

Russia Responds to Recent Foreign Sanctions With New Law

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As part of Russia's response to recent Russia-related foreign sanctions (particularly the U.S. sanctions announced by the Office of Foreign Assets Control on April 6, 2018, against certain Russian state-controlled entities and individuals, and companies they control), a new framework law¹ came into effect on June 4, 2018, that gives the Russian government the authority to impose certain restrictive measures against certain foreign persons in accordance with a decision of the Russian president.

The new law does not, by itself, impose any specific restrictions against any specific person or with respect to any specific goods or services. It merely provides a general framework under which the Russian president could decide to impose certain measures against any of the following:

- the U.S. or any other (still to be determined) foreign states (Foreign States) that are involved in committing unfriendly acts against the Russian Federation, Russian citizens or Russian legal entities; and/or
- entities incorporated in any such Foreign State that are, directly or indirectly, (a) controlled by that Foreign State or (b) affiliated with that Foreign State (where the Foreign State would have more than a direct or indirect 20 percent interest) (Foreign Entities), or government officials and citizens of Foreign States (Foreign Citizens), where such Foreign Entities or Foreign Citizens are involved in committing unfriendly acts against the Russian Federation.

Russian authorities, legal entities and citizens would be required to comply with any measure that may be imposed under the new law. Such measures could fall under any of the following categories:

- ending or suspending international cooperation with respect to certain industries (to be determined by the Russian president) between the Russian Federation or Russian legal entities and Foreign States or Foreign Entities;
- prohibiting or restricting the import into Russia of certain products or raw materials (to be determined by the Russian government) originating from Foreign States or produced by Foreign Entities (other than vital or essential products (e.g., pharmaceuticals) in relation to which there is no analogous version produced in Russia, or imports by individuals for personal use only);
- prohibiting or restricting the exportation out of Russia by Foreign Entities or Foreign Citizens of certain products or raw materials (to be determined by the Russian government);
- prohibiting or restricting Foreign Entities from performing certain work or providing certain services (as determined by the Russian government) within Russia in order to satisfy state or municipal needs, or the needs of certain types of Russian legal entities;
- prohibiting or restricting Foreign Entities or Foreign Citizens from being involved in the privatization of state-owned or municipal property, or from performing work or providing services on behalf of the Russian Federation in relation to the sale of federal property; and
- other measures as may be determined by the Russian president.

¹ Federal Law No. 127-FZ "On Measures (Countermeasures) in Response to Unfriendly Acts of the United States of America and (or) Other Foreign States."