

The U.S.-Russia Sanctions Landscape

Chemical and Biological Weapons Act Sanctions
Congressional Sanctions – Lame Duck Session and 2019
Election Meddling Sanctions
CAATSA Implementation
Russian Countermeasures

CBW Sanctions

President must certify to Congress that offending country:

- ✓ Is no longer using chemical or biological weapons
- ✓ Has provided reliable assurances it will not use chemical weapons again
- ✓ Will allow on-site inspections by impartial observers

First Tranche – August 2018

- Bans on Foreign Assistance – But waived for urgent humanitarian assistance and food or agricultural commodities
- Ban on Arms Sales - But waived for government space cooperation, commercial space launches and commercial passenger aviation
- Termination of Military Financing
- Ban on Export of National-Security Sensitive Items/ Licensed exports subject to presumption of denial – Purely commercial items for civilian end uses permitted

Second Tranche – November 2018? (President must choose at least 3)

1. Opposing loans to Russia by international financial institutions
2. Prohibition on loans to Russian government by U.S. banks
3. Further ban on U.S. exports of goods and technology to Russia, except for food and agricultural products
4. Ban on imports of goods from Russia to the United States, including oil and oil products
5. Downgrading or suspension of bilateral diplomatic relations
6. Restrictions on operation of Russian air carriers in the United States

The Hill – Lame Duck and 2019

- **DETER (Rubio-Van Hollen)** - Broad sectoral sanctions- Not likely
- **Defending American Security from Kremlin Aggression (DASKA) (Graham-Menendez)** - Energy, financial, and individual sanctions - Still in play
- **Senate Banking Committee Bill (Crapo-Brown)**– In drafting stage – In play
- **Secure America from Russian Interference Act of 2018 (Hoyer)** - In play - 2019

CAATSA Implementation

- **Implementation Checklist**

- Section 231 (September 2018) - sanctions against defense and intelligence sectors
- Mandatory Sanctions Not Yet Implemented
 - Sec. 225: Against Russian crude oil projects
 - Sec. 226: On Russian and other financial institutions
 - Sec. 227: For significant corruption in Russia
 - Sec 228: Against foreign sanctions evaders and serious human rights abusers
 - Sec. 232: Against Russian export energy pipelines
 - Sec 233: Facilitation of privatization of state-owned assets
 - Sec. 234: Transfer arms and related materiel to Syria

Election Meddling Sanctions

U.S. Executive Order on Imposing Certain Sanctions in the Event of Foreign Interference in a U.S. Election, September 12, 2018

- Intelligence community has 45 days to make an assessment on election interference (detail)
- DOJ and Homeland Security have 45 days to determine validity of intelligence community finding.
 - A positive finding could trigger asset blocking sanctions on entity that interfered in election
- State and Treasury can recommend additional sanctions to President against "largest business entities" including at least one from financial, defense, energy, technology and transportation sectors.
 - Sanctions include asset blocking, export license restrictions, limits on access to U.S. financial system, restrictions on foreign exchange transactions, prohibits on credit to RF government, prohibitions on U.S. investment in offending companies

Russian Government Countermeasures: Counter-Sanctions and Increased Self-Reliance

- 2014 Partial Food Embargo
- 2015-17 Rules Prohibiting Imported Products in Govt. Procurement Tenders
Subsidy & Import Substitution Programs – Agric., Manufacturing, Software & Hardware
- 2018 PENDING: Penalties for Compliance with Foreign Sanctions
CREATED: Russian Domestic Analogue to SWIFT
NEW LAW: Authorizes Gov't. to Impose Sanctions on Countries that Have Imposed Sanctions on Russia
PROPOSED/ENACTED: Measures Enabling Sanctioned Companies to Conceal Beneficial Owners
PROPOSED: Ban on Sale of Russian Rocket Engines to United States
PROPOSED: Amendment to Sanctions Compliance Bill – Requiring Payments for Sanctions Compliance that Results in Breach of Contract