

Treasury Committee

Oral evidence: Are the UK's Russian financial sanctions working?, HC 604

Tuesday 14 May 2024

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Members present: Dame Harriett Baldwin (Chair); Samantha Dixon; Dame Angela Eagle; Stephen Hammond; Drew Hendry; Keir Mather; Dame Siobhain McDonagh; Anne Marie Morris.

Questions 80 - 175

Witnesses

[I](#): Bill Browder, CEO, Hermitage Capital Management, and Head of the Global Magnitsky Justice Campaign.

[II](#): Richard Bronze, Head of Geopolitics and Co-Founder, Energy Aspects; Emma Hardaker, Head of Financial Crime and Compliance, Lloyd's of London; Arabella Ramage, Legal Director, Lloyd's Market Association.

Examination of witness

Witness: Bill Browder.

Q80 Chair: Welcome to our second Treasury Committee session in our inquiry into whether the UK's Russian financial sanctions are working. We are going to hear from two panels of witnesses today. Can I ask our first witness to introduce himself, please?

Bill Browder: Hello, everybody. My name is Bill Browder. I am the CEO of Hermitage Capital Management and head of the Global Magnitsky Justice Campaign.

Since the murder of my lawyer, Sergei Magnitsky, in Russia in 2009, I have taken on the mission to get justice. That has resulted in the passage of something named after him called the Magnitsky Act, which was passed in the United States in 2012, in Canada in 2017, here in the UK in 2018, in the EU in 2020 and in Australia in 2021. There are now 35 countries in the world that have operating Magnitsky Acts.

Through this process, I have become an expert on sanctions and the implementation of sanctions, and it has led me to all sorts of discussions



around the world with different policymakers, Government officials, and others. I am pleased to be here today to address this very important issue of whether sanctions are working or not, and what we can do to improve them.

Q81 Chair: Thank you very much. I know that you have worked and campaigned relentlessly on this, and that you have published a book on it, which I have had the pleasure of reading.

Clearly, since Putin's illegal invasion of Ukraine in 2022, the lessons that have been learned through implementing the Magnitsky sanctions are now very valuable in terms of seeing what needs to change for this much wider crime that has been undertaken.

I wondered if you could start, Mr Browder, by just saying what you would like to see change in terms of the current regime that the UK is operating in response to the invasion of Ukraine.

Bill Browder: First of all, I want to say something really important and clear. Putin has stated on a number of occasions that sanctions are not working. He says, "Sanctions are not working. Look how great we are doing. We have great economic statistics. Everything is fine. Therefore, why are you suffering yourselves from having these sanctions, because they are hurting you?" The first thing I want to say is that sanctions are crippling Russia, and this is really important.

I want to back up and say that the numbers that you receive about the "success" of the Russian economy come from Russia. The Russian state's statistics committee produces those numbers. The Russians lie in every other area. I do not see any reason why we should believe those numbers coming out of Russia.

Let me just go through, at a very broad level, the effects of sanctions, just so that it is all clear and laid out. A week after the war started, the West froze more than \$300 billion of Russian central bank reserves. They had \$650 billion in their literal war chest. That was Putin's war chest. One of the reasons he felt confident going to war was that he had \$650 billion of central bank reserves. In one fell swoop, we immobilised that money, and that money is no longer usable.

At this stage, out of 98 oligarchs who were listed by the US Government as being influential oligarchs, here in the UK I believe we have sanctioned 57 of them. Their money has effectively been immobilised anywhere they have that money. That number could be in the order of magnitude of the central bank reserves of money abroad that they cannot access.

We have also sanctioned the foreign borrowing capability of the Russian Government and Russian companies. They were borrowing many tens, if not hundreds, of billions of dollars before this all happened. That has gone to zero. About 1,500 western companies have retreated from Russia. Russia has gone from plus \$40 billion of foreign direct investment



HOUSE OF COMMONS

before the war started to minus \$40 billion, so there has been an \$80 billion swing.

The big loophole, though, is the sale of oil. Russia continues to sell oil, although not to us. The amount of oil directly sold to us has gone down by over 80%, but whatever oil that used to be sold to us is now being sold to India, China and Turkey. There are two problems. One is that they continue to get a lot of money from that oil; it is somewhere between \$500 million and \$1 billion a day.

Secondly, some of the oil that is being sold to refineries in India, China and Turkey comes back this way. About \$23 billion worth of oil refined products are being sold back in this direction to the EU. I believe that last year the UK bought \$2.2 billion worth of that refined product. As long as Russia can sell the oil, Russia can use that hard currency to buy weapons, and they can use those weapons to kill Ukrainians.

On one side, either directly or indirectly, we are funding Russia to conduct their war; on the other side, we are then funding the Ukrainians to fight back. Something has to give, and what Putin is hoping is going to give is that we are going to run out of patience to fund the Ukrainians. We have seen evidence of that. We saw this at the EU when the €50 billion package was being held up.

Q82 **Chair:** You have not seen that from this Parliament.

Bill Browder: No, we have not seen that from this country, but we have seen it with the \$61 billion package in the United States. We need to figure out a way to continue to immobilise Russia's ability to conduct this war, and the best way to do that is to work on this oil.

Q83 **Chair:** I am hearing you say that the sanctions are crippling the Russian economy, that financial sanctions have been effective in catching the right people and some substantial amounts of money, but that the main loophole is through oil, which, being fungible, is somehow ending up in the UK. Is that a good summary of what I just heard?

Bill Browder: Yes, exactly.

Chair: Thank you very much. That is a fascinating place to start.

Q84 **Drew Hendry:** In February 2023, you wrote an op-ed on seized Russian assets, saying that these should be used to fund the war in Ukraine. What impact do you think that would have if it went ahead, and if the seized assets were able to be used for the war in Ukraine? What impact would it have in Ukraine?

Bill Browder: Quite simply, if the West—the UK, the US, the EU and other allies—were to confiscate \$300 billion, that would change the whole nature of the war. This war, ultimately, when it comes right down to it, is a resource war. Russia has more resources than Ukraine. Putin is banking on the fact that, as the war drags on, we are going to have less appetite



than he has to conduct the war, and that we are going to stop funding, and we have seen evidence of that. When I say “we”, I say that as a collective “we”.

If this money were to be confiscated—this is five times the \$61 billion that the US had been dragging its feet on—it would completely change the situation, and it would particularly change the situation in a context where we are almost two and a half years into this war. Whether we like it or not, some of our allies are going to be less likely to fund this war.

I am particularly concerned about what might happen in the United States. There is an election coming up on 5 November in the United States. If you read the opinion polls right now, it looks like Donald Trump is leading in the swing states, which would result in his victory. If he succeeds in becoming President, he has made it very clear that, using his own words, this war would end in 24 hours. What does he mean by that? He has also made that pretty clear: he would stop funding Ukraine.

The US provides roughly half of all financial aid to Ukraine. If the United States stops funding Ukraine, that means that either Ukraine will probably lose the war, or we then have to double down, and this \$300 billion would solve that problem. It would basically be an insurance policy against that problem.

Q85 Drew Hendry: There has been an institutional reluctance to take these steps. What impact do you think it would have on the market?

Bill Browder: It would not have any impact on the market. There are three or four big objections that are constantly thrown out. One of those objections is, “Oh my God. If we were to confiscate this money, that would totally destabilise international financial markets.” That is just not true.

The money that has been frozen could be confiscated by all the allies. We would not be doing it by ourselves. We would be doing it together with the United States, the EU, Switzerland, Canada and Japan. Those are all the countries that have what are called reserve currencies. What is a reserve currency? It is a liquid currency that people can store their money in.

The naysayers say that, if we were to confiscate this money, then people would not keep their money in our country, the EU or the US, but if everybody does it together, where would people keep their money? I can guarantee you that they are not going to keep their money in Iranian rials or Argentine pesos; they are going to keep their money in stable economies.

Another phrase that is used in this discussion is “unexpected consequences”. There is one expected consequence, which is that the message here, if we do this, is that, if you launch an unprovoked war of aggression against a neighbouring country that did nothing, you are likely



HOUSE OF COMMONS

to have your foreign exchange reserves confiscated. Who else is looking at a neighbouring country and considering a war of aggression, and has a lot of foreign exchange reserves? China—and China has a lot more to lose than Russia has in this regard. We should be thinking a lot about what we can do to deter China from unsettling the situation over there with Taiwan, and this is a pretty good example.

Q86 Drew Hendry: Just to push a little further on the market situation, the Royal United Services Institute has said that the banks and central banks should commit to stabilising the market in the event of the release to Ukraine of the seized Russian assets. What is your view of that?

Bill Browder: There is no stabilising that needs to be done. The main destabilising action happened a week after the war started. The action was us freezing the money. The money has already, effectively, become not theirs. I can understand why banks would not want this to happen, because it complicates their lives if money is being confiscated.

By the way, I should point out that all sorts of people told me for many years, as I was advocating for the Magnitsky Act, that this would be completely impossible, that it would mess everything up and that there would be unexpected consequences, etc. Eventually, the Magnitsky Act came into being, and the only people who are now unhappy about it are the people who were sanctioned.

If you are not going to invade foreign neighbours, you have nothing to worry about, and 99.9% of the money that is floating around the international financial system has nothing to do with this type of action.

Q87 Drew Hendry: I am hearing a strong view from you that it is really just the will to do this that is the issue, as opposed to the issues in the market.

Bill Browder: Everybody is afraid of doing something different, because it is different, and there are a lot of people that will be holding on to tradition because it is easier to do that.

Let us also flip this thing over for a second. Let us come back to the scenario that we have to continue funding this, and perhaps even double our funding, because the United States steps back. Who funds it? The taxpayers of this country fund it. The taxpayers of the EU fund it. Should Vladimir Putin's legal rights to his money be more important than the rights of the taxpayers of this country? I do not think so, and I do not think any of you would find any objection in your constituencies if you went and had that conversation. We should be thinking about ourselves before we think about him.

Q88 Drew Hendry: You mentioned the EU just now. On 8 May, the EU announced plans to use the profit from seized Russian assets to aid Ukraine. What do you think of that action?



Bill Browder: It looks to me like a typical EU bad compromise. There is no EU. It is not like a Mr or Mrs EU thinking about all the pluses and minuses of making a decision. You have 27 member states that are all negotiating with each other over this thing, with this argument and a few other arguments about why it should not be done, and then the arguments about why it should be done, which is that it is right, and that it is morally, financially and politically correct.

They had this argument among the 27 member states, and eventually they came up with this fudge, which is to take the profits but not the capital. It is good to take something as opposed to nothing, because Ukraine needs the money, but, from my perspective, there is no difference between taking the profits and taking the money.

One of the other arguments about why this should not be done is that there is no legal way to do it, which I disagree with. How is taking the profits different from taking the money? This is, in a certain way, unfortunate, because it prolongs the inevitable.

Q89 **Drew Hendry:** Your strong view is that it is a fudge, but I also heard you say in there that it is at least something. Given that it is at least something, do you think the UK should follow suit, at least in that move?

Bill Browder: The UK should do what the US has done. Let me take one step back. To the extent that there is any legal ambiguity about whether this money can be confiscated, the way you resolve legal ambiguity is to make law. That is what you do for a living. You make laws.

To address the possible legal ambiguity, the US passed something called the REPO Act. The REPO Act was passed along with the \$61 billion aid package. That has now resolved any legal ambiguity, and the United States Government have the right to confiscate the money.

What I would suggest is done here is some version of the REPO Act where, to the extent that there is any legal concern, you legislate away that legal concern so that it can be properly done here. By having the United States and the UK coming to that decision, this puts more pressure on the EU to do the right thing in the end.

Q90 **Drew Hendry:** You have talked about the idea of getting everybody together to take this action. You wrote in your article that the US, Canada, Japan, the EU and Australia all need to unify around this. How likely is that to happen?

Bill Browder: When I started the Magnitsky Act campaign in 2012, it was only the US that did it. By the way, what I am talking about with confiscating the reserves should not take us 10 years like the Magnitsky Act. I started with the US, and I was just one man. It was not the whole consensus of the world, as we have right now, that something needs to be done. We then got Canada, and then we got the UK, and then we got the EU and Australia.



It is the only logical, moral and rational thing to do. Everyone will come to the proper decision in the end, but it just takes some international pressure, diplomacy and understanding the financial reality of the situation. It is likely to happen, but it is not going to happen unless we push for it. Thankfully, in this fight for confiscating the reserves, it is not just one man pushing for it; we have a lot of people who believe this is the right thing to do.

Q91 **Chair:** Just to clarify, you think it needs to be done multilaterally.

Bill Browder: It has to be done multilaterally, because otherwise it comes back to the issue that you have just raised. If one country does it, it creates the perception that that is not a safe country if another country has not done it.

Q92 **Dame Siobhain McDonagh:** Let me just say that you are a complete inspiration for all of us who are campaigning for change in all sorts of campaigning spheres, so thank you very much.

In your evidence to the Committee, you spoke about how we can seize Russian state assets, but I want to look at assets owned by sanctioned individuals. The UK has frozen £22.7 billion worth of assets owned by private citizens and entities, but legally we do not have the tools to confiscate them. What measures would you suggest to confiscate those personal assets? Should we look at Canada's Special Economic Measures Act or something like that?

Bill Browder: I have a lot of experience in this area, coming back to the Magnitsky case. In the Magnitsky case, my lawyer, Sergei Magnitsky, was killed. He was killed for uncovering a \$230 million Government corruption scheme. We traced the \$230 million to many different countries. We then would file criminal complaints with the law enforcement authorities of those countries to freeze and confiscate that money. The crime took place in 2007, and we are still involved in assisting different law enforcement authorities in criminal litigation in 2024.

What I have learned from this process is that, when you are going up against an individual using the legal system, which has to be done, it is an extremely cumbersome, time-consuming process. I am not saying it should not be done. What I am saying is that, if we are looking for financial relief for Ukraine now, the Russian Government have committed the crime. They have committed a crime of aggression. We have custody of their money; we can confiscate their money, and it is all very clear.

When it gets to an individual, the big problem is that the individual has property rights. We should not start confiscating individuals' money without going through a proper legal process. The problem with those individuals' property rights is that the first thing you have to prove is that that individual was somehow formally connected to the Russian Government and therefore bears some responsibility. Then you have to go through the rest of this process. That should be done. The oligarchs who are supporting the regime should have their money confiscated, but



that is a longer-term process. We should never unfreeze that money, but the resources required to litigate that will be large. That is something that needs to be thought about separately.

I am not saying it should not be done, but I am saying that, in terms of the emergency that we have on our hands right now, 80% of our efforts should be towards confiscating the state money, and then we can leave the other money frozen until we can figure out how to go about getting it.

Q93 Dame Siobhain McDonagh: As of 23 February, 1,702 individuals and 298 entities have been subject to UK sanction, but there are many companies and individuals supporting Russia's war in Ukraine that have not been sanctioned. These include both Russian officials and oligarchs. If the Government expanded the sanctions regime, who are the first people that they should target?

Bill Browder: We were just looking at this. Let me get the list out. The US Government did a project in 2017 where they asked the Treasury Department to come up with a list of the Russian oligarchs who were closest to Putin. It was an official legal assignment. The Treasury Department came up with a list of 96 individuals. It is a published list. Of that list, we in the UK have sanctioned 57, the US has only sanctioned 30 and the EU has only sanctioned 25. We have done better, which is good. I did not know this until I got these numbers yesterday. That is good, but that leaves us with 36 of these people not sanctioned.

It is very easy. Let us get the list that the US has produced. We could produce our own, but let us get the list that the US Treasury has produced. Let us go down the list. Let us look at all the 36 people who have not been sanctioned. On the basis of the criteria that exist for the sanctions programme for the invasion of Ukraine, we should then apply sanctions to them if the criteria apply. That would be the simplest, most broad way of doing it. I do not want to throw individual names out here today, because I have not done the research, but that is where I would start.

Dame Siobhain McDonagh: Let's hope 36 people are a bit worried right now.

Bill Browder: Well, yes—and we're on Parliament TV.

Q94 Dame Siobhain McDonagh: In 2022, the Government introduced a requirement for foreign businesses owning land or properties in the UK to disclose their true owners and registered overseas entities. That is how we found out that Igor Shuvalov, a sanctioned member of Putin's inner circle, owned two flats across the road from the Ministry of Defence that were worth about £11 million. There is still a loophole because anyone who controls an offshore company can continue to hide the ownership in that trust. Do you agree that we need to close the loopholes so that the legislation also targets trusts?



HOUSE OF COMMONS

Bill Browder: Yes, absolutely. There is no reason not to. Sunlight is the best disinfectant; it is much better than any Government regulation or anything. If everybody knows who owns what, then the public can be upset about all this type of stuff. Any loophole that allows transparency not to exist should be closed, and that is a great example.

There are probably a few other loopholes like this where people can continue to hide their ownership, and we should have none of that here. This should be a hostile environment for criminals, money launderers, dictators and other people. There are plenty of legitimate people in the world who can come here, spend their money and bring good things to this country. We do not need the criminals.

Q95 **Dame Siobhain McDonagh:** To crack down on sanctioned individuals keeping money in the UK, the defence think-tank RUSI has suggested that we create tripwires. That is where you create a new offence that you would then judge these oligarchs to have committed. Do you think that is a sensible way forward?

Bill Browder: I am not familiar with the details of the proposal, so I do not want to comment on that.

I want to comment on one thing that is really important. One of the things that I learned about from all the work we did on the Magnitsky case is that there is a whole ecosystem of what we call enablers. These are lawyers, accountants, trustees, company formation agencies and PR firms that work on behalf of bad people to help them launder and hide their money, and continue to manage their money when it is laundered and hidden.

When we are talking about the amount of money that has been frozen in the UK, the number you mentioned was \$23 billion. That is a drop in the ocean of how much money is in the UK that belongs to people who have done bad things. The reason that is a lower number than the real number is because a lot of the money is hidden. Most of the money is still hidden.

How do we unhide that money? I have an idea, and I have been talking about this since the war began. We could put a provision in the next iteration of the sanctions law that said that any accountant, lawyer, trustee, etc. who worked for an individual who is sanctioned would have a duty in law to come forward to the Government and share information about the ownership of assets of the sanctioned individual.

If you take the poachers and turn them into the gamekeepers, all of a sudden that \$23 billion would probably go to \$230 billion. It would probably cause any future lawyer, accountant, etc. not to want to get involved in this thing unless they knew that their clients were proper, legitimate individuals.

Q96 **Dame Angela Eagle:** We have talked about sanctioning state-owned assets, but is it not one of the features of the Putin regime that a lot of



state-owned assets were taken out of Russia under the safekeeping of particular oligarchs? There was a big battle between the old oligarchs and the Putin-affiliated oligarchs to have control of a lot of these state assets that are essentially being hidden in places like London.

Effectively, the individual-owned assets are not individually owned at all. They are basically extensions of the state, and Putin would expect them to be returned to him if he wished to use them in any way. Does this not dissolve, for all intents and purposes, the distinction between individually owned oligarch assets and state assets?

Bill Browder: You are absolutely right. We have done the work, and we estimate that between 2000 and 2024, Putin and the top 1,000 officials have stolen \$1 trillion from the Russian state. Putin does not keep any of this money in his own name. The money is held by trustees and oligarchs and so on. That money should be immobilised, for sure. There is no question.

The only issue is that it is a much cleaner legal case to go after the state's money than it is to unpack that. I believe in property rights. You cannot just use a broad brush and say, "That person is Russian; therefore, their money should be confiscated." No, that is wrong. We cannot do that. Coming back to your original question, that would upset financial markets if people thought that, just by being born in a country or having a connection to a country that does something bad, that would put all their money at risk.

Everybody has property rights and legal rights to represent themselves, but I completely agree with you that most of the Russian oligarchs are trustees for Vladimir Putin. The money being held is effectively the money that belongs to the Russian state, and the legal process should absolutely begin to try to take that money away from them. I am just saying that it is going to be a very long, hard road. In terms of dealing with the current emergency, we should not expect any financial results. Those financial results are going to come a decade from now if properly litigated, not today.

Q97 **Dame Angela Eagle:** Property rights, human rights and the rule of law are very important for individuals, but what we have here is effectively a criminal enterprise that has stolen assets from what you could call the Russian state—I might say the Russian people—to use in this web of arbitrary behaviour and criminality, of which the oligarchs are the most obvious examples.

How do we overcome rights that are clearly there for a very good reason, such as human rights, property rights and the rule of law, to deal with this obvious laundering that is going on? Answer that, and then there is another issue I want to raise with you.

Bill Browder: Well, I think that the laws are actually in place to do something here.



Dame Angela Eagle: Proceeds of crime, or—

Bill Browder: Unexplained wealth orders, etc. Again, I have very direct and unfortunate experience in this area, which is that, as I mentioned, with the Magnitsky case, we traced all the \$230 million. The largest share of the \$230 million came to the UK. Whenever we found money going to a country, we would then file a criminal complaint with the relevant law enforcement authorities. In most countries, the law enforcement authorities opened criminal cases. Here in the UK, they did not.

We filed a criminal complaint with the Serious Fraud Office; no case was opened. At the economic crimes department of the Metropolitan police, no case was opened. At what used to be called the Serious Organised Crime Agency, no case was opened. At HMRC, no case was opened. At the National Crime Agency, no case was opened.

Q98 **Dame Angela Eagle:** Why?

Bill Browder: I will tell you why. Eventually, one of the people who I had written to, after he had retired from the National Crime Agency, came to me. He said, "I thought a case should be opened, and I was overruled and under extreme pressure not to open a case by somebody very senior in the National Crime Agency."

I have learned that it was not specific to our case. There was not a single economic crimes case from Russia opened since Putin has come to power in this country. Why? It is not malicious. It is because the law enforcement agencies in this country are badly resourced. Per capita, the US spends much more than the UK on these issues.

It is also about the law. You start out with a low budget in all these different agencies, and then you have this thing where, if a case goes to court and the Government lose, even on a minor procedural point in court, such as there is a disclosure order that they issued that has been fought and then the defendant wins, they have to pay about £50,000 to the other side for the costs of that particular order, and these people do not even have the budget to do the case to begin with.

With the incentives so badly skewed against them, what is the natural career reaction of an official in the National Crime Agency or the Crown Prosecution Service or whatever? It is to not open cases.

Q99 **Dame Angela Eagle:** That is why the UK is a centre for this kind of fraudulent activity and has been infiltrated by Russian money so badly.

Bill Browder: Yes, exactly, and I have direct experience working with many different countries. This is the worst. It is worse than Latvia. In Latvia, you can conduct criminal cases. Here, there is almost a pride in not doing it, and the only way to fix that is to change the whole structure. In the last sanctions Bill that came forward, I proposed taking away any possibility of cost orders against the Government. Secondly, if the



HOUSE OF COMMONS

National Crime Agency wins, it should keep the money and then use that money to fund future prosecutions.

Q100 **Dame Angela Eagle:** This is easily fixed.

Bill Browder: It is just a couple of lines, but it gets slapped down every time. This should be a totally multipartisan issue. There should be nobody against this, but the people who are against this are the legal community.

Q101 **Dame Angela Eagle:** They are making vast amounts of money out of representing oligarchs though, are they not?

Bill Browder: They absolutely are.

Q102 **Dame Angela Eagle:** This is corrupting our country.

Bill Browder: It is not corrupting; it has corrupted our country.

Q103 **Chair:** In the US, they can keep the proceeds.

Bill Browder: The Department of Justice keeps the proceeds when it does these confiscation orders.

Q104 **Dame Angela Eagle:** That is a devastating series of observations that we need to take extremely seriously. Your suggestions for changing it are simple but would be very effective if they were put in place. However, it would mean that the ecosystem that you were talking about of enablers would have their standards of living hit. Is that true?

Bill Browder: They will come to some committee like this and they will tell you how it is going to completely change the world, that it is impossible and that, if we do that, everything will be bad and so on and so forth. That is what will happen. Somehow, it all gets watered down and it doesn't happen. I have worked on these specific amendments with colleagues of yours in Parliament in the last sanctions Bill, and it all got kicked out.

Dame Angela Eagle: You might forward them to us as well so that we can have a look at them for our report.

Q105 **Stephen Hammond:** Following on from what Dame Angela has just said, the reality is, of course, that we have already given protection against coming back against the FCA in certain areas, so it would hardly be a surprise if we wanted to extend it to other agencies. The precedent is already there for us to use.

Can I just take you back to the beginning? Can we just run through some of the differences in various regimes? The Institute of Chartered Accountants in England and Wales said that, traditionally, the UK's financial sanctions regimes were aligned with the EU and the US. It now thinks that, since Russian sanctions have come in, there has been some disparity in the sanctions system.

I have three questions following on from that. Do you agree with that view? Do you think the EU and the US are themselves aligned? Given



HOUSE OF COMMONS

what you said in your opening remarks, are these minor differences that do not really matter, given the scale of sanctions that are in place?

Bill Browder: It is a problem that we do not have harmonised sanctions. Let me just give you a few examples. As I said, the UK has done a better job in terms of sanctioning oligarchs than the US and the EU. For example, you have Vagit Alekperov. He was the CEO of Lukoil. Lukoil is one of the most important oil companies in Russia and a great supporter of Putin. He is sanctioned here in the UK, but he is not sanctioned in the EU or US.

You have Vladimir Potanin. Vladimir Potanin is the CEO of Norilsk Nickel. He is also one of the people who Putin has been assigning to buy up interests in foreign corporations. When a foreign corporation wants to pull out of Russia and has to sell it at pennies on the dollar, he has been one of the big recipients of free money from people pulling out. He has been sanctioned here and by the US, but he has not been sanctioned in the EU. What do you do if you are Potanin? You go to the EU. He can still travel to Courchevel and Cala di Volpe in Italy and all that kind of stuff.

We cannot control who they sanction, but there has to be a very big effort to harmonise these sanctions so that these people cannot go anywhere. This is something that should be pushed hard.

By the way, in the Magnitsky case itself, the EU only has human rights sanctions; it does not have corruption sanctions. We have human rights and corruption. The US has human rights and corruption, etc. All the people who were involved in the financial crime that Sergei Magnitsky was killed over cannot travel here. They cannot travel to the US, Canada, or Australia, but they can go to the EU any time they want. Until the EU plugs these loopholes, it is a big problem, because it does not achieve the objective.

Q106 **Stephen Hammond:** At the beginning, you said there have been about \$300 billion of sanctions. Have you made any estimate of how much money has evaded sanctions because of discrepancies in various sanctions regimes?

Bill Browder: I do not have any estimate, but it is going to be a huge number, because that is what these people do.

Q107 **Stephen Hammond:** You have the discrepancy in the regime, and then, perhaps equally as importantly, you have discrepancy in implementation.

Bill Browder: I could estimate here and now. We have estimated that \$1 trillion was taken out of Russia during this 24-year period, and we are only talking about a few hundred billion dollars that has been caught. There is probably a much greater amount, \$700 billion of money, that is still floating around somewhere and has not been touched, because of either the sanctions or the enablers hiding the money.

Q108 **Stephen Hammond:** In terms of implementation, as opposed to the



difference in the regimes, which you have pointed out and we recognise we should be pushing Governments to become more unified on, where do you think the best implementation of sanctions regimes is happening? You have already spoken about the REPO law in the US. As I understand it, in the US there is now a law against wealth managers who act for sanctioned individuals or individuals from sanctioned countries. Is that right, and is that a world-leading way of cutting off networks?

Bill Browder: The US is always the most aggressive in any kind of law enforcement sanctions work, and it probably has the best practice in terms of emulating things. Having said that, the UK, as I have mentioned, has sanctioned more oligarchs than the US has. The US is like a supertanker. It is slow-moving, but you never want to be on the wrong side of the US when it comes to any of these types of things. Here, we are a little bit less aggressive about the whole thing. As I said, a lot of these people have money in trusts.

I remember a story about a big property owned by Alisher Usmanov, who is one of the sanctioned individuals. He owns this huge property up in Hampstead, and he just transferred it to his sister a day before the whole sanctions programme came in. She became the beneficiary of the trust that owned the property. We should look at every one of these sanctions evasion mechanisms that they use, and we should legislate against it going forward when it comes to moving things around.

Q109 **Stephen Hammond:** Presumably, we could have a regime like the politically exposed persons regime. You can be politically exposed, so members of your family have to declare things. If we had the same sort of regime in place—a sanctions-exposed persons regime—and it was implemented multilaterally, that would start to fill the hole that you were talking about.

Bill Browder: It would, yes.

Q110 **Stephen Hammond:** We have talked about the different regimes that are around, particularly in implementation. How would you propose that the UK Government should get multilateral agreement? What are we doing that we need to do more of to persuade others to fill the gaps in their regimes?

Bill Browder: The best way of getting people to fill the gaps in their regimes is to point out where they are not adequate. Sometimes polite diplomacy is appropriate, and sometimes one should be a little bit less polite.

We are in a war right now, whether we want to admit it or not. There is a war going on and we are participants, and we should not make any mistake about it. At the moment, there is not a drop of blood from a British soldier, but we are fighting a financial war, and we should fight it as tough as we can fight it, because that is the battlefield we are on right now.



Q111 **Chair:** Thank you very much for your evidence, Mr Browder, and for all your campaigning. Let me give you a final opportunity: is there anything else that you want to recommend to this Committee before we bring this panel to a close?

Bill Browder: The one thing that we have not talked about—I think you are going to be talking about it in your next session—is the oil and where it goes. I have the names of the refineries that refine Russian oil and sell it back to us, and I just want to put it on the record. We should think about either applying sanctions to these refineries or creating some type of legislation where we are not allowed to buy oil from these refineries.

I am just going to put it out here for the record. In India, we have the Vadinar refinery, which is 49% owned by Russia's state oil company, Rosneft. It receives Russian oil and it sells Russian oil refined product back to us. We have the Jamnagar refinery in the Gulf of Kutch on India's western coast, which is a leading destination for Russian crude arriving in India. We have Bharat Petroleum, which is a state-run company, and we have Hindustan Petroleum, another state-run company. In Turkey, we have STAR Refinery, which concluded a deal with the Russian oil company Lukoil. In China, we have Sinopec Group and CNOOC.

Those are all companies that buy Russian oil. When we talk about India, China and Turkey, we are talking about specific companies. We do not have to sanction India, China and Turkey. We can just go after the companies that are buying the oil.

This is just me saying that here in a public setting on the record, but if you start to say that and if you put this into your report, that is the kind of pressure that these companies do not need. They can get oil from anywhere. They do not have to take Russian oil. If Russian oil does not find a home so easily, the price goes down, they get less revenues, and they have less money to fight this war.

Q112 **Chair:** Thank you very much, Mr Browder. That leaves us perfectly segueing into our next session, which is on exactly this subject. Is there anything else that you wanted to put on the record?

Bill Browder: I could talk for hours, but you have given me a great opportunity. Thank you.

Examination of witnesses

Witnesses: Richard Bronze, Emma Hardaker and Arabella Ramage.

Q113 **Chair:** We are resuming with our second panel in our inquiry into sanctions on Russia. I am going to start by asking our second panel to introduce themselves.



HOUSE OF COMMONS

Richard Bronze: Good morning. I am Richard Bronze. I am head of geopolitics at Energy Aspects, which is a research company focused on global energy markets. My work concentrates on the impact of sanctions and other political developments on those markets.

Emma Hardaker: Good morning. My name is Emma Hardaker. I am the head of financial crime and compliance at Lloyd's of London. We oversee a global insurance market with a 300-year history of insurance and reinsurance, particularly in maritime.

Arabella Ramage: I am Arabella Ramage. I am the legal director at the Lloyd's Market Association. We represent the managing agents who participate within the Lloyd's market. We fall between Lloyd's the corporation and the syndicates that participate within Lloyd's.

Q114 **Chair:** Let us start with the evidence that you just heard Mr Browder give us about the oil price cap. In your opinion, Mr Bronze, is the oil price cap working?

Richard Bronze: In short, no. If we take the big picture, what are sanctions intended to do? They are intended to deter or prevent Russia's activities and its invasion of Ukraine. They failed to deter, and they are failing to stop or seriously hinder.

That does not mean they are not having any impact at all. Mr Browder talked about the impact on the Russian economy. I would agree that there is a significant impact on many parts of the Russian economy. Even within the energy sector, there is a substantial loss of revenue. Russian oil sells at much greater discounts than it did historically. Russia is selling less gas by pipeline, and that is affecting Russian private sector and Government revenues. But the amount of that we can attribute to the price cap and the mechanism that was intended to drive those prices down feels very limited. Much more of that impact has come from the EU import ban, from the ban on imports by the UK and the US, and from western financial sanctions more broadly.

Q115 **Chair:** Would you agree with the evidence that we heard from the Royal United Services Institute that the oil price cap is being breached left and right very frequently?

Richard Bronze: There are certainly indications of that. We have just started, since the turn of the year, to see a bit of enforcement by the US authorities, and very limited enforcement by the UK authorities, but there is a lot of circumstantial evidence that suggests that, particularly last year, a lot of oil was probably moving above the price cap, potentially with forged or misstated documents provided to the maritime service providers. More significantly, we are now seeing less and less of Russia's oil exports relying on western vessels or western financial services.

The premise at the heart of the price cap was that access to these western maritime services was so important that it would give buyers in third countries the leverage to force Russia to sell its oil below the price



HOUSE OF COMMONS

cap. We have never seen that behaviour. Instead, we have seen a big migration of those flows to vessels that are colloquially called part of the shadow fleet. The ownership is opaque. Colleagues will talk about the insurance arrangements not coming from western service companies, and that has limited the effectiveness of the oil cap.

It also raises big concerns about future safety and the environmental implications if one of these tankers gets into an accident. Most of them are very old vessels. Maintenance standards may not be the same, and that raises lots of concerns. The idea and the theory of the oil price cap was there, but in practice it has not worked.

Q116 **Chair:** You heard Mr Browder name specific refineries where Russian oil is being refined and then sold on. They are mainly refineries in India. Is that evidence something that you agree with?

Richard Bronze: We do not take a policy position, so we are not recommending anything. Are there refineries that are importing and processing Russian crude oil, and are those same refineries exporting to countries that are part of the price cap coalition? Yes, it appears so.

It is trickier to say whether the molecules of Russian oil are the same ones, once processed, that are loaded on to tankers and coming back in. If those molecules are refined or processed, that is permitted under the rules as set by the UK and other G7 countries at the moment. That is occurring.

Q117 **Chair:** You are not recommending any changes because you do not recommend any policy changes.

Richard Bronze: We do not take a view, but certainly we analyse the state of the markets and the potential impacts of different policy proposals.

Q118 **Chair:** You agree that it is likely that Russian oil is still ending up in the UK.

Richard Bronze: Once it has been processed or transformed by a refinery, yes.

Q119 **Chair:** How much? Can you estimate?

Richard Bronze: It is probably not significant volumes. These refineries, particularly in India, are a long distance from UK markets. Just from an economic perspective, we import far more of our oil from European countries and the US, so most of it will be going to other destinations. It will probably be well below 5% of our total imports, but there will be some.

Q120 **Chair:** Although you do not make a policy recommendation, is it your opinion that it would be relatively easy to stop that oil coming into the UK if people did implement policies?



HOUSE OF COMMONS

Richard Bronze: It would be technically quite complex, depending on how you wanted to implement it. Again, the way that refineries usually operate is that they will import and process oil from different sources. In some cases, certain refineries may now be running predominantly or exclusively on Russian oil because it is cheaper than the alternative.

Where they are processing from different sources, the question would be whether you would prohibit any exports from that refinery, or whether you would introduce some sort of mechanism to say, "We only want to prohibit the molecules that started out in Russia and have been processed from coming to the UK."

There are approaches you could potentially implement, but they become very tricky. Already, the price cap, as it stands, is quite a complicated mechanism. If you added a layer like this, it would add more complexity for the industry to manage.

That is a political choice. If you decide to do that, then the industry will have to work its way through that, but there would be hopes from within the market that there would be consultation and discussion about what mechanisms and approaches would be the most straightforward to implement.

Q121 **Chair:** Emma, in your written evidence, you state: "Placing sanctions on parties that purchase Russian oil...would have a negative impact on the overall global price of oil". What do you see happening in that case?

Emma Hardaker: Just for clarity, do you mean in terms of sanctioning all purchases of Russian oil?

Chair: It is a quote from your evidence.

Emma Hardaker: The issue there would be that the original intent behind the policy on the oil price cap, as I understand it, was to keep some oil flowing, particularly for third countries, and to keep that oil flowing at a price that was sensible for those countries. If there was to be a total ban, that would have an adverse effect on that policy intention.

Q122 **Chair:** All these refineries need insurance. All these shadow fleet ships, presumably, are insured. These cargoes are insured. Are you confident that none of that insurance is being purchased in the UK?

Emma Hardaker: Yes, I am. I am confident that it is not being purchased through legitimate sources. You have evidence from the Kyiv School of Economics before you that shows that approximately 72% to 78% of Russian oil exports are now coming through the shadow fleet. Those ships would not be insured in the Lloyd's market.

Q123 **Chair:** Would there be any reinsurance for any of these entities? Would they be getting reinsured through the Lloyd's market, through entities that may be disguising the original cargo or the original asset?



Emma Hardaker: Richard put it very well. The more complicated sanctions compliance is, the less easy it is to have a strength of sanctions compliance. Once you move into the world of reinsurance, the visibility gets much less and you are correct to identify that, the further down the insurance chain you get, the more difficult it is.

Q124 **Chair:** You could not be absolutely confident that sanctioned entities, people, individuals and Russian oil are not benefiting from being reinsured in the Lloyd's market.

Emma Hardaker: The exposure there would be where insurance is being written outside the Lloyd's market, which was then reinsured back into Lloyd's. That is an area where it is very difficult to be able to see that far into the reinsurance.

However, what I can say is that there is no appetite within the Lloyd's market for conducting sanctioned business. I would also point out—and my colleague can expand a bit more on this—that there are sanctions clauses that are in insurance contracts such that, if sanctioned products are under the insurance contract, that contract of insurance is then suspended.

Chair: I am sure we will have more questions as we progress through this session, but I am going to bring in Samantha at this stage.

Q125 **Samantha Dixon:** Richard, if I understand you correctly, you do not think sanctions on Russian energy suppliers have been effective.

Richard Bronze: Sanctions as a whole have forced down the amount of revenue that Russia is securing. Some of that has been offset, particularly in 2022, because global energy prices rose so much. Now that mostly oil and gas prices have returned to lower levels, we are still seeing Russia selling less gas, and similar amounts of oil but with bigger discounts. Western sanctions in totality have been and are reducing Russia's revenues.

The Russian Government have modified their tax rules, so the amount that the Government receive has not fallen by as much, at the expense of private or state-linked companies, but the original question from the Chair was more about the oil price cap. That is the least effective element of the overall package in practice, when we are talking about the goal of reducing Russian oil revenues. As Emma said, probably the main aim of the oil price cap, and why it was originally introduced in 2022, was to act as a pressure release valve on those other sanctions.

In Europe, there were discussions in the spring and summer of 2022 about a complete ban on maritime services provision for moving Russian oil to countries such as India and China. The eventual decision within the G7 was that that risked exacerbating the energy price crisis, so creating the oil price cap would give a mechanism so those third countries could still access western services with the hope or the aim that they would do so at discounted prices.



Q126 **Samantha Dixon:** How effective do you think sanctions relating to energy can be without the co-operation of India and China?

Richard Bronze: We are hitting up against the limits of the efficacy and the reach of sanctions, particularly without a willingness or an appetite among Governments to significantly disrupt flows. You have two competing aims, and not disrupting flows always seems to be the one that is given precedence.

You do not see from India or China any political will or appetite to voluntarily reduce their intake of discounted and cheap oil from Russia, and the mechanism or the tool that was thought to be there, in terms of the access to western shipping and services, has not proved anywhere near as effective as it was hoped.

Q127 **Samantha Dixon:** What difference would it make to the effectiveness of the sanctions regime if all countries in the EU banned liquified natural gas products from Russia?

Richard Bronze: This is something that is under discussion as part of the next European sanctions package, which will be the fourteenth package, along with various more limited options, like a ban on LNG transshipment. Although Europe has significantly reduced its imports of pipeline gas, it still takes a significant volume of Russian LNG—if anything, more so than before the Russian invasion in 2022.

Were that to be banned, it would be a further hit for Russian revenues, because those LNG cargos would need to move to longer-haul destinations in Asia, but overall gas prices would increase. The UK, Europe and all markets would feel some of the effects of that and, again, much like we saw with oil and gas when the energy price crisis was at its peak, Russia would see some of the negative effect of those sanctions mitigated, even if it sold lower volume. If it was selling that at higher prices, even with higher shipping costs, the net result may not be as much as we would hope.

Q128 **Samantha Dixon:** Do you think the UK and EU's greater reliance on liquefied natural gas, particularly from the US, has any impact on energy security or the transition to green energy?

Richard Bronze: Overall, access to LNG is a positive, from an energy security perspective. Historically, gas markets have been much more regionally concentrated because of the dependence on pipeline flows and that creates exposure and risk, as we have seen with much of continental Europe and its struggle and its slow pace of disconnecting itself from its reliance on Russian pipeline gas. That was enabled first by bringing in a lot of LNG import infrastructure, and then by bringing in a lot of LNG imports from other destinations, predominantly the US.

LNG can be beneficial in giving more access for energy security at times. That can be a double-edged sword, because if prices in another region are being pushed up by an event or a crisis there, the more



HOUSE OF COMMONS

interconnected your gas markets are the more that those effects will reach beyond that region. If the crisis is here, in the region that we are connected to, we benefit from having that LNG access.

Q129 Samantha Dixon: Could sanctions have a long-term impact on trade patterns, in the way that you are describing, and the energy market long after they have been lifted? If so, what are they likely to be, particularly for the UK?

Richard Bronze: There are two parts to this. The first is the question how quickly sanctions could or would be lifted. One of the conversations I have a lot with clients who are participating in the energy market is around “what if?” scenarios. Say that the conflict in Ukraine ends. How quickly would the UK, the US and the EU roll back these sanctions? Would we return rapidly to a situation where none of the energy restrictions in place today is maintained? That is unlikely. An awareness in political circles will remain that a reliance on Russian energy has security consequences and, even if the conflict in Ukraine is resolved, as we all hope it will be, that concern will not go away while the current Government in Moscow remains in power. The first question is how quickly sanctions would actually be lifted.

The second is how quickly traders and buyers would return if the sanctions were not in place. You would see that moving back, but it would be at differing paces for different organisations. Just as in 2022 we saw quite a bit of self-sanctioning—companies going over and above what was legally mandated, because of the reputational risks and the political concerns—equally, it will not be the case that, the day after you lift sanctions, everybody will be rushing back in to sign contracts, unless a lot else has changed in the interim.

For the UK, that does mean energy is going to be flowing less efficiently, over longer distances. We will be feeling that to some extent in the prices that we are paying to import wholesale, and consumers will feel that to some degree in the prices they pay. The more that we layer restrictions or complexity on to that global market, the more that will come through in the cost chain.

Q130 Samantha Dixon: The *Financial Times* has reported that Gazprom has “plunged to its biggest loss in at least a quarter of a century after gas sales more than halved” as a result of sanctions. Is this sort of impact replicated across the energy sector?

Richard Bronze: Gazprom is in a bit of a unique position. It is the major exporter of Russian pipeline gas. Given we have seen such a big reduction in Russian pipeline exports to European countries, which were historically its main customers, and because you cannot simply redirect those flows—there is not the pipeline infrastructure to move that to alternative buyers in Asia—it is no surprise that, after very strong financial years for Gazprom in 2021 and 2022, last year it did see much worse results.



HOUSE OF COMMONS

That is not replicated. If you look at Novatek, which is Russia's biggest LNG exporter, its financial results were much stronger last year because Russia's LNG exports have not fallen as much. For the Russian oil producers, although we have less visibility on their finances, it will not be as clearcut a picture of their revenues having been significantly reduced, because the volume they are selling is still not that far below pre-war levels.

Q131 Drew Hendry: Emma, I want to focus on some of the insurance issues that were touched on by the Chair earlier. First of all, how would you describe the impact of Russian sanctions on the insurance industry?

Emma Hardaker: If we are talking specifically about the maritime aspect of the oil price cap, the appetite, as I mentioned earlier, for insuring Russian oil has reduced to almost nothing. It is a very complex regime to comply with. The complexity, the record-keeping demands and the reporting demands are all off-putting to insurers. There is also the reputational aspect of involvement with any aspect of Russian business.

If I step back to the start of the Ukrainian situation, the impact on the insurance industry was extensive. We had very complex sanctions to get to grips with incredibly quickly.

Q132 Drew Hendry: Was that difficult for the industry?

Emma Hardaker: It involved a huge amount of effort and a lot of conversations with various Government Departments, with OFSI, particularly around getting the drafting of the sanctions right. They came in very quickly at the end of February 2022. There was a huge amount of detail to get through and I have every sympathy for Government Departments trying to produce a quick response to the situation.

What worked incredibly well was that conversation with Government and with OFSI, to then produce the general licences to subsequently get the drafting right, to be able to help Government Departments understand the nuances of the insurance industry and how we could effect the sanctions but also look at areas where we needed those general licences.

Q133 Drew Hendry: Do you feel that the insurance industry is generally supportive of the aims of the sanctions regime?

Emma Hardaker: The insurance industry has worked really hard with Government to make the sanctions regimes work, yes.

Q134 Drew Hendry: That is a slightly different answer to the question. Do you feel that there is support there for the aims of the—

Emma Hardaker: Yes, absolutely.

Q135 Drew Hendry: In the Lloyd's of London written evidence to this Committee, you said that "there is a cost element to consider regarding the expense of implementation by the private sector". What is the cost? Can you tell us?



HOUSE OF COMMONS

Emma Hardaker: I do not have a particular number, but you can see some of the cost both in what OFSI is now spending and in what OFSI has done in the past year or so, in terms of recruitment. You can see it from the size of compliance departments in the market and more broadly within the financial services sector. They are expanding. I can tell you that when you needed sanctions expertise in February, March and April—in fact, through most of 2022—it was very difficult to get and the market was very competitive.

Q136 **Drew Hendry:** I am quite surprised by that answer, in a way, because I would have thought that in the insurance industry, where every penny, I would imagine, is accounted for in the actuarial tables or worked out to see the effect of things, there would be an estimate of the cost. Is there a figure? Is it just that you do not have it to hand?

Emma Hardaker: I do not believe there is a figure, no.

Arabella Ramage: No, I do not think there is, because what you are talking about is the size of the compliance teams. They are not very easy to measure.

Q137 **Drew Hendry:** Like I said, I find that quite surprising, because I would have thought that was something that would have been quantified somewhere, if it is worth ascribing a cost. We will move on.

You have also told us: "During or after the event assessments have led to further complicated measures being imposed on industry which have sometimes been difficult to navigate through." Can you give us some examples of those?

Emma Hardaker: Yes. Perhaps if we go back again to February 2022, in the initial set of sanctions that was imposed we had particular issues around the imposition of sanctions on vessels. That included aeroplane hulls, marine hulls and it also created issues around space infrastructure—the international space station, for example. That had particularly complicated fallout for the insurance industry and was the reason that we needed a general licence in order to address it.

As I said earlier, we appreciate that things were moving at speed in February 2022. When it came to the oil price cap, there were good conversations between Governments and industry but, nonetheless, there have still been nuances that it would have been helpful to get across in advance and to have considered at the time.

Q138 **Drew Hendry:** Your written evidence states that investors based in the UK have lost business to competitors based in non-G7 countries, as sanctions have not been implemented there. Can you quantify the impact on the UK market from that?

Emma Hardaker: I do not have a number to hand. I am sure I can see if we can get one for you.

Q139 **Drew Hendry:** Thank you. Finally, is there a risk that individuals and



HOUSE OF COMMONS

businesses based in non-G7 countries are no longer adequately insured and, if so, what is the impact of the lack of insurance coverage likely to be?

Emma Hardaker: Yes, there is that risk that there is no longer adequate insurance. There was a quote from Ingosstrakh, the Russian insurer, in the *FT* a few weeks ago, where it said it had a sanctions clause. We understand Ingosstrakh is providing at least some of the insurance, for example, to the Russian shadow fleet. They said themselves that they have a sanctions clause in their insurance contracts and would invoke that if necessary.

That leaves even the shadow fleet potentially without any operating insurance. Where shipments are moving possibly without insurance or without adequate insurance, particularly if there is a marine spill, yes, there is an issue in terms of who would pay for the clean-up, who would be responsible for it and how the financial impact of that would be managed.

Q140 **Drew Hendry:** Just to follow up on that last point about the financial impact, where is that felt?

Emma Hardaker: There are various international bodies that provide some coverage for marine spills but, at the end of the day, when such insurance and funds as were available ran out, it would be the responsibility of the state that was cleaning up the particular spill.

Q141 **Drew Hendry:** It would be taxpayers.

Emma Hardaker: Yes.

Q142 **Keir Mather:** I would like to ask a few more questions about the maritime insurance sector in particular. Would you agree with the view that parts of the UK's insurance sector are facilitating the sidestepping of sanctions by underwriting Russian oil that is moved by sea?

Emma Hardaker: No, I would not.

Q143 **Keir Mather:** Fair enough. I do wonder, though: you gave a previous answer about there not being appetite for insuring shipments that did not comply with sanctions. If you combine that with the point that you made about reinsurance, it is fine to say that there might not be appetite but, if it becomes very opaque whether or not it is happening, it could still be taking place, could it not, within the UK insurance sector?

Arabella Ramage: In terms of reinsurance, you do have sanctions clauses within the contracts that say that, if it is anything that is sanctioned or illegal, it will not be paid out. It is fair to say that you would usually see this when there was a claim. That would be the point at which you would be getting the most information. I am not aware that there is reinsurance of illegal activity going on.



HOUSE OF COMMONS

Emma Hardaker: No. That is correct. If you look at the structure, as brokers bring a contract of insurance—or, indeed, a contract of reinsurance—because of the sanctions compliance requirements, the brokers, the underwriters and the managing agents are all considering sanctions at each and every stage of the placement. No, I do not have any information that any reinsurance is being written in the Lloyd's market.

Q144 **Keir Mather:** Could you help me understand? It seems that there is a bit of incongruence between what you are saying and what the Centre for Research on Energy and Clean Air is saying. It identified the UK as the world's biggest insurer for Russian oil transported by cargo ship, with our maritime insurance industry underwriting 33% of all Russian oil moved by sea between the initial implementation of sanctions and November 2023.

Does that relate to the point you made about having to quickly comply with sanctions and about there being opaqueness in implementation? How does that number square with your answer to my first question?

Arabella Ramage: The answer may be in the fact that the oil price cap was not intended to stop all Russian oil flowing. When it is legitimate, it could be insured. There has been quite a lot of confusion around the figures that have been put out in the press and more generally as to whether it is legitimate trade or whether it is trade that is over the oil cap. You need to draw that distinction quite carefully.

There has been a bit of an issue here while we have been talking about oil once it hits the refineries, because the oil price cap does not apply once the oil has been landed and has been changed into a different form. You will see oil, for instance, after it has hit the refineries being insured completely legitimately at the moment.

Q145 **Keir Mather:** Are there any tools that you would give to either OFSI or the UK Government to better allow the maritime insurance industry to cut through that complexity or meet its compliance obligations in a way that piles less cost on to the insurance industry?

Emma Hardaker: The phrase I have written down is "sanctions compliance is stronger the simpler the regime is". The oil price cap regime is very complicated to comply with. Mr Browder made reference to discrepancies between oligarch lists across the US, the EU and the UK. We also experience discrepancies in the implementation of sanctions regimes, including the oil price cap regime, between the US, the EU and the UK. That strong compliance comes from harmonisation.

Mr Browder also made reference to loopholes in the oil price cap, part of which is to do with the fact that it is the G7+ countries that are the signatories to the oil price cap. There are countries that are not signatories to that. That creates additional complexity and room for those loopholes.

Q146 **Keir Mather:** In our last session, Tom Keatinge from RUSI gave evidence



HOUSE OF COMMONS

that Lloyd's of London holds information that could be used to identify insurers providing insurance in breach of the sanctions regime and that those names could be added to the sanctions lists. Do you agree with him? Is that information that you have?

Emma Hardaker: I made a note of that comment that Mr Keatinge made and I need to have a chat with him about it, because I would be very interested to know what that information is. It is not an information source that I am familiar with, so I will raise it with Mr Keatinge.

Q147 **Keir Mather:** If Lloyd's of London were privy to information of that kind, would they be forthcoming in releasing it if asked to by the UK Government?

Emma Hardaker: Yes, absolutely. We have co-operated with the UK Government all the way along in the implementation of sanctions and we continue to do so.

Q148 **Keir Mather:** Just on the size of the dark fleet, to which there was reference earlier, can you put in physical terms, for the benefit of the Committee, how large that fleet is and what share of Russian oil exports it currently accounts for?

Emma Hardaker: The numbers I have are the ones, as I mentioned, from the Kyiv School of Economics: that the dark fleet is taking about 72% to 78% of Russian oil now.

Richard Bronze: If it helps, I can add to that. Analysis that we have done suggests there are around 250 to 300 unique tankers lifting Russian crude oil each quarter. Those vary over time, but it is probably 500 or 600 vessels that have been involved since the start of the price cap. Not all of those will be shadow fleet. Some of them may not be part of what we call the shadow fleet and may have been moving oil beneath the price cap, and then gone on and done other non-Russia-related trade.

There was, in some written evidence provided to the Committee, a figure of 800 tankers. That feels high, but not totally out of the realm of possibility. The range we are talking about is somewhere in the mid-hundreds, I would guess.

Q149 **Keir Mather:** Just finally, Drew picked up on the point that, when it comes to oil spills through the risks of non-insurance of what are, it appears to be in some instances, quite old and rickety vessels to transport this oil, the buck is eventually passed on to the taxpayers of whichever nation state ends up having to foot the bill. In its evidence, RUSI mentioned better policing of maritime chokepoints, making sure that those vessels are compliant and, if not, having sanctions in place or consequences that effectively deter them from using certain passages.

Do you see that as an area of enforcing sanctions compliance that is going to become a greater part of how the G7 responds to this sort of trade? I just think of the state of the UK Royal Navy in particular. Do you



HOUSE OF COMMONS

think that that is something that could be practically implemented by G7 members?

Richard Bronze: There are very legitimate concerns. If you look, for instance, in the Danish straits, which is quite a complex shipping route to navigate, there was a vessel that was unloaded, fortunately, at the time, and had a near-miss accident that was reported in the press in recent weeks. A lot of these vessels are moving through the English channel. They are moving through chokepoints in the Mediterranean or the Suez canal.

There are lots of points along the route where, if you are one of the nations that these vessels are going past, even if that oil is nothing to do with you, you probably want to be confident that those vessels are safe and properly insured. There are international conventions about free passage and there would be very complex questions of international law about how you would police and intervene to try to ensure or limit that.

The Danes have been at the forefront of exploring and testing what is and is not straightforward to do. The other challenge will be a practical one. If you wanted to do that, which agency and which resources are then responsible? You mentioned the Royal Navy's capacity. We are also busy in other places, such as the Red sea with the Houthi threat. There is a lot else going on but clearly, if something terrible does happen, we are all going to regret it if we do not pay more attention to this and let something happen that could have been preventable.

Q150 **Dame Angela Eagle:** In general, where are these ships flagged? Who owns them and if, as you hint, they are doing business under the wire one minute and then doing legitimate business the next, can we not put a stop to that?

Richard Bronze: The flag and the ownership are very rarely the same. There are certain countries that provide flagging for a lot of the international maritime fleet. There are countries such as Liberia, Gabon and others that end up flagging an awful lot of vessels that have no ownership linked to those territories.

A lot of the ownership is also relatively opaque. It appears to be companies often registered in countries such as the UAE, Indonesia and elsewhere. Often, the ownership changes hands numerous times. The EU has implemented rules to try to limit or monitor the sale of second-hand tankers into this shadow fleet, but there are a lot of vessels that have already entered into it.

In terms of that question about whether vessels are moving backwards and forwards, there are less and less. Perhaps they were in the early days of the price cap, but that was a period when some Russian oil prices were below the cap levels. It could have been perfectly legitimate for a European-owned vessel, a European-insured vessel—I am including the UK here—to have lifted Russian oil, gone through all the attestation



HOUSE OF COMMONS

processes for the price cap, been allowed to do that and then for its next cargo maybe lifted oil from the North sea and brought it to a UK refinery.

That is much less feasible as a behaviour now, because Russian oil prices have been well above the price cap for some time, but this is some of the complexity that we have been talking about put into practice. Vessels may have reason to believe that they were lifting oil legitimately, but often it is portrayed publicly as every vessel and every insurance related to Russian oil now being illegal. That is not how the sanctions have been written and therefore that is not how industry is currently implementing them.

Arabella Ramage: It is a form of sanction that we have never had to deal with before, which has led to some of the complication in terms of implementing it. It is much easier if you say, "Stop all trade." When you have a halfway house, that is quite difficult to contend with.

Q151 **Anne Marie Morris:** Clearly, the efficacy of what we have now described as OFSI is important to make all of this work, but you have also made it very clear that it is quite complicated and complex. There is what is legal and what is illegal. What you need from OFSI is the knowledge and expertise to be able to advise the industry, and indeed Government, to make sure that the sanctions work. Do you believe, for both the energy industry and the insurance industry, that OFSI really understands and has the expertise, so it can spot these breaches and be an efficient body of enforcement? Let us start with energy.

Richard Bronze: We have seen, and lots of the evidence presented to the Committee has talked about, OFSI expanding, adding new recruits, the need for those to build up expertise and the need for continued investment. In the energy industry, OFAC, the US broad equivalent of OFSI, has long been the predominant and the primary sanctions agency around the world, because the US has had a much longer history of imposing secondary or broad sanctions linked to the dollar-based financials system.

OFSI has sensibly been looking at OFAC as a model for how to build up and strengthen itself and the approaches to take. As an industry, we are seeing some of the benefits. Just in the last few weeks, OFSI has started publishing FAQs, explainers that go beyond the initial guidance, to answer questions that industry is asking and struggling with. That is good.

What we have not yet seen OFSI do as much as OFAC—apologies for all the acronyms—is on the enforcement side. If you want efficiency and impact from sanctions, active monitoring and enforcement against breaches is really important. Sometimes that will be about sanctions designations. Late last year and early this year, OFAC in particular was sanctioning a lot of tankers and trading entities involved, it stated, in breaching the price cap, using US financial or maritime services. We have



HOUSE OF COMMONS

not seen as much of that activity from the UK or from the European Union countries.

Q152 **Anne Marie Morris:** Why not? Why do you think that is the case?

Richard Bronze: Part of it will be probably less investigative experience and less history of doing this, but the question is whether there is a political appetite. It is one thing to announce and introduce sanctions. It is a different thing to consistently enforce them and, even from the US, we have not seen that consistency of enforcement messaging. We have periods where enforcement is of active focus and then, honestly, when oil prices move higher, the messaging appears to shift and suddenly becomes much more about highlighting that, for instance, India can still purchase oil and that is not blocked.

The other aspect I would just like to highlight, which would really help if OFSI could think about and focus on it, is support and guidance for smaller businesses that do not have compliance teams and functions. What we have introduced over the last two years is a much broader, sweeping range of individual, entity and sectoral sanctions against a country that we have much closer economic ties with than, for instance, Iran or Libya or Venezuela, some of the countries that have been under sanctions for much longer. It is hard enough for big businesses, where they have dedicated specialists and they have been competing for that talent, which is limited. If you think about small exporters and small financial services providers, they really need help if we are expecting them to follow and understand what these sanctions requirements are. That is a role for OFSI and for other bodies linked to the Department for Business and Trade. I think we now have OfTI. But just generally, again, small businesses should not need to worry about which part of Government they should be looking to. They should be able to get that guidance in a format and in language that makes sense to them.

Q153 **Anne Marie Morris:** Do the other witnesses have any comments on the impact for your sector, insurance?

Emma Hardaker: I would agree with the general points that Richard has just made. Our experience of the interaction with OFSI, as I referenced earlier, has been very positive, but there is not a depth of understanding of the insurance industry there and the nuances. The overall implementation and design of sanctions within Government is done through a large number of Government Departments. We now have the trade version of OFSI as well to contend with. What would be very helpful for the insurance industry and, I would guess, a number of other financial services industries is to have a point of contact that can help us co-ordinate across Government Departments.

If I look at the work that we did on the Black sea grain initiative and attempting to get legitimate shipments of Ukrainian fertiliser out of the Black sea, that was a very complex interaction between the Department for Business and Trade, the FCDO, HM Treasury and OFSI. There was a



HOUSE OF COMMONS

large number of Government Departments and bodies involved. Having that single co-ordination point with an understanding of the industry would be hugely helpful.

Q154 Anne Marie Morris: One of the things that OFSI does is operate a licensing system, which, in part, you have been referring to. What would be typical activities that would require licences, and do you think that OFSI gets the balance right, to make sure it licenses what it should and not what it should not? What is the impact of the granting of those licences on the competitiveness in the sectors? Perhaps we will start with you again, Richard.

Richard Bronze: Licences are used in a variety of different ways. We often see them when sanctions are first introduced to cover a wind-down. It is to say, "We have announced this. You may have existing business ties. You may have contracts and you need a period of grace"—I use "grace" in non-legal terms—"to exit those relationships before you would be penalised."

We sometimes see them to carve out very limited or specific types of activity. Other panellists have talked about some of the insurance areas. We have seen it for things like provision of household energy utilities to individuals who are sanctioned. Can those companies still receive payments? The financial sanctions are very broad, but it is not the intention of the sanctions regime to mean, I do not believe, that these people cannot have power or water in their houses.

Then you see it sometimes adding another layer of complexity and nuance to the policy intent. We have the big, overarching want to block, and the example for energy was financial transactions. Early in 2022, some of the first action was a very strong and robust sanctioning of Russian banks and a decoupling from the SWIFT payment system, but general licences were issued from the US and elsewhere that carved out and permitted energy transactions. That said to the market, "You can still do those transactions." It complicated them, because all the correspondent banks and all the counterparties had to look and say, "Is this covered by the licence? Is it not?" It made the messaging more complex.

Licences have a role, but they are not the answer to everything and they do add another layer. We keep coming back to this point, but the more complex you make the sanctions regime, the harder it is, even for organisations that want to follow it, to understand and navigate. Licences are another part of that picture.

Q155 Anne Marie Morris: On insurance, are there any final comments on the licensing piece?

Emma Hardaker: The licensing piece exists to manage some of the unintended consequences. I have made reference to some of the general licences and the reasons those came into existence. There is also a need



HOUSE OF COMMONS

sometimes to have specific licences. One very niche area I would perhaps point to is frozen assets—for example, a building—where insurance payouts are necessary for maintenance of the fabric of the building, without which the occupants, who may well not be sanctioned themselves, would not be able to continue to occupy the building or to keep the walls and the roof on.

There is that need for licences. My understanding from the market is that, where specific licences are being asked for, OFSI is quite slow to respond. I am unable to say whether that is because of volume of requests or needing a deeper understanding.

Chair: I think we will hear evidence from them in a future session.

Q156 **Dame Siobhain McDonagh:** As we have been discussing and as you know, after Putin's invasion of Ukraine in 2022, the UK and other G7 countries froze \$300 million worth of Russian state assets. The US just passed a law that will allow it to confiscate those assets held in American banks and transfer them to Ukraine. The EU has just passed a law that will allow it to seize the value of the profits from the Russian state assets, not the assets themselves. What effect, above and beyond the ones that you have already described, does the freezing of those assets or the seizing of the value of the assets have?

Emma Hardaker: It is quite challenging for us to say what effect that would have had on the individuals whose assets have been seized. You have heard from Mr Browder what he thinks the effects of those asset seizures were.

Q157 **Dame Siobhain McDonagh:** On the insurance market, are there any effects that you have not already spoken about?

Emma Hardaker: No, there is nothing that I would draw attention to.

Q158 **Dame Siobhain McDonagh:** Is there anything in terms of the impact on the energy sector that you feel has not yet been raised?

Richard Bronze: We have seen a little bit of an acceleration of what is called de-dollarisation of corners of energy trades. This is the idea that certain buyers and sellers would choose to transact in currencies other than reserve currencies in order to separate themselves and remove themselves from the reach of financial sanctions imposed by the US or G7 countries. For many years there has been a lot of talk about how this might sweep across the oil trade and the energy trade, because many of the countries involved are not close allies of the G7.

In practice, we have seen very slow movement of that trade, because the attractiveness of the dollar, and even the euro, is so strong. The financial networks are so deep and well established. We have seen a little more trade of Russian oil and other commodities moving out of that.

Q159 **Dame Siobhain McDonagh:** Could you quantify that with a broad



percentage?

Richard Bronze: No, not reliably, because so much of this is bilateral trade, so it is not reported and in a format that can be usefully aggregated. What you get far more is press reports: "A refinery is discussing..." There are still disagreements, because Russia would like this trade to be done in roubles. The buyers would like it to be done in currencies that are more convenient to them. Countries such as India and China do not have full convertibility. They do not have the same movement and freedom of currency as reserve currencies do, which is one of the reasons most of this trade is still done in the dollar. No, I do not have a good number on how much has moved.

Q160 **Dame Siobhain McDonagh:** When Tom Keatinge from RUSI gave evidence to the Committee, he said that central banks and the CEOs of major banks should be able to stand up and support the markets if the seizure of Russian state assets had a destabilising effect. Can you tell us about what central banks and major banks can do to support the markets, if the Government do take action to seize Russian state assets?

Richard Bronze: This is straying a little bit far from my expertise on energy markets, but in terms of energy prices and given these assets have been frozen for a number of years, it is probably not an immediate threat for energy markets and energy prices.

Q161 **Stephen Hammond:** Could I ask you some questions very similar to those I asked Mr Browder about differences in regimes and implementation from the point of view of your two industries? I asked him about the misalignment, or perceived misalignment, between UK, EU and US regimes. Is that a feature of your two industries, energy and insurance?

Emma Hardaker: Yes, that is absolutely a feature. Let me draw out an example related to the oil price cap. Forgive me; this is going to go for the technicalities. In the UK, under the oil price cap regime, there is a requirement not only to keep records on a per-voyage basis, but to report to OFSI all activity under the oil price cap regime. That reporting requirement does not exist for US and EU activity and, more broadly, in the G7, in the other implementations of the oil price cap regime. You have one very clear discrepancy there.

Q162 **Stephen Hammond:** Do they have sanctions clauses inside any insurance written in the EU and US?

Arabella Ramage: Yes, they do. The LMA produced something called LMA3100, which we have been working on and is used almost universally in the insurance industry. You will see it in US contracts and in EU contracts. You also have to bear in mind that we will have insurers from EU, US and UK on the same contract.

Emma Hardaker: Yes. The reporting example is one obvious one. There is a separate requirement within the oil price cap regime for insurers to



be able to provide information. It is cost, insurance and freight information. When it was initially implemented as a requirement, as the oil price cap requirements were adjusted towards the tail end of last year, the original call from the US and the EU was to make that information available within 30 days. The initial implementation in the UK was 28 days.

Two days might not seem significant, but in terms of operating in a global market, that is an extra compliance burden. It is an extra possible point that you could trip over in terms of your compliance with the oil price cap. That has now been aligned and we do now have the 30-day rule universally, but that then required every oil price cap insurance contract that had been written to have an endorsement to allow for the 30 days and not the 28 that was originally written in.

Arabella Ramage: We produced clauses based upon the original 28 days. These go into annual contracts and then you have to change them. It causes quite a lot of disruption, in terms of people's understanding of what coverage they have.

Q163 **Stephen Hammond:** You have highlighted the reporting requirement. Is that the major misalignment between regimes at the moment?

Emma Hardaker: It is probably the most obvious one. With each and every implementation of sanctions, whether it is oil price cap or otherwise, any discrepancy makes life more complicated. For example, European Union sanctions allow for the importation of some oil over land. That is not something that exists in the UK regime. Again, to go back to the same point, these are complicated, global contracts for global movements of oil. The more countries and the more regimes are involved, the sharper the focus there is on discrepancies.

Q164 **Stephen Hammond:** Is there anything you would like to add, Mr Bronze?

Richard Bronze: Technical discrepancies and inconsistencies exist and they do cause genuine issues. I have been struck that there has been, at a high level, a lot of effort to harmonise and co-ordinate sanctions. That is likely to increase their effectiveness, the more that it is done, but there is a risk that the greater the number of countries that have a say and have the ability to input, the harder it will be to agree robust measures.

One of the challenges the EU has had in formulating its sanctions is that it needs unanimity. One country can block measures that every other member state would approve and, if sanctions are being set at the G7 level, you have that problem again. You have seen differing attitudes and views over the last two years and across different countries, so there are carve-outs for very specific flows of Russian energy into Asian countries where they have argued they rely on flows of condensate from Sakhalin-II. You have seen certain carve-outs in the EU import embargo for certain countries for Russian oil. It adds complexity and it risks levelling down



HOUSE OF COMMONS

your ambition politically for sanctions if it has to be a bigger group. From the industry's point of view, the more harmonisation there is, the more helpful and straightforward it will be for industry to follow and implement those rules.

Arabella Ramage: We keep talking about the UK, the US and the EU, but we also have Canada, Australia and other jurisdictions that are bringing in their own sanctions in their own ways. You are trying to match them all up across the various jurisdictions.

Q165 **Stephen Hammond:** Internationally, from what Emma said, there is a unification of insurance contracts now in terms of the regime.

Emma Hardaker: In terms of the clauses that are put in contracts to manage sanctions and make sure that insurance is suspended in the case of sanctions, yes.

Q166 **Chair:** I know Drew touched on it earlier, but are you seeing countries that do not sanction Russia in this way actively trying to take market share in the insurance sector?

Emma Hardaker: The way I would position it is, if someone is writing insurance for oil, or indeed other areas, it must be being written outside of UK—

Q167 **Chair:** Which jurisdictions are you seeing taking most of your insurance market share?

Emma Hardaker: I do not have a particular view on which jurisdictions are taking that market share.

Q168 **Keir Mather:** I have a few questions about sanctions evasion. Emma, is Lloyd's of London detecting high levels of sanctions evasion in the insurance market? Perhaps, Richard, you could answer the same question for the energy sector.

Emma Hardaker: In terms of Lloyd's itself, we oversee the market. It is the individual managing agents, the brokers, who carry the responsibility for detecting the sanctions. Are we aware of high levels of sanctions evasion? No.

Q169 **Keir Mather:** When evasion does occur, do those bodies pass information up to Lloyd's?

Emma Hardaker: Yes, they would be passing that up to us and sharing that information with us. So, no, we do not see it from that perspective.

Arabella Ramage: But they would have their own individual reporting obligations through to the Government.

Q170 **Keir Mather:** Do you have any means of quantifying the extent to which evasion might be occurring in the insurance market?

Emma Hardaker: In terms of what is reported to us, it is very minimal.



Q171 **Keir Mather:** What about in the energy sector, Richard?

Richard Bronze: There is quite a lot of sanctions circumvention, finding those loopholes and those spaces that are beyond the reach of the sanctions that have been set. There are a lot of energy flows that are moving. There is not a body that has oversight or visibility of those trades that could offer that. Banks play a role in those transactions but, as we talked about earlier, some of that trade has moved out of reserve currencies.

There is also evasion that goes on. It is very hard to put a finger on how much. Most of it is done by organisations that are set up exclusively to smuggle and move oil, despite sanctions, and they are operating in jurisdictions with very limited rules and oversight for this. Where it touches on the western insurance and services market, often they may be presenting false information to enable that.

One of the goals of the tightening of the price cap rules that took effect in February was to require more information flow, but the difficulty is that our sanctions' reach is on organisations that are providing insurance or that are only indirectly involved in this trade. The buyers and the sellers are beyond the reach of our mechanisms and that, again, complicates and makes it a challenge to judge how much evasion is occurring.

Q172 **Keir Mather:** Back to that point about information flow, the Association of British Insurers told the Committee: "There are often many layers separating the customer of the product provider with the Ultimate Beneficial Owner." How do these structures affect the ability to implement sanctions for the sector?

Emma Hardaker: The transactions, as the ABI said, have many participants in them. If you use an oil price cap transaction as an example, your starting point is the exporter and the trader. That is your first level. You then have the actual entities that are shipping and financing, then you have the insurers, then you have the reinsurers. In the language of the oil price cap, that is tier 1, 2, 3a and 3b. That tiering can obscure a large number of participants within those layers. Yes, there are a large number of people involved.

Q173 **Keir Mather:** Transparency International told the Committee that, because Companies House is prohibited from publishing the names of ultimate beneficial owners of assets, the private sector can find it difficult to implement sanctions. Would it be better if they did publish those names and would it make your job easier in terms of compliance overall?

Emma Hardaker: Where more visibility of ownership and control would be helpful is in dealing with secondary sanctions. That is where a sanctioned individual owns an entity with which a transaction is taking place.

Mr Hammond made reference to discrepancies, and we do have a discrepancy there, which is that the UK says secondary sanctions apply



where the entity is owned or controlled by sanctioned individuals, whereas, for the US and the EU, we have a very clear percentage through which to do that. If part of what we are doing is understanding ownership and control in order to try to implement secondary sanctions, having that clear visibility is doubtless going to help.

Q174 **Keir Mather:** Do you think, therefore, it would be good if Companies House published those names or do you not have a particular view on that?

Emma Hardaker: Going back to my point about stronger compliance from clarity, if individuals and entities are clearly sanctioned and are clearly designated, that strengthens the ability to comply.

Q175 **Chair:** Are there any points you wanted to cover or recommendations that you had for our Committee that you have not had a chance to land in response to our questions? Have we covered everything you hoped we would cover?

Richard Bronze: One thing I just wanted to highlight—if you are taking evidence from OFSI, it would be interesting to explore this—is that, if you look at particularly the financial penalties associated with enforcement actions, they have been very limited associated with the UK system so far. There has been one substantial penalty on a bank but, other than that, we are talking about £50,000 or under. If you look at what OFAC has done over the years, the sums are much higher.

Is that a direction that the UK authorities are moving in? Is it just a question of timing and there are investigations under way? If we are looking from the perspective of the energy markets, they focus far more on what US sanctions say today. Some of that is because so much trade relies on the dollar and some of that is because there is a widespread acceptance that OFAC sanctions have teeth when they are implemented. It would be interesting to know whether that is a direction of travel for the UK with enforcement.

Arabella Ramage: I have one other point. In this series of sanctions, there has been a lot more co-operation between the US, the UK and the EU in terms of how they have been brought in. They have been really complicated. If we have more sanctions coming in, that level of co-operation should be kept up and improved. That would be much appreciated.

Emma Hardaker: Just to build on Arabella's point, the co-operation is hugely helpful. The strong relationship with UK Government and OFSI has also been hugely helpful.

What would help us is not only the advance impact assessments that we have referred to in our evidence, but, where possible, advance warning of designations. That would close the loophole that was referred to earlier, where oligarchs can shift their assets off to a family member because they know the sanctions are coming. If we are aware in advance, we can



HOUSE OF COMMONS

act at an appropriate point before that happens. Advance notice of designation would be helpful.

Chair: That concludes our evidence session today. Thank you very much to our witnesses for your evidence.