

US, EU EXPANDING RUSSIAN SANCTIONS

Amid reports of additional tanks and other war materiel being provided by Russia to Ukrainian separatists, the United States and its EU allies have ramped up the sanctions threat against Russia's financial, defense and high-tech sectors and added additional names to the sanctions blacklist. However, American business leaders — fearful of how financially damaging a sanctions expansion might be to their overseas business interests — are vowing a fight against the latest measures.

OFAC “Specially Designated Nationals”

The State Department released a statement on weapons transfers, saying: “We also have information that Russia has accumulated artillery at a deployment site in southwest Russia, including a type of artillery utilized by Ukrainian forces but no longer in Russia's active forces, and believe Russia may soon provide this equipment to separatist fighters.”

In response, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) added seven more names to its “Specially Designated Nationals List” of individuals whose U.S. assets will be frozen and with whom U.S. companies will be prohibited from doing business, including Ukrainian separatists. Among those individuals is the acting governor of Sevastopol, Crimea.

US, EU Coordination

Following President Obama's recent consultations with French President Francois Hollande and German Chancellor Angela Merkel, the White House issued a statement of renewed sanctions, which one official referred to as “scalpel” sanctions: “They agreed that should Russia fail to take immediate concrete steps to de-escalate the situation in eastern Ukraine, the United States and the European Union would coordinate additional steps to impose costs on Russia.”

Oil and Gas Technology on the Table

Among the wider measures being considered as part of the “stick” against Russia are restrictions on the transfer of Western technology used in oil and gas exploration and production — sectors that comprise a major portion of Russia's economy.

Not All US Business Groups on Board

Sanctions aimed at pressuring Russia to reach a diplomatic solution to the Ukrainian separatist drive have concomitantly had a severe impact on U.S. businesses that are dependent upon strong trade relations with Russia — and its various industrial tycoons, some of whom are currently blacklisted — in order to survive in the marketplace. Both the National Association of Manufacturers and the U.S. Chamber of Commerce — two powerful business lobbying groups — took to running ads in U.S. newspapers warning that additional sanctions would harm U.S. workers and businesses, thus clearly breaking with U.S. administration policy.

No “Business as Usual”

A White House National Security Council spokeswoman responded that the administration has undertaken “frequent conversations with business leaders on this issue since the beginning of the crisis to understand their concerns” but further noted that the United States can't proceed with “business as usual.”

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