

Bloomberg

U.S. Stuck With Nobody Left to Sanction in Russia Over Syria

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October 26, 2016

The U.S. put sanctions on Russia's main arms exporter, Kremlin aides and the black leather-loving head of a motorcycle gang nicknamed "The Surgeon" after the 2014 invasion of Ukraine. Now, as Washington seeks ways to punish Moscow for its actions in Syria, it may be running out of options.

President Barack Obama's administration says new sanctions are among its alternatives as it seeks to ease the humanitarian crisis in Syria, where Russia backs President Bashar al-Assad's drive to recapture the city of Aleppo. But Secretary of State John Kerry won't give any details, and European allies failed last week to consider tighter restrictions.

"While the president has full sanction authority, there's nobody left to sanction in Russia besides the janitor in the Kremlin," said Michael Kofman, a global fellow at the Wilson Center's Kennan Institute in Washington. "In terms of expanding any kind of commercial or financial sanctions, we're basically maxed out."

Penalties against Russia already include hundreds of people, from senior allies of President Vladimir Putin to the Night Wolves, a motorcycle gang led by a former medical student accused of aiding Russian forces in Ukraine. The State Department had to issue an exemption from sanctions on Russia's main weapons exporter, Rosoboronexport OJSC, because the restrictions made it impossible for Afghanistan's security forces to get spare parts for their Russian Mi-17 helicopters.

Potential Steps

Experts say potential next steps include expanding what's known as the Specially Designated Nationals list to include more military officers or weapons companies that provide munitions used in Syria. Such moves would limit their access to American banks and block visits to the U.S., although critics have long scoffed that Russians on the list can find other ways to move their money and different destinations for family vacations.

“What you may see is the designation of a couple Russian officers that are known to be involved in Russian operations in Syria, particularly around Aleppo” said Eric Lorber, a lawyer who worked in the Office of Foreign Assets Control, which oversees the U.S. Treasury Department’s sanctions programs, and is now a senior adviser at the Center on Sanctions and Illicit Finance at the Foundation for Defense of Democracies. “Anybody who has been involved in the deliberation process of the use of force in Syria might be someone they would go after.”

Supporters of the sanctions tied to Russia’s actions in Ukraine say they have had an economic impact. The International Monetary Fund said the Russian economy contracted 3.7 percent 2015 because of falling oil prices and what it called the “quasi closure of international financial markets to Russian entities.” Gross domestic product is forecast to fall an additional 1.2 percent this year.

But those sanctions haven’t forced Russia to fulfill its promises under the Minsk II agreement aimed at bringing peace to Ukraine. Russia has been able to evade the worst fallout from sanctions, and its energy exports to Europe remain uninterrupted. And they haven’t stopped Putin from aggressively supporting Assad in Syria’s civil war.

“There’s some situations where sanctions can work, but if we’re talking about Russia, they’ve been largely ineffectual so far,” said Emma Ashford, a research fellow at the Cato Institute in Washington. “The Kremlin has not shown any inclination to change its behavior based on sanctions, and it’s hard to make the argument that more sanctions would change its approach toward Syria.”

Matter of Timing

A State Department official said a range of sanctions options are being prepared for the White House, which will make the final call on whether to impose them. The official, who asked not to be identified because the discussions are private, said several possible sanctions regimes could have an impact, though they “are not ideal” in Syria’s case. One challenge is a matter of timing: Sanctions may take a long time to kick in, but the U.S. wants an immediate halt to the Aleppo campaign.

U.S. lawmakers also are agitating for more punitive measures. In an editorial in “The Hill” on Oct. 13, Republican Representative Ed Royce of California, chairman of the House Foreign Affairs Committee, called for new sanctions to “disrupt terrorist financing and deter our enemies.”

The Obama administration does have more drastic options. If the U.S. wanted to truly damage Russia’s economy, it could bar American banks from buying Russian ruble bonds, or cut the country off from the Society for Worldwide Interbank Financial Telecommunication, or SWIFT. The “nuclear option” would be an embargo on Russian energy exports.

The U.S. official said that option wasn’t on the table. Europe gets about one-third of its energy supplies from Russia, so any such embargo would deal a severe blow to already struggling European economies.

European Doubts

European Union leaders said at their meeting in Brussels last week that they would consider “all available options” if Russia doesn’t back down in Syria, according to a statement, though they stripped out language from an earlier draft that said those options could include “further restrictive measures targeting individuals and entities supporting the regime.”

Commenting on future options, Italy’s Prime Minister, Matteo Renzi said “it is difficult to imagine that this could involve further sanctions against Russia.”

The Obama administration wants to be careful not to hurt the U.S. or EU economies or disrupt the global financial system, said Andrew Weiss, the former director for Russian, Ukrainian, and Eurasian Affairs on the National Security Council who’s now vice president for studies at the Carnegie Endowment for International Peace.

“That’s the core quandary -- you impose sanctions not just to say, ‘See, we’re responding,’ but to have impact on behavior,” Weiss said, “and I think it’s challenging unless you disconnect Russia from the global economy.”