



Ministry  
of Defence

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THE EARL OF MINTO  
MINISTER OF STATE IN THE HOUSE OF LORDS

MSU/4/8/1/1/is

8<sup>th</sup> February 2024

*Dear Ray,*

Thank you for your contribution to the debate on Ukraine on 26 January. During your speech you asked about the seizure of Russian state assets to fund Ukraine's reconstruction, and the issue of sanctions circumvention.

#### Asset seizure

Russia must pay for the damage it has caused to Ukraine. How we ensure Russia does so is the subject of active discussion with G7 partners. The UK remains fully committed to working with allies to pursue all lawful routes through which Russian assets can be used to fund Ukraine's recovery.

The UK has in parallel taken a number of steps domestically, including legislating to enable sanctions to remain in place until Russia pays for the damage it has caused, and announcing a route by which sanctioned individuals who want to do the right thing can donate frozen funds for Ukrainian reconstruction.

#### Tackling Sanctions Circumvention

The UK together with our allies is committed to tackling Russian efforts to circumvent our sanctions, and we are taking steps domestically and internationally to address this issue.

In coordination with the EU and the US, we have published a Common High Priority (CHP) list of 45 items assessed as being critical to Russian weapons systems and have stepped up our engagement with third countries to curtail the export of these goods to Russia.

This engagement is having an impact. Turkey has issued a decree prohibiting the export, in certain circumstances, of these items to Russia; Kazakhstan, Uzbekistan and Armenia have introduced export controls to prohibit the re-export of CHP items; and Georgia has provided detailed evidence of shipments of sanctioned goods that it has stopped en route to Russia and taken legal action against individuals attempting to circumvent sanctions.

Lord Collins of Highbury  
House of Lords  
London  
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From January-October 2023, we have seen significant declines of monthly CHP exports to Russia in many of these countries: Kazakhstan (\$21.8m), Uzbekistan (\$0.6m) Armenia's (\$4.1m) and Serbia (\$0.9m).

We recognise the technical challenges faced by many of these countries to implement effective export control measures and continue to help them to address these including through technical support under the Economic Deterrence Initiative announced by the Prime Minister in March 2023.

### Russian Oil

As you will know, our sanctions also target Russia's most lucrative revenue stream: the export of crude oil and refined oil products. This is having an impact: Russian tax revenue from oil and petroleum product exports was down 32% between January-November 2023 compared to the same period last year.


The Oil Price Cap has been effective in reducing Russian revenue from oil exports whilst keeping oil flowing in an increasingly tight market and protecting supply to vulnerable countries.

We and our partners are also fully aware of the risks of circumvention through the maritime oil supply chain and use a range of strategies to minimise these risks. The UK for example has recently placed new sanctions on entities enabling Russian attempts to reduce the impact of our oil sanctions and the Oil Price Cap Coalition recently acted to tighten compliance rules.

Domestically, the UK has implemented a strong enforcement approach focused on prohibition, with the Office of Financial Sanctions Implementation (OFSI) responsible for civil enforcement, and HMRC and the National Crime Agency jointly considering cases which may be appropriate for criminal prosecution.

I hope this explains the position. I am copying this letter to Lord Ahmad of Wimbledon.

A copy of this letter is being placed in the Library of the House.

Yours sincerely  


**THE EARL OF MINTO**