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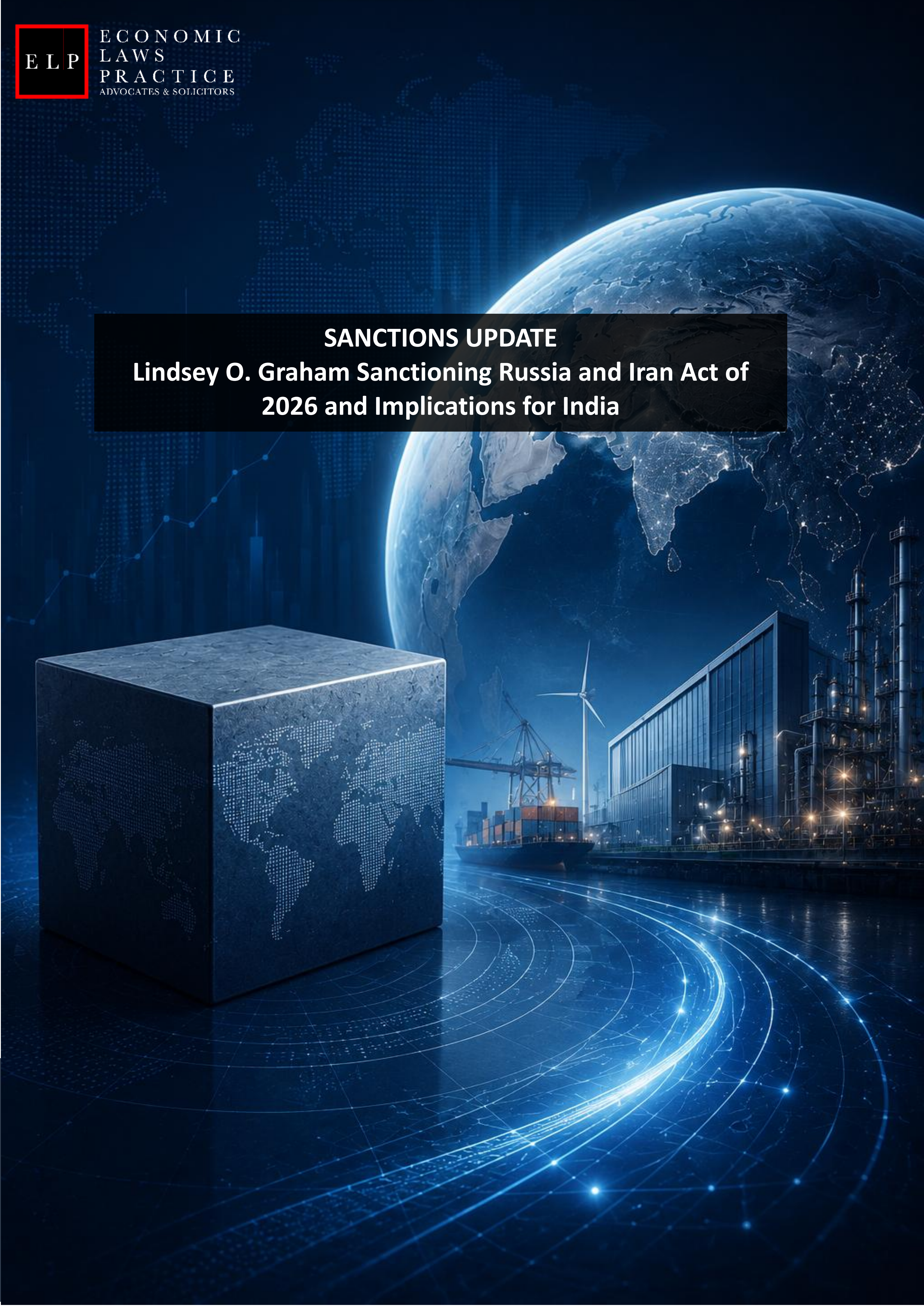
SANCTIONS UPDATE
Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 and Implications for India



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INTRODUCTION

On September 18, 2026, the President of the United States signed H.R. 5334 into law. Division A of H.R. 5334, titled the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the "**Act**"), establishes a framework for additional sanctions and tariff measures targeting Russia and extends the Iran Sanctions Act of 1996 through 2031.[1]

For Indian businesses, the Act introduces potential exposure beyond direct dealings with Russia. Section 113 authorizes the imposition of an additional duty of up to 100% on goods imported into the United States from a covered country that meets specified criteria relating to Russian energy purchases or sanctions evasion. The Act also provides for entity and transaction-specific measures that may affect financial institutions, vessel owners and operators, charterers, ports, insurers, and other participants in relevant commercial transactions.[2]

KEY PROVISIONS OF THE ACT

- **Blocking sanctions and the shadow fleet –** Section 102 requires the review of specified Russian officials, persons supporting Russia's defence-industrial base or sanctions-evasion activities, and vessels transporting specified Russian-origin energy commodities or facilitating evasion. The measures may extend to specified owners, operators, managers, insurers, reinsurers, captains, senior crew members and port operators.[3] This is also extended to the vessels sanctioned by the United Kingdom and European Union.
- **Financial institutions and state-linked entities –** Sections 103 and 104 provide for measures concerning the Bank of Russia, Sberbank, VTB Bank, Gazprombank, other covered Russian Government-owned financial institutions, certain foreign financial institutions engaging in significant transactions with them, and other entities owned, controlled by, or otherwise affiliated with the Russian Government. Sections 105 and 106 separately address certain fund transfers involving the Russian Government, U.S.-person transactions with covered institutions, and the listing or trading of securities of covered Russian issuers on U.S. national securities exchanges.
- **Investment, services and sovereign debt –** Sections 107 and 109 prohibit U.S. persons from making new investments in Russia or purchasing Russian sovereign debt. Section 107 also prohibits specified services to persons in Russia and the approval, financing, facilitation or guarantee by U.S. persons of otherwise prohibited foreign transactions.
- **Energy, financial messaging and uranium –** Sections 108, 110 and 111 prohibit new U.S. investment in Russia's energy sector and specified U.S. energy exports; require sanctions on certain support for covered energy production and financial messaging services knowingly used to circumvent sanctions; and address Russian uranium imports.
- **Tariff measures –** Section 112 requires an additional duty of up to 500% on goods imported from Russia. Section 113 separately provides for an additional duty of up to 100% on goods imported from a country that meets the specified Russian-energy purchase or sanctions-evasion criteria.
- **Exceptions, waivers, penalties and duration –** Section 115 permits the President to waive the application of specified sanctions, restrictions, or duties after certifying to Congress that the waiver is in the national interests of the United States and explaining the basis for the certification. Section 114 separately provides a limited 270-day exception for specified activities necessary to wind down or divest operations in Russia. Sections 114 to 117 contain specified humanitarian, safety, licensing and wind-down exceptions; provide **for national-interest waivers subject to congressional reporting**; prescribe implementation and penalties; and establish termination procedures.

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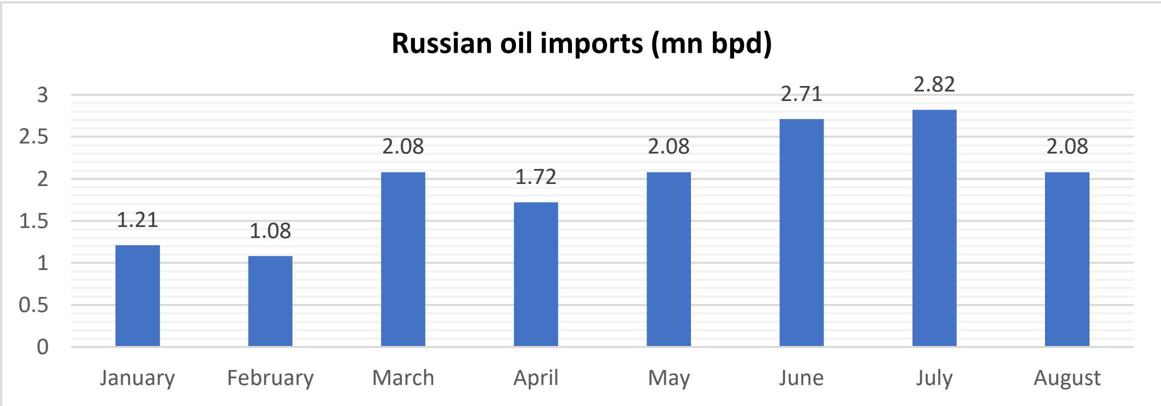
[1] White House, H.R. 5334 signed into law (September 18, 2026); H.R. 5334 enrolled text; U.S. Senate Roll Call Vote 224; U.S. House Roll Call Vote 308.
[2] Steptoe, The Lindsey O. Graham Russia Sanctions Act of 2026: Outlook for Markets and U.S. Trade Policy (August 20, 2026).
[3] H.R. 5334 enrolled text, Division A, sections 102-117, 201 and 203 of the Act.

CRITICAL MEASURES AND IMPACT RELEVANT TO INDIAN BUSINESSES

- **Potential tariff exposure under Section 113: Duties on Countries that purchase Russian-origin crude oil or natural gas or facilitate sanctions evasion –**
  - The U.S. President is required to impose an additional ad valorem duty of up to 100% on all goods imported from a country, if it
    - knowingly makes **new purchases** of Russian-origin crude oil or natural gas on or after October 18, 2026,
    - was among the **five largest importers of those products by volume during the 12 months preceding enactment**; or
    - was among the **five leading countries facilitating Russian oil sanctions evasion** during that period.
  - Section 113 provides for ad valorem duties of upto 100% will be imposed in addition to the 10% 'forced labour' tariffs and the 50% Section 232 tariffs on steel and aluminium already imposed on India.
  - At least 10 days before imposing the duty, the President must submit to Congress a written justification addressing the rate and methodology.
  - Subsequent top-five determinations are to be made within 180 days after the initial duties are imposed and every 180 days thereafter.
  - A limited natural-gas exception applies only where the statutory volume and reduction conditions are satisfied.

As regards the data is concerned, India's imports of Russian crude accounted for more than 40% of its total crude oil imports in August 2026, according to Kpler data reported by Business Standard.[4]



Source: Kpler data on India's crude oil imports in 2026, as reported by The Indian Express[5]

If India continues to import Russian origin crude oil or natural gas pursuant to new purchases made on or after October 18, 2026, and satisfies the applicable statutory top five criterion, the U.S. President shall be required to impose an additional duty of up to 100% on all goods imported from India subject to other considerations.

India's export basket to the United States

United States remains one of the highest export markets from India. India exported goods worth USD 87.31 billion to the United States in FY 2025-26. The largest exposures are electrical machinery at USD 25.68 billion, pharmaceuticals

[4] See, Russia remains India's largest crude supplier in August: Kpler data | Economy & Policy News - Business Standard
[5] See, 2 reasons why India bought 26% less Russian oil in August. One was China | Business News - The Indian Express

at USD 8.67 billion, apparel and made-up textiles at USD 7.46 billion, industrial machinery at USD 7.19 billion, and gems and jewellery at USD 5.12 billion. Fuels, metals, chemicals and vehicles also have material exposure[6].

As noted above, any duty prescribed pursuant to Section 113 duty would apply in addition to existing duties, including the 10% forced labour tariff on exports from India under the Federal Register notice published on July 28, 2026[7] and applicable Section 232 tariffs on steel and aluminium under Presidential Proclamation 11021, published in the Federal Register on April 9, 2026.[8] This cumulative burden would further increase landed costs and pressure exporters' margins and competitiveness. Therefore, Indian businesses would be required to learn from the earlier tariff impositions and put in place mechanism both from contractual as well as trade relationship perspectives to ensure minimalistic impact.

Its combination of financial sanctions, maritime restrictions and additional tariffs of up to 100% on goods from certain major purchasers of Russian oil or natural gas creates material exposure for governments and businesses outside Russia, including those in India. The legislation also preserves substantial presidential discretion over tariff rates, waivers and implementation, making future executive action and implementing guidance particularly important. Businesses should therefore reassess their Russian and Iranian touchpoints, supply chains, shipping arrangements, financial counterparties and exposure to the US market rather than relying solely on traditional sanctions-screening processes.

A sustained decline in exports could reduce foreign exchange receipts and place pressure on the current account, balance of payments and rupee. Consequently, pressure on the rupee could raise the cost of imported energy and industrial inputs, adding to inflation. The measure could also delay the India and U.S. talks on Trade Agreement by changing the tariff framework under negotiation.

Separate entity and transaction exposure: Tariff relief would not eliminate sanctions exposure involving covered counterparties, vessels, financial institutions, defence inputs, sanctioned Russian energy activities or sanctions evasion.

Companies with exposure to Russia, Iran or the US market should treat the Act as an immediate board-level compliance and commercial-planning issue and closely track the implementing regulations, country determinations, waivers and enforcement guidance that follow.

Economic Laws Practice (ELP) has been assessing sanctions laws and regulations in several jurisdictions and regularly advising clients of any potential exposure to such regulations on account of their potential business engagements. ELP also has a global reach through its extensive network of foreign lawyers and consultants, who in turn work closely with regulators and government authorities in their respective jurisdictions.

For questions or comments on this update, please contact insights@elp-in.com or any of the authors listed below:

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[6] See, Ministry of Commerce – Tradestat, Country-wise commodity exports from India to US - https://tradestat.commerce.gov.in/eidb/commodity_wise_export

[7] Office of the United States Trade Representative, *Notice of Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure of Each Economy To Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced With Forced Labor*, 91 Fed. Reg. 47318, 47324 and 47362 (July 28, 2026), effective July 24, 2026, https://www.federalregister.gov/documents/2026/07/28/2026-15181/notice-of-actions-in-section-301-investigations-of-acts-policies-and-practices-of-various-economies

[8] Presidential Proclamation 11021, *Strengthening Actions Taken To Adjust Imports of Aluminum, Steel, and Copper Into the United States*, 91 Fed. Reg. 18201 (April 9, 2026), effective April 6, 2026, Federal Register :: Strengthening Actions Taken To Adjust Imports of Aluminum, Steel, and Copper Into the United States, as subsequently modified by Presidential Proclamation 11032, *Further Adjusting the Tariff Regimes for Imports of Aluminum, Steel, and Copper Into the United States*, 91 Fed. Reg. 34085 (June 4, 2026), effective June 8, 2026, https://www.federalregister.gov/documents/2026/06/04/2026-11314/further-adjusting-the-tariff-regimes-for-imports-of-aluminum-steel-and-copper-into-the-united-states