

Yermak-McFaul Working Group on Russian Sanctions

Action Plan on Strengthening Sanctions against the Russian Federation, April 19, 2022

Progress Update, April 28, 2022

Prepared by KSE Institute

Summary

1	Expand Oil and Gas Sanctions	No	Poland refused from RF gas in response to RF cut off
2	Increase Transportation and Insurance-Related Sanctions	Yes	USA (ban RF vessels from US ports)
3	Impose New Financial Sanctions	Yes	USA (SDN on Transkapitalbank, Investtradebank; virtual currency mining company Bitriver AG + 10 RF subsidiaries), New Zealand (CBR and the Russian Direct Investment Fund), UK (10 defense companies asset freeze, including 4 SOEs and one with controlling stake 25+1 shares owned by RF), Poland (+ 37 entities on top of EU lists), Switzerland (ban on trusts registering by Russians), New Zealand (assets freeze and dealing with securities ban) against the CBR, the Russian Direct Investment Fund, 8 largest and 8 other banks linked to oligarchs (8 SOEs)) Total: 66 entities + 10 subsidiaries + CBR + RDIF
4	Designate the Russian Federation as a Sponsor of State Terrorism	No	USA considers possibility
5	Strengthen Individual Sanctions against these Categories of Individuals	Yes	USA, Canada, Australia, EU, UK and Poland (Putin's, Lavrov's daughters, Nabiullina in lists), no sanctions against Kabaeva Total: new sanctions against 454 persons (overlap between countries and previous sanctions). As of Apr 29, 1,478 persons under sanctions, 6,999 persons are still not covered (NAZK).
6	Intensify Sanctions on State-Owned Enterprises	No	UK (4 SOEs defense companies asset freeze plus one with controlling stake 25+1 shares owned by RF)
7	Expand Export Controls and Ban Imports	Yes	UK (silver, wood, high-end), Switzerland (lignite and coal, timber, cement, seafood, caviar, industrial robots or certain chemical products).
8	Impose Secondary Sanctions	No	-
9	Increase Transparency to Discourage Trade with and Investment in Russia	No	-
10	Deepen Coordination of Sanctions and Link Sanctions Relief to Peace and Reconstruction	Yes	US (sell frozen luxury items to Russia's sanctioned oligarchs and use the money to help Ukraine)

1. Expand Oil and Gas Sanctions - **no new sanctions**; Poland refused from RF gas in response to RF cut off

RF. On Apr 27, Gazprom halted gas supplies to Bulgaria (Bulgargaz) and Poland (PGNiG), since both companies refused to pay for gas in rubles. Against this background, gas prices in the EU rose by 21%, to \$1350 per thousand m³.

Bulgaria. Bulgaria has threatened to block transit of Russian gas to Serbia and Hungary. Bulgarian GoV intends to review contracts with Gazprom, including those for the transit of gas through the Turkish Stream pipeline to Serbia and Hungary.

Poland. In response to the cutoff Polish PM said that Poland can already refuse Russian gas. The day before, Poland suggested taxing oil and gas from Russia in Europe. PGNiG called the cutoff of supplies a breach of contract.

Moldova. Moldova hasn't yet received a response from Gazprom regarding the postponement of the obligation to conduct a debt audit – supply of Russian gas from May 1 is questionable. In case Gazprom stops supplying, the country plans to buy gas from international traders – 7 international companies, including Romania, Poland and the Netherlands.

2. Increase Transportation and Insurance-Related Sanctions - new sanction from USA (ban RF vessels from US ports)

USA. The White House issued a proclamation banning Russian-affiliated vessels from entering U.S. ports, effective Apr 28, 2022. Banned vessels include Russian-flagged vessels, vessels owned by Russian persons, and vessels that are Russian operated. The order authorizes the U.S. Department of Homeland Security to issue regulations to implement the ban.

3. Impose New Financial Sanctions - new sanction from USA (SDN on Transkapitalbank, Investtradebank; virtual currency mining company Bitriver AG + 10 RF subsidiaries), UK (10 defence companies asset freeze) and Poland (+ 37 entities on top of EU lists), Switzerland (ban on trusts registering by Russians), New Zealand (assets freeze and dealing with securities ban) against the CBR, the Russian Direct Investment Fund (RDIF) plus against 8 largest and 8 other banks linked to oligarchs (8 SOEs))

USA. The US OFAC designated Public JSC Transkapitalbank (“TKB”) and its subsidiary, Investtradebank, on its Specially Designated Nationals and Blocked Persons (“SDN”) List. U.S. persons are broadly prohibited from conducting business with the banks or with entities that are owned 50% or more by the newly designated SDNs without authorization from OFAC. U.S. persons must also formally “block” (freeze and report) any property or interests in property of the banks.

OFAC for the 1st time designated RF virtual currency mining company Bitriver AG and its 10 Russia-based subsidiaries as SDNs. This prohibits U.S. and U.S. citizens from operating on Bitriver or its property and interests, and requires US individuals to formally freeze any property or interests owned by Bitriver that they own or control.

New Zealand. Sanctions (assets freeze and dealing with securities ban) against the CBR, the Russian Direct Investment Fund plus sanctions against 8 largest and 8 other banks linked to oligarchs (8 SOEs), Russia's defence sector and annexation of Crimea. These major institutions make up approximately 80% of Russia's total banking assets. The sanctioned entities are: Alfa-Bank, Bank Rossiya, Bank Otkritie (SOE), Black Sea Bank for Development and Reconstruction, Credit Bank of Moscow, Gazprombank (SOE, 50+1), GenBank, Industrial Savings Bank, Novikombank (SOE), Russia Agricultural Bank (SOE), Russian National Commercial Bank (SOE), Sberbank (SOE, 50+1), Sovcombank, SMP Bank, Vnesheconombank SOE, VTB (SOE, 60+1).

UK. Added 10¹ defense companies to the sanctions list of asset freeze targets

Poland. Introduced Poland-specific list of designated parties subject to measures not covered by EU Regulations 765/2014 and 269/2014, covering 37 entities². In addition to the measures under EU legislation related to freezing assets and suspension of transactions, the Act also foresees the possibility of exclusion from public procurement proceedings.

¹ Aleksandrov Scientific research technological institute Niti, Central research institute of machine building JSC, Federal state unitary enterprise Dukhov automatics research institute, JSC Arzamas machine-building plant, JSC GTLK, JSC Kalashnikov concern, Llc Military industrial company, Promtech-Dubna JSC, Radiotechnical and information systems concern, Rocket and space centre progress JSC.

² ACRON PAO, AXIOMA DR IT, BARTER COAL, BELOIL Polska, EUROCHEM POLSKA, „FABERLIC BALTIJA SIA” Sp. z o.o., ODDZIAŁ W POLSCE, FABERLIC EUROPE, GO SPORT POLSKA, IRL Polska, KAMAZ, KASPERSKY (KASPERSKY LAB), KASPERSKY Lab Polska, Kaspersky Store, K Dystrybucja, KTK Polska, MAGA DYSTRYBUCJA 2, MAGA FOODS, MEDMIX POLAND (do 3.03.2022 r. – SULZER MIXPAC POLAND), NEGRINIO LIMITED, NORICA HOLDING Sàrl, Novatek Green Energy, OAO NOVATEK, OAO PhosAgro, Opansa Enterprises Limited, PAO Gazprom, PhosAgro POLSKA, PHOSINT LIMITED, Rainbee Holdings Limited, SEVERSTAL DISTRIBUTION, SIA SEVERSTAL DISTRIBUTION, Oddział w Polsce, SUEK Polska, SULZER PUMPS WASTEWATER POLAND, SULZER TURBO SERVICES POLAND, WILDBERRIES, „1C-POLAND”.

Switzerland. With the decision of 27 Apr, Switzerland implemented new measures adopted by the EU on 8 Apr. In particular, support within the framework of a Swiss national programme of Russian organisations which are publicly owned or controlled will be prohibited. With immediate effect, trusts may no longer be registered in Switzerland for Russian nationals or natural or legal persons resident in Russia. Various services for such trusts will also be prohibited.

4. Designate the Russian Federation as a Sponsor of State Terrorism - no new sanctions; USA considers possibility

USA. Biden administration is considering naming Russia a state sponsor of terrorism but officials haven't determined the Kremlin's actions meet the legal standard for the designation — Blinken told lawmakers on Apr 27 (Source: [WSJ](#))

5. Strengthen Individual Sanctions against these Categories of Individuals - new sanction from USA, Canada, Australia, EU, UK and Poland (Putin's, Lavrov's daughters, Nabiullina in lists), no sanctions against Kabaeva

Data from NAZK. As of Apr 29, 1,478 persons under Western sanctions, 6,999 persons are still not covered.

New personal sanctions – Apr 19, 2022 – Apr 28, 2022

Country	Number of individuals sanctioned
USA	31 (29 - confirmed number)
UK	42 (16 - confirmed number)
EU	2
Canada	217
Switzerland	0
Australia	147
Japan	0
Poland	15

USA. OFAC designated 29 individuals involved in attempts to evade sanctions imposed by the United States and its international partners on Russia. Among the designated individuals are Deputy Governors of the CBR Mikhail Alekseev and Ksenia Yudaeva, Board members of Bank Otkritie, Konstantin Malofeyev, and military personnel, individuals linked to Bank Otkritie, a network of individuals that support Malofeyev's activities, including those related to sanctions evasion and misinformation campaigns. Alina Kabaeva, the woman believed to be Putin's girlfriend and the mother of at least three of his children, avoided sanctions due to a last-minute decision of the National Security Council.

Canada. On 19 April, Canada listed an additional 14 oligarchs, close associates of the Russian regime, and members of their families. This includes President Putin's two adult daughters and CBR Chief Elvira Nabiullina³. On April 26, Canada amended its sanctions measures by designating an additional 203 individuals determined by the Government of Canada to be current senior officials or current or former members of the People's Councils of the so-called DPR and LPR.

Australia. The Australian GoV imposed sanctions on 147 more people, which include Russian senators, and daughters of Vladimir Putin and Russian Foreign Minister Sergei Lavrov.

EU. Added Serhiy Vitaliyovich KURCHENKO and Yevgeniy Viktorovich PRIGOZHIN to its Russia sanctions list.

³ Petr Olegovich Aven, Oleg Viktorovich Boyko, Mikhail Maratovich Fridman, Mikhail Safarbekovich Gutseriev, Igor Viktorovich Makarov, Elvira Sakhipzadovna Nabiullina, Sergey Roldugin, Alexander Torshin, German Borisovich Khan, Alexander Ponomarenko, Katerina Vladimirovna Tikhonova, Maria Vladimirovna Vorontsova, Maria Aleksandrovna Lavrova, Yekaterina Sergeevna Vinokurova.

UK. Added 16 individuals⁴ to the sanctions list of asset freeze targets.

Important. In its analytics NAZK notes that the UK fast-tracked on 19 individuals and entities in alignment with G7 and the EU to target Russia's military and defense capabilities. Notable individuals and entities that have been sanctioned: Sergei Korolyov (Federal Security Service of Russia); The CEO of Russian Railways Oleg Belozyorov was also sanctioned, Kalashnikov Concern; Arzamas Machine-Building Plant; Military Industrial Company; GTLK (transport). Family members – asset freeze was imposed on Anzhelika Khan, wife of UK-sanctioned oligarch German Khan. The latest UK sanctions also targeted Russian military officials (Generals) committing atrocities on the front-line in Ukraine, and individuals outside of Putin's military who are actively supporting his illegal invasion of Ukraine.

Poland. Poland-specific list of designated parties subject to measures not covered by EU Regulations 765/2014 and 269/2014 covered **15 individuals**⁵. In addition to the EU measures legislation related to freezing assets and suspension of transactions, the Act also foresees the entry on the list of foreigners whose residence in the territory of Poland is undesirable.

6. Intensify Sanctions on State-Owned Enterprises - no new sanctions

UK. Added 4 state owned defense companies plus one with controlling stake 25+1 shares owned by RF⁶ to the sanctions list of asset freeze targets.

7. Expand Export Controls and Ban Imports - new sanction from UK (silver, wood, high-end)

UK. Expanded the list of products facing import bans - silver, wood products and high-end products from RF including caviar. A further package of goods are subject to additional 35% duties, when imported from RF and RF (~ £130 mln worth).

Switzerland. With the decision of 27 Apr, Switzerland implemented the new measures adopted by the EU on 8 Apr. The new measures include far-reaching sanctions on goods, including a ban on imports of lignite and coal as well as on goods that are important sources of revenue for Russia (e.g. timber, cement, seafood, caviar). In addition, there are export bans on goods that can help strengthen Russia's industrial capacities (e.g. industrial robots or certain chemical products).

8. Impose Secondary Sanctions - no new sanctions

9. Increase Transparency to Discourage Trade with and Investment in Russia - no new sanctions

10. Deepen Coordination of Sanctions and Link Sanctions Relief to Peace and Reconstruction - US (sell frozen luxury items to Russia's sanctioned oligarchs and use the money to help Ukraine).

⁴ Belozyorov, Oleg Valentinovich (Chief Executive Officer Of Russian Railways), Bogdanovsky, Nikolay Vasilevich (First Deputy Chief Of The General Staff Of The Armed Forces Of Russia), Chupriyan, Aleksandr Petrovich, Flyustikov, Valery (Commander Of The Special Operations Forces), Khan, Anzhelika (Wife Of German Borisovich Khan, A Prominent Russian Businessman), Kiva, Ilya (A Former Member Of The Ukrainian Parliament), Konashenkov, Igor Yevgenyevich, Korolyov, Sergei Borisovich, Korotchenko, Igor Yurievich ((1) Chairman Of The Public Council Under The Ministry Of Defence Of The Russian Federation (2) Editor-In chief Of The National Defence Magazine (3) Director Of The Centre For Analysis Of The World Arms Trade (4) Military Rank - Reserve Colonel), Kuprin, Anton Valerevich (Captain Of The Frigate "Admiral Essen" Of The Russian Black Sea Fleet), Obnosov, Boris Viktorovich (Linked To: Tactical Missiles Corporation Jsc), Omurbekov, Azatbek (Commanding Officer Of The Russian 64th Separate Motorised Rifle Brigade), Pimanov, Aleksei Viktorovich ((1) Director General Of Managing Organisation Creative Association Red Star (2) Head Of The Krasnaya Zvezda Media Holding), Romanov, Arkadiy Yurevich, Serdyukov, Andrey Nikolayevich (Commander Airborne Forces Of The Russian Federation), Volozhinsky, Andrei Olgertovich) "

⁵ Bakalczuk Tatiana, Deripaska Oleg, Fridman Michail, Gucerjew Michail, Gucerjew Sait-Salam, Kantor Wiaczeslaw Mosze, Kaspierski Jewgienij, Melniczenko Aleksandra, Melniczenko Andriej, Mordaszow Aleksiej, Nieczajew Aleksiej (Nechayev Alexy Gennadyevich), Nuraliev Boris, Raszidow Timur, Sieczin Igor Iwanowicz (Sechin Igor Ivanovich), Vekselberg Victor.

⁶ Aleksandrov Scientific research technological institute Niti, Federal state unitary enterprise Dukhov automatics research institute, JSC GTLK, JSC Kalashnikov concern (25+1), Rocket and space center progress JSC.