

## Insights

# U.S. IMPOSES ADDITIONAL ROUND OF TRADE SANCTIONS ON RUSSIA

Sep 15, 2021

Effective September 7, 2021, the U.S. government imposed a second round of sanctions on Russia in connection with its determination that the Russian Federation violated the Chemical Weapons Convention based on the attack on Russian opposition leader Alexi Navalny. These sanctions are pursuant to the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 ("CBW Act") and expand on those imposed in March of this year. The U.S. Commerce Department is tasked with implementing a number of the new sanctions provisions.

Under the new sanctions, license applications for the export or reexport of the following will be reviewed with a presumption of denial:

- Items controlled under the EAR for Chemical and Biological Weapons (CB), Missile Technology (MT), and Nuclear Proliferation (NP);
- Goods or technology to commercial end-users for civil end-uses in Russia;
- Goods or technology to Russian state-owned or state-funded enterprises; and
- Items in support of commercial space launch applications;

While addressed in the new sanctions, applications for the following exports and reexports will continue to be reviewed on a case-by-case basis:

- Items controlled for Anti-Terrorism (AT), Crime Control (CC), Firearms Convention (FC), and Regional Stability (RS);
- Items in support of government space cooperation;
- Items needed to ensure the safe operation of commercial passenger aviation; and
- Items sent to wholly owned subsidiaries of U.S. and other foreign companies operating in Russia.

The Commerce Department will continue to review applications for “deemed exports” to Russian nationals on a case-by-case basis, and certain Commerce Department export license exceptions remain available for exports and reexports to Russia: Governments, International Organizations, and International Inspections under the Chemical Weapons Convention (GOV); Encryption Commodities and Software (ENC); Baggage (BAG); Temporary Imports, Exports, and Reexports (TMP); and Aircraft and Vessels (AVS).

Further, the permanent importation into the United States of firearms or ammunition manufactured or located in Russia is now subject to a policy of denial.

In addition, U.S. banks continue to be prohibited from participating in the primary market for non-ruble denominated bonds issued by the Russian Federation and from providing non-ruble denominated loans to the Russian Federation. This prohibition follows that imposed by OFAC’s CBW Act Directive of 2019. In addition, the United States will oppose any loan or financial or technical assistance to Russia by any international financial institution.

These new sanctions will remain in place for a minimum of twelve months, after which they may be lifted if the Russian Federation is found: (1) to have provided reliable assurances that it will not use chemical or biological weapons in violation of international law and will not use lethal chemical or biological weapons against its own nationals; (2) to not be making preparations for such use of chemical or biological weapons; (3) to be willing to allow on-site inspections by United Nations observers or other internationally recognized, impartial observers to verify that it is not making such preparations; and (4) to be making restitution to those affected by any such use of chemical or biological weapons.

Individuals and entities doing business in or with Russia should examine these new sanctions in order to ensure compliance going forward.

## **Additional Designations**

In addition to the above sanctions, on August 20, 2021, the one-year anniversary of the poisoning of Mr. Navalny, the Departments of State and Treasury designated a number of individuals and entities alleged to have participated in Russia’s operation to assassinate or surveil Mr. Navalny:

- The 27th Scientific Center;
- The 33rd Scientific Research and Testing Institute;
- The State Institute for Experimental Military Medicine;
- The FSB Criminalistics Institute;
- The former director of the 27th Scientific Center;

- The director of the FSB Criminalistics Institute; and
- Seven additional individuals alleged to have acted for or on behalf of the FSB.

U.S. persons are prohibited from dealing with Specially Designated and Blocked Persons (“SDNs”) and are required to block property or interests in property of SDNs and report such blocking to the Office of Foreign Assets Control. In addition, any person (U.S. or non-U.S.) that materially assists or provides support to these SDNs is at risk being sanctioned and may themselves be designated as an SDN.

## **RELATED CAPABILITIES**

- International Trade

## MEET THE TEAM



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