



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
1401 Constitution Avenue, Suite 3896
Washington, DC 20230

March 11, 2022

MEMORANDUM FOR: Dominic Mancini
Deputy Director, Office of Information
and Regulatory Affairs
Office of Management and Budget

FROM: Karen Nies-Vogel
Director, Office of Exporter Services

SUBJECT: Request for OMB Emergency Review and
Approval of Information Collection for
Implementation of Sanctions Against Russia
Under the Export Administration Regulations
(EAR)

On behalf of the Bureau of Industry and Security (BIS), I am seeking approval for emergency Paperwork Reduction Act (PRA) clearances to allow the Department of Commerce (DOC), as represented by BIS, to publish a Federal Register Notice (FRN)(rule) on the “Implementation of Sanctions on Luxury Goods Destined for Russia and Belarus and for Russian and Belarusian Oligarchs and Malign Actors Under the Export Administration Regulations (EAR)” (15 CFR 730 – 774).

BACKGROUND

In response to the Russian Federation’s (Russia) February 2022 further invasion of Ukraine and Belarus’ substantial enabling of this invasion, the Bureau of Industry and Security (BIS) imposed extensive sanctions on Russia and Belarus under the EAR by implementing a final rule, “Implementation of Sanctions Against Russia Under the Export Administration Regulations (EAR),” effective February 24, 2022 (“Russia Sanctions rule”), and subsequently in three additional final rules published in March 2022: (“March 2022 rules”), “Imposition of Sanctions Against Belarus Under the Export Administration Regulations (EAR),” effective March 2, 2022 (“Belarus Sanctions rule”); “Expansion of Sanctions Against the Russian Industry Sector Under the Export Administration Regulations (EAR),” effective March 3, 2022 (“Industry Sector Sanctions rule”); and “Further Imposition of Sanctions Against Russia with the Addition of Certain Entities to the Entity List,” effective March 3, 2022 (“Russia Entity List rule”), all of which imposed sanctions on Russia and Belarus. BIS also published an additional rule in March 2022, “Addition to the List of Countries Excluded from Certain License Requirements under the Export Administration Regulations (EAR),” effective March 4, 2022 (“South Korea exclusion rule”), that added South Korea to the list of countries in supplement no. 3 to part 746 of the EAR that are excluded from certain § 746.8 license requirements specific to items destined for Russia or Belarus. As described in the Russia Sanctions rule’s preamble and the other March 2022 rules, Russia’s invasion of Ukraine, and Belarus’s substantial enabling of Russia’s actions, flagrantly violates international law, is contrary to U.S. national security and foreign policy interests, and undermines global order, peace, and security, and consequently necessitates the imposition of stringent sanctions.

In further response to Russia's further invasion of Ukraine, and Belarus's substantial enabling of Russia's invasion, DOC is imposing restrictions on the export, reexport, or transfer (in-country) to or within Russia or Belarus of luxury goods under the EAR and for exports, reexports and transfers (in-country) worldwide of the same items to certain Russian or Belarus oligarchs and other malign actors supporting the Russian or Belarusian governments. These new export controls will impose additional costs on the persons and organizations that have the financial resources to purchase luxury goods in Russia, Belarus, and other countries, and are also likely to have access to, and able to apply pressure to, the Russian and Belarusian governments.

JUSTIFICATION

The collection of information is needed prior to the expiration of the time period normally associated with a routine submission for review under the provisions of the PRA. The export control measures implemented in this final rule build upon the policy objectives set forth in the Russia and Belarus sanctions rules by restricting Russia and Belarus' access to luxury goods in order to increase the costs on Russian and Belarusian persons who support the government of Russia and its invasion of Ukraine. These individuals include Russian persons (together, Russian oligarchs and malign actors), wherever located, who have been designated by the Department of the Treasury, Office of Foreign Assets Control's (OFAC) under or pursuant to certain Russia and Ukraine-related Executive Orders issued in response to Russia's 2014 occupation of Crimea and related destabilizing conduct in Ukraine, and are listed on the List of Specially Designated Nationals and Blocked Persons (SDN List) maintained by OFAC.

The changes made by this rule are intended to limit access to luxury goods by restricting the export, reexport and transfer (in-country) of certain items subject to the EAR desirable to wealthy Russian and Belarusian citizens, including Russian and Belarus oligarchs and malign actors. Limiting the export, reexport, and transfer (in-country) of luxury goods will undermine the ability of the individuals to acquire the items, thereby further highlighting to these influential individuals the financial consequences of Russia's invasion of Ukraine to their lifestyle. With respect to the Russian and Belarusian oligarchs and malign actors, these restrictions on access to luxury goods complement the restrictions on their assets imposed by OFAC and by partner and allied countries. The restriction of access to luxury goods implemented in this rule also highlights to the Russian and Belarusian elites their loss of the benefits of full participation in the international market.

The export controls in this rule target 'luxury goods' for export or reexport to or transfer within Russia or Belarus, as well as to certain Russian and Belarusian oligarchs and malign actors, wherever they are located. This rule is part of a larger U.S. Government action, in coordination with partner and allied countries, intended to increase the financial consequences on Russia and Belarus as a result of Russia's invasion of Ukraine and Belarus's substantial enabling of Russia's invasion, as well as on Russian individuals who have supported Russia's destabilizing conduct since Russia's 2014 occupation of the Crimea region of Ukraine.