How the Anti-Russian Sanctions Were Planned

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Global Research, March 28, 2022
World Socialist Web Site

Region: Europe, Russia and FSU, USA
Theme: Global Economy

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Within days of the Russian invasion of the Ukraine, the US and the European Union imposed a series of sweeping sanctions on Russia aimed at crippling its economy by cutting off major banks from the SWIFT international financial messaging system and preventing the Russian central bank from using its foreign currency reserves to prop up the rouble.

The rapid action was the outcome of planning that had been developed for at least three months. The expectation was that the refusal of the US and NATO to even consider Russian demands for an end for NATO's continued expansion to the east and engage in negotiations to address its legitimate security concerns would soon provoke military action.

Details of the considerable planning that went into the sanctions, involving the US **Treasury Secretary Janet Yellen** and top intelligence and military personnel, together with EU officials, were revealed in an article published in the *Wall Street Journal* on March 18.

According to the article, the planning began shortly before Thanksgiving (the last Thursday in November) when Yellen met with senior officials and said she would contact her counterparts in Europe and elsewhere "to urge them to begin preparations for an economic response" to a Russian invasion.

The meeting was the launch of "an unprecedented financial sanctions program by the West aimed at a major economy" and "that program, along with [a] massive arms shipment, were the front lines of the West's engagement."

The senior Treasury officials involved in the planning were Yellen, her deputy **Wally Adeyemo**, who oversees sanctions operations, and **Elizabeth Rosenberg**, assistant secretary on terror financing issues.

Contact with the White House was through **Daleep Singh**, a former Federal Reserve and Treasury official who is now at the National Security Council. He was in constant touch with **Björn Seibert**, a former German defence official, who is head of cabinet to the European Commission President Ursula von der Leyen.

The working out of an agreement with the EU was crucial to the implementation of the sanctions because of the impact they would have on the EU economy—particularly for Italy and Germany that are heavily dependent on natural gas supplies from Russia. Singh and Seibert began discussions on the effects of any blowback in December.

According to the WSJ article, citing several of the participants, there was an "unprecedented level of co-operation and scope between the Treasury, the White House, the Commerce Department and the European Commission."

The US was able to bring to the table its experience in imposing sanctions and other measures directed against Iran, North Korea and Venezuela, as well as the action it has taken to cripple the giant Chinese telecommunications maker Huawei.

However, the action against Russia, the world's 12th largest economy, and a major supplier of oil, gas, grains, and many important industrial metals, took these operations to a new level.

In early February, several weeks before the Russian invasion, key US officials went to Brussels where they "spent hours at European Commission headquarters thrashing out the plan."

Throughout this period, the White House insisted that Russia was set to invade based on "intelligence" reports.

But the certainty with which these pronouncements were made was not the result of any advanced spying operations. It was grounded on the understanding that the US refusal to entertain any diplomatic negotiations had backed Russia into a corner. As Biden said on January 20, Putin would have to "do something."

Further plans are now being made to extend the sanctions both against Russia and more broadly.

Yellen said earlier this month that it was "certainly appropriate for us to be working with our allies to consider further sanctions."

China is coming into the firing line. Last week US **National Security Adviser Jake Sullivan** said the US was considering "secondary" sanctions directed against countries deemed by the US to be providing aid to Russia by assisting it to circumvent the measures applied to it. In effect, this means the US can interpret normal trade and financial dealings as providing such assistance if it chooses to do so.

> "We have a number of tools to ensure compliance, and one of those tools is the designation of individuals or entities in third-party jurisdictions who are not complying with US sanctions or are undertaking systematic efforts to weaken or evade them," he told reporters.

Secondary sanctions are a controversial subject in the EU because it opposed their imposition on European companies dealing with Iran after the Trump administration had sanctioned it. However, the EU was not able to do anything about it.

Asked about the issue on Friday, von der Leyen said the allies were looking "deep" into the sanctions regime to see if there were any loopholes. Action would be taken to close them, he added, making circumvention impossible.

On the issue of China, the US President Biden has said Beijing will face "consequences" if it were to assist Russia.

Speaking to the business channel CNBC on Friday, Yellen said it was premature to impose sanctions on China and it would be inappropriate at this point. But her remarks carried an implicit threat.

> "We, as senior administration officials, are talking privately and quietly with China to make sure they understand our position," she said.

In other moves, the G7 grouping of major imperialist powers has said it will act against any sale of Russian gold reserves aimed at supporting its currency.

A statement from the White House said G7 leaders and the EU would work jointly to blunt Russia's ability to deploy its international reserves to prop up its economy. It made clear that "any transaction involving gold related to the Central Bank of the Russian Federation is covered by existing sanctions."

The sanctions regime imposed by the US has implications that go far beyond Russia.

The measures imposed so far make clear that any country, including major powers, that crosses the path of US imperialism in its drive to open new regions of the world for plunder can be immediately excluded from the global financial system based on the US dollar.

In a significant comment in his letter to shareholders last week, Larry Fink, the head of the giant investment fund BlackRock, said: "The Russian invasion of Ukraine has put an end to the globalization we have experienced over the last three decades."

In other words, the period that followed the dissolution of the Soviet Union, supposedly based on market mechanisms and the free movement of finance, is over and a new situation is emerging.

Fink said companies and governments would be looking to onshore or nearshore more of their operations. As it did in the 1930s, this movement back to the "national hearth" has geo-economic and strategic implications.

The US actions against Russia constitute a major blow to the international financial system. Henceforth every country must consider that its foreign reserves, denominated in dollars, can be rendered essentially worthless overnight.

The outcome will not be the establishment of a new global financial system based on another currency such as the euro, let alone the Chinese yuan.

Rather the tendency will be towards the division of the world into conflicting currency and economic blocs, akin to those of the 1930s, which played a significant role in creating the conditions for World War II.

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