



**THE DRAFT FEDERAL LAW ON RUSSIA'S COUNTER-SANCTIONS AGAINST THE
USA AND OTHER STATES ADOPTED**



On 17 May 2018, the State Duma adopted in the second reading the draft Federal Law 'On the Measures (Countermeasures) in Response to Unfriendly Actions of the USA and(or) other Foreign States' (hereinafter - the 'Draft Law').

Compared to the initial version introduced by a group of deputies in April this year, the Draft Law has undergone significant reworking, in particular, as a result of consultations with the business community.

Firstly, the list of goals for attaining of which the measures of influence (counteraction) provided for by the Draft Law may be applied is made more specific: protection of the interests and security of the Russian Federation, its sovereignty and territorial integrity, rights and freedoms of citizens of the Russian Federation from unfriendly actions by the United States of America and other foreign states, including the introduction of political or economic sanctions against the Russian Federation, citizens of the Russian Federation or Russian legal entities, in committing other actions that threaten the territorial integrity or aimed at economic and political destabilisation of the Russian Federation (RF).

Secondly, the list of subjects with respect to which the measures of influence (counteraction) may be applied is broadened. In addition to the United States of America (USA) and other foreign states that commit unfriendly acts against Russia, Russian legal entities or Russian citizens (hereinafter - "unfriendly foreign states"), organisations under the jurisdiction of unfriendly foreign states, organisations that directly or indirectly (through third parties) are owned (dominated by more than 25% in the capital) by organisations that are under the jurisdiction of unfriendly foreign states (hereinafter - "controlled organisations"), the Draft Law includes officials and citizens of unfriendly foreign states who are involved in committing unfriendly acts against Russia.

Thirdly, the list of the measures of influence (counteraction) is substantially reduced but at the same time made non-exhaustive. Such measures now include:

- 1) termination or suspension of international cooperation of Russia and Russian legal entities with the unfriendly foreign states and controlled entities, in the sectors determined by the decision of the President of the Russian Federation;
- 2) the prohibition or restriction on the importation into Russia of commodities and (or) raw materials originating from unfriendly foreign states or manufactured by controlled organisations, in accordance with the list of products and (or) raw materials, which is to be determined by RF Government;
- 3) the prohibition or restriction on the export from the territory of Russia of commodities and (or) raw materials by controlled by organisations, citizens of unfriendly foreign states, according to the list of products and (or) raw materials to be determined by RF Government;
- 4) the prohibition or restriction on the performance of works, the provision of services for the state and municipal needs, as well as the needs of certain types of legal entities, in the territory of Russia by controlled organisations, according to the list of types of work and services to be determined by RF Government;
- 5) the prohibition or restriction on the participation of controlled organisations, citizens of unfriendly foreign states in the privatisation of state or municipal property, as well as in the performance of the works, rendering services for organizing the sale of federal property on behalf of the Russian Federation and (or) performing the functions of the seller of federal property;

6) other measures in accordance with the decision of the President of the Russian Federation.

Thus, the President of the Russian Federation is authorised, at his own discretion, to determine the types of measures of influence (countermeasures) to be applied against the US and other unfriendly foreign states, their citizens and officials, as well as controlled organisations.

It was clarified that decisions on introduction of measures of influence (counteraction) and on their cancellation, can also be taken by the President of the Russian Federation on the basis of proposals of the Security Council of the Russian Federation.

The prohibitions and restrictions on the importation of certain types of commodities in Russia (paragraph 2 above) will not apply to:

- commodities imported into the territory of Russia by Russian citizens, foreign citizens and stateless persons for personal use (as it was provided for in the original version of the Draft Law);
- vitally important commodities, analogues of which are not produced in Russia (it should be noted in this connection that the definition or list of "vitally important commodities" is not currently contained in the Russian legislation).

After the adoption of the Draft Law in the final reading and signing it by the President of the Russian Federation, the Federal Law will come into force from the date of its official publication.

Best Regards,

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- representing interests in public discussions of draft legislation of the Russian Federation and the Eurasian Economic Commission;
- representing clients before customs, tax and other competent authorities.

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