

# OVERVIEW OF SANCTIONS AGAINST RUSSIA

IN IRON AND STEEL SECTOR



# Sanctions

January  
2023

# THE EU



## Sanctions overview

The EU imposed individual, trade, transport and financial sanctions that affect iron and steel supply from Russia. These measures were provided with the 3rd (February 2022), 4th (March 2022) and 8th (October 2022) sanctions packages.

The EU introduced individual sanctions against major shareholders of four of TOP-5 Russian steelmakers. Individual sanctions also cover associated companies and payments to them, that blocked trade operations with three largest Russian steel companies.

Metalloinvest due to formal ownership structuring avoided sanctions, that imposed against its largest shareholder Alisher Usmanov. Metalloinvest continues its export of HBI to the EU (see CASE STUDY) and iron ore pellets.

There are no restrictions against NLMK, that owns several re-rolling mills in Belgium, Denmark and Italy. All European assets of NLMK continue to work and import slabs from Russia (see CASE STUDY).

Other Russian steelmaking companies

allowed to trade on the EU market with the subject to trade sanctions.

The EU banned import and trade operations with Russian origin finished and semi-finished steel products covering HS codes 72-73, excluding raw materials: pig iron (7201), ferroalloys (7202), HBI (7203), scrap (7204), granules and powders, of iron or steel (7205) and iron ore products as well (2601). The volume of import quotas from third countries has been increased for product groups that are part of the self-defense tariff quotas system, for compensation of banned Russian supplies.

The EU has also banned the import from third countries of iron and steel products, produced from Russian iron and steel under the codes listed above starting from 1st of October 2023. Obviously, this measure should eliminate imbalances in the competitiveness of imported products from countries that have not joined the sanctions against Russia. But the mechanism of this rule is still unknown, since there are a number

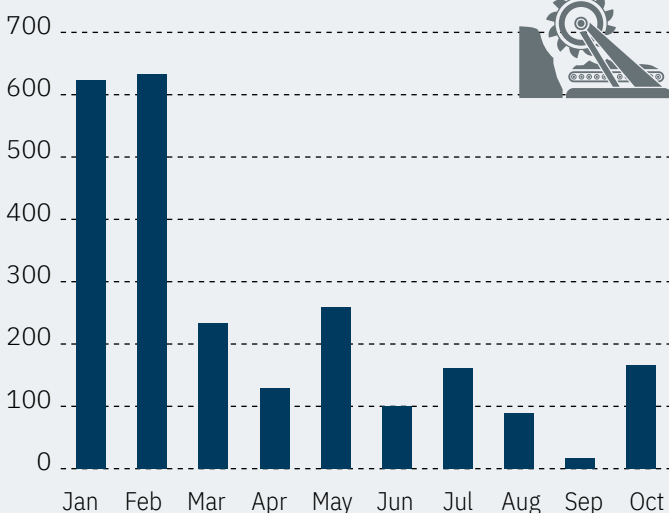
of issues related to the control of execution.

The ban on the import of semi-finished products has been postponed until 1st of April 2024 for square billets and until 1st of October 2024 for slabs. Quotas have been set for the transitional period. For example, for slabs, the quota was set at the volume of imports in 2021. These measures are soft and do not stimulate the search for alternative sources of supply.

Imports of slabs from Russia to the EU today are represented mainly by NLMK's intragroup deliveries. Russian slabs supply to the free market in Italy assessed on the level of 25-35 ths tons per month as of the end of 2022, according to market sources.

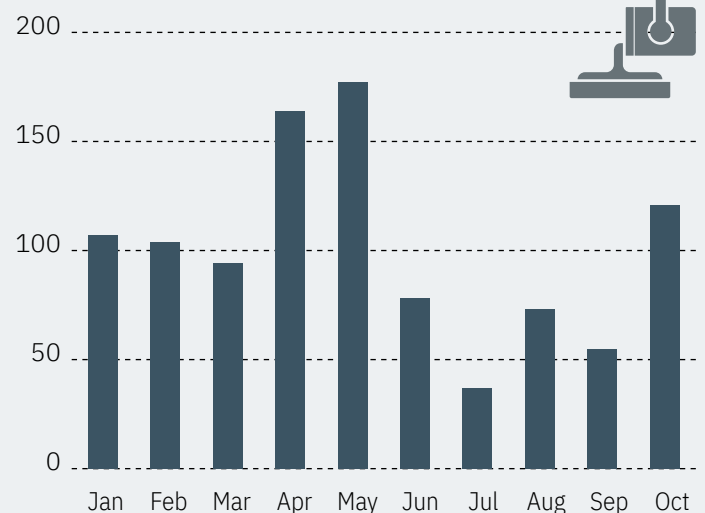
Since EU trade sanctions do not apply to steel raw materials, EU companies have doubled imports of pig iron from Russia to 1.2 million tons, according to our estimates. Companies from Italy, Germany were among the buyers, small deliveries were to the Netherlands, Poland, the Czech Republic.

### Import of iron ore from Russia to the EU in 2022, ths tons



Data source: UN Comtrade

### Import of pig iron from Russia to the EU in 2022, ths tons





Iron ore deliveries continued, but reduced by 77%, which is the result of a voluntary refusal of buyers.

The different dynamics of imports of iron ore and pig iron can be explained by the wider possibilities of substituting Russian iron ore compared to pig iron. Pig iron is harder to replace in terms of prices offered by Russian producers, having incomparable advantages in terms of energy costs. For example, pig iron from Ukraine cannot compete with Russian due to expensive logistics and energy, that experiencing Ukrainian steelmakers, and 10-20% price discounts, offered by Russian companies.

Correction of these imbalances is possible only through the introduction of import duties on Russian pig iron and semi-finished products. This will also require the introduction of appropriate changes to the rule for prohibiting the import of products from third countries made from Russian pig iron.

Avoiding of introduced trade sanctions is possible only by falsifying certificates of origin of goods. There is no verified information about such cases in open sources.

The EU also has a ban on the entry of Russian ships, as well as the financing of trade transactions with Russian iron and steel, that could raise transaction costs for

## Individual sanctions

Individual sanctions in the EU introduced by Council Regulation #269/2014 of 17th March 2014 "Concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine". The document was adopted back in 2014 and is supplemented with each package of sanctions.

The Regulation contain the list of sanctioned persons, entities and any persons, entities or bodies associated with them.

Individual sanctions include:

- Freezing all funds and economic

resources belonging to, owned, held or controlled by listed persons

- Ban on any funds or economic resources provided, directly or indirectly, to or for the benefit of listed persons.

These terms imply a ban on payments, including those relating to trade transactions with sanctioned persons and those associated with them. Products of sanctioned companies are unavailable even purchased through a trader, because sanctions cover indirect funds (payments).

### Persons under sanctions, related to iron and steel industry

BENEFICIARY	AFFILIATED COMPANY	DECISION MADE	DEADLINE FOR OPERATIONS
<b>Alisher Usmanov</b>	-	February 2022	28th February 2022
<b>Alexei Mordashov</b>	<b>Severstal</b>	February 2022	28th February 2022
<b>Dmitry Pumpyansky</b>	<b>TMK</b>	March 2022	9th March 2022
<b>Viktor Rashnikov</b>	<b>MMK</b>	March 2022	15th March 2022
<b>Roman Abramovich</b>	<b>Evrast</b>	March 2022	15th March 2022

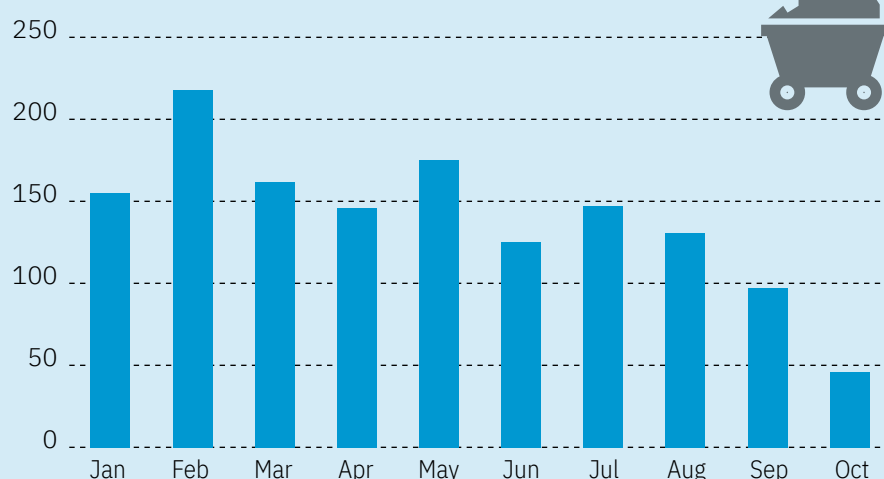
There are no sanctions against NLMK, that still the largest slabs exporter to the EU.

Metalloinvest avoided sanctions in the EU, because formally Alisher Usmanov owns less than 50% of shares, according to company announcement.

## CASE-STUDY. Imports of Russian HBI to EU

Metalloinvest is the only HBI producer in Russia and Europe and provided about 60% of HBI import to EU in 2021. The company continued shipments to the EU even after the imposition of sanctions against its largest shareholder, Alisher Usmanov, and retained its status as the largest supplier of HBI. Supply volumes in 2022 remained at a level close to the last year - 1.6 million tons. This was made possible by the structuring of equity ownership, where Usmanov formally owns less than 50%. Thus, the restrictions do not apply to trading operations with Metalloinvest. Its deliveries of HBI to the EU comply with the requirements of the law, as there no restrictions on Russian steelmaking raw materials, in particular HBI. Companies from Italy, Germany, Belgium, Poland are among the buyers of Russian HBI.

### Imports of HBI from Metalloinvest to the EU in 2022, ths tons



Data source: UN Comtrade

# Trade sanctions

Trade sanctions in the EU against Russia set up in Council Regulation #833/2014 of 31st July 2014 "Concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine".

As a result of the fourth package of sanctions, initiated 15th of March 2022, restrictions were introduced regarding the import of iron and steel from Russia to the EU, that prohibited:

- to import directly or indirectly the listed iron and steel products originated in Russia or exported from Russia
- to purchase, directly or indirectly, iron and steel products as listed, which are located or which originated in Russia
- to transport iron and steel products as listed
- to provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance, related to the abovementioned prohibitions.

These restrictions had come into force since 17th of June 2022.

The Regulation was updated as a result of eighth sanctions package on 6th of October 2022 with addition of steel semi-finished products to the list of sanctioned iron and steel products. Also ban on import and purchase applied to finished goods processed from Russian products (semi-finished or HRC) in third countries.

This prohibition shall apply as of 1st of April 2024 for square billet and 1st of October 2024 for slabs. The quotas for imports set up for the period since October 2022 till April-October 2024 respectively.

Summarizing the trade sanctions in the EU, there are no restrictions on imports of steelmaking raw materials: iron ore, ferroalloys, pig iron. Measures against semi-finished steel products are soft and postponed by 1.5 - 2 years.

## The list of affected products

Hot rolled flat products	7208, 7211
Cold rolled flat products	7209, 7211
Coated flat products	7210, 7212
Wire rod and wire	7213, 7217
Bars and rods	7214, 7215
Angles, shapes and sections	7216
Semi-finished products of stainless steel	7218
Flat products of stainless steel	7219, 7220
Bars, rods and wire of stainless steel	7221, 7222, 7223
Semi-finished products of alloy steel other than stainless	7224
Flat products of alloy steel other than stainless	7225, 7226
Bars, rods and wire of alloy steel other than stainless	7227, 7228, 7229
Seamless pipes	7304
Welded pipes	7305
Welded tubes, pipes and hollow profiles	7306

\* the list also contains other iron and steel goods related to 73 section

## Quotas volumes for Russian steel semi-finished products import to EU

	7th OCT 2022	30th SEP 2023	31th DEC 2023	30th MAR 2024	30th SEP 2024
Slabs 7207.12	3,747,905 tons		3,747,905 tons		
Square billet 7207.11	487,202 tons	85,260 tons	48,720 tons	0	

# Other sanctions

Restrictions according to Regulation #833/2014 also involve financial services during trade operations: "...to provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance..." (Article 3g, point (e)). So, EU financial institutions can't provide insurance and financial services in any trade

operations with Russian origin iron and steel products even concluded with third party countries. That could raise costs for trading with Russian iron and steel for all counterparties globally.

Article 3ea of Regulation #833/2014 also set up prohibition on vessels access to EU ports and locks. It involves:

- any vessel registered under the flag of Russia

- any vessel certified by the Russian Maritime Register of Shipping, after 8th of April 2023
- vessels that have changed their Russian flag or their registration, to the flag or register of any other State after 24th of February 2022.

This measure could raise transportation costs for Russian origin iron and steel products imported to EU.

# CASE-STUDY. Imports of Russian slabs to the EU

The EU banned import of slabs from Russia with delay until 30th of September 2024 and introduced import quotas. Volume of the quotas set on the level of slabs import from Russia in 2021 (3 747 905 tons), that is soft measure and doesn't stimulate to found other supply sources.

European re-rollers opposed the potential sanctions against Russian slabs. Marcegaglia, Pittini, Officine Tecnosider, Laminoids des Landes, Vitkovice Steel, Network Steel, Duferco, Dunafer, NLMK Belgium Holdings were among the signed the respective application to European Commission.

In the application, re-rollers indicated that Russian supplies of slabs had no alternative. The European Commission accepted this argument with the soft decision. But it should be noted that Russian supplies became uncontested as a result of the destruction of the Mariupol plants in Ukraine, which provided 35% of the supply of slabs to the EU. In other words, Russian steelmakers gained commercial benefits from the destruction caused by the Russian army in Ukraine.

Approximately 80% of slab import from Russia to the EU relates to intragroup deliveries of NLMK, that operates re-rolling mills in Belgium, Denmark and

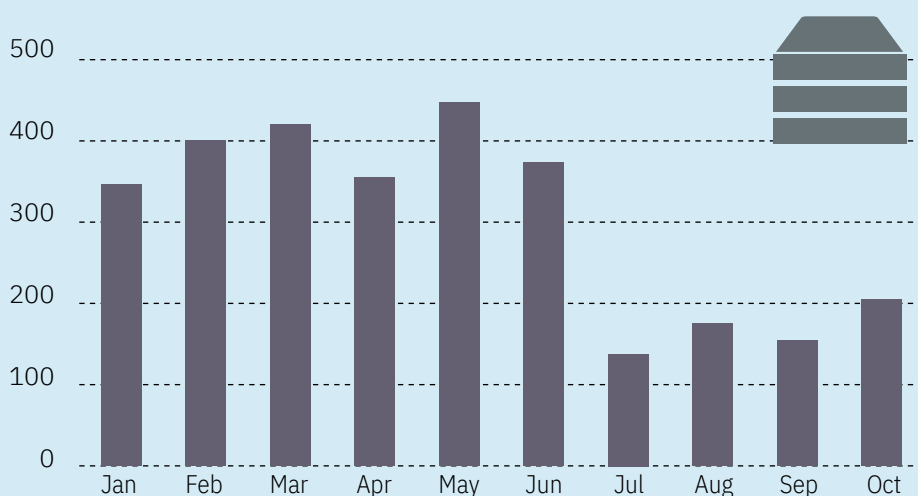
Italy with total capacities about 2.8 million tons of flats. So, NLMK was the most interested in further deliveries of slabs without any restrictions.

All European assets of NLMK continue their operations and import of slabs from Russia. EU could import about 3.3-3.4 million tons of slabs from Russia in 2022. Major part of imported slabs goes to NLMK assets. But, according to market participants Russian slabs supply to free market in

Italy assessed on the level of 25-35 ths tons monthly, as of the end of 2022.

Abilities for import of Russian slabs distorts the competitive situation in the European steel market and hurts European steelmakers, suffered from high energy prices, unlike Russian, according to market players. Price discounts for Russian slabs compared to other suppliers was from 10% to 20%, depending on month, according to market sources.

## Import of slabs from Russia to the EU in 2022, ths tons



Data source: UN Comtrade





# THE USA

## Sanctions overview

The US imposed sanctions against two of TOP-5 Russian steelmaking companies – Severstal and MMK, including Turkish subsidiary MMK Metalurji. Subsidiaries of NLMK and Evraz, located in the US, continue their operations. Metalloinvest avoided restrictions, because sanctioned Alisher Usmanov owns only 49% of shares of the company. Also, transactions with Alisher Usmanov affiliated entities were authorized by special license.

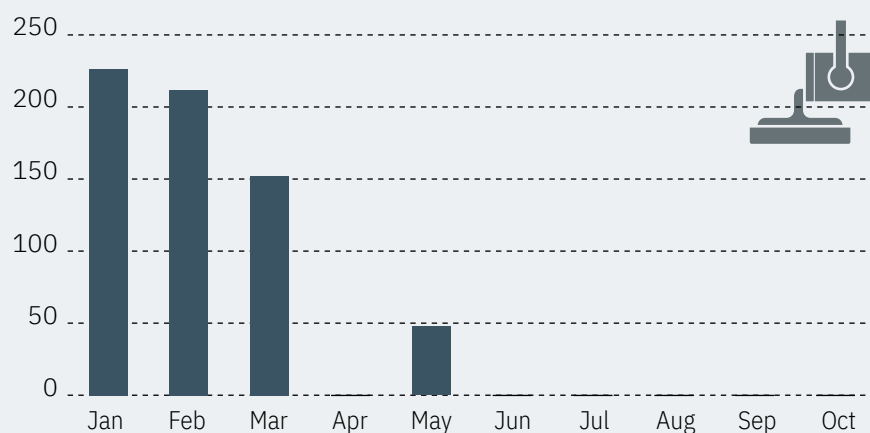
The US introduced 35% import duties on number of iron and steel products, including slabs. Wide range of finished steel products and pig iron from Russia could be traded as usual.

But there weren't pig iron shipments since May 2022. Pig iron was the most imported iron and steel product from Russia to the US, that amounted to 1.8 million tons in 2021. This indicates the desire of buyers to avoid Russian goods, despite the wide possibilities of importing them.

Ban on entering of Russian vessels to the US ports could raise logistic costs.

It can be noted that Mexico has maintained the volume of slab imports from Russia at around 3 million tons in 2022, that could mean further exports of processed products to the US. This does not contradict the US policy, which does not oblige a wide rejection of Russian steel products.

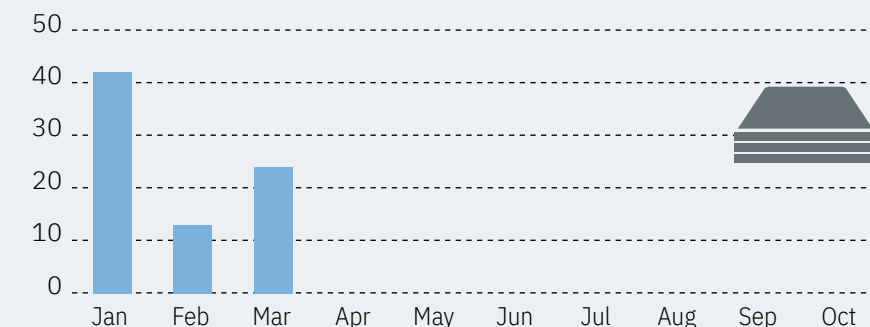
### Imports of pig iron from Russia to the US in 2022, ths tons



### Imports of steel semifinished products from Russia to the US in 2022, ths tons



### Imports of flat steel products from Russia to the US in 2022, ths tons



Data source: UN Comtrade

# Individual sanctions

The US Treasury Department's Office of Foreign Assets Control (OFAC) has included three Russian businessmen, engaged with iron & steel industry to the sanctions list and controlled companies as well.

## Persons under sanctions, related to iron and steel industry

	AFFILIATED COMPANY*	DECISION MADE	DEADLINE FOR OPERATIONS
Alisher Usmanov	-	March 2022	Transactions authorized
Alexei Mordashov	Severstal	June 2022	31th Aug 2022
Viktor Rashnikov	MMK	August 2022	3rd Oct 2022

\* 50% or more

### Individual sanctions include:

- all property and interests in property are blocked, as well as all transactions with that property
- entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked
- any contribution, receipt or provision of funds, goods, or services by, to, or for the benefit of any blocked person.

The scope of sanctions also means prohibition on any trade relations of the US business with abovementioned persons and entities, unless authorized by a general or specific license issued by OFAC, or exempt.

The first exceptions appeared on the same day that the sanctions were adopted and concerned the permission for any transactions with Alisher Usmanov's companies, even if he owns more than 50% of the shares. But, anyway, Metalloinvest owned by Alisher Usmanov avoided any restrictions, because he owns only 49% in the company's capital.

Sanctions against Viktor Rashnikov and MMK also involve Turkish MMK Metalurji.

NLMK and Evraz and their beneficiaries avoided individual sanctions in the US. That also means that NLMK and Evraz subsidiaries in the US continue their operations.

Thus, in the US, restrictions were imposed on only two companies from the five largest Russian steel producers.

# Other sanctions

According to the Proclamation made by President Biden on 22 th of April 2022, entering of Russian-affiliated vessels into United States ports has prohibited since 28th April 2022. The prohibition concerns to vessels of Russian registry (flagged), vessels that are Russian owned and Russian operated.

According to the media, ban on Russian ships entering to the US ports mainly impact on crude oil shipments and less to other cargoes, because 90% of ships traffic referred to oil imports. But, obviously, iron and steel imports to US from Russia was hampered as of the result of this measure as shipping costs rose.

# Trade sanctions

On April 8th, 2022, President Biden signed the "Suspending Normal Trade Relations with Russia and Belarus Act". That meant that Russia and Belarus origin goods removed from most favored nations status, making them subject to "Column 2" duty rates, that set on the level of 35%.

Trade sanctions in the US against Russian goods doesn't affect pig iron, as well as wide range of finished products. Pig iron was the most active imported products to US from Russian Federation in 2021 – 1.8 million tons.

The list of affected products includes ferroalloys, slabs and some specific goods.

## The list of affected products

Ferroalloys	7202.11.50, 7202.21.10, 7202.29.00, 7202.30.00, 7202.41.00, 7202.49.10, 7202.70.00
Slabs	7207.12.00
Angles, shapes and sections, of iron or non-alloy steel, cold-formed or cold-finished from flat-rolled products and further worked	7216.91.00
Semifinished products of alloy steel other than stainless	7224.90.00
Casing and tubing, seamless, of iron or steel, of a kind used in drilling for oil or gas	7304.29.10, 7304.29.20, 7304.29.31, 7304.29.41, 7304.29.50,
Casing and tubing of a kind used in drilling for oil or gas, welded	7306.29.20, 7306.29.60

# THE UK

## Sanctions overview

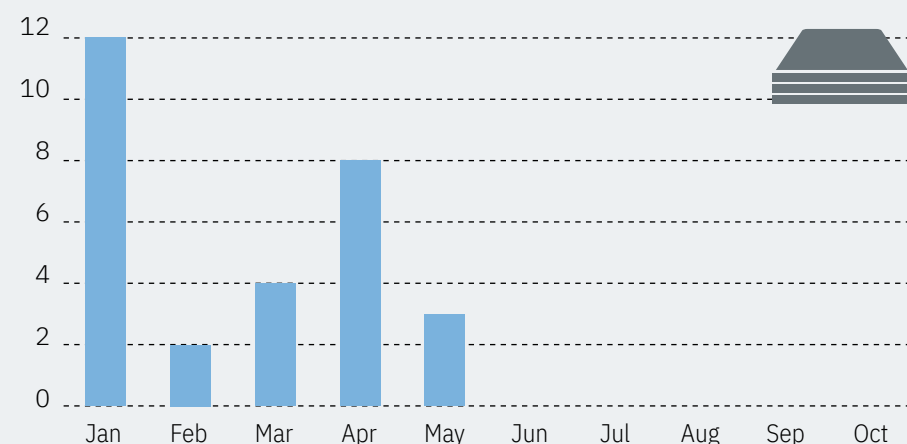
The main feature of UK's sanctions is focus on trade restrictions. The UK banned imports of steel finished products included in wide list of HS codes, while other products belonging to iron and steel products are subject to additional 35% duty, that hinders supply from Russia.

The UK imposed personal sanctions on six individuals, affiliated with Russian iron & steel companies. But personal sanctions do not expand on companies' activity. Only one Russian company was directly sanctioned – Evraz, its assets were frozen.

The UK prohibited Russian ships from entering local ports. This decision could raise logistics costs and additionally complicate supplies from Russia. According to current sanction regime, UK residents cannot provide technical assistance, financial or brokering services for supplies of steel finished products and tubes from Russia, even when these products are delivered in third countries.

The UK was not big traditional importer of steel from Russia. In 2021 UK imported 0.4% from total Russian

### Imports of flat steel products from Russia to the UK in 2022, ths tons



Data source: UN Comtrade

finished steel exports. In 2022 supplies from Russia were minor and fully stopped in June.

UK Steel, local steel association, noted that the UK could import finished steel products, produced from Russian semi-finished products in other countries, including Germany, Belgium, France,

that continue imports from Russia. Processing of any semi-finished product in a third country changes country of origin and in fact allows circumvention of sanctions. So, UK Steel proposed to extend sanctions on Russian steel processed in third countries as EU has already done in 8th sanctions package.

## Individual sanctions

The UK imposed number of personal sanctions related to Russia-Ukraine war. These sanctions are included in the UK Sanctions List, which provides details of the people and legal entities designated under the Regulations, and details of the sanctions in respect of which they have been designated. At least six individuals affiliated with iron & steel companies are contained in the UK Sanctions List. The UK imposed sanctions on the only steelmaking company from Russia, Evraz plc – its assets were frozen.

### Persons under sanctions, related to iron and steel industry

NAME OF DESIGNATED PERSON	AFFILIATED COMPANY	DATE DESIGNATED	APPLIED RESTRICTIONS
Alexey Mordaschov	Severstal	15/03/2022	Asset freeze, travel ban
Alisher Usmanov	Metalloinvest	03/03/2022	Asset freeze, travel ban
Roman Abramovich	Evraz	10/03/2022	Asset freeze, travel ban, transport sanctions
Dmitri Pumpyanski	TMK	15/03/2022	Asset freeze, travel ban
Viktor Rashnikov	MMK	15/03/2022	Asset freeze, travel ban
Evgeny Zubitski	Industrial Metallurgical Holding	13/04/2022	Asset freeze, travel ban



# Trade sanctions

On 25th March 2022, the UK introduced additional duties of 35% to package of goods originating in Russia and Belarus, including HS codes 72 (iron and steel), 73 (articles of iron or steel), 2601 (iron ores and concentrates).

On 14th April 2022, in Regulation 46D the UK banned imports of steel finished products and tubes from Russia. Moreover, Regulations 46E and 46F prohibit acquiring, supply and delivery of steel finished products and tubes, which are consigned from, located in or originate in Russia. This means that even if a Russian product is shipped from third countries the prohibition still applies.

In exceptional cases regulations leave possibility to receive licenses for certain trade and financial activities that would otherwise be prohibited. The Department for International Trade (DIT) has overall responsibility for trade sanctions licensing. The Office of Financial Sanctions Implementation (OFSI) may grant an individual license for financial operations which are under sanctions.

## The list of products affected by regulations 46D, 46E, 46F (direct ban)

Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208, 7211, 7212, 7225, 7226
Non Alloy and Other Alloy Cold Rolled Sheets	7209, 7211, 7225, 7226
Electrical Sheets (other than Grain Oriented Electrical Steel)	7209, 7225, 7226
Metallic Coated Sheets	7210, 7212, 7225, 7226
Organic Coated Sheets	7210, 7212
Tin Mill products	7209, 7210, 7212
Non Alloy and Other Alloy Quarto Plates	7208, 7210, 7225
Stainless Hot Rolled Sheets and Strips	7219, 7220
Stainless Hot Rolled Quarto Plates	7221, 7222, 7223, 7219
Non Alloy and Other Alloy Merchant Bars and Light Sections	7214, 7215, 7216, 7228
Rebars	7214
Stainless Bars and Light Sections	7222
Stainless Wire Rod	7221
Non Alloy and Other Alloy Wire Rod	7213, 7227
Angles, Shapes and Sections of Iron or Non Alloy Steel	7216
Sheet Piling	7301
Railway Material	7302
Other tubes, pipes	7306
Hollow sections	7306
Seamless Stainless Tubes and Pipes	7304
Other Seamless Tubes	7304
Large welded tubes	7305
Other Welded Pipes	7306
Non-alloy and other alloy cold finished bars	7215, 7228
Non Alloy Wire	7217

*\* shortened to 4 digits HS-codes*

## Other sanctions

According to regulation 46H, UK residents must not directly or indirectly provide technical assistance relating to the import or acquisition of steel finished products and tubes from Russia. Regulation 46H prohibit persons from providing financial services or funds for import or supply of steel finished products and tubes from

Russia. Regulation 46I prohibit persons from providing brokering services in relation to import or supply of Russian steel finished products and tubes.

The Regulations also prohibit Russian ships from entering ports in the United Kingdom. "Russian ship" means a ship which is:

- owned, controlled, chartered or operated by a designated person
- owned, controlled, chartered or operated by persons connected with Russia
- registered in Russia, or
- flying the flag of Russia.

## CASE-STUDY. Loopholes in UK's sanctions

In August 2022 UK Steel published the document with following statements: “The unevenness of measures means that there are loopholes allowing circumvention of the UK's sanctions and rendering them less effective. This is because the processing of any semi-finished product in a third country will always confer origin. This allows for Russian material to be re-rolled in the EU or Turkey and then this can be exported as EU or Turkish origin material into the UK circumventing both the ban and the 35% tariff”.

While the UK has not imported any slab from Russia in the last two years and has never imported any

Russian billets and blooms, recent import statistics indicate that there could be as much as 500,000 tons/year of hot rolled coil imported into the UK from Russian slab rolled elsewhere, according to UK Steel data. In the case of cold rolled, galvanized and hollow sections, the UK could potentially be importing more than 1 million tons/year of material rolled elsewhere from Russian hot rolled coil, the steel association said.

“This is of major concern both as a matter of principle but also for the damaging consequences it has on the UK market,” the document stated. Some of this material may be entering the UK at prices below EU averages,

and could even end up in public projects, UK Steel noted.

Gareth Stace, UK Steel's director-general, said the government needed to “act swiftly and decisively to close any loopholes which weaken our sanctions on Russia. Last month the EU extended its sanctions to cover Russian steel processed in third countries from October 2023 cutting off an important supply route for Russian steel producers. Given the UK's ability to now act independently on these issues outside the EU, it is frustrating that the UK has not already implemented similar sanction tightening”.



# OTHER COUNTRIES

## Switzerland



Switzerland consistently joins all EU sanctions packages against Russia. It means that there are restrictions in Switzerland similar to those in the EU. The trade sanctions are of little significance as Switzerland is not a market for Russian steel. But the implementation of the 4th package of sanctions regarding the ban on the import of finished products from iron and steel, similar to the EU, also provides for a ban on financing, insurance of trade transactions with Russian products under HS codes 72-73, with the exception of 7201-7205, even if other countries are parties to the transaction. In practice, this means that the Swiss financial institutions aren't able to finance trade operations with Russian steel. This decision will increase transaction costs and reduce the attractiveness of Russian steel for trading companies. But we don't have information about the results of implementation of this rule. Some Swiss banks voluntarily refused to finance trade operations with Russian products at

## Canada



Canada imposed sanctions on Russia under the Special Economic Measures Act, which is periodically updated with new measures. Individual sanctions are applied to 3 persons affiliated with Russian iron & steel companies – Roman Abramovich, Victor Rashnikov, Alisher Usmanov. Individual sanctions do not expand on companies' activity. Persons in Canada and Canadians outside Canada are prohibited from any deals and transactions with designated persons. Also 3 mentioned persons are inadmissible to Canada under the Immigration and Refugee Protection Act.

The Regulations also prohibit the provision of services to Russian iron & steel industry. The list of banned services includes construction, sales of fuels, repair, R&D, accounting, auditing, market research, management, consulting, engineering, advertising and others. It is also prohibited for any person to dock in Canada or pass through Canada any ship that is registered in Russia or used, leased or chartered a person in

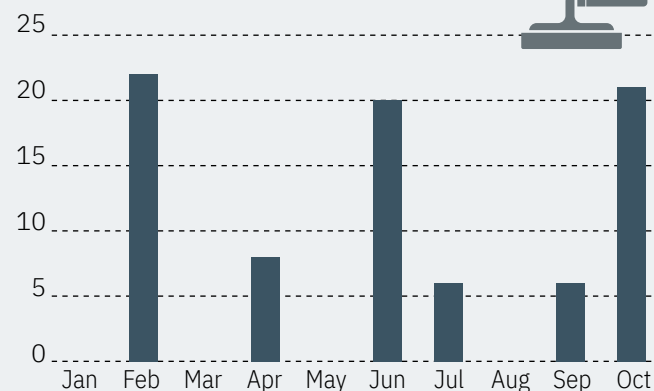
## South Korea



South Korea introduced limited number of restrictions, in particularly prohibiting transactions with major Russian banks, suspending investment in Russian treasury bonds, Removing Russian banks from SWIFT, ban on exports of "strategic goods". There are no sanctions against steel imports from Russia, Russian iron & steel companies, individuals affiliated with iron & steel companies.

South Korea usually imports 80-120 ths tons of pig iron from Russia annually. And South Korea kept that trend in 2022 with approximate import volume of 120 ths tons.

### Imports of pig iron from Russia to South Korea in 2022, ths tons



Data source: GMK Center assessment

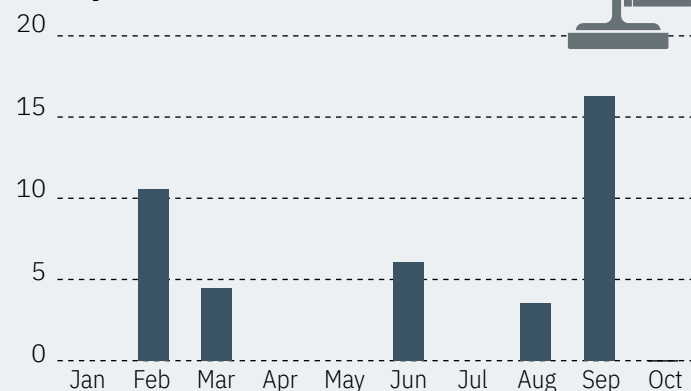
## Japan



Japan introduced individual sanctions against Viktor Rashnikov and Dmitry Pumpyansky. Their assets in Japan are frozen. Also, these persons are subjects to restrictions on payments and restrictions on capital transactions. Russian iron & steel companies are not sanctioned in Japan. In July 2022 Japan banned the provision of trust, accounting and auditing services and management consulting services for Russian companies.

Japan lowers its pig iron import from Russia in 2022 to about 40-50 ths tons, compared with 60-70 ths tons as average in 2019-2021. Other iron and steel import from Russia to Japan

### Imports of pig iron from Russia to Japan in 2022, ths tons



Data source: GMK Center assessment



# Australia



Australia applies additional tariff of 35% to all imports from Russia since April 25, 2022. Russia is deprived of Most-Favoured-Nation (MFN) tariff treatment. Extra duty is prolonged by October 2023. The Australian government has also instructed Export Finance Australia to turn down requests for credit from firms that either support or do business with Russia or Belarus.

Australia also imposed personal sanctions on 5 individuals, affiliated with Russian iron & steel companies. However, these sanctions do not expand on companies' activity. The list of designated persons includes Roman Abramovich, Victor Rashnikov, Alisher Usmanov, Alexey Mordaschov, Vladimir Lisin. Australian residents are prohibited of dealing with

# New Zealand



New Zealand introduced a 35% tariff on all imports of Russian origin. Individual sanctions were imposed on Alexey Mordaschov, Alisher Usmanov, Victor Rashnikov, Dmitry Pumpysky. Severstal and Evraz with subsidiaries are also sanctioned. Designated individuals are prohibited from traveling to, or transiting through New Zealand. Aircraft and ships owned, operated, or chartered by sanctioned individuals cannot enter New Zealand. Assets of sanctioned individuals and companies must be frozen. New Zealanders and New Zealand-based businesses are prohibited from dealing with a security of a sanctioned person/company. Residents of New Zealand are also prohibited from offering or receiving services from sanctioned individuals or entities.



## GMK Center

Ukrainian based think-tank and consulting company with the focus on industrial sectors, such as iron and steel, oil and gas, fertilizers, cement, etc.

### Our expertise:

- Market studies and global trends
- Impact analysis, analysis of regulatory documents
- Modelling and business valuation
- Global trade issues
- Concept of reforms and policy papers
- Decarbonization and green energy transition issues
- Sustainability, ESG activities and reporting

*This report is for information purposes only. The results of the research and conclusions presented in this report are deemed reliable only against the assumptions and reservations described by the authors. The conclusions and recommendations are personal, impartial and professional judgments of members of GMK Center LLC.*

*GMK Center LLC employees have no personal or financial interest in the subject of the research. The research is based on information from publicly available sources, including media outlets and Internet. GMK Center LLC deems these sources to be reliable, but makes no representation as to the accuracy or completeness of such information. GMK Center LLC takes no responsibility for the accuracy of the information used.*

*The conclusions offered in the report are relevant only on the date thereof. Changes in the market, macroeconomic, and political conditions may significantly change the research results. This report is intended to be used only as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is forbidden and invalidates this report.*