

October 15, 2026

The Lindsey O. Graham Sanctioning Russia and Iran Act of 2026: Key Tariff and Sanctions Considerations

New U.S. Tariff Exposure and Mandatory Russia Sanctions Following Enactment of the Graham Act

By Antonia Tzinova, Billy Phalen,
Sisi Liu, Colin Giuseppe Cox and
Brandon Ricaurte

At a Glance

- The Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the “Graham Act”) requires the President to increase the duty rate on all goods imported from Russia, to a rate of up to 500% ad valorem, and up to 100% on all goods imported from certain third countries that are leading purchasers of Russian crude oil or natural gas, or leading facilitators of Russian oil sanctions evasion, in each case on top of existing duties.
- According to press reports citing Senate aides, the top purchasers of Russian crude oil include China, India, Slovakia, Hungary, and Azerbaijan, and the top importers of Russian natural gas include China, France, Japan, Hungary, and Belgium. These countries, and potentially Turkey, could fall within the Graham Act’s secondary tariff provisions, which would reach every product imported from a covered country, not just energy.
- The Graham Act mandates full sanctions on state-owned Russian banks, including three major banks named in the statute, and bars U.S. persons from transacting with them beginning October 18, 2026, which may narrow the practical scope of existing Office of Foreign Assets Control (OFAC) authorizations.
- The President retains broad discretion over tariff rates, designations, and waivers, but permanently terminating Russia-related measures now requires certification of a peace agreement accepted by Ukraine and is subject to congressional review.

BACKGROUND

On September 18, 2026, President Trump signed the Graham Act into law following strong bipartisan votes in both chambers of Congress.¹ The Graham Act codifies much of the U.S. sanctions framework against Russia that has been built through executive orders since 2021, makes many of those sanctions mandatory, establishes new tariff authorities targeting Russia and certain third countries that purchase its energy, and extends the Iran Sanctions Act of 1996 through 2031. Most of the Graham Act’s Russia-related measures must be implemented within 30 days of enactment, or by October 18, 2026.

¹ Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, Pub. L. No. 119-111, div. A (Sept. 18, 2026). The Senate passed the Graham Act 86–11 on August 7, 2026, and the House concurred 262–159 on September 16, 2026. See RFE/RL, “US Congress Passes Sweeping Russia Sanctions Bill, Sends It To Trump” (Sept. 17, 2026).

Because the Graham Act's tariff provisions apply to all goods from a covered country, and its sanctions provisions reach non-U.S. banks and other counterparties dealing with Russia, the Graham Act's impact extends well beyond companies with direct Russian operations. The degree of exposure varies by business profile (e.g., an importer sourcing components from a potentially covered third country faces different considerations than a financial institution with Russian correspondent relationships or an investor evaluating a target with Russia-linked counterparties), but the considerations below are relevant, in varying degrees, to most companies with cross-border supply chains, payment flows, or investment activity, and each should be evaluated as part of ongoing compliance and transaction diligence.

SUMMARY OF KEY RISK AREAS

Risk Area	Key Concern for Clients
Tariffs on Russian-Origin Goods	All goods imported from Russia may become subject to an additional duty of up to 500%, stacked on top of existing duties.
Secondary Tariffs on Third Countries	All goods imported from countries that are top purchasers of Russian energy or top facilitators of Russian oil sanctions evasion may become subject to an additional duty of up to 100%.
Mandatory Russian Bank Sanctions & OFAC Licenses	Mandatory sanctions on major Russian banks and a U.S.-person transaction ban may limit activity currently conducted under OFAC general or specific licenses.
Expanded Sanctions Designations	Recurring mandatory reviews may result in designations of government-affiliated entities, oligarchs, shadow fleet vessels, insurers, and other counterparties.
Presidential Discretion & Termination	Outcomes will depend heavily on Executive Branch determinations and waivers, while the bar for lifting existing sanctions is now significantly higher.

TARIFFS ON RUSSIAN-ORIGIN GOODS

Section 112 requires the President to increase the rate of duty on all goods imported from Russia, including but not limited to energy products, to a rate of up to 500% ad valorem.

- The duty applies in addition to any other duty, fee, or charge, including duties under Section 232 of the Trade Expansion Act of 1962, Sections 201 and 301 of the Trade Act of 1974, and antidumping and countervailing duty orders. The Graham Act sets a ceiling but no floor, leaving the actual rate to the Executive Branch.
- Because U.S. imports from Russia are already limited (less than \$4 billion in 2025), the practical impact of this provision is likely to fall on residual supply chains that continue to rely on Russian-origin goods or inputs, including inputs incorporated into products manufactured in third countries. Existing prohibitions, such as the ban on imports of Russian crude oil, continue to apply.²

² See Dalibor Roháč, GLOBSEC, "The Lindsey Graham Act's Dangerous Tariff Provision" (Aug. 24, 2026).

SECONDARY TARIFFS ON PURCHASERS OF RUSSIAN ENERGY

Section 113 is the Graham Act's most consequential new authority. It requires the President to increase the rate of duty, up to 100% ad valorem, on all goods imported from certain third countries that sustain Russia's energy revenues.

- A country is covered if it (i) was among the five largest importers by volume of Russian-origin crude oil or natural gas during the 12 months preceding enactment and knowingly makes new purchases on or after October 18, 2026, or (ii) was among the top five countries facilitating Russian oil sanctions evasion during that period. Critically, the duty applies to all goods imported from a covered country (e.g., electronics, pharmaceuticals, textiles, and machinery), not only to energy products.
- The Graham Act does not name any country. However, press reports citing Senate aides identified China, India, Slovakia, Hungary, and Azerbaijan as the five largest purchasers of Russian crude oil, and China, France, Japan, Hungary, and Belgium as the five largest importers of Russian natural gas, with other commentators noting that Turkey could also be captured. These are informal indications rather than official determinations, which must be based on the 12 months preceding enactment.³ Members of Congress, particularly House Democrats, and outside commentators have warned that the authority could be used as leverage against U.S. allies, including in disputes unrelated to Russia.⁴
- The U.S. Trade Representative must refresh the list of covered countries every 180 days, separately identifying the top five importers of Russian crude oil and natural gas, and may raise or lower rates as countries change their purchasing behavior. A carve-out exempts natural gas importers whose purchases are below 15% of Russia's total gas exports and that have taken significant steps to reduce them. The Graham Act also provides express congressional authorization for these tariffs, which may make them more durable against legal challenge than tariffs imposed under emergency authorities, particularly after the Supreme Court held earlier this year that the President exceeded his authority under the International Emergency Economic Powers Act (IEEPA) in imposing broad global tariffs.⁵
- Several features of Section 113 warrant particular attention. The natural gas carve-out may relieve some gas importers (e.g., European and Japanese purchasers that are reducing Russian gas imports), but there is no equivalent carve-out for crude oil, so countries such as China and India, whose exposure is driven largely by crude purchases, would not benefit from it. Key interpretive questions also remain open, including whether the European Union could be treated as a single "country" for purposes of the top-five rankings (Section 113(h) limits duties to countries expressly described in the statute), and when purchases by private companies will be attributed to a country as "knowing" new purchases. The answers could significantly affect which countries, and which supply chains, are ultimately covered.
- Although Section 113 is framed as a mandate, the Executive Branch retains substantial latitude over which countries are tariffed, and at what rate. For the initial round of duties, the Graham Act does not expressly require a formal determination of which countries are covered, designate an agency to make one, or specify how countries "facilitating Russian oil sanctions evasion" are to be ranked. Instead, at least 10 days before imposing a duty, the President or the U.S. Trade Representative must submit to

³ See Reuters, "US Russia sanctions bill eases threat of tariffs on China and India" (July 14, 2026) (citing Senate aides); Atlantic Council, "The Graham Sanctions Act Is a Chance to Punish Putin. Here's What the White House Should Do Next." (Sept. 2026). Actual coverage will depend on Executive Branch determinations.

⁴ See RFE/RL, *supra* note 1 (describing opposition from House Democratic leadership to the Graham Act's tariff authority); Roháč, *supra* note 2.

⁵ See Time, "Russia Sanctions Bill Championed by Graham Would Give Trump New Tariff Powers" (July 14, 2026).

the relevant congressional committees a written justification setting out the rationale for the rate and the methodology used to conclude that the country is covered (Section 113(g)(1)). Additionally, under Section 115, the President may waive any Section 112 or 113 duty, including on a country-by-country basis, by certifying to Congress that the waiver is in the U.S. national interest and submitting a report explaining the basis for that certification. Unlike a termination, a waiver is not subject to congressional review or a joint resolution of disapproval, and the Graham Act places no time limit on it. Because rate adjustments under Section 113(b) must remain above zero, eliminating a covered country's duty entirely would require a waiver.

MANDATORY SANCTIONS ON RUSSIAN BANKS AND IMPACT ON OFAC LICENSES

Section 103 requires the President, by October 18, 2026, to impose all of the Graham Act's financial sanctions on three major Russian state-owned banks named in the statute, any other Russian financial institution owned in whole or in part by the Russian government, and their subsidiaries and successors, and at least two such sanctions on the Central Bank of Russia.

- The required sanctions include blocking, measures under Section 235 of the Countering America's Adversaries Through Sanctions Act, and restrictions on correspondent and payable-through accounts. Non-U.S. financial institutions that engage in significant transactions with these banks must also be sanctioned, unless the Secretary of the Treasury determines that doing so is inconsistent with U.S. economic or foreign policy interests. Separately, beginning October 18, 2026, U.S. persons are prohibited from engaging in any transaction with the covered banks.
- The Graham Act preserves Treasury general licenses issued before enactment for U.S. persons operating within their terms, as well as Treasury's authority to extend or issue new licenses, but does not expressly address specific licenses. Clients relying on OFAC authorizations to deal with these banks (e.g., for energy-related payments or wind-down activity) should confirm that the authorization covers each sanctions authority now applicable to the counterparty, rather than assuming a license issued under an executive order continues to authorize activity now prohibited by statute.⁶
- A separate 270-day wind-down exception, running through mid-June 2027, applies to certain entities located in Russia that are not owned or controlled by a Russian person, including U.S.-owned entities engaged in good faith efforts to wind down or divest Russian operations.
- Section 103 leaves the President little discretion over whether to act. Unlike Sections 102 and 104, which require sanctions only on persons the President determines meet the statutory criteria, Section 103 identifies three major Russian banks by name and defines the other covered institutions by objective criteria (Russian banks owned in whole or in part by the Russian government, and their subsidiaries and successors), with no predicate determination. The Executive Branch retains discretion over how the sanctions are implemented, including which Section 235 sanctions to impose, whether to prohibit correspondent and payable-through accounts outright or impose strict conditions on them, and which non-U.S. banks have engaged in "significant transactions" (an undefined term) or qualify for the Treasury exception. In addition, the President may waive any of these sanctions or restrictions under Section 115 upon a national interest certification and report to Congress, and Treasury retains authority to extend or issue new general licenses. However, these sanctions cannot be terminated outright except through the certification and congressional review process discussed under "Presidential Discretion, Waiver, and Termination" below.

⁶ See Graham Act § 114(h) (preserving general licenses issued by the Department of the Treasury before the date of enactment and Treasury's authority to extend or issue new general licenses).

EXPANDED SANCTIONS DESIGNATIONS AND RESTRICTIONS

Beyond the banking sector, the Graham Act places existing Russia sanctions on a statutory footing and requires recurring reviews that are likely to expand the universe of restricted parties.

- Sanctions under the Russia harmful foreign activities executive orders are codified and can no longer be revoked by executive order alone. The President must review, within 30 days and every 180 days thereafter, and sanction Russian officials, oligarchs, defense industrial base suppliers, leaders of Arctic LNG projects, entities controlled by or otherwise “affiliated” with the Russian government (an undefined term), and shadow fleet vessels and their owners, insurers, captains, and port operators, with U.K. or EU designation serving as prima facie evidence of shadow fleet status.
- These provisions reach well beyond Russian parties. Non-U.S. vessels, owners, operators, insurers, and senior crew may be sanctioned for knowingly transporting Russian-origin oil, gas, or coal, in some cases regardless of the price paid, and port operators may be sanctioned for servicing sanctioned vessels. Non-U.S. persons that knowingly support Russia’s defense industrial base, transfer energy-transport vessels to Russian persons, or support the maintenance or expansion of Russian energy production for sanctioned persons are also exposed to secondary sanctions, even where no U.S. person is involved.
- The Graham Act also bars U.S. banks and broker-dealers from processing unlicensed funds transfers involving the Russian government, directs the Securities and Exchange Commission to prohibit trading of Russian government-affiliated issuers on U.S. exchanges, codifies the U.S.-person ban on new investment in Russia and its energy sector, and immediately prohibits any U.S. person, not only financial institutions, from purchasing Russian sovereign debt. Notably, the Graham Act’s knowledge standard extends to conduct a person “should have known” of, heightening the importance of robust diligence.

PRESIDENTIAL DISCRETION, WAIVER, AND TERMINATION

Although many of the Graham Act’s measures are framed as mandatory, their practical reach will turn on Executive Branch determinations and the exercise of broad waiver authority.

- The President may waive any sanction, restriction, or duty under the Graham Act upon certifying to Congress that the waiver is in the national interest. By contrast, terminating Russia-related measures is now significantly harder: the President must certify that Russia has signed a peace agreement accepted by Ukraine and ceased hostilities, and any termination is subject to a 30-day (or, during certain summer months, 60-day) congressional review period and a potential joint resolution of disapproval.
- The Graham Act’s Russia provisions sunset on September 18, 2031. Separately, the extension of the Iran Sanctions Act of 1996 through 2031 is not subject to the Graham Act’s waiver authority, and clients with Iran-related exposure should continue to factor that regime into long-term planning.

KEY TAKEAWAYS FOR BUSINESSES

What Businesses Should Consider Now

- **Map third-country tariff exposure.** Identify imports, inputs, and contract manufacturing arrangements sourced from potentially covered countries.
- **Re-examine OFAC licenses and banking channels.** Confirm that each license relied upon covers every authority now applicable to Russian bank counterparties and update specific licenses as needed; assess whether payment routes involve covered banks or non-U.S. banks at risk of secondary sanctions.
- **Build the Graham Act into transaction diligence.** For M&A and investment activity, diligence the target's Russia-linked counterparties, Russian-origin inputs, and reliance on potentially covered third-country supply chains.
- **Monitor implementation closely.** Track initial determinations on or around October 18, 2026, OFAC regulatory amendments and FAQs, new or amended general licenses, U.S. Trade Representative country determinations, and any waivers, as these will define the Graham Act's actual reach.

* * *

If you have questions concerning the contents of this alert, or would like more information, please speak to your regular contact at Weil or to the authors:

Authors

Antonia Tzinova (DC)	View Bio	antonia.tzinova@weil.com	+1 202 682 7120
Billy Phalen (BO)	View Bio	william.phalen@weil.com	+1 617 772 8357

© 2026 Weil, Gotshal & Manges LLP. All rights reserved. Quotation with attribution is permitted. This publication provides general information and should not be used or taken as legal advice for specific situations that depend on the evaluation of precise factual circumstances. The views expressed in these articles reflect those of the authors and not necessarily the views of Weil, Gotshal & Manges LLP. If you would like to add a colleague to our mailing list, please [click here](#). If you need to change or remove your name from our mailing list, send an email to weil.alerts@weil.com.