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ADVISORY

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PRESIDENT BIDEN ISSUES PROHIBITION ON THE IMPORT OF RUSSIAN FEDERATION OIL PRODUCTS

In further response to Russia's "unjustified, unprovoked, unyielding, and unconscionable war against Ukraine," President Biden announced on Tuesday, March 8, new restrictions on the Russian energy sector as part of the Russian Harmful Foreign Activities Sanctions Regulations. Specifically, the President issued a new executive order ("EO of March 8"), available **here**, that prohibits:

- the importation into the U.S. of Russian Federation origin: crude oil; petroleum; petroleum fuels, oils, and products of their distillation; liquefied natural gas; coal; and coal products;
- new investment in the energy sector in the Russian Federation by a U.S. person, wherever located; and
- any approval, financing, facilitation, or guarantee by U.S. persons, wherever located, of transactions by foreign persons that would otherwise be prohibited if performed by a U.S. person.

The import restriction is the latest in a series of sanctions imposed by the U.S. against Russia, including a total embargo on the self-declared republics of Donetsk and Luhansk in Eastern Ukraine (available **here**); additional sanctions targeting Russian banks, sovereign debt and Russian oligarchs (**here**, **here**, and **here**); restrictions on correspondent and payable-through accounts and debt and equity restrictions for certain Russian banks (**here** and **here**); restrictions on transactions involving and bonds issued by the Central Bank of the Russian Federation, the National Wealth Fund, and the Ministry of Finance (**here** and **here**); sweeping export restrictions, for both Russia and Belarus (**here** and **here**); the addition of Russian, Belarusian, and other entities to the BIS Entity List (**here**); and the expansion of existing export restrictions targeting the oil refinery sector in Russia (**here**).

In implementing the EO of March 8, the Office of Foreign Assets Control ("OFAC") issued **General License ("GL") 16**, valid until April 22, 2022, to authorize transactions ordinarily incident and necessary to the importation of covered Russian-origin products pursuant to written contracts or agreements entered prior to March 8, 2022. The GL does not authorize transactions that are otherwise prohibited under the Russian Harmful Foreign Activities Sanctions Regulations, including transactions with blocked persons.

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OFAC issued new FAQs 1013 through 1020 related to the EO of March 8 to clarify the scope of the new rule. The FAQs include:

- clarification that the EO of March 8 does not prohibit U.S. persons from selling or re-directing shipments already en route to the United States prior to March 8 or transactions to unwind contracts or other business-related activities by U.S. persons needed to comply with the prohibition;
- definitions of "Russian Federation origin" and "new investment in the energy sector in the Russian Federation;"
- an explanation of when crude oil distributed via the Caspian Pipeline Consortium may proceed;
- clarifications that non-U.S. persons are not exposed to sanctions for import of covered Russian products to non-U.S. jurisdictions, absent targeted prohibitions or restrictions; and
- clarifications as to how the new prohibitions interact with **GL 8A**, which authorized certain transactions "related to energy" involving Russian financial institutions.

The new FAQs can be found **here**.

Wiggin and Dana's International Trade Compliance Practice Group will continue to provide briefings as more information becomes available. Please contact Dan Goren, at 203.498.4318 or **dgoren@wiggin.com**, or Sean Koehler at 203.498.4301 or **skoehler@wiggin.com**, if you have any questions.