

Biden Administration Adds Economic Measures Against Russia During G7 Meeting – New Tariffs, Gold Import Restrictions, Sanctions and Export Designations

June 29, 2022

On June 27, 2022, the Biden Administration announced a new round of economic measures it is imposing in response to Russia's invasion of Ukraine. The White House made the announcement in concert with the G7 leaders' meeting in Germany this week. The new measures include increased tariffs on 570 groups of Russian exports worth approximately \$2.3 billion, prohibitions on the import of Russian gold into the United States, and new sanctions and export restrictions on a number of entities involved in Russia's defense-industrial base, including State Corporation Rostec (Rostec), and 29 individuals.

Higher Duties on Russian Goods

On April 8, 2022, the Suspending Normal Trade Relations with Russia and Belarus Act was signed into law, authorizing the President to increase duties on goods from Russia and Belarus. President Biden issued a proclamation using this authority to hike the applicable rates on 570 tariff line items to 35%, which will go into effect July 27, 2022.

The list of products and categories covered by this proclamation includes steel, aluminum, minerals, ores, metals, chemicals, arms and ammunition, wood and paper products, aircraft parts, and automotive parts, among others. Pig iron is not covered by the list.

In praising the new measures, U.S. Trade Representative Katherine Tai indicated that the Administration intended to work with Congress on legislation to allow the proceeds collected from the higher tariffs to go toward helping Ukraine. Legislative efforts targeting Russia's

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economy are also underway, such as Reps. Jimmy Panetta (D-CA) and Tom Rice's (R-SC) Expanding Trade Sanctions on Russia Act, which would embargo additional Russian imports.

Embargoing Russian Gold

On June 28, 2022, in coordination with the United Kingdom, Japan, and Canada, the United States banned the import of newly mined or refined gold from Russia with immediate effect. Russia had increased the mining and refining of gold in response to sanctions imposed on its financial institutions. The Treasury Department's Office of Foreign Assets Control (OFAC) issued a Determination pursuant to Section 1(a)(i) of Executive Order (EO) 14068, which generally prohibits the importation into the United States of gold of Russian Federation origin unless licensed or otherwise authorized by OFAC. This determination excludes gold of Russian origin that was located outside of Russia prior to June 28, 2022.

New Sanctions Designations

On June 28, 2022, the Treasury and State Departments implemented new blocking sanctions against 70 entities and 29 individuals tied to Russia's export control and sanctions evasion efforts, private military companies operating in Ukraine, Russian military units implicated in human rights abuses in Ukraine, and Russian-installed officials in Ukrainian areas under Russian control.

Most notably, OFAC designated Rostec as a Specially Designated National (SDN) pursuant to EO 14024 for operating in the defense and related materiel sector of the Russian economy. According to OFAC, Rostec is a "massive Russian state-owned enterprise formed to consolidate Russia's technological, aerospace, and military-industrial expertise . . . [and] whose subsidiaries are engaged in a wide range of industries, including automotive, defense, aviation, and metals." OFAC issued a specific wind-down authorization (General License (GL) 39) for transactions involving Rostec, which is valid through 12:01 a.m. EDT, August 11, 2022.

OFAC also designated Russia's largest truck manufacturer, KAMAZ Publicly Traded Company (KAMAZ), as well as nine of its Russia-based subsidiaries and its General Director and Chairman, Sergei Anatolyevich Kogogin.

As a result of these designations, all entities owned 50 percent or more, directly or indirectly, by one or more SDNs (including Rostec and KAMAZ) are blocked, even if not identified on the SDN List by OFAC.

In addition to the Rostec wind-down authorization, OFAC issued general licenses related to: civil aviation safety (GL 40); agricultural equipment (GL 41); Russia's Federal Security Service (a.k.a. Federalnaya Sluzhba Bezopasnosti or FSB) (GL 42); and divestment-related transactions involving PJSC Severstal or Nord Gold PLC (GL 43).

New Export Control Measures

Concurrent with the OFAC designations, Treasury's Financial Crimes Enforcement Network (FinCEN) issued a joint alert with the Department of Commerce's (DOC) Bureau of Industry and Security (BIS), advising vigilance against Russian and Belarusian export control evasion.

Additionally, BIS is adding several companies to its Entity List, prohibiting those companies from purchasing or receiving U.S.-origin goods and technologies such as semiconductors. BIS is adding six entities for continuing "to contract with Russian entity listed and sanctioned parties after Russia's further invasion of Ukraine" and two other Russian entities "on the basis of their attempts to procure items, including U.S.-origin items, for activities contrary to the national security and foreign policy interests of the United States." Details regarding these new restrictions are found [here](#).

The Wiley Sanctions and Export Controls team has unparalleled experience and expertise representing a broad range of U.S. and multinational clients in complex import, sanctions, and export control matters. Should you have any questions about this alert, U.S. restrictions on Russia, or any national security-related matters, please do not hesitate to contact one of the attorneys listed on this alert.

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