

Alert | Export Controls & Economic Sanctions



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UK Issues Sanctions Against Russia Following President Putin’s Attack on Ukraine

On Feb. 24, 2022, Prime Minister Boris Johnson announced a comprehensive package of sanctions targeting Russian entities and individuals following President Vladimir Putin’s invasion of Ukraine. This followed the day after he ordered troops into the so-called “breakaway” republics of Donetsk People’s Republic and the Luhansk People’s Republic and after the UK was criticized for its inadequate response to this incursion.

UK’s First Wave of Russian Sanctions Targeting Banks and Wealthy Individuals

On Feb. 22, 2022, the UK sanctioned five Russian banks and three high-net-worth individuals from Russia. The five banks sanctioned were Rossiya, IS Bank, General Bank, Promsvyazbank and the Black Sea Bank. The three sanctioned individuals were Gennady Timchenko, Igor Rotenberg and Boris Rotenberg, who are also subject to travel bans into the UK. Promsvyazbank has since been sanctioned by the United States as well, and Rossiya, IS Bank, Black Sea Bank, Gennady Timchenko, and Igor and Boris Rotenberg were already sanctioned as Specially Designated Nationals (SDN) in the United States under previous U.S. presidential executive orders. Following these sanctions Prime Minister Johnson added, “This the first tranche, the first barrage of what we are prepared to do and we hold further sanctions at readiness to be deployed alongside the United States and the European Union if the situation escalates still further.”

Following Prime Minister Johnson's announcement and behind the authority granted by the newly published sanctions regulations ([2022 No. 123 Sanctions](#)), the Foreign, Commonwealth & Development Office announced that the UK would additionally sanction Russian parliamentarians who voted to recognize the so-called Donetsk People's Republic and the Luhansk People's Republic regions (collectively, the Covered Regions) as independent nations. The government also has confirmed it will bring forward legislation to impose a formal ban on trading of Russian debt, in line with the U.S. measures.

UK's Second Wave of Russian Sanctions Targeting Russian Finance

On 24 February 2022 Prime Minister Johnson announced in Parliament that the UK would be imposing a much more comprehensive package of sanctions targeting Russian finance. In concert with the United States, the UK announced it would undertake a full asset freeze of the assets of VTB Bank. In addition, the UK will exclude Russian banks from the UK financial system by stopping them from accessing UK sterling and preventing them from clearing financial transactions through the UK. The Prime Minister said that Russian state and private companies will be prevented from raising funds in the UK, they will be prevented from dealing in securities and they will be unable to borrow money in the UK.

There will be limits placed on how much money Russian nationals will be able to deposit in their UK bank accounts. UK sanctions will also be applied to Belarus for its role in the assault on Ukraine. Asset freezes will be imposed on more than 100 new individuals and entities, including 'all the major manufacturers who support Putin's war machine'. Aeroflot, Russia's national airline is being banned from the UK. On top of these financial measures new trade restrictions are to be imposed and stringent export controls similar to those likely to be implemented by the U.S. Government.

Key Takeaways

All companies and organizations engaged in activities involving Russia should quickly assess whether they have activities in or with the abovementioned entities and individuals and the extent to which licenses may be required. Given the fluid situation of the Russia-Ukraine conflict companies and organizations should continue to closely monitor communications/guidance from the Foreign, Commonwealth & Development Office, HM Treasury's Office of Financial Sanctions Implementation and Prime Minister Johnson. The UK Government's intention is to significantly undermine the Russian economy.

The new UK measures are part of a multilateral sanctions response that includes measures already announced or currently considered by the United States and EU (including, for example, Germany's decision to halt the Nord Stream 2 pipeline).

Given the likelihood of overlapping, but potentially distinct, sanctions regimes imposed by different authorities around the world (for example, the UK, United States, EU, and additional countries) companies and organizations that have dealings in Russia and/or Ukraine should assess all of their business operations there to understand and be poised to respond to whatever collection of sanctions and trade controls may be forthcoming in the coming days and weeks.

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