

Export Ban on Luxury Goods to Russia as of September 6, 2022

The following table includes the key export restrictions imposed by certain jurisdictions, namely the United States, the European Union, Japan, Australia, Canada, and the UK on luxury goods destined for Russia. Some items are always classified as luxury goods independently of their value (e.g. jewelry in the United States and pure-bred horses in Australia), while certain jurisdictions, such as the European Union, have introduced a minimum value for a product to be considered a luxury good. Please note that the regulations are changing rapidly, and the information included in the table below may not be exhaustive.

It is strongly recommended to refer to the regulations for specific details of embargoed goods. The table below is provided for illustrative purposes only, to display the broad categories of goods that have been restricted for export to Russia. You can find links to the relevant regulations at the bottom of this document.

						
 Alcohol	Beverages, spirits, and vinegar, including wines, sparkling wines, and beer	Wines, sparkling wines, beers, spirits, and spirituous beverages	Liquor	Wines, sparkling wines, spirits, and spirituous beverages	Wines, sparkling wines, beers, spirits, and spirituous beverages	Beer made from malt, sparkling wine of fresh grapes, other wines, vermouth, fermented beverages, spirits, spirituous beverages
 Cars	Vehicles other than railway or tramway rolling stock (including cars, motorbikes, and mopeds) and parts and accessories thereof	Vehicles, except ambulances, for the transport of persons on earth, air, or sea exceeding EUR 50,000 Teleferics, chairlifts, ski-draglines, traction mechanisms for funiculars, motorbikes exceeding EUR 5,000, as well as their accessories and spare parts	Passenger cars exceeding JPY 6 million Motorcycles exceeding JPY 600,000	Luxury vehicles for the transport of persons on earth, air, or sea, as well as their accessories exceeding AUD 70,000 Motorcycles, mopeds and bicycles, and parts and accessories thereof, and parts and accessories of luxury vehicles exceeding AUD 7,500	Vehicles, except ambulances, for the transport of persons on earth, air, or sea exceeding GBP 42,000 per vehicle Teleferics, chairlifts, ski-draglines, traction mechanisms for funiculars and motorbikes exceeding GBP 4,200; accessories or spare parts exceeding GBP 420	Certain passenger motor vehicles, motorcycles, engine parts, bodies and chassis, and motorcycles parts



Cigars

Tobacco, including cigarettes, and manufactured tobacco substitutes

Cigars and cigarillos

Tobacco products

Tobacco products

Cigars, cheroots, and cigarillos exceeding GBP 10 per item

Tobacco and reconstituted tobacco as well as products containing them, including cigars, cheroots, cigarillos, and cigarettes



Perfumes and Cosmetics

Essential oils and resinoids; perfumery, cosmetic or toilet preparations

Perfumes, toilet waters, and cosmetics, including beauty and make-up products

Perfumes and cosmetics

Perfumes, toilet waters and cosmetics, including beauty and make-up products exceeding AUD 500

Perfumes, toilet waters, and cosmetics, including beauty and make-up products

Perfumes and toilet waters, cosmetic products including lip and eye make-up



Clothing

Fur skins and artificial fur; manufactures thereof; silk; articles of apparel and clothing accessories, knitted or crocheted; footwear, gaiters and the like; parts of such articles (valued at USD 1,000 per unit in the US); headgear and parts thereof

Coats, or other garments, clothing accessories and shoes (regardless of the material)

Fur; clothing, footwear, and hats exceeding JPY 100,000

Furs, garments, clothing accessories and shoes (regardless of their material) exceeding AUD 500

Garments, clothing, accessories, or shoes (regardless of the material)

Fur products, ski suits, swimwear, track suits, jumpers, certain accessories and footwear



Leather

Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)

Leather, saddlery and travel goods, handbags and similar articles

Leather goods

Leather, saddlery and travel goods, handbags and similar articles exceeding AUD 500

Leather, saddlery, travel goods, handbags, or similar articles

Leather or composition leather clothing accessories, other than gloves, mittens, mitts, belts and bandoliers



Carpets

Carpets and other textile floor coverings; special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery; other made up textile articles; sets; worn clothing and worn textile articles; rugs

Carpets, rugs, and tapestries hand-made or not

Carpet

Carpets, rugs, tapestries, and wall hangings exceeding AUD 500

Carpets, rugs, and tapestries, hand-made or not

Carpets and other textile floor coverings



Tableware

Ceramic products, glass and glassware

Tableware of porcelain, china, stone or earthenware or fine pottery; items of lead crystal; cutlery of precious metal or plated or clad with precious metal

Ceramic products and glassware

Cutlery of precious metal or plated or clad with precious metal, tableware of porcelain, china, stone or earthenware or fine pottery exceeding AUD 500

Lead crystal glassware exceeding AUD 250

Any item of cutlery, bladed or edged instruments and tools, provided such items are comprised of precious metal or plated or clad with precious metal

Tableware of porcelain, china, stone or earthenware or fine pottery; items of lead crystal

Ceramic tableware and kitchenware of porcelain or china, table or kitchen glassware, certain ceramic articles



Jewelry

Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious stones

Pearls, precious and semi-precious stones, articles of pearls, jewelry, gold or silversmith articles

Jewelry

Pearls, precious and semi-precious stones, articles of pearls (any value); jewelry, gold or silversmith articles exceeding AUD 500

Pearls, precious and semi-precious stones, articles of pearls, jewelry, gold or silversmith articles

Pearls, precious and semiprecious stones (natural, synthetic, or reconstructed), coins not of legal tender, silver, gold, articles of jewelry, and other articles of precious metal



Clocks and Watches

Clocks and watches and parts thereof (using precious metals)

Clocks and watches and their parts

Watches (using precious metals)

Clocks and watches and their parts exceeding AUD 500

Clocks and watches and their parts

Wrist watches, pocket-watches, watch cases, and watch straps, bands and bracelets or parts thereof



Electronics

N/A

Electronic items for domestic use exceeding EUR 750

Electrical/ electronic or optical apparatus for recording and reproducing sound and images exceeding EUR 1,000

Laptops

Personal consumer electronics exceeding AUD 500

Electronic items for domestic use exceeding GBP 630; electrical/ electronic or optical apparatus for recording and reproducing sound and images exceeding GBP 840

N/A



Works of Art

Works of art, collectors' pieces, and antiques

Works of art, collectors' pieces, and antiques

Works of art, antiques

Works of art, collectors' pieces, and antiques

Works of art, collectors' pieces, and antiques

Paintings, drawings, sculptures, prints, and mosaics



Articles and Equipment for Sports

Underwater breathing devices carried on person

Articles and equipment for sports, including skiing, golf, diving, and water sports

Diving equipment

Articles and equipment for skiing, golf, and water sports exceeding AUD 500

Articles and equipment for sports, including skiing, golf, diving, and water sports

N/A



Other

Grand pianos; parts for yachts or pleasure boats, etc.; statuettes and other ornamental articles of plastic or wood; unused postage; banknotes; check forms; stock, etc.; prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair

Caviar; truffles and preparations thereof; horses; coins and banknotes, not being legal tender; musical instruments exceeding EUR 1,500; articles and equipment for billiards, automatic bowling, casino games and games operated by coins or banknotes

Grand pianos exceeding JPY 200,000

Pure-bred horses; crustaceans and mollusks, including lobster and abalone; caviar and caviar substitutes; in the case of caviar substitutes; truffles; coins and banknotes, not being legal tender; fountain pens, stylograph pens and other pens (exceeding AUD 200); musical instruments (exceeding AUD 2,000); articles and equipment for billiard, automatic bowling, casino games and games operated by coins or banknotes, video game consoles and machines (exceeding AUD 500)

Pure-bred breeding animals including horses; caviar and caviar substitutes; truffles and preparations thereof; coins and banknotes not being legal tender; musical instruments exceeding GBP 1,260; articles and equipment for billiards, automatic bowling, casino games and games operated by coins, banknotes, bank cards, tokens or by any other means of payment, video games consoles, and amusement machines

Collections or collectors' pieces of archeological, ethnographic, historical, zoological, botanical, anatomical, paleontological interest

Antiques exceeding 100 years

Grand pianos

*Unless otherwise specified in the table, the minimum value for goods to be classified as "luxury goods" in Japan is of JPY 40,000 (~ USD 323.20)

+Unless otherwise specified in the table, the minimum value for goods to be classified as "luxury goods" in the EU is of EUR 300 (~ USD 326.61)

^Unless otherwise specified in the table, goods are classified as "luxury goods" in the UK if they exceed the value of GBP 250 (~ USD 326.35) per item/1.5 KG/6.25 litres

Context

- In mid-March, the **European Union** and the **United States** introduced new sanctions against Russia targeting the export of luxury goods. **Japan** and **Australia** adopted similar measures respectively on March 29 and April 4. On March 25, **Switzerland** adopted EU sanctions on luxury goods and prohibited the sale, delivery, export, transport and transit of luxury goods (any item of the value of more than CHF 300 ~ USD 321.36) to any natural or legal person, entity or body in Russia or for use in Russia.
- In May, **Canada** followed suit, introducing a raft of luxury goods restrictions on exports to Russia.
- The EU regulation prohibits the sale, supply, transfer, or export, directly or indirectly, of luxury goods (of the value over EUR 300 each) to any natural or legal person, entity, or body in Russia or for use in Russia. The US regulation imposes similar restrictions on the export, reexport, or transfer (in-country) to or within Russia of luxury goods; the ban affects any retailer, wholesaler, manufacturer, and distributor selling luxury products.
 - Russian citizenship is not relevant for the application of the new sanctions; Russian citizens resident outside of Russia are permitted to purchase luxury goods as long as they are not intended for sale, delivery, export, transport, or transit to Russia.
 - Entities and individuals subject to an asset freeze under Russia sanctions are prohibited from purchasing luxury goods worldwide.
 - There are limited exceptions (e.g. for diplomatic missions) available to the private sector; please check the relevant regulations for more information.

ACAMS Observations

The ban on the export of luxury goods to an economy as large and as globally integrated as Russia is unprecedented; prior to March 2022, a similar ban on the export of luxury goods was introduced against North Korea through the **United Nations Security Council (UNSC) Resolution 1718**.¹ A key difference between the two regimes is that UN member states are obliged to implement UN sanctions against North Korea (although in fact global implementation of UNSC Resolutions on North Korea remains low), while the unilateral sanctions against Russia have been introduced by four countries and are not recognized as binding at the global level. This means that countries that do not implement US, EU, Japan, UK, or Australia sanctions can continue to trade luxury goods with Russia, although there is a risk for companies and individuals based in those countries to unintentionally breach foreign sanctions, for example when re-exporting luxury goods to Russia from countries that have imposed an export ban.

Some luxury brands have taken a stance against Russia's actions in Ukraine by halting their business in the country and introducing **additional compliance measures**, including self-declaration forms, to ensure that Russian clients abroad are not resident in Russia and do not intend to export luxury goods to Russia.² While these measures are likely to protect the company to some degree from a regulatory and legal perspective, they are unlikely to be sufficient to deter sanctions evasion, as both Russian nationals and foreign third parties may provide false information and de facto act as intermediaries for the re-export of luxury goods to Russia. A more holistic approach (rather than a box-ticking approach) to the risk of sanctions evasion may be more effective to decrease the risk of sanctions evasion in practice.

Another key challenge is the **lack of a consistent definition of luxury goods**. Overall, the countries that have implemented a ban against the export of luxury goods to Russia are more aligned on the definition and scope of the restrictions than the countries implementing the UNSC Resolution 1718 on North Korea. However, the table above shows that there are clearly some discrepancies in the list of items that are classified as luxury goods in different jurisdictions, and the minimum value of a product to be classified as a luxury good changes from one country to another. For example, while the US and Japan have introduced an export ban only on watches that are using precious metals, the EU and Australia have introduced a broader ban on clocks, watches, and their parts, independently from what they are made of. This divergent approach may be due to various factors, including industry pressures and pre-existing trade relationships with Russia, however it is unlikely to favor consistent implementation of the luxury goods ban across countries.

Practical Steps for Compliance: What Does Your Organization Need to Do?

- Ensure that sanctions lists are promptly updated in the relevant sanctions screening systems
- Update compliance policies and procedures to reflect changes in sanctions legislation and ensure that front-line staff are made aware of the changes
- Enhance scrutiny of luxury goods supply chains with a link to Russia
- Identify clients with exposure to the Russian luxury market and ensure that they are aware of the existing prohibitions
- Collect and document information concerning the residence of clients and the intended use of goods when dealing with Russian nationals, individuals using Russian language, payments with Russian bank or credit cards, presentation of Russian documents (e.g. Russian residence permit)
- Conduct enhanced due diligence and further investigations when the client has links to the Russia luxury goods market or mentions the transfer or delivery of luxury goods to Russia
- Be alert to the possibility of false shipping and customs declarations for shipments destined to Russia (e.g. wrong HS code input in the shipping documents to conceal the shipment of prohibited goods)
- Monitor the potential establishment of sanctions evasion networks engaging in trans-shipment or re-export through third countries that have not implemented sanctions against Russia (e.g. increase in demand for luxury goods without a clear business rationale)

1. In 2012, the **EU** and the **UK** also introduced an export ban on luxury goods to Syria

2. The Independent, April 12, 2022, "Chanel stops selling bags to Russians abroad who want to take them home", <https://www.independent.co.uk/news/world/europe/chanel-russia-bag-sales-ukraine-war-b2051932.html>



For further information visit our Ukraine crisis rapid response hub
<http://www.acams.org/ukraine>

This information has been reviewed, but it must be stressed that the situation is evolving quickly, and new sanctions are likely to be implemented in the near future. The content contained herein is for general information purposes only, and it is neither legal nor business advice. You should consult your own legal and business advisors for advice that applies to your particular situation.