

## **Terms of Reference for the Russia Sanctions Act 2022 Statutory Review**

### **Background**

The New Zealand Parliament unanimously passed the Russia Sanctions Act (**RSA**) on 9 March 2022, following Russia's illegal invasion of Ukraine on 24 February 2022. The RSA gives the Minister of Foreign Affairs the ability to impose sanctions in response to threats to the sovereignty or territorial integrity of Ukraine or another country.

The RSA created a legislative framework for New Zealand to demonstrate its condemnation of Russia's invasion of Ukraine in 2022. The purpose of the Act is to:

- Enable New Zealand to impose and enforce sanctions in response to military actions by Russia (and by countries or persons who may be assisting Russia).

The RSA is intended to create a system that, together with the sanctions imposed by New Zealand's international partners, pressures Russia, and others that support Russia, to change course without the need to use armed force. The RSA is also intended to ensure that New Zealanders do not support (advertently or inadvertently, directly, or indirectly) Russia's invasion.

### **The Objectives of the Statutory Review**

This review is required by section 29 of the RSA. The Minister is required to review the operation and effectiveness of the Act and present a report on the review to the House of Representatives. The review presents an opportunity to assess the operation of the legislation and provide recommendations on how it could be improved.

### **Scope of the Review**

The review is focused on the operation and effectiveness of the RSA. Broader questions, such as the merits and efficacy of sanctions generally, and whether New Zealand should have a general autonomous sanctions regime, are outside the scope of this review.

In summary the review will assess:

- How has the RSA been operating since it came into force on 9 March 2022?
- How effective is the RSA, and is it fit for purpose?
- Does the RSA strike the appropriate balance between the risk of sanction evasion in New Zealand and the RSA's compliance costs?
- Does the RSA achieve its statutory purposes?

We would also welcome feedback on:

- What is it like to use and interact with the RSA?
- How do you find the mechanics of the RSA and RSR work in practice?
- What is not working satisfactorily?
- What could be done better?

We will consider the operation of the Russia Sanctions Regulations 2022 as part of the Review.

### **Principles to guide the Review**

The following principles will guide the Review:

- Imposing and enforcing sanctions in response to military actions by Russia (and by countries or persons who may be assisting Russia) to demonstrate New Zealand's condemnation.
- Reducing the risk that New Zealand individuals and businesses may breach sanctions or be used to evade sanctions.
- Ensuring New Zealand is not perceived as a soft route to evade sanctions imposed by other countries.
- Ensuring any non-compliance, breaches or evasions are dealt with swiftly and effectively by making best use of New Zealand's existing regulatory and enforcement frameworks.
- Managing, as appropriate, disproportionate impacts on New Zealand individuals and businesses.

### **Process for the Review**

The Review process will be conducted by MFAT officials and will include:

- The collection of views on the operation and effectiveness of the Act. This will be done through consultation with government agencies and affected stakeholders.
- Identifying how the statutory framework may be improved.
- Analysis of the feedback on the RSA which will be fed into the final report on the outcome of the review, to be presented by the Minister to the House of Representatives.