

# U.S. financial warfare: Sanctions target Russia and China

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Donald Trump may appear to conduct the White House as if it were part of “The Apprentice” television series — he’s rumored to have said “You’re fired” to Zelensky. His Secretary of Education is Linda McMahon of World Wrestling Entertainment (WWE has been newly tapped to train FBI agents). But it’s not really a three-ring circus no matter how it looks.

It’s a no-holds-barred war machine with a ruthless manipulator at the helm — war at home and war abroad. To Zelensky, Trump said we want Ukraine’s rare earth minerals; that’s “the deal or we’re out.”

What you don’t see on the TV news or in the social media feeds, but you will find in the business press like [Bloomberg News](#), is a report that “Secretary of State Marco Rubio told European allies that the Trump administration would keep its Russia sanctions in place.” On Feb. 27, Trump issued an executive order that extended Biden’s sanctions against Russia for another year.

### **Sanctions are a key weapon**

The sanctions are a key weapon in the U.S. war on Russia ... and China.

The U.S. dominates the world’s money system by controlling a network called SWIFT, which banks use every day for global transactions.

SWIFT is the main system for international money transfers. Without it, countries can’t easily do business with each other. The U.S. has effectively weaponized access to SWIFT as part of its sanctions regime.

Many people call this method the “nuclear option” of sanctions. It means cutting off a country’s access to SWIFT, which can seriously hurt its ability to trade.

As Foreign Policy magazine explained when Biden imposed sanctions on Russia, removing Russian banks from the SWIFT system has disabled Russia’s international

trade. (“[What does Russia’s removal from SWIFT mean for the future of global commerce?](#)”)

Because of the sanctions, Chinese banks are afraid of doing business with Russian businesses out of fear of being frozen out of dollar transactions through SWIFT.

## **Trade problems between Russia and China**

A report published on [InfoBRICS](#) (the joint website of the ministries of foreign affairs of the BRICS member states) outlined the problems the sanctions have caused in Russian-Chinese economic relations.

The report says U.S. sanctions have caused serious trade problems between Russia and China. Until recently, Russia and China claimed to have their “best relations in history.” But now, [since mid-2024](#) when Biden imposed new sanctions on Russia and China, Chinese banks have been rejecting and returning approximately 80% of Russian payments made in Chinese yuan. Chinese banks are even refusing money from other countries if the sender has a Russian name. This affects small businesses and huge projects like Arctic LNG-2, which produces natural gas. China is being careful because it doesn’t want to lose access to U.S. and European markets, which are still very important to its economy.

Since 2014, Russia has been trying to develop ways to do business without depending on Western financial systems. This included using Russian and Chinese currencies instead of dollars and euros. In 2023, [about 95% of trade](#) between Russia and China used their own currencies instead of dollars. However, this didn’t protect their trade relationship because they still rely on U.S.-controlled payment systems for most international transactions.

Russia and China have often discussed connecting their payment systems (SFPS and CIPS) but have yet to do so.

They are trying to solve these problems by using “workarounds” — like finding payment middle agents in other countries or trading goods directly instead of using money. Some try to work with smaller Chinese banks, but this doesn’t always work. These methods all cost more money and time. Besides being unreliable and expensive, these workarounds also damage the relations of both countries.

China has experience working with countries under sanctions, such as North Korea and Iran. They could create special financial organizations just to work with Russia, but this would take time and money because Russia and China do so much business together. There’s only one Russian bank branch in Shanghai, which can’t handle all the business needs. Even though other Russian banks plan to open offices in China, this won’t solve the bigger problem.

All these temporary solutions treat the symptoms but not the cause of the problem. This situation shows how the U.S. can threaten relationships between independent countries. If a country challenges U.S. hegemony, its ability to trade with others can be severely limited — sometimes just through threats alone.

## **BRICS Pay**

The world is changing, with developing countries aligning through multilateral groups like BRICS (Brazil, Russia, India, China, South Africa, and now six more countries: Egypt, Ethiopia, Iran, the United Arab Emirates, Saudi Arabia, and Indonesia). BRICS represents 45% of the world’s population and 37% of the world’s GDP. On Jan. 1, 2025, nine nations were announced as the first BRICS partner countries: Belarus, Bolivia, Kazakhstan, Cuba, Malaysia, Thailand, Uganda, Uzbekistan, and Nigeria.

The report on InfoBRICS suggests that the payment problems between Russia and China might be solved by creating the BRICS Pay system. This system, built using blockchain technology (the same technology behind Bitcoin), could replace SWIFT.

BRICS Pay remains in the proposal and developmental stages. In October 2024, Russian Minister of Finance Anton Siluanov indicated that the details of the BRICS Pay system that would be acceptable to all participants should be ready within a year.

But BRICS Pay has not been agreed upon. There are significant technical, political, and regulatory issues yet to be worked out.

There is not yet any alternative to the Bretton Woods institutions based on the U.S. dollar, no alternative to the SWIFT system.

For now, U.S. sanctions are waging direct and indirect war on Russia and China, in particular through U.S. control and manipulation of the SWIFT system.

