

Washington pushes UK Conservatives to impose sanctions on Russian oligarchs

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Boris Johnson's Conservative government has announced it will impose sanctions, including travel bans and asset freezes, on oligarchs and key supporters of President Vladimir Putin if Russia invades Ukraine.

Britain is playing a key role in the US and NATO's war drive against Russia, supplying arms to Ukraine, as well as 100 elite SAS personnel, and doubling its military presence in Eastern Europe. But Washington has demanded more still—financial sanctions as part of the provocations against Russia.

Speaking in the House of Commons last Monday, Foreign Secretary Liz Truss said that new legislation, to be pushed through by February 10 using emergency procedures, would be “the toughest sanction regime against Russia we have ever had.” It would give the government “the power to sanction a broader range of individuals and businesses,” likely to include banks and energy companies, and allow the UK to “target anyone providing strategic support close to Vladimir Putin.” She added, “Nothing is off the table and there will be nowhere to hide.”

Refusing to name any individual Russians at risk of being sanctioned, Truss said the aim was to create maximum anxiety among Putin's supporters. The government would also publish its long-delayed review into how more than 700 wealthy Russians who had secured Tier 1 visas allowing them to live in the UK had acquired their wealth. The investigation was ordered in 2018 following the poisoning of Sergei Skripal, a former Russian military officer and British intelligence agent, and his daughter, Yulia Skripal. The British government accused Russia of attempting to murder the Skripals in Salisbury using a Novichok nerve agent.

The new powers would allow Britain to act in “lockstep with the US and other allies to freeze assets and ban travel” if Russia's forces invaded Ukraine. The US has threatened to cut off foreign lending, sales of sovereign

bonds, technologies for Russia's critical industries and the assets of Putin's inner circle and to hit the country's largest state banks as well as the government's Russian Direct Investment Fund, which would directly impact on Russian companies' ability to finance their activities.

The UK's pledge to implement sanctions follows weeks of complaints by the Biden administration that no economic measures against Russia would be effective so long as London remained an attractive location for Russian money, a reference to London's reputation as the world's prime money laundering centre.

The *Times* reported that, according to its diplomatic sources, US State Department officials had expressed “dismay and frustration” at the British government's failure to take tough action against the flow of Russian funds, particularly in “Londongrad.” “The fear is that Russian money is so entrenched in London now that the opportunity to use it as leverage against Putin could be lost,” its Washington source said. “Biden is talking about sanctioning Putin himself but that can only be symbolic. Putin doesn't hold his money abroad; it is all in the kleptocrats' names and a hell of a lot of it is sitting in houses in Knightsbridge and Belgravia right under your government's noses.”

The US is writing a cheque that will cost its imperialist ally dearly. Some of the wealthiest parts of London such as Belgravia are awash with the empty mansions of Russian millionaires and billionaires. Well-known oligarchs such as the owner of Chelsea football club Roman Abramovich and aluminium magnate Oleg Deripaska have homes in London. Some, such as Eugene Shvidler, Alexander Knaster, Konstantin Kagalovsky and Abram Reznikov, are expatriates with controlling stakes in major European companies.

London's main appeal to Russia's kleptocrats is equally attractive to their Ukrainian counterparts and other global investors—Britain's infamous “light touch

regulation” that greenlights financial swindling, the criminal mis-selling of financial instruments, money laundering, interest rate and foreign exchange-rate manipulation and tax evasion via the use of trusts and blind trusts in offshore tax havens.

In 2018, the government estimated £100 billion of “dirty money” had flooded into Britain from countries including Russia. In 2020, the House of Commons Intelligence and Security Committee (ISC) said the City of London provided “ideal mechanisms” for recycling illicit finance and had become a “laundromat” for offshore wealth.

While the government has used sanctions to target Russians abroad—some 180 Russians and 48 corporate entities are subject to UK sanctions, mainly in relation to the destabilization of Ukraine—it has done little to investigate and sanction illicit Russian money on British shores. This is despite the creation of the Office of Financial Sanctions Implementation (OFSI) in 2016, with a declared mission to crack down on corruption and dirty money flowing into the City of London. Since then, it has managed to levy just six fines totalling £20.7 million, despite reported breaches totalling £1 billion in 2019-20 alone. Legislation passed in 2017 giving courts the power to issue “unexplained wealth orders” compelling investors suspected of corruption and criminality overseas to explain the source of their money has been no more effective.

To launch sanctions against selected Russian oligarchs could have a broader and unwelcome impact. If investors from the Middle East and elsewhere see that their assets can be threatened at Washington’s behest, then London immediately becomes a less attractive investment location. Kremlin spokesperson Dmitry Peskov called Truss’s measures an “extremely alarming” development that “undermines investment attractiveness and the United Kingdom’s attractiveness as such.”

No less a consideration in the government’s reluctance to clean up the City’s Augean Stables are the close links between the Conservative Party and donors with ties to the Kremlin. According to the *Times*, multiple senior Conservative MPs, eight junior ministers and six members of the cabinet, including Chancellor Rishi Sunak and Alok Sharma, received donations either personally or through their constituency parties from individuals or companies linked to Russia.

Truss’s comment about nothing being off the table was designed to show the Biden administration that the government was considering other measures, including

reforms of Companies House, a register of properties held by overseas citizens and a public register of beneficial ownership in the British Overseas Territories that serve as tax havens. It is, however, unlikely that an economic crime bill containing such measures will be introduced, given the longstanding opposition from the City of London and the petro-monarchs in the Persian Gulf.

This is clearly not enough for the Biden administration, which is pushing for the immediate implementation of sanctions. US imperialism is intent on using the war threats against Russia as a stick to beat its European allies, forcing them to fall in line with its broader economic and financial demands. In the case of Britain, the crisis provides Washington with the pretext to further reduce London’s role as an international financial centre to New York’s advantage, amid changes to the European Union’s banking regulations that would undermine British banks’ corporate lending.

It comes after US officials threatened to withdraw approval for Russia’s recently completed pipeline, Nord Stream 2, a measure that Britain supported. The project would deliver Russian natural gas directly to Germany, which is wholly dependent upon imported fuel to power its electricity network, and beyond. Washington has also called on France to implement sanctions against Russia. There have been warnings that Russia might retaliate by cutting oil and natural gas exports to Europe, creating massive shortages and driving up prices.

The one institution where there is an unreserved willingness to abide by Washington’s dictates is the Labour Party. Anxious to demonstrate its credentials to US imperialism, the party that famously declared itself “intensely relaxed about people getting filthy rich” has adopted a pose of outrage over Russian oligarchs. Shadow Foreign Secretary David Lammy insisted that “dirty Russian money” swirling around British society and the Conservative Party should be returned to clamp down on Moscow’s influence in the UK and send a message to Russia amid the crisis in Ukraine.



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