

U.S. Imposes Temporary Denial Orders On Three Major Russian Airlines

April 8, 2022

Yesterday, the Commerce Department's Bureau of Industry and Security ("BIS") issued [temporary denial orders](#) ("TDOs" or "orders") on three Russian airlines – Aeroflot, Azur Air, and UTair – effectively cutting them off from U.S. exports, U.S.-origin items, and items manufactured abroad that are subject to the Export Administration Regulations (EAR). The orders represent the agency's first enforcement action for violations of the expansive export controls recently imposed on Russia

Background

On February 24, 2022, BIS imposed a license requirement for the export, reexport, and transfer (in-country) of aircraft and parts subject to the EAR to Russia. On March 2, 2022, BIS modified license exception Aircraft, Vessels, and Spacecraft (AVS) to exclude aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia from the scope of the license exception. As a result of those actions, aircraft subject to the EAR operated by Russian airlines required a license from BIS to be transferred to Russia.

Despite the new license requirement, all three airlines continued to fly international routes to and from Russia using aircraft subject to the EAR without first obtaining a license from BIS. These flights were unlicensed exports to Russia, and violated the EAR. The airlines also violated [General Prohibition Ten](#) (GP10) of the EAR by continuing to operate, fly, and maintain aircraft after the initial export violations occurred. GP10 is a broad provision that prohibits U.S. and non-U.S. persons from selling, transferring, exporting, reexporting, financing, ordering, buying, removing, concealing, storing, using, loaning, disposing of, transporting, forwarding, or otherwise servicing any item subject to the EAR if that you know that a violation of the EAR has occurred, is about to occur, or is intended to occur in connection with the item. BIS issued a [warning](#) to the public on March 18, 2022 that servicing identified aircraft that had been flown to Russia in violation of the EAR would constitute a separate, new violation of its regulations.

The TDOs are harsh and far-reaching civil penalties that are designed to cut off the penalized companies from items subject to the EAR. Among other things, the TDOs broadly prohibit U.S. and non-U.S. persons from engaging in business dealings related to items subject to the EAR involving the penalized companies. The orders will remain in force for 180 days and may be renewed.

Companies in the aviation sector will need to carefully review any dealings with the penalized airlines to ensure compliance with these significant new restrictions. Copies of the TDOs are available [here](#), [here](#), and [here](#).