

Humanitarian exemptions and International Geneva

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Sanctions contain exemptions for humanitarian action, and Geneva, the humanitarian capital described in Part F, is one of the places where they are applied. In December 2022 the United Nations Security Council adopted a general humanitarian exemption applicable to its sanctions regimes. The European Union and Switzerland have introduced comparable exemptions in their ordinances, so that humanitarian organisations can finance and deliver aid in countries under sanctions.¹ The Geneva banks, which hold the accounts of many humanitarian organisations, must apply these exemptions without exposing their American and European correspondents, a delicate exercise that the organisations describe as a persistent obstacle to their work.

This question illustrates Geneva's position: a financial centre where the same banks finance commodity trading under sanctions and humanitarian aid in sanctioned countries, and where the organisations that produce humanitarian norms depend on banks that are themselves subject to sanctions. Working groups bringing together banks, humanitarian organisations, the State Secretariat for Economic Affairs and foreign authorities, several of which sit in Geneva, look for practical solutions such as general licences, dedicated payment channels and assurances of non-prosecution. This work makes Geneva a laboratory for reconciling sanctions with humanitarian action.²

Worked example. A Geneva bank has 2,400 clients of Russian nationality or residence in February 2022, with CHF 6 billion in assets. After the sanctions are adopted, it identifies 35 clients who are directly targeted, whose assets, CHF 900 million, are frozen and reported to the State Secretariat for Economic Affairs. It then re-examines the other 2,365 relationships over six months, with a team of 20 analysts reinforced by consultants, at a cost of roughly CHF 4 million. It terminates 600 relationships where the origin of the funds or the links with sanctioned

entities cannot be clarified. Deposits from new Russian clients above CHF 100,000 are refused in application of the ordinance. Two years later, the bank's Russian clientele has halved in number and fallen by two thirds in assets. The bank has redirected its teams towards the Middle East and Asia, while retaining the administration of the frozen assets, which costs it more than it earns.

1 Notes

1. Security Council Resolution 2664 (2022) establishing a humanitarian exemption applicable to all UN sanctions regimes, transposed by the Federal Council through an ordinance adopted on 26 April 2023 and in force since 1 June 2023, together with the Afghan exemption of Resolution 2615 (2021); Federal Council press release of 26 April 2023, admin.ch. ↩
2. Abigail Hartman, "Counterterrorism, sanctions and financial access challenges: Course corrections to safeguard humanitarian action", *International Review of the Red Cross*, No. 916-917, 2021: financial institutions "are increasingly reluctant to provide banking services to NPOs working in highly sanctioned jurisdictions" (de-risking); "In 2019–20, the Swiss government sponsored a series of technical meetings known as the Compliance Dialogue on Syria-Related Humanitarian Payments"; Tri-Sector Working Group in the United Kingdom and Stakeholder Dialogue on De-Risking of the World Bank and ACAMS (2017). ↩

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