

## **Alert** | Export Controls & Economic Sanctions



May 2022

### **UPDATE: UK Announces Expansion of Trade Sanctions Against Russia and Belarus**

On 9 May, the UK government **announced** it was targeting Russia and Belarus with a 35% increase in import tariffs to be imposed on precious metals, including platinum and palladium. It also announced a ban on exports, including chemicals, plastics, rubber and machinery, worth an estimated £250 million and aimed at disrupting Russia's manufacturing and heavy machinery sectors.

The legislation necessary to implement this latest wave of trade-related sanctions, impacting on approximately £1.7 billion worth of goods, is not yet in force, and a timetable for implementation is not known. However, once implemented, 96% of imports of goods from Russia may be hit by restrictions, and more than 60% of exports of goods to Russia may be under whole or partial restriction, bringing the total value of products subject to full or partial import and export sanctions on Russia to more than £4 billion. The Department for International Trade commented that Russia was highly dependent on the UK as a market for exports of these precious metals. Chancellor Rishi Sunak stated that trade sanctions are “*doing significant damage to Putin's war effort*”.

#### **Takeaways**

Russia is one of the world's largest producers of palladium and platinum, accounting for approximately 40% of **global mine production of palladium in 2020** and approximately 15% of **global mine production of platinum in the same year**.

While the legislation to implement these measures will come into force “*in due course*”, these new import tariffs may not come within the protection provided by section 44 of the UK’s Sanctions and Anti-Money Laundering Act 2018 (SAMLA). Section 44 protects a person who may be subject to civil proceedings as a result of a “*reasonable belief*” that they were acting in compliance with regulations in force at the time. The intention behind Section 44 is to protect people who may be faced with, for example, a breach of contract or other adverse claim for the supply of goods that are prohibited from export as a result of sanctions. The consistent element that will afford protection under section 44, is that the trade sanctions in question are prohibitory: for example, preventing the export of goods of a prescribed description; or preventing goods or technology of a prescribed description from being available.

By imposing increased tariffs on certain Russian goods, the UK government is not prohibiting the import of these goods. The protection afforded to persons under section 44 will not, therefore, be available to those who decide not to honour their contractual agreements. By increasing tariffs by 35%, importing these goods will likely be financially unfeasible and, as referenced in the UK government’s announcement, will encourage “*all importers that use Russian imports to source alternative supplies*”; thereby achieving the UK government’s stated aims.

This announcement will have an immediate chilling effect, discouraging UK purchasers from ordering the targeted goods and placing them in potential difficulty as regards current contractual obligations with suppliers. Consideration should be given to force majeure clauses, other early release mechanisms and insurance contracts in light of these measures.

## Authors

This GT Alert was prepared by:

- [Jo Rickards](#) | +44 (0) 203.349.8700 | [Jo.Rickards@gtlaw.com](mailto:Jo.Rickards@gtlaw.com)
- [Gavin Costelloe](#) | +44 (0) 203.349.8700 | [Gavin.Costelloe@gtlaw.com](mailto:Gavin.Costelloe@gtlaw.com)

## Additional Contacts

- [Kara M. Bombach](#) | +1 202.533.2334 | [bombachk@gtlaw.com](mailto:bombachk@gtlaw.com)
- [Erik de Bie](#) | +31 20 301 7315 | [Erik.deBie@gtlaw.com](mailto:Erik.deBie@gtlaw.com)

Albany. Amsterdam. Atlanta. Austin. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Germany.<sup>-</sup> Houston. Las Vegas. London.<sup>\*</sup> Long Island. Los Angeles. Mexico City.<sup>+</sup> Miami. Milan.<sup>\*</sup> Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Francisco. Seoul.<sup>∞</sup> Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv.<sup>^</sup> Tokyo.<sup>\*</sup> Warsaw.<sup>-</sup> Washington, D.C.. West Palm Beach. Westchester County.

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer’s legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. <sup>-</sup>Greenberg Traurig’s Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. <sup>\*</sup>Operates as a separate UK registered legal entity. <sup>+</sup>Greenberg Traurig’s Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. <sup>»</sup>Greenberg Traurig’s Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. <sup>∞</sup>Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. <sup>^</sup>Greenberg Traurig’s Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. <sup>▫</sup>Greenberg Traurig’s Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimbungoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. <sup>-</sup>Greenberg Traurig’s Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners*

*in GREENBERG TRAURIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2022 Greenberg Traurig, LLP. All rights reserved.*