New American Law on Russia: Economic Pressure up to Third Countries

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The effect of sanctions on a country does not remain limited to that country alone. Through trade, energy, payments and insurance, the companies of other countries can also face risk. Therefore it is essential to read the making of a law, enforcement action, exceptions and the actual commercial effect separately.

Why in the News

On 18 September 2026, H.R.5334 was signed in the United States and became Public Law 119-111. Its name is the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026. The law expands Russia-related sanctions, duties and prohibitions and also enlarges the Iran-related arrangement. A duty framework on the trade of certain third countries, along with pressure on Russia's energy and defence activities, is its important feature.

How Does Pressure Build on a Third Country?

When the sanctioning country wants to affect the behaviour of outside parties trading with the targeted country as well, the risk reaches trade partners. Here the route is an American import duty on the goods of a third country. This is not an identical duty automatically on every Russian buyer, nor a universal rule applying across the world.

Key Facts

The conditions of a country's eligibility: Section 113 has tests for designated countries that are large importers of Russian-origin crude oil or natural gas, and those assisting sanctions evasion. The large-importer category joins the condition of a top-five position in the last 12 months with a knowing new purchase 30 days or more after enactment. The mere fact of past purchases is not the full test.

A rate ceiling, not an applied list: Section 113 provides for a rate of up to 100 per cent on goods imported from designated countries. This can be in addition to other duties already in force. The law does not name India and declare an immediate fixed 100 per cent duty on every Indian export. Do not confuse this with Section 112's separate provision of up to 500 per cent on goods from Russia.

The process of implementation and relief: the law has a written justification and notice to the relevant congressional committees, exceptions, and a process of waiver in the national interest. For the Section 115 waiver, a written certification and a report are

required. There are also exceptions for humanitarian assistance and certain other activities. Do not treat the law as an unlimited order without process.

Which Questions Arise for India?

Energy security and cost: importing countries look at the total risk of availability, price, transport, insurance and payment. A cheap purchase price is not the final cost; changing the supply can also change the cost of alternative sources.

Export and financial uncertainty: the apprehension of an action can change the behaviour of contracts, credit, insurance or buyers. But do not write an apprehension as an actual applied rate, a complete export ban or a proven economic loss.

Strategic autonomy and dialogue: it is a question of balance among energy needs, commercial interests and diplomatic relations. Understanding the legal conditions, exceptions and the decision process before engaging in dialogue is more useful than sloganeering.

Limited relief within the same framework - to see the precise scope and exceptions of OFAC General License 135 (Russian diesel), read: The American license on Russian diesel: understand the scope of the relief.

Analysis and Way Forward

Policy should aim at diversity in sources and markets and the correct identification of risk. For companies, lawful checks of the supply chain, the payment side, ships and insurance can be important. The government will have to assess the combined effect on energy security, exports and financial stability. The estimate of cost will depend on actual action and contracts, beyond the enacted law. Do not take the possibility of a waiver as assured relief, and do not support illegal evasion in the name of sanctions. In a broader study, make a balanced assessment of unilateral economic pressure, international rules and the unintended effect on citizens.

Distinction in Concepts

This is an analysis of the new law of 18 September, not the confirmation of any particular duty applying on India today. Enactment, the identification of a country, the imposition of a rate, a waiver and termination are separate stages. Do not mix Section 113 with any separate trade investigation under Section 301.

Mains Perspective

Do not derive an automatic fixed loss for India from the legal framework. Show the chain of causes across energy cost, exports, financial compliance and diplomatic options.

UPSC CSE Mains Style: Original Practice Question

How do economic sanctions reaching third countries affect energy security and strategic autonomy? Analyse India's policy challenges with reference to the American Russia-related law of 18 September 2026.

(Answer in 150 words) | 10 marks

Answer Outline

Introduction: In the context of the American law of 18 September 2026, explain how economic pressure can reach third countries trading with the targeted country.

Main Body: Explain the basis of action from the conditions of a country's eligibility, new purchases, the decision process and exceptions. Connect the possible effect on India from the risks of energy price, transport, insurance and payment and the uncertainty of export contracts. The law, an applied rate and actual collection are separate. Also keep separate the waiver in the order of 16 October recorded in the article; do not treat written rates as certain duty collection, or a waiver as repeal of the law.

Conclusion: Give the direction of reducing risk through diversity of energy sources and export markets, lawful financial checks and diplomatic dialogue. Tie strategic autonomy to real costs and options; write neither a certain loss, nor take the waiver as permanent relief.

Later Status: The Executive Order of 16 October 2026 (added on 18 October 2026)

The President's executive order "Implementing the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026", recorded at the White House, is dated 16 October 2026 (news reports described it as an event of 16-17 October). The order shows two tasks together: first it writes the language implementing the law's duty provisions, then it waives them under Section 115. According to the written order, the President has certified to Congress that this waiver is in the national interest of the United States at this time, and a report of its basis has also been sent, as the process of Section 115(b) requires.

Duties written in the order	500 per cent on goods from Russia; 100 per cent on the goods of the five largest importers of Russian-origin crude oil or gas, if they knowingly make new purchases on or after 18 October 2026; and 100 per cent on the goods of the top five countries helping the theft of Russia's oil sanctions. These rates are subject to the exceptions of Section 114 and the order's waivers.
Waiver (Section 4)	The duties of Sections 112 and 113 will not apply; the sanctions of Section 102(d) are waived; the sanctions of Sections 102(a), 102(e), 103 to 111 and 117 are also waived. These waivers will remain until the President or the Secretary of State (in consultation with the Treasury Secretary and the Trade Representative) considers further action appropriate.

What did not change	According to the order, the sanctions under the executive orders already in force under the national emergency continued on 24 March 2026 concerning Russia's activities, and the persons sanctioned under them, are not affected by this. This order grants a waiver; the text of the order does not repeal the law.
Monitoring	The United States Trade Representative (USTR), in consultation with the Secretaries of State, Treasury and Energy, will monitor purchases of Russian crude oil and gas and assistance in sanctions evasion, and will keep informing the President, including about the need for further action on the waivers.

Read the difference carefully: the order writes the duty rates and, under Section 4 of the same order, waives these duties and the listed sanctions provisions. This waiver lasts until the President or the Secretary of State considers further action appropriate, and monitoring will continue under Section 3. The state of actual collection of customs duties is not established from the text of this order; for that a separate official notification must be seen.

The reasons given in reports are the assessments of different sources, not in the order's text: according to the Indian Express report, crude oil was past $110 a barrel, the mid-term elections in the United States were less than a month away, and on 9 October there had been an agreement between the United States and Russia on diesel supply; citing analysts, it was also said that in such a situation punishing other countries becomes difficult for the United States. The order itself gives only the certification of "national interest".

For India, according to the Hindustan Times report (which carries statements of company officials and experts, and some figures from the Petroleum Planning and Analysis Cell (PPAC)): imports of Russian crude oil fell from the July peak of about 27 lakh barrels a day to about 18 lakh barrels a day; in September India's crude oil import bill rose 31.6 per cent to $15.4 billion from August's $11.7 billion, while the volume rose 14.21 per cent; the average price of the Indian basket rose from 90.19 to $116.09 a barrel. Experts assess that the waiver is temporary relief and may remain a pressure instrument of trade negotiation; this is an assessment, not an event.

From the exam's perspective: the making of a law, the announcement of a duty, a waiver and actual collection are four separate stages; a waiver does not mean repeal; in the question of energy security for India, price, sources of supply and diplomacy are seen together.

Sources: White House, full text of the executive order (16 October 2026); Hindustan Times, 18 October 2026; The Indian Express (explained). Information from the report and the original text of the law that could not be

matched with the order has been recorded above as reported.

Sources

- 18 September: official announcement of the signing of the law
- Official American legislative text: including Sections 113-117
- 18 September: an independent account of the enactment

Remember: keep the difference between the law's power and actual action; begin the test of effect with the conditions and the process.