

## Updated Russia Sanctions

### Russia sanctions:

The United States has a complex entanglement of executive orders, agency regulations, and statutes that comprise the sanctions against Russia. There are three key categories of sanction issues that pertain to U.S. and non-U.S. companies. First, there are “sectoral sanctions” that prohibit U.S. persons from dealing with entities operating in certain sectors of the Russian economy. Second, there are primary blocking sanctions against individuals and entities designated as a sanctioned party by OFAC or owned, 50 percent or more, directly or indirectly by sanctioned parties. “Designation” occurs when OFAC adds a party to one of its sanctions lists, including the SDN List. Finally, there are secondary sanctions against a list of [Russian entities operating for or on behalf of the defense or intelligence sectors of the Russian government](#), and a list of [Russian oligarchs, officials, and entities](#) that OFAC determined to have participated in worldwide malign activity. Non-U.S. persons that engage in significant transactions with the designated entities could face numerous sanctions.

### Russian sanctions specific to the metals and mining sectors:

Russian metals and mining sectors specifically: Section 223(a) of the [Countering America's Adversaries Through Sanctions Act](#) (CAATSA) states that the “Secretary of the Treasury may determine that a person meets one or more of the criteria in section 1(a) of [Executive Order No. 13662](#) if that person is a state-owned entity operating in the . . . metals and mining sector of the economy of the Russian Federation.” In practice, this means OFAC may impose blocking sanctions or sectoral sanctions, as described above. To date, OFAC has not issued a directive placing sectoral sanctions on U.S. persons dealing with individuals and entities operating in one or both of these sectors. However, on April 6, 2018, OFAC exercised its power to use blocking sanctions by designating one of Russia’s largest aluminum producers, Rusal, as an SDN for being owned or controlled by, directly or indirectly, EN+ Group and Oleg Deripaska. This designation was a result of Rusal’s affiliation with a sanctioned individual and entity. While Rusal was not necessarily sanctioned for its role in the metals and mining sectors, OFAC nonetheless demonstrated it is willing to target entities operating in these sectors. U.S. persons dealing with parties in these sectors need to be aware of evolving changes in Russian sanctions, and must be prudent about determining whether the parties are on a sanctions list or owned, 50 percent or more, directly or indirectly by sanctioned parties.