

Locke Lord QuickStudy: What Do Diamonds, Safety and the Environment Have in Common? OFAC New General Licenses and FAQs

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On August 23, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued General License ("GL") 103 ("Authorizing Transactions Related to Imports of Certain Diamond Jewelry Prohibited by Executive Order 14068"), GL 104 ("Authorizing Transactions Related to Imports of Certain Diamonds Prohibited by Executive Order 14068"), GL 105 ("Authorizing Limited Safety and Environmental Transactions and the Unloading of Cargo Involving Certain Blocked Persons or Vessels"), GL 106 ("Authorizing the Wind Down of Transactions Involving Certain Entities Blocked on August 23, 2024"), and GL 107 ("Authorizing Limited Safety and Environmental Transactions Involving Certain Blocked Persons or Vessels") in connection with the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587 ("RuHSR"). Additionally, OFAC has issued one new Russia-related FAQ (1189) and two amended Russia-related FAQs (1165 and 1166).

GLs

GL 103 authorizes the import of diamond jewelry that was physically located outside of Russia before March 1, 2024, as long as it has not been exported or re-reported from the Russian Federation on or after that date. The authorization does not extend to transactions involving individuals or entities that are blocked under the RuHSR unless there is a separate authorization for these transactions. GL 103 has no set expiry.

GL 104 permits the importation and entry of non-industrial diamonds into the U.S., provided (1) the non-industrial diamonds weighing 1.0 carat or greater have been physically located outside the Russian Federation before March 1, 2024, and not exported or re-exported from the Russian Federation since that date; and (2) the non-industrial diamonds weighing .05 carats or greater have been physically located outside the Russian Federation before September 1, 2024, and not exported or re-exported from the Russian Federation since that date. This authorization is valid until September 1, 2025. The importation of non-industrial diamonds of Russian-origin remains prohibited under section 1(a)(i)(A) of Executive Order ("EO") 14068.

GL 105 authorizes through October 23, 2024, all transactions that are ordinarily incident and necessary to one of the following activities involving GL 105 Blocked Persons (defined below), provided that (i) any cargo must have been loaded prior to August 23, 2004, and (ii) any payment to a GL 105 Blocked Person must be made into a blocked account in accordance with the RuHSR: (1) the safe docking and anchoring of any of any vessels in port in which GL 105 Blocked Persons have a property interest ("GL 105 Blocked Vessels"); (2) the preservation of the health or safety of the crew of any of the GL 105 Blocked Vessels; and (3) emergency repairs of any of the GL 105

Blocked Vessels or environmental mitigation or protection activities relating to any of the GL 105 Blocked Vessels. GL 105 authorizes transactions with White Fox Ship Management FZCO (“White Fox Ship”) and any entity that White Fox Ship owns, directly or indirectly, a 50% or greater interest (collectively, “GL 105 Blocked Persons”). GL 105 authorizations do not authorize: (1) entering into new commercial contracts involving the property of GL 105 Blocked Persons and their GL 105 Blocked Vessels, except as permitted under the terms of GL 105; (2) any transactions prohibited under Directive 2 under EO 14024; (3) any transactions prohibited under Directive 4 under EO 14024; or (4) any other transactions otherwise prohibited by the RuHSR, including transactions involving any person blocked pursuant to the RuHSR.?

GL 106 authorizes the wind down of transactions involving one or more of the following blocked entities through October 9, 2024 (collectively, “GL 106 Blocked Persons” defined below), provided that any payment to a GL 106 Blocked Person must be made into a blocked account in accordance with the RuHSR. The GL 160 Blocked Persons are: (1) General Technology Group Dalian Machine Tool Import & Export Co Ltd; (2) Public Joint Stock Company Yakutskaya Toplivno Energeticheskaya Kompaniya (YATEC); (3) Joint Stock Company Holdingovaya Kompaniya SDS Ugol; (4) Public Joint Stock Company Ugolnaya Kompaniya Yuzhnyi Kuzbass; (5) Joint Stock Company Stroiservis; (6) Guangzhou Chiphom Information Technology Limited; (7) Chengdu Jingxin Technology Co Ltd; (8) Shenzhen Huashuo Semiconductor Co Ltd; (9) AirBridgeCargo Airlines Limited Liability Company; (10) Speech Technology Center Limited; (11) Idronaut S.R.L.; (12) GRK Bystrinskoye; (13) Aktsionernoe Obshchestvo Evraz Nizhnetagilski Metallurgicheski Kombinat (NTMK); (14) Aktsionernoe Obshchestvo Evraz Vanadi Tula; (15) Aktsionernoe Obshchestvo Evraz Market; (16) Limited Liability Company Volga Dnepr Airlines; (17) Atran Limited Liability Company; or (18) any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50% or greater interest.

GL 106 authorizations do not authorize: (1) any transactions prohibited under Directive 2 under EO 14024; (2) any transactions prohibited under Directive 4 under EO 14024; or (3) any other transactions otherwise prohibited by the RuHSR, including transactions involving any person blocked pursuant to the RuHSR.?

GL 107 authorizes through October 23, 2024, all transactions that are ordinarily incident and necessary to one of the following activities involving GL 107 Blocked Persons (defined below), provided that any payment to a GL 107 Blocked Person must be made into a blocked account in accordance with the RuHSR: (1) the safe docking and anchoring of any of any vessels in port in which GL 105 Blocked Persons have a property interest (“GL 107 Blocked Vessels”); (2) the preservation of the health or safety of the crew of any of the GL 107 Blocked Vessels; and (3) emergency repairs of any of the GL 107 Blocked Vessels or environmental mitigation or protection activities relating to any of the GL 107 Blocked Vessels.

GL 107 Blocked Persons are: (1) Ocean Speedstar Solutions OPC Private Limited; and (2) Zara Shipholding Co., and any entity that either of the Blocked Persons own, directly or indirectly, a 50% or greater interest. GL 107 authorizations do not permit: (1) entering into new commercial contracts involving the property of GL 107 Blocked Persons and their GL 107 Blocked Vessels, except as permitted under the terms of GL 107; (2) the offloading of any cargo from any of the GL 107 Blocked Vessel, including offloading of liquefied natural gas products of Russian origin, except for the offloading of cargo that is necessary to address vessel emergencies permitted under GL 107; (3) any transaction related to the sale of liquefied natural gas of Russian origin; (4) any transactions prohibited under Directive 2 under EO 14024; (5) any transactions prohibited under Directive 4 under EO 14024; and (6) any other transactions otherwise prohibited by the RuHSR, including transactions involving any person blocked

pursuant to the RuHSR.?

FAQs

FAQ 1165, FAQ 1166, and FAQ 1189 address details regarding GLs 103 and 104, that modify restrictions related to importation of diamonds and diamond jewelry under EO 14068. GLs 103 and 104 lift certain importation bans imposed by the Determination Pursuant to Section 1(a)(i)(B) of EO 14068 (“Prohibitions Related to Imports of Certain Categories of Diamonds”) and Determinations Pursuant to Sections 1(a)(i)(A) and (1)(a)(i)(D) of EO 14068 (“Prohibitions Related to Imports of Diamond Jewelry and Unsorted Diamonds of Russian Federation Origin and Diamond Jewelry and Unsorted Diamonds Exported From the Russian Federation”).

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.

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