

**BRIEFING NOTE**

**Singapore's sanctions on Russia**

**A brief overview on the new laws and practical implications on businesses**

**Samuel Sharpe**

**10 March 2022**

**Introduction**

Following the Russian invasion of Ukraine, the Singapore government has joined other members of the international community in imposing unilateral sanctions on Russia.

This is a significant step for Singapore. The last time Singapore imposed unilateral sanctions on any country was after the 1978 Vietnamese invasion of Cambodia when it sanctioned Vietnam.

This article aims to give an overview of the new sanctions' regime, how it works and what it means for Singapore businesses and those doing business in Singapore.

**What are unilateral sanctions?**

Sanctions are a foreign policy tool that usually restrict the rights of the sanctioning country's citizens and companies from doing business with sanctioned entities, persons or countries. Sanctions also frequently restrict the rights of those sanctioned to do business/transact with and travel to the sanctioning country.

In a legal sense sanctions are like any other prohibitory law: break them and it is a criminal offence.

Singapore, like many countries, has had various sanctions in place for some time. However, until now, these sanctions only implemented United Nations Security Council resolutions (through the United Nations Act). In that sense they were multilateral.

The sanctions in respect of Russia don't follow any Security Council resolution and are a Singapore initiative – hence they are unilateral.

**What sanctions has Singapore imposed?**

Singapore is imposing two broad sanctions regimes.

First, it is restricting the export, transshipment or transit of military as well as dual use technology goods to Russia.

Second, it is imposing financial measures targeted at designated Russian banks, entities and activities in and related to Russia, and fund-raising activities benefiting the Russian government.

### **Export and transshipment restrictions**

Under the Strategic Goods (Control) Act 2002 and Strategic Goods (Control) Order 2021, Singapore regulates the export and transshipment of certain goods, particularly those that have a direct or indirect military application.

Singapore has announced that all applications for permits to export, transship or transit to Russia "Military Goods" or items under the dual use categories: "Category 3 – Electronics," "Category 4 – Computers," and "Category 5 – Telecommunications and Information Security, will be rejected.

This means that it is now against the law to export, transship or transit to Russia (among other things) any:

- (i) military equipment, including firearms, ammunition and firearms' accessories, explosives, ground vehicles, aircraft and marine vessels and components for military use, propellants, military software and other military related material; or
- (ii) electronics comprising certain general purpose integrated circuits; acoustic wave devices; electronic devices manufactured from "superconductive" materials; high energy devices; digital data recording systems; signal analysers; power supplies; test, inspection and production equipment; manufacturing materials; software used in manufacturing; technology;
- (iii) electronic computers and related equipment having specified characteristics such as being temperature or radiation rated (to certain levels); being designed for specified purposes; and related software and technology; and
- (iv) telecommunications systems, equipment, components and accessories having specified characteristics such as being temperature or radiation rated (to certain levels); being designed for specified purposes; related software and technology; certain mobile telecommunications interception or jamming equipment, and monitoring equipment; certain internet Protocol (IP) network communications surveillance systems or equipment; certain test, inspection and production equipment.

### **Financial measures**

Additionally, Singapore will impose the following financial sanctions prohibiting:

- (i) transactions or any business relationship with the following Russian banks: VTB Bank Public Joint Stock Company; Bank Rossiya; Promsvyazbank Public Joint Stock Company; and The Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank;
- (ii) any financial services provided (including financing) with respect to restricted exports, transshipments or transit (as set out above), including providing financial services to designated entities involved in the same;

- (iii) providing financial services, or entering into other transactions or arrangements to facilitate fund raising by the Russian government, the Central Bank of the Russian Federation or any entity controlled by these entities or acting at their direction or on their behalf;
- (iv) transactions and financial services to the breakaway Ukrainian regions of Donetsk and Luhansk in the energy; resource extraction; telecommunications or transport sectors;
- (v) entering into any transactions (or facilitating the same) involving crypto currencies to circumvent the above prohibitions. This includes any payment or settlement transactions in respect of digital assets including non-fungible tokens (NFTs).

### **How will this impact businesses in Singapore?**

Businesses in Singapore and Singapore businesses generally doing business with Russia, both directly and indirectly, should carefully review their business activities to ensure that they are not violating Singapore sanctions.

This applies especially to companies involved in the export of restricted goods to Russia and any company which engages with Russian banks or financial institutions as part of their business.

Companies should also monitor developments going forward. Singapore's sanctions could expand or be modified in the future as the crisis in Ukraine develops.

### **More information**

The press release of the Singapore Ministry of Foreign Affairs concerning Singapore's unilateral sanctions can be found [here](#).

The Strategic Goods (Control) Order 2021 can be found [here](#).

Further details of the financial sanctions to be imposed will be announced by the Monetary Authority of Singapore (the MAS) in due course. Their website can be found [here](#).

### **Samuel Sharpe**



[samuel.sharpe@sjlaw.com.sg](mailto:samuel.sharpe@sjlaw.com.sg)

65 6694 7283 | 65 9786 7409