

and the establishment of a National Authority to serve as the national focal point for effective liaison with the OPCW and other States Parties. The CWC also requires each State Party to implement a comprehensive data declaration and inspection regime to provide transparency and to verify that both the public and private sectors of the State Party are not engaged in activities prohibited under the CWC. In the United States, the Chemical Weapons Convention Implementation Act of 1998, 22 U.S.C. 6701 *et seq.*, implements the provisions of the CWC.

“Schedule 1” chemicals consist of those toxic chemicals and precursors set forth in the CWC “Annex on Chemicals” and in “Supplement No. 1 to part 712—SCHEDULE 1 CHEMICALS” of the Chemical Weapons Convention Regulations (CWCR) (15 CFR parts 710–722). The CWC identified these toxic chemicals and precursors as posing a high risk to the object and purpose of the Convention.

The CWC (Part VI of the “Verification Annex”) restricts the production of “Schedule 1” chemicals for protective purposes to two facilities per State Party: a single small-scale facility and a facility for production in quantities not exceeding 10 kg per year. The CWC Article-by-Article Analysis submitted to the Senate in Treaty Doc. 103–21 defined the term “protective purposes” to mean “used for determining the adequacy of defense equipment and measures.” Consistent with this definition and as authorized by Presidential Decision Directive (PDD) 70 (December 17, 1999), which specifies agency and departmental responsibilities as part of the U.S. implementation of the CWC, the Department of Defense (DOD) was assigned the responsibility to operate these two facilities. DOD maintains strict controls on “Schedule 1” chemicals produced at its facilities in order to ensure accountability for such chemicals, as well as their proper use, consistent with the object and purpose of the Convention. Although this assignment of responsibility to DOD under PDD–70 effectively precluded commercial production of “Schedule 1” chemicals for “protective purposes” in the United States, it did not establish any limitations on “Schedule 1” chemical activities that are not prohibited by the CWC.

The provisions of the CWC that affect commercial activities involving “Schedule 1” chemicals are implemented in the CWCR (*see* 15 CFR part 712) and in the Export Administration Regulations (EAR) (*see* 15 CFR 742.18 and 15 CFR part 745),

both of which are administered by the Bureau of Industry and Security (BIS). Pursuant to CWC requirements, the CWCR restrict commercial production of “Schedule 1” chemicals to research, medical, or pharmaceutical purposes. The CWCR prohibit commercial production of “Schedule 1” chemicals for “protective purposes” because such production is effectively precluded per PDD–70, as described above. *See* 15 CFR 712.2(a).

The CWCR also contain other requirements and prohibitions that apply to “Schedule 1” chemicals and/or “Schedule 1” facilities. Specifically, the CWCR:

(1) Prohibit the import of “Schedule 1” chemicals from States not Party to the Convention (15 CFR 712.2(b));

(2) Require annual declarations by certain facilities engaged in the production of “Schedule 1” chemicals in excess of 100 grams aggregate per calendar year (*i.e.*, declared “Schedule 1” facilities) for purposes not prohibited by the Convention (15 CFR 712.5(a)(1) and (a)(2));

(3) Provide for government approval of “declared Schedule 1” facilities (15 CFR 712.5(f));

(4) Require 200 days advance notification of the establishment of new “Schedule 1” production facilities producing greater than 100 grams aggregate of “Schedule 1” chemicals per calendar year (15 CFR 712.4);

(5) Provide that “declared Schedule 1” facilities are subject to initial and routine inspection by the OPCW (15 CFR 712.5(e) and 716.1(b)(1));

(6) Require advance notification and annual reporting of all imports and exports of “Schedule 1” chemicals to, or from, other States Parties to the Convention (15 CFR 712.6, 742.18(a)(1) and 745.1); and

(7) Prohibit the export of “Schedule 1” chemicals to States not Party to the Convention (15 CFR 742.18(a)(1) and (b)(1)(ii)).

For purposes of the CWCR (*see* the definition of “production” in 15 CFR 710.1), the phrase “production of a Schedule 1 chemical” means the formation of “Schedule 1” chemicals through chemical synthesis, as well as processing to extract and isolate “Schedule 1” chemicals. The phrase also encompasses the formation of a chemical through chemical reaction, including by a biochemical or biologically mediated reaction. “Production of a Schedule 1 chemical” is understood, for CWCR declaration purposes, to include intermediates, by-products, or waste products that are produced and consumed within a defined chemical manufacturing

sequence, where such intermediates, by-products, or waste products are chemically stable and therefore exist for a sufficient time to make isolation from the manufacturing stream possible, but where, under normal or design operating conditions, isolation does not occur.

### Request for Comments

In order to assist in determining whether the legitimate commercial activities and interests of chemical, biotechnology, and pharmaceutical firms in the United States are significantly harmed by the limitations of the Convention on access to, and production of, “Schedule 1” chemicals as described in this notice, BIS is seeking public comments on any effects that implementation of the CWC, through the Chemical Weapons Convention Implementation Act of 1998 and the CWCR, has had on commercial activities involving “Schedule 1” chemicals during calendar year 2022. Such information will assist BIS in its preparation of the annual certification to Congress described above. To allow BIS to properly evaluate the significance of any harm to commercial activities involving “Schedule 1” chemicals, public comments submitted in response to this notice of inquiry should include both a quantitative and qualitative assessment of the impact of the CWC on such activities.

### Submission of Comments

All comments must be submitted to one of the addresses indicated in this notice and in accordance with the instructions provided herein. BIS will consider all comments received on or before January 23, 2023.

**Matthew S. Borman,**

*Deputy Assistant Secretary for Export Administration.*

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## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

#### Order Renewing Temporary Denial of Export Privileges; Pobeda Airlines, 108811, Russian Federation, Moscow, p. Moskovskiy, Kievskoe shosse, 22nd km, 4/1. Moscow, Russia

Pursuant to section 766.24 of the Export Administration Regulations, 15 CFR parts 730–774 (2021) (“EAR” or “the Regulations”),<sup>1</sup> I hereby grant the

<sup>1</sup> On August 13, 2018, the President signed into law the John S. McCain National Defense

request of the Office of Export Enforcement (“OEE”) to renew the temporary denial order (“TDO”) issued in this matter on June 24, 2022. I find that renewal of this order is necessary in the public interest to prevent an imminent violation of the Regulations.

### I. Procedural History

On June 24, 2022, I signed an order denying the export privileges of Pobeda Airlines (“Pobeda”) for a period of 180 days on the ground that issuance of the order was necessary in the public interest to prevent an imminent violation of the Regulations. The order was issued *ex parte* pursuant to section 766.24(a) of the Regulations and was effective upon issuance.<sup>2</sup>

On December 1, 2022, BIS, through OEE, submitted a written request for renewal of the TDO that issued on June 24, 2022. The written request was made more than 20 days before the TDO’s scheduled expiration. A copy of the renewal request was sent to Pobeda in accordance with sections 766.5 and 766.24(d) of the Regulations. No opposition to the renewal of the TDO has been received.

### II. Renewal of the TDO

#### A. Legal Standard

Pursuant to section 766.24, BIS may issue an order temporarily denying a respondent’s export privileges upon a showing that the order is necessary in the public interest to prevent an “imminent violation” of the Regulations, or any order, license or authorization issued thereunder. 15 CFR 766.24(b)(1) and 766.24(d). “A violation may be ‘imminent’ either in time or degree of likelihood.” 15 CFR 766.24(b)(3). BIS may show “either that a violation is about to occur, or that the general circumstances of the matter under investigation or case under criminal or administrative charges demonstrate a likelihood of future violations.” *Id.* As to the likelihood of

future violations, BIS may show that the violation under investigation or charge “is significant, deliberate, covert and/or likely to occur again, rather than technical or negligent[.]” *Id.* A “lack of information establishing the precise time a violation may occur does not preclude a finding that a violation is imminent, so long as there is sufficient reason to believe the likelihood of a violation.” *Id.*

#### B. The TDO and BIS’s Request for Renewal

The U.S. Commerce Department, through BIS, responded to the Russian Federation’s (“Russia’s”) further invasion of Ukraine by implementing a sweeping series of stringent export controls that severely restrict Russia’s access to technologies and other items that it needs to sustain its aggressive military capabilities. These controls primarily target Russia’s defense, aerospace, and maritime sectors and are intended to cut off Russia’s access to vital technological inputs, atrophy key sectors of its industrial base, and undercut Russia’s strategic ambitions to exert influence on the world stage. Effective February 24, 2022, BIS imposed expansive controls on aviation-related (*e.g.*, Commerce Control List Categories 7 and 9) items to Russia, including a license requirement for the export, reexport or transfer (in-country) to Russia of any aircraft or aircraft parts specified in Export Control Classification Number (ECCN) 9A991 (section 746.8(a)(1) of the EAR).<sup>3</sup> BIS will review any export or reexport license applications for such items under a policy of denial. *See* section 746.8(b). Effective March 2, 2022, BIS excluded any aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia from being eligible for license exception Aircraft, Vessels, and Spacecraft (AVS) (section 740.15 of the EAR), and as part of the same rule,

imposed a license requirement for the export, reexport, or transfer (in-country) of all items controlled under CCL Categories 3 through 9 to Belarus.<sup>4</sup> Accordingly, any U.S.-origin aircraft or foreign aircraft that includes more than 25% controlled U.S.-origin content, and that is registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia, is subject to a license requirement before it can travel to Russia.

OEE’s request for renewal is based upon the facts underlying the issuance of the initial TDO and the evidence developed over the course of this investigation, which indicate a blatant disregard for U.S. export controls, as well as the TDO. Specifically, the initial TDO, issued on June 24, 2022, was based on evidence that Pobeda engaged in conduct prohibited by the Regulations by operating multiple aircraft subject to the EAR and classified under ECCN 9A991.b on flights into Russia after March 2, 2022 from destinations including, but not limited to, Antalya, Turkey, Gazipasa, Turkey, and Istanbul, Turkey, without the required BIS authorization.<sup>5</sup> As also noted in OEE’s initial request for a temporary denial order, Aeroflot Russian Airlines JSC, a/k/a PJSC Aeroflot (“Aeroflot”) is Pobeda’s majority shareholder.<sup>6</sup>

In its December 1, 2022, request for renewal of the TDO, BIS has submitted evidence that Pobeda continues to operate in violation of the June 24, 2022 TDO and/or the Regulations by operating aircraft subject to the EAR and classified under ECCN 9A991.b. Specifically, BIS’s evidence and related investigation indicates that after the issuance of the TDO, Pobeda continued to fly aircraft into Russia and Belarus in violation of the EAR, including flights between Minsk, Belarus and Moscow, Russia. Information about those flights includes, but is not limited to, the following:

Tail No.	Serial No.	Aircraft type	Departure/arrival cities	Dates
RA-73305 .....	61793	737-8AL (B738)	Minsk, BY/Moscow, RU .....	November 26, 2022.
RA-73305 .....	61793	737-8AL (B738)	Moscow, RU/Minsk, BY .....	November 29, 2022.
RA-73305 .....	61793	737-8AL (B738)	Minsk, BY/Moscow, RU .....	November 29, 2022.
RA-73305 .....	61793	737-8AL (B738)	Moscow, RU/Minsk, BY .....	December 3, 2022.

Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. 4801–4852 (“ECRA”). While section 1766 of ECRA repeals the provisions of the Export Administration Act, 50 U.S.C. app. 2401 *et seq.* (“EAA”), (except for three sections which are inapplicable here), section 1768 of ECRA provides, in pertinent part, that all orders, rules, regulations, and other forms of administrative action that were made or issued under the EAA, including as continued in effect pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701

*et seq.* (“IEEPA”), and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA. Moreover, section 1761(a)(5) of ECRA authorizes the issuance of temporary denial orders. 50 U.S.C. 4820(a)(5).

<sup>2</sup> The TDO was published in the **Federal Register** on June 29, 2022 (87 FR 38707).

<sup>3</sup> 87 FR 12226 (Mar. 3, 2022).

<sup>4</sup> 87 FR 13048 (Mar. 8, 2022).

<sup>5</sup> Publicly available flight tracking information shows, for example, that on March 6, 2022, serial number (“SN”) 64862 flew from Antalya, Turkey to Moscow, Russia. On March 7, 2022, SN 64863 flew from Gazipasa, Turkey to Moscow, Russia, and, on March 6, 2022, SN 64864 flew from Istanbul, Turkey to Mineralnye Vody, Russia.

<sup>6</sup> Aeroflot is the subject of a Temporary Denial Order issued on April 8, 2022, which was renewed on October 3, 2022. *See* 87 FR 21611 (April 12, 2022) and 87 FR 60985 (October 7, 2022).

Tail No.	Serial No.	Aircraft type	Departure/arrival cities	Dates
RA-73305 .....	61793	737-8AL (B738)	Minsk, BY/Moscow, RU .....	December 3, 2022.
RA-73248 .....	41238	737-8LJ (B738)	Moscow, RU/Minsk, BY .....	November 22, 2022
RA-73248 .....	41238	737-8LJ (B738)	Minsk, BY/Moscow, RU .....	November 22, 2022.
RA-73248 .....	41238	737-8LJ (B738)	Moscow, RU/Minsk, BY .....	November 28, 2022.
RA-73248 .....	41238	737-8LJ (B738)	Minsk, BY/Moscow, RU .....	November 28, 2022.
RA-73229 .....	64866	737-8MC (B738)	St. Petersburg, RU/Minsk, BY .....	November 23, 2022.
RA-73229 .....	64866	737-8MC (B738)	Minsk, BY/St. Petersburg, RU .....	November 23, 2022.
RA-73229 .....	64866	737-8MC (B738)	Moscow, RU/Minsk, BY .....	November 24, 2022.
RA-73229 .....	64866	737-8MC (B738)	Minsk, BY/Moscow, RU .....	November 24, 2022.

### III. Findings

Under the applicable standard set forth in section 766.24 of the Regulations and my review of the entire record, I find that the evidence presented by BIS convincingly demonstrates that Pobeda has acted in violation of the Regulations and the TDO; that such violations have been significant, deliberate and covert; and that given the foregoing and the nature of the matters under investigation, there is a likelihood of imminent violations. Therefore, renewal of the TDO is necessary in the public interest to prevent imminent violation of the Regulations and to give notice to companies and individuals in the United States and abroad that they should avoid dealing with Pobeda, in connection with export and reexport transactions involving items subject to the Regulations and in connection with any other activity subject to the Regulations.

### IV. Order

*It is therefore ordered:*

First Pobeda Airlines, 108811, Russian Federation, Moscow, p. Moskovskiy, Kievskoe shosse, 22nd km, 4/1. Moscow, Russia, when acting for or on their behalf, any successors or assigns, agents, or employees may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR including, but not limited to:

A. Applying for, obtaining, or using any license (except directly related to safety of flight), license exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the EAR except directly related to safety of flight and authorized

by BIS pursuant to section 764.3(a)(2) of the Regulations, or engaging in any other activity subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the EAR, or from any other activity subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations.

Second, that no person may, directly or indirectly, do any of the following:

A. Export, reexport, or transfer (in-country) to or on behalf of Pobeda any item subject to the EAR except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by Pobeda of the ownership, possession, or control of any item subject to the EAR that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby Pobeda acquires or attempts to acquire such ownership, possession or control except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from Pobeda of any item subject to the EAR that has been exported from the United States except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations;

D. Obtain from Pobeda in the United States any item subject to the EAR with knowledge or reason to know that the item will be, or is intended to be, exported from the United States except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations; or

E. Engage in any transaction to service any item subject to the EAR that has been or will be exported from the United States and which is owned, possessed or controlled by Pobeda, or

service any item, of whatever origin, that is owned, possessed or controlled by Pobeda if such service involves the use of any item subject to the EAR that has been or will be exported from the United States except directly related to safety of flight and authorized by BIS pursuant to section 764.3(a)(2) of the Regulations. For purposes of this paragraph, servicing means installation, maintenance, repair, modification, or testing.

Third, that, after notice and opportunity for comment as provided in section 766.23 of the EAR, any other person, firm, corporation, or business organization related to Pobeda by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order.

In accordance with the provisions of sections 766.24(e) of the EAR, Pobeda may, at any time, appeal this Order by filing a full written statement in support of the appeal with the Office of the Administrative Law Judge, U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022.

In accordance with the provisions of section 766.24(d) of the EAR, BIS may seek renewal of this Order by filing a written request not later than 20 days before the expiration date. A renewal request may be opposed by Pobeda as provided in section 766.24(d), by filing a written submission with the Assistant Secretary of Commerce for Export Enforcement, which must be received not later than seven days before the expiration date of the Order.

A copy of this Order shall be provided to Pobeda, and shall be published in the **Federal Register**.

This Order is effective immediately and shall remain in effect for 180 days.

**Matthew S. Axelrod,**

*Assistant Secretary of Commerce for Export Enforcement.*

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