

Insights

CONTINUED EXPANSION OF U.S. SANCTIONS, EXPORT CONTROL MEASURES AGAINST RUSSIA

EXPANDED DESIGNATION AUTHORITY, ADDITIONAL DESIGNATIONS, CHANGES TO LIST OF AIRCRAFT EXPORTED IN VIOLATION OF EAR

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Expanded Sanctions Authority

As part of the sweeping restrictive measures that the United States has issued in response to the conflict in Ukraine, on March 31, 2022, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) issued a determination that the designation authority in Section 1(a)(i) of Executive Order 14024 extends to the aerospace, electronics, and marine sectors of the Russian Federation economy. This action will allow OFAC to impose sanctions on any person determined to operate or have operated in these sectors and expands the sanctions authority pursuant to Executive Order 14024, which already applies to the financial services, technology, and defense and related materiel sectors in Russia.

Additional Designations

On the same day, OFAC added 13 individuals and 21 entities to the Specially Designated Nationals and Blocked Persons (SDN) List. These designations target operators in the Russian technology sector, in particular key Russian technology companies and individuals and entities engaged in coordinated activities designed to evade other sanctions and procure sensitive technology. The full list of parties designated as SDNs on March 31 is available [here](#).

Accordingly, U.S. persons should review any touchpoints they have with these parties or other parties owned 50% or more, directly or indirectly, by one or more SDNs. In particular, OFAC's designation as SDNs of shell companies in the EU and UK that are owned and controlled by OOO Serniya Engineering highlights the importance of ensuring that heightened diligence associated with the Russia sanctions is not limited to dealings with counterparties in Russia, Belarus and Ukraine.

U.S. persons must cease activities with any SDNs immediately, unless authorized by a general specific license. Ongoing activities with SDNs by non-U.S. persons may trigger secondary sanctions risks, which could include the non-U.S. party itself being designated as an SDN.

Additional Actions Regarding Aircraft

In recent weeks, the U.S. Commerce Department's Bureau of Industry and Security (BIS) expanded export controls on the export of aircraft and aircraft parts to Russia and Belarus. On March 18, BIS issued a list of aircraft identified to have flown into Russia in violation of these controls. A license is required for any actions taken with regard to any of the listed aircraft, including, but not limited to, financing, storing, transporting, refuelling, maintenance, repair, or the provision of spare parts or services. On March 30, 2022, BIS added 73 new aircraft to that list.

Notably, BIS also removed 12 aircraft from the list after it granted licenses to several companies that submitted voluntary disclosures regarding possible EAR violations relating to activities with the identified aircraft. Granting such licenses allows the aircraft to leave Russia and return to the owners in partner countries, which will prevent the Russian government from maintaining operational control over the aircraft. A full list of the aircraft identified as of March 30 is available [here](#). Please note that the list is not exhaustive, and BIS will continue to update the list.

Our initial alert on BIS's expanded controls relating to aircraft and aircraft parts is available [here](#).

RELATED PRACTICE AREAS

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- Aviation, Aerospace & Defense

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