

Sanctions and export control — overview and summary

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Sanctions law has become one of the busiest fields of practice in the Zurich financial centre within a few years. Until the early 1990s, the phrase would have meant little to a Zurich banker beyond the memory of the Rhodesian and South African debates. Today every bank, asset manager, trust company, commodity financier and industrial exporter in the canton maintains lists, screening software and escalation procedures, and every serious law firm in the city advises on licensing requests, frozen accounts and cross-border enforcement. The turning point came with the Russian invasion of Ukraine in February 2022. Within a week the Federal Council adopted the sanctions of the European Union, which it has since followed through twenty packages. Frozen assets now run to several billion francs, and the State Secretariat for Economic Affairs (SECO) has grown from a small administrative unit into a sanctions authority with investigators of its own.

For a financial centre whose international reputation rests on stability, discretion and legal certainty, sanctions pose a particular challenge. They are political instruments, adopted quickly and amended often. The Swiss legal order implements them by ordinance on the basis of a short framework act, the Embargo Act of 2002. Their reach extends to transactions that never touch Swiss territory, because Swiss banks clear dollars in New York and serve clients whose counterparties are listed in Washington, Brussels or London. The United States in particular applies its own sanctions to foreign banks through the dollar system and through secondary sanctions. Zurich institutions therefore live under several sanctions regimes at once, while only one of them, the Swiss regime, is law in Switzerland.

This chapter describes the law and practice as at September 2026. It begins with the history of Swiss sanctions practice from the Iraq embargo of 1990

to the adoption of EU sanctions in 2022 and with the Embargo Act, its ordinances and the authorities that apply them. The Russia ordinance of 4 March 2022, the tests of ownership and control, the frozen assets and the enforcement record follow. Separate sections deal with American and European sanctions of extraterritorial reach, with export controls under the Goods Control Act and the War Material Act, including the long debate on the re-export of Swiss arms, and with the financing prohibitions of the War Material Act. The chapter closes with the practitioner's perspective on compliance programmes, licensing requests, criminal defence and the tracing of frozen assets. Money-laundering law, mutual legal assistance and asset recovery are treated in the neighbouring chapters of this Part and appear here only where they meet sanctions law.

1 Conclusion

Swiss sanctions law has moved from the margins of neutrality policy to the centre of the financial centre's daily business. The Iraq embargo of 1990 was the first clear participation in UN sanctions. The Embargo Act of 2002 gave the practice a statutory basis. The adoption of the EU sanctions against Russia in February 2022 turned Switzerland into a full participant in the most comprehensive sanctions regime ever imposed on a major economy. The Federal Council has followed all twenty EU packages, the lists now contain around 2,790 persons and entities, and frozen assets have reached CHF 8.5 billion. On 27 September 2026 the electorate rejected, by a large margin according to the first projections, an initiative that would have ended the practice of adopting EU sanctions.

The Swiss system nevertheless retains its own character. Sanctions are adopted by ordinance, case by case, on the basis of a short framework act that gives the Federal Council broad discretion. SECO combines the functions of rule-making assistant, licensing authority, supervisor and prosecutor. The criminal enforcement record consists mostly of small fines for negligent exports. Where large sums and financial institutions are at stake, enforcement runs through money-laundering law, the Office of the Attorney General and FINMA. The Mbaer case of February 2026 showed that the most severe consequence for a bank that assists in circumventing sanctions is the loss of its licence, triggered by combined American and Swiss action.

For Zurich institutions the Swiss regime is only one of several. American sanctions reach them through the dollar, the correspondent banks and secondary sanctions, and European sanctions reach them through their EU employees and parent companies. Swiss law gives no protection against

these foreign regimes and restricts cooperation with foreign authorities through Article 271 of the Criminal Code. The result is a compliance culture that often goes beyond what Swiss law requires and that has led many banks to withdraw from Russian business altogether. The export control regime and the War Material Act add their own constraints, which the pending referendum on the re-export of war material will reshape. For a financial centre that has built its reputation on legal certainty and discretion, the lesson of the past four years is that reputation now also depends on the credibility of its sanctions enforcement.

2 In five sentences

1. Switzerland first participated clearly in UN sanctions with the Iraq embargo of 7 August 1990, and since 2003 all sanctions ordinances have rested on the Embargo Act, which allows the Federal Council to implement UN, OSCE and EU measures by ordinance.
2. The Russia ordinance of 4 March 2022 implements all twenty EU packages adopted since the invasion of Ukraine, freezes the assets of around 2,790 persons and entities and prohibits a wide range of trade, financial, trust and professional services.
3. Frozen Russian assets amounted to CHF 8.5 billion on 1 July 2026, in addition to Russian central bank assets of about CHF 7.4 billion, while the Federal Council considers confiscation without a criminal conviction to be unconstitutional.
4. Enforcement by SECO has produced mostly small fines, whereas the decisive cases for the financial centre, such as the Gazprombank convictions and the liquidation of MBaer Merchant Bank in 2026, have been pursued through criminal money-laundering law, FINMA and American measures.
5. Export control under the Goods Control Act and the War Material Act adds a separate layer, in which the refusal to allow the re-export of Swiss arms to Ukraine prompted a reform of 19 December 2025 that voters will decide on 29 November 2026.

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