

Locke Lord QuickStudy: Issuance of Russia-Related General Licenses

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On September 14, 2023, the U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") issued two Russia-related general licenses:

- [General License No. 55A](#) extends to June 28, 2024, OFAC's general license that exempts from the Oil Price Cap U.S. persons' conduct of maritime transport of crude oil originating from the Sakhalin-2 project ("Sakhalin-2"). The U.S. Oil Price Cap policy generally permits U.S. persons to participate in the maritime shipment of Russian crude oil, oil products and the provision of related services to third countries if the Russian oil or oil product is sold at or below the established price cap. Please see our prior QuickStudies on the Russian Oil Price Cap entitled: (i) [G7 Coordinated Effort to Implement a Price Cap on Russian Oil and Petroleum Products: September 27, 2022](#), (ii) [OFAC Russia Related Sanctions Update: November 29, 2022 Relating to the Extension of GL 13 and the Russian Oil Price Cap](#), (iii) [OFAC Russia Related Sanctions Update: December 7, 2022 Relating to the Russian Oil Price Cap](#), and (iv) [OFAC Russia Related Sanctions Update: April 20, 2023 Russian Tactics to Evade the Oil Price Cap](#). General License No. 55A also extends to June 28, 2024, Japan's exemption to import Sakhalin-2 byproduct (generally, natural gas). Liquefied natural gas imports from Sakhalin-2 reportedly are integral to Japan's energy security, as Sakhalin-2 natural imports account for 9% of Japan's total liquefied natural gas.

We note that Mitsui (Japan) and its peer Mitsubishi Corp were allowed to retain their 22.5% combined stake in Sakhalin-2 after the Kremlin ordered the establishment of a new locally-based operating company in retaliation for Western sanctions imposed on Moscow after it sent troops to Ukraine. The extension of General License No. 55A exhibits the U.S.'s cooperation with its allies to manage domestic disruption caused by the Oil Price Cap. In a similar action to benefit central Europe, the U.S. issued General License No. 56 (now [General License No. 56A](#)) that exempts from the Oil Price Cap until further notice importation of petroleum products into the Republic of Bulgaria, the Republic of Croatia, and landlocked European Union Member States as described in [Council Regulation \(EU\) 2022/879 of June 3, 2022](#)

- [General License No. 72](#) authorizes through December 13, 2023, the winding-down of transactions with the following recently blocked Russian entities: (1) Joint Stock Company Russian Copper Company; (2) Joint Stock Company United Metallurgical Company; (3) Transmashholding JSC; (4) Joint Stock Company Avtovaz; (5) Joint Stock Company Moscow Automotive Factory Moskvich; (6) Limited Liability Company Machine Building Plant Tonar; (7) Publichnoe Aktsionerhoe Obschestvo Sollers; (8) Arctic Transshipment Limited Liability Company; or (9) any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest (collectively, "Blocked Entities"). However, payments to Blocked Entities under General License No. 72 must be made into a blocked account.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.