

Sanctions Pulse – Special Edition

The Perfect Sanctions Storm – Analyzing Recent Sanctions Activity Against Russia



We are witnessing unprecedented global sanctions activity in response to the ongoing situation in Ukraine. The speed and scale of activity constitutes a historical compliance challenge which shows no sign of ending anytime soon.

LexisNexis® Risk Solutions analyzed sanctions data from core issuing regulators – the European Union (EU), Office of Foreign Assets Control (OFAC) and Office of Financial Sanctions Implementation (OFSI, U.K.) – throughout February and March 2022, to understand just how significantly the sanctions landscape has changed, as well as current and future implications for compliance professionals.

The data in this infographic relates to the period of 21 February to 31 March 2022.

Timeline of key events and regulatory activity

On February 20, President Putin recognized the breakaway Donetsk People's Republic (DNR) and Luhansk People's Republic (LNR) regions of Ukraine, kicking off a chain of military and regulatory events.



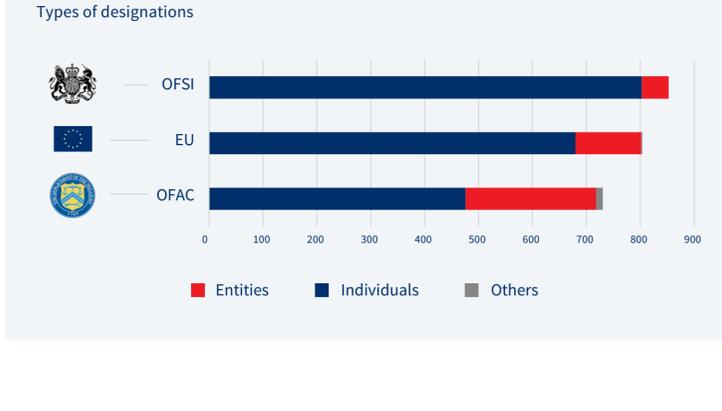
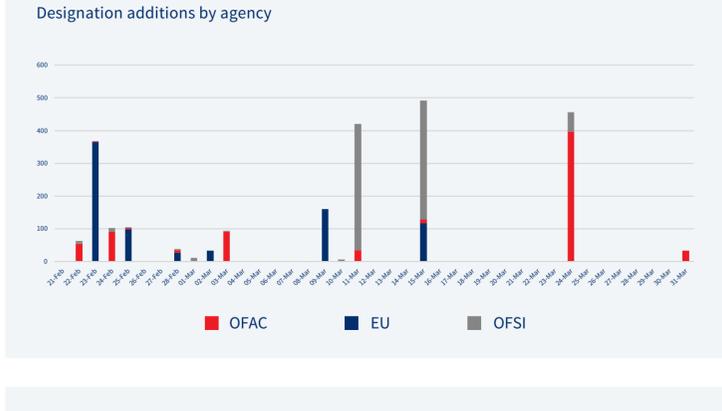
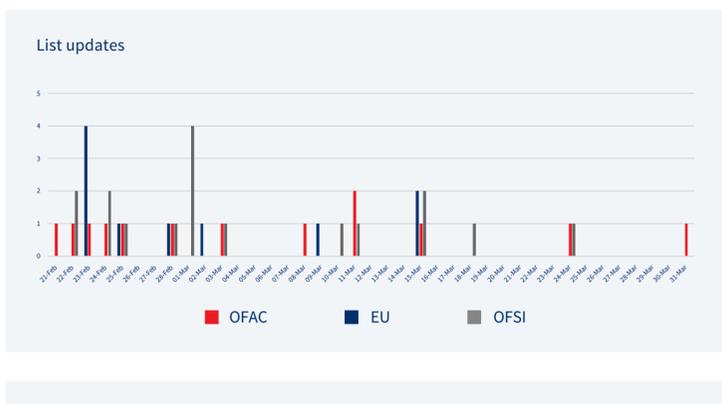
Key Red = key events Blue = regulatory activity

Key Takeaways



List updates over time

Regulators issued a large number of list updates across the six-week period, many of which were concentrated towards the beginning of the conflict, including some lists being updated several times in one day.



Beyond financial sanctions

Financial sanctions aren't the only tool being utilized. The map below shows import and export bans to and from the EU, under Regulation 833/2014.



The restrictions above refer to those implemented in February and March 2022. Additional restrictions, most notably the EU's partial ban on importing Russian oil, have continued to be implemented since then.

Existing programs respond to a new situation

The crisis between Russia and Ukraine dates back to 2014, with the illegal annexation of Crimea. EU, U.S. and U.K. sanctions programs implemented back then have been maintained ever since, serving as the legal foundation of the 2022 successive actions.



What about the United Nations?

Alongside OFAC, the EU and OFSI (U.K.), the United Nations (UN) is another major regulator, implementing sanctions and issuing regular updates; however, their hands are tied in this situation.

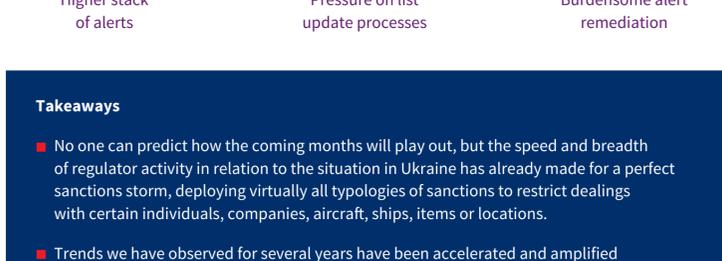
On March 2, a Resolution "Condemning the 24 February 2022 declaration by the Russian Federation of a special military operation in Ukraine" was voted upon by the UN General Assembly (UNGA). Despite overwhelming condemnation (141 of 193 member states supported the resolution), the UNGA has no authority to impose sanctions – that power lies with the UN Security Council (UNSC), if there is approval from all permanent members. With Russia's veto power at the UNSC, many countries implemented their own sanctions responses.

A culmination of sanctions compliance challenges

Altogether, 2022 sanctions developments in relation to Russia magnify trends and challenges observed for the past decade or so:



With massive implications for compliance professionals:



Takeaways

- No one can predict how the coming months will play out, but the speed and breadth of regulator activity in relation to the situation in Ukraine has already made for a perfect sanctions storm, deploying virtually all typologies of sanctions to restrict dealings with certain individuals, companies, aircraft, ships, items or locations.
- Trends we have observed for several years have been accelerated and amplified in the short course of weeks – coming together against one target. The best example is that of plurilateral sanctions: where no consensus can be reached at the United Nations Security Council, countries are implementing their own programs – we saw this most recently in 2021 with coordinated sanctions of the U.S., EU, U.K. and Canada on Belarus. In response to the situation in Ukraine, the U.S., EU and U.K. led a common front, followed by countries like Canada, Australia and New Zealand. Many European countries aligned with the EU: Ukraine, Georgia, Switzerland, Norway, Iceland, and the Balkan states (excluding Serbia). This activity is not limited to the West: Japan, South Korea and Singapore have also implemented similar sanctions.
- History suggests that sanctions are quickly imposed and slowly removed. Even when eventually lifted, they often leave a lasting impact. Broad-brush sanctions like those we are seeing currently have an impact not only on the sanctioned entity, but also on those issuing them. As a result of imposed and prospective sanctions on Russian fossil fuels and natural resources (and speculation around future supplies), prices for these items have skyrocketed, with material impacts on consumers in the sanctioning countries. Beyond energy markets, experts also warn of a looming global food crisis due to the scale of wheat and fertilizer production in Ukraine and Russia respectively. The impact of this European conflict is global and will have a material effect on global trade and economics, with supply chains and international relations likely being disrupted in the longer term.
- While governments are imposing these sanctions and restrictions to fulfil certain foreign policy objectives, the onus is on private companies to abide by them, resulting in massive compliance challenges which are unlikely to abate anytime soon.

The sanctions landscape is in constant flux. More than ever, being equipped with quality watch list data is essential for sanctions compliance programs. Harness the power of accurate, timely information with data from LexisNexis® Risk Solutions.

Our data solutions bring you up-to-date lists from all major sanctioning bodies, law enforcement agencies, media and financial regulators worldwide for a comprehensive source of regulatory and sanctions data.

Find out how LexisNexis® Risk Solutions can support your team's compliance efforts. [Contact us](#) to learn more.