

**EXPLANATORY MEMORANDUM TO**  
**THE RUSSIA (SANCTIONS) (EU EXIT) (AMENDMENT) REGULATIONS 2023**  
**2023 No. 440**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Foreign, Commonwealth and Development Office (FCDO) and is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 This instrument is made under the Sanctions and Anti-Money Laundering Act 2018 ('the Sanctions Act') to make amendments to the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) ('the 2019 Regulations'). These amendments will extend restrictions on trade with Russia for the purposes of encouraging Russia to cease actions destabilising Ukraine or undermining or threatening the territorial integrity, sovereignty or independence of Ukraine, as stated in regulation 4 of the 2019 Regulations.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 This instrument, which is subject to the made affirmative procedure, is laid before Parliament on 20<sup>th</sup> April 2023 under section 55(3) of the Sanctions Act and, subject to one exception, comes into force at 00:01 on 21<sup>st</sup> April 2023. The remainder of the instrument, which imposes a prohibition on the import of iron and steel products, where the metal originated in Russia but was processed in a third country, will enter into force at 00:01 on 30<sup>th</sup> September 2023. Bringing the measures into force on their respective dates will put further pressure on the Russian government, with the ambition of urgently ending the war in Ukraine.

**4. Extent and Territorial Application**

- 4.1 This instrument extends to the whole of the United Kingdom ('UK'). It is subject to any obligation arising in respect of the Windsor Framework as it may apply through section 7A of the European Union (Withdrawal) Act 2018 in respect of Northern Ireland.
- 4.2 Subject to paragraph 4.3, the territorial application of this instrument is the same as its extent.
- 4.3 This instrument also applies to conduct undertaken by UK persons where it occurs wholly or partly outside the UK, and to conduct undertaken by any person in the territorial sea adjacent to the UK.

## **5. European Convention on Human Rights**

- 5.1 Andrew Mitchell MP, Minister of State at the Foreign, Commonwealth and Development Office, has made the following statement regarding Human Rights:
- “In my view the provisions of the Russia (Sanctions) (EU Exit) (Amendment) Regulations 2023 are compatible with the Convention rights.”

## **6. Legislative Context**

- 6.1 The Sanctions Act establishes a legal framework which enables His Majesty’s Government to impose sanctions for a number of purposes, including that it is in the interests of international peace and security that it furthers a foreign policy objective of the government of the UK.
- 6.2 This instrument makes amendments to the 2019 Regulations, which were made under the Sanctions Act for discretionary purposes within section 1(2) of the Sanctions Act.

## **7. Policy background**

### *What is being done and why?*

- 7.1 This instrument amends the 2019 Regulations to impose further trade sanctions in relation to Russia.
- 7.2 Following its illegal annexation of Crimea in 2014, Russia continued a pattern of aggressive action towards Ukraine, which culminated in the invasion of Ukraine’s sovereign territory on 24 February 2022. Announced by President Putin as a “special military operation”, this included recognising the “Donetsk People’s Republic” and “Luhansk People’s Republic” as independent states and deploying Russian military across Ukraine.
- 7.3 In September 2022, Russian-installed officials in four temporarily-controlled regions of Ukraine, namely Donetsk, Luhansk, Kherson and Zaporizhzhia, conducted sham referendums in an attempt to justify their illegal seizure of Ukrainian land. The Russian regime announced the illegal annexation of these regions against the will of the Ukrainian people and in flagrant breach of international law.
- 7.4 The UK has called on Russia to cease its military activity, withdraw its forces from Ukraine and Crimea, end its support for the separatists, and fulfil its international commitments including under the 1975 Helsinki Final Act, the 2014 and 2015 Minsk Protocols, and the 1994 Budapest Memorandum and the UN Charter. UK policy remains focused on ending Russia’s invasion and on assisting Ukraine to secure its borders, ensuring a stable, prosperous and democratic future for all its citizens. The UK is unwavering in its support for the country’s independence, territorial integrity and sovereignty.
- 7.5 These sanctions are part of a broader set of measures which includes: diplomatic, military, financial and humanitarian support; trade, financial and transport sanctions; and designations. Change will therefore be sought through diplomatic pressure and other measures, supported by trade sanctions in respect of actions undermining the territorial integrity, sovereignty and independence of Ukraine.

## *Explanations*

### What did any law do before the changes to be made by this instrument?

- 7.6 This instrument amends Part 5 (Trade) of the 2019 Regulations, which contains trade sanctions measures, and makes related consequential amendments. Previous trade sanctions include wide-ranging prohibitions on the export of goods and services, including defence and security goods and technology, goods used for Russia's energy sector, and services for which Russia depends on the West; and import prohibitions on iron and steel products, gold, oil, coal, and key revenue creating goods that originate or are consigned from Russia.

### What will it now do?

- 7.7 This instrument provides for a number of trade restrictions to build on those already in place. These include:
- Prohibitions on the export, supply and delivery, and making available to, or for use in Russia of a range of goods that Russia has been found using on the battlefield to date, as well as the provision of related ancillary services. This includes aircraft and vehicle parts, radio equipment and other electronic equipment, biotechnology, and 3D printing machinery. These goods have been added to existing schedules in the 2019 Regulations, namely 2A (critical-industry goods and critical-industry technology), 2E (quantum computing and advanced materials goods and technology), 3C (defence and security goods and defence and security technology), 3E (G7 dependency and further goods) and 3I (Russia's vulnerable goods).
  - Prohibitions on the import and acquisition of additional goods originating or consigned from Russia which generate revenue for Russia, as well as the provision of related ancillary services. These additions are in Part 3 of Schedule 3B (iron and steel products) and Parts 3 of Schedule 3D and 3DA (revenue generating goods). This will further constrain Russia's ability to raise money to fund its war effort.
  - Extension of existing prohibitions on importing and acquiring iron and steel goods to cover the import and related ancillary services, of Russian origin goods that have been processed in third countries. This will enter into force at 00:01 on 30 September 2023 and is designed to further inflict economic cost to undermine Russia's war effort.
  - An introduction of a prohibition on the supply and delivery of certain revenue generating goods from Russia to third countries (as listed in schedule 3DA). This will help disrupt Russia's exports of these goods, further constraining its ability to fund its war efforts. Revenue generating goods that have an important humanitarian or civilian use, such as certain agricultural and energy-related goods (as listed in schedule 3D) are not covered by this new prohibition on supply and delivery from Russia to third countries.
  - Exceptions which apply to existing prohibitions, such as humanitarian assistance activity will apply to the new goods. As with the existing prohibitions, licenses will be assessed on a case-by-case basis and may be granted where they would be consistent with the purposes of the sanctions.

## **8. European Union Withdrawal and Future Relationship**

- 8.1 This instrument itself does not relate to withdrawal from the European Union ('EU') or trigger the statement requirements under the European Union (Withdrawal) Act 2018. The 2019 Regulations are related to the withdrawal of the UK from the EU because they replaced, with substantially the same effect, the previous EU Russia- and Ukraine-related sanctions regimes.

## **9. Consolidation**

- 9.1 The 2019 Regulations have been amended by S.I. 2020/590; S.I. 2020/951; S.I. 2022/123; S.I. 2022/194; S.I. 2022/195; S.I. 2022/203; S.I. 2022/205; S.I. 2022/241; S.I. 2022/395; SI 2022/452; SI 2022/477; S.I. 2022/792; S.I. 2022/801; S.I. 2022/814; S.I. 2022/818; S.I. 2022/850; S.I. 2022/1110; S.I. 2022/1122 and SI 2022/1331 and by the Sentencing Act 2020 (c. 17). This instrument does not consolidate previous instruments. The Foreign, Commonwealth and Development Office will keep the need for consolidation under review.

## **10. Consultation outcome**

- 10.1 The Explanatory Memorandum to the 2019 Regulations explains the [consultation](#) that has been carried out in relation to the Sanctions Act.
- 10.2 No consultation has been carried out on this instrument. There is neither a requirement in the Sanctions Act for public consultation on instruments made under the Act, nor is there any other legal obligation to consult in respect of this instrument. HM Government will continue engagement with stakeholders on the implementation of UK sanctions.

## **11. Guidance**

- 11.1 In accordance with section 43 of the Sanctions Act, guidance has been published in relation to the prohibitions and requirements under the 2019 Regulations. This guidance will be updated to reflect the amendments to those Regulations made by this instrument.

## **12. Impact**

- 12.1 The net impact on business, charities or voluntary bodies is £24.3m per year. The total net present social value (NPSV) across the whole appraisal period is -£191.5m. The NPSV is made up entirely of costs to businesses.
- 12.2 There is no, or no significant impact on the public sector
- 12.3 A full Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the [legislation.gov.uk](https://legislation.gov.uk) website.

## **13. Regulating small business**

- 13.1 The legislation applies to activities that are undertaken by small businesses. No specific action is proposed to mitigate regulatory burdens on small businesses.
- 13.2 The FCDO does not believe it is possible to exempt smaller businesses from the requirements to comply with the measures introduced by this instrument, as this could provide a route for the circumvention or evasion of sanctions.

#### **14. Monitoring & review**

- 14.1 If His Majesty's Government determined that it was no longer appropriate to maintain a sanctions regime or specific sanctions measures, that regime would be removed or amended accordingly. In the case of the 2019 Regulations, that would include the measures introduced by this instrument. As such, the Minister does not consider that a review clause in this instrument is appropriate.

#### **15. Contact**

- 15.1 The Sanctions Directorate at the Foreign, Commonwealth and Development Office, 0207 008 8553 or email: [Sanctions.SIs@fcdo.gov.uk](mailto:Sanctions.SIs@fcdo.gov.uk), can be contacted with any queries regarding the instrument.
- 15.2 Abigail Culank, Deputy Director, Sanctions Directorate at the Foreign, Commonwealth and Development Office, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Andrew Mitchell MP, Minister of State at the Foreign, Commonwealth and Development Office, can confirm that this Explanatory Memorandum meets the required standard.