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§ 746.1 INTRODUCTION

In this part, references to the EAR are references to 15 CFR chapter VII, subchapter C. This part implements broad based controls for items and activities subject to the EAR imposed to implement U.S. government policies. Two categories of controls are included in this part.

(a) Comprehensive controls

This part contains or refers to all the BIS licensing requirements, licensing policies, and License Exceptions for countries subject to general embargoes or comprehensive sanctions, currently Cuba, Iran, and Syria. This part is the focal point for all the EAR requirements for transactions involving these countries.

(1) Cuba. All the items on the Commerce Control List (CCL) require a license to Cuba. In addition, most other items subject to the EAR, but not included on the CCL, designated by the Number “EAR99”, require a license to Cuba. Most items requiring a license to these destinations are subject to a general policy of

denial. Because these controls extend to virtually all exports, they do not appear in the Country Chart in part 738 of the EAR, nor are they reflected in the Commerce Control List in part 774 of the EAR.

(2) Iran. BIS maintains license requirements and other restrictions on exports and reexports to Iran. A comprehensive embargo on transactions involving this country is administered by the Department of the Treasury’s Office of Foreign Assets Control (OFAC).

(3) Syria. Pursuant to Sections 5(a)(1) and 5(a)(2)(A) of the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (Public Law 108-175, codified as a note to 22 USC 2151) (the SAA), since May 14, 2004 BIS has maintained a prohibition on the export to Syria of all items on the Commerce Control List (in 15 CFR Part 774) (CCL) and a prohibition on the export to Syria of products of the United States, other than food and medicine. The President also exercised national security waiver authority pursuant to Section 5(b) of the SAA for certain transactions. Section 746.9 of this part sets forth the specific license requirements, licensing policy and license exceptions applicable to Syria as a sanctioned country under the EAR. These provisions were issued consistent with Executive Order 13338 of May 11, 2004 which implemented the SAA.

(b) Sanctions on selected categories of items to specific destinations.

(1) BIS controls the export and reexport of selected categories of items to countries under United Nations Security Council arms embargoes. See the Commerce Control List in Supplement No. 1 to Part 774. See also §§ 746.3 (Iraq) and 746.4 (North Korea).

(2) The countries subject to United Nations Security Council arms embargoes are: Central African Republic, Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Libya, North Korea, Somalia, and Sudan.

(3) A license is required to export or reexport items identified in Part 774 as having a “UN” reason for control to countries identified in paragraph (b)(2) of this section. To the extent consistent with United States national security and foreign policy interests, BIS will not approve applications for such licenses if the authorization would be contrary to the relevant United Nations Security Council Resolution.

(4) You may not use any License Exception, other than License Exception GOV, for items for personal or official use by personnel and agencies of the U.S. Government or agencies of cooperating governments as set forth in § 740.11(b) of the EAR, to export or reexport items with a UN reason for control to countries listed in paragraph (b)(2) of this section. This paragraph does not apply to Iraq, which is governed by § 746.3(c) of this part; North Korea, which is governed by § 746.4(c) of this part; or Iran, which is governed by § 746.7(c) of this part.

(c) *Russian Industry Sector Sanctions*

The Russian Industry Sector Sanctions are set forth under § 746.5 and referenced under the License Requirements section of certain Export Control Classification Numbers (ECCNs) in Supplement No. 1 to part 774 (Commerce Control List), as well as in a footnote to the Commerce Country Chart in Supplement No. 1 to part 738.

(d) This part also contains descriptions of controls maintained by the Office of Foreign Assets Control in the Treasury Department and by the Directorate of Defense Trade Controls in the Department of State. Comprehensive embargoes and supplemental controls implemented by BIS under the EAR usually also involve controls on items and activities maintained by these agencies. This part sets forth the allocation of licensing responsibilities between BIS and these other agencies. References to the requirements of other agencies are informational; for current, complete, and

authoritative requirements, you should consult the appropriate agency's regulations.

§ 746.2 CUBA

(a) *License requirements*

As authorized by section 6 of the Export Administration Act of 1979, as amended (EAA) and by the Trading with the Enemy Act of 1917, as amended, you will need a license to export or reexport all items subject to the EAR (see part 734 of the EAR for the scope of items subject to the EAR) to Cuba, including any release of technology or source code subject to the EAR to a Cuban national, except as follows:

(1) License Exceptions. You may export or reexport without a license if your transaction meets all the applicable terms and conditions of any of the following License Exceptions. To determine the scope and eligibility requirements, you will need to turn to the sections or specific paragraphs of part 740 of the EAR (License Exceptions). Read each License Exception carefully, as the provisions available for embargoed countries are generally narrow.

(i) Temporary exports and reexports (TMP) by the news media (see §740.9(a)(9) of the EAR).

(ii) Operation technology and software (TSU) for legally exported commodities or software (see §740.13(a) of the EAR).

(iii) Sales technology (TSU) (see §740.13(b) of the EAR).

(iv) Software updates (TSU) for legally exported software (see §740.13(c) of the EAR).

(v) Parts (RPL) for one-for-one replacement in certain legally exported commodities (see §740.10(a) of the EAR).

(vi) Baggage (BAG) (see §740.14 of the EAR).

(vii) Governments and international organizations (GOV) (see §740.11 of the EAR).

(viii) Gift parcels and humanitarian donations (GFT) (see §740.12 of the EAR).

(ix) Items in transit (TMP) from Canada through the U.S. (see §740.9(b)(1)(iv) of the EAR).

(x) Aircraft, vessels and spacecraft (AVS) for certain aircraft on temporary sojourn; equipment and spare parts for permanent use on a vessel or aircraft, and ship and plane stores; vessels on temporary sojourn; or cargo transiting Cuba on aircraft or vessels on temporary sojourn (see §740.15(a), (b), (d), and (e) of the EAR).

(xi) Permissive reexports of certain spare parts in foreign-made equipment (see §740.16(h) of the EAR).

(xii) Exports of agricultural commodities, classified as EAR99, under License Exception Agricultural Commodities (AGR) and certain reexports of U.S. origin agricultural commodities, classified as EAR99, under License Exception AGR (see §740.18 of the EAR).

(xiii) Commodities and software authorized under License Exception Consumer Communications Devices (CCD) (see § 740.19 of the EAR).

(xiv) License Exception Support for the Cuban People (SCP) (see § 740.21 of the EAR).

(2) Deemed exports and deemed reexports. A license is not required to release technology or source code subject to the EAR but not on the Commerce Control List (i.e., EAR99 technology or source code) to a Cuban national in the United States or a third country.

(b) Licensing policy

Items requiring a license are subject to a general policy of denial, except as follows:

(1) Medicines and Medical Devices. Applications to export medicines and medical devices as defined in part 772 of the EAR will generally be approved, except:

(i) To the extent restrictions would be permitted under section 5(m) of the Export Administration Act of 1979, as amended (EAA), or section 203(b)(2) of the International Emergency Economic Powers Act;

(ii) If there is a reasonable likelihood that the item to be exported will be used for purposes of torture or other human rights abuses;

(iii) If there is a reasonable likelihood that the item to be exported will be reexported;

(iv) If the item to be exported could be used in the production of any biotechnological product; or

(v) If it is determined that the United States government is unable to verify, by on-site inspection or other means, that the item to be exported will be used for the purpose for which it was intended and only for the use and benefit of the Cuban people, but this exception shall not apply to donations of medicines for humanitarian purposes to a nongovernmental organization in Cuba.

(2) Exports and reexports that generally will be approved. Applications for licenses to export or reexport the following generally will be approved:

(i) Telecommunications items that would improve communications to, from, and among the Cuban people;

(ii) Commodities and software to human rights organizations or to individuals and non-governmental organizations that promote

independent activity intended to strengthen civil society in Cuba;

(iii) Commodities and software to U.S. news bureaus in Cuba whose primary purpose is the gathering and dissemination of news to the general public;

(iv) Agricultural items that are outside the scope of agricultural commodities as defined in part 772 of the EAR, such as insecticides, pesticides and herbicides, and agricultural commodities not eligible for License Exception AGR;

(v) Items necessary to ensure the safety of civil aviation and the safe operation of commercial aircraft engaged in international air transportation, including the export or reexport of such aircraft leased to state-owned enterprises; and

(vi) Items necessary for the environmental protection of U.S. and international air quality, waters, or coastlines (including items related to renewable energy or energy efficiency).

(3) Exports and reexports that may be authorized on a case-by-case basis.

(i) Applications for licenses to export or reexport items to meet the needs of the Cuban people, including exports and reexports of such items to state-owned enterprises, agencies, and other organizations of the Cuban government that provide goods and services for the use and benefit of the Cuban people may be authorized on a case-by-case basis. This policy of case-by-case review includes applications for licenses to export or reexport items for:

(A) Agricultural production, artistic endeavors (including the creation of public content, historic and cultural works and preservation), education, food processing, disaster preparedness, relief and response, public health and sanitation, residential construction and renovation and public transportation;

(B) Wholesale and retail distribution for domestic consumption by the Cuban people;

(C) Construction of facilities for treating public water supplies, facilities for supplying electricity or other energy to the Cuban people, sports and recreation facilities, and other infrastructure that directly benefits the Cuban people; and

(D) Items that will enable or facilitate export from Cuba of items produced by the private sector.

Note 1 to paragraph (b)(3)(i): Licenses issued pursuant to the policy set forth in this paragraph generally will have a condition prohibiting both reexports from Cuba to any other destination and uses that enable or facilitate the export of goods or services from Cuba, that primarily generate revenue for the state.

Note 2 to paragraph (b)(3)(i): The policy of case-by-case review in this paragraph is intended to facilitate exports and reexports to meet the needs of the Cuban people. Accordingly, BIS generally will deny applications to export or reexport items for use by state-owned enterprises, agencies, and other organizations that primarily generate revenue for the state, including those engaged in tourism and those engaged in the extraction or production of minerals or other raw materials. Applications for export or reexport of items destined to the Cuban military, police, intelligence or security services also generally will be denied.

(ii) Applications for exports or reexports of aircraft or vessels on temporary sojourn to Cuba either to deliver humanitarian goods or services, or consistent with the foreign policy interests of the United States, may be authorized on a case-by-case basis.

(c) Definitions

For purposes of this section, “U.S. person” means any person subject to the jurisdiction of the United States, as described in §515.329 of the Cuban Assets Control Regulations (31 CFR 515.329).

(d) *Related controls*

OFAC maintains controls on the activities of persons subject to U.S. jurisdiction, wherever located, involving transactions with Cuba or any Cuban national, as provided in 31 CFR part 515. Exporters and reexporters should consult with OFAC for further guidance on its related controls.

§ 746.3 IRAQ

Pursuant to United Nations Security Council (UNSC) Resolutions 1483 and 1546 and other relevant resolutions, the United Nations maintains an embargo on the sale or supply to Iraq of arms and related matériel and their means of production, except items required by the Government of Iraq to serve the purposes of Resolution 1546. UNSC Resolutions 707 and 687 require that Iraq eliminate its nuclear weapons program and restrict its nuclear activities to the use of isotopes for medical, industrial or agricultural purposes. Such resolutions further mandate that Iraq eliminate its chemical and biological weapons programs as well as its ballistic missile program. In support of the applicable UNSC resolutions, certain Iraq specific license requirements and licensing policies are detailed in this section. In addition, this section details restrictions on transfers of items subject to the EAR within Iraq. Exporters should be aware that other provisions of the EAR, including parts 742 and 744, will continue to apply with respect to exports and reexports to Iraq and transfers within Iraq.

(a) *License requirements*

(1) A license is required for the export or reexport to Iraq or transfer within Iraq of any item controlled on the Commerce Control List for NS, MT, NP, CW, CB, RS, CC, EI, SI, or SL reasons. See part 742 of the EAR.

(2) License applications for the export or reexport to Iraq or transfer within Iraq of machine tools controlled for national security (NS) or nuclear nonproliferation (NP) reasons, as well as for any items controlled for crime control (CC) or United Nations (UN) reasons (including items classified under ECCN 0A986) or ECCNs that end in the number “018” or items classified under “600 series” ECCNs, that would make a material contribution to the production, research, design, development, support, maintenance or manufacture of Iraqi weapons of mass destruction, ballistic missiles or arms and related materiel will be subject to a general policy of denial. Exports of “600 series” items to the Government of Iraq will be reviewed under the policies set forth for such items in §§ 742.4(b) and 742.6(b) of the EAR.

(3) A license is required for the export or reexport to Iraq or transfer within Iraq of items on the Commerce Control List controlled for RS reasons under the following ECCNs: 0B999, 0D999, 1B999, 1C992, 1C995, 1C997, 1C999 and 6A992.

(4) A license is required for the export or reexport to Iraq or transfer within Iraq of any item subject to the EAR if, at the time of the export, reexport or transfer, you know, have reason to know, or are informed by BIS that the item will be, or is intended to be, used for a “military end-use” or by a “military end-user”, as defined in this Section. This license requirement does not apply to exports, reexports or transfers of items for the official use by personnel and agencies of the U.S. Government or exports, reexports or transfers to the Government of Iraq. See §740.11(b)(3) of the EAR for the definition of “agency of the U.S. Government.” BIS may inform an exporter, reexporter, or other person, either individually by specific notice or through

amendment to the EAR, that a license is required for export, reexport or transfer of items subject to the EAR to specified end-users, because BIS has determined that there is an unacceptable risk of diversion to the uses or users described in this paragraph. Specific notice is to be given only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. The absence of any such notification does not excuse the exporter, reexporter or other person from compliance with the license requirements of this paragraph.

(i) **Military end-use.** In this section, the phrase “military end-use” means incorporation into a military item described on the U.S. Munitions List (USML) (22 CFR part 121, International Traffic in Arms Regulations) or the Wassenaar Arrangement Munitions List (WAML) (as set out on the Wassenaar Arrangement website at <http://www.wassenaar.org>); or use, development, or deployment of military items described on the USML or the WAML.

(ii) **Military end-user.** In this section, the term “military end-user” means any “person” whose actions or functions are intended to support “military end-uses” as defined in paragraph (a)(4)(i) of this section and who is not recognized as a legitimate military organization by the U.S. Government.

(5) **Definitions.** For purposes of exports or reexports to Iraq or transfers within Iraq, “ballistic missile” is defined as any missile capable of a range greater than 150 kilometers.

(b) Licensing policy

(1) License applications for the export or reexport to Iraq or transfer within Iraq of items listed in paragraph (a)(1), (a)(2), or (a)(3) of this section for Iraqi civil nuclear or military nuclear activity, except for use of isotopes for medical,

industrial or agricultural purposes, will be subject to a policy of denial.

(2) License applications for the export or reexport to Iraq or transfer within Iraq of machine tools controlled for national security (NS) or nuclear non-proliferation (NP) reasons, as well as for any items controlled for crime control (CC) or United Nations (UN) reasons (including items controlled under ECCN 0A986) or ECCNs that end in the number “018”, that would make a material contribution to the production, research, design, development, support, maintenance or manufacture of Iraqi weapons of mass destruction, ballistic missiles or arms and related matériel will be subject to a general policy of denial.

(3) License applications for the export or reexport to Iraq or transfer within Iraq of items listed in paragraph (a)(3) of this section will be reviewed on a case-by-case basis to determine if they would contribute to the building of Iraqi civil infrastructure. Applications determined not to contribute to the building of Iraqi civil infrastructure will be subject to a general policy of denial.

(4) License applications for the export or reexport to Iraq or transfer within Iraq of items listed in paragraph (a)(4) of this section will be subject to a policy of denial.

(c) License exceptions

You may export or reexport without a license if your transaction meets all the requirements of any of the following License Exceptions: CIV, APP, TMP, RPL, GOV, GFT, TSU, BAG, AVS, or ENC. For specific requirements of each of these License Exceptions, refer to part 740 of the EAR. Notwithstanding the above, this paragraph may not be applied to exports or reexports that require a license under paragraph (a)(4) of this section.

(d) Related State Department Controls

The Department of State, Directorate of Defense Trade Controls, maintains controls on arms and military equipment to Iraq under the International Traffic in Arms Regulations (22 CFR parts 120 through 130).

(e) Transition for Licenses issued by the Department of the Treasury's Office of Foreign Assets Control

Prior to July 30, 2004, the Department of the Treasury's Office of Foreign Assets Control (OFAC) exercised primary licensing jurisdiction for transactions with Iraq, as provided in 31 CFR part 575. This section establishes a validity period for licenses issued by OFAC for exports or reexports to Iraq.

(1) Validity period. Licenses issued by OFAC for the export or reexport of items that require a license to Iraq under the Export Administration Regulations (EAR) shall continue to be valid under the EAR. For those licenses with specified expiration dates, such dates will continue to apply. Licenses without specified expiration dates will be valid through July 30, 2005. The recordkeeping requirements applicable to exports and reexports of items pursuant to licenses issued by OFAC are described in paragraph (e)(3) of this section.

NOTE TO PARAGRAPH (e)(1). *Persons that have been authorized by OFAC to export or reexport items that are subject to the export control jurisdiction of other agencies must consult with OFAC and the other relevant agencies with regard to the expiration date of the authorization granted by OFAC.*

(2) Reexports or transfers. Items subject to a license requirement under the EAR for export or reexport to Iraq as of July 30, 2004 that were previously exported or reexported to Iraq under a specific license granted by OFAC:

(i) May not be transferred within Iraq to a new end-user without a license from BIS;

(ii) May be reexported to the United States without a license;

(iii) May be reexported to third countries subject to the license requirements for the destination, end-use or end-user set forth elsewhere in the EAR.

(3) Recordkeeping requirement. Persons in receipt of a specific license granted by OFAC described in paragraph (e)(1) of this section must maintain a record of those items exported or reexported to Iraq pursuant to such specific license and record when the items are consumed or destroyed in the normal course of their use in Iraq, reexported to a third country not requiring further authorization from BIS, or returned to the United States. This requirement applies only to items subject to a license requirement under the EAR for export to Iraq as of July 30, 2004. These records must be maintained in accordance with recordkeeping requirements set forth in part 762 of the EAR and must include the following information:

(i) Date of export or reexport and related details (including means of transport);

(ii) Description of items (including ECCN) and value of items in U.S. Dollars;

(iii) Description of proposed end-use and locations in Iraq where items are intended to be used;

(iv) Parties other than specific OFAC licensee who may be given temporary access to the items; and

(v) Date of consumption or destruction, if the items are consumed or destroyed in the normal course of their use in Iraq, or the date of reexport to a third country not requiring further authorization from BIS, or return to the United States.

(f) License Requirements for certain transfers within Iraq of items subject to the EAR

(1) Licensed items. A license is required for the transfer within Iraq of any item subject to the EAR exported or reexported pursuant to a specific license issued by the Department of the Treasury or a Department of Commerce specific license or License Exception.

(2) Other items.

(i) A license is required for the transfer within Iraq of any item subject to the EAR, if, at the time of the transfer, you know, have reason to know, or are informed by BIS that the item will be used in the design, development, production or use of weapons of mass destruction or the means of their delivery, as set forth in part 744 of the EAR.

(ii) A license is required for the transfer within Iraq to designated terrorists or terrorist organizations, as set forth in §§744.12, 744.13, or 744.14 of the EAR.

§ 746.4 NORTH KOREA

(a) Licensing Requirements

As authorized by section 6 of the Export Administration Act of 1979, as amended, and consistent with United Nations Security Council Resolution 1718, a license is required to export or reexport any item subject to the EAR (see part 734 of the EAR) to the Democratic People's Republic of Korea (North Korea), except food and medicines classified as EAR99 (definitions in part 772 of the EAR). Portions of certain license exceptions, set forth in paragraph (c) of this section, may be available. Exporters should be aware that other provisions of the EAR, including parts 742 and 744, also apply to exports and reexports to North Korea.

(b) Licensing Policy

Items requiring a license are subject to case-by-case review, except as follows:

(1) Luxury Goods. Applications to export or reexport luxury goods, e.g., luxury automobiles; yachts; gems; jewelry; other fashion accessories; cosmetics; perfumes; furs; designer clothing; luxury watches; rugs and tapestries; electronic entertainment software and equipment; recreational sports equipment; tobacco; wine and other alcoholic beverages; musical instruments; art; and antiques and collectible items, including but not limited to rare coins and stamps are subject to a general policy of denial. For further information on luxury goods, see Supplement No. 1 to part 746.

(2) Applications to export or reexport arms and related materiel are subject to a general policy of denial. In addition, applications to export or reexport items specified by UN documents S/2006/814, S/2006/815 and S/2006/853 and other items that the UN Security Council or the Sanctions Committee established pursuant to UN Security Council Resolution 1718 has determined could contribute to North Korea's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programs are also subject to a general policy of denial.

(3) Applications to export or reexport items controlled for NP and MT reasons (except ECCN 7A103 items) are subject to a general policy of denial.

(4) Applications to export or reexport humanitarian items (e.g., blankets, basic footwear, heating oil, and other items meeting subsistence needs) intended for the benefit of the North Korean people; items in support of United Nations humanitarian efforts; and agricultural commodities or medical devices items that are determined by BIS, in consultation with the interagency license review community, not to be luxury goods are subject to a general policy of approval.

(5) Other items on the CCL. See §742.19(b) of the EAR.

(c) License Exceptions

You may export or reexport without a license if your transaction meets all the applicable terms and conditions of any of the license exception subsections specified in this paragraph. To determine scope and eligibility requirements, you will need to refer to the sections or specific paragraphs of part 740 (License Exceptions). Read each license exception carefully, as the provisions available for countries subject to sanctions are generally narrow.

(1) TMP for items for use by the news media as set forth in §740.9(a)(9) of the EAR.

(2) GOV for items for personal or official use by personnel and agencies of the U.S. Government, the International Atomic Energy Agency (IAEA), or the European Atomic Energy Community (Euratom) as set forth in §740.11(a), (b)(2) of the EAR.

(3) GFT, except that GFT is not available to export or reexport luxury goods as described in this section to North Korea.

(4) TSU for operation technology and software for lawfully exported commodities as set forth in §740.13(a) and sales technology as set forth in §740.13 (b) of the EAR.

(5) BAG for exports of items by individuals leaving the United States as personal baggage as set forth in §740.14(a) through (d) of the EAR.

(6) AVS for civil aircraft as set forth in §740.15(a)(4) of the EAR.

(d) The Secretary of State has designated North Korea as a country the government of which has repeatedly provided support for acts of international terrorism. For anti-terrorism controls, see Section 742.19 of the EAR.

(e) OFAC maintains controls on certain transactions involving persons subject to U.S. jurisdiction and North Korean entities or any specially designated North Korean national.

§ 746.5 RUSSIAN INDUSTRY SECTOR SANCTIONS

(a) *License requirements*

(1) **General prohibition.** As authorized by Section 6 of the Export Administration Act of 1979, a license is required to export, reexport or transfer (in-country) any item subject to the EAR listed in Supplement No. 2 to this part and items specified in ECCNs 0A998, 1C992, 3A229, 3A231, 3A232, 6A991, 8A992, and 8D999 when you know that the item will be used directly or indirectly in exploration for, or production of, oil or gas in Russian deepwater (greater than 500 feet) or Arctic offshore locations or shale formations in Russia, or are unable to determine whether the item will be used in such projects. Such items include, but are not limited to, drilling rigs, parts for horizontal drilling, drilling and completion equipment, subsea processing equipment, Arctic-capable marine equipment, wireline and down hole motors and equipment, drill pipe and casing, software for hydraulic fracturing, high pressure pumps, seismic acquisition equipment, remotely operated vehicles, compressors, expanders, valves, and risers. You should be aware that other provisions of the EAR, including parts 742 and 744, also apply to exports and reexports to Russia. License applications submitted to BIS under this section may include the phrase “section 746.5” in Block 9 (Special Purpose) in Supplement No. 1 to part 748.

(2) **Additional prohibition on those informed by BIS.** BIS may inform persons, either individually by specific notice or through amendment to the EAR, that a license is required for a specific export, reexport, or transfer (in-country) or for the export, reexport, or transfer (in-country) of specified items to a certain end-user or end-use, because there is an unacceptable risk of use in, or diversion to, the activities specified in paragraph (a)(1) of this section in Russia. Specific notice is to be given

only by, or at the direction of, the Deputy Assistant Secretary for Export Administration. When such notice is provided orally, it will be followed by a written notice within two working days signed by the Deputy Assistant Secretary for Export Administration. However, the absence of any such notification does not excuse persons from compliance with the license requirements of paragraph (a)(1) of this section.

(b) *Licensing policy*

Applications for the export, reexport or transfer (in-country) of any item that requires a license for Russia will be reviewed with a presumption of denial when for use directly or indirectly for exploration or production from deepwater (greater than 500 feet), Arctic offshore, or shale projects in Russia that have the potential to produce oil.

(c) *License exceptions*

No license exceptions may overcome the license requirements set forth in this section, except License Exception GOV (§ 740.11(b)).

§ 746.6 CRIMEA REGION OF UKRAINE

(a) *License requirements*

(1) *General prohibition.* As authorized by Section 6 of the Export Administration Act of 1979, a license is required to export or reexport any item subject to the EAR to the Crimea region of Ukraine and the transfer within the Crimea region of Ukraine except food and medicine designated as EAR99 or software that is necessary to enable the exchange of personal communications over the Internet (such as instant messaging, chat and email, social networking, sharing of photos and movies, Web browsing, and blogging), provided that such software is designated EAR99 or is classified as mass market software under Export Control Classification Number (ECCN) 5D992.c of the EAR, and provided further that such software is widely

available to the public at no cost to the user. The ‘Crimea region of Ukraine’ includes the land territory in that region as well as any maritime area over which sovereignty, sovereign rights, or jurisdiction is claimed based on purported annexation of that land territory.

(2) For purposes of applying the EAR deemed export and deemed reexport requirements for foreign nationals located in or from the Crimea region of Ukraine, the nationality of the foreign national (as determined by accepted methods, such as looking to the passport or other nationality document(s) recognized by the United States Government) is what is used for purposes of determining whether a license is required for a deemed export or deemed reexport. For any other export, reexport or transfer (in-country), see the license requirements specified in paragraph (a).

(b) *License review policy*

Applications will be reviewed with a presumption of denial, except for items authorized under OFAC Ukraine-Related General License No. 4 which will be reviewed on a case-by-case basis.

(c) *License exceptions*

You may export, reexport or transfer (in-country) without a license if your transaction meets all the applicable terms and conditions of any of the license exception paragraphs specified in this paragraph (c). To determine scope and eligibility requirements, you will need to refer to the sections or specific paragraphs of part 740 (License Exceptions). Read each license exception carefully, as the provisions available for countries subject to sanctions are generally narrow.

(1) TMP for items for use by the news media as set forth in § 740.9(a)(9) of the EAR.

(2) GOV for items for personal or official use by personnel and agencies of the U.S. Government, the International Atomic Energy Agency (IAEA), or the European Atomic Energy Community (Euratom) as set forth in § 740.11(a) and (b)(2) of the EAR.

(3) GFT for gift parcels and humanitarian donations as set forth in § 740.12.

(4) TSU for operation technology and software for lawfully exported commodities as set forth in § 740.13(a) and sales technology as set forth in § 740.13 (b) of the EAR.

(5) BAG for exports of items by individuals leaving the United States as personal baggage as set forth in § 740.14(a) through (d) of the EAR.

(6) AVS for civil aircraft and vessels as set forth in § 740.15(a)(4) and (d) of the EAR.

§ 746.7 IRAN

The Treasury Department's Office of Foreign Assets Control (OFAC) administers a comprehensive trade and investment embargo against Iran. This embargo includes prohibitions on exports and certain reexport transactions involving Iran, including transactions dealing with items subject to the EAR. These prohibitions are set forth in OFAC's Iranian Transactions Regulations (31 CFR part 560). In addition, BIS maintains licensing requirements on exports and reexports to Iran under the EAR as described in paragraph (a)(1) of this section or elsewhere in the EAR (See, *e.g.*, § 742.8 – Anti-terrorism: Iran).

(a) License requirements

(1) EAR license requirements. A license is required under the EAR to export or reexport to Iran any item on the CCL containing a CB

Column 1, CB Column 2, CB Column 3, NP Column 1, NP Column 2, NS Column 1, NS Column 2, MT Column 1, RS Column 1, RS Column 2, CC Column 1, CC Column 2, CC Column 3, AT Column 1 or AT Column 2 in the Country Chart Column of the License Requirements section of an ECCN or classified under ECCNs 0A980, 0A982, 0A983, 0A985, 0E982, 1C355, 1C395, 1C980, 1C982, 1C983, 1C984, 2A994, 2D994, 2E994, 5A001.f.1, 5A980, 5D001 (for 5A001.f.1 or for 5E001.a (for 5A001.f.1, or for 5D001.a (for 5A001.f.1))), 5D980, 5E001.a (for 5A001.f.1, or for 5D001.a (for 5A001.f.1)) or 5E980.

(2) BIS authorization. To avoid duplication, exporters or reexporters are not required to seek separate authorization from BIS for an export or reexport subject both to the EAR and to OFAC's Iranian Transactions Regulations. Therefore, if OFAC authorizes an export or reexport, such authorization is considered authorization for purposes of the EAR as well. Transactions that are not subject to OFAC regulatory authority may require BIS authorization.

(b) Licensing Policy

Applications for licenses for transactions for humanitarian reasons or for the safety of civil aviation and safe operation of U.S.-origin aircraft will be considered on a case-by-case basis. Licenses for other purposes generally will be denied.

(c) License Exceptions

No license exceptions may be used for exports or reexports to Iran.

(d) EAR Anti-terrorism controls

The Secretary of State has designated Iran as a country that has repeatedly provided support for acts of international terrorism. Anti-terrorism license requirements and licensing policy regarding Iran are set forth in § 742.8 of the EAR.

(e) Prohibition on exporting or reexporting EAR items without required OFAC authorization

No person may export or reexport any item that is subject to the EAR if such transaction is prohibited by the Iranian Transactions Regulations (31 CFR part 560) and not authorized by OFAC. The prohibition of this paragraph (e) applies whether or not the EAR requires a license for the export or reexport.

§ 746.8 [RESERVED]

§ 746.9 SYRIA

Sections 5(a)(1) and 5(a)(2)(A) of the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (Public Law 108-175, codified as a note to 22 USC 2151) (the SAA) require a prohibition on the export to Syria of all items on the Commerce Control List (in 15 CFR Part 774) (CCL) and a prohibition on the export to Syria of products of the United States, other than food and medicine. The President also exercised national security waiver authority pursuant to Section 5(b) of the SAA for certain transactions. The provisions in this section were issued consistent with Executive Order 13338 of May 11, 2004 which implemented the SAA.

(a) License requirements.

A license is required for the export or reexport to Syria of all items subject to the EAR, except food and medicine classified as EAR99 (food and medicine are defined in Part 772 of the EAR). A license is required for the “deemed export” and “deemed reexport,” as described in § 734.2(b) of the EAR, of any technology or source code on the Commerce Control List (CCL) to a Syrian foreign national. “Deemed exports” and “deemed reexports” involving technology or source code subject to the EAR but not listed on the CCL do not require a license to Syrian foreign

nationals.

(b) License Exceptions.

No License Exceptions to the license requirements set forth in paragraph (a) of this section are available for exports or reexports to Syria, except the following:

- (1)** TMP for items for use by the news media as set forth in §740.9(a)(9) of the EAR,
- (2)** GOV for items for personal or official use by personnel and agencies of the U.S. Government as set forth in §740.11(b)(2) of the EAR,
- (3)** TSU for operation technology and software, sales technology, and software updates pursuant to the terms of §740.13(a), (b), or (c) of the EAR,
- (4)** BAG for exports of personally-owned items by individuals leaving the United States as personal baggage pursuant to the terms of §740.14(a) through (d), only, of the EAR, and
- (5)** AVS for the temporary sojourn of civil aircraft reexported to Syria pursuant to the terms of §740.15(a)(4) of the EAR.

(c) Licensing policy.

(1) Except as described in this paragraph (c), all license applications for export or reexport to Syria are subject to a general policy of denial. License applications for “deemed exports” and “deemed reexports” of technology and source code will be reviewed on a case-by-case basis. BIS may consider, on a case-by-case basis, license applications for exports and reexports of items necessary to carry out the President’s constitutional authority to conduct U.S. foreign affairs and as Commander-in-Chief, including exports and reexports of items necessary for the performance of official functions by the United States Government personnel abroad.

(2) BIS may also consider the following license applications on a case-by-case basis: items in

support of activities, diplomatic or otherwise, of the United States Government (to the extent that regulation of such exportation or reexportation would not fall within the President's constitutional authority to conduct the nation's foreign affairs); medicine (on the CCL) and medical devices (both as defined in Part 772 of the EAR); parts and components intended to ensure the safety of civil aviation and the safe operation of commercial passenger aircraft; aircraft chartered by the Syrian Government for the transport of Syrian Government officials on official Syrian Government business; telecommunications equipment and associated computers, software and technology; items in support of United Nations operations in Syria; and items necessary for the support of the Syrian people, including, but not limited to, items related to water supply and sanitation, agricultural production and food processing, power generation, oil and gas production, construction and engineering, transportation, and educational infrastructure. The total dollar value of each approved license for aircraft parts

for flight safety normally will be limited to no more than \$2 million over the 24-month standard license term, except in the case of complete overhauls.

(3) In addition, consistent with Part 734 of the EAR, the following are not subject to the EAR and therefore not subject to this General Order: informational materials in the form of books and other media; publicly available software and technology; and technology exported in the form of a patent application or an amendment, modification, or supplement thereto or a division thereof (see 15 CFR 734.3(b)(1)(v), (b)(2) and (b)(3)).

NOTE TO §746.9. For administrative reasons, BIS continues to maintain provisions in General Order No. 2, Supplement No. 1 to Part 736 of the EAR relating to the President's waiver of certain prohibitions. This section contains all of the substantive controls against Syria, including the waiver-related provisions maintained in General Order No. 2.

SUPPLEMENT NO. 1 TO PART 746 - EXAMPLES OF LUXURY GOODS

The following further amplifies the illustrative list of luxury goods set forth in §746.4(b)(1):

(a) Tobacco and tobacco products

(b) Luxury watches: wrist, pocket, and other with a case of precious metal or of metal clad with precious metal

(c) Apparel and fashion items, as follows:

(1) Leather articles

(2) Silk articles

(3) Fur skins and artificial furs

(4) Fashion accessories: leather travel goods, vanity cases, binocular and camera cases, handbags, wallets, designer fountain pens, silk scarves

(5) Cosmetics, including beauty and make-up

(6) Perfumes and toilet waters

(7) Designer clothing: leather apparel and clothing accessories

(d) Decorative items, as follows:

(1) Rugs and tapestries

(2) Tableware of porcelain or bone china

(3) Items of lead crystal

(4) Works of art (including paintings, original sculptures and statuary), antiques (more than 100 years old), and collectible items, including rare coins and stamps

(e) Jewelry: jewelry with pearls, gems, precious and semi-precious stones (including diamonds, sapphires, rubies, and emeralds), jewelry of precious metal or of metal clad with precious metal

(f) Electronic items, as follows:

(1) Flat-screen, plasma, or LCD panel televisions or other video monitors or receivers (including high-definition televisions), and any television larger than 29 inches; DVD players

(2) Personal digital assistants (PDAs)

(3) Personal digital music players

(4) Computer laptops

(g) Transportation items, as follows:

(1) Yachts and other aquatic recreational vehicles (such as personal watercraft)

(2) Luxury automobiles (and motor vehicles): automobiles and other motor vehicles to transport people (other than public transport), including station wagons

(3) Racing cars, snowmobiles, and motorcycles

(4) Personal transportation devices (stand-up motorized scooters)

(h) Recreational items, as follows:

(1) Musical instruments

(2) Recreational sports equipment

(i) Alcoholic beverages: wine, beer, ales, and liquor

SUPPLEMENT NO. 2 TO PART 746 – RUSSIAN INDUSTRY SECTOR SANCTION LIST

The source for the Schedule B numbers and descriptions in this list comes from the Bureau of the Census's Schedule B concordance of exports 2014. Census's Schedule B List 2014 can be found at <http://www.census.gov/foreign-trade/schedules/b/2014/index.html>. The Introduction Chapter of the Schedule B provides important information about classifying products and interpretations of the Schedule B, e.g., NESOI means Not Elsewhere Specified or Included. In addition, important information about products within a particular chapter may be found at the beginning of chapters.

Schedule B	Description
7304110000	Line pipe of a kind used for oil or gas pipelines, seamless, of stainless steel
7304191020	Line pipe of a kind used for oil or gas pipelines, seamless, of iron (noncast) or nonalloy steel, with an outside diameter not exceeding 114.3 mm
7304191050	Line pipe for oil or gas pipelines, seamless, iron (noncast) or nonalloy steel, with outside diameter over 114.3 mm but not over 406.4 mm
7304191080	Line pipe of a kind used for oil or gas pipelines, seamless, of iron (noncast) or nonalloy steel, with an outside diameter exceeding 406.4 mm
7304195020	Line pipe of a kind used for oil or gas pipelines, seamless, of other alloy steel, not stainless, with an outside diameter not exceeding 114.3 mm
7304195050	Line pipe, used for oil or gas pipelines, seamless, of other alloy steel, not stainless, with an outside diameter >114.3 mm, but <406.4 mm
7304195080	Line pipe of a kind used for oil or gas pipelines, seamless, of alloy steel, not stainless, with an outside diameter exceeding 406.4 mm
7304220000	Oil well drill pipe, of stainless steel
7304233000	Oil well drill pipe, of iron or nonalloy steel
7304236000	Oil well drill pipe, of alloy steel other than stainless steel
7304241000	Oil well casing of stainless steel
7304246000	Oil well tubing of stainless steel
7304291055	Oil well casing of iron or nonalloy steel
7304293155	Oil well casing of other alloy steel not stainless
7304295000	Oil well tubing of iron or nonalloy steel
7304296100	Oil well tubing of other alloy steel other than stainless steel
7305111000	Line pipe for oil or gas, longitudinally submerged arc welded, external diameter more than 406.4 mm, circular cross-sections, of iron or nonalloy steel
7305115000	Line pipe for oil/gas pipelines, longitudinally submerged arc welded with external diameter over 406.4mm, of alloy steel, with circular cross-section
7305121000	Line pipe for oil or gas, other longitudinally welded, external diameter more than 406.4mm, circular cross-section, iron or nonalloy steel
7305125000	Line pipe for oil or gas pipelines, longitudinally welded with external diameter >406.4 mm, of alloy steel, with circular cross section
7305191000	Line pipe for oil or gas other than longitudinally welded, external diameter more than 406.4 mm, circular cross-section, iron or nonalloy steel
7305195000	Line pipe for oil or gas pipelines, with external diameter >406.4 mm, of alloy steel, circular cross section, welded/riveted, NESOI
7305203000	Casing, oil or gas drilling, other than seamless, circular cross-section, external diameter over 406.4 mm, iron or nonalloy steel

7305207000	Casing, oil or gas drilling, other than seamless, circular cross-section, external diameter over 406.4 mm, alloy steel
7306110000	Line pipe for oil or gas not seamless NESOI, of stainless steel
7306191000	Line pipe for oil or gas not seamless NESOI, of iron or nonalloy steel
7306195000	Line pipe for oil or gas not seamless NESOI, of alloy steel other than stainless steel
7311000000	Containers for compressed or liquefied gas of iron or steel
7613000000	Aluminum containers for compressed or liquefied gas
8207130000	Rock drilling or earth boring tools with working part of cermets, and parts thereof
8207191030	Percussion rock drill bits, core bits and reamers, of base metal, and parts thereof
8207192030	Rotary rock drill bits, core bits and reamers of base metal, and parts thereof
8207195030	Rock drilling or earth boring tools of base metals, NESOI, and parts thereof
8413500010	Oil well and oil field pumps, reciprocating positive displacement
8413600050	Oil well and oil field pumps, rotary positive displacement
8413820000	Liquid elevators
8413920000	Parts of liquid elevators
8421398020	Electrostatic precipitators, industrial gas cleaning equipment
8421398030	Industrial gas cleaning equipment, NESOI
8421398040	Gas separation equipment
8430494000	Offshore oil and natural gas drilling and production platforms
8430498010	Boring or sinking machinery, rotary, for oil well and gas field drilling
8430498020	Boring or sinking machinery for oil well and gas field drilling, NESOI
8431390050	Parts suitable for use solely or principally with the oil and gas field machinery of headings 8425 to 8430
8431434000	Offshore oil and natural gas drilling and production platform parts, of subheading 8430.41 or 8430.49
8431438010	Parts of oil and gas field machinery of subheading 8430.49 except parts of offshore drilling and production platforms
8431438090	Parts of boring or sinking machinery of subheading 8430.41 or 8430.49, NESOI
8479899850	Oil and gas field wire line and downhole equipment
8705200000	Mobile drilling derricks
8708998175	Parts and accessories, for motor vehicles of heading 8705.20, NESOI
8905200000	Floating or submersible drilling or production platforms
8905901000	Floating docks