

Latest Round of Russia Sanctions: Rostec & New SDNs, Tariff Increases, Entity List, and Ban on Gold Imports

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Today, the United States, in coordination with other G7 countries, announced new sanctions, export controls, and import restrictions on Russia. The latest U.S. package of measures include sanctions targeting Russia's defense sector, Entity List designations, increased tariffs on a broad range of Russian goods, and an import ban on Russian gold.

New Sanctions

Various U.S. agencies imposed sanctions on transactions involving individuals and entities connected to Russian aggression in Ukraine.

The U.S. Treasury Department's [Office of Foreign Assets Control](#) (OFAC) and [U.S. State Department](#) imposed blocking sanctions on [dozens of individuals and entities](#) supporting Russia's defense sector. The designations target major state-owned defense companies, defense research organizations, and military operations in Ukraine implicated in international human rights violations.

OFAC designated 29 individuals and 70 entities, including the Russian defense-conglomerate, State Corporation Rostec (Rostec). The State Department sanctioned 29 individuals and 45 entities, including re-designation of Russia's Federal Security Service (a.k.a. the FSB).

U.S. persons are prohibited from engaging in any direct or indirect dealings with SDNs without prior authorization from OFAC. All property or property interests of an SDN are also "blocked," which means that any SDN property or property interest within the possession or control of a U.S. person must be formally frozen and reported to OFAC.

Today, OFAC also issued several general licenses authorizing transactions with certain newly designated SDNs, including:

- [General License No. 39](#) authorizing transactions to wind-down activities with Rostec, as well as any entity in which Rostec owns, directly or indirectly, a 50 percent or greater interest, by August 11, 2022;
- [General License No. 40](#) authorizing transactions involving specified SDNs related to the provision, export, or reexport of goods, technology, and services to ensure civil aviation safety;
- [General License No. 41](#) authorizing transactions for the manufacture, sale, and maintenance of agricultural equipment produced by SDNs Nefaz Publicly Traded Company (Nefaz) or Public Joint

Stock Company, Tutaev Motor Plant (Tutaev Motor Plant), or any entity in which Nefaz or Tutaev Motor Plant owns, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest; and

- [General License No. 42](#) authorizing limited transactions related to requesting, receiving, utilizing, paying for, or dealing in licenses, permits, certifications, or notifications from the FSB.

The U.S. Commerce Department's Bureau of Industry and Security (BIS) [announced](#) the addition of 36 entities from nine countries to its Entity List for evading newly imposed export controls on Russia. The export, reexport, or transfer of U.S. origin goods, software, and technologies to those designated on BIS's Entity List are generally not permissible absent prior authorization from BIS, which will rarely be granted.

Tariffs and Import Restrictions

Pursuant to the United States' [suspension of permanent normal trade relations](#) with Russia and Belarus, the Biden Administration issued a [proclamation](#) yesterday increasing tariffs on more than 570 groups of Russian products. The 35 percent *ad valorem* duties are effective 12:01 a.m. eastern daylight time on July 27, 2022, and apply to a wide variety of products, including steel and aluminum, minerals, chemicals, wood and paper products, aircraft and parts, and automotive parts, among many others. The heightened duties will apply irrespective of antidumping and countervailing duties, or other fees or extractions applicable to the Russian products.

Ban on Gold Imports

Finally, OFAC imposed an [import ban](#) on Russian-origin gold, effective immediately. Russian-origin gold includes gold produced, manufactured, extracted, or processed in Russia but not gold that has been incorporated or substantially transformed into a foreign-made product. *See* [OFAC FAQ 1019](#). There is a narrow exception related to imports of Russian-origin gold located outside of Russia prior to imposition of the import ban. As with OFAC's [prior restrictions](#) on the gold market, a newly amended FAQ reiterates that gold market participants, including persons that process or facilitate gold-related transactions, could face sanctions for circumventing or engaging in prohibited gold-related transactions. *See* [OFAC FAQ 1029](#).