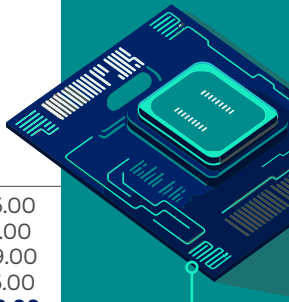


Battlefield Goods & Export Control Evasion - Part 1 of 2

Between May and July 2023, the **United States**, the **United Kingdom**, and the **European Union** jointly identified by their 6-digit Harmonized System (HS) codes 38 high-priority dual-use and advanced technology items that Russia seeks to procure for its weapons programs. Many of these items have been regularly recovered on the battlefield in Ukraine and pose a heightened risk of being diverted illegally to Russia. The Common High Priority Items list, on which Tiers 1 and 2 contain the most sensitive items, may be updated periodically as new information becomes available from the battlefield.

Tier 1

HS6 code	Description	US HS10 code(s)	EU/UK HS10 codes
8542.31	Electronic integrated circuits: Processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	8542.31.00.01	8542.31.11.00 8542.31.19.00 8542.31.90.00
8542.32	Electronic integrated circuits: Memories	8542.32.00.02 8542.32.00.24 8542.32.00.28 8542.32.00.32 8542.32.00.36	8542.32.00.41 8542.32.00.51 8542.32.00.61 8542.32.00.71 8542.32.11.00 8542.32.19.00 8542.32.31.00 8542.32.39.00 8542.32.45.00 8542.32.55.00 8542.32.61.00 8542.32.69.00 8542.32.75.00 8542.32.90.00
8542.33	Electronic integrated circuits: Amplifiers	8542.33.00.01	8542.33.10.00 8542.33.90.00
8542.39	Electronic integrated circuits: Other	8542.39.00.01	8542.39.11.00 8542.39.19.00



Date	April 25, 2023		
Cargo information	HS code:	8542329000	
	Description of the goods:	US Comp Co. server parts – spare parts for repair and maintenance – computer units – dynamic read-write device – random-access memory	
Consignee Information	Declaration consignee:	Russian import Co.	
	Consignee address:	XXX, Saint-Petersburg, Russian Federation	
	Website:	Tel/Fax:	Email:
Shipper Information	Declaration shipper:	Turkish Middle Co./ via warehouse in Bobigny, France	
	Shipper address:	XXX, Istanbul, Turkey	Manufacturer: US Computer Co.
Shipping Information	Export country or region:	FRANCE	Place of origin: CHINA
	Gross weight:	30.67	Net weight: 28.5
Price information	Amount (USD):	25,568.32 USD	INCOTERMS FCA
	Amount (RUB):	2,103,589.116 RUB	
	Amount (RMB):	175,555,383 RMB	

Real-Life Case Example* continued on page 2



Real-Life Case Example*

On April 25, 2023, Russian Import Co., with registration in St Petersburg, filed a customs declaration regarding the importation into Russia of a batch of US Computer Co.-branded memory devices classified under HS10 8542329000**. The total value of the goods exceeded US\$25,500.

The customs declaration shows that the goods, which had been manufactured in China, were exported to Russia from a warehouse in a Parisian suburb by Turkish Middle Co., based in Istanbul.

Turkish Middle Co. was formed in June 2022 and is wholly-owned and solely managed by an EU citizen of Russian descent. Russian Import Co. was formed in 2005 and is owned by four Russian nationals. Together, they further own a Moscow company which operates a local

service center for a big Chinese brand of electronics, as well as another Russian firm, also Moscow-based, which has been a distributor of multiple western and Japanese brands since the early 2000s.

US Computer Co. is a well-known multinational computer equipment manufacturer.

The unlicensed re-exportation to Russia of the above US-branded products manufactured in China is prohibited as per the Russia Foreign-Direct Product Rule [15 CFR § 734.9(f)], insofar as HS 854232 items are listed on Supplement No. 7 to Part 746 of the US Code of Federal Regulations.

Of note, Turkish Middle Co. meets at least one red flag indicator identified in the FinCEN-BIS Supplemental Joint Alert dated May 19, 2023 (FIN-2023-Alert004), namely “Transactions related to payments for defense or dual-use products from a company incorporated after February 24, 2022, and based in a non-GECC country.”

* For the purposes of this case study, the names of the parties to this transaction have been anonymized.

** France (country of export) and Russia (country of import) use the same HS10 code for these items, whereas the appropriate HS10 code in the US would have been 8542320071.



The Common High Priority Items list is divided into 4 tiers:

Tier 1 (4 HS6 codes):

Items of the highest concern due to their critical role in the production of advanced Russian precision-guided weapons systems, Russia's lack of domestic production, and limited global manufacturers.

Tier 3 (19 HS6 codes):

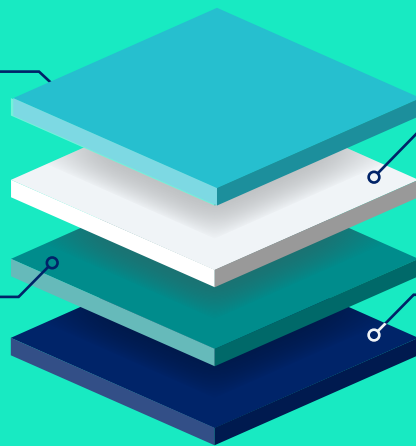
A broader range of electronic items, as well as navigation and camera components, that Russia has sourced from foreign companies.

Tier 2 (5 HS6 codes):

Additional electronics items for which Russia may have some domestic production capability but a preference to source from the US and its partners and allies.

Tier 4 (10 HS6 codes):

Manufacturing, production and quality testing equipment for electric components, circuit boards and modules.



According to the US Bureau of Industry and Security (BIS),



Russia routinely relies on evasive or deceptive tactics, such as the use of third-party intermediaries or transshipment points, to disguise the involvement of parties on the Entity List or SDN List in transactions and obscure the true identities of Russian end users, thereby circumventing restrictions. It is critical that exporters and re-exporters (such as manufacturers, distributors, resellers, and freight forwarders) as well as their service providers (such as financial institutions, logistics companies, and transportation providers) are aware of the export control risks posed by Russia's procurement efforts and adopt appropriate measures to counteract such risks."

Useful links



- [FinCEN/BIS – FinCEN and the U.S. Department of Commerce’s Bureau of Industry and Security Urge Increased Vigilance for Potential Russian and Belarusian Export Control Evasion Attempts](#) (June 2022)
- [US Departments of Commerce, of the Treasury, and of Justice – Cracking Down on Third-Party Intermediaries Used to Evade Russia-Related Sanctions and Export Controls](#) (March 2023)
- [FinCEN/BIS – Supplemental Alert: FinCEN and the U.S. Department of Commerce’s Bureau of Industry and Security Urge Continued Vigilance for Potential Russian Export Control Evasion Attempts](#) (May 2023)
- [BIS – Guidance to Prevent Evasion of Prioritized Harmonized System Codes to Russia](#) (May 2023)
- [BIS – Russia Export Controls – List of Common High-Priority Items](#) (July 2023)
- [BIS – Commodity, End-user, and Transshipment Country Red Flag FAQs](#) (August 2023)



- [FCDO – Russia Sanctions – Common High Priority Items List](#) (May 2023)



- [European Commission – Addressing the circumvention of EU export restrictions against Russia – List of High Priority Battlefield Items](#) (June 2023)
- [Estonia/Latvia/Lithuania/Finland/Poland – Detecting and Preventing Sanctions Evasion and Circumvention in Trade](#) (July 2023)

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