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U.S. Imposes New Sanctions on Russia in Response to the Navalny Poisoning and Nord Stream 2 Pipeline

On August 20, 2021, the U.S. Government, in coordination with the United Kingdom, announced a new round of sanctions against Russian Government officials and entities in response to the 2020 poisoning of opposition leader Alexei Navalny by Russian intelligence officers. These sanctions, imposed by both the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Department of State, build upon the previous round imposed by the Biden administration in March 2021. This latest set of sanctions underscores that the Biden administration remains willing to use sanctions and other economic measures to counter Russian human rights abuses, while returning to greater coordination with the European Union and United Kingdom on these matters. The U.S. Government also pushed ahead with new – although limited – sanctions related to the Nord Stream 2 pipeline project, continuing its balancing act of opposing the project without unduly harming relations with Germany, which strongly backs the pipeline's construction.

OFAC Sanctions

The sanctions announced by OFAC include the addition of nine Russian officials and two entities to the Specially Designated Nationals and Blocked Persons List (SDN List). The sanctioned individuals are primarily affiliated with Russia's Federal Security Service (FSB) and the FSB Criminalistics Institute, one of the two entities added to the SDN List. The U.S. Department of the Treasury indicated that a majority of the individuals involved in Navalny's poisoning worked within or collaborated with the FSB Criminalistics Institute.

Eight of these persons were added to the SDN List pursuant to Executive Order 13382, which allows for the blocking of property of weapons of mass destruction proliferators and their supporters. Two individuals and one entity were sanctioned pursuant to Executive Order 14024, which was issued by the Biden Administration in April 2021 in response to Russia's foreign election interference and cyber attacks.

Alignment with Other Jurisdictions

The OFAC sanctions largely parallel those issued simultaneously by the United Kingdom, which imposed travel bans and asset freezes against seven individuals, under its chemical weapons sanctions regime.[1]

[1] The United Kingdom had already imposed sanctions (travel bans and asset freezes) on six individuals and one entity in response to the Navalny poisoning in October 2020.

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The United Kingdom and the U.S. released a joint statement marking the one-year anniversary of the poisoning of Navalny and calling on Russia to "comply fully with the Chemical Weapons Convention (CWC), including its obligations to declare and dismantle its chemical weapons programme."

In March 2021, the European Union imposed sanctions on four Russian individuals for their role in the arrest and treatment of Navalny, as well as the repression of peaceful protests. This was the first time that the European Union has imposed sanctions under its new "global human rights" sanctions regime, which was established on 7 December 2020.[2]

State Department Sanctions

In addition, the U.S. Department of State re-designated two Russian Ministry of Defense scientific institutes: the 27th Scientific Center and the 33rd Scientific Research and Testing Institute. Both entities were already on the SDN List, but were additionally designated pursuant to Executive Order 14024 following a determination by the State Department that each entity operates or has operated in the defense and related material sector of the Russian economy. In a press release, the State Department announced that these sanctions are a continuation of measures imposed in March 2021 in response to the poisoning of Navalny.

The State Department sanctions are expected to take effect on September 7, 2021 and will remain in place for at least 12 months and until the Executive Branch determines and certifies to Congress that Russia is meeting the conditions described in the Chemical and Biological Weapons Act, including that (1) it is providing reliable assurances that it will not use chemical weapons in violation of international law, (2) it is not making preparations to use chemical weapons in the future, (3) it is willing to allow international inspectors to verify those assurances, and (4) it is making restitution to Mr. Navalny.

Nord Stream 2 Sanctions

Separately, the State Department announced that, pursuant to the Protecting Europe's Energy Security Act of 2019 (PEESA) and a newly issued executive order, it had sanctioned two Russian entities and one Russian vessel for their involvement in the construction of the Nord Stream 2 pipeline. The new sanctions target a supply ship, the owner of another vessel, and a Russian insurer that was established after other insurers backed out of the Nord Stream 2 project. The Biden administration did not alter previously issued exemptions that apply to Nord Stream AG, the German Gazprom-controlled company that is building the pipeline, or its CEO Matthias Warnig. The State Department's report to Congress identifying the sanctioned entities and vessel has not been publicly released.

Key Takeaways

These sanctions demonstrate a continued interest on the part of the Biden administration in taking a firm stance against Russia over human rights abuses and the use of chemical weapons, and the administration's unchanged opposition to the Nord Stream 2 pipeline. The new Navalny-related sanctions indicate a renewed interest in coordinating U.S. policy on Russian sanctions with the European Union and United Kingdom, rather than imposing measures on a unilateral basis. Companies should review their dealings with Russian persons, current export licenses, and their export control and sanctions policies to ensure compliance with these new sanctions.

If you have any questions regarding the Russia sanctions program or how it may affect your business, please reach out to the contacts listed below.

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[2] The "global human rights" sanctions regime enables the European Union to target those responsible for acts such as genocide, crimes against humanity, and other serious human rights violations.

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