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Export Controls Alert

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New Russia-related sanctions on second anniversary of Russia's further invasion of Ukraine

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By Jule Giegling,ⁱ Alexandra López-Casero, and David Crosby

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What's the impact?

- The designations include significant Russian companies, such as Russia's largest coal supplier, one of Russia's largest producers of fabricated aluminium, and one of the largest global pipe manufacturers.
- Due to potential time lags in sanctions screening tools, businesses transacting with industry sectors and countries of concern must exercise enhanced due diligence.
- Sanctions screenings should include daily rescreenings and address OFAC's aggregate 50% rule.

Today, on February 23, 2024, marking the second anniversary of Russia's further invasion of Ukraine and following the death of Aleksey Navalny, the U.S. government imposed new awaited

sanctions in relation to Russia. The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Department of State (State) together sanctioned more than 500 targets. Further, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) added more than 90 companies to its Entity List. The implementation of new sanctions was expected in the wake of an announcement by the White House on Tuesday, February 20, stating that President Joe Biden had directed his administration to introduce a "major sanctions package" this Friday intended to "hold Russia accountable" for both Navalny's death in a Russian prison on February 16 and "its actions over the course of this vicious and brutal war" in Ukraine over the past two years.

OFAC and State Department sanctions

DESIGNATIONS

OFAC sanctioned almost 300 individuals and entities. Together with actions from State, this is the largest number of sanctions imposed since Russia's full-scale invasion of Ukraine. In sum, OFAC and State sanctioned over 500 targets to impose additional costs for Russia's "repression, human rights abuses, and aggression" against Ukraine.

To deny Russia the resources necessary to support its "brutal war" against Ukraine, OFAC's designations target financial institutions in Russia, more than 24 third-country "sanctions evaders" in Europe, China, South Korea, Central Asia, and the Middle East and more than 200 entities involved in Russia's military-industrial base; metals and mining companies; companies involved with machine tools and other manufacturing equipment, lubricants, coolants, industrial chemicals, semiconductor and electronics, including components and related research, industrial automation, optics, logistics, cargo transportation, and truck parts. Notably, some of these products were already targeted in Executive Order 14114 of December 22, 2023. Today's designations include, for example, SUEK, Russia's largest coal supplier; Samara Metallurgical Plant, one of Russia's largest producers of fabricated aluminum; and the PJSC Pipe Metallurgical Company, one of the largest global pipe manufacturers.

Today's OFAC designations of "sanctions evaders" include third-country exporters and transshippers of technology, equipment, and parts to Russia; a freight forwarder involved in weapons shipments to Russia; and a transnational money-laundering network facilitating the illicit movement of Russian-origin precious metals. In all, OFAC today designated 26 third-country entities and individuals in 11 countries, including China, Germany, Turkey, Ireland, Liechtenstein, Serbia, the United Arab Emirates, and Cyprus.

State's concurrent actions include sanctions on those allegedly supporting future energy revenue sources in Russia and facilitating sanctions evasion and circumvention. State is also taking steps to impose visa restrictions on Russian Federation-installed purported authorities involved in the "transfer, deportation, and confinement of Ukraine's children."

FAQ AND GENERAL LICENSES

OFAC further issued three new, Russia-related FAQ ([FAQs 1164-1166](#), pertaining to diamonds) and amended eight Russia-related FAQs ([FAQs 886, 887, 1019, 1022, 1025, 1027, 1092, and 1154](#)). It also issued four General Licenses. Specifically, General License 88 authorizes the wind-down of transactions involving 18 companies, including SUEK, Samara Metallurgical Plant, and PJSC Pipe Metallurgical Company. General License 89 authorizes the wind-down of eight of the financial institutions placed on the SDN List today, including Avangard Bank and Bank RostFinance. General License 90 authorizes some transactions related to debt or equity in or derivative contracts involving some of the newly designated entities. Finally, General License 91 authorizes limited safety and environmental transactions involving some of the designated persons or vessels.

BIS Entity List

DESIGNATIONS

BIS added 93 entities under 95 entries (due to some entities operating in multiple countries) to the Entity List because they have allegedly supported Russia's defense-industrial sector and war effort. Sixty-three of those entities are based in Russia, eight in the People's Republic of China, sixteen in Turkey, four in the United Arab Emirates (UAE), two in Kyrgyzstan, and one each in India and South Korea. With today's actions, BIS has now placed more than 900 parties on its Entity List for their role in "Putin's full-scale invasion of Ukraine."

More than 50 of the entities added to the list today also received a "footnote 3" designation as Russian-Belarusian military end users. The entities are added with a license requirement for all items subject to the Export Administration Regulations (EAR) and a license review policy of denial, apart from food and medicine designated as EAR99, which will be reviewed on a case-by-case basis.

COMMON HIGH-PRIORITY LIST

Additionally, BIS, in cooperation with its international partners, increased the number of items on the [list of common high-priority items](#) from 45 to 50 by adding certain computer numerically controlled (CNC) machine tools and components to highlight for industry that these machine tools pose a heightened risk of being diverted illegally to Russia because of their importance to Russia's war efforts.

Recommendations

Today's designations represent the largest number of sanctions imposed since Russia's full-scale invasion of Ukraine. The designations are in effect as of today; however, they might not yet be

flagged in every sanctions screening tool since there is often a time lag. We, therefore, recommend exercising enhanced due diligence when transacting with any entity in the abovementioned sectors of concern and in countries neighboring Russia and/or suspected of sanctions diversion, including Turkey, China, the former Soviet Republics, Finland, and the Baltic states. Sanctions screening should include dynamic (daily) rescreening and address OFAC's aggregate 50% rule. The full lists of the new designations can be found under the following links:

/ [OFAC's designations, General Licenses, and FAQ](#)

/ [BIS designations](#)

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

[Alexandra López-Casero](#)

202.213.0171

alopezcasero@nixonpeabody.com

[David F. Crosby](#)

617.345.1264

dcrosby@nixonpeabody.com

¹ Jule Giegling (Legal Intern – Export Controls and Sanctions) assisted with the preparation of this alert.