

The Russia (Sanctions) (EU Exit) Regulations 2026

Lead department	Foreign, Commonwealth and Development Office
Summary of proposal	Amendments to The Russia (Sanctions) (EU Exit) Regulations 2019 to expand and strengthen trade, services and transport sanctions, align with international partners, and tackle circumvention.
Submission type	Options assessment – 8 December 2025
Legislation type	Secondary legislation
Implementation date	First half of 2026
RPC reference	RPC-FCDO-25115-OA (1)
Date of issue	12 January 2026

RPC opinion

Rating¹	RPC opinion
Fit for purpose	<p>The options assessment (OA): sets out a clear problem statement and proportionate objectives; identifies a long list of options including a non-regulatory approach; and justifies the preferred statutory route. Key costs are estimated, including an equivalent annual net direct cost to business (EANDCB) of £248 million.</p> <p>The department should be clearer on the current enforcement approach and evidence about the sanctions regime’s effectiveness to date. The final IA would benefit from international comparators. The final IA should test the implementation cost assumptions, be more detailed on the impacts on small businesses, and any possible mitigations.</p>

¹ The RPC opinion rating is based only on the robustness of the rationale, options identification (including SaMBA) and justification for preferred way forward, as set out in the [Better Regulation Framework guidance](#). RPC ratings are fit for purpose or not fit for purpose.

RPC summary

Category	Quality²	RPC comments
Rationale	Green	The OA provides an evidenced problem statement and clear objectives linked to the 2019 regulations, with a concise theory of change and alignment with international partners. The final IA should have a more definitive statement on the baseline enforcement approach, and clearer evidence on effectiveness to date.
Identification of options including Small and Micro Business Assessment (SaMBA)	Green	Options include do nothing, public messaging, and secondary legislation. Non-regulatory public messaging is discussed and discounted reasonably. A SaMBA outlines fuel and gas price shocks and distributional pressures on small and micro businesses (SMBs). The final IA should be more granular on the impacts on small businesses, and any possible mitigations.
Justification for preferred way forward	Green	The OA quantifies key impacts, with estimates for export bans, refined oil, construction services, and Liquefied Natural Gas (LNG) services. Comparative reasoning for the preferred option versus doing nothing and messaging is clear. The final IA could publish non-sensitive assumptions and data sources.
Regulatory Scorecard	Satisfactory	An EANDCB figure of £248 million, and business net present value (NPV) of –£2.1 billion, are presented, with breakdowns for major measures. Household effects rely on qualitative pass-through. The final IA should add more on the benefits of the policy.
Monitoring and evaluation	Satisfactory	The department leans on the Russia Sanctions Effectiveness quarterly report and review mechanism. The final IA could specify datasets, metrics, evaluation questions, and set triggers for post-implementation adjustments.

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

Summary of proposal

The OA states that the statutory instrument will amend The Russia (Sanctions) (EU Exit) Regulations 2019 to expand trading prohibitions, services restrictions and transport powers. Measures include new export bans on specified industrial chemicals, metals, carbon fibre articles and emerging technology components, and refined oil import restrictions where products are produced with Russian crude oil. The department notes alignment with EU actions to minimise circumvention and ease compliance for industry.

The OA explains that services measures will prohibit construction services to persons connected with Russia, complemented by existing restrictions on professional and business services. A maritime services ban will prevent UK actors providing transportation, insurance and related brokering services for Russian LNG exports to third countries. Ships' specification powers are widened to restrict operating, chartering and brokering services to specified ships and broaden criteria for designation to disrupt illicit activity.

The OA describes a prohibition on acquiring detained transport assets from designated persons or persons connected with Russia, closing a legislative gap that currently allows asset sale to frustrate detection. The strategic case emphasises deterring malign activity, disrupting access to technology and funding, and reinforcing a united G7 stance. Implementation is planned for the first half of 2026.

Rationale

Problem under consideration

The OA states that Russia's invasion of Ukraine continues to destabilise international security and markets. Existing UK sanctions have limited access to finance, technology and logistics, but observed evasion channels—particularly intermediated trade and re-flagging practices—sustain residual capability. The department identifies gaps around construction services, LNG maritime services and ship-related powers that permit exploitation despite current prohibitions. If non-sensitive, the IA could add descriptive statistics on detected evasion routes in 2024–25, to demonstrate scale. The final IA would benefit from a more definitive statement on the baseline enforcement approach and clearer evidence on effectiveness to date, beyond referencing the quarterly effectiveness report.

The department notes the increased risk and administrative burdens where legislative clarity is thin, which also undermines enforcement consistency. The problem is framed as strategic (deterrence, signalling) and operational (closing definitional and enforcement gaps).

Argument for intervention

The OA explains that statutory measures are necessary to maintain coherence with partners, ensure enforceability across complex supply chains and deter malign behaviour by raising compliance and reputational costs. The OA references comparative evidence, from recent sanctions packages, of a 99.6 per cent drop in Russian imports, to demonstrate effectiveness.

The department indicates that targeted prohibitions with licensing reduce unintended impacts while closing opportunities exploited by connected persons and designated entities. Alignment with EU/G7 reduces arbitrage and strengthens collective pressure.

Objectives and theory of change

The OA sets objectives to disrupt Russia's access to technology and services, reduce revenue from energy exports facilitated by UK actors, and reinforce an international stance. The theory of change shows that tighter restrictions, coupled with partner alignment and targeted licensing, limit evasion and signal resolve.

Assumptions include effective domestic enforcement and sustained partner co-ordination. Outputs include amended regulations, guidance and licensing routes; outcomes include reduced technology flows and constrained maritime services.

Identification of options (inc. SaMBA)

Identification of the 'long list' of options

The OA identifies three policy approaches: maintaining the status quo; issuing strengthened public messaging encouraging voluntary compliance; and amending secondary legislation to introduce new prohibitions and powers. Long list consideration is framed by closing circumvention risks, aligning with partners and providing legal clarity.

- Option 0 – Do nothing counterfactual.
- Option 1 – Amend secondary legislation (preferred).
- Option 2 – Public messaging encouraging voluntary compliance.

The final IA should situate the proposed package against international comparators, i.e., EU/G7 measures adopted or under consideration, to support the proportionality and coherence of the preferred approach.

The final IA should explain why only specified services have been prohibited under the services measure, and whether a broader prohibition was considered or is covered elsewhere in sanctions legislation, to demonstrate potential loopholes were assessed.

Consideration of alternative options to regulation

The OA states that voluntary compliance was explored to reduce burdens. Given commercial incentives to evade and the need for consistent obligations across supply chains, this approach was reasonably judged insufficient. Diplomatic engagement and international pressure remain central; however, without binding domestic measures, the department notes that enforcement and deterrence weaken. Regulation is presented as proportionate to risks identified. The final IA should articulate how non-regulatory levers will be integrated post-implementation (e.g., information campaigns, industry fora) to support compliance.

Justification for the short-listed options

The department discounts the do-nothing option due to political and social costs and risks to UK reputation if partners proceed without UK alignment. Messaging alone is assessed as insufficient to induce uniform compliance and may create distortions and confusion for businesses, especially those facing conflicting obligations across jurisdictions.

The preferred statutory route is short listed as the only approach that credibly delivers enforceable prohibitions, and powers, with the necessary certainty. The final IA should present a concise audit trail linking long list to short list, including critical success factors.

SaMBA and medium-sized business assessment

The OA's SaMBA explains that small and micro businesses will face pass-through pressures from worst-case shocks: c. five per cent on jet fuel and diesel and c. eleven per cent on gas. Familiarisation costs are negligible relative to price effects, and major maritime impacts fall on an estimated fifteen large providers.

The department reasonably rejects blanket SMB exemptions due to circumvention risks and dilution of objectives. It notes some costs will be absorbed by large importers and households, limiting full pass-through to SMBs. The SaMBA identifies qualitative impacts on SMB demand and margins via higher input costs and secondary price effects in supply chains. The final IA should explore any possible targeted mitigations through guidance, engagement, and transitional arrangements, where proportionate. The IA should commit to monitoring pressures and assessing distributional patterns. The IA could estimate sectoral pass-through rates.

Justification for preferred way forward

Identifying impacts and scale

The OA quantifies business impacts: an EANDCB of £248 million and business NPV of –£2.1 billion, heavily driven by the LNG services measure. Measure-level appraisal identifies significant and negligible impacts and includes sensitivity analysis. Export bans yield estimated business NPV of –£34 million; refined oil import restrictions –£43 million; construction services zero given no UK exports in recent years; and LNG services –£2,060 million.

Household impacts are qualitatively discussed via fuel and gas price pass-through, with shocks time-bound and subsiding. Wider administrative effects (legal advice and dissemination) are noted but unquantified due to data limitations. The final IA should add quantified ranges for household effects (EANDCH), as the OA already estimates household impacts.

Counterfactual and baseline

The OA's counterfactual assumes current sanctions without the proposal, with persistent circumvention and backfilling (third countries, intermediaries stepping in to replace goods, services, finance or logistics cut off by sanctions), and continued residual trade flows. Partner measures would still affect UK prices and supply chains. Baselines are set against 2021 trade volumes and recent price indices.

Evidence and data

The OA cites published trade and energy statistics and sanctions effectiveness reporting to evidence trends in imports, exports and energy prices. Annex A of the OA sets methodologies and sensitivity tests for monetised measures, including profitability rates and price-shock modelling.

Uncertainty and risk

Uncertainties include partner co-ordination on refined oil and LNG, legal challenges, insurer behaviour, and market substitution effects. Price shocks may differ from central assumptions and pass-through to small businesses and households may vary.

Operational risks relate to enforcement capacity, licence administration and monitoring data quality. The department proposes to leverage quarterly sanctions effectiveness reporting and enforcement data to detect unintended consequences. The final IA could set decision rules and triggers for adjustments if performance falls below critical thresholds.

Selection of the preferred option

Secondary legislation is selected as preferred, providing enforceability, legal clarity, and maximising effectiveness through partner alignment. The OA reasonably justifies this compared to messaging and do nothing.

Timing is aligned to the first half of 2026 to co-ordinate with EU actions and reduce circumvention. Dependencies include insurer and maritime sector responses and guidance for compliance. The final IA could add a short implementation plan mapping milestones, risks and contingencies.

Regulatory Scorecard

Part A

Overall impacts on total welfare: the OA implies net welfare gains at societal level through strategic objectives of constraining Russia's war capacity and reducing circumvention, balanced against domestic business costs concentrated in LNG services. The IA should be more explicit about benefits, even where they cannot be quantified. Estimates report an EANDCB of £248 million and business NPV of –£2.14 billion.

Business impacts: quantified impacts include export bans (NPV –£34 million), refined oil restrictions (NPV –£43 million), construction services (zero), and LNG services (NPV –£2,060 million). Although the OA explains familiarisation cost calculations (central estimate £0.03 million), the underlying assumptions appear low given firm reputational risks. The final IA should test these assumptions and consider whether there are additional costs e.g., senior sign-off. The final IA should comment on regional distribution of business impacts.

Household impacts: discussed qualitatively via fuel and gas price pass-through, with shocks modelled as time-bound.

Part B

Business environment: the OA expects compliance benefits from alignment with partners and reputational gains from principled action, alongside costs to maritime services. Clear guidance and licensing should reduce uncertainty. The final IA could assess competition impacts, entry/exit risks and potential for innovation in alternative markets or services.

International considerations: alignment with EU and G7 is expected to reduce backfilling and improve aggregate sanctions effectiveness.

Natural capital & decarbonisation: refined oil and LNG measures may have indirect environmental effects via energy substitution and emissions pathways.

Monitoring and evaluation

The OA proposes monitoring through the Russia Sanctions Effectiveness quarterly report, enforcement statistics and stakeholder feedback. It also cites the Sanctions and Anti-Money Laundering Act 2018 review framework and judicial precedents. This is understandable, but the IA could provide more detail such as specifying datasets and evaluation questions. The final IA should map indicators to objectives and provide baselines for comparison. The department should monitor regional distribution of business impacts.

Regulatory Policy Committee

For further information, please contact enquiries@rpc.gov.uk. Follow us on X [@RPC_Gov_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](https://www.linkedin.com/company/rpc-gov-uk/) or consult our website www.gov.uk/rpc. To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).