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# Sanctions by statute:

## The Graham Act and tariffs on Russia's energy buyers

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The Graham Act places much of the US sanctions regime against Russia on an express statutory footing and exposes some of Russia's largest energy customers to tariffs of up to 100%.

US President Donald J. Trump signed the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the Graham Act) on September 18, 2026, following votes of 86–11 in the Senate and 262–159 in the House of Representatives. The Graham Act requires a series of measures within 30 days and gives the US president explicit authority to impose tariffs on Russian goods and on imports from certain countries that buy Russian energy or facilitate sanctions evasion. For businesses, its significance extends beyond Russia: exports to the US from China and several EU member states could fall within its scope. Much will depend on how the administration exercises its discretion, but the principal Russia provisions are now set to remain in force for five years.[1]

### Background

The legislation began with the Sanctioning Russia Act of 2025, introduced by Sens. Lindsey Graham and Richard Blumenthal in April 2025, and eventually supported by 84 co-sponsors. That proposal would have imposed tariffs of at least 500% on goods from countries purchasing Russian oil, gas, uranium or petroleum products, subject to a single 180-day waiver. Despite its support in Congress, it stalled amid White House resistance.

The administration initially pursued its own approach. In August 2025, President Trump invoked the International Emergency Economic Powers Act (IEEPA) to impose an additional 25% tariff on India over its purchases of Russian crude. He withdrew that duty on 6 February 2026, after India committed to stop those purchases. Two weeks later, the Supreme Court held in *Learning Resources v. Trump* that IEEPA did not authorize tariffs, underscoring the need for an express statutory basis.

Graham announced an agreement with the White House in July 2026, shortly before his death. The revised legislation, renamed in his honor, replaced the proposed 500% minimum with a 100% ceiling for secondary tariffs, narrowed the countries potentially affected and introduced a broad presidential waiver. At the White House's request, it also extended the Iran Sanctions Act of 1996 for five years. To satisfy the constitutional requirement that revenue bills originate in the House, the Senate inserted the measure into H.R. 5334, a House-passed bill on teachers' classroom expenses and approved it on August 7. The House agreed on September 16, although many Democrats remained concerned about the additional tariff powers. President Trump signed the Graham Act two days later.[2]

### What the Graham Act contains

By October 18, 2026, President Trump must make the initial determinations and impose the sanctions required by the Graham Act. Its targets include Russia's president and prime minister, senior ministers, military and intelligence chiefs and leaders of the Yamal and Arctic liquified natural gas (LNG) projects. It also reaches foreign persons who knowingly support Russia's defense industry and vessels involved in transporting certain commodities to, or for Russian parties. Vessels already sanctioned by UK, EU, G7 and other US allies may be targeted first, as such non-US sanctions will be treated as *prima facie* evidence that vessels meet the Graham Act's criteria for US blocking sanctions.

1 Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, H.R. 5334, 119th Cong. (2026) (enrolled bill); The White House, "Congressional Bill H.R. 5334 Signed into Law," September 18, 2026; "US Congress Passes Sweeping Russia Sanctions Bill, Sends It to Trump," *RFE/RL*, September 16, 2026.

2 Sanctioning Russia Act of 2025, S. 1241, 119th Cong. § 17 (2025); Executive Order 14384 of February 6, 2026, "Modifying Duties To Address Threats to the United States by the Government of the Russian Federation," *Federal Register*, February 11, 2026; House Committee on Rules, "Senate Amendment to H.R. 5334 – Lindsey O. Graham Sanctioning Russia and Iran Act of 2026," H. Res. 1530, September 15, 2026.

The shipping provisions extend considerably further than the "shadow fleet." They also authorize blocking sanctions on non-US vessels, owners, operators, managers, officers and insurers that knowingly carry certain Russian-origin commodities, including oil, gas and coal, regardless of the price paid, and port owners or operators that allow vessels sanctioned for supporting Russia to dock or receive services. Non-US persons who knowingly sell or otherwise transfer to Russia, or make available for use by a Russian person, vessels designed to transport the specified energy products may also be sanctioned. The Graham Act's definition of knowledge includes what a person should have known, making the quality of due diligence particularly important.

The financial measures require sanctions on Sberbank, VTB, Gazprombank and other banks wholly or partly owned by the Russian state, as well as at least two categories of sanctions on the Bank of Russia. Foreign banks conducting significant transactions with the specified Russian banks are also exposed, subject to an exception administered by the US Department of the Treasury. The ban on US persons purchasing Russian sovereign debt took effect on enactment. Further restrictions, due within 30 days, cover new US investment in Russia and its energy sector, certain transfers involving the Russian government and the listing of Russian state-affiliated companies on US exchanges. The principal sanctions review must be repeated every 180 days.[3]

## The tariffs

Section 112 requires the president, within 30 days of enactment, to increase duties on Russian goods to a rate of up to 500%, in addition to existing duties. Its immediate commercial reach is limited by the contraction in bilateral trade: US goods imports from Russia fell from US$29.6 billion in 2021 to US$3.8 billion in 2025. Existing prohibitions, including the 2022 ban on Russian oil imports, continue to apply.

Section 113 has much wider implications. It provides for additional duties of up to 100% on all goods from countries among the five largest importers of Russian crude oil or natural gas during the 12 months before enactment, if they knowingly make new purchases on or after October 18, 2026. It separately covers the five countries providing the most assistance with Russian oil sanctions evasion. China, India, Turkey and EU member states are among the economies whose exports could be affected, depending on the official lists and statutory exceptions. The potential exposure extends across a country's exports to the US, regardless of whether the goods themselves have any connection to Russian energy.

Although the Graham Act directs the president to increase duties, it specifies no numerical minimum for the initial rate. Subsequent rates set by the US trade representative must remain above zero and no higher than 100%, following a determination submitted to Congress that the country has taken significant steps to increase or reduce the specified energy transactions. The oil and gas importer lists must be reassessed every 180 days, and Congress must receive 10 days' notice of a duty or adjustment, together with the rationale and methodology.

There are two important limits. A country may qualify for the gas exception if its imports account for less than 15% of Russia's total natural gas exports, and it has taken significant steps to reduce them. There is no equivalent exception for crude oil. The Graham Act also expressly excludes tariff authority over countries outside its specified categories. Separately, the president's national-interest waiver extends to duties, leaving considerable room for negotiation over their application.[4]

## Exposure

Several EU member states could be affected. Senate aides cited in July reporting identified China, India, Slovakia, Hungary and Azerbaijan as the five largest buyers of Russian crude, and China, France, Japan, Hungary and Belgium as the leading gas buyers. Other assessments place Turkey among the largest crude importers. These are indicative assessments, rather than official determinations under the Graham Act, but they illustrate why European businesses need to follow its implementation closely.

Hungary and Slovakia continue to receive Russian crude through the Druzhba pipeline under an exception to the EU's oil embargo. The EU also remained a substantial buyer of Russian LNG this summer, accounting for 49% of exports, principally through French, Belgian and Spanish ports. Yet European law already provides for a progressive withdrawal. Regulation (EU) 2026/261 prohibits Russian LNG under long-term contracts from January 1, 2027, and generally ends long-term pipeline gas imports on September 30, 2027, with a possible extension to November 1 where a member state risks missing its gas-storage target.

Questions remain over whether the EU may be treated as a single country, and when purchases by private companies can be attributed to a state. As the Congressional Research Service has observed, the statutory language leaves these issues open. Substantial additional duties on individual member states would also strain the tariff arrangements agreed between Washington and Brussels in August 2025.[5]

China's exposure extends across both crude oil and natural gas. In August 2026, it purchased €5.8 billion of Russian crude and approximately €1.5 billion of Russian pipeline gas and LNG. These flows point to potential exposure under both energy categories in Section 113, although the official assessment must cover the statutory 12-month period.

3 Graham Act, §§ 101(8), 102–111, especially § 102(b)(4)(D).

4 Graham Act, §§ 112, 113, and 115; U.S. Census Bureau, "Trade in Goods with Russia," Foreign Trade Division.

5 The White House, "Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade," August 21, 2025; Congressional Research Service, "Tariff Authorities," LSB11474.

Relief under the gas exception would not remove separate exposure arising from crude purchases. With US goods imports from China totaling US$308.7 billion in 2025, the commercial stakes extend well beyond energy: additional duties could reach Chinese goods across the US market.[6]

India's exposure is concentrated in crude oil. Its Russian crude purchases totaled €4.1 billion in August 2026, accounting for 87% of its Russian fossil fuel purchases, despite a 24% decline in crude import volumes from July. That monthly reduction does not remove the risk under Section 113, and there is no crude-oil equivalent to the gas exception. US goods imports from India totaled US$103.8 billion in 2025, roughly one-third of the Chinese total. The absolute value of trade potentially affected is therefore smaller, but the duties could still reach Indian exporters with no involvement in Russian energy transactions.[7]

## Outlook

The first implementation deadline is October 18, but enactment does not impose the maximum tariffs itself. The White House's brief signing announcement offered no indication of the rates it intends to set or the waivers it may grant. Those decisions will test how the administration balances pressure on Russia against relations with its major energy customers, including China, whose President Xi Jinping is due in Washington on September 24.

India's experience illustrates the difficulty. Its February commitment to stop Russian oil purchases was followed by renewed demand as the conflict with Iran disrupted supplies through the Strait of Hormuz. Washington itself temporarily authorized certain purchases of Russian cargoes already at sea. China has opposed the extraterritorial reach of the proposed measures, while India has stated that it will protect its trade and economic interests. The tariff provisions may therefore serve initially as negotiating tools, although extensive waivers could weaken their effect.[8]

Non-US businesses also face secondary sanctions: they may themselves be sanctioned for covered dealings with Russia, even where the underlying transaction does not involve a US person. Foreign banks conducting significant transactions with the specified Russian banks risk asset blocking and restrictions on access to the US financial system, subject to the statutory treasury exception. Non-US companies may also be targeted for knowingly supplying Russia's defense industry, undertaking covered vessel transfers or supporting the maintenance or expansion of Russian energy production for use by persons sanctioned under Sections 102 or 103. These risks arise separately from the country-level tariffs.[9]

For businesses, the practical task is to identify exposure before implementing measures are announced. Companies should review their Russian investments, shipping arrangements and banking relationships against the statutory restrictions, including their exposure to secondary sanctions through counterparties and the activities they support. Exporters in countries potentially covered by Section 113 should assess the effect of additional duties of up to 100% across their US sales and review contractual responsibility for those costs. The Graham Act strengthens the legal basis for sanctions, but its commercial impact will depend on the administration's choices in the weeks ahead.

## How we can help

Our International Trade & Foreign Investment Practice advises businesses, financial institutions and boards on US, EU and UK sanctions and related tariff measures. We can help assess exposure under the Graham Act, review counterparties, vessels and banking relationships, and advise on compliance measures, available exceptions, wind-down arrangements and divestments. We also assist exporters in evaluating tariff scenarios and their contractual implications. To discuss how the Graham Act may affect your business, please contact a member of the team below or your usual firm contact.

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6 Luke Wickenden and Isaac Levi, "August 2026: Monthly Analysis of Russian Fossil Fuel Exports and Sanctions," Centre for Research on Energy and Clean Air, September 10, 2026, updated September 17, 2026; Office of the United States Trade Representative, "The People's Republic of China," accessed September 21, 2026; Graham Act, § 113(a), (c), and (d).

7 Wickenden and Levi, "August 2026"; Office of the United States Trade Representative, "India," accessed September 21, 2026; Graham Act, § 113(a), (c) and (d).

8 Foreign Assets Control, "Issuance of Russia-related General License 133," March 5, 2026.

9 Graham Act, §§ 102(b)(2), 102(b)(4), 102(e), 103(a), 103(c)–(d), and 108(b).





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