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INDEPENDENT NEWS FROM RUSSIA

U.S. Ceases Issuing Export Licenses on Some Goods Destined for Russia

By Sam Skove

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New shipments of horses by sea from the U.S. to Russia are on hold.

Nearly $1.5 billion worth of trade between the U.S. and Russia could be threatened by a quietly made decision to stop U.S. firms from selling goods with potential military applications to Russia.

The U.S. Bureau of Industry and Security, or BIS, announced Tuesday that, starting March 1, it had ceased to issue new export licenses for dual-use goods destined for Russia.

It gave no explanation for why the announcement came nearly a month after the policy began, nor why it had initiated it in the first place, although White & Case, a law firm specializing in international trade, said in a press release that the move "evidently is another sanctions measure against Russia stemming from the Ukraine situation."

Dual-use items can be used both for civil and military purposes. Russia belongs to Country

Group D in U.S. export regulations, which defines it as a country to which exports are controlled for national security purposes. Russia shares this distinction alongside Iran, North Korea and Afghanistan.

In 2013 the Bureau of Industry and Science issued 1,832 licenses for goods shipped to Russia in 83 categories, for a total value of $1.5 billion, according to its 2013 annual report. This was nearly three times the value of goods licensed in 2012.

The biggest-ticket item by far was the almost $800 million worth of "devices to initiate energetic charges," that were covered by a mere seven licenses. These devices are typically electrical explosive detonators, also known as blasting caps, according to U.S. Federal regulations on foreign trade.

Some items on the 2013 list have clear military applications. 1,338 licenses, or more than 70 percent, were for optical sighting devices for use in firearms, valued at $30 million, while $28 million went to chemicals that could be used as elements of toxic chemical agents.

Other goods, however, are more obliquely related to defense needs, including more than $300 million in software that uses encryption technology, $60 million in acoustic transmitting and receiving equipment, and $10 million for navigation equipment, including gyros, automatic pilots and accelerometers that might be used in missiles. Perhaps most whimsical was the $2 million worth of "horses by sea" transported to Russia.

The move to restrict licenses, however, applies only to new applications, not ones that have already been issued for 2014. Export licenses typically are valid for four years.

The U.S. took the move far more quietly than its European partners. On March 18, British Foreign Secretary William Hague announced that Britain would suspend all defense-related exports to Russia. Britain's Export Control Organization said that day it had suspended dual-use licenses for material "destined for units of the Russian armed forces or other state agencies which could be or are being deployed against Ukraine."

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