

**Circular From: ALCO 2026/0040****Date: 13 October 2026**

## **Preliminary Analysis of the Latest U.S. Sanctions Act– Russian Coal**

The [Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 \(H.R.5334\)](#) was signed into law on 18 September 2026. The following is a preliminary analysis of the provisions concerning the transportation of Russian coal, for reference.

### **I. Analysis of the Act**

#### **1. Section 102(b)(3)**

Under Section 102(b)(3), where a foreign vessel is used by the Government of the Russian Federation or Russian persons to move coal or other goods for the purpose of circumventing U.S. sanctions, the President may identify such vessel as blocked property. The triggering conditions include:

the owner, operator or manager knowingly exhibits or engages in unsafe or nonstandard maritime behavior in furtherance of the transportation of coal or coal products that originated in the Russian Federation;

- “exhibits or engages in unsafe or nonstandard maritime behavior in furtherance of the transportation of crude oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal, or coal products that originated in the Russian Federation”
- lacks adequate maritime insurance for the transport of such goods; or
- evades compliance with a price cap for crude oil and petroleum products that originated in the Russian Federation.

#### **2. Section 102(b)(5)**

Section 102(b)(5): “Any foreign vessel that the President determines knowingly— (A) transports crude oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal, or coal products that originated in the Russian Federation;”

This provision authorises the President to impose sanctions on any foreign vessel that knowingly transports Russian-origin coal (the identified vessel may be designated as blocked property; the owner/manager may be added to the SDN List). However, the mere act of carrying Russian coal does not automatically trigger sanctions.

The core of this provision is an authorisation to impose sanctions on specific foreign vessels and persons. Such authorisation falls within the scope of “review” and does not equate to automatic “listing on the SDN List”. OFAC must conduct a factual investigation before determining whether to list. That said, the wording of Section 102(b)(5) is broad and confers significant enforcement discretion on OFAC. Any vessel knowingly transporting Russian coal may fall within the scope of review, without the need for

additional sanctions-evasion conduct.

### 3. Section 102(b)(4)(B)

“Any foreign person that the President determines knowingly— (B) provides underwriting services or insurance or reinsurance necessary for such a vessel;”

### 4. Section 108(b)

“The President shall impose the sanctions described in section 102(e) with respect to any foreign person that the President determines knowingly sells, supplies, transfers, markets, or otherwise provides goods, services, technology, or other support that facilitates the maintenance or expansion of the production of oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal, or coal products for use by any person subject to sanctions under section 102 or 103.”

This means that even if the vessel itself is not directly designated, the owner or manager may trigger secondary sanctions if they provide transport services to a sanctioned person.

No dedicated circular has yet been issued by the IG club. The actual enforcement intensity will depend on OFAC’s implementing guidance, FAQs and the President’s exercise of discretion. We should therefore monitor Presidential action and implementing rules issued by USTR and CBP during the 30-day implementation period.

## II. UK and EU Policy on Russian Coal

UK: [SI 2026/543 \(in force 20 May 2026\)](#)

The UK has expanded its ship specification criteria to include vessels carrying Russian-origin LNG and coal and coal products, and has introduced broad service prohibitions in respect of specified ships (including technical assistance, crewing, operational services, chartering, brokering and financial services including insurance). The specification is not automatic; the decision to specify and the interpretation of the relevant provisions rest exclusively with the UK authorities.

EU:

According to the EU FAQ updated in March 2025, EU operators are allowed to transport Russian coal to a third country to secure global energy security, but must not engage in transactions with listed ports.

However, due to the EU prohibition on “financial assistance” (including insurance and reinsurance), and the IG reinsurance system’s reliance on EU reinsurers, significant compliance uncertainty remains regarding insurance coverage for Russian coal transportation.

## III. Conclusion

The wording of the new U.S. legislation is broader than that of the UK/EU. However, actual enforcement intensity remains subject to OFAC’s exercise of discretion. Carrying Russian coal does not automatically trigger sanctions, but vessels and related parties face potential risk of being listed, particularly where

sanctions-evasion conduct is involved or where there is association with sanctioned persons.

We recommend clients that: Before undertaking any voyage involving Russian coal, conduct comprehensive sanctions screening of the cargo origin, counterparties and loading ports, watch for objective indicators of sanctions evasion (such as AIS shutdown, ship-to-ship transfers, false origin declarations), and retain complete due diligence check records and screening evidence.

**Disclaimer**

The above is for reference only and does not constitute legal or compliance advice or any conclusive determination of sanctions risk. In all circumstances, due diligence is the trading party's own non-delegable obligation, and trading parties must independently ensure that their cargo is not subject to any sanctions risk and/or any applicable international sanctions laws.

Andrew Liu & Co., Ltd