



Taiwan Sanctions Following Russia's Invasion of Ukraine: A Quick Review

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On February 25, 2022, Taiwan's Ministry of Foreign Affairs announced that it would join the United States, the European Union and other nations in imposing sanctions on Russia in the aftermath of the country's invasion of Ukraine. While not many details have been released yet, here is what we expect and the recent trends.



Taiwan's Minister of Economic Affairs, Wang Mei-hua, announced that Taiwan's Bureau of Foreign Trade would review all exports from Taiwan to Russia based on the voluntary Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies ("Wassenaar Arrangement"). While Taiwan is not one of the members of the regime, the Wassenaar Arrangement provides a set of guidelines, including a list of dual-use goods and technologies, and one of munitions. Given Taiwan's strengths in semiconductors, computers and other electronic goods, [we expect the extensive lists of dual-use goods and technologies provided for under the Wassenaar Arrangement](#) to be applied when Taiwan conducts its strict export reviews.

Given the amount of manufacturing many Taiwanese electronics companies do within the People's Republic of China ("PRC") and the PRC's unwillingness to cooperate in international sanctions against Russia, it may be hard to get full compliance with the sanctions programs for goods manufactured outside Taiwan.

After facing great international pressure, including direct appeals by Ukraine's Deputy Prime Minister Mykhailo Federov, Taiwanese electronics manufacturer ASUS announced on March 14, 2022, that its shipments to Russia were at an "effective standstill," and that it would follow the international rules. ASUS then announced that it would donate TWD 30 million to the Taiwan government-sponsored humanitarian-relief fund for Ukraine.

Moreover, Taiwan's state petroleum company, CPC Corp., will not renew its five-year sale and purchase agreement for Russian liquid natural gas imports as the contract with Sakhalin Energy Investment Co. Ltd. nears its expiry in late March 2022. Russian liquid natural gas imports accounted for 9.7 percent of Taiwan's total liquid natural gas imports in 2021.

Taiwan has not yet explicitly sanctioned Russia on the financial front. It has indicated that it will carefully assess the risks and work to prevent Taiwan from turning into a money laundering location as a result of the global sanctions wave. [The Financial Intelligence Unit \(FIU\)](#) has established a "Russia Sanctions Zone" to link the sanctions lists of the [European Union](#) and the [U.S. Department of the Treasury's Office of Foreign Assets Control \(OFAC\)](#) in order to facilitate reporting by Taiwan's financial and related units of suspicious transaction records in a timely manner. The FIU requires financial

institutions to review the transactions they handle and compare them with sanctions lists issued by Europe and the United States to determine whether the transactions are subject to sanctions rules. If there are abnormally large transactions, a financial institution should keep a record of them to prevent Taiwan from becoming a money laundering transit location.

Potential Russian sanctions on Taiwan must also be taken under consideration. Taiwan has been included in the list of 48 countries and territories considered “unfriendly” by Moscow, published on March 7 by the Russian government. However, Taiwan authorities so far have claimed that such an inclusion is likely to have little effect on Taiwan, because of the fact that Russia does not supply any significant portion of Taiwan’s industrial materials.

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