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The law on Russia's counter- sanctions against the USA and other states came into force

On 4 June 2018, the Federal Law 'On the Measures (Countermeasures) in Response to Unfriendly Actions of the USA and(or) other Foreign States' (hereinafter - the 'Law') was published and came into force.

The Law provides for the right of the Government of the Russian Federation (RF Government) based on the decision of the President of the Russian Federation (RF President) to enact the measures of influence (counteraction) against:

- 1) the United States of America (USA) and other foreign states that commit unfriendly acts against Russia, Russian legal entities or Russian citizens (hereinafter - "unfriendly foreign states");
- 2) organisations under the jurisdiction of unfriendly foreign states, organisations that directly or indirectly are controlled by unfriendly foreign states (hereinafter - the "controlled organisations") or affiliated with such organisations, that are involved in committing unfriendly acts against Russia;
- 3) officials and citizens of unfriendly foreign states who are involved in committing unfriendly acts against Russia.

Thus, in the ultimate version of the Law there is no criteria of a "dominant participation over 25% in the capital" for the purposes of determination whether or not an organisation is controlled by a foreign state, which means that the circle of subjects against which the measures of influence (counteraction) envisaged by the Law may be applied is broadened.

The list of the measures of influence (counteraction) is made non-exhaustive and includes:

- 1) termination or suspension of international cooperation of Russia and Russian legal entities with the unfriendly foreign states, organisations under the jurisdiction of unfriendly foreign states, controlled organisations or organisations affiliated therewith, in the sectors to be determined by the decision of RF President;
- 2) the prohibition or restriction on the importation into Russia of commodities and (or) raw materials originating from unfriendly foreign states or manufactured by organisations under the jurisdiction of unfriendly foreign states, controlled organisations or organisations affiliated therewith, in accordance with the list of products and (or) raw materials to be determined by RF Government;
- 3) the prohibition or restriction on the export from the territory of Russia of commodities and (or) raw materials by organisations under the jurisdiction of unfriendly foreign states, controlled organisations or organisations affiliated therewith, citizens of unfriendly foreign states, according to the list of products and (or) raw materials to be determined by RF Government;
- 4) the prohibition or restriction on the performance of works, the provision of services for the state and municipal needs, as well as the needs of certain types of legal entities, in the territory of Russia by organisations under the jurisdiction of unfriendly foreign states, controlled organisations or organisations affiliated therewith, according to the list of types of work and services to be determined by RF Government;
- 5) the prohibition or restriction on the participation of organisations under the jurisdiction of unfriendly foreign states, controlled organisations or organisations affiliated therewith, citizens of unfriendly foreign states in the privatisation of state or municipal property, as well as in the performance of the works, rendering services for organizing the sale of federal property on behalf of the Russian Federation and (or) performing the functions of the seller of federal property.

Other measures may be enacted in accordance with a decision of RF President.

The prohibitions and restrictions on the importation of certain types of commodities in Russia (paragraph 2 above) will not apply to:

- commodities imported into the territory of Russia by Russian citizens, foreign citizens and stateless persons for personal use;
- vitally important commodities, analogues of which are not produced in Russia (at the same time, the definition or list of "vitally important commodities" is not currently contained in the Russian legislation).

RF President may decide on the application by the Russian Federation of a national regime in respect of goods originating from unfriendly foreign states, works performed by organisations that are under the jurisdiction of unfriendly foreign states, controlled organisations or affiliated therewith, citizens of unfriendly foreign states, or services rendered by them and(or) on the establishment of exemptions from such a regime as a symmetrical response to the actions of the respective foreign states: in the event they apply national regime in accordance with international treaties in respect of goods originating in Russia, works performed or services rendered by Russian persons, and (or) establish exemptions from it.

The measures of influence (counteraction) shall be canceled by RF Government upon the decision of RF President in case of elimination of the circumstances that served as the basis for their introduction (for example, abolition of economic sanctions imposed on Russia by the relevant foreign states).

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