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October 20, 2021

US Department of the Treasury Releases Sanctions Review

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TO: ICI Members

ICI Global Members SUBJECTS: Anti-Money Laundering

International/Global RE: US Department of the Treasury Releases Sanctions Review

On October 18, the US Department of the Treasury released the results of a broad review of the economic and financial sanctions that it administers and enforces, and issued recommendations to preserve and enhance their effectiveness in supporting national security and US interests.[\[1\]](#)

Treasury's review, spearheaded by Deputy Secretary of the Treasury Wally Adeyemo, found that although sanctions remain an essential and effective policy tool, they also face significant new challenges. These challenges include rising risks from new payments systems, the growing use of digital assets, cybercriminals, as well as situations where careful calibration can help limit the impact of sanctions on the flow of legitimate humanitarian aid to those in need.

Treasury's report outlines several steps to modernize sanctions to address current policy priorities and keep the tool sufficiently nimble to address future threats:

- Adoption of a structured policy framework that links sanctions to a clear policy objective. This framework should ask whether a sanctions action: supports a clear policy objective within a broader strategy; has been assessed to be the right tool for the circumstances; incorporates economic and political implications for sanctions targets and others and has been calibrated to mitigate unintended impacts; includes a multilateral coordination and engagement strategy; and will be easily understood, enforceable, and, where possible, reversible. It is intended to cover key policy considerations in the sanctions implementation process and offer a standardized set of factors to be consistently used by sanctions professionals for both evaluating potential new actions and assessing the ongoing alignment of sanctions with evolving policy priorities.
- Multilateral coordination wherever possible. Sanctions are most effective when coordinated as an Administration and where possible with allies and partners who can magnify the economic and political impact. This coordination also enhances the

credibility of US international leadership and shared policy goals of the United States and its allies.

- Calibration of sanctions to mitigate unintended economic, political, and humanitarian impact. Treasury should continue to seek ways to tailor sanctions to mitigate unintended economic, humanitarian, and political impacts on US workers and businesses, allies, and non-targeted populations abroad. This will protect key constituencies and help preserve support for US sanctions policy.
- Ensuring sanctions are easily understood, enforceable, and, where possible, reversible. Treasury can build on existing outreach and engagement capabilities through enhanced communication with industry, financial institutions, allies, civil society, and the media, as well as new constituencies.
- Investment in modernizing Treasury's sanctions technology, workforce, and infrastructure. Treasury should invest in building its technological capabilities and deepening its institutional knowledge, especially in the evolving digital assets and services space, to support the full sanctions lifecycle of activities. Further investments in Treasury's sanctions workforce and operational capabilities will sustain Treasury's ability to execute a core tool of US national security and foreign policy and protect the integrity of the US financial system.

The report concludes by noting that a refined policy rubric and options for modernizing Treasury's sanctions infrastructure will provide Treasury with the right tools to stay ahead of these changes and the adversaries seeking to take advantage of them.

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endnotes

[1] The report is *available at*
<https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf>.

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