

U.S., UK and EU Sanctions Over Putin's Recognition of Breakaway Ukraine Regions

Article By:

Reid Whitten

Julien Blanquart

Fatema K. Merchant

Key Takeaways

- On February 21, 2022, the White House issued a new [Executive Order](#) (EO) that imposes comprehensive sanctions on the Donetsk People's Republic (DNR) and Luhansk People's Republic (LNR) regions of Ukraine (collectively the "Covered Regions"). These sanctions appear to be modelled on those imposed on Crimea since late 2014 under [Executive Order 13685](#) (EO 13685).
- In parallel, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) [published six general licenses](#) (GLs) authorizing certain transactions involving the Covered Regions.
- The EU and UK have also announced that they intend to impose further sanctions in response to Russia's decision to recognize the independence of the Donetsk and Luhansk regions.

U.S. comprehensive sanctions against the DNR and the LNR

Scope: the DNR and LNR

The new EO does not detail which parts of the Donetsk and Luhansk regions^[1] are subject to the new U.S. sanctions. It is likely that the U.S. Treasury and State Departments will clarify further the scope of the Covered Regions targeted by the sanctions in public guidance to be issued by OFAC.

Prohibitions

Under the new sanctions, U.S. persons^[2] are prohibited from the following:

-
- Export, reexport, sell, or supply, directly or indirectly, any goods, services, or technology to the Covered Regions;
 - Engage in new investments in the Covered Regions;
 - Import into the United States any goods, services, or technology from the Covered Regions; and
 - Provide any approval, financing, facilitation, or guarantee of a transaction by a non-US party where the transaction would be prohibited if performed by a US Person with respect to the Covered Regions.^[3]

SDN Designations

The new EO also provides authority for OFAC to designate parties that operate in the Covered Regions or provide material support to SDNs designated pursuant to the new Order.^[4]

General Licenses

OFAC issued a number of GLs on February 21 for the Covered Regions, as follows:

- [Ukraine GL 17](#) to allow a wind-down of operations and contracts involving the DNR and LNR by March 23, 2022;
- [Ukraine GL 18](#) for the export to the Covered Regions of food, medicine and medical devices and transactions related to the COVID-19 pandemic;
- [Ukraine GL 21](#) to ensure personal remittances can continue to flow and the operation of bank accounts;
- [Ukraine GL 19](#) to allow telecommunications and mail services to continue ;
- [Ukraine GL 22](#) for internet services to remain operational; and
- [Ukraine GL 20](#) to allow international organizations (e.g., United Nations, certain international development banks, Organization for Co-operation and Security in Europe) to engage in activities related to the Covered Regions.

Further Restrictions to come

In the past, pursuant to EO 13685, the U.S. Commerce Department's Bureau of Industry and Security (BIS) has imposed a comprehensive export/reexport ban on Crimea with respect to goods, software, or technology subject to U.S. jurisdiction, with the exception of EAR99 food and medicine.^[5] Although the White House announcements do not mandate or refer to action by BIS, nothing precludes the latter to impose Crimea-like restrictions on the Covered Regions in the near future.

Further, on January 12, 2022, Democratic Senator Robert Menendez introduced S.3488, the

Defending Ukraine Sovereignty Act of 2022 (DUSA). This bill contains wide-ranging and heavily restrictive measures, some of which we have discussed [here](#).

If adopted into law, the act would:

- Impose sanctions against certain officials of the Russian Federation, including, among others, President Putin, Prime Minister Mishustin, and Foreign Minister Lavrov, and numerous military officials
- Designate certain financial institutions on the SDN list (including, but not limited to: Sberbank, Gazprombank, Credit Bank of Moscow, Rosselkhozbank, VEB.RF)
- Cut off sanctioned financial institutions from the SWIFT messaging system, by imposing sanctions on SWIFT (or any other messaging service) if it services the sanctioned banks.
- Impose sanctions against certain officials of the Russian Federation, including, among others, the President, Prime Minister, and Foreign Minister, and numerous military officials.
- Impose sanctions on persons and entities involved in the planning, construction, or operation of the Nord Stream 2 pipeline.
- Impose further sanctions on oil and gas, coal, and minerals extraction, mining, and processing industries.

UK and EU Response

The EU and UK have also announced their intent to impose further sanctions in response to Russia's decision to recognize the independence of the Donetsk and Luhansk regions. The details of such sanctions have not yet been made public. The UK [has stated](#) that its sanctions will be announced today (February 22). The EU will follow the same schedule, as the Council will decide on the sanctions that the EU will take this afternoon in Paris. Early in the afternoon, German Chancellor Olaf Scholz has taken steps to [halt the process of certifying the Nord Stream 2 gas pipeline](#) from Russia.

We will closely monitor activity around the Russia-Ukraine situation and provide ongoing updates at our blog [here](#).

FOOTNOTES

[1] The DNR and LNR represent approximately 30% of the larger Donetsk and Luhansk regions of Ukraine

[2] Any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

[3] Section 1(a) of the EO.

[4] Section 2(a) of the EO.

[5] See 15 C.F.R. § 746.6.

Copyright © 2025, Sheppard Mullin Richter & Hampton LLP.

National Law Review, Volume XII, Number 53

Source URL: <https://natlawreview.com/article/us-uk-and-eu-sanctions-over-putin-s-recognition-breakaway-ukraine-regions>