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Fact Sheet

Joined by Allies and Partners, the United States Imposes Devastating Costs on Russia

Washington, D.C. – Russia to Face Massive Costs from its Isolation from the Global Financial and Trade System and Cutting-Edge Technology

Today, the United States, along with Allies and partners, is imposing severe and immediate economic costs on Russia in response to Putin's war of choice against Ukraine. Today's actions include sweeping financial sanctions and stringent export controls that will have profound impact on Russia's economy, financial system, and access to cutting-edge technology. The sanctions measures impose severe costs on Russia's largest financial institutions and will further isolate Russia from the global financial system.

With today's financial sanctions, we have now targeted all ten of Russia's largest financial institutions, including the imposition of full blocking and correspondent and payable-through account sanctions, and debt and equity restrictions, on institutions holding nearly 80% of Russian banking sector assets. The unprecedented export control measures will cut off more than half of Russia's high-tech imports, restricting Russia's access to vital technological inputs, atrophying its industrial base, and undercutting Russia's strategic ambitions to exert influence on the world stage. The impact of these measures will be significantly magnified due to historical multilateral cooperation with a wide range of Allies and partners who are mirroring our actions, inhibiting Putin's ambition to diversify Russia's brittle, one-dimensional economy. The scale of Putin's aggression and the threat it poses to the international order require a resolute response, and we will continue imposing severe costs if he does not change course.

Putin's threatening actions and now his unprovoked aggression toward Ukraine are being met with an unprecedented level of multilateral cooperation. The United States welcomes the commitments by Australia, Canada, the European Union, Japan, and the United Kingdom that they will also take similarly forceful actions to hold Russia accountable – demonstrating the strength of our partnerships and deepening the impact on Russia more than any action we could have taken alone. This follows our joint action earlier this week to impose a first tranche of severe sanctions on Russia.

As a result of Putin's war of choice, Russia will face immediate and intense pressure on its economy, and massive costs from its isolation from the global financial system, global trade, and cutting-edge technology. This includes cutting off Russia's largest bank from the U.S. financial system – a significant blow to its ability to function and process global trade. It also includes full blocking sanctions on Russia's second largest bank – freezing any of its assets touching the U.S. financial system. Russia's ability to access global markets, attract investment, and utilize the U.S. dollar will be devastated.

Russia's economy has already faced intensified pressure in recent weeks; just today its stock market sunk to its lowest level in four and a half years, and the ruble weakened beyond its weakest daily settlement price on record – before additional sanctions were even imposed. With these new stringent measures, these pressures will further accumulate and suppress Russia's economic growth, increase its borrowing costs, raise inflation, intensify capital outflows, and erode its industrial base. The United States and our Allies and partners are unified and will continue to impose costs, forcing Putin to look to other countries that cannot replicate the financial and technology strengths of Western markets.

Today, the United States carried out the following actions:

- Severing the connection to the U.S. financial system for Russia's largest financial institution, Sberbank, including 25 subsidiaries, by imposing correspondent and payable-through account sanctions. This action will restrict Sberbank's access to transactions made in the dollar. Sberbank is the largest bank in Russia, holds nearly one-third of the overall Russian banking sector's assets, is heavily connected to the global financial system, and is systemically critical to the Russian financial system.

- Full blocking sanctions on Russia's second largest financial institution, VTB Bank (VTB), including 20 subsidiaries. This action will freeze any of VTB's assets touching the U.S financial system and prohibit U.S. persons from dealing with them. VTB holds nearly one-fifth of the overall Russian banking sector's assets, is heavily exposed to the U.S. and western financial systems, and is systemically critical to the Russian financial system.

- Full blocking sanctions on three other major Russian financial institutions: Bank Otkritie, Sovcombank OJSC, and Novikombank- and 34 subsidiaries. These sanctions freeze any of these institutions' assets touching the U.S financial system and prohibit U.S. persons from dealing with them. These financial institutions play a significant a role in the Russian economy.

- New debt and equity restrictions on thirteen of the most critical major Russian enterprises and entities. This includes restrictions on all transactions in, provision of financing for, and other dealings in new debt of greater than 14 days maturity and new equity issued by thirteen Russian state-owned enterprises and entities: Sberbank, AlfaBank, Credit Bank of Moscow, Gazprombank, Russian Agricultural Bank, Gazprom, Gazprom Neft, Transneft, Rostelecom, RusHydro, Alrosa, Sovcomflot, and Russian Railways. These entities, including companies critical to the Russian economy with estimated assets of nearly $1.4 trillion, will not be able to raise money through the U.S. market — a key source of capital and revenue generation, which limits the Kremlin's ability to raise money for its activity.

- Additional full blocking sanctions on Russian elites and their family members: Sergei Ivanov (and his son, Sergei), Andrey Patrushev (and his son Nikolai), Igor Sechin (and his son Ivan), Andrey Puchkov, Yuriy Solviev (and two real estate companies he owns), Galina Ulyutina, and Alexander Vedyakhin. This action includes individuals who have enriched themselves at the expense of the Russian state and have elevated their family members into some of the highest position of powers in the country. It also includes financial figures who sit atop Russia's largest financial institutions and are responsible for providing the resources necessary to support Putin's invasion of Ukraine. This action follows up on yesterday's action targeting Russian elites and their family members and cuts them off from the U.S. financial system, freezes any assets they hold in the United States and blocks their travel to the United States.

- Costs on Belarus for supporting a further invasion of Ukraine by sanctioning 24 Belarusian individuals and entities, including targeting Belarus' military and financial capabilities by sanctioning two significant Belarusian state-owned banks, nine defense firms, and seven regime-connected official and elites. We call on Belarus to withdraw its support for Russian aggression in Ukraine.

- Sweeping restrictions on Russia's military to strike a blow to Putin's military and strategic ambitions. This includes measures against military end users, including the Russian Ministry of Defense. Exports of nearly all U.S. items and items produced in foreign countries using certain U.S.-origin software, technology, or equipment will be restricted to targeted military end users. These comprehensive restrictions apply to the Russian Ministry of Defense, including the Armed Forces of Russia, wherever located.

- Russia-wide restrictions to choke off Russia's import of technological goods critical to a diversified economy and Putin's ability to project power. This includes Russia-wide denial of exports of sensitive technology, primarily targeting the Russian defense, aviation, and maritime sectors to cut off Russia's access to cutting-edge technology. In addition to sweeping restrictions on the Russian-defense sector, the United States government will impose Russia-wide restrictions on sensitive U.S. technologies produced in foreign countries using U.S.-origin software, technology, or equipment. This includes Russia-wide restrictions on semiconductors, telecommunication, encryption security, lasers, sensors, navigation, avionics and maritime technologies. These severe and sustained controls will cut off Russia's access to cutting edge technology.

- Historical multilateral cooperation that serves as a force multiplier in restricting more than $50 billion in key inputs to Russia- impacting far more than that in Russia's production. As a result of this multilateral coordination, we will provide an exemption for other countries that adopt equally stringent measures. Countries that adopt substantially similar export restrictions are exempted from new U.S. licensing requirements for items produced in their countries. The European Union, Australia, Japan, Canada, New Zealand and the United Kingdom, have already communicated their plans for parallel actions. This unprecedented coordination significantly expands the scope of restrictions on Russia. Further engagement with Allies and partners will continue to maximize the impact on Russia's military capabilities

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