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Sanctions: Fortnightly Summary



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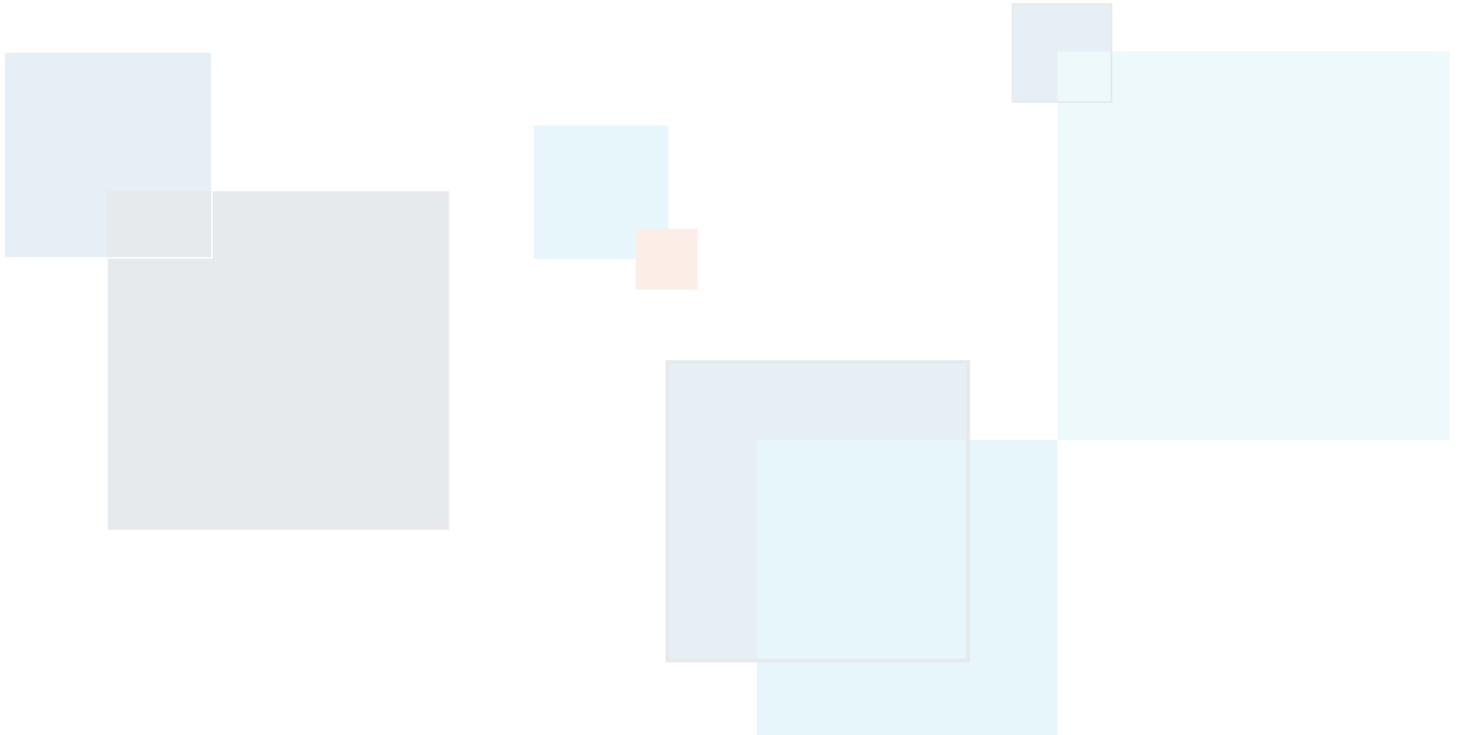
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Welcome to BCL's latest sanctions round-up, highlighting the key developments in UK and international developments in sanctions law and export controls.

This edition covers, amongst other matters, updates to the UK's sanctions list, analysis from the House of Commons on how sanctions against Russia have developed since January 2025, the UK Department for Business and Trade's latest statistical report analysing export licensing decisions, and US sanctions against "Teapot refineries" in China.

UK Policy Developments and Sanctions List updates

UK cracks down on Russia's exploitation of vulnerable migrants and deadly drone capability

- On 5 May 2026, the UK announced sanctions against 35 individuals and entities said to be linked to Russia's drone industry, and targeting networks accused of exploiting foreign migrants.
- The measures, imposed under the Russia (Sanctions) (EU Exit) Regulations 2019 and the Global Irregular Migration and Trafficking in Persons Sanctions Regulations 2025, aim to disrupt supplies to Russia's drone manufacturing sector and networks that are said to lure migrants to Russia with false promises, before deploying them to the front line or employing them in weapons factories. Several designations target the Alabuga Start programme, which has been linked to drone production at a UK-sanctioned entity.
- Sanctions Minister Stephen Doughty said: "These sanctions expose and disrupt the operations of those trafficking migrants as cannon fodder and feeding Putin's drone factories with illicit components to target innocent civilians and vital infrastructure."
- The announcement marks the first use of the UK Global Irregular Migration and Trafficking in Persons (GIMTiPS) regime to tackle human trafficking and the instrumentalisation of migration to destabilise other countries. [\[FCDO Press Release\]](#); [\[FCDO sanctions notices linked here and here\]](#)

NGO calls for Manchester City owner to be sanctioned over Sudan conflict links

- On 7 May, it was reported by media outlets that a human rights NGO, FairSquare, has called on the UK government to impose sanctions on Manchester City owner and Deputy Prime Minister of the United Arab Emirates, Sheikh Mansour, over the UAE's involvement in the conflict in Sudan, specifically to consider the imposition of sanctions on him under the Sudan (Sanctions) (EU Exit) Regulations 2020.
- In a letter dated 7 April 2026, FairSquare wrote to the Foreign Commonwealth and Development Office (FCDO) with submissions of evidence from international humanitarian organisations in Sudan, which documents "overwhelming evidence" of acts perpetrated by the Rapid Support Forces (RSF) including atrocities, massacres, and "instances of widespread sexual violence". FairSquare says there is evidence linking the UAE to the provision of weapons, ammunition and other supplies to the RSF.

- Effect of sanctions
 - Premier League rules on the Owners' and Directors' Test (OADT) say that "a Person shall be disqualified from acting as a Director if they become a UK Sanctions Restricted Person" (Rule F.1.28). Therefore, any implementation of UK sanctions upon Sheikh Mansour, could prohibit him from being a Director and may result in a divestment from Manchester City and more broadly, the City Football Group, which operates as a multi-club ownership structure of clubs under one umbrella. **[The Athletic article]**
[FairSquare letter]

Export Controls

The Department for Business and Trade publishes its Strategic Export Controls Commentary: 1 October to 31 December 2025

- The UK Department for Business and Trade has released its latest quarterly statistical report analysing export licensing decisions by the Export Control Joint Unit (ECJU) during the fourth quarter of 2025.
- The report highlights a decline in export licence activity during Q4 2025, with 2,444 Standard Individual Export Licence decisions made, down 16% from the previous quarter. While most applications were approved, the number of refused licences in 2025 was above average. This is largely attributed to enhanced military end-use controls introduced in May 2022. The addition of China to the list of destinations subject to military end-use control, the report says, is the main reason for the increase in refusals since it was introduced.
- The report also highlights growing complexity of casework (in particular dual use goods), the challenging geopolitical environment (including the expansion of sanction measures), and operational pressures caused by the transition from the SPIRE licensing platform to the newer LITE system. **[Quarterly statistical Report]**

Parliamentary Commentary

House of Commons Research Briefing on sanctions against Russia: what has changed since January 2025?

- Since Russia's invasion of Ukraine in 2022, the UK, EU, US and allied countries have maintained extensive sanctions against Russia, although coordination has become more uncertain under President Trump's second administration. While the US has largely kept existing sanctions in place, it has been more reluctant than the UK and EU to introduce major new measures, instead using the threat of sanctions and tariffs as leverage in peace negotiations with Russia.
- In October 2025, the US imposed sanctions on major Russian oil companies after accusing Russia of failing to engage seriously in peace talks, but later temporarily eased some oil sanctions amid rising global energy prices linked to conflict involving Iran.
- Meanwhile, the UK and EU have continued to tighten sanctions against Russia, targeting strategic sectors of Russia's economy including Russia's defence industry, its banking sector,

international finance and procurement networks, Russia's 'shadow fleet' and broader energy sector, those supporting and facilitating Russia's invasion of Ukraine and the occupation of the annexed territories, and those enabling sanctions evasion, including in third countries.

- Both the UK and the EU have financed the purchase of military equipment for Ukraine using proceeds from frozen Russian assets. However, the debate over the seizure of Russian state-owned assets as a means of supporting Ukraine remains ongoing. **[Research Briefing]**

US Sanctions

OFAC issues FAQ in relation to 'toll' payments to Iran

- On 28 April, OFAC issued one Iran-related Frequently Asked Question (FAQ 1249) on whether 'toll' payments to Iran for safe passage through the Strait of Hormuz are authorised. **[FAQ 1249]**
- OFAC clarified that "payments to the Government of Iran or the Islamic Revolutionary Guard Corps (IRGC), directly or indirectly, for safe passage through the Strait of Hormuz would not be authorized for U.S. persons, including U.S. financial institutions, or for U.S. owned or controlled foreign entities". The FAQ also highlighted that such payments could risk exposure to sanction breaches for non-US persons under Executive Order 13902. **[Executive Order]**
- Subsequently, OFAC published an Iran-related alert, "Sanctions Risks of Iranian Demands for Strait of Hormuz Passage", clarifying the prohibitions under US sanctions from engaging in transactions with the Government of Iran. **[OFAC alert]**

OFAC alert on "Teapot Oil Refineries"

- On 28 April, OFAC published an Iran-related alert, "Sanctions Risk of Dealing with Teapot Oil Refineries" which alerted financial institutions to the sanctions risks of dealing with independent oil refineries in China (known as "teapot" refineries), which play a key role in importing and refining Iranian crude oil.
- The OFAC alert warns US financial institutions to take steps to ensure that they are not facilitating transactions involving designated teapot refineries, or other teapot refineries that may be importing Iranian oil. The US has designated five teapot refineries.
- China is said to be the world's largest purchaser of Iranian oil, currently acquiring around 90% of Iran's total oil exports. "Teapot" refineries are small, independent oil refineries in China, mostly located in Shandong province, known for processing crude oil into fuel.
- These teapot refineries are smaller and less sophisticated than state-owned oil refineries and import discounted crude from sanctioned nations such as Russia, Iran and Venezuela, which financially benefits them whilst they are subject to international financial restrictions. **[OFAC alert] [OFAC press release]**

OFAC issues FAQ in relation to Iranian digital asset exchanges

- On 01 May, OFAC issued one Iran-related Frequently Asked Question (FAQ 1250) on whether Iranian digital asset exchanges are blocked under OFAC sanctions. **[FAQ 1250]**
- OFAC clarified that Executive Order 13599 (Blocking Property of the Government of Iran and Iranian Financial Institutions) blocks the property and interests in property of Iranian financial institutions. Iranian digital asset exchanges meet the regulatory definition of an "Iranian financial institution" as persons that engage in the business of activities described in the Iranian Transactions and Sanctions Regulations. An Iranian financial institution is blocked per Executive Order 13599 regardless of whether it is listed on the list of Specifically Designated Nationals and Blocked Persons (the SDN List). **[Executive Order 13599]**

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