



Foreign, Commonwealth
& Development Office

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Dear Lord Purvis,

Thank you for your contribution to the Statutory Instrument debate on The Russia (Sanctions) (EU Exit) (Amendments) (No.4) Regulations 2024. I would like to express my gratitude for your continued support, as we seek to use our sanctions capabilities to ensure Putin is held to account for Russia's illegal invasion. I am pleased to respond to the questions raised during the debates on the use of financial and legal services to support the shadow fleet, and also on secondary sanctions.

Legal and financial services which may support the 'Shadow Fleet'

You asked a question on the Government's position with respect to the use of legal and financial services which may support the 'shadow fleet'. The new designation criteria introduced by the Russia (Sanctions) (EU Exit) (Amendments) (No.3) Regulations 2024 strengthen our Russia sanctions regime, as they are designed to target those who provide financial services, funds, and other economic resources which could contribute to destabilising Ukraine. This amendment is not directly related to that which introduces the power to specify individual vessels and could be used within distinct contexts unconnected with vessels or the 'shadow fleet'. Whilst it provides the power to target those who provide financial services, funds and other resources which could contribute to destabilising Ukraine, it is therefore important to set out the government's position with respect to the provision of legal services, separately.

Prohibitions against the provision of certain legal advisory services sits under Regulation 54D of The Russia (Sanctions) (EU Exit) Regulations 2019 (the 2019 Regulations). It was first introduced in June 2023 and was subsequently amended on 6 September 2024 under the Russia (Sanctions) (EU Exit) (Amendments) (No.4) Regulations 2024 in response to sectoral feedback. The amendments clarified that the provision of legal advisory services to a non-UK person is prohibited where the person providing the advice knows that the object or effect of the advice is to enable or facilitate certain financial or trade activity which would be prohibited under the UK sanctions regime if the activity was done by a UK person or was taking place in the UK. The amendments also clarified that advice on sanctions compliance is not prohibited.

Regulation 54D supplemented restrictions on legal advisory services already in place in the 2019 Regulations. In particular, the general “anti-circumvention provisions” (in regulations 19 and 55) already prohibited anyone, including lawyers, from knowingly participating in activities which circumvent sanctions or enable or facilitate the contravention of sanctions.

However, the territorial provisions in the 2019 Regulations generally limit the application of the anti-circumvention provisions to legal advisory services provided in relation to prohibited activity undertaken in the UK or by a UK person. Regulation 54D was therefore introduced to prevent UK lawyers from providing their services in support of transactions that may advance Russian interests, where those transactions did not have sufficient connection to the UK to be “caught” by the anti-circumvention provisions.

Access to legal representation is a fundamental element of the rule of law, to which this government wholeheartedly subscribes. Regulation 54D does not create a loophole; it ensures that the rule of law is upheld.

Secondary Sanctions

You also asked about the Government’s position on secondary sanctions and what would need to happen to enable secondary sanctions to be introduced. ‘Secondary sanctions’ typically mean sanctions applied to - and enforced against - foreign nationals or entities operating outside the direct jurisdiction of the ‘issuing country’ (the state applying the sanctions). This, in effect, treats these individuals and entities as if they were subject to the jurisdiction of the issuing country, even if they have no connection in terms of nationality or territory.

UK sanctions do not operate like this. They only apply to UK persons or companies, or in relation to any person or entities’ activities in the UK. As such, when we designate a third-country actor only the activity of UK persons in relation to that third-country actor, or activity in the UK, is subject to UK sanctions law. In practice, this means that UK persons, and non-UK persons in the UK, cannot engage in economic or financial activity with the third-country actor.

As well as having a clear basis in our domestic legislation, this is compatible with fundamental principles of international law on state jurisdiction. The Sanctions and Anti-Money Laundering Act 2018 (“SAML A”) makes clear that UK sanctions do not apply to the activities of non-UK nationals or entities overseas. Section 21 of SAML A provides that “prohibitions or requirements may be imposed... in relation to a) conduct in the UK or in the territorial sea by any person; b) conduct elsewhere, but only if the conduct is by a UK person’.” A “UK person” is defined in SAML A as a “UK national” or “a body incorporated or constituted under the law of any part of the UK”.

The UK's sanctions legislation has always provided the power to designate third country actors where a case can be developed, which is consistent with the purposes of the individual regime and legally robust. Such designations limit the access of the individuals or entities to the UK economy and entail the UK applying UK law to its own territory or its own nationals abroad, which is lawful both as a matter of domestic and international law. In the case of Russia, the UK has taken tough action against entities and individuals in third countries that support Russia's war effort, including by sanctioning actors based in Belarus, China, Iran, North Korea, Serbia, Switzerland, Turkey, the UAE and Uzbekistan.

Finally, I would like to correct the record. During the debate I referenced a previous debate which I took part in, while in Opposition, as having taken place in March 2019. This debate in fact took place on 19 March 2024.

A copy of this letter has been placed in the House of Lords library.

Yours ever,

A handwritten signature in black ink, appearing to read 'Ray Collins', written in a cursive style.

Lord Collins of Highbury
Parliamentary Under Secretary of State for Foreign, Commonwealth and
Development Affairs