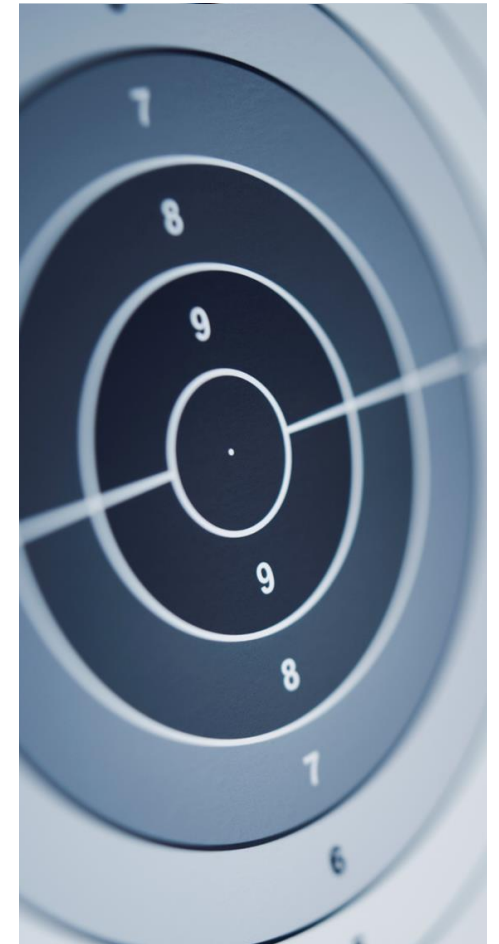


C L I F F O R D
C H A N C E

**RUSSIA PROPOSES NEW COUNTER-SANCTIONS: EMPIRE STRIKES BACK OR FRIDAY
THE 13TH?**

WHAT HAS HAPPENED?

- On Friday, 6 April 2018 the US announced the most severe round of sanctions against Russia since 2014
- On Friday, 13 April Russian lawmakers proposed draft legislation envisaging a broad set of counter-sanctions
- The draft law was proposed by leaders of all political parties represented in the State Duma
- While originally scheduled for 24th April 2018, the first hearing of the draft legislation has now been postponed until 15 May 2018
- On 3 May 2018 the roundtable in the State Duma will take place, where the draft legislation will be discussed with experts and business community



DRAFT COUNTER-SANCTIONS LAW: WHAT DOES IT PROVIDE FOR?

- The draft law purports to "protect interests and safety of the Russian Federation, rights and freedoms of the citizens of the Russian Federation" by introducing certain measures envisaged by that draft law;
- The measures envisaged by that draft law aim to prevent "illegal and hostile actions of the US and / or other foreign states"
- "Foreign states" denotes countries that have taken decision to join the actions of the US and introduce economic sanctions against specific sectors of economy of the Russian Federation, Russian legal and/or natural persons, or supporting such decisions;
- The measures envisaged by the draft law may be introduced by the Government of the Russian Federation based on the decision of the President of the Russian Federation.

DRAFT COUNTER-SANCTIONS LAW: WHAT DOES IT PROVIDE FOR? (CONT'D)

The Draft provides for the possibility of introducing the following measures:

- Prohibition or restriction on the import into Russia of the following goods originating from the US and/or other foreign countries:
 - agricultural products, raw materials and food products,
 - alcohol and tobacco products,
 - medicine products, originating from the US and/or other foreign states, except for cases where such products and preparations do not have analogues produced in Russia;
 - any other goods based on the list to be laid out by the Government of the Russian Federation
- Visa ban for persons to be listed by the Ministry of Foreign Affairs of Russia;
- Termination or suspension of international cooperation with US and/or other foreign states, including entities that are more than 25% directly or indirectly owned by entities under the jurisdiction of the US and/or other foreign states, in the following sectors:
 - Nuclear power;
 - Rocket engines production; and
 - Aircraft production
- Prohibition or restriction on access to public procurement for technological equipment and software originating from the US and/or other foreign states;
- Prohibition or restriction on the provision of consulting, audit and legal services by entities under the jurisdiction of the US and/or other foreign states (including entities that are more than 25% owned by entities under the jurisdiction of the US and/or other foreign states) for state and municipal needs, as well as with respect to certain types of entities (yet to be defined);

DRAFT COUNTER-SANCTIONS LAW: WHAT DOES IT PROVIDE FOR? (CONT'D)

- Prohibition or restriction for US persons and persons of other foreign states, including entities that are more than 25% owned by entities under the jurisdiction of the US and/or other foreign countries on:
 - participation in privatizations;
 - provision of services related to the sale of public property owned by Russia by entities
- Exhaustion of IP rights to trademarks owned by US and/or other foreign countries (including entities that are more than 25% owned by entities under the jurisdiction of the US and/or other foreign states);
- Increase of the fees for air navigation services for aircraft of the US and/or other foreign states for the transportation of goods while using Russian airspace;
- Prohibition or restriction on the export from the Russian Federation of goods made from rare earth metals by citizens of the US and/or other foreign states and/or entities that are more than 25% directly or indirectly owned by entities under the jurisdiction of the US and/or other foreign states;
- Prohibition or restriction on the employment in Russia of citizens of the US and/or other foreign states, including highly qualified specialists.

The countermeasures could be introduced gradually or simultaneously.

The draft law also allows the Government to to introduce a special regime for goods and services originating from the US and foreign states if such states introduce any restrictions for goods and services originating from Russia.

OTHER COUNTER-MEASURES

In addition to the measures envisaged by the draft law, the following steps are taken:

- Media report that Roskosmos (Russian “NASA”) and Rosatom (Russian nuclear power monopolist) received informal instructions from the Government not to execute any new contracts with the counterparties from the US/EU
- In order to protect Russian economy from secondary sanctions further steps to be taken to make the procurement, especially, in the military sector less transparent
- Former PromSvyazBank is being transformed into a special-purpose bank to service the military and security sector
- In order to protect sovereign debt from risk of sanctions measures are considered to (i) create a special purpose bank that would accumulate sovereign debt and “front” third party investors and (ii) to take measures to make sovereign debt investments more available to general public in Russia
- Exemptions for issuers to make disclosures under Securities Market Law;
- Exemptions for banks, pension funds, investment funds and insurance companies, to make disclosures about their certain transactions and controlling persons;
- Exemptions for joint-stock and limited liability companies to provide certain information for approval of major and interested party transactions;
- Exemptions for state-owned entities to publish information on works/goods/services purchased through the procurement process

TEAM PAGE

SUBTITLE



Alexander Anichkin
Partner

T +7 495 258 5089

E alexander.anichkin@cliffordchance.com

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Clifford Chance, Ul. Gasheka 6, 125047 Moscow, Russia
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WWW.CLIFFORDCHANCE.COM