

Daily Memo: West Prepares Sanctions on Russia, EU Economic Weapons

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All options available. The European Union is ready to impose **additional sanctions against Russia** if it attacks Ukraine, European Commission President Ursula von der Leyen told EU ambassadors. Latvia's foreign minister said the West should be ready to **cut Moscow off** from the SWIFT network, which enables financial institutions to send and receive information about banking transactions, as well as to sanction the Nord Stream 2 gas pipeline. Finally, France announced that President Emmanuel Macron will **meet** with Russian President Vladimir Putin to discuss the Ukraine situation.

But not yet. Meanwhile, U.S. sanctions on the Nord Stream 2 pipeline between Russia and Germany were **removed** from the latest version of next year's U.S. defense spending bill. The White House said the Baltic Sea pipeline offers Russia no leverage at the moment because it isn't operational.

Strategic autonomy. The European Commission announced a **new legal mechanism** to counter the use of economic coercion by third parties against a member state or states. The tool will permit Brussels to enact countermeasures such as tariffs and import restrictions. The European Parliament and national leaders must still greenlight the instrument, which the commission also said would act as a deterrent.

Missed payments. China's second largest international borrower in the real estate sector, Kaisa, suspended trading of its shares. The move coincided with news that Kaisa missed a \$400 million bond payment. Relatedly, Chinese real estate giant Evergrande failed to make a payment due earlier this week. Both companies run the risk of **officially defaulting** this week.

Cooperative attitude. Iran said it wants to expand water and energy **cooperation with Azerbaijan**. Iran, Azerbaijan and Georgia also reached a deal on the organization of a **transit route** connecting the Persian Gulf and the Black Sea.

Joint air drills. The U.S. and Saudi Arabia began a **joint air exercise** at King Faisal Air Base and King Fahd Air Base.

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