# Modernising US economic statecraft to meet evolving global challenges



The Atlantic Council is reporting on the evolution and current challenges of US economic statecraft, highlighting proposals to modernize the United States’ approach to wielding economic and financial tools in support of national security interests.

Over the past decade, economic statecraft has become a central but often vaguely defined element of American security and foreign policy. It encompasses various levers, including sanctions, regulatory actions, export controls, tariffs, development financing, and technical assistance that together aim to protect the US economy and promote its interests globally. Despite increased reliance on these tools, the institutions and processes responsible for their deployment have not evolved accordingly, resulting in fragmented decision-making, duplication of efforts, and an overdependence on sanctions by the Department of the Treasury and the American financial sector.

The report emphasises that adversaries such as China, Russia, and Iran are advancing rapidly in their ability to evade sanctions, develop alternative financial systems outside the US dollar and SWIFT network, and exploit emerging technologies faster than government responses. This growing sophistication underscores the urgency for the US to adapt its economic statecraft framework.

To enhance coordination and effectiveness, the Atlantic Council recommends establishing an interagency economic statecraft and security committee led by the Department of the Treasury. This body would include representatives from the Treasury's various components, the intelligence community, and departments such as State, Justice, Defense, Commerce, Energy, the Office of the US Trade Representative, and the International Development Finance Corporation. The committee would coordinate the full spectrum of economic tools, ensuring their appropriate sequencing, evaluation, and integration to avoid duplication and align with broader strategic goals. This approach aims to preserve the National Security Council’s strategic oversight while adding a specialised technical coordination function, improving policy coherence across agencies.

Another critical area identified is the revitalisation of the Treasury’s Office of Intelligence and Analysis (OIA). Currently, the OIA confronts both structural and substantive challenges, partly due to a disconnect between economic security and broader national security analytics. The Council suggests that OIA should refocus on delivering complex financial analysis to support economic security objectives rather than competing with larger intelligence agencies on general intelligence products. Bringing in macroeconomics expertise and fostering internal mobility would strengthen its capacity to analyse geoeconomic threats and support targeted policy decisions.

The Treasury’s attaché programme, placing senior officials abroad to work with foreign counterparts on illicit finance and macroeconomic stability, is described as essential but under-resourced and inconsistently managed. Currently comprising about a dozen posts worldwide, attaché positions are vulnerable to shifts in funding and political priorities, leading to closures in geopolitically vital locations such as Ankara, Jerusalem, Kiev, and Moscow. The lack of formal recognition as a diplomatic service within the Treasury limits their integration and career progression. The Atlantic Council proposes formalising the programme through congressional recognition of the Treasury as a foreign service agency. This would improve interagency cooperation at embassies, stabilise attaché postings, and provide clearer reporting structures, ultimately enhancing diplomatic engagement on economic security issues.

Technological modernization is also a focus, with recommendations for the Treasury’s Office of Terrorism and Financial Intelligence (TFI) to upgrade its information technology infrastructure and integrate artificial intelligence (AI) to process vast amounts of financial data efficiently. For example, AI could assist the Financial Crimes Enforcement Network (FinCEN) in analysing millions of suspicious activity reports to identify high-risk patterns, support enforcement actions, and improve regulatory policymaking. Similarly, the Office of Foreign Assets Control (OFAC) could leverage AI to expedite licensing request reviews, allowing limited resources to focus on complex cases. Additionally, improved economic modelling capabilities could provide policymakers with better diagnostics of the impacts of sanctions and other economic measures. To oversee these innovations, the Council advocates for creating a dedicated TFI chief innovation officer role to optimise resources and advance technology strategies.

The authors note that these initiatives align with existing statutory authorities, such as those in the Anti-Money Laundering Act of 2020, and propose utilising already authorized frameworks to avoid lengthy legislative hurdles. For instance, section 6104 of the Anti-Money Laundering Act mandates an interagency rotational programme to enhance the United States’ AML/CFT regime, supporting the interagency committee concept.

Secretary Scott Bessent of the Treasury articulated in a March 6 speech that “economic security and national security are inseparable” and highlighted the importance of Treasury tools in US foreign policy. However, the manner in which these tools are currently applied is described as outdated. The Atlantic Council stresses that modernising coordination, intelligence, diplomatic engagement, and technology will bolster the US’s capacity to protect its economic interests and maintain the integrity of the financial system in the face of evolving global challenges.

The report’s authors include Lesley Chavkin, Global Head of Policy at Paxos and a Nonresident Senior Fellow at the Atlantic Council’s GeoEconomics Center; Eitan Danon, content marketing manager at Chainalysis and adjunct senior fellow at the Center for a New American Security; Kimberly Donovan, director of the Economic Statecraft Initiative at the Atlantic Council’s GeoEconomics Center; Andrew Gallucci, Senior Director for Regulatory Strategy at Circle; and Caroline Hill, Senior Director for Global and Regulatory Strategy at Circle. Each has served previously in various capacities within the US Treasury Department, intelligence community, and related governmental bodies.

The Atlantic Council’s Economic Statecraft Initiative, housed within its GeoEconomics Center, continues to provide research and analysis on using economic power to achieve foreign policy and national security goals in a complex global environment.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/modernizing-the-tools-of-economic-statecraft-to-meet-the-challenges-of-today/> - This URL supports the claim that the United States needs to modernize its approach to economic statecraft to align with current global challenges, emphasizing the need to enhance coordination and effectiveness in using economic tools for national security interests.
2. <https://www.atlanticcouncil.org/programs/geoeconomics-center/economic-statecraft-initiative/> - This URL provides context about the Atlantic Council's Economic Statecraft Initiative, which publishes leading-edge research on sanctions and the use of economic power to achieve foreign policy goals, supporting the idea that economic statecraft is a crucial tool for US national security.
3. <https://www.atlanticcouncil.org/blogs/new-atlanticist/forging-a-positive-vision-of-economic-statecraft/> - This article highlights the need for a modern doctrine of economic statecraft to enhance the United States' use of economic tools in great power competition, underscoring the importance of strategic planning in economic statecraft.
4. <https://www.atlanticcouncil.org/commentary/transcript/the-world-needs-a-common-vision-for-the-responsible-use-of-economic-statecraft-tools/> - This transcript outlines principles for the responsible use of economic statecraft, supporting the idea that there is a growing need for coordinated and principled approaches to economic statecraft.
5. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/modernizing-the-tools-of-economic-statecraft-to-meet-the-challenges-of-today/> - While this URL is used previously, it further supports the point about adversaries developing alternative financial systems and evading sanctions, highlighting the urgency for US adaptation.
6. <https://www.atlanticcouncil.org/programs/geoeconomics-center/> - This URL provides additional context on the Atlantic Council's GeoEconomics Center, which houses initiatives like the Economic Statecraft Initiative, supporting the role of the Atlantic Council in researching and analyzing economic statecraft issues.
7. <https://news.google.com/rss/articles/CBMi4AFBVV95cUxNakY5VHJKaDVNNTdndUlFcnlzWnlpTHRSMW52V1hUOC1DOGtkTTExZ01FNlZuMURUU0JBVmxNV1I3RTlOdXR1Nl9YME9RenNNbi1tTW5OX0NpanF2X3FLb2xCLVhMb1JuanFPN0F5SmZEcXdFOVBiZGVNUUZHRWpoZko5cTJLMzJWel9maGZPR3I0V2dLNUE2SGg0dm5tT2JXZFdvMnh1aUlpNWdkVDMwdDQzMUd3SXZPT29nc0ZqaThhcG9VV1F4VHlLLU9JTk9QNUpuWmNpYlpLUUtDclA5Sg?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data