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LINDSEY O. GRAHAM SANCTIONING RUSSIA AND IRAN ACT 2026: RESTRICTIVE U.S. TARIFF MEASURES TARGETING ALL IMPORTS FROM MAJOR BUYERS OF RUSSIAN ENERGY

The United States' Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the "**Act**"), one of the most far-reaching foreign economic measures in reaction to the Russia-Ukraine war, was signed into law by President Trump on 18 September 2026, two days after the House passed it in a bipartisan vote.

The Act expressly targets countries that rank among the five largest importers of Russian crude oil or natural gas - a group that currently includes China and India. On current data, that group is also likely to include one or more EU member states (such as Hungary or Slovakia), reflecting their ongoing purchases of Russian energy flows, and potentially Turkey.[1]

The Act reflects Congress's assessment that the existing sanctions architecture has not sufficiently reduced Russia's energy revenues that underwrite the Kremlin's war effort in Ukraine. Although the U.S., EU and other coalition members have restricted direct imports of Russian energy and introduced a price-cap regime, Russia redirected substantial volumes to non-coalition markets, particularly China and India. At the same time, a growing shadow fleet and associated trading, shipping, insurance and payment networks have enabled significant volumes of Russian oil to move outside Western-controlled maritime services.

The Act therefore shifts part of the pressure from Russia as the seller to the foreign demand sustaining Russian export revenues. Rather than examining only whether a particular cargo complied with the price cap, the Act uses access to the entire U.S. market as leverage against countries that remain leading purchasers of Russian energy. A country's exports of electronics, pharmaceuticals, textiles, machinery and other unrelated products may consequently face additional U.S. tariffs because of that country's aggregate purchases of Russian oil or gas.

This structure also seeks to avoid the immediate supply shock that could result from a complete embargo on Russian energy. Countries retain the ability to reduce their Russian purchases, fall below the relevant rankings or seek a national-interest waiver. The graduated tariff authority is therefore intended to create continuing pressure to diversify away from Russian energy without automatically removing Russian supply from the global market.

[1] The "top five" importers of Russian energy are not named in the Act, as they will be determined periodically based on current trade data (as explained later in this update). References in this update to likely in-scope countries are inferred from external analysis as of June 2026 but have not yet been formally designated under the Act: June 2026 – Monthly analysis of Russian fossil fuel exports and sanctions – Centre for Research on Energy and Clean Air.

The Act also supplies express congressional authority for these tariffs. This is significant following judicial scrutiny of the executive branch's use of broader emergency powers to impose tariffs. Congress has now directly delegated tariff authority for the specific purpose of responding to Russian energy purchases and sanctions evasion, while imposing reporting, review and waiver requirements.

The Act has three features of particular significance for global corporations, beyond its nominal expansion of sanctions on Russia, which this update covers in turn:

1. Section 113 introduces a volume-based tariff regime authorising duties of up to 100% on all goods (irrespective of nature) imported into the U.S. from top five countries that buy Russian crude or natural gas, and from top five jurisdictions that facilitate sanctions evasion.
2. In doing so, it adds tariff-imposition powers on top of existing G7 and EU price caps on Russian oil, creating a second layer of economic pressure for consumers of Russian oil.
3. Lastly, the Act moves a significant portion of U.S.-Russia economic policy from the realm of executive discretion into the realm of legislated constraint.

1. EXPLANATION OF THE LEGISLATION

The centrepiece from an international trade perspective is Section 113 of the Act, which authorises up to 100% tariffs on all goods imported to the U.S. from the five largest importers of Russian crude or natural gas, as well as the top five jurisdictions that serve as hubs for Russian oil sanctions evasion.

These are separate categories and may overlap; the regime is therefore not confined to a single group of five countries. But China and India are believed to be the main targets.

Initial imposition of duties

Within thirty days of enactment, the President must increase the rate of duty on all goods imported into the U.S. from a country within scope to a rate of up to 100% *ad valorem*.

The scope is deliberately broad: once a country is in scope, the higher duties may apply to all its exports to the U.S., not merely energy-related goods.

A country falls within scope if:

i. it knowingly made new purchases of crude oil or natural gas that originated in the Russian Federation on or after 30 days after enactment; and
ii. it was among the five largest importers, by total volume, of such crude oil or natural gas during the most recent 12-month period preceding enactment; or
iii. if it was among the five most significant "*countries facilitating Russian oil sanctions evasion*" during that period.[2]

Section 113 establishes an iterative mechanism. Not later than 180 days after the initial imposition of duties, and every 180 days thereafter, the United States Trade Representative ("**USTR**"), in consultation with the Secretaries of State and Energy, must determine, based on the most recent 12-month period, the five largest importers of Russian crude oil and natural gas by volume, and impose duties on goods imported from those countries.

Covered country status is therefore recalculated every six months. States that materially reduce their imports of Russian energy may fall out of scope, while those that increase imports may be brought within it. The mechanism is tied to observed trade volumes, rather than to a fixed list of countries.

[2] The concept of "*countries facilitating Russian oil sanctions evasion*" is elaborated in subsection (i)(2): it covers countries in which foreign persons are located or operating, or under whose laws they are organised, where such persons knowingly engage in activities that circumvent sanctions on Russian oil. Examples include providing significant financial support for transactions related to shadow fleet vessels transporting sanctioned Russian oil. This article does not seek to predict which countries may be designated under 113(i)(2).

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Behaviour-dependent tariff levels

Section 113 does not require duties to be set at 100%. It allows USTR to adjust the rate to any level above zero and up to 100% *ad valorem*, once it has submitted a written determination to the relevant congressional committees that the country has taken significant steps either to increase or to decrease its importation, sale, supply, transfer or purchase of Russian energy. Tariff levels are therefore behaviour-dependent: USTR may increase the rate if a country expands its Russian energy purchases, or reduce it if purchases are curtailed, but the rate cannot be reduced to zero.

Exception for certain natural gas imports

Section 113 creates a targeted exception for countries whose imports of Russian natural gas are modest and declining. Duties are not to be imposed where:

i. a country's total imports of Russian gas during the relevant 12-month period were less than 15% of the total annual exports of natural gas from the Russian Federation; and

ii. it has taken significant steps to reduce its imports of Russian natural gas.

The exception applies only to countries meeting the top-importer test and only in respect of natural gas. It does not apply to crude oil or where either the 15% threshold or the "*significant steps*" requirement is not met. It is designed to accommodate certain European states whose reliance on Russian gas is relatively small and being actively reduced.

Reporting requirement

Section 113 also requires the President or USTR, at least ten days before imposing or adjusting a duty, to submit to the relevant congressional committees a written justification setting out the rationale and methodology for determining that a country falls within scope. These reporting obligations give Congress advance notice and offer markets and foreign governments insight into how the U.S. interprets Russian trade data and calibrates its tariff response.

Further Russia-focused tariffs and the broader sanctions framework

In addition to Section 113, the Act includes Russia-focused tariff and sanctions provisions that largely reinforce the existing framework rather than create new corporate exposure. Section 112 authorises duties of up to 500% *ad valorem* on all Russian imports, on top of existing tariffs. Given the limited volume of U.S. imports from Russia, this mainly closes off residual trade.

The Act also codifies the existing Russia sanctions regime, including designations of Russian officials, banks, energy entities and the "shadow fleet", while maintaining current restrictions on new U.S. investment in and energy exports to Russia.

2. DOUBLE LAYER OF EXPOSURE FOR INTERNATIONAL TRADERS: 100% TARIFFS ON TOP OF OIL PRICE CAPS

Section 113(f) of the Act confirms that duties imposed are "in *addition to any other duty, fee, tax, exaction, or charge*" applicable to the goods. Section 113 therefore does not displace existing tariffs or trade remedies; it adds a further layer of duty liability. In practice, this new tariff regime also sits alongside the existing G7 and EU price caps on Russian oil rather than replacing them.

The G7/Price Cap Coalition introduced caps on Russian seaborne crude in late 2022 to reduce Russia's oil revenues while avoiding a global price shock. Under this mechanism, third-country buyers may use coalition shipping, insurance and finance only if they pay at or below the cap. In the U.S. framework, the cap has remained at USD 60 per barrel.[3] The EU initially applied the same cap, then adopted a dynamic mechanism that lowered it to USD 44.10 per barrel, before reverting to a fixed cap at USD 47.60 until July 2027.[4] Despite these measures, a substantial share of Russian seaborne crude still moves outside the caps via a shadow fleet, allowing Russia to continue earning significant revenues while global oil prices remain elevated.

[3] The Price Cap on Russian Oil: A Progress Report | U.S. Department of the Treasury

[4] Sanctions on energy - European Commission

The Act's tariff regime is layered on top of this system. Under Section 113, countries that remain among the largest buyers of Russian crude or gas by volume and that make new purchases after enactment can face duties on all their exports to the U.S., regardless of whether individual shipments comply with the price cap. While the caps regulate the conditions under which Russian oil can access Western maritime services, Section 113 regulates the cost of trade with the countries that persist in purchasing Russian energy.

This layering broadens part of the sanctions enforcement focus from shipment-level price compliance to country-level purchasing decisions. A state can comply fully with cap rules, buying Russian oil at or below the cap and using coalition services, and still fall within the Act's scope if its aggregate volumes place it in scope. Once designated, it faces the possibility of tariff duties on all goods exported to the U.S., at rates determined by USTR within the statutory band.

Corporates must now not only ensure that individual Russian oil shipments comply with price cap rules and documentation requirements, but one assumes that national governments and other bodies must also monitor whether their country's overall import behaviour could trigger Section 113 tariffs on unrelated goods. The Act thus does not substitute tariff-based sanctions for cap-based sanctions; it layers one enforcement modality over another.

3. IMPLEMENTATION AND DURABILITY OF THE ACT'S PROVISIONS

Although derived from both executive orders and legislation, most prior Russia sanctions programmes have been implemented via executive orders, which gives the President and his delegates broad discretion to designate and de-designate parties and revoke orders without direct congressional involvement. The Act is distinctive in that it is a statute: it codifies the existing sanctions architecture, imposes stricter obligations and subjects key decisions to formal congressional oversight.

From an international trade perspective, the principal consequence is greater durability and constraint. Statutory obligations remain in force until amended or repealed by Congress, and any change in their application requires formal certification and reporting. Section 115 permits the President to waive restrictions or duties only if he submits a written certification that the waiver is in the national interest, together with an explanatory report. Section 117 provides that Russia-related measures may be terminated only once the President has certified that Russia has concluded a peace agreement accepted by an independent Ukrainian government and has ceased hostilities, and even then, termination is subject to a congressional review period and potential disapproval. In practical terms, the authority to impose tariffs under Section 113 cannot be set aside unilaterally.

Implementation of the tariff regime is also data-driven. Within thirty days of enactment, the President must increase duties on imports from countries described in Section 113, which requires the USTR to identify, from trade statistics, those countries that meet the import-volume and "*new purchases*" criteria and to set duty rates within the band above zero and up to 100%. Thereafter, every 180 days, USTR must repeat this analysis, determining which countries currently meet the thresholds. Any change in rates must be justified in writing to the relevant congressional committees, explaining both the rationale for the adjustment and the methodology used.

The practical distinction between this statutory regime and a purely executive-order framework is therefore one of durability. The Act's provisions cannot be dismantled without engaging the waiver or termination mechanisms and exposing those decisions to congressional review. In the context of Section 113, this means that the tariff powers directed at major buyers of Russian energy and sanctions-evasion hubs are not to be ignored, as they are embedded in law and calibrated through regular, data-based determinations.

Although the Act embeds the sanctions and tariff framework in legislation, it still leaves the President considerable implementation flexibility. The executive branch may determine the applicable tariff rates within the statutory ceilings, assess which countries satisfy the relevant criteria, adjust duties in response to changes in Russian energy purchases and grant national-interest waivers. The Act therefore constrains the circumstances and procedures for relaxing the measures without eliminating presidential discretion over their practical application.

Effects on countries

China. As one of the largest purchasers of Russian oil and natural gas, China may face significant exposure under Section 113. If tariffs are imposed, they may apply to all Chinese goods entering the U.S., not only energy-related products. Even a rate below the 100% maximum could materially affect Chinese exporters and multinational companies manufacturing in China, and U.S. businesses dependent on Chinese components. The measures could also lead to Chinese countermeasures and further disruption of U.S.–China trade.

However, the President still retains considerable discretion over the rate and waivers. Implementation against China is therefore likely to form part of the wider U.S.–China trade relationship and negotiation thereof rather than operate as an isolated sanctions measure.

India. India is particularly exposed because it has become a major purchaser and refiner of Russian crude oil. Additional U.S. tariffs could affect unrelated Indian exports, including pharmaceuticals, textiles, chemicals and machinery. The legislation may therefore increase pressure on India to reduce its Russian oil purchases, diversify its energy supplies or seek a waiver from the U.S.

U.S. allies. Certain U.S. allies, including European countries and Japan, may also fall within the top-five categories because of their imports of Russian natural gas. However, the Act provides an exception for countries that account for less than 15% of Russia's annual natural-gas exports and are taking significant steps to reduce their imports. This may protect some allies, but the exception does not apply to crude oil, and eligibility will depend on the U.S. government's assessment of each country's conduct.

Important takeaway for corporations

The Act converts national dependence on Russian energy into a direct supply-chain and market-access risk for private companies. If a country falls within Section 113, goods originating in that country may face additional U.S. tariffs of up to 100%, even where the exporter, product and U.S. importer have no connection with Russia.

Companies should therefore assess both transaction-level sanctions exposure and country-level tariff exposure. Relevant measures include mapping the origin of U.S.-bound goods, modelling tariff scenarios, identifying alternative production locations, reviewing contractual allocation of duties and change-in-law risk, and monitoring the relevant country's aggregate Russian oil and gas purchases.

Energy traders, refiners, shipowners, insurers and financial institutions face an additional concern: their dealings may contribute to a determination that their jurisdiction facilitates Russian oil-sanctions evasion, and national authorities may be mindful of this. Enhanced diligence should therefore cover vessel histories, beneficial ownership, ship-to-ship transfers, payment routes, cargo origin and price-cap documentation.

Although the statutory maximum is 100%, the actual commercial effect will depend on the countries identified, the rate selected, any national-interest waivers and subsequent USTR determinations. Businesses should treat the Act as a material and potentially durable sourcing and market-access risk, while avoiding the assumption that the maximum tariff will necessarily be imposed in every case.

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