

# Exports of National Security Controlled Items to Russia Could Be Banned Under New Sanctions

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Yesterday the U.S. government announced that it would implement new sanctions against Russia mandated under the [Chemical and Biological Weapons Act](#) of 1991 (the CBW Act) following the apparent [deployment](#) of a chemical weapon on British soil by Russia.

The first round of sanctions, which are expected to come into force on or around August 22, will prohibit many exports and reexports of goods, software, or technology to Russia controlled for national security reasons under the dual use Export Administration Regulations. Such items include gas turbine engines, encryption items, electronics components, optical equipment, lasers, sensors, electronic components, materials, and certain unmanned systems, among many others. National security controlled items currently require a license to be exported to Russia, but the new rules will require the Commerce Department to apply a 'presumption of denial' to future license requests in many instances. In a briefing announcing the new sanctions, the [State Department indicated](#) that certain exceptions will be made, including those related to joint space activities, aviation safety, and the activities of U.S. and other foreign companies in Russia. While the scope of the sanctions has yet to be finalized, the State Department suggested that up to half of all licensed exports to Russia are controlled for national security reasons. If the sanctions are fully enforced, the impact could be substantial – [based on 2016 figures](#) over \$1 billion in trade could be impacted.

The first round of sanctions will also include limitations on U.S. foreign aid, arms sales, and U.S. government credit and financial assistance.

A second round of much broader sanctions is also possible if Russia is unable to provide certain assurances within three months. If the President does not certify to Russia's compliance, the CBW Act requires the application of at least three of the following sanctions:

- A bar on financial assistance to Russia by international financial institutions;
- A bar on U.S. banks making any loans or providing credit to the Russian government, with limited exceptions;
- An export embargo, prohibiting the export of all other goods and technology to Russia;
- An import ban on Russian origin articles;
- A downgrade in diplomatic relations; and/or
- Limitations on air travel between Russia and the United States.

The government is authorized to waive certain aspects of the sanctions under limited circumstances.

Companies doing business in Russia should carefully monitor developments in this area and consider their exposure under the first and second rounds of sanctions.