

Taking the Pulse of Major Sanctions Lists

January-June 2023

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Risk Solutions



Is the sanctions storm really behind us?

After an exceptional level of sanctions activity in 2022, the first half of 2023 provides a glimpse of what this year – and the future – might hold. Will the war in Ukraine, which marked its first anniversary in February, continue to drive sanctions activity? What other geopolitical issues are emerging?

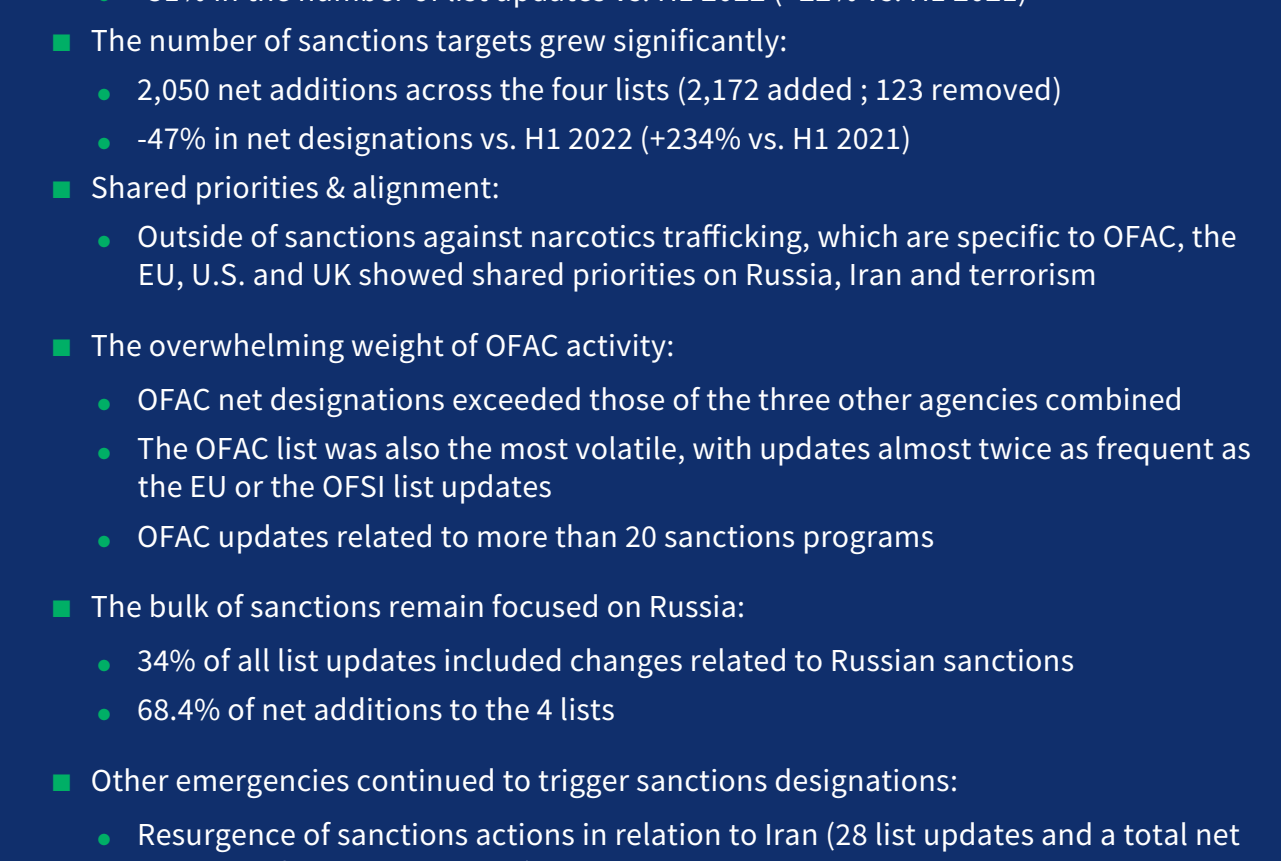
LexisNexis® Risk Solutions regularly analyzes sanctions data from core regulators – the United Nations (UN), European Union (EU), Office of Foreign Assets Control (OFAC) and the Office of Financial Sanctions Implementation (OFSI - UK) – to identify trends and changes in policy.

This edition of the Sanctions Pulse delves into sanctions activity by the UN, EU, OFAC and OFSI throughout H1 2023 to identify trends and to highlight the scale, pace and nature of the sanctions compliance challenges global businesses face.

Key Takeaways



Number of List Updates per Agency 2023



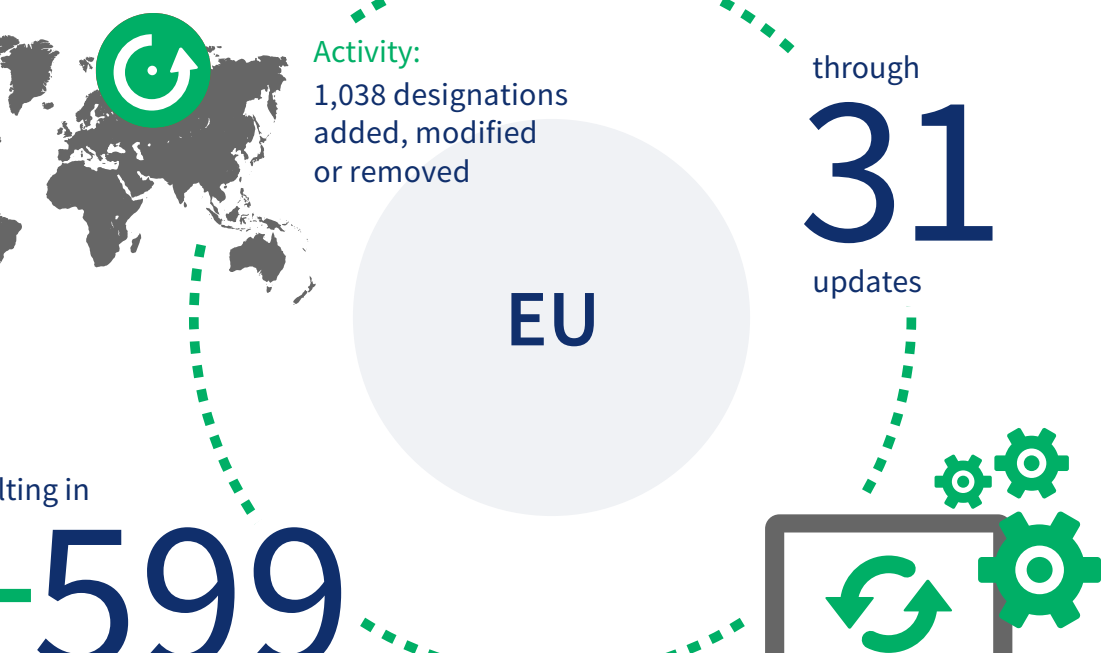
H1 2023 Overall Changes



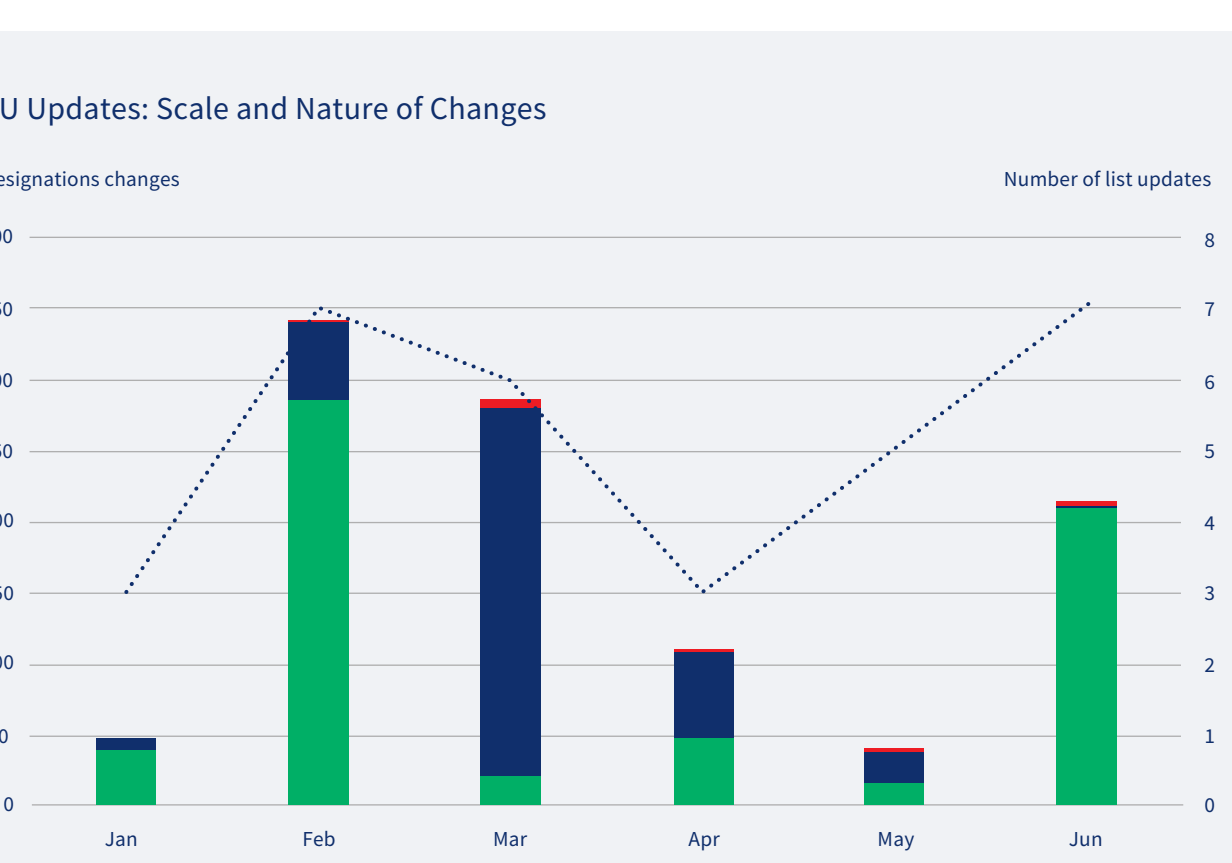
Highlights

- The first half of 2023 saw sustained, intense sanctions activity:
 - More than 1 list update per business day (133 list total updates)
 - 31% in the number of list updates vs. H1 2022 (+22% vs. H1 2021)
- The number of sanctions targets grew significantly:
 - 2,050 net additions across the four lists (2,172 added; 123 removed)
 - 47% in net designations vs. H1 2022 (+234% vs. H1 2021)
- Shared priorities & alignment:
 - Outside of sanctions against narcotics trafficking, which are specific to OFAC, the EU, U.S. and UK showed shared priorities on Russia, Iran and terrorism
- The overwhelming weight of OFAC activity:
 - OFAC net designations exceeded those of the three other agencies combined
 - The OFAC list was also the most volatile, with updates almost twice as frequent as the EU or the OFSI list updates
 - OFAC updates related to more than 20 sanctions programs
- The bulk of sanctions remain focused on Russia:
 - 34% of all list updates included changes related to Russian sanctions
 - 68.4% of net additions to the 4 lists
- Other emergencies continued to trigger sanctions designations:
 - Resurgence of sanctions actions in relation to Iran (28 list updates and a total net increase of 270 designations)
 - The situations in Syria and Myanmar each triggered 8 sanctions list updates and net additions of 42 persons and entities (combined 12% of updates and 4.1% of net additions)
 - With 35 sanctions list updates, the fight against terrorism remains a key trigger to sanctions activity, resulting in net additions of 107 records (5.2%). Other notable thematic sanctions developments include global human rights and anti-corruption programs (13 updates: 62 net additions)

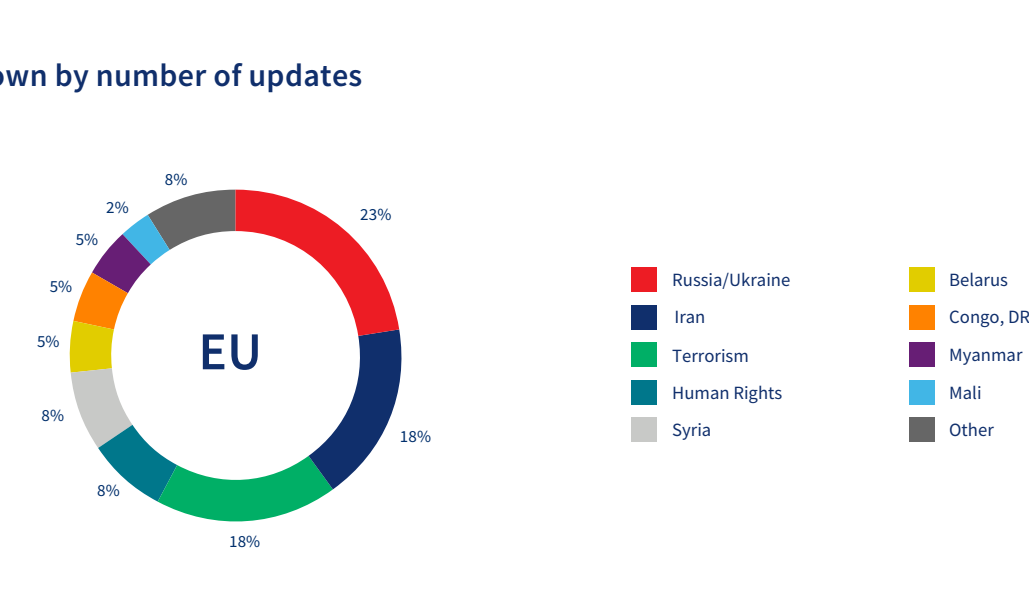
A Closer Look by Agency



UN Updates: Scale and Nature of Changes



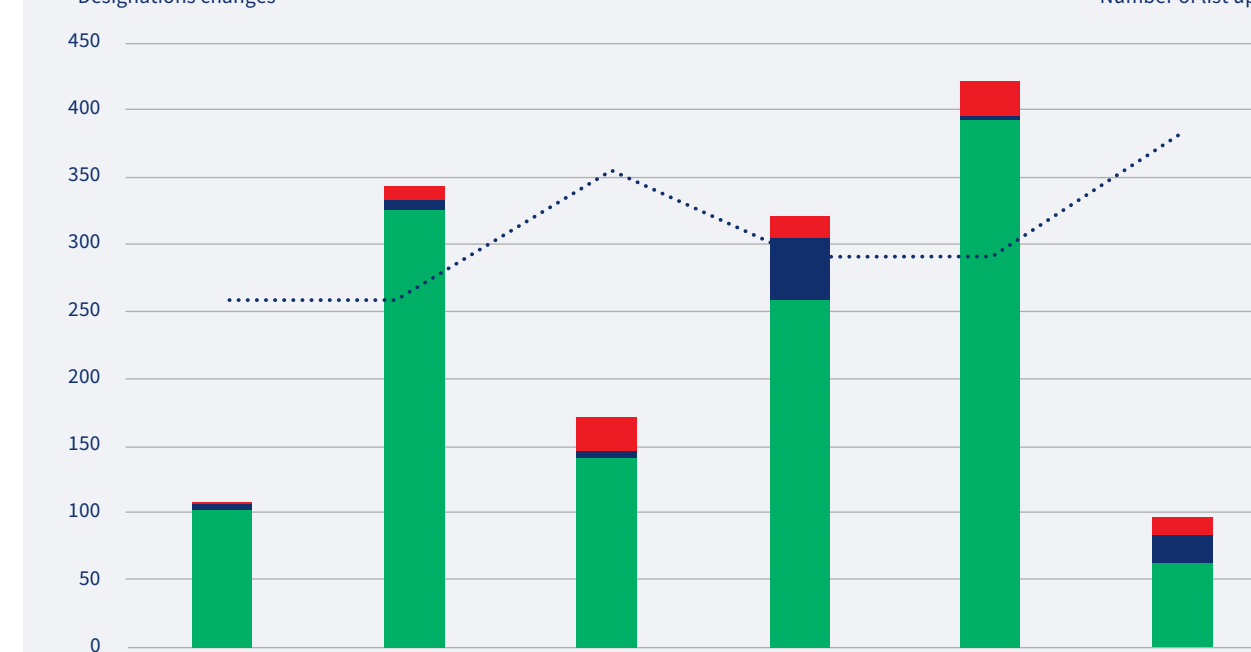
Breakdown by share of net additions, per program



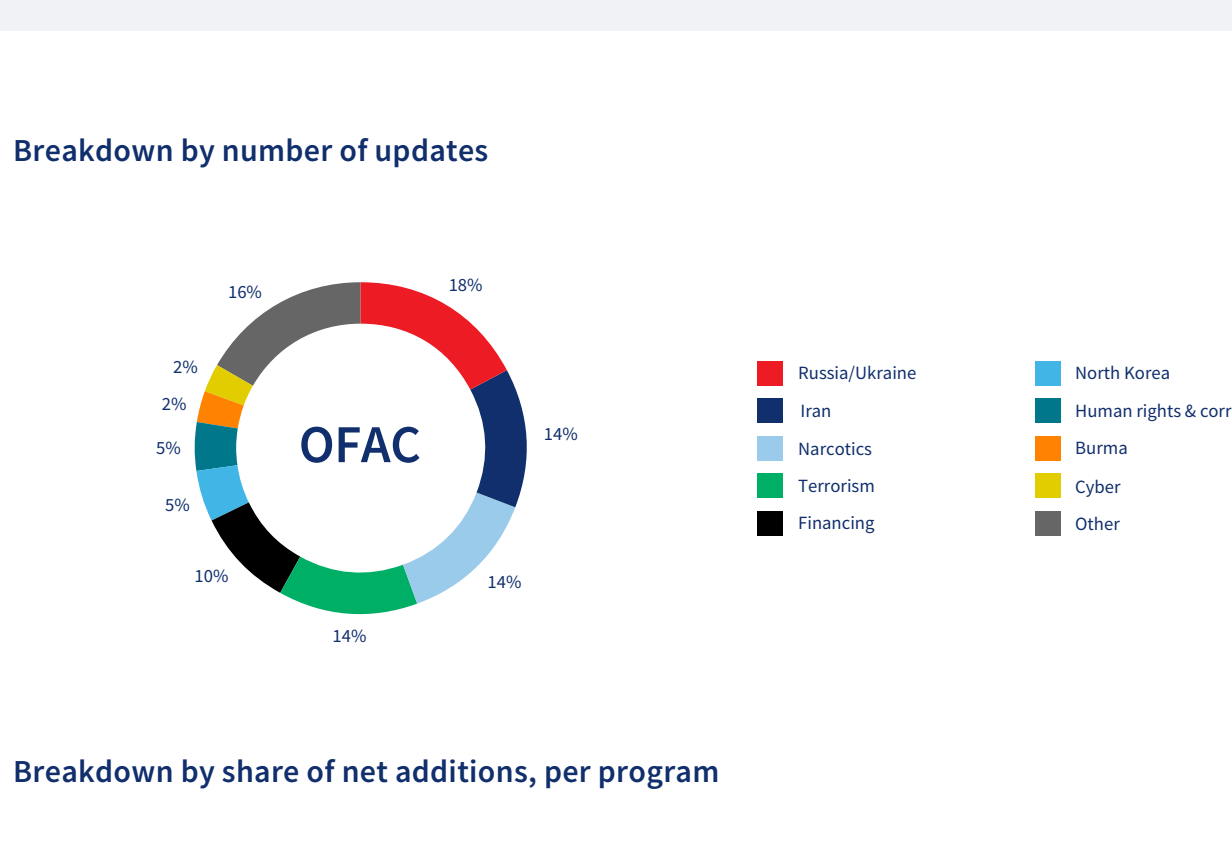
Highlights

- Throughout H1 2023, the UN list updates were limited to five programs. Only five new designations were made:
 - Terrorism sanctions (under ISIL/Al-Qaida): Two Afghan leaders of ISIL; Pakistani leader of a group affiliated to Al-Qaida; and the Southeast Asia branch of ISIL
 - Somalia (Al-Shabaab) sanctions: one individual added
- The UN waived sanctions against five persons and entities:
 - Three persons designated under the Iraq Sanctions program since 2003 were delisted, continuing the progressive waiving of Iraq sanctions
 - Two under the ISIL/Al-Qaida Sanctions, as a result of delisting requests sent by member states

With 12 updates to the UN sanctions list through H1 2023, sanctions activity within the UN remained limited, consistent with the activity recorded in the past few years. 148 existing records were amended, primarily to update reasons for listing or as a result of administrative reviews.



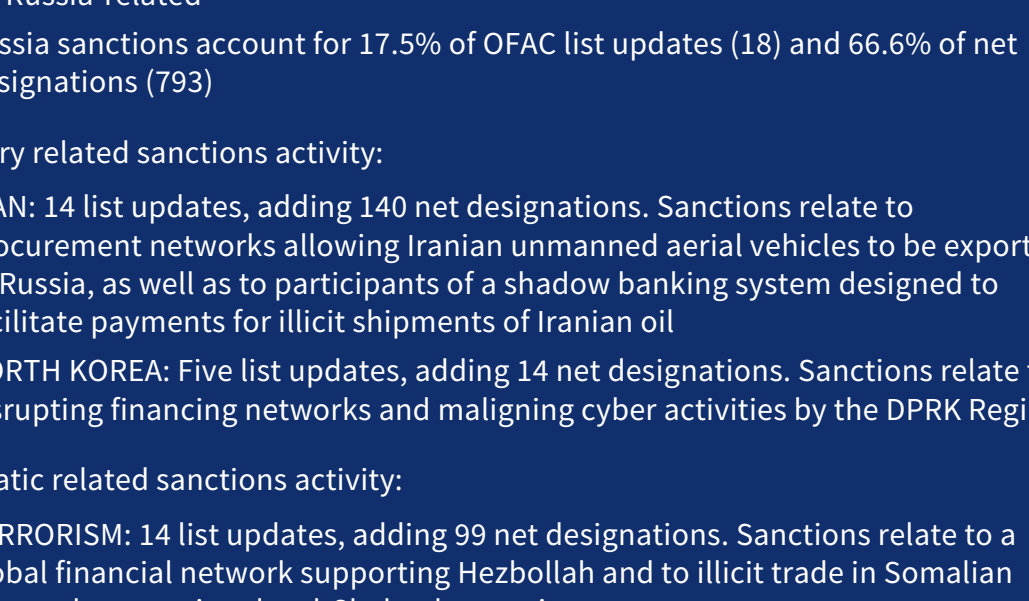
EU Updates: Scale and Nature of Changes



Breakdown by number of updates

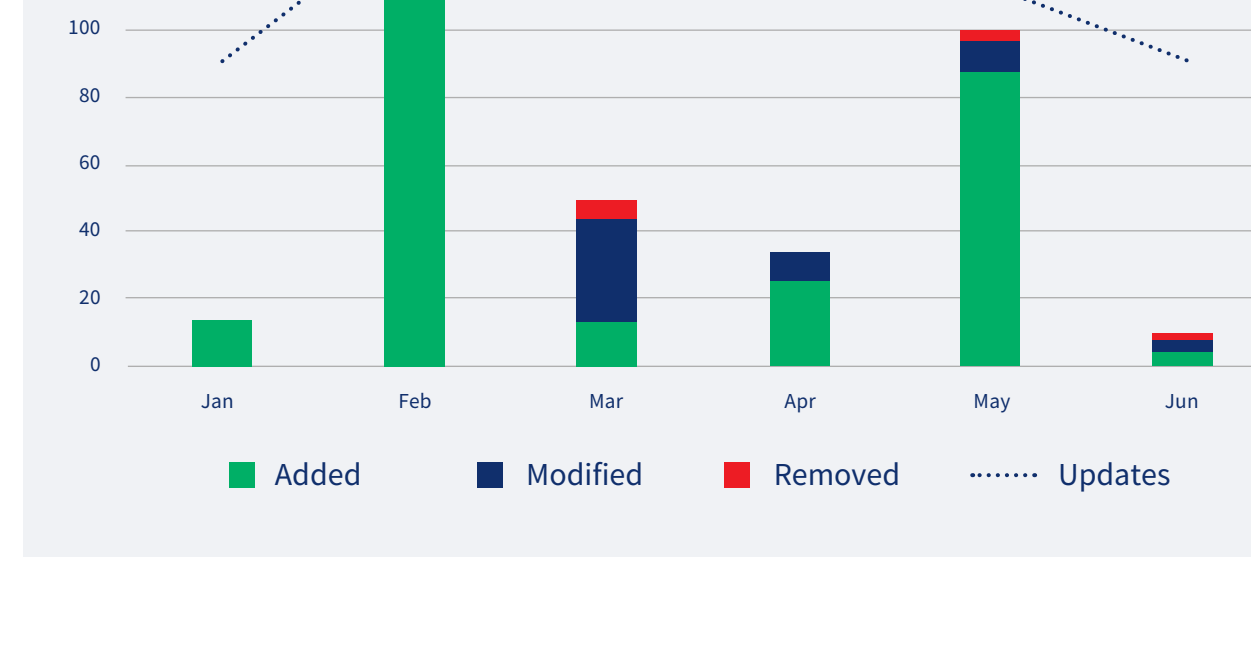


Breakdown by share of net additions, per program

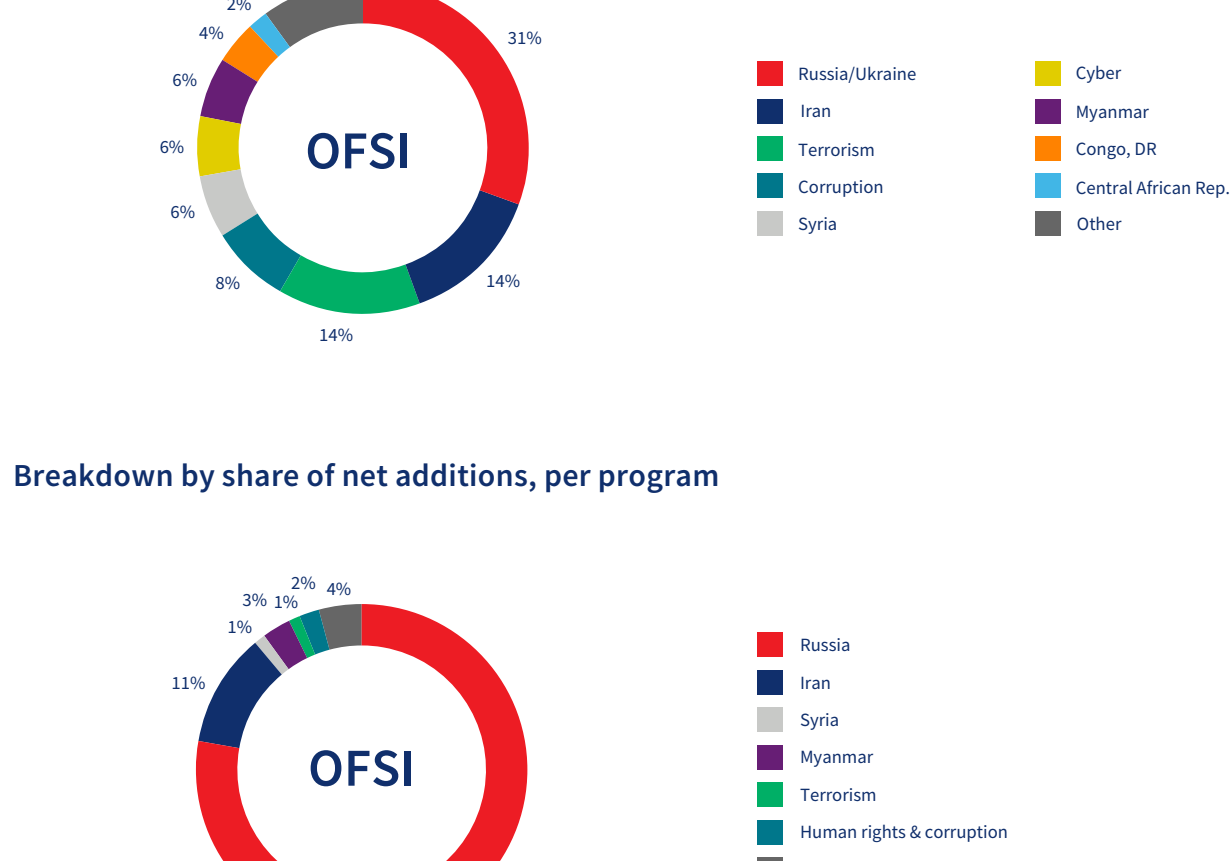


Highlights

- Russia/Ukraine conflict related sanctions activity:
 - The EU continued to apply extensive sanctions on Russia throughout H1 2023:
 - Resulting in at least one list update for each month of the H1 2023
 - With spikes in designations in February and June, following the adoption of the 10th and 11th Russian sanctions packages
 - Accounting for 29% of list updates (9) and 68% of net designations (407)
- Country related sanctions activity:
 - IRAN: Seven list updates, adding 102 net designations. Sanctions relate to blatant human rights violations against protesters following the killing of Mahsa Amini
 - SYRIA: Three list updates, adding 30 net designations. Sanctions designations relate to drugs trafficking activities sponsored by the Syrian regime
 - MYANMAR: Two list updates, adding 16 net designations. Sanctions relate to grave human rights violations including torture and sexual and gender-based violence committed by the Myanmar Armed Forces
- Thematic related sanctions activity:
 - TERRORISM: Seven list updates, adding three net designations. Sanctions designations relate to the implementation of UNSC Resolutions, and to terrorist activities in Eastern Africa
 - GLOBAL HUMAN RIGHTS: Three list updates, adding 36 persons and entities. Issues relate to actions of the Wagner group in Africa, gender-based violence, and internal repression in Russia
- New sanctions programs:
 - MOLDOVA: Five designations under a new program enacted in April 2023, in view of actions destabilizing the Republic of Moldova



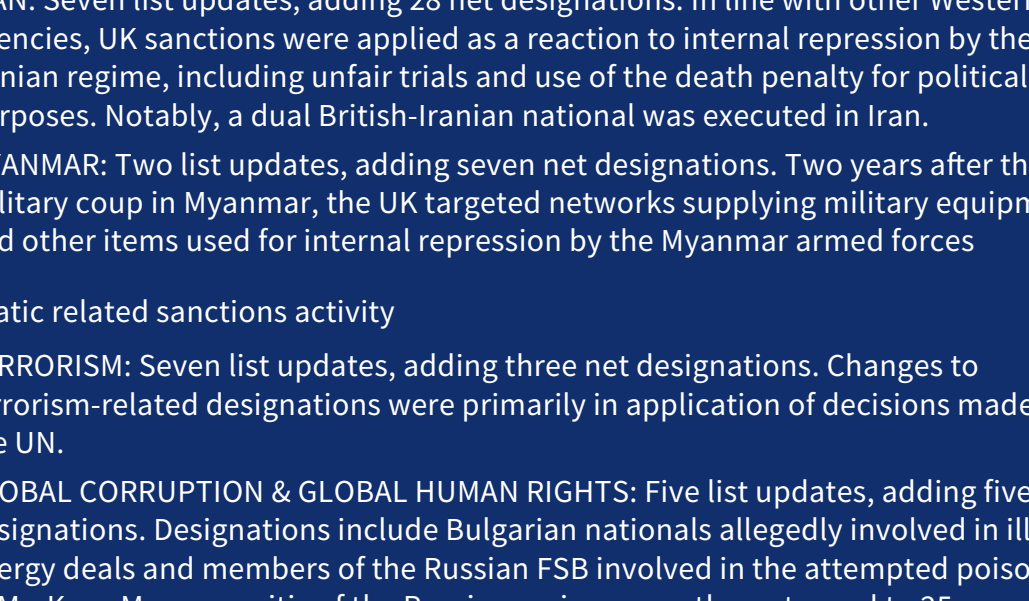
OFAC Updates: Scale and Nature of Changes



Breakdown by number of updates



Breakdown by share of net additions, per program



Highlights

- Russia/Ukraine conflict related sanctions activity:
 - OFAC maintained consistent sanctions actions in relation to Russia with several Russia-related updates published by OFAC for each month of H1 2023
 - The bulk of Russia-related designations occurred in May (+317); February (+271) and April (+144)
 - Among the five list updates adding 50 or more designations, four updates were Russia-related
 - Russia sanctions account for 17.5% of OFAC list updates (18) and 66.6% of net designations (793)
- Country related sanctions activity:
 - IRAN: 14 list updates, adding 140 net designations. Sanctions relate to procurement networks allowing Iranian unmanned aerial vehicles to be exported to Russia, as well as to participants of a shadow banking system designed to facilitate payments for illicit shipments of Iranian oil
 - NORTH KOREA: Five list updates, adding 14 net designations. Sanctions relate to disrupting financing networks and maligning cyber activities by the DPRK Regime
- Thematic related sanctions activity:
 - TERRORISM: 14 list updates, adding 99 net designations. Sanctions relate to a global financial network supporting Hezbollah and to illicit trade in Somali charcoal trafficking: the al-Shabaab terrorist group
 - NARCOTICS TRAFFICKING: 14 list updates, adding 35 net designations. New designations largely focused on disrupting fentanyl supply chains in China and Mexico
- New sanctions programs:
 - HOSTAGES AND WRONGFULLY DETAINED U.S. NATIONALS: First set of designations under Executive Order 14078 of July 19th, 2022. Six Iranian and Russian targets added for their involvement in hostage-taking or wrongful detention of U.S. nationals in Iran or abroad

Closing Statement

In the first half of 2023, the Russia/Ukraine conflict remained the primary focus for sanctions from U.S., EU and UK regulators. A large majority (68%) of the 2,050 new records added to the OFAC, EU and OFSI lists were Russia-related. Iran also received notable attention, with 270 new designations, due to its internal repression and military support to Russia. Terrorism and global human rights & corruption followed, with 107 and 62 new designations, respectively.

The data reveals a shared foreign policy objective among the U.S., UK, and EU, as each had the same top three sanctions programs in terms of updates. The U.S., through OFAC, was especially active in its scale and breadth of sanctions activity, outdoing its European counterparts.

The continued high level of sanctions activity suggests that this could be the new normal, requiring international companies to be vigilant about their exposure to sanctions risk. This landscape necessitates investment in skilled personnel and specialized technology for effective compliance.

The sanctions landscape is in constant flux. Being equipped with quality watch list data is essential for sanctions compliance programs. Harness the power of comprehensive, 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.

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