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Dear Dame Emily, Lord Stirrup,

I am writing to update you on key sanctions developments since my last letter in December. Sanctions remain a powerful foreign and national security tool in our armoury. We continue to deploy sanctions to deter and disrupt threats and malign behaviour and demonstrate our values, support UK interests, protect our citizens, and defend international peace and security. Since July 2024, this Government has introduced over 1,600 new sanctions targeting individuals, entities and ships, and we have laid 17 statutory instruments in Parliament to strengthen our sanctions regimes.

Sanctions Strategy and Enforcement

Strengthening the implementation and enforcement of sanctions has been a key priority of this Government. Making sure we have a strong sanctions system is vital to maximising the impact of our sanctions, and underpinned the Sanctions Review we published last May. The Review provided a strategic framework for strengthening the system and I'm pleased to confirm that we have delivered on the core recommendations. These have been to make compliance easier for UK industry, to deter non-compliance and to ensure enforcement bodies have the necessary powers and capabilities to act swiftly, proportionately and decisively.

Since my last update, we have made a number of practical improvements to strengthen implementation and enforcement, including:

Making compliance easier

- A single UK sanctions designations list (introduced in January), upgrading the UK Sanctions List and search tool and retiring the Office of Financial Sanctions Implementation (OFSI) Consolidated List of Asset Freeze Targets—reducing duplication and making it easier for industry to check who is subject to sanctions and what measures apply.

- Improved sanctions regimes guidance, including clearer statutory guidance and refreshed GOV.UK pages, to make information easier to find and use.

Stronger financial sanctions enforcement

- As OFSI marks its tenth anniversary, it has implemented significant reforms following its enforcement consultation response (published 29 January). Most measures took effect on 9 February, including a case assessment matrix; a settlement scheme; an Early Account Scheme; and fixed penalties for certain information, reporting and licensing offences. We also plan to increase maximum penalties when Parliamentary time allows.

- OFSI will shortly publish its Strategy for 2026–2029, setting out how it will operate in the changed sanctions landscape to maintain effective, resilient and impactful financial sanctions.

Enforcement activity and outcomes

- Publication in March of a cross-government sanctions enforcement strategy to help industry understand the range of enforcement consequences for non-compliance and the roles of key government departments, regulators and enforcement bodies.

- In January, OFSI published details of a £160,000 penalty imposed on Bank of Scotland PLC; and on 30 March, it published details of its first settled penalty case, a £390,000 penalty imposed on Apple Distribution International for breaches of Russia sanctions.

- In January, the Secretary of State for Transport issued a movement direction to the Russian-flagged cargo vessel SINEGORSK after it entered UK internal waters. The vessel complied and left UK internal waters, proceeding to the stipulated destination. Department of Business and Trade (DBT) will continue to take robust enforcement action against vessels in scope of transport sanctions.

- The Office of Trade Sanctions Implementation (OTSI) received reports or referrals relating to 185 potential breaches of trade sanctions by the end of 2025, with several investigations now at an advanced stage. In December, OTSI published a blog to help businesses understand why reporting matters and how to report effectively.

Tackling circumvention and next steps

- Last week we introduced end-user licensing powers to help reduce circumvention. Where HMG informs an exporter there is a high risk that goods subject to UK sanctions will be diverted to a sanctioned jurisdiction, the exporter must apply for a licence before exporting to a non-sanctioned third country; it will be an offence to proceed without approval. This applies only to goods or related technology not otherwise subject to strategic export controls.

- We are also planning to introduce legislation to consolidate the Russia sanctions regulations. This goes beyond our Review commitments, and will drive efficiencies, facilitate compliance, and ensure the continued robustness of our Russia sanctions.

The Economic Deterrence Initiative (EDI) also came to an end on 31 March. This initiative has been instrumental in strengthening implementation and enforcement; Annex A sets out a summary of its impact.

Russia

To mark the four years since Russia's full-scale invasion of Ukraine, the Foreign Secretary reiterated on 24 February that, "The UK will stand with Ukraine for as long as it takes to achieve a just and lasting peace". Sanctions remain a powerful tool to deter Russian aggression and disrupt Putin's war machine, and the same day we demonstrated our determination to cut off Putin's revenue streams by delivering our toughest sanctions yet on Russia. We announced nearly 300 new sanctions targeting key revenue streams, including oil exports, and alternative payment systems set up to undermine existing sanctions. The package also targeted third-country suppliers enabling sanctions circumvention by supplying goods, components and technology critical to Russian drones and other weapons terrorising innocent Ukrainian civilians. This takes the total number of Russia sanctions announced by this Government to over 1200, including 595 vessels part of Russia's shadow fleet.

UK sanctions continue to have a clear and demonstrable impact. The most recent data shows a reduction of 99.6% and 87.6% respectively of UK goods imports and exports to Russia compared to 2021. In 2025, prior to the start of the ongoing conflict in the Middle East, Russian oil and gas revenues reached their lowest annual level since 2020, due to factors including declining global oil prices, widening discounts (mainly caused by designations of Russian oil majors Rosneft and Lukoil) and a strong Ruble. With energy prices rising in light of conflict in the Middle East, there will be a temporary uplift to Russian revenues, but these are unlikely to alleviate the structural challenges faced by the Russian economy.

Putin continues to turn to increasingly convoluted routes to procure critical military goods. With G7 partners, we continue to engage a broad range of third countries to demonstrate the benefits of improving sanctions compliance and to provide tools to tackle circumvention. During the past year, this engagement has included visits to Central Asia, South East Asia and India and in February, the Foreign Secretary chaired a meeting with five Foreign Ministers from Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan.

In response to this lobbying and engagement, many third countries have introduced measures to reduce the export of sanctioned goods and we are seeing the impact reflected in trade flows. As a result, the Russian military is struggling to procure sufficient top-end equipment and componentry and is forced to rely on increasingly complex circumvention routes to attempt to obtain these items. Russia is paying a premium on sanctioned goods (including dual-use goods) of between 40-55% according to the Bank of Finland.

In parallel, we continue to coordinate with G7 and EU partners to ensure that Ukraine gets the funding it needs and to discourage third countries from engaging with the shadow fleet. We remain committed to the principle that Russia must pay for the damage it has caused, and our sanctions allow us to keep Russia's assets immobilised until Russia ceases its illegal war and agrees to pay compensation to Ukraine.

Iran

The UK welcomes the recent two-week ceasefire concluded between the US and Iran. The goal must now be to negotiate a swift and lasting end to the war within the coming days. A big part of this is securing the reopening of the Strait of Hormuz. The Foreign Secretary-led talks with international partners on the Strait of Hormuz on 2 April agreed to explore co-ordinated economic and political measures, such as sanctions, to bear down on Iran should the Strait remains closed. On 17 April, the Prime Minister and French President Macron convened fifty-one countries for an international summit on the Strait of Hormuz. The meeting underlined the determination of the international community to support freedom of navigation, to stand up for international law, and to protect global economic stability and energy security.

Sanctions remain a powerful tool as we seek to prevent Iran from ever being allowed to acquire a nuclear weapon and to deter Iranian malign activity both in the UK and in the region. To date, the UK has over 550 sanctions against Iranian linked individuals and entities, including the IRGC, which has been sanctioned in its entirety. Over 230 designations have been imposed since this Government came into office. During this period the UK imposed sanctions on those responsible for the brutal clampdown by the Iranian authorities of the peaceful protests in January and in previous protests. Those sanctioned included the Minister of the Interior, Police Chiefs, and prolific IRGC members.

Other Sanctions Regimes

Last week, we laid legislation in Parliament to remove further Syria trade sanctions, covering luxury goods, gold, precious metals, and diamonds. This reflects our commitment to support Syria's economic recovery from the devastating impacts of the civil war, allows UK businesses to trade in these sectors and aligns the UK more closely with the EU and our partners.

At the same time, we have continued to use sanctions to tackle human rights abuses elsewhere. In Southeast Asia, we are responding to the growing threat posed by scam centres in Southeast Asia. On 26 March we targeted additional actors linked to the Prince Group network and its financial enablers, including cryptocurrency platforms, to disrupt the operations of these scam centres and protect British nationals at risk of online scams.

Our sanctions regime is also being deployed to confront those driving conflict and atrocities in Sudan. We are committed to holding perpetrators to account, pressing for an urgent and sustainable ceasefire, and supporting the path to peace. On 5 February, the UK sanctioned six figures suspected of fuelling the Sudan conflict, building on measures introduced on 12 December targeting senior Rapid Support Forces commanders suspected of atrocities including mass killings and sexual violence in El Fasher.

We have also taken firm action to counter hostile cyberattacks against the UK and our allies. On 9 December, we sanctioned two China-based information security companies - i-Soon and Integrity Tech – which have launched reckless and indiscriminate cyberattacks against over eighty government and private computer systems. These two companies form part of the cyber industry in China; the National Cybersecurity Centre assesses that it is almost certain that this 'ecosystem' supports state-linked cyber operations.

Litigation

FCDO continues to consider requests from designated persons for their designations to be reviewed under s.23 and other relevant sections of SAMLA. The ability to request a Ministerial review and subsequently contest the outcome of that review in court is a key feature of due process and the rule of law in a democratic society. There are three outcomes from a Ministerial Review, to revoke the designation, maintain it or to maintain but vary. A variation maintains the designation but varies the statement of reasons in the light of new evidence that has been considered as part of the Ministerial Review process.

As of 31 March 2026, the FCDO has taken decisions on eighty-two such requests. Sixty-four of these requests were under the Russia regime, five under Belarus, three each under Global Human Rights and Global Anti-Corruption, two each under Syria, Libya, and Myanmar and one under the Democratic Republic of Congo regime. Of these, in twenty-one cases the outcome was revocation, forty-eight were varied, ten maintained and three had other outcomes.

On 26 February 2026, the Court of Appeal handed down judgment in the case of Dana Holdings, a company designated under the UK's Belarus sanctions regime. The Court found in favour of FCDO, dismissing Dana's appeal. The Court confirmed that Dana's designation was lawful and proportionate.

I look forward to engaging with you as we continue to use the range of our geographic and thematic sanctions regimes to advance UK objectives and deter and disrupt malign activity.

I am copying this letter to the Chairs of the Treasury Committee, the Business and Trade Committee and the Transport Committee, as well as the UK's Anti-Corruption Envoy. A copy of this letter will also be placed in the Libraries of both Houses.

Yours sincerely,

Stephen Doughty MP
Minister of State for Europe, North America and UK Overseas Territories

Annex A: The Economic Deterrence Initiative

The Economic Deterrence Initiative ('EDI') has been instrumental to strengthening the implementation and enforcement of UK sanctions. We have invested over £34m to make sure UK sanctions have bite, underpinned by a system that is agile, effective, and internationally respected.

The EDI has delivered a step change in the UK's sanctions capability. Through enhanced coordination, investment in people and technology, and a relentless focus on impact, we have positioned the UK as a leader in economic deterrence. These investments send a clear signal – the UK takes sanctions seriously and will use them to uphold our values and target malign actors. The changes we have made enable us to act quickly and decisively against threats and malign activity, confident that the sanctions system is equipped to maximise the impact of UK sanctions. They are delivering results now and have built the foundations for the future.

The EDI has brought together the Foreign Commonwealth and Development Office, HM Treasury, the Department for Business and Trade and the Department for Transport, with support from HM Revenue and Customs, the Ministry of Defence, the Department for Science, Innovation and Technology and the National Crime Agency.

Key Impacts and Changes

Enhanced Enforcement and Implementation

The EDI has enabled us to build sanctions capability within government, transforming our ability to design, implement and enforce the fullest range of sanctions to maximum effect. This includes supporting the creation of new functions, most notably the establishment of Office of Trade Sanctions Implementation to tackle significant gaps in the enforcement of services sanctions and prohibited goods moving via third countries to sanctioned destinations. The EDI has also supported HMRC to expand its investigative and intelligence gathering teams to enhance ability to enforce customs-related sanctions, the Joint Maritime Security Centre's Sanctions Assessment Team's work on Russia's shadow fleet and the National Crime Agency's Transport Sanctions Criminal Enforcement Team which provides DfT with criminal investigative and enforcement capability. HMRC's reinforced intelligence gathering teams have been able to provide offshore data to OFSI and the NCA, facilitating progress in complex investigations and improving enforcement capabilities. HMRC have also strengthened their international collaboration, securing access to further data to improve their ability to detect and tackle sanctions circumvention.

The EDI has unlocked the government's data capabilities enabling us to enhance the speed and quality of our data analysis through investment in AI platforms and data tools. This will, for example, support OFSI to enhance their data-driven approach to detecting and tackling circumvention.

The EDI has also supported the development of new legislation imposing sanctions end-use controls. This will apply to exports that are not already subject to strategic export controls where a risk of circumvention to a sanctioned destination is identified. The full scope of this measure and details on its application and implementation will be set out in guidance when the legislation is laid.

The development of a Sanctions Training Curriculum – available to Civil Servants across the UK Government, the Overseas Territories, and the Crown Dependencies – has seen over 500 staff complete a range of learning, building a wide-ranging expertise across multiple Government Departments. This has supported staff to develop the expertise to deliver a wide range of innovative, targeted sanctions measures which have contributed to key foreign policy priorities including increasing the economic pressure on Russia.

EDI support to the UK Overseas Territories and Crown Dependencies has underpinned a step change in how the OTs (in particular) approach sanctions implementation and enforcement, and we will continue to work closely with them to ensure there are no safe havens for sanctions evasion and circumvention across the British family. We have rolled out a programme of advanced table-top sanctions exercising to the OTs and CDs covering all forms of sanctions – financial, trade and transport, and have supported over 100 sanctions practitioners across the OTs and CDs to undertake internationally recognised sanctions training and certification. EDI projects have facilitated specialist sanctions training and peer-to-peer mentoring by the National Crime Agency, HMRC, the Office of Trade Sanctions Implementation and the Office of Financial Sanctions Implementation. We have worked particularly closely with the British Virgin Islands to strengthen their sanctions systems and governance, including supporting them to establish the Virgin Islands Sanctions Unit to lead and coordinate sanctions activity across BVI's government.

Improving services and information for industry

It is industry's actions that bring our sanctions to life. Their role in ensuring compliance transforms government policy into real world impact. That is why EDI has also delivered initiatives to improve the sanctions system for industry.

We have prioritised significant improvements to our sanctions footprint on GOV.UK, sanctions guidance, the UK Sanctions List and our sanctions e-alerts, making it easier for businesses to find the information they need quickly and efficiently to comply with UK sanctions.

The EDI has also supported OFSI and OTSI to improve engagement with industry. That has ranged from supporting OFSI to improve its licensing response times, enabling industry to proceed with legitimate business interests, to supporting the Department of Business and Trade's work to engage directly with UK suppliers of products for which trade data suggests there is Russian appetite. OTSI has published several packages of in-depth guidance to support industry to comply with trade sanctions, spot red flags and make informed due diligence choices when partnering with potential customers. This is an ongoing programme and OTSI will continue to publish guidance and information on a regular basis.

Direct impact on Russia's revenue and access to dual use goods

The EDI has supported our actions to increase the economic pressure on Putin and his illegal war in Ukraine. Our collective sanctions have deprived Russia of $450bn that would otherwise have been put towards Russia's war efforts.

The EDI played an integral role in delivering the Oil Price Cap to target Russian energy revenues by funding a team to scope and implement this innovative policy and new software to build our evidence, enhance our shadow fleet tracking capability, and support the international coalition. Ships sanctioned by the UK in 2024 collectively carried an estimated $1.6bn less in Russian oil and oil products in Q1 2025, compared with the same period in 2024.

Our counter circumvention programme has given businesses the tools and information they need to conduct due diligence and avoid becoming part of Russian supply chains. To underpin our commitment to tackling circumvention throughout our priority regions to provide leadership and expertise in our global network and to coordinate action across like-minded international partners in-country. We have complemented this with capacity-building programmes and technical assistance using government expertise to share knowledge and help international partners build capability and capacity to improve compliance with UK sanctions and to prevent dual-use goods making their way from the UK to Russia via third countries.

The EDI has also funded the research and development of novel sanctions measures on key technology sectors, comprehensively denying Russia physical inputs, services and intangible access routes to technologies that would support Russian technological advantage, the Russian economy or Russian military capabilities.