



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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RUSSIA SANCTIONS: GUIDANCE NOTE FOR NEW ZEALAND BUSINESSES

Trade measures

This note provides guidance to New Zealand businesses in relation to the import and export of certain goods with Russia. This guidance relates to the Russia Sanctions Act 2022 (the Act) and Russia Sanctions Regulations 2022 (the Regulations) and should be read in conjunction with them.

This note does not constitute legal advice. It is also not intended to provide guidance in relation to compliance with other international sanctions regimes relating to Russia.



Relevant provisions of the Act and Regulations

Prohibitions

- Regulation 13(1), prohibits any New Zealand person from exporting, directly or indirectly, to, or for use in, or for the benefit of, Russia or Belarus an asset that is in a class of assets the Harmonised System code for which is listed in Schedule 3.
- Regulation 13(2), prohibits any New Zealand person from exporting, directly or indirectly, a luxury good to, or for use in, or for the benefit of, Russia, as listed in Schedule 1A.
- Regulation 13(2A), prohibits any New Zealand person from exporting, directly or indirectly, an oil exploration or production product to, or for use in, or for the benefit of, Russia.
- Regulation 14A(1) prohibits any New Zealand person from importing, directly or indirectly, gold of Russian origin into New Zealand.
- Regulation 14A(2) prohibits any New Zealand person from importing, directly or indirectly, luxury goods of Russian origin into New Zealand.
- Regulation 14A(3), prohibits any New Zealand person from importing, directly or indirectly, a coal, oil or gas product of Russian origin into New Zealand.

Exceptions

- Regulation 14 outlines that a New Zealand person may export an asset if the person does so in good faith for a humanitarian purpose and doing so is consistent with the purposes of these Regulations. This applies to regulation 13 and Schedule 3.
- Regulation 14A(2A) and Schedule 1A Part 2 list certain luxury goods that are not prohibited for import where the per item value is NZ\$1000 or less.

Definitions

- *Harmonised System code for a class of assets* means the code by which that class of assets is identified in the Working Tariff Document (as defined in section 2(1) of the Tariff Act 1988).
- *Oil exploration or production product* means an asset that is in a class of assets the Harmonised System code for which are listed in Schedule 4.
- *Coal, oil, or gas product* means an asset that is in a class of assets the Harmonised System code for which are listed in Schedule 5.
- *Gold* means an asset that is in a class of assets the Harmonised System code for which is one of the following:
 - 71.08
 - 7114.19.09
 - 7118.90.00.01K
 - 7118.90.00.09E.

Prohibited imports and exports

New Zealand persons are prohibited from importing and exporting a number of goods to Russia, and in some circumstances, to Belarus. Examples of the types of goods that are prohibited are outlined below.

Goods of strategic importance

New Zealand persons must not **export** to Russia and Belarus, directly or indirectly, goods that are identified by Harmonised System codes in [Schedule 3](#) of the Russia Sanctions Regulations. This export ban applies broadly and includes, for example, goods received in a third country for on-forwarding to Russia or Belarus or for the benefit of Russia or Belarus.

These goods are those with the potential for dual-use in military applications or that are related to strategic industries closely connected to military activities or capabilities. Some were prohibited on 25 April, others on 4 November.

The list of prohibited exports in this category include:

- Electronic devices and equipment including computers and telecommunications equipment
- Processing and manufacturing equipment
- Certain types of chemicals and minerals
- Marine or terrestrial acoustic equipment
- Optical sensors, lasers, radar systems
- Certain cameras and photography equipment
- Certain types of textiles and fabrics
- Certain motors and engines
- Certain types of appliances
- Heavy machinery
- Printing machinery
- Smartphones
- Medical, surgical, dental or veterinary furniture.

Descriptions of some of the goods prohibited can be found in our note on [Export Prohibitions on Dual Use Items](#). A full list of prohibited items, and their descriptions, can be found in the [sanctions register](#).

Oil exploration and oil production goods

New Zealand persons must not **export** oil exploration or oil production products directly or indirectly to Russia. This export ban applies broadly and includes, for example, goods received in a third country for on-forwarding to Russia or for the benefit of Russia.

These items are identified by Harmonised System codes in Schedule 4 of the Russia Sanctions Regulations and include:

- Iron or steel tubes, pipes etc
- Pipes used for oil or gas pipelines
- Casing used in drilling
- Certain kinds of drilling tools
- Certain types of pumps.

While regulation 13(2A) only applies to Russia, three product lines (HS Codes 7304.24.00; 8430.39; and 8705.20.00) are also included in the aforementioned prohibition on goods of strategic importance. These products are listed in both Schedule 3 and 4, meaning they are prohibited for export, directly or indirectly, to both Russia *and* Belarus.

A full list of prohibited items, and their descriptions, can be found in the [sanctions register](#).

Luxury goods

From 4 November, it is prohibited to **import** from Russia and **export**, directly or indirectly, to Russia certain luxury goods of any dollar value, including caviar, vodka, cigars, perfumes, jewels and precious metals.

The luxury goods export ban applies broadly and includes, for example, goods received in a third country for on-forwarding to Russia or for the benefit of Russia.

Certain luxury goods are permitted to **import** from Russia where the per item value is NZ\$1000 or less. You can see which luxury items are permitted to import at low value by checking the trade measures tab of the [Russia sanctions register](#) at column J.

Prohibited luxury goods are identified by Harmonised System codes in Schedule 1A of the Russia Sanctions Regulations and include:

- Pure-bred horses
- Truffles
- Certain types of seafood (lobster, caviar)
- Wine
- Tobacco
- Perfumes and cosmetics
- Garments, clothing, shoes
- Furs
- Coins and banknotes (not being legal tender)
- Carpets, rugs, tapestries and wall hangings
- Certain types of tableware (porcelain, china, stone)
- Lead crystal glassware
- Precious stones
- Jewellery
- Cutlery of precious metal
- Personal consumer electronics
- Certain types of vehicles
- Certain types of sport equipment
- Works of art
- Fountain pens.

While the luxury goods export prohibition in regulation 11(2) only applies to Russia, three product lines are also included in the prohibition on goods of strategic importance (HS Codes 5905.00.00; 8714.10.00; and 89.03). These products are captured by both Schedule 1A and Schedule 3 meaning they are prohibited for export, directly or indirectly, to both Russia *and* Belarus.

A full list of prohibited items, and their descriptions, can be found in the [sanctions register](#).

Gold

From 25 July, New Zealand persons must not **import**, directly or indirectly, gold of Russian origin into New Zealand. These items are identified in [regulation 14A](#) of the Russia Sanctions Regulations.

A full list of prohibited items, and their descriptions, can be found in the [sanctions register](#).

There is overlap between the gold import ban and the luxury goods import ban. The HS Codes for gold in regulation 14A are also contained in Schedule 1A. The gold import ban entered into force before the luxury goods import ban, so gold of Russian origin has been prohibited since 25 July, rather than from 4 November.

Energy products

New Zealand persons must not import, directly or indirectly, a coal, oil or gas product of Russian origin into New Zealand.

The specific prohibited products are identified by HS Codes listed in Schedule 5 of the Russia Sanctions Regulations and outlined in the [Russia Sanctions Register](#).

Determining the origin of energy products

There are no overarching international rules that determine origin of a product for non-preferential trade.

Some countries regulate origin for such trade through non-preferential rules of origin, while others adopt an approach where origin is assigned to the country where the last substantial transformation took place. New Zealand adopts the latter approach for trade, and it is the Ministry of Foreign Affairs and Trade's intention to follow this approach in relation to the Russia Sanctions Regulations.

With regard to coal, oil and gas products classified in chapter 27 of the HS Code, the standard approach used by World Trade Organisation members is to confer origin on a good whose materials have undergone a change in tariff classification at the heading (4 digit) level. It is also common to confer origin on an oil-based product that is the result of an atmospheric or vacuum distillation process.

New Zealand's free trade agreements operate under these rules, and they are also generally applied to non-preferential trade.

EXAMPLE

Russian crude oil (classified in tariff heading 27.09) that has been processed in a third country into refined oil (classified in tariff heading 27.10) will be regarded as having the origin of the country undertaking the refining for import purposes.

Imports that are *en route* to New Zealand prior to sanctions

Products of Russian origin that were *en route* to New Zealand from Russia prior to 25 April are exempt from the 35% tariff.

Products of Russian origin that are listed as prohibited imports from 4 November (luxury goods and energy products) will be exempt from the import prohibition if they were *en route* to New Zealand from Russia prior to 4 November.

In these contexts "*en route* to New Zealand" means:

- The decision to transport the goods to an importer in New Zealand was made prior to 25 April 2022 (for the 35% tariff) or 4 November 2022 (for luxury goods and energy products) **and**
- The goods commenced their journey to the importer in New Zealand prior to 25 April 2022 (for the 35% tariff) or 4 November 2022 (for luxury goods and energy products).

The goods may still be physically in the country of export after the sanctioned dates, however, they must have left the point of supply.

These *en route* rules do not apply to the gold import ban.

Other relevant information

We advise New Zealand businesses to take all reasonable precautions and exercise due diligence to comply with New Zealand sanctions laws at all times.