

# CLIENT ALERT

## The Month in International Trade – May 2022

June 6, 2022

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*This news bulletin is provided by the International Trade Group of Crowell & Moring. If you have questions or need assistance on trade law matters, please contact [Jeff Snyder](#) or any member of the [International Trade Group](#).*

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### **[Ukraine Crisis Resource Center](#)**

Crowell & Moring has a [multidisciplinary working group](#) helping clients navigate the rapidly evolving business, legal and operational issues associated with the crisis. Our group brings together lawyers and professionals with relevant senior government, industry, and private sector experience across a wide array of practices that intersect with the most critical issues in this unprecedented crisis. We are helping clients to mitigate risk, to implement practical approaches and sound business solutions, and anticipate and prepare for the opportunities and challenges that are on the horizon.

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## Top Trade Developments

### **Latest Russia Sanctions/Export Highlights (as of June 2, 2022)**

**Russia Sanctions Updates:** On May 31, 2022, European Commission President Ursula von der Leyen announced that EU leaders agreed in principle to the sixth round of sanctions. She previewed that the package would include a ban on “almost 0% of Russian oil imports by the end of the year,” remove Sberbank from SWIFT, ban insurance and reinsurance of Russian vessels by EU companies, prohibit a range of business services for Russian companies, and suspend broadcasting of Russian state outlets.

On June 2, 2022, the United States announced its latest round of sanctions, which included additional designations to the Specially Designated Nationals and Blocked Persons List (the SDN List), and additions to the Entity List. The designations included a number of vessels and aircraft allegedly linked to Russian leaders, including President Vladimir Putin; a “Kremlin-aligned” yacht brokerage; Sergei Pavlovich Roldugin, who manages President Putin’s offshore wealth; Alexey Mordashov, the leader of Sevegroup; Public Joint Stock Company Severstal; and Nord Gold PLC. The U.S. Department of Commerce (Commerce) also added 71 entities located in Russia and Belarus to the Entity List, 66 of which were determined to be military end users, subjecting them to additional licensing requirements.

**General Licenses:** The United States announced several new general licenses (GLs). GL 25B supersedes GL 25A, and authorizes transactions ordinarily incident and necessary to the receipt or transmission of telecommunications involving the Russian Federation. However, OFAC added Limited Liability Company Algorithm to the list of entities prohibited from benefiting from GL 25B. GL 36 authorizes wind-down transactions with Public Joint Stock Company Severstal until August 31, 2022, and GL 37 authorizes wind-down transactions with Nord Gold PLC through July 1, 2022. GL 38 authorizes transactions ordinarily incident and necessary to processing transactions involving pension payments to U.S. persons prohibited under Executive Order 14024. Finally, the United States announced the expiration of GLs 13R and 15L, both of which had provided wind-down periods for divestiture from GAZ Group through May 25, 2022.

The UK announced a new license that permits business operations involving the provision of Civilian Telecommunication Services and News Media Services (as defined in the license) in relation to ZAO TransTeleCom Company.

**Export Updates:** Commerce announced a final rule that revises, corrects, and clarifies Export Administration Regulations (EAR) provisions pertaining to the export controls imposed on Russia and Belarus. Notable revisions or clarifications made by the final rule include the following:

- Revisions to the controls for Russian and Belarussian military end uses and military end users by extending license requirements to include food and medicine designated as EAR99; license applications for such items will be subject to a case-by-case review policy.
- Corresponding modifications to the Russian and Belarussian military end users on the Entity List as a result of the new license requirement for EAR99 food and medicine.
- Revisions to the EAR’s restrictions that apply to items that are destined for regions in Ukraine specified by EAR § 746.6 (currently Crimea, the so-called Donetsk People’s Republic, and the so-called Luhansk People’s Republic), including the addition of new categories of transactions that will be subject to case-by-case review.

- Clarifications and corrections of provisions of the EAR pertaining to controls on exports of luxury goods destined for Russia and Belarus and items for use in Russia’s oil refinery sector.
- Amendment to the EAR to make charging letters publicly available in future export enforcement cases prior to the final administrative disposition of such cases. While precharging letters will retain their current nonpublic status, charging letters will now be public once filed with the Administrative Law Judge, making such information available to the public at an earlier stage of the proceedings. According to Commerce, this will allow BIS to more timely inform interested parties of ongoing enforcement efforts and to educate the exporting community on its controls.

*For more information, contact: Jeff Snyder, Carlton Greene, Dj Wolff, Michelle Linderman, Caroline Brown, Nicole Succar, Anand Sithian, Brian McGrath, Laurel Saito, Rachel Schumacher*

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### **Launch of Indo-Pacific Economic Framework**

On May 23<sup>rd</sup>, President Biden, accompanied by Japanese Prime Minister Kishida and Indian Prime Minister Narendra Modi, formally unveiled the Indo-Pacific Economic Framework for Prosperity (IPEF). The agreement is significant as the participating economies represent over 40% of global gross domestic product, and include five countries not included in the original Trans-Pacific Partnership negotiations. They also include seven of the ten ASEAN member countries representing significant U.S. engagement in the region.

Negotiations are expected to advance through the next 12-18 months on each of the IPEF’s four pillars. The trade elements represent the most significant U.S. economic engagement in Asia since its withdrawal from the Trans-Pacific Partnership, and the framework will seek to lay the basis for numerous areas of economic standardization and integration.

For more, [please click here](#).

*For more information, contact: Robert Holleyman, Christopher Gundermann*

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### **ITC Section 332 Proceedings: Investigation into Economic Impacts of Section 301 And 232 Tariffs**

On May 10, the US International Trade Commission (ITC) issued a Federal Register notice stating that it will conduct an investigation into the economic impacts of the Section 301 and 232 (global steel and aluminum) tariffs on US industries. See [Notice](#).

The ITC will hold a hearing, and accept pre-hearing and post hearing briefs. The following are the relevant dates:

- *July 6, 2022:* Deadline for filing requests to appear at the public hearing.
- *July 8, 2022:* Deadline for filing prehearing briefs and statements.
- *July 14, 2022:* Deadline for filing electronic copies of oral hearing statements.
- *July 21, 2022:* Public hearing.

- *August 12, 2022*: Deadline for filing post-hearing briefs and statements.
- *August 24, 2022*: Deadline for filing all other written submissions.
- *March 15, 2023*: Transmittal of Commission report to Committees.

This investigation, conducted pursuant to Section 332, may be used by the USTR to determine what products should be removed from Section 301 tariffs. Importers should consider participating in the Section 332 proceedings to obtain relief from 301 tariffs.

*For more information, contact: John Brew, Frances Hadfield*

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### **Section 301 Tariffs: USTR Four-Year Review**

On May 5, the United States Trade Representative (USTR) published a [Notice](#) requesting comments from domestic industry members benefitting from the Section 301 tariffs as to whether the USTR should continue to impose Section 301 tariffs for lists 1, 2, 3, and 4A. USTR is required to review the necessity of Section 301 actions four years after implementation.

USTR stated in its Notice that it was taking action in two Phases. In Phase One, USTR is requesting only for comments from parties that are benefitting from the Section 301 tariffs. The comments are due and must be filed by 11:59pm on July 5 (List 1) and 11:59pm on August 22 (List 2, 3 and 4A). USTR has indicated it will not make the comments public, but will summarize them when publishing its determination on whether or not to continue the Section 301 tariffs. In Phase Two, the USTR will issue a separate notice and take comments from all interested parties on the effectiveness of the 301 action and the impact of the action on the US economy and consumers.

Based on recent comments from the Biden administration, it is interested in easing Section 301 tariffs on certain products in order to mitigate inflation and align with this administration's trade objectives. Accordingly, it is likely that Section 301 tariffs may be modified or reduced based on Phase Two comments. Importers should consider filing comments to obtain relief from Section 301 tariffs and protect their appeal rights.

*For more information, contact: John Brew, Frances Hadfield*

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### **Customs Rulings of The Week**

- [Cost Plus Transfer Price and Transaction Value](#)
- [Classification of Emergency Hammer](#)

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For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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