

SAPRONOV & ASSOCIATES, P.C.  
ATTORNEYS AT LAW

[info@wstelecomlaw.com](mailto:info@wstelecomlaw.com)  
[www.wstelecomlaw.com](http://www.wstelecomlaw.com)

1300 I STREET, NW, SUITE 400  
WASHINGTON, D.C. 20005  
TEL. 770.309.0462

5555 GLENRIDGE CONNECTOR SUITE 200  
ATLANTA, GEORGIA 30342  
TEL. 770.399.9100

CLIENT & FRIENDS ALERT<sup>1</sup>

September 17, 2025

**U.S. Sanctions on Russia:  
East is East and West is West<sup>2</sup>**

Continuing with our “sanctions updates”, this latest one is based on the presentation of our firm, Sapronov & Associates, P.C. ([www.wstelecomlaw.com](http://www.wstelecomlaw.com)) at the most recent BWG Global<sup>3</sup> teleconference on Cross-Border Payments, September 12, 2025.<sup>4</sup> As before, our focus is on cross-border transactions and sanctions diligence (along with a few practical pointers) – but this time addressing the participation of the Russian Federation, the Peoples Republic of China and the Republic of India (Bharat Ganarja) at the recent Shanghai Cooperation Organization (SCO) summit held in Tianjin, China from August 31 to September 1, 2025.<sup>5</sup>

First, our usual caveat: we make no recommendations about any U.S. or foreign laws, policies, or other geopolitical matters. This alert is based on our experience, on discussions with colleagues in Russia and Europe, and on generally available publications at the time of this publication. These are fast-moving developments, and our discussion below may or may not be accurate in the future.

Second, the discussion below responded to a series of questions from BWG about the most recent threats of the U.S. Administration to impose secondary sanctions on China and India

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<sup>1</sup> While accurate to the best of our knowledge, this discussion is for tutorial purposes only, is neither a legal opinion nor legal advice. Please contact us if you have any questions regarding this disclaimer.

<sup>2</sup> “ . . . , and never the two shall meet, . . . ”, Rudyard Kipling, “The Ballad of East and West”, [https://englishverse.com/poems/the\\_ballad\\_of\\_east\\_and\\_west](https://englishverse.com/poems/the_ballad_of_east_and_west).

<sup>3</sup> BWG Global (“BWG”) is a recognized research firm providing industry intelligence. See <https://bwgglobal.com/>

<sup>4</sup> For our prior alert on this topic, please visit <https://wstelecomlaw.com/2025/07/u-s-sanctions-on-russia-anticipating-the-winds-of-war/>. An introduction to U.S. Sanctions on Russia may be found therein and is not repeated here.

<sup>5</sup> For details about these sanctions and their implications for cross-border financial transfers, please see our “Negotiable Hostilities” alerts/webinars (sponsored by Certi (f/k/a Thomson Reuters West LegalEd Center) at <https://wstelecomlaw.com/2023/08/negotiable-hostilities-webinars/>.

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unless those countries cease purchasing Russian oil, and the response of those three countries at the SCO. The questions posed by the BWG moderator were as follows:

1. With their participation in the SCO, China and India appear to be warming to Russia. How far will they go in resisting U.S. demands and thus risking access to U.S exports?
2. What is the status of the BRICS<sup>6</sup> Alternative Payment System?
3. What is China's role in BRICS Development Financing?

Here are some thoughts, largely based on the remarks of the SCO representatives at the Summit.

### 1. SCO and The Primakov Triangle.

Some background: the roots of SCO (and of its sister organization, BRICS) go back to the so-called "Primakov Triangle", part of the doctrine espoused by then Russian Foreign Minister Evgeny Primakov, appointed by President Boris Yeltsin in 1996. In a radical departure from the reconciliatory approach to dealing with Western countries by his predecessor, former Russian Foreign Minister Andrei Kozyrev, the doctrine is based on a counterbalance to the West through a new strategic, triangular alliance among Russia, China, and India. This was the origin of BRICS, and today it was on full display at the SCO Summit.

The Summit immediately followed demands from U.S. President Trump to Indian Prime Minister Narendra Modi, backed up by threats of 100 percent tariffs on its U.S. exports, that India cease its purchase of Russian oil. (Prior similar threats to China had been forcefully rejected as well.)

The response was a hard "no". At the Summit, the Primakov "trio", Prime Minister Modi, Xi Jinping, and Vladimir Putin, walking hand in hand for the cameras, forcefully proclaimed their vision of a new multi-polar world order based on "Sovereignty" (Суверенитет) of SCO members, under which no nation has the right to dictate (especially *in terrorem*) the terms of any other nations' dealings with third countries. While the trio emphasized that they were not pursuing hostile military action against the West, the elaborate, much-publicized Chinese military parade - with emphasis on its nuclear arsenal - was a clear statement that they would not bow to Western military hegemony either.

So, by all indications, at least publicly, China and India are taking a hardball approach to indirect sanctions threats. Behind the scenes, both Prime Minister Modi and President Trump appear to be softening their rhetoric, recognizing, of course, that a breakdown in trade relations between their respective countries would benefit neither.

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<sup>6</sup> BRICS is an [intergovernmental organization](#) whose members include [Brazil](#), [Russia](#), [India](#), [China](#), [South Africa](#), [Egypt](#), [Ethiopia](#), [Indonesia](#), [Iran](#) and the [United Arab Emirates](#). The acronym BRICS+ (in its expanded form BRICS Plus) has been informally used to reflect new membership since 2024. Source: Wikipedia.org. Other authorities for the discussion in this alert are largely omitted but available upon request.

## 2. Status of the BRICS alternative payment system

As discussed in prior alerts, the new payment system, an alternative to SWIFT,<sup>7</sup> is largely exploratory – but it is slowly emerging. The idea is bilateral currency exchange (*e.g.*, Russian rubles to Indian rupees) among the BRICS trading partners, thus avoiding SWIFT and U.S. dollar currency exchanges altogether. De-dollarized exchanges are still embryonic – but they are being discussed. At the Summit, the support of their value through underlying gold (rather than dollar) reserves was discussed as well, as was the possible use of cryptocurrency.

On a related note, the leaders of China and Russia announced the formation of the “Siberia 2” pipeline, one that will support transcontinental delivery of oil between those countries and to others using this conduit, along with transnational extensions of this pipe to their own shores. Once again, mirroring the movement away from dollar-denominated transactions, this would facilitate oil flow outside of Western borders (*e.g.*, the Nord Stream pipeline), without touching SWIFT, and outside the scope - or even perception - of Western sanctioning bodies.

## 3. What is China’s Role in BRICS Development Financing?

These are the BRICS New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). Both are meant to reduce reliance on the IMF/World Bank. The NDB funds the infrastructure; the CRA provides liquidity support. The impact is still modest, but symbolically (as discussed above), it is yet another step by the BRICS members and partners toward financial autonomy. China will also likely expand development finance through Belt and Road-style initiatives, focusing on much of Eurasia and the Global South.

## 4. Some Ending Thoughts.

All these SCO initiatives are, of course, embryonic. The dollar will not be replaced as the World’s reserve currency anytime soon. Nor will Siberia 2 be built in a day, and the Summit was not Bretton Woods. And some foreign policy observers believe the strength of the Russia / China / North Korea alliance is overstated. But the trend among BRICS nations to pursue multipolarity is clear. Repeatedly, SCO speakers emphasized that the “Rules-Based Order” (a code-name for Western hegemony) is built in large measure on the “tyranny” of the U.S. dollar, a perception underscored by European threats to confiscate Russian banking assets. All the initiatives discussed at the Summit represent steps to move away from this centuries-old framework, baby ones for now, but steps, nonetheless.

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For a discussion of practice pointers for drafting cross-border payment contracts in this time of uncertainty, please see our last alert at <https://wstecomlaw.com/2025/07/u-s-sanctions-on->

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<sup>7</sup> SWIFT (Society for Worldwide Interbank Financial Telecommunication) is the world’s largest global messaging network used by banks and financial institutions to exchange transaction instructions and other financial information/ <https://www.swift.com/about-us/who-we-are>. Exclusion from SWIFT is one of the key Western sanctions on The Russian Federation.

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[russia-anticipating-the-winds-of-war/](#). And as always, if you have questions or comments (or need drafting assistance or sanctions diligence with cross-border transactions, please contact us at [info@wstelecomlaw.com](mailto:info@wstelecomlaw.com) or at (770) 309-0462.