Policy Backgrounder

Possible Higher Tariffs Under Sanctions Bill

Congress passed the Lindsay O. Graham Sanctioning Russia and Iran Act of 2026. While the bill permits (but does not mandate) sanctions on Russia, it also gives new tariff authority to the President for a group of countries including China and India, raising uncertainty for business. This Backgrounder examines the prospect for sanctions on Russia, further tariffs, and provisions that could limit the bill's impact.

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- The bill contains provisions for new sanctions against Russia and Russian persons as well as any other foreign person found to be participating in the Russian defense industrial base and/or undermining Ukraine. Most attention, however, focuses on the possibility of significant tariffs – up to 100% -- for the top five importers of Russian oil and gas and the top five countries evading Western sanctions on Russian oil and gas.
- The bill gives significant power to the President: both to waive any provision of the statute and to determine the lists of countries potentially subject to these tariffs. Significant questions remain on how these determinations will be made. The Administration must report its plans within 30 days of enactment.
- For business, the principal question concerns how the Administration would use this new authority – narrowly focused on Russian energy or as a broader tool of US trade policy to extract concessions from major trading partners. There is at least a potential of higher tariffs on some key trading parters (likely not China) or the threat of them, leading to even greater uncertainty in an already uncertain trade environment.

A Sanctions Bill – and a Tariff Bill

The Lindsay O. Graham Sanctioning Russia and Iran Act[1] is a complex piece of legislation designed to put pressure, including new US sanctions, on Russia to encourage an end to the Russian war in Ukraine and promote peace with what the bill terms a "free and independent" Ukraine. (The bill also extends, with no changes, to 2031 the Iran Sanctions Act of 1996.)[2]

Most attention on the bill has focused on the possible imposition of very high tariffs – up to 100% -- on the top five importers of Russian oil and gas and the top five countries engaged in evading Western sanctions on Russian oil and gas. In so doing, the bill expands the President's authority to impose tariffs, potentially leading to far larger tariffs on key US trading partners at the President's discretion.

Sanctions

Within 30 days of enactment, the bill states the President "shall" impose sanctions and block the property of a list of high Russian government officials and "any foreign person" who the President determines "knowingly sells, leases or provides [or "facilitates" these activities] goods or services relating to the defense industrial base of the Russian Federation (including dual-use items) or who "knowingly engages, directly or indirectly" in activities that "materially undermine the military readiness of Ukraine," "debilitate the critical infrastructure of Ukraine," or "undermine the peace, security, political stability, or territorial integrity of Ukraine." This is a potentially broad list giving great discretion to the Administration to impose sanctions not only on Russia but on third-country nationals involved in the defense industry or other industries.

An important section of the bill relates to sanctions on the transport and purchase of Russian oil and gas, uranium, and coal. "[A]ny foreign vessel" that the President "determines, based on credible information" is used for the purpose of circumventing sanctions, including the owner, operator, captain, insurance provider, or manager of the vessel. To address the black market transport of oil and gas – one way Russia is able to keep exporting energy and get revenue -- the provision applies to any vessel that "exhibits or engages in unsafe or nonstandard maritime behavior" (for instance, offloading oil at sea) in transporting Russian oil and gas, uranium, or coal, that "lacks adequate maritime insurance," or "evades compliance with" the Western price cap on the sale of Russian oil.

In these cases, the bill states that the President shall exercise all of the powers granted by the International Emergency Economic Powers Act (IEEPA)[3] to block any vessel found in violation of these provisions and block and prohibit all transactions in all property and interests in property covered by the section, but only if the property is in the US, comes within the US [presumably including territorial waters], "or are or come within the possession or control of a United States person" (which could be read to give authority to conduct operations against these vessels on the high seas). Sanctions also apply to various natural gas projects in Russia.

Other provisions apply to US financial institutions and Russian financial assets. A US institution holding these assets under the Rebuilding Economic Prosperity and Opportunity for Ukrainians

Act[4] is generally “not required to return any interest earned on those assets”; instead, those funds are to be used to repay loans made to Ukraine. Sanctions can also include restrictions on correspondent and payable-through accounts maintained in a US financial institution.

Section 107 generally prohibits new investment by US persons in Russia and exportation or sale by a US person to Russia of a category of products to be identified by the Treasury Department. Sections 108 and 111 specifically cover energy and uranium investment and exports, Section 109 prohibits the purchase of Russian sovereign debt, and Section 110 prohibits provisions of services to sanctioned financial institutions by international financial messaging systems (such as SWIFT). Section 112 imposes tariffs of up to 500% on goods imported from Russia, stackable on top of any other existing tariffs.

Tariffs

Section 113 imposes the possibility of sanctions on all goods from the top five countries that purchase Russian oil or gas and the top five countries that facilitate evasion of sanctions, up to a rate of 100%. The language of the statute concerns purchases of “crude oil or natural gas” for the previous 12 months. While the language of statute is clear (the President “shall” impose sanctions), it also includes very broad waiver authority. In addition, the US Trade Representative may modify the initial duties based on a written determination to Congress that a country has either increased or decreased imports or sales of Russian oil and gas.

Determining what countries qualify for these lists is not easy. For June 2026, China, India, Türkiye, the EU, and either South Korea (LNG gas) or Myanmar (oil). For August 2026, the list is similar.[5] It would clearly include China and India; it could possibly include the EU.

However, the statute can also be read to imply that there could be separate lists for “oil” and “gas,” which could lead to more than five countries falling under the “importer” section of the statute, plus additional countries under the “facilitation” section.

Further, the bill defines “crude oil” and “gas” using he Harmonized Tariff Schedule.[6] These definitions are important: “natural gas” include both liquefied (LNG) and pipeline gas – and could easily change the list of top five importers of Russian gas, as the lists are different (“pipeline gas” currently includes Serbia and Moldova, a key ally of Ukraine). The definition for “crude oil” is tighter, which is significant: expanding the categories to include “oil products” would (on August figures) include Brazil, Singapore, and Saudi Arabia.

Determining which countries are the top five countries “facilitating Russian oil sanctions evasion” is more difficult. The eventual list could include countries in the Caucasus, Central Asia, eastern Europe, or countries found to be aiding the Russian shadow fleet in transshipping and selling oil under false declarations of origin. There is also a significant question of how the determination of sanctions evasion will be measured – in particular, the role of countries potentially financing or assisting he evasion if they are not themselves the final importers of Russian energy. Each list is also updated every 180 days to reflect the most recent data on import of Russian oil and gas.

Exceptions

Adding complexity to the statute and giving greater tariff authority to the President, a series of exceptions limits the impact of the sanctions and possible tariffs. Notably, the bill contains an exception that may prove helpful in avoiding the possibility of new sanctions on the EU and its Member States. Tariffs “shall not be imposed” on a country that accounts for less than 15% of Russia’s total annual exports of natural gas and that “has taken significant steps” to reduce imports of Russian gas. Low-enriched uranium and non-Russian oil transiting Russia are also exempt. The bill also provides that Treasury may “extend or issue new general licenses” and an exemption for “winddown operations” for 270 days.

Section 115 provides broad waiver authority to the President for “any sanctions provision,” restriction, or tariff with a report to Congress “before issuing” the waiver certifying the national interest and “explaining the basis for the certification” (although no report is required for modification of tariff duties). Terminations of sanctions also require a similar report and certification, which applies in the events of Russian ending all military hostilities and “a peace agreement that is accepted by the free and independent Government of Ukraine [.]” For sanctions against foreign persons or governments, the President must have “received reliable assurances” that the sanctionable activities have ended or diminished (in essence, some countries lessening but not ending imports of Russian energy). These reports on termination of sanctions are then subject to a 30-day period during which Congress may consider and possibly disapprove the report under similar provisions as in the Congressional Review Act.

Will Tariffs be Imposed – and Can It Work?

Supporters of the bill argue that it will help put further pressure on the Russian economy and bring it to negotiations to end the war. Critics note that the bill does not mandate sanctions on Russia given the broad waiver authority and that it effectively expands the President’s tariff authority with respect to important trading partners possibly including China, India, the EU, Brazil, and other countries. They also suggest that the President could impose these sanctions on Russia and Russian persons under the current authority of IEEPA.

If tariffs were imposed under the bill, they would almost certainly survive judicial review. The Supreme Court struck down the fentanyl-related and “Liberation Day” tariffs imposed last year under IEEPA because IEEPA had not explicitly granted the power to impose tariffs (taxes) to the President; here, Congress explicitly granted this authority with respect to a list of countries to be determined based on their involvement with Russian energy.

For US business, assessing the full impact of the bill will be possible only once the Administration has made the determinations of the top five countries in each category that the statute requires and announces any possible tariffs on those countries. It seems unlikely this authority would be used against China, given the Administration’s desire to preserve the current ‘trade truce” with China, and there is at least a potential way the EU and its Member States may avoid stackable tariffs under this bill. But other countries could easily be affected, and much will depend on how the Administration would choose to use this tool – either narrowly focused on

Russian oil and gas as the bill implies or as a broader tool of Presidential authority in trade designed to use leverage to extract concessions from other countries. More broadly, the bill, while well intentioned in its desire to increase pressure on Russia’s finances, may not be sufficient to force the beginning of genuine peace negotiations. Those will likely have to await not only events on the battlefield, but also Russia’s determination as to whether it wants to continue the war and what concessions it is willing to make for peace.

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Endnotes

[1] https://www.congress.gov/bill/119th-congress/house-bill/10076/text

[2] Public Law 104–172; 50 U.S.C. 1701

[3] 50 U.S.C. 1701 et seq.

[4] Division F of Public Law 118–50; 22 U.S.C. 9521

[5] https://energyandcleanair.org/june-2026-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/; https://energyandcleanair.org/august-2026-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/

[6] https://hts.usitc.gov/search?query=2711.21.00.00 (gas); https://hts.usitc.gov/search?query=27109 (crude oil)