

E-ALERT | International

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RUSSIAN INTERVENTION IN UKRAINE

Like many of our clients, Covington & Burling LLP's senior international advisory team is closely monitoring developments in Ukraine. With events on the ground continuing to unfold, it remains uncertain how the current crisis will end. It is already clear, however, that Russia's military intervention and the resulting international reaction have the potential to create a complex set of challenges for international businesses with assets or operations in the region. Those challenges could include:

- Uncertainty regarding the security of investments located wholly or partially in disputed territories within Ukraine;
- New due diligence and compliance requirements that will arise if the United States and/or European Union implement sanctions against Russian individuals who have been responsible for Russia's intervention in Ukraine, as well as possible implications for business transactions involving Russian counterparties;
- Pressure on existing contractual relationships with public and private entities in the region, ranging from disputes over the application of *force majeure* clauses to the wholesale renunciation of contractual obligations by business partners unwilling or unable to continue their relationships with foreign investors; and
- Countermeasures against Western companies with investments in Russia based on new powers under consideration in the Duma authorizing government confiscation of assets belonging to U.S. and European companies in retaliation for economic sanctions.

Through its U.S. and European offices, Covington is uniquely positioned to assist clients in navigating challenges related to their investments in Russia and Ukraine.

- **Trade Controls:** The firm's lawyers counsel major U.S. and non-U.S. clients on policy, licensing, and compliance issues relating to the major U.S. economic sanctions programs. Through our London and Brussels offices, we also provide pan-European advice on the application of sanctions imposed by the European Union and its Member States. Of particular significance for the Ukraine situation, we are already in close contact with senior U.S. government officials in both the Executive and Legislative branches who are making policy decisions regarding the scope of economic sanctions, as well as with the responsible EU authorities.
- **International Arbitration:** Covington's international arbitration practice is experienced in both investor-state and commercial disputes, and is regularly called upon to serve as lead counsel in some of the world's most complex and high-profile arbitrations. In addition, we frequently advise clients seeking to preserve and defend their rights when their international investments are threatened. The team has specific recent experience in the region, which includes prevailing against the Russian government on expropriation claims brought by Spanish investors in the Yukos Oil Company.

- **Government Affairs:** Covington's international advisory team comprises numerous lawyers and professionals who have served in the top levels of U.S. and European governments, including several former Ambassadors, a former U.S. Cabinet Secretary, and two former Under Secretaries of State. Our team helps clients anticipate and respond to legal and political problems in established and emerging markets, and has specific experience in advising companies in connection with politically sensitive investments in Russia, Ukraine, and elsewhere in Eastern Europe.
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