HOUSE OF LORDS Library Briefing

Sanctions and Anti-Money Laundering Bill [HL] (HL Bill 69 of 2017–18)

Summary

The Sanctions and Anti-Money Laundering Bill [HL] was introduced in the House of Lords by Lord Ahmad of Wimbledon, Minister of State at the Foreign and Commonwealth Office (FCO), on 18 October 2017. It is scheduled to have its second reading in the House of Lords on 1 November 2017.

The Government has stated that the Bill is necessary to enable the UK to implement sanctions—both those that the UK is obliged to implement as a member of the UN, and those that the UK might choose to implement for its own foreign policy purposes—after Brexit, as neither existing domestic legislation, nor EU legislation converted into domestic legislation by the European Union (Withdrawal) Bill would provide a sufficient legal basis.

The Bill would create powers for the Government to make regulations to impose sanctions to comply with UN and other international obligations; to prevent terrorism; for national security or international peace and security; or to further a foreign policy objective. The Bill would allow financial, immigration, trade, aircraft and shipping sanctions to be imposed, and would contain powers to allow additional types of sanctions to be added to this list in future. Sanctions could also be targeted at particular individuals or entities ('designated persons') or specified ships. The Bill would allow for regulations to create exceptions and licences to allow activities to take place that would otherwise be prohibited or restricted by sanctions. It would also provide for there to be ministerial and judicial review processes to allow individuals and organisations to challenge sanctions imposed on them. It would allow regulations to be made to update existing provisions on anti-money laundering and terrorist financing, particularly the Money Laundering Regulations 2017, to be updated after the UK's exit from the EU.

Labour, the Scottish National Party and the House of Lords European Union Committee have emphasised the importance of the UK continuing to coordinate sanctions policy with the EU after Brexit. The Government agrees that there is a mutual interest in continued collaboration with European partners in this area, and has suggested that the UK and EU could cooperate on sanctions listings and align policy in future where appropriate.

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1. Introduction

The Sanctions and Anti-Money Laundering Bill [HL] was introduced in the House of Lords by Lord Ahmad of Wimbledon, Minister of State at the Foreign and Commonwealth Office (FCO), on 18 October 2017.[1] It is scheduled to have its second reading in the House of Lords on 1 November 2017. The FCO has produced Explanatory Notes and an impact assessment to accompany the Bill.

The Government announced in the Queen's Speech in June 2017 that as part of the process of leaving the European Union, it would introduce a bill to repeal the European Communities Act 1972. Alongside that bill, other legislation would be introduced to establish "new national policies" in a number of areas, one of which was international sanctions.[2] The Cabinet Office's background briefing on the Queen's Speech stated that the purpose of the bill on international sanctions was to enable the UK to "continue to impose, update and lift sanctions regimes both to comply with our international obligations and to pursue our foreign policy and national security objectives after the UK's exit from the EU".[3] The briefing explained that the main elements of the Bill would provide a domestic legislative framework to allow the Government to:

- Impose sanctions to ensure compliance with obligations under international law after the UK's exit from the EU. These include asset freezes, travel bans and trade and market restrictions;
- Ensure individuals and organisations can challenge or request a review of the sanctions imposed on them;
- Exempt or license certain types of activity, such as payments for food and medicine, which would otherwise be restricted by sanctions;
- Amend regulations for anti-money laundering and counter-terrorist financing and to pass new ones after the UK's exit from the EU.[4]

The Foreign and Commonwealth Office, HM Treasury and the Department for International Trade ran a consultation on the UK's future legal framework for sanctions between April and June 2017.[5] It was sent by email to over 30,000 individuals and companies.[6] The Government received 34 written responses to the consultation. Government officials held roundtables with key sectors including financial services, the legal profession, NGOs, industry professionals and representative bodies, and held informal

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[1] HL *Hansard*, 18 October 2017, col 617.
[2] HL *Hansard*, 21 June 2017, col 5.
[3] Cabinet Office, *Queen's Speech 2017: Background Briefing Notes*, 21 June 2017, p 25.
[4] ibid.
[5] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408.
[6] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490, p 4.

consultations with international partners. The Government's response to the consultation was published in August 2017.[7]

2. Background

The Government has stated that the Bill is necessary to enable the UK to implement sanctions—both those that the UK is obliged to implement as a member of the UN, and those that the UK might choose to implement for its own foreign policy purposes—after Brexit, as neither existing domestic legislation, nor EU legislation converted into domestic legislation by the European Union (Withdrawal) Bill would provide a sufficient legal basis:

> The majority of sanctions implemented by the UK derive from either UN Security Council resolutions or multilateral agreements put in place at EU level. The UN Security Council can impose sanctions under Chapter VII of the UN Charter in response to any threat to international peace and security. These resolutions are binding on the UK in international law and we are obliged, under the UN Charter, to implement them domestically. However, the UK's current implementation of UN and other multilateral sanctions regimes is largely based on the European Communities Act 1972, and domestic powers are incomplete or out of date. When the UK leaves the EU, new legislation is required to enable the UK to continue to meet its international obligations and use sanctions as a national security and foreign policy tool. If we do not have these powers the UK will quickly be in breach of its international obligations and, therefore, international law. Furthermore, many of the EU sanctions that the UK implements, such as those against Russia, and those targeting terrorist groups, are essential tools in delivering the UK's foreign policy objectives.
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> […] The European Union (Withdrawal) Bill will freeze the current sanctions regimes and underlying designations on the date of the UK's exit from the EU. However, this would not be sufficient and sanctions would quickly become out of date, subjecting the UK to significant legal, and therefore, fiscal risk from being unable to amend or lift sanctions. In particular, there would be no challenge mechanism for those who wished to challenge frozen designations, which would be incompatible with ECHR [European Convention on Human Rights] requirements. We would not be able to add, lift or amend sanctions regimes in response to UN requirements or in response to foreign policy or national security needs. We would also be unable to amend or update AML [anti-money laundering] legislation made under the European Communities Act 1972.[8]

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[7] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490.
[8] Foreign and Commonwealth Office, *Impact Assessment: Sanctions and Anti-Money Laundering Bill*, 18 October 2017 pp 1 and 4.

A survey of the current powers in domestic legislation relating to sanctions is given on pages 10 to 12 of the *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*.[9]

The Government describes sanctions as "an important foreign policy and national security tool" that can "have a real impact", such as in "the key role they played in bringing Iran to the negotiating table and securing agreement to place robust safeguards on its nuclear programme".[10] The UK currently implements over 30 sanctions regimes, some against specific countries (eg Russia, North Korea, Iran), others targeting groups such as Da'esh and Al Qaida. Within an overarching sanctions regime, individuals and entities can be subjected to sanctions; currently around 2,000 individuals and entities are covered by sanctions implemented by the UK.[11]

An interactive map showing EU and UN sanctions adopted by the Council of the European Union has been compiled by the Estonian Presidency of the Council of the European Union.[12]

The following sections of this briefing provide a summary of the main features of the Bill.

3. Part 1: Sanctions Regulations

3.1 Power to Make Sanctions Regulations

Part 1 of the Bill would provide the power to impose sanctions. Clause 1 would give an 'appropriate minister'—defined as the Secretary of State or the Treasury—the power to make 'sanctions regulations'. Clause 1 sets out the purposes for which a sanctions regulation could be made:

- Compliance with a UN obligation.
- Compliance with any other international obligation.
- If the minister considered it would:
  - Further the prevention of terrorism in the UK or elsewhere.
  - Be in the interests of national security.
  - Be in the interests of international peace and security.
  - Further a foreign policy objective of the UK Government.

A sanctions regulation made under this power would have to state for which purpose(s) it was being made. Clause 1 also specifies that 'sanctions regulations' are regulations which impose financial, immigration, trade, aircraft or shipping sanctions (all of which are further defined in clauses 2

[9] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408, pp 10–12.
[10] Explanatory Notes, p 4.
[11] ibid.
[12] Council of the European Union, 'EU Sanctions Map', accessed 25 October 2017.

to 6), which impose any other types of sanctions the UK may be required to impose as a member of the United Nations (further defined in clause 7) or make supplemental provision relating to sanctions.

3.2 Types of Sanction

Financial Sanctions

Clause 2 would enable the Government to impose financial sanctions to:

- Freeze the assets of a designated person.
- Prevent financial services being provided to or procured from prescribed persons.
- Prevent funds or economic resources being made available to or received from prescribed persons.
- Prevent trading in financial products issued by a designated person.
- Prohibit owning, controlling or holding an interest in a prescribed person (here 'person' would not mean an individual, but a company or entity with legal personality).
- Prohibit or restrict entering into or continuing commercial relationships with prescribed persons.

The meaning of a 'designated person' is set out in clauses 8 to 12 (see below). 'Persons' could be designated by name, or because they match a particular description set out in regulations (for example membership of a certain organisation). Designation could apply to individuals or to other bodies with legal personality, such as companies or entities. Under clause 2, the assets of a designated person could be frozen. The other financial sanctions could be applied to a designated person, but also more widely to persons (individuals or entities) "connected with" a country prescribed in regulations, or persons (individuals or entities) who matched a "prescribed description" set out in regulations and were "connected with" a country prescribed in regulations.

The Government has explained that the wide powers to prevent financial services being provided to or procured from prescribed persons would allow it to prohibit "the supply of financial services to certain markets, prohibition commercial relationships, or preventing the transfer of funds to a country, region or sector".[13] As examples of the current use of such a power, the Government cites restrictions on the amount of funds that can be transferred to North Korea, and capital markets restrictions in the Ukraine sanctions regime, designed to constrain Russia by restricting access to the EU financial system.

[13] Explanatory Notes, p 9.

Definitions of 'funds', 'economic resources' and 'freeze' are set out in clause 48. 'Financial services' and 'financial products' are defined in clause 49.

Immigration Sanctions

Section 8B of the Immigration Act 1971 is the mechanism that enables the Government to impose travel bans under UN or EU sanctions regimes. It provides that an 'excluded person' must be refused leave to enter or remain in the UK. An 'excluded person' is defined as someone who is named in, or meets the description specified in, a UN Security Council Resolution or an instrument of the Council of the European Union requiring or recommending that the person not be admitted to the UK. The Government has stated that travel bans are "used to restrict the movement of designated persons and those associated with regimes or groups, including terrorist groups, whose behaviour is considered unacceptable by the international community".[14]

Clause 3 and paragraph 1 of schedule 3 would amend the definition of an 'excluded person' in the Immigration Act 1971 so that travel bans could be imposed in regulations made under clause 1. The Government has stated that this would "accommodate UK autonomous sanctions regimes, as well as making provision for retained EU travel bans after the UK has left the EU".[15]

Trade Sanctions

Clause 4 introduces schedule 1, which sets out the types of trade sanctions that could be imposed. The Government has stated that trade sanctions are "used to prevent a variety of activities relating to target countries, specific sectors within target countries, or designated persons".[16]

Part 1 of schedule 1 specifies that where trading would take place with, or for the benefit of:

- Designated persons;
- persons connected with a prescribed country; or
- a prescribed description of persons connected with a prescribed country.

Then trade sanctions could prevent:

- Export of specified goods;
- Import of all goods or specified goods;
- Movement outside the UK of specified goods;
- Specified technology being transferred, made available or

[14] Explanatory Notes, p 9.
[15] ibid.
[16] ibid, p 10.

otherwise acquired;

- Land being made available or acquired;
- Certain activities relating to military activities (the Government has given the example of prohibiting the provision of technical assistance relating to military activities in a specified country[17]);
- Provision or procurement of all services or specified services;
- Provision or procurement of services that are connected to other sanctions prohibitions or connected to particular projects, industries, sectors, infrastructure, aircraft, ships, services or other activities (the Government has given as an example a prohibition on the provision of technical assistance relating to the export of military goods to a prescribed country[18]);
- Movement of goods, use or acquisition of technology or goods, or provision or procurement of services in connection with ships subject to UN Security Council resolutions; and
- Trade in objects of cultural interest, or services connected to objects of cultural interest.

Part 2 of schedule 1 makes further provision about trade sanctions, including setting out how goods, technology and services that are to be subject to trade sanctions may be described in the regulations imposing the sanctions—for example, goods, technology or services could be described by the use to which they may be put, or the sector or industry to which they relate. Paragraph 27 contains a power to amend primary legislation; where the Customs and Excise Management Act 1979 sets out a maximum period of imprisonment for an offence, regulations made under paragraph 27 could set the maximum sentence at up to ten years. The making of such regulations would be subject to the affirmative parliamentary procedure (clause 45(5)(a)).

Aircraft and Shipping Sanctions

Clauses 5 and 6 would allow the Government to impose sanctions on aircraft and maritime vessels, for example to control the movement of certain aircraft in UK airspace or the movement of certain shipping in UK waters, to prevent UK persons registering an aircraft in a country subject to sanctions, or to prevent a ship being registered in the UK if a person subject to sanctions holds an interest in it. The Government has noted that the powers to impose aircraft sanctions would allow it to control disqualified aircraft in line with existing sanctions obligations—for example, aircraft operated by or originating from North Korea are currently prohibited from overflying the UK.[19]

[17] Explanatory Notes, p 24.
[18] ibid.
[19] ibid, p 10.

Other Sanctions for the Purposes of UN Obligations

Clause 7 would allow the Secretary of State or the Treasury to put in place any other sanctions that they consider "appropriate to impose for the purposes of compliance with a UN obligation". According to the Government, this provision would "future-proof the Bill against the development of types of sanctions which may be agreed by the UN Security Council".[20] The UK has obligations under international law to implement sanctions agreed by the UN Security Council.

New Types of Sanctions

Clause 39 contains a Henry VIII power that would allow an appropriate minister to make regulations amending part 1 of the Bill by adding to the types of sanctions listed in clause 1(4) (namely financial sanctions, immigration sanctions, trade sanctions, aircraft sanctions, shipping sanctions and other sanctions for the purposes of UN obligations). However, clause 39 would not empower the minister to amend the *purposes* for which sanctions can be imposed.

The Government has argued that this power "future-proofs the Bill against a changing sanctions landscape" as it would "allow the UK to use new types of sanctions as they are created, even if they are not imposed at UN level and so are not covered by clause 7".[21]

Regulations made under clause 39 would be subject to the draft affirmative procedure. The approval of both Houses would be required before the regulations could come into force.

3.3 Designated Persons

Clauses 8 to 12 set out the process of 'designating' persons for the purposes of sanctions. Clause 8(5) specifies that in the context of the Bill, 'person' can mean an individual, other bodies with legal personality (such as companies), as well as organisations, associations or groups of persons. The process of designation would allow sanctions to be imposed individually on named persons or on categories of person (for example members of an organisation). The Government has indicated that there are currently around 2,000 'designated persons' under existing sanctions regimes, such as people involved in providing support to the Syrian regime and those assisting in certain North Korean weapons programmes.[22]

Clause 8 would enable an appropriate minister to designate persons for the purposes of any of the types of sanctions set out in clauses 2 to 7 and schedule 1. The minister could either designate persons by name (clause 10) or by designating persons matching a specified description (clause 11).

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[20] Explanatory Notes, p 11.
[21] ibid, p 19.
[22] ibid, p 11.

This would be subject to certain conditions being fulfilled, as set out in clauses 10 and 11:

- "reasonable grounds to suspect" that a named person was involved in an activity subject to sanctions regulations ('an involved person'); or that any person falling within the description would "necessarily" be an involved person, or if the specified description was members of an organisation, "reasonable grounds to suspect" that the organisation was an involved perso;
- the minister considered that it was appropriate to designate the person; and
- the minister considered that it was appropriate to specify the activity in sanctions regulations.

During its inquiry into EU sanctions in the 2016–17 session, the House of Lords European Union Justice Sub-Committee considered what the evidence threshold should be for the adoption of sanctions.[23] The FCO told the Sub-Committee that there was no "agreed formula" for the standard of proof required when EU member states voted in the Council of the European Union on adopting a sanctions listing, although a Court of Justice of the European Union ruling in 2013 (the *Kadi II* case) stated that: "There has to be a sufficiently solid factual basis to substantiate the reasons for listing".[24] The FCO told the Sub-Committee that the UK adopted a "reasonable grounds for suspicion test" as the standard of proof for voting in the Council on whether to adopt a sanctions listing. The Sub-Committee suggested that the "reasonable grounds for suspicion" test was a standard of proof that the Council could consider codifying for all sanctions listing decisions.[25]

In the responses to the public consultation on the UK's future legal framework for imposing and implementing sanctions, 57 percent of respondents who addressed the question about the proposed threshold for individual designations thought that "reasonable grounds to suspect" was appropriate for all designations.[26] Specific concerns about this threshold were expressed by 24 percent of consultation respondents. Participants at roundtables held by government officials also expressed mixed views, some believing the threshold was appropriate, others that it was too low. The consultation outcome document noted proposals that different thresholds should apply in different scenarios. In its response, the Government justified

[23] House of Lords European Union Committee, *The Legality of EU Sanctions*, 2 February 2017, HL Paper 102 of session 2016–17.
[24] ibid, pp 11–12.
[25] ibid, p 28.
[26] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490, p 10.

its view that "reasonable grounds to suspect" remained an appropriate threshold:

> Importantly, the threshold would only be met if there is sufficiently solid evidence to enable the government to form a reasonable suspicion. As acknowledged by the EU General Court, "reasonable grounds to suspect" can meet the requirement for a listing to have a "sufficiently sold factual basis" (the standard applied by the EU courts), provided that those grounds are supported by sufficient information or evidence.
>
> Having a similar threshold for imposing sanctions as international partners would facilitate international coordination of sanctions policy.
>
> […] Introducing different thresholds depending on the circumstances of the designation or at a review stage would, we believe, introduce confusion.[27]

Clauses 8 and 12 also provide for the designation of persons who have been named in UN Security Council Resolutions, enabling the UK to comply with its obligation to take measures in relation to persons named by the UN.

Clause 9 provides that sanctions regulations containing a designation power may include steps to be taken regarding notification and publicity of a designation. However, there would not have to be a requirement to notify the person concerned that they were going to be designated. The Government has stated its intention to publish the details of UK-designated persons on a website and to keep the list updated.[28]

3.4 Specified Ships

Clause 13 contains similar powers in respect of shipping, enabling an appropriate minister to 'specify' a ship to be subject to sanctions, where there was reasonable grounds to suspect involved in a specified activity and where the minister considered it appropriate to specify the ship. The Explanatory Notes give examples of individual vessels currently subject to sanctions—vessels known to be involved in the smuggling of Libyan oil and vessels owned by a company implicated in breaching the arms embargo against North Korea.[29]

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[27] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490, pp 10–11.
[28] Explanatory Notes, p 11.
[29] ibid, p 12.

3.5 Exceptions and Licences

Clause 14 would give ministers the power to specify certain circumstances in which sanctions regulations would not apply:

- Regulations could create exceptions to any prohibitions or requirements otherwise imposed by sanctions regulations.
- An appropriate minister could issue a licence allowing activity to take place that would otherwise be prohibited by sanctions regulations.
- An appropriate minister could issue a ministerial direction to create exceptions to requirements imposed by sanctions regulations.

The Government has provided examples of the sorts of exceptions that might be provided for in regulations, such as enabling interest to accrue on the accounts of a person subject to an asset freeze (although interest payments would remain frozen), or allowing equipment used by peacekeeping missions to be exported to a country subject to sanctions.[30]

The Government intends to set out more detailed grounds and criteria for a licensing regime in subsequent regulations, but has stated that the grounds for licensing may include allowing persons subject to an asset freeze to make certain essential payments (for example for food, rent, energy, insurance, legal fees; payments to fulfil a court order or contractual obligations; payments for the official purposes of a diplomatic mission, consular post or international organisation) or for humanitarian purposes (for example the export of goods or transfer of technology).[31]

3.6 Information

Clause 15 would enable sanctions regulations to require certain information to be reported, recorded, provided or shared. The Government has stated that these powers would enable it to monitor compliance with the regulations and obtain evidence if it believes that sanctions regulations had been contravened or circumvented.[32] The Government's intention is to introduce regulations setting out requirements for people to report cases where they became aware, or had reasonable grounds to suspect, that they were dealing with a designated person subject to financial sanctions, or that a designated person had breached financial sanctions.[33]

3.7 Enforcement

Clause 16 would enable regulations made under clause 1 to make provision

[30] Explanatory Notes, p 12.
[31] ibid, pp 12–13.
[32] ibid, p 13.
[33] ibid.

about enforcing sanctions regulations. This would include the power to create offences and to confer powers and duties on a person enforcing the sanctions regulations. The maximum penalties available would be:

- Indictable offences: 10 years' imprisonment.
- Summary offences: 6 months' imprisonment in England and Wales (rising to 12 months once section 154(1) of the Criminal Justice Act 2003 comes into force); 12 months' imprisonment in Scotland; 6 months' imprisonment in Northern Ireland.

The Government has stated that clause 16 would replicate the existing legal frameworks which are currently used to enforce sanctions.[34] The provisions would allow different maximum penalties to apply to different types of sanctions regime:

> Offences that relate to prohibitions or requirements in trade sanctions imposed by the Export Control Act 2002 currently have a maximum permitted term of ten years. Offences that relate to prohibitions or requirements in financial sanctions imposed under the European Communities Act 1972 (as modified by the Policing and Crime Act 2017) currently have a maximum permitted term of seven years. These provisions enable regulations made under the Bill to keep in place the different existing maximum sentences for trade sanctions and financial sanctions. The government does not intend to increase maximum sentences in relation to financial sanctions.[35]

Clause 16(8) would enable civil monetary penalties to be applied for financial sanctions offences, as provided for in part 8 of the Policing and Crime Act 2017. Under section 146 of this Act, the maximum penalty is £1,000,000, or if the breach relates to particular funds or economic resources and their value can be estimated, 50 percent of the estimated value if this would result in a higher penalty.

The Government has stated that it does not intend to impose civil monetary penalties for breaches of trade sanctions.[36]

3.8 Extra-Territorial Application

Clause 17 provides for the extra-territorial application of regulations made under clause 1. Any prohibitions or requirements made in sanctions regulations could apply to:

- Anybody in the UK or UK territorial waters.
- Any UK national anywhere in the world.

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[34] Explanatory Notes, p 14.
[35] ibid.
[36] ibid.

- Any UK body (that is, a body incorporated or constituted under UK law) anywhere in the world.

This could be extended to apply also to bodies incorporated or constituted under the law of the Channel Islands, the Isle of Man or any British Overseas Territory by Order in Council.

The Government stated in its response to the consultation that there was "no plan to expand UK sanctions beyond the UK's current reach of sanctions", and promised that clear guidance would be provided on this issue.[37] The Government's current approach to the extra-territorial application of sanctions is as follows:

> A breach does not have to occur within UK borders for the Government's authority to be engaged. To come within the Government's enforcement of sanctions, there has to be a connection to the UK, which we call a UK nexus […]
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> A UK nexus might be created by such things as a UK company working overseas, a sterling transaction overseas that clears in the UK, action by a local subsidiary of a UK parent company (depending on the structure of governance), action taking place overseas but directed from the UK, or financial products or insurance bought on UK markets but held or used overseas. This is not an exhaustive or definitive list—whether or not there is a UK nexus will depend on the facts in the case.
>
> We will not artificially bring something within UK authority that does not clearly and naturally come under it. Some breaches of financial sanctions do involve complicated structures or relationships, where a genuine UK nexus exists, but is not immediately apparent. In every case, we will consider the facts to see whether the potential breach comes within our authority.[38]

3.9 Review by Appropriate Minister

Clauses 18 to 27 would establish a process for the review by an appropriate minister of sanctions regimes and sanctions against designated persons or specified shipping.

Clause 18 would oblige the minister who designated a named person or a description of persons to revoke that designation if the conditions for making a designation set out in clauses 10 and 11 (that there were reasonable grounds for suspicion, and that designation was appropriate in the minister's view) were no longer fulfilled. Clause 18 would also give the

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[37] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490, p 8.
[38] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408, p 16.

minister the ability to vary or revoke a designation at any time. Under clause 19, a designated person would have the right to request the minister to vary or revoke their designation at any time. However, they would not have the right to make repeated requests for their designation to be reviewed unless they could demonstrate that there was "a significant matter" which had not previously been considered by the minister. Having received a request to review the designation, the minister could decide whether to vary or revoke the designation, or to take no further action—subject to the requirement in clause 18 to revoke the designation if the conditions for making the designation were no longer fulfilled.

The Government has described this process as "an administrative challenge which leads to a reassessment of a designation, and is designed to allow access to quick redress", for example where a person believed they had been misidentified or that there was insufficient evidence to make the designation.[39]

Clause 20 would require the minister to review all designations in force at least every three years and to decide whether to leave the designation in place, or to vary or revoke it. The Government has stated that "in practice, this would require a reassessment of the evidence used to designate a person" and that the process is designed to ensure that "sanctions are not maintained in perpetuity by default".[40]

Clause 21 sets out a separate process that would apply where the UK had designated a person because they were named in UN Security Council Resolutions. In such circumstances, the designation could not be revoked by a minister, but the UN-named person could request the Secretary of State to use his/her "best endeavours to secure that the person's name is removed from the relevant UN list". The Secretary of State would have the right to decide whether or not to comply with the request. The person would not have the right to make repeated requests unless they could demonstrate that there was "a significant matter" which had not previously been considered by the Secretary of State.

Clauses 22 to 25 establish an equivalent review system in respect of 'specified ships'.

Clause 26 would require the minister to carry out an annual review of sanctions regulations made under clause 1 to ensure that they were "still appropriate for their purpose". While the three-yearly reviews under clause 20 would assess the designation of individual persons or descriptions of person, the annual reviews under clause 26 would, according to the Government, be "a high level political review of the overall regime, particularly focused on whether or not it is contributing to its intended purpose, and would not include a review of the evidence underpinning each

[39] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408, p 15.
[40] ibid, p 16.

designation".[41]

Further provision about the procedure to be followed for a request to review a designation/specification, the three-yearly reviews of designations/specifications and the annual review of broader sanctions regimes could be made by regulations under clause 27.

3.10 Temporary Powers in Relation to EU Sanctions Lists

The EU imposes sanctions through a Common Foreign and Security Policy (CFSP) Council Decision adopted unanimously by all the member states.[42] For some types of sanctions measure, a second stage is required: economic measures such as asset freezes and export bans affect wider EU legal principles on free movement, and they require additional implementing legislation in the form of a Council Regulation.[43] The CFSP Council Decision and the Council Regulation are adopted together to allow for both legal acts to produce their effects at the same time. Measures laid down in the CFSP Council Decision, such as arms embargoes or travel restrictions, are implemented by the member states. Measures contained in the Council Regulation are binding on any person or entity (economic operators, public authorities etc) in the EU.[44]

The European Union (Withdrawal) Bill, which is currently before the House of Commons, is intended to "[convert] EU law as it stands at the moment of exit into domestic law".[45] However, paragraph 1(2) of schedule 6 of that Bill specifies that CFSP Council Decisions would be "exempt EU instruments" which would not be converted into domestic law on the UK's exit from the European Union. Council Regulations, on the other hand, would fall under the definition of "direct EU legislation" in clause 3 of the European Union (Withdrawal Bill), which would continue to form part of UK domestic law after exit day.

Clauses 28 to 31 set out some time-limited powers to amend EU sanctions retained in UK law for two years after the UK has left the EU. The Government has explained that these powers are intended to enable changes made to any EU sanctions regimes that have been retained under the European Union (Withdrawal) Bill and not replaced by a UK sanctions regime contained in regulations under clause 1:

> These powers are aimed at ensuring that the EU sanctions regimes can

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[41] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408, p 17.
[42] Council of the European Union, 'Adoption and Review Procedure for EU Sanctions', accessed 25 October 2017.
[43] House of Lords European Union Committee, *The Legality of EU Sanctions*, 2 February 2017, HL Paper 102 of session 2016–17, p 6.
[44] Council of the European Union, 'Adoption and Review Procedure for EU Sanctions', accessed 25 October 2017.
[45] Department for Exiting the European Union, European Union (Withdrawal) Bill—Explanatory Notes, p 4.

> be updated for a short period after exit from the EU, until they are replaced by UK regimes, and are limited to enabling ministers to add or remove names from lists of persons who are designated by virtue of their inclusion in a list attached to an EU instrument. These powers do not enable the substantive sanctions in retained EU law to be amended. Any such provision would require regulation under clause 1. This power would be used alongside the power in the EU (Withdrawal) Bill to make retained EU law operable after the UK leaves the EU.[46]

Clauses 28 would allow an appropriate minister to add or remove a name from a list of persons in retained EU sanctions law. This power would exist for two years from the day that clause 28 came into force. Names could be added to the list only in accordance with the conditions set out in clause 29; these mirror the conditions in clauses 10 and 11 for designating a named person or a description of persons (that there were reasonable grounds for suspicion, and that designation was appropriate in the minister's view).

Clause 30 would allow persons who are designated under a retained EU sanctions list to request to be removed from the list. Clause 31 would allow persons who are on a retained EU sanctions list by virtue of a UN Security Council Resolution to request the Secretary of State use his/her "best endeavours" to have the person's name removed from the relevant UN list. In both cases, repeated requests could not be made unless the person could demonstrate that there was "a significant matter" which had not previously been considered by the minister/Secretary of State.

3.11 Court Reviews

Clauses 32 to 34 would make provision for a person who does not agree with a ministerial decision to make a court application for the decision to be set aside. Clause 32 provides that the types of decision that could be subject to a court application include:

Decision	Made under clause	Who could make application
Request to review a designation	19(3)	Person named in the designation; or where the designation is for persons of a specified description, any person meeting that description
Periodic review of a designation	20(2)	
Request to review a ship specification	23(3)	Any person affected by the decision
Periodic review of a ship specification	24(4)	

[46] Explanatory Notes, p 17.

Decision	Made under clause	Who could make application
Request for Secretary of State to use best endeavours to seek removal of a person or ship from UN sanctions	21(4) 25(4) 31(4)	The person who made the request
Request for removal from retained EU sanctions list	30(4)	

The principles of judicial review would apply. The Explanatory Notes state that anyone seeking a revocation or variation of their listing would have to apply for a review by the appropriate minister first before bringing a legal challenge under clause 32, as this would "ensure that quick redress is available to the designated person and seeks to minimise unnecessary litigation, on the part of both the designated person and the Government".[47]

Clause 33 provides that the court would only be able to award damages if it was satisfied that the tort of negligence (or in Scotland, negligence) had been committed, or that the decision concerned had been made in bad faith.

Clause 34 would enable legal challenges to make use of the 'closed material procedure', already provided for in relation to financial restrictions proceedings in sections 66 to 68 of the Counter-Terrorism Act 2008. Closed material procedures function as follows:

> A closed material procedure (CMP), which involves the use of Special Advocates, is a procedure in which relevant material in a case, the disclosure of which would harm the public interest ('closed material') can still be considered in the proceedings rather than being excluded […]
>
> The starting point in such proceedings is that the individual is given as much material as possible, subject only to legitimate public interest concerns. The disclosure process is designed to achieve this.
>
> Proceedings have both 'open' and 'closed' elements. All the material—open and closed—that the Government relies on in its case is laid before the court and the Special Advocate. The individual concerned and his legal representatives can be present at the open hearings, and see all the open material used in those hearings. They cannot be present at the closed parts or the proceedings, or see the closed material. The Special Advocate attends all parts of the proceedings, and sees all the material, including the closed material not disclosed to the individual. He can take instructions from the individual before he reads the closed material, and written instructions after he has seen the closed material. A Special Advocate can also communicate with the individual after he has seen the material, provided it is with the

[47] Explanatory Notes, p 18.

> permission of the court.
>
> A Special Advocate is a security cleared barrister/advocate in independent practice who also receives special training for their role. The role of the Special Advocate is to act in the individual's interest in relation to the closed material and closed hearings—although they do not act for the individual, nor is the individual their client.[48]

The Government has argued that using the closed material procedure for legal challenges to sanctions would "enable the Government to use sensitive information to place sanctions on persons without the additional risks posed by more open disclosure of such material".[49]

Commenting on a closed material procedure introduced in the Court of Justice of the European Union in 2015 (not identical to the UK procedure), the House of Lords European Union Committee stated that a closed material procedure "is unlikely to provide satisfaction to sanctioned individuals and companies, as they will not have sight of the evidence provided on which judgements are made".[50]

3.12 Suspending Sanctions

Clause 35 would give an appropriate minister the power to make 'suspending regulations', suspending sanctions for a defined period or for as long as the suspending regulations were in force. The Government has argued that this would give "flexibility in circumstances where sanctions might need to be temporarily lifted or altered", but where it might not be appropriate to repeal sanctions completely—for example, to "reward" a state for altered behaviour whilst remaining able to re-apply the sanctions quickly "should the state in question revert to its previous behaviour".[51]

3.13 Guidance

Under clause 36, a minister would be obliged to issue guidance on any sanctions regulations that imposed prohibitions or restrictions. The guidance could cover matters such as best practice for compliance; enforcement; details of any exceptions.

3.14 Liability

Clause 37 provides that a person would not be liable to civil proceedings as

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[48] HM Government, *Justice and Security Green Paper*, October 2011, p 52.
[49] Explanatory Notes, p 18.
[50] House of Lords European Union Committee, *The Legality of EU Sanctions*, 2 February 2017, HL Paper 102 of session 2016–17, p 29. The closed material procedure designed for the courts of the Court of Justice of the European Union is not identical to the closed material procedure in use in the UK courts. For example, there are no Special Advocates in the EU procedure. The rules for the EU closed material procedure are set out in Article 105 of the Rules of Procedure of the General Court of 4 March 2015.
[51] Explanatory Notes, p 19.

a result of acting in the reasonable belief that they were complying with sanctions regulations. The Government has stated that this clause "aims to protect people from any adverse results generated by compliance", for example breach of contract to supply goods that are subject to an export ban.[52]

3.15 Immigration Claims

The Government has noted that there could be an "overlap" between the normal procedures for immigration claims, which are usually decided by the Home Secretary, and the review and challenge mechanisms in the Bill, which could be used by someone subject to a travel ban that affected their UK immigration status.[53] Clause 40 would therefore enable the Secretary of State to make regulations to ensure that immigration claims are sent to the Home Secretary for decision and to a specialist immigration and asylum Tribunal for resolution. The Government states that this would "ensure that immigration consequences that engage the UK's obligations under the European Convention on Human Rights and the Refugee Convention will continue to be dealt with by those parts of Government and Her Majesty's Courts and Tribunals Service that are equipped to deal with them".[54]

Clause 40 would allow any consequent amendments to legislation, including primary legislation, to be made by regulation. This would be subject to the draft affirmative procedure, requiring the approval of both Houses before any changes could be made.

4. Part 2: Anti-Money Laundering

The Financial Action Task Force (FATF) is an intergovernmental body established in 1989 by the G7 member states, the European Commission and eight other countries to develop measures to combat money laundering.[55] It expanded its mandate in 2001 to incorporate efforts to combat terrorist financing. Its members now comprise 35 jurisdictions and two regional organisations (the European Commission and the Gulf Cooperation Council).[56] The objectives of the FATF are to set standards and to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.[57] The Government has described the FATF as "a 'policy-making body' which works to generate the necessary political will to bring about national and regulatory

[52] Explanatory Notes, p 19.
[53] ibid, p 20.
[54] ibid.
[55] Financial Action Task Force, 'Who We Are'; 'History of the FATF'; and 'What Do We Do', all accessed 25 October 2017.
[56] Financial Action Task Force, 'Members and Observers', accessed 25 October 2017.
[57] Financial Action Task Force, *Financial Action Task Force Mandate 2012–2020*, 20 April 2012.

reforms in these areas".[58]

The FATF Recommendations set out a "comprehensive and consistent framework of measures which countries should implement in order to combat money laundering and terrorist financing, as well the financing of proliferation of weapons of mass destruction".[59] The EU takes particular account of FATF recommendations through EU Directives that member states transpose into national law, beginning with the First Money Laundering Directive, adopted by the European Parliament and Council in 1991.[60]

Most recently, the EU's Fourth Money Laundering Directive (2015/849/EC) (4MLD for short) updated EU legislation to bring it in line with the international standards on combating money laundering and terrorist financing as set out in the revision to the FATF standards in 2012.[61] 4MLD was transposed into UK law by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692), which came into force on 26 June 2017 (the Money Laundering Regulations 2017 for short).

The Money Laundering Regulations 2017 were made under section 2(2) of the European Communities Act 1972. These Regulations would therefore fall under the definition of "EU-derived domestic legislation" in clause 2(2) of the European Union (Withdrawal) Bill, which is currently before the House of Commons. They would therefore continue to have effect in domestic law after the UK's exit from the EU.

The Government pointed out in the Explanatory Notes to the Sanctions and Anti-Money Laundering Bill that the EU is currently negotiating amendments to 4MLD which are expected to come into effect, and be transposed into national law by member states, before the UK is expected to leave the EU.[62] The Government expects that any such amendments would take effect in EU law through amendments to the Money Laundering Regulations 2017.

Clause 41 of the Sanctions and Anti-Money Laundering Bill would enable an appropriate minister to make regulations about:

- The detection, investigation or prevention of money-laundering.
- The detection, investigation or prevention of terrorist financing.
- The implementation of standards published by the Financial Action Task Force from time to time relating to combating threats to the integrity of the international financial system.

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[58] HM Treasury and Home Office, *UK National Risk Assessment of Money Laundering and Terrorist Financing*, October 2015, p 13.
[59] Financial Action Task Force, 'The FATF Recommendations', accessed 25 October 2017.
[60] HM Treasury and Home Office, *UK National Risk Assessment of Money Laundering and Terrorist Financing*, October 2015, p 13.
[61] HM Treasury, *Explanatory Memorandum to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017*, June 2017, p 2.
[62] Explanatory Notes, p 26.

Clause 41 also introduces schedule 2, which provides further detail on the scope of anti-money laundering and terrorist financing regulations that could be made under clause 41. Regulations could, for example:

- Require risk assessments to be produced on money laundering, terrorist financing and other threats to the integrity of the global financial system.
- Require policies and procedures to be put in place to mitigate and manage such threats.
- Require the provision, disclosure or recording of information.
- Confer supervisory or investigatory powers on prescribed bodies.
- Authorise supervisory authorities to impose civil penalties such as monetary penalties, publishing statements of censure or restricting the holding of management responsibilities.
- Create criminal offences, punishable with a period of imprisonment up to two years (indictable offences) or three months (summary offences). These maximum sentences are the same as those currently provided for in the Money Laundering Regulations 2017.
- Impose requirements in relation to conduct outside the UK by a UK person (extra-territorial application). The Government has stated that this would be "a continuation of the policy position under the Money Laundering Regulations 2017".[63]

Paragraph 20 of schedule 2 would enable the appropriate minister to:

- Make regulations "corresponding or similar to" any provision of the Money Laundering Regulations 2017 as they had effect immediately before they were saved by the European Union (Withdrawal) Bill. The new regulations would be subject to any "modifications" that the minister considered "appropriate".
- Amend or revoke the Money Laundering Regulations 2017.

The Government explained in the consultation document that it needed to retain the power to make substantive amendments to existing regulations, revoke them and pass new ones once section 2(2) of the European Communities Act 1972 was repealed.[64] (Its repeal is one of the key provisions of the European Union (Withdrawal) Bill currently before the House of Commons.) The Government argued that in the absence of such a power, it would be unable to reform the anti-money laundering and counter-terrorist financing regime to address emerging risks after the UK left the EU, or to update the regulations when the FATF next updated its standards.

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[63] Explanatory Notes, p 25.
[64] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions*, 21 April 2017, Cm 9408, p 34.

Clause 7 of the European Union (Withdrawal) Bill would give ministers a power to make secondary legislation to deal with "problems that would arise on exit in retained EU law".[65] This has been described as the "correcting power".[66] As a piece of "EU-derived domestic legislation", the Money Laundering Regulations 2017 would form part of "retained EU law". However, the powers in clause 7 of the European Union (Withdrawal) Bill might not be suitable to make future *policy* changes to the Money Laundering Regulations 2017 in light of emerging risks or updated FATF standards, unlike the powers in clause 41 and schedule 2 of the Sanctions and Anti-Money Laundering Bill. For example, clause 7(6) of the European Union (Withdrawal) Bill provides that the "correcting power" in that Bill could not be used to create a new criminal offence, but schedule 2 of the Sanctions and Anti-Money Laundering Bill would enable the Government to amend the Money Laundering Regulations 2017 to create a criminal offence. Clause 7(7) of the European Union (Withdrawal) Bill provides that the "correcting power" would be a temporary power that could only be used for up to two years from the UK's exit from the EU, whereas there is no time limit on making regulations under clause 41 of the Sanctions and Anti-Money Laundering Bill.

Transparency International UK, an anti-corruption NGO, said that the Bill was "a welcome step to shoring up our defences against corrupt money entering the UK after Brexit", but argued that "simply replicating existing rules is not enough".[67] Duncan Hanes, the organisation's Director of Policy, called on the Government to publish a response to its consultation on introducing a register of the true owners of overseas companies that are currently able to purchase UK property anonymously.[68]

5. Part 3: General Provisions

5.1 Parliamentary Procedure

The parliamentary procedures that would apply to different categories of regulations are set out in clause 45, as follows:

Draft Affirmative Procedure

- Regulations under clause 1 that repeal, revoke or amend any provision of primary legislation.
- Regulations that amend part 1 of the Bill to create new types of sanctions (clause 39).

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[65] Department for Exiting the European Union, European Union (Withdrawal) Bill—Explanatory Notes, p 29.
[66] House of Commons Library, *European Union (Withdrawal) Bill*, 1 September 2017, p 59.
[67] Transparency International UK, 'New Sanctions and Anti-Money Laundering Bill—Necessary But On Its Own Not Sufficient Response to Corrupt Money', 19 October 2017.
[68] ibid; and Department for Business, Energy and Industrial Strategy, 'Property Ownership and Public Contracting by Overseas Companies and Legal Entities: Beneficial Ownership Register', accessed 25 October 2017.

- Regulations that set out the procedures for dealing with immigration claims (clause 40).
- Regulations that make provision relating to money laundering or terrorist financing (clause 41), except if the regulations are solely to update a list of high-risk third countries where enhanced due diligence measures are required.

The approval of both Houses would be required before any of these regulations could come into force.

Made Affirmative Procedure

- Regulations which do not deal with the implementation of UN sanctions and which do not require the draft affirmative procedure.
- Regulations under clause 41 which are solely to update a list of high-risk third countries where enhanced due diligence measures are required.

A made affirmative instrument is an instrument that is made before being laid before Parliament and which requires both Houses to agree to the appropriate resolutions approving the instrument either (a) before it may come into force, or (b) if already in force, to enable it to remain in force beyond a specified period.[69] The period specified in clause 45 is 28 days. The Government has stated that this procedure would "prevent asset flight, but will still allow Parliament oversight of the regulations".[70]

Other regulations would be subject to the negative procedure.

Clause 46 would allow ministers to specify that sanctions regulations made under clause 1 could be brought into force on a day to be specified in further regulations, if the minister considered it appropriate to do so in connection with the UK's exit from the European Union. The Government has stated that this would allow "flexibility for sanctions regulations to be brought into force at the appropriate time", for example where UK sanctions regulations were being made to replace an EU sanctions regime.[71] In this case, the period of time for both Houses to approve a made affirmative resolution would be extended from 28 days to 60, and the 60 day period would start from the appointed date, not the date that the regulations were made.

5.2 Territorial Extent

Under clause 51, the Bill would extend to England and Wales, Scotland and

[69] House of Lords, *Companion to the Standing Orders and Guide to the Proceedings of the House of Lords*, 2017, para 10.11.
[70] Explanatory Notes, p 21.
[71] ibid.

Northern Ireland. Part 1, or any regulations made under part 1, could be extended by Order in Council to any of the Channel Islands, the Isle of Man or any of the British Overseas Territories. In regard to extending the legislation to the Overseas Territories and Crown Dependencies, the Government has stated that:

> The UK has responsibility for the external relations and national security of Overseas Territories and Crown Dependencies and we will continue our policy of ensuring that the Overseas Territories and Crown Dependencies apply sanctions. We are consulting with the Overseas Territories and Crown Dependencies on how best to achieve this end.[72]

6. Coordinating Future Sanctions Policy with the EU

The Bill is intended to create a legal framework for imposing sanctions post-Brexit rather than setting out a future sanctions policy. However, questions have been raised about the extent to which the UK will continue to coordinate its sanctions policy with the EU once it leaves the EU. In its report on the legality of EU sanctions, the House of Lords European Union Committee concluded that:

> The UK has contributed greatly to the substance and quality of improvements in the sanctions process over the last few years. It is, therefore, particularly important that the UK should remain able to align itself with EU sanctions post-Brexit.[73]

Speaking in a debate on exiting the EU and sanctions that took place before the Bill was published, Jenny Chapman, Shadow Minister for Exiting the European Union, said that Labour "agrees that the vital issue of international sanctions must be resolved before we leave the EU", and that her Party would "not seek to obstruct the forthcoming legislation needlessly".[74] However, she argued that "it is the combined effort of many nations that may, over time, prompt the change we want", and that the UK's national security was "enhanced" by working with its European allies. She maintained that there was "no reason" that this could not continue after Brexit, and she called on the Government to set out detailed plans for future cooperation between the UK and the EU.

In the same debate, Hannah Bardell, Scottish National Party (SNP) Spokesperson for Trade and Investment, argued that "working with the EU presents a broader range of tools than would be available to the UK when operating alone".[75] She urged that there should be "no serious divergence

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[72] HM Government, *Public Consultation on the United Kingdom's Future Legal Framework for Imposing and Implementing Sanctions—Government Response*, 2 August 2017, Cm 9490, p 7.
[73] House of Lords European Union Committee, *The Legality of EU Sanctions*, 2 February 2017, HL Paper 102 of session 2016–17, p 30.
[74] HC *Hansard*, 19 July 2017, col 944.
[75] ibid, col 933.

from EU partners in respect of sanctions". She feared that the UK would be "diminished" after Brexit, lacking the "clout to impose meaningful sanctions".[76] Peter Grant, SNP Spokesperson for Europe, argued that it would be "a waste of time" for the UK to impose sanctions where the EU did not also do so, but that equally there would be risks in the UK "obediently follow[ing] suit" and implementing sanctions decided on by the EU with no UK input.[77]

Sir Alan Duncan, Minister for Europe and the Americas, said that the Government's intention was to "lift and shift" existing sanctions regimes, to "remain aligned with the EU—with existing sanctions".[78] He dismissed the idea that Brexit would mean the UK would cease to have the influence to develop international sanctions, and said that the UK would "continue our constructive and productive relationship with our European and international partners after we leave the EU".[79]

In its future partnership paper on foreign policy, defence and development (one of a series of papers published in the context of the Article 50 negotiations), the Government said that although the UK was establishing its own national legal framework for sanctions, it continued "to see a strong mutual interest in cooperation and collaboration with European partners".[80] The paper stated that both the UK and the EU would be "stronger acting together" in "upholding the rules-based international order through aligning sanctions".[81] It went on to suggest that post-Brexit, the UK and EU should have regular close consultations on foreign and security policy issues, with the option to agree joint positions on foreign policy issues, including cooperation on sanctions listings—for example sharing information and aligning policy "where appropriate".[82]

The House of Lords European Union External Affairs Sub-Committee is currently conducting an inquiry into UK sanctions policy after Brexit, looking at issues such as the advantages and disadvantages of future cooperation between the UK and the EU on sanctions policy; how such cooperation might take place; examples of EU coordination with non-member states on sanctions; and the impact of a separate UK sanctions regime on the UK's ability to achieve its foreign policy goals.[83]

The Government is confident that the EU will have no reason to impose sanctions on the UK once the UK has left the EU.[84]

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[76] HC *Hansard*, 19 July 2017, col 934.
[77] ibid, col 942.
[78] ibid, col 946.
[79] ibid, col 948.
[80] HM Government, *Foreign Policy, Defence and Development: A Future Partnership Paper*, 12 September 2017, p 8.
[81] ibid, p 18.
[82] ibid.
[83] House of Lords European Union External Affairs Sub-Committee, 'Brexit: Sanctions Policy Inquiry', accessed 25 October 2017.
[84] House of Commons, 'Written Question: Brexit', 13 September 2017, 7531.