

Alert | Export Controls & Economic Sanctions



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New UK Sanctions Package Would Target Russia's Arms Exports, Front-Line Resources

The UK announced a further round of sanctions and trade measures on 24 February 2023 to coincide with the first anniversary of Russia's invasion of Ukraine.

The new measures would reportedly prohibit the export of **every item** Russia has been found to use on the battlefield to date. This would further expand the already extensive list of items controlled for export to Russia and would span hundreds of items that Russia requires in its war against Ukraine, including aircraft parts, radio equipment, and electronic components needed to produce military equipment such as drones.

Further, the UK would ban the importation of 140 goods, including iron and steel products processed in third countries having been first imported from Russia. Trade measures targeting Russian exports are expected to cause further financial damage to Russia's economy and military funding.

The UK also would be extending its existing measures against Crimea, and the non-Ukrainian government-controlled territory in the Donetsk and Luhansk oblasts of Ukraine which President Putin has declared as 'independent'. This is intended to target the nearby Russian controlled areas of Kherson and Zaporizhzhia oblasts, restricting their access to UK trade and finance.

The new measures would add to the existing package of trade sanctions against Russia. Business and Trade Secretary Kemi Badenoch said:

“Trade sanctions are working. UK goods imports from Russia have fallen by 99%, since before the invasion, and goods exports to Russia have fallen by nearly 80%.”

The UK has also introduced an asset freeze on an additional 92 Russian individuals and entities considered to be key to Russia’s military-industrial complex. Key executives at Russia’s two largest defence companies and Rosatom, Russia’s state-owned nuclear power company, are among those added to the list of sanctioned persons, together with four banks and other entities involved in the manufacture or repair of military equipment as well as other members of the “Russian-elite”.

As with previous UK sanctions packages, similar measures have been announced by other G7 leaders, as coordinated international sanctions against Russia continue to intensify.

Key Takeaways

These new restrictive measures are not yet in force, and no date has been indicated as to when they would take effect. However, seeking to cut off the supply of key components to Russia is likely to further undermine Russia’s military abilities on the front line in the war against Ukraine. The new measures would also impact Russia’s ability to manufacture and sell weapons in other parts of the world, thereby cutting off a further source of income for Russia and its war chest. Sanctions on an additional four Russian incorporated banks are intended to further isolate Russia from the international financial system and help the UK and partners to prevent circumvention. However, with growing criticism of sanctioned individuals effectively bypassing the sanctions regime by transfers to family members, the current regime may change again in relatively short order.

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