

Sanctions Update: US, UK, and Japan Impose New Sanctions and Export Controls Relating to Russia

The measures prohibit gold imports and add new SDN, Entity List, and asset freeze designations.

This Client Alert is published in the context of ongoing developments and should be read in conjunction with the Latham & Watkins Client Alerts published on [June 17](#), [June 15](#), [June 10](#), [May 13](#), [April 12](#), [March 11](#), [March 8](#), [March 1](#), and [February 25](#).

The latest sanctions, export controls, and trade restrictions that the US, UK, and Japan have imposed are summarized in this Alert, along with guidance that OFAC and other regulators have issued in support of those restrictions, as of July 4, 2022. Different jurisdictions are introducing new sanctions, export restrictions, and other legal and regulatory measures on a regular basis. Companies exposed to sanctions-related developments in Russia should obtain up-to-date legal advice before taking any steps that may have legal effects.

US Sanctions and Export Controls

Prohibition on Gold Imports

On June 28, 2022, OFAC issued a [determination](#) under Section 1(a)(i) of [Executive Order \(E.O.\) 14068](#) — which prohibits the importation into the US of “products of Russian Federation origin as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Commerce” — banning, effective immediately, the importation into the US of gold of Russian Federation origin. As OFAC noted in newly issued [FAQ 1070](#), this determination does not prohibit the importation into the US of gold of Russian Federation origin that was located outside of the Russian Federation prior to June 28, 2022.

For purposes of this determination, “Russian Federation origin” means “goods produced, manufactured, extracted, or processed in the Russian Federation, excluding any Russian Federation origin good that has been incorporated or substantially transformed into a foreign-made product” ([FAQ 1019](#)). OFAC previously advised that US persons — including those who “process or facilitate gold-related transactions” — should remain vigilant against attempts to evade OFAC regulations and must take “risk-based steps” to ensure they do not engage in prohibited transactions ([FAQ 1029](#)).

New SDN List Designations and Related General Licenses

On June 28, 2022, OFAC added 29 individuals and 70 entities to its Specially Designated Nationals and Blocked Persons (SDN) List, a list of persons that are virtually off limits to US persons, absent OFAC authorization. These designations include the Russian state-owned defense conglomerate Rostec and certain of its affiliates, aircraft producer Tupelov, truck and armored vehicle manufacturer KAMAZ and certain of its affiliates (including Nefaz and Tutaev Motor Plant), and multiple other entities related to the Russian defense, aviation, and industrial sectors. Since September 2014, Rostec has been subject to sectoral sanctions under E.O. 13662 [Directive 3](#), which has restricted US persons from dealing in “new debt” of longer than 30 days maturity of Rostec.

In connection with these designations, OFAC issued several general licenses authorizing “wind down” and other transactions involving certain newly designated entities:

- [General License No. 39](#) authorizes certain transactions ordinarily incident and necessary to the wind down of transactions involving Rostec and its subsidiaries through August 10, 2022
- [General License No. 40](#) authorizes certain transactions involving certain blocked entities (including United Aircraft Corporation) that are ordinarily incident and necessary to ensure the safety of civil aviation
- [General License No. 41](#) authorizes certain transactions ordinarily incident and necessary to the manufacture, sale, and maintenance of agricultural equipment, components, and spare parts produced by Nefaz or Tutaev Motor Plant or their subsidiaries through December 22, 2022

On June 28, 2022, the U.S. Department of State also [designated](#) Russia’s Federal Security Service (FSB) as an SDN pursuant to [E.O. 14024](#). The FSB was already sanctioned under E.O. 13694 (related to malicious cyber-enabled activities), E.O. 13382 (related to the proliferation of weapons of mass destruction), and Section 224 of the Countering America’s Adversaries Through Sanctions Act (CAATSA).

In conjunction with the FSB designation, OFAC issued [General License No. 42](#), which authorizes certain transactions involving the FSB that are ordinarily incident and necessary to obtaining certain licenses and authorizations for the importation, distribution, or use of certain information technology products in the Russian Federation, as well as transactions ordinarily incident and necessary to comply with rules and regulations administered by, and certain actions or investigations involving, the FSB. OFAC previously issued cyber-related [General License No. 1B](#) on March 2, 2021, which authorized these same activities under E.O. 13694, E.O. 13382, and CAATSA.

Separately, OFAC issued [General License No. 43](#), which authorizes certain transactions ordinarily incident and necessary to divest or transfer debt or equity in, and wind down derivative contracts including or linked to, Public Joint Stock Company Severstal (Severstal) and Nord Gold PLC (Nord Gold). This authorization expires on August 31, 2022. OFAC initially [designated](#) Severstal and Nord Gold as SDNs on June 2, 2022.

New Entity List Designations

On June 28, 2022, the US Commerce Department’s Bureau of Industry and Security (BIS) [added](#) 36 entities to its Entity List — a list of persons that are generally ineligible to receive items regulated under the Export Administration Regulations (EAR). According to a BIS [press release](#), six were added “specifically for their continued support of Russia’s military efforts since imposition of export controls in

response to Russia's invasion of Ukraine." BIS also identified two Chinese parties that have been on the Entity List since 2018 as having supported, and continued to support, Russia's military since the imposition of new controls.

In addition, BIS designated two Russia-based entities on the basis of their attempts to procure items for, and act as agents, fronts, or shell companies of, OOO Intertech Instruments — which was [added](#) to the Entity List on March 4, 2021 — and two other entities operating in the Russian aviation sector.

UK Sanctions

On June 23, 2022, the UK introduced a further set of amendments to the [Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#) (the UK Russia Regulations). This amendment ([The Russia \(Sanctions\) \(EU Exit\) \(Amendment\) \(No. 10\) Regulations 2022](#) (Amendment No. 10)) enhances the existing restrictions on exports to Russia and the non-government controlled territories of Ukraine. These additional controls include restrictions on goods and technology relating to the following categories:

- Internal repression
- Interception and monitoring
- Defense and security
- Chemical and biological weapons
- Maritime
- Jet fuel or fuel additives

Amendment No. 10 also introduced restrictions on the export to or for use in Russia, of banknotes denominated in Sterling or an official currency of the EU, and prohibits making available, supplying, or delivering such banknotes to a person connected with Russia or for use in Russia. These prohibitions are subject to limited exceptions, for example, for personal use.

In addition, Amendment No. 10 implemented a prohibition on the import, acquisition, supply, or delivery of various "revenue generating" goods (e.g., caviar, various gas turbines, and certain types of boats or ships) that originate in or are consigned from Russia into the UK, as well as the provision of related technical assistance, financial services, funds, and brokering services.

Amendment No. 10 further prohibits the provision of technical assistance, and financial services, funds, and brokering services relating to iron and steel imports.

The UK government has also announced some additional measures, which are yet to be adopted into law, including a ban on Russian gold entering the UK and a ban on the provision of various services in relation to trusts involving Russia.

Japan Sanctions

Prohibition on Exports of Trucks and Bulldozers

On June 7, 2022, the Japanese Cabinet [decided](#) to prohibit the export of goods that could contribute to the enhancement of Russia's industrial capacities. Accordingly, the Export Control Order was [amended](#)

on June 10, 2022, and took effect on June 17, 2022. The items subject to additional prohibition include softwood veneers, steel storage tanks, compatibility tools for processing machines, bulldozers, valves for hydraulic transmission equipment, AC generators, transformers, locomotives for railroads, maintenance vehicles for railroads, trucks, dump trucks, and measuring and inspection equipment.

Freeze Assets on Additional Russian and Belarusian Banks

On June 7, 2022, the Japanese Cabinet decided to freeze the assets of Credit Bank of Moscow, Russian Agricultural Bank (Rosselkhozbank), and Belinvestbank. To date, Japan's asset freeze has targeted 11 Russian banks and four Belarusian banks.

Prohibition on Gold Imports and Accounting Services

On June 26, 2022, Japanese Prime Minister Fumio Kishida [announced](#) additional sanctions against Russia, including a ban on imports of Russian gold and on providing accounting, trust, and other services to Russia. The Japanese government is yet to announce details of these additional sanctions.

What's Next?

Latham & Watkins is tracking developments across all regions closely and expects that the US, the EU, the UK, Japan, and other governments around the world may impose additional rounds of sanctions as events unfold. The firm is well positioned to advise clients on the legal and practical impacts of these measures.

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[OFAC Issues Guidance on “New Investment” and Management Consulting Bans \(June 17\)](#)

[EU Expands Sanctions and Export Controls Relating to Russia and Belarus \(June 10\)](#)

[Sanctions and Export Controls Update: US, UK, and EU Developments Relating to Russia \(May 13\)](#)

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