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BUREAU OF INDUSTRY AND SECURITY
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Commerce Rule Advances U.S. National Security by Enhancing Coordination Between Commerce Export Controls and Treasury Sanctions

WASHINGTON, D.C. – Today, the U.S. Commerce Department's Bureau of Industry and Security (BIS) released a final rule to impose additional restrictions under the Export Administration Regulations (EAR) on persons identified under fourteen sanctions programs, on the List of Specially Designated Nationals and Blocked Persons (SDN List) maintained by the Department of the Treasury's Office of Foreign Assets Control (OFAC). Today's action builds on long-standing end-user restrictions under the EAR.

"Today's action will further our already strong coordination with the Treasury Department to prevent foreign actors from obtaining the items and financing they seek to conduct activities that threaten U.S. national security and foreign policy interests," **said Under Secretary of Commerce for Industry and Security Alan Estevez**.

"Export controls and financial sanctions have long been complementary, and today's rule will serve as a force multiplier in their overall effectiveness," **said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**. "In the context of our response to Russia's horrific invasion of Ukraine, we have seen just how important close coordination in applying both export controls and financial sanctions is to undermine the ability of foreign adversaries to fund their destabilizing activities and obtain the items they seek to carry out those activities."

While the EAR has for many years restricted the export, reexport, and transfer (in-country) transactions involving certain persons and entities identified on the SDN List or pursuant to certain statutory authorities, today's rule ensures that persons and entities blocked under fourteen OFAC sanctions programs will also automatically be subject to stringent export, reexport, and transfer (in-country) controls under the EAR. The fourteen OFAC sanctions programs consist of:

- Seven Executive Orders related to Russia's harmful foreign activities, including its aggression in Ukraine dating back to its 2014 annexation of Crimea as well as the recent further invasion in 2022 and the undermining of democratic processes or institutions in Belarus (EOs 13405, 13660, 13661, 13662, 13685, 14024, and 14038);
- Two programs related to terrorism (Foreign Terrorist Organizations Sanctions Regulations and Global Terrorism Sanctions Regulations);
- The Weapons of Mass Destruction Proliferators Sanctions Regulations; and Four programs related to narcotics trafficking and other criminal networks (EOs 13581 and

14059, the Narcotics Trafficking Sanctions Regulations, and the Foreign Narcotics Kingpin Sanctions Regulations).

Because the EAR's restrictions focus primarily on the export of items, Commerce authorities can serve to complement OFAC's blocking measures targeting financial dealings, especially for transactions that involve items subject to the EAR but do not involve U.S. persons.

The rule also makes structural and technical changes to consolidate existing SDN-related EAR restrictions so that all SDN-related provisions are in the same section of Part 744 (Control Policy: End-User and End-Use Based), which describes the EAR's prohibitions against exports, reexports, and transfers (in-country) of items to certain end users and end uses unless authorized by BIS.

Text of the changes issued today is available on the Federal Register's website here (link). The effective date is upon publication by the Federal Register, scheduled for March 21, 2024.

For more information, visit BIS's website at: https://www.bis.doc.gov.

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