

**EXPLANATORY MEMORANDUM TO**  
**THE VENEZUELA (EUROPEAN UNION FINANCIAL SANCTIONS)**  
**REGULATIONS 2017**

**2017 No. 1094**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 The Regulations provide for the enforcement through criminal law of the asset freeze contained in Council Regulation (EU) 2017/2063 concerning restrictive measures in view of the situation in Venezuela.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 In the Joint Committee on Statutory Instruments' Seventh Report of Session 2016–17, the Committee invited HM Treasury to reconsider its approach to the repetition of EU provisions in UK statutory instruments if the Democratic People's Republic of Korea (European Union Financial Sanctions) Regulations 2013 came to be revoked and replaced. HM Treasury wrote to the Clerk of the Joint Committee on Statutory Instruments on 21<sup>st</sup> December 2016 in response to those comments explaining why HM Treasury intends to continue with its current approach in relation to financial sanctions Regulations. This instrument adopts the same approach to the issue as that taken in other similar financial sanctions Regulations.

*Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

- 4.1 These regulations have been made under section 2(2) of the European Communities Act 1972, to ensure that the enforcement provisions apply to support Council Regulation (EU) 2017/2063.

**5. Extent and Territorial Application**

- 5.1 These Regulations extend to the whole of the United Kingdom.
- 5.2 The territorial application of these Regulations is all of the United Kingdom.

## **6. European Convention on Human Rights**

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

- 7.1 On 30<sup>th</sup> July 2017 Venezuelan authorities held elections for a new Constituent Assembly with the power to amend the constitution to grant more powers to President Maduro and allow the current authoritarian slide to continue in Venezuela. These elections have been denounced as illegitimate by the opposition and much of the international community. These elections and the repressive actions taken by the Maduro regime since July have durably worsened the political and humanitarian crisis in Venezuela, and continue to cause the deterioration of democracy, the rule of law and human rights in the country.
- 7.2 In response on 13<sup>th</sup> November 2017, the European Council adopted Council Regulation 2017/2063 imposing restrictive measures to pressure those in the Venezuelan government responsible for the deterioration of democracy, the rule of law and human rights in the country. These measures include an asset freeze, a travel ban, and an arms embargo.
- 7.3 While no-one is yet listed as being subject to the asset freeze, Article 18 of the Council Regulation requires Member States to lay down rules on penalties for infringements of the Council Regulation and notify these to the Commission without delay.
- 7.4 This Statutory Instrument provides for penalties for breach of the asset freezing measures contained in the Council Regulation. HM Treasury considers that such penalties should be criminal, in line with those in place for breaches of other EU sanctions regimes. Criminal penalties are appropriate to enforce sanctions regimes because financial sanctions are aimed at threats to domestic and international peace and security and the abuse of human rights.

### *Consolidation*

- 7.5 The amendments made by these Regulations are not so extensive as to require consolidation at this time.

## **8. Consultation outcome**

- 8.1 No consultation has been carried out in relation to these Regulations, which provide for enforcement of financial sanctions that have been imposed by the Council Regulation.

## **9. Guidance**

- 9.1 Guidance on the asset freezing and other financial sanctions measures in relation to Venezuela is available on HM Treasury's website:  
(<https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>).
- 9.2 The Office of Financial Sanctions Implementation, within HM Treasury, operate a free subscription email service alerting subscribers to changes to the asset freezing

regime, and to other financial sanctions measures. A dedicated telephone line and email address are available for the financial sector and any other persons to submit queries on the asset freezing and financial sanctions regimes.

## **10. Impact**

- 10.1 The impact on business, charities or voluntary bodies is negligible, because these regulations do not impose substantive requirements themselves.
- 10.2 The impact on the public sector is also negligible.
- 10.3 An Impact Assessment has not been prepared for these regulations, because any impact results from the Council Regulation rather than these regulations which only relate to enforcement powers.

## **11. Regulating small business**

- 11.1 The legislation applies to activities that are undertaken by small businesses.
- 11.2 To minimise the impact of the requirements on small businesses (employing up to 50 people), HM Treasury works with the financial sector on the requirements for complying with the asset freezing and financial sanctions measures set out in the Council Regulation. HM Treasury has provided detailed guidance to assist business in complying with these measures.

## **12. Monitoring and review**

- 12.1 The EU monitors and reviews its financial sanctions measures. HM Treasury will review the penalties for breaches of the restrictions imposed by the relevant Council Regulations if they are amended or repealed.
- 12.2 It is therefore not appropriate in the circumstances to make provision for further periodic review as contemplated by in ss.28-32 of the Small Business Enterprise and Employment Act 2015.

## **13. Contact**

- 13.1 Please contact [SanctionsLegislation@HMTreasury.gsi.gov.uk](mailto:SanctionsLegislation@HMTreasury.gsi.gov.uk) for any queries regarding the instrument.