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# US sanctions in the context of Russia's invasion of Ukraine

As a result of Russia's invasion of Ukraine, the U.S., E.U., U.K. and their allies have implemented a broad array of sanctions and other economic measures intended to impose on Russia and its allies. The sanctions are intended to further increase the costs to Russia of prosecuting the war in Ukraine by cutting Russian access to foreign revenue, services that could be used to evade sanctions, and finished goods and inputs used by Russian industry for military purposes. In light of the unprecedented depth, breadth, and complexity of multilateral sanctions already issued against Russia, countries are now focusing more on implementation. The eight rounds of sanctions issued since February 2022 have imposed significant restrictions on the ability of U.S. persons to conduct business in major sectors of the Russian economy.

The U.S. Economic Sanctions Currently Targeting Russia:

## 1. State Department have designated hundreds of Russian individuals and entities as Specially Designated Nationals and Blocked Persons involved in various activities contrary to U.S. interests, these include:

- ▶ Russia government leaders and officials;
- ▶ Russian oligarchs;
- ▶ The largest banks in Russia;
- ▶ Entities in the Russian defence-industrial base;
- ▶ Russian media and intelligence-directed disinformation outlets.

## 2. Sanctions on Certain Sectors

- ▶ Prohibition on participating in the primary and secondary markets for bonds issued by the Russian Central Bank, National Wealth Fund or the Ministry of Finance (E.O. 14024 - Directive 1A);
- ▶ Restrictions on dealing in equity and debt of major Russian banks, energy companies (E.O. 13662 - Directive 2) and transport companies (E.O. 14024 - Directive A3);
- ▶ Prohibition on engaging in any transaction involving the Russian Central Bank, National Wealth Fund or the Ministry of Finance (E.O. 14024 - Directive 4);

## 3. Investment Ban - the U.S. has prohibited new investment in Russia by U.S. citizens.

## 4. Services Ban - the U.S. has banned the provision of the following categories of services to Russia from the United States, wherever located:

- ▶ Accounting - includes the measurements, processing, and evaluation of financial data about economic entities.
- ▶ Trust and Corporate formation services - includes assisting persons in forming or structuring legal persons, such as trust and corporations, acting or arranging for another person to act as directors, secretaries, administrative trustees, trust fiduciaries, registered agents, or nominee shareholders of legal persons; providing a registered office, business address, correspondence address, or administrative legal persons; and providing administrative services for trust.

- ▶ Management consulting services – includes strategic business advice; organisational and systems planning, evaluation, and selection; development or evaluation of marketing programs or implementation; mergers, acquisitions, and organisational structure; staff augmentation and human resources policies and practices; and brand management

## 5. Import Ban – the United States has banned the import into U.S. of Russian origin:

- ▶ Energy products including crude oil, coal, LNG);
- ▶ Fish and seafood products;
- ▶ Alcohol;
- ▶ Non-industrial diamonds.

## 6. Export Ban and Restrictions – the U.S has banned the export to Russia:

- ▶ Luxury goods;
- ▶ U.S. dollar-denominated banknotes;
- ▶ Semiconductors, computers, telecom equipment, lasers, sensors;
- ▶ Oil and gas extraction equipment that are relied on by the Russian defence, maritime, aerospace and energy industries as well as the general commercial and industrial items;
- ▶ BIS also created a new "foreign direct product" rule that extends U.S. jurisdiction and related controls to certain foreign-produced items that are based on U.S. – origin technology destined for Russia.

## 7. Territorial Bans – the U.S. prohibits transactions with three regions of Ukraine occupied by Russia: Crimea, Donetsk People's Republic and Luhansk People's Republic:

- ▶ New investment in the Covered Regions;
- ▶ The importation into the U.S., directly or indirectly, of any goods, services, or technology from the Covered Regions;
- ▶ The exportation, reexportation, sales, or supply, directly or indirectly of any goods, services, or technology to the Covered Regions;
- ▶ Any approval, financing, facilitation, or guarantee of transaction by a foreign person where the transaction by that foreign person would otherwise be prohibited if performed by U.S. person.

## 8. Secondary Sanctions – the U.S. has also enacted or issued sanctions designed to deter persons (including non-U.S persons) from engaging in certain activities related to Russia:

- ▶ For investing in deepwater, Arctic offshore, or shale oil projects in Russia;
- ▶ Investing in or providing goods, services or technology to Russia for the construct of energy export pipelines that originate in Russia and deliver hydrocarbons across International borders;
- ▶ Engaging in significant transactions with the Russian defence and intelligence sector;
- ▶ Facilitating significant transactions for, or on behalf of, Russian SDNs sanctioned for activities related to the crisis in Ukraine (CAATSA 228 sanctions).

All companies and organisations engaged in activities involving Russia, Ukraine, and Belarus should regularly assess the nature and type of activities, nationalities of personnel involved in those activities, and steps that will wind down such activities if they cannot permissibly continue under the current sanctions measures. And with the imposition of U.S. secondary sanctions authorities, even non-U.S. individuals and companies doing business in Russia should evaluate their exposure to potential U.S. sanctions measures.

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