DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 746

[Docket No. 220304-0069]

RIN 0694-AI77

Addition to the List of Countries Excluded from Certain License Requirements under the Export Administration Regulations (EAR)

AGENCY: Bureau of Industry and Security, Department of Commerce.

ACTION: Final rule.

SUMMARY: In response to the Russian Federation’s (Russia’s) further invasion of Ukraine, and to protect U.S. national security and foreign policy interests, the Department of Commerce has added new and highly restrictive license requirements and policies for certain transactions involving Russia and Belarus under the Export Administration Regulations (EAR). In order to recognize partner countries that have committed to implementing substantially similar new export controls on Russia and Belarus in their domestic laws, the Department of Commerce has published a list of countries excluded from portions of these new U.S. export controls. These exclusions apply specifically to certain requirements under the EAR related to foreign-produced items. In this rule, the Department of Commerce adds the Republic of Korea (South Korea) to the list of excluded countries.

DATES: This rule is effective [INSERT DATE OF FILING FOR PUBLIC INSPECTION].

FOR FURTHER INFORMATION CONTACT: For questions on this final rule, contact Eileen Albanese, Director, Office of National Security and Technology Transfer Controls,
Bureau of Industry and Security, Department of Commerce, Phone: (202) 482-0092, Fax: (202) 482-482-3355, E-mail: rpd2@bis.doc.gov. For emails, include “Russia” in the subject line.

SUPPLEMENTARY INFORMATION:

Background

Effective February 24, 2022, in response to Russia’s further invasion of Ukraine, the Department of Commerce’s Bureau of Industry and Security (BIS) added new Russia license requirements and policies to the Export Administration Regulations (EAR) to protect U.S. national security and foreign policy interests. See 87 FR 12226 (March 3, 2022) (Russia Sanctions rule). These new Russia license requirements included new Commerce Control List (CCL)-based license requirements involving exports, reexports, and transfer (in-country) transactions and two new foreign “direct product” rules (FDP rules) specific to Russia and to Russian ‘military end users.’ A subsequent rule, effective March 2, 2022, extended these license requirements to export, reexport, and transfer (in-country) transactions involving Belarus, as a result of Belarus’s substantial enabling of Russia’s invasion of Ukraine (Belarus Sanctions rule).1 Both of these rules included a savings clause specific to items controlled by the two FDP rules, stating that such items en route aboard a carrier to a port of export, reexport, or transfer (in-country), on or before March 26, 2022, pursuant to actual orders for reexport, or transfer (in-country) to or within a foreign destination, may proceed to such foreign destination under an applicable authorization that was available prior to the new license requirements, or with no license required, if no license requirements had previously applied to such transactions.

The new Belarus and Russia restrictions set forth in §746.8 of the EAR refer to a list of countries that have committed to implementing substantially similar export controls on Belarus and Russia under their domestic laws. Pursuant to §746.8(a)(5), countries that have made such a

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1 Imposition of Sanctions Against Belarus Under the Export Administration Regulations (EAR), FR 2022-04819, scheduled to publish March 8, 2022.
commitment receive full or partial exclusions, as appropriate, from the FDP rules’ license requirements set forth under §746.8(a)(2) and (3) of the EAR. Similarly, the license requirements in §746.8(a)(1) are not used to determine controlled U.S.-content under the EAR’s de minimis rules, as set forth in supplement no. 2 to part 734 of the EAR, provided the criteria in §746.8(a)(5)(i) and (ii) are met. Countries excluded from these requirements are listed in supplement no. 3 to part 746 (Russia and Belarus Exclusions List). As a result of South Korea’s commitment to implement substantially similar export controls on Russia and Belarus under its domestic laws, the Department of Commerce adds South Korea to supplement no. 3 to part 746 in this rule with the designation of “full.”

**Export Control Reform Act of 2018**

On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018 (ECRA) (codified, as amended, at 50 U.S.C. Sections 4801–4852). ECRA provides the legal basis for BIS’s principal authorities and serves as the authority under which BIS issues this rule.

**Rulemaking Requirements**

1. This final rule is not a “significant regulatory action” because it “pertain[s]” to a “military or foreign affairs function of the United States” under sec. 3(d)(2) of Executive Order 12866.

2. Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This rule involves the following OMB-approved collections of information subject to the PRA: 0694-0088, “Multi-Purpose Application,” which carries a burden hour estimate of 29.6 minutes for a manual or electronic submission; 0694-0096 “Five Year Records Retention Period,” which carries a burden hour estimate of less than 1 minute; and
“Automated Export System (AES) Program,” which carries a burden hour estimate of 3 minutes per electronic submission. BIS anticipates this rule will result in a slight decrease in the number of estimated license applications because this rule provides relief from the burden of the new Russia Sanctions rule and Belarus Sanctions rule requirements that would otherwise pertain to items produced in, exported or reexported from South Korea, or transferred (in-country). Thus, this rule does not create a substantive change to OMB Control Numbers 0694-0088, 0694-0096, or 0607-0152.

3. This rule does not contain policies with federalism implications as that term is defined in Executive Order 13132.

4. Pursuant to section 1762 of the Export Control Reform Act of 2018 (50 U.S.C. 4821) (ECRA), this action is exempt from the Administrative Procedure Act (APA) (5 U.S.C. 553) requirements for notice of proposed rulemaking, opportunity for public participation, and delay in effective date. While section 1762 of ECRA provides sufficient authority for such an exemption, this action is also independently exempt from these APA requirements because it involves a military or foreign affairs function of the United States (5 U.S.C. 553(a)(1)).

5. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., are not applicable. Accordingly, no regulatory flexibility analysis is required, and none has been prepared.

List of Subjects in 15 CFR Part 746

Exports, Reporting and recordkeeping requirements.

For the reasons stated in the preamble, part 746 of the Export Administration Regulations (15 CFR parts 730 through 774) is amended as follows:

PART 746 – EMBARGOES AND OTHER SPECIAL CONTROLS
1. The authority citation for 15 CFR part 746 continues to read as follows:


2. Supplement no. 3 to part 746 is amended by adding an entry for “South Korea” in alphabetical order to read as follows:

Supplement No. 3 to Part 746 – Countries Excluded from Certain License Requirements of § 746.8

<table>
<thead>
<tr>
<th>Country</th>
<th>Scope</th>
<th>Federal Register Citation</th>
</tr>
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<tbody>
<tr>
<td>South Korea</td>
<td>Full</td>
<td>87 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]</td>
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Thea D. Rozman Kendler,

Assistant Secretary for Export Administration.