

Sanctions law: the Embargo Act and SECO

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The legal basis for Swiss sanctions is the Federal Act on the Implementation of International Sanctions of 2002, usually called the Embargo Act. It authorises the Federal Council to adopt coercive measures in order to implement sanctions decided by the United Nations Security Council, the Organization for Security and Co-operation in Europe or Switzerland's most important trading partners. The last category is the legal gateway through which Switzerland adopts sanctions of the European Union. The measures are laid down in country-specific ordinances, for example on Russia, Iran, Syria or North Korea. The State Secretariat for Economic Affairs (SECO) is responsible for implementing and supervising these measures, for granting exemptions and for prosecuting violations, which can be punished by imprisonment or fines.¹

For a long time Switzerland followed EU sanctions selectively and with some delay, invoking its neutrality. In 2014, after the annexation of Crimea, the Federal Council decided not to adopt the EU sanctions against Russia formally and limited itself to measures that prevented the circumvention of the EU sanctions through Switzerland. This changed on 28 February 2022, four days after the Russian invasion of Ukraine, when the Federal Council decided to adopt the EU sanctions packages in full. Since then, Switzerland has followed most of the successive EU packages, albeit with some differences in timing and detail. The Ordinance on Measures in Connection with the Situation in Ukraine has become one of the most frequently amended texts in Swiss law.²

The adoption of the EU sanctions had immediate consequences for Basel. Banks had to freeze assets of listed persons and report them to SECO. Trading companies and logistics service providers in the Rhine ports had to check their shipments against the expanded lists of prohibited goods. Industrial companies had to review contracts with Russian customers and suppliers. The pharmaceutical groups were in a particular position, because

medicines and medical products are largely excluded from the trade restrictions for humanitarian reasons. The sanctions nevertheless affected them indirectly through the restrictions on payments, the exclusion of Russian banks from the SWIFT system and the listing of individuals who might be involved in their supply chains.³

1 Notes

1. Federal Act of 22 March 2002 on the Implementation of International Sanctions (Embargo Act, EmbA/EmbG, SR 946.231), in particular Articles 1, 2 and 9 et seq.; on SECO's role, see its website on sanctions and embargoes. To be verified. ↩
2. Federal Council, press release of 28 February 2022, "Switzerland adopts EU sanctions against Russia"; Ordinance of 4 March 2022 on Measures in Connection with the Situation in Ukraine (SR 946.231.176.72), as amended. To be verified. ↩
3. On the effects of the Russia sanctions on the Swiss economy and the reports to SECO of frozen assets, see SECO's regular publications on the amount of frozen Russian assets in Switzerland. Figures to be verified. ↩

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