

GREAT DECISIONS

1918 • FOREIGN POLICY ASSOCIATION

2023 EDITION

Topic 4: Economic warfare and U.S. policy

Acronyms and abbreviations

CIA- Central Intelligence Agency.

CoCom- Coordinating Committee on Multilateral Export Controls.

GDP- Gross Domestic Product.

IEEPA- International Emergency Economic Powers Act.

NATO- North Atlantic Treaty Organization.

NEA- National Emergencies Act.

OFAC- Office of Foreign Asset Control.

SDN- Specially Designated Nationals.

Glossary

Colin Powell- Former U.S. Secretary of State from 2001–05.

Embargo Act (1807)- General trade embargo imposed on all foreign nations enacted by the U.S. Congress following heightened tensions with the UK.

G-20- Intergovernmental program that seeks to address major issues related to the global economy. Comprised of: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, South Korea, Japan, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

Iran-Contra affair- U.S. political scandal in which the Reagan administration secretly sold arms to Iran, with the hopes of using the proceeds to support the right-wing *Contra* rebel group in Nicaragua.

Nancy Pelosi (D-CA)- American politician serving as speaker of the U.S. House of Representatives.

Ostpolitik (Eastern Policy)- Normalization of relations between West Germany and Eastern Europe.

Salvador Allende- President of Chile from 1970–73. On September 11th 1973 he was ousted by a military coup d'état supported by the CIA.

Sergei Magnitsky- Russian tax adviser responsible for exposing corruption and misconduct by Russian government officials.

SWIFT- Dominant global payment messaging system.

Table 1: Economic Warfare Measures (Not Exhaustive)

OVERT

Conventional Measures – Sanctions

- Denial of foreign assistance, loans, and investments
- Trade embargoes and/or boycotts
- Shipping and insurance restrictions
- Freezing or seizing assets under U.S. or allied jurisdiction
- Restricting or prohibiting arms transfers
- Denial of credit, including by third parties
- Prohibiting economic transactions involving targeted countries, citizens, or businesses
- Travel restrictions
- Pressure on partner countries to also engage in the above (“secondary sanctions”)

Extraordinary Measures

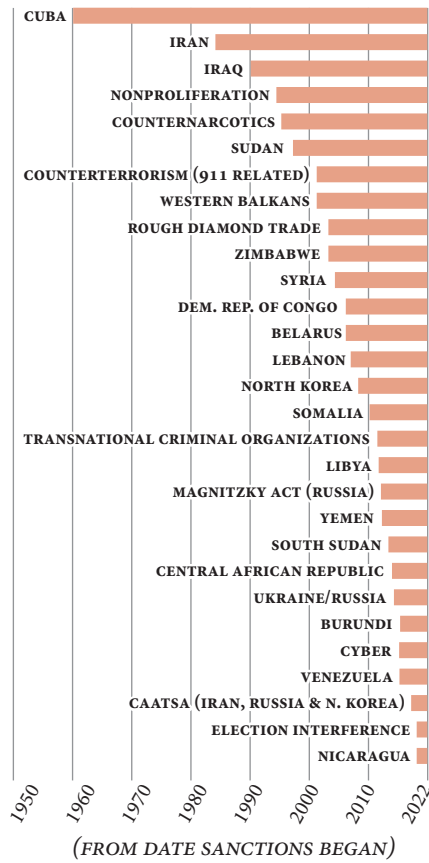
- Blockading ports and other transportation nodes
- Attacking / sabotaging national infrastructure
- Attacking / sabotaging others supporting the target
- Attacking industrial and agricultural production capabilities
- Interfering with government operations and communication networks through cyber-attacks
- Killing non-combatants to weaken morale and disrupt production

COVERT

All “Extraordinary Measures” Plus:

- Industrial espionage (state sponsored)
- Intellectual property theft (state sponsored)
- Fomenting labor unrest and strikes
- Counterfeiting currency
- Bribing / entrapping government officials or business leaders for favorable economic decisions
- Talent / labor recruitment or sponsoring defection

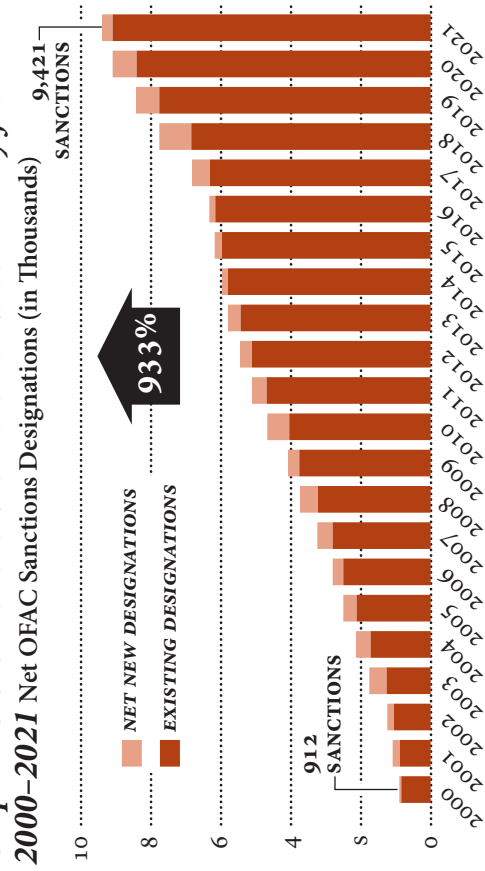
**Graph 1:
U.S. Sanctions Programs**



SOURCE: Council on Foreign Relations

Lucidity Information Design, LLC

Graph 2: U.S. Sanctions Use Increases Substantially from 2000–2021



SOURCE: US Treasury, 2021 Sanctions Review, October 2021, p.2

Table 2: Sanctions Imposed on Russia After Its February Invasion of Ukraine

- Denial of foreign assistance, loans, and investments
- Russian Central Bank asset freeze
- Add additional government and private persons/entities (including numerous “oligarchs”) to U.S. SDN list
- Limit access to SWIFT
- Partial ban on Russian oil purchases
- Block most U.S. exports, including high-tech components
- Ban Russian airlines from U.S. airspace
- Prohibit U.S. investment in Russia
- Sanction Nord Stream 2 pipeline
- Prohibit Russian ruble and foreign denominated bonds trading

WAR IN UKRAINE

Several of our articles this year touch upon the ongoing war in Ukraine. For this reason, we are providing a map of Ukraine with its surrounding geography in order to give the reader a sense of some of the major developments since the war began in February 2022.

Russian forces invaded Ukraine on February 24, 2022, after Russian President Vladimir Putin announced a “special military operation” with the goal to “demilitarize” and “denazify” Ukraine and to protect Russians in Ukrainian territory. The invasion has been widely condemned internationally and has resulted in charges that Russians have committed war crimes. The war has affected energy shipments to Europe, which was a major customer for Russian oil and gas, and has led Europeans to attempt to cut back on the use of Russian energy, and led to

the abandonment of the NordStream 2 gas pipeline. Another effect of the war is that shipments of grain from Ukraine and Russia have been slowed or halted, which in turn will increase food insecurity in many parts of the world. The United States and many other countries have imposed sanctions on Russia in an attempt to discourage the continued war in Ukraine. There is concern that China might be emboldened by Russia’s attempt to annex Ukraine and move on Taiwan. The repercussions from the war in Ukraine are being felt all over the world.



Moscow

RUSSIA

RUSSIAN ADVANCE

