

GOVERNMENT

US, EU hit Russia with luxury goods sanctions

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Russia is facing more sanctions from the U.S. and EU. Image credit: Knight Frank

By LUXURY DAILY NEWS SERVICE

The United States and European Union have banned the export of luxury goods into Russia in the latest round of sanctions amid the invasion of Ukraine.

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While Russia is not a major luxury market, the sanctions are intended to put more economic pressure on the country, especially its wealthy oligarch class. Many luxury brands have already halted wholesale operations and sales in Russia because of the ongoing war ([see story](#)).

Luxury sanctions

The U.S. is placing sanctions on luxury good exports to both Russia and Belarus, a key ally to the Kremlin.

According to the [Department of Commerce](#), luxury goods include wine and spirits, tobacco, cosmetics, fragrances, leather goods, furs, diamonds, watches and vehicles. Apparel and footwear valued at least \$1,000 per unit are also impacted.

The White House [reports](#) that the annual export value of U.S. luxury goods is almost \$550 million.



This Louis Vuitton store in Vremena Goda is one of many LVMH stores shuttered across Moscow and Russia. Image credit: Louis Vuitton

The EU is also targeting luxury goods, despite it being an important sector for member nations such as Italy and France.

"We will ban the export of any EU luxury goods from our countries to Russia, as a direct blow to the Russian elite," said Ursula von der Leyen, president of the European Commission, in a [statement](#). "Those who sustain Putin's war machine should no longer be able to enjoy their lavish lifestyle while bombs fall on innocent people in Ukraine."

The U.S. and EU are also looking to revoke Russia's membership in the International Monetary Fund and the World Bank.

Digital assets are another concern as well. Cryptocurrencies have come under increased scrutiny in recent weeks, with concerns that some wealthy Russians may turn to digital assets to avoid sanctions ([see story](#)).

U.S. President Joe Biden has also banned the import of Russian oil, while the EU is working to ban new European energy investments in Russia.

Last month, Italian government officials denied reports that the country requested Russian sanction exemptions amid the Ukraine invasion.

Earlier reports suggested Italy, Germany and Austria were concerned over financial transactions and banking operations included in the EU's sanctions package, while Italy and Belgium were supposedly looking for exemptions in the luxury fashion and diamond industries, respectively ([see story](#)).

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