

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



**May 2023**

### **UK Imposes New Russia Sanctions on 86 People and Companies, Including Metal and Diamond Industries**

The UK announced on May 19 a new wave of sanctions against Russia with the aim of increasing pressure on President Putin.

86 businesses and individuals connected to Russia’s energy, metals, defence, transport and financial sectors, which continue to provide support to the Russian military, have been designated. Included in the list of individuals now subject to sanctions is Igor Altushkin, the oligarch owner of the third largest producer of copper in Russia, and eight other companies connected to metals production in Russia.

It has also been announced that Russia’s sovereign assets in the UK’s jurisdiction will remain immobilised until Russia agrees to make payments for the damage it has caused to Ukraine. Foreign Secretary James Cleverly stated, “*Putin and his supporters must – and will – pay the price for their illegal invasion of Ukraine.*”

These sanctions have been revealed following an announcement by the leaders of the G7 at this week’s G7 summit where they pledged to take action against Russia and as far as possible restrict its revenue and ability to continue the war against Ukraine. They have stated an important step in doing so is placing restrictions on the import of diamonds, copper, aluminum, and nickel from Russia.

Prime Minister Rishi Sunak stated that the UK will introduce legislation “*later this year to ban the imports of Russian diamonds, and end all imports of Russian-origin copper, aluminium and nickel, building on existing bans of Russian iron and steel*”.

While a timetable for this legislation has not yet been set, it is anticipated that the prohibitions on diamonds, copper, aluminium and nickel will be similar to those already implemented for iron and steel products. This means the UK may prohibit the import or acquisition of products originating, consigned from or located in Russia, as well as the supply of such products from Russia to a third country. The current prohibition on the provision of technical assistance, financial services and funds and brokering services, in respect of imports for iron and steel, may be extended to these materials. Specified products processed in a third country that incorporates one or more of the materials originating in Russia may also be subject to prohibition.

### Key Takeaways

The latest announcements by the UK and G7 represent an attempt to constrict Russia’s economy and President Putin’s war chest further. The latest measures announced by the UK seek to target several of Russia’s key industries, including its metal and diamond sectors, which continue to be profitable. Prior to this announcement the diamond and metals industry was one of Russia’s few remaining export industries that had been relatively untouched by western sanctions. In 2021, diamond exports alone were worth \$4 billion. It remains to be seen whether the new announcements will have the desired effect, particularly whilst Russia continues to receive income from countries such as China, India, South Africa and Brazil.

## Authors

This GT Alert was prepared by:

- [Annabel Thomas](#) | +44 (0) 203.349.8700 | [Annabel.Thomas@gtlaw.com](mailto:Annabel.Thomas@gtlaw.com)
- [Gavin Costelloe](#) | +44 (0) 203.349.8700 | [Gavin.Costelloe@gtlaw.com](mailto:Gavin.Costelloe@gtlaw.com)
- [Bethany Histed](#) | +44 (0) 203.349.8700 | [Bethany.Histed@gtlaw.com](mailto:Bethany.Histed@gtlaw.com)
- [Jack Myers](#) <sup>~</sup> | +44 (0) 203.349.8700 | [Jack.Myers@gtlaw.com](mailto:Jack.Myers@gtlaw.com)

<sup>~</sup> *Not admitted to the practice of law.*

## Additional Contacts

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

Albany. Amsterdam. Atlanta. Austin. Berlin. <sup>-</sup> Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. 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 Diego. San Francisco. Seoul. <sup>∞</sup> Shanghai. Silicon Valley. Singapore. <sup>=</sup> Tallahassee. Tampa. Tel Aviv. <sup>^</sup> Tokyo. <sup>\*</sup> Warsaw. <sup>~</sup> Washington, D.C.. West Palm Beach. Westchester County.

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