

Washington's Sanctions Machine

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Perhaps it is Donald Trump's business background that leads him to believe that if you inflict enough economic pain on someone they will ultimately surrender and agree to do whatever you want. Though that approach might well work in New York real estate, it is not a certain path to success in international relations since countries are not as vulnerable to pressure as are individual investors or developers.

Washington's <u>latest foray</u> into the world of sanctions, directed against China, is astonishing even when considering the low bar that has been set by previous presidents going back to Bill Clinton. Beijing has already been pushing back over US sanctions imposed last week on its government-run Equipment Development Department of the Chinese Central Military Commission and its director Li Shangfu for "engaging in significant transactions" with a Russian weapons manufacturer that is on a list of US sanctioned companies. The transactions included purchases of Russian Su-35 combat aircraft as well as equipment related to the advanced S-400 surface-to-air missile system. The sanctions include a ban on the director entering the United States and blocks all of his property or bank accounts within the US as well as freezing all local assets of the Equipment Development Department.

More important, the sanctions also forbid conducting any transactions that go through the US financial system. It is the most powerful weapon Washington has at its disposal, but it is being challenged as numerous countries are working to find ways around it. Currently however, as most international transactions are conducted in dollars and pass through American banks that means that it will be impossible for the Chinese government to make weapons purchases from many foreign sources. If foreign banks attempt to collaborate with China to evade the restrictions, they too will be sanctioned.

So in summary, Beijing bought weapons from Moscow and is being sanctioned by the United States for doing so because Washington does not approve of the Russian government. The sanctions on China are referred to as secondary sanctions in that they are derivative from the primary sanction on the foreign company or individual that is actually being punished. Secondary sanctions can be extended *ad infinitum* as transgressors linked sequentially to the initial transaction multiply the number of potential targets.

Not surprisingly, the US Ambassador has been summoned and Beijing has canceled several bilateral meetings with American defense department officials. The Chinese government has expressed "outrage" and has demanded the US cancel the measure.

According to media reports, the Chinese Department purchased the weapons from Rosoboronexport, Russia's principal arms exporter. This violated a 2017 law passed by Congress named, characteristically, the Countering America's Adversaries Through Sanctions Act, which sought to punish the Russian government and its various agencies for interfering in in the 2016 US election as well as its alleged involvement in Ukraine, Syria and its development of cyberwar capabilities. Iran and North Korea were also targeted in the legislation.

Explaining the new sanctions, US State Department spokeswoman Heather Nauert <u>issued a</u> <u>statement</u> elaborating that the initial sanctions on Russia were enacted "to further impose costs on the Russian government in response to its malign activities." She added that the US will "urge all countries to curtail relationships with Russia's defense and intelligence sectors, both of which are linked to malign activities worldwide."

As engaging in "malign activities" is a charge that should quite plausibly be leveled against Washington and its allies in the Middle East, it is not clear if anyone but the French and British poodles actually believes the rationalizations coming out of Washington to defend the indefensible. An act to "Counter America's Adversaries Through Sanctions" is, even as the title implies, ridiculous. Washington is on a sanctions spree. Russia has been sanctioned repeatedly since the passage of the fraudulent Magnitsky Act, with no regard for Moscow's legitimate protests that interfering in other countries' internal politics is unacceptable. China is currently arguing reasonably enough that arms sales between countries is perfect legal and in line with international law.

Iran has been sanctioned even through it complied with an international agreement on its nuclear program and new sanctions were even piled on top of the old sanctions. And in about five weeks the US will be sanctioning ANYONE who buys oil from Iran, reportedly with no exceptions allowed. Venezuela is under US sanctions to punish its government, NATO member Turkey because it bought weapons from Russia and the Western Hemisphere perennial bad boy Cuba has had various embargoes in place since 1960.

It should be noted that sanctions earn a lot of ill-will and generally accomplish nothing. Cuba would likely be a fairly normal country but for the US restrictions and other pressure that gave its government the excuse to maintain a firm grip on power. The same might even apply to North Korea. And sanctions are even bad for the United States. Someday, when the US begins to lose its grip on the world economy all of those places being sanctioned will line up to get their revenge and it won't be pretty.

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