



Treasury Committee

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Baroness Vere of Norbiton
HM Treasury
1 Horse Guards Road
London

[via email]

23 May 2024

Dear Baroness Vere,

Are the UK's Russian financial sanctions working? Treasury Committee inquiry

Due to the calling of a General Election on 4 July, Parliament will dissolve on 30 May 2024. I wanted to write to you to set out some of the Committee's developing views on the financial sanctions placed on Russia in response to the war in Ukraine.

Since February 2024, the Treasury Committee has run an inquiry into the financial sanctions placed on Russia in response to its illegal and unprovoked invasion of Ukraine. The evidence we have collected is available from the Committee's website.¹

During the inquiry, the Committee has received a large of amount of high-quality written evidence, which is available to review on the Committee's website. The Committee has received oral evidence from external experts on 30 April, 14 May, and 23 May 2024.

During the inquiry, Members of the Committee have raised the following points:

1. The UK should aim to be best in class in its sanctions regime.² The UK should lead the way and adopt best practice from the US, EU and other G7 allies where necessary.³
2. In implementing sanctions against Russia, the UK should uphold the rule of law and develop any measures with consideration of property rights and full respect for human rights.⁴
3. The UK should consider seizing frozen Russian state assets and handing these to Ukraine to fund the war effort. However, the Committee is strongly of the view that this should not be done unilaterally and should only be done in concert with G7 allies.⁵
4. The Committee has received evidence that Oil Price Cap on Russian oil is being circumvented on a regular basis. The Oil Price Cap should be tightened and policed to ensure that this circumvention does not take place.⁶

¹ [Are the UK's Russian financial sanctions working? - Committees - UK Parliament](#)

² [Q36 & Q37](#)

³ [Q151](#)

⁴ [Q96](#)

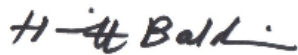
⁵ [Q91](#)

5. The Committee has received evidence that the Oil Price Cap is being evaded by refining Russian oil in refineries based in third countries and then export the oil products to the UK. The Government should investigate ways of preventing this refined Russian oil from entering the UK market.⁷
6. More should be done to tackle the Russian “shadow fleet” of oil tankers. Many of these vessels are aging, poor maintained and uninsured, risking environmental disaster in UK waters.⁸
7. The Committee has heard evidence that the Office for Sanctions Implementation (OFSI) has worked quickly to meet the challenge of implementing the Russian sanctions regime, which the Committee commends.⁹ OFSI needs to continue to build on this, making sure it has the right number of staff with the right skills to police the evolving sanctions landscape and work with UK businesses at pace.¹⁰
8. The Committee is concerned that OFSI has taken limited enforcement action against those that have breached financial sanction. More enforcement action with significant penalties would send a strong signal that the UK is tackling sanctions breaches and act as a warning to others.¹¹

A future Committee may want to consider these issues further.

In line with the Committee’s usual practice, I will be placing this letter in the public domain.

With best wishes,



Dame Harriett Baldwin MP
Chair of the Treasury Committee

⁶ [Q115](#)

⁷ [Q111](#)

⁸ [Q115](#) & [Q122](#)

⁹ [Q132](#)

¹⁰ [Q24](#), [Q40](#) & [Q79](#)

¹¹ [Q98](#) & [Q151](#)