

Biden Administration Imposes New Round of Russia Sanctions

March 14, 2022

On March 11, 2022, the Biden administration, along with leaders of the Group of Seven (G7), announced a new round of sanctions on Russia following its invasion of Ukraine, which include restrictions on exports of luxury goods and imports of Russian-origin seafood and vodka, along with plans to suspend normal trade relations with Russia.

Treasury Implements Restrictions on Certain Imports, Exports, and New Investments; Imposes New Blocking Sanctions

President Biden issued a new Executive Order (EO) banning certain Russian imports, exports, and new investments. Specifically, the EO bans imports of Russian-origin seafood, spirits/vodka, and non-industrial diamonds and exports of luxury items to Russia (see below), and authorizes the Treasury Department to restrict investment in any sector of the Russian economy. The EO also bars the export, reexport, sale, or supply of U.S. dollar-denominated banknotes to the Russian Government or any person located in Russia.

The Treasury Department's Office of Foreign Assets Control (OFAC) has released some guidance on how it will implement the restrictions, defining by customs classification (HTS) number what imports will be barred under the new EO. OFAC also issued three general licenses (GL) authorizing otherwise barred imports if they were contracted for before March 11 (Russia GL 17, expiring March 25), exports of dollar-denominated banknotes for personal remittances (withdrawals from ATMs and hand-carrying of U.S. dollar-denominated banknotes) (Russia GL 18), and transactions related to personal maintenance (*i. e.*, housing expenses, acquisition of goods or services for personal use, payment of taxes or fees, etc.) (Russia GL 19).

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Furthermore, OFAC designated as Specially Designated Nationals (SDNs) a number of Russian elites, executives of sanctioned banks, and members of Russia's government who sponsored legislation to recognize the so-called "Donetsk People's Republic" (DPR) and "Luhansk People's Republic" (LPR). As a result of these designations, all property and interests in property of the individuals above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50% or more by one or more blocked persons are also blocked.

Additionally, OFAC issued a GL authorizing certain nongovernmental organization (NGO)/humanitarian activities in the DNR and LNR regions of Ukraine (Ukraine GL 23) and further guidance targeting sanctions evasion that may occur via transactions in crypto currency.

U.S. Export Restrictions on Luxury Goods

The Commerce Department's Bureau of Industry and Security (BIS) implemented the new restrictions banning exports, reexports, and transfers of "luxury goods" to Russia and Belarus, as well as certain Russian and Belarusian oligarchs and malign actors who have been sanctioned under various Russia- and Ukraine-related EOs (regardless of where they are located). No license exceptions apply to transactions involving a sanctioned oligarch or other malign actor. With respect to the country-wide restrictions, the only license exceptions available are License Exception BAG (for personal baggage, except firearms and ammunition) and License Exception AVS (for certain saloon stores and supplies to cover third-country airlines flying to Russia or Belarus).

"Luxury goods" are identified in new Supplement No. 5 to Part 746 of the Export Administration Regulations, by Schedule B numbers and descriptions. The list is quite expansive and includes, among other things, certain beer, wine, and liquor; tobacco; perfumes and cosmetics; sporting and camping goods; handbags; furskins; silk; carpets and other textiles; high-end apparel and footwear; luxury vehicles; jewelry and gemstones; high-end watches; and grand pianos.

Other Measures

The White House announced that the United States, European Union, and other members of the G7 plan to revoke Russia's Most-Favored Nation Status. The move – which will require Congressional action – will result in higher tariff rates on Russian imports. Leaders of the trade Congressional Committees introduced bipartisan, bicameral legislation that would do just that last week. More information about the impact of revoking permanent normal trade relations with Russia can be found [here](#). Additionally, the Biden Administration and other world leaders agreed to ensure Russia is denied borrowing privileges at multilateral financial institutions such as the World Bank and International Monetary Fund.

The new restrictions build on existing sanctions and export controls on Russia, Belarus, and certain regions of Ukraine. We wrote about those measures in previous Alerts: *Biden Administration Sanctions Donetsk, Luhansk Regions of Ukraine*, *Biden Administration Imposes "First Tranche" of Sanctions in Response to Russian Actions in Ukraine*, and *Biden Administration Imposes Broad Sanctions and Export Controls in Response to Russia's Invasion of Ukraine*.

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