



BRIEFING PAPER

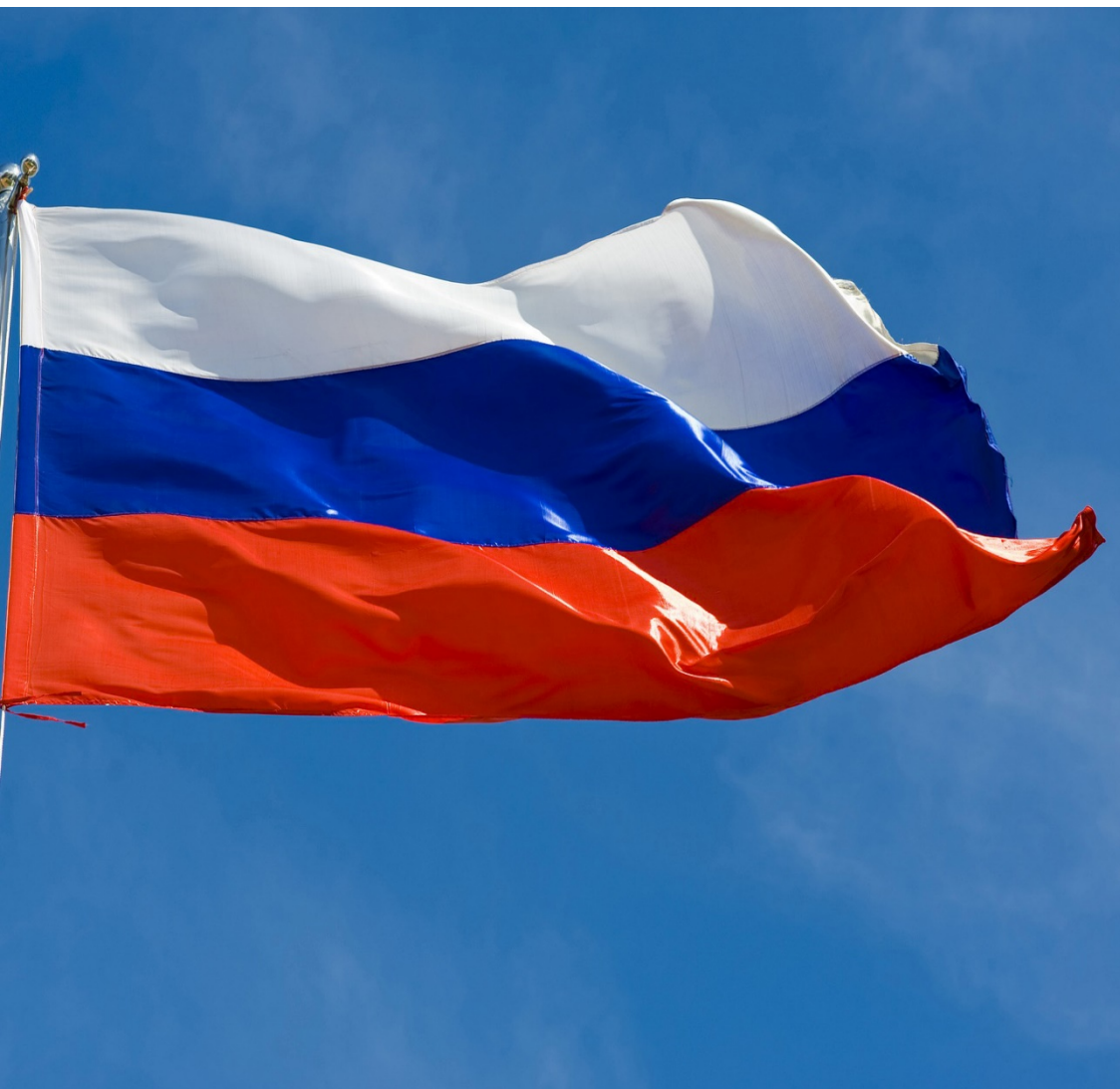
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Sanctions against Russia - in brief

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Summary

Russia is the subject of a sanctions regime imposed in a coordinated move by the EU and the US, and by other Western allies such as Canada in reaction to the destabilisation of Ukraine and the annexation of Crimea.

The sanctions consist of targeted sanctions against individuals and entities, including asset freezes and travel bans. They also set out arms embargoes and restrictions on other trade, such as on the export to Russia of technology needed for oil exploration, and restrictions on lending money to certain Russian companies and banks. The third set of sanctions set out bans on investment in and trade with Crimea.

The EU, US and other regimes are similar, but the names on the lists of individuals and entities subject to targeted sanctions have been added to from time to time and may not be the same.

In reaction to the Salisbury incident, some 130 Russian diplomats were expelled from over 25 countries and the EU Ambassador to Russia was withdrawn.

There has been mounting pressure to introduce 'Magnitsky' legislation in the UK. The original US Magnitsky Act provided for the officials allegedly involved in Sergei Magnitsky's death to be sanctioned. Later it was broadened to become a general power for the US to impose sanctions against human rights abusers.

In the UK, there have been various attempts to introduce 'Magnitsky' powers into legislation, some of them successful. Having earlier resisted further change, arguing that sufficient powers existed already, the Government announced its intention to amend the Sanctions and Anti-money Laundering Bill presently going through parliament to include 'Magnitsky' powers.

1. Russia sanctions

The present sanctions regime against Russia dates largely from 2014. The EU, the US and allied countries such as Australia and Japan imposed sanctions in stages, in response to the annexation of Crimea and the destabilisation of Ukraine. The third stage, involving the most wide-ranging economic measures, took place in July 2014.

Although the regime dates largely from 2014, names of individuals and entities have been added to the targeted sanctions list from time to time since then.

The sanctions represent a coordinated response by Western allies but they are not backed by a Security Council resolution because Russia, being a permanent member of the Security Council, would have used its veto to block them

More detail from 2015 is given in the Commons Briefing Paper [Sanctions over the Ukraine conflict](#), March 2015.

2. EU sanctions

EU sanctions are based on agreements in the EU Council and are implemented by Common Foreign and Security Policy (CFSP) Decisions and by Council Regulations (particularly the trade aspects).

Diplomatic measures

Russia was excluded from the G8. The G7 met in Brussels in 2014 instead of the G8 in Sochi, Russia, as had been the plan.

The EU-Russia Summit was cancelled, EU-Russia visa talks were suspended and EU member states stopped having regular bilateral summits.

Targeted sanctions

Asset freezes and travel bans apply to 150 persons. 38 entities are subject to asset freezes in the EU.¹ The list is added to from time to time. For example, in November 2017 the Council added the 'Governor of Sevastopol' to the list of those subject to restrictive measures.² On 12 March, the EU extended the present measures until 15 September 2018.³

Crimea

There is a general import and investment ban applying to Crimea and Sevastopol. Tourism services relating to Crimea are banned, as is exporting certain technology related to transport, telecommunications

¹ See the [Consolidated list of persons groups and entities subject to EU financial sanctions](#)

² 'EU adds the "Governor of Sevastopol" to its sanctions list over actions against Ukraine's territorial integrity', EU Council press release, 21 November 2017

³ 'EU prolongs sanctions over actions against Ukraine's territorial integrity until 15 September 2018', EU Council press release, 12 March 2018

and the energy sector. These measures are currently in place until 23 June 2018.

Broad economic sanctions against Russia

Certain financial transactions with five major state-owned Russian banks, three major Russian energy companies and three major Russian defence companies are banned.

There is an arms and dual-use goods embargo.

There is a ban on the export of certain energy-related equipment and technology.

The European Investment Bank stopped new financing operations in the Russian Federation. Other EU economic cooperation programmes were suspended.

These measures are in place until 31 July 2018.

A more detailed explanation of the sanctions regime is available on the EU web page: [EU sanctions against Russia over Ukraine crisis](#).

3. US and other countries

US

Sanctions were imposed in coordination by the Western allies, so the US sanctions regime against Russia is similar to the EU regime. US sanctions are based on Executive Orders, issued by the President.

Like EU sanctions, US sanctions can be divided into three broad categories:

- sanctions targeting individuals and entities and blocking them
- Sanctions targeting determined sectors of the Russian economy, banning such transactions as exporting oil exploration technology
- measures banning trade to and from Crimea and investment in the region.

While the US and EU regimes are broadly the same, the lists of individuals and entities subject to targeted sanctions usually vary. More detail is available from the US Treasury [Office of Financial Assets Control](#).

CAATSA

On 6 April, the US Administration designated seven Russian business figures and 12 companies associated with them, 17 senior Russian government officials, and a state-owned Russian arms trading company and its banking subsidiary.⁴ The highest-profile target of the measures, described as the “toughest” round yet,⁵ was Oleg Deripaska, a billionaire, and his aluminium company Rusal.

⁴ [‘Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity’](#), US Treasury press release, 6 April 2018

⁵ [‘US imposes toughest Russian sanctions to date’](#), *Financial Times*, 6 April 2018

The authority for the measures was contained in Executive Orders and the *Countering America's Adversaries Through Sanctions Act* (CAATSA), passed by Congress in 2017 as a response to the allegations of Russian interference in the US election. CAATSA marked a departure from the coordination between the US and the EU on Russia (and Iran and North Korea) and has provided for secondary sanctions to try to force foreign firms to comply with US unilateral sanctions. The EU has a history of [strongly opposing](#) the extraterritorial effect of US sanctions regimes.

Western allies

Other countries, such as Canada, Australia and Japan introduced sanctions regimes in coordination with the EU and the US. Details of the Australian sanctions regime, for example, are provided by the [Department of Foreign Affairs and Trade](#).

4. Salisbury incident

On 4 March 2018 two individuals, Sergey and Yulia Skripal, were taken seriously ill in the city of Salisbury. On 8 March the Foreign and Commonwealth office informed the OPCW Technical Secretariat that they had fallen ill following exposure to a nerve agent. On 12 March the Prime Minister gave a [statement](#) in which she confirmed the substance used was a military-grade nerve agent of a type developed by Russia, part of a group of agents known as 'Novichok' agents. The Prime Minister said it is "highly likely that Russia was responsible" for the attack. The Foreign Secretary asked Russia to provide to the OPCW immediate, full and complete disclosure of the Novichok programme to the OPCW by the end of 13 March.

Russia denied any involvement in the incident.

Reacting to the Salisbury incident, the EU ambassador to Russia was recalled. Germany and France indicated their intention to impose new bi-lateral sanctions against Russia.

After a meeting with German Chancellor Merkel, French President Macron said:

We consider this attack a serious challenge to our security and European sovereignty so it calls for a coordinated and determined response from the European Union and its member states.⁶

More than 25 countries expelled a total of over 130 Russian diplomats in consequence. The US closed the Russian Consulate in Seattle. In retaliation, Russia expelled 60 US diplomats and closed the St Petersburg US Consulate.

5. Magnitsky legislation

Sergei Magnitsky was a Russian lawyer who had uncovered large-scale corruption by Russian officials and died in a Russian prison. Following

⁶ ['Germany and France promise new Russia sanctions'](#), *EUObserver*, 23 March 2018

the death, which was sidely viewed as suspicious and a consequence of his investigations, the US Congress passed the Magnitsky Act.

The original 2012 US Magnitsky Act targeted just the Russian officials allegedly involved with Sergei Magnitsky's treatment. Later versions of the law provide for sanctions against violators of human rights, wherever they are and whatever the violation (see below).

The UK Government's line used to be that the UK has sufficient powers to be able to impose sanctions on human rights abusers. During the passage of the [*Sanctions and Anti-Money Laundering Bill*](#), a Minister in the Lords said:

We already have a range of powers, similar to those in the US Magnitsky Act, which we regularly deploy to protect national security and our financial system. As the Prime Minister herself said in the other place, conversations will continue to see whether there is any further need for legislation.⁷

Some parliamentarians argue that the existing powers are insufficient, however.⁸ Baroness Kennedy said that visas were still being granted to Russian Government officials.

Much of the debate has been about putting definitions of activities justifying the imposition of sanctions. The *Sanctions and Anti-Money Laundering Bill* was amended by the Opposition in the House of Lords to add specific references to human rights protection as reasons for imposing sanctions (rather than international obligations and UK foreign policy, the two grounds that existed in the Bill as introduced in the Lords).

Government announces its intention to table Magnitsky amendments

In the [Statement to the House of Commons](#) on 14 March 2018 and in response to the events in Salisbury, the Prime Minister confirmed that the Government would table Magnitsky amendments to the *Sanctions and Anti-Money Laundering Bill*:

...to strengthen our powers to impose sanctions in response to the violation of human rights. In doing so, we will play our part in an international effort to punish those responsible for the sorts of abuses suffered by Sergei Magnitsky. I hope, as with all the measures I am setting out today, that this will command cross-party support.

Existing powers

In 2017, the *Criminal Finances Bill 2016-17* was amended to:

...enable the Secretary of State, an individual or a non-governmental organisation to convince the High Court to make an order to empower the UK authorities to freeze assets where it can be demonstrated, on the balance of probabilities, to a senior judge that those assets relate to an individual involved in, or profiting from, gross human rights abuses.⁹

⁷ [HL Deb 12 March 2018, c1383-4](#)

⁸ [HL Deb 12 March 2018, c1385](#)

⁹ [HC Deb 21 February 2017, c884-5](#)

The change was described as the Magnitsky amendment; the Bill became the [Criminal Finances Act](#) in April 2017.

Sanctioning powers also exist in immigration legislation, the [Terrorist Asset freezing Etc. Act 2010](#) and the [Anti-terrorism, Crime and Security Act 2001](#).

US Magnitsky legislation

Congress passed the Magnitsky Act in 2012. It provided for sanctions against a list of Russian officials believed to be responsible for serious human rights violations, including asset freezes and travel bans, and was passed as a section of another Russia-specific piece of legislation, [Russia and Moldova Jackson-Vanik Repeal Act](#).

In 2016, Congress built on that legislation, enacting the [Global Magnitsky Human Rights Accountability Act](#), which allowed the Government to impose visa bans and targeted sanctions on individuals anywhere in the world responsible for committing human rights violations or acts of significant corruption. The text of the legislation does not mention Russia.

In response to the Salisbury incident, more European countries indicated an interest in passing Magnitsky legislation. Nordic countries including Denmark and Sweden had seen calls for national Magnitsky measures and the chemical attack in the UK strengthened that.¹⁰

¹⁰ ['Nordic states discuss targeted Russia sanctions'](#), *EUObserver*, 23 March 2018

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