



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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RUSSIA SANCTIONS: GUIDANCE NOTE FOR NEW ZEALAND BUSINESSES

Importing Russian energy products

This note is intended to provide guidance to New Zealand businesses in relation to the importation of Russian origin coal, oil or gas. 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 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 14A, prohibits any New Zealand person from importing, directly or indirectly, a coal, oil or gas product of Russian origin into New Zealand.

Definition

- *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).

Introduction

Funding for Russia's war in Ukraine relies on revenue from oil and gas exports. Russian oil accounts for about 10% of global production. With soaring global energy prices, oil and gas sales now earn Russia the equivalent of 45% of its federal budget (an increase of a third on 2021 revenue figures).¹

As part of New Zealand's response to limit Russia's ability to fund its war in Ukraine, from 4 November 2022, 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 Harmonised Commodity Description and Coding System (HS Code) 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 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.

¹ See, for example, <https://www.nytimes.com/2022/06/13/climate/russia-oil-gas-record-revenue.html>

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.