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Client**Alert**

International Trade

US Suspends Dual-Use Export Licensing for Exports and Re-Exports to Russia

On Tuesday, March 25, 2014, the Bureau of Industry and Security (BIS) announced that effective March 1, 2014, it has placed a hold on the issuance of any export licenses authorizing the export or re-export of items to Russia. BIS has stated that this practice will continue until further notice. This action evidently is another sanctions measure against Russia stemming from the Ukraine situation.

BIS is the agency responsible for administering export controls on dual-use items that are subject to the Export Administration Regulations (EAR). This includes most goods, software and technology originating from the United States, and also some items made outside the United States that incorporate specified levels of US-origin content. If an item subject to the EAR is controlled for export or re-export to a certain country, end-use, or end-user, an export license is required absent a license exception.

Not all items require export licenses for Russia. Exports and re-exports of such items to Russia should not be affected. Exports to Russia require a license for items controlled for Short Supply (SS), Chemical and Biological Weapons (CB), National Security (NS), Missile Technology (MT) and certain Crime Control (CC) purposes, absent a license exception. Whether an item is controlled for these reasons depends on its Export Control Classification Number (ECCN).

As a result of this policy, license applications submitted or pending after March 1, 2014 for exports or re-exports to Russia will not be processed until further notice. This policy will not affect licenses previously issued by BIS for exports or re-exports

US Sanctions Team

Richard J. Burke
Partner, Washington, DC
+ 1 202 626 3687
rburke@whitecase.com

Nicole E. Erb
Partner, Washington, DC
+ 1 202 626 3694
nerb@whitecase.com

Claire A. DeLelle
Counsel, Washington, DC
+ 1 202 626 6485
claire.delelle@whitecase.com

Kristina Zissis
Counsel, Washington, DC
+ 1 202 626 3636
kzissis@whitecase.com

Cristina Brayton-Lewis
Associate, Washington, DC
+ 1 202 729 2407
cbraytonlewis@whitecase.com

Tanya Hanna
Associate, Washington, DC
+ 1 202 637 6294

to Russia.

This policy impacts not only US businesses engaged in exports to Russia, but also non-US companies engaged in exports to Russia from third countries of products that are of US-origin and that require BIS licenses. This can include products with US-origin content or made as the direct product of US origin technology. Penalties for noncompliance are severe. We will continue to track and report on these developments as they progress.

thanna@whitecase.com

EU Sanctions Team

James Killick
Partner, Brussels
+ 32 2 239 2552
jkillick@whitecase.com

Sara Nordin
Associate, Brussels & Hong Kong
+ 32 2 239 2576
snordin@whitecase.com

Charlotte Van Haute
Associate, Brussels
+ 32 2 239 2623
cvanhaute@whitecase.com

Fabienne Vermeeren
Regional Director Europe – International Trade Services, Brussels
+ 32 2 239 2606
fvermeeren@whitecase.com

White & Case LLP
701 Thirteenth Street, NW
Washington, DC
20005-3807
United States
Telephone: + 1 202 626 3600

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