**For information - U.S. Sanctions against Russia, Iran and Turkey - latest developments**

1. This US Congress reached an agreement on the **National Defense Authorization Act for Fiscal Year 2020** that was already voted through the House of Representative with a 377-48 majority and will be voted in the Senate soon (**likely Monday next week**). Among a number of other updated sanction regimes, the bill also includes far-reaching measures against **Russia** and **Turkey** that will potentially impact European companies.

**US Sanctions targeting Russia:**

* **Title LXXV - Protecting Europe’s Energy Supply Act (PEESA)**
  + Target: **vessels** engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of **Nord Stream 2** and **TurkStream** as well as **foreign persons** that have sold, leased or provided such vessels or facilitated transactions to provide these vessels (incl. Corporate Officers or shareholders with controlling interest).
  + Type of sanction: visa bans and revocation as well as asset freeze
  + Exception: **among others**, there is an exception for repair, maintenance or environmental remediation of pipelines in the named projects as well as for the importation of goods (excl. technical data). There is also, as usually, the possibility for waivers.
  + Implementation: the Secretary of State together with the Secretary of Treasury shall submit a report to congressional committees identifying such vessels the persons **no later than 60 days after the enactment** and every 90 days thereafter. It also foresees a 30 day wind-down period for identified persons or entities engaged in the operations.
  + Termination and Sunset: after 5 years after enactment OR when the President certifies that appropriate safeguards have been put in place **to minimize the ability that Russia can use the project as tool of coercion or political leverage** (incl. unbundling energy production and transmission network so the Government does not control the transmission network) or **to ensure that the project would not result in a decrease of more than 25% of Russian energy exports transiting existing pipelines, particularly Ukraine** (relative to 2018 volumes transiting existing pipelines).

**US Sanctions targeting Turkey**:

* **Limitation on Transfer of F-35 Aircrafts to Turkey**
  + The Bill concludes that **Turkey’s acquisition of Russian S-400** air and missile defense system from Russia constitutes a significant transaction under the **Countering Russian Influence in Europe and Eurasia Act of 2017 (under CAATSA) -** **Sec 231: engaging in transactions with the intelligence or defense sectors of Russia** and the President should enact **sanctions** (under Sec 235)targeted at any individual or entity that has engaged in a significant transaction. These sanctions include, among others:
    - Export-import bank assistance for exports to sanctioned persons (issuance of guarantee, insurance, credit, etc.)
    - Export sanction
    - Foreign exchange transactions, banking transactions and property transactions subject to US jurisdiction and in the interest of the sanctioned person
    - Investment ban
    - Visa ban on corporate officers or shareholders with controlling interest in sanction person/entity

1. **US sanctions targeting Turkey:**

Furthermore, the Senate’s Foreign Relations Committee on 11.12. backed (18-4) the “**Promoting American National Security Preventing the Resurgence of ISIS Act**” which will go to a vote to the full Senate **today**. The House of Representatives, which would also have to vote on the bill, has already passed a similar bill in October by an overwhelming majority of 403-16. Apart from the **CAATSA sanctions** also included in the NDAA (described above) and sanctions against senior government officials, the bill also calls for sanctions on **Turkish Bank Halkbank no later than 15 days after date of enactment** (a.o. asset freeze, Visa Bans) for facilitating transactions for the Turkish Armed Forces. This could potentially impact European companies that have financial operations with this bank. **We are currently clarifying the direct and indirect impacts on businesses and will keep you informed.**

1. **US Sanctions targeting Iran:**

* On 11.12. the US announced a fresh round of sanctions against Iran, targeting the Iranian Shipping Network “**Islamic Republic of Iran Shipping Lines” (IRISL)** and it’s Chinese subsidiary **E-Sail Chipping** over weapons proliferation to Yemen. **The sanctions will take effect on 8 June 2020** to allow exporters of humanitarian goods sufficient time to find alternative shipping methods.
* They also issued new sanctions against Iran’s blacklisted airline “**Mahan Air**”. The sanctions against Mahan Air, previously sanctioned for helping Iran’s Islamic Revolutionary Guard Corps, will take **immediate effect**. Germany and France have already banned Mahan Air, Italy is expected to do so soon.

1. **EU Sanctions against Russia:**

* As expected, the European Council has yesterday prolonged the EU **sanctions against Russia** in response to the illegal annexation of Crimea and the deliberate destabilisation of Ukraine until end of **July 2020**.