

OFAC Food Security Fact Sheet: Russia Sanctions and Agricultural Trade

July 14, 2022

The Department of the Treasury (Treasury) is issuing this Fact Sheet to further clarify that the United States has not imposed sanctions on the production, manufacturing, sale, or transport of agricultural commodities (including fertilizer), agricultural equipment, or medicine relating to the Russian Federation (Russia). In addition, Treasury's Office of Foreign Assets Control (OFAC) has issued a broad general license (GL) to authorize certain transactions related to agricultural commodities, agricultural equipment, medicine, and medical devices, as described in more detail below. The United States strongly supports efforts by the United Nations to bring both Ukrainian and Russian grain to world markets and to reduce the impact of Russia's unprovoked war on Ukraine on global food supplies and prices.

Agricultural and medical trade are not targets of the sanctions imposed by the United States on Russia for its atrocities in Ukraine. Please see "Fact Sheet: Preserving Agricultural Trade, Access to Communication, and Other Support to Those Impacted by Russia's War Against Ukraine" for more details on authorizations under U.S. sanctions related to agricultural and medical transactions, nongovernmental organization (NGO) activities, Coronavirus Disease 2019 (COVID-19) relief, the free flow of information, humanitarian assistance, and other support to people impacted by Russia's war.

Do U.S. sanctions prohibit the exportation of agricultural commodities from, to, transiting, or related to Russia?

No. The United States has not imposed sanctions on the exportation of agricultural commodities from, to, or involving Russia. In addition, to the extent transactions related to the exportation of agricultural commodities from, to, or involving Russia may be otherwise prohibited by the Russian Harmful Foreign Activities Sanctions Regulations (<u>RuHSR</u>), OFAC issued <u>Russia-related GL 6B</u> to authorize certain transactions related to the production, manufacturing, sale, or transport of agricultural commodities and agricultural equipment, among other products and activities.

The United States has imposed a prohibition on the importation of Russian Federation-origin fish, seafood, and preparations thereof into the United States (please see below for more details). This prohibition does not restrict the importation of Russian Federation-origin fish, seafood, and preparations thereof from Russia into other countries besides the United States.

Do U.S. sanctions prohibit the exportation of fertilizer from, to, transiting, or related to Russia?

No. The United States has not imposed sanctions on the exportation of fertilizer from, to, transiting, or involving Russia. To the extent transactions related to the exportation of fertilizer from, to, transiting, or involving Russia may be otherwise prohibited by the RuHSR, GL 6B authorizes, among other activities, certain transactions related to the production, manufacturing, sale, or transport of agricultural commodities, including fertilizers.

What about the prohibition on imports into the United States of Russian Federation-origin fish, seafood, and preparations thereof? Are non-U.S. persons exposed to sanctions if they continue to import these items into jurisdictions outside of the United States?

Executive Order 14068 prohibits the importation into the United States of fish, seafood, and preparations thereof; alcoholic beverages; and non-industrial diamonds of Russian Federation origin. However, to the extent the importation of such products of Russian Federation origin into jurisdictions outside of the United States does not involve a sanctioned person or an otherwise prohibited transaction, non-U.S. persons are not exposed to sanctions under E.O. 14068.

In addition, GL 6B authorizes certain transactions related to the exportation of Russian Federation origin fish, seafood, and preparations thereof, provided such transactions are not for the importation of these Russian Federation origin goods into the United States. Please see <u>FAQ</u> 1025 for more information.

Are transactions involving insurance and reinsurance services related to the transportation or shipping of agricultural commodities from, to, transiting, or related to Russia, including fertilizers, permitted under U.S. sanctions?

Yes. The United States has not imposed sanctions on the exportation of agricultural commodities from, to, or involving Russia, so providing insurance or reinsurance related to the transportation or shipping of these products is not prohibited. To the extent transactions related to such insurance or reinsurance services may be otherwise prohibited by the RuHSR, GL 6B authorizes certain transactions related to the production, manufacturing, sale, or transport of agricultural commodities and agricultural equipment. Such transactions may include insurance and reinsurance services related to the transportation or shipping of agricultural commodities or agricultural equipment.

Is the exportation of agricultural equipment and spare parts for agricultural equipment to Russia permissible under U.S. sanctions?

Yes. The United States has not imposed general sanctions on the exportation of agricultural equipment and spare parts to Russia. To the extent transactions related to the exportation of agricultural equipment and spare parts to Russia may be otherwise prohibited by the RuHSR, GL

6B authorizes certain transactions related to agricultural equipment. Additionally, Russia-related GL 41, "Authorizing Certain Transactions Related to Agricultural Equipment," authorizes transactions related to agricultural equipment, components, or spare parts produced by certain blocked Russian persons.

Do U.S. sanctions prohibit the exportation of agricultural and medical products from Port of Novorossiysk?

Port of Novorossiysk is not listed on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). It is not subject to blocking sanctions under the RuHSR or any other U.S. sanctions authority.

To the extent transactions involving the exportation of products from Port of Novorossiysk may be otherwise prohibited by the RuHSR, GL 6B authorizes certain transactions related to agricultural commodities, agricultural equipment, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices, as well as transactions related to the prevention, diagnosis, or treatment of COVID-19 (including research or clinical studies relating to COVID-19), or ongoing clinical trials. This would include exporting such products from Novorossiysk port.

Can U.S. financial institutions process transactions related to the exportation of agricultural commodities, medicine, or medical devices to, from, transiting, or related to Russia?

Yes. As noted above, the United States has not imposed sanctions on the exportation of agricultural commodities, medicine, or medical devices to, from, or related to Russia. In addition, to the extent transactions related to the exportation of agricultural commodities, medicine, or medical devices to, from, or related to Russia may be otherwise prohibited by the RuHSR, GL 6B authorizes certain transactions related to agricultural commodities, agricultural equipment, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices as well as transactions related to the prevention, diagnosis, or treatment of COVID-19 (including research or clinical studies relating to COVID-19), or ongoing clinical trials. U.S. financial institutions are authorized to process transactions that would be authorized for U.S. persons under GL 6B without exposure to sanctions.

As noted above, the United States has imposed a prohibition on the importation of Russian Federation-origin fish, seafood, and preparations thereof into the United States. This prohibition does not restrict the importation of Russian Federation-origin fish, seafood, and preparations thereof from Russia into other countries besides the United States.

Is Joint Stock Company Russian Agricultural Bank subject to U.S. blocking sanctions?

No. Joint Stock Company Russian Agricultural Bank (Russian Agricultural Bank) is not listed on OFAC's SDN List. It is not subject to blocking sanctions under the RuHSR or any other U.S. sanctions authority.

However, U.S. persons are subject to certain restrictions on dealing in debt and equity of Russian Agricultural Bank. U.S. persons involved in a transaction where Russian Agricultural Bank is a counterparty should ensure that payment terms provided to Russian Agricultural Bank comport with these restrictions on dealing in its debt and equity.

Specifically, Russian Agricultural Bank is subject to <u>Directive 3</u> under E.O. 14024, "Prohibitions Related to New Debt and Equity of Certain Russia-related Entities" (Russia-related Entities Directive). Directive 3 prohibits, among other things, transactions and dealings by U.S. persons or within the United States in new debt of longer than 14 days maturity or new equity of Russian Agricultural Bank where such new debt or new equity is issued on or after 12:01 a.m. eastern daylight time on March 26, 2022. However, GL 6B authorizes certain transactions involving Russian Agricultural Bank that are prohibited by the RuHSR (including the Russia-related Entities Directive) related to agricultural commodities, agricultural equipment, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices, as well as transactions related to the prevention, diagnosis, or treatment of COVID-19 (including research or clinical studies relating to COVID-19), or ongoing clinical trials.

Russian Agricultural Bank is also subject to <u>Directive 1</u> under E.O. 13662, § 589.202 of the Ukraine-/Russia-Related Sanctions Regulations. The prohibitions of § 589.202 apply only to certain dealings in new debt or equity of Russian Agricultural Bank. For more information, please see OFAC Frequently Asked Questions (FAQs) <u>370</u>, <u>395</u>, and <u>419</u>. U.S. persons should also review <u>FAQs 1049-1055</u> for information on prohibitions related to <u>E.O. 14066</u>, <u>E.O. 14068</u>, and <u>E.O. 14071</u>.

We encourage anyone with specific questions about transactions involving Russian Agricultural Bank to contact the OFAC Compliance Hotline at 1-800-540-6322 or email OFAC_Feedback@treasury.gov.

Additional Licensing

For transactions neither exempt nor generally authorized by OFAC, OFAC considers specific license requests on a case-by-case basis and prioritizes license applications and other requests for guidance that are related to humanitarian activity. Please see OFAC's <u>License Application Page</u> for additional details regarding the specific licensing process.

Additional Information

If you have additional questions, we encourage you to contact the OFAC Compliance Hotline at 1-800-540-6322 or email <u>OFAC_Feedback@treasury.gov</u>. As with specific license requests, OFAC prioritizes answering questions that are related to humanitarian activity.