

OUTCOME DOCUMENT

SANCTIONS...AND COUNTER-SANCTIONS

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SANCTIONS...AND COUNTER-SANCTIONS

States and international organisations impose sanctions to deal with actions of individuals, organisations, or states, which they perceive as threatening their interests or international security. Sanctions are, in effect, restrictive measures imposed to deal with various situations such as military action or armed intervention in another sovereign state and multiple destabilising actions like cyberattacks, nuclear proliferation, human rights violations, support to terrorist activities, military coups etc.

There are three types of sanctions: comprehensive sanctions that block all trade and financial operations with countries, sectoral sanctions covering specific sectors and groups of people, and targeted sanctions (also described as ‘smart sanctions’) limiting such operations to particular individuals and/or companies. Overall, sanctions can take various forms, including travel bans, asset freezes, arms embargoes, capital restraints, foreign aid reductions, and trade restrictions.

Sanctions are primarily tools of coercion to change the behaviour of individuals, organisations, or states. They also serve as a deterrent – to dissuade from engaging in a similar destabilising activity. Another purpose of sanctions is to name and shame their targets, which may not necessarily lead to a change in behaviour.

The nature of these actions suggests sanctions as a middle path between diplomatic measures and military action. Sanctions are more effective than diplomatic measures because they are more likely to change state behaviour. But in contrast to military action, sanctions are cost-effective and less risky because their intensity can be adjusted as per the change in state behaviour.

Presently, the UN Security Council is the only legitimate source of international sanctions. Before 1990, the council had imposed sanctions against just two states: Southern Rhodesia (1966) and South Africa (1977). However, since the end of the Cold War, it has used sanctions more than 20 times, most often targeting parties involved in an intra-state conflict, as in Somalia, Liberia, and Yugoslavia in the 1990s.

Western powers, particularly the U.S., too have unilaterally imposed sanctions to fulfil their foreign policy objectives. The Bush and the Obama administrations used sanctions to target its adversaries like Russia, China, Iran and North Korea. Under the Trump administration, the use of sanctions became even more pronounced, as seen in the application of Countering America’s Adversaries Through Sanctions Act (CAATSA) on Russia, Iran, and North Korea. The European Union (EU) and the U.K. have followed suit by imposing similar sanctions. Interestingly, the Western sanctions, while being unilateral sanctions – and bypassing the UN Security Council – nonetheless attempt to adhere to the multiple Security Council resolutions.

Their extensive use notwithstanding, the [efficacy of sanctions is debatable](#). In some cases, they have yielded the desired effect. The Joint Comprehensive Plan of Action of 2015 or the 'Iran deal' is widely seen as one example where the sanctions forced Tehran to come to the negotiations table. In many other cases, they have not been as effective.

Multiple assessments suggest negligible impact of [Western sanctions on the Russian economy](#) as well as on [Myanmar's military Junta](#). Critics have argued that the policy makers' inability to devise effective foreign policy measures leads them to overly rely on sanctions. According to them, sanctions can become a valuable foreign policy tool only if combined with actual diplomacy.

Yet, the debate on the effectiveness of sanctions has not prevented their further use. Most recently, the [EU imposed sanctions](#) in March 2021 on Chinese officials for human rights abuses in Xinjiang. [China utilised the same tactic and imposed counter-sanctions on EU and British parliamentarians, academics and think tanks](#). Likewise, [Russia placed travel bans on EU officials](#) in April 2021 in retaliation to EU sanctions against Russia's treatment of opposition leaders.

In this free-for-all sanctions era, where does India stand? India does not favour unilateral sanctions, but it has been sanctioned in the past and [continues to suffer from the sanctions imposed on friends like Russia and Iran](#). India has exercised restrictive measures in 2020 after the June 15 Galwan Valley clash by banning Chinese apps and limiting Chinese investments in Indian start-ups. In 2021, India followed other countries to exclude Chinese telecom companies from participating in the 5G network trials in the country.

This webinar will discuss the emerging era of sanctions, counter-sanctions, their efficacy and India's perspective on sanctions.

AGENDA

The webcast will focus on the following issues:

SANCTIONS AND COUNTER-SANCTIONS

Objective:

The inability of the UN Security Council to evolve a consensus among the P5 powers to deal with contentious international security issues has led to the proliferation of unilateral sanctions. Western nations have exploited the centrality of the U.S. financial system and the American dollar to impose economic and trade sanctions on their adversaries. The targeted countries, too, are now resorting to sanctions. Recent actions by Russia and China to this effect demonstrate that even the ‘victims’ – states usually targeted by sanctions – are finding them as useful foreign policy tools. However, these tit-for-tat sanctions may further blunt their effectiveness. Besides, they threaten to accentuate divisions in an already polarised international system.

How do states conceptualise sanctions as a foreign policy tool? What has been the effectiveness of unilateral and multilateral sanctions? Are they being overused? How can states promote the use of multilateral sanctions over unilateral ones?

INDIAN PERSPECTIVE ON SANCTIONS

Objective:

India has found itself entangled in the unilateral sanctions regime. India’s purchase of the S-400 missile system from Russia and its involvement in the Chabahar port of Iran has invited threat of sanctions from the U.S.’ CAATSA. It has got a selective exemption from sanctions on Iran. Still, India has suffered due to its inability to build Chabahar port and participate in the associated project of the International North-South Transport Corridor. It also progressively cut back on oil imports from Iran. Likewise, India has oil and gas investments in Russia, Venezuela, Sudan and Myanmar, which in the future could get sanctioned – [Myanmar has already seen an array of sanctions from the U.S. and its allies after the coup in February 2021.](#)

In addition, India has already initiated multiple restrictive measures against its adversaries. In the aftermath of the February 2019 Pulwama attack, India withdrew the Most Favoured Nation status granted to Pakistan. Likewise, during the recent border stand-off in Ladakh, it implemented multiple measures like banning Chinese apps, restricting Chinese investment in the Indian start-up ecosystem, and excluding Huawei from India’s 5G network.

What has been India’s position on the Western unilateral sanctions? How has it been impacted by these sanctions? What are the potential challenges that India will face if it considers imposing sanctions on its adversaries?

FLOW OF WEBCAST

Date: 17 June 2021

Time: 1 hour 10 minutes (5:00 pm IST to 6:10 pm IST)

OPENING REMARKS

Time: 5:00 pm – 5:06 pm

Welcome remarks from Gateway House (3 mins)	Ambassador Rajiv Bhatia , Distinguished Fellow, Foreign Policy Studies Programme, Gateway House
Opening remarks from KAS (3 mins)	Peter Rimmel , Resident Representative to India, Konrad-Adenauer-Stiftung

MODERATED PARTICIPANTS DISCUSSION

Time: 5:06 pm – 5:49 pm

Moderator	Sameer Patil , Fellow, International Security Studies Programme, Gateway House
Panellists	<p>Panelist 1: Dr. Erica Moret, Senior Researcher, Global Governance Centre and Coordinator, Geneva International Sanctions Network</p> <p>Panelist 2: Ivan Timofeev, Director of Programs at the Russian International Affairs Council</p> <p>Panelist 3: Ambassador Manjeev Singh Puri, Former Ambassador of India to Nepal, EU, Belgium & Luxembourg and Ambassador/DPR to UN</p>

AUDIENCE Q&A

Time: 5:49 pm – 6:04 pm

Moderator	Sameer Patil , Fellow, International Security Studies Programme, Gateway House
Panellists	<p>Panelist 1: Dr. Erica Moret, Senior Researcher, Global Governance Centre and Coordinator, Geneva International Sanctions Network</p> <p>Panelist 2: Ivan Timofeev, Director of Programs at the Russian International Affairs Council</p> <p>Panelist 3: Ambassador Manjeev Singh Puri, Former Ambassador of India to Nepal, EU, Belgium & Luxembourg and Ambassador/DPR to UN</p>

CLOSING COMMENTS BY PANELLISTS

Time: 6:04 pm – 6:07 pm

SUMMATION OF DISCUSSION & CLOSING REMARKS

Time: 6:07 pm – 6:10 pm

Closing remarks from Gateway House	Amit Bhandari , Fellow, Energy & Environment Studies Programme, Gateway House
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HOUSE RULES AND INTERVENTION GUIDELINES

FLOW OF DISCUSSION

Time: 1 hour 10 minutes

Welcome remarks	3 mins	Welcome remarks by Ambassador Rajiv Bhatia, Gateway House
Opening remarks	3 mins	Opening Remarks by Peter Rimmele, Konrad-Adenauer-Stiftung
Moderated discussion	43 mins	Moderator informs participants about flow of the session and house rules. Discussion begins; questions asked to each of the experts on the subject by the Chair
Q&A	15 mins	Audience Q&A
Closing Comment by each panellist	3 mins	Panellists
Closing Remarks	3 mins	Closing remarks by Amit Bhandari, Gateway House

Note:

- Time will be strictly adhered to.
- No Power Point slides, audio or videos permitted.
- Bios will be shared in advance. There will be no formal introductions.

SPEAKING GUIDELINES

Participants in each session must address the policy question presented for discussion. It helps keep the discussion focused and facilitates documenting specific assessments and policy recommendations.

- Designated speakers: Responsible for giving introductory remarks to launch the discussion.
- All session participants and delegates: Encouraged to participate during the roundtable discussion.
- We encourage evidence-based interventions.
- We discourage generalized assessments and repetition of facts that are already well-known.
- Please use the raise hand option on Zoom when seeking the Chair's attention to make an intervention.

INFORMATION DISCLOSURE POLICY

This meeting is open to the public.

PARTICIPANTS

Ambassador Rajiv Bhatia

Distinguished Fellow, Foreign Policy Studies Programme, Gateway House



Ambassador Rajiv Bhatia is a Distinguished Fellow, Foreign Policy Studies Programme at Gateway House. He is a member of CII's two bodies: International Trade Policy Council and Africa Committee. He served as Chair of FICCI's Core Group of Experts on BIMSTEC and continues to head its Task Force on the Blue Economy. He is a founding member of the Kalinga International Foundation. As Director General of the Indian Council of World Affairs (ICWA) from 2012-15, he played a key role in strengthening India's Track-II research and outreach activities. During a 37-year innings in the Indian Foreign Service (IFS), he served as Ambassador to Myanmar and Mexico and as High Commissioner to Kenya and South Africa. He dealt with a part of South Asia, while posted as Joint Secretary in the Ministry of External Affairs. A prolific columnist, who has also written a critically acclaimed book, *India-Myanmar Relations: Changing Contours* (Routledge), he is a frequent speaker on foreign policy issues in India and abroad.

Peter Rimmele

Resident Representative to India, Konrad-Adenauer-Stiftung



Peter Max Rimmele is currently the Resident Representative of Konrad Adenauer-Stiftung Office, India. He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden-Württemberg, Germany and a M.A. in Geography. After working as a jurist, judge and lecturer, he took public office as Ministerialrat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security and later in the Local Government Department. On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption-Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-Adenauer Stiftung.

Dr. Erica Moret

Senior Researcher, Global Governance Centre



Dr Erica Moret is Senior Researcher at the Global Governance Centre at IHEID and the Geneva Centre of Humanitarian Studies (Université de Genève / IHEID) and also serves as the coordinator of the Geneva International Sanctions Network (GISN) and Associate Editor of the *Journal of Global Security Studies* (JoGSS). In addition to publishing widely in academic fora on a range of sanctions, humanitarian and global security related topics, she also engages closely with the policy world. She has provided advice to the Biden Administration’s review into the future of US sanctions policy and the European Commission’s Task Force 50 on the post-Brexit sanctions relationship with the UK and has also given evidence to both UK Houses of Parliament Inquiries on the future of sanctions after Brexit. She also lectures at the Department of International Relations/ Political Science, IHEID & Paris School of International Affairs (PSIA), Sciences-Po. She holds a DPhil (PhD) from the University of Oxford and is also a graduate from France’ Ecole Nationale d’Administration (ENA).

Ivan Timofeev

Director of Programs at the Russian International Affairs Council



Ivan Timofeev has been a Director of Programs at Russian International Affairs Council (RIAC). He is responsible for the intellectual performance of RIAC, leading a team of 20 full-time experts and covering more than 30 research programs on political risks and international affairs. His personal background includes research on economic sanctions and the risk of sanctions for Russian and international business. He is an author and co-author of more than 80 publications, issued in Russian and foreign academic press. Ivan holds PhD in Political Science (MGIMO, 2006) and MA in Society and Politics (CEU and Lancaster University, 2003). He is an Associate Professor at MGIMO-University.



Ambassador Manjeev Singh Puri

Former Ambassador of India to Nepal, EU, Belgium & Luxembourg and Ambassador/DPR to UN

Ambassador Manjeev Singh Puri joined the Indian Foreign Service in 1982 and has served as Ambassador of India to the European Union, Belgium, Luxembourg and Nepal. Earlier he had served as Ambassador/Deputy Permanent Representative of India to the UN during the time that India was on the Security Council. He retired on 31 December 2019 in the rank of Secretary, Government of India. Major areas of his experience relate to multilateralism (UN), Europe and Nepal. His professional focus has been on issues relating to the environment, climate change and sustainable development. He is presently Distinguished Fellow at The Energy and Resources Institute (TERI) and a Distinguished Visiting Fellow with the Ananta Centre



Amit Bhandari

Fellow, Energy & Environment Studies Programme, Gateway House

Amit has worked in the business media and financial markets for over a decade. He started his career with Economic Times, where he tracked the energy sector. He was a part of the start up team of ET Now, the business news channel. Amit was responsible for setting up India Reality Research, a new research outfit within CLSA India, a stock broking firm. He has also worked with Deccan Chronicle Group as the business editor for their general dailies. He holds an Masters in Business Administration from IIM- Ahmedabad and a Bachelors degree in Technology from IT-BHU.



Sameer Patil

Fellow, International Security Studies Programme, Gateway House

Sameer Patil is Fellow, International Security Studies Programme, Gateway House. Prior to this, he was Assistant Director at the National Security Council Secretariat in Prime Minister's Office, New Delhi, where he handled counter-terrorism and regional security desks. Sameer has written extensively on various aspects of national security including counter-terrorism, cyber security, Kashmir issue, India-Pakistan and India-China relations. He is also a dissertation advisor at the Naval War College, Goa. In 2019, he was a recipient of the Canberra Fellowship, awarded by the Department of Foreign Affairs and Trade, Australia

OBSERVERS

- Pankaj Madan, Deputy Head - India Office, Konrad-Adenauer-Stiftung
- Neha Aneja, Executive Assistant to Representative to India, Konrad-Adenauer-Stiftung
- Simran Dhingra, Research Officer, Konrad-Adenauer-Stiftung
- Ashish Gupta, Research Officer, Konrad-Adenauer-Stiftung
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SECTION II KEY FINDINGS

Over the last few decades, we have witnessed the shift from the United Nations (UN)-led multilateral sanctions to unilateral/autonomous sanctions imposed by the West, Russia, China and countries in West Asia and Africa to fulfil their foreign policy objectives.

❖ Sanctions and statecraft

- Sanctions are defined as restrictive measures that fall in between diplomacy and military action. They are primarily tools of coercion to change the behaviour of individuals, organisations, or states.
- Conceptualising sanctions has been challenging as countries often term purely restrictive trade measures like non-tariff barriers, selective purchases, state led consumer boycotts, etc., as sanctions. Nonetheless, in measuring the efficacy of sanctions, the cumulative impact of these trade measures must also be considered.
- Sanctions can prove successful vis-à-vis smaller countries with limited abilities. like Libya. In the case of larger countries like Russia and China, it merely delays or slows down their economic development.
- Questions over their efficacy notwithstanding, sanctions are a preferable alternative to war. They can work better when combined with other tools like mediation and peacekeeping.

❖ Shift from multilateral to unilateral/autonomous sanctions

- This shift is paradigmatic and has happened for various reasons:
 - Sanctions imposed to supplement UN measures. For instances, sanctions against North Korean nuclear proliferation;
 - Sanctions adopted in the complete absence of measures taken by the UN. For instance, unilateral sanctions on Syria;
 - Restrictive measures to tackle issues outside of the UN framework like corruption, drug trafficking, the illicit use of crypto-currencies, public health, misinformation etc.
- The U.S. is the most prolific imposer and user of unilateral sanctions. It has imposed around 150 sanctions regimes between 1990 and 2015. The European Union (EU) is second with 75 sanctions regimes, having aligned with the U.S. on this score. The EU has used sanctions for new purposes outside the UN Framework, such as upholding the territorial integrity of Ukraine in the case of Russia, against Turkey's drilling activities in the eastern Mediterranean Sea and China's human rights violations against the Uighurs.

❖ Russian and Chinese attitude to sanctions

- Russia and China have imposed counter-sanctions in response to Western sanctions.
- Russia's attitude towards Western unilateral sanctions has shifted from being critical to tolerant. They have not altered Russia's foreign or domestic policies and have had little impact on its economy, impacting annual economic growth to the tune of 0.2%. But when combined with other factors like a slump in the oil market, Western sanctions have caused consistent economic pain to Russia.
- China's counter-sanctions seek to coerce other countries into accepting its demands. They complicate Western commercial interests, particularly for those companies operating in China. How China will seek to enforce these sanctions remains to be seen.

❖ **Impact of Western sanctions on businesses**

- U.S. sanctions capitalise on the centrality of the U.S. dollar in the global financial system. Therefore, many countries adhere to them – even those which oppose the sanctions. For instance, Chinese companies have complied with the American sanctions framework while doing business with Russia. Likewise, notwithstanding the negative attitude of the Russian government towards American sanctions, Russian companies have complied with them.

❖ **Sanctions for cyberattacks**

Responding to the multiple cyberattacks on its critical infrastructure, the U.S. has imposed sanctions on Russian officials and private hacking groups based in Russia. Russia has denied its involvement, but its digital sector has suffered. For cyberattacks, it is difficult to pinpoint the exact perpetrator due to challenges of direct attribution.

❖ **India and sanctions**

- India has been impacted by the Western sanctions in the 1970s and 90s. It adapted to them and achieved self-reliance, for example, in the nuclear and space domains.
- A current concern is whether the U.S. will impose sanctions on India for the latter's purchase of the S-400 missile defence system from Russia under the Countering America's Adversaries Through Sanctions Act (CAATSA). It seems unlikely, as India has demonstrated a strong political will to satisfy its security interests, despite the U.S. threat.
- Sanctions and the measures taken by the Financial Action Task Force have worked in case of Pakistan, constraining its financial abilities. It has mounted global efforts to keep itself at least in the grey list, and not slide into the blacklist.

- India can play an important role in advocating reforms to the UN multilateral sanctions process to make them relevant for changing global geopolitical realities.

SECTION III

WEBCAST TRANSCRIPTS' BRIEF

Notes

Introduction: Ambassador Rajiv Bhatia

- Good evening dear friends, welcome to the latest webcast, jointly hosted by Gateway House and KAS, our regular institutional partner.
- We welcome you all, our distinguished panelists. And specially Peter Rimmele, representative of KAS to India and his team. We have consciously chosen a timely topic of discussion for today, "Sanctions and Counter-Sanctions". I promise a fascinating dialogue on a subject that covers not only international law, but perhaps ethics, economy, diplomacy and realpolitik.
- Sanctions are defined as restrictive measures that fall in the space between diplomacy and military actions. By nature, they are coercive. Sanctions by multilateral organisations are different from when sanctions are imposed by individual states or a group of states or organisations. And then we know the perspectives on sanctions differ. They will be different on the basis of those who impose and those who face them.
- The scholars classify sanctions among three categories: comprehensive, sectoral and smart or targeted sanctions. Do they work? Are they justified? What happens when they affect friends and partners, when they are aimed to hurt adversaries? These and many other questions of this kind will be answered by our very distinguished group of panelists.
- Let me very quickly introduce them.
- We have Dr. Erica Moret: Senior researcher, Global Governance Center and Coordinator Geneva Int. Sanctions Network with us. We also have Ivan Timofeev, Director of Programs at The Russian International Affairs Council. I am happy to welcome my friend Ambassador Manjeev Singh Puri, former Ambassador to Nepal, EU, Belgium and Luxembourg and former DPR to the UN. He is an expert on multilateral affairs and we look forward to reading his columns that appear frequently.
- I am happy that the panel will be moderated by my colleague Sameer Patil and I am looking forward to the day when I can add Dr. to his name. He is our fellow for the International Security Studies program at Gateway House. He will handle the whole discussion. At the end it will be our pleasure to welcome Amit Bandari, also my colleague at Gateway House, who will deliver the closing remarks.
- As we know, we at Gateway House, have a clear cut template for this kind of dialogue, which is based on the recognition of the time of everyone. Without taking more time, let me invite Peter to deliver his remarks

Peter Rimmele (Opening Remarks)

- Thank you Rajiv. esteemed panelists, Manjeet, friends, since the second half of the 20th century, most of the punitive actions against nations accused of flouting international laws took a fundamental shift from the military to the economic dimension. This fact in itself and I hope you will agree with me on this point is a

reflection of a highly encouraging change and focus towards increased protection of and concern of human lives, respect for human rights and ultimately universal peace.

However, even today, sadly, our world is riddled with inter-state disputes that often cannot be resolved solely through diplomatic channels. As a result, we have seen the emergence of this favourite non-lethal instrument of policy making. The question of whether sanctions are useful or detrimental has gained a great deal of traction and has become a subject of some debates. I am sure that today's webcast, which features expert panelists hailing from diverse backgrounds will prove an insightful and enlightening addition to this lively discourse. .

Sanctions have attracted an inglorious reputation in the recent past. As they are inter-alia frequently associated with the unilateral and comprehensive US embargo of Cuba over the last 6 decades. In the process of these sanctions, the USA sealed Cuba from the rest of the world in order to persuade Cuba to depart from its politically left leadership. Although not before President Kennedy ordered his secretary to buy 1200 Cuban Cigars. I can say that the imposer too needs to plan the sanctions as it can be a double-edged sword. Not surprisingly, initially, this carrot and stick approach may have put the Cuban government under pressure, but over the years the stick became mouldy and did not sting too much with the carrot not looking too appetising either.

- Fidel Castro remained in power and eventually, the Cubans became more and more self-reliant and tried to make the best of the situation. We can see Cuba as an example and ask, did sanctions work at the end of the day or did they not?
- The fact that such comprehensive sanctions led to positive outcomes, as well as have adverse consequences on the most vulnerable sections of the target countries population, has become the most common knowledge amongst policy makers world-wide.
- Since 2004 all UN Security Council sanctions have targeted specific individuals, or companies associated with or operating in a targeted country. Recent sanctions such as the coordinated action by the EU, UK, US and Canada against China's human rights abuses are also representative of this paradigm shift. These targeted sanctions are designed to be narrow in scope to effectively limit the human impact.
- With regard to situations where serious human rights violations occur such as is the case with detention centers in China, targeted sanctions is really the least that EU can do to show that it will not refrain in upholding its values of rule of law, human dignity and human rights. When designed and implemented multilaterally, thoughtfully and transparently, targeted sanctions can be made effective as was the case with Libya in 2003, with sanctions eventually leading the country to dismantle its weapons of mass destruction programme. They are one of the last remaining tools of democratic nations to end violent conflicts, and prevent grand corruption and curb massive human rights violations often led by authoritarian regimes. China's response as counter-sanctions, including sanctions of the entire EU parliamentary committee on the other hand clearly reveal CCP's lack of understanding of rule of law and human rights.
- Moreover, his reaction alludes to the danger of abusing this instrument of Chinese Republic as a means of blackmailing other countries into bowing to the will of an

authoritarian regime. This appearance of sanctions presents a dilemma, which will continue to haunt us in an increasingly polarised world and which merits a new debate in reflection on occasions such as the present one.

- Let me conclude, in the end the choice is up to our policy makers, targeted sanctions against individuals or members of government who proceeded with serious human rights violations or not to intervene and suffer the consequence of being received as silent supporters of the abusers.
- For me the choice is a rather easy one. To put in the words of writer, Elie Wiesel, “There may be times when the powerless could prevent injustice, but there must never be a time when we fail to protest”. Targeted sanctions can clearly not stop the human rights violations by the authoritarian regimes, but neither will mere inaction. As the axiom goes, the only thing necessary for the triumph of evil is for the good man to do nothing. Thank you.

Sameer Patil

- Thank you Ambassador Bhatia and Peter. Before I open the discussion let me first explain the house rules.
- The discussion will go on for about 45 minutes. After that Q&A session with the audience for 15 minutes.
- Without any delay, my first question is to Dr. Erica Moret. How does the EU and the West in general conceptualise sanctions as a foreign policy?

Dr. Erica Moret

- Thank you Sameer and thank you Ambassador and to Peter for interesting opening comments. Thank you for having me.
- I would have loved to be in Mumbai, but these are the times we are living in.
- Regarding the EU and its allies, conceptualisation of sanctions, I will say that this is two-fold really at this moment in time. The first is that there remains a general preference to apply sanctions through the multilateral fora, that’s to say through the UN resolutions. As you will know in the past, sanctions have been agreed on areas such as human rights, counter terrorism, nuclear non-proliferation, good governance, democracy and various aspects for ending hostilities in conflicts, peace building and so on.
- What we see in the last few years is that the number of new UN targeted sanctions regimes have appeared to have slowed down or stabilised. So we reached a high of 16 regimes in 2015 and then it went down to 15 in 2018, 2019 and 2020. This currently includes some 800 individuals and 300 entities. What we see in parallel is that the impasse that has been encountered at the UNSC among the P5 members on agreeing on common way forward on a whole host of major security and humanitarian conflicts and crises around the world is that we have seen a steep rise, as you have already said, of ‘autonomous’ or ‘unilateral’ sanctions.
- These has been supplementing UN measures such as with the case of Iran or North Korea and it also has been adopted in complete absence of any actions at the UN or in the UN framework. So, if we think about cases like Syria, Venezuela, or in response to chemical weapons attacks, cyber attacks and so on, what we see is the increasing use of autonomous sanctions to address these kinds of issues. The US is of course the most prolific user around the world and it is quite hard to document how many they have in place, because of the complexity of US Treasury sanctions in particular. But

one recent study estimated around 150 sanctions regimes were employed between 1990 and 2015, and that is compared to around 75 by the EU and 35 by the UN. So what we see here of course is that the US is the dominant player, with the EU following suit and kind of following the leadership of the US. Then we have a whole load of Western allies that tend to align with these practices. Canada, Japan, Switzerland, Australia and now the UK (following its departure from the EU) as well. So, what we see is a whole load of new topics being tackled by these autonomous measures. I have already mentioned chemical weapons and cyber, also more specialised human rights sanctions and then the US also developed its own sanction and related regulations to tackle a whole load of other things like corruption, drug trafficking, the illicit use of cryptocurrencies, the behaviour of telecommunication firms and so on. They are also thinking of their use in new areas such as public health information, Covid 19 accountability etc.

- The EU, for its part, has also used sanctions for very new purposes outside of the UN framework. This includes the case of Russia Ukraine sanctions with respect to territorial integrity measures, protecting against the effects of the extra territorial application of US legislation. And that is rather similar to the new legislation employed by China to protect from US secondary sanctions. And then other areas such as the drilling activities in the Eastern Mediterranean in relation to Turkey.
- So, what I would say is that it is a rapidly changing sphere. The EU is typically working in close conjunction with allies, particularly the US, Canada and the UK but also others. And there is a lot of change happening at the moment, not only with regard to objectives, purposes and scope but also with respect to how to respond to the changes that are going on elsewhere in the world, particularly in China and Russia.

Sameer Patil

- Thank You Erica. That is an interesting terminology that you used. “Autonomous Sanctions”, as we use the terminology of “unilateral sanctions”.
- To Dr. Ivan Timofeev, as a receiver of some of these sanctions, how does Russia view this shift from the UN-led multilateral sanctions to autonomous sanctions imposed by the West?

Dr. Ivan Timofeev

- Indeed, in the Russian case there is a kind of shift in the attitude to sanctions for quite a long time. For a very long time Russia has been critical of unilateral sanctions., And the official position was that only those sanctions, which are fixed in the UNSC resolutions, are legitimate in terms of international law. And well, this is a huge debate at the international level itself as to what sanctions can be considered legal or illegal? This continues to be an interesting debate. However, in the previous seven years, in the framework of increasing sanctions pressure against Russia, Russia itself conducted huge work to modernise its counter-sanctions legislation. For instance, prior to 2014 when extensive sanctions emerged, we had a special law on the special economic measures. And it was about the implementation in Russia about the decisions of the UN. So special economic measures had been viewed as a way to implement UN decisions. However, after 2014 when the need for counter-sanctions became much more acute, there have been multiple legal changes. The law on special economic measures was changed and now we distinguish the measures

imposed by the UN and measures in response to the unilateral sanctions. So, in a sense, Russian position shifted to a more tolerant attitude towards unilateral sanctions.

- However, what is seen in the legislation, it is used only as a kind of retort, so we do not use it first, we are mirroring these in response to hostile actions or in response to the violation of rights of the people, as it is fixed in the legislation. In 2018, we got another piece of legislation which is enlarging these and the enforcement practices of this legislation are rising. One of the significant things we have in the recent past is a new law which allows Russian companies facing sanctions to move their arbitrage from abroad to Russia. And this was negatively taken by the partners of Russian businesses abroad, and there are already a number of cases in the Russian arbitrage, which were in favour of things and companies. So, in sum what we witness is that the Russian position is getting more tolerant as we are using them ourselves. But at the same time we are using them in response, and this is something close to the Chinese interpretation. If you look at the new Chinese law which they adopted on June 10, they have the same interpretation.
- Last but not least, informal sanctions. This has been an extensive Chinese practice and in the sense that was part of the Russian foreign policy toolbox. At some point, Russian government used informal sanctions in terms of senatorial legislation etc. They were not called sanctions, but kind of restrictions. Same practices have been in China's case. But, what we can see is that Russian sanction toolbox is becoming more formalised and the same trend is evident for China.

Sameer Patil

- To Ambassador Puri, from your experience in New York and Brussels, how do you evaluate the efficacy of the UN sanctions and Western sanctions?

Ambassador Manjeev Puri

- Thank you very much. I am delighted to see you after many years. I want to thank Gateway House, Manjeet, Ambassador Bhatia. Great to see you all.
- Let me make it a little interesting and a bit different from my two colleagues. And I am speaking like a practitioner. Peter, I want to thank your country for having voted with India on the famous Libya resolution. I know the poor foreign minister lost his job later on etc. And maybe your party did not agree with it, and they did the right thing, because as you said, if you get them to dismantle their weapons of mass destruction, there was no reason to get rid of Col. Gaddafi in the manner in which it was done.
- I am, in a sense, for sanctions, because they are better than war. And I have seen two cases in front of my eyes, in front of all of us - both Libya and Syria. Countries that may have had lots of faults but were nowhere near the most terrible and most egregious. And we have ruined these two societies as a result of war. So, you know I am saying this openly to try and make this much more competent.
- So, what are sanctions? Sanctions are yet another element of toolkit. They are games that people play. Not many people are willing to resort to war. Because you don't want to lose any of your people. Now I am not standing up for the moral wrong, I am standing up for the moral right. Because I firmly anchor myself in the liberal tradition, and anchor myself in democracy. I am happy that when Biden met with

President Putin, one of the things which they said they will work on was the JCPOA. Wasn't the JCPOA perhaps the smart way of going forward?

- The UN sanctions were a necessary element, and that is why no matter what Trump tried to do, the reverse reaction that was built into the original UN Security Council resolution, that if any one backs out, the sanctions will jump in, was particularly important.
- But I will leave just two thoughts with all of you here. The Iran sanctions and essentially why did they work to the extent they worked? Because the weapon used was the US dollar, which is the most important weapon for all of us. For China, it is an important thing and certainly was very important for India. We found it very difficult to pay even for oil purchases and we have suffered as well.
- The Chinese have developed completely different autonomous systems which do not interact with the American market. The Russians also possibly, having a land border, makes it easier. Yes, there was a degree of importance to the UN sanctions. You know, in the old days there were only two UN sanctions - Zimbabwe, (Southern Rhodesia), and South Africa. Did they work? I'm not so sure. When did South Africa finally collapse when the regime there found that it was better to be part of the world, than hang around with just Great Britain, maybe the United States. Things were not working? I'm saying all this to you for a variety of reasons.
- But now I'm going to say something which will appeal to lots of people. Sanctions have had some positive impact in the case of Pakistan. Look at the sanctions that emanated from the 9/11 attacks. And particularly, look at the FATF. I am classifying it as a sanction. You know, we can classify 1267 as the ultimate Sanctions Committee. A country like Pakistan has taken a hit, in terms of what it is able to do financially, and in terms of some of the most egregious players used against India and used in the rest of the world. They have found themselves constricted. They find very interesting ways in re-inventing themselves, sometimes in terms of hospitals or charitable organisations. But things can be done if they are done smartly.
- If you come to it, certainly unilateral sanctions, the US has this great dollar ability. The EU, I'm afraid, far less. Against Russia, they are able to do far more because they share, kind of contiguous borders. There is a lot happening between the two of them. But Russians have been able to get away. Look at the good state of the Russian economy. As far as the Chinese are concerned, I think because of the tentacles with which they have spread all over the world, it will be difficult to manage these kinds of sanctions. It is a 14 trillion-dollar economy, and remember that the US is only 21 trillion dollars. It is not an easy task to go about this. Will the Chinese be able to break the hegemony of the dollar? I do not know but they certainly are trying. And I'm not talking about bitcoins and stuff like that. How will the world move further than this, we will have to see? I don't want to go over the case of North Korea and its success of crimping what a country can do, with North Korean diplomats forced to steal and sell goods on the side.
- But I will tell you something about sanctions. There is a case of South Sudan. And there's a case of Timor-Leste at a smaller level. In the case of South Sudan, you know the oil prices are not doing very well but over 10 years back, they were at their peak. South Sudan is a bit of an oil well, and yet you crimped it for a variety of reasons.
- Frankly speaking, I would have changed the UN special representative. It was much better to have a practical person. South Sudan needs to have an ordinary life. We don't need to go about telling them this is wrong and this is right. They don't even have 5 km roads in the country, a country sitting on the oil well. And who are we to

tell them that Qatar is doing very well or Saudi Arabia is doing well. No, you know, moralistic approach to these things? We come from a country who also has faced this.

- But I want to make one last point. I think we need to be a little more defined in what we mean by sanctions. We can't create measures so very easily, to be frank. One would say that India removed Coca Cola as sanctions against the US. Not at all. These are kind of trade measures that are taken under the garb of protectionism etc. Many of these are not sanctions but trade measures, and similarly these things keep happening. Please note that in the last 8-9 months, our trade with China has been greater than ever before. So, there are a lot of facets to all of this. The toolbox is only one of the elements, but if you compare it to war, I think it's better. Of course, there is nothing like trying to do persuasion and diplomacy. But sometimes, yes, one needs to take action. And most important, the action is taken with everyone of all, and not under the Responsibility to Protect (R2P) kind of syndromes, which are again kind of moralistic for no rhyme and reason and simply imposing one ideal upon the other. Thank you.

Sameer Patil

- Thank you. A lot of what you said resonates with us at Gateway House, particularly because we also have tracked the issue of the FATF and its impact on terrorist financing. We have also studied the feasibility of using sanctions against Pakistan because of its destabilising actions. Let's just go quickly to Erica. Erica, Ivan mentioned about the counter-sanctions coming from China and Russia. In your view, what is the efficacy of these counter sanctions?

Dr. Erica Moret

- So I would say, first of all taking a step back and building on what Ivan and Ambassador already said. It is important to think about the panoply of other measures that are used alongside. Because they have a cumulative impact, and Syria is a good example here, where we see, a really complicated set of sanctions not only imposed unilaterally, but also UN counter-terrorism measures, but we also see things like export control, counter-terrorism, combating the financing terrorism measures, money laundering and so on.
- So we are facing this increasingly complicated environment, where the consequences intended or otherwise, are getting harder and harder to fathom. And I will also say that it is quite important to think of sanctions by other names and I know Iran is thinking about those things. So when we are thinking about China, I can say that for quite a long time now, there have been measures of sanctions by other names used. And Ambassador may beg to differ with me, but things like quarantine measures, non-tariff barriers, variation in leadership visits, selective purchases, state-led consumer boycotts and so on: We could debate whether these are sanctions or not, but they are part of a wider economic statecraft that China has used for quite a long time. They also use their unilateral sanctions in the case of DPRK or North Korea that supplemented the UN measures.
- Building on Ivans' point, prior to the Russia's use of counter sanctions against the EU and US in 2014, there were also regular sanctions by other names used as well, such as gas leverage, agriculture import controls, against the former Soviet Union neighbours, often in response to the behaviour such as close relations with the

NATO or the EU. So moving on to what are the likely implications of these new uses of sanctions that we have seen much more recently. On the Chinese side, it remains to be seen. We don't know how often or how aggressively China will be using the various new areas of legislation which we see implemented. I would say regarding the asset freezes against the European individuals and companies and think tanks and so on, unless those individuals or organisations are already operating, travelling to and having assets within China and have funds kept in Chinese banks, these measures are largely going to be symbolic. I should not say that it is not important as it represents something of a warning of course, it will I would say, definitely complicate commercial interests. And it also then impacts things like the trade deal which is currently under the discussion, the Comprehensive Agreement on Investment. I think the risk is as well as that it could impact in joint working elsewhere. You know, we have to think that China is very much involved in many of the very pressing security talks and negotiations such as with Iran and North Korea. How will this kind of increasingly conflicting environment impact more widely on the broader diplomatic scene?

- On the Russian side, Ivan is better placed to answer this. But I think that the counter-sanctions, the counter measures proved quite divisive in Europe, particularly back in 2015. And around that time led to the calls by some EU member states and business lobbies to lift the sanctions irrespective of any political sentiments forged on the Ukraine crisis and Crimea. But interestingly unity has remained within the EU member states on retaining the sanctions in place and on other areas with regard to Russia. So, actually within the European context, this is representative of another success that political cohesion has been retained in spite of the pressures of the counter sanctions.

Sameer Patil

- Thank you Erica, now a slightly longer question to Ivan. I wanted to ask, as you argued in the past, sanctions have had no impact on Russia, so how has Russian economy adjusted to the Sanctions era, and is Russia able to recover from it especially because of its science and technology, and how much of it is because of support from China?

Dr. Ivan Timofeev

- There are huge debates about the efficiency of sanction systems. If we treat efficiency in terms of change of the behaviour of the target state, I would say that sanctions had little or no impact on Russian foreign or domestic policies. They did not change the Russian principal course on Ukraine or other instances. However, if you look at the issue from the point of view of the economy, things are different. And I wouldn't say that there is no damage to the economy itself. We should not over-exaggerate it. If you look at the assessment of the International Monetary Fund, sanctions affected annual growth in terms of 0.2 percent. So, not so much. What is more important is that sanctions may be more painful in combination with other factors. I remember 2014, when there was a slump on the oil market, and a combination of sanctions and slump of the oil market, well that caused quite a panic on the market.
- And another point, very often scholars use the efficiency of sanctions in the idea of state versus state, and if you look at the estimates of state and the business we can

find the sanctions very effective. And I would refer to the US enforcement actions and we at my institute have conducted huge research on US enforcement to implement their sanction regime, and we made a research on behaviour of the enforcement factions. 99.9 percent companies are meeting the demand of the US enforcement agencies, so almost no company under investigation is trying to withdraw from interaction with the U.S agencies Department of Justice etc. So, business is loyal towards the demands of Americans. And in a sense, it is a kind of a paradox when on the level of the government, between the EU and US, there are contradictions of sanctions, but businesses prefer to follow the demands of Americans, not the promises of Europeans to protect the business interests. And what is more paradoxical is about China in this context. Chinese are very negative about US sanctions, but when it comes to the relations with Russia for instance, Russia sanctioned companies, Chinese banks are very loyal to what America demands, and it is more paradoxical that Russian banks are following the demands of the American regulations despite the overall negative attitude of our government towards sanctions. This is the paradox of our current time. I would be very careful about this assessment of efficiency. Their sanctions are not efficient in a political sense, but are quite efficient and painful in terms of damage.

- I saw the question from Manjeet in the comments section about the impact on the Russian economy. Of course, there is damage which is accumulative; the accumulation is an overall trend. At the same time in some segments, Russia tried to benefit from sanctions. Well, Manjeet mentions agriculture. Yes, agriculture benefited from these artificial abandonment of Europeans from Russian food market, though the Russian customers suffered as food became more expensive. So, in that sense, consumers are subsidising Russian agriculture. In terms of military industry, sanctions were useful as we had to think more actively on how to substitute for instance Ukrainian supply chains.

Sameer Patil

- To Ambassador Puri, what has been the impact of Western sanction on India in your view?

Ambassador Puri

- You know things did take a back seat. But then for a large country like India, what did it do? Then self-reliance came to the fore. Then the large country came forward to do a lot more itself. And of course find some clever ways around sanctions too. So remember that some of these things are possible and they can be successful in smaller countries whose abilities are limited. But when you look at the larger countries, it only means a little bit more time, if you can utilise the time well. Look at what it has done to our space programme. It has allowed us to develop such things, we may not have done otherwise. To become not just self-reliant, but to add to the global understanding of how to harness space. And in terms of technology, similarly, in nuclear power, look at the cooled reactors that we have developed, which we would have otherwise never come about because we would have been able to get them easily. So, many things happen which are also positive, but there is a price to pay and that is something that we all see.
- On China, these sanctions etc. are not just games that countries play but they are part of what they do for domestic consumption. We are looking at China for the

Uighur problem. But it is not today's problem, but today we are doing it because there is a certain need in our own society, in what China has done in regards to what we have seen in terms of Covid. It has allowed a certain focus. So, we need to do it. So my point in many of these subjects is that some of the things you have to do even if you know that their efficacy may be low, it may not have much impact. But you must do it.

- You have to do it for the overall message that it puts across and it does hint to the other person that look everything is not iron clad as far as you are concerned. There is a little Achilles' heel. Let's press it, let's see what happens and the Chinese will also have to deal with these issues. It isn't that everyone goes to them and hugs them and exclaims, "Hunky dory! What a great market that you are". No. Today you also come around and see that it is a rules-based world, it has certain red lines. You also have to learn; you also have to follow it. But you need to follow some of these things. You cannot have it both ways.

Sameer Patil

- Thank you so much Ambassador. We have 6-7 minutes left for the audience QA. I am going to come to Ivan and ask him to continue with his argument on the challenges faced by the Russian defence industry when it comes to all this, and the impact of sanctions, particularly because India will be subject to the sanctions when it purchases the S-400 missile system from Russia.

Dr. Ivan Timofeev

- Thank you Sameer. This is indeed an important question, and there is a risk of sanctions, secondary sanctions fixed in the Public Law 115-44 Countering America's Adversaries Through Sanctions Act (CATSA) which states that the US may impose sanctions against the buyers. So for significant volumes of Russian arms and the legislation has been already implemented against China and Turkey. There were exemptions for Vietnam, Indonesia and India. But as far as I remember these exemptions have been revoked already. So there is a risk. However, I won't overestimate this risk.
- I remember Amit had very insightful proposals on how Russia-India could overcome these risks and Amit presented this point of view, both in India and in our joint meetings. In Russia there are mechanisms to make deals in the national currencies, and even if there are secondary sanctions of the US against some Indian entities, Chinese experience shows that this is not critical. I remember that in Chinese case, the Department of Defense and one official was blocked and well this is nothing in terms of the economy. So, this is painless. In terms of India, I won't expect that Americans will even impose these sanctions against New Delhi, because Washington tries to have India as a close partner in the Indo-Pacific. I anticipate that at least Biden's administration would avoid such steps in forcing Indian side to follow or cancel the deal. What is most important is that there is a strong political will on the Indian side to satisfy its security interests, despite sanctions. Indian foreign minister and Prime Minister have voiced this several times. So, in terms of Russia-India relations this is not a major risk.

Sameer Patil

- Thanks Ivan. To Ambassador Puri, you spoke about actions taken by India against Pakistan and China after the Pulwama and Galwan standoff which happened last year respectively. Does India see itself ever becoming a sanctioning nation?

Ambassador Puri

- Let me first take a question which is in the chat box. The power of the dollar is all consuming. As Ivan mentioned, Russian banks are not willing to do things that the Russian government wants it to do. Why do you think Indian private sector would want to go to Chahabar port? What are they going to get if they are not going to get any business, across the world, which is all dollar denominated? I think the reality of some of these things is very important to understand. And it is important to know who is levelling these sanctions, what is the instrument being used for the levelling of the sanction and who is the target? With Iran, for instance, the Chinese built a parallel pipeline, a parallel economy for actually feeding Iran. Iran is a nearly half a trillion dollar economy. And when that happens, you could perhaps do it. The Russians could have also done it up to a point, perhaps not to the extent of being able to satisfy the consumeristic demands in Iran. We need to understand that.
- Sameer coming to your question about Pakistan. Look, we have to take action against Pakistan. When Pakistan indulges in acts which were terrorist acts and which are targeted to India, the question of not taking action against them both on multilateral forums as well as bilaterally just does not arise. So, in the FATF we support those trying to bring Pakistan to knees. If I may say that Pakistan has to mount a great global effort to keep itself at least in the grey list and not get put in the black list. So, there are many issues and certainly we will continue to do that.
- In terms of our own bilateral ties, our trades are limited in terms of direct interactions, but at times we have imported large amounts of sugar and cement and yes they do become victims of those particular things, in terms of direct interactions. In terms of travel of individuals, those people are indirectly designated terrorists in India, so the question of their coming here does not arise. So, all countries in the world try to do it to the best of their ability. Which is why when we notice who is the most successful in terms of their sanctions and their abilities of sanctions, the ones with the largest economy and the one with the greatest play are the most effective. But is it sufficiently effective? That is a different matter. They also deal with it in a much better manner and again I would like to ask to read Ivan's paper which deals with how the US has perfected the way of going about acting on sanctions. It's not just one man's idea. The foreign ministry and others systemically work on that and leverage the great power that they have which is weaponisation of the dollar.

Sameer Patil

- I must mention Ivan's paper. It is titled, "Post-COVID 19 Sanctions Policies: Are We in for Epidemics of Sanctions?". That's a very interesting read. So thank you for sharing that paper with us. I'm going to share the link in the chat box. My final question is to you Erica, now given the current polarisation in the international system, what are the prospects in the United Nations multilateral sanctions to address the shared human rights threats to international security?

Dr. Erica Moret

- Thanks Sameer. Well, I would say that particularly since the pandemic, it's becoming incredibly clear that cooperation across borders remains absolutely essential particularly on the human rights and the multilateral framework. This isn't just in the area of public health in relation to the pandemic but it's also of course in relation to security, foreign policy, defense, trade, and so on.
- Nevertheless, what we've seen of course in the last 10 or more years is a growing crisis in confidence of global governance processes and institutions, and we have some very prominent examples of that, of course, with things like Brexit and Trump's stance on NATO in the past and so on.
- What I would say is that with regard to sanctions, there is clearly a very important ongoing debate regarding the legality of unilateral or autonomous sanctions, regarding their ethics and so on and how best they should be used. But what we're also seeing is that they are increasing in volume and in use across the world as well not only in China and in the case of Russia, but you may be interested to hear that, that actually across other continents Latin America, the Middle East, Africa and also in Asia, there are a growing number of countries that are either now using autonomous sanctions/unilateral sanctions themselves, or developing frameworks in order to use them. So, this is clearly a new landscape that we're looking at and this requires, as we say, very serious thinking about how best to legislate this new environment legally, ethically and diplomatically and so on.
- Sanctions remain a really important tool. They're often the kind of last resort option left on the table between, what we might say, war and words but often within the UN context of course, they're often addressing either the behaviour of a P5 member or that of very close allies. So, I think while every effort needs to be made to bring back sanctions' use as much as possible within the UN framework, I personally think there are a lot of challenges that remain to be resolved at the moment.
- Just to finish on this, I would say that what we need to do then, given the fact that they're clearly here to stay and whether we love them or hate them, we need to incorporate a more refined understanding of firstly, how to improve the effectiveness while lessening humanitarian consequences. Now of course not all sanctions have humanitarian consequences. Those that are very targeted in nature, for instance, asset freezes, travel bans, arms embargoes, and so on are unlikely to have much in the way of a humanitarian impact. But what we're seeing nowadays is with the increased complexity of different measures, the increasing use of broader sectoral sanctions as well, we're starting to see its effects and this is bringing us back to the debates that we used to see in the 1990s with regard to Iraq, Haiti, Yugoslavia, Cuba and so on.
- That's where I would like to end. I would like to say that, what really needs to happen here is a step back from where we are with global sanctions practice and there needs to be some platform of global dialogue and improvement of processes within the UN as well and that's where countries like India, I think, can play a really important role as well in advocating reforms on that front.

Sameer Patil

- Great, thank you so much, many of the questions have been answered by each of you in your remarks. But one question that has remained is, are sanctions just the first pressure tactic before coming to dialogue? Anyone?

Dr. Ivan Timofeev

- Well of course sanctions are a part of the diplomatic instruments and, well, raising stakes before negotiations is one of the sanctions. One of the fresh examples is the Russia-US presidential summit in Geneva. If you remember, Americans have imposed major sanctions at least twice before the meeting on March 3 and on April 15. So, yes, this is one of the ways sanctions may be used. But that's not the only one I would say sanctions are important in terms of communication with the internal audience, right, especially in the United States to explain their opposition. So, sanctions have multiple purposes and raising stakes before negotiations is only one of them but not the ultimate one.

Ambassador Puri

- Look there's absolutely no issue on this at all. The fact of the matter is that people would like that there is either dialogue or there is behavioural change, and that sanctions are towards getting you to do that. But as Ivan said very importantly, in democratic countries it also addresses your own domestic concerns. Will that really necessarily happen? It doesn't matter. You sometimes do it only because you need to do it for your domestic concerns and that's it. These sanctions by China are perhaps the best case in point in this particular context.
- Before I end, I'll just answer one question. Dr Aditya, because he asked me many questions, you are absolutely right about this you know. But if we start using these words like sanctions for everything then I don't know the answer to it. Now, let's take this one case in point. You banned Bofors from doing business in India because they got into a bribery scandal in this country. If you call it sanctions, then economic transactions have their own fallout. There are collateral damages. There are unintended consequences. There are many things that happen. You have to take a call and I believe that's what governments have to do. Have they taken the right call or not? You know in hindsight, we all have.

Dr. Erica Moret

- I guess what we need is a more nuanced understanding of how sanctions exert an impact. So, in the sanctions scholarship world what we tend to look at is that they can, for example, coerce a change in behaviour, can they constrain a target's access to vital resources, financing and so on. Or can they also signal, as Ivan was saying, both to a domestic audience that the government in question is actually doing something? Or will it signal to the target itself, signal to other would-be detractors from international norms you know, to not use chemical weapons, or this will happen.
- And also some claim that it's used to influence allied behaviour very much. The U.S. is thought to do that as well as getting others to come alongside on particular issues. So, I would say that particularly policy makers, could do with a more nuanced understanding of the effectiveness of sanctions.
- They don't operate in a vacuum. They are only as good as the way in which they are combined with other policy tools, trade diplomacy defense and so on, referrals to legal tribunals etc. Unfortunately, what I see is particularly in the US and the US government that they don't tend to see sanctions that way. It's often more about imposing economic pain rather than trying to bring about some kind of a change. There's a disconnect between the goals of the sanctions and the kind of economic

pain that is inflicted. And I think that is what makes the US sanctions particularly controversial under the Trump administration, with its maximum campaign.

- So I would just finish by saying what we can learn from scholarship on sanctions is that there are some really interesting and sophisticated ways that sanctions could be made more engaging with other tools at play, such as mediation, peacekeeping. Some of my colleagues at the Graduate Institute are working on that at the moment and that's the way we're probably going to come across and get over some of these problems of trying to work out whether or not they are doing what they should be doing.

Audience Question

Sameer Patil

- Great. Thank You. So, the question from the audience is basically about the cyberattacks, i.e., the increasing cyberattacks and actually that is important in the context of the summit happening between President Biden and Putin. So I'll pose the question to both Erica as well as Ivan. How do you see the legal regime around the sanctions developing especially because there is that problem of attribution which is the most pervasive problem in the cyber space? Ivan, first.

Dr. Ivan Timofeev

- This is a very important question. Indeed, this is an issue for US- Russian relations because Americans have already imposed a number of sanctions on cyber. And they are getting more alarming for us because in the recent round of sanctions in April 2021, Americans imposed sectoral sanctions against Russian digital sector. I talked to the stakeholders from the digital sector in Russia and they are very concerned because they are not involved in the cyberattacks but they are suffering. So, they are facing risks of sanctions against this or those companies, and that's a problem.
- And again, the issue of attribution is a huge problem, not in terms of sanctions but also in terms of security in general because if some cyber incident occurs, it may cause a chain of escalation which may be undesirable and disastrous. Russians and Americans agreed yesterday to launch a working group on sanctions or on cyber and I hope that that will be a kind of a stabilising factor in this realm.

Dr. Erica Moret

- I think those are really interesting points from Ivan. I would say that the cyber sanctions domain is a really unusual one when we're looking back at the history of how sanctions have been used in the past. Because once again it's about the P5 members (most of the time, not always) but that again falls into question of international stability and multilateralism and so on.
- But as you were saying with the question of attribution, it's a really difficult one because it could be done but there are various types of cyberattacks of course and they could be done by states. But there are also a whole host of other organisations that could be employing them. It could even be a teenager in their bedroom or it could be a state actor coming from whichever country. And that that makes it absolutely essential to get it right. There are of course various impediments to, for example, sharing intelligence of where you know that would help on the attribution

front particularly in the European context and with allies. So, I think this is a really formidable challenge for those who are thinking about using the measures.

Sameer Patil

- Thank you to all the panelists. Each of you maybe can give a 30 second closing comment

Ambassador Puri

- Sameer, thank you. And thank you to Gateway House and to KAS for this most interesting get together. We all come with different perspectives- my colleagues from a scholarly way of thinking, I from a practical sense of approach. But you know, I firmly believe that this is an element which is there in the toolbox.
- Now we have stretched it quite a lot, and a lot into the area of trade and trade relations. You know we use this term, but in terms of what the UN Security Council, for example, can do in terms of Chapter 7, it can hardly tell you to raise your tariffs. That's not the way and means of doing it. So if we leave those things out, because you know in terms of what countries can do in economic terms, give pain or other things to do, there's a lot. Because it's a very large toolbox.
- But in terms of this actual taking action which hopefully results in some behavioural change or helps you assuage your own domestic constituency, I would like to end by saying a very simple thing. I don't like sanctions, but I would rather have them than military action. I say this on the basis of two countries in the near past in terms of what all of us have seen. Libya, for all that we have everything to say against Mr. Gaddafi, it was a fairly okay country doing far better than many others. It was going to reach its MDGs. It had wound down its WMD programme. Look at Syria, it was actually on its way to achieving the MDGs. We may have any number of problems with Mr. Assad. I would rather have something of this kind in the toolbox and play the game in some sort of a manner and see what happens in terms of behavioural change etc. because you are the more powerful and so you can levy these things rather than go to the other end.

Dr. Ivan Timofeev

- Thank you very much Sameer. Ambassador Puri has mentioned several times about the factor of the US dollar and the US financial leadership in the world as a huge leverage for the United States to use sanctions in the foreign policy toolbox. Well, that's an essential factor and kind of a paradox. I used this word quite often today. When, for instance, the US and the EU have nearly the same volume of economy, but the US is much stronger, much more capable in terms of enforcement of sanctions regimes than the European Union and even China, right? We have conducted research on the impact of US enforcement on business. I would be happy to share this with you Ambassador, and with you Erica, and with all the participants if you are interested, specifically in this topic of US dollar and US enforcement on business.

Dr. Erica Moret

- I would like to build on both of my esteemed panelists' comments, and say that something we haven't touched on today is the problem of de-risking around the world. You may have heard of it, or referred to it as 'over-compliance' or the 'chilling

effect'. What we are essentially seeing around the world is that, with the increased complexity of the sanctions regimes that are in place with the global reach of the dollar and the way in which financial transactions need to make use of the currency, there is now a situation whereby banks in particular, but also companies across the private sector and also non-governmental organisations, are withdrawing from heavily sanctioned countries. They fear fines or they fear for their reputation or the bureaucracy is simply too great.

- So, what we're seeing is a number of countries around the world now simply don't have access to the international financial system anymore. This is the case with North Korea where there are no remaining banking channels left into the country. It's soon to be the case of Syria and there's a whole load of other countries that are facing these problems.
- I think this is where it's absolutely vital in terms of the well-being of citizens around the world, access to essential goods and recovery from conflicts as well that this particular problem is given some very urgent and very serious thought by the international community.

Sameer Patil

- Great. Thank you so much to everyone. As they say, all's well that ends well, and if I can add, on time. So, thank you so much to all of our stellar panelists. Ambassador Manjeev Singh Puri, Dr. Erica and Ivan, you have really given so many unique insights on the subject today. Thank you so much and also to the wonderful audience, who asked interesting questions which really brought the dimensions of the issue at hand today. So, with that, I now hand over the floor to my colleague, Amit Bhandari, who is a Fellow for Energy and Environment Studies at Gateway House to give his closing remarks. Over to you Amit.

Amit Bhandari

- Thank you. I would just like to summarise in brief the arguments that our panelists have made.
- Erica brought up the most important point initially that while sanctions have traditionally been thought of as a multilateral tool for making policy, what we have seen is the proliferation of unilateral sanctions mostly by the US which has been the most avid user
- In fact Ivan is somebody who has studied these unilateral American sanctions in a really deep manner and he brought out the point that the sanctions have not really been able to change the behaviour of any large or a major country, like Russia, for instance. What they have really done is to have caused some economic pain and you know like businesses mostly have tried and followed sanctions, the letters of the law as dedicated by the US, rather than run afoul of Americans.
- Finally, Ambassador Puri brought up this point that sanctions, while they may not work or they may not be as effective as we want them to be, are clearly preferable to an armed conflict and especially the kind that they have seen in Libya and Syria. Of course, he also made this important point about the dominance of the US dollar which allows America to impose these kinds of unilateral sanctions. This is a subject of study which we should definitely be looking at.
- So once again I would like to thank the three panelists and Dr. Sameer, our excellent moderator. We are grateful to all of you for such a rich discussion, and your insights,

on this subject today. Thank you to our friends from KAS and my colleagues at Gateway House and also to our wonderful audience that asked such relevant questions. Thank you all and we hope to see you coming July, Till then bye.

SECTION IV SCREENSHOT

