

# US/UK AXIS ON GLOBAL SANCTIONS + AML: WILL BIDEN RE-SET THE DIAL?

This panel brings together experts on sanctions, anti-money laundering and cybercrime from the US and UK. Each panelist is deeply experienced in investigations, enforcement and effective teamwork. Together they will explore how a US/UK axis under President Biden can re-set the dial on global controls and make them work.

Topics to be discussed:

- The Biden/Harris agenda: Is the UK on board?
- Working with governments and corporates: Can it be done?
- Effective teamwork
- Using technology to counter global threats: Intelligence sharing
- Practical toolkit for financial institutions
- Sanctions to change behaviour: Cuba + Myanmar

Moderator: [Michael Bowes QC](#), Barrister, Outer Temple Chambers

Panelists:

[Karen Baxter](#), Managing Director, Intelligence Strategy for Economic Crime, UK Finance Limited

[Bill Riley](#), Senior Managing Director, Guidepost Solutions

## BELOW ARE THE PANELISTS' RESPONSES TO QUESTIONS WE DID NOT ADDRESS DURING THE WEBINAR:

1. Do the panelists see UK/US sanctions policy towards China to be coordinated in some way going forward? We already see similar measures in place targeting human rights abuses in Xinjiang, but I would be interested in the panelists views on other elements of both foreign and sanctions policies towards China. How does a response to the National

## Security Law in Hong Kong also feed into those policy approaches?

*Bowes: On March 14, the NY Times reported that the Biden administration wants to identify issues where it can work with Beijing. The British Foreign Secretary spoke about Indo-Pacific countries as the world's "growth engine" while at the same time pledging to do more on the "systemic challenge" of China. Given the UK's strong desire for a trade deal with the US, I think that coordination of UK/ US sanctions policy on China will be the UK following the US lead. Regarding the National Security Law in Hong Kong, the UK has expressed some criticism and last year made some offer in relation to visa rights but has otherwise been quite muted. The Biden administration has now intensified its criticism (FT, March 11) and it may be that the UK will find more of a voice. Lord Neuberger (former President of the UK Supreme Court) announced he would remain a member of HK's court of final appeal. His point is that it is better to stay and try to help maintain the rule of law than to walk away. Personally, I agree with him.*

*Baxter: I personally think it may be too early to assess the China issue and until we get to a degree of stability post-Brexit, I am not sure I can see the UK government doing anything too radical. That said, I have noticed a swell of conversation about the human rights issues and more recently the PM did reiterate the pledge to take around 300k people from Hong Kong in the wake of the Beijing's new NS law. All of this tends to point in a certain direction, but I would suggest it will need to be well thought through in terms of diplomacy. Also, it could be argued about the actual impact of sanctions on China in reality, so again I think this is far from clear.*

**2. You mention that the long-awaited integrated review has finally hit the streets which we are analyzing with interest not least with press reporting a desire for closer trade with Asia. There are new guidelines recently issued by OFSI with respect to UK sanctions and an export control regime that is light on output and guidance particularly around technology in services and brokering controls. Now with new legislation in the form of the National Security and Investment Bill...and in itself very broad, a little opaque and light on working practices between the new Investment Security Unit and ECJU. However, CIFIUS is very focused on export controls as part of strategic investment. What is the panel's view as to how corporate strategy can or should respond in their planning? More broadly – will the 'special relationship' hold up?**

*BOWES: As I mentioned at the beginning of the webinar, there is substantial tension between the desire for closer trade with Asia and the expressions of concern over human rights abuses.*

*The new OFSI Guidance comes into force on 1 April 2021. The tone suggests a tougher stance although much of the language is very general. The 'proof of the pudding' will be in any actual increase in enforcement action. The National Security and Investment Bill is potentially wide ranging, although (as is pointed out in the question) quite light on various working practices. The Bill does not specify what parts of certain 'sensitive sectors' will be subject to mandatory notification and is consulting on this. Again, there is considerable tension between the post-Brexit desire for 'trade with all' and the expression of concern over national security. For corporates (particularly those in likely 'sensitive sectors') it*

would be prudent to engage in the Bill's consultation process. Additionally, those corporates in high-risk areas will need to be very aware of the proposed notification requirements. As with all such legislation, it will be necessary to gauge the appetite for control and enforcement. Regarding the US/ UK 'special relationship', my view is that it will hold up and be strengthened by the 'return to the rule of law' attitude of the Biden/Harris administration.

BAXTER: I think Michael has covered the position better than I can. I think the main indication for me is that it is starting to place the issues of corpocracy, EC and finance towards the national security position. This suggest a hardening of position and preparation for a future where national security threats may be viewed less in terms of the big spectacular attack and more about national infrastructure and economic stability.

**3. OFSI recently updated guidance on monetary penalties for breaches of financial sanctions (effective 1 April 2021) – any thoughts on this? Thank you.**

BOWES: As indicated in my response to question two, the new OFSI Guidance comes into force on 1 April 2021. The tone suggests a tougher stance although much of the language is very general. The 'proof of the pudding' will be in any actual increase in enforcement action.

**4. Some of the Brexit repercussions have opened rifts in the Northern Ireland peace accord. Given that there was an arms and financial pipeline between the US and the IRA/Sinn Fein during the Troubles / prior to the peace accord. Does the current climate and inter-relationships between the EU/Ireland, the UK and the US create additional concerns of rising economic crime/terrorism rising in Northern Ireland?**

BAXTER: This is an interesting question in terms of President Biden. He has Irish heritage and did have communications with Sinn Fein/ IRA back in 1994 which apparently did not go well at the time. He has since allegedly had conversations with SF and been in the company of Rita O'Hare who was sought on extradition for the attempted murder of a British army officer. This will be seen as him somewhat supporting his 'Irish nationalist' politics and will appeal to those in support of a united Ireland. In many ways this may or could symbolise him as not fully supporting the British perspective, and while I suspect any savvy media department can address that, the British media have picked up on it.

That said the support the IRA had in Ireland has somewhat dissipated and there is little appetite to return to violence despite every effort by the dissident republicans. While I have not been cited on the US support for the Irish cause recently, my conversations with US LE indicated that support for violence, (particularly post 9/11) or indeed the funding of such has diminished. While there may still be that notion and desire for a united Ireland the issues that underpinned the conflict in 1969 are no longer present. I think lessons from the past for Britain to ignore Irish politics at your peril and therefore there is undoubtedly the need for strong diplomacy. A win to some extent and for everyone is to consider that making Ireland an exception within the Brexit dimension provides great opportunities to build towards a longer-term

*solution within and an environment of improving relationships.*



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