAR99, or ECCN 5A992.c and 5D992.c unless for Russian “government end users” and Russian state-owned enterprises (SoEs) to Russia” to specify that the prohibition is broader for Russia than it is for the other countries subject to the requirements of § 744.21.

BIS is revising paragraph (b)(1) (‘Military End-User’ (MEU) List) to provide guidance for entities on the MEU List and for Russian entities placed on the Entity List based on § 744.21(b). Because the prior requirements of the MEU List were limited to items identified in supplement no. 2 to part 744 and the Russia-MEU restrictions now apply to all items subject to the EAR as a consequence of the publication of this rule, BIS is removing Russian entities that were listed on the MEU List prior to this rule and placing them instead on the Entity List. This change is consistent with the regulatory construct for these two proscribed persons lists under the EAR ( *i.e.*, the MEU List restrictions apply to items identified in supplement no. 2 to part 744 and the Entity List restrictions, in most cases, apply to all

items subject to the EAR). This final rule removes the references to Russia in the context of the MEU List and specifies that such entities may be added to supplement No. 4 of part 744—the Entity List—and are subject to license requirements that apply to all items “subject to the EAR” except for food or medicine designated as EAR99, or ECCN 5A992.c and 5D992.c unless for Russian “government end users” and Russian state-owned enterprises (SoEs).

As conforming changes regarding the End-User Review Committee (ERC) processes for the MEU List, this final rule revises paragraph (b)(1)(i) (End-User Review Committee (ERC)) to add references to the Entity List when the MEU List is referenced for the procedures in supplement No. 5 to part 744—Procedures for End-User Review Committee Entity List and ‘Military End User’ (MEU) List Decisions. This change is made to clarify that the ERC procedure for adding entities to the MEU List also apply to additions, modifications and removals from the Entity List for entities added based on § 744.21 of the EAR.

Under paragraph (b)(1)(ii) (License requirements for parties to the transaction), this final rule revises the paragraph to clarify that the license requirements for Burma, Cambodia, the People’s Republic of China, and Venezuela continue to apply for exports, reexports, and transfers (in-country) of any item specified in supplement no. 2 to part 744 when an entity included on the MEU List or meeting the definition of ‘military end-user’ as defined in § 744.21(g) is a party to the transaction as described in § 748.5(c) through (f) of the EAR. This final rule also revises paragraph (b)(1)(ii) to add a sentence to clarify that, for purposes of Russia, a license requirement applies to all items subject to the EAR for entities listed in supplement No. 4 to part 744 (the Entity List) pursuant to § 744.21 when such an entity is a party to the transaction as described in § 748.5(c) through (f) of the EAR. These changes are necessary because, with the publication of this final rule, the license requirements for Russia will now be broader than for the other four countries.

Under paragraph (b)(2) (Requests for removal from or modification of ‘Military End User’ List (MEU)), this final rule revises the heading to add a reference to the Entity List. This final rule also adds two more references to the Entity List in this paragraph to specify that the process for requesting removal or modification is the same for entities listed on the MEU List or the Entity List on the basis of § 744.21 of the EAR.

Under paragraph (e) (License review standards), this final rule revises the existing license review policy in paragraph (e)(1) to make it specific to Burma, Cambodia, the People’s Republic of China (China), and Venezuela. This final rule adds a new sentence to paragraph (e)(1) to specify that the license review policy for application to or within Russia for the license requirements described in paragraph (a) will be a policy of denial.

Under paragraph (g) (‘Military end user’), the final rule makes a correction to add back the parenthetical phrase “(excluding those described in § 744.22(f)(2) of the EAR)” after the term government intelligence or reconnaissance organizations. This text was inadvertently removed from the EAR in a December 9, 2021 ([86 FR 70018](#)) final rule.

BIS estimates these changes to § 744.21 will result in an additional 75 license applications being submitted to BIS annually.

## E. Military End-User (MEU) List and Entity List Changes for Russian Entities

Under § 744.11(b) (Criteria for revising the Entity List), entities for which there is reasonable cause to believe, based on specific and articulable facts, that the entities have been involved, are involved, or pose a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States, and those acting on behalf of such entities, may be added to the Entity List. Paragraphs (b)(1) through (5) of § 744.11 provide an illustrative list of activities that could be considered contrary to the national security or foreign policy interests of the United States. The Entity List in supplement no. 4 to part 744 identifies the entities so designated. The EAR impose additional license requirements on, and limit the availability of most license exceptions for, exports, reexports, and transfers (in-country) when an entity that is listed on the Entity List is a party to the transaction as described in § 748.5(c) through (f) of the EAR. The license review policy for each listed entity is identified in the “License Review Policy” column on the Entity List, and the impact on the availability of license exceptions is described in the relevant **Federal Register** document adding entities to the Entity List. BIS places entities on the Entity List pursuant to part 744 (Control Policy: End-User and End-Use Based) and part 746 (Embargoes and Other Special Controls) of the EAR.

The MEU List in supplement no. 7 to part 744 identifies entities that have been determined by the End-User Review Committee (ERC) to be ‘military end users’ pursuant to § 744.21. That section imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) when an entity listed on the MEU List is a party to the transaction as described in § 748.5(c) through (f) of the EAR, as specified in supplement no. 7 to part 744 and in § 744.21. Entities are listed on the MEU List under the destinations of Burma, Cambodia, China, or Venezuela. The license review policy for each listed entity is identified in the introductory text of the MEU List and in § 744.21(e). The MEU List’s introductory text and § 744.21 also specify the scope of the license requirements and limitations on the use of EAR license exceptions.

The ERC, composed of representatives of the Departments of Commerce (Chair), State, Defense, Energy and, where appropriate, the Treasury, makes all decisions regarding additions to, removals from, or other modifications to the Entity List and the MEU List. The ERC makes all decisions to add an entry to the Entity List or MEU List by majority vote and all decisions to remove or modify an entry

by unanimous vote. Decisions on Entity or MEU List entries may also be made by higher-level officials of agencies represented on the ERC.

## 1. Additions to the Entity List

This rule implements the decision of the Departments represented on the ERC to add forty-seven entities to the Entity List, consisting of the forty-five entities being moved from the MEU List to the Entity List and an additional two entities that are newly listed in the EAR.

The agencies represented on the ERC made the decision to move the forty-five entities identified below from the MEU List to the Entity List pursuant to the standards set forth in §§ 744.11(b) and 744.21(b) (including the revisions made in this final rule to the scope of the latter section) of the EAR. Under the circumstances of the Russia invasion of the Ukraine, there is a greater national security and foreign policy threat posed by entities that have previously been found to be supporting 'military end uses' in Russia. The ERC used the same standards set forth in §§ 744.11(b) and 744.21(b) to approve the additional two entities being added to the Entity List. These forty-seven entities are 'military end users' under the EAR. The license requirements that will apply to them as a consequence of their addition to the Entity List will further limit their ability to obtain items subject to the EAR or obtain the benefit of technology or software subject to the EAR when supporting military activities outside of Russia in a manner contrary to U.S. national security or foreign policy interests.

One of the forty-five entities being moved from the MEU List to the Entity List, described further below, is the Ministry of Defence of the Russian Federation, including the Armed Forces of Russia and all operating units wherever located. This entity was listed as the Ministry of Defence RF on the MEU List, but will be listed on the Entity List under its full name, Ministry of Defence of the Russian Federation, in this final rule. The entry this rule adds for the Ministry of Defence of the Russian Federation includes the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations of the Russian Federation. In addition, this entry restricts exports, reexports and transfers (in-country) to the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations of Russia wherever located worldwide.

As a result of the changes to § 744.21 described in this final rule, the license requirements for 'military end users' in Russia, now apply to all items "subject to the EAR," except for food or medicine designated as EAR99, or ECCN 5A992.c and 5D992.c unless for Russian "government end users" and Russian state-owned enterprises (SoEs). Accordingly, the agencies represented on the ERC decided to add forty-five entities to the Entity List. As part of this ERC review effort, the ERC also determined that the additional two entities should be added to the Entity List because they are 'military end users.' The license requirements of the MEU List are limited to items identified in supplement no. 2 to part 744. Therefore, the agencies represented on the ERC determined that the MEU List was no longer the appropriate supplement of the EAR in which to list these forty-five 'military end users' in Russia and that, for the additional two entities being added, the public would benefit from their identification on the Entity List as 'military end users.'

The forty-five entities being moved from the MEU List to the Entity List are: Admiralty Shipyard JSC; Aleksandrov Scientific Research Technological Institute NITI; Argut OOO; Communication Center of the Ministry of Defence; Federal Research Center Borekov Institute of Catalysis; Federal State Budgetary Enterprise of the Administration of the President of Russia; Federal State Budgetary Enterprise Special Flight Unit Rossiya of the Administration of the President of Russia; Federal State Unitary Enterprise Dukhov Automatics Research Institute (VNIIA); Foreign Intelligence Service (SVR); Forensic Center of Nizhniy Novgorod Region Main Directorate of the Ministry of Interior Affairs; Irkut Corporation; Irkut Research and Production Corporation Public Joint Stock Company; Joint Stock Company Scientific Research Institute of Computing Machinery; JSC Central Research Institute of Machine Building (JSC TsNIIIMash); JSC Kazan Helicopter Plant Repair Service; JSC Rocket and Space Centre—Progress; Kamensk-Uralsky Metallurgical Works J.S. Co.; Kazan Helicopter Plant PJSC; Komsomolsk-na-Amur Aviation Production Organization (KNAAPO); Ministry of Defence of the Russian Federation; Moscow Institute of Physics and Technology; NPO High Precision Systems JSC; NPO Splav JSC; Oboronprom OJSC; PJSC Beriev Aircraft Company; PJSC Irkut Corporation; PJSC Kazan Helicopters; POLYUS Research Institute of M.F. Stelmakh Joint Stock Company; Promtech-Dubna, JSC; Public Joint Stock Company United Aircraft Corporation; Radiotechnical and Information Systems (RTI) Concern; Rapart Services LLC; Rosoboronexport OJSC (ROE); Rostec (Russian Technologies State Corporation); Rostekh—Azimuth; Russian Aircraft Corporation MiG; Russian Helicopters JSC; Sukhoi Aviation JSC; Sukhoi Civil Aircraft; Tactical Missiles Corporation JSC; Tupolev JSC; UEC-Saturn; United Aircraft Corporation; United Engine Corporation; and United Instrument Manufacturing Corporation.

The ERC decided to add two new entities to the Entity List: The International Center for Quantum Optics and Quantum Technologies LLC, and SP Kvant. Both are being added, under the destination of Russia, to the Entity List for acquiring and attempting to acquire U.S.-origin items in support of nuclear explosive activities, unsafeguarded nuclear activities, and safeguarded and unsafeguarded nuclear fuel-cycle activities for Russia. The ERC determined that these activities are contrary to the national security and foreign policy interests of the United States under § 744.11(b) of the EAR. These two entities are considered 'military end-users' for purposes of § 744.21(b).

Pursuant to §§ 744.11(b) and 744.21(b) of the EAR, the ERC determined that the conduct of the above-described forty-seven entities raises sufficient concerns that prior review, via the imposition of a license requirement for exports, reexports, or transfers (in-country), of all items subject to the EAR, except for food or medicine designated as EAR99 involving these forty-seven entities is appropriate. This

rule also excludes ECCN 5A992.c and 5D992.c from the license requirement involving eight of the entities being added that are not Russian “government end users” and Russian state-owned enterprises (SoEs). The ERC also determined that the possible issuance of license denials or the possible imposition of license conditions on shipments to these entities will enhance BIS’s ability to prevent violations of the EAR or otherwise protect U.S. national security or foreign policy interests.

For the forty-seven entities added to the Entity List in this final rule, BIS imposes a license requirement that applies to all items subject to the EAR. BIS imposes a license review policy of denial for these forty-seven entities. In addition, no license exceptions are available for exports, reexports, or transfers (in-country) where the entities added to the Entity List in this rule are parties to the transaction as described in § 748.5(c) through (f), with one exception. The United States Government authorization under License Exception GOV (§ 740.11(b)(2) and (e)) is available for two entities being added to the Entity List: JSC Central Research Institute of Machine Building (JSC TsNIIMash) and JSC Rocket and Space Centre—Progress.

Also as described above under the description of § 734.9, this final rule adds new Footnote 3 to the Entity List for each of the forty-five Russian ‘military end users’ that are being moved from the MEU List to the Entity list, as well as to the additional two entities added to the Entity List. New Entity List footnote 3 is part of the criteria for Russia-MEU FDP rule and will include a cross reference back to §§ 734.9(g) and 746.8. More entities may be added to Footnote 3 in the future.

For the reasons described above, this final rule adds the following forty-seven entities to the Entity List. The two new entities added to the Entity List that were not previously on the MEU List are designated with an asterisk:

## **RUSSIA**

- Admiralty Shipyard JSC;
- Aleksandrov Scientific Research Technological Institute NITI;
- Argut OOO;
- Communication Center of the Ministry of Defence;
- Federal Research Center Boreskov Institute of Catalysis;
- Federal State Budgetary Enterprise of the Administration of the President of Russia;
- Federal State Budgetary Enterprise Special Flight Unit Rossiya of the Administration of the President of Russia;
- Federal State Unitary Enterprise Dukhov Automatics Research Institute (VNIIA);
- Foreign Intelligence Service (SVR);
- Forensic Center of Nizhniy Novgorod Region Main Directorate of the Ministry of Interior Affairs;
- \*International Center for Quantum Optics and Quantum Technologies LLC;
- Irkut Corporation;
- Irkut Research and Production Corporation Public Joint Stock Company;
- Joint Stock Company Scientific Research Institute of Computing Machinery;
- JSC Central Research Institute of Machine Building (JSC TsNIIMash);
- JSC Kazan Helicopter Plant Repair Service;
- JSC Rocket and Space Centre—Progress;
- Kamensk-Uralsky Metallurgical Works J.S. Co.;
- Kazan Helicopter Plant PJSC;

Komsomolsk-na-Amur Aviation Production Organization (KNAAPO);

- Ministry of Defence of the Russian Federation including the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations of the Russian Federation;
- Moscow Institute of Physics and Technology;
- NPO High Precision Systems JSC;
- NPO Splav JSC;
- Oboronprom OJSC;
- PJSC Beriev Aircraft Company;
- PJSC Irkut Corporation;
- PJSC Kazan Helicopters;
- POLYUS Research Institute of M.F. Stelmakh Joint Stock Company;
- Promtech-Dubna, JSC;
- Public Joint Stock Company United Aircraft Corporation;
- Radiotechnical and Information Systems (RTI) Concern;
- Rapart Services LLC;

- Rosoboronexport OJSC (ROE);
- Rostec (Russian Technologies State Corporation);
- Rostekh—Azimuth;
- Russian Aircraft Corporation MiG;
- Russian Helicopters JSC;
- \*SP Kvant;
- Sukhoi Aviation JSC;
- Sukhoi Civil Aircraft;
- Tactical Missiles Corporation JSC;
- Tupolev JSC;
- UEC-Saturn;
- United Aircraft Corporation;
- United Engine Corporation; and
- United Instrument Manufacturing Corporation.

The acronym “a.k.a.,” which is an abbreviation of “also known as,” is used in entries on the Entity List to identify aliases, thereby assisting exporters, reexporters, and transferors in identifying entities on the Entity List.

## 2. Revision to the Entity List

This rule implements a modification to two existing entries for “Federal Security Service (FSB)” and “Main Intelligence Directorate” that were both first added to the Entity List on January 4, 2017 ([82 FR 724](#)). Specifically, this rule modifies the entry for these entities by adding a Footnote 3 designation as described above because these existing entities have also been determined by the ERC to be ‘military end users.’

## 3. Removals From the MEU List

This rule removes the forty-five entities located in Russia that are described above from the MEU List. These forty-five entities were added to the MEU List in three final rules. One entry, for JSC Kazan Helicopter, was added to the MEU List on July 12, 2021 ([86 FR 36509](#)). One entry, for Moscow Institute of Physics and Technology, was added to the MEU List on November 26, 2021 ([86 FR 67323](#)). The remaining forty-three entries were added to the MEU List on December 23, 2020 ([85 FR 83799](#)). As described above, the ERC determined to remove these forty-five entries from the MEU List and add them to the Entity List to reflect the new scope of the license requirements for military end users in Russia pursuant to § 744.21, which will now apply to all items “subject to the EAR” except for food or medicine designated as EAR99, or ECCN 5A992.c and 5D992.c unless for Russian “government end users” and Russian state-owned enterprises (SoEs). The listing of entities added to the Entity List, above, without an asterisk is identical to the list of entities being removed from the MEU List.

# F. Comprehensive Export Restrictions for the Covered Regions of Ukraine; Conforming Revisions to Crimea Region of Ukraine Provisions

## 1. Background on Need for These Changes

On February 21, 2022, President Joseph Biden issued Executive Order (E.O.) 14065, finding that the Russian Federation (Russia)’s “purported recognition of the so-called Donetsk People’s Republic (DNR) or Luhansk People’s Republic (LNR) regions of Ukraine contradicts Russia’s commitments under the Minsk agreements and further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine, and thereby constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States.” [E.O. 14065](#) builds upon and expands the scope of the national emergency declared by President Barack Obama in [E.O. 13660](#) of March 6, 2014 with respect to Russia’s actions involving Ukraine. Subsequent E.O.s, including [E.O. 13661](#) of March 16, 2014, [E.O. 13662](#) of March 20, 2014, and [E.O. 13685](#) of December 19, 2014, either expanded further or otherwise took additional steps under President Obama’s declaration of national emergency to address Russia’s destabilizing conduct.

Section 10 of [E.O. 14065](#) directs all executive departments and agencies of the United States to take all appropriate measures within their authority to implement the E.O. Section One of [E.O. 14065](#) prohibits “the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Covered Regions[.]” Consistent with and to implement this prohibition, BIS is expanding the restrictions in § 746.6 of the EAR, to apply to export, reexport, and in-country transfer transactions involving the so-called DNR and LNR regions of Ukraine (collectively, the Covered Regions). BIS initially promulgated the § 746.6 restrictions consistent with and to implement [E.O. 13685](#) of December 19, 2014 ([79 FR 77357](#)), to which [E.O. 14065](#) is similar in scope, pursuant to which President Obama issued an export prohibition related to the Crimea region of the Ukraine, to address the Russian occupation of that region in 2014. Consistent with and to implement this prohibition, BIS



imposed new license requirements with respect to certain export, reexport, and in-country transfer transactions involving the Crimea region of Ukraine. ([80 FR 4778](#), Jan. 29, 2015)

In this rule BIS amends the EAR by imposing a license requirement for the export and reexport to the Covered Regions of Ukraine, and the transfer within the Covered Regions of Ukraine, of all items subject to the EAR, other than food and medicine designated as EAR99 and certain software for internet-based personal communications. For purposes of this rule, and consistent with [E.O. 13685](#) and [E.O. 14065](#), the term 'Covered Regions of Ukraine' includes the land territory in the DNR and LNR regions, as well as any maritime areas over which sovereignty, sovereign rights, or jurisdiction is claimed based on occupation of (Crimea), or purported sovereignty (DNR and LNR) over, those land territories. In addition to these substantive changes to § 746.6 of the EAR, BIS is making organizational and related technical edits to account for these restrictions on the Covered Regions of Ukraine and to simplify § 746.6 and facilitate compliance with the provision's requirements.

This rule establishes a policy of denial for the review of applications involving all such exports or reexports to the Covered Regions of Ukraine and transfers within the Covered Regions of Ukraine, except with respect to items not exempt from the license requirement but authorized under the Department of the Treasury's Office of Foreign Assets Control (OFAC) Ukraine related General Licenses (discussed in greater detail in the next paragraph), which BIS will review on a case-by-case basis. Certain license exceptions are available for exports or reexports to the Covered Regions of Ukraine or transfers within the Covered Regions of Ukraine, specifically, the same license exceptions currently available under § 746.6 of the EAR to the Crimea region of Ukraine.

As stated above, license applications for exports, reexports or transfers authorized under OFAC General Licenses will be reviewed on a case-by-case basis. In conjunction with the issuance of [E.O. 14065](#), OFAC issued six General Licenses (Ukraine General License numbers 17-22) to ensure that humanitarian and other related activities can continue in these regions. These General Licenses allow a short-term wind down of activities, as well as for the export to the regions of food, medicine, and medical devices, and ensure personal remittances can continue to flow. They also allow telecommunications and internet services to remain operational, and mail services to continue, as well as allow international organizations to be able to provide aid to the people in the Covered Regions of Ukraine.

This final rule includes a savings clause as described below. If an export, reexport or transfer (in-country) does not qualify for the savings clause described below but falls within the scope of OFAC's Ukraine related General Licenses, an applicant may note this fact in its BIS license application either under block 24 or in a separate attachment. BIS will consider this fact as part of the license review process.

As a reminder, the Donetsk People's Republic and Luhansk People's Republic are listed on the Entity List. A license applies for the export, reexport, and transfer (in-country) of all items subject to the EAR that are destined for these two entities. See [79 FR 42452](#) (July 22, 2014) ("Donetsk People's Republic and Luhansk People's Republic are both separatist organizations that operate in eastern Ukraine.").

## **2. Revisions to the EAR for the Covered Regions of Ukraine; Conforming Revisions to Crimea Region of Ukraine Provisions**

To implement the changes described above, this final rule revises § 746.6 (Crimea region of Ukraine and the Covered Regions of Ukraine) in part 746 (Embargoes and Other Special Controls) of the EAR. The existing restrictions regarding Crimea are now located in paragraph (a)(1), and new paragraph (a)(2) imposes a license requirement for exports and reexports to the Covered Regions of Ukraine, and the transfer within the Covered Regions of Ukraine, of all items subject to the EAR, other than food and medicine designated as EAR99 and certain software that is necessary to enable the exchange of personal communications over the internet. Such software must either be designated EAR99 or classified as mass market software under Export Control Classification Number (ECCN) 5D992.c of the EAR and must be widely available to the public at no cost to the user. The license review policy for Crimea is now located in paragraph (b)(1), and new paragraph (b)(2) specifies that the license review policy for the Covered Regions of Ukraine is a policy of denial, except for items authorized under OFAC's Ukraine related General Licenses which will be reviewed on a case-by-case basis.

The amendments to § 746.6 of this rule do not change the license requirements or available license exceptions for the Crimea region of Ukraine. However, this rule amends the licensing policy, as set forth in new paragraph (b), from a presumption of denial to a policy of denial, to harmonize the license review policy for the Crimea region of Ukraine with the more restrictive policy of denial that applies to the Covered Regions of Ukraine given the significant national security and foreign policy concerns related to those areas.

Paragraph (c) specifies the license exceptions that are available to overcome the license requirements set forth in this section with respect to either the Crimea region of Ukraine or the Covered Regions of Ukraine. No license exceptions other than those license exceptions (or paragraphs of license exceptions) listed in paragraph (c) are available to overcome the license requirements of § 746.6 of the EAR. New paragraph (d) defines the terms 'Covered Regions of Ukraine' and 'software necessary to enable the exchange of personal communications over the internet' for purposes of this provision.

The license requirements imposed under part 746 of the EAR are independent of the Commerce Control List (CCL)-based license requirements. However, this rule revises the cross reference to § 746.6 by revising footnote 8 to the Commerce Country Chart in

supplement No. 1 to part 738. This footnote 8 makes persons aware of the additional part 746 license requirements under § 746.6 that apply for the `Crimea region of Ukraine and the Covered Regions of Ukraine.' When applying for a license to the Crimea region of Ukraine or the Covered Regions of Ukraine, applicants should select `Crimea, DNR, and LNR regions' in the drop-down menu option under the country of Ukraine in the Simplified Network Application Processing System (SNAP-R).

This final rule, as a conforming change to the addition of § 746.6 and the restrictions under paragraph (c), adds `the Covered Regions of Ukraine' to the general restriction on the use of license exceptions in § 740.2 of the EAR for sanctioned countries by revising the parenthetical phrase “(Cuba, Iran, North Korea, Syria, and Crimea region).” This final rule adds `the Covered Regions of Ukraine' to this parenthetical phrase because the license requirements under § 746.6 apply to all items subject to the EAR, and the only license exceptions available to overcome the license requirement are those specified in § 746.6.

In addition to the EAR controls that this final rule is adding to § 746.6, exporters, reexporter and transferors will also be required to ensure that any transaction with Crimea and `the Covered Regions of Ukraine' occurs in accordance with all applicable OFAC requirements. BIS and OFAC both exercise licensing jurisdiction for the Crimea region of Ukraine and for “the Covered Regions of Ukraine,” so for most exports, reexports and transfers (in-country), an authorization will be required from both BIS and OFAC.

Lastly, this final rule revises the definition of “Food” in § 772.1 to include a reference to `the Covered Regions of Ukraine' along with North Korea, Syria, and Crimea that are referenced in the definition. BIS estimates that these new controls for the § 746.6 will result in an additional 20 license applications being submitted to BIS annually.

## G. Russia: Amendments to Supplement No. 1 to Part 740 of the EAR Consistent With the ITAR § 126.1

In supplement no. 1 to part 740, this final rule updates the Country Group designation for Russia to reflect its identification by the Department of State as a country subject to a United States arms embargo. BIS harmonizes the arms embargo-related provisions in the EAR with the Directorate of Defense Trade Control's (DDTC's) regulation of arms embargoes in § 126.1 of the International Traffic in Arms Regulations (ITAR) ([22 CFR 126.1](#), Prohibited Exports, Imports, and Sales to or from Certain Countries). ITAR § 126.1 includes countries subject to United Nations Security Council (UNSC) and U.S. arms embargoes. BIS primarily implements such controls through Country Group D:5 “U.S. Arms Embargoed Countries,” in supplement no. 1 to part 740 of the EAR. With this rule, BIS revises Country Group D to add Russia to Country Group D:5 consistent with the Department of State's amendments adding this country to ITAR § 126.1 on March 18, 2021 ([86 FR 14802](#)).

Countries listed in Country Group D:5 are subject to additional restrictions in the EAR, including with respect to *de minimis* U.S. content, license exception availability, and licensing policy for certain items. For example, license applications for the export or reexport of items classified under 9x515 or “600 series” Export Control Classification Numbers (ECCNs) to countries in Country Group D:5 are reviewed consistent with the policies in § 126.1 of the ITAR, as provided in paragraph (b)(1)(ii) of § 742.4 of the EAR.

### Savings Clause

For the sanctions against Russia added under § 746.8(a)(2) and (3), shipments of items removed from eligibility for a License Exception or reexport or transfer (in-country) without a license (NLR) as a result of this regulatory action that were en route aboard a carrier to a port of export, reexport, or transfer (in-country), on March 26, 2022, pursuant to actual orders for reexport, or transfer (in-country) to or within a foreign destination, may proceed to that destination under the previous eligibility for a License Exception or reexport or transfer (in-country) without a license (NLR).

For all other changes being made in this final rule, shipments of items removed from eligibility for a License Exception or export, reexport, or transfer (in-country) without a license (NLR) as a result of this regulatory action that were en route aboard a carrier to a port of export, reexport, or transfer (in-country), on February 24, 2022, pursuant to actual orders for export, reexport, or transfer (in-country) to or within a foreign destination, may proceed to that destination under the previous eligibility for a License Exception or export, reexport, or transfer (in-country) without a license (NLR).

## Export Control Reform Act of 2018

On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018 (ECRA) (codified, as amended, at 50 U.S.C. Sections 4801-4852). ECRA provides the legal basis for BIS's principal authorities and serves as the authority under which BIS issues this rule. To the extent it applies to certain activities that are the subject of this rule, the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) (codified, as amended, at 22 U.S.C. Sections 7201-7211) also serves as authority for this rule. This action also implements measures pursuant to the International Emergency Economic Powers Act, [50 U.S.C. 1701](#) *et seq.*, and the emergency expanded upon by [Executive Order 14065](#) of February 21, 2022.

# Joint Statement on Further Restrictive Economic Measures

FEBRUARY 26, 2022 • [STATEMENTS AND RELEASES](#)

We, the leaders of the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States condemn Putin's war of choice and attacks on the sovereign nation and people of Ukraine. We stand with the Ukrainian government and the Ukrainian people in their heroic efforts to resist Russia's invasion. Russia's war represents an assault on fundamental international rules and norms that have prevailed since the Second World War, which we are committed to defending. We will hold Russia to account and collectively ensure that this war is a strategic failure for Putin.

This past week, alongside our diplomatic efforts and collective work to defend our own borders and to assist the Ukrainian government and people in their fight, we, as well as our other allies and partners around the world, imposed severe measures on key Russian institutions and banks, and on the architects of this war, including Russian President Vladimir Putin.

As Russian forces unleash their assault on Kyiv and other Ukrainian cities, we are resolved to continue imposing costs on Russia that will further isolate Russia from the international financial system and our economies. We will implement these measures within the coming days.

Specifically, we commit to undertake the following measures:

First, we commit to ensuring that selected Russian banks are removed from the SWIFT messaging system. This will ensure that these banks are disconnected from the international financial system and harm their ability to operate globally.

Second, we commit to imposing restrictive measures that will prevent the Russian Central Bank from deploying its international reserves in ways that undermine the impact of our sanctions.

Third, we commit to acting against the people and entities who facilitate the war in Ukraine and the harmful activities of the Russian government. Specifically, we commit to taking measures to limit the sale of citizenship—so called golden passports—that let wealthy Russians connected to the Russian government become citizens of our countries and gain access to our financial systems.

Fourth, we commit to launching this coming week a transatlantic task force that will ensure the effective implementation of our financial sanctions by identifying and freezing the assets of sanctioned individuals and companies that exist within our jurisdictions.

As a part of this effort we are committed to employing sanctions and other financial and enforcement measures on additional Russian officials and elites close to the Russian government, as well as their families, and their enablers to identify and freeze the assets they hold in our jurisdictions. We will also engage other governments and work to detect and disrupt the movement of ill-gotten gains, and to deny these individuals the ability to hide their assets in jurisdictions across the world.

Finally, we will step up our coordination against disinformation and other forms of hybrid warfare.

We stand with the Ukrainian people in this dark hour. Even beyond the measures we are announcing today, we are prepared to take further measures to hold Russia to account for its attack on Ukraine.

## **US SEMICONDUCTOR INDUSTRY COMMITS TO SANCTIONS**

“The U.S. semiconductor industry is fully committed to complying with the new export control rules announced today in response to the deeply disturbing events unfolding in Ukraine. We are still reviewing the new rules to determine their impact on our industry. While the impact of the new rules to Russia could be significant, Russia is not a significant direct consumer of semiconductors, accounting for less than 0.1% of global chip purchases, according to the World Semiconductor Trade Statistics (WSTS) organization. The broader Russian ICT market totaled only about \$50.3 billion out of the \$4.47 trillion global market, according to 2021 IDC data.

“In addition, the semiconductor industry has a diverse set of suppliers of key materials and gases, so we do not believe there are immediate supply disruption risks related to Russia and Ukraine.” - VP Global Policy, Semi Conductor Industry

## **60 Million barrel Oil released from reserves**

The International Energy Agency released a statement Tuesday attributing the decision to a combination of already tight global oil markets that have become further strained by Russia’s invasion of Ukraine. Although the sanctions countries have imposed in recent days do not directly target its oil and gas sectors, Russia is expected to shrink crude oil exports dramatically

## **Exxon will not invest in new development in Russia**

## **WHY obtain detailed End User, End Use Statements for EAR99?**

It’s not easy to determine when to get end user end use statements for shipments within the United States. (Domestic USA shipments) We recommend them for shipments in the United States when you know or have reason to believe the goods will be exported, or when the company is a distributor or consolidator.

We do have companies that practice this best practice. They also get end user, end use statements for EAR99 goods! These are good practices in these dangerous times.

This Scheme lifted from a 2012 indictment of companies procuring goods from within the US for Russian Defense, explains further:

### The Scheme

As alleged in the indictment, between approximately October 2008 and the present, Fishenko and the other defendants engaged in a surreptitious and systematic conspiracy to obtain advanced, technologically cutting-edge microelectronics from manufacturers and suppliers located within the United States and to export those high-tech goods to Russia, while carefully evading the government licensing system set up to control such exports. The microelectronics shipped to Russia included analog-to-digital converters, static random access memory chips, microcontrollers, and microprocessors. These commodities have applications, and are frequently used, in a wide range of military systems, including radar and surveillance systems, missile guidance systems and detonation triggers. Russia does not produce many of these sophisticated goods domestically.

According to the indictment and a detention motion filed by the government today, defendant Alexander Fishenko was born in what was, at the time, the Soviet Republic of Kazakhstan, and graduated from the Leningrad Electro-Technical Institute in St. Petersburg, Russia. He immigrated to the United States in 1994, and became a naturalized citizen of the United States in 2003. In 1998, he founded defendant Arc Electronics, Inc. (“Arc”) in Houston. Between 2002 and the present, Arc has shipped approximately \$50,000,000 worth of microelectronics and other technologies to Russia. Fishenko and his wife are the sole owners of Arc, and Fishenko serves as the company’s President and Chief Executive Officer. Fishenko is also a part owner and executive of defendant Apex System, L.L.C. (“Apex”) a Moscow, Russia-based procurement firm. Apex, working through subsidiaries, served as a certified supplier of military equipment for the Russian government. Between 1996 and the present, Fishenko

has regularly traveled back and forth between the United States and Russia. Defendant Alexander Posobilov entered the United States from Russia in 2001, and became a naturalized citizen in 2008. He joined Arc in 2004, and serves as its director of procurement. Posobilov was arrested at George Bush Intercontinental Airport in Houston on his way to Singapore and Moscow.

The defendants allegedly exported many of these high-tech goods, frequently through intermediary procurement firms, to Russian end users, including Russian military and intelligence agencies. To induce manufacturers and suppliers to sell them these high-tech goods, and to evade applicable export controls, the defendants often provided false end user information in connection with the purchase of the goods, concealed the fact that they were exporters, and falsely classified the goods they exported on export records submitted to the Department of Commerce. For example, in order to obtain microelectronics containing controlled, sensitive technologies, Arc claimed to American suppliers that, rather than exporting goods to Russia, it merely manufactured benign products such as traffic lights. Arc also falsely claimed to be a traffic light manufacturer on its website. In fact, Arc manufactured no goods and operated exclusively as an exporter.

According to the court documents, the defendants went to great lengths to conceal their procurement activities for the Russian military. For example, on one occasion, defendants Posobilov and Yuri Savin, the Director of Marketing at another Russian procurement firm, discussed how best to conceal the fact that certain goods Savin had purchased from Arc were intended for the Russian military. Savin asked Posobilov, *“What can we do if a client is military all over?”* Posobilov replied, *“We can’t be the ones making things up. You should be the ones.”* Similarly, on another occasion defendant Fishenko directed a Russian procurement company that, when the company provided false end user information, to *“make it up pretty, correctly, and make sure it looks good.”* On yet another occasion, Posobilov instructed a Russian procurement company to *“make sure that”* the end use certificate indicated *“fishing boats, and not fishing/anti-submarine ones . . . Then we’ll be able to start working.”*

## **Media Crackdown in Russia**

03/02/2022 10:38 PM EST

Ned Price, State Department Spokesperson

Russia is engaged in an unprovoked war on Ukraine. At home, the Kremlin is engaged in a full assault on media freedom and the truth, and Moscow’s efforts to mislead and suppress the truth of the brutal invasion are intensifying.

On March 1, Russia’s Prosecutor General ordered the communications authority RosKomNadzor to restrict access to the independent outlets Radio Ekho Moskvyy and Dozhd TV, blocking their websites and ability to broadcast. The outlets were baselessly accused of “calling for extremist activity and violence” and sharing “deliberately false information about the actions of Russian military personnel in Ukraine.” Ekho Moskvyy has been respected for its even-handed treatment of breaking news since its founding 32 years ago, and, until yesterday, its broadcasts reached some 1.8 million daily listeners throughout Russia and beyond. Dozhd, which has been operating for more than a decade, is similarly known for high-quality reporting.

Russia’s government is also throttling Twitter, Facebook, and Instagram platforms that tens of millions of Russia’s citizens rely on to access independent information and opinions and to connect with each other and the outside world. These partial blockages further limit where and how Russian citizens can see and share evidence of the truth of Russia’s invasion of Ukraine. RosKomNadzor has threatened to block other online platforms and Golos Ameriki (VOA Russian) if they do not comply with requests to take down reporting on Russia’s invasion.

This Friday, Russia’s Kremlin-dominated parliament will gather in a special session to consider a bill that would make “unofficial” reporting on Russia’s further invasion of Ukraine punishable by up to 15 years in prison.

The people of Russia did not choose this war. Putin did. They have a right to know about the death, suffering and destruction being inflicted by their government on the people of Ukraine. The people of Russia also have a right to know about the human costs of this senseless war to their own soldiers. We call upon Putin and his government to honor Russia’s international obligations and commitments, to immediately cease this bloodshed, withdraw its troops from Ukraine’s territory, and to respect the human rights and fundamental freedoms of their own citizens.

# FACT SHEET: The United States Continues to Target Russian Oligarchs Enabling Putin's War of Choice

March 03, 2022 • [Statements and Releases](#)

Today, the United States, in coordination with Allies and partners, is targeting additional Russian elites and family members who continue supporting President Putin despite his brutal invasion of Ukraine. These individuals have enriched themselves at the expense of the Russian people, and some have elevated their family members into high-ranking positions. Others sit atop Russia's largest companies and are responsible for providing the resources necessary to support Putin's invasion of Ukraine. These individuals and their family members will be cut off from the U.S. financial system, their assets in the United States will be frozen and their property will be blocked from use. The Department of Treasury will share financial intelligence and other evidence where appropriate with the Department of Justice to support criminal prosecutions and seizure of assets.

**Today, the United States will sanction an expansive list of Putin's cronies and their family members. One of the elites is Alisher Burhanovich Usmanov, one of Russia's wealthiest individuals and a close ally of Putin. His property will be blocked from use in the United States and by U.S. persons – including his superyacht, one of the world's largest, and just seized by our ally Germany, and his private jet, one of Russia's largest privately-owned aircraft.** The United States will also sanction Dmitry Peskov, who as Putin's spokesman is a top purveyor of Putin's propaganda. The United States will also impose visa restrictions on 19 oligarchs and 47 of their family members and close associates. As President Biden said, we will continue to work with our Allies and partners to hold accountable the Russian oligarchs and corrupt leaders who are profiting from this violent regime.

The United States and governments all over the world will work to identify and freeze the assets Russian elites and their family members hold in our respective jurisdictions – their yachts, luxury apartments, money, and other ill-gotten gains:

## Full blocking sanctions on an expansive new list of Russian elites and their family members who enable Putin:

- Nikolai Tokarev (his wife Galina, daughter Mayya, and his two luxury real estate companies)
- Boris Rotenberg (his wife Karina, and his sons Roman and Boris)
- Arkady Rotenberg (His sons Pavel and Igor and daughter Liliya)
- Sergei Chemezov (His wife Yekaterina, his son Stanislav, and stepdaughter Anastasiya)
- Igor Shuvalov (His five companies, his wife Olga, his son Evgeny and his company and jet, and his daughter Maria and her company)
- Yevgeniy Prigozhin (His three companies, his wife, Polina, his daughter Lyubov, and his son Pavel),
- Dmitry Peskov, President Putin's press secretary
- Alisher Usmanov (His superyacht, one of the world's largest and just seized by our ally Germany, and his private jet, one of Russia's largest privately-owned aircraft)

## Imposing Visa Restrictions on 19 Russian Oligarchs, their 47 Family Members and Close Associates:

Today the Department of State is announcing a new visa restriction policy to restrict the issuance of visas to certain Russian oligarchs, their family members, and close associates. These oligarchs are known to direct, authorize, fund, significantly support, or carry out malign activities in support of Russia's destabilizing foreign policy. In an initial action under this policy, we have taken steps to place visa restrictions on 19 oligarchs and 47 family members and close associates.

**Full blocking sanctions on disinformation targets:** Treasury will designate seven Russian entities, SDN Strategic Culture Foundation and associated outlets Odná Rodyna, Rhythm of Eurasia, and Journal Kamerton; SouthFront; SDN InfoRos; New Eastern Outlook; Oriental Review; United World International; and Geopolitical. In addition, Treasury will designate 26 Russia and Ukraine-based individuals who play central roles in these organizations, enabling the Government of the Russian Federation's efforts to spread disinformation and influence perceptions as a part of their invasion of Ukraine. These entities have spread false narratives that advance Russian strategic objectives and falsely justify the Kremlin's activities.

## **Joint Statement on Arctic Council Cooperation following Russia's Invasion of Ukraine**

03/03/2022 10:08 AM EST

Office of the Spokesperson

Canada, the Kingdom of Denmark, Finland, Iceland, Norway, Sweden, and the United States issue the following joint statement.

*Begin text:*

Canada, the Kingdom of Denmark, Finland, Iceland, Norway, Sweden, and the United States condemn Russia's unprovoked invasion of Ukraine and note the grave impediments to international cooperation, including in the Arctic, that Russia's actions have caused.

We remain convinced of the enduring value of the Arctic Council for circumpolar cooperation and reiterate our support for this institution and its work. We hold a responsibility to the people of the Arctic, including the indigenous peoples, who contribute to and benefit from the important work undertaken in the Council.

The core principles of sovereignty and territorial integrity, based on international law, have long underpinned the work of the Arctic Council, a forum which Russia currently chairs. In light of Russia's flagrant violation of these principles, our representatives will not travel to Russia for meetings of the Arctic Council. Additionally, our states are temporarily pausing participation in all meetings of the Council and its subsidiary bodies, pending consideration of the necessary modalities that can allow us to continue the Council's important work in view of the current circumstances.

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