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# UK TARGETED SANCTIONS QUARTERLY UPDATE

1 September 2023



REDRESS

This briefing provides an overview of recent developments in the UK's use of its targeted sanctions regimes as of 1 September 2023. Our previous update from April 2023 can be found [here](#).

## SUMMARY OF RECENT SANCTIONS DEVELOPMENTS

Since April 2023, the UK government has used targeted sanctions to respond to urgent human rights crises, including in Sudan and Iran. Recent designations have specifically focussed on perpetrators of conflict-related sexual violence (CRSV) and businesses funding armed conflicts. In the three months to August 2023, the UK government has also seen an increase in sanctions designation challenges reaching the High Court and announced changes to sanctions regulations in order to strengthen its response to the situation in Iran and promote compensation for damage, loss or injury suffered by Ukraine:

- **Sudan.** In July 2023, the UK government announced sanctions against [businesses](#) responsible for funding the ongoing conflict in Sudan and [promoting violence and instability](#) in that region. It also [targeted](#) Iranian officials and entities involved in human rights violations since the death of Mahsa Amini in September 2022.
- **DRC and Syria.** In June 2023, the UK government announced new sanctions against perpetrators of [CRSV](#) in the Democratic Republic of the Congo (DRC) and Syria, following its [commitment](#) to use sanctions as a tool to combat CRSV.
- **Russia and Ukraine.** Also in June 2023, the UK enacted amendments to the [Russian sanctions regime](#), expanding its purpose to expressly include the promotion of payment of compensation to Ukraine.
- **Iran.** The UK also announced a new [Iran sanctions regime](#) to target key Iranian decision-makers responsible for *“hostile activities towards the UK and its partners”*.

- **Sanctions Relief.** In a stark departure from a similar case before the Court of Justice of the European Union (CJEU), the High Court rejected Formula One driver, Nikita Mazepin’s application for interim sanctions relief, confirming for the time being that family members can be sanctioned under the UK system.
- **Legal Challenges to Sanctions.** In August 2023, the High Court upheld the designation of Russia-born businessman, Eugene Shvidler, rejecting the first challenge brought by an individual to a sanctions designation under the Russian Regulations. The Court rejected arguments that the designation disproportionately infringed upon his rights under the European Convention on Human Rights (ECHR). In upholding the designation, the Court confirmed that it will attach particular weight to the judgement of the primary decision maker on such matters and that the government enjoys reasonably broad discretion in this area.

## KEY HUMAN RIGHTS AND ANTI-CORRUPTION SANCTIONS DESIGNATIONS

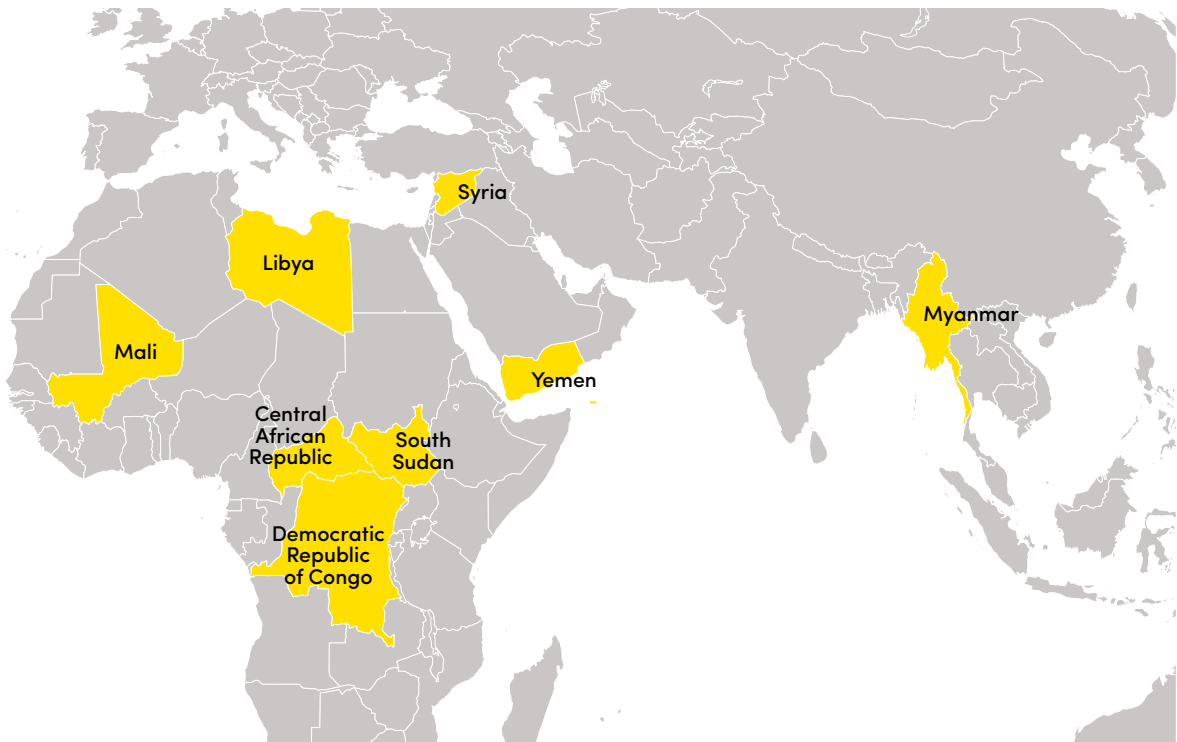
Since April 2023, the UK government has made several designations against those involved in the arbitrary detention of human rights defenders in Russia, perpetrators of CRSV in the DRC and Syria, and front companies responsible for violence and instability in Africa. These designations reflect the UK government’s stated human rights priorities, including the prevention of sexual and gender-based violence, supporting human rights defenders, and promoting democracy.

- **ACCOUNTABILITY FOR RUSSIAN HUMAN RIGHTS DEFENDER:** In late April 2023, the UK government designated five individuals under its global human rights and Russia sanctions regime connected to the poisoning and arrest of British-Russian journalist, political activist, and human rights defender, Vladimir Kara-Murza. In its Statement of Reasons, the UK government expressly noted two of these individuals for “*their part in Russia’s egregious violation of Mr Kara-Murza’s right not to be subjected to torture or cruel, inhuman or degrading treatment*”. The UK government designated another six key figures involved in Kara-Murza’s “*deplorable trial*”, after his appeal against trumped up charges was rejected in Moscow. These designations reflect calls made by civil society organisations, including REDRESS, to impose sanctions against those responsible for Kara-Murza’s arbitrary detention and ill-treatment.
- **TARGETING BUSINESSES FUNDING CONFLICT:** In July 2023, amidst the ongoing armed conflict in Sudan, the UK imposed targeted sanctions on six businesses responsible for “*providing funding and arms to the warring militias*”. According to the government, these designations aim to pressure the parties driving the conflict to engage in a meaningful peace process and end the atrocities in Sudan. They were the first sanctions imposed on Sudanese individuals or entities by the UK government since Sudan’s military seized power on 25 October 2021. Civil society organisations, including REDRESS, have long advocated for targeted sanctions against the coup leaders and their associates. In May 2023, REDRESS submitted further evidence to the UK government, urging it again to take action against those individuals and entities, many of whom are also directly responsible for the ongoing violence in Sudan. The UK’s designations suggest that the government is finally acting on some of these recommendations.

Reinforcing these measures, in July 2023 the UK government sanctioned Wagner Group leaders and front companies responsible for violence and instability across Africa. This package of sanctions targets 13 Wagner-linked individuals and businesses connected to torture in Mali and the Central African Republic, and threats to peace and security in Sudan.

- FOCUS ON PREVENTING CRSV:** Tackling CRSV remains a key priority area for the UK government. In June 2023, the UK sanctioned two individuals for systematically using rape, and other forms of sexual and gender-based violence against civilians in Syria, and two individuals for violations of international humanitarian law in the DRC, including rape, mass rape and other forms of sexual and gender-based violence. These designations build upon CRSV-related sanctions imposed by the UK government on International Human Rights Day in December 2022 and International Women’s Day in March 2023, as highlighted in our [previous update](#). To date, the UK government has designated 31 individuals and entities responsible for CRSV under both its global human rights and country-specific sanctions regimes. These designations reflect a wider effort across Magnitsky jurisdictions to use targeted sanctions to combat CRSV.

**Countries where individuals & entities have been sanctioned by the UK for their role in CRSV to date**



*Note: This map accounts for CRSV designations only and does not include designations related to other forms of sexual or gender-based violence.*

- INCREASED COORDINATION OF SANCTIONS:** In recent months, the UK government has been coordinating more frequently with international partners to sanction networks of actors responsible for similar violations. For example, in July the UK government designated leaders and entities linked with the Wagner Group in Africa (noted above) concurrently with the Canadian government. These designations followed similar [sanctions by the US](#) in June 2023 and [the EU](#) in February 2023. The [UK](#) and [US](#) also targeted the same businesses funding the war in Sudan.

In August, the former Governor of the Central Bank of Lebanon and three of his close associates were designated by the [US](#), the [UK](#) and [Canada](#) for diverting up to \$330 million of Central Bank funds for personal gain in a coordinated sanctions announcement. This is the first example of all three of these jurisdictions announcing an anti-corruption related sanction package at the same time.

As noted above, Magnitsky jurisdictions are also concurrently prioritising their response to CRSV, which is reflected in designations by the [UK](#) and [US](#) in June 2023. The UK is further [coordinating](#) its ongoing sanctions strategy targeting Myanmar’s military regime with the US, EU and Canada, in an effort to limit the regime’s ability to continue its atrocities against the people of Myanmar. REDRESS and its international partners have previously highlighted the importance of multilateral coordination in ensuring the effective use of sanctions in its [Multilateral Magnitsky Sanctions at Five Years](#) report. This increased coordination between governments on thematic issues and specific country contexts should be commended and continued.

## Recommendations

REDRESS welcomes the UK government’s continued use of targeted sanctions in response to urgent human rights crises and as tool to combat CRSV, violent reprisals against human rights defenders and tackle the funding of conflict and flows of illicit finance into the UK. Building on this momentum, we urge the government to:

- Act as a global leader in utilising targeted sanctions regimes without fear or favour even in cases of human rights violations and serious corruption in countries where the UK has strategic interests.
- Continue to build on its effective coordination with allies by targeting networks of individuals and enablers and coordinating on timing of sanctions designations to maximise impact.
- Use its Global Anti-Corruption Program to proactively target entities and individuals known to be hiding ill-gotten gains within the UK property and financial markets.

## CHANGES TO SANCTIONS REGIMES

Since April 2023, the UK government has introduced significant changes to its Russia and Iran geographic sanctions regimes to promote compensation to victims in Ukraine and better protect the UK from the threats posed by Iran.

- **RUSSIA REGULATIONS:** In a [significant policy development](#), new legislation, announced in June 2023, allows the UK government to maintain Russian sanctions until compensation is paid to Ukraine. It did so by amending the purposes of the UK’s Russia sanctions regime to expressly include promoting the payment of compensation by Russia. The legislation also introduces a route for frozen Russian assets to be donated for the purposes of Ukrainian reconstruction. In doing so, the UK government has, for the first time, begun to connect the dots between sanctions and asset recovery. The government has stated that there will be no coercion of individuals to encourage them to donate their frozen assets, nor will any offer of sanctions relief be made in return for making a donation. The government also committed to mandating that all designated persons under the Russian regime disclose their UK-based assets or face financial penalties or confiscation of assets.

REDRESS has been advocating for the UK government to adopt new legislation to realise the potential of sanctioned assets to be used as reparations for victims of human rights and international humanitarian law violations. This process, however, should be transparent and allow for collaboration with civil society and victim groups. It is unclear what oversight mechanisms will be in place for voluntary donations and whether civil society will play a role in ensuring that the compensation is effective and shared fairly among stakeholders.

## Recommendation

- Changes to the Russia sanctions regulations have the potential to begin providing reparations to victims of the war in Ukraine. However, we urge the government to increase transparency around voluntary donations of frozen assets under sanctions and collaborate with civil society and victim groups to ensure effective and fair delivery of reparatory measures.

- **NEW IRAN REGULATIONS:** In July 2023, the UK government introduced a new Iran sanctions regime, which will supplement the existing Iran Human Rights sanctions regime. This new regime expands the UK government’s power to target Iran’s senior decisionmakers for hostile activities directed against the UK and its citizens.

Over the last three years, REDRESS has repeatedly warned the UK government of the serious risks that Iran’s systematic practice of arbitrarily detaining foreign and dual nationals for diplomatic leverage (state hostage-taking) poses to British citizens. Despite this, the new Iran sanctions regime fails to address Iran’s dangerous practice of state hostage-taking as a ground for sanctioning. It remains to be seen whether the government will use this new sanctions regime to finally end the impunity of Iran’s hostage-takers and protect British citizens from being used as political pawns.

### Comparison of the respective purposes of the Iran Human Rights Sanctions Regulation and the new Iran Sanctions regime

| The Iran (Sanctions) (Human Rights) (EU Exit) Regulations 2019  | New Iran Sanctions Regime: Targeting Hostile Activities in the UK and Around the World  |
|---|---|
| <p>Encourage compliance with and respect of international human rights law, including:</p> <ul style="list-style-type: none"> <li>• The right to life;</li> <li>• The right not to be subjected to torture or cruel, inhuman or degrading treatment or punishment;</li> <li>• The right to liberty and security;</li> <li>• The right to a fair trial;</li> <li>• The right to freedom of expression and assembly;</li> <li>• The right to non-discrimination.</li> </ul> | <p>Hold Iran to account for the regime’s threats to the UK and its partners through:</p> <ul style="list-style-type: none"> <li>• Undermining peace, stability and security in the Middle East and internationally;</li> <li>• The use and spread of weapons or weapons technologies from Iran;</li> <li>• Undermining of democracy, respect for the rule of law and good governance;</li> <li>• Other hostile activities towards the UK and its partners, including threats to people, property, or security.</li> </ul> |

## SANCTIONS CHALLENGES & UK COURT JUDGMENTS

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Challenges to sanctions designations are continuing to be heard in UK courts. Key cases since April 2023 consider whether damages can be awarded under section 38(2) of the Sanctions and Anti-Money Laundering Act 2018 (SAMLA); whether interim relief from sanctions is available pending a full designation review; and the factors which courts will need to consider in delisting challenges. The outcomes of these actions set important precedent and may impact future sanctions designations and delisting decisions.

- **DAMAGES UNDER SAMLA S. 38(2):** In May 2023, the High Court ruled that a court can, in principle, award damages where there is a successful claim under section 38(2) of SAMLA. The case concerned the detention of a superyacht in London, the beneficial owner of which had close ties to the Putin regime but had not been sanctioned by the UK government. The yacht's owner argued that its detention was unlawful because the decision to detain the vessel was not taken for purposes contemplated by the Russia sanctions regulations and disproportionately interfered with the right to property under Article 1 of Protocol 1 of the European Convention on Human Rights. In July 2023, the Court rejected both arguments. While acknowledging the "*significant*" interference of the owner's property rights, the Court held that such interference was justified primarily because of the weighty public interest factors in such decision. The owner also did not claim any financial hardship as a result of the yacht's detention. Finally, the Court highlighted its largely deferential approach where foreign policy is concerned. This case demonstrates the potential for damages to be awarded in instances of successful challenges while also highlighting some of the factors courts will take into account when arguments regarding the proportionality of sanctions measures are raised.
- **INTERIM SANCTIONS RELIEF DENIED:** In a departure from the ECJ's decision on a similar issue, the UK High Court dismissed an application by Russian Formula One driver, Nikita Mazepin, for interim relief from the effects of UK sanctions pending his designation challenge. The UK Court's decision is in sharp contrast to that of the ECJ, which granted Mazepin's application for interim relief pending his full EU sanctions challenge hearing.
- **FIRST INDIVIDUAL CHALLENGE UNDER RUSSIA SANCTIONS REGULATIONS:** In August 2023, the High Court rejected the first major challenge by an individual to sanctions designations made under the Russia Sanctions (EU Exit) Regulations 2019. Eugene Shvidler, "a Russian-born businessman, unsuccessfully argued that the decision to designate him violated his rights to family and private life and to property under the ECHR and constituted unlawful discrimination. In its judgment, the High Court found that while the effects on Shvidler and his family were severe, they did not threaten his life or liberty and that the Foreign Secretary enjoyed a certain discretion in assessing whether designating a particular individual is likely to further the aims of the sanctions regime in question. Read our full analysis here.