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Vanuatu: International Sanctions on Russian Dealings

Impact and Compliance

Preamble

This paper provides a high-level analysis of the potential effects of recent US, UK, and EU sanctions on business activities conducted by Vanuatu entities. While the focus of this paper is primarily on Vanuatu, the insights are broadly applicable to other nations affected by these sanctions, including many in Asia with significant financial ties to Vanuatu. Key sectors potentially impacted may include forex, online gambling, shipping registration, and immigration by investment (Golden Passports).

Sanctioned actors may attempt to exploit these sectors through Vanuatu-domiciled corporations to circumvent restrictions, potentially concealing sanctioned asset dealings through its banking institutions and real estate. This paper is based on information publicly available as to 22 April 2022.

1. Potential Implications for Vanuatu Citizens and Entities

In 2017, Vanuatu enacted a new United Nations Financial Sanctions Act (UNFSA), that aims to prevent terrorism and impose prohibitions arising from UN Security Council Resolutions. The Act outlines a designation process for which prohibitions are placed on persons / entities designated by either the UN Security Council Resolutions or independently by the Prime Minister of Vanuatu.

While Vanuatu, as a sovereign nation, has not independently issued sanctions restricting its citizens and entities from engaging with certain 'sanctioned' Russian individuals and entities, it nevertheless stands as a consequence of the UNFSA that such sanctions potentially apply. (Please refer to Sect-3 below regarding Russia's veto powers). Furthermore, secondary sanctions provisions, independently implemented and enforced by the EU, UK, and USA, may also apply to seemingly unconnected dealings, but nevertheless potentially exposing any contravening entities to civil and criminal penalties.

- ❖ Notably, Vanautu reporting entities are required by the UNFSA to regularly review and monitor their customers against the UNSC Sanctions Listing (link provided by Vanuatu's Financial Intelligence Unit (FIU) www.fiu.gov.vu) and strictly adhere to directions issued by the Sanctions Secretariat. See the Guidance Note here.

2. Background

Russian Federation President Vladimir Putin announced on 21 February 2022 that Russia recognises the independence of the self-proclaimed Donbas region of Ukraine. Immediately thereafter, on 21 and 22 February 2022, the United States, the United Kingdom, Australia, Canada, Japan, and the European Union (EU) began imposing sanctions on the Donbas region and the Russian financial sector.

Russia then invaded Ukraine on 24 February 2022, which resulted in further sanctions against Russia and the extension of sanctions to Belarus for its role in aiding the Russian invasion. On 26 February 2022, the leaders of the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States issued a Joint Statement on Further Restrictive Economic Measures against Russia, condemning "Putin's war of choice." In the joint statement, these jurisdictions committed to:

1. ensure Russian banks are removed from the SWIFT messaging system to disconnect them from the international financial system and harm their global operations;
2. impose restrictive measures to prevent the Russian Central Bank from deploying its international reserves in ways that undermine the impact of their sanctions;
3. take measures to limit the sale of citizenships to wealthy Russians connected to the Russian government;
    - ❖ Notably, this sanction is particularly relevant to Vanuatu's "Golden Passport" program, a significant revenue driver for the Vanuatu government, and enjoyed by many in the Asian regions. If, by a lack of vigilance, or by intentional contravention, Vanuatu's immigration program was to be linked to breaches of these sanctions, it could tarnish the entire program's reputation. This could potentially lead to adverse consequences such as the withdrawal of visa-free travel privileges to the Schengen area and other European nations. Ensuring compliance with international sanctions is therefore essential to protect Vanuatu's citizenship program and its global standing, generally.
4. launch a transatlantic task force to ensure the effective implementation of financial sanctions by identifying and freezing the assets of sanctioned individuals and companies within their jurisdictions; *and*
5. step-up coordination to prevent disinformation and other forms of "hybrid warfare."

There has since ensued a series of measures seeking to apply progressively more pressure on Russia to de-escalate the situation and withdraw from Ukraine. The new sanctions are complex, overlapping, and rapidly changing.

A meeting of the G7 Foreign Ministers took place on 7 April at which there was a further call for collective action, including an accelerated timetable for all G7 countries to end their dependency on Russian energy.

3. What international sanctions have been issued?

In this paper, I summarise the key financial sanctions issued by the US, UK and the EU. However, it is important to recognise that coordinated unilateral sanctions have been imposed by several jurisdictions in relation to the situation in Ukraine. In addition to those covered in this paper, Japan, Singapore, Australia, Switzerland and others have issued sanctions. The volume of sanctions from so many different governments is unprecedented and creates significant challenges for international financial institutions and businesses seeking to navigate the new legal framework.

As mentioned, Vanuatu has not, independently, implemented unilateral sanctions. Rather, its sanctions laws are designed to implement sanctions issued by the United Nations Security Council (**UNSC**). As a permanent member of the UNSC, Russia has the right to veto UN sanctions. As it will veto any sanctions regime targeting itself, UN sanctions against Russia, and therefore Vanuatu sanctions against Russia, are highly unlikely. That does not mean there is no impact for Vanuatu and those doing business within it, as explained in the following paragraphs.

What is the impact in Vanuatu?

The key take-away is that any dealings with Russia, involving Russian-owned entities, or connected to Russia in any way now require careful scrutiny for sanctions risk given the numerous sectors, activities, and transactions being targeted by international sanctions. Key questions for consideration are set out below.

Sanctions Questions

1. Is there a Russian nexus to my transactions, operations, or business due to the counterparties involved or the export/import of goods and services?
2. Have the following all been screened: counterparty business name; the names of any persons or entities that own the counterparty; and any person known to control the entity?
3. Do any international sanctions apply due to any party being a person designated under international sanctions targeting Russia?
4. If any party is designated under international sanctions, do those sanctions apply to my business, this transaction, or the staff involved?

5. Has supply chain due diligence been conducted? This should include verification-of-origin and recipient checks. It may be necessary to check paperwork such as import and export licenses and bills of lading.
6. Are the goods or services I am exporting destined for Russia or is there a risk they may be onward exported? If so, do any prohibitions apply to the goods (including parts of the goods) or services? It's important to understand the wide-reaching nature of sanctions to the export of, for example, US-origin goods (see further the jurisdiction of US-related export and reexport controls described in Sect-6).
7. Am I exporting goods from Russia to third parties? If so, do the import laws of the destined jurisdictions have prohibitions in place? Do any general licenses or exemptions that apply?
8. Does any element of my business or intended transactions involve a Russian bank? Will the transaction be hindered by the SWIFT ban or international sanctions relating to lending, correspondent banking, etc. (further described in the remainder of this alert)?
9. Am I currently reliant on Russian-flagged vessels or Russian aircraft for the transport of any cargo? What impact do the aviation and marine sectoral sanctions have?
10. Does any staff member need to recuse themselves from a project or transaction due to international sanctions applying to them personally?
11. If I have contractual arrangements, including financing agreements with Russian-nexus counterparts, are any sanctions clauses in the contracts engaged? Do I have a right or obligation to terminate the contract?
12. What are the commercial risks of continuing to do business where there is a Russian nexus? For example, non-performance of contractual obligations as well as risks arising from the general adverse economic impact on the Russian economy, including the depreciation of the Russian ruble and the declining value and liquidity of Russian securities (where relevant to the transactions in question).
13. Will my business be impacted by the large-scale market volatility and collateral impact on global commodity prices (including oil and natural gas) as a response to international sanctions?
14. Will the adverse outlook on certain stock markets and foreign-exchange markets affect the performance of the portfolios/investment products managed or issued (including commodity derivatives, foreign-exchange products, and related structured products)?

15. Is my business linked to or reliant on digital assets? Are those digital assets at risk of being abused by persons impacted by Russian sanctions to circumvent the prohibitions relating to banking and finance?
16. Does the removal of Russia's "most favoured nation" status by G7 countries mean increased tariffs apply to any activity involving Russia impacting my business?
17. Are there any reputational issues to be addressed? Reputational risk may arise even if sanctions do not specifically apply.
18. What is the follow-on impact of compliance? For example, could contract terminations lead to allegations of contract breaches?

4. Overview of international sanctions against Russia

In this section, I provide a thematic summary of certain types of sanctions that have been applied. This is not exhaustive and is intended to demonstrate the extent of the sanctions and the many sectors impacted. In sections 6, 7, and 8, I provide greater details on the US, EU, and UK regimes, respectively.

Territory-wide Embargoes:

Wide-ranging prohibitions with few exceptions in relation to the direct or indirect provision of finance, goods, and services to or from the contested regions of Crimea, Donetsk, and Luhansk extending to all persons and entities in those regions. New investment in Russia by US persons is prohibited, as is US-person facilitation of new investment in Russia by a non-US person. Similarly, all new UK outward investment in Russia has been banned.

- ❖ It is reasonable to assume that transactions involving any UK protectorate or territory, such as Guernsey, the British Virgin Islands, or the Cayman Islands, could fall under UK sanctions. Notably, Vanuatu is neither a protectorate of the UK nor a territory of France, having gained its independence from both in 1980.

Individuals:

Russian political figures and oligarchs have been targeted by sanctions imposing asset freezes. The precise requirements of asset freezes may differ but generally prohibit those required to comply with the sanctions from dealing with frozen funds or economic resources belonging to, or owned, held, or controlled by, a sanctioned person or making funds or economic resources available to a sanctioned person; in short, circumventing asset freezes. High-profile figures who have been sanctioned include Vladimir Putin (President of Russia), Sergei Viktorovich Lavrov (Russian Foreign Minister), the CEOs of Gazprom and Rosneft, and Roman Abramovich (owner of Chelsea Football Club). There is surely more to be added.

Financial Sector:

The sanctions are designed to significantly impact Russia's financial sector by restricting its access to international financial markets and limiting transactions with foreign banks. These measures have led to increased borrowing costs and reduced foreign investment. Additionally, sanctions have impacted the foreign exchange market by creating volatility in the Ruble's value and complicating Russia's ability to exchange its currency for foreign currencies.

For example:

- Several Russian banks have been cut off from the SWIFT messaging system, meaning they cannot use the system for cross-border fund transfers;
- There are also prohibitions on dealing in transferable securities or money market instruments of certain Russian sanctioned entities; *and*
- on dealing in new debt or new equity of entities in relation to certain Russian sanctioned entities;
- There are restrictions on the granting of loans or credit to Russian individuals and entities; *and*
- correspondent banking restrictions have been placed on Russian banks, including full blocking sanctions / full asset freezing.

Banks specifically targeted by one or more of these restrictions include VTB Bank, Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Vnesheconombank (VEB), Sberbank, Gazprombank, and Rosselkhozbank. There is surely more to be added.

❖ However, in my opinion, the immediate impact of sanctions on Russia's economic growth may be temporary. Russia is actively seeking to establish financial and trading relationships with significant nations willing to engage despite the sanctions, including India, China, and Saudi Arabia. For instance, Indian banks and financial institutions have notably continued their inter-banking services with Russian banks and are likely to maintain these ties unless they face substantial sanctions themselves or unless the SWIFT system is withdrawn from Indian banks, which seems unlikely. Nonetheless, banks and financial institutions in smaller nations such as Vanuatu and various Asian countries, including Singapore, must be vigilant to ensure they are not inadvertently handling potentially sanctioned funds from their counterparts. Such funds could potentially be frozen or seized leaving the receiver with the corresponding liability to the originator. Additionally, Balkan states and former Soviet countries like Georgia and Azerbaijan present a heightened risk of breaching both primary and secondary sanctions. (See more in Sect-9 'Final Thoughts' – 'Wilful Bypassing of Sanctions').

Energy Sector:

Sectoral sanctions targeting the energy sector have been imposed. For example:

- Under US law, there are prohibitions on activities relating to the production of oil in Russia and related goods and services. These require specific types of projects to be involved; *and*
- The EU has introduced new prohibitions on the sale, supply, transfer, or export of certain goods and technology, as well as ancillary technical assistance or brokering, used for oil refining to any person or entity in Russia or for use in Russia.

Aviation Sector:

Russia's aviation sector has been targeted. For example, the EU has prohibitions in place in relation to the sale, transfer, supply, or export of aircraft or aircraft parts to any person (including entity) in Russia or for use in Russia. This extends to use through leasing. There are also restrictions relating to technical assistance, brokering, financing, insurance, and reinsurance.

Luxury Goods:

Restrictions have been placed on exporting luxury goods to Russia. For example, the EU prohibits the export of "luxury" goods over a certain threshold. Currently, luxury goods are products with a value exceeding EUR 300 per item, so it is not a high threshold one might associate with the word "luxury". The restrictions also apply to many everyday items including alcohol, perfume, clothes and electronics (amongst many other items). The complete list and final rule can be found here.

Tariffs:

Russia has also had its Most Favoured Nation (**MFN**) status revoked by G7 countries. MFN status serves as a fundamental principle in global trade, ensuring that all member nations in the World Trade Organisation are treated equally. This means that if a country offers a lower tariff rate on specific goods to one member, it must extend the same rate to all other members. The withdrawal of MFN status from Russia enables countries to impose higher tariff rates on Russian goods.

Other Sectors:

Several other sectors have been targeted by the US, EU and/or UK including:

- Shipping
- Banknotes
- Oil, gas, and coal imports
- Dual-use goods
- Critical use goods
- Iron and steel imports
- Technology and cyber actors

Note: This list is not exhaustive. Ancillary goods and services relating to any of the impacted services and goods are also often prohibited.

5. Ownership and Control

In sections 6, 7, and 8, I provide detailed summaries of the US, UK, and EU sanction regimes. It is essential to understand the extensive consequences of sanctions under ownership and control rules. Of significance, sanctions often extend not only to individuals and entities listed on sanctions lists but also to entities owned or controlled by sanctioned entities. For example:

1. under US laws, an entity that is owned, directly or indirectly, 50% or more in the aggregate by one or more persons on the US Department of the Treasury's Office of Foreign Assets Control's (**OFAC's**) Specially Designated Nationals and Blocked Persons List (**SDNs**) is also deemed to be an SDN (50% rule). The same applies to certain other OFAC lists; or

2. the UK and EU have a similar 50% rule (without the aggregation element) but also have a control element. That is, if an entity is controlled by a sanctioned person, it will be deemed to be subject to the same sanctions as that person. There is guidance on the meaning of "control", and it should not be assumed from the person's job title alone.

It is important to know not only who the counterparty or client is in a transaction, but also to do due diligence to ensure beneficial ownership and control is understood such that you are not dealing with an entity that is subject to sanctions even if it does not directly appear on a sanctions list.

6. US Sanctions Against Russia

The legal framework for US sanctions against Russia encompasses multiple authorities, including acts of Congress, Executive Orders issued by the US President, and supporting directives or regulations issued by agencies such as OFAC and the Bureau of Industry and Security (**BIS**) of the Department of Commerce. It is vital to consider guidance (such as FAQs) issued by these agencies when assessing US sanctions risk.

Who has to comply with US sanctions?

1. Primary US sanctions apply to any transaction with a US nexus, including those involving:

2. US persons (i.e., a US citizen, permanent resident alien or green card holders);

3. corporate entities organised under the laws of the US (including foreign branches thereof);
4. any person in the US regardless of nationality; or
5. transactions denominated in USD.

Primary US sanctions also prohibit US companies/persons from approving, financing, facilitating or guaranteeing any transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a US person (i.e., a facilitation offence).

Accordingly, any US person in Vanuatu (or elsewhere) should assume US sanctions apply to them, and ensure they recuse themselves from any prohibited transaction unless a general license or other exemption applies.

In addition, transactions, business arrangements and deals of non-US persons can become subject to the requirements of US sanctions if, for example, a US person is involved (e.g., transactions routed or cleared through the US or denominated in US dollars) or if US-origin goods, software, technology or services are involved. Such transactions subject non-US persons to US sanctions because of a provision in the International Emergency Economic Powers Act (**IEEPA**) which prohibits any person from causing a US person to violate US sanctions.

Non-US persons also face sanctions exposure under the Countering America's Adversaries Through Sanctions Act (**CAATSA**). Under CAATSA, "secondary" sanctions can be imposed on non-US persons for knowingly making a "significant investment in a special Russian crude oil project". In determining whether an investment is "*significant*", OFAC will consider the totality of the facts and circumstances surrounding the investment and weigh various factors on a case-by-case basis. This will include:

1. the significance of the transactions to US national security and foreign policy interests;
2. the nature and magnitude of the investment, including its size relative to the project's overall capitalisation; and
3. the relation and significant of the investment to the Russian energy sector.

Investments include arrangements where goods or services are provided in exchange for equity in an enterprise or rights to a share of revenue or profits.

An investment is not significant if US Persons would not require a specific licence from OFAC to make or participate in it.

The most recent wave of sanctions issued by the United States (since 21 February 2022) have been primary sanctions, but that could change as the situation in Ukraine continues. In addition to reserving the possibility of secondary sanctions in case of escalation, the US has coordinated its sanctions with numerous allied countries that have imposed similar sanctions, lessening the need for the US to impose secondary sanctions to discourage non-US persons from engaging in transactions with Russia and Russian parties.

What sanctions have been imposed?

The following table provides a high-level overview of the key sanctions issued by the US against Russia. Note: It is not an exhaustive list of such sanctions.

<table>
<tr><th>A. Relevant sanction</th><th>B. Summary of prohibited activity (absent an applicable licence or exemption)</th></tr>
<tr><td> EO 14024: Blocks property with respect to specified harmful foreign activities of the Russian government. Includes SDN designations and various directives. EO 14039: Blocks property with respect to certain Russian energy export pipelines. </td><td> SDN designations Blocking sanctions that are placed on over 800 individuals and entities that are under the relevant Executive Orders to OFAC’s SDN List. This has included sanctions imposed against, amongst others: Vladimir Putin, the President of the Russian Federation;
Sergei Lavrov, Russia's Minister of Foreign Affairs;
Sergei Shoigu, Russia’s Minister of Defence;
Valery Gerasimov, Chief of the General Staff of the Russian Armed Forces;
The State Duma (legislature) and 328 members thereof;
PJSC Sberbank (and 42 subsidiaries);
JSC Alfa-Bank (and 6 subsidiaries and 5 vessels);
Other major Russian financial institutions, sovereign wealth funds, and their subsidiaries;
Defence-industrial companies;
Software and hardware companies;
Several oligarchs (but not Roman Abramovich);
Russian vessels; and
Nord Stream 2 AG and its CEO, Matthias Warnig. Sanctions also apply to entities directly or indirectly owned 50% or more, in aggregate one or more SDNs. </td></tr>
<tr><td>Directive 1A issued by OFAC pursuant to EO 14024</td><td> Rubles Prohibits US financial institutions from participating in secondary market dealing ruble (₽) and non-ruble denominated bonds issued on or after 1 March 2022 by the Central Bank of Russia, the National Wealth Fund of Russia or the Ministry of Finance Russia; and This is in addition to the existing prohibitions on participation in the primary mark ruble or non-ruble denominated bonds issued after 14 June 2021 by the above issue under Directive 1 issued by OFAC. </td></tr>
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Directive 2 issued by OFAC pursuant to EO 14024	**Correspondent banking** Prohibits any US financial institution from opening or maintaining a correspondent account or payable-through account ("CAPTA") for or on behalf of Sberbank, namely Sberbank subsidiaries or any other foreign financial institution that is 50% or more owned by Sberbank; Prohibits US banks from processing transactions in relation to the targeted Sberbank entities; *and* Events have overtaken the relevance of Directive 2, as the entities it applies to have been fully blocked by designation to the SDN List on 6 April 2022, meaning US persons must freeze and report to OFAC any property or interest in property of an affected that comes into their possession or control.
Directive 3 issued by OFAC pursuant to EO 14024	**New debt and equity** Prohibits US persons from dealing in new debt or new equity of entities, or their property interests in property, all transactions in, provision of financing for, and other dealings debt of longer than 14 days maturity or new equity where such new debt or new equity issued of the listed companies (and any entities owned 50% or more, directly or indirectly by them). The list includes the following prominent entities: ▪ Alfa-Bank (since designated an SDN on 6 April 2022); ▪ Alrosa; ▪ Credit Bank of Moscow; ▪ Gazprom; ▪ Gazprombank; ▪ Gazprom Neft; ▪ Rostelecom; ▪ Rushydro; ▪ Russian Agricultural Bank; ▪ Russian Railways; ▪ Sberbank (an SDN since 6 April 2022); ▪ Sovcomflot; *and* ▪ Transneft.

Directive 4 issued by OFAC pursuant to EO 14024	**Russia's Central Bank** Prohibits US persons from conducting direct or indirect transactions with the entity specified as being sanctioned under this Directive 4, namely, the Central Bank of Russia, the National Wealth Fund of Russia or the Ministry of Finance of Russia. This Directive's prohibitions encompass any transfer of assets to these entities or foreign exchange transactions for or on behalf of these entities by US persons. However, OFAC guidance clarifies that US persons must only reject transaction these entities; they are not required to block and report on the assets of the Directive 4 entities that come within their possession.
EO 14065: Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to Continued Russian Efforts to Undermine the Sovereignty and Territorial Integrity of Ukraine	**Regional embargoes** Investments in the so-called Donetsk People's Republic or Luhansk People's Republic regions of Ukraine (the "Covered Regions") by a US person; Importation or exportation of goods, services, or technology to and from the Covered Regions; *and* Financing, facilitation or guarantee of a transaction by a non-US person which, if performed by a US person, would be prohibited by this EO. The sanctions under this EO are subject to nine general licences that authorise certain activities, which are briefly summarised below this table. These regional sanctions are equivalent to those that have been in place in Crimea since the de facto annexation in 2014.
EO 14066: Prohibiting Certain Imports and New Investments With Respect to Continued Russian Federation Efforts To Undermine the Sovereignty and Territorial Integrity of Ukraine	**Energy sector** Importation of oil, gas and coal originating from Russia into the US; New investment in the energy sector of Russia by a US person, wherever located; *and* Any approval, financing, facilitation, or guarantee by a US person, wherever located transaction by a foreign person where the transaction by that foreign person would be prohibited by this EO if performed by a US person or within the US.

	The latter two bullet points have been superseded by the broader prohibition on any investment by US persons in Russia issued on 6 April 2022.
EO 14068: Prohibiting Certain Imports, Exports, and New Investment With Respect to Continued Russian Federation Aggression	**Import and export controls** Prohibits the exportation, reexportation, sale, or supply, directly or indirectly of luxury goods from the US or by a US person wherever located to Russia; Import of goods to the US from signature sectors of Russia's economy such as the seafood, alcoholic beverages and non-industrial diamonds sectors; New investment in any sector of the Russian economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State; ▪ This authority has been superseded by the broader prohibition on any new investment by US persons in Russia issued on 6 April 2022; The exportation, reexportation, sale, or supply, directly or indirectly, from the US or US person wherever located of USD-denominated banknotes to the Government of the Russian Federation or any person located in the Russian Federation; and Any approval, financing, facilitation, or guarantee by a US person, wherever locate transaction by a foreign person where the transaction by that foreign person would be prohibited by this EO if performed by a US person or within the US.
6 April 2022 EO (likely EO14070): Prohibiting New Investment in and Certain Services to the Russian Federation in Response to Continued Russian Federation Aggression	**Blanket investment prohibition for US persons** Prohibits new investment in the Russian Federation by a US person wherever located. Also prohibits any approval, financing, facilitation or guarantee by a US person, transaction by a non-US person where the transaction by that non-US person be prohibited if performed by a US person; and Authorises the Secretary of the Treasury to prohibit the export, reexport, sale or supplied direct or indirect, from the United States or by a US person of any category of service determined by the Secretary to any person located in Russia.

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<td>BIS Implementation of Sanctions Against Russia Under the Export Administration Regulations (EAR)</td>
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Expanded controls on US-controlled goods, software, and technology
Exports, reexports, and transfers (in-country) of all items subject to the EAR and classified in Commerce Control List (CCL) Categories 3-9 now require a license to Russia, subject to limited licence exceptions and a licencing policy of denial (i.e., a licence will be denied, except in limited cases, e.g., humanitarian items or items relating to flight or maritime safety);

CCL Categories 3-9 include many items that are not particularly sensitive from export controls perspective and did not previously require a licence to Russia, as electronics and telecommunications items and low-level encryption items;

Comprehensive export, reexport and in-country transfer restrictions for the Covered Regions;
Two new “Foreign Direct Product Rules”, one less broad but applicable to all of Ruthe other more broad but limited to Russian military end users (MEUs);

Exports or reexports of items subject to these new rules do not require a BIS licence when sent from any of the 33 countries on the Russia Exclusions List because they have committed to implement similar export controls on Russia;

Restrictions on Russian MEUs, which previously only applied to certain items, now to all items subject to the EAR except for food and medicine or mass-market encrypted items (unless intended for Russian government end users or state-owned entities.
As a result of the expansion of MEU restrictions to cover all items subject to the BIS removed Russian entities previously listed on the MEU List and placed on the Entity List. The EAR have broad extraterritorial application under the “follow the goods” principle and can apply to transactions between non-US entities. Items subject to the EAR can include: items anywhere in the world produced or manufactured in the US;

items in or exported from the US, regardless of origin of manufacture;
items that are manufactured anywhere in the world that contain certain types or amounts of US-origin parts or content; and
items manufactured anywhere in the world that are the product of certain US equipment, technology or software.

</td>
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</table>

Exceptions and licences:

Certain prohibited activities may be allowed if they are licensed by OFAC under either a specific licence or general licence or subject to a licence exception under the EAR.

Specific licences:

Issued by OFAC to a specific person or entity, authorising a particular transaction. A specific OFAC licence requires an application from the specific person or entity and can only be applied for by a US person.

General licences:

This is a category of licence that authorises a particular type of transaction for a class of persons or entities without the need to apply for a licence.

OFAC has issued dozens of general licences in relation to Russian sanctions since 21February 2022 authorising US persons to engage in the prohibited activities for certain purposes, usually for a limited period, allow them time to adjust their affairs in light of the new prohibitions (e.g., for the purposes of winding down positions or related to humanitarian efforts). An up-to-date list of general licences can be found on OFAC's website here (for general licences relating to Russian Harmful Foreign Activity Sanctions) and here (for general licences relating to Ukraine/Russia related sanctions), among other locations.

Additional offences:

In addition to the general sanctions violations that can occur for failing to comply with US sanctions, it is important to remember ancillary offences that exist. In summary:

1. general prohibitions in relation to sanctions avoidance, evasion and circumvention;
2. the offence of facilitation that can be committed by a US person; *and*
3. the offence of causing a US person to breach US sanctions that can be committed by a non-US person.

7. Key financial sanctions issued by the UK

A wide range of sanction powers is given under the Russia (Sanctions) (EU Exit) Regulations 2019 (**2019 Regulation**), including the ability to issue financial sanctions (e.g., asset freeze and prohibitions on making funds and economic resources available), trade sanctions (ego restrictions on imports, exports, supply of goods and services), transport sanctions (e.g., shipping and aircraft sanctions) and immigration sanctions. Licenses may be issued in respect of activities that would otherwise be prohibited under certain sanctions imposed.

Who has to comply with UK sanctions?

UK sanctions apply to British citizens and UK incorporated entities wherever in the world and any conduct by persons that takes place wholly or partly in the UK or in UK territorial seas. Under new legislation, breach of financial sanctions is a strict liability civil offence, punishable by fines of up to £1 million or 50% of the estimated value of the economic resources made available to the sanctioned party, whichever is greater. Financial institutions in particular will be adopting a cautious and conservative approach to ensure they do not fall foul of sanctions laws.

What sanctions have been imposed?

The following table summarises key sanctions imposed by the UK, categorised thematically.

- Note: The UK's Office of Financial Sanctions Implementation (**OFSI**) has issued Russia Guidance for the financial and investment restrictions implemented in relation to Russia that is a useful resource for those navigating UK sanctions.

A. Relevant sanction	B. Prohibited activity (absent an applicable licence of/or exemption)
Asset freeze	Asset freezes have been imposed on a number of Designated Persons. A list of Designated Persons is maintained by the UK government. Those sanctioned include: ▪ Vladimir Putin, the President of the Russian Federation; ▪ Sergei Lavrov, Russia's Minister of Foreign Affairs; ▪ PJSC VTB Bank (“VTB”), the second-largest state-owned bank in Russia; ▪ a number of defence manufacturing companies, including Rostec, Russia’s largest defence company; ▪ prominent figures in the Russian financial services sector (for example, Deputy President and Chairman of the Management Board of VTB); *and* ▪ Most recently, a total asset freeze against Sberbank and Credit Bank of Moscow. UK persons are prohibited from, amongst other things: ▪ directly or indirectly, dealing with the funds or economic resources of listed persons/entities; *and* ▪ making funds or economic resources available, directly or indirectly, to or for the benefit of the listed persons. *Asset freezes also apply to entities owned 50% or more by, or controlled by, persons listed.*
Correspondent banking	UK credit and financial institutions are prohibited from entering into or continuing correspondent banking relationships with sanctioned banks or their subsidiaries. This applies to correspondent banking accounts in any currency. UK credit and financial institutions are also prohibited from clearing or settling sterling payments to, from or designated bank or its subsidiaries. So far, only Sberbank is subject to these sanctions.
Investment	There is an outright ban on all new outward investment to Russia.

Capital market restrictions	**Transferable securities and money market instruments** The UK has expanded existing sanctions that have been in place since 2014. It is now prohibited to, in summary: ▪ deal in transferable securities or money market instruments with a maturity of greater than 30 days issued on or aft er 1 March 2022 by UK subsidiaries of certain Russian sanctioned entities (for example, Sberbank, VTB Bank, Gazprom Neft etc). Thes entities are listed in Schedule 2 of the 2019 Regulation (**Schedule 2 Persons**); ▪ deal in transferable securities or money market instruments issued on or after 1 March 2022 issued by a person connected with Russia (**Person Connected with Russia**) those acting on their behalf or at their direction. A "Person Connected with Russia includes individuals ordinarily resident in Russia or located in Russia and entities incorporated or constituted under the laws of Russia or domiciled in Russia; *and* ▪ deal in transferable securities or money market instruments issued on or after 1 M2022 issued or on behalf of, the Government of Russia (i.e., Russian sovereign debt scope of the "Government of Russia" is wide and includes public bodies and the Central Bank of the Russian Federation, amongst others. **Issuing loans and credit** The UK has expanded restrictions that have been in place since 2014. It is now prohibited, in summary: ▪ to make or grant loans or credit with maturity exceeding 30 days to the Schedule 2 Persons, their non-UK subsidiaries and any entities acting on their behalf or at their direction at any point since Brexit; ▪ make or grant loans or credit with maturity exceeding 30 days to the UK incorporated subsidiaries of the Schedule 2 Persons at any time aft er 1 March 2022; ▪ make or grant loans or credit with maturity exceeding 30 days to a Person Connected with Russia and any entities acting on their behalf or at their direction at any time after 1 March 2022; *or* ▪ make or grant loans or credit the Government of Russia.
Energy sector	The UK will end all dependency on Russian coal and oil by the end of 2022, and end import of gas soon after. From the week commencing 11 April, the export of key oil refining equipment and catalysts will also be banned, degrading Russia's ability to produce and export oil.

Trade controls and sectoral sanctions	In addition to the financial sanctions outlined above, several trade related restrictions have also been issued relating to, for example, the export of dual-use goods and technology critical industry goods and military goods from the UK to Russia. The prohibition is extensive and applies to a wide range of goods. Critical-use goods for example include such as telecommunication equipment, sensors, lasers, navigation equipment, computers, diesel engines, aircraft and gas turbine engines and many more. The UK has also introduced sanctions that target specific sectors. Examples of additional sanctions are those imposed on: ▪ the shipping sector, with restrictions such as prohibiting Russian flagged ships from entering UK ports; ▪ the iron and steel sector, with a ban on imports of iron and steel; ▪ the aviation sector, banning Russian aircraft from overflying or landing in the UK; ▪ the export of luxury goods to Russia is now prohibited; *and* ▪ imports on Russia with the disapplication of MFN tariffs. The above is a small sample of restrictions implemented by the UK in relation to the situation in Ukraine, it is not exhaustive.

Exceptions and Licences:

Similar to the US regime, there are limited exceptions to general prohibitions and general licences issued by the Office of Financial Sanctions Implementation (OFSI) that permit otherwise prohibited activity, often for winding down existing positions. For example, a licence was granted for winding down transactions involving VTB and VTB Capital in the UK (now expired) and for certain activity by VTB's UK subsidiary, allowing it to access funds for limited circumstances, like the payment of legal fees and basic needs. UK credit and financial institutions were also permitted to continue correspondent banking relationships with Sberbank for a limited period (until 31 March 2022). A list of general licences issued by the OFSI can be accessed here.

Additional Offences:

In addition to the primary sanctions' offences, it is also illegal to engage in actions that, directly or indirectly, circumvent the financial sanctions provisions.

8. Key financial sanctions issued by the EU

The EU applies "restrictive measures" (i.e., sanctions) under its Common Foreign and Security Policy. A Decision is first adopted under Article 28 or 29 of the Treaty of Europe and then implemented either through EU Regulations or member states.

Who has to comply with EU sanctions?

EU sanctions apply to nationals of EU member states and EU incorporated entities, any person on any aircraft or vessel under the jurisdiction of an EU member state and to any person conducting business in whole or in part within the EU.

What sanctions have been imposed?

The following table summarises key financial sanctions imposed by the EU, categorised thematically.

- Note: The UK's Office of Financial Sanctions Implementation (**OFSI**) has issued Russia Guidance for the financial and investment restrictions implemented in relation to Russia that is a useful resource for those navigating UK sanctions.

A. Relevant sanction	B. Prohibited activity (absent an applicable licence of exemption
SWIFT network ban Council Regulation (EU)2022/345	Prohibition on the provision of SWIFT to key Russian credit institutions and their Russian subsidiaries. Member States are not permitted to grant exceptions; *and* Prohibition on selling supplying, transferring or exporting Euro banknotes to a Russian entity or person in Russia, the Russian government or Central Bank.
Asset Freeze Council Regulations: (EU) 269/2014 (EU) 2022/260 (EU) 2022/261(EU) 2022/332 (EU) 2022/336 (EU) 2022/353 (EU) 2022/427	Asset freezes have been imposed against a significant number of individuals involved with the Russian government, related entities, Russian banks and Russia's National Security Council.
Banking Council Regulations: (EU) 833/2014 (EU) 2022/334 (EU) 2022/328	Significant prohibitions have been implemented in relation to the Russian Central Bank and any transactions with those acting on behalf or at the direction of the Russian Central Bank. There is a prohibition on accepting deposits from any Russian national, resident or incorporated entity of over EUR100,000.
Capital market restrictions **Council Regulations:** (EU) 833/2014 (EU) 2022/262 (EU) 2022/328	**Transferable securities and money market instruments** The EU has extended existing sectoral sanctions. It is now prohibited to: deal with (including purchasing and selling) transferable securities and money-management instruments issued after 9 March 2022 by: ▪ Russia; ▪ the Russian government;

- Russian Central Bank; *and*
- those acting on behalf of or at the direction of the Russian Central Bank.

purchase, sell or provide investment services for, or assist in the issuance of, or otherwise deal with, transferable securities and money-market instruments issued after12 April 2022 by several listed entities and non-EU entities owned more than 50% those entities or acting at their direction. The entities include:

- Alfa Bank;
- Almaz-Antey;
- Bank Otkritie;
- Bank Rossiya;
- Gazprom Neft ;
- Gazprombank;
- JSC PO Sevmash;
- Kamaz;
- Novorossiysk Commercial Sea Port;
- OPK Oboronprom;
- Promsvyazbank;
- Rosneft ;
- Rostec;

- Rosselkhozbank;
- Russian Railways;
- Sberbank;
- Sovcomflot;
- Transneft ;
- United Aircraft Corporation;
- United Shipbuilding Corporation;
- Uralvagonzavod;
- VEB; and
- VTB Bank.

list or provide services on EU registered/recognised trading venues for transferable securities of any Russian public entity (over 50% public ownership).

provide relevant services for transferable securities issued after 12 April 2022 to any Russian national, resident or entity.

sell Euro denominated transferrable securities issued after 12 April 2022 or collective investment schemes with exposure to such securities to any Russian national, or entity.

	Issuing loans and credit It is now prohibited to, in summary to: make, or be part of an arrangement to make, new loans or credit after 23 February2022 to: ▪ Russia; ▪ the Russian government; ▪ Russian Central Bank; *and* ▪ those acting on behalf of or at the direction of the Russian Central Bank. make or be part of an arrangement to make new loans or credit aft er 26 February to any of the entities listed above in relation to money instruments. Unlike the UK, there is no maturity threshold under the EU's rules.

Similar to the US and UK, the above is a small snapshot only. The EU has issued several regulations imposing additional sanctions in relation to several sectors including aviation, energy, technology and dual-use goods as well as luxury goods.

Additional offences:

In addition to the primary sanctions' offences, similar to the US and UK, EU sanctions generally provide for a separate offence for knowingly and intentionally participating in activities that have the object or effect of circumventing the prohibitions imposed under those sanctions.

Forthcoming sanctions:

In addition to the above, Ursula von der Leyen, President of the EU Commission has announced the fifth package of EU sanctions against Russia that will soon be brought into law. The key measures will be:

1. an import ban on coal from Russia into the EU;
2. a full transaction ban on four key Russian banks;
3. a ban on Russian vessels and Russian-operated vessels from accessing EU ports;
4. further targeted export bans in areas in which Russia is vulnerable;
5. specific new import bans on different sectors including cement, seafood and alcohol; *and*
6. a general EU ban on participation of Russian companies in public procurement in Member States.

The sanctions that have been imposed are extensive and all EU businesses with any Russian counterparts should carefully consider what restrictions may apply.

9. Final thoughts

The complexity and momentum of the response we have seen from key international players to the Ukraine crisis thus far is unprecedented. As the Ukraine crisis evolves rapidly, we can expect to see further waves of sanctions to be imposed against Russia and Russian entities, as well as further retaliation and countersanctions by Russia.

For the business community, in particular those engaged in financial services, it is a reality that the major state players, on both sides, wanting to 'test the waters' may seek to impose sanction breach powers and penalties on entities domiciled in less prominent jurisdictions, including those of Asia's emerging economies, many of whom have a presence in Hong Kong, as well as offshore financial centres such as Vanuatu, Guernsey, Jersey, and the Cayman Islands among others. Indeed, the far-reaching impact of the international sanctions are already being felt by businesses worldwide, including in these jurisdictions, despite no sanctions being issued directly by them.

It is thus imperative that you identify your potential exposure to these sanctions, perhaps using as a guide, the list of questions I have provided in Sect-3. In summary, steps should be taken to:

- ascertain any Russian nexus through clients, counterparties, financial exposures or supply chains;
- ascertain whether any identified Russian nexus is subject to sanctions directly or indirectly;
- ascertain the commercial and reputational risk of any Russian nexus; *and*
- consider contractual terms and conditions for exit options where a Russian nexus presents a risk outside of your risk appetite.

Vigilance is key.

Wilful Bypassing of Sanctions:

It is my glum prediction that some countries, particularly those with significant size or political wherewithal, will effectively give a green light to their critical industries to ignore *some* sanctions and seek to profit from the vacuum left by sanction-observing nations. For instance, India has already signalled its willingness to continue and even increase its business with Russia, including trading oil and other natural resources. Reports suggest that India has gone so far as to blend Russian oil with other sources to disguise its hydrocarbon signature, explicitly to bypass sanctions.

Saudi Arabia, as a willing buyer, refines this oil and resells it to the very jurisdictions imposing the sanctions, namely the USA, UK, and EU—although it should be noted that the USA only imports highly refined oil products from Saudi Arabia. Despite this, it is likely that U.S.-flagged ships and aircraft purchasing fuel abroad are unwittingly, if not willingly, acquiring otherwise sanctioned fuel.

An example of this incongruence can be seen in the case of Australia, my home country. While seemingly adhering to international sanctions, Australia continues to court India as a favoured trading partner, enticing India to cooperate with the 'Five Eyes' security alliance and AUKUS. Consequently, the Australian government has been reluctant to criticise India's facilitation of sanction-bypassing conduct. This diplomatic balancing act is further complicated by Australia's promise of military-related assistance to Ukraine, while India supports Russia through Petro-Dollars and currency exchange services, a portion of which stems directly from Australia's oil trade with India. As a result, the efficacy of the sanctions is significantly weakened, if not entirely negated. Notably, for 2022, Australia is on track to import over USD $37 billion in refined petroleum, making it the 5th largest importer of refined petroleum globally. Australia's projected importation of refined oil from India is set to exceed USD $3.1 billion, with a similar or greater amount coming from Saudi Arabia—highlighting Australia's substantial, though not total, reliance on oil trading with these sanction-bypassing nations. Hence its willingness to ignore this direct and secondary sanction breaching. This, I suspect is not just an isolated case peculiar to Australia.

Additionally, Israel, with its significant Russian population, continues to offer banking services to Russian entities and individuals, leading to significant growth and profits in its financial sector. And, while China may avoid any overt facilitation of sanctions, either for or against, it is likely to remain a neutral observer. However, there is indisputable evidence suggesting that China has turned a 'blind eye' to direct arms trade between Russia and North Korea, allowing the transport of sanctioned arms and equipment through its territory.

Other countries likely to ignore, and perhaps even profit from partnering with Russia in various economic and political pursuits include the BRICS nations—Brazil, Russia, India, China, and South Africa—with many more countries potentially joining this bloc as time progresses. These could include Bangladesh, which continues its trade relations with Russia; Iran, which has long-standing ties with Russia and is itself under extensive sanctions; and Myanmar, which has maintained its relationship with Russia amidst its own political turmoil. Other countries, such as Venezuela, Syria, and those making up the UAE, also continue to engage with Russia, largely due to their geopolitical alignments and economic dependencies. Additionally, many African nations, including Zimbabwe and Sudan, have shown reluctance in enforcing or observing sanctions, often due to their historical or economic ties with Russia; with some regimes reliant on Russian security to maintain rule.

Furthermore, Switzerland's private banking sector, infamous for its dubious dealings, not least it's unfortunate history of facilitating banking and wealth preservation for the Nazi regime during the 1930s and 40s, clearly continues to offer financial services of a secretive and opaque nature to Russian entities and oligarchs. This makes it difficult, if not impossible for authorities to fully identify and track sanctions breaches, allowing Russian interests to potentially exploit these banking systems to bypass international sanctions. Liechtenstein's banks are likely also enmeshed in such practices.

Our Industry's Immediate Future:

As the number of sanctions will likely increase, the compliance burdens for the financial sector will also certainly increase. For those operating in nations willing to bypass sanctions, at least to some degree, the burdens will be much less than for those operating from sanctions-observing nations. Thus, firms with operations and/or dealings in both camps must remain ever vigilant not to be seen as actively or recklessly breaching sanctions, as this could result in severe penalties and restrictions across the group, not to mention the possibility of criminal charges against senior officers and management. Thus, KYC checks are now more important than ever.

Nonetheless, the sanctions, in my view, will only strengthen Russia's resolve to position itself as a fully self-sufficient nation, and to bolster its efforts to foster political and trading relations with other countries disinterested in enforcing full-scale sanctions. The development of the BRICS ...

... currency is a prime example, with the potential to severely deplete the value of the fiat currencies of the USA, UK, and EU. Adding to this, I believe that Russia intends to develop St. Petersburg as an autonomous financial akin to London and Zurich, underpinned by its immense natural resources wealth and enhanced by laws facilitating the development of a true international financial centre—competitive tax rates, perhaps tax-free for foreign-earned income, and with light regulation—utilising as the predominant financial medium, the BRICS currency. But now is probably not the best the time to set-up an office in Russia

Despite the imposition of so-called international sanctions, the economic theory of "demand" further explains why Russia's internal market continues to thrive. Russia's vast spending power, bolstered by substantial gold reserves and significant profits from the trade of natural resources—primarily oil—has allowed it to maintain strong domestic demand. This financial capacity has insulated the Russian economy from the anticipated impacts of sanctions, which aimed to curb economic growth by restricting access to certain goods and services.

While products like Dunkin' Donuts and McDonald's thick shakes are absent—perhaps for the better—the fundamental demand for consumer goods within Russia remains robust, driven by its ability to finance consumption and investment from its considerable economic resources. Notably, tobacco products from Philip Morris International—such as Marlboro cigarettes—remain readily available in Russia, driving tax-free super-profits to its Lausanne, Switzerland domiciled operational office, despite its significant corporate presence in Stamford, CT, USA. This exemplifies yet another instance of selective adherence to, and enforcement of sanctions. Similarly, while Goldman Sachs is permitted to conduct business with Russian entities, smaller firms of similar ilk are prevented from doing so, creating an unlevel playing field in the financial services sector. Perhaps enticing a high-ranking political figure from the USA, UK or EU onto your board is the key to getting the green light. (*Of course, this is not a serious recommendation* 🫤)

Indeed, it has been rumoured by well-respected and reliable colleagues that since the imposition of sanctions on Russia in 2014, in direct consequence of its so-called 'illegal annexation of Crimea', Moscow has been strategically building and strengthening trading and political ties with nations where it believed a sufficient foundation existed. This diplomatic offensive aimed to secure alliances and bolster its economic resilience in anticipation of further international isolation. These efforts, often conducted discreetly, have reportedly focused on countries with historical or ideological affinities, allowing Russia to mitigate the impact of Western sanctions and preserve its global influence despite increasing geopolitical pressure. It is not surprising, therefore, that international sanctions have had little consequence for Russia; in fact, some might argue that these sanctions have ultimately benefited Russia, if not immediately, then in the long term. It is, in my view, the private sector that has largely borne the brunt of these sanctions.

In support of my view, a notable phenomenon directly resulting from the imposition of sanctions is the surge in sales of high-end cigars from Cuba to Russia. Middlemen in sanction-observing countries have been replaced by those in non-observing nations. Thus, while the USA, UK, and EU are attempting to stifle their trade with Russia—to their own detriment—other nations are capitalising on the growth opportunities that have emerged. Clearly, albeit to a lesser degree, Russia has been strategically building its own 'Belt and Road' initiative, similar to China's model. It is evident that several South American countries—most notably Brazil—have intensified their trade and political relations with Russia since the imposition of sanctions, dating back as far as 2014.

Financial sector players involved in funding projects and managing operations in non-observing countries must reassess their corporate structures to adapt to these evolving opportunities or risk being left behind, despite the ever-present threat of prosecution. To a large degree, Hong Kong's financial services sector remains somewhat immune to the full impact of sanctions due to China's reluctance to adopt them in full. Conversely, Vanuatu's financial services sector has tended to avoid any remotely sanction-related controversy, as has Singapore, to both their detriment.

Malaysia and Hong Kong are my top choices for establishing a base to structure an autonomous financial services company to capitalise on the many opportunities emerging from the sanctions. Malaysia, in particular, is attractive because it does not acknowledge sanctions imposed by individual nations, recognising only those imposed by the UNSC.

Notwithstanding, and most importantly, the hierarchical structure of such a company should avoid control by citizens or residents of the USA, UK, or EU—and other strictly sanction observant countries—for obvious reasons. However, carefully crafted legal arrangements can facilitate investments that can be restructured when the war ends, and the sanctions are lifted – if they be lifted. It's about planning for the future and staying relevant in the current environment. Otherwise, our financial sector businesses risk being devoured by new and emerging service providers indigenous to those non-observing nations.

In closing, the foreseeable outlook for the financial services industries in Asia and the developing Oceania region is currently precarious, requiring vigilance in all aspects of dealings, particularly in facilitating third-party institutional transactions that may have direct or secondary sanctions consequences. In the meantime, we must ride out this geopolitical storm and plan for the future. To quote Sun Tzu, the great warrior and warfare tactician, "*In the midst of chaos, there is also opportunity.*"

Note on the Content:

While I have endeavoured to address key issues arising from the imposition of various sanctions against Russia (mentioning Belarus), this paper is intended solely for informational purposes. It is not intended to constitute legal advice. Indeed, I am not a lawyer. Accordingly, participants in this conference and/or readers of this paper who have any questions or concerns should seek independent legal advice to ensure full compliance with relevant laws and regulations.

- Any reference to "Vanuatu" shall be construed as a reference to "The Republic of Vanuatu”.
- Any reference to "Hong Kong" or "Hong Kong SAR" shall be construed as a reference to the "Hong Kong Special Administrative Region of the People's Republic of China".

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Reference Materials and Sources Consulted:

In formulating this paper, I referred to several sources and documents that provided valuable insights into the evolving landscape of international sanctions against Russia. While this paper primarily focuses on the sanctions targeting Russia, it is important to note that similar sanctions have also been issued against Belarus. A key reference in understanding the broader context of these sanctions was the G7 leaders' statement, which outlines coordinated international efforts against Russia (see G7 Leaders' Statement).

In addition to general sanctions, I reviewed specific measures targeting critical Russian exports, such as crude oil, petroleum products, liquefied natural gas, and coal. The US Bureau of Industry and Security's export control regulations, which have a broad extraterritorial application, were also significant in this discussion, particularly with respect to how they apply to transactions between non-US entities. The UK's OFSI provided further guidance, particularly in relation to financial and investment restrictions implemented in response to the conflict. Insights from various legal analyses, including those provided by King & Wood Mallesons, further informed the discussion.

These references and insights were instrumental in shaping the analysis and conclusions presented in this paper.

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