



When money can't buy food and medicine



Erica Moret, Grégoire Mallard and Zachary Douglas outline a new research project focused on banking challenges in the international trade of vital goods and their humanitarian impact in sanctioned jurisdictions.

With humanitarian concerns once again in the spotlight as a result of recent shifts in international sanctions practice and wider counter-terrorism and anti-money laundering regulations, a new project based in Geneva seeks to understand challenges faced by those involved in the trade or delivery of food, medicines and vaccines. The focus is on heavily sanctioned countries suffering from private and not-for-profit sector overcompliance, such as Syria, Venezuela, Iran and North Korea.

The past decade, has seen a return to the use of broader sectoral sanctions, which, in the 1990s, was associated with negative consequences for the health and wellbeing of ordinary citizens. This is particularly the case with measures imposed on the finance or energy sectors, or where they lead to sharp economic decline and a drop in available capital.¹ This, notwithstanding efforts since the 1990s to minimise the negative humanitarian impacts of sanctions through making them targeted or 'smart' (through asset freezes, travel bans and arms embargoes), is a response to the backlash to the impact of former United Nations and United States embargoes imposed on countries like Iraq, the former Yugoslavia, Haiti and Cuba.

Furthermore, the complexities of the contemporary compliance landscape are unattended by any centralised licensing mechanism or formal, common monitoring system to evaluate the collective impact, effectiveness or

unintended consequences. As such, licensing exemptions and exceptions on humanitarian grounds, or the provision of supplementary aid, may not always be enough to ensure basic access to healthcare and other essential goods among vulnerable populations, nor allow healthcare providers or humanitarian workers to carry out their work effectively. The situation is further exacerbated in areas already suffering from humanitarian crises, such as in conflict zones.

The ramping up of a number of hard-hitting US regimes with extraterritorial reach

THE STUDY WILL PROVIDE URGENTLY NEEDED POLICY CONTRIBUTIONS BY IDENTIFYING WAYS OF BETTER SECURING THE CONTINUATION OF FOOD, MEDICINE AND VACCINE DELIVERY IN CONTEXTS OF HUMANITARIAN CRISES IN SANCTIONED COUNTRIES.

(secondary sanctions) as part of the Trump presidency's 'Maximum Pressure' campaign had also complicated matters. The situation has been further compounded through the enduring international dominance of the US dollar and the globalised nature of US regulatory frameworks.

Some of the more significant unintended consequences of today's compliance environment include:



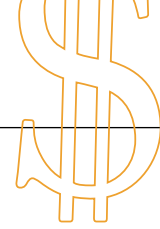
- Increased bureaucratic hurdles and greater costs to private and not-for-profit sectors;
- Financial sector overcompliance (or 'de-risking');
- Rapid decline in the availability of correspondent banking channels;
- Shrinking of the humanitarian space (including curtailed access by humanitarian actors to certain individuals or groups, such as members of designated terrorist organisations or sanctioned officials);
- Withdrawal of humanitarian organisations (the 'chilling effect') from a range of jurisdictions.

The situation has become so serious that some countries or regions can now be considered 'un-banked', raising alarm bells among the likes of the World Bank,² the International Monetary Fund,³ Financial Stability Board⁴ and the Financial Action Task Force.⁵ While deleterious impacts have already been widely documented with regards to the not-for-profit

sector,⁶ understanding of the impacts on the private food, medicine and vaccine sectors is far less developed, especially in so far as their ability to use formal banking procedures to export vital goods to highly sanctioned jurisdictions. The Covid-19 pandemic adds an additional layer of complication and risk to those seeking to deliver essential goods (as well as humanitarian support) to citizens in heavily sanctioned jurisdictions suffering from de-risking.

The project

Funded by the Swiss Network of International Studies,⁷ a new project based at the Graduate Institute for International and Development Studies, Geneva ('IHEID') entitled 'When Money Can't Buy Food and Medicine: Banking Challenges in the International Trade of Vital Goods and their Humanitarian Impact in Sanctioned Jurisdictions' was launched on 1 October 2020.⁸ The project uses a mixed-methods approach that combines supply-chain mapping, interviews, a survey



and multistakeholder policy engagement. After an extensive mapping exercise of supply chain routes of essential goods into four selected case study countries (Syria, Venezuela, Iran and North Korea), the transdisciplinary and multi-sectoral team will start to conduct qualitative interviews with some 90 executives in food and medicine companies, international organisations ('IOs') and non-governmental organisations ('NGOs'). The large-scale interview campaign will be complemented with the circulation of an anonymised survey to some 400 industry and humanitarian practitioners.

Existing primary research focuses in large part on the direct effects of legislative changes in the banking environment on humanitarian action, at the cost of exploring how private companies (other than banks) as well as IOs and NGOs in charge of delivering

food and medicine and vaccines to sanctioned countries, can navigate other regulatory regimes (from patent law to export-control regimes), once banking challenges are resolved. This research aims to fill the gap by exploring the points of view of exporters and identifying whether or not banking problems are the most important issues they face; and if not, which other regulatory problems exist depending on their position in the chain linking the producer to the consumer; and how these actors can navigate these regulatory environments to best serve their function and humanitarian obligations.

The project works on the assumption that regional variations in the regulatory framework determining the licensing of exports of food and medicine exist between the US, Europe, and China, and that these variations explain differences in practices and outcomes.

For more details about the project or to contribute contact: erica.moret@graduateinstitute.ch or see <https://snis.ch/projects/32354/>

Project lead: Dr Erica Moret is Senior Researcher at the Global Governance Centre and Centre for Humanitarian Studies at the Graduate Institute for International and Development Studies, Geneva ('IHEID') and also runs the Geneva International Sanctions Network. Principle Investigators: Grégoire Mallard is Professor of Sociology and Director of Research at IHEID and heads the European Research Council project 'Bombs, Banks and Sanctions'; and Zachary Douglas is Professor of International Law at IHEID.

WWW.GRADUATEINSTITUTE.CH/RESEARCH-CENTRES/GLOBAL-GOVERNANCE-CENTRE/WHEN-MONEY-CANT-BUY-FOOD-AND-MEDICINE-BANKING-CHALLENGES

Through research articles, a policy report and multimedia dissemination, it is hoped that the study will provide urgently needed policy contributions by identifying ways of better securing the continuation of food, medicine and vaccine delivery in contexts of humanitarian crises. The elaboration of policy recommendations will be steered through multi-stakeholder focus groups, involving leading humanitarian organisations, social scientists and international law specialists. Collaborating organisations and individuals include the United Nations, the Norwegian Refugee Council, the Human Security Collective, the universities of Geneva, Zurich, ETH, Oxford, Harvard UNU and Lille, the Geneva Academy for International Humanitarian Law and Human Rights, the Geneva Centre for Humanitarian Studies, the Oxford Institute for Ethics Law & Armed Conflict, Bourse & Bazaar, RUSI and Maya Lester QC of Brick Court Chambers, and europeansanctions.com. The project will also work to put together a Special Issue in a leading academic journal representing a unique

collaboration between sanctions and humanitarian specialists from the social and legal sciences.

Aims and research questions

The project is expected to provide the first large-scale body of qualitative research, complemented with quantitative analysis of major trends, to show how trade of vital goods with heavily sanctioned jurisdictions has changed in response to the phenomenon of de-risking. In doing so, it will shed light on some of the nuances involved in the kinds of bureaucratic, legal, banking and logistical hurdles they have encountered in this context and how they may have had to adapt under the new coronavirus pandemic. It will combine perspectives from the social sciences and international legal scholarship on the ramifications of regulatory barriers encountered by these companies, particularly in North America, Europe and Asia. Building on other multi-stakeholder fora, the research will be particularly instrumental in its ability to generate robust findings that go beyond anecdotal (and often highly politicised) evidence.

LINKS AND NOTES

- ¹ www.tandfonline.com/doi/abs/10.1080/09662839.2014.893427?journalCode=feus20
- ² www.gpfi.org/publications/report-g20-survey-de-risking-activities-remittance-market
- ³ www.imf.org/external/pubs/ft/sdn/2016/sdn1606.pdf
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- ⁶ www.impact-csr.org/invisible-sanctions; [www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20\(2\).pdf](http://www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20(2).pdf); www.chathamhouse.org/sites/default/files/publications/research/CHHJ5596_NSAG_iv_research_paper_1708_WEB.pdf; www.hscollective.org/wp-content/uploads/2018/05/Understanding-the-Drivers-of-De-Risking-and-the-Impact-on-Civil-Society-Organizations_1.pdf
- ⁷ <https://snis.ch/projects/32354/>
- ⁸ www.graduateinstitute.ch/research-centres/global-governance-centre/when-money-cant-buy-food-and-medicine-banking-challenges

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