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Commentary

Graham's Act 2026: Questioning the US Rationale

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Summary

The Graham Act's restrictive measures undermine the future economic potential of India–US bilateral relations.

On 18 September 2026, US President Donald Trump signed the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (also commonly known as Graham's Act). This bill (which became an 'Act' with the President's signing) was passed with bipartisan support by the US Congress. The US Senate passed it 86-11 (including 36 Democrats), and the US House of Representatives passed it 262-159 (including support from 58 Democrats).[1] US Secretary of State Marco Rubio has described the 'Act' as a "new tool" in Trump's toolbox which he can use "as needed in individual cases".[2] In his address to the UN General Assembly on 22 September 2026, Trump himself stated that this new 'Act' gives him "enormous new tariff authorities" and that "if necessary, [he] will have to use them".[3]

Graham's Act: Key provisions

The Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 primarily aims to inflict economic damage on Russia by targeting its energy exports. The section on 'Iran', however, also extends the Iran Sanctions Act of 1996 till 2031 and calls for continuation of strict financial enforcement measures over Iran's energy revenues, weapons programs and proxy funding.[4] The key argument presented by supporters of this bill has been that Russia is using its revenues generated through the sale of its energy resources to fund its military operations in Ukraine. Compared with the US's previous measures to impose sanctions directly via Executive Orders, this new act is a statutory federal law that gives the US President greater power and strong support from Congress.

The primary aspects of this 'Act' provide the US President the authority to impose import duties of up to 500 per cent on all goods originating from Russia. Secondly, the Act mandates strict property-blocking sanctions/measures on foreign shipping vessels that knowingly transport Russian oil, coal, or uranium. It also targets ships that attempt deceptive maritime practices, such as lacking legitimate insurance or actively violating the international price cap mechanism. Third, the Act also bans

[1] Patricia Zengerle, **"House Passes Russia Sanctions Bill Championed by Graham, Sending it to Trump"**, *Reuters*, 16 September 2026.

[2] **"Sanctioning Russia and Iran Act Gives President Trump Tariff Authority: Rubio"**, *The New Indian Express*, 23 September 2026.

[3] **"The Lindsey O. Graham Sanctioning Russia and Iran Act of 2026"**, Sullivan & Cromwell, 29 September 2026.

[4] **"H.R.5334 - Lindsey O. Graham Sanctioning Russia and Iran Act of 2026"**, US Congress, 18 September 2026.

US individuals and institutions from investing in Russia's energy sector or purchasing Russian sovereign debt. It further forbids US entities from providing specified corporate, financial, or technical services to entities tied to the Russian government.[5]

The secondary aspect of this 'Act' focuses on Third-Party Nations. This 'Act' provides the US President with the power to impose tariffs of up to 100 per cent on the five largest importer states (by volume) that continue to purchase Russian crude oil, petroleum products, or natural gas. Such 100 per cent tariffs would apply to all goods imported into the US from the targeted country that continues its energy trade with Russia.

Unlike the Executive Orders, under this new 'Act', if the US president decides to lift or significantly relax any restrictions on Russia, he can do so by providing formal certifications and reports to Congress verifying that Russia has halted hostilities and accepted a formal peace agreement with Ukraine. The 'Act' also grants the US President explicit authority to waive secondary tariffs if it is in the 'US' national interest'. Lastly, the Act also contains a 'sunset clause', which means most of the Russia part that includes the 15 per cent rule, the secondary tariffs, and the proposed penalties on Russian banks will automatically expire five years after enactment (September 2031) unless Congress votes to renew them.[6]

Critical Arguments

A critical analysis of the Graham's Act suggests it may or may not be intended to punish Russia economically by imposing direct tariffs of up to 500 per cent. However, it specifically aims to pressure India and China over their energy purchases from Russia. It is important to highlight that the Graham's Act, which on the one hand specifically aims at targeting India's 'crude oil imports' from Russia, on the other hand, through its Section 113(d), tries to insulate some of the US's own allies that, despite their pro-Ukraine stance, continue to import record levels of LNG from Russia. Section 113(d) of the Graham's Act states that if a country's total LNG purchases are less than 15 per cent of Russia's total annual natural gas/LNG exports, the US would not impose secondary sanctions on that country. It also

[5] Ibid.

[6] Ibid.

requires that such a country actively demonstrate it is taking 'significant steps' to reduce its overall reliance on Russian gas.

From India's perspective, this aspect raises multiple questions. There are many Senators in the US Congress who, in the recent past, have been consistent in propagating irrational narratives by highlighting that India's imports of crude from Russia are somehow enabling Russia to fund its war in Ukraine.[7] If so, the question remains why Graham's Act specifically targets 'crude oil' while exceptions remain for Western states' LNG imports from Russia.

According to the latest estimates from the Finnish research institute Centre for Research on Energy and Clean Air (CREA), from the start of the Russia–Ukraine war in 2022 to October 2026, India has imported approximately €172 billion of crude from Russia. However, during the same period, the EU alone imported around €123 billion worth of Russian LNG. Add the LNG imports of other like-minded Western allies such as Turkiye, Japan and South Korea, and the net total value of these states' LNG imports from Russia stands at approximately €180 billion.[8]

Further, the EU, Turkiye, Singapore, Saudi Arabia, UAE and South Korea's net combined 'crude oil' imports from Russia (from February 2022 to October 2026) stand at around Euros 255 billion. This means that since the start of the Russia–Ukraine war until October 2026, the EU and other like-minded Western allies have imported a net total of approximately Euros 435 billion in energy resources from Russia.

Even to date, despite the 22nd round of EU sanctions on Russia, LNG imports by some EU member states continue at record volumes.[9] It should also be noted that, in the first nine months of 2026, the European Union imported a record 12.14 million tonnes of Russian liquefied natural gas (LNG), worth approximately Euros 7.88 billion, a 9.5 per cent increase from the same period in 2025.[10]

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[7] Anita Goswami, **"'India, you better buy oil somewhere else': US Senator's Warning after Russia Sanctions Bill Clears House"**, *Hindustan Times*, 17 September 2026.

[8] **"Payments to Russia for Fossil Fuels Since 24 February 2022"**, Russia Fossil Tracker, Centre for Research on Energy and Clean Air (CREA), 12 October 2026.

[9] Antonio O'Mullony, **"EU Buys Record Volumes of Russian Arctic LNG in Final Year Before Import Ban"**, *Brussels Signal*, 12 October 2026.

[10] Marta Pacheco, **"EU Paid €7.9bn for Russian Arctic LNG amid Record Imports"**, *Euro News*, 9 October 2026.

Therefore, the rational and most fundamental question that remains unanswered is how EU and other Western states' past and ongoing energy imports from Russia are "not contributing to Russia's war efforts in Ukraine" while the Indian purchase of crude oil remains a concern? If the Graham's Act aims to cut Russia's income from energy sales, why does it leave deliberate leeway for LNG while imposing high tariffs on imports of 'Crude Oil'? Further, in this 'Act' itself, there is no clarity on what exactly it means when its provision says that the US will not impose any tariffs if a state is 'taking significant steps' to reduce dependency on Russian LNG. What exactly constitutes these 'significant steps' remains vague and undefined.

Another aspect that is worth mentioning here is that despite the EU's 21st list of sanctions, which in the past have targeted many of Russia's shadow fleet ships for undertaking deliveries of crude oil, the majority of EU member states ARC 7 class LNG ships continue to ship Russian LNG predominantly from its Yamal LNG project to many EU ports.[11] Several EU ports continue to provide the required and related services to these LNG tankers, unhindered to date. Though the United States, through its Graham's Act, highlights strict tariff measures to be imposed on ships and ports supporting Russian energy trade, how far these would be enforced upon like-minded partners or whether those would be sidelined through the notion of 'taking significant steps' remains to be seen.

Lastly, it is ironic to note that President Donald Trump has suddenly lifted all restrictions and has called for importing Russian diesel fuel to the United States. Under the new agreement, Russia will immediately supply more than 300,000 metric tons (about 2.25 million barrels) of diesel to US and global markets. Trump also said Russia would supply another 500,000 tons in November, with another 1 million tons to follow "immediately thereafter".[12]

The upcoming mid-term election, acute financial strain in agricultural states that rely on diesel for farming in the United States, higher diesel prices, and an ongoing global supply crunch have been cited as several reasons for this US decision. The most pertinent question remains: if the United States intends to restart energy exports from Russia, what exactly is the key intent behind passing the Graham Act 2026, which has, in a way, strained the ongoing pace of US–India relations?

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[11] Natalia Bueno Rebolledo, **"Greece-based Dynagas Allowed to Carry Russian LNG Under New EU Sanctions, FT Says"**, *Reuters*, 22 July 2026.

[12] Bo Erickson, Timothy Gardner and Jarrett Renshaw, **"Trump Says Russia to Supply Diesel to US and Global Markets"**, *Reuters*, 9 October 2026.

Conclusion

Although none of the provisions of the Graham Act of 2026 has been enforced yet, its passing, especially when the US itself has made a call to purchase Russian diesel, raises critical questions. This US approach now questions US proponents of this 'Act' who labelled India's purchase of Russian crude oil as support to Russia's war efforts against Ukraine. Like the emerging domestic economic challenges in the United States from rising diesel prices, India also remains vulnerable on the domestic front to rising global fuel prices.

This is why, despite continuous pressures, the Government of India has remained pragmatic and opted for balanced and hedged approaches to securing India's energy interests in the past. As international energy dynamics shift towards a convergence of Washington and Moscow's interests in refined petroleum products, India's robust global refining capacity offers valuable alternative supply-chain synergies. In such emerging scenarios, imposing restrictive measures on India through this new Graham's Act serves no one's interests but undermines the future economic potential of India–US bilateral relations.

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