

Beware dual-use exports to Russia: US, EU tell India Inc

UNDER SCANNER. Hold out sanction threat even if parts of items find use in Ukraine war

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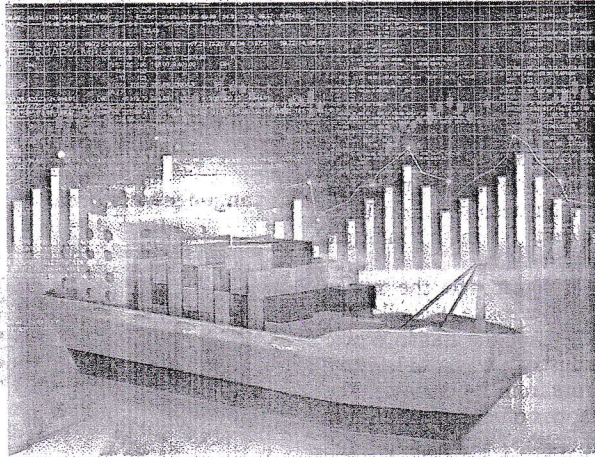
The US and the EU have cautioned Indian entities exporting to Russia to carefully evaluate their shipments to ensure that not only the exported items but also their components do not fall in the prohibited category of dual-use goods and advance technology items that may attract economic sanctions for supporting Moscow's war in Ukraine, industry sources have said.

"Recently, officials from sanctions teams of both the US and the EU met Indian industry representatives to educate them on the 50 sanctioned items featuring in their joint list of common high priority items and the steps needed to be taken to ensure that these don't flow into the Russian battlefield," a source tracking the matter told *businessline*.

The US Bureau of Industry and Security, the Office of Foreign Assets Control and one led by EU sanctions envoy David Sullivan, which visited India over the past couple of months, warned the industry that even if the products exported to Russia were for civilian use and not included in the list of priority items, they could attract sanctions if their components, once taken apart, had potential military use and were part of the list, the source said.

PRIORITY ITEMS

The list of common high priority items, with both civilian and military use and high-tech items, jointly pre-



SEEING RED

- Sanctions teams from the US and the EU met Indian exporters to Russia to "educate" them on prohibited items
- Fifty prohibited items in the common high priority list prepared by the US, the EU, the UK and Japan are not to be exported in any form
- List includes dual-use items, such as integrated circuits, radio frequency transceiver modules, items for manufacturing high-precision components and testing of printed circuit boards
- Sanctions announced by the US in October 2024 included 19 Indian entities and two Indian nationals
- Indian company Triac Electronics was among 32 companies sanctioned by the EU last month

pared and updated by the US, the EU, the UK and Japan, include electronic components, such as integrated circuits and radio frequency transceiver modules, as well as items essential for the manufacturing and testing of the electronic components of printed circuit boards, and manufacturing of high-precision complex metal components retrieved from the battlefield.

"Since the ban list includes items that go into a

large number of civilian and consumer goods, including electronic integrated circuits, it is not so easy for Indian companies to ensure that components of non-military use items don't fall in the category of 'identified items,' the source said.

However, since the actions taken by the West against sanctioned entities are stringent, including account and asset freeze and export ban, Indian companies need to pay heed.

The US announced sanctions against 400 entities and individuals from across the world on October 30, 2024, for "aiding" Russia's war against Ukraine. These included 19 private entities from India and two Indian nationals.

On December 16, 2024, the EU added 32 companies to the list of those supporting Russia's military and industrial complex in its war against Ukraine and included Indian company Triac Electronics.

"There is a general perception that the pressure from the US on Indian exporters to Russia to strictly comply with the list of sanctioned items may go down somewhat once Donald Trump assumes office as the US President later this month but the EU and other countries, such as the UK, Japan, Australia and Canada, will not back off. So, Indian exporters need to be careful," a government source said.

EXPORTS TO RUSSIA

India's exports to Russia in FY24 increased 35.41 per cent to \$4.26 billion from \$3.14 billion the previous fiscal against an overall fall of 3.1 per cent in the country's overall goods exports to \$437 billion from \$451 billion in the previous fiscal.

In the April-October 2024 period, India's goods exports to Russia increased 30.9 per cent to \$3.04 billion. Top exported items include nuclear reactors, boilers, machinery and mechanical appliances, electrical machinery, equipment and parts, chemicals and pharmaceutical products.