

On 8 November, the UK government imposed new sanctions aimed at striking at the heart of the Russian economy, targeting Russia's gold and oil industries to stop sources of revenue that fund its ongoing efforts in the Ukraine conflict.

The UK government regards Russia's gold and oil sectors as a crucial source of revenue for the country's economy. Under its strategy to confront Putin's regime through sanctions, the UK claims the oil price cap has caused Russia's oil revenues to fall by a quarter between January and September 2023 compared to the previous year. Now, the UK attempts to tighten its sanctioning regimen regarding not only oil, but also the gold market, which contributed a significant £12.6 billion to the Russian economy in 2021.

Therefore, the Foreign, Commonwealth and Development Office (FCDO) updated the UK Sanctions List, adding 29 entries to the list and designating Russian individuals and entities, as well as third country enablers. With these measures, the UK's sanctions under its Russia regime now cover over 1,800 entities, including 129 oligarchs with a net worth of £145 billion at the start of the conflict.

The FCDO claims that these new listings are intended to prevent individuals and entities from helping Russia avoid the impact of international sanctions. To this end, the UK has sanctioned a network based in the UAE responsible for allegedly channelling more than US\$300 million in gold revenues to Russia.

These new designations include two of Russia's largest gold producers, Nord Gold PLC and Highland Gold Mining Limited, along with Russian oligarchs Vladislav Sviblov and Konstantin Strukov. The UK government also sanctioned a Dubai-based unit of Geneva-based oil trader Paramount Energy & Commodities, alleging that the entity "employs deceptive shipping practices, as well as opaque ownership structures, and has been used by Russia to soften the blow of oil-related sanctions imposed by the UK in coordination with G7 partners", together with two Swiss nationals. The decision thus continues the focus on actors outside Russia that are perceived to be facilitators of sanctions evasion.

Other sanctioned entities include the influential Russian Union of Industrialists and Entrepreneurs and OOO TK Fly Bridge, a hidden network procuring vital Western technology for Russian electronics producers NPP Istok and Ecitech, alongside the founder of OOO TK Fly Bridge and eight of NPP Istok's board members.

Not surprisingly, the new UK sanctions come in the wake of the recent US designation of Arctic LNG 2, the operator of a flagship liquefied natural gas project of Russian natural gas giant Novatek, reflecting the growing willingness of G7 members to reinforce their common strategy and more aggressively sanction the Russian energy sector.

Finally, alongside the new UK sanctions, the National Crime Agency has issued a [Red Alert](#) to financial institutions aimed at raising awareness of common evasion techniques used by enablers in the gold industry to mask its origin to evade sanctions. The Red Alert also urges businesses to report suspicious activities, including any attempts to violate sanctions, and provides guidance on how to do so.

The EU 12th sanctions package of Russian sanctions is also expected to be approved shortly. The new sanctions could include new import and export bans, focusing on Russian diamonds, as well as an increase in the oil price ceiling.

Contacts



José María Viñals

Partner, Madrid/Brussels

T +34 91 426 4840

T +34 649 133 822

E josemaria.viñals@squirepb.com



Diego Sevilla Pascual

Senior Associate, Brussels

T +322 627 7612

E diego.sevillapascual@squirepb.com



Matthew Kirk

International Affairs Advisor, London, UK

T +44 207 655 1389

E matthew.kirk@squirepb.com