

# International Comparative Legal Guides



Practical cross-border insights into sanctions

## Sanctions 2022

**Third Edition**

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# Sweden

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## 1 Overview

### 1.1 Describe your jurisdiction's sanctions regime.

Sweden does not issue any sanctions of its own. Sanctions that apply in Sweden are sanctions decided by the United Nations or the European Union. To the extent such sanctions are not automatically binding in Sweden because of a treaty or public international law principles, such sanctions are enacted by way of a legislative process provided for in §3 of the Act (1996:95) on certain international sanctions (hereinafter the Swedish Sanctions Act) pursuant to which an Ordinance is issued.

### 1.2 What are the relevant government agencies that administer or enforce the sanctions regime?

There is no general sanctions authority in Sweden. Instead, several government agencies are involved in the administration and enforcement of sanctions.

The Inspectorate of Strategic Products (Sw: *Inspektionen för strategiska produkter*) deals with issues pertaining to weapon embargoes, dual-use products, prohibitions regarding equipment used for internal repression and the release of frozen assets.

The National Board of Trade Sweden (Sw: *Kommerskollegium*) deals with licence requirements pertaining to sanctions and export of products and services.

In addition, various agencies, such as the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) and the Swedish Customs, supervise and enforce compliance within their areas of responsibility.

The respective agency's responsibilities are often described in the relevant Ordinance pertaining to the particular sanctions (although an Ordinance is not always issued, see question 1.1). For instance, following the Ordinance that the Swedish government issued implementing the sanctions which were imposed against Russia by way of Council Decision 2014/512, five different agencies are charged to perform various tasks.

Criminal enforcement is entrusted to the prosecutor-general, which is why the Swedish Prosecution Authority has an important role regarding the enforcement of sanctions and which also can involve The Swedish Security Services (Sw: *Säkerhetspolisen*).

Finally, the Swedish foreign ministry has the overall responsibility for "coordinating Sweden's sanctions policy" as expressed on their website.

### 1.3 Have there been any significant changes or developments impacting your jurisdiction's sanctions regime over the past 12 months?

Sanctions is an area under constant development and numerous changes have been made in respect of the European Union sanctions regime during the past year. One of the more notable recent changes is the imposition of a European Union global human rights sanctions regime on 7 December 2020.

## 2 Legal Basis/Sanctions Authorities

### 2.1 What are the legal or administrative authorities for imposing sanctions?

Sanctions in Sweden (i.e. sanctions imposed by the European Union and United Nations) are imposed pursuant to the Swedish Sanctions Act.

In addition, the European Union has the power to impose sanctions against third countries which have direct binding effect on all Member States. The European Union's competence in this respect derives from the European Union treaties (see TEU Article 29 and TFEU Article 215 regarding restrictive measures, as well as TEU Articles 21–46 regarding the European Union's joint foreign and security policy).

### 2.2 Does your jurisdiction implement United Nations sanctions? Describe that process. Are there any significant ways in which your jurisdiction fails to implement United Nations sanctions?

Sweden's policy is to implement sanctions which have been decided or recommended by the United Nations Security Council in accordance with the Charter of the United Nations, see §1 of The Swedish Sanctions Act.

In practice, United Nations sanctions are generally imposed within the European Union – and consequently Sweden – through instruments issued by the European Union (see question 2.3). There are no significant ways in which Sweden fails to implement United Nations sanctions.

### 2.3 Is your jurisdiction a member of a regional body that issues sanctions? If so: (a) does your jurisdiction implement those sanctions? Describe that process; and (b) are there any significant ways in which your jurisdiction fails to implement these regional sanctions?

Sweden is a member of the European Union.

- (a) The Council of the European Union issues restrictive measures through CFSP Council decisions under Article 29 of the TEU. Measures such as arms embargoes or restrictions on admission are implemented by the European Union Member States, meaning that the Swedish government will make a legislative proposal to the parliament for approval of an Ordinance in line with the process described in the Swedish Sanctions Act. Other measures, including measures freezing funds and export bans, are generally implemented by the Council, acting by qualified majority on a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission, through a regulation (Article 215 of the TFEU). Such regulations are binding and directly applicable on all Member States.
- (b) No, there are none.

**2.4 Does your jurisdiction maintain any lists of sanctioned individuals and entities? How are individuals and entities: a) added to those sanctions lists; and b) removed from those sanctions lists?**

Sweden does not administer a sanctions list of its own. Instead, the Swedish government refers to the consolidated sanctions lists provided by the United Nations and European Union.

**2.5 Is there a mechanism for an individual or entity to challenge its addition to a sanctions list?**

A challenge of a listing by the European Union can be made before a Swedish court. It can also be made by way of a challenge before the General Court of the European Union or by way of submitting a de-listing request to the General Secretariat of the Council of the European Union.

United Nations sanctions can be challenged by way of a de-listing request to the United Nations organisation. In the event the listing is related to the ISIL (Da'esh) and Al-Qaida sanctions list, the request can also be sent to the United Nations ombudsman.

There is no formal procedure in place imposing obligations on the Swedish government to assist Swedish citizens in challenging sanctions listings, although there are examples where such assistance has been provided.

**2.6 How does the public access those lists?**

Sanctions lists provided by the European Union and United Nations are publicly available on the internet. The United Nations Security Council's consolidated list can be found on the UN website. A presentation of the sanctions at European Union level can be accessed via the European Union Sanctions Map.

**2.7 Does your jurisdiction maintain any comprehensive sanctions or embargoes against countries or regions?**

As mentioned under question 1.1, only sanctions imposed by the United Nations and the European Union apply in Sweden. Following those sanctions regimes, the most comprehensive sanction programmes in Sweden are against Crimea, North Korea and Syria (at the time of writing).

**2.8 Does your jurisdiction maintain any other sanctions?**

Following the United Nations and European Union sanction regimes, Sweden has 32 sanctions programmes in place as of May 2021.

**2.9 What is the process for lifting sanctions?**

There is no process in Sweden for revoking or lifting sanctions imposed by the European Union or United Nations since the decision to lift sanctions rests with the legal or administrative authority which first enacted the sanction. Regarding the possibilities for a listed entity to remove a particular listing, please refer to the answer under question 2.5 above.

**2.10 Does your jurisdiction have an export control regime that is distinct from sanctions?**

Yes. Export control matters in Sweden are governed by Council Regulation 428/2009 and associated legal instruments. As of May 2021, the regulation is in the process of being updated/replaced.

**2.11 Does your jurisdiction have blocking statutes or other restrictions that prohibit adherence to other jurisdictions' sanctions or embargoes?**

Yes. European Union's Blocking Statute, Council Regulation (EC) No 2271/96, apply in Sweden.

**2.12 Does your jurisdiction impose any prohibitions or threaten any sanctions consequences for transactions that do not have a connection to that jurisdiction (sometimes referred to as "secondary sanctions")?**

No, it does not.

### 3 Implementation of Sanctions Laws and Regulations

**3.1 What parties and transactions are subject to your jurisdiction's sanctions laws and regulations? For example, do sanctions restrictions apply based on the nationality of the parties involved? Or the location where the transactions take place?**

Violations committed within the Swedish territory, or by a Swedish citizen abroad, is subject to the Swedish Sanctions Act. The European Union sanctions apply:

- within EU territory, including its airspace;
- to EU nationals, whether or not they are in the EU;
- to companies and organisations incorporated under the law of a Member State, whether or not they are in the EU (including branches of EU companies in third countries);
- to any business carried out in whole or in part within the European Union; and
- on board aircrafts or vessels under the jurisdiction of a Member State.

### 3.2 Are parties required to block or freeze funds or other property that violate sanctions prohibitions?

To what extent parties are required to block funds or other property in relation to sanctions prohibitions will depend on the relevant sanctions regime. To this end, asset freeze is a common feature in sanctions applying in Sweden, e.g., sanctions issued by the European Union and the United Nations. When freezing measures apply, no funds or economic resources may be made available to the listed individual or entity.

### 3.3 Are there licences available that would authorise activities otherwise prohibited by sanctions?

Yes, provided such remedy is possible according to the text of the relevant sanctions regime. Applications regarding export licences and exceptions from asset freeze provisions are made to the National Board of Trade Sweden. Applications regarding the release of frozen funds shall be made to the Inspectorate of Strategic Products.

### 3.4 Are there any sanctions-related reporting requirements? When must reports be filed and what information must be reported?

According to Swedish law, there are no general reporting requirements although a licence (see question 3.3) may come with such a requirement. However, European Union sanctions regulations typically contain a general, although vague, obligation requiring all natural or legal persons, entities and bodies subject to the regulations to report any information which would “facilitate compliance” with financial sanctions.

### 3.5 How does the government convey its compliance expectations? Are certain entities required to maintain compliance programmes? What are the elements of a compliance programme required (or recommended) by the competent regulator(s)?

The Swedish government has not provided any sanctions compliance guidance such as the guidance provided by OFAC and OFSI. The European Union has, however, provided some guidance which is available on the European Commission’s website (to which the Swedish government’s website refer).

Further, the European Union has a due diligence helpdesk for small- and medium-sized corporations dealing with Iran.

Notably, sanctions screening of individuals against sanction lists that are not legally binding in Sweden, for instance the SDN list, requires a permit from the Swedish Authority for Privacy Protection for GDPR reasons. Although the authority seems to generally grant such permits, in particular, to financial institutions which are subject to AML requirements, the Swedish permit requirement makes compliance increasingly difficult.

## 4 Enforcement

### 4.1 Are there criminal penalties for violating economic sanctions laws and/or regulations?

Yes, there are.

### 4.2 Which government authorities are responsible for investigating and prosecuting criminal economic sanctions offences?

The Swedish Prosecution Authority is responsible for investigating and prosecuting criminal economic sanctions offences.

### 4.3 Is there both corporate and personal criminal liability?

Natural persons are exposed to criminal liability pursuant to the Swedish Sanctions Act §8. Natural persons can, however, only be prosecuted after a decision by the government or the prosecutor-general.

According to Swedish law, legal persons cannot be subject to criminal liability as such, i.e. a legal person cannot commit a crime. However, if a natural person has committed an offence in the exercise of a company’s business activities, the company may be subject to a corporate fine, constituting a so-called “special legal consequence of offence” (Sw. *särskild rättsverkan av brott*), according to the Swedish Penal Code Chapter 36 §§ 7-10a. These rules do not only apply in relation to sanction breaches, but to all criminal activities committed within a corporations’ business activities.

The determining factor in deciding the level of the corporate fine is the offence itself or the severity of the offence, i.e. how serious the offence is and the extent to which criticism can be levelled against the company. After 1 January 2020, the financial situation of the company may also be taken into account in setting the level of the corporate fine where the situation involves particularly serious offences (“increased corporate fines”).

The rules regarding increased corporate fines only apply to offences committed after 1 January 2020. The maximum level of the corporate fine is SEK 500,000,000 (SEK 10,000,000 for offences committed prior to 1 January 2020).

### 4.4 What are the maximum financial penalties applicable to individuals and legal entities convicted of criminal sanctions violations?

Legal entities (including sole proprietorship) may be subject to a corporate fine amounting to a maximum of SEK 500,000,000 (see further question 4.3 above).

The maximum financial criminal liability for individuals is SEK 150,000.

### 4.5 Are there other potential consequences from a criminal law perspective?

Pursuant to §8 of the Swedish Sanctions Act, a breach of sanction laws can entail a prison sentence of a maximum of two years, or if the breach is gross, four years. If the breach is caused by gross negligence, the prison sentence is a maximum of six months.

### 4.6 Are there civil penalties for violating economic sanctions laws and/or regulations?

There is no particular regime for civil penalties. However, breach of sanctions undertakings in contracts may of course lead to an obligation to pay damages depending on the contract

terms. Also, note that legal persons may be subject to corporate fines constituting a special legal consequence of offence (see question 4.3 above).

**4.7 Which government authorities are responsible for investigating and enforcing civil economic sanctions violations?**

This is not applicable since there is no civil liability (however, see question 4.3 above on corporate fines constituting a special legal consequence of offence).

**4.8 Is there both corporate and personal civil liability?**

This is not applicable since there is no civil liability (however, see question 4.3 above on corporate fines constituting a special legal consequence of offence).

**4.9 What are the maximum financial penalties applicable to individuals and legal entities found to have violated economic sanctions?**

This is not applicable since there is no civil liability (however, see question 4.3 above on corporate fines constituting a special legal consequence of offence).

**4.10 Are there other potential consequences from a civil law perspective?**

No, there are not.

**4.11 Describe the civil enforcement process, including the assessment of penalties. Are all resolutions by the competent authorities public?**

This is not applicable.

**4.12 Describe the appeal process. Have companies challenged penalty assessments in judicial proceedings?**

Appeal of a criminal conviction decided by the District Court (i.e. generally the court of first instance) is made pursuant to the process described in Chapter 49 §1 and Chapter 51 of the Swedish Code of Judicial Procedure. The appeal is made to the District Court and should be made within three weeks. After having verified fulfilment of certain formal requirements, the District Court passes on the appeal to the Court of Appeal which try the case. Appeal of a judgment by the Court of Appeal to the Supreme Court will require a review permit.

Appeal of a corporate fine (see question 4.3) follows the same procedure; however, a permit is required from the Court of Appeal in the event no individual has been convicted in relation to the fine.

There is no established practice regarding the level of penalties for sanction breaches in Sweden. Likewise, there are few court decisions pertaining to sanction breaches. At least one decision suggests that sanction breaches generally should be considered as relatively severe crimes (see RH 1998:18).

Penalty levels in Sweden generally have historically been relatively low compared to, e.g., the United States and hence there have previously not been any obvious financial incentive for corporations to challenge penalty assessments. However, this may now change considering the recent increase in the maximum level of corporate fines that may be imposed as of 1 January 2021.

**4.13 Are criminal and civil enforcement only at the national level? Is there parallel state or local enforcement?**

This is at national level only.

**4.14 What is the statute of limitations for economic sanctions violations?**

The statute of limitations for economic sanctions violations is 10 years.

## 5 General

**5.1 If not outlined above, what additional economic sanctions-related measures are proposed or under consideration?**

There are none.

**5.2 Please provide information for how to obtain relevant economic sanctions laws, regulations, administrative actions, and guidance from the Internet. Are the materials publicly available in English?**

The main information source about sanctions in Sweden is the Swedish government website (English version), <https://www.government.se/government-policy/foreign-and-security-policy/international-sanctions/>.

The English version of the website of the Inspectorate of Strategic Products is <https://isp.se/eng>. Information about sanctions including applications forms for the release of frozen funds is, however, only available on the Swedish version of the website.

The English version of the website of the National Board of Trade Sweden is <https://www.kommerskollegium.se/en/>. Again, however, information about sanctions only seem to be available on the Swedish version of the website.

Information from the United Nations regarding how to submit a de-listing request can be found here: <https://www.un.org/securitycouncil/sanctions/delisting>.

The European Union helpdesk for small- and medium-sized corporations dealing with Iran can be found here: <https://www.sanctions-helpdesk.eu/>.

Information about submitting a request to the Council to lift restrictive measures by the European Union can be found here: <https://www.consilium.europa.eu/en/policies/sanctions/adoption-review-procedure/>.



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