

Battlefield Goods & Export Control Evasion - Part 2 of 2

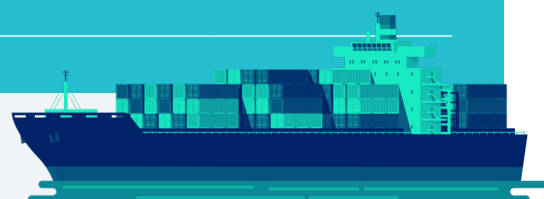
Between May and July 2023, the **United States**, the **United Kingdom**, and the **European Union** jointly identified by their 6-digit Harmonized System (HS) codes 38 high-priority dual-use and advanced technology items that Russia seeks to procure for its weapons programs. Many of these items have 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 2

HS6 code	Description	US HS10 code(s)	EU/UK HS10 codes
8517.62	Machines for the reception, conversion, and transmission or regeneration of voice, images or other data, including switching and routing apparatus	8517.62.00.10 8517.62.00.20 8517.62.00.90	8517.62.00.00
8526.91	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus: Radio navigational aid apparatus	8526.91.00.20 8526.91.00.40	8526.91.20.10 8526.91.80.10 8526.91.20.99 8526.91.80.90
8532.21	Other fixed capacitors: Tantalum capacitors	8532.21.00.20 8532.21.00.50 8532.21.00.40 8532.21.00.80	8532.21.00.00
8532.24	Other fixed capacitors: Ceramic dielectric, multilayer	8532.24.00.20 8532.24.00.60 8532.24.00.40	8532.24.00.00
8548.00	Electrical parts of machinery or apparatus, not specified or included elsewhere in chapter 85	8548.00.00.00	8548.00.20.00 8548.00.90.43 8548.00.30.00 8548.00.90.44 8548.00.90.10 8548.00.90.48 8548.00.90.41 8548.00.90.99

Radio navigational receivers
- For use in civil aircraft
- Other

Date	February 18, 2023		
Cargo information	HS code:	8526912000	
	Description of the goods:	Radio navigation receivers for maintenance of civil passenger aircraft in order to maintain their airworthiness	
Consignee Information	Declaration consignee:	Russian import Co.	
	Consignee address:	XXX, Moscow, Russian Federation	
	Website:	Tel/Fax:	Email:
Shipper Information	Declaration shipper:	Turkish Middle Co.	
	Shipper address:	XXX, Antalya Province, Turkey	Manufacturer: US Tech Co.
Shipping Information	Export country or region:	TURKEY	Place of origin: USA
	Gross weight:	10	Net weight: 6
Price information	Amount (USD):	49,368 USD	INCOTERMS FCA
	Amount (RUB):	3,686,338.329 RUB	



Real-Life Case Example*

On February 18, 2023, Russian Import Co., with registration in Moscow, filed a customs declaration regarding the importation into Russia of radio navigational receivers for use in civil aircraft, classified under HS10 8526912000**. The total value of the receivers was slightly short of US\$50,000. The customs declaration shows that the goods in question, which had been manufactured on US soil by US Tech Co., a well-known American multinational, were exported to Russia from Turkey by Antalya Province-based Turkish Middle Co.

Russian Import Co. is the main entity within a group of companies associated with a major Russian airline. Although it is wholly-owned by a Russian national who simultaneously acts as owner and/or CEO in several other related firms, the airline is believed to be continuously controlled by her alleged husband, a Turkish national (who may also have Russian citizenship).

In 2022, the airline was added by the US Department of Commerce's Bureau of Industry and Security (BIS) to its Denied Persons List (DPL).

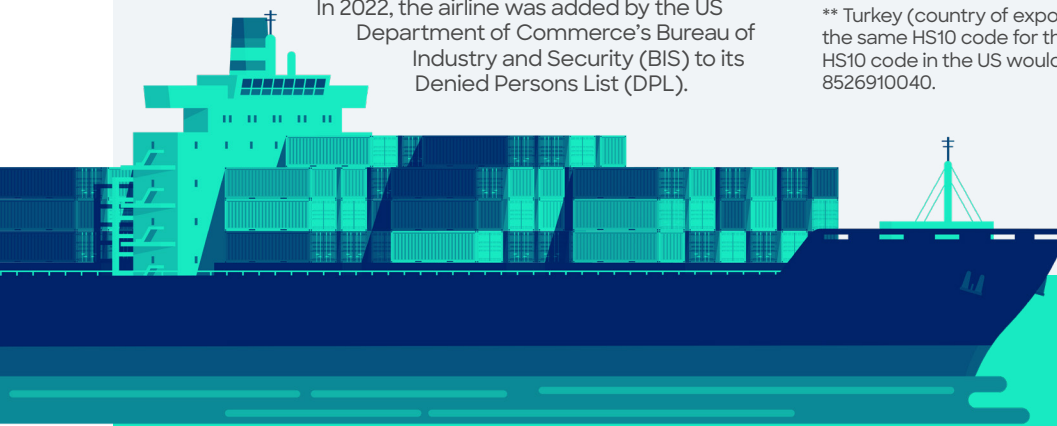
Turkish Middle Co. was established in August 2022. It is wholly-owned and managed by a citizen of Turkey.

The unlicensed re-exportation to Russia of the above US-origin products is prohibited under the US Department of Commerce's Russia and Belarus sanctions regime [15 CFR § 746.8], while, separately from that, the above mentioned Russian airline is currently denied the right to apply for and obtain a BIS license.

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.

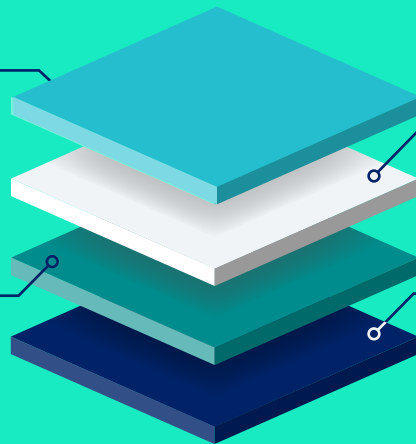
** Turkey (country of export) and Russia (country of import) use the same HS10 code for these items, whereas the appropriate HS10 code in the US would have been either 8526910020 or 8526910040.



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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