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ECONOMIC SANCTIONS

I want to begin by thanking the members of this Commission for the opportunity to testify on this important subject. Even more, I want to applaud them for devoting the time and energy to the consideration of what has become an increasingly common but rarely examined tool of American foreign policy.

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It is difficult to exaggerate the role of economic sanctions. The United States now maintains economic sanctions against literally dozens of countries. What is critical, however, is not just the frequency with which economic sanctions are used but their importance. Increasingly, sanctions define or dominate a number of significant relationships and policies.

Sanctions—best defined as the introduction of penalties aimed at a state or other entity for the purpose of altering its behavior—are employed for a wide range of foreign policy purposes and take many forms. But whatever the purpose or form of a particular sanction, the reality is that economic sanctions are unlikely to achieve the desired results if the aims are large or time is short. Sanctions-even when they were comprehensive and enjoyed almost universal international backing for nearly six months—failed to get Saddam Hussein to withdraw from Kuwait. In the end, it took nothing less than Operation Desert Storm. Nor could sanctions dissuade Serbia and Bosnia's Serbs to call off their military aggression for several years.

Nevertheless, sanctions can be of value. Under the right circumstances sanctions can achieve (or help to achieve) various foreign policy goals ranging from the modest to the fairly significant. Sanctions introduced against Iraq in the wake of the Gulf War increased Iraqi compliance with resolutions calling for the elimination of its weapons of mass destruction. Such sanctions also diminished Iraq's ability to import weapons and weapons-related technology of any sort. In the former Yugoslavia, sanctions were one factor that contributed to the Serbian decision to accept the Dayton agreement.

Both the Iraq and Yugoslav experiences were largely multilateral. Unilateral sanctions are rarely effective. In a global economy, unilateral sanctions tend to impose greater costs on American firms than on the target who can usually find substitute sources of supply and financing.

This is not to argue that unilateral sanctions never have an impact. Unilateral sanctions did penalize Haiti, and continue to do the same with Cuba. Sanctions mandated by the Pressler amendment have hurt Pakistan, which was receiving substantial U.S. military and economic aid. Such cases are the exception, though; as a rule, unilateral sanctions are little more than statements or expressions of opposition except in those instances in which the tie between the United States and the target is so extensive that the latter cannot adjust to an American cut-off.

The problem is that garnering international support for particular sanctions is often extremely difficult. Prospects for succeeding in bringing others on board tend to reflect a range of factors, including their commercial stakes, policy preferences, and the availability of funds to compensate lost revenues. Sanctions tend to work best when international political consensus exists as to the wisdom of employing sanctions and non-targeted countries, who must bear an economic cost as a result of the sanctions, are compensated. In most instances, the preference of other governments is for no or minimal sanctions. Other countries tend to place a higher value on commercial interaction than the United States and are less willing to forfeit it voluntarily. In addition, the notion that economic interaction is desirable because it promotes more open political and economic systems is an argument that normally has more resonance in other capitals.

Such thinking makes achieving what is desirable, namely multilateral support for sanctions, less feasible than the United States tends to want. It usually takes something truly egregious—Saddam's invasion and occupation of Kuwait, incontrovertible support of terrorism such as in the Lockerbie case—to overcome this anti-sanctions bias. And even in the case of Iraq, generous compensation for affected states, including Egypt and Turkey, was a prerequisite for these government's and others sustaining support for sanctions.

Trying to compel others to join a sanctions effort by threatening or introducing secondary sanctions against those third parties unwilling to sanction the target—as was done in the cases of Cuba, Iran and Libya—can cause serious harm to a variety of U.S. foreign policy interests. This approach has had some deterrent effect on the willingness of certain individuals and firms to enter into proscribed business activities, but at a significant political price. It has increased anti-American sentiment, stimulated challenges that had the potential to jeopardize the future of the World Trade Organization, distracted attention from the provocative behavior of the target governments, and made Europeans less likely to work with us in shaping policies to contend with post-Cold War challenges.

Unilateral sanctions can be expensive for American business. There is a tendency to overlook or underestimate the direct cost of sanctions, perhaps because the costs of intervening with sanctions (unlike the costs of military intervention) do not show up in U.S. government budget tables. Sanctions, do, however, affect the economy by reducing revenues of U.S. companies and individuals. Moreover, even this cost is difficult to measure because it needs to reflect not simply lost sales but also forfeited opportunities stemming from governments and overseas companies electing not to do business with the United States for fear that sanctions might be introduced and thereby interrupt the supply of spare parts or otherwise complicate or prohibit normal commercial relations.

What, then, needs to be done? Multilateral support for economic sanctions should normally constitute a prerequisite for the introduction of economic sanctions by the United States. Such support need not be simultaneous, but it should be all but certain and likely to follow with little delay. Unilateral sanctions should be avoided except in those circumstances that the United States is in a unique situation to derive leverage based on the economic relationship with the target. Implementing this guideline will require intense, often high-level diplomatic effort and even then may not succeed. If this is so, then the task for policymakers is to compare what can be achieved by weaker sanctions as opposed to some alternative.

One instrument that can increase compliance is the provision of assistance to third parties in order to offset the economic cost of implementing sanctions. Arrangements to compensate countries whose support for the sanctions is central thus can be critical. This was the case with the Iraq sanctions; it is possible that sanctions against Haiti might have proved stronger had the Dominican Republic been more cooperative. Greater use should be made of Article 50 of the UN Charter, which sets forth a means by which third party states hurt by sanctions aimed at another state can approach the Security Council for redress. In addition, Congress should consider establishing a fund for this purpose within the U.S. foreign assistance budget.

Sanctions should focus to the extent possible on those responsible for the offending behavior or on penalizing countries in the realm that stimulated sanctions in the first place. The are several reasons for a response that focuses on the unwanted behavior: it helps avoid jeopardizing other interests and the entire bilateral relationship with the target over one area of disagreement; it causes less collateral damage to innocents; and it makes it less difficult to garner multinational backing. Recent legislation aimed at discouraging non-American entities from contributing to Iran’s missile program is a step in the right direction.

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Sanctions tend to be a blunt instrument that often produce unintended and undesirable consequences. Humanitarian exceptions should be included as part of any comprehensive sanction, both for moral reasons and because allowing a target to import food and medicine should make it easier to generate and sustain domestic and international support.

All sanctions embedded in legislation should provide for presidential discretion in the form of a waiver authority. Such discretion would allow the President to suspend or terminate a sanction if he judges it is in the interests of national security to do so. The rheostat would replace the lightswitch as the operative metaphor. Such flexibility and latitude is needed if relationships are not to become hostage to one interest and if the executive is to have the flexibility needed to explore whether the introduction of limited incentives can bring about a desired policy end. The benefits of this latitude outweigh any diminution of the deterrent power inherent in automatic sanctions. The comprehensive sanctions mandated by the Glenn amendment and introduced against India and Pakistan in the wake of their May 1998 nuclear tests is a case in point. Congress should act quickly to provide the President the authority to waive those sanctions if he determines that by so doing he would help stabilize South Asia or promote U.S. national security interests in the region and beyond. Indeed, such waiver authority—possibly including a mechanism by which Congress could block a waiver through a two-thirds vote of each chamber—should become a component of any sanction.

Policymakers should prepare and send to Congress a policy statement not unlike the reports prepared and forwarded under the War Powers Act before or soon after a sanction is put in place. Such “impact” statements should be clear as to the purpose of the sanction; the required legal and/or political authority; the expected impact on the target, including possible retaliatory steps; the probable humanitarian consequences and what is being done to minimize them; the expected costs to the United States; prospects for enforcing the sanction; the degree of international support or opposition that can be anticipated; and an exit strategy, i.e., the criteria for lifting the sanction. In addition, policymakers should be able to explain why a particular sanction was selected as opposed to other sanctions or other policies altogether. If need be, portions of this report could be classified secret if this were required to avoid providing information that would be useful to the target. Any sanction initiated by Congress should be approved only after hearings in the relevant committees carefully considered the matter, thereby allowing members being asked to vote to refer to a report accompanying the proposed legislation that addresses these same questions. Similar reports measuring the actual costs and benefits of sanctions should be required thereafter on an annual basis. Congress should press the intelligence community to devote additional resources to this subject so that policymakers receive greater information as well as assessment highlighting the potential as well as actual impact of particular sanctions.

Reports along these lines would introduce much needed rigor into the sanctions decision-making process. Still, there is no quick fix to the sanctions problem. Legislation that would introduce greater scrutiny of sanctions before and after their introduction is desirable. Greater executive activism and discretion would also help. The Clinton administration can be faulted for its failure to veto laws calling for secondary sanctions and for its haste in implementing sanctions triggered by India’s and Pakistan’s nuclear tests.

This said, the challenge goes beyond improving sanctions, something that will tend to make them narrower and less unilateral. The more fundamental question is one of the selection of the most appropriate foreign policy tool to deal with a particular challenge. Sanctions of any sort must be weighed against the likely costs and benefits of military action, covert programs, and both public and private diplomacy.

Sometimes it will be better to use military force. This was the lesson of Desert Storm and Bosnia—and may yet prove to be the lesson of Kosovo. Cuba is also worth considering in this context. Rather than tighten sanctions (which increased the misery of the Cuban people) and go along with Congress's introduction of secondary sanctions against U.S. allies, the Clinton Administration might have been wiser to launch a cruise missile salvo to take out the MIGs that shot down the unarmed plane flown by Cuban exiles.

In other instances, focused sanctions appear attractive. A more appropriate response to India's and Pakistan's nuclear tests would have been export controls designed to slow missile and nuclear bomb development and deployment. With Haiti, narrow sanctions aimed at the illegitimate leadership would not have triggered the human exodus that pressured the Administration into an armed intervention that could have proved extremely costly. Differences with Russia and China over their technology and weapons exports would best be dealt with by narrow sanctions. This said, sanctions will not be able to carry the full burden on non-proliferation policy, and policy tools ranging from preventive attacks on rogue state facilities, a stronger IAEA, and more robust defenses will need to be considered. The principal alternative to economic sanctions, however, is best described as conditional engagement, i.e., a mix of narrow sanctions and political and economic interactions that are limited and made conditional on specified behavioral changes. A package of incentives tied to specific actions has helped manage North Korea's nuclear ambitions. Such a "road map" approach also might prove effective with Cuba and with Iran.

What these examples make clear is that there is no tool that is always preferable to sanctions, any more than sanctions themselves offer a universal answer. But the trend is clear. While there will be those instances in which sanctions can help, either alone or more likely in conjunction with other tools, recent history strongly suggests that the potential of sanctions to contribute to American foreign policy will be modest—and that asking more of them than that promises to be counter-productive.

How Economic Sanctions Work

Economic sanctions are penalties levied against a country, its officials or private citizens, either as punishment or in an effort to provide disincentives for the targeted policies and actions.

Economic sanctions can range from travel bans and export restrictions to trade embargos and asset seizures. By definition, such sanctions apply to parties not readily subject to law enforcement by the sanctioning jurisdiction.

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Economic sanctions provide a policy tool short of military force for punishing or forestalling objectionable actions. They're widely applicable beyond the sanctioning country's borders and can be costly to their targets amid increased global trade and economic interdependence.[3]

Economic sanctions can also be a blunt and ineffective policy tool, imposing insufficient costs on the targeted governments and disproportionate ones on their most vulnerable populations.[4]

As the world's largest economy and largest trade bloc, the U.S. and the European Union have disproportionate sanctions powers at their disposal.

Summary

- Sanctions have become one of the most favored tools for governments to respond to foreign policy challenges.
- Sanctions can include travel bans, asset freezes, arms embargoes, and trade restrictions.
- The United States has more than two dozen sanctions regimes: some target specific countries such as Cuba and Iran, others are aimed at curbing activities including terrorism and drug trafficking.

Governments and multinational bodies impose economic sanctions to try to alter the strategic decisions of state and nonstate actors that threaten their interests or violate international norms of behavior. Critics say sanctions are often poorly conceived and rarely successful in changing a target's conduct, while supporters contend they have become more effective in recent years and remain an essential foreign policy tool. Sanctions have been the defining feature of the Western response to several geopolitical challenges, including North Korea's nuclear program and Russia's intervention in Ukraine. In recent years, the United States has expanded the use of sanctions, applying them and ramping them up against adversaries in Iran, Russia, Syria, and Venezuela.

What are economic sanctions?

Economic sanctions are defined as the withdrawal of customary trade and financial relations for foreign- and security-policy purposes. Sanctions may be comprehensive, prohibiting commercial activity with regard to an entire country, like the long-standing U.S. embargo of Cuba, or they may be targeted, blocking transactions by and with particular businesses, groups, or individuals.

Since 9/11, there has been a pronounced shift toward targeted or so-called smart sanctions, which aim to minimize the suffering of innocent civilians. Sanctions take a variety of forms, including travel bans, asset freezes, arms embargoes, capital restraints, foreign aid reductions, and trade restrictions. (General export controls , which are not punitive, are often excluded from sanctions discussions.)

When are sanctions used?

National governments and international bodies such as the United Nations and European Union have imposed economic sanctions to coerce, deter, punish, or shame entities that endanger their interests or violate international norms of behavior. Sanctions have been used to advance a range of foreign policy goals, including counterterrorism, counternarcotics, nonproliferation, democracy and human rights promotion, conflict resolution, and cybersecurity.

Sanctions, while a form of intervention, are generally viewed as a lower-cost, lower-risk course of action between diplomacy and war. Policymakers may consider sanctions as a response to foreign crises in which the national interest is less than vital or where military action is not feasible. Leaders have, on occasion, issued sanctions while they evaluated more punitive action. For example, the UN Security Council imposed comprehensive sanctions against Iraq just four days after Saddam Hussein's invasion of Kuwait in August 1990. The Security Council did not authorize the use of military force until months later.

What is the sanctions process at the UN?

As the UN's principal crisis-management body, the Security Council may respond to global threats by cutting economic ties with state and nonstate groups. Sanctions resolutions must pass the fifteen-member council by a majority vote and without a veto from any of the five permanent members: the United States, China, France, Russia, and the United Kingdom. The most common types of UN sanctions, which are binding for all member states, are asset freezes, travel bans, and arms embargoes.

UN sanctions regimes are typically managed by a special committee and a monitoring group. The global police agency Interpol assists some sanctions committees, particularly those concerning al-Qaeda and the Taliban, but the UN has no independent means of enforcement and relies on member states, many of which have limited resources and little political incentive to prosecute noncompliance. Anecdotal evidence suggests that enforcement of UN sanctions is often weak.

Prior to 1990, the council imposed sanctions against just two states: Southern Rhodesia (1966) and South Africa (1977). However, since the end of the Cold War, the body has used sanctions more than twenty times, most often targeting parties to an intrastate conflict, as in Somalia, Liberia, and Yugoslavia in the 1990s. But despite this cooperation, sanctions are often divisive, reflecting the competing interests of world powers. For instance, since 2011, Russia and China have vetoed several Security Council resolutions concerning the conflict in Syria, some of which could have led to sanctions against President Bashar al-Assad's regime.

What is the sanctions process in the EU?

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The European Union imposes sanctions (known more commonly in the twenty-eight-member bloc as restrictive measures as part of its Common Foreign and Security Policy. Because the EU lacks a joint military force, many European leaders consider sanctions the bloc's most powerful foreign policy tool. Sanctions policies must receive unanimous consent from member states in the Council of the European Union, the body that represents EU leaders.

Since its inception in 1992, the EU has levied sanctions more than thirty times (in addition to those mandated by the UN). Analysts say the comprehensive sanctions the bloc imposed on Iran in 2012—which it later lifted in 2015 as part of the nuclear agreement—marked a turning point for the EU, which had previously sought to limit sanctions to specific individuals or companies.

Individual EU states may also impose harsher sanctions independently within their national jurisdiction.

What is the sanctions process in the United States?

The United States uses economic and financial sanctions more than any other country. Sanctions policy may originate in either the executive or legislative branch. Presidents typically launch the process by issuing an executive order (EO) that declares a national emergency in response to an "unusual and extraordinary" foreign threat, for example, "the proliferation of nuclear, biological, and chemical weapons" or "the actions and policies of the Government of the Russian Federation with respect to Ukraine". This affords the president special powers (pursuant to the International Emergency Economic Powers Act to regulate commerce with regard to that threat for a period of one year, unless extended by the president or terminated by a joint resolution of Congress. (Executive orders may also modify sanctions.)

Notably, most of the more than fifty states of emergency declared since Congress placed limits on their duration in 1976 remain in effect today, including the first, ordered by President Jimmy Carter in 1979 with respect to Iran.

Congress, for its part, may pass legislation imposing new sanctions or modifying existing ones, which it has done in many cases. In instances where there are multiple legal authorities, as with Cuba and Iran, congressional and executive action may be required to alter or lift the restrictions. Sometimes the two branches clash on sanctions policy. For instance, in July 2017, Congress passed and President Donald J. Trump reluctantly signed a bill imposing new sanctions on Russia for interfering in the previous U.S. presidential election. The bill, which controversially placed limits on Trump's ability to lift the Russia sanctions, passed with veto-proof majorities.

The more than two dozen existing U.S. sanctions programs are administered by the Treasury Department's Office of Foreign Assets Control (OFAC), while other departments, including State, Commerce, Homeland Security, and Justice, may also play an integral role. For instance, the secretary of state can designate a group a foreign terrorist organization or label a country a state sponsor of terrorism, both of which have sanctions implications. (Travel bans are handled by the State Department as well.) State and local authorities, particularly in New York, may also contribute to enforcement efforts.

In 2019, the United States had comprehensive sanctions regimes on Cuba, North Korea, Iran, Sudan, and Syria, as well as more than a dozen other programs targeting individuals and entities pertaining to certain political crises or certain types of suspected criminal behavior, such as narcotics trafficking. OFAC routinely adds (and deletes) entries on its blacklist of more than six thousand individuals, businesses, and groups (collectively known as specially designated nationals, or SDNs.) The assets of those listed are blocked, and U.S. persons, including U.S. businesses and their foreign branches, are forbidden from transacting with them. Under President Trump, OFAC has designated several high-ranking individuals and politically connected firms from Cuba, Myanmar, Nicaragua, and Venezuela. The agency has also recently drawn attention for removing some companies controlled by Russian oligarchs from the SDN list.

How did the 9/11 attacks change sanctions policy?

In concert with its allies, the U.S. government launched an all-out effort to disrupt the financial infrastructure supporting terrorists and international criminals. This campaign focused on the gateways of the global financial system—international banks—and relied on a handful of new authorities granted to U.S. agents in the days after the attacks.

On September 23, President George W. Bush signed EO 13224 , which provided Treasury Department officials with far-reaching authority to freeze the assets and financial transactions of individuals and other entities suspected of supporting terrorism. Weeks later, Bush gave the Treasury broad powers (under section 311 of the USA Patriot Act) to designate foreign jurisdictions and financial institutions as “primary money laundering concerns.” (Notably, Treasury needs only a reasonable suspicion—not necessarily any evidence—to target entities under these laws.)

Experts say that these measures fundamentally reshaped the financial regulatory environment, greatly raising the risks for banks and other institutions engaged in suspicious activity, even unwittingly. The centrality of New York and the dollar to the global financial system means these U.S. policies are felt globally.

Penalties for sanctions violations can be huge in terms of fines, loss of business, and reputational damage. Federal and state authorities have been particularly rigorous in prosecuting banks in recent years, settling at least fifteen cases with fines over $100 million since 2009. In a record settlement, France’s largest lender, BNP Paribas, pleaded guilty in 2014 to processing billions of dollars for blacklisted Cuban, Iranian, and Sudanese entities. The bank was fined nearly $9 billion—by far the largest such penalty in history—and lost the right to convert foreign currency into dollars for certain types of transactions for one year.

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Similarly, those tainted by a U.S. money-laundering designation may suffer crippling losses. In September 2005, Treasury officials labeled Banco Delta Asia (BDA) a primary money-laundering concern, alleging that the Macau-based bank was a "willing pawn for the North Korean government." Within a week, customers withdrew $133 million, or 34 percent of BDA's deposits. The financial shock rippled across the globe, inducing other international banks to sever ties with Pyongyang.

"This new approach worked by focusing squarely on the behavior of financial institutions rather than on the classic sanctions framework of the past," wrote Juan Zarate, a top Bush administration official involved in counterterrorism efforts, in his book *Treasury's War* (2013). "In this new approach, the policy decisions of government are not nearly as persuasive as the risk-based compliance calculus of financial institutions."

What are extraterritorial sanctions?

Traditionally, sanctions prohibit only a country or region's corporations and citizens from doing business with a blacklisted entity (unlike UN sanctions, which are global by nature). However, extraterritorial sanctions (sometimes called secondary sanctions or a secondary boycott) are designed to restrict the economic activity of governments, businesses, and nationals of third countries. As a result, many governments consider these sanctions a violation of their sovereignty and of international law.

In recent years, the reach of U.S. sanctions has continued to draw the ire of some close allies. France's leadership criticized the U.S. prosecution of BNP Paribas as "unfair" and indicated there would be "negative consequences" for bilateral as well as U.S.-EU relations. "The extraterritoriality of American standards, linked to the use of the dollar, should drive Europe to mobilize itself to advance the use of the euro as a currency for international trade," said French Finance Minister Michel Sapin.

Such frustrations peaked after the United States withdrew from the 2015 Joint Comprehensive Plan of Action and promised to reinstate extraterritorial sanctions on European firms that did business with Iran. In response, the EU announced the creation of a "special purpose vehicle" that would, in theory, allow European companies to trade with Iranian counterparts and circumvent the U.S. sanctions regime. However, most view the workaround, known as Instex, as a merely diplomatic gesture.

Do sanctions work?

Many scholars and practitioners say that sanctions, particularly targeted sanctions, can be at least partly successful and should remain in the tool kits of foreign policy–makers. Evaluations of sanctions should consider the following:

- *The dynamics of each historical case vary immensely*. Sanctions that are effective in one setting may fail in another, depending on countless factors. Sanctions programs with relatively limited objectives are generally more likely to succeed than those with major political ambitions. Furthermore, sanctions may achieve their desired economic effect but fail to change behavior. UN sanctions on Afghanistan in 2000 and 2001 exacted a heavy toll but fell short of moving the Taliban regime to surrender Osama bin Laden.

- *Sanctions often evolve over time*. A classic illustration of this is the U.S. regime on Iran. Except for a brief period in the 1980s, Washington has had sanctions on Tehran since U.S. hostages were taken in 1979. However, the scope of these measures and the logic behind them have changed dramatically.

- *Only correlations, not causal relationships, can be determined*. For example, many believe UN sanctions imposed on Liberia in 2003 helped bring about the collapse of the Charles Taylor regime, but any number of domestic and international factors could have played more decisive roles.

- *The comparative utility of sanctions is what matters, not simply whether they have achieved their objective*. U.S.-EU sanctions against Russia may not have ended the crisis in Ukraine, but other courses of action, including inaction, may have fared worse (and cost more). In some cases, sanctions may simply be intended as an expression of opprobrium.

Meanwhile, experts cite several best practices in developing sanctions policy:

- *Develop a well-rounded approach*. An effective strategy often links punitive measures, such as sanctions and the threat of military action, with positive inducements, such as financial aid. Some analysts point to the Libya strategy adopted by the United States and its allies in the late 1990s and early 2000s as a good example.

- *Set attainable goals*. Sanctions aimed at regime change or that offer the target government little recourse except what it believes would be political suicide are likely to fail. Many experts cite the U.S. embargo on the Castro regime as a cautionary tale.

- *Build multilateral support*. The more governments that sign on to (and enforce) sanctions the better, especially in cases where the target is economically diversified. Sanctions against South Africa’s apartheid regime in the 1980s, Saddam Hussein’s Iraq in the 1990s, or on Iran and Russia today would not be nearly as powerful without multilateral support.

- *Be credible and flexible*. The target must believe that sanctions will be increased or reduced based on its behavior. In 2012, the Obama administration responded to major political reforms in Myanmar by easing some financial and investment restrictions. It ended the sanctions program in 2016. In this case, however, Myanmar’s leaders soon ramped up abuses against their country’s Rohingya minority, and the United States reimposed sanctions in early 2019.

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Looking ahead, some experts warn that sanctions should be viewed as a double-edged sword, one that can help the United States achieve policy goals in the short term but, if used carelessly, may put the country's financial leverage at risk in the long run. Former Treasury Secretary Jacob J. Lew and former State Department official Richard Nephew write that "today, the country largely gets its way because there is no alternative to the dollar and no export market as attractive as the United States. But if Washington continues to force other nations to go along with policies that they consider both illegal and unwise, over the next 20 to 30 years, they are likely to shift away from the United States' economy and financial system."

Sanctions Can Take Many Forms

Economic sanctions can be imposed unilaterally by a single country or multilaterally by a group of countries or an international organization. Sanctions measures include:

- Embargoes – A trade embargo is a broad ban on trading with a country, though it can sometime include exceptions for the supply of food and medicines on humanitarian grounds. Cuba, Iran and North Korea have long been subject to U.S. trade embargoes.
- Export controls – Export restrictions bar the supply of specified products, services and intellectual property to targeted countries. They often restrict sales of weapons, technology with military applications or, as currently for Russia, oil drilling technologies and equipment.
- Capital controls – Capital controls can restrict investment in targeted countries or industries, or broadly bar access to international capital markets for a country's issuers.[6]
- Trade sanctions – Trade sanctions can include import controls for specific countries, regions or industries.
- Asset freezes or seizures – Assets within sanctioning jurisdictions can be seized or frozen, preventing their sale or withdrawal
- Travel restrictions – Officials and private citizens as well as immediate family members may be denied travel access to sanctioning jurisdictions.

Sanctions Examples

Economic sanctions include restrictions on U.S. imports from China's Xinjiang region imposed for human rights abuses committed against Uighurs. The U.S. and the European Union also imposed sanctions against Russian officials, industries, and companies following Russia's annexation of Crimea in 2014 and again in 2022 when Russia launched a full-scale invasion of Ukraine.

Economic sanctions against apartheid-era South Africa were often credited as a contributing factor in the peaceful transition to majority rule there.[11] Sanctions against Saddam Hussein's Iraq, on the other hand, failed to end his rule and were called by some a "humanitarian disaster."

The success of sanctions can be measured by the achievement of the desired policy goals, or simply by their cost to the targeted countries and individuals, if punishment is the aim. They can also impose costs on the targeted country's citizens as well as the sanctioning country's companies.

If the goal is to change the behavior of targeted countries and individuals, their incentives and options will ultimately matter at least as much as the sanctioning powers' leverage.

Countries Sanctioned by the U.S. and Why

It's not a good idea to get on the United States' bad side. As the wealthiest country in the world, the U.S. also lays claim to the world's most powerful military. But military might is nothing compared to the repercussions that economic and trade sanctions from the U.S. can bring about.
Economic sanctions are a way for large governments to exert their disapproval over one another. While wars are costly—both economically and politically—economic sanctions tend to be somewhat less tangible, at least for the country doing the sanctioning. But for the country being sanctioned, the results can be enormous and long-lasting.

KEY TAKEAWAYS

- The U.S. tends to sanction countries that violate human rights or sponsor terrorism.
- The U.S. can sanction an entire nation or specific individuals or entities within that nation.
- Countries with the longest-standing sanctions against them include Cuba, Iran, North Korea, and Syria.
- In February of 2022, U.S. President Joe Biden announced economic and trade sanctions against Russia due to Russia's military aggression against Ukraine.

Who Receives U.S. Sanctions?

What does a country need to do to attract the ire of the United States? Overwhelmingly, the U.S. sanctions countries that sponsor terrorism or perpetrate human rights violations on their people.

As of March 2022, countries or regions subject to U.S. sanctions (either unilaterally or in part) include Afghanistan, the Balkans, Belarus, Burma, Central African Republic, Cuba, Democratic Republic of Congo, Ethiopia, Hong Kong, Iran, Iraq, Lebanon, Libya, Mali, Nicaragua, North Korea, Russia, Somalia, Sudan, South Sudan, Syria, Ukraine, Venezuela, Yemen, and Zimbabwe.

Russian Sanctions

On Feb. 22, 2022, U.S. President Joe Biden announced sanctions against Russia in response to Russia's military aggression against Ukraine that included the advancement of Russian troops into two separatist regions of eastern Ukraine.

The sanctions initially blocked two state-owned Russian financial institutions: Vnesheconombank and Promsvyazbank, and their subsidiaries, which provide financing to the Russian military.[1] However, on Feb. 24, 2022, sanctions were expanded in scope to include other Russian financial institutions, including the two largest banks—Sberbank and VTB Bank—blocking access to the U.S. financial system.
Sanctions also prohibit U.S. companies and individuals from buying both new and existing Russian sovereign debt in the secondary market. Russian elites and their families have been financially targeted, while export controls have been established to block Russia's importing of

technological goods.[3]

Here are some details on four of the longest-standing sanctioned nations.

Cuba

One of the U.S.'s longest-standing and most well-known sanctions is against one of its neighbors to the south, Cuba. In February 1959, Fidel Castro became Prime Minister of Cuba, unseating a post-revolution Cuban government that was favored by the United States. Ironically, the previous Batista regime was defeated in part because of a U.S.-imposed arms embargo.

Since the Cuban dictator took power, the U.S. has had trade embargoes in place as a punishment for impediments to democratic rule. While Americans aren't generally allowed to trade or travel with Cuban interests, the close geographic proximity—and large Cuban-American population—have ensured that a number of exemptions exist for humanitarian work and visiting relatives. The tax-free zones might sound appealing, but the consequences often aren't.

Iran

Following the Iranian Revolution of 1979, the Western-friendly shah of Iran was deposed in favor of a theocratic government. The Iranian Hostage Crisis and other ensuing events pushed the U.S. to levy a trade embargo on the Middle Eastern nation.

Sanctions persist with increasingly tenuous political relations, the sponsoring of terrorism, and debates over the enrichment of uranium; Iranian economic sanctions continue to be a hotly discussed topic.

North Korea

North Korea is arguably the country most brutally affected by U.S. economic sanctions. North Korea's battles with the U.S. started in the 1950s with the United States' entry into the Korean War—a move designed to counter the USSR's support for a unified, communist Korea.

North and South Korea continue to technically be at war—albeit under a ceasefire since 1953—and the U.S. maintains stringent trade restrictions on the country. In 2018, with an easing of tensions, South Korean leader Moon Jae-in and North Korean leader Kim Jong-un signed the Panmunjom Declaration agreeing to greater cooperation between the two nations.[9]

The U.S. imposed sanctions on North Korea beginning during the Korean War to establish trade and financial embargoes. The United Nations (UN) also sanctioned the nation.

Syria

As one of the nations that former UN Ambassador John Bolton named as "beyond the axis of evil," Syria has had contentious relations with the United States because of its position as a sponsor of terrorism.

As a result, the U.S. has strong trade restrictions on the country, barring major exports and financial services for individuals or organizations linked to terror. The measures in the standard of living versus the quality of life may seem similar, but the reality is an issue of qualitative versus quantitative.

Other Economic Sanctions

Not all of the U.S.'s economic sanctions are against entire countries. Some are against specific individuals or entities. Generally, these sanctions focus on political groups or organizations that promote violence or social unrest instead of the country's official government—though they can target government or military officials.

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For example, starting in December 2017, the United States has imposed targeted visa restrictions and financial sanctions under the Global Magnitsky Act on "perpetrators of atrocities" in Burma (Myanmar). The most recent include sanctions imposed in 2019 against Commander-in-Chief Senior General Min Aung Hlaing and his deputy General Soe Win.

The U.S. Treasury keeps a list of specific people and organizations that U.S. nationals and organizations are forbidden from doing business with.

Military action isn't the only option for countries that are in the midst of a political dispute. Instead, economic sanctions provide an immediate way for the U.S. to crack down on rogue countries without putting lives on the line.

About US

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U.S. Sanctions on Russia

Updated January 18, 2022

AURA SOLUTION COMPANY LIMITED
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ECONOMIC SANCTIONS

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CRS REPORT
Prepared for Members and
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ECONOMIC SANCTIONS

SUMMARY

SPECIAL REPORT

April 16, 2022

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U.S. Sanctions on Russia

In early 2022, Congress, the Biden Administration, and other stakeholders are considering the prospect of new sanctions on Russia. In response to a Russian military buildup near and in Ukraine, the United States and European allies have said they would impose additional sanctions in the event of further Russian aggression against Ukraine. Such sanctions could include greater restrictions on transactions with Russian financial institutions and U.S. technology exports, as well as the suspension of Russia's pending Nord Stream 2 natural gas pipeline project. Further additional sanctions, including on Russia's energy sector and secondary market transactions in Russian sovereign debt, also may be under consideration.

Sanctions are a central element of U.S. policy to counter and deter malign Russian activities. The United States maintains sanctions on Russia mainly in response to Russia's invasion of Ukraine starting in 2014, to reverse and deter further Russian aggression in Ukraine, and to deter Russian aggression against other countries. The United States also maintains sanctions on Russia in response to (and to deter) malicious cyber-enabled activities and influence operations (including election interference), the use of a chemical weapon, human rights abuses, the use of energy exports as a coercive or political tool, weapons proliferation, illicit trade with North Korea, and support to the governments of Syria and Venezuela. Many Members of Congress support a robust use of sanctions amid concerns about Russia's international behavior and geostrategic intentions.

Sanctions related to Russia's invasion of Ukraine are based mainly on four executive orders (E.O.s) that President Obama issued in 2014. Legislation establishing sanctions specifically in response to Russian actions includes the following:

- Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV; 22 U.S.C. 5811 note)
- Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (SSIDES; P.L. 113-95; 22 U.S.C. 8901 et seq.)
- Ukraine Freedom Support Act of 2014, as amended (UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.)
- Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (CRIEEA; P.L. 115-44, Countering America's Adversaries Through Sanctions Act [CAATSA], Title II; 22 U.S.C. 9501 et seq.)
- Protecting Europe's Energy Security Act of 2019, as amended (PEESA; P.L. 116-92, Title LXXV; 22 U.S.C. 9526 note)

In imposing sanctions on Russia, the United States has coordinated many of its actions with the European Union (EU) and others. As the invasion of Ukraine progressed in 2014, the Obama Administration considered EU support for sanctions to be crucial, as the EU had more extensive trade and investment ties with Russia than the United States. Many policymakers and observers view ongoing U.S.-EU cooperation in imposing sanctions as a tangible indication of U.S.-European solidarity, frustrating Russian efforts to drive a wedge between transatlantic partners.

In terms of economic impact, studies suggest sanctions have had a negative but relatively modest impact on Russia's growth. Changes in world oil prices and the Coronavirus Disease 2019 (COVID-19) pandemic appear to have had a greater impact than sanctions on the Russian economy. After oil prices rose in 2016, Russia's economy began to strengthen even as sanctions remained in place and, in some instances, were tightened. The Obama Administration and the EU designed sanctions related to Russia's invasion of Ukraine, in part, to impose longer-term pressures on Russia's economy while minimizing collateral damage to the Russian people and to the economic interests of the countries imposing sanctions.

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Sanctions are a central element of U.S. policy to counter and deter malign Russian activities. The United States maintains sanctions on Russia mainly in response to Russia's 2014 invasion of Ukraine, to reverse and deter further Russian aggression in Ukraine, and to deter Russian aggression against other countries. The United States also maintains sanctions on Russia in response to (and to deter) malicious cyber-enabled activities and influence operations (including election interference), the use of a chemical weapon, human rights abuses, the use of energy exports as a coercive or political tool, weapons proliferation, illicit trade with North Korea, and support to the governments of Syria and Venezuela. Many Members of Congress support a robust use of sanctions amid concerns about Russia's international behavior and geostrategic intentions.

Sanctions related to Russia's invasion of Ukraine are based mainly on national emergency authorities granted the office of the President in the National Emergencies Act (NEA; P.L. 94-412; 50 U.S.C. 1601 et seq.) and International Emergency Economic Powers Act (IEEPA; P.L. 95-223; 50 U.S.C. 1701 et seq.) and exercised by President Barack Obama in 2014 in a series of executive orders (E.O.s 13660, 13661, 13662, 13685). The Obama, Trump, and Biden Administrations have used these E.O.s to impose sanctions on hundreds of individuals and entities (as well as on vessels and aircraft).

The executive branch also has used a variety of E.O.s and legislation to impose sanctions on Russia and related individuals and entities in response to numerous other activities of concern. Legislation that established sanctions specifically in response to Russian actions includes the following:

- Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV; 22 U.S.C. 5811 note)
- Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (SSIDES; P.L. 113-95; 22 U.S.C. 8901 et seq.)
- Ukraine Freedom Support Act of 2014, as amended (UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.)
- Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (CRIEEA; P.L. 115-44, Countering America's Adversaries Through Sanctions Act [CAATSA], Title II; 22 U.S.C. 9501 et seq.)
- Protecting Europe's Energy Security Act of 2019, as amended (PEESA; P.L. 116-92, Title LXXV; 22 U.S.C. 9526 note)

In imposing sanctions on Russia, the United States has coordinated many of its actions with the European Union (EU), the United Kingdom (UK), and others. As the invasion of Ukraine progressed in 2014, the Obama Administration considered EU support for sanctions to be crucial, as the EU had more extensive trade and investment ties with Russia than the United States. Many policymakers and observers view ongoing U.S.-EU cooperation in imposing sanctions as a tangible indication of U.S.-European solidarity, frustrating Russian efforts to drive a wedge between transatlantic partners.

How Effective Are Sanctions on Russia?

Many observers have debated the degree to which sanctions and the possibility of future sanctions promote change in Russia's behavior. Russia has deepened its hold over Ukraine's occupied Crimea region and separatist regions in eastern Ukraine. Russia has extended military operations to nearby waters, interfering with maritime traffic to and from ports in eastern Ukraine, and since 2021 has engaged in a buildup of military forces near the Ukrainian border. As of mid-January 2022, however, Russia continues to nominally recognize Ukraine's sovereignty over Russia-controlled areas in eastern Ukraine and Russia-led military operations against Ukraine have been limited to areas along the perimeter of the current conflict zone. Russia has not expanded its military aggression further into Ukraine or to other states.

The relationship between sanctions and changes in other Russian malign behavior is also difficult to determine. Sanctions in response to malicious cyber, influence, and other intelligence activities, use of chemical weapons, human rights abuses, use of energy exports as a coercive or political tool, weapons proliferation, illicit trade with North Korea, and support to Syria and Venezuela are relatively limited and highly targeted. To the extent that Russia changes its behavior, other factors besides sanctions could be responsible.

To the extent that Russian behavior does *not* change, it may be because Russian policymakers are willing to incur the cost of sanctions in furtherance of Russia's foreign policy goals. Sanctions also might have the unintended effect of boosting internal support for the Russian government, whether through appeals to nationalism or through Russian elites' sense of self-preservation. In addition, the Russian government has sought to minimize the impact of sanctions on favored individuals and entities through subsidies, preferential contracts, import substitution policies, and alternative markets (see "Impact on Russian Firms," below).

In addition, the economic impact of sanctions may not be consequential enough to affect Russian policy. Studies suggest sanctions have had a negative but relatively modest impact on Russia's growth and that changes in world oil prices and economic disruptions associated with the Coronavirus Disease 2019 (COVID-19) pandemic have had a greater impact than sanctions.[1] Although Russia faced several economic challenges in 2014-2015, including its longest recession in almost 20 years, a collapse in global oil prices in 2014 had a larger impact than sanctions. As oil prices recovered, Russia's economy stabilized and grew at a modest pace. Economic disruptions associated with the COVID-19 pandemic led to another contraction in 2020, followed by recovery in 2021.

The modest macroeconomic effects of sanctions were largely by design. Most sanctions on Russia do not broadly target the Russian economy or entire sectors. Rather, they consist of broad restrictions against specific individuals and entities, as well as narrower restrictions on wider groups of Russian companies and certain transactions with the Russian state. The United States and the EU generally have sought to target individuals and entities responsible for offending policies and/or associated with key Russian policymakers in a way that could get Russia to change its behavior while minimizing collateral damage to the Russian people and to the economic interests of the countries imposing sanctions.[2] Moreover, some sanctions have been intended to put only long-term pressure on the Russian economy, for instance by making it harder

[1] International Monetary Fund (IMF), *Russian Federation: Staff Report for the 2017 Article IV Consultation*, July 10, 2017; and Daniel P. Ahn and Rodney D. Ludema, "The Sword and the Shield: The Economics of Targeted Sanctions," *European Economic Review*, vol. 130, November 2020.

[2] See, for example, U.S. Department of the Treasury, "Treasury Sanctions Russian Officials, Members of the Russian Leadership's Inner Circle, and an Entity for Involvement in the Situation in Ukraine," press release, March 20, 2014; and Ahn and Ludema, "The Sword and the Shield," 2020 (see footnote 1).

for Russia to modernize its oil sector with access to Western technology and capital. The full economic ramifications of such restrictions may have yet to materialize.

There is some evidence that U.S. sanctions on Russia can have broad economic effects if they are applied to economically significant targets. At the same time, doing so may create instability in global financial markets and opposition by U.S. allies, which generally have stronger economic relationships with Russia than the United States does. In 2018, for example, the United States imposed sanctions on Rusal, a global aluminum firm, which had broad effects that rattled Russian and global financial markets. These sanctions marked the first time the United States had designated a top Russian firm for sanctions that would affect nearly all economic activity and the first time the Treasury Department appeared ready to enforce CRIEEA-mandated secondary sanctions on persons that continued to conduct transactions with a sanctioned Russian firm. In 2019, however, the Treasury Department removed sanctions on Rusal and two related companies after Kremlin-connected billionaire Oleg Deripaska, who is subject to sanctions, agreed to relinquish his control over the three firms (for more, see "Section 241 "Oligarch" List and Related Sanctions," below).

About the Report

This report provides a comprehensive overview of the use of sanctions in U.S. foreign policy toward Russia. It is compartmentalized so that readers primarily interested in a particular issue, for example sanctions in response to Russia's use of chemical weapons, may find the relevant information in a subsection of the report.

The report first provides an overview of U.S. sanctions authorities and tools, particularly as they apply to Russia. It next describes various sanctions regimes that the executive branch has used to impose sanctions in response to Russian activities or that are available for this purpose, addressing authorities, tools, targets, and context. Third, the report briefly discusses countersanctions Russia has introduced in response to U.S. and other sanctions. Fourth, it addresses U.S. coordination with the EU on Russia sanctions policy. Finally, the report assesses the economic impact of sanctions on Russia at the level of the national economy and individual firms. Appendixes provide more detailed information regarding the use of various sanctions authorities and Russia-related targets.

Use of Economic Sanctions to Further Foreign Policy and National Security Objectives

Economic sanctions provide a range of tools Congress and the President may use to seek to alter or deter the objectionable behavior of a foreign government, individual, or entity in furtherance of U.S. national security or foreign policy objectives.

Scholars have broadly defined economic sanctions as "coercive economic measures taken against one or more countries [or individuals or entities] to force a change in policies, or at least to demonstrate a country's opinion about the other's policies."[3] Economic sanctions may include

[3] Barry E. Carter, *International Economic Sanctions: Improving the Haphazard U.S. Legal Regime* (Cambridge: Cambridge University Press, 1988), p. 4. Also see Gary Hufbauer, Jeffrey Schott, and Kimberly Elliott et al., *Economic Sanctions Reconsidered*, 3rd edition (Washington, DC: Peterson Institute for International Economics, 2007); and U.S. International Trade Commission, *Overview and Analysis of Current U.S. Unilateral Economic Sanctions*, Investigation No. 332-391, Publication 3124, Washington, DC, August 1998.

limits on trade, such as overall restrictions or restrictions on particular exports or imports; the blocking of assets and interest in assets subject to U.S. jurisdiction; limits on access to the U.S. financial system, including limiting or prohibiting transactions involving U.S. individuals and businesses; and restrictions on private and government loans, investments, insurance, and underwriting. Sanctions also can include a denial of foreign assistance, government procurement contracts, and participation or support in international financial institutions.[4]

Sanctions that target third parties—those not engaged in the objectionable activity subject to sanctions but engaged with the individuals or entities that are—are popularly referred to as *secondary sanctions*. Secondary sanctions often are constructed to deter sanctions evasion, penalizing those that facilitate a means to avoid detection or that provide alternative access to finance.

The United States has applied a variety of sanctions in response to malign Russian activities. Most sanctions on Russia, including most sanctions established by executive order (see "Role of the President," below), do not target the Russian state directly. Instead, they consist of *designations* of specific individuals, entities, vessels, and aircraft on the Specially Designated Nationals and Blocked Persons List (SDN) of the Treasury Department's Office of Foreign Assets Control (OFAC). Sanctions block the U.S.-based assets of individuals and entities designated as SDNs and generally prohibit U.S. individuals and entities from engaging in transactions with them.[5] In addition, the Secretary of State, in consultation with the Secretary of Homeland Security and Attorney General, is tasked with denying entry into the United States of, or revoking visas granted to, designated foreign nationals.

Sanctions in response to Russia's invasion of Ukraine also consist of *sectoral sanctions*. Often, sectoral sanctions broadly apply to specific sectors of an economy. In the case of sanctions on Russia, sectoral sanctions have a narrower meaning; they apply to specific entities in Russia's financial, energy, and defense sectors that OFAC has identified for inclusion on the Sectoral Sanctions Identifications (SSI) List. These sectoral sanctions prohibit U.S. individuals and entities from engaging in specific kinds of transactions related to lending, investment, and/or trade with entities on the SSI List, but they permit other transactions.

Another major category of sanctions on Russia consists of a presumption of denial to designated end users for export licenses. The Department of Commerce's Bureau of Industry and Security (BIS) places entities subject to export restrictions on the *Entity List* (Supplement No. 4 to Part 744 of the Export Administration Regulations).[6]

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[4] Not everyone agrees on what the sanctions toolbox includes. For example, some characterize export controls, limits on foreign assistance, or visa denials as foreign policy tools that are less about changing the target's behavior than about administering U.S. foreign policy while meeting the requirements and obligations the United States assumes under treaties, international agreements, and its own public laws. See Senator Jesse Helms, "What Sanctions Epidemic? U.S. Business' Curious Crusade," *Foreign Affairs*, vol. 78, no. 1 (January/February 1999), pp. 2-8.

[5] More recently, some sanctions regimes have included the designation of vessels and aircraft owned or controlled by a designated individual or entity in order to preempt sanctions evasion by means of re-registration or reflagging.

[6] The Department of Commerce's Bureau of Industry and Security (BIS) established an Entity List in 1997 to oversee U.S. compliance with international treaty and agreement obligations to control the export of materials related to weapons of mass destruction. Subsequently, the Entity List expanded to include entities engaged in activities considered contrary to U.S. national security and/or foreign policy interests. U.S. Department of Commerce, "Entity List," at https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list.

Role of the President

The President, for a variety of reasons related to constitutional construction and legal challenges throughout U.S. history, holds considerable authority when economic sanctions are used in U.S. foreign policy.[7] If Congress enacts sanctions in legislation, the President is to adhere to the provisions of the legislation but is responsible for determining the individuals and entities to be subject to sanctions.

The President also often has the authority to be the sole decisionmaker in initiating and imposing sanctions. The President does so by determining, pursuant to the International Emergency Economic Powers Act (IEEPA), that there has arisen an "unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States."[8] The President then declares that a national emergency exists, as provided for in the National Emergencies Act (NEA), submits the declaration to Congress, and establishes a public record by publishing it in the *Federal Register*.[9] Under a national emergency, the President may invoke the authorities granted his office in IEEPA to investigate, regulate, or prohibit transactions in foreign exchange, use of U.S. banking instruments, the import or export of currency or securities, and transactions involving property or interests in property under U.S. jurisdiction.[10]

President Obama invoked NEA and IEEPA authorities to declare that Russia's 2014 invasion of Ukraine constituted a threat to the United States. On that basis, he declared the national emergency on which most sanctions related to Russia's invasion of Ukraine are based. In addition, President Obama and President Trump invoked NEA and IEEPA authorities to declare national emergencies related to cyber-enabled malicious activities and election interference. President Biden has invoked NEA and IEEPA authorities to declare a national emergency related to a number of specified harmful foreign activities undertaken by or on behalf of the Russian government.

Role of Congress

Congress influences which foreign policy and national security concerns the United States responds to with sanctions by enacting legislation to authorize, and in some instances require, the President to use sanctions. Congress has taken the lead in authorizing or requiring the President (or executive branch) to use sanctions in an effort to deter weapons proliferation, international terrorism, illicit narcotics trafficking, human rights abuses, regional instability, cyberattacks, corruption, and money laundering. Legislation can define what sanctions the executive branch is to apply, as well as the conditions that need to be met before these sanctions may be lifted.

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[7] The Constitution divides foreign policy powers between the executive and legislative branches in a way that requires each branch to remain engaged with and supportive of, or responsive to, the interests and intentions of the other. See U.S. Congress, House Committee on Foreign Affairs, *Strengthening Executive-Legislative Consultation on Foreign Policy*, Congress and Foreign Policy Series (No. 8), 98th Cong., 1st sess., October 1983, pp. 9-11.

[8] International Emergency Economic Powers Act (IEEPA); P.L. 95-223, §202(a); 50 U.S.C. 1701(a). For more, see CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey.

[9] National Emergencies Act (NEA); P.L. 94-412, §201; 50 U.S.C. 1621.

[10] IEEPA, §203; 50 U.S.C. 1702.

One limitation on the role of Congress in establishing sanctions originates in the U.S. Constitution's bill of attainder clause.[11] Congress may not enact legislation that "legislatively determines guilt and inflicts punishment upon an identifiable individual without provision of the protections of a judicial trial."[12] In other words, Congress may enact legislation that broadly defines categories of sanctions targets and objectionable behavior, but it is left to the President to "[determine] guilt and [inflict] punishment"—that is, to populate the target categories with specific individuals and entities.

Sanctions Implementation

In the executive branch, several agencies have varying degrees of responsibility in implementing and administering sanctions. Primary agencies, broadly speaking, have responsibilities as follows:

- Department of the Treasury's OFAC designates SDNs to be subject to the blocking of U.S.-based assets; designates non-SDNs for which investments or transactions may be subject to conditions or restrictions; prohibits transactions; licenses transactions relating to exports and investments (and limits those licenses); restricts access to U.S. financial services; restricts transactions related to travel, in limited circumstances; and (with regard to Russia sanctions) identifies entities for placement on the SSI List as subject to investment and trade limitations.
- Department of State restricts visas, arms sales, and foreign aid; implements arms embargos required by the United Nations; prohibits the use of U.S. passports to travel, in limited circumstances; and downgrades or suspends diplomatic relations.
- Department of Commerce's BIS restricts licenses for commercial exports, end users, and destinations.
- Department of Defense restricts arms sales and other forms of military cooperation.
- Department of Justice investigates and prosecutes violations of sanctions and export laws.[13]

U.S. Sanctions on Russia

The United States maintains sanctions on Russia related to Russia's 2014 invasion of Ukraine, malicious cyber activities and influence operations (including election interference), use of chemical weapons, human rights abuses, use of energy exports as a coercive or political tool, weapons proliferation, illicit trade with North Korea, support to the governments of Syria and Venezuela, and other activities.

[11] "No Bill of Attainder or ex post facto Law Will Be Passed." U.S. Constitution, Article I, §9, clause 3.

[12] See out-of-print CRS Report R40826, *Bills of Attainder: The Constitutional Implications of Congress Legislating Narrowly*, available to congressional offices on request.

[13] Other departments, bureaus, agencies, and offices of the executive branch also weigh in, but to a lesser extent. The Department of Homeland Security, Attorney General, and Federal Bureau of Investigation, for example, all might review decisions relating to visas; Customs and Border Protection has a role in monitoring imports; the Department of Energy has responsibilities related to export control of nuclear materials; and the National Security Council reviews foreign policy and national security determinations and executive orders as part of the interagency process.

For an overview of Russia sanctions authorities and designations, see **Appendix B**.

Sanctions Related to Russia's Invasion of Ukraine

OFAC has issued most U.S. sanctions designations of Russian individuals and entities in response to Russia's 2014 invasion and occupation of Ukraine's Crimea region and parts of eastern Ukraine. In 2014, the Obama Administration said it would impose increasing costs on Russia, in coordination with the EU and others, until Russia "abides by its international obligations and returns its military forces to their original bases and respects Ukraine's sovereignty and territorial integrity."[14]

The United States has imposed sanctions related to Russia's invasion of Ukraine on at least 735 individuals, entities, vessels, and aircraft that OFAC has placed on its Specially Designated Nationals List (SDN) or Sectoral Sanctions Identification List (SSI) (see **Table 1** and **Table B-1**). The basis for most of these sanctions is a series of four executive orders (E.O.s 13660, 13661, 13662, and 13685) that President Obama issued in 2014.[15] In addition, the Department of Commerce's BIS denies export licenses for military, dual-use, or energy-related goods to designated end users, most of which also are subject to Treasury-administered sanctions.

Two of President Obama's Ukraine-related E.O.s target specific objectionable behavior. E.O. 13660 provides for sanctions against those the President determines have undermined democratic processes or institutions in Ukraine; undermined Ukraine's peace, security, stability, sovereignty, or territorial integrity; misappropriated Ukrainian state assets; or illegally asserted governmental authority over any part of Ukraine. E.O. 13685 prohibits U.S. business, trade, or investment in occupied Crimea and provides for sanctions against those the President determines have operated in, or been the leader of an entity operating in, occupied Crimea.

The other two E.O.s provide for sanctions against a broader range of targets. E.O. 13661 provides for sanctions against Russian government officials, those who offer them support, and those operating in the Russian arms sector. E.O. 13662 provides for sanctions against individuals and entities that operate in key sectors of the Russian economy, as determined by the Secretary of the Treasury.

Specially Designated Nationals

OFAC established four SDN programs based on the four Ukraine-related E.O.s: two for those found to have engaged in specific activities related to the destabilization and invasion of Ukraine, and two for broader groups of targets. As of January 2022, OFAC has designated at least 445 individuals, entities, vessels, and aircraft under the four Ukraine-related SDN programs (see **Table 1** and **Table B-1**).

OFAC draws on E.O. 13660 to designate individuals and entities for their role in destabilizing and invading Ukraine. Designees mainly include former Ukrainian officials (including ex-

[14] White House, "Fact Sheet: Ukraine-Related Sanctions," March 17, 2014.

[15] The President declared that events in Ukraine constituted a national emergency in the first executive order; the subsequent three orders built on and expanded that initial declaration. E.O. 13660 must be extended annually to remain in force; the President extended it most recently on March 2, 2021. Executive Order (E.O.) 13660 of March 6, 2014, "Blocking Property of Certain Persons Contributing to the Situation in Ukraine," 79 *Federal Register* 13493; E.O. 13661 of March 16 [17], 2014, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," 79 *Federal Register* 15535; E.O. 13662 of March 20, 2014, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," 79 *Federal Register* 16169; and E.O. 13685 of December 19, 2014, "Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine," 79 *Federal Register* 77357.

President Viktor Yanukovych and a former prime minister), de facto officials in occupied Crimea and eastern Ukraine, Russia-based fighters and patrons, and associated companies or organizations.

OFAC draws on E.O. 13685 to designate primarily Russian or Crimea-based companies and subsidiaries that operate in occupied Crimea (including individuals and entities involved in construction and operation of the Russia-Crimea railway and a prison in Crimea known as a site of human rights abuses). In September 2019, OFAC drew on E.O. 13685 to designate nine individuals, entities, and vessels for evading Crimea-related sanctions in furtherance of an illicit scheme to deliver fuel to Russian forces in Syria.

OFAC draws on E.O. 13661 (and, in some cases, E.O. 13662) to designate a wider circle of Russian government officials, members of parliament, heads of state-owned companies, other prominent businesspeople and associates, including individuals the Treasury Department has considered part of Russian President Vladimir Putin's "inner circle," and related entities.[16]

Pursuant to these E.O.s (and sometimes simultaneously pursuant to other authorities), OFAC also has designated officials and state-connected individuals and entities in response to other Russian activities, including malign influence operations worldwide and the poisoning and imprisonment of Russian opposition figure Alexei Navalny.

Among the designated government officials and heads of state-owned companies are Russia's minister of internal affairs, prosecutor general, and Security Council secretary; directors of the Federal Security Service (FSB), Foreign Intelligence Service (SVR), National Guard Troops, and the Federal Penitentiary Service; the chairs of both houses of parliament; and the chief executive officers of state-owned oil company Rosneft, gas company Gazprom, defense and technology conglomerate Rostec, and banks VTB and Gazprombank. OFAC also has drawn on E.O. 13661 to designate four Russian border guard officials for their role in a 2018 attack against Ukrainian naval vessels in the Black Sea near occupied Crimea.

OFAC has designated several politically connected Russian billionaires and companies they own or control under E.O. 13661 or E.O. 13662.[17] Designees include 9 of Russia's wealthiest individuals, including 4 of the top 20, as estimated in 2021 by *Forbes*.[18] Of these nine billionaires, five were designated in April 2018 as "oligarchs … who profit from [Russia's] corrupt system."[19]

Under E.O. 13661 and other authorities, OFAC has designated Yevgeny Prigozhin, a wealthy state-connected businessperson alleged to be a lead financial backer of private military companies (PMCs) that have operated in Ukraine and elsewhere (see "Prigozhin Network" below). These PMCs include the Wagner Group, also subject to U.S. sanctions.

OFAC has designated other holdings owned or controlled by SDNs. These holdings include Bank Rossiya, which the Treasury Department has described as the "personal bank" of Russian senior officials;[20] other privately held banks and financial services companies (e.g., SMP Bank and the

[16] See, for example, U.S. Department of the Treasury, "Treasury Sanctions Russian Officials, Members of the Russian Leadership's Inner Circle, And An Entity For Involvement In The Situation In Ukraine," press release, March 20, 2014.

[17] E.O. 13661, for being a Russian government official or supporting a senior government official, and E.O. 13662, for operating in the energy sector.

[18] "The World's Billionaires," *Forbes,* 2021, at https://www.forbes.com/billionaires/list/#version:static_country:Russia.

[19] U.S. Department of the Treasury, "Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity," press release, April 6, 2018.

[20] U.S. Department of the Treasury, "Treasury Sanctions Russian Officials, Members Of The Russian Leadership's Inner Circle, And An Entity For Involvement In The Situation In Ukraine," press release, March 20, 2014.

Volga Group); gas pipeline construction company Stroygazmontazh; construction company Stroytransgaz; and vehicle manufacturer GAZ Group. Private aluminum company Rusal, electric company EuroSibEnergo, and the related En+ Group were delisted in 2019 after being designated the year before (for more, see "Section 241 "Oligarch" List and Related Sanctions," below).

Designated entities also include several defense and arms firms, such as the state-owned United Shipbuilding Corporation, Almaz-Antey (air defense systems and missiles), Uralvagonzavod (tanks and other military equipment), NPO Mashinostroyenia (missiles and rockets), and several subsidiaries of the state-owned defense and hi-tech conglomerate Rostec, including the Kalashnikov Group (firearms).

Sectoral Sanctions Identifications

OFAC has used E.O. 13662 mainly as the basis for identifying entities for inclusion on the SSI List. Individuals and entities under U.S. jurisdiction are restricted from engaging in specific transactions with entities on the SSI List, which OFAC identifies as subject to one of four directives under the E.O. SSI restrictions apply to new equity investment and financing (other than 14-day lending) for identified entities in Russia's financial sector (Directive 1); new financing (other than 60-day lending) for identified entities in Russia's energy sector (Directive 2); and new financing (other than 30-day lending) for identified entities in Russia's defense sector (Directive 3).[21] A fourth directive prohibits U.S. trade with identified entities related to the development of Russian deepwater, Arctic offshore, or shale projects that have the potential to produce oil and, amended as a result of requirements enacted in CRIEEA in 2017, such projects worldwide in which those entities have an ownership interest of at least 33% or a majority of voting interests.

As of January 2022, OFAC has placed 13 major Russian companies and more than 275 of their subsidiaries and affiliates on the SSI List. The SSI List includes major state-owned companies in the financial, energy, and defense sectors; it does not include all companies in those sectors. The parent entities on the SSI List, under their respective directives, consist of the following:

- Five large state-owned banks: Sberbank, VTB Bank, Gazprombank, Rosselkhozbank, and VEB (rebranded VEB.RF in 2018), which "acts as a development bank and payment agent for the Russian government";[22]
- State-owned oil companies Rosneft and Gazpromneft, pipeline company Transneft, and private gas producer Novatek;
- State-owned defense and hi-tech conglomerate Rostec; and
- For restrictions on transactions related to deepwater, Arctic offshore, or shale oil projects, Rosneft and Gazpromneft, private companies Lukoil and Surgutneftegaz, and state-owned energy company Gazprom (Gazpromneft's parent company).

[21] Directive 1 has been amended twice to narrow lending windows from, initially, 90 days (July 2014) to 30 days (September 2014) to 14 days (September 2017). The lending window in Directive 2 has been narrowed once, from 90 days (July 2014) to 60 days (September 2017). Directives are available at https://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx.

[22] The Administration also designated the Bank of Moscow, which later became a subsidiary of VTB Bank. U.S. Department of the Treasury, "Announcement of Treasury Sanctions on Entities Within the Financial Services and Energy Sectors of Russia, Against Arms or Related Materiel Entities, and those Undermining Ukraine's Sovereignty," press release, July 16, 2014.

Ukraine-Related Legislation

In addition to issuing four Ukraine-related executive orders in 2014, President Obama signed into law the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act (SSIDES) on April 3, 2014, and the Ukraine Freedom Support Act (UFSA) on December 18, 2014. SSIDES was introduced in the Senate on March 12, 2014, six days after President Obama issued the first Ukraine-related E.O., declaring a national emergency with respect to Ukraine. The President signed UFSA into law the day before he issued his fourth Ukraine-related E.O., prohibiting trade and investment with occupied Crimea. CRIEEA, which President Trump signed into law on August 2, 2017, amended SSIDES and UFSA, among other measures (see **Table 1** and "Countering Russian Influence in Europe and Eurasia Act of 2017" text box, below).

Both SSIDES and UFSA expand on the actions the Obama Administration took in response to Russia's invasion of Ukraine. President Obama did not cite SSIDES or UFSA as an authority for designations or other sanctions actions, however.[23] The Trump Administration issued three human rights-related designations pursuant to SSIDES.

Some sanctions authorities in SSIDES and UFSA overlap with steps taken by the President in issuing E.O.s under emergency authorities. Many individuals and entities OFAC designated for their role in destabilizing Ukraine, for example, could have been designated pursuant to SSIDES. Similarly, some of the individuals OFAC designated in April 2018 as "oligarchs and elites who profit from [Russia's] corrupt system" potentially could have been designated pursuant to the authority in SSIDES that provides for sanctions against those responsible for significant corruption.[24] In addition, Russian arms exporter Rosoboronexport, subject to sanctions under UFSA, is subject to sanctions under other authorities (see "Weapons Proliferation").

SSIDES and UFSA contain additional sanctions provisions that the executive branch could use. These include sanctions against Russian individuals and entities for corruption, arms transfers to Syria and separatist territories, and energy export cutoffs. They also include potentially wide-reaching secondary sanctions against foreign individuals and entities that facilitate significant transactions for Russia sanctions designees, help them to evade sanctions, or make significant investments in certain oil projects in Russia (for details, see **Appendix C**).

Table 1. U.S. Sanctions Related to Russia's Invasion of Ukraine

(authorities, targets, and Treasury designees)

Authorities	Targets	Designations (as of 1/2022)
Executive Order (E.O.) 13660; Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA; P.L. 115-44, Title II; 22 U.S.C. 9501 et seq.)	Those responsible for undermining Ukraine's democracy; threatening its peace, security, stability, sovereignty, or territorial integrity; misappropriating assets; and/or illegally asserting government authority.	128 individuals, 24 entities

[23] In his signing statement, President Obama said the Administration did "not intend to impose sanctions under this law, but the Act gives the Administration additional authorities that could be utilized, if circumstances warranted." White House, "Statement by the President on the Ukraine Freedom Support Act," December 18, 2014.

[24] U.S. Department of the Treasury, "Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity," press release, April 6, 2018.

Authorities	Targets	Designations (as of 1/2022)
E.O. 13661; P.L. 115-44	Russian government officials; those operating in Russia's arms or related materiel sector; entities owned or controlled by a senior Russian government official; those acting on behalf of, or materially assisting or supporting, a senior Russian government official.	109 individuals, 78 entities, 3 aircraft, 1 vessel
E.O. 13662; P.L. 115-44	Entities and individuals operating in specified sectors of the Russian economy. Four Treasury directives specify financial services, energy (including deepwater, Arctic offshore, and shale oil development projects), and defense.	290 entities (SSI); 6 individuals, 13 entities (SDN)
E.O. 13685; P.L. 115-44	Prohibits U.S. business, trade, or investment in occupied Crimea and provides for sanctions against those the President determines have operated in, or been the leader of an entity operating in, occupied Crimea.	75 entities, 10 individuals, 7 vessels
Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES; P.L. 113-95, as amended by P.L. 115-44; 22 U.S.C. 8901 et seq.)	Those responsible for violence and human rights abuses during antigovernment protests in Ukraine in 2013-2014; undermining Ukraine's peace, security, stability, sovereignty, or territorial integrity; and serious human rights abuses in territory forcibly occupied or controlled by Russia. Russian government officials, family members, and close associates for acts of significant corruption. Foreign individuals and entities for violating Ukraine- or cyber-related sanctions or facilitating significant transactions for individuals, their family members, and entities subject to sanctions on Russia.	2 individuals, 1 entity; authorities and categories of targets partially overlap with executive orders and related designations.
Ukraine Freedom Support Act of 2014 (UFSA; P.L. 113-272, as amended by P.L. 115-44; 22 U.S.C. 8921 et seq.)	State-run arms exporter Rosoboronexport. Russian individuals and entities for conducting weapons transfers to Syria, Ukraine, Georgia, Moldova, and potentially other countries. Foreign individuals and entities for investing in deepwater, Arctic offshore, or shale oil projects in Russia. Foreign financial institutions for facilitating significant transactions (1) related to Russia's weapons transfers to Syria, Ukraine, Georgia, Moldova, and potentially other countries; (2) related to deepwater, Arctic offshore, or shale oil projects in Russia; and (3) for individuals and entities subject to sanctions related to Russia's invasion of Ukraine. Withholding by Gazprom of significant natural gas supplies from NATO member states or countries such as Ukraine, Georgia, or Moldova.	No designations specifically attributed to the act, to date. Rosoboronexport is designated pursuant to the Syria-related E.O. 13582, in addition to sectoral sanctions pursuant to E.O. 13662, Directive 3.

Source: U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC); Congressional Research Service (CRS).

Notes: The total number of SDNs under the Ukraine-related E.O.s is 445. Three individuals and six entities have been designated twice under the Ukraine-related E.O.s.

SSI: Sectoral Sanctions Identifications List, SDN: Specially Designated Nationals and Blocked Persons List.

Election Interference and Other Malicious Cyber-Enabled or Intelligence Activities

Sanctions Authorities

The executive branch draws on national emergency authorities and other legislation to impose sanctions for a range of malicious cyber-enabled activities, influence operations (including election interference), and other intelligence activities in the United States or elsewhere, including activities the United States has attributed to the Russian government. The relevant authorities are as follows:

E.O. 13694, as amended by E.O. 13757. On April 1, 2015, President Obama issued E.O. 13694, invoking national emergency authorities to declare that "the increasing prevalence and severity of malicious cyber-enabled activities originating from, or directed by persons located … outside the United States, constitute an unusual and extraordinary threat." E.O. 13694 targets those who engage in cyberattacks (1) against critical infrastructure, (2) for financial or commercial gain, or (3) to significantly disrupt the availability of a computer or network.[25]

On December 28, 2016, President Obama issued E.O. 13757, which amended E.O. 13694 to establish sanctions against those engaged in "tampering with, altering, or causing a misappropriation of information with the purpose or effect of interfering with or undermining election processes or institutions."[26]

Nine days after President Obama issued E.O. 13757, the Office of the Director of National Intelligence (ODNI) released an unclassified Intelligence Community Assessment on Russian activities and intentions related to the 2016 U.S. presidential election. The assessment stated that the Central Intelligence Agency, the Federal Bureau of Investigation, and the National Security Agency had "high confidence" that Russian President Vladimir Putin had "ordered an influence campaign in 2016 aimed at the U.S. presidential election."[27]

CRIEEA, Section 224. CRIEEA, enacted in August 2017, codified E.O. 13694, as amended, and, in Section 224, expanded the scope of cyber-related activities subject to sanctions to include a range of activities conducted on behalf of the Russian government that undermine "cybersecurity against any person, including a democratic institution, or government."[28]

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[25] E.O. 13694 did not target a specific state, entity, or individual. President Obama issued the E.O. four months after the Sony Pictures hack, which the U.S. intelligence community assessed had originated in North Korea, and 10 months after the U.S. Department of Justice indicted several Chinese military officers for cyber-related espionage. E.O. 13694 of April 1, 2015, "Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities," 80 *Federal Register* 18077. E.O. 13694, as amended, must be extended annually to remain in force; the President extended it most recently on March 29, 2021.

[26] E.O. 13757 of December 28, 2016, "Taking Additional Steps to Address the National Emergency with Respect to Significant Malicious Cyber-Enabled Activities," 82 *Federal Register* 1.

[27] Office of the Director of National Intelligence, *Assessing Russian Activities and Intentions in Recent U.S. Elections*, Intelligence Community Assessment 2017-01D, January 6, 2017.

[28] The Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (CRIEEA; P.L. 115-44, Title II, §224; 22 U.S.C. 9524(d)) defines these activities to include the following:

> (1) significant efforts—(A) to deny access to or degrade, disrupt, or destroy an information and communications technology system or network; or (B) to exfiltrate, degrade, corrupt, destroy, or release information from such a system or network without authorization for purposes of—(i) conducting influence operations; or (ii) causing a significant misappropriation of funds, economic resources, trade secrets, personal identifications, or financial information for commercial or

E.O. 13848. On September 12, 2018, President Trump issued E.O. 13848, invoking new national emergency authorities to declare that "the ability of persons located … outside the United States to interfere in or undermine public confidence in United States elections, including through the unauthorized accessing of election and campaign infrastructure or the covert distribution of propaganda and disinformation, constitutes an unusual and extraordinary threat."[29] E.O. 13848 also states that "the proliferation of digital devices and internet-based communications has created significant vulnerabilities and magnified the scope and intensity of the threat of foreign interference." In addition, it states that "there has been no evidence of a foreign power altering the outcome or vote tabulation in any United States election."

E.O. 13848 provides for sanctions against foreign individuals and entities that have "directly or indirectly engaged in, sponsored, concealed or otherwise been complicit in foreign interference in a United States election." The E.O. requires the Director of National Intelligence to make an initial assessment regarding foreign interference within 45 days of an election and the Attorney General and Secretary of Homeland Security to issue a second report regarding the impact of such interference on election and campaign infrastructure within another 45 days.[30] In addition, the E.O. requires the Secretary of State and the Secretary of the Treasury to recommend to the President the appropriateness of additional sanctions, including against the largest business entities of the country determined to have interfered in elections, including at least one each from the financial services, defense, energy, technology, and transportation sectors.

CRIEEA, Section 231. CRIEEA, Section 231, also responds to malicious cyber-enabled activities by establishing sanctions against those who engage in "significant transactions" with the Russian defense or intelligence sectors, including arms sales.

E.O. 14024. On April 15, 2021, President Biden issued E.O. 14024 to impose sanctions against those responsible for or who have engaged in malicious cyber-enabled activities, election interference, or the undermining of democratic processes or institutions on behalf of the Russian government, among other "harmful foreign activities."[31]

The other "harmful foreign activities" included in E.O. 14024 include transnational corruption; the unlawful killing or harming of U.S. persons or U.S. ally or partner nationals; activities that "undermine the peace, security, political stability, or territorial integrity of the United States, its allies, or its partners"; and the circumvention of U.S. sanctions. The E.O. targets Russian government officials and entities (and officials' spouses and families); persons operating in Russia's technology, defense, and related materiel or other sectors; and Russian persons who support governments subject to U.S. sanctions or who disrupt energy supplies to Europe or Asia.

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competitive advantage or private financial gain; (2) significant destructive malware attacks; and (3) significant denial of service activities.

[29] Executive Order 13848 of September 12, 2018, "Imposing Certain Sanctions in the Event of Foreign Interference in a United States Election," 83 *Federal Register* 46843. E.O. 13848 must be extended annually to remain in force; the President extended it most recently on September 7, 2021.

[30] The FY2020 National Defense Authorization Act (NDAA; P.L. 116-92, §5304(a)(1); 50 U.S.C. 3371) includes a separate requirement for the Director of National Intelligence, in coordination with the Under Secretary of Homeland Security for Intelligence and Analysis and the Director of the Federal Bureau of Investigation, to "make publicly available on an internet website an advisory report on foreign counterintelligence and cybersecurity threats to campaigns of candidates for Federal office."

[31] Executive Order 14024 of April 15, 2021, "Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation," 86 *Federal Register* 20249.

Related Actions[32]

U.S. Election Interference

Under one or more of these authorities, the United States has designated at least 68 individuals and related entities, vessels, and aircraft for activities related to Russian interference in U.S. elections. Several of the designated individuals also have been indicted by the Department of Justice for related crimes. These designations include the following:

- Russia's leading intelligence agency (Federal Security Service, or FSB), military intelligence agency (Main Intelligence Directorate, or GRU), four GRU officers, and three companies that allegedly facilitated election-related cyberattacks (designated in December 2016).[33]
- The Internet Research Agency (IRA), 12 of its employees, alleged financial backer Yevgeny Prigozhin, and two of Prigozhin's companies. All of these were indicted previously by the Department of Justice Special Counsel's Office for related crimes (March 2018).[34]
- Nine GRU officers indicted previously by the Department of Justice Special Counsel's Office for crimes related to election interference (December 2018).[35]
- Six designees "related to Project Lakhta, a broad Russian effort that includes the IRA." [36] The designees included an individual whom the Department of Justice charged in September 2018 for conspiracy to defraud the United States related to efforts "to interfere in the U.S. political system, including the 2018 midterm election" (December 2018).[37]
- In response to Russian efforts to interfere in the 2018 U.S. midterm elections, OFAC issued the first designations under E.O. 13848. Designees included the IRA, Prigozhin, and four IRA employees (all previously designated under E.O. 13694, as amended), as well as two other IRA employees, three Prigozhin-owned aircraft and a yacht, and three associated front companies (September 2019).

[32] For more on Russian intelligence agencies and their cyber operations, see CRS Report R46616, *Russian Military Intelligence: Background and Issues for Congress*, by Andrew S. Bowen, and CRS In Focus IF11718, *Russian Cyber Units*, by Andrew S. Bowen.

[33] At this time, the Administration also declared 35 Russian diplomatic personnel personae non grata in response to what Obama Administration officials characterized as increased harassment of U.S. diplomatic personnel in Russia. The Administration also denied Russian officials access to two Russian government-owned compounds, located in Maryland and New York, which President Obama said Russia was using for intelligence-related purposes. White House, "Fact Sheet: Actions in Response to Russian Malicious Cyber Activity and Harassment," December 29, 2016; and White House, "Statement by the President on Actions in Response to Russian Malicious Cyber Activity and Harassment," December 29, 2016.

[34] For the Special Counsel's indictment, see U.S. Department of Justice, "Grand Jury Indicts Thirteen Russian Individuals and Three Russian Companies for Scheme to Interfere in the United States Political System," press release, February 16, 2018.

[35] For the Special Counsel's indictment, see U.S. Department of Justice, "Grand Jury Indicts 12 Russian Intelligence Officers for Hacking Offenses Related to the 2016 Election," press release, July 13, 2018.

[36] U.S. Department of the Treasury, "Treasury Targets Russian Operatives over Election Interference, World Anti-Doping Agency Hacking, and Other Malign Activities," press release, December 19, 2018.

[37] U.S. Department of Justice, "Russian National Charged with Interfering in U.S. Political System," press release, October 19, 2018.

- Three IRA employees for supporting the IRA's cryptocurrency accounts (September 2020).
- Ukrainian Member of Parliament Andrii Derkach in response to Russian-linked efforts to interfere in the 2020 U.S. presidential election. The Treasury Department characterized Derkach as "an active Russian agent for over a decade" (September 2020).[38]
- Seven individuals and four entities in Ukraine that OFAC determined to be "part of a Russia-linked foreign influence network" associated with Derkach (January 2021).[39]
- At least four individuals and entities for "attempt[ing] to influence the 2020 U.S. presidential election at the direction of the leadership of the Russian government." Designees included a Russian first deputy presidential chief of staff, a political consultant Treasury said also interfered in the 2016 U.S. presidential election, and two Russian intelligence-controlled "disinformation outlets."[40] OFAC also designated three other intelligence-controlled outlets and a related individual for broader disinformation activities (April 2021).

Prigozhin Network

Since 2016, OFAC has imposed sanctions on a network of individuals and entities linked to Russian financier Yevgeny Prigozhin. In addition to the above-mentioned sanctions imposed in response to U.S. election interference, OFAC has applied sanctions to Prigozhin, two of his companies, and the allegedly Prigozhin-financed PMC Wagner Group and its leader for activities related to Russia's invasion of Ukraine.

In July and September 2020, OFAC imposed sanctions on 13 Prigozhin-linked individuals and entities in Sudan, the Central African Republic, Hong Kong, and Thailand. OFAC said these designees had "directly facilitated Prigozhin's global operations," exploited natural resources in Sudan and the Central African Republic, "attempted to suppress and discredit protestors seeking democratic reforms in Sudan," or enabled Prigozhin to evade U.S. sanctions.[41]

In April 2021, OFAC imposed sanctions on 24 additional Prigozhin-linked individuals and entities for facilitating global influence operations, including in Africa and Europe, evading sanctions, and helping IRA personnel commit identity fraud.

Other Malicious Cyber-Enabled and Intelligence Activities

OFAC has designated individuals and entities for malicious Russian cyber-enabled and intelligence activities unrelated to election interference. Pursuant to Section 224, OFAC designated in March 2018 the FSB, GRU, and four GRU officers (all previously designated under E.O. 13694, as amended, for U.S. election interference), as well as two other GRU officers, for

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[38] U.S. Department of the Treasury, "Treasury Sanctions Russia-linked Election Interference Actors," press release, September 10, 2021.

[39] U.S. Department of the Treasury, "Treasury Takes Further Action Against Russian-linked Actors," press release, January 11, 2021.

[40] U.S. Department of the Treasury, "Treasury Escalates Sanctions Against the Russian Government's Attempts to Influence U.S. Elections," press release, April 15, 2021.

[41] U.S. Department of the Treasury, "Treasury Targets Financier's Illicit Sanctions Evasion Activity," July 15, 2020; and U.S. Department of the Treasury, "Treasury Increases Pressure on Russian Financier," September 23, 2020.

"destructive cyberattacks." These cyberattacks included the 2017 "NotPetya" ransomware attack the Treasury Department called "the most destructive and costly cyberattack in history."[42] In December 2018, OFAC designated four more GRU officers for cyber operations against the World Anti-Doping Agency and/or the Organization for the Prohibition of Chemical Weapons (OPCW). These officers have been indicted by the Department of Justice for related crimes.[43]

OFAC has designated individuals and entities for facilitating intelligence activities and sanctions evasion for the FSB and other Russian intelligence services. In June and August 2018, OFAC designated under E.O. 13694, as amended, five individuals and seven entities the Treasury Department referred to as FSB enablers. One of these entities, Divetechnoservices, "procured a variety of underwater equipment and diving systems for Russian government agencies" and "was awarded a contract to procure a submersible craft." The Treasury Department noted that Russia "has been active in tracking undersea communications cables, which carry the bulk of the world's telecommunications data."[44] In September 2020, OFAC designated one company and four related individuals and entities for conducting related trade with Divetechnoservices, another underwater technology company, and four related individuals.

In October 2020, OFAC designated a Russian government research institution for allegedly supporting a Triton malware attack that targets industrial safety systems and "has been deployed against U.S. partners in the Middle East."[45]

In April 2021, under the new E.O. 14024, OFAC designated six Russian technology companies for supporting the GRU, SVR, and FSB. In announcing the sanctions, the Treasury Department said Russia's intelligence services "have executed some of the most dangerous and disruptive cyber attacks in recent history, including the SolarWinds cyber attack [that compromised victims in] the financial sector, critical infrastructure, government networks, and many others."[46]

OFAC has designated Russian individuals and entities for financial cybercrimes. In December 2019, OFAC designated a Russian cybercriminal organization known as Evil Corp and 23 related individuals and entities under E.O. 13694, as amended. The Treasury Department alleged that Evil Corp deployed malware "to infect computers and harvest login credentials from hundreds of banks and financial institutions in over 40 countries, causing more than $100 million in theft."[47] The same day, the Department of Justice announced related charges against two alleged leaders of Evil Corp.

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[42] U.S. Department of the Treasury, "Treasury Sanctions Russian Cyber Actors for Interference with the 2016 U.S. Elections and Malicious Cyber-Attacks," press release, March 15, 2018. On the NotPetya attack, see Andy Greenberg, "The Untold Story of NotPetya, The Most Devastating Cyberattack in History," *Wired*, August 22, 2018.

[43] U.S. Department of Justice, "U.S. Charges Russian GRU Officers with International Hacking and Related Influence and Disinformation Operations," press release, October 4, 2018.

[44] U.S. Department of the Treasury, "Treasury Sanctions Russian Federal Security Service Enablers," press release, June 11, 2018. Also see Greg Walters, "The U.S. Is Worried About Russian Submarines Spying on the Internet," *Vice News*, June 11, 2018.

[45] U.S. Department of the Treasury, "Treasury Sanctions Russian Government Research Institution Connected to the Triton Malware," press release, October 23, 2020.

[46] U.S. Department of the Treasury, "Treasury Sanctions Russia with Sweeping New Sanctions Authority," press release, April 15, 2021.

[47] Three associated entities that OFAC designated were delisted eight days later. U.S. Department of the Treasury, "Treasury Sanctions Evil Corp, the Russia-Based Cybercriminal Group Behind Dridex Malware," press release, December 5, 2019; and *Meduza*, "U.S. Treasury Removes Three Russian Companies with Alleged Ties to Hacker Collective Evil Corp from Sanctions List," December 13, 2019.

OFAC has imposed cybercrime-related sanctions on two individuals for illicit financial-related activities (in December 2016), two individuals for involvement in a scheme targeting holders of virtual currency assets (September 2020), a virtual currency exchange (the first such entity to be designated by OFAC) for "facilitating financial transactions for ransomware actors" (September 2021), and related ransomware actors (November 2021).[48]

Arms Sales

Also in response to malicious cyber-enabled activities, the U.S. government has imposed secondary sanctions pursuant to Section 231 of CRIEEA, targeting those engaged in "significant transactions" with the Russian defense or intelligence sectors, including arms sales.

In October 2017, the State Department issued initial guidance regarding its implementation of Section 231 sanctions. It indicated it would examine "a wide range of factors ... in looking at any individual case" to determine whether a "significant transaction" had occurred. These factors "may include, but are not limited to, the significance of the transaction to U.S. national security and foreign policy interests, in particular whether it has a significant adverse impact on such interests; the nature and magnitude of the transaction; and the relation and significance of the transaction to the defense or intelligence sector of the Russian government."[49] In August 2018, then-U.S. Assistant Secretary of State Wess Mitchell said the threat of Section 231 sanctions had led to some $8-$10 billion in "foreclosed arms deals."[50]

OFAC has imposed Section 231 sanctions in response to significant arms purchases by two countries, China and Turkey. In September 2018, OFAC designated the Equipment Development Department of China's Central Military Commission, as well as its director, for taking delivery of 10 Su-35 combat aircraft in December 2017 and S-400 surface-to-air missile system-related equipment in 2018. In December 2020, OFAC designated Turkey's Presidency of Defense Industries, its head, and related officers for taking delivery of S-400 surface-to-air missile system-related equipment.[51]

CRIEEA grants the President authority to waive the application of sanctions for national security reasons, but this waiver is subject to congressional review under Section 216 of the act. As originally enacted, Section 231 authorized the President to waive the initial application of sanctions for national security reasons or to "further the enforcement of this title," but only if the President certified that Russia had "made significant efforts to reduce the number and intensity of cyber intrusions." In addition, the President could delay the imposition of sanctions, if the President certified that an individual or entity was "substantially reducing the number of significant transactions" it makes with Russia's defense or intelligence sector.

[48] U.S. Department of the Treasury, "Treasury Takes Robust Actions to Counter Ransomware," press release, September 21, 2021.

[49] U.S. Department of State, "Briefing on Sanctions with Respect to Russia's Defense and Intelligence Sectors Under Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017," October 27, 2017; and U.S. Department of State, "Public Guidance on Sanctions with Respect to Russia's Defense and Intelligence Sectors Under Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017," updated September 20, 2018.

[50] Testimony of A. Wess Mitchell, in U.S. Congress, Senate Committee on Foreign Relations, *U.S.-Russia Relations*, hearings, 115th Cong., 2nd sess., August 21, 2018, transcript at http://www.cq.com/doc/congressionaltranscripts-5378064.

[51] In both cases, the Secretary of State, in consultation with the Secretary of the Treasury, selected five specific sanctions, pursuant to CRIEEA, to impose on the two defense agencies. Section 231 of CRIEEA requires the President to impose at least 5 of 12 sanctions described in Section 235 on individuals and entities that the President determines have engaged in significant transactions with Russia's defense or intelligence sector.

Congress amended Section 231 in the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (P.L. 115-232, §1294). The amendment provides for a national security waiver that does not require congressional review but does require the President to certify a transaction would not (1) be with an entity that directly participated in or facilitated cyber intrusions, (2) endanger the United States' multilateral alliances or ongoing operations, (3) increase the risk of compromising U.S. defense systems, or (4) negatively impact defense cooperation with the country in question. The President also must certify that the country is taking steps to reduce the share of Russian-produced arms and equipment in its total inventory or is cooperating with the United States on other matters critical to U.S. national security.

In addition, the executive branch fulfills a Section 231 reporting requirement to "specify the persons that are part of, or operate for or on behalf of, [Russia's] defense and intelligence sectors."[52] The State Department initially stated that the entities on the list were not subject to sanctions but that secondary sanctions could be imposed on individuals and entities "that are determined to knowingly engage in a significant transaction with a person specified in the Guidance on or after the date of enactment of the Act."[53] The State Department expanded and formalized the list as the List of Specified Persons in September 2018; in doing so, the State Department indicated that "any person who knowingly engages in a significant transaction with any of these persons is subject to mandatory sanctions under [CRIEEA] section 231."[54]

Countering Russian Influence in Europe and Eurasia Act of 2017

On August 2, 2017, President Trump signed the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA, P.L. 115-44), which includes as Title II the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA, 22 U.S.C. 9501 et seq.). CRIEEA codifies Ukraine-related and cyber-related E.O.s (discussed above), strengthens sanctions authorities initiated in Ukraine-related E.O.s and legislation, and identifies several new sanctions targets. It also establishes congressional review of any action the President takes to ease or lift a variety of sanctions imposed on Russia. In September 2018, President Trump issued E.O. 13849 establishing the means to implement certain sanctions provided for in CRIEEA (and the Ukraine Freedom Support Act of 2014, as amended [UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.]).

As of January 2022, OFAC has issued 44 designations based on new sanctions authorities in CRIEEA, relating to undermining cybersecurity and/or affiliation with Russian intelligence services subject to U.S. sanctions (§224, 32 designations), human rights abuses (§228, amending SSIDES, 3 designations), arms sales (§231, 7 designations), and export pipeline development (§232, 2 designations). These designations are discussed in the relevant sections of this report.

Some Members of Congress have called on the President to make more designations based on CRIEEA's mandatory sanctions provisions. As of January 2022, OFAC has not issued designations under other CRIEEA authorities. The Administration could use these authorities to target the following:

- Significant foreign investment in deepwater, Arctic offshore, or shale oil projects within Russia (§225, amending UFSA);
- Foreign financial institutions that facilitate certain transactions for Russia's defense or energy sectors, or for those subject to sanctions related to Russia's invasion of Ukraine (§226, amending UFSA);
- Those who engage in significant corruption (§227, amending UFSA);
- Sanctions evaders and foreign persons that facilitate significant transactions for those subject to sanctions on Russia (§228, amending SSIDES);

[52] U.S. Department of State, "CAATSA Section 231(e) Defense and Intelligence Sectors of the Government of the Russian Federation," updated March 2, 2021.

[53] U.S. Department of State, "Public Guidance on Sanctions with Respect to Russia's Defense and Intelligence Sectors Under Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017," updated September 20, 2018.

[54] U.S. Department of State, "CAATSA Section 231: 'Addition of 33 Entities and Individuals to the List of Specified Persons and Imposition of Sanctions on the Equipment Development Department,'" September 20, 2018.

- Investment (or facilitating investment) that contributes to the privatization of Russia's state-owned assets "in a manner that unjustly benefits" government officials and associates (§233); and
- Any foreign person who supports or facilitates Syria's acquiring or developing a variety of advanced or prohibited weapons and defense articles, including weapons of mass destruction (§234).

Source: E.O. 13849 of September 20, 2018, "Authorizing the Implementation of Certain Sanctions Set Forth in the Countering America's Adversaries Through Sanctions Act," 83 *Federal Register* 48195.

Use of a Chemical Weapon

CBW Act Sanctions

The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act; P.L. 102-182, Title III; 22 U.S.C. 5601 et seq.) provides for sanctions against the government of a foreign country that the Secretary of State determines has used a chemical weapon in contravention of international law or against its own nationals.

When such a finding is made, the CBW Act first requires the President (delegating authority to the Secretary of State) to, forthwith,

- Terminate foreign assistance other than that which addresses urgent humanitarian situations or provides food or other agricultural products;
- Terminate arms sales;
- Terminate export licenses for U.S. Munitions List items;
- Terminate foreign military financing;
- Deny credit, credit guarantees, or other financial assistance from the U.S. government, including Export-Import Bank programs; and
- Deny export licenses for goods or technology controlled for national security reasons (the Commodity Control List).[55]

Within three months after the initial determination, the CBW Act requires the President to impose at least three additional restrictions unless he determines and certifies to Congress that the government in question

- "Is no longer using chemical or biological weapons in violation of international law or using lethal chemical or biological weapons against its own nationals";
- "Has provided reliable assurances that it will not in the future engage in any such activities"; and
- "Is willing to allow on-site inspections by United Nations observers or other internationally recognized, impartial observers, or other reliable means exist, to ensure that that government is not using chemical or biological weapons in

[55] CBW Act, §307(a); 22 U.S.C. 5605(a). President Clinton delegated the authority to make determinations and exercise waiver authority to the Secretary of State. Based on the Secretary of State's determinations, the authority to restrict certain imports or exports is delegated to, respectively, the Secretary of the Treasury and the Secretary of Commerce. Executive Order 12851 of June 11, 1993, "Administration of Proliferation Sanctions, Middle East Arms Control, and Related Congressional Reporting Responsibilities," 58 *Federal Register* 33181.

> violation of international law and is not using lethal chemical or biological weapons against its own nationals ....”[56]

The CBW Act’s menu of possible second-round sanctions includes the authority to

- Oppose loans or financial or technical assistance by international financial institutions;
- Prohibit U.S. banks from making loans or providing credit to the violating government, except for the purchase of food or other agricultural products;
- Prohibit exports of other goods and technology, except food and other agricultural products;
- Restrict importation into the United States of articles that are the growth, product, or manufacture of the violating government;
- Downgrade or suspend diplomatic relations; and
- set in motion the suspension of foreign air carriers owned or controlled by the violating government “to engage in foreign air transportation to or from the United States.”[57]

The CBW Act authorizes the President to waive sanctions if the President finds it essential to U.S. national security interests and notifies Congress at least 15 days in advance. The President also may waive sanctions if the President finds that the violating government has undergone fundamental changes in leadership or policies (and notifies Congress at least 20 days in advance).[58]

CBW-related sanctions remain in place for at least a year. The sanctions may be removed only after the President determines and certifies to Congress that the three conditions stated above have been met and that the violating government is making restitution to those affected by the use of the chemical weapon.

Poisoning of Sergei Skripal

On August 6, 2018, then-Secretary of State Michael Pompeo determined that in March 2018, the Russian government used a chemical weapon in the UK in contravention of international law. The primary victims were British citizen Sergei Skripal, a former Russian military intelligence officer once imprisoned in Russia for allegedly working as a UK double agent, and his daughter. This finding triggered the CBW Act.[59] Russian authorities denied involvement in the attack or possession of chemical weapons.

On August 27, 2018, the State Department announced the imposition of a first round of CBW Act sanctions but invoked national security waiver authority to allow for the continuation of

- Foreign assistance;

56 CBW Act, §307(b)(1); 22 U.S.C. 5605(b)(1).

57 CBW Act, §307(b)(2); 22 U.S.C. 5605(b)(2).

58 CBW Act, §307(d)(1)(B); 22 U.S.C. 5605(d)(1)(B).

59 The CBW Act has been invoked on two other occasions. In 2013, the State Department determined that the government of Syria had used chemical weapons but for national security reasons sanctions decisions would be applied on a case-by-case basis. In 2018, the Secretary of State determined that the government of North Korea was responsible for a lethal 2017 nerve agent attack on the half-brother of North Korean leader Kim Jong-un, in Malaysia. Sanctions imposed were largely redundant with restrictions already in place.

- Exports related to space cooperation and commercial space launches; and
- Export licensing for specific categories of national security-sensitive goods and technology, including exports related to civil aviation safety, commercial end-users civil end-uses, wholly owned U.S. and other foreign subsidiaries operating in Russia, and deemed export licenses for Russian nationals working in the United States.[60]

On November 6, 2018, the State Department informed Congress that it "could not certify that Russia met the required conditions" and intended "to proceed in accordance with the terms of the CBW Act, which directs the implementation of additional sanctions."[61] The Administration did not immediately impose a second round of CBW Act-related sanctions, but in December 2018 OFAC imposed sanctions on two GRU officers for the "attempted assassination" of Skripal and his daughter through the use of a lethal nerve agent.[62]

The Administration took its next steps to implement CBW Act-related sanctions in August 2019. On August 1, President Trump issued E.O. 13883 to require the Secretary of the Treasury to implement measures, "when necessary," to oppose U.S. support for international financing and to prohibit access to U.S. bank loans.[63] On August 2, Treasury issued a directive (the "CBW Act Directive") specifying that the latter measures prohibited U.S. banks from "lending non-ruble denominated funds to the Russian sovereign" or participating "in the primary market for non-ruble denominated bonds issued by the Russian sovereign" (such restrictions were expanded to ruble-denominated funds in 2021; see "Poisoning of Alexei Navalny," below).[64] According to Treasury, U.S. banks are not prohibited from participating in the secondary market for Russian sovereign debt. Prohibitions do not apply to transactions with Russian state-owned enterprises. In addition, export licenses to Russian state-owned or state-funded enterprises for goods controlled for their dual-use chemical and biological applications became subject to a "presumption of denial" policy.[65]

Poisoning of Alexei Navalny

On March 2, 2021, Secretary of State Antony Blinken determined that in August 2020, the Russian government used a chemical weapon against its own national, Russian opposition figure Alexei Navalny. This finding again triggered the CBW Act. The Department of State called the attack an "attempted assassination," and the White House stated that the intelligence community

[60] U.S. Department of State, "Determinations Regarding Use of Chemical Weapons by Russia Under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991," 83 *Federal Register* 43723, August 27, 2018.

[61] Reuters, "U.S. Intends More Sanctions On Russia Over Chemical Weapons: Spokeswoman," November 6, 2018.

[62] Although the attempted assassination was not cyber-related, OFAC used CRIEEA, Section 224 (undermining cybersecurity), to designate these officers as agents of the previously designated GRU. U.S. Department of the Treasury, "Treasury Targets Russian Operatives over Election Interference, World Anti-Doping Agency Hacking, and Other Malign Activities," press release, December 19, 2018.

[63] E.O. 13883 of August 1, 2019, "Administration of Proliferation Sanctions and Amendment of Executive Order 12851," 84 *Federal Register* 38113.

[64] Office of Foreign Assets Control, "Issuance of Russia-Related Directive Pursuant to Executive Order 13883 of August 1, 2019," 84 *Federal Register* 48704, September 16, 2019.

[65] U.S. Department of State, "Imposition of Additional Sanctions on Russia Under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991,"84 *Federal Register* 44671, August 26, 2019.

assessed with "high confidence" that officers of the FSB were responsible for the attack. Russian authorities denied involvement.[66]

Secretary Blinken announced the imposition of the first round of sanctions but invoked national security waiver authority to allow for the continuation of

- Foreign assistance;
- Exports related to space cooperation and, until September 1, 2021, commercial space launches; and
- Export licensing for specific categories of national security-sensitive goods and technology, including exports related to civil aviation safety, wholly owned U.S. and other foreign subsidiaries operating in Russia, and deemed export licenses.[67]

In addition, the Department of State added Russia to the International Trafficking in Arms Regulations list of countries subject to a policy of denial for exports of defense articles and services.[68]

The Department of State also imposed sanctions on the FSB, GRU, two GRU officers, and three research institutes for use of a chemical weapon in either the 2020 attack or the 2018 attack against Skripal (the FSB, GRU, and GRU officers were already subject to U.S. sanctions). These sanctions were imposed pursuant to E.O. 13382, targeting proliferators of weapons of mass destruction and their supporters.[69]

Simultaneously, the Treasury Department imposed sanctions on seven Russian government officials, including the FSB director and Russia's prosecutor general, for Navalny's poisoning and subsequent imprisonment. These sanctions were imposed pursuant to E.O. 13661 (issued in response to Russia's invasion of Ukraine but targeting Russian government officials) and, in the case of the FSB director, also E.O. 13361. The sanctions were imposed in coordination with the EU, which imposed an initial round of sanctions in October 2020.

On August 20, 2021, the State Department and the Treasury Department announced a second round of CBW Act sanctions and additional measures.[70] These measures again included U.S. opposition to the provision of international loans or assistance to the Russian government, a prohibition against U.S. bank loans to the Russian government in non-ruble denominated funds, and a prohibition against U.S. bank participation in the primary market for non-ruble denominated sovereign bonds. Measures also included a "presumption of denial" policy on U.S. exports to Russia of nuclear, chemical, biological, and missile-related goods and technology, as well as a prohibition on the permanent importation of firearms and ammunition, as defined on the U.S. Munitions Import List, that are manufactured or located in Russia.

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[66] U.S. Department of State, "Imposing Sanctions on Russia for the Poisoning and Imprisonment of Aleksey Navalny," March 2, 2021; and White House, "Press Briefing by Press Secretary Jen Psaki," March 2, 2021.

[67] U.S. Department of State, "Imposition of Additional Sanctions on Russia Under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991," 86 *Federal Register* 24804, March 18, 2021.

[68] U.S. Department of State, "International Traffic in Arms Regulations: Addition of Russia," 86 *Federal Register* 14802, March 18, 2021.

[69] Executive Order 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," 70 *Federal Register* 38567.

[70] U.S. Department of State, "Imposition of Additional Sanctions on Russia Under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991," 86 *Federal Register* 50203, September 7, 2021.

The Treasury Department or the State Department also imposed sanctions on nine Russian individuals (mostly FSB officers) and four Russian entities (two already subject to sanctions) involved in Navalny's poisoning or Russia's chemical weapons program. These sanctions were imposed pursuant to E.O. 13382 or E.O. 14024 (on Russian harmful foreign activities).

Separately, under E.O. 14024, and an accompanying directive, the Biden Administration in April 2021 expanded the Trump Administration's prohibition against U.S. financial institutions participating in the primary market for Russian sovereign bonds or lending to the Russian government to include ruble-denominated funds.[71]

Human Rights Abuses and Corruption

Sanctions Authorities

In December 2012, Congress passed and the President signed into law the Sergei Magnitsky Rule of Law Accountability Act of 2012 (hereinafter the Sergei Magnitsky Act).[72] This legislation bears the name of Sergei Magnitsky, a Russian lawyer and auditor who died in prison in November 2009 after uncovering massive tax fraud that allegedly implicated government officials. The act entered into law as part of a broader piece of legislation related to U.S.-Russia trade relations (see text box entitled "Linking U.S.-Russia Trade to Human Rights," below).

The Sergei Magnitsky Act requires the President to impose sanctions on those he identifies as having been involved in the "criminal conspiracy" that Magnitsky uncovered and in his subsequent detention, abuse, and death.[73] The act also requires the President to impose sanctions on those he finds have committed gross violations of internationally recognized human rights against individuals fighting to expose the illegal activity of Russian government officials or seeking to exercise or defend human rights and freedoms.

Subsequently, in December 2016, the Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Title XII, Subtitle F; 22 U.S.C. 2656 note) was enacted.[74] This act authorizes the President to apply globally the human rights sanctions authorities aimed at the treatment of whistleblowers and human rights defenders that were originally set out in the Sergei Magnitsky Act. The Global Magnitsky Act also authorizes the President to impose sanctions against government officials and associates around the world responsible for acts of significant corruption.

In December 2017, President Trump issued E.O. 13818 to implement the Global Magnitsky Act, in the process expanding the target for sanctions to include those who commit any "serious human rights abuse" around the world, not just gross human rights violations against whistleblowers and human rights defenders.[75]

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[71] Office of Foreign Assets Control, "Publication of Russian Harmful Foreign Activities Directive 1," 86 *Federal Register* 35867, July 7, 2021.

[72] The act was enacted as Title IV of the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208). "Jackson-Vanik" refers to provisions in the Trade Act of 1974 that conditioned U.S. trade with the Soviet Union on that country's emigration policies (P.L. 93-618, §402; formerly 19 U.S.C. 2432) (see text box entitled "Linking U.S.-Russia Trade to Human Rights").

[73] Sergei Magnitsky Act, §404(a)(1); 22 U.S.C. 5811 note.

[74] For more, see CRS In Focus IF10576, *The Global Magnitsky Human Rights Accountability Act*, by Michael A. Weber and Edward J. Collins-Chase.

[75] Executive Order 13818 of December 20, 2017, "Blocking the Property of Persons Involved in Serious Human Rights

SSIDES, as amended by CRIEEA in 2017, provides for sanctions on those responsible for "the commission of serious human rights abuses in any territory forcibly occupied or otherwise controlled" by the Russian government, as well as on Russian government officials and associates responsible for acts of significant corruption worldwide.[76]

In FY2008, Congress began including a requirement in annual State Department and Foreign Operations Appropriations Acts (referred to as Section 7031(c) authorities) that the Secretary of State shall deny entry into the United States of certain foreign officials involved in the corrupt extraction of natural resources. This provision gradually was broadened and now requires the denial of entry of foreign government officials and their immediate family members for whom there is credible information that the individual has been involved, "directly or indirectly, in significant corruption […] or a gross violation of human rights."[77]

Related Actions

As of January 2022, OFAC has designated 54 individuals and one entity pursuant to the Sergei Magnitsky Act. Forty designees are directly associated with the alleged crimes that Magnitsky uncovered or his subsequent ill-treatment and death. OFAC also has designated 11 individuals and one entity for human rights violations and killings in Russia's Chechen Republic or for the 2004 killing of Paul Klebnikov, the American chief editor of the Russian edition of *Forbes*.[78] Two designations target the suspected killers of former Russian spy Alexander Litvinenko in London in 2006.[79] Another designation targets an overseer of prison abuse in Russia's Karelia region.

Under the Global Magnitsky Act, OFAC has designated at least 14 Russian nationals.[80] Among the first round of designations was the son of Russia's then-prosecutor general, who was cited for alleged involvement in high-level corruption.[81] Subsequently, OFAC designated the head of Russia's Chechen Republic and 11 related individuals and entities for serious human rights abuses.

Abuse or Corruption," 82 *Federal Register* 60839. E.O. 13818 must be extended annually to remain in force; the President extended it most recently on December 16, 2021.

[76] P.L. 115-44, §228; 22 U.S.C. 8910.

[77] Most recently, Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2020 (Division G, P.L. 116-94, Further Continuing Appropriations Act, 2020). Section 7031(c)(3) authorizes the Secretary of State to waive designating an individual if he determines "that the waiver would serve a compelling national interest or that the circumstances which caused the individual to be ineligible [to enter the United States] have changed sufficiently." The act provides for private designations as well; designations are to be reported regularly to the Foreign Relations/Affairs, Appropriations, and Judiciary Committees. For more, see CRS In Focus IF10905, *FY2020 Foreign Operations Appropriations: Targeting Foreign Corruption and Human Rights Violations*, by Liana W. Rosen and Michael A. Weber.

[78] On the killing of Paul Klebnikov, see Otto Pohl, "The Assassination of a Dream," *New York*, November 2004; Richard Behar, "Open Letter to Russia's Putin on Tenth Anniversary of Forbes' Editor Paul Klebnikov's Murder: Why Haven't You Solved It?," *Forbes*, July 16, 2014; and Bermet Talant, "American Journalist Paul Klebnikov's Alleged Killer Arrested in Kyiv," *Kyiv Post*, November 19, 2017.

[79] On the killing of Alexander Litvinenko, see Alex Goldfarb with Marina Litvinenko, *Death of a Dissident: The Poisoning of Alexander Litvinenko and the Return of the KGB* (New York: Free Press, 2007); and Luke Harding, *A Very Expensive Poison: The Assassination of Alexander Litvinenko and Putin's War with the West* (New York: Vintage Books, 2017).

[80] In all, 146 individuals and 189 affiliated entities currently are designated pursuant to the Global Magnitsky Act.

[81] Treasury also has designated under the Global Magnitsky Act a former Ukrainian special police force commander with dual Ukrainian-Russian citizenship; he was designated for violence against protestors in Ukraine.

In 2018, President Trump cited SSIDES, as amended by CRIEEA, Section 228, to designate two individuals and one entity for committing serious human rights abuses in territories forcibly occupied or controlled by Russia.

Under Section 7031(c) authorities, the State Department has publicly designated for human rights abuses at least nine Russian nationals: the head of Russia's Chechen Republic, his spouse, and two children; another senior official from the Chechen Republic, his spouse, and another Chechen official; and two regional officials for their alleged involvement "in torture and/or cruel, inhuman, or degrading treatment or punishment" of Jehovah's Witnesses.[82]

Linking U.S.-Russia Trade to Human Rights

The Sergei Magnitsky Rule of Law Accountability Act of 2012 (Sergei Magnitsky Act; P.L. 112-208, Title IV; 22 U.S.C. 5811 note) continues a U.S. foreign policy tradition that links U.S. trade with Russia to concerns about human rights. The act is part of a broader piece of legislation granting permanent normal trade relations (PNTR) status to Russia. This legislation authorized the President to terminate the application to Russia of Title IV of the Trade Act of 1974 (P.L. 93-618; 19 U.S.C. 2101 et seq.), pursuant to which Russia was denied PNTR status. The Trade Act originally imposed restrictions on trade with Russia's predecessor, the Soviet Union, due to its nonmarket economy and prohibitive emigration policies (the latter through Section 402, popularly cited as the Jackson-Vanik amendment). After the collapse of the Soviet Union, these trade restrictions formally continued to apply to Russia, even though the United States granted Russia *conditional* normal trade relations beginning in 1992.

In 2012, Russia joined the World Trade Organization (WTO), with U.S. support. The United States subsequently had to grant Russia PNTR status or opt out of WTO "obligations, rules, and mechanisms" with respect to Russia (H.Rept. 112-632). Although the PNTR legislation enjoyed broad congressional support, some Members of Congress were reluctant to terminate the application to Russia of the Trade Act's Jackson-Vanik amendment, which helped champion the cause of Soviet Jewish emigration in the 1970s, without replacing it with new human rights legislation. According to one of the original Senate sponsors of the Sergei Magnitsky Act, Senator Benjamin Cardin, pairing the Sergei Magnitsky Act with the PNTR legislation "allowed us to get this human rights tool enacted" while "[giving] us the best chance to get the PNTR bill done in the right form." He elaborated, "today we close a chapter in the U.S. history on the advancing of human rights with the repeal ... of Jackson-Vanik. It served its purpose. Today, we open a new chapter in U.S. leadership for human rights with the Sergei Magnitsky Rule of Law Accountability Act" (*Congressional Record*, S7437, December 5, 2012).

Section 241 "Oligarch" List and Related Sanctions

CRIEEA, in Section 241, requires the Administration to submit a report to Congress that includes "an identification of any indices of corruption" among "the most significant senior foreign political figures and oligarchs in the Russian Federation, as determined by their closeness to the Russian regime and their net worth." The Section 241 requirement neither authorizes nor requires the President to impose sanctions on individuals included in the report.

The Treasury Department submitted this report in unclassified form with a classified annex in January 2018. The unclassified report drew on publicly available lists of political figures and wealthy Russians, without assessments of their closeness to the regime or "indices of corruption."[83] According to the Treasury Department, the classified annex contains an "extremely thorough analysis" of information pertaining, among other things, to "links to corruption, and international business affiliations of the named Russian persons."[84]

[82] U.S. Department of State, "Public Designation Due to Involvement in Gross Violations of Human Rights of Vladimir Yermolayev and Stepan Tkach, Officials of the Investigative Committee in the Russian Federation," September 10, 2019.

[83] U.S. Department of the Treasury, "Treasury Releases CAATSA Reports, Including on Senior Foreign Political Figures and Oligarchs in the Russian Federation," press release, January 29, 2018.

[84] U.S. Department of the Treasury, "Treasury Information on CAATSA Report and Russian Sanctions," press release,

Many observers speculated that the list—or a more tailored version, possibly based on information from the classified annex—could serve as the basis for new sanctions designations. In January 2018 testimony to the Senate Committee on Banking, Housing, and Urban Affairs, then-Secretary of the Treasury Steven Mnuchin indicated that "we intend to now use that report and that intelligence to go forward with additional sanctions."[85]

On April 6, 2018, OFAC designated several politically connected Russian billionaires (whom the Treasury Department referred to as oligarchs), companies owned or controlled by these individuals, and government officials. OFAC made these designations under Ukraine-related emergency authorities codified by CRIEEA. The Treasury Department implied the designations were in the spirit of CRIEEA's broader authorities, as they were "in response to worldwide malign activity" and not just Russia's invasion of Ukraine.[86] The Treasury Department added, "Russian oligarchs and elites who profit from [a] corrupt system will no longer be insulated from the consequences of their government's destabilizing activities."

In particular, the designation of Rusal, a leading global producer of aluminum, attracted international attention. The move marked the first time OFAC designated one of Russia's top companies. International attention also focused on the fact that designating Rusal could lead to the possible imposition of wide-ranging secondary sanctions, mandated by CRIEEA, on foreign individuals and entities that facilitate significant transactions on behalf of designees. Rusal's designation made foreign banks and firms reluctant to engage in transactions with the firm.

The Trump Administration appeared to be responsive to international concerns regarding Rusal's designation. In April 2018, the Administration provided a six-month wind-down period for transactions with Rusal that it repeatedly prolonged. In addition, Treasury officials indicated the United States would remove sanctions against the firm if Kremlin-connected billionaire Oleg Deripaska, who is subject to sanctions, divested and ceded control (since his control was the justification for Rusal's designation in the first place). In December 2018, the Treasury Department announced that an agreement on eliminating Deripaska's control of Rusal's parent company had been reached and, accordingly, notified Congress it intended to terminate sanctions on Rusal and two related companies in 30 days.[87]

The Russia Sanctions Review Act of 2017 (Part 1 of CRIEEA; 22 U.S.C. 9511) provides a means for Congress to block the President's action to terminate or waive certain sanctions on Russia if Congress adopts a (presumably) veto-proof joint resolution of disapproval within 30 days of the President taking the action. In January 2019, the Senate and House each took up the matter. The House adopted H.J.Res. 30 to disapprove the delisting of Rusal by a vote of 362-53; the Senate

February 1, 2018.

[85] Testimony of Steven Mnuchin, in U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Hearing on Financial Stability Oversight Council Annual Report*, 114th Cong., 2nd sess., January 30, 2018, transcript at http://www.cq.com/doc/congressionaltranscripts-5256410?17.

[86] OFAC made the designations one month after the March 4, 2018, nerve agent attack against UK citizen and former Russian intelligence officer Sergei Skripal and his daughter in the United Kingdom (see "Use of a Chemical Weapon") and one week after the Administration responded to that attack by expelling 60 Russian diplomats it said were intelligence operatives and closing Russia's Consulate General in Seattle. U.S. Department of the Treasury, "Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity," press release, April 6, 2018.

[87] U.S. Department of the Treasury, "OFAC Notifies Congress of Intent to Delist EN+, Rusal, and EuroSibEnergo," press release, December 19, 2018; and *RFE/RL*, "Rusal Names New Chairman as Part of Deal to End U.S. Sanctions," December 28, 2018.

failed to invoke cloture for final consideration of its companion bill, S.J.Res. 2, by a vote of 57-42.

Nord Stream 2: Energy Exports as a Coercive or Political Tool

Three legislative authorities have established sanctions related to the use of Russian energy exports as a coercive or political tool. Two of these authorities have been used to target Russia's Nord Stream 2 natural gas pipeline to Germany.[88] Russian state-owned energy company Gazprom owns the Nord Stream 2 pipeline. Reportedly, about half the cost is financed by five European companies in agreements concluded prior to the enactment of these authorities.

Construction of the Nord Stream 2 pipeline was initially suspended in December 2019, after Congress passed legislation establishing a new round of sanctions related to the pipeline. Construction resumed at the end of 2020 and reportedly was completed in September 2021. Additional steps, including certification by German authorities, are required before the pipeline will be able to transport gas.[89]

The first related authority is UFSA, Section 4(b)(3), which authorizes sanctions on Gazprom if the President determines Gazprom is withholding significant natural gas supplies from NATO member states or countries such as Ukraine, Georgia, and Moldova. No sanctions have been imposed under this authority.

The second related authority is CRIEEA, Section 232, which authorizes (but does not require) sanctions on those who invest at least $1 million (or $5 million over 12 months) or provide goods, services, or support valued at the same amount for the construction of Russian energy export pipelines, including Nord Stream 2. On President Trump's last full day in office, the Trump Administration imposed sanctions on Russian vessel Fortuna, which Gazprom was using to complete construction of Nord Stream 2, and its corporate owner, pursuant to Section 232.

A third related authority is the Protecting Europe's Energy Security Act of 2019, as amended (PEESA). PEESA was enacted on December 20, 2019, as part of the FY2020 National Defense Authorization Act (P.L. 116-92, Title LXXV). In January 2021, Congress amended PEESA to clarify and expand its pipeline-related sanctions (P.L. 116-283, §1242). In August 2021, President Biden issued E.O. 14039, establishing the means to implement certain sanctions provided for in PEESA.[90]

PEESA, as amended, establishes sanctions on foreign persons whom the President determines have sold, leased, provided, or facilitated the provision of vessels for the purpose of subsea pipe-laying activities related to the construction of Nord Stream 2 and TurkStream (a second new Russian gas export pipeline) or any successor pipeline.[91] PEESA also targets those who provide underwriting services or insurance or who provide certain upgrades or installation services. Sanctions do not apply to nonbusiness entities of the EU, member states, or certain other non-EU governments.

[88] For more, see CRS In Focus IF11138, *Russia's Nord Stream 2 Natural Gas Pipeline to Germany*, by Paul Belkin, Michael Ratner, and Cory Welt.

[89] America Hernandez, "3 Hurdles Still Facing the Nord Stream 2 Pipeline," *Politico*, September 12, 2021.

[90] Executive Order 14039 of August 20, 2021, "Blocking Property with Respect to Certain Russian Energy Export Pipelines," 86 *Federal Register* 47205.

[91] On TurkStream, see CRS In Focus IF11177, *TurkStream: Russia's Southern Pipeline to Europe*, by Sarah E. Garding et al.

PEESA provides for a 30-day wind-down period; exceptions for repairs, maintenance, environmental remediation, and safety; and a national security waiver. In addition, PEESA provides for the termination of sanctions if the President certifies to Congress "that appropriate safeguards have been put in place"

- to minimize Russia's ability to use the sanctioned pipeline project "as a tool of coercion and political leverage"; and
- to ensure "that the project would not result in a decrease of more than 25 percent in the volume of Russian energy exports transiting through existing pipelines in other countries, particularly Ukraine, relative to the average monthly volume of Russian energy exports transiting through such pipelines in 2018."

In February 2021, the Biden Administration identified the previously designated Fortuna and its owner as also subject to sanctions under PEESA. In May 2021, the Administration designated an additional 13 vessels and four entities under PEESA; in August and November 2021, it designated another three vessels and three entities.

In May 2021, the Administration waived the application of new sanctions on Nord Stream 2 AG, its chief executive officer, and corporate officers (Nord Stream 2 AG is a Swiss-based company Gazprom established to construct and operate the pipeline). Some Members of Congress have urged the Administration to impose additional sanctions to prevent the Nord Stream 2 pipeline from becoming operational.

In addition to these legislative provisions, E.O. 14024 provides for sanctions on Russian individuals and entities responsible for, among other harmful activities, "cutting or disrupting gas or energy supplies to Europe, the Caucasus, or Asia."[92]

Other Sanctions Programs

The United States imposes economic sanctions on Russian individuals and entities in response to various other objectionable activities. These activities include weapons proliferation, trade with North Korea in violation of U.N. Security Council requirements, support for the Syrian and Venezuelan governments, transnational crime, and international terrorism.

Weapons Proliferation

Several laws require the President to impose sanctions on those the President determines have engaged in trade in weapons of mass destruction or advanced conventional weapons.[93] Restrictions cover a range of activities and can include a one- to two-year cutoff of procurement contracts with the U.S. government and restrictions on import and export licensing. Restrictions also may include a denial of U.S. foreign aid, sales of defense articles and defense services subject to U.S. export control for national security and foreign policy purposes (U.S. Munitions List items), and export licenses for dual-use goods and services (Commerce Control List).[94]

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[92] Executive Order 14024 of April 15, 2021, "Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation," 86 *Federal Register* 20249.

[93] See CRS Report RL31502, *Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law*, by Dianne E. Rennack.

[94] Defense articles and defense services subject to U.S. export controls for national security and foreign policy purposes are identified on the U.S. Munitions List, as established in Section 38 of the Arms Export Control Act (22 U.S.C. 2778). Dual-use goods and services similarly subject to export controls are identified on the Commerce Control List, 15

Pursuant to the Iran, North Korea, and Syria Nonproliferation Act, as amended (INKSNA; (P.L. 106-178; 50 U.S.C. 1701 note), Russian state-owned arms exporter Rosoboronexport and at least nine other Russian entities currently are denied most U.S. government procurement contracts, export licenses, and trade in U.S. Munitions List-controlled goods and services. Weapons proliferation sanctions against Rosoboronexport are in addition to Ukraine-related sectoral sanctions imposed on the agency in December 2015 and its designation in April 2018 as an SDN for providing support to the Syrian government.[95] Restrictions against entering into government contracts and other transactions with Rosoboronexport have been stated in annual Defense appropriations acts since 2013 (see "Restrictions on U.S. Government Funding," below).[96]

BIS periodically has imposed restrictions for suspected violations of the EAR with respect to exports to Russia for military and other purposes.[97]

In December 2017, BIS imposed export-licensing restrictions on two entities for producing a ground-launched cruise missile system and associated launcher in violation of the Intermediate-Range Nuclear Forces Treaty (INF Treaty). Due to Russia's failure to return to compliance with the INF Treaty, the

Weapons Proliferation Sanctions on Russia: Historical Background

The United States has imposed various proliferation-related sanctions on Russian entities over the last 25 years related to weapons sales and assistance to Iran, Syria, and North Korea. In 1998-1999, 10 Russian entities became subject to proliferation sanctions for providing supplies and assistance to Iran's missile and nuclear programs. In 1999-2004, another six entities became subject to sanctions for providing lethal military equipment to Iran or other state sponsors of terrorism. Sanctions on these entities expired or were removed by the Clinton, Bush, and Obama Administrations.

State-owned arms exporter Rosoboronexport first became subject to U.S. sanctions in 2006 pursuant to the Iran Nonproliferation Act of 2000 (P.L. 106-178). The United States again imposed sanctions on Rosoboronexport, along with other Russian defense entities, pursuant to P.L. 106-178, as amended (also 2006) and the Iran, North Korea, and Syria Nonproliferation Act, as amended (2008; P.L. 106-178; 50 U.S.C. 1701 note). The Obama Administration did not renew proliferation sanctions on Rosoboronexport in 2010; it reapplied them in 2015.

CFR Part 774 Supplement 1, pursuant to authorities in the Export Control Act of 2018 (P.L. 115-232, Title XVII, Part I) to the extent it continues regulations issued under the Export Administration Act of 1979 (P.L. 96-72; 50 U.S.C. 4601 et seq.) (see, in particular, §1758(g)(2) of the 2018 act). The Commerce Control List, under the Export Control Act of 2018 (§1759), is subject to review not later than 270 days after the date of enactment. The act was signed into law on August 13, 2018.

[95] Two other Russian defense firms, the Instrument Design Bureau (precision-guided weapons) and NPO Mashinostroyenia (rockets and missiles), also have been subject to recurring U.S. proliferation sanctions since 2014, in addition to being designated pursuant to Ukraine-related executive orders.

[96] The prohibitions against transactions with Rosoboronexport did not apply to contracts related to the maintenance or repair of Mi-17 helicopters purchased by the United States "for the purpose of providing assistance to the security forces of Afghanistan, as well as for the purpose of combating terrorism and violent extremism globally." They also did not apply to procurement related to the purchase or maintenance of optical sensors that "improve the U.S. ability to monitor and verify Russia's Open Skies Treaty compliance." U.S. Department of State, "Imposition of Nonproliferation Measures Against Rosoboronexport, Including a Ban on U.S. Government Procurement," 83 *Federal Register* 21333, May 9, 2018.

[97] In 2012, for example, the U.S. Department of Justice made public an indictment of eleven U.S. and Russian companies and individuals for the illegal export of "high-tech microelectronics from the United States to Russian military and intelligence agencies." Concurrently, the Department of Commerce's BIS imposed restrictions on about 165 individuals and entities (Russians and others) for suspected involvement in procurement and delivery of items to Russia for military-related and other governmental or related end uses in violation of export and arms trade regulations. U.S. Department of Justice, "Russian Agent and 10 Other Members of Procurement Network for Russian Military and Intelligence, Operating in the U.S. and Russia, Indicted," press release, October 9, 2012; and BIS, "Addition of Certain

United States withdrew from the treaty in August 2019.[98]

North Korea Sanctions Violations

The U.N. Security Council, beginning in 2006, has required its member states to curtail a range of diplomatic, finance, trade, and exchange relations with North Korea. The Security Council took action in response to North Korea's withdrawal from the Treaty on Non-Proliferation of Nuclear Weapons, testing of nuclear weapons, and efforts to develop missile delivery systems. Security Council resolutions also have drawn attention to North Korea's abuse of diplomatic privileges and immunities, money laundering, bulk cash smuggling, disruption of regional stability, and disregard for the human rights conditions of its civilian population.[99]

To meet the United States' U.N. obligations, and to implement requirements enacted in the North Korea Sanctions and Policy Enhancement Act of 2016 (P.L. 114-122; 22 U.S.C. 9201 et seq.), as amended by the Korean Interdiction and Modernization of Sanctions Act (CAATSA, Title III), the President has issued a series of executive orders to block assets, transactions, and travel of designated North Korean individuals and entities. These sanctions also apply to other foreign individuals and entities that engage in trade or support North Korean designees.[100]

Treasury currently designates more than 20 Russia-related individuals, entities, and vessels for evading sanctions restricting trade and financial transactions with North Korea. Designations include the following:

- A Russian oil company and its subsidiary (both delisted in 2020 after they were deemed to be in compliance), three Russian individuals, and two Singapore-based companies those individuals control for trade in petroleum with North Korea, under E.O. 13722 of March 15, 2016 (designated in June and August 2017)
- Two Russian entities and two related individuals for providing supplies and procuring metals to a North Korean company designated in 2009 for its weapons of mass destruction programs, under E.O. 13382 of June 28, 2005 (June 2017)
- A Russian bank for "facilitating a significant transaction on behalf of an individual designated for weapons of mass destruction-related activities," under E.O. 13810 of September 20, 2017 (August 2018)[101]

Persons to the Entity List," 77 *Federal Register* 61249, October 9, 2012.

[98] BIS, "Addition of Certain Persons to the Entity List," 82 *Federal Register* 60304, December 20, 2017. For more, see CRS In Focus IF11051, *U.S. Withdrawal from the INF Treaty: What's Next?*, by Amy F. Woolf.

[99] See CRS Report R41438, *North Korea: Legislative Basis for U.S. Economic Sanctions*, by Dianne E. Rennack.

[100] The E.O.s referenced in this section are E.O. 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," 70 *Federal Register* 38567; E.O. 13722 of March 15, 2016, "Blocking Property of the Government of North Korea and the Workers' Party of Korea, and Prohibiting Certain Transactions With Respect to North Korea," 81 *Federal Register* 14943; and E.O. 13810 of September 20, 2017, "Imposing Additional Sanctions With Respect to North Korea," 82 *Federal Register* 44705. Other North Korea-related E.O.s are E.O. 13466 (June 26, 2008), E.O. 13551 (August 30, 2010), E.O. 13570 (April 18, 2011), and E.O. 13687 (January 2, 2015).

[101] According to the Treasury Department, the bank had a commercial relationship with North Korean entities since at least 2009. U.S. Department of the Treasury, "Treasury Targets Russian Bank and Other Facilitators of North Korean United Nations Security Council Violations," press release, August 3, 2018.

- Two Russian shipping companies and six vessels for involvement "in the ship-to-ship transfer of refined petroleum products with North Korea-flagged vessels," under E.O. 13810 (August 2018)[102]
- A Russia-based front company for a China-based information technology company that "is managed and controlled by North Koreans" and facilitates the exportation of information technology workers from North Korea, under E.O. 13722 and E.O. 13810 (September 2018)[103]
- A Russian institution for helping North Korea evade sanctions through the provision of financial services to a subsidiary of North Korea's primary foreign exchange bank and a zinc export company, under E.O. 13382 (June 2019)
- A Russian construction company for seeking and receiving work permits for workers from North Korea, under E.O. 13722 (November 2020)
- A Russian entity and a related individual for weapons proliferation-related transactions, under E.O. 13382 (January 2022)

Syria-Related Sanctions

In a series of executive orders dating back to 2004, the President has sought to block trade and transactions with the government of Syria and its supporters. The U.S. government has imposed sanctions in response to Syria's past occupation of Lebanon, support of international terrorism, pursuit of weapons of mass destruction and the means to deliver them, undermining of international efforts to stabilize Iraq, and escalating violence against its own people.[104]

In April 2018, OFAC designated Russia's state-owned arms exporter Rosoboronexport and an associated bank pursuant to E.O. 13582 (August 2011) for providing material support and services to the government of Syria.[105] Previously, during the Obama Administration, OFAC designated two other banks, which have since had their licenses revoked, and 12 related individuals pursuant to E.O. 13582.

In November 2018, OFAC designated under E.O. 13582 one Russian individual and three Russia-based entities for providing material support and services to the government of Syria. Treasury said these designees were part of "a complex scheme Iran and Russia have used to bolster the Assad regime and generate funds for Iranian malign activity." This scheme involved moving oil from Iran to Syria and funneling funds to the Islamic Revolutionary Guard Corps-Qods Force, its proxies, and Hamas and Hezbollah.[106]

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[102] U.S. Department of the Treasury, "Treasury Targets Russian Shipping Companies for Violations of North Korea-Related United Nations Security Council Resolutions," press release, August 21, 2018.

[103] U.S. Department of the Treasury, "Treasury Targets North Korea-Controlled Information Technology Companies in China and Russia," press release, September 13, 2018.

[104] The E.O. referenced in this section is E.O. 13582 of August 17, 2011, "Blocking Property of the Government of Syria and Prohibiting Certain Transactions with Respect to Syria," 76 *Federal Register* 52209. The initial declaration of a national emergency relating to Syria is stated in E.O. 13338 of May 11, 2004, "Blocking Property of Certain Persons and Prohibiting the Export of Certain Goods to Syria," 69 *Federal Register* 26751.

[105] Before Rosoboronexport was designated as an SDN in April 2018, SSI sectoral sanctions applied to it as a subsidiary of the Russian defense conglomerate Rostec. Other sanctions relating to weapons proliferation also applied (see "Weapons Proliferation").

[106] The Islamic Revolutionary Guard Corps-Qods Force, Hamas, and Hezbollah are each subject to U.S. sanctions as foreign terrorist organizations (FTO), specially designated global terrorists (SDGT), and for their activities in the Middle East. One of the designated entities also was designated for Iran-related activities and as an SDGT. Another

In September 2019, OFAC designated one entity under E.O. 13582 and associated individuals and vessels under the Ukraine-related E.O. 13685 for providing material support and services to the government of Syria and for evading Ukraine-related sanctions. Treasury said the entity was serving as a front company for a sanctioned entity as part of a "scheme to facilitate the [illicit transfer] of jet fuel to Russian forces operating in Syria."[107]

Venezuela-Related Sanctions

In March 2019, OFAC designated a bank that is jointly owned by Russian and Venezuelan state-owned companies under E.O. 13850 for providing support to Venezuela's state-owned oil company, Petróleos de Venezuela, S.A. (PdVSA).[108] The Administration designated PdVSA in January 2019 to curb the availability of resources to the regime of Nicolás Maduro.

In February and March 2020, OFAC designated two subsidiaries of Russian state-owned oil company Rosneft and one corporate officer for operating in Venezuela's oil sector under E.O. 13850.

In January 2021, Treasury designated under E.O. 13850 two Russian-flagged vessels and their registered owners, among others, for attempting to evade U.S. sanctions.

Transnational Crime

Russian nationals are subject to sanctions for activities related to transnational crime.[109] OFAC currently designates at least 15 Russian individuals and six entities for their roles in transnational criminal organizations (TCOs). In December 2017, OFAC designated as a TCO the "Thieves-in-Law," which it characterized as "a Eurasian crime syndicate that has been linked to a long list of illicit activity across the globe."[110] OFAC designated 10 individuals (Russian nationals and others) and two entities as TCOs for their relation to the Thieves-in-Law; these designees include several individuals OFAC previously designated, during the Obama Administration, as part of a related TCO, the Brothers' Circle.[111] When OFAC designated the Thieves-in-Law, it delisted the Brothers' Circle and some related individuals and entities.

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was designated previously for Iran-related activities and as an SDGT. U.S. Department of the Treasury, "Treasury Designates Illicit Russia-Iran Oil Network Supporting the Assad Regime, Hizballah, and HAMAS," press release, November 20, 2018.

[107] U.S. Department of the Treasury, "Treasury Targets Sanctions Evasion Scheme Facilitating Jet Fuel Shipments to Russian Military Forces in Syria," press release, September 26, 2019.

[108] E.O. 13850 of November 1, 2018, "Blocking Property of Additional Persons Contributing to the Situation in Venezuela," 83 *Federal Register* 55243. The initial declaration of a national emergency relating to Venezuela is stated in E.O. 13692 of March 8, 2015, "Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Venezuela," 80 *Federal Register* 12747.

[109] E.O. 13581 of July 24, 2011, "Blocking Property of Transnational Criminal Organizations," 76 *Federal Register* 44757. Although the E.O. does not explicitly address denial of entry into the United States of transnational crime (TCO) designees, the Secretary of Homeland Security, Secretary of State, and Attorney General could draw on authorities stated in the Immigration and Nationality Act (at 8 U.S.C. 1189) to deny entry.

[110] U.S. Department of the Treasury, "Treasury Targets the 'Thieves-in-Law' Eurasian Transnational Criminal Organization," press release, December 22, 2017.

[111] The Obama Administration designated the Brothers' Circle as one of four transnational criminal organizations under E.O. 13581 of July 24, 2011 (the other three were the Italian Camorra, Japanese Yakuza, and Mexico-based Loz Zetas). The Administration described the Brothers' Circle as "a criminal group composed of leaders and senior members of several Eurasian criminal groups that ... serves as a coordinating body for several criminal networks, mediates disputes between the individual criminal networks, and directs member criminal activity globally." It indicated that many Brothers' Circle members "share a common ideology based on the 'thief-in-law' tradition." In all, the Obama

Terrorism

Russian nationals are subject to sanctions related to international terrorism.[112] OFAC has designated at least two entities and 12 affiliated individuals, in Russia or as fighters abroad, as Specially Designated Global Terrorists (SDGTs). The Caucasus Emirate, a terrorist and insurgent group in Russia's North Caucasus region, was established in 2007; OFAC listed its founder, Doku Umarov, as an SDGT in 2010 (he was killed in 2013).[113] OFAC designated the Caucasus Emirate itself in May 2011. In 2015, the Islamic State recognized as its local affiliate the Caucasus Province (Vilayet), which reportedly was established by insurgents previously affiliated with the Caucasus Emirate. OFAC designated the Caucasus Province as an SDGT in September 2015.

Restrictions on U.S. Government Funding

As in past years, FY2021 appropriations restrict assistance to the Russian government. The Department of Defense Appropriations Act, 2021 (P.L. 116-260, Division C), prohibits the use of defense funding to make a loan or loan guarantee to Rosoboronexport or any of its subsidiaries (§8102).[114] The Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021 (P.L. 116-260, Division K), requires country notification procedures to be invoked for foreign aid to Russia (§7015(f)). This act also prohibits funds from being made available to Russia's central government (§7047(a)), a restriction in place since FY2015.

Pursuant to the Trafficking Victims Protection Act, the State Department every year since 2013 has identified Russia as a Tier 3 nation that fails to meet minimum standards for the elimination of human trafficking and is not making significant efforts to do so. As a result, the President does not provide non-humanitarian, non-trade-related assistance to the Russian government and denies U.S. support for multilateral development loans or other funds to the Russian government. For FY2022, however, the President determined it is in the U.S. national interest to waive restrictions on funds for Russia's participation in educational and cultural exchange programs as described in Section 110(d)(1)(A)(ii) of the act.[115]

Administration designated a related 23 individuals (Russian nationals and others) and 7 entities pursuant to E.O. 13581. U.S. Department of the Treasury, "Fact Sheet: New Executive Order Targets Significant Transnational Criminal Organizations," July 25, 2011; and U.S. Department of the Treasury, "Treasury Designates Key Members of the Brothers' Circle Criminal Organization," press release, December 20, 2012.

[112] E.O. 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism," 66 *Federal Register* 49079; E.O. 13268 of July 2, 2002, "Termination of Emergency With Respect to the Taliban and Amendment of Executive Order 13224 of September 23, 2001," 67 *Federal Register* 44751; and E.O. 13372 of February 16, 2005, "Clarification of Certain Executive Orders Blocking Property and Prohibiting Certain Transactions," 70 *Federal Register* 8499.

[113] OFAC also designated Umarov's successor as a Specially Designated Global Terrorist less than a month before his death in 2015. After a designee dies, an SDN remains designated so that his or her estate remains subject to blocking. Descendants may appeal to OFAC to have assets released.

[114] The restriction in Defense appropriations has been in place since FY2013.

[115] The waiver justification notes the value of including "Russian teachers, academics, doctors, nurses, researchers, and legal professionals, ... individuals employed at public institutions, reform-oriented government officials at the regional or municipal level, and teachers of minority languages and cultures" in educational and cultural exchanges. Presidential Determination No. 2022-06, "Presidential Determination with Respect to the Efforts of Foreign Governments Regarding Trafficking in Persons," White House publication, December 21, 2021. For additional information on the trafficking in persons report and associated aid restrictions, see CRS Report R44953, *The State Department's Trafficking in Persons Report: Scope, Aid Restrictions, and Methodology*, by Michael A. Weber, Katarina C. O'Regan, and Liana W. Rosen.

Under the International Religious Freedom Act of 1998, as amended (P.L. 105-292, 22 U.S.C. 6401 et seq.), since 2018 Russia has been included on the Special Watch List identifying "governments that have engaged in or tolerated severe violations of religious freedom."[116] The Special Watch List was established in 2016 to publicly name countries that have severe religious freedom violations but whose treatment of religious freedoms was judged by the President to not meet the criteria for designation as a Country of Particular Concern (CPC). A Special Watch List designation may serve as a warning that the United States could designate the foreign nation as a CPC in a subsequent year. If Russia were to be designated a CPC, it would become subject to potential diplomatic and economic sanctions that could range from private demarches to prohibitions on export licensing, procurement contracts, and transactions through U.S. financial institutions.[117]

Russian Countersanctions

The Russian government has responded to U.S. and other sanctions by imposing a variety of retaliatory measures, also known as countersanctions. The day the Senate passed the Sergei Magnitsky Act in December 2012, the Russian government announced new restrictions on imported beef, pork, and poultry that, within a few months, led to a major decline in U.S. meat imports to Russia.[118] Several days after President Obama signed the Sergei Magnitsky Act into law, the Russian parliament voted to ban U.S. adoptions of Russian children.[119] It also introduced a visa ban against U.S. citizens whom Russia characterized as being involved in human rights violations or crimes against and persecution of Russian citizens. The day after OFAC issued its first designations under the Sergei Magnitsky Act in April 2013, the Russian government issued a list of U.S. citizens prohibited from entering Russia.[120]

Russia also imposed countersanctions in response to U.S. and EU sanctions related to Russia's invasion of Ukraine. These measures included additional travel prohibitions and a ban on the import of agricultural products from countries that had imposed sanctions on Russia.

After the United States' imposition of new designations of Russian government officials and politically connected billionaires and their holdings in April 2018, President Putin signed into law an act authorizing, but not requiring, restrictions related to trade with the United States and other unfriendly states, as well as foreign access to Russian public procurement and privatization.[121]

[116] U.S. Department of State, "Briefing on Religious Freedom Designations," December 11, 2018.

[117] Actions against Countries of Particular Concern are subject to potential exceptions and waivers. For additional information, see CRS In Focus IF10803, *Global Human Rights: International Religious Freedom Policy*, by Michael A. Weber.

[118] Ellen Barry, "Russia Announces Barriers on Imports of U.S. Meat," *New York Times*, December 8, 2012; and Dina Gusovsky, "Russia's U.S. Meat Ban: What's the Beef?" *CNBC*, February 20, 2013.

[119] Charles Clover, "Russia Bans Adoptions by U.S. Citizens," *Financial Times*, December 21, 2012. This Russian ban on U.S. adoptions, taken in response to the Sergei Magnitsky Act, emerged as an issue in the U.S. Special Prosecutor's investigation of possible Russian interference in the 2016 U.S. presidential election. See, for example, Jo Becker, Matt Apuzzo, and Adam Goldman, "Trump Team Met with Lawyer Linked to Kremlin During Campaign," *New York Times*, July 8, 2017.

[120] U.S. Department of State, "Release of Magnitsky List," April 12, 2013; and VOA News, "Russia Bans 18 Citizens," April 13, 2013.

[121] Konstantin Kroll, Mikhail Usubyan, and Harry Clark, "Further Update—Russian Counter-Sanctions Measures and New U.S. Sanctions Against Russia," Orrick, June 18, 2018; and Reuters, "Factbox: Russia's List of U.S. Imports That Could Be Banned," April 13, 2018.

In response to Biden Administration sanctions and diplomatic expulsions in April 2021, Russian authorities took reciprocal actions and said Russia would "limit and suspend the activities" of U.S. nongovernmental organizations and foundations that "directly interfere in [Russian] political life." (Russian nationals already are prohibited from working with or receiving money from several U.S. nongovernmental organizations, and other organizations have been required to publicly label themselves as "foreign agents" or cease operations.) Russian officials said they would hold in reserve "painful" measures against U.S. businesses.[122]

Since 2017, the Russian government has responded to the United States' expulsion of Russian officials from diplomatic missions in the United States and orders to close some diplomatic offices with a series of tit-for-tat diplomatic reductions and closures.[123] In 2021, Russian authorities prohibited the employment of Russian nationals in the U.S. diplomatic mission. As a result, U.S. embassy and consular operations in Russia were reduced substantially.[124]

U.S. and EU Coordination on Sanctions

Like the United States, the EU has imposed sanctions—or *restrictive measures* in EU parlance—in response to Russia's 2014 invasion of Ukraine. The EU also has imposed sanctions in response to Russia's use of chemical weapons, human rights violations, and malicious cyber activity. Authorized sanctions include travel bans and asset freezes. The EU has imposed these sanctions largely in cooperation with the United States. EU sanctions are similar, but not identical, to U.S. sanctions.

Imposing EU sanctions requires the unanimous agreement of all EU member states. Most EU sanctions are imposed for a defined period of time (usually six months or a year) to incentivize change and provide the EU with flexibility to adjust the sanctions as warranted. Unanimity among EU member states also is required to renew (i.e., extend) EU sanctions.

Comparing U.S. and EU Ukraine-Related Sanctions

Since Russia's invasion of Ukraine in 2014, the United States and the EU have pursued largely similar policies—including related to sanctions—aimed at restoring Ukraine's territorial integrity and supporting Ukraine's governance reforms. Observers have viewed U.S.-EU cooperation in imposing sanctions on Russia and coordination on other political and diplomatic responses to Russia's invasion as a high point in transatlantic relations and as a means to prevent Russia from driving a wedge between the United States and Europe.

The EU has tied lifting sanctions on Russia to the full implementation of the Minsk agreements that provide a framework for conflict resolution in eastern Ukraine and asserts that it is committed to maintaining sanctions until this goal is achieved. At the same time, questions persist in some EU countries about the sanctions' effectiveness, especially amid concerns that sanctions could be hindering EU relations with Russia on other global priorities and harming certain European business interests, although the overall impact on EU trade appears to be limited. Some

[122] Robyn Dixon, "Russia to Expel 10 U.S. Diplomats in Response to Biden Administration Sanctions," *Washington Post*, April 16, 2021; and Henry Foy, "Russia Counters U.S. Sanctions with Diplomat Expulsions," *Financial Times*, April 16, 2021.

[123] For more, see CRS Report R46761, *Russia: Foreign Policy and U.S. Relations*, by Andrew S. Bowen and Cory Welt.

[124] Robbie Gramer, "Under Putin's Rules, U.S. Mission in Russia Left with Skeleton Crew," *Foreign Policy*, July 29, 2021; and Joel Gehrke, "State Department Struggles to Keep Moscow Embassy Open Due to Staffing Feud with Russia," *Washington Examiner*, October 27, 2021.

European officials have periodically floated ideas about restructuring the sanctions. Others firmly reject suggestions to relax or recalibrate EU sanctions.

EU sanctions in response to Russia's invasion of Ukraine consist of three measures:

- **Restrictive measures on individuals and entities in Russia and Ukraine believed to be involved in the annexation of Crimea and destabilization of eastern Ukraine.** Designees are subject to asset freezes and, for individuals, visa bans. As of January 2022, the EU has designated 185 individuals and 48 entities (Council Decision 2014/145/CFSP, March 17, 2014).
- **Economic sanctions targeting Russia's finance, defense, and energy sectors (sectoral sanctions).** The EU requires its member states to impose lending and investment restrictions on five major state-controlled Russian banks, three defense firms, and three energy companies, as well as their subsidiaries outside the EU. The sanctions also ban the import and export of arms; the sale of dual-use goods and technology to Russian military end users and nine mixed companies; and sales of equipment, technology, and services for oil-development projects related to deepwater, Arctic offshore, and shale exploration (Council Decision 2014/512/CFSP, July 31, 2014).
- **Restrictions on economic relations with Ukraine's occupied Crimea region.** The EU has banned EU individuals and EU-based companies from importing goods, exporting certain goods and technologies, and providing tourism services to Ukraine's Crimea region. The EU also has restricted trade and investment in certain economic sectors and infrastructure projects (Council Decision 2014/386/CFSP, June 23, 2014).

In addition, in 2014, the EU imposed restrictive measures on individuals identified as responsible for the misappropriation of Ukrainian state funds or for the abuse of office causing a loss of Ukrainian public funds. The EU hoped to prevent the transfer of such funds outside of Ukraine and to facilitate their recovery. As of January 2022, the EU has frozen assets of and imposed visa bans on 8 former Ukrainian officials (originally 22), including ex-Ukrainian president Viktor Yanukovych (Council Decision 2014/119/CFSP, March 5, 2014).

International Sanctions Related to Russia's Invasion of Ukraine

U.S. and EU sanctions in response to Russia's invasion of Ukraine have been complemented by similar blocking and sectoral sanctions imposed by other countries, including **Australia, Canada, Japan**, and **Iceland**. Three countries—**Norway** and EU candidate countries **Albania** and **Montenegro**—formally align their sanctions on Russia with those imposed by the EU. **Switzerland** also has imposed sanctions, including regulations to prevent EU-designated individuals and entities from using the Swiss financial system to bypass sanctions. **Ukraine** has an extensive sanctions regime against Russia, which has responded with its own wide-ranging sanctions on Ukrainian individuals and entities.

Despite U.S. and EU coordination on sanctions, their lists of designated individuals and entities are not identical. Various legal and political reasons account for some of the differences in U.S. and EU designations. The EU has imposed sanctions on more individuals and entities directly related to the fighting in Ukraine—military officials, insurgents, and battalions—than has the United States. The United States has specifically designated more companies operating in Crimea and entities affiliated with other designated individuals and entities, whereas the EU provides for blanket restrictions on Crimea-related activities and against affiliated individuals and entities. The EU is unable to impose restrictive measures on some individuals who hold dual citizenship with EU countries.

Since 2014, several individuals have been removed from the EU sanctions list. Unlike the United States, which requires a decedent's survivors to petition for removal, the EU removes individuals from its sanctions list due to death. In addition, several designees have successfully petitioned for their removal.

EU and U.S. restrictions against lending and/or investments with entities in specific sectors mostly overlap and target a handful of key companies and their subsidiaries in the financial, defense, and energy sectors, including exports and services related to deepwater, Arctic offshore, or shale oil projects in Russia (see **Table D-1**).

The manners in which the United States and the EU employ this measure differ somewhat and have changed over time. The United States has explicitly identified several companies, including Gazprom, with which sales of equipment, technology, and services for certain oil projects are prohibited; by contrast, the EU has not named specific companies to which these prohibitions apply. In addition, the EU does not impose sanctions on such oil projects worldwide, as does the United States.

EU and U.S. policies are comparable in restricting most arms trade with and dual-use exports to Russia, but the EU applied arms-trade sanctions to future contracts only. Reports suggest, however, that the arms-trade sanctions—and ongoing concern about Russia's actions in Ukraine and Russia's military resurgence—prompted EU members to reevaluate some existing weapons system sales and licenses. France, for example, canceled a contract with Russia for two Mistral helicopter carriers. Germany also canceled a contract to supply Russia with a $155 million combat simulation center. Central and Eastern European countries have been advancing plans to phase out Russian-origin military equipment and replace it with more modern U.S. and European equipment.[125]

The EU and the United States also addressed the issue of existing sales and service contracts on energy development projects differently. The EU allowed for the continuation of existing contracts and agreements, in certain cases with authorization at the national level. The United States generally prohibited, other than a brief wind-down period, the continuation of existing contracts and agreements, unless otherwise authorized by OFAC. This difference led, for instance, to Eni (an Italian energy company) continuing its deepwater exploration in the Black Sea in partnership with Russian state-controlled oil company Rosneft; by contrast, ExxonMobil withdrew from certain joint ventures with Rosneft in 2018 after failing in 2017 to secure a waiver from the Treasury Department to move forward with its own oil exploration project in the Black Sea.[126]

Neither the United States nor the EU has employed sectoral sanctions that broadly target Russia's gas sector or state-controlled gas company Gazprom. Reports suggest that as the United States and EU worked to develop sanctions on Russia in 2014, they agreed to avoid measures that could harm the other's interests, including in relation to the production and supply of Russian gas.[127] As discussed above, many EU countries dependent on Russian gas supplies were particularly worried

[125] Jeevan Vasagar, "Russia Sanctions Take Toll on Germany," *Financial Times*, August 25, 2014; Sabrina Tavernise, "Canceling Deal for 2 Warships, France Agrees to Repay Russia," *New York Times*, August 5, 2015; and Aaron Mehta, "Inside America's Multimillion-Dollar Plan to Get Allies Off Russian Equipment," *Defense News*, May 29, 2019.

[126] Jack Farchy and Chiara Albanese, "Sanctions-Proof Oil Rig Thwarts U.S. Policy from Cuba to Russia," *Bloomberg*, December 19, 2017; and Henry Foy and Ed Crooks, "ExxonMobil Abandons Joint Ventures with Russia's Rosneft," *Financial Times*, March 1, 2018.

[127] *Deutsche Welle*, "U.S. Sanctions Experts: European Concerns Are Exaggerated," July 28, 2017; and Boris Toucas, "Russia Sanctions Act Is Enacted: Is President Trump Europe's Best Ally in Managing the Impact on the Transatlantic Link?" Center for Strategic and International Studies, August 4, 2017.

about sanctions that could impede the flow of Russian gas and harm relations with Russia in this area. The United States and the EU apply financial restrictions to two Gazprom subsidiaries (Gazpromneft, its oil production and refining subsidiary, and Gazprombank, a financial institution). U.S. restrictions on deepwater, Arctic offshore, and shale oil projects also specifically apply to Gazprom. In addition, the United States applies lending restrictions to Novatek, a private Russian gas company. Neither the United States nor the EU has applied sanctions targeting gas production or gas and oil trade.

EU Concerns About U.S. Sanctions After 2017

Given close U.S.-EU coordination on sanctions related to Russia's invasion of Ukraine, some in the EU became concerned from 2017 about what they viewed as a more unilateral U.S. approach to sanctions. Many in the EU were dismayed, for example, by certain provisions in CRIEEA as the legislation evolved. European leaders and EU officials recognized the main intent of CRIEEA was to codify and strengthen sanctions on Russia, including many with parallels in EU legislation. At the same time, European policymakers were uneasy with some of CRIEEA's initial provisions, which they viewed as having been drafted without regard for the EU's role as a U.S. partner.

EU concerns were accommodated to some degree by language inserted in CRIEEA specifying that the President should "continue to uphold and seek unity" with European partners on sanctions (§212) and that new U.S. sanctions on pipeline ventures would not be imposed without coordinating with U.S. allies (§232). Following CRIEEA's enactment, the European Commission (the EU's executive) expressed overall satisfaction that "European interests can thus be taken into account in the implementation of any [U.S.] sanctions."[128]

Nonetheless, some European officials and experts were skeptical of the Trump Administration's commitment to consult the EU and its member states ahead of imposing new sanctions, especially amid broader European concerns about whether the Administration regards the EU as a partner or a competitor. Those of this view pointed, for example, to the Trump Administration's April 2018 designation of several Russian billionaires and the companies they control. Some media reports suggested the Trump Administration issued these designations without significant prior consultations with the EU or leading European governments.[129]

In particular, the designation of Rusal, a leading global producer of aluminum and the raw material alumina, had potentially significant implications for Europe's aluminum and manufacturing sectors. Concern that the Administration would enforce CRIEEA's secondary sanctions against European firms that have commercial and financial dealings with Rusal (whose facility in Ireland supplies many European aluminum producers) effectively halted such transactions. The U.S. announcement also led to a rise in the price of alumina. European officials warned that sanctions on Rusal could lead to plant closures, job losses, and the supply and production chains of key European industries, ranging from the makers of aluminum cans and foil to automobile and aerospace companies.[130]

[128] European Commission, "European Commission President Juncker: New U.S. Sanctions on Russia Only After Consultation of Allies," August 2, 2017.

[129] Ian Talley and Amrith Ramkumar, "U.S Extends Deadline for Investors to Disentangle from Rusal," *Wall Street Journal*, April 23, 2018.

[130] Neil Hume, Guy Chazan, and Harriet Agnew, "Europe in Diplomatic Push to Ease Russia Sanctions," *Financial Times*, April 20, 2018.

The Trump Administration appeared responsive to subsequent European entreaties (and those of other international partners, such as Brazil) regarding the difficulties posed for them by Rusal's designation. Then-Treasury Secretary Mnuchin indicated that the "impact on our partners and allies" contributed to a U.S. decision to extend the wind-down period for transactions with Rusal.[131] In January 2019, the Treasury Department removed sanctions on Rusal and two related companies (see "Section 241 "Oligarch" List and Related Sanctions," above).

In 2019, U.S.-EU tensions again arose over the enactment of PEESA, which established new sanctions related to the construction of the Nord Stream 2 pipeline (see "Nord Stream 2: Energy Exports as a Coercive or Political Tool," above). Despite reservations about Nord Stream 2 within the European Commission and among some EU member states, EU officials asserted strong opposition to PEESA, noting that the EU rejects as a "matter of principle" the imposition of sanctions against EU companies conducting legitimate business in line with EU and European law.[132] The Trump Administration did not impose sanctions under PEESA (although on President Trump's last full day in office, the Trump Administration imposed Nord Stream 2-related sanctions under Section 232 of CRIEEA).

The Biden Administration has sought to assuage these concerns and prioritize coordination with the EU in imposing further sanctions on Russia. None of the sanctions the Biden Administration has imposed pursuant to PEESA target European-based individuals or entities. In addition, U.S. officials explained a May 2021 decision to waive the application of new sanctions on the Swiss-based (but Russian-owned) Nord Stream 2 AG company and its corporate officers (some of whom are EU citizens) as "in line with the President's commitment to rebuild relations with our allies and intended to create space for diplomacy with Germany to address the risks an operational Nord Stream 2 pipeline would pose to European energy security and to Ukraine and frontline NATO and EU countries."[133]

Other EU Sanctions in Response to Russian Activities

U.S. officials also have highlighted coordination with the EU in imposing sanctions in response to Russia's alleged use of chemical weapons, cyberattacks, and human rights abuses. The March 2018 nerve agent attack in the UK reportedly perpetrated by Russian military intelligence agents helped spur the EU to agree to a broad new sanctions regime in October 2018 targeting individuals and entities involved in the development and use of chemical weapons.[134] In January 2019, the EU imposed sanctions under this new regime on four GRU officers believed responsible for or involved in carrying out the attack (including the head and deputy head of the GRU). In October 2020, the EU imposed another round of chemical weapons sanctions on six senior Russian officials and a Russian research institute in response to the chemical weapon attack on Russian opposition figure Navalny.

In May 2019, the EU established a new framework enabling it to impose sanctions aimed at deterring and responding to cyberattacks. These could be imposed on individuals or entities directly responsible for cyberattacks or for providing support for such attacks. In July and

[131] U.S. Department of the Treasury, "Treasury Extends Wind-Down Period for United Company RUSAL PLC," press release, April 23, 2018.

[132] *BBC News*, "Nord Stream 2: Germany and Russia Decry U.S. Sanctions," December 21, 2019; and RFE/RL, "European Commission President Criticizes U.S. Nord Stream Sanctions," December 27, 2019.

[133] U.S. Department of State, "Briefing with Senior State Department Officials On European Energy Security," July 21, 2021.

[134] Council of the EU, "Chemical Weapons: The Council Adopts a New Sanctions Regime," October 15, 2018.

October 2020, the EU used this new regime to impose sanctions against six Russian individuals and two entities for a 2015 cyberattack against the German federal parliament, the 2017 "NotPetya" global ransomware attack, and the 2018 attempted attack against the OPCW.[135]

In December 2020, the EU established a new human rights sanctions regime targeting individuals "responsible for, involved in or associated with serious human rights violations and abuses worldwide, no matter where they occurred."[136] For many years, some European leaders and EU officials—including some members of the European Parliament—had called for an "EU Magnitsky Act" that would target Russians (and others) complicit in human rights abuses. In March 2021, the EU coordinated with the United States to impose sanctions against four Russian officials, including Russia's prosecutor general, under this new regime. The EU also has imposed human rights sanctions on two officials from Russia's Chechen Republic.

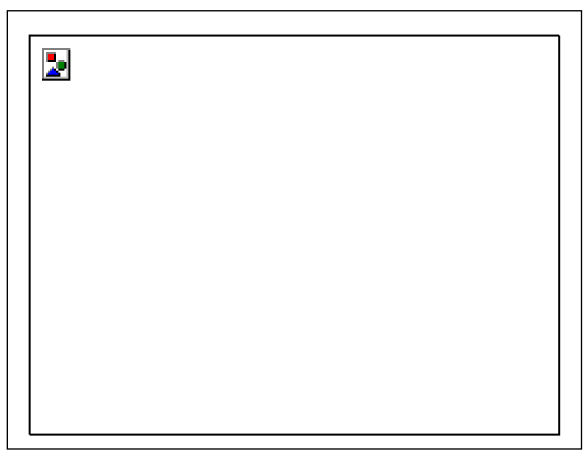
Economic Impact of Sanctions on Russia

Impact on Russia's Economy Broadly

U.S. sanctions imposed on Russia in 2014 and in subsequent years appear to have had a negative impact on Russia's overall economy, although the size of the impact is modest compared with other economic shocks. In particular, Russia's economy arguably has been impacted more significantly by changes in the global price for oil—Russia's main export and source of revenue—and the economic disruptions associated with the COVID-19 pandemic than by sanctions.

In 2014, Russia faced, in addition to new multilateral sanctions, a collapse in global oil prices. Historically, fluctuations in Russia's economy have been closely correlated with fluctuations in global oil prices (**Figure 1**). Growth slowed to 0.7% in 2014, and the economy contracted by 2.0% in 2015. The 2014-2015 recession was, at the time, Russia's longest in almost 20 years.[137] However, as oil prices recovered, Russia's economy stabilized and grew at a modest pace between 2016 and 2019 (on average 1.5%), even as some sanctions were tightened and expanded.

Figure 1. Economic Growth in Russia, 1994-2021



Source: IMF, World Economic Outlook Database, October 2021.

The International Monetary Fund (IMF) estimates that, between 2014 and 2018, the fall in oil prices had about three times the effect of sanctions on Russia's

[135] Council of the EU, "EU Imposes the First Ever Sanctions Against Cyber-attacks," July 30, 2020; and Council of the EU, "Malicious Cyber-attacks: EU Sanctions Two Individuals and One Body over 2015 Bundestag Hack," October 2020.

[136] Council of the EU, "EU Adopts a Global Human Rights Sanctions Regime," December 7, 2020.

[137] Kathrin Hille, "Russia: Putin's Balance Sheet," *Financial Times*, April 7, 2016.

economy. In particular, the IMF estimated in August 2019 that sanctions led growth to fall short of expectations by about 0.2% per year since 2014. In comparison, according to IMF estimates, the decline in global oil prices caused Russian growth to be about 0.6% lower than expectations each year since 2014.[138]

Russia's economy in 2020 was impacted largely by the disruptions in economic activity associated with the COVID-19 pandemic and a sharp downturn in oil prices. The economy contracted by about 3.0% in 2020. Russia's economy rebounded sharply in 2021, by an estimated 4.7%, supported by higher oil prices and various factors mitigating the pandemic's economic impact (including Russia's relatively small service sector and the government's strong fiscal and monetary policy response).[139] Many economists view sanctions as a continued drag on economic growth in Russia, along with a host of other structural problems in the economy (including corruption and an ageing population).[140]

The modest macroeconomic effects of sanctions were largely by design of the Obama Administration, the EU, and other international counterparts when they instituted sanctions in response to Russia's invasion of Ukraine in 2014. These sanctions do not broadly prohibit economic activity with Russia. They were intended to be *smart sanctions* that target individuals and entities responsible for offending policies and/or associated with key Russian policymakers but inflicted minimal collateral damage to the Russian people and to the economic interests of countries imposing sanctions.[141]

For example, more than half of the U.S. sanctions that block assets and restrict transactions target individuals, not firms. Such sanctions may be consequential for the specific individuals involved and may send important political messages, but they are unlikely to have broader effects on Russia's economy. Sanctions that block assets and restrict transactions on entities are mainly limited to businesses controlled by designated individuals, companies that operate in Crimea, and several defense and arms firms. Of Russia's 20 largest firms, one (Rosoboronexport) is subject to full blocking sanctions (**Table E-1**).[142]

More major Russian companies (9 of Russia's 20 largest firms) are subject to sectoral sanctions, which impose narrower restrictions on debt (and, in some cases, equity) and/or oil exploration projects (**Table E-1**). Some sectoral sanctions were designed to make it harder for Russia to modernize its oil sector with access to Western technology and capital. In 2016, a State Department official explained that such sanctions were not designed to push Russia "over the economic cliff" in the short run but to exert long-term pressure.[143]

Impact on Russian Firms

Even as the effects of sanctions on Russia's economy as a whole have been relatively modest, their impact on specific firms and sectors in some cases has been more significant. One study

[138] IMF, *Russian Federation: Staff Report for the 2019 Article IV Consultation*, August 2019, p. 5.

[139] IMF, *Russian Federation: Staff Report for the 2020 Article IV Consultation*, February 2021.

[140] Ibid.

[141] Ahn and Ludema, "The Sword and the Shield," 2020 (footnote 1).

[142] Congressional Research Service (CRS) analysis of data published by Russian media outlet RBC (https://www.rbc.ru/rbc500/) on the largest firms in Russia and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) List and Sectoral Sanctions Identifications (SSI) List.

[143] Robin Emmott, "Sanctions Impact on Russia to be Longer Term, U.S. Says," Reuters, January 12, 2016.

uses firm-level data to estimate the impact of U.S. and European sanctions in 2014 on Russian firms.[144] Based on data from between 2012 and 2016, the study finds that sanctioned firms on average lost about one-quarter of their operating revenues, over one-half of their asset values, and about one-third of their employees relative to their non-sanctioned peers. The authors argue that the findings suggest sanctions effectively targeted firms with relatively minimal collateral damage to other Russian firms.

Media reports also provide anecdotal examples of how sanctions have created economic frictions at the firm level. For example, Rostec, a major state-owned defense conglomerate, saw profits drop in 2014 from a loss in foreign investment caused by sanctions, Exxon canceled its involvement in a joint venture with state-owned oil company Rosneft to comply with U.S. sanctions requirements, and sanctions reportedly forced Rosneft to suspend an oil project in the Black Sea.[145] Media reports about the firm-level effects of sanctions appear to have become less common in recent years, presumably as firms have adjusted to the sanctions.

Some Russian firms have weathered sanctions better than others. This discrepancy may be attributable to a number of factors. First, the extent to which sanctions interrupted economic transactions varies across sanction targets. It is not clear to what extent some sanctioned targets, including Russian intelligence services, the Night Wolves (a motorcycle club), or the Eurasian Youth Union, engage in significant economic transactions with the United States or in the U.S. financial system.[146] Such sanctions may be more symbolic than disruptive of economic activity.

Additionally, the limited design of the sectoral sanctions did not necessarily result in a rapid disruption in business operations, particularly as oil prices rose. Despite sectoral sanctions, Russian energy firms largely have been able to carry on business as normal.[147] Russian oil production reached record highs in 2018, despite restrictions on access to Western technology for certain oil exploration projects.[148] Russian oil exports to the United States have grown.[149]

Second, the Russian government has implemented various measures to support some sanctioned firms. The support measures include central bank purchases of sanctioned banks' debt, granting government contracts to sanctioned firms, and recapitalizing sanctioned banks.[150] More broadly, the government created a department within the Finance Ministry to liaise with sanctioned businesses, study their challenges, and draft government proposals for support.[151] Although it is

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[144] Ahn and Ludema, "The Sword and the Shield," 2020 (footnote 1); and Todd Prince, "Western Sanctions Have Had 'Outsized Impact' on Russian Companies, Economist Says," *RFE/RL*, December 8, 2020.

[145] *Moscow Times*, "Sanctions Hit Profits at Russian Defense and Technology Giant Rostec," July 22, 2015; Chris Isidore and Matt Egan, "ExxonMobil Drops Out of Russian Joint Venture Due to Sanctions," CNN, March 1, 2018; and Elena Holodny, "Russian Oil Behemoth Rosneft Reportedly Suspends an Oil Project in the Black Sea Because of Western Sanctions," *Business Insider*, October 30, 2017.

[146] RFE/RL, "Q&A: Ex-White House Official Says New Russia Sanctions Will Have 'Marginal, If Any, Impact,'" March 15, 2018.

[147] Henry Foy, "Russian Energy Groups Largely Unscathed by Western Sanctions," *Financial Times*, March 15, 2018.

[148] Vladimir Soldatkin, "Russian Oil Output Reaches Record High in 2018, Reuters, January 2, 2019..

[149] Eklavya Gupte, "Analysis: US Reliance on Russian Oil Hits Record High Despite Souring Ties," *S&P Global*, April 16, 2021.

[150] See, for example, Bud Coote, "Impact of Sanctions on Russia's Energy Sector," Atlantic Council, March 2018; Leonid Bershidsky, "Some Sanctioned Russian Firms Thrive on Adversity," *Bloomberg*, May 8, 2018; Henry Foy, "Russia: Adapting to Sanctions Leaves Economy in Robust Health," *Financial Times*, January 29, 2020; and *Moscow Times*, "Russian State Firms Allowed to Hide Public Contracts as U.S. Sanctions Loom, November 30, 2021.

[151] Olga Tanas and Katia Dmitrieva, "Russia's Sanctioned Companies Seek $1.6 Billion in State Support," *Bloomberg*, April 20, 2018.

difficult to find a precise quantitative estimate of the extent to which the Russian government has used resources to shield firms from sanctions, such support shifts the cost of sanctions from the targeted firms to the government.

Third, some Russian firms have minimized the sanctions' impact by pursuing import substitution policies and forging alternative economic partnerships. The Russian government has found alternative suppliers for its military modernization, particularly from China, South Korea, and Southeast Asia. Russian energy firms have concluded a number of corporate agreements with Chinese and Saudi companies following the imposition of sanctions.[152]

The extent to which Russia can successfully execute a "pivot to China" and other non-Western sources of financing, investment, and trade should not be overstated, however. CRIEEA's sanctions against third parties that engage in significant transactions with Russia's defense and intelligence sectors, as well as CRIEEA's introduction of a policy option to impose secondary sanctions against those that engage in significant transactions with sanctioned Russian individuals and firms more generally, means that these alternatives remain risky and uncertain.

Impact on Russian Government Finances

U.S. sanctions on transactions related to Russian sovereign debt strive to make it more difficult, and expensive, for the Russian government to borrow from international capital markets. The Russian government, like many other governments, raises money from international investors by selling bonds. In August 2019, the United States imposed restrictions on some U.S. transactions in Russian sovereign bonds (see "Use of a Chemical Weapon," above) and tightened these restrictions in April 2021. U.S. sanctions prohibit U.S. investors from purchasing Russian bonds when they are first sold (*primary market* transactions). Russian bonds, like other bonds, are frequently traded by investors, and sanctions permit U.S. investors to buy and sell Russian bonds after the initial bond auction (*secondary market* transactions).

Some evidence suggests sanctions have impacted the market for Russian bonds. Tighter sanctions on Russian bonds in April 2021 caused foreign investors' holdings of Russian government debt to fall below 20% for the first time in six years.[153] Additionally, the Bank of Russia canceled several bond auctions in 2020 and 2021 due to insufficient bids, although it is unclear whether sanctions or other factors (such as rising interest rates in advanced economies) are the underlying cause.[154]

The impact of restrictions on trade and investment in Russian sovereign debt is mediated by two factors. First, these sanctions restrict specifically the initial sale of the bond, while permitting all subsequent transactions during the bond's term to maturity, which can exceed 10 years. This means that the restriction against U.S. investors owning Russian bonds exists for a relatively small portion of the bond's lifespan. Second, the Russian government has strong public finances and is generally not reliant on international investors to finance its budget. The government has

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[152] Richard Connolly and Philip Hanson, "Import Substitution and Economic Sovereignty in Russia," Chatham House, June 2016; Paul Mcleary, "Did Western Sanctions Actually Help the Russian Military?" *Foreign Policy*, January 23, 2017; Henry Foy, "Russia Turns to New Friends from China and the Middle East," *Financial Times*, October 11, 2017; Maria Shagina, *Drifting East: Russia's Import Substitution and Its Pivot to Asia*, Center for Eastern European Studies, April 2020; and Alexander Gabuev, "As Russia and China Draw Closer, Europe Watches with Foreboding," Carnegie Moscow Center, March 19, 2021. Also see CRS Report R46937, *Russian Arms Sales and Defense Industry*, by Andrew S. Bowen.

[153] Jake Cordell, "Sanctions Threat Pushes Foreign Share of Russian Debt to 6-Year Low," *Moscow Times*, April 6, 2021.

[154] Bank of Russia, "Bank of Russia Bond Auction Results," accessed December 2021.

low levels of debt, large reserve holdings, and a large domestic market for Russian bonds (i.e., Russian investors willing to purchase government bonds). In April 2021, U.S. investors reportedly held about 7% of outstanding Russian sovereign bonds denominated in rubles.[155]

Russia's De-Dollarization Efforts

The dollar has served as the world's dominant reserve currency since World War II. It is the primary currency used in cross-border transactions, held by central banks in reserves, and traded in foreign exchange markets. The role of the dollar reflects global confidence in the U.S. Federal Reserve as an institution and the U.S. economy and financial markets more generally.

Russia has long sought to reduce its reliance on the U.S. dollar, with the government accelerating its efforts following the expansion of U.S. sanctions in 2014. Taking a multipronged approach, the Russian government has, with varying degrees of success, sought to reduce the share of central bank foreign exchange reserves held in dollars, reduce dollar-denominated assets in its sovereign wealth fund, conclude agreements with other countries to conduct trade in national currencies, and develop alternative payment systems that are not centered on the dollar.

Russian President Vladimir Putin has acknowledged that Russia will not be able to completely de-dollarize and referred to the dollar as a "universal global currency." However, if Russia and other countries, including China, successfully pivot from the U.S. dollar, this could have implications for U.S. economic and foreign policy interests.

Source: TASS Russian News Agency, "US Policy Undermines Dollar's Position as Reserve Currency—Putin," November 30, 2021. For more, see CRS In Focus IF11885, *De-Dollarization Efforts in China and Russia*, by Rebecca M. Nelson and Karen M. Sutter.

Outlook

The United States and its allies have sustained sanctions on Russia since its 2014 invasion of Ukraine, and these sanctions are supported on a bipartisan basis in Congress. As the United States and other countries consider the possibility of new sanctions on Russia, debates about the impact and effectiveness of existing sanctions persist. Despite almost eight years of escalating sanctions, Russia has deepened its hold over Ukraine's occupied Crimea region and separatist regions in eastern Ukraine. Russia has extended military operations to nearby waters and has engaged in a buildup of military forces near the Ukrainian border. Russian officials have intimated that Russia could take further military action in Ukraine in pursuit of Russia's national security interests.

The United States and other countries also have continued to document multiple incidents of Russian malicious cyber-enabled activities and influence operations worldwide. The United States and its allies have determined that Russian agents used lethal nerve agents to attack opponents in the UK and in Russia. Russia continues to be an influential supporter of the Syrian and Venezuelan governments and has deployed mercenaries accused of human rights abuses to multiple conflict zones.

Some observers argue sanctions have restrained Russia somewhat or that the imposition of sanctions is an appropriate foreign policy response regardless of immediate effect.[156] Others are skeptical that sanctions can produce desired changes in Russian behavior, at least without the use

[155] Peter S. Goodman, Jack Ewing, and Matt Phillips, "Sanctions on Russian Debt are Called a 'First Salvo' that Sends a Message," *New York Times*, April 15, 2021.

[156] Masha Gessen, "The Moral Case for Sanctions Against Russia," *New Yorker*, April 6, 2018; and Nigel Gould-Davies, "Sanctions on Russia Are Working," *Foreign Affairs*, August 22, 2018.

of other policy tools.[157] Observers stress the importance of strengthening sanctions enforcement and coordinating with U.S. allies and partners.[158]

Looking ahead, the United States and its allies have said they would consider new sanctions on Russia in response to Russia's military buildup near and in Ukraine. On December 7, 2021, President Biden held a video conference with President Putin in which he "made clear that the U.S. and our Allies would respond with strong economic and other measures in the event of military escalation" in Ukraine.[159] On December 12, 2021, Secretary Blinken joined the six other Group of Seven (G7) foreign ministers and the EU High Representative for Foreign Affairs and Security Policy in asserting that "Russia should be in no doubt that further military aggression against Ukraine would have massive consequences and severe cost in response."[160]

U.S. officials reportedly have conveyed examples of the kinds of additional sanctions under consideration, including greater restrictions on transactions with Russian financial institutions and U.S. technology exports. Some observers speculate that additional sanctions are possible, including sanctions targeting Russia's energy sector, secondary market transactions in Russian sovereign debt, or Russia's participation in international financial messaging services.[161]

With regard to Russia's Nord Stream 2 natural gas pipeline to Germany, U.S. officials have said it would "be difficult to see gas flowing through" the pipeline in the event of further Russian aggression against Ukraine.[162] German officials have not explicitly said Nord Stream 2 would be impacted. They have said, however, they would uphold a joint pledge with the United States "to limit Russian export capabilities to Europe in the energy sector, including gas, and/or in other economically relevant sectors" should Russia "commit further aggressive acts against Ukraine."[163]

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[157] Andrea Kendall-Taylor, "U.S. Russia Policy: Moving Beyond Sanctions," Center for a New American Security, January 23, 2019; and Maria Shagina, "Toward a Trans-Atlantic Strategy on Russia Sanctions," War on the Rocks, December 6, 2021.

[158] Anders Aslund and Maria Snegovaya, *The Impact of Western Sanctions on Russia and How They Can Be Made Even More Effective*, Atlantic Council, May 2021.

[159] White House, "Readout of President Biden's Video Call with President Vladimir Putin of Russia," December 7, 2021.

[160] U.S. Department of State, "G7 Foreign Ministers' Statement on Russia and Ukraine," December 12, 2021.

[161] Paul Sonne, Ellen Nakashima, and Michael Birnbaum, "Amid Ukraine Invasion Scare, U.S. and Europe Lean on Sanctions Threat to Stop Putin," *Washington Post*, December 22, 2021; and David E. Sanger and Eric Schmitt, "U.S. Details Costs of a Russian Invasion of Ukraine," *New York Times*, January 8, 2022.

[162] U.S. Department of State, "Secretary Antony J. Blinken and German Foreign Minister Annalena Baerbock at a Joint Press Availability," January 5, 2022.

[163] U.S. Department of State, "Joint Statement of the United States and Germany on Support for Ukraine, European Energy Security, and our Climate Goals," July 21, 2022.

Appendix A. Legislative Abbreviations and Short Titles

CAATSA: Countering America's Adversaries Through Sanctions Act (P.L. 115-44)

CBW Act: Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (P.L. 102-182, Title III; 22 U.S.C. 5601 et seq.)

CRIEEA: Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (P.L. 115-44, Title II; 22 U.S.C. 9501 et seq.)

Global Magnitsky Act: Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Title XII, Subtitle F; 22 U.S.C. 2656 note)

IEEPA: International Emergency Economic Powers Act (P.L. 95-223; 50 U.S.C. 1701 et seq.)

INKSNA: Iran, North Korea, and Syria Nonproliferation Act, as amended (P.L. 106-178; 50 U.S.C. 1701 note)

NEA: National Emergencies Act (P.L. 94-412; 50 U.S.C. 1601 et seq.)

PEESA: Protecting Europe's Energy Security Act of 2019 (P.L. 116-92, Title LXXV; 22 U.S.C. 9526 note)

Sergei Magnitsky Act: The Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV; 22 U.S.C. 5811 note)

SSIDES: Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (P.L. 113-95; 22 U.S.C. 8901 et seq.)

UFSA: Ukraine Freedom Support Act of 2014, as amended (P.L. 113-272; 22 U.S.C. 8921 et seq.)

Appendix B. U.S. Sanctions on Russia

Table B-1. U.S. Sanctions on Russia for Which Designations Have Been Made

Objectionable Behavior and Authorities[a]	Date of Authority	Targets	Designations and Other Actions (as of 1/15/2022)
Invasion of Ukraine[b]			
E.O. 13660; Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Title II; 22 U.S.C. 9522)	3/6/2014 (codified 8/2/2017)	Those responsible for undermining Ukraine's democracy; threatening its peace, security, stability, sovereignty, or territorial integrity; misappropriating assets; and/or illegally asserting government authority.	128 individuals, 24 entities
E.O. 13661; P.L. 115-44	3/17/2014 (codified 8/2/2017)	Russian government officials; those operating in Russia's arms or related materiel sector; entities owned or controlled by a senior Russian government official; those acting on behalf of, or materially assisting or supporting, a senior Russian government official.	109 individuals, 78 entities, 3 aircraft, 1 vessel
E.O. 13662; P.L. 115-44	3/20/2014 (codified 8/2/2017)	Entities and individuals operating in specified sectors of the Russian economy. Four Treasury directives specify financial services, energy (including deepwater, Arctic offshore, and shale oil development projects), and defense.	290 entities (SSI); 6 individuals, 13 entities (SDN)
E.O. 13685; P.L. 115-44	12/19/2014 (codified 8/2/2017)	Those engaging in new investment, trade, and related economic activities with the occupied Crimea region of Ukraine.	75 entities, 10 individuals, 7 vessels
Malicious Cyber-Enabled or Intelligence Activities[c]			
E.O. 13694, as amended by E.O. 13757; P.L. 115-44 (22 U.S.C. 9522)	4/1/2015 (amended on 12/28/2016; codified 8/2/2017)	Those engaged in malicious cyber-enabled activities, including related to election interference, likely to result in a significant threat to the national security, foreign policy, or economic health or financial stability of the United States.	73 individuals, 58 entities, 3 aircraft, 1 vessel

Objectionable Behavior and Authorities[a]	Date of Authority	Targets	Designations and Other Actions (as of 1/15/2022)
P.L. 115-44 (§224); 22 U.S.C. 9524; E.O. 13849	8/2/2017	Those engaged in activities on behalf of the Russian government to undermine cybersecurity against any person, including a democratic institution, or government.	22 individuals, 10 entities
P.L. 115-44 (§231); 22 U.S.C. 9525; E.O. 13849	8/2/2017	Those that engage in significant transactions with persons that are part of, or operate for or on behalf of, Russia's defense and intelligence sectors.	5 individuals, 2 entities (additionally, 5 of 12 sanctions as listed in 22 U.S.C. 9529)
E.O. 13848	9/12/2018	Foreign persons that have engaged in, sponsored, concealed or otherwise been complicit in foreign interference in a United States election.	39 individuals, 29 entities, 3 aircraft, 1 vessel
E.O. 14024	4/15/2021	Those engaged in malicious cyber-enabled activities, election interference, or the undermining of democratic processes or institutions on behalf of the Russian government; those operating in Russia's technology sector or its defense or related materiel sector; Russian government officials.	2 individuals, 9 entities
Use of a Chemical or Biological Weapon			
Chemical And Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act; P.L. 102-182, Title III; 22 U.S.C. 5601 et seq.)	12/4/1991	Any foreign government that has used chemical or biological weapons in violation of international law; used lethal chemical or biological weapons against its own nationals; or made substantial preparations to engage in such activities.	Export restrictions on U.S. Munitions List items and national-security sensitive goods or technologies (the Commodity Control List); termination of arms sales and foreign military financing; denial of U.S. government credit, credit guarantees, or other financial assistance; termination of foreign assistance. Prohibits U.S. banks from lending non-ruble denominated funds to the Russian state and participating in the primary market for non-

Objectionable Behavior and Authorities[a]	Date of Authority	Targets	Designations and Other Actions (as of 1/15/2022)
			ruble denominated bonds issued by the Russian state. Restricts export licenses for goods controlled for dual-use chemical and biological applications. Waiver authority invoked to continue foreign assistance; exports related to government space cooperation; and export licensing in specific categories related to civil aviation safety, U.S. and foreign wholly owned subsidiaries operating in Russia, and deemed export licenses.
Human Rights Abuses and Corruption[d]			
Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV; 22 U.S.C. 5811 note)	12/14/2012	Those responsible for the detention, abuse, or death of Sergei Magnitsky, or who covered up related crimes, or those who financially benefitted from the related criminal conspiracy or are responsible for human rights abuses against individuals seeking to expose illegal Russian government activity or to exercise and defend human rights and freedoms.	55 individuals
Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Title XII, Subtitle F; 22 U.S.C. 2656 note); E.O. 13818	12/23/2016 (E.O. issued on 12/20/2017)	Those responsible for human rights abuses against foreign persons seeking to expose illegal government activity or defending human rights and freedoms and those engaged in acts of significant corruption.	8 individuals, 6 entities
Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES; P.L. 113-95), as amended by P.L. 115-44 (§228); 22 U.S.C. 8910	4/3/2014, amended 8/2/2017	Foreign persons for committing serious human rights abuses in territories forcibly occupied or controlled by Russia.	2 individuals, 1 entity

Objectionable Behavior and Authorities[a]	Date of Authority	Targets	Designations and Other Actions (as of 1/15/2022)
Energy Exports as a Coercive or Political Tool[e]			
P.L. 115-44 (§232); 22 U.S.C. 9526		Individuals and entities for investing or engaging in trade valued at $1 million, or cumulatively at $5 million over 12 months, that enhances Russia's ability to construct energy export pipelines (discretionary).	1 individual, 1 entity
Protecting Europe's Energy Security Act of 2019 (PEESA; P.L. 116-92, Title LXXV; 22 U.S.C. §9526 note); E.O. 14039		Foreign persons that have sold, leased, provided, or facilitated the provision of vessels for the purpose of subsea pipe-laying activities related to the construction of Nord Stream 2 and TurkStream, or any successor pipeline, or that have provided underwriting services or insurance, or certain upgrades or installation services.	8 entities, 17 vessels
Weapons Proliferation[f]			
E.O. 13382	6/28/2005	Foreign persons engaged in activities that materially contribute to the proliferation of weapons of mass destruction or their means of delivery.	14 individuals, 17 entities
Iran, North Korea, and Syria Nonproliferation Act, as amended (INKSNA, P.L. 106-178; 50 U.S.C. 1701 note)	3/14/2000 (amended on 11/22/2005 and 10/13/2006)	Foreign persons who engage in weapons trade or trade that might materially contribute to Iran, North Korea, or Syria developing or gaining access to a weapon of mass destruction or cruise or ballistic missile system.	Export restrictions on 10 entities
Export Controls Act of 2018 (P.L. 115-232, Title XVII, Part I; 50 U.S.C. 4801 et seq.), to the extent it continues export controls and regulations issued under the Export Administration Act of 1979 (P.L. 96-72; 50 U.S.C. 4601 et seq.)	8/3/2018 (continuing earlier authorities)	Foreign persons suspected of U.S. export violations related to the procurement and delivery of items to Russia for military-related and other governmental or related end uses.	Export restrictions on individuals and entities

Objectionable Behavior and Authorities[a]	Date of Authority	Targets	Designations and Other Actions (as of 1/15/2022)
Trade with North Korea[g]			
E.O. 13722	3/18/2016	Those who trade in metals, graphite, coal, or software in a way that benefits the government of North Korea; those who engage in the exportation of workers from North Korea.	3 individuals, 4 entities
E.O. 13810	9/20/2017	Those who engage in at least one significant trade transaction with North Korea; those who operation in the information technology sector of North Korea; foreign financial institutions that conduct or facilitate transactions with North Korean designees or any significant transaction in connection with trade with North Korea.	4 entities, 6 vessels
Support to Syria[h]			
E.O. 13582	8/17/2011	Those providing material support and services to the government of Syria.	13 individuals, 8 entities
Support to Venezuela[i]			
E.O. 13850	11/1/2018	Foreign financial institutions providing material support and services to the government of Venezuela.	1 individual, 4 entities, 2 vessels
Transnational Crime and Terrorism[j]			
E.O. 13581	7/24/2011	Foreign persons that constitute a significant transnational criminal organization and those who support them.	15 individuals, 6 entities
E.O. 13224	9/23/2001	Foreign persons who commit acts of terrorism that threaten the security of U.S. nationals or of U.S. national security, foreign policy, or economy.	12 individuals, 2 entities

Source: Congressional Research Service (CRS).

Notes: Individuals and entities on the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons List (SDN) have their assets blocked, and U.S. persons generally are prohibited from engaging in transactions with them.

With entities on OFAC's Sectoral Sanctions Identifications List (SSI), U.S. persons are prohibited from engaging in certain types of transactions (related to financing, investment, and/or trade, depending on the economic sectorof the target).

a. Executive orders (E.O.s) shown in this column are based on authorities provided to the President to (1) declare that there exists a national emergency (National Emergencies Act; P.L. 94-412; 50 U.S.C. 1601 et seq.) that threatens the national security, foreign policy, or economy of the United States and "which has its source in whole or substantial part outside the United States" and (2) to use economic tools to address the threat (International Emergency Economic Powers Act; P.L. 95-223; 50 U.S.C. 1701 et seq.). E.O.s based on these authorities are generally codified at 50 U.S.C. 1701 note. The President is required to renew annually any E.O. that declares a national emergency.

b. In addition to listed SDN designations, the United States has imposed export restrictions on many entities for activities related to Russia's invasion of Ukraine. Most of these entities are on the SDN list. For a list of SDN designees and entities on the SSI list, see Programs "UKRAINE-EO13660," "UKRAINE-EO13661," "UKRAINE-EO13662," and "UKRAINE-EO13685," at https://sanctionssearch.ofac.treas.gov/. Entities subject to export restrictions are on the Entity List (Supplement No. 4 to Part 744 of the Export Administration Regulations). Other sanctions program lists are specified below.

c. For SDN designees, see Programs "CYBER2," "CAATSA-RUSSIA," "ELECTION-EO13848," and "RUSSIA-EO14024."

d. For SDN designees, see Programs "MAGNIT," "GLOMAG," and "CAATSA-RUSSIA."

e. For SDN designees, see Programs "CAATSA-RUSSIA," "PEESA," and "PEESA-EO14039."

f. For SDN designees, see Program "NPWMD." Entities subject to INKSNA sanctions are available at https://www.state.gov/wp-content/uploads/2021/08/MASTER-Sanctions-chart-8-16-21.pdf. Entities subject to export restrictions are on the Entity List.

g. For SDN designees, see Programs "DPRK3" and "DPRK4." Provisions referenced are those that have been used to designate Russian nationals or those affiliated to Russian nationals, as identified by CRS.

h. For SDN designees, see Program "SYRIA."

i. For SDN designees, see Program "VENEZUELA-EO13850."

j. For SDN designees, see Programs "TCO" and "SDGT." Designees are those identified by CRS as Russian nationals or affiliated to Russian nationals.

Table B-2. U.S. Sanctions on Russia for Which Designations Have Yet to Be Made

Authority	Targets	Sanctions Action
Ukraine Freedom Support Act (UFSA; P.L. 113-272); 22 U.S.C. 8923(a)	Russian individuals and entities for conducting weapons transfers to Syria, Ukraine, Georgia, Moldova, and potentially other countries.	At least 3 of 9 sanctions as listed in 22 U.S.C. 8923(c)
UFSA; 22 U.S.C. 8923(b)(3)	Withholding by Gazprom of significant natural gas supplies from NATO member states or countries such as Ukraine, Georgia, or Moldova.	Prohibition on investment in equity or debt of longer than 30 days maturity and at least 1 additional sanction as listed in 22 U.S.C. 8923(c)
UFSA, as amended by P.L. 115-44 (§225); 22 U.S.C. 8923(b)(1)	Foreign individuals or entities for investing in deepwater, Arctic offshore, or shale oil projects in Russia.	At least 3 of 9 sanctions as listed in 22 U.S.C. 8923(c)
UFSA, as amended by P.L. 115-44 (§226); 22 U.S.C. 8924	Foreign financial institutions for facilitating significant transactions related to or for (1) Russia's weapons transfers to Syria, Ukraine, Georgia, Moldova, and potentially other countries; (2) deepwater, Arctic offshore, or shale oil projects in Russia; and	Prohibition on the opening of correspondent or payable-through accounts in the United States and a prohibition or imposition of strict conditions on the maintenance of such accounts

Authority	Targets	Sanctions Action
	(3) individuals and entities subject to sanctions related to Russia's invasion of Ukraine.	
Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES; P.L. 113-95), as amended by P.L. 115-44 (§227); 22 U.S.C. 8908	Russian government officials, family members, and close associates for acts of significant corruption.	Asset blocking, prohibitions against transactions with U.S. persons, visa denials
SSIDES, as amended by P.L. 115-44 (§228); 22 U.S.C. 8909	Foreign individuals and entities for violating Ukraine- or cyber-related sanctions or facilitating significant transactions for individuals, their family members, and entities subject to sanctions on Russia.	Asset blocking, prohibitions against transactions with U.S. persons, visa denials
P.L. 115-44 (§233); 22 U.S.C. 9527	Individuals and entities for making or facilitating investments of $10 million or more that contribute to Russia's privatization of state-owned assets "in a manner that unjustly benefits" government officials, relatives, or associates.	At least 5 of 12 sanctions as listed in 22 U.S.C. 9529
P.L. 115-44 (§234); 22 U.S.C. 9528	Foreign individuals and entities for significant support for Syria's acquisition or development of a variety of advanced or prohibited weapons and defense articles.	Asset blocking, prohibitions against transactions with U.S. persons, visa denials
E.O. 14024	Those engaged in transnational corruption; the unlawful killing or harming of U.S. persons or U.S. ally or partner nationals; activities that "undermine the peace, security, political stability, or territorial integrity of the United States, its allies, or its partners"; and the circumvention of U.S. sanctions. Russian persons who support governments subject to U.S. sanctions or who disrupt energy supplies to Europe or Asia.	Asset blocking, prohibitions against transactions with U.S. persons, visa denials

Source: CRS.

Appendix C. Sanctions in Selected Russia-Related Legislation

Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (SSIDES; P.L. 113-95; 22 U.S.C. 8901 et seq.)

- New sanctions against **individuals and entities** for
  - Violence and human rights abuses during antigovernment protests in Ukraine in 2013-2014 and for having undermined Ukraine's peace, security, stability, sovereignty, or territorial integrity (§8907).
  - Helping to evade sanctions provided for in Ukraine-related or cyber-related E.O.s, SSIDES, or UFSA, or that facilitate significant transactions for individuals, their family members, and entities subject to U.S. sanctions imposed with respect to Russia (as amended; §8909)
  - Serious human rights abuses in territories forcibly occupied or otherwise controlled by Russia (as amended; §8910)
- New sanctions against **Russian government officials**, family members, and close associates for acts of significant corruption **in Ukraine** (§8907).
- Mandatory sanctions against **Russian government officials**, family members, and close associates for acts of significant corruption **in Russia or elsewhere** (as amended; originally discretionary for acts of significant corruption in Russia) (§8908)

Ukraine Freedom Support Act of 2014, as amended (UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.)

- New sanctions against Russian state arms exporter Rosoboronexport and against **Russian entities** that transfer weapons to Syria or, without consent, Ukraine, Georgia, Moldova, and potentially other countries that the President designates as countries of significant concern (§8923).
- Mandatory sanctions against **foreign individuals and entities** that make significant investments in deepwater, Arctic offshore, or shale oil projects in Russia (as amended; originally discretionary) (§8923).
- Mandatory sanctions against **foreign financial institutions** that facilitate significant transactions related to defense- and energy-related transactions subject to UFSA sanctions, or for individuals and entities subject to sanctions under UFSA or Ukraine-related E.O.s (as amended; originally discretionary) (§8924).
- Contingent sanctions against state-owned energy company Gazprom, if it is found to withhold significant natural gas supplies from NATO member states or countries such as Ukraine, Georgia, and Moldova (§8923).

Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (CRIEEA; P.L. 115-44, Title II; 22 U.S.C. 9501 et seq.)

- Codification of Ukraine-related E.O.s 13660, 13661, 13662, and 13685 (§9522)
- Codification of cyber-related E.O. 13694, as amended by E.O. 13757 (not Russia-specific) (§9522)
- Modifications to E.O. 13662 directives to reduce short-term lending terms to financial services and energy companies and to expand restrictions on transactions by U.S. individuals and entities related to the development of deepwater, Arctic offshore, and shale oil projects in which identified Russian entities have an ownership interest of at least 33% or a majority of voting interests (§9523)
- New sanctions against **individuals and entities** for
  - Engaging in or supporting significant activities that undermine cybersecurity on behalf of the Russian government (§9524)
  - Engaging in significant transactions with Russia's defense and intelligence sectors (§9525)
  - Making or facilitating investments of $10 million or more that contribute to Russia's privatization of state-owned assets "in a manner that unjustly benefits" government officials, relatives, or associates (§9527)
- New sanctions against **foreign individuals and entities** for significant support for Syria's acquisition or development of a variety of advanced or prohibited weapons and defense articles (not Russia-specific) (§9528)
- Discretionary authority to impose sanctions against **individuals and entities** that invest or engage in trade valued at $1 million, or cumulatively at $5 million over 12 months, that enhances Russia's ability to construct energy export pipelines (§9526)

Appendix D. U.S. and EU Sectoral Sanctions

Table D-1. U.S. and EU Sectoral Sanctions

United States (E.O. 13662, Directives 1-4)	European Union (EU) (Council Decision 2014/512/CFSP)
Financial Sector	
Gazprombank (+ affiliated)	Gazprombank
Rosselkhozbank (+ affiliated)	Rosselkhozbank
Sberbank (+ affiliated)	Sberbank
VEB (+ affiliated)	VEB
VTB Bank (+ affiliated)	VTB Bank
Defense Sector	
Rostec (+ affiliated)	Oboronprom (Rostec subsidiary)
	United Aircraft Corporation
	Uralvagonzavod (Rostec subsidiary since end of 2016)
Energy Sector	
Gazpromneft	Gazpromneft
Rosneft (+ affiliated)	Rosneft
Transneft	Transneft
Novatek (+ affiliated)	
Arctic Offshore, Deepwater, and Shale Oil Projects	
Gazprom (+ affiliated)	Companies not specified.
Gazpromneft	
Lukoil	
Rosneft (+ affiliated)	
Surgutneftegaz (+ affiliated)	

Source: CRS.

Appendix E. Russian Firms and U.S. Sanctions

Table E-1. Russia's Largest Firms and U.S. Sanctions

Rank	Company Name	Sector	SDN (Blocking) Sanctions	SSI (Debt and/or Equity) Sanctions	SSI (Oil Project) Sanctions
1	Gazprom	Oil and gas			X
2	Rosneft	Oil and gas		X	X
3	Lukoil	Oil and gas			X
4	Sberbank	Finance		X	
5	Russian Railways	Transport			
6	X5 Retail Group	Trade			
6 (tie)	Rostec	Investments		X	
7	Magnit	Trade			
8	VTB	Finance		X	
9	Rosatom	Atomic industry			
9 (tie)	SAFMAR	Investments			
10	Nornickel	Metals and mining			
11	Surgutneftegas	Oil and gas			X
12	Rosseti	Power engineering			
13	Inter RAO	Power engineering			
14	Transneft	Oil and gas		X	
15	Rosoboronexport	Distribution	X	X	
16	Mercury Retail Group	Trade			
17	Megapolis Group	Distribution			
17 (tie)	En+	Investments			

Source: CRS analysis of data published by Russian media outlet RBC (https://www.rbc.ru/rbc500/) on the largest firms in Russia and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) and Sectoral Sanctions Identifications (SSI) sanctions lists. Data accessed on November 19, 2019.

Notes: Individuals and entities on OFAC's SDN list have their assets blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

With entities on OFAC's SSI list, U.S. persons are prohibited from engaging in certain types of transactions (related to financing, investment, and/or trade, depending on the economic sector of the target).

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