

ECONOMIC SANCTIONS AND VIRTUAL ASSETS

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2 March 2022



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A BRIEF HISTORY OF SANCTIONS



FROM SIEGE
TO
SANCTIONS



CRITICISM OF
COMPREHENSIVE
SANCTIONS

'The wealthy elite and the military command were waxing rich off the contraband industry the economic sanctions had spawned. The population was ... without exaggeration starving to death.'

Michael Reisman on the US trade embargo against Haiti

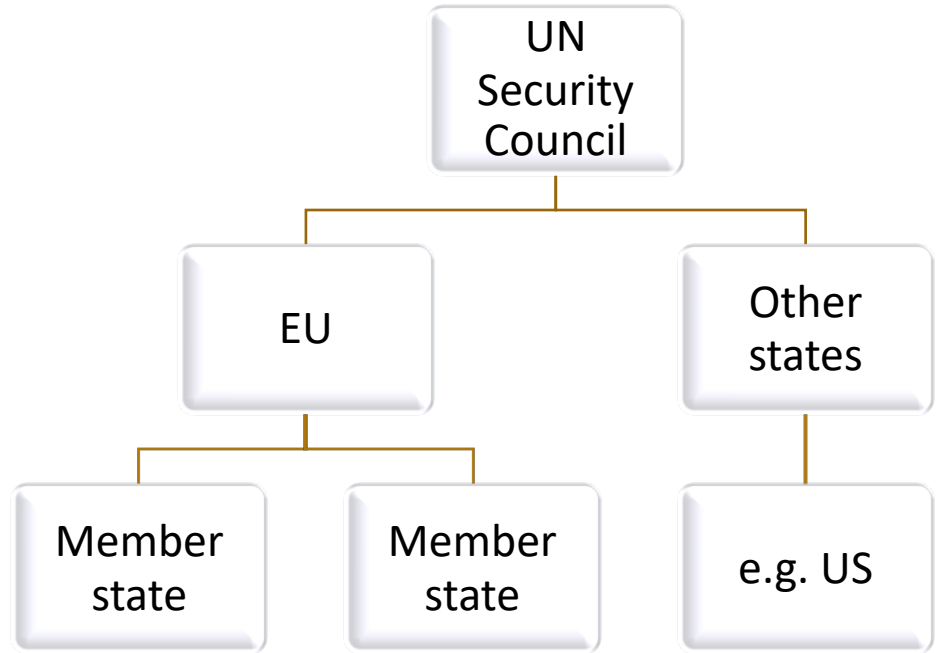


TYPES OF SANCTIONS

Individual	Sectoral	State
Asset freezes	Asset freezes (e.g. financial, energy co's)	Trade restrictions (e.g. export controls)
Travel bans	Capital market restrictions	Sovereign debt restrictions
No fly lists	SWIFT disconnection	Central Bank's asset freeze
		Air traffic restrictions



WHO IMPOSES
SANCTIONS?



SANCTIONS AGAINST RUSSIA



MAJOR MILESTONES

Year	Event	Types of Sanctions	Sanctioning States
March 2014	Annexation of Crimea	Individual sanctions	EU, US, Albania, Australia, Iceland, Japan, Montenegro, Ukraine
July 2014	War in Donbas	Further individual sanctions; asset freezes against several banks and energy companies; embargo on arms & dual use goods export; ban on investments in Crimea	+ Canada, Norway, Switzerland,
Aug 2018	Skripal poisoning	Financing prohibitions (primary market)	
Feb 2022	Full-scale war in Ukraine	Further individual sanctions, including Putin and FM Lavrov; asset freezes against major banks (Sberbank and VTB); financing prohibitions (including primary and secondary markets); partial SWIFT disconnection; air traffic restrictions	+ Singapore, South Korea, Taiwan



US SANCTIONS: GENERAL

National Emergencies Act/ International Emergency
Economic Powers Act

Magnitsky Act 2012

Support for the Sovereignty, Integrity, Democracy, and
Economic Stability of Ukraine Act 2014

Ukraine Freedom Support Act 2014

Countering Russian Influence in Europe and Eurasia Act 2017

Protecting Europe's Energy Security Act 2019



US SANCTIONS: MOST RECENT

Based on Executive Order 14024 (2021):

- No correspondent accounts for Sberbank
- Full blocking sanctions on VTB
- Full blocking sanctions on three additional financial institutions
- Debt and equity prohibitions (primary and secondary markets)
- Individual sanctions on Putin and members of the Russian Security Council
- Prohibiting transactions with the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation



Effects of the Designation

- In addition to blocking transactions in any US-based assets, the asset freeze prohibits any US person from dealing in the sanctioned person's assets:

'The term United States person or U.S. person means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches); or any person in the United States.'

- US persons include US correspondent banks – see e.g. BNP Paribas US\$9 billion settlement.



EU SANCTIONS: MOST RECENT

- SWIFT ban for seven Russian banks
- Ban on transactions with the Russian Central Bank
- Ban on the overflight of EU airspace
- Further personal sanctions, including against Putin and Lavrov



DO SANCTIONS WORK?



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**“We’ve got to draw the line on unethical behavior.
But draw it in pencil.”**



THANK YOU

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