

The U.S. Sanctions Offensive: Economic Statecraft and the  
Transatlantic Relationship

Alan Cafruny

Henry Bristol Professor of International Affairs

Department of Government

Hamilton College USA

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# Overview

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- This paper explores the impact of sanctions and other forms of coercive economic diplomacy on the transatlantic relationship. Throughout the past decade European countries have become increasingly exposed to various U.S.-led sanctions regimes, either acquiescing to them, as with joint U.S.-EU sanctions enacted in the wake of Russia's annexation of Crimea in 2014 and invasion of Ukraine in 2022; or caught in the crossfire, as a result of sanctions against Iran following the United States' unilateral withdrawal from the Joint Comprehensive Plan of Action (JCPOA) in May 2018 and sanctions against China's technology firms starting in 2018. In these and other cases, the sanctions and other forms of economic statecraft are highly de-stabilizing and cause significant resultant harm to the economic interests of European (and other) states even as they benefit U.S. economic actors. EU states individually and collectively need to develop alternatives to Washington's economic statecraft and its confrontational strategies towards Russia and China.

# I. Expansion of sanctions during the last two decades:

- Between 2000 and 2021 the number of sanctioned individuals and entities increased by a factor of 10 to more than 10,000 (Economist, 2022).
- The wave of unprecedented sanctions enacted against Russia by the United States and Europe in response to its invasion of Ukraine in February 2022 represents a further substantial increase in their use.
- Whereas historically sanctions were enacted primarily in support of political narratives and objectives (Mulder, 2022) their implementation now also increasingly serves economic interests, whether as intended or unintended consequence.
- Use of extraterritorial or secondary sanctions by the United States, facilitated by the global primacy of the dollar and the centrality of the U.S. market.

## II. EU member states individually and collectively increasingly exposed to U.S.-led sanctions regimes.

- **Acquiescent:** 2014 following Russia's annexation of Crimea
- **Caught in the crossfire:** extraterritorial sanctions following U.S. withdrawal from JCPOA; Tech sanctions and coercive diplomacy vis a vis China
- EU rhetoric of Strategic Autonomy (eg. Borrell, 2020)
- Deepening subordination to USA: JCPOA, Energy and Nordstream II, China Tech War (Huawei)

# III. Joint Comprehensive Plan of Action:

- Overview of negotiations and final agreement
- Signature Policy of the European Union
- 2018 U.S. withdrawal
- EU attempt to preserve agreement
- U.S. imposes secondary sanctions on European firms trading with Iran
- Inability of EU to respond effectively (INSTEX,SPV)
- Economic Impact on Europe

# IV. Europe, Germany, and Challenges to Regional Energy Autonomy

- Origins of Nordstream 1 and 2
- Intra-EU conflicts over energy pipelines and strategic relationship with Russia
- German Primacy: Pipelines a central factor in German export-led developmental model
- German energy hub enhances German throughout Europe
- Development of US LNG; pressure from Washington to terminate NS 2
- History of U.S. attempts to sanction NS 2
- Internal conflicts within USA/Biden Administration
- European energy crisis and dependency after February 24

# V Europe in the Tech Crossfire

- Growing U.S.-China conflicts over trade and investment: economic and political implications
- “Pivot to Asia”
- Trade War
- Evolution of sanctions: Huawei, Semi-conductors
- Europe/Germany growing reliance on China
- Trilateral (US/EU/China) Economic Diplomacy
- Comprehensive Agreement on Investment (CAI) 2021 EP fails to ratify

# VI. Evolution of U.S. sanctions on China technology companies: Huawei, Semi-conductors

- Impact on European Technological Development: U.S. and European Responses
- USA: Chips and Science Act
- EU: “European Chips Act”
- U.S.-EU Trade and Technology Council



# VII.Conclusion

- European Vulnerability to U.S. extraterritorial sanctions
- Limitations of EU response: primacy of the dollar; internal EU conflicts
- Reinforce U.S.-led Atlanticism: disproportionate costs for Europe of partial decoupling
- EU governments individually and collectively need to develop alternatives to U.S. sanctions/extraterritoriality and, more generally, the U.S. broader project of containment of Russia and China.