



Foreign Affairs Committee

Oral evidence: The situation in Ukraine and the UK's response, HC 629

Tuesday 12 March 2024

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Watch the meeting

Members present: Alicia Kearns (Chair); Neil Coyle; Fabian Hamilton; Ranil Jayawardena; Brendan O'Hara; Andrew Rosindell; Royston Smith; Henry Smith; Graham Stringer.

Questions 143 - 223

Witnesses

[I](#): Dr Yulia Ioffe, Lecturer, Assistant Professor, Institute for Risk and Disaster Reduction, University College London; Mykola Kuleba, Founder of Save Ukraine; Shahida Tulaganova, Filmmaker, War Reporter and Director of "Ukraine's Stolen Children".

[II](#): Dr Maria Shagina, Senior Research Fellow, International Institute for Strategic Studies; Professor Philippa Webb, Professor of Public International Law, King's College.

[III](#): Rt Hon Anne-Marie Trevelyan MP, Minister of State (Indo-Pacific), Foreign, Commonwealth and Development Office; Ben Fender OBE, Director, Eastern Europe and Central Asia, Foreign, Commonwealth and Development Office; David Reed MBE, Director, Sanctions Directorate, Foreign, Commonwealth and Development Office.



Examination of witnesses

Witnesses: Dr Yulia Ioffe, Mykola Kuleba and Shahida Tulagnova.

Q143 **Chair:** Welcome to this session of the Foreign Affairs Committee, where we will start by looking at the forced transfer of Ukrainian children by the Russian Federation. Thank you to our three guests. I will ask you to each introduce yourselves.

Mykola Kuleba: Thank you for the invitation. It is a great privilege to participate in this hearing. It is very important for us because more than 1 million Ukrainian children, after the last 10 years, are living under the Russians.

I am a former presidential commissioner for children's rights under two presidents. I am the founder and CEO of the Save Ukraine rescue network, which is the biggest organisation that provides evacuation for children and women from combat zones. We are the biggest network that is returning kidnapped children from Russia and the occupied territories.

Just two hours ago, we returned three more children—two of them are orphans—from the occupied territories. Just three days ago, it was 10 children. Together, 264 children have been returned by Save Ukraine over the last one and a half years.

Chair: Thank you ever so much for the work that you are doing to bring children home.

Dr Ioffe: It is an honour to be here. I am Dr Yulia Ioffe. I am a lecturer at University College London. I have been researching the forcible transfer of children for the last two years.

Shahida Tulagnova: I am Shahida Tulagnova. I am a filmmaker. I have been covering the war in Ukraine since 2014. I am the producer-director of the film "Ukraine's Stolen Children" about the forced deportations.

Q144 **Chair:** Mykola, if I can start with you, can you set out the scale of this forced transfer? I prefer to call it kidnapping. "Forced transfer" sounds rather bureaucratic. What is the process by which children are being taken from Ukraine to Russia?

Mykola Kuleba: You hear different data. About 20,000 children have been identified as stolen children. You hear that 744,000 children have been registered in Russia. Maria Lvova-Belova—this is Putin's commissioner who received an arrest warrant from the International Criminal Court just six months ago—stated that more than 700,000 Ukrainian children have been registered in Russia. You hear in other data that more than 1 million children, as I told you in the beginning, stayed in Russia and the occupied territories.

There is different data because nobody knows the real numbers. It is estimated. I have been the presidential commissioner. I monitored the



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situation after the first invasion. I knew how many children lived in Crimea and Donbas. We can calculate that for the last 10 years it is more than 1 million children. It is close to 1.5 million Ukrainian children who are staying in Russia and the occupied territories.

Nobody knows how many of them are unaccompanied. Many of them, maybe all of them, have received Russian citizenship. It is impossible to live in Russia or even in the occupied territories without Russian citizenship. When the Russian authorities are reporting, "We are not adopting Ukrainian children", it is true because they first give them Russian citizenship, and then they are adopting Russian children.

What about the 20,000 identified children? For the more than 1 million children, we cannot tell you how many of them are unaccompanied, how many of them are orphans or have received orphan status or where they are. We have not received any information from Russia.

What we know and what is evident to us is that thousands of Russian soldiers fighting against us are former Ukrainian schoolchildren. There are many captured Russian soldiers sitting in Ukrainian prisons. We have been able to interview these young adults. They are reporting to us that they are former Ukrainian schoolchildren from Donbas and Crimea. We have no evidence of how many thousands of them have died on the battlefield.

This is a strategy of Russia. This strategy has several different steps. The first to kidnap or forcibly deport families with children to the Russian Federation and the occupied territories. They brainwash families, instil hatred towards Ukraine, weaponise that hatred and use these children as soldiers.

Q145 **Chair:** Mykola, Royston is going to bring you back to that some of that shortly. Yulia, you have classified the forced displacement of Ukrainian children to four categories. Can you talk us through those?

Dr Ioffe: I have added one more, so there are five categories that I have identified so far. There may be more. The first category is the transfer of children from occupied Ukrainian state institutions. These are children in orphanages, boarding schools and even hospitals that were in occupied territories.

Just to clarify, most children in Ukrainian orphanages and boarding schools are not true orphans. These children have family members in Ukraine. They were still forcibly transferred to Russia. Similarly, the children in hospitals were regular children who happened to be receiving treatment in hospital. They were also forcibly transferred.

The second category is children who temporarily travelled to so-called holiday camps, so re-education camps. Mykola mostly works to return this category of children.



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The third category is children who are forcibly removed during the filtration process. The filtration process is a compulsory screening process within the internment camps that Russia puts Ukrainians into. In this process, children are separated from parents. However, Russia does not give any access to international organisations or monitoring bodies. We do not know how many children were separated in this way, but the assumption is that there are thousands of such children.

The fourth category is children captured on the battlefield. We have evidence of this happening in Mariupol and Melitopol, for example. There were children who were lost during armed conflict, the hostilities, or their parents died. They were forcibly transferred.

The last category is forcibly transferred children who are accompanied. This is where children were transferred with their families. They did not want to move to Russia, but they were forced to do so.

Q146 **Chair:** Before I move on to how we get them back, Shahida, I would be interested to hear about your work. Have you been looking at how Belarus might be playing a role and how many children you believe have been kidnapped?

Shahida Tulagnova: Belarus plays a big role in the deportation of children, but they are not really kidnapping them. Since 2014—this is a very long story—children from occupied Ukrainian territories have been taken to Belarus for re-education or relaxation camps. They started with disabled children first and they proceeded to healthy children from the currently occupied territories.

It is done on the order of the president of Belarus, Lukashenko, with the participation of the Belarusian Red Cross. Thousands of Ukrainian children have been taken to these re-education camps, where they are subjected to very brutal propaganda, including things like, “Biden, die”, “Zelensky, die” or, “Putin is our president”. Those are just very simple examples.

After this re-education, they go back to the occupied territories, but we do not know whether they are taken to these camps with parental consent or not.

Chair: That is helpful.

Q147 **Henry Smith:** In the forced deportations, Yulia, what is Russia doing, if anything at all, to help facilitate return? More importantly, what is it doing to obstruct the return of children to Ukraine?

Dr Ioffe: Thank you for your question. Generally, Russia frames these practices as evacuation. Evacuation is possible under international humanitarian law, but it should be temporary. Unfortunately, it is not in fact temporary.

First, what is Russia doing? Mykola has already mentioned this, but in 2022 President Putin issued a decree that accelerated Russian citizenship



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for Ukrainian children. They are adopted by Russian citizens. Russian citizens are provided with additional financial help if they adopt Ukrainian children. They are also provided with ideological education.

Additionally, children are separated from their families. Some children's names are changed. There are reports of children being dispersed intentionally throughout Russian territory so their families could not connect them or reunite with them.

There is also a significant element of indoctrination and re-education. The school curriculum is in the Russian language. In the Russian school curriculum there are patriotic classes and even military training. Ukrainian children are re-educated and convinced that they are not Ukrainian and that they are in fact Russian. They are told that Ukraine does not exist and everyone who thinks there are Ukrainians is a Nazi. In this way, Ukrainian children are permanently settled in Russia.

Q148 Henry Smith: I am interested in something you said just a few moments ago. There is evidence that older abducted Ukrainian children have not only been indoctrinated but also potentially used for military service on behalf of Russia.

Dr Ioffe: Yes, it does seem to be the case that there is a military training component in the re-education of Ukrainian children. There seems to be a more significant element of this for older children, especially boys.

There are reports of military programmes in these re-education camps, particularly in occupied Crimea and Chechnya. The boys at risk are taken to military camps, where they are taught to handle weapons, do proper military training and unfortunately, as Mykola mentioned, conscripted into the Russian army.

From what I understand, for boys who are 16 or 17, it is quite difficult to collect them from Russia, even if there are family members who are ready and able to go and take them back. Russia is very hesitant to let go of this particular category of children.

Mykola Kuleba: Can I add something? It is an obligation for every schoolchild in the occupied territories and in Russia to attend military movements. There are different movements under the Ministry of Defence. They even have a Wagnerenok movement. That is the Wagner Group's movement for children. The soldiers from the Wagner Group visit the schoolchildren, tell them stories and involve them in different military movements.

Q149 Henry Smith: Has there been any evidence of older Ukrainian boys and young men, after receiving Russian military training, being deployed against Ukrainian forces?

Mykola Kuleba: Yes, we have cases of that. We are investigating. We have interviews with young adults in Ukrainian prisons who have been captured as the Russian soldiers. Some of them do not want to come



back to Russia; they do not want to be exchanged. They want to stay in Ukraine. They are very afraid to come back. These young adults were Ukrainian schoolchildren from Donbas.

Dr Ioffe: The conscription of Ukrainian children and Ukrainian citizens to fight against their own people is a separate war crime. Unfortunately, this also happened in the occupied territories in Donbas, not only with children. There were citizens who were there were conscripted into the Russian army.

Q150 **Henry Smith:** Shahida, what more could the UK be doing to address this issue and help the return of those abducted Ukrainian children?

Shahida Tulagnova: Before I go there, can I please add something on indoctrination and military training? There are two important components. First of all, there is Russia's youth movement, Young Army, which is militarised. Children from the occupied territories are particularly encouraged to enter this Young Army movement.

Secondly, Russia's very powerful Investigative Committee, which is under the Ministry of the Interior, set up a number of cadet schools, which include indoctrination as well as training them to be future Russian investigators. These schools are for orphans from the occupied territories, and socially deprived families are also encouraged to send their children there. They are creating a new army of absolutely loyal Putinists from all these children.

Coming to the question about the UK's help and international help in general, there should be a process established for returning these children. I do not know what Mykola is going to add to this, but at the moment it looks like everything is happening on an ad hoc basis with the help of volunteers. There is no coherent process for returning the children.

This is partly because the Russian Federation is very reluctant to do that. The worst thing that they do is demand that the Ukrainian side present them with a list of all the children that they have evacuated. However, it is the Russian Federation that should present this list. Russia is a very organised country. Every single child who has been brought to Russia has been registered. Everyone in Russia knows who has come from which region of Ukraine. If anyone should have to put a list on the table, it is the Russian Federation.

Sanctions really do not really work. Maria Lvova-Belova—I met her personally in Moscow—does not really care about this arrest warrant. She is perfectly happy in Russia. She can travel to the countries that are not part of the International Criminal Court order.

We need to put more pressure and more sanctions on the people who are around her. It is not only her and President Putin who are participating in the process. Every single individual who is involved in deportations,



including the governors of Russia's regions who take these deported children, the State Duma spokesperson Anna Kuznetsova and Tatyana Moskalkova, who is Russia's ombudsman for human rights. The International Criminal Court also has to issue arrest warrants for them.

The more pressure, the better the result. The only language that Russia understands is the language of pressure and threats.

Q151 **Fabian Hamilton:** Mykola, what kind of physical and psychological impacts has forced transfer had on the children involved?

Mykola Kuleba: From the children who have been returned, we have learned that all of them are forced to listen Russian propaganda. It is horrible propaganda. There are false narratives about Ukraine. They must speak the Russian language, not the Ukrainian language. They must sing the Russian anthem and Russian songs; they are marching all the time with the Russian songs.

All of them have psychological trauma. Forced displacement and abduction can lead to psychological trauma, including anxiety, depression and post-traumatic stress. We have a network of hope and healing centres for these children. We have psychologists who work with them every day. We can give you a clear report about what they are experiencing and how long they need to be on trauma healing courses.

It is horrible. We just returned one more child. She is an orphan. She is a 14-year-old girl. She had been forced into a Russian school. She had been banished there. Her psychological health is in a very bad condition. As we have very limited time, we can give you a report and share several stories about what these children experience and the condition of their health.

Q152 **Brendan O'Hara:** Very quickly, I want to ask about the legal aspect of this in relation to international law. In what way is Russia violating international law? What other aspects of international law, if any, are being violated with respect to these children? What have they been exposed to that would be deemed to be a breach of international law?

Dr Ioffe: Thank you for your question. There are multiple provisions of international law that may have been violated in these cases. As I mentioned, in international humanitarian law there are provisions that limit evacuations. Those were violated. These actions could also constitute an international crime. That includes war crimes, crimes against humanity and genocide. Forcible transfer could be any of those crimes.

The ICC warrant against Putin and Lvova-Belova specifically concerns war crimes, but that does not mean these crimes could not be reclassified or additional charges added. It is possible to qualify those crimes as a crime against humanity because of the systematicity with which it is happening.



It could even be genocide. That is quite difficult to prove in international law, but in my own work I argue that this could constitute genocide because of the specific element of indoctrination and the erasure of Ukrainian national identity.

In parallel, there are also obligations under international human rights law, particularly the Convention on the Rights of the Child. There are multiple provisions that are violated by this practice of forcible transfer, including the right to identity under article 8 of the Convention on the Rights of the Child. A number of provisions that talk about family life, family unity and family reunification have also been violated in these cases.

Q153 **Brendan O'Hara:** Shahida, earlier you said that what is happening in terms of sanctions is having very little impact on Putin and on Maria Lvova-Belova. To what extent has anything done by the international community changed what Russia is doing or Russia's approach to what they are doing? Is it making any difference?

Shahida Tulagnova: It is making a huge difference. If you monitor the trajectory of Russia's reaction to the deportation of children, in the beginning they made this whole PR for the domestic audience, saying, "We are saving children from Ukraine". They made it so public. It was all over Russian television. They did not move to start giving the children back.

However, ever since the international arrest warrant was issued, they are more willing to do so. Even though they tried to make a lot of obstacles for parents to go and pick up their children, they are not denying them. They say, "We are happy to give them back". The pressure worked.

With more pressure, we are going to bring back more children and the more likely it will be that Russia is willing to move forward in releasing these poor kidnapped children.

Mykola Kuleba: I do not agree with you, Shahida. On the one hand, there was more pressure in the beginning. They stopped showing how they were brutally kidnapping children and indoctrinating them. They are now blocking any opportunity or attempt to return these children.

80% of relatives and mothers who try to find their children are deported. The way to go to Russia is through Moscow. If I think about our last story, we just returned a 14-year-old orphan. Her kinship care guardian tried to reach her, and she was stopped in Moscow. She was interrogated. The FSB detained her for two days. She is now banned from going to Russian territory for 20 years. Russia now tries to hide all the information about these children. It is very hard to find any information about these children.

These sanctions help us on the one hand. On the other hand, Russia understands that it could be accused, if it gives out any information.



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Russia is trying to brainwash children quickly, to hide children, to give children to Russian orphanages or Russian families. It does not allow anybody to reach a child there.

Q154 **Chair:** None of you has mentioned the word “genocide”, but many people have said that the forcible transfer of children is a form of genocide. Dr Yulia, do you want to kick us off on what the legal situation is?

Dr Ioffe: I argue that this can constitute genocide because of the special intent that is going on to destroy the Ukrainian nation as a national group. In international law, it is quite difficult to prove genocide specifically because of the special intent in international jurisprudence. There have not been a lot of cases concerning the forcible transfer of children specifically that were proven to be a form of genocide.

However, I argue that forcible transfer of children is not the only punishable act that could constitute genocide that is happening in Ukraine. There is also killing, the targeting of civilians, bodily harm and sexual violence. I argue that all of that is a programme to eliminate the Ukrainian nation.

Of course, the indoctrination efforts are really important in proving that this may be genocide. They are aimed at the erasure of the distinct Ukrainian national identity and the Russification and absorption of these Ukrainian children into Russian society.

Q155 **Chair:** Shahida, I would welcome your view on that, but I also want to ask about why we have not seen a commensurate response with the genocide being conducted in Xinjiang. We are seeing the same forcible kidnapping of children from their homes. Children are being sent to live with Han parents, away from their own parents. They are being forced to learn a new language, to reject their own and to adopt new names. Why is there more of a focus on Russia? Why do people seem to be forgetting the children of the Uyghur in Xinjiang, who are going through the same process?

Shahida Tulagnova: I am not a lawyer, so I cannot talk about genocide. I just collect the evidence. The only reason people do not talk about Xinjiang and the Uyghurs is because of China. When Russia is the bad guy, you do not want to have another bad guy over there on the other side of the war.

However, the scale of persecution of Uyghur children and the scale of their deportation to Han Chinese schools and orphanages is much bigger than what Russia has done in Ukraine. That is not to say that Russia is good. It is just that the scale is different. We need to bring up the story about Uyghur children because they face horrific abuse and their ethnicity is being totally eliminated by the Han Chinese. I am someone who has been following the Uyghur case for a very long time. It is absolutely atrocious.

Q156 **Neil Coyle:** I have a quick question to all of you. Are there any countries



that are able to influence Putin or Russia more significantly to help with the reunification or return of the children?

Dr Ioffe: Yes, there were a couple of successful cases. For example, Qatar mediated to return four children. From the information that is available, Saudi Arabia and Turkey are engaging in diplomatic efforts to return children. Working through diplomatic channels with some of the non-European and non-NATO-affiliated states to return some of the children would be a beneficial avenue.

Mykola Kuleba: The mediation of Qatar has returned 30 children from the 20,000 who have been identified. That is not an effective role for any mediator. This new coalition was created of more than 30 countries. They are trying to find a mechanism for how they could return these children, but no international organisation has had any success so far.

First of all, we have to have access to our children there just to try to talk with them, to ask them how they have been taken, from which territories they have come, where they were and what has happened to them. Russia does not allow anybody to do that. In the Qatar case, these were not children who were kidnapped. These children have been taken by one parent from another parent. For me, those are very simple cases.

I can tell you we have not had any success with any country or any mediation. That is why we have to try to find any mechanism, but Putin will not allow anybody to have access to Ukrainian children just to receive information.

Q157 **Chair:** Forgive me, Mykola. The UN, the Vatican and the ILC have not been able to help to get children back from Russia.

Mykola Kuleba: No, we have had no success with any of them. We organise these rescue missions all the time. We build strategies and we try to negotiate with different special services and Governments. Even now we have some tries with Qatar. In my opinion, it is more about the political benefits. It is not about creating a real mechanism. It is about political benefits.

Q158 **Chair:** Shahida, is there anything that you want to say about the international community's efforts to reunify and bring children home?

Shahida Tulagnova: I would agree with Mykola. It is about the political benefits. For Russia, these children are hostages. They are keeping them as a card for their negotiations. The way to take them out is not a mechanism. It will be a political decision behind the curtain, from talking to the Russians and achieving some sort of deal.

They understand absolutely well that, when they finally start releasing these children, we will know the scale. This is a war crime. Do they want to admit their own war crime? No. Maybe the political resolution of this issue is possible through negotiations with the Russians behind the curtain. I do not know, but I would agree with Mykola's point.



Q159 **Chair:** Mykola, we touched earlier on how severe the indoctrination is and exactly what the Russians are putting these children through, which without question is mental torture, let alone physical torture for those who refuse to do what they are told. As a result, are some children coming back to Ukraine after being rescued who say they want to go back to Russia and do not want to be rescued because the indoctrination is so severe?

Mykola Kuleba: Yes. Just now, with Shahida, we helped one child, who had been hugely brainwashed, to return to his relatives in Germany. This orphan child had been hugely brainwashed. He did not want to go. He glorified Putin and the Russia Federation. We have some videos with him. We can only privately give it to you, just so you can understand what Russia is doing. He is saying, "It is not a real war. I do not believe Putin is a criminal". He lived in Moscow in a Russian family. He received financial support from them.

Many of the children who have been there have been brainwashed. If any of us lived in this huge propaganda for a year or two, our brains would change. That is why it is so hard to communicate with the children. They are really afraid to think that they could come back to Ukraine. They have learned from Russian that Ukraine is a Nazi state. They have learned that it is Ukraine, together with NATO, that is fighting with Russia. They are told that we are the aggressors and Russia is the victim and Russia is protecting their territory. These children are learning this every day in their schools. That is why it is so hard to communicate with them.

Chair: It is sometimes hard for us to remember that some of these children were kidnapped more than two years ago. That is how long they have been held, or imprisoned.

Q160 **Fabian Hamilton:** Who has the power internationally to do anything at all to respond to the forced transfer of children? Which countries or organisations are in the best position to do that?

Shahida Tulagnova: It is a very difficult question. The only countries that could influence Russia, unfortunately, are not the West's friends. I am talking about Iran and China. Putin will not listen to any international organisation. He has successfully showed everyone that Russia does whatever Russia wants and Russia is not going to be punished. If Russia wants, they will give the children back. If Russia does not want, they will not. There is no international organisation to which Putin will listen, but I would like to hear my colleagues' views on that.

Dr Ioffe: In my opinion, there should be a co-ordinated approach led by Ukraine. The Office of the President of Ukraine started the campaign Bring Kids Back UA, which tries to engage international partners, states and international bodies. Again, this will only be possible if there is a co-ordinated effort. We have heard today that there are some issues with co-ordination.



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Although I understand that my colleagues may disagree with me, additional arrest warrants and sanctions are helpful, especially with regard to not the leaders like Putin and Maria Lvova-Belova but the regular bureaucrats who participate in the forcible transfer of children. This is a huge industrial machine in Russia. Forcible transfer happens at all levels of the Government, from the Ministry of Education to the mayors of cities. If these people are personally sanctioned or there are arrest warrants with regard to them, which means they cannot travel to Europe for a vacation, that could make a difference.

Q161 **Fabian Hamilton:** Could China have any influence?

Dr Ioffe: There should be a co-ordinated effort. I do not think one sole thing will work. A combination of strategies, including legal strategies, diplomatic and political efforts and sanctions, arrest warrants and others, might be effective.

Mykola Kuleba: We need many sanctions. We need more very strong sanctions. Russia is not playing by the rules. They are playing games. They are not following the rules. You act based on the legislation, and you cannot understand why they are not following rules. They are criminals. They never follow the rules. They will play games. That is why any international legislation does not work. It does not work with Putin because they are using this only to break these rules.

That is why we have to try to find another mechanism. We have to mount very hard pressure on Russia. We have to show them that they must do this and, if they do not, they will have serious troubles.

Q162 **Fabian Hamilton:** Russia is very dependent on certain countries for its supply, its weapons and lots of other products. Could those countries have an influence, if they were so minded, on this issue of children?

Dr Ioffe: Yes, of course. They could have an influence, but, as was already raised about China specifically, the issue is that they are doing similar things to their own population. There is an issue with that. It is a political decision that is hard to influence.

I also want to make a comment on legal avenues and legal mechanisms. We do not see any outcomes right now, but hopefully in the future there will be Russia without Putin and Belarus without Lukashenko. There will be new leadership. This mechanism will be important for future resolutions: for returning children, documenting these crimes and potentially future reparations.

Shahida Tulagnova: Can I add something? There is only one solution, which is not that easy. It is Ukraine's victory. If Ukraine has enough weapons to fight Russia, we are not going to be sitting here talking about how the hell we are going to bring these children back. We will get these children back. Ukraine needs military support. This is the only way to resolve this issue. Otherwise, we are going to be fighting a very long war.



Chair: Thank you all. It is interesting, given that the ICC indictment for the forcible transfer of children were one of the only things that seems to have impacted in any way meaningfully in Russia. It is incumbent on us to question the Government as to why they have not done more following that indictment.

Thank you all for the work that you are doing, whether it be shedding light on what is taking place or rescuing these children. I wish you every success in your future. I hope that we will hear about many more children coming home in the next few days and weeks. Thank you ever so much for your work.

Examination of witnesses

Witnesses: Dr Maria Shagina and Professor Philippa Webb.

Q163 **Chair:** Welcome back to this session of the Foreign Affairs Committee, where we will be looking at sanctions, export controls, reparations and the seizing of frozen Russian assets. Dr Shagina, can you please talk to us about how effective financial sanctions on Russia really have been? This is an ongoing debate within Parliament. Are sanctions working? Should we be continuing with them?

Dr Shagina: Thank you very much for the invitation. It is a pleasure to join you for the second time. My name is Maria Shagina. I am a senior research fellow at IISS, based in Berlin.

You are really asking the evergreen question: are sanctions working? There are different ways to measure that. I believe we should start with the objective. By setting the objective, we can understand whether we are moving towards this goal or not. The objective was not to collapse the Russian economy but gradually to erode its ability to fund the war and to deprive the Kremlin of technology that can enable the Russian war machine.

There are three dimensions that we can use to assess this. First of all, we need to start with the design of sanctions. Quite often, it is understood that, if there are sanctions, we are talking about some full embargo, which is clearly not the case. The sanctions are quite complex, but the sanctions regime is embedded in a very incremental approach, where we tighten the sanctions here and there. It is not a comprehensive approach on the scale of Iran or DPRK, a maximum campaign style.

Russia has also adapted to some of the sanctions since 2014. It has a playbook on how to counter some of the financial sanctions and export controls. It has been preparing for some of them. It is probably well positioned to tap into the former Soviet republics to establish routes and parallel supply chains to source the critical items that are no longer available through the West.



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Finally, it is about the positions of these third countries that are not joining or that are reluctant to join the sanctioning coalitions that the West has gathered. The positions of China, the UAE and Turkey are really critical to look at whether they are complying with western sanctions informally or formally and how much they are helping the Russian war machine withstand the storm of sanctions.

Macroeconomically, Russia is doing well. This short-term resilience is what Russia wants to sell. This is the narrative that the Kremlin has doubled down on. GDP is growing. Unemployment is below 3%. The financial system did not collapse. Again, that is due to the rather skilful response from the central bank's technocrats, who were ready for some of the sanctions, and the position of third countries.

If we look behind the façade of macroeconomic stability, the fundamentals of the economy are rather weak. The aerospace industry and the car industry have collapsed. Russia's economic growth is mainly due to war spending. It is now more than 40%. For this year, it is preparing to spend more than \$100 billion on the war.

Again, it is easy to sell that the Russian economy is doing well, but we are not talking about innovation or capital inflows. It is rather the opposite. The brain drain has been aggravated since then.

One sign that is important to watch is high inflation. The Kremlin has been quite careful, in terms of hiding the effects of sanctions, to pretend that nothing is being affected. High inflation, which is now more than 7%, is something that is quite alarming for the Kremlin, which is preparing for the presidential campaign.

Q164 **Chair:** Professor Webb, sanctions are meant to be corrective rather than punitive. They are meant to force a country to change its position. Is the fact that we are not seeing any change in Putin's resolve the reason we are seeing so many discussions around seizing frozen assets? Have people essentially lost hope that sanctions will work?

Professor Webb: Yes. Thank you for the invitation to be here. In addition to being professor of public international law at King's College London, I am the author of a report for the European Parliamentary Research Service on the legal options for the confiscation of Russian state assets to support the reconstruction of Ukraine.

We have both an opportunity and a problem. We have solutions to that problem. We are in an almost unique scenario for a conflict, where almost \$300 billion worth of Russian central bank assets are frozen in foreign accounts as a result of these sanctions. The bulk are in Belgium, where Euroclear, the central securities depository, holds about \$225 billion. That is the opportunity, given that the latest estimates are that the reconstruction of Ukraine will cost \$486 billion.



The problem is that these central bank assets enjoy a high level of immunity from enforcement or attachment under international law. State immunity is one of the fundamental rules of the international legal order. It is not to be taken lightly. The rationale behind that is that interference with a state's property constitutes an interference with its freedom to manage its own affairs.

However, coming directly to your question, we have been in a state of collective freezing, which was very effectively co-ordinated straight after the full-scale invasion in February 2022. As we have heard from Maria, Russia has workarounds. We also have the building day-by-day needs of Ukraine and its people. I see a momentum in Europe, in the G7, towards moving from freezing to some form of confiscation and transfer for Ukraine's needs.

Q165 **Chair:** That is very helpful. Can I take you back to Iraq and Kuwait? The difference is that we had a UN Security Council resolution back then. I think it was 1993. You will have to forgive me if that is the wrong year, but a decision was made to breach the idea of state immunity. I know we do not have a UN Security Council resolution here, but there is precedent.

Professor Webb: There is not a direct precedent for exactly the reason that you have said. We had a UN Security Council action there, which is not possible due to Russia holding a veto. It will exercise that veto if any similar action were to be taken. That is not an exact precedent.

The way the commission was set up and the way the distribution was done—it was a very rigorous process with different categories of claims—can all act as precedents, but the circumvention of immunity would require UN Security Council action. Under the UN Charter, all members are required to comply with such resolutions. We just do not have that option here.

Q166 **Fabian Hamilton:** Just very briefly, to follow on from what you said, Professor Webb, are you sympathetic to the view of certain Danish parliamentarians that to circumvent the immunity of the use of those assets and to use them even for a good purpose, like rebuilding Ukraine as a result of Russia's actions, would fundamentally go against international law and is something we should not even contemplate?

Professor Webb: I am not in agreement with that position. I understand it because immunity is a high bar, but I believe there are legally credible routes to getting around that immunity.

There are six options under consideration at the moment. These are actively on the table of the discussions in the EU and the G7. The first is conditional countermeasures. That is where we break international law by transferring assets that would usually be subject to immunity, but we justify it as a valid countermeasure, which excuses wrongfulness under international law. That is very long-established law.



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The next three options are all being considered in Europe. One of them has been adopted recently, which is the windfall tax. They are all focused not on the principal, not on the \$300 billion as such, but on either the net profits being made from it by the central securities depositories or the interest being earned on it. They are looking at those smaller amounts and transferring those rather than the principal. There are three variations on those proposals.

The fourth option is that there are international cases against Russia brought by Ukraine in the European Court of Human Rights and in the International Court of Justice. The one in the European Court is of particular interest because it sets out all the human rights violations alleged against Russia, including the right to property. That could lead to significant damages. There is an exception in international law for enforcing against state assets when an international judgment, not a domestic judgment, finds those damages.

The final option is to declare Russia a state sponsor of terrorism. This is a practice that has been used against some other states and Russia in the US and Canada. It is a very isolated practice. That one has the least support under international law.

My first option of conditional countermeasures, if we can call it that, is a very credible option under international law that would be viable.

Chair: That is incredibly helpful. Thank you.

Q167 **Royston Smith:** There is evidence that Russia is circumventing the G7 oil price cap, not least by using its shadow fleet. What additional compliance and enforcement measures are needed? That is to either or both of you.

Professor Webb: This might be a question that is more for Maria in terms of sanctions implementation. To go back to the proposals that I have mentioned, the way to mitigate the losses would be to seize the principal assets that we already have within friendly jurisdictions. I defer to Maria on the circumvention.

Dr Shagina: Yes, we need to start with the objective of the price cap, which has two goals. Sometimes they are contradictory. On the one hand, it encourages Russia to supply oil to the markets; on the other hand, it slashes Russia's oil revenues.

So far, the emphasis has been to avoid overcompliance and shortages on the oil markets. The attestation process in the price cap mechanism has been rather porous and not very strong in terms of its enforcement. Russia has created a shadow fleet and diverted more than 80% of its oil to three countries: China, India and Turkey.

What can be done to enforce the price cap in a much more robust way? First of all, we can improve the attestation process. The documentation



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needs to be stored for longer. We also need to avoid any falsification of the documents from brokers and commodity traders.

Secondly, we have to go after tankers. This is something that is already unfolding, particularly in the US, where 27 tankers and shipping companies have been targeted. None of them has managed to dock any ports. There is only one that is now docked in China, but the rest of them are floating at sea and cannot find any future buyers.

We can also leverage the remaining choke points. For example, the majority of Russian oil goes through European ports. That is primarily in the Baltic Sea. Increasing the standards for insurance, by making it much more capitalised and ensuring that it does not come from dodgy companies, is one way to do that. Russia still relies on G7 insurance. That is a key mechanism of the price cap. We could also avoid any of the environmental risks that come from these dodgy insurance companies.

Finally, one way to go further is to lower the price cap. Russia has traditionally relied on oil revenues for 40% for its budget. That is the key area to focus on. Lowering it to 50% would already be a big deal; lowering it to 30% would slash the revenue by 50%.

Q168 Royston Smith: Can I ask about the cap and how Russia tries to avoid that by selling 80% of their oil to China, India and Turkey? Are they paying higher than the price cap? Are they willing to do that? Why would they do that?

Dr Shagina: The story here has evolved. Originally, the discount between Urals and Brent was quite extraordinary; it was up to 40%. That is astonishing for the energy markets, which usually enjoy a difference of \$3. With the price cap not being enforced in a robust way, the margin of discount narrowed to 14% last year.

The US is now going after the actors and facilitators who help Russia to avoid this G7 insurance as the key lever. With the ramp-up in enforcement of the price cap, we see that the discount has increased to 80%. That is the whole idea behind the price cap.

It would be impossible to create a watertight coalition since China and India will never join the price cap. The goal was to give them an incentive to ask for deeper discounts. We can implement it better by encouraging them to go down that road and ask for a deeper discount. With tighter enforcement, that is possible.

Q169 Henry Smith: Maria, I want to continue on this theme, not so much Russian oil exports but sensitive UK exports. What more can be done to prevent the export of sensitive equipment to Russia via routes such as China, Turkey and the central Asian republics?

Dr Shagina: Export controls are quite a powerful tool, which we have brushed off from the Cold War era. We need to understand the lessons learned from then and how to improve them.



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First of all, export controls require time to unfold. They are not about denying technology necessarily but delaying access to the technology. That means the coalition needs to be as large as possible and the harmonisation of export controls needs to be as tight as possible.

That is hard to do in a very globalised world, where many countries are a certain nexus or node in the supply chains of these critical items, and yet there has been success in building these large coalitions. The Taiwan export controls have been tightened recently after an investigation was issued in the media. That is one way to improve it: building larger international sanctions and export control coalitions. That sometimes comes with burden sharing. Not every country is incentivised to join, but we can find good arguments and good narratives for these countries to join.

Secondly, we need to impose higher penalties. Historically, violations in export controls enjoy much lower penalties than sanctions. That can be ramped up in the next steps.

Thirdly—again, this is something that is unfolding—we need to leverage the role of financial institutions in export controls. Since 9/11, financial institutions have been key to sanctions and anti-money laundering. Now, there is a development to engage them much closer in combatting export control violations. That does not mean that, by shifting the burden to financial institutions, they have all available information.

A whole-of-Government approach is necessary, by which I mean inter-agency co-ordination with customs controls, intelligence and financial institutions, so they understand the whole supply chain and go beyond the KYC to understand what is happening in the third layer of the supply chain, which is sometimes quite difficult. That would be important to prevent any export control violations.

The weakest point here is re-export of critical items via western subsidiaries. This is where the Europeans are particularly weak, since their export controls are subject to the member state level. There is some uneven enforcement and implementation. Extending the consequences of export control violations to subsidiaries in third countries would be one way to go. The recent development is that the EU has implemented a “no Russia” clause in its sanctions package. How much of that will be successfully implemented will also tell us how successful these measures will be.

Q170 **Henry Smith:** Talking about collaboration with other countries, and also perhaps the reluctance of some to get involved in ending the circumvention of export sanctions because of the economic cost, what more do you think like-minded allies can do to, as you put it, burden-share in terms of both the cost of imposing sanctions, but also the effectiveness of them?



Dr Shagina: There are both sticks and carrots that can be employed in this strategy. In terms of carrots, in Asia there are important nodes of critical supply chains. For example, countries in south-east Asia are quite deeply involved in packaging or manufacturing of these. Drawing parallels to China sometimes helps to engage these countries. For example, having studied the Japanese sanctions policy towards Russia, there is now a completely different understanding of what needs to be done in terms of export controls. South Korea and Taiwan have also joined the sanctioning coalition with the idea that the same sanctioning coalition can be gathered for the Chinese scenario.

There are also sticks. As I mentioned, the role of financial institutions in export controls can be elevated. The recent executive order from the US includes a list of critical items that financial institutions will be obliged to monitor. That creates extraterritorial export controls where financial institutions will have more responsibility in this area.

There are also secondary sanctions. This is the area that sometimes enjoys some controversial opinions, in particular from the European Union, but there are informal ways to unleash secondary sanctions.

Q171 **Chair:** Maria, I am just going to pause you there, because I know Fabian wants to take you into secondary sanctions quite a lot.

Professor, can I just ask you something quickly, before I move to Fabian? We spend a lot of time in Parliament talking about sanctions, sanctions evasion, secondary sanctions or seizing and freezing. I will bring you on to seizing and freezing in a lot more detail shortly, but is there an in-between ground? Are there other options that we are not exploring, when you have looked internationally at the options available to us, to essentially stop Russia's war of aggression?

Professor Webb: There are countermeasures more broadly. It sounds like we will be coming on to talking about seizing justified as a countermeasure, as a potential option, but countermeasures is a broad category. Countermeasures are a form of self-help in international law where, in order to induce compliance with an international obligation—that is, the corrective impulse that you mentioned earlier—a state makes a temporary and reversible measure. That can be asset freezes. That can be travel bans. That can be trade embargoes. It can be restrictions on overflight. There can be a whole package of combinations presented as countermeasures, which can help increase the pressure.

Q172 **Fabian Hamilton:** I will come back to you, Maria, and ask you something you were about to answer. What impact do you think the secondary sanctions imposed by the United States late last year are actually having, if any?

Dr Shagina: This is an interesting development in the sanctions strategy. So far, the West, and the US as well, has been rather timid with imposing secondary sanctions, but just the announcement of the executive order and the much closer involvement of financial institutions



aiding or facilitating Russia's military-industrial complex has already produced results.

Chinese, UAE and Turkish banks have seized all connections to Russian banks, not necessarily sanctioned ones, because the standard of liability is much stricter. Traditionally, secondary sanctions are imposed when there is a knowledge standard, when a party had some sort of knowledge that this transaction would cause a violation. Here, the executive order specifies that, wittingly or unwittingly, there will be consequences for foreign institutions doing so. We are also already seeing spillover effects. The executive order excludes the energy sector if it facilitates the Russian military-industrial complex, yet now India and Turkey are both facing difficulties procuring any payments from Russia for its energy.

This is the area to step up the pressure, since chasing evaders and facilitators is quite a tiring game and Russia has more commitment and more capacity to invest. The idea is to break down this dynamic, where the West is always going after these evaders, and to increase the turns in the first place. Secondary sanctions are the way to go.

Q173 **Fabian Hamilton:** Thank you very much. Professor Webb, do you think there are important legal concerns about the use of secondary sanctions, as distinct from other kinds of sanctions regimes, or are they the same?

Professor Webb: There are distinct international law concerns, and they also depend on the type of secondary sanction. We can break it down into at least four categories of secondary sanction. If you have a secondary sanction that imposes civil and criminal penalties on a state or entities related to a state for engaging in economic transactions with the sanction targets—for example, heavy fines—and that is extraterritorial, then it is quite a tenuous jurisdictional link. It might be based on a nationality link or a protective principle, both of which are not so strong in international law. On the other hand, you will be encroaching on the sovereignty of that third state to manage their external economic relations.

However, if you have sanctions that limit a foreign person's access to the targeting state's economic and financial system, which is within their territorial sovereignty, then that is a secondary sanction, but it does not raise the same kind of sovereignty concerns. You are not penalising through fines. You are limiting their access to certain systems.

The third category is where you have this conflict between international obligations. You have international trade law, friendship and commerce treaties, international investment agreements and they may be in direct conflict with what the secondary sanction is requiring a third state to do. Finally, you have human rights issues because, if you have a foreign target of a secondary sanction, they are generally sanctioned before they have had a trial, before they have been convicted of a specific crime. Their due process rights have been circumvented through the imposition of that sanction.



Q174 **Fabian Hamilton:** Can I then ask what you think the risks are to the United States and its partners like the United Kingdom of an economic or political backlash from countries that are caught by secondary sanctions? Is there any sign of this happening?

Professor Webb: There has already been international litigation, not in the context of the Russian secondary sanctions but in the context of secondary sanctions of the US against Iran. The risk is there. It ended up being a midway point. The International Court of Justice said that not all the measures complained of by Iran, which were the secondary sanctions, were capable of breaching the relevant treaty with the US. We are kind of left with, as we often are with international law, an open question. It could. There has been litigation about it and there were various other findings. The risk is there, but it is not a blanket prohibition.

Q175 **Fabian Hamilton:** Maria, do you want to come back on that?

Dr Shagina: The impact of over-using and abusing secondary sanctions is heavily embedded in the discussion of de-dollarisation, because secondary sanctions revolve around the use of the US dollar and access to the global financial system where the US dollar has primacy. Here, both Russia and China have done some homework. They have been creating alternative financial infrastructures and have been pivoting away from the US foreign reserves.

What is important to understand is that, again, de-dollarisation does not necessarily result in success if there is a broad international coalition. Russia has pivoted away from the US dollar, but it pivoted to the euro. Once the Europeans and Japanese joined the asset seizure—the latter having twice as much as the UK in terms of assets—Russia had nowhere to go but to the Chinese currency. China does not have this option. The more countries gather around measures like this, the narrower the way out for these countries becomes. China cannot pivot to itself in terms of the yuan as this last resort of foreign reserve currency. This is one important lesson here.

The second one is that you can create alternatives to Visa and Mastercard. SPFS is the SWIFT alternative, yet Russia cannot even convince toxic countries like Iran. It has only recently joined Russia's system, because they do not see any added value. Creating them does not equate to successful de-dollarisation.

Q176 **Brendan O'Hara:** Dr Shagina, can I ask how other major economies, particularly India and China, are responding to the way in which the West has deployed sanctions against Russia? What, if any, would you say are the lessons that we in the UK should be taking from the experience of sanctioning Russia?

Dr Shagina: First of all, having studied Russian-Chinese relations, China since 2014 has not helped Russia in a benevolent way. In many cases, it is a country that leverages prices. For example, China is buying a lot of



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Russian coal, oil and gas, but it charges different prices. It charges a much deeper discount. Also, it does not come in a handy way in terms of bankrolling all of Russia's infrastructure projects, which the Kremlin need. For example, the Power of Siberia 2 is still hanging in limbo and it is for China to decide the routes and the timing of this project.

These countries are capitalising on Russia's isolation. It might look like they have formed a solid coalition bloc, but China and India are enjoying the position that they are currently in, insourcing commodities at much lower prices than they usually would be.

In terms of the lessons, I have seven lessons. I will run through them very quickly, if you will allow me, or I will shorten them. It is important to understand the target and that requires the right expertise, both on Russia and China, in terms of how to craft the right package.

The pain threshold of these targets must be understood. What are they willing to bear? What costs are they willing to incur for something that is high on their political agenda? Often, in the West, we are thinking about our costs for our economies. For Russia and China, the costs to be paid are much higher and the pain threshold is much higher.

Second is the limitation of sanctions in a militarised conflict. Sanctions are only one tool in the toolbox. They can be compared with export controls and so on, but ultimately they will have limitations. They work over time. You need to ensure that they are robustly enforced and, against the military invasion either in Ukraine or in Taiwan, they have to be paired with military support and some sort of positive economic statecraft, as in supporting Ukraine or Taiwan financially.

The third one is, again, building these international coalitions, which will be important for any conflict ahead of us, because it allows the West to make sure that there are fewer loopholes in those existing sanction and export control regimes. The G7 has become the platform to do so and this is the way to go forward. Moscow and Beijing do not enjoy partners of a similar kind. They cannot build large sanctioning coalitions. Strategic communication with the global south has been something that has been missing in western strategy and is something that can be stepped up going forward.

Next is target response. Quite often how a target can respond to those measures is forgotten. It is viewed one-dimensionally. We impose sanctions and they will work. The targets do not sit idly by. They react and adapt to it. It is important to anticipate responses in this multi-layered game, to make sure that we have enough measures to implement.

Finally, enforcement capacity building, not just at home but also in partner states, is important. Domestic resilience is really where it starts. Economic statecraft starts at home. The more robust we are at home, the freer we are to impose some painful sanctions. Germany and Russian gas



is a story to have in mind here. Co-operation with the private sector is key. They are really at the forefront of implementing these measures, so making sure they are on board or even part of designing some of the measures, like it was with the price cap, is one lesson to draw here.

Q177 Brendan O'Hara: I have just a very quick follow-up. In your opinion, will how we have applied sanctions be seen as an effective deterrent for those thinking about aggression or violating international humanitarian law? Have we, by our actions, deterred?

Dr Shagina: We have clearly failed at deterrence. That is not a big surprise here, but pondering the question of why we have failed and whether we could reverse this development is an exercise worth undertaking. We started high as the campaign of sanctions was announced. Whether we remained high with the measures is a big question mark. Delaying the oil embargo and the price cap until December 2022 has really allowed Russia to recoup and partially rebuild its fortress strategy.

This is the lesson for any future sanctions regime. The timing and sequencing of sanctions is really important. An incremental approach has its validity and can exist in the current sanctions regime, but it allows the targets to adapt. It gives them valuable time to find third parties or to reorient supply chains and so on. In this case, as I said, unfortunately the targets win this cat-and-mouse game because they have more commitment and are willing to redirect more capacity towards this circumvention.

Q178 Chair: Professor Webb, you have talked about the fact that you think seizing is a valid, legal countermeasure in law. You have also set out why there is such opposition, which is that it is seen as a fundamental in terms of sovereign immunity. We are now getting to a place where most people agree that we can seize assets. Why has it taken so long and why is the European Central Bank particularly so reluctant? To my view, if we have had a failure of deterrence, which most of us in this room would agree has taken place, this is possibly one of the only things left in our toolbox that could act as a deterrent to other states that may be considering such action in the future.

Professor Webb: There is not an exact precedent and that makes states cautious. Also, the potential for the impact on the global economy and the potential for, in the future, other states treating this as some kind of precedent is what has led to hesitation. Having said that, I do see a difference from a few months ago. I see a momentum building within the G7. The EU passing laws to take the windfall tax, which will be €3 billion a year consistently, is a first step and that is showing part of this shift.

It is interesting. I agree entirely with Maria's seven points and they are also applicable to making the confiscation of central bank assets effective. I would just add an eighth point, which is to make it really narrowly tailored. That would deal with the problem of setting a



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precedent and the notion that, one day, this could be used against us in the UK. There are multiple ways to make it narrowly tailored, but there are three ways that I can give now.

You could limit it. This means either transferring the assets outright to a fund or to Ukraine in some way, or there has been talk about using the assets as collateral and then using syndicated bonds. The end result is that you are transferring money to Ukraine. You could say this is limited to Russia and Ukraine. This is a very conflict-specific action.

The second option is that you say this is limited to situations where a principal organ of the UN has determined that an act of aggression has taken place. That leaves the door open to possible other action, but at such a high bar. We have that in this case, because in November 2022 the General Assembly passed a resolution saying that Russia was liable for full reparation to Ukraine. Previously, in March, it had determined that there was an act of aggression.

The third option is that you say this applies where there is credible evidence of international crimes. That is a broader option, but it still has a very high bar to be met.

Q179 **Chair:** That is incredibly interesting, particularly that second one. Can I just push you? You touched on the fact that you had written a paper about why these assets should be used for the reconstruction of Ukraine. Do you draw a distinction in international law between using these assets to pay for the defence of Ukraine and to pay for the reconstruction? If so, why? Politically, for me personally, there should be no distinction, but I am not a lawyer.

Professor Webb: Yes. I do draw a distinction, because the route through that I am speaking about is countermeasures, where we are inducing compliance with an international obligation. Here, the use of the assets is tied to the reconstruction of Ukraine—the \$480 billion and growing that is needed. That is inducing compliance with Russia’s obligation to pay full reparation in international law. It is not inducing compliance with Russia’s obligation to stop its aggression.

Q180 **Mr Jayawardena:** The professor has in some ways dealt with in passing the legal arguments that could be employed by us, which could leave us vulnerable to use by other states, but you have tightened up by providing some ideas on how we could do that. Ultimately, in terms of the UN test, there have been cases where the UN has gone against what we might have wanted in this country. It is not quite such a high bar really, is it?

Professor Webb: It is not just that the UN passes a resolution. It is that the UN passes a resolution determining an act of aggression. This is the highest violation of the UN Charter.

Q181 **Mr Jayawardena:** I am not a lawyer either, but could the precedent not be set that, if the UN is the body that is responsible in this context, though on this occasion it was an act of aggression, in a future dispute it



could be something else, so long as the UN is given this grand status as the arbiter?

Professor Webb: It is not necessary for this plan to work. I can see the downsides of it. In my view, you can limit it to an act of aggression determine by a majority of a UN principal organ. That could be the Security Council—but you have the veto issue—or it could be the General Assembly. It could also be credible evidence of the most serious international crimes, but I would not leave it broadly open for any kind of potential resolutions topic.

Mr Jayawardena: No, indeed. That is my fear.

Chair: That was fascinating. I would love to keep you more, but I am afraid I am going to have to move to our final panel. Can I say thank you to both of you? That was really illuminating.

Examination of witnesses

Witnesses: Anne-Marie Trevelyan, Ben Fender and David Reed.

Q182 **Chair:** Minister, thank you ever so much for finding the time. We know this was at short notice, so we really do appreciate it. Today we have heard evidence about the forced transfer of Ukrainian children and then we have been looking at sanctions against Russia, and also the arguments around freezing and seizing Russian state assets.

You recently published the brand new UK sanctions strategy. There have been criticisms of it in that, in the traditional sense of the word, it is not really a strategy so much as a general approach, because it is descriptive rather than setting out a plan of action of how to make UK sanctions policy more effective. How do you believe that this policy is going to make a meaningful difference to our approach to sanctions?

Anne-Marie Trevelyan: Thank you very much for giving us the opportunity to come and talk a bit more about this area of work. It is something that, as you are aware, Chair, has grown substantially, sadly necessarily so, because of the Russian invasion of Ukraine, but it enabled us to really think about how, with the extra resource that we were able to get from the Treasury, we wanted to harness what had already begun to be an excellent set of regimes and present it coherently.

We know that sanctions are a really vital tool in the mix, in helping us to pursue and make clear our perspectives and our interests, protecting those values particularly around human rights sanctions. There, we have always demonstrated very clearly how we use those tools, but we really wanted to be able to bring together a coherent picture on what the UK sanctions tools are for and how we might use them. That was very much the message.

It was almost a chance to anchor into the system a reminder of what sanctions are about, why they are so important and why, of course, they



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are not the only tool in the box. We were conscious of wanting to set out that we want to continue to use our sanctions—and new sanctions regimes if we need them, as we have that flexibility—to be able to maximise the impact in a crisis situation. We will continue to build, so that we can think about how we can always get ahead of loopholes.

We know that sanctions are always a bit of a whack-a-mole game. No one would suggest it is not. We are seeking to set out and restate how we do that. Of course, we also saw with the fund we got from the economic deterrence initiative money from last year's funding settlement—£50 million—to help us bring in more on the enforcement side and we have been growing those teams, both the OFSI team in the Treasury and now the OTSI team, on the trade side.

The Foreign Office make the legislation, we set out the view and most people follow it. That is good but, for those that might not, enforcement is required. We have been able to invest really heavily. My team in the Foreign Office has grown dramatically, but more widely those enforcing parts of Government have also been invested in. We have been able to set out in the strategy, I hope, a clear picture of all the tools that we now have and where we are investing in a very flexible way. In that sense, it is not a very specific strategy. It is a broad-brush strategy, because this is a set of tools that will grow as needed.

Q183 Chair: I know Ranil will take you into some more of that. You are absolutely right that it does set out a general approach, but it does not set out any outcomes. It does not set out any metrics by which you are going to assess the team so how are you, as the Minister, going to determine that David and his directorate are delivering success and that they are actually delivering, holding them to account?

Anne-Marie Trevelyan: That is a really fair question and I am not sure that it is only me as the sanctions Minister who will hold them to account. Parliament and the—

Chair: Never fear. Parliament definitely will, but I know Ministers like to hold their officials to account.

Anne-Marie Trevelyan: That is right but, really importantly, this is not a “You need to build seven hospitals before next Friday” strategy or policy document. This is setting out the tools we have and how to draw in those effectively. The enforcement side will be one area, clearly, where monitoring and assessment of whether that is on top of its game will be important, including whether they have the resource to do. The Treasury would say that, historically, there was not necessarily enough resource to be able to really keep ahead of that. Now we have changed that and we have seen a big investment in the team, with much more capability to work with those tools. We will continue to do that.

The challenge for the team and our challenge is about whether the team turn out and keep on top of new sanctions when they are required, at the



pace at which we might need to go. It is an interesting conversation I often have with people: "How does it work? What does it do? Why can you not just sanction them, because they are bad people?" We need clear, open source evidence that we can put in front of a judge that will withstand judicial review, because the person or company sanctioned clearly will not be pleased with that impact.

I am hugely proud of the team, because we have had over the last few months a number of cases taken to the legal system to be tested and we have won all our battles to date. That is a really strong reflection, for me, that the strategy is working. The legislative work that they are doing is holding up under pressure and that is where success is. We can continue to follow that very robust line and, to my whack-a-mole point, keep chasing down every time if we can get that evidence. I am very confident that the team are really good now at knowing exactly what package they need to have in the file in order to put themselves in front of a judge, if necessary.

Q184 Chair: In terms of where you think there are points of improvement, if you were to be setting out a strategy as to how we get to an effective outcome, is it that we need to move faster in terms of identifying the speed at which we move? Is it that we are not good enough yet at sharing intelligence with our partners? Is it that we are not good enough at integrating advice from, for example, the US, which has gotten a lot further than us on sanctions?

I remember your colleague telling us that the reason the reason the US had sanctioned more people than us was that they were a bigger country. I would hope that our sanctions policy has improved since that point and that we would have meaningful reasons. Where do you see there being delays or issues within the way we approach sanctions at the moment, that you hope the policy will resolve?

Anne-Marie Trevelyan: We are doing it right. To the US point, that is partly because they have a very much larger team. We have more than doubled the size of our team with an amazing cohort of experts and I am happy to speak to that in more detail if you would like, but I am sure if we doubled the size of the team again, if the Treasury would give us the money, we would chase down more bad people more quickly.

The reality about sanctions is you always have to get that balance about impact. We could sanction 1 million people. Would it make the difference? Picking off where we can really make a difference and we can have that impact is as important as a volume business of sanctions. We have a size and expertise of team now who are able to get ahead of chasing down those who we think need that sanction put upon them.

As Ministers, when we stand at the Dispatch Box, colleagues will ask, "Why have you not sanctioned so-and-so?" and the answer is always, "I am afraid we do not talk about future sanctions", precisely because it is a tool that is useful with the element of surprise. If you know it is coming,



you will move your assets so that there is no power to our sanction. That is really important, but so is working with colleagues, with investigative journalists and NGOs to gather information. We are never going to have a team that can spread across the world harnessing information.

The most effective ways that we can work with those who might share with us information, which we can then decide is strong enough evidence or not, is always going to be something where we can grow. That is an important part of the whole. I always think it is quite difficult. It is like a bucket. Give me everything you have, put it in the bucket and then the team will have a look. I cannot tell you if it is any good but, if it is, you might see it pop up later.

That is quite a difficult conversation to have with people and I have it in a number of countries, when I am visiting across the Indo-Pacific. People will mention a human rights and I will say, "Please share with our teams the evidence that you have and we will take that away. I just cannot tell you, until such time as a sanction appears, whether or not it was what we needed".

Chair: I have been pleased to see the responsiveness of the Department to the sanctions that we have requested as a Committee. We have seen, particularly following our Wagner strategy, gradually those people being sanctioned.

Q185 **Mr Jayawardena:** Minister, we both served at the Department for International Trade, as it was then, and alongside having trade sanctions, quite understandably at the current time, financial sanctions, transport sanctions and immigration sanctions are all held in respective Departments. You are now a poacher turned gamekeeper as an FCDO Minister. Given that the Foreign Office sets the direction now for overall sanctions policy, what is your view in your current role—but perhaps if you wish to share your view from your past role—on how you make sure that it is effectively implemented and enforced across these different Departments?

Anne-Marie Trevelyan: That is absolutely right. We worked together on this when the war kicked off. That was that first tranche of trade sanctions. We were the first out of the blocks, really assessing where the obvious barriers that we could put up were and bringing in trade 0, trades 1 and 2, a growing number of areas of trade that we wanted to cut off to reduce Russia's ability to execute its war, to be able to raise funds and so on.

If you look at the strategy, on page 25 we have set out where the roles and responsibilities across Government lie. The FCDO holds the legislative pen and the cross-Whitehall conductor's pen but if you, a trade Minister, can see another area where you have a business stream that you think we really ought to be cutting off, bring it to us and we will legislate. The point of OFTI—the new trading arm, which DBT will own enforcement of—is to be the flipside of that. We did not have that two years ago.



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We could draw a swathe of business areas that we want to cut off, so that Russia's economy is reduced, but we did not then have an enforcement power. We now have that, which will be hugely impactful. That is helping other Departments to think about where they can see potential areas to continue to reduce Russia's capabilities.

Q186 Mr Jayawardena: Is this the best way of making sure that sanctions policy is properly implemented across all these Departments. Would it make more sense, in time perhaps, to give a bit more thought to a single sanctions unit that could potentially sit in the Foreign Office with staff brought in from the relevant Departments, so that everyone is working very tightly together and there is no misunderstanding or, at the other end of the spectrum, conflict between Departments as to what the objective should be?

Anne-Marie Trevelyan: That is a fair challenge. Now that we have good enforcement teams, both in the Treasury and in DBT, they are the one with the relationships with the financial institutions—in the Treasury's case, where of course a big chunk of those sanctions sit—or, indeed, the relationships with businesses, the export networks, the civil servants in large numbers who are connected day by day to all our businesses.

It is more effective and immediate for them to be able to have effectively another layer to their relationship, which says, "I am very sorry. Just so you are aware, you cannot trade with Russia on X, Y or Z". For that relationship to be somewhere completely separate would make it probably more difficult for those who are left having to enact sanctions.

I have spent time with a number of lawyers in the City who are charged with having to help companies navigate our sanctions system and they are all people who are either experts in trade or they are banking lawyers. They live in the speciality where the sanction sits. I am quite comfortable with the model we have. Whilst we do the legislation as the policy arm of the whole strategy, those who have the relationship with those who are having to deal with the sanction and make sure that they do not breach it by mistake are linked into the Department where they have that really strong relationship already.

Q187 Mr Jayawardena: Thank you for that answer. That is very helpful and it is good to understand that thinking around this potential problem that could arise in the future around disconnect. Can I just be clear: is that your thought today, as to the benefits and disbenefits of a united system, or is that something that has been considered more fully in the Department and across Government in the past that you are relaying to us now?

Anne-Marie Trevelyan: As we have grown over the last few years, with the Russia sanctions regime adding a vast extra workload and volume of sanctions activity, we have always held the legislative position. OFSI has existed within the Treasury. The view has been that, as we have



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developed this and as the volume has grown, we continue to believe that it is better to have the enforcement half of the—

Q188 Mr Jayawardena: Have you actually considered uniting it or have you simply said all the way through, “We are content with the current system”? Has there ever been that consideration?

Anne-Marie Trevelyan: No. I have not had those conversations. I look to David on that. We have always developed this through a consideration of which is the best bit of Government to do this at pace and effectively.

Q189 Mr Jayawardena: To know whether it is the best bit you have to then consider and disregard an alternative. I just want to be clear as to whether that has happened or not.

David Reed: We have kept it under review and one of the things that we have tried to do in the strategy is set out where we have come to in terms of the cross-Government architecture. The argument for it being led out of the Foreign Office is that, fundamentally, sanctions are a tool of foreign policy, but they only work if you have good cross-Whitehall collaboration. It is absolutely vital that you have clear roles and responsibilities.

To your point on how we could strengthen, investment in building capability across Government is one area. The other area—Minister, if I could elaborate—where we might be able to do is on the legislative tools. As we have gone through this, we have built on the legislation and we expanded the options and tools at our disposal. One area where we could go much further is on vessel specification, for example, which would give us more power to disrupt those who are trying to circumvent the oil price cap.

Q190 Chair: Can I just quickly clarify something, before I go to Fabian? Beyond the key sanctions unit, you also still have a sanctions unit in the Syria team, a sanctions unit in the Iraq team and a sanctions unit in the Iran team. We have an incredibly dispersed number of people working on sanctions in addition to you having your directorate or team.

David Reed: We have a different model. For Russia, we work very closely with Ben’s directorate. Sanctions on Russia are led out of the sanctions directorate, through the whole of the sanctions life cycle, from targeting, strategy, implementation and defensive litigation. For other regimes—for example, Syria or Myanmar—the targeting strategy is a joint piece of work with the geographic directorate and the sanctions directorate.

The Russia model works well at the moment because it is such an intense amount of work. Having it all centralised in one place works. With the other directorates, it depends on good working relationships. For the most part, it works well. We have those two different models, depending on the type of regime.



Q191 **Chair:** It seems odd to me to have a central sanctions team, who are experts, know what they are doing, how to do it and how to make it work, but we are also relying on people who might have been in charge of human rights in Mongolia the year before to suddenly become experts on sanctions in Syria from zero. Would it not make much more sense for it all to be run through one sanctions team, rather than having it all dispersed? There are inherent weaknesses, because somebody in the first few months of their job cannot be as good as somebody who has done sanctions for four years.

David Reed: If you have it dispersed, you need sanctions experts in the geographic directorate.

Q192 **Chair:** Forgive me. They are not experts, though. That is my point. They come from whatever posting they have previously done and suddenly have to become an expert in sanctions. They sit alone in their team with no one else who is an expert in sanctions.

David Reed: They need to be trained and they need to get access to specialist support. That is one of the things that we have been doing, building a sanctions curriculum, not just for the Foreign Office, but also for Whitehall Departments. It is one of the things that we have been doing through the economic deterrence initiative, building those skills and not just for Russia, but so that we have a standing capability that we can use.

Q193 **Fabian Hamilton:** Minister, are you able to share with us the total estimated value of UK assets belonging to sanctioned Russians compared to the value of those assets actually traced and frozen? Do you have that information?

Anne-Marie Trevelyan: We last published a review in October. Is the latest figure about £22 billion or £27 billion? I cannot get my numbers the right way around.

David Reed: Russian private assets are just over £23 billion.

Anne-Marie Trevelyan: There is not a definitive list in the sense that no one is asked, when they are sanctioned, to hand in a balance sheet. They can share, but there is not a requirement for a full listing to be submitted upon sanction.

Q194 **Fabian Hamilton:** Out of 1,702 Russians whose UK assets have been theoretically frozen, how many does the Government know to have any assets in the UK?

Anne-Marie Trevelyan: That is a good question, which I do not have the ability to answer. That would be an OFSI detail, but we will try to get that answer and write to you on that one.

Q195 **Fabian Hamilton:** Can I then ask why the UK has only issued two fines for non-compliance with asset freezes?



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Anne-Marie Trevelyan: Again, OFSI, which is the manager of this side of things, has done that. That is last year's figure, if I recall, but of course the growth in its team now is allowing it to be much more forward-leaning—I do not know if that is the right terminology—in its ability to keep up with that. It looks at many cases. Some are then discarded as not needing fining. Others have moved to review and then some have been fined.

It would be a question you would have to ask the OFSI team to be more specific, or I am happy to get them to write to you, as to just how much the increased capacity in their team is likely to enable them to get ahead of some of those more quickly.

Q196 **Fabian Hamilton:** You would expect the growth in the team to yield further prosecutions and fines.

Anne-Marie Trevelyan: Yes, absolutely. That was one of the challenges and the economic deterrence initiative funding package we asked for was funded in full by the Prime Minister. That was partly because we were very conscious that the Russia sanctions team had been given an exponentially larger workload, for my team, but also the other side of that was going to be a much greater workload in keeping track of sanctioning and enforcing on those sanctions. A large proportion of that has been to grow the enforcement teams across Whitehall, to ensure that we can get ahead of that.

Q197 **Fabian Hamilton:** Have you any evidence, any idea or any anecdotal evidence as to the effect that freezing those assets is actually having on the determination of the owners of those assets to continue supporting the war against Ukraine and in Ukraine? In other words, is it effective at all or is it just a nuisance for them, because they have plenty of other assets?

Anne-Marie Trevelyan: I cannot comment on the detail, but if you look at some of the reviews that have happened, where sanctioned individuals in particular have felt aggrieved and felt they wanted to challenge the sanction and the sanction premise, where we are having to demonstrate that they have connections with or have demonstrated support for the Putin regime in Russia, the cases have been very strong. They have said, "You said I was involved with this company. No, I am not anymore. I sold my shares a long time ago".

Absolutely, it is effective and impactful, because those who really feel that we have chastised them wrongly have worked really hard to try to disprove the evidence that we have presented to the judge. It is incredibly impactful and for those who, perhaps, are feeling that they are not in any way supporting Putin, they are really going out of their way to try to justify their case. I cannot talk about specific ones, but I have seen plenty of effort to say, "You have misunderstood. I really am not a supporter of Putin. I have not been involved with these companies for a number of years".



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We are seeing that, but there are many who are not challenging it, because it is quite clear that they would just fall flat on their faces in court, because the case that we have brought under sanction is very robust.

Q198 Brendan O'Hara: Minister, if we are really serious about freezing assets and sanctioning Russian oligarchs, why do we allow them to draw down an allowance worth tens of thousands of pounds a month? Can you understand that people in the UK might find that pretty strange? People in Ukraine will find it absolutely outrageous. Whose decision was that? Is that an FCDO decision or is that a Treasury decision?

Anne-Marie Trevelyan: I am not the expert on the detail. David, do you want to set out how that works? It is a Treasury—

David Reed: On licensing, it is a decision by the Office of Financial Sanctions Implementation. It will consult the FCDO on particular cases. Generally, the OFSI policy is to limit expenses to the UK median wage and to not allow designated persons funding, for example, private education or private healthcare. They are expected to use state education and state healthcare. That is their broad policy. They consult us on particular cases.

Q199 Brendan O'Hara: I am wrong when I say that people can draw down tens of thousands of pounds a month. That does not happen at all anywhere.

David Reed: I can talk to the broad policy. I cannot give you that confirmation in every case. They are allowed to have substantial sums to pay for their legal costs, for example, which I think is right. They have the ability to bring claims against the UK Government and we have an ability to defend them and, as the Minister said, to win those. I would have to go back to OFSI for more detailed assurances on the overall costs that they—

Q200 Brendan O'Hara: There is no Russian oligarchs drawing down money to finance what would be regarded as a lavish lifestyle.

Anne-Marie Trevelyan: They would not get a licence for that. The numbers could be around legal fees. We are happy to ask OFSI to give you more information if that would be useful, but the policy is fairly narrow.

Q201 Brendan O'Hara: And it is robust.

Anne-Marie Trevelyan: Yes. Again, it comes back to the licensing and enforcement piece, which they now have much more resource to do.

Q202 Chair: If I may, we know that Prigozhin was allowed to access legal funds. As you say, that may be right, but, according to the detail I have, Mikhail Fridman had a licence to receive an allowance of £760,000 a year. Petr Aven was told by OFSI that he could have £60,000 a month for basic needs.



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Whilst people may believe that politicians live lavish lifestyles, £60,000 a month seems to be quite an egregious figure. Although we are saying that the policy sits with OFSI, I would say that Ministers would have the right to overrule, to ask permission to see every single allowance that is signed off and to say yes or no to that. Am I wrong that we would have the ability to overrule that?

Anne-Marie Trevelyan: A Minister always has the opportunity to do that, but that would be a Treasury Minister who would do that.

Q203 **Chair:** Have you had discussions with Treasury Ministers about how much they are allowing these—

Anne-Marie Trevelyan: Not in detail and not personally, no, but that is a conversation that you can certainly write to the Treasury on or invite them to come and have that discussion.

Q204 **Chair:** We can take this as a request from the Committee for you to speak to your Treasury counterpart and then write back to us jointly on what we are going to do around this.

Anne-Marie Trevelyan: Yes, I am happy to do that.

Q205 **Brendan O'Hara:** Minister, you will have heard again this morning at FCDO Questions—and the Committee has been calling for it for some time—about the money from the Chelsea fund to go to Ukraine. Can you tell us what is causing the delays? What are those blocks and how quickly do you expect them to be resolved?

Anne-Marie Trevelyan: I am not able to talk about the detail, but there is some real progress now, which is good. It has been frustrating for all involved, but there is real progress. I am afraid I cannot talk about it in more detail at the moment, but I am much more optimistic that we are going to see a position from which progress can be made than if you had asked me three months ago.

Q206 **Brendan O'Hara:** Finally from me, there is this new voluntary process that is being developed, whereby individuals can give their sanctioned assets to Ukraine. How do you envisage that that is going to work and who will have responsibility for that policy?

Anne-Marie Trevelyan: We brought it through in the SI last year and it was indeed on the back of the Chelsea way of looking at this challenge. We brought it through. It has not been tested yet. David, do you want to talk to its next implementation stages?

David Reed: In practice, a designated person would apply for a licence from the Office of Financial Sanctions Implementation to make a donation voluntarily to support the reconstruction of Ukraine. It would not be a quid pro quo for sanctions lifting and we have been very clear throughout that that is the case.

Q207 **Brendan O'Hara:** Based on the feedback that you have had, do you



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expect people to volunteer to do that? You say there is no quid pro quo, so what would make a Russian oligarch voluntarily hand over his or her assets?

Anne-Marie Trevelyan: There is the sense that it is helping rebuild Ukraine. You ask them. I do not know. We have made it possible because it is a route that we want to be able to help people to do.

Q208 **Brendan O'Hara:** Are you responding to a demand?

Anne-Marie Trevelyan: In terms of a demand from those who say this should be possible, there is now a legal route to do so. I am all for helping people to do the right thing, so we now have a framework that allows them to do the right thing. If they wish to do so, they will do so out of the goodness of their hearts, because they realise that helping Ukraine to be rebuilt is a good thing.

Brendan O'Hara: Oligarchs are renowned for just that.

Anne-Marie Trevelyan: I am looking forward to seeing the first one appear.

Q209 **Royston Smith:** Is allowing people to make these voluntary contributions just letting them off the hook for what they have done in the past, in order to amass these great sums of wealth?

Anne-Marie Trevelyan: It does not let them off. We will not take off any sanction that might be on them and their assets. There is no personal benefit. It is an opportunity for some altruistic behaviour from those who might wish to demonstrate support for Ukraine. I have not seen a long queue yet, to be honest, Royston, but we are here to encourage those people to give generously to help rebuild Ukraine.

Q210 **Royston Smith:** Perhaps there will be a rush.

Anne-Marie Trevelyan: Perhaps. I will keep you posted.

Q211 **Royston Smith:** Can we talk about frozen Russian assets? What progress do you expect there to be at the G7 later this year on frozen Russian assets being used as reparations in Ukraine?

Anne-Marie Trevelyan: There is, honestly, really good progress now. It has been really difficult. We all have different legal systems. There is that challenge of clearly not wanting to breach international law, but there are questions around sovereignty and ownership and a fear of historic reparations challenges. As we started to have these conversations last year, it came with a whole series of really difficult legal questions, and we have made really good progress as a cohort. Our Attorney General and others are really working together to test the pathways going forward.

I am hopeful that we will see progress at the next G7 gathering together. This is enormously difficult to get through. We are starting to get a clearer picture domestically of what we might be comfortable with, if that is the right way to put it, but we know that it is most impactful if we do it



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as a group and we set the global perspective on what we consider to be as effective as possible.

There are somewhere around \$400¹ billion worth of frozen assets across the piece. That is not a precise number, but there are substantial funds. We have to make sure that, at the point when we get to that end point where an agreement is reached, we can do something that will hold the test of time and be robust. It is really important that we can work with a framework that is assured across many different legal jurisdictions. They are not all the same and that is a really important part of this.

Q212 Royston Smith: The legal concerns are obvious across jurisdictions, but are there any delays being caused by political or economic concerns? Is everyone on the same page?

Anne-Marie Trevelyan: Absolutely everybody wants to find a way to make this possible. That is not in question. The challenge is coming at it from different legal environments and different perspectives on how we land the outcome as effectively as possible. There is an absolute, complete agreement in mindset across the G7. We want to find a solution to this, which can enable those frozen assets to become seized assets, used assets for the purposes of reconstructing Ukraine. There is not a paper between us all on wanting to do that. Finding the way through that is going to be robust and hold up legally is the challenge that they have all been battling with.

Q213 Royston Smith: Are there no countries that are more or less enthusiastic? These things just drag on all the time.

Anne-Marie Trevelyan: They are not more or less enthusiastic. Different legal systems, relationships and historic experiences mean that everyone has come to the table having to work through their own perspectives, but everybody is determined to find a way through that means that we can take those frozen assets and use them for the rebuilding of Ukraine.

Q214 Neil Coyle: The IMF expects the Russian economy to grow by 2.6%. I just wonder if there is more you want to say about improving the efficacy of sanctions and tackling evasion. Perhaps we could talk about some ideas. Perhaps you could start with the re-export of dual-use UK goods to Russia.

Anne-Marie Trevelyan: Sanctions are an incredibly powerful tool and we were very focused, as were many other countries, right at the start on doing all we could to reduce Putin's ability to fund his war, both through cash and the tools of trade to continue the economy being stronger, but also through reducing all those other elements that help fund a war, build and sustain the war machine.

¹ The correct figure is around \$285bn of sovereign Russian assets that have in fact been immobilised, as estimated by the Russian Elites, Proxies and Oligarchs (REPO) Taskforce.



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We have had an enormous wave of different sanctions, from trade to transport to the oil price cap.

Q215 **Neil Coyle:** The UK economy has gone into recession, but Russia is predicted to grow, so focusing in on evasion or improving sanctions, are there sectors you want to talk about? Sky News ran a report today about the UK motor sector, for example. Luxury vehicles worth over £100,000 are still reaching Russia. Are the Government intending to act on that sector?

Anne-Marie Trevelyan: It is very clear in our trade sanctions, going back to those early trade sanctions, that sales of vehicles or anything that could be dual-use, and also those goods that could be priority goods to support Putin's war effort, have been sanctioned.

Q216 **Neil Coyle:** Yet they are still reaching Russia.

Anne-Marie Trevelyan: Sales directly to Russia have been banned since very early on in the proceedings. The challenge is around a company selling, in this case, cars to a third country that is not sanctioned.

We have, for instance, a lot of sanctions for Belarus, replicated from Russia. We know that it is acting very much as a client state for Russia, but for other third countries, we set out trade guidance very early on. What was then the Department for International Trade set out guidance to help companies navigate this enormous and sudden wave of sanctions. It sets out very clearly that they should not be doing business with Russia, or potentially with a third country that might support Russia.

The Sky report by Ed Conway has come out today. I have not followed through the data yet. I have not had a chance, but if it appears that there is a diversionary activity to sell goods that have a potential dual use and value, then there is a need for those businesses to consider their position and for DBT and now the Office of Trade Sanctions Implementation team to have conversations with them to see whether they legitimately did not think anything of it, or whether there is something that needs dealing with.

This is the challenge of whack-a-mole and new ways. We have very strong relationships with those central Asian countries, and they have been incredibly forward-leaning to the sanctions that we have. The challenge here is that, where countries appear to be being used as an intermediary, which appears to be the case, those conversations will continue to help get to the bottom of it.

Q217 **Neil Coyle:** The motor example came out today, but one that came out a little while ago through the *Financial Times* is that the UK is now a growth sector, the largest underwriter of Russian oil exported by ship. About a third of it is now underwritten by UK firms. Is there going to be action on this? This was reported a few weeks ago. Is work already underway with the insurance sector, for example?



Anne-Marie Trevelyan: We have worked very closely with them right from the start. The Department for Transport manages the shipping pillar of our sanctions and its ask, and we do the policy side. That has been a continual area of additional work. David, do you want to pick up on this latest one?

David Reed: It goes to the dual purposes of the oil price cap. It was designed to do two things. One was to limit revenues for Russia, and the second was to avoid a spike in the price of oil, which would impact on the global south but also potentially generate more revenue for Russia.

We deliberately decided that the G7 could continue to provide financial services to Russian ships, provided the oil was sold below \$60. That has had a significant impact. Russian revenues from oil were down about 30% last year, but we need to make sure that this price cap is not being circumvented, and that any of those financial services that are being supplied are not being supplied where oil is sold above the cap.

There are a couple of things you can do there. One is to tighten domestic enforcement; the other is to target the networks in third countries that are being used for circumvention. Recent sanctions packages have done that. The US and UK actions, in February in particular, had a big disruptive effect.

There are definitely things you can do to ensure that, where financial services are coming from the G7, which was partly the design of the policy, the oil is definitely being sold below \$60. It is having an impact on Russian revenues.

Q218 **Neil Coyle:** Then there is this distinction between crude and refined. There is a clear policy on crude, but the BBC have reported about the UK now inadvertently funding the Kremlin to the tune of about £140 billion through the import of refined oil. Minister, you said you wanted some flexibility in the system, but is this where the system is too flexible and action needs to be taken?

Anne-Marie Trevelyan: Those sorts of challenges, where you are potentially seeing crude oil being shipped to a third country, refined and then imported, continue to be areas where we look to tighten and understand better, and try to find ways to be able to identify, effectively.

An interesting example is some of the work that was done around grain, when the grain initiatives were being tackled early on after Russia invaded, to be able to identify sources using clever chemistry. There are challenges around oil and gas identifiability and being able to track those flows of oil.

You highlight one of the challenges that worries me particularly, which is the shadow and dark fleets of oil now moving around Russia and across other parts of the globe, not only because they might be breaching the oil price cap and other countries are willing to pay a different price, but



because they are using very old shipping. The risk to the environment and indeed to communities, who would then have no recourse because they are not insured in an appropriate way, is very high. That is a whole other area that we are all working together to think about.

Q219 **Neil Coyle:** Will we see action?

Anne-Marie Trevelyan: There is a huge amount of work going on to try to think about how we can be impactful in both reducing the ability for them to ship their oil that way and breach the oil price cap, but also to try to reduce the environmental risks.

Q220 **Brendan O'Hara:** In our first session, we heard that sanctions on Russian individuals and institutions can deter and impact their policy of forced transfer or kidnap of Ukrainian children. I wonder what work is being done to expand what the FCDO can do, and what levers it might have at its disposal to prevent this appalling use of child kidnapping in Russia?

Anne-Marie Trevelyan: From a sanctions perspective, as I said at the beginning, we need to be able to have open-source evidence to help us to sanction individuals or organisations who would be doing those heinous acts, for instance. There would be a challenge there to that evidence-gathering base. Ben, this is the space that you sadly have to look at.

Ben Fender: This is an appalling array of crimes, and obviously we will use such tools as we have. One of the very first things that is important is to do exactly what we are doing now, which is to talk about it, expose it and show it up for what is going on.

The second, frankly, is to work with exactly the sort of organisations who met you earlier today. I was pleased to work with Save Ukraine to expose its work to a slightly larger audience a few months ago.

We are also in an international coalition that the Canadians have helped launch to try to get together a range of countries to meet and discuss what more can be done in this area. There are a number of countries that are seeking to mediate or broker deals. The Qataris have had some success. The Vatican has had some success. Then, of course, there is the International Criminal Court, which has issued its arrest warrants against Maria Lvova-Belova, the Russian children's commissioner, for exactly this, as well as sanctions.

These are all incremental things that we can do. If there are other ideas out there, I am sure we would be delighted to hear them. This is a really appalling crime that is trying to remove the Ukrainian identity of a wide range of people, and it is causing immense trauma and pain to Ukrainian families.

Q221 **Brendan O'Hara:** Russia does not act alone in this. We heard evidence this afternoon that Belarus is complicit in accepting kidnapped children for re-education. Have you sanctioned any Belarusian officials in relation



to this forced transfer or kidnapping of Ukrainian children?

Anne-Marie Trevelyan: I do not think so on this, but the Belarusians have a continuing regime of sanctions precisely for that reason. We see them acting very much in concert with Putin, so there is a whole Belarusian sanctions regime, which is sadly very active as well.

To the point, we would look and welcome all evidence that could help us identify individuals who we would absolutely want to sanction, and be able to demonstrate the horror that is this activity going on, as we have done through some of our human rights sanctioning tools in other parts of the world.

Q222 **Chair:** The point I would make about that is that, Minister, you said we need information and we need to talk about it and expose it. With the ICC, we have evidence. There is significant evidence, so I am surprised. Given the ICC has said that this is taking place and recognised it as an act of genocide, it seems bizarre that we have not launched a whole host against all the adoption agencies that are operating within Russia, and against all the others who will have children here in school and may be doing adoptions, for all we know, even though the Russians supposedly ban it. I would just gently urge that it seems mad that we have not done more on this, given that we have it.

Then that takes me very clearly to Xinjiang where we see the exact same thing happening. We see the taking, kidnapping and indoctrination of children, and the forcible readoption, against their will and that of their parents. Why, when we have done all the sanctions on Ukraine, are we not doing more on Xinjiang?

Anne-Marie Trevelyan: You will not be surprised that I am not going to be at liberty to share what we might do in the future, but I take absolutely your point about how we can and need to continue to work with those other organisations that can highlight and provide evidence to help us put a case together for sanctions. We continue to do that across the board.

As I said right at the beginning, we do not have the resource, nor would it necessarily be impactful, if we sanctioned everyone and everything. We have to see a real value in it being able to make an impact. That is an important part of the purpose of a sanction.

Around this space and the issue around kidnap of children and so on, we absolutely will take that away and continue to think about where we can impactfully gather the evidence we would need, and to work on that, but as you will be unsurprised to hear, I am not going to give you a list of where we might be working on it now.

Q223 **Chair:** With respect, my question was about why we had not done more in the past, not about what we are looking at doing. The Xinjiang genocide has been taking place for 60 years. This is not something that has just happened in the last two years as with Ukraine, for example,



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even though, again, that is a renewed illegal invasion.

I struggle with that, given that it has been taking place for 60 years and that we know China responds to pressure on this. In 2018, 2019 and 2020, when everything that was taking place in Xinjiang was being exposed, we saw a change in behaviour. The point of sanctions is to change behaviour, not just to be punitive. We are severely lacking when it comes to what we have done on Xinjiang, because we have had 60 years. This is not the last two years.

Finally, there is one industry where we have failed despite Parliament asking ad nauseam for us to take action, and that is solar. You knew that was going to come up, because I have been relentless in pointing out that solar is one of the most dirty, complicit industries in Uyghur blood labour, and yet we have done nothing. We have not sanctioned a single company, despite the Foreign Office itself funding reports that have exposed those companies that are most complicit in this.

The Government have paid for and commissioned these reports, so we know the evidence is there. We know the evidence is sufficient. The Americans have also offered to show evidence. Why have we still not sanctioned anyone to do with solar when we know that that is an industry we need to clean up?

Anne-Marie Trevelyan: You are exactly right, Chair. You have highlighted that we have and continue to do work to draw together the evidence that we would need.

As I say, I am never going to talk about future sanctions at this point, but your point is well made, and you are absolutely right to continue to highlight those areas where you and others see the need to continue to think about how we can use the tools and the sanctions regime that we have, which we have expanded exactly to be able to highlight these areas where those behaviours, ways of life and abuses of workforce are ones that we consider unacceptable.

Chair: It is a depressing note to end on because, again, I am not raising something that has come out of the blue in the last three months. The Foreign Office has had years to act on this, not weeks or months—you could argue decades.

I would just leave with you the clear message that this Committee believes there are still areas in which we have not seen Foreign Office progress where it is frankly unacceptable, because we have the intelligence and evidence, not least because allied partners have told me that they are happy to provide it. Please can we urgently act on that?

Thank you ever so much, Minister, for taking the time today. I apologise that we have run over by five minutes, but thank you to you and your officials. Let us hope the sanctions strategy proves the success we hope it is. We look forward to having you back in six months to check that it has been. Thank you ever so much.