


At Sunset - New Sanctions in Waning Days of Biden-Harris Administration

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Following the policy of consistently escalating the sanctions pressure, the US enforced on 10 January 2025 an unprecedented package of sanctions against the Russian energy sector. The principal difference of the new package from the relatively recent ones is that in many cases, inclusion in the SDN List is made in the framework of two sanctions programmes at once - E.O. 14024 and E.O. 13662, making cancellation much more difficult for the new administration (see details below).

Not stopping at the 10 January sanctions, the US adopted another sanctions package just five days later. Most sanctions of 15 January 2025 are new, but many are meant to put Russian persons under E.O. 13662 once again in order to make it harder for the new Trump administration to mitigate the sanctions.

As the press releases of the White House, the US Department of the Treasury and the US State Department say, the new sanction packages are mainly intended to cut the public revenues of the Russian Federation, so the strike on the energy industry looks very logical. The sanctions cover some of Russia's largest oil companies: Surgutneftegaz PJSC and Gazprom нефт PJSC.

Emphasizing that the foreign policy is aimed at maintaining the global compliance with the oil ceiling, the US imposed sanctions against the 'shadow fleet' of the Russian energy sector (more than 180 vessels) and put Sovcomflot under both E.O. 14024 and E.O. 13662 sanctions.

In addition, restrictions were traditionally expanded in respect of the metal-making and mining industries, sea ports, and also hit the Rosatom Group for the 11th time.

Among the manufacturers of refractory materials, the sanctions were applied to the Russian company of India's Murugappa.

The sanctions also target many top managers of energy companies, officials of the Russian Ministry of Energy and major insurers.

These and many other matters are discussed below.

Russian Energy Industry and Risks of Secondary Sanctions

Starting from 10 January 2025, cooperation of foreign counterparties with sanctioned oil and transport companies (Sovcomflot, GPN, Surgutneftegaz etc.) entails obvious risks of secondary restrictions not only under E.O. 14024 but under E.O. 13662 as well.

The practical consequence of this is, in the first place, complicated processing of any currency payments, as E.O. 14024 (Section 11) points to possible imposition of secondary sanctions against foreign financial institutions (FFI) that render services to sanctioned persons.

Potential scenarios of secondary sanctions development may be as follows:

1. 'Exemplary' imposition of sanctions against a joint venture of Russian oil and gas companies with their foreign partners (apart from NiS, they may apply to Russian companies' projects in Cuba, Africa, Vietnam, or the Caspian region)
2. Imposition of sanctions against a partner of the Russian oil and gas industry in China or India, not at the corporate level but at the level of a department or a subsidiary (as it was the case with China's PLA for purchase of Russian fighters in 2018 or with Turkey's SDO agency for purchase of C-400 in 2020)
3. Continuing restrictions in respect of top and mid-level managers of Russian oil and gas corporations, including with the purpose of toughening the consequences for their personal assets
4. Sanctions against Western purchasers of Russian oil at the end-user (individual refinery) or port transshipment agent level, including on a charge of activities aimed at breaking through the 'price ceiling'
5. Sanctions against partners from third countries (including CIS), which process Russian oil and sell their resultant oil products to the EU and elsewhere

Apart from secondary sanctions based on CAATSA and Section 11 of E.O. 14024, a law enforcement approach may be identified in terms of sanctions being imposed because of (1) direct connections with the Russian government, (2) operations in the energy sector or (3) affiliation with a sanctioned person, which takes the form of cooperation (oil transportation above the ceiling, export insurance etc.) in undermining the sanction programme goals.

In such cases, press releases issued by the sanctions authorities usually describe the facts underlying the imposition of sanctions and only then speak about inclusion in the sanction list on the basis of the Determinations to E.O. 14024 (operations in the financial/energy/transport sectors or connections with the Russian government).

Together with the 10 January 2025 Determination of the US Department of the Treasury authorizing imposition of sanctions on any person operating in the energy sector, we may recall the Department's similar Determination of 16 July 2014, which authorized imposition of sanctions under E.O. 13662 on any person operating in the energy or finance sector.

The sanctions imposed on 15 January have fully demonstrated that the US are actively applying the E.O. 14042 secondary sanctions mechanism of E.O. 14114 introduced more than a year ago.

Kyrgyzstan's Keremet Bank became one of the targets. According to the US Treasury, the Bank played the role of a 'hub' for Russian clients used to pay for import and accept export payments. It had been preceded by sale of the state's interest to a businessman from Russia.

The US Department of the Treasury also points to the operations with Russia's PSB as a basis for imposition of sanctions on Keremet Bank. Keremet Bank organized international payment transactions on behalf of the bank and coordinated its actions with the Russian officials, the Department says.

By including the bank in the sanction list, the US clearly intend to force similar financial institutions to cease cooperating with Russia.

Finally, on 15 January 2025, sanctions were imposed on a number of Russian and Chinese companies presumably involved in organizing evasion of sanctions by supply of dual-use goods and components. The US are thus once again demonstrating the reality of secondary sanctions risks for intermediaries.

Blocking Sanctions

'Double' sanctions

An important feature of the new sanctions package lies in the energy and other projects being included both in the E.O. 14024 and E.O. 13662 sanction programmes.

An active discussion is developing in the public space concerning potential cancellation of the sanction restrictions in connection with the change of the White House administration.

Under one sanctions programme, E.O. 14024, the US President has the right to independently cancel restrictions, therefore the sanctions in respect of the persons falling only under E.O. 14024 may potentially be mitigated.

At the same time, E.O. 13660, 13661, 13662, 13694, 13757 may be cancelled or changed under CAATSA Section 216 only with the consent of the US Congress.

In practice, it means that lifting the sanctions in respect of the persons falling under such restrictions becomes a matter of internal, rather than foreign, policy and will require considerable work with the US legislators.

Of course, today full cancellation of E.O. 14024 also appears highly unlikely. Experts rather expect its effect to be mitigated.

The 'Iranian' scenario is also a possibility, when a General License will be issued in respect of both E.O. 14024 and E.O. 13662, suspending restrictions for an indefinite term, provided that it may be fairly quickly recalled if the geopolitical situation gets worse.

Russian Energy Sector

The restrictions under both of the above sanction programmes have been imposed for operations in the Russian energy sector on Gazprom Neft group enterprises (including the parent company) in Russia, Kazakhstan, Kyrgyzstan, Serbia, Tajikistan and Luxembourg.

Surgutneftegaz group companies have also been entered on the sanction lists, including Surgutneftegazbank (for operations in the Russian finance sector) and the refining, design, manufacturing, and distribution enterprises.

At the initiative of the US State Department, sanctions have also been imposed on Vostok Oil, including LLC Tagulskoye, one of the world's most promising production projects located close to the Northern Sea Route.

Unlike SGN and GPN, Vostok Oil and LLC Tagulskoye are only covered by E.O. 14024.

The US State Department also initiated imposition of sanctions on the LNG terminal operators of the earlier sanctioned Arctic LNG 2. Gazprom LNG Portovaya LLC and Cryogas-Vysotsk LLC have been entered on the SDN List.

Sanctions for support of Arctic LNG 2 have been imposed on a number of Chinese and Indian companies, including a Chinese supplier of power plant modules, a sea vessel operator from Hong Kong and an Indian gas carrier operator.

As regards Zhoushan Wison Offshore and Marine Co Ltd (Zhoushan Wison), the company made and supplied power plant modules for Arctic LNG 2. Zhoushan Wison made four special-purpose modules similar to those which had earlier been delivered to the project by sanctioned Red Box Energy Services Pte Ltd.

In addition to the 10 January sanctions, the sanction programme under E.O. 13662 has been applied to Polimetall, Ship-Building Complex Zvezda, PJSC TMK, JSC OMK, Severstal, LLC Gazprom Invest and Tikhoretsky machinery plant named after V.V. Vorovsky for operations in the Russian energy sector.

Transportation of Crude Oil and Oil Products

Similarly to sanctions in respect of Russian oil and gas majors, the US have imposed sanctions on oil carriers from Russia.

Entered on the sanction lists under E.O.14024 and E.O.13662 have been:

1. Sovcomflot
2. Sea vessels connected with Sovcomflot
3. Fornax Ship Management FZCO (Fornax) and Stream Ship Management FZCO (Stream) located in the UAE and cooperating with Sovcomflot
4. Sea vessels connected with said companies, flying the flags of Barbados and Panama
5. Gazpromneft Marine Bunker LLC
6. Rosnefteflot and connected vessels
7. A number of other companies and connected sea vessels

It is emphasized that the newly sanctioned persons transported not only Russian but also Iranian oil.

Sanction Enforcement and Insurance Companies

The US have identified material facts of oil transportation by tankers being insured by the following insurers:

- AlfaStrakhovanie
- Ingosstrakh

Both companies are also included in the SDN List for operations in the Russian finance sector under E.O. 14024 and E.O. 13662.

Finance Sector

Other companies of the finance sector have also been affected by the 15 January sanctions. The largest banks (Sber, Alfa, Sovcom, T-Bank) and some smaller financial institutions have fallen under the E.O. 13662 sanctions. The E.O. 13662 sanctions also apply to SOGAZ, RDIF, State Transport Leasing Company, Russian National Reinsurance Company, MOEX, National State Depository, National Clearing Centre, SPCEX and National Payment Card System.

Expanded Pressure on Russian Mining and Metals Sectors

The US State Department came forward with a package of initiatives meant to increase the pressure on Russia's mining and metals sectors. Restrictions apply to mining companies, manufacturers of refractory materials and major importers of bauxites and chrome.

The US State Department regards such expansion as necessary, among other things, for putting pressure on the SDO sector, as the said enterprises are directly involved in the achievement of its goals (first of all, in arms production).

Sanctions have been imposed on the following mining companies:

Kuzbassrazrezugol Group:

1. Kuzbassrazrezugol JSC and group enterprise Kuzbassrazrezugol vzryvprom LLC
2. LLC SKIF
3. KRU OVERSEAS LIMITED, a group company located in Cyprus
4. LLC TPK SIB, a company related to Vzryvprom
5. LLC Taldinskoye Pogruzochno Transportnoye Upravleniye
6. JSC Kiselevskoye Pogruzochno Transportnoye Upravleniye

Russian Coal Group

1. JSC Russian Coal, the group's parent company
2. Amurugol AO, a group company
3. Krasnoyarskkraiugol AO, a group company
4. Razrez Kirbinski OOO, a group company
5. Razrez Sayano-Partizanski OOO, a group company
6. Razrez Stepnoy OOO, a group company

Other mining companies:

1. LLC Polar Lithium, the land use right-holder of a major Russian lithium deposit, with the potential to become Russia's largest manufacturer of lithium-containing products
2. JSC Mining and Coal Preparation Complex Ingalinskiy, an enterprise of Kolmar holding
3. JSC Mining and Coal Preparation Complex Denisovskiy, an enterprise of Kolmar holding, and LLC Repair and Production Base Kolmar

4.

Refractory Materials:

The US State Department has also decided to initiate restrictions in respect of the key manufacturers of refractory and related materials:

1. RMK LLC (previously Rosmetallkomplekt JSC), one of Russia's largest manufacturers of refractory materials and a major Russian importer of chrome
2. Volzhskiy Abrasive Works LLC, Russia's only manufacturer of silicon carbide, the largest silicon carbide manufacturer in Europe and in the world and the largest manufacturer of ceramic- and resinoid-bond abrasive tools in Russia and CIS. Member of CUMI group (part of Murugappa, India's global conglomerate)
3. PJSC Magnezit Combine, and related JSC Magnezit Holding, Magnezit Group LLC - the group supplies refractory materials, feedstock, and turn-key solutions for consumers in ferrous and non-ferrous, and in concrete and glass, industries.

Sea Ports

The US State Department is also concerned about the development of Russia's transport infrastructure in the Polar and Far East areas, in connection, in the first place, with the potential to facilitate expanded export of Russian products.

Companies affected by restrictions:

1. LLC Sea Commercial Port Lavna, a company developing a coal terminal in Murmansk Region and having connections with State Transport Leasing Company (GTLK) and VEB.RF
2. LLC Sukhodol Seaport, a Far East port with coal and container terminals, a participant of the Project Finance Factory VEB.RF. It plans expansion of capacities for LNG, methanol, mineral fertilizers, fish, corn and other general cargoes

Management of Energy Companies and Rosatom Group

The US Department of the Treasury and the US State Department have imposed sanctions on a number of Russian officials engaged in the energy, petroleum service and nuclear sectors.

Sanctions against Rosatom group in the framework of the 11th package apply to 14 members of the management board, including General Director Alexei Evgenyevich Likhachev. The basis for the sanctions includes involvement of the corporation in the development of weapons for the Russian Armed Forces, work for Zaporozhye NPP and other group businesses, including non-nuclear business.

Besides Rosatom group, the SDN lists target the following persons:

- Management of the Ministry of Energy of the Russian Federation (Deputies Minister, Department Directors)
- Vladimir Nikolaevich Chernov, General Director of PJSC Bashneft
- Alexander Valeryevich Diyukov, General Director of PJSC Gazpromneft
- Sergei Ivanovich Kudryashov, General Director of PJSC Zarubezhneft
- Nail Ulfatovich Maganov, General Director of PJSC Tatneft named after V.D. Shashin
- Vadim Nikolaevich Vorobiyov, General Director of PJSC Lukoil
- Vladimir Leonidovich Bogdanov, General Director of PJSC Surgutneftegaz (on SDN under E.O. 13662 since 2018, now also under E.O. 14024)

Notably, OFAC does not name the company in respect of certain managers, designating only the title - General Director of a large oil corporation (Kudryashov, Chernyshov, Maganov), which may impact the prospects of sanction lifting in the form of cessation of their top management career in the Russian oil sector.

On 15 January, the SDN List was expanded by inclusion of a Turkish shipyard (KUZHEY STAR SHIPYARD DENIZCILIK SANAYI VE TICARET ANONIM SIRKETI (KUZHEY) working with Atomflot and of Yakov Mikhailovich Antonov, Atomflot's General Director.

Special attention of the US authorities was accorded to Zaporozhye NPP and its General Director Vladislav Vasilyevich Isaev on the basis of involvement in disruption of peace, security, political stability or territorial integrity of the US, US allies and their partners on behalf of the Russian Federation.

Petroleum Service Industry

The Russian petroleum service industry has also been largely affected by this sanction package. Over 30 companies have been included in the SDN List, among which some very important industry players, such as:

1. JSC OFS TECHNOLOGIES (formerly Baker Hughes Russia), one of the industry captains in Russia
2. LLC Gulfstream, a professional petroleum service company with considerable practice in (a) construction of horizontal, slanted SAGD wells, (b) construction of small-diameter vertical wells on carbonate and Devon deposits, (c) construction of traditional-diameter wells on carbonate and Devon deposits, (d) construction of slanted wells and a key provider of related services and solutions
3. Naftagaz Drilling, a Naftagaz drilling enterprise, a full-service provider of drilling works for oil and gas wells of any purpose and complexity
4. LLC Paker Service, a full-cycle petroleum service enterprise, and equipment supplier
5. Rusgazalyans - a Gazprom and RusGazDobycha JV, operator of Parusovoe, Severo-Parusovoe and Semakovskoe deposit development in Yamal-Nenets Autonomous Okrug, and service contractor Frakdzhet Volga
6. LLC Layavozhneftegaz, a Gazprom-Lukoil JV in Nenets Autonomous Okrug

In addition, the US Department of the Treasury has by its Determination established a hybrid-sectoral ban on provision of services in the oil and gas industry, with very rare exceptions designated by General Licenses.

As [the White House](#) emphasizes in its statement, the restrictions are intended, among other purposes, to disrupt the production and distribution chains in the Russian oil and gas industry.

Review of Issued General Licenses

By its Determination of 10 January 2025, the US Department of the Treasury included the energy sector of the Russian economy in the priority targets of the US sanction programme under E.O. 14024.

The term 'energy sector' is constructed in a very general way. Apart from other things, it covers production and refining of oil and gas, and power generation. As was the case with the earlier restrictions, there is a number of exceptions and permits in respect of winding down relations with sanctioned persons and with the sanctioned industry in general.

GL 117 – exit and divestment from the Russian energy sector

GL 117 – gives time until 27 February 2025 for the US persons to exit from the Russian energy sector and terminate the investment presence. They are thus allowed to exit from the projects with Russian sanctioned persons and from any projects where they have a 50% or greater interest.

GL 115 – update of the bank sector participants in regard to processing payments relating to civil nuclear energy

GL 115 – expands the list of financial institutions authorized to process payments in the framework of civil nuclear energy development. Among such banks:

- VEB.RF
- Otkrytie
- Sberbank
- VTB
- Alfa Bank
- Rosbank

GL 118 – permission to exit capital and debt instruments

According to GL 118, withdrawal from capital and any debt obligations in respect of the following companies will not be a violation of sanctions:

- Ingosstrakh
- Gazprom Neft
- Surgut neftegaz
- VRK Saphir Plant
- Volga Abrasive Plant

This license is especially relevant for Volzhskiy Abrasive Plant, as it is a member of India's CUMI group (part of Murugappa) and has a significant presence in the global market.

GL 119 – Gazprom neft and Russia's diplomatic and consular missions

GL 119 – until 27 February, permits interaction with GPN for any necessary transactions of Russia's diplomatic and consular missions outside Russia.

Purchase of fuel for independent generators to be delivered by diplomatic pouch or by a global logistics operator, such as FedEx, may serve as an example of such transactions.

Purchase of special-category jet fuel for government squadron Rossiya used for rotation of Russian diplomats is another example.

GL 120 – marine safety, emergency repairs and environment

GL 120 – until 27 February 2025, permits the sea vessels on the SDN List to take necessary actions in connection with:

- Safe docking and anchoring in ports
- Preservation of the health and safety of the crew
- Emergency repairs or environmental mitigation or protection

GL 121 – petroleum services

GL 121 – petroleum services are authorized until 28 June 2025 for the following projects:

- Caspian Pipeline Consortium
- Tengizshevroil
- Sakhalin-2

GL 122

Until 1 March 2025, actions aimed at winding down relations with the following persons and companies, where they have a +50% interest, are authorized:

- Haucore Ltd
- MMC-Steel LLC
- Mining and Chemical Complex Federal State Unitary Enterprise
- Keremet Bank
- Oke Precision Cutting Tools Co Ltd
- Nadezhdinskiy Metallurgicheskiy Zavod
- Star Rapid Manufacturing Co Ltd
- Wafangdian Bearing Company Limited

GL 123

The General License provides a possibility for winding up equity and debt transactions with Wafangdian Bearing Company Limited, a Chinese supplier of bearings, which, according to the regulator's information, supplied products to a sanctioned person in Russia.

GL 26 (replaced on 15 January 2025 with GL 26A) – authorization of transactions with subsidiaries

It would be interesting to note [GL 26A](#), under which dealings may be pursued with companies and subsidiaries of quite a number of restricted persons.

There is so far no understanding of how GL 26A will be applied and what principle has been used to select companies from the list in the Annex. The license nevertheless illustrates how the above-mentioned Iranian scenario may be realized by issue of similar general licenses.



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