

U.S. DEPARTMENT OF THE TREASURY

Press Center



Speech Preview: Excerpts of Secretary Lew's Remarks on Sanctions at The Carnegie Endowment for International Peace

3/30/2016

Secretary Lew's Remarks Begin at 8:45 AM EDT and the Webcast is Available Here: <http://carnegieendowment.org/2016/03/30/u.s.-treasury-secretary-jacob-j.-lew-on-evolution-of-sanctions-and-lessons-for-future/ivpl>

WASHINGTON - "Not long ago, conventional wisdom dismissed sanctions as blunt, ineffective instruments. The old model was a country-wide embargo, which provided little flexibility to mitigate disproportionate costs on innocent civilians—both in the targeted countries and here at home... The sanctions we employ today are different. They are informed by financial intelligence, strategically designed, and implemented with our public and private partners to focus pressure on bad actors and create clear incentives to end malign behavior, while limiting collateral impact."

"Recent sanctions programs have exposed and disrupted the operations of illicit groups including terrorists and narcotics traffickers, as well as sovereigns, shuttering front companies and stopping facilitators from traveling. Sanctions put concentrated and meaningful pressure on governments abusing their own populations in places like Sudan, Burma, and Libya. They formed the centerpiece of the international response to Russia's aggressive actions in Ukraine. And most dramatically, together with the international community, we put in place sanctions that imposed massive costs on Iran, helping to bring it to the negotiating table, and culminating in a comprehensive understanding that rolled back Iran's nuclear program and ensures that it is and will remain exclusively peaceful."

"Economic sanctions have become a powerful force in service of clear and coordinated foreign policy objectives—smart power for situations where diplomacy alone is insufficient, but military force is not the right response. They must remain a powerful option for decades to come. That is why the lessons we have learned from our experience need to guide our approach to sanctions in the future. And we must be strategic and judicious in how we apply sanctions to challenging situations around the world."

"The power of our sanctions is inextricably linked to our leadership role in the world. Sanctions were forged in the context of our position as the world's largest economy and the predominant role that the U.S. financial system plays in global commerce. We must guard against the impulse to reach for sanctions too lightly or in situations where they will have negligible impact. And we must be conscious of the risk that overuse of sanctions could undermine our leadership position within the global economy, and the effectiveness of our sanctions themselves."

"Sanctions should not be used lightly. They can strain diplomatic relationships, introduce instability into the global economy, and impose real costs on companies here and abroad. And of course they carry a risk of retaliation ... Secondary sanctions prompt particular concerns. Unlike primary sanctions, which focus on activities of U.S. individuals and companies, secondary sanctions generally are directed towards foreign persons. These measures threaten to cut off foreign individuals or companies from the U.S. financial system if they engage in certain conduct with a sanctioned entity, even if none of that activity touches the United States directly. As a result, they are viewed, even by some of our closest allies as extra-territorial attempts to apply U.S. foreign policy to the rest of the world."

"The risk that sanctions overreach will ultimately drive business activity from the U.S. financial system could become more acute if alternatives to the United States as a center of financial activity, and to the U.S. dollar as the world's preeminent reserve currency, assume a larger role in the global financial system. Global norms are hard to reshape, existing alternatives are not well positioned to fully fill the role of U.S. markets and the U.S. dollar, and there are many factors that will continue to make the United States the most attractive financial system in the world. But our central role must not be taken for granted. If foreign jurisdictions and companies feel that we will deploy sanctions without sufficient justification or for inappropriate reasons—secondary sanctions in particular—we should not be surprised if they look for ways to avoid doing business in the United States or in U.S. dollars."

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