



# Winston & Strawn's International Trade Overview of U.S., EU, and Japanese Sanctions: One Year After Russia's Invasion of Ukraine

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Since the start of Russia's invasion of Ukraine on February 24, 2022, the United States (U.S.)—in partnership with the European Union (EU), the Group of Seven (G7),<sup>[1]</sup> and other Western countries— have designated 9,025 individuals, 2,636 entities, 119 vessels, and 22 aircraft.<sup>[2]</sup> In the U.S., the sanctions program against Russia has been codified into law by 31 CFR part 587 (the “Russian Harmful Foreign Activities Sanctions Regulations” or “RuHSR”), its amendments, declarations made by the Department of the Treasury's Office of Foreign Assets Control (OFAC), and executive orders (“E.O.”) by the Biden administration. To date, the Council of the EU has issued nine packages of sanctions against Russia by amending or adopting regulations “concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine.” A 10th package of EU sanctions is expected in the coming days, which will – amongst other things – introduce new measures to tackle circumvention.<sup>[3]</sup> The Deputy Secretary of the U.S. Treasury also announced forthcoming U.S. sanctions targeting those who provide material support to Russia in a meaningful way.<sup>[4]</sup> Included within the discussion below, in addition to a summary of US and EU sanctions, is a summary of sanctions implemented by the Government of Japan. This article is aimed at summarizing the sanctions and related actions against Russia since the invasion of Ukraine last year.

## U.S. SANCTIONS

Sanctions designations and actions taken by the Biden Administration and Congress as a result of Russia's invasion of Ukraine include actions targeting Russian-government assets, broad economic sectors, specific individuals and entities, and the Russian-occupied regions of Ukraine (the so-called Donetsk People's Republic and the so-called Luhansk People's Republic in Ukraine, “DPR” and “LPR,” respectively).

### Sanctions targeting Russian-government assets

- As described in our first [blog post](#) summarizing the earlier rounds of sanctions against Russia, those targeted Russian-government assets, particularly Russia's Central Bank, limiting its ability to draw on dollar-denominated foreign reserves, as well as the Russia's Ministry of Finance and National Wealth Fund. E.O. 14024 authorizes sanctions against Russia based on violations of international law and specified harmful foreign activities of the Russian government. Pursuant to E.O. 14024, OFAC issued the following directives prohibiting certain actions by U.S. financial institutions and U.S. persons:

- February 22, 2022
  - Directive 1A: prohibiting participation in primary- and secondary-market transactions in Russian sovereign debt (i.e., bonds and loans).
- February 24, 2022
  - Directive 2 (the Russia-related CAPTA Directive): prohibiting the opening or maintaining of bank accounts and transactions with Sberbank, Russia's largest state-owned bank.
  - Directive 3 (the Russia-related Entities Directive): prohibiting the opening or maintaining of bank accounts and transactions with Alfa-Bank, Russia's largest private bank.
- February 28, 2022
  - Directive 4 (the Russia-related Sovereign Transactions Directive): freezing all assets belonging to Russia's Central Bank, Russia's Ministry of Finance, and Russia's National Wealth Fund and effectively prohibiting U.S. persons from engaging in transactions with those entities.
- On February 28, 2022, OFAC also blocked access to the U.S. financial system for the Russian Direct Investment Fund ("RDIF"), a Russian sovereign wealth fund that operates in the insurance and financial-services industries, its management company, one of the managing company's subsidiaries, and its chief executive officer, Kirill Dmitriev.

#### Sanctions targeting broad economic sectors

- *Energy sector*
  - On March 8, 2022, the Biden administration signed E.O. 14066 (P.L. 117-109), banning the import of Russian petroleum into the U.S. and investments in the Russian energy sector by U.S. persons wherever located. Coalition members took similar steps with respect to their respective jurisdictions.
  - Pursuant to E.O. 14071, OFAC issued several determinations authorizing U.S. persons to provide certain services in the maritime transport of Russian oil and petroleum products if such crude oil or petroleum products were purchased at or below a certain price cap.<sup>[5]</sup> The import of Russian petroleum into the U.S. remains prohibited.
  - Effective February 5, 2023, OFAC determined that the price cap on Russian "Discount to Crude" petroleum products shall be \$45/barrel, and that the price cap on Russian "Premium to Crude" petroleum products shall be \$100/barrel. Discount Crude relates to items like naphtha, residual fuel oil, and waste oil. Premium Crude relates to items like gasoline, motor fuel blending stock, gasoil and diesel fuel, kerosene, and vacuum gas oil.
  - Effective February 5, 2023, OFAC made a determination that certain "covered services" related to the oil and petroleum industry are authorized if the price of the Russian crude oil or petroleum products does not exceed the relevant price cap determined by the Secretary of the Treasury. Said services include (1) trading/commodities brokering, (2) financing, (3) shipping, (4) insurance, (5) flagging, and (6) customs brokering.<sup>[6]</sup>
  - Effective December 5, 2022, OFAC determined that the price cap on Russian crude oil shall be \$60 per barrel.
- *U.S. import of gold, diamonds, seafood, and alcoholic beverages*
  - Shortly after, on March 11, 2022, E.O. 14068 prohibited the import of seafood, alcoholic beverages, and diamonds. OFAC also made a determination to ban new imports of gold of Russian origin.
- *Export of U.S. luxury goods and dollar-denominated banknotes*
  - E.O. 14068 also prohibited the export of U.S. luxury goods and USD banknotes.
- *Aerospace, electronics, and marine sectors*

- On March 31, 2022, OFAC determined sanctions shall apply to the aerospace, electronics, and marine sectors of the Russian economy.
- *Services*
  - OFAC determined on May 8, 2022, that the prohibitions in E.O. 14071 applied to service sectors like accounting, trust and corporate formation, and management consulting. On September 15, 2022, OFAC determined that it also applied to quantum-computing services.
- *State-controlled television stations*
  - On May 8, 2022, OFAC also designated three of Russia's state-owned and -controlled TV networks to the SDN List to cut off the ability of any advertising revenue or equipment sales originating from the U.S. to reach Russia.

#### Sanctions targeting specific individuals and entities

- Since February 24, 2022, the U.S. has imposed sanctions on the Russian head of state, Vladimir Putin, and close relatives; Prime Minister Mikhail Mishustin; members of Russia's Security Council and administration (including ministers of foreign affairs, defense, and finance and heads of the armed forces); and regional governors, among many others.<sup>[7]</sup>
- Russia's legislature (including members of the Duma legislative body and Federation Council<sup>[8]</sup>), Central Election Commission, business elites, and individuals linked to Russia's military-industrial complex.<sup>[9]</sup>
- Conglomerates like Rostec (in the defense, industrial, and technology industry), Alrosa (diamond-mining company), Severstal and MMK (steel producers), Skolkovo (a technology development park), Mikron (manufacturer and exporter of microelectronics), etc.<sup>[10]</sup>

#### Sanctions targeting Russian-occupied regions of Ukraine

- E.O. 14065, signed on February 21, 2022, prohibits investments, imports, exports, and any approval, financing, or facilitation from the U.S., or by a U.S. person, of transactions in the DNR or LNR regions of Ukraine.

### **U.S. AUTHORIZATIONS**

The U.S. government authorizes, among other things, certain activities and transactions related to humanitarian assistance, agricultural and medical trade, and other support to people impacted by Russia's 2022 invasion of Ukraine.<sup>[11]</sup> The U.S. has issued several authorizations in the form of General Licenses ("GLs"). Below is a select list of currently available GLs.

#### *Movement of crude oil and petroleum products to the European Union*

- On February 3, 2023, OFAC issued GL 56A to authorize imports of crude oil and petroleum products into Bulgaria, Croatia, or landlocked EU member states.

#### *Emergency medical services*

- On February 3, 2023, OFAC issued GL 57A, authorizing emergency services on vessels transporting oil and petroleum products as necessary for the health or safety of the crew or environment. Also, section 587.508 of the RuHSR authorizes the provision and receipt of nonscheduled emergency medical services.

#### *Agricultural commodities, medicine, and medical devices*

- On January 17, 2023, OFAC issued GL 6C, authorizing (1) exports of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, and software updates for medical devices to, from, or transiting through Russia; (2) the prevention, diagnosis, or treatment of COVID-19 (including research or clinical studies relating to COVID-19); and (3) the continuation of clinical trials and medical-research activities that were in effect prior to March 24, 2022.

### *Telecommunications and Internet-based communications*

- On July 14, 2022, OFAC issued [GL 25C](#), authorizing the transmission of telecommunications to Russia, which includes exports of services, software, hardware, or technology and the exchange of communication via chat, email, video calls, or social media.

### *Activities of NGOs and international organizations*

- On April 19, 2022, OFAC issued [GL 27](#) to authorize the activities of NGOs in Russia or Ukraine to meet basic human needs, support democracy building, support education, or support other noncommercial development projects. Section 587.205(b) of the RuHSR exempts transactions that are the conduct of the official business of international organizations and their members.

### *Personal remittances*

- On March 11, 2022, OFAC issued [GL 18](#), authorizing the transfer of USD banknotes and noncommercial, personal remittances from the U.S. to individuals located in Russia.<sup>[12]</sup>

## **EU SANCTIONS**

The EU also imposed extensive sanctions targeting Russia over the past twelve months. It has issued nine packages of sanctions and announced the tenth package that will be published in the upcoming days.

### *First package of sanctions – restrictions on access to EU markets, measures related to Donetsk and Luhansk, and blocking designations*

- As described in our earlier [blog post](#) on the EU's first package of sanctions against Russia, on February 23, 2022, the European Council adopted its first package of sanctions against Russia, [Council Regulation \(EU\) 2022/262](#), aimed at restricting Russia's access to the EU's financial institutions and services by prohibiting the sale, purchase, or investments of Russian-government assets in the Central Bank of Russia, prohibiting any new loans or credits issued by Russia, and banning the sale of certain goods and technology to specified legal persons in Russia.
- The first package of EU sanctions also included import and export bans related to Donetsk and Luhansk.
- It also included blocking designations of members of the government, senior military personnel, people working for "pro-Russian" media, and businesspeople, as well as 336 members of the Russian State Duma and four entities.

### *Second package of sanctions – financial restrictions, export bans related to technology, individual sanctions*

- On February 25, 2022, the second package of sanctions extended financial restrictions to capital markets and prohibited the provision of services in relation to shares of Russian state-owned entities on EU trading venues.
- It also further restricted transactions related to various types of goods and technologies related to oil, aviation, space, and the military and defense sectors.
- It also amended blocking-designations criteria and included additional designations of the Russian Head of State and ministers, among others.

### *Third package of sanctions – banning transactions with Russian financial institutions and Russian aircraft*

- On February 28, 2022, the EU announced additional measures ([EU 2022/334](#)), prohibiting any transactions with the Central Bank of Russia and banning Russian air carriers from overflying the territory of the EU.
- It also imposed targeted sanctions on an additional 26 persons and one entity.

### *Fourth package of sanctions – restrictions on SWIFT services, financial restrictions, and broadcasting-company restrictions*

- On March 2, 2022, the EU issued another set of measures ([EU 2022/350](#)), imposing restrictions on the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) services and broadcasting companies. This package excluded seven Russian banks, and subsidiaries, from SWIFT and adds delays, adds extra costs, and cuts revenues for Russian companies operating in the financial system.
- This package also included additional financial restrictions prohibiting investments, participation, or other contributions to future projects with the Russian Direct Investment Fund. It also included additional restrictions prohibiting the provision of euro-denominated banknotes to Russia or to any person in Russia (including the Russian government), or for use in Russia.
- This package of sanctions also suspended the broadcasting of state-owned outlets Sputnik and Russia Today in several members of the EU.
- On March 15, 2022, the European Council gave effect to [EU 2022/428](#) to impose prohibitions targeting new investments in the Russian energy sector, ban all transactions with certain state-owned companies, and freeze exports of luxury goods to Russia.

*Fifth package of sanctions – measures sanctioning Russian oligarchs, imposing measures on Belarus, and restricting the movement of goods*

- On March 9, the EU announced additional measures imposing restrictions on Belarusian entities and financial inflows, and certain Russian persons and maritime exports.
- On April 8, 2022, [EU 2022/576](#) introduced additional import restrictions on certain goods from Russia—including coal, wood, cement, seafood, and liquor—while restricting exports on jet fuel and other goods. The EU adopted targeted economic measures against an additional 217 individuals and 18 entities.

*Sixth package of sanctions – crude oil and petroleum products*

- On June 3, 2022, the sixth package of sanctions under [EU 2022/879](#) prohibited the purchase, import, or transfer into member states, directly or indirectly, of crude oil and certain petroleum products of Russian origin.
  - Suspended broadcasting of further Russian state-owned outlets—Rossiya RTR / RTR Planeta, Rossiya 24 / Russia 24, and TV Centre International.
  - SWIFT ban of additional Russian banks.

*Seventh package of sanctions – public-procurement restrictions*

- On July 21, 2022, the European Council adopted a “Maintenance and Alignment” package, [Decision \(CFSP\) 2022/1271](#), to ban the purchase, import, or transfer of Russian gold, which constitutes Russia’s most significant export after energy, and to stop the execution of any public or concession contract falling within the scope of the public procurement.
  - Limited exemption: The decision authorizes EU entities to transact with certain Russian state-owned entities for agricultural products and the supply of oil and petroleum products to third countries.

*Eighth package of sanctions – prohibition on the provision of certain services and introduction of oil price cap*

- As described in our earlier [blog post](#) on the EU’s eighth package of sanctions against Russia, on October 6, 2022, the EU introduced a price cap ([EU 2022/1904](#)) to allow the maritime transport to third-party countries of Russian crude oil or petroleum products as long as it is purchased at or below a preestablished price cap. The European Council set the cap at \$60 per barrel, effective on December 5, 2022, pursuant to the Price Cap Coalition.<sup>[13]</sup> On February 4, 2023, the EU set the price cap at \$45 per barrel for petroleum products traded at a discount to crude oil and \$100 per barrel for petroleum products traded at a premium to crude.<sup>[14]</sup>
- This package also:

- imposed restrictive measures, including the freezing of assets, on additional entities and individuals, including key decision makers, oligarchs, senior military officials, and propagandists responsible for undermining Ukraine's territorial integrity;
- expanded the geographical scope of the restrictions to include not only Crimea, Donetsk, and Luhansk but also Kherson and Zaporizhzhia;
- extended the export prohibitions by adding new items to the list of goods that could contribute to the enhancement of Russian industrial and military capacities and imposed restrictions on exports of goods for use in the aviation sector;
- extended restrictions on Russian state-owned companies, including a new ban on EU nationals holding certain positions within such entities;
- prohibited the provision of crypto-asset wallets to Russian persons or entities;
- banned the import, directly or indirectly, of Russian iron and steel products; and
- restricted the provision of architectural and engineering services and of IT consultancy services and legal advisory services;

#### *Ninth package of sanctions – technological restrictions*

- As described in our earlier [blog post](#) on the EU's ninth package of sanctions against Russia, on December 16, 2022, the EU issued [EU 2022/2474](#), its latest package of sanctions to date, which included restrictions such as:
  - additional designations—the EU added the Russian Regional Development Bank to the list of Russian state-owned entities subject to a full transaction ban;
  - additional export bans on sensitive dual-use and advanced technologies that contribute to Russia's military capabilities and technological enhancement;
  - restrictions on the exports of drones;
  - additional bans on Russian media outlets—the EU suspended the broadcasting licenses of four additional Russian state-owned outlets to restrict Russia's concerted propaganda actions; and
  - restrictions on new investment in the Russian mining sector—the EU prohibited new investments in the Russian mining sector.

## **JAPANESE SANCTIONS**

Japan has imposed economic sanctions on Russia since the annexation of Crimea in 2014 and has tightened sanctions since Russia's invasion of Ukraine in 2022. In step with the U.S. and EU, Japan has gradually expanded the scope of its sanctions, which are primarily imposed under Japan's Foreign Exchange and Foreign Trade Act. While Japan's sanctions on Russia share similarities to those of the U.S. and the EU, it is important to consult the Japanese government's announcements for details on the specific targets, goods, effective dates, and exceptions.

As of February 23, 2023, the outline of Japanese sanctions on Russia are as follows:

- restriction on payments and capital transactions; targeting Russian designated entities and designated individuals;
- ban on the issuance and trading of new Russian sovereign debt and a ban on certain bond issuances by designated Russian banks;
- ban on exports, targeting Russian designated entities and designated items (including, but not limited to, goods that can be potentially used to enhance Russia's military capabilities);
- ban on imports, targeting designated items (including, but not limited to, alcoholic beverages, timber products, and electrical machinery);
- as for oil, Japan has introduced oil price cap import restrictions in accordance with the G7 decision.

- ban on certain new investments and long-term loans to Russia; and
- ban on the provision of trust services, accounting and auditing services, and management-consulting services.

Winston & Strawn International Trade attorneys continue to monitor the evolving sanctions in the US, EU, and Japan. Please contact the authors or your Winston relationship partner with any questions.

*This article was written with significant contributions by Winston Foreign Legal Advisor Mitsuhiro Gujima.*

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<sup>[1]</sup> The G7 includes Canada, France, Germany, Italy, Japan, the United Kingdom, and the U.S.

<sup>[2]</sup> See Russia Sanctions Database, Atlantic Council (last accessed Feb. 20, 2023), <https://www.atlanticcouncil.org/blogs/econographics/russia-sanctions-database/>.

<sup>[3]</sup> See Statement by President von der Leyen on the 10th package of sanctions against Russia (last accessed Feb. 21, 2023), [https://ec.europa.eu/commission/presscorner/detail/en/statement\\_23\\_907](https://ec.europa.eu/commission/presscorner/detail/en/statement_23_907).

<sup>[4]</sup> Deputy Sec'y of the U.S. Treasury Wally Adeyemo, Remarks at the Council on Foreign Relations C. Peter McColough Series on International Economics (Feb. 21, 2023).

<sup>[5]</sup> See [OFAC Guidance](#) on Implementation of the Price Cap Policy for Crude Oil and Petroleum Products of Russian Federation Origin (Feb. 3, 2023).

<sup>[6]</sup> See OFAC's "crude oil [determination](#)" (Prohibitions on Certain Services as They Relate to the Maritime Transport of Crude Oil of Russian Federation Origin) and "petroleum products [determination](#)" (Prohibitions on Certain Services as They Relate to the Maritime Transport of Petroleum Products of Russian Federation Origin).

<sup>[7]</sup> Congressional Research Service, Russia's War Against Ukraine: Overview of U.S. Sanctions and Other Responses 16 (Dec. 20, 2022).

<sup>[8]</sup> Reuters, *U.S. Issues Fresh Russia-Related Sanctions – Treasury Website* (Mar. 24, 2022 9:48 AM EDT), <https://www.reuters.com/world/us/us-issues-fresh-russia-related-sanctions-treasury-website-2022-03-24/>.

<sup>[9]</sup> *Id.* For a full list of individuals sanctioned by the U.S., please visit the Specially Designated Nationals and Blocked Persons List (SDN) Human Readable Lists, OFAC (last accessed Feb. 20, 2023), <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>.

<sup>[10]</sup> *Id.*

<sup>[11]</sup> See [FACT SHEET: Preserving Agricultural Trade, Access to Communication, and Other Support to Those Impacted by Russia's War Against Ukraine](#) (Apr. 2022); see also [FACT SHEET: Russia Sanctions and Agricultural Trade](#) (July 2022).

<sup>[12]</sup> For a full list of GLs issued by OFAC for Russian Harmful Foreign Activities Sanctions, please visit <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/russian-harmful-foreign-activities-sanctions>.

<sup>[13]</sup> See Press Release, Eur. Council, Council of the Eur. Union, Russian Oil: EU Agrees on Level of Price Cap (3 Dec. 2022), [consilium.europa.eu/en/press/press-releases/2022/12/03/russian-oil-eu-agrees-on-level-of-price-cap/](https://consilium.europa.eu/en/press/press-releases/2022/12/03/russian-oil-eu-agrees-on-level-of-price-cap/).

<sup>[14]</sup> See Press Release, Eur. Council, Council of the Eur. Union, EU Agrees on Level of Price Cap for Russian Petroleum Products (4 Feb. 2023), <https://www.consilium.europa.eu/en/press/press-releases/2023/02/04/eu-agrees-on-level-of-price-caps-for-russian-petroleum-products/>.

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[Cari Stinebower](#)



Daimiris Garcia

Mariana Pendás Fernández

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