

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

First Delegated Legislation Committee

ANDREY LUGOVOY AND DMITRI KOVTUN  
FREEZING ORDER 2016

*Monday 22 February 2016*

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**The Committee consisted of the following Members:**

*Chair:* MARK PRITCHARD

- |   |  |
|---|--|
| † Arkless, Richard ( <i>Dumfries and Galloway</i> ) (SNP)           | † Mitchell, Mr Andrew ( <i>Sutton Coldfield</i> ) (Con)              |
| † Baldwin, Harriett ( <i>Economic Secretary to the Treasury</i> )   | † Prisk, Mr Mark ( <i>Hertford and Stortford</i> ) (Con)             |
| † Berry, Jake ( <i>Rossendale and Darwen</i> ) (Con)                | Sandbach, Antoinette ( <i>Eddisbury</i> ) (Con)                      |
| † Burgon, Richard ( <i>Leeds East</i> ) (Lab)                       | † Shah, Naz ( <i>Bradford West</i> ) (Lab)                           |
| Cooper, Julie ( <i>Burnley</i> ) (Lab)                              | Soames, Sir Nicholas ( <i>Mid Sussex</i> ) (Con)                     |
| † Crawley, Angela ( <i>Lanark and Hamilton East</i> ) (SNP)         | † Stride, Mel ( <i>Lord Commissioner of Her Majesty's Treasury</i> ) |
| † Double, Steve ( <i>St Austell and Newquay</i> ) (Con)             | † Zahawi, Nadhim ( <i>Stratford-on-Avon</i> ) (Con)                  |
| † Doughty, Stephen ( <i>Cardiff South and Penarth</i> ) (Lab/Co-op) | Daniel Whitford, Jonathan Whiffing, <i>Committee Clerks</i>          |
| Godsiff, Mr Roger ( <i>Birmingham, Hall Green</i> ) (Lab)           |  |
| † McGinn, Conor ( <i>St Helens North</i> ) (Lab)                    |  |
| † Mathias, Dr Tania ( <i>Twickenham</i> ) (Con)                     | † <b>attended the Committee</b>                                      |

# First Delegated Legislation Committee

Monday 22 February 2016

[MARK PRITCHARD *in the Chair*]

## Andrey Lugovoy and Dmitri Kovtun Freezing Order 2016

4.30 pm

**The Economic Secretary to the Treasury (Harriett Baldwin):** I beg to move,

That the Committee has considered the Andrey Lugovoy and Dmitri Kovtun Freezing Order 2016 (S.I. 2016, No. 67).

It is a pleasure to serve under your chairmanship, Mr Pritchard. Before I start, I would like to make the Committee aware that some minor errors were made when the order was laid; they did not impact on the substance of the order and have now been corrected by way of a correction slip.

The order was laid before the House on 22 January, in response to the Litvinenko inquiry report published on 21 January. As Members will be aware, Alexander Litvinenko was a former officer of the Russian Federal Security Service and a British citizen. He was killed in London in 2006, and the Litvinenko inquiry was the independent inquiry into his death. I am sure Members will echo my right hon. Friend the Home Secretary's thanks to Sir Robert Owen, the chairman of the inquiry. His conclusions were clear yet deeply disturbing, and I would like to highlight some of those conclusions today, as they provide essential background to this debate.

One of the inquiry's key findings was that Mr Litvinenko was deliberately poisoned by two Russian nationals: Andrey Lugovoy and Dmitri Kovtun. Those individuals killed him using polonium-210, a radioactive isotope. The Litvinenko inquiry also found that the killing of Mr Litvinenko was probably authorised by Nikolai Patrushev, head of the Russian Federal Security Service at the time, and by President Putin.

In response to those conclusions, the Treasury imposed an asset freeze on Mr Lugovoy and Mr Kovtun, the two individuals directly implicated in Mr Litvinenko's tragic death. That was done by making an order under the Anti-terrorism, Crime and Security Act 2001. The order was debated in the other place on 10 February. I would like to set out again why that was an appropriate and proportionate response and why this House should also approve the order.

The Metropolitan police launched a murder investigation shortly following Mr Litvinenko's death. Mr Lugovoy and Mr Kovtun are the prime suspects in that investigation. The Crown Prosecution Service has sought extradition of the chief suspect, Mr Lugovoy, from Russia, but Russia has consistently refused to comply with that request. There are now Interpol notices and European arrest warrants against them, and the Metropolitan police investigation is still open.

However, in response to Sir Robert Owen's unequivocal finding that Mr Lugovoy and Mr Kovtun killed Mr Litvinenko, the Government took the view that it was appropriate to take further steps. That is why the Home Secretary wrote to the independent Director of

Public Prosecutions, asking her to consider whether further action could be taken. That is also why, following the inquiry's report, the Treasury moved swiftly to impose an asset freeze on the two individuals responsible for Mr Litvinenko's death. The Treasury was satisfied that Mr Lugovoy's and Mr Kovtun's roles in Mr Litvinenko's death clearly fulfilled the criteria under the 2001 Act that give the Treasury powers, including making a freezing order, when a threat to the life of a UK national has been or is likely to be taken by non-UK residents.

We believe that the order will be a deterrent and a signal that this Government will not tolerate such activity on British soil. The asset freeze prohibits UK persons from making funds available to Mr Lugovoy and Mr Kovtun and denies the men access to the UK financial system. In circumstances where it is necessary for frozen funds to be used, those wishing to do so must seek a licence from the Treasury.

I am sure all hon. Members will agree that the ideal response to the killing of a British citizen on the streets of London is to bring those responsible to trial in a British court. However, until that can be done, the asset freeze, together with the other measures that the Government have already taken, sends a clear message that we will defend our national security and rule of law.

Some responded to the inquiry's conclusions with calls for us to radically reform our relationship with Russia, yet as the Home Secretary set out, the findings of the report do not come as a surprise. Indeed, the roles of Mr Lugovoy and Mr Kovtun and the probable involvement of the Russian state are consistent with the long-held assessments of successive UK Governments. Those assessments informed the response by the then Government in 2007, which included visa restrictions and the expulsion of certain officials from the Russian embassy in London. The conclusions of the inquiry confirm that successive Governments have been right to keep those measures in force to date.

This is not business as usual with Russia; our relationship with the Russian state is heavily conditioned. The Government have reinforced that message. Following the publication of the inquiry's report, we made very clear to the Moscow Government our profound concerns, and the Russian ambassador was summoned to the Foreign Office in London. We will continue to demand that the Russian Government do more to co-operate with the investigation into Mr Litvinenko's death. Such co-operation must include the extradition of the main suspects and the provision of satisfactory answers, and Russia must account for the role of its security services.

We are clear about the wider threats that Russia poses, which the Government have outlined in the national security strategy. In particular, we have long been aware of Russia's disregard for international norms and principles, which is why we led the call in the EU for sanctions in relation to Russia's actions in Crimea and eastern Ukraine. That is why, when we engage with Russia on a variety of issues, including the fight against Daesh, we do so guardedly and with our eyes wide open.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): The Minister is making a strong case for the order, which I completely support. She mentioned the

EU and political co-operation on targeting some of Russia's behaviour in Europe, but the order refers to actions on European economic area firms and relevant institutions. Will she explain how we are going to co-operate across Europe to deal with these two individuals and prevent them from behaving as they have been throughout Europe, not just in the UK?

**Harriett Baldwin:** My right hon. Friend the Home Secretary has written to her counterparts in all 27 EU member states so that they are also aware of the conclusions in this important report and are able to take action accordingly should these gentlemen appear in their jurisdictions.

I hope that my words have assured the Committee that the asset freeze imposed on Mr Lugovoy and Mr Kovtun is an appropriate and proportionate response to their role in Alexander Litvinenko's death. The Government believe that, in addition to the steps taken in 2007, the order is a proportionate measure that is necessary to send a clear message to those who might wish to undertake similar acts in future. I commend the order to the House and hope that all Members support the motion.

4.37 pm

**Richard Burgon (Leeds East) (Lab):** It is a pleasure to serve under your chairmanship, Mr Pritchard.

As the Minister has outlined, the purpose of the measure is to establish a freezing order that prohibits persons from making funds available to or for the benefit of Andrey Lugovoy and Dmitri Kovtun. The Home Secretary stated her intention to pursue this course of action in her statement on 21 January in response to the publication of Sir Robert Owen's report into the death of Alexander Litvinenko in 2006. Members will recall that the report clearly set out Sir Robert Owen's conclusion that he is sure that Andrey Lugovoy and Dmitri Kovtun were responsible for the death of a British citizen, Alexander Litvinenko. It also set out his finding that the death was probably sanctioned by the Russian state at its highest level.

When the Home Secretary set out her response to the report on 21 January, the shadow Home Secretary expressed the Opposition's support for her statement. He also asked a number of questions, as did my colleague, Lord Tunnicliffe, when the order was discussed in the other place just before the recess. I therefore have fewer questions about the specifics of the measure and how the order relates to what the Home Secretary said last month than might otherwise have been the case.

The Home Secretary made reference to extra resources for security agencies and the Investigatory Powers Bill, and to points relating to the national security strategy and strategic defence and security review, on which I do not wish to comment in this debate. When responding to the statement, a number of Members discussed the kind of pressure that the Government's response to Sir Robert Owen's findings would put on the Russian authorities.

In the discussions of the freezing order, the Minister in the other place confirmed that it will lapse two years after it was made, as set out in section 8 of the Crime and Security Act 2001. He said that the Government will continue to monitor the evidence and, if the order is still in force after two years, consider at that point

whether it is necessary and proportionate to make a new order. Will the Minister set out what the expected impact of the freezing order will be in assisting the Government in reaching their goals? How will that impact be monitored?

The Minister in the other place also stated that the Home Secretary was considering names of individuals, on a list supplied by Mrs Litvinenko's lawyers, who Mrs Litvinenko felt should have further action taken against them and who are not already subject to Government sanction. Will the Minister say whether it is likely that further freezing orders will be proposed in relation to other individuals? Is consideration ongoing on that? If so, how long should it take to reach a decision?

In the other place my colleague also highlighted, as mentioned in the order's explanatory notes, the risks relating to asset flight. I do not believe that the Minister on that occasion replied to that point, so, for the purposes of the record, will the Minister say any more about what assets are being frozen and whether there has been any suggestion of asset flight since 21 January, when Sir Robert's report was published, and noon on 22 January, from which time the order retrospectively applies?

I appreciate that the Minister may not be able to answer all those points and she may have to consult her colleagues in the Home Office on some of them. If that is the case, I would appreciate it if she wrote to me. The far-reaching implications of the report's findings cannot be overstated. More work, which may include further asset freezing, clearly needs to be done to deliver justice. I reiterate that the Opposition are committed to working with the Government to bring that about. We support the order.

4.41 pm

**Harriett Baldwin:** I am grateful to the Opposition for their support. They rightly asked a range of questions that I will be happy to update them on.

The hon. Member for Leeds East asked about the order's impact. I think its primary impact is to send a strong message to deter people from taking such steps on UK soil. The specific impact of the freezing order is to prohibit UK persons from making funds available to the two gentlemen named in the order. The order effectively freezes any assets that individuals hold in the UK, or any UK-incorporated entities. It also prevents them from any effective links with the UK financial system.

In terms of the duration of the order, the hon. Gentleman is absolutely right that it lasts for two years and it will be subject to potential renewal at that point. He also asked whether there is any evidence of asset flight. So far we have not received any reports from the financial sector about funds frozen under the order or about movement of funds immediately before its implementation.

The hon. Gentleman and the hon. Member for Cardiff South and Penarth asked about other related matters concerning the EU. It is probably worth highlighting that EU sanctions related to action in eastern Ukraine cover almost 150 individuals.

The hon. Member for Leeds East asked about the letter that Mrs Litvinenko sent to the Home Secretary asking whether she will consider extending such measures to other individuals. I can confirm that, at this point,

*[Harriett Baldwin]*

the Government have not responded to Mrs Litvinenko's letter. The Home Secretary met Mrs Litvinenko with the Foreign Office Minister and her legal advisers on 28 January, and she is now giving detailed consideration to the issues raised in Mrs Litvinenko's letter. I anticipate that she will respond soon, but I do not have a precise date for that.

I think I have answered all the hon. Gentleman's questions. I am glad that everyone here seems to support our case for imposing the order. Until such time as the

individuals responsible for Mr Litvinenko's death are brought to justice, freezing their assets sends a clear signal about how profoundly we disapprove of their actions. I believe that we met both the tests required under the Anti-terrorism, Crime and Security Act 2001 in introducing this order. I am grateful for hon. Members' constructive engagement with this matter. I commend the order to the House.

*Question put and agreed to.*

4.45 pm

*Committee rose.*