

# Fried Frank International Trade and Investment *Alert*<sup>TM</sup>

## U.S. Bans Imports of Most Russian Energy Products

On March 8, 2022 President Biden [issued an Executive Order](#) (the “New EO”) prohibiting the importation into the United States of Russian-origin crude oil, petroleum, petroleum fuels, oil, liquefied natural gas, coal, and coal products. The New EO also prohibits new investment in Russia’s energy sector by U.S. persons and any facilitation of such transactions conducted by foreign persons. These measures took effect immediately.

The Office of Foreign Assets Control (“OFAC”) [clarified](#) that the New EO’s ban on new investment in Russia’s energy sector only prohibits transactions that constitute a commitment or contribution of funds or other assets for, or a loan or other extension of credit to, new energy sector activities (not including maintenance or repair). Energy sector activities include, among other activities, the procurement, exploration, extraction, drilling mining, harvesting, production, refinement, and transport of the energy products identified in the New EO. Notably, these products do not include nuclear or renewable energy.

Simultaneously with the publication of the New EO, OFAC issued General License 18, which authorizes until April 22, 2022 the importation into the United States of otherwise prohibited Russian energy products pursuant to contracts or written agreements entered into prior to March 8, 2022. GL18 also authorizes all transactions ordinarily incident and necessary to such imports. In a signal that the U.S. government may seek to limit the domestic impact of the New EO, OFAC noted in [an FAQ](#) that it may issue specific licenses on a case-by-case basis to authorize shipments occurring after April 22, 2022 or other activity outside the scope of GL 18.

The New EO’s importation ban is not akin to a complete prohibition on all dealings related to the Russian energy sector or Russian energy products. The below list clarifies the scope of the New EO.

### What the New EO does not prohibit:

- **The import by U.S. persons of Russian energy products to non-U.S. jurisdictions:** [In an FAQ](#), OFAC clarified that the import of Russian-origin energy products to countries other than the United States is not prohibited, to the extent it does not involve a sanctioned person or activity prohibited pursuant to other sanctions authorities, such as [E.O. 13662](#) or [E.O. 14024](#).
- **The importation into the United States of Russian energy products not listed in the New EO:** While the New EO covers a wide range of energy products, the import of Russian-origin

energy products that are not specified in the New EO, such as non-liquefied natural gas, uranium, and other renewable energy products, is still permitted.

- **The importation into the United States of non-Russian energy products that have transited through Russia:** The New EO's central prohibition applies only to Russian-origin energy products that are specified within the EO. Energy products that originate outside of Russia but travel through or depart from there may still be imported, provided they do not violate the provisions of any other sanctions. [In an FAQ](#), OFAC clarified that "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."

### Key Takeaways

Following substantial coordination between the U.S., EU, and UK on sanctions in response to Russia's invasion of Ukraine, the New EO demonstrates the U.S.'s willingness to impose substantial costs on the Russian economy, even without the backing of European allies. In a [press release](#), the White House acknowledged that not all allies are "currently in a position to join" the United States in banning most Russian energy imports, but that the decision to do so was nonetheless made in close consultation with allies and partners around the world.

The New EO is the latest action taken by the United States in response to Russia's invasion of Ukraine, and it will have a wide-reaching impact on U.S. businesses that are currently engaged in importing Russian energy products into the United States. If you have any questions regarding these sanctions and export controls or how they may affect your business, please reach out to the contacts listed below.

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