United States and European sanctions and their reach

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Singapore's doctrine on unilateral sanctions

The official position is clear. Singapore Customs states that Singapore does not enforce the unilateral sanctions of other countries, and it adds that parties in Singapore may nonetheless be affected by them.[1] The same page refers traders to the lists of Japan, the European Union, the United Kingdom and the United States, including the Entity List of the Bureau of Industry and Security and the list of Specially Designated Nationals of the Office of Foreign Assets Control. The reference recognises a commercial reality. A Singapore company that ignores these lists may break no Singapore law and still lose its bank, its insurer and its customers.

The doctrine has a long history. In June 2012, when the United States was deciding which countries would receive exceptions from its sanctions on purchases of Iranian oil, the Ministry of Foreign Affairs confirmed that Singapore "enforces only UN Security Council sanctions". It added that Singapore companies and financial institutions take the effects of unilateral sanctions into account and that the Monetary Authority had asked banks to strengthen their due diligence on Iran-related transactions.[2] The answer has remained the same since. When the United

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States reimposed its Iran sanctions in two tranches on 6 August and 4 November 2018, Singapore lawyers warned that Singapore companies could be hit by their extraterritorial application, although Singapore itself had changed nothing.[3]

Primary and secondary sanctions of the United States

American sanctions operate in two ways. Primary sanctions bind United States persons and transactions with a United States nexus, which includes payments in dollars cleared through American banks. Since the oil, metals and agricultural trade examined in Part G is priced and settled overwhelmingly in dollars, primary sanctions reach most of Singapore's commodity business through its payments. Secondary sanctions go further. They threaten non-American persons with designation, or with the loss of access to the American financial system, if they deal with targets that Washington has designated, even when no American person or dollar is involved.

The Russia programme added a powerful secondary instrument in December 2023. Executive Order 14114 of 22 December 2023 authorised sanctions on foreign financial institutions that facilitate significant transactions or provide services involving Russia's military-industrial base. Treasury Secretary Janet Yellen warned that such facilitation "may expose them to U.S. sanctions".[4] For Singapore's banks the order changed the calculation. A bank that complied with every Singapore notice could still lose its dollar correspondent accounts if it processed payments for Russian defence suppliers routed through third countries. The prudent response was to treat American designations as a constraint on business, whatever their status in Singapore law.

Designations touching Singapore

American designations have repeatedly identified Singapore as a source or transit point in evasion networks. In its package of 30 October 2024, which sanctioned 275 individuals and entities across 17 jurisdictions, the Treasury designated a Hong Kong and Shenzhen company that had worked on procuring Singapore-origin semiconductor manufacturing equipment for designated Russian microelectronics

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producers. It also designated a Chinese company that procured Singapore- and Taiwan-origin semiconductor manufacturing machines for similar end users.[5] Such cases make no accusation against Singapore itself. They show how goods lawfully sold in Singapore can reach prohibited users through intermediaries elsewhere, which places a burden of end-use diligence on Singapore exporters.

The oil trade was the second target. On 10 January 2025 the Treasury designated Gazprom Neft and Surgutneftegas with their subsidiaries, 183 vessels and nine traders of Russian oil, most of them based in the United Arab Emirates and Hong Kong. It also prohibited the provision of American petroleum services to persons in Russia from 27 February 2025.[6] The location of the designated traders is telling. Since 2022 the trade in Russian oil has moved towards jurisdictions whose authorities do not apply Western sanctions, with Dubai in particular gaining what Geneva lost. Singapore's large oil traders depend on Western banks and insurers, which gives them strong reasons to keep away from that trade.

European and British measures

The European Union and the United Kingdom do not claim secondary jurisdiction in the American manner. Their measures nevertheless reach Singapore in three ways. They bind the Singapore branches and subsidiaries of European and British banks, insurers and traders through the nationality of their parents. They prohibit European and British persons from providing services to transactions that the regulations cover, including the shipping, insurance and finance of Russian oil sold above the price cap. Under the twelfth package of December 2023, European exporters have also been required since March 2024 to include a "no re-export to Russia" clause in contracts for the sale of sensitive goods to third countries.[7] A Singapore distributor that buys European electronic components therefore signs a contract that imports a European prohibition into its own trade.

The European packages have also reached third-country entities directly. The Geneva volume records the twentieth package, which the Swiss Federal Council implemented on 19 August 2026 and which included the first activation of the European anti-circumvention tool against exports of sensitive goods to Kyrgyzstan

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and a ban on the use of Russian crypto-asset platforms.[8] For Singapore, the lesson of these packages is that the European Union increasingly polices the trade routes that pass through third countries. A hub that wishes to keep its access to European banks and markets must show that it does not serve as one of those routes.

Contracts and disputes

Sanctions also shape the private law of trade. Contracts governed by English or Singapore law, which dominate the commodity business of the city, increasingly contain sanctions clauses that allow a party to suspend or terminate performance when performance would expose it to sanctions. Where such a clause is missing, the parties fall back on force majeure clauses and the doctrine of frustration. The Supreme Court of the United Kingdom held in *RTI Ltd v MUR Shipping BV* in 2024 that a party invoking force majeure because of American sanctions was not obliged to accept payment in euros in place of the dollars stipulated in the contract.[9] Singapore courts treat English decisions of this kind as highly persuasive, so the decision is likely to guide the many sanctions disputes that come before the courts and arbitral tribunals examined in Chapters F.II and F.III.

Notes

1. Singapore Customs, "Sanctioned Lists and Red Flags", customs.gov.sg (accessed November 2026): Singapore does not enforce unilateral sanctions from other countries, while "parties in Singapore may be affected by unilateral sanctions imposed by other countries"; businesses must comply with Singapore's domestic laws and UNSC Resolutions. ↩
2. Ministry of Foreign Affairs, "MFA Spokesman's comments in response to media queries on the latest US press statement of 11 June 2012", 12 June 2012, mfa.gov.sg: constructive discussions with the United States on an exception under Section 1245(d)(1) of the National Defense Authorization Act for Fiscal Year 2012; "Singapore enforces only UN Security Council sanctions"; MAS asked financial institutions to "monitor more closely Iran-related business

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transactions"; Iran accounted for about 1 per cent of Singapore's crude oil imports over the previous two years. ↩

3. Legal 500 (Mondaq), "What should Singapore businesses look out for when the US re-introduces sanctions on Iran", 14 August 2018: "In general, Singapore does not enforce unilateral sanctions adopted by other countries, such as the US"; tranches of 6 August and 4 November 2018; "Singapore companies could be hit by the extra-territorial application of the US sanctions"; banks may refuse Iran-related trade finance even where lawful in Singapore. ↩
4. US Department of the Treasury, "Statement from Secretary Yellen on President Biden's Executive Order Taking Additional Steps With Respect to Russia's Harmful Activities", press release JY2011, 22 December 2023: the order "authorizes the imposition of U.S. sanctions on foreign financial institutions" for "facilitating significant transactions or providing services involving Russia's military-industrial base"; OFAC, Recent Actions, 22 December 2023, with a compliance advisory for foreign financial institutions. ↩
5. US Department of the Treasury, press release JY2700, 30 October 2024: Treasury "sanctioned 275 individuals and entities" in networks "across 17 jurisdictions"; Ablefast Logistics Shenzhen Limited "worked on procuring Singapore-origin semiconductor manufacturing equipment" for designated Russian microelectronics producers; Nanchang Kudos Import and Export Company Limited worked on procuring "Singapore- and Taiwan-origin semiconductor manufacturing machines". ↩
6. US Department of the Treasury, press release JY2777, 10 January 2025: designation of Gazprom Neft and Surgutneftegas and their subsidiaries, 183 vessels and nine traders of Russian oil (Annex 3, mostly UAE- and Hong Kong-based); prohibition on "the provision of U.S. petroleum services to persons located in the Russian Federation" from 12:01 a.m. EST on 27 February 2025. ↩

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7. Council Regulation (EU) 2023/2878 of 18 December 2023, Art. 1(28), inserting Article 12g into Council Regulation (EU) No 833/2014: when selling, supplying, transferring or exporting to a third country the goods in Annexes XI, XX and XXXV, the common high priority items in Annex XL and the firearms and ammunition listed in Annex I to Regulation (EU) No 258/2012, exporters must contractually prohibit re-exportation to Russia; applicable from 20 March 2024, with a transitional period for contracts concluded before 19 December 2023 until 20 December 2024. ↩
8. Ressos, *Genève, place financière internationale*, partie H, chapitre III, on the twentieth package, citing Secrétariat d'État à l'économie, "Ukraine : le Conseil fédéral met en œuvre le 20e paquet de sanctions conformément à la pratique établie", seco.admin.ch, 19 August 2026. ↩
9. Ressos, *Genève, place financière internationale*, partie H, chapitre III, on *RTI Ltd v MUR Shipping BV* [2024] UKSC 18, 15 May 2024: the reasonable endeavours proviso of a force majeure clause did not oblige the affected party to accept non-contractual performance in the form of payment in euros in place of the stipulated dollars. ↩

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