

Understanding international sanctions

1 What are we talking about?



International sanctions:

- Measures imposed by one or more countries, international and regional organisations such as the UN, the EU or ECOWAS, to maintain peace and security or to punish behaviour deemed illegitimate on the international scene.
- They can be economic, diplomatic, military or symbolic.

Types of penalties :



Economic sanctions

- trade restrictions,
- embargoes on products or services (such as energy or arms),
- asset freezes,
- bans on financial transactions.



Symbolic sanctions

- travel bans for individuals or groups,
- public condemnations,
- exclusion from international sporting competitions,
- etc.



Diplomatic sanctions

- reduction or suspension of diplomatic relations.



Military sanctions

- arms embargoes,
- support for military intervention.

Sanctions can be:



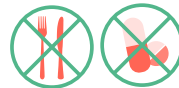
GLOBAL → against a country or state



TARGETED → *SMART SANCTIONS*
i.e. directed at specific individuals, products or sectors of activity



They were developed to limit the impact of sanctions on the population of the sanctioned country.



They rarely affect essential goods such as food or medicines.



UNILATERAL → imposed by one country on another.



MULTILATERAL → imposed by the United Nations Security Council or a regional organisation.



Accompanied by humanitarian programs to try to offset the impact of the sanctions on the population.



→ case with the UN's "oil for food" program in the 1990s and following the sanctions imposed by the UN at the time of Iraq's invasion of Kuwait.

Most popular reasons for imposing sanctions



Source: Desbordes R., Munier F. (2023).

More often, sanctions are used to offset a refusal to enter into direct military conflict (Iran, Russia) or to support an ongoing conflict (Afghanistan). They become more complex with globalisation, as they are easier to circumvent.

2 History of sanctions



INTERNATIONAL SANCTIONS

- date back to antiquity
- modern application: after the First World War.

ANTIQUITY

MID-TWENTIETH CENTURY

Trade embargoes often preceded conflicts, which were then extended to blockades of all trade and financial flows.

Sanctions → to weaken the adversary before military conflict.



At the end of the First World War:

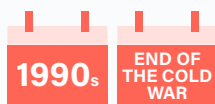
Within the framework of the League of Nations, sanctions could be used to avoid war.

US President Woodrow Wilson



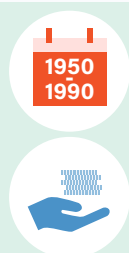
Sanctions were used :

- to support peace
- to "sanction" a country that was violating international law and threatening peace and stability.



Targeted sanctions or smart sanctions

have replaced global sanctions, which had a severe impact on civilian populations.



During the Cold War :

- Sanctions were mainly of a commercial nature and targeted countries involved in geopolitical conflicts (e.g. Cuba, North Korea);



Sharp increase in sanctions after the end of the Cold War

- countries such as Iraq (invasion of Kuwait)
- the former Yugoslavia (the wars in Bosnia and Kosovo).



Rise of targeted "smart sanctions" (financial and travel sanctions)

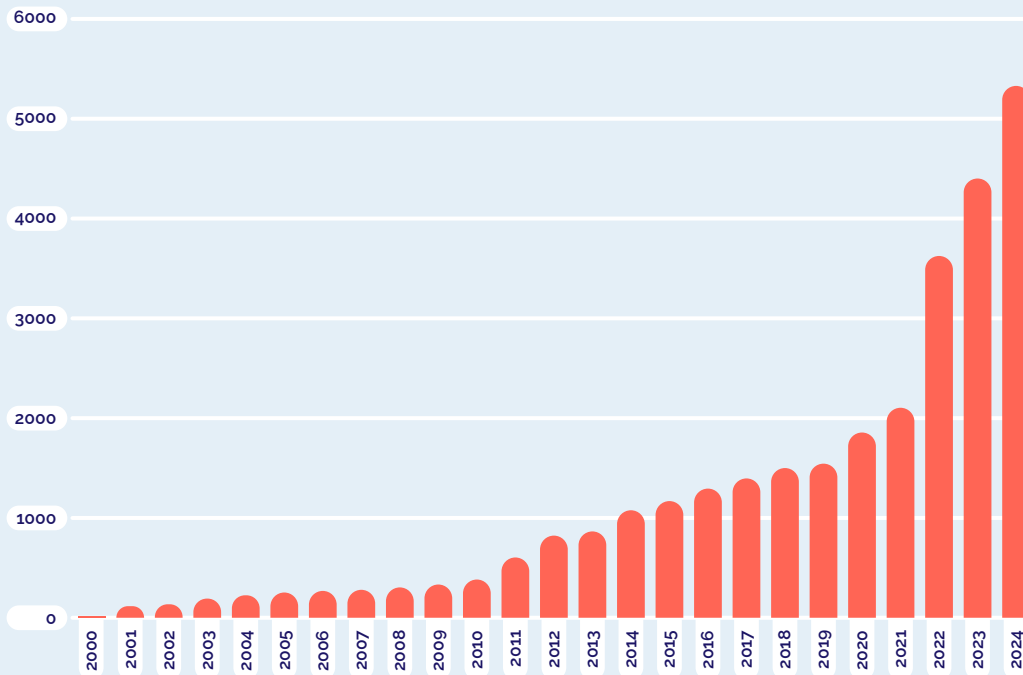
- 11 September attacks and the conflicts in the Middle East



Significant increase in sanctions

- Russia (annexation of Crimea, invasion of Ukraine in 2022)
- North Korea (development of nuclear weapons)

Number of sanctions imposed by the European Union in force (each year for the last 20 years)



Source: EU sanctions tracker - <https://data.europa.eu/apps/eusanctionstracker/>

3 Who imposes penalties?

Main players imposing sanctions

ONU Sanctions imposed by the Security Council.



The United Nations Charter establishes a legal framework for restrictive measures (which it does not list).

ARTICLE 39

"The Security Council shall determine the existence of any threat to the peace, breach of the peace or act of aggression and shall make recommendations or decide what measures shall be taken in accordance with Articles 41 and 42 to maintain or restore international peace and security".

ARTICLE 41

"The Security Council may decide what measures not involving the use of armed force shall be taken to give effect to its decisions, and may call upon Members of the United Nations to apply such measures. Such measures may include the complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio and other means of communication, as well as the severance of diplomatic relations."

UNITED STATES

Through the US Treasury and OFAC (Office of Foreign Assets Control).



US system of international sanctions

-  Key tool of US foreign policy. Administered mainly by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury
-  Allows assets to
 - be frozen
 - financial transactions to be prohibited
 - access to American markets to be restricted for individuals, companies or countries deemed to be threatening for interests of the United States.
-  Often coordinated with allies, but can also be unilateral.
-  Can target :
 - authoritarian regimes, → entities responsible for human rights violations.
 - terrorist organizations,
 - drug traffickers,



EUROPEAN UNION

In coordination with its Member States.



Restrictive measures

-  key tool of the Common Foreign and Security Policy (CFSP)
-  Used to defend its strategic interests and protect its fundamental objectives abroad.



Adopted unanimously by a Council decision in the field of the CFSP, which is binding in its entirety for all Member States

3 types of measures:

- transposition of measures agreed within the framework of the United Nations,
- measures complementary to those adopted by the United Nations,
- measures adopted on the EU's own initiative.

IF the decision provides for




- reduction
- interruption of all or part of the economic and financial relations with a third country

→ An EU regulation shall be adopted by qualified majority upon a joint proposal from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy.
In practice, approval is by consensus.

OTHER REGIONAL ORGANISATIONS

Ex. : the African Union or the Organisation of American States (OAS).



-  Sanctions on countries that are members of the organisation.
-  In response to a failure to comply with the organisation's rules.
-  This is the case for the African Union and ECOWAS.

Certains États disposent également d'un régime de sanction unilatéral.

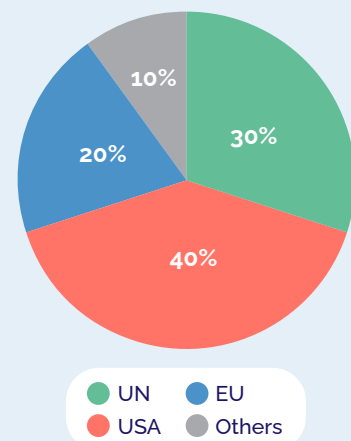
Prerogative of Western democracies:



Systems are more widespread today:

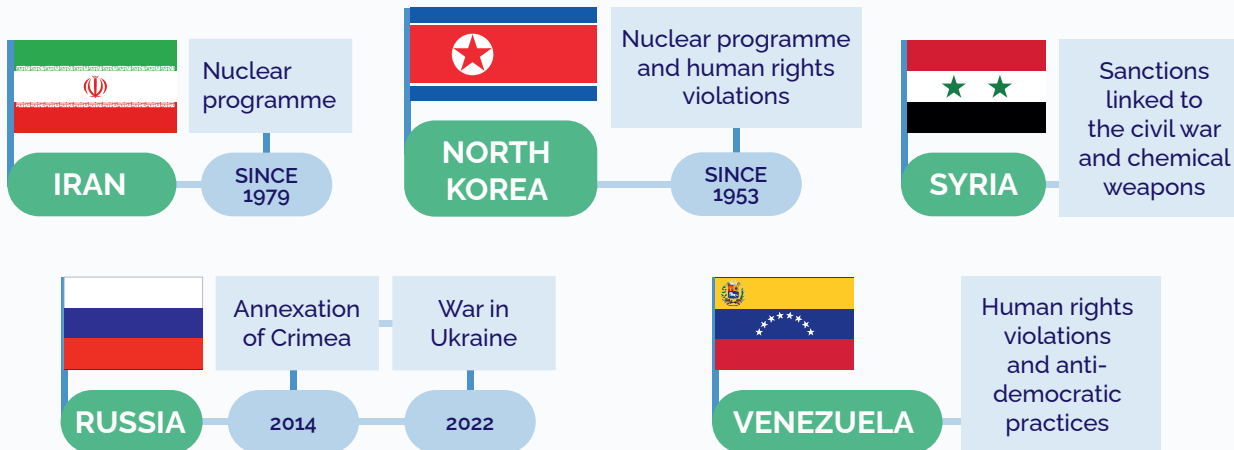


Who did sanctioned in 2023?



Who is sanctioned?

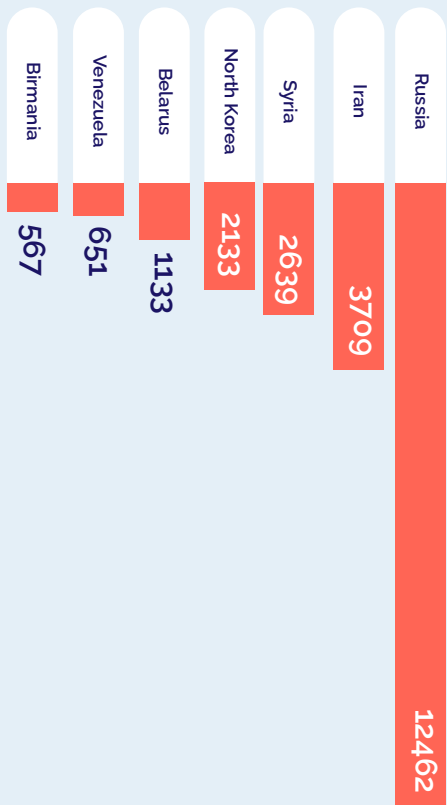
Main countries sanctioned :



World's most sanctioned countries

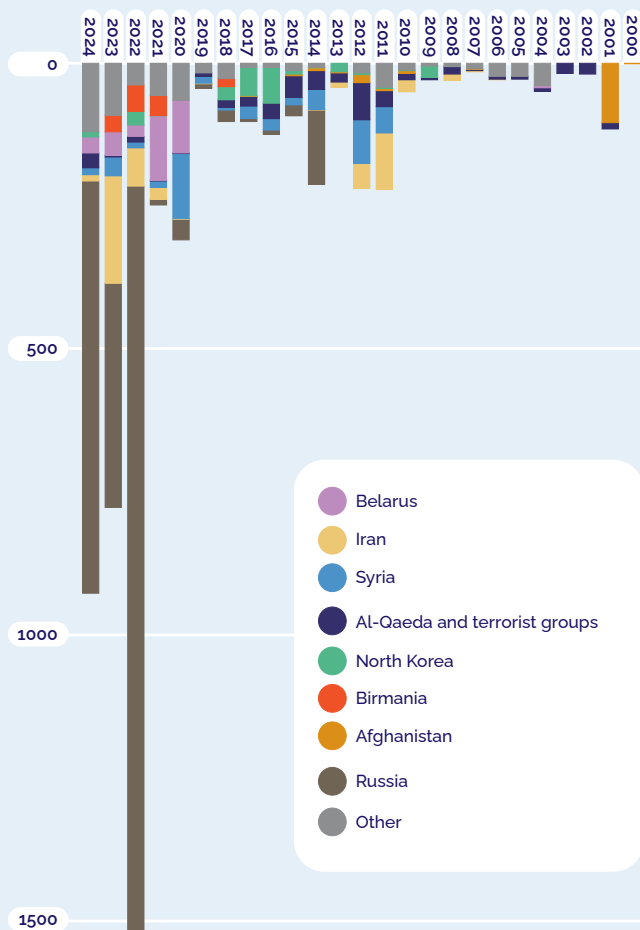
Number of sanctions

(October 2022)



Source: Statista, Castellum, AI

Countries sanctioned each year by the European Union



Source: EU sanctions tracker - <https://data.europa.eu/apps/eusanctiontracker/>



EFFECTIVENESS OF SANCTIONS

Subject of debate

Impact on the economies targeted, their effectiveness in changing political behaviour is often limited, particularly in authoritarian regimes.



SUCCESS STORIES



SOUTH AFRICA

Helped end apartheid.



IRAN

Negotiation of the nuclear agreement in 2015 (before its withdrawal by the United States in 2018).



EXAMPLES OF FAILURES



CUBA

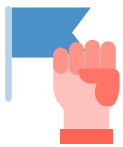
+ 60 years of US sanctions have not toppled the regime.



NORTH KOREA

Decades of sanctions, the nuclear programme continues to develop.

Sanctions tend to:



- a kind of national resistance,
- a patriotic sentiment,
- a radicalisation of the population, amplifying its support for the government in power, whose policies and actions are targeted by the sanctions.

This consequence of sanctions is known as



RALLY AROUND THE FLAG

Isolation and marginalisation of the sanctioned country

Have several negative consequences

- ✓ strengthening the regime in power,
- ✓ weakening the opposition,
- ✓ leading to a hardening of the regime,
- ✓ an increase in corruption and clientelism within the state apparatus.

Sanctions can be easily circumvented



Russia sells a large proportion of its gas and oil through India, or manages to procure various components via its neighbours in Central Asia.



Economies also adapt to sanctions by developing local production.

Russia diversified its agricultural production after the sanctions imposed by Western countries in 2014 following the invasion of Crimea.



Why do we continue to impose sanctions?



To weaken the adversary or aggressor country before or during a conflict.



Avoiding conflict.



Using sanctions as an instrument of economic warfare, or even of the conflict itself.



Reasons directly linked to the secondary objectives of a sanction,

Prevent the country from engaging in activities prohibited by international law.



Discourage other countries from engaging in activities prohibited by international law (signal effect).



Cut off all economic, commercial or financial relations so as not to participate indirectly in the financing and consequently make possible the conflict or the measure contrary to international law.

ECONOMIC CONSEQUENCES OF SANCTIONS

- Weigh heavily on populations .
- Sectoral or general inflation .
- Slowdown in economic growth leading to unemployment and poverty.
- Shortages of sanctioned products.

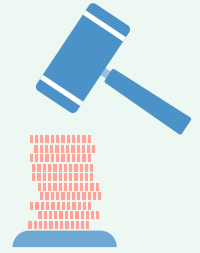


To limit this impact:
Targeted sanctions that affect only individuals or specific sectors and products.

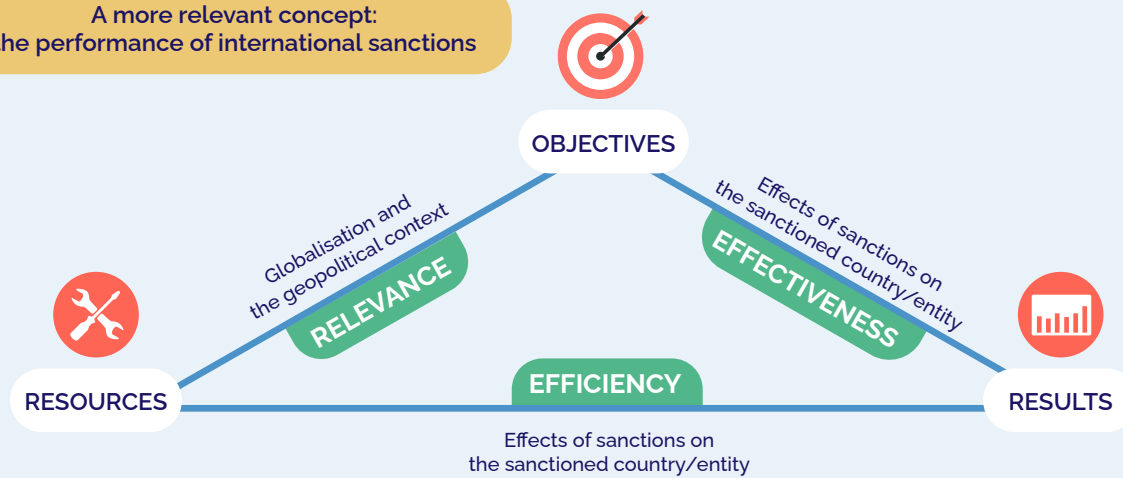
CONSEQUENCES OF SANCTIONS

for other countries, including the countries that have imposed the sanction:

They can impose costly reprisals or counter-sanctions. This also explains why not all countries can afford to impose sanctions.



A more relevant concept:
the performance of international sanctions



Source: <https://www.irsem.fr/data/files/irsem/documents/document/file/298g/PERSAN%20FINAL.pdf>

6 Focus on sanctions against Russia

UNITED STATES



CANADA



EUROPEAN UNION



2014

SANCTIONS AGAINST RUSSIA

Annexation of Crimea by Russia.



22-02 2022

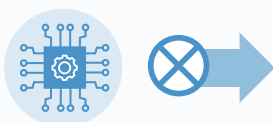
SANCTIONS INTENSIFY

- Vladimir Putin decided to recognise the independence of the two Ukrainian secessionist territories, Donetsk and Luhansk
- Entry of Russian troops into Ukraine on 24 February.



Economic sanctions

Freezing of assets of the central bank and the main Russian banks, exclusion of several banks from the SWIFT system.



Technological sanctions

Restrictions on the export of essential technologies (semi-conductors, electronics).



Energy sanctions

Embargo on Russian oil and gas in several countries.

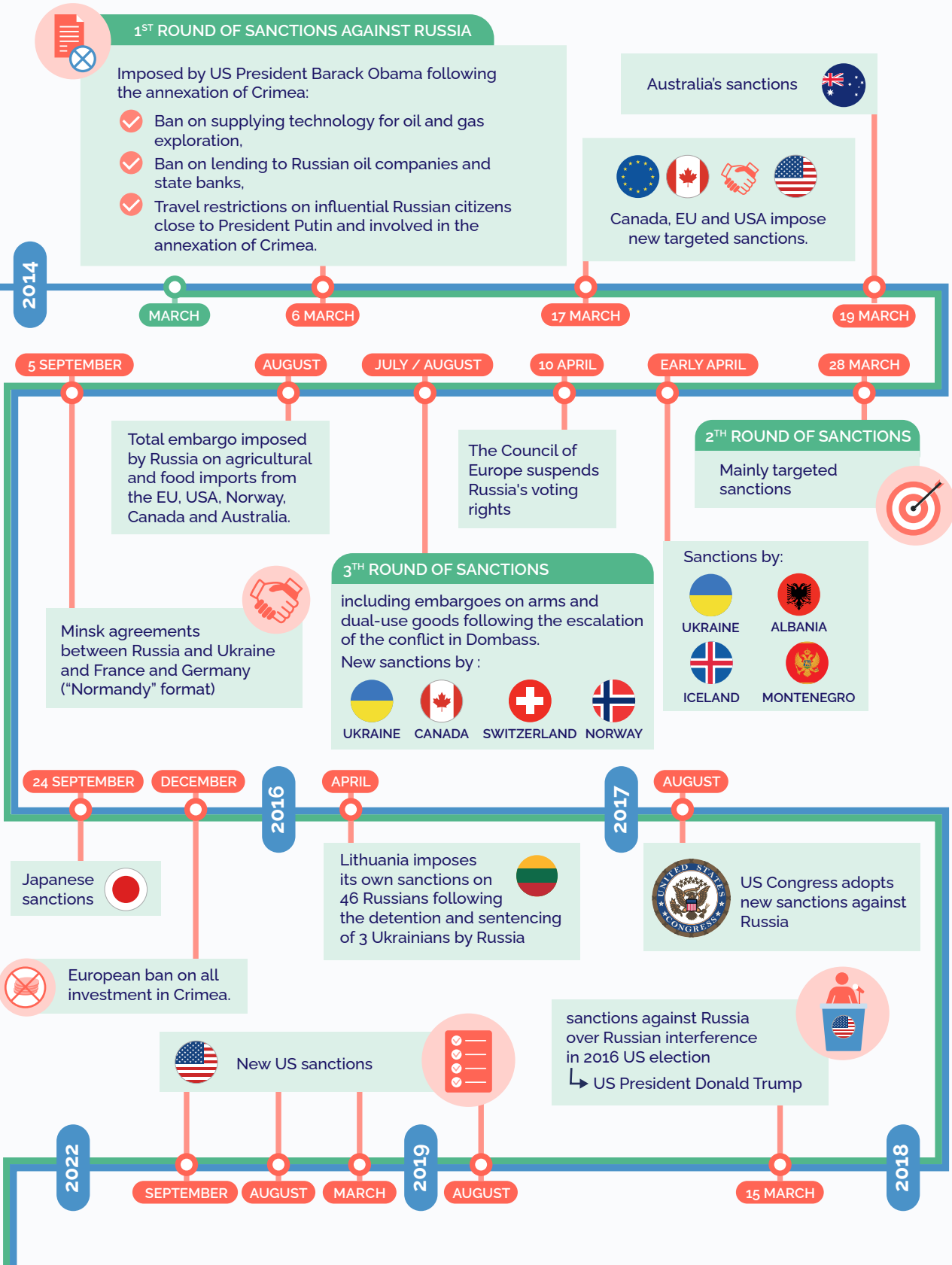


Individual sanctions

Travel ban for Russian oligarchs and senior officials, freezing of their assets abroad.

→ +1,700 people listed, including Vladimir Putin and Sergei Lavrov, his foreign affairs minister for the EU, and more than 420 entities.

Chronology of sanctions against Russia



22 FEBRUARY

- ✓ US sanctions against 4 Russian banks.
- ✓ Freezing of Russian bank assets.
- ✓ Exclusion from the national financial system by the UK.
- ✗ German Chancellor suspends certification of the North stream 2 gas pipeline.



24 FEBRUARY

- "MASSIVE" SANCTIONS**
- ✓ Trade and financial sanctions.
 - ✓ Restrictions on Russian imports, technology transfers and banks.
 - ✓ Freezing of Russian assets.



Japan announces that its central bank is joining the sanctions against the Russian central bank (BCR).
Freezing of the Russian central bank's foreign reserves.



MONACO SWITZERLAND

- ✓ Freeze Russian assets.
- ✓ Join European sanctions.



SERBIA BRAZIL MEXICO

They will not take part in any economic sanctions against Russia.

SINGAPORE
1st country in Southeast Asia to sanction Russia.

1 MARCH

- 5 Russian banks disconnected from SWIFT.
- SOUTH KOREA Joins sanctions against BCR.



28 FEBRUARY

G7 countries agree to cap Russian oil prices.



26 FEBRUARY

UNITED KINGDOM Imposes an embargo on imports of refined oil from Russia.



Partial European embargo on Russian oil imports

CZECH REPUBLIC imposes its own sanctions on Russia.



Explosions on the NothStream gas pipelines

The International Criminal Court (ICC) issues an arrest warrant for Vladimir Putin for war crimes and deportation of children.

EUROPEAN UNION Imposes an embargo. the cap on the price of Russian oil comes into force.



2023

MAY

17 MARCH

FEBRUARY

NOVEMBER

2024

FEBRUARY

UNITED STATES Sanctions on shipping companies for delivering Russian oil without respecting the ceiling price.

UKRAINE Sanctions on foreign companies (Nestlé, Unilever, PepsiCo and Mars) which it accuses of supporting the war effort by choosing to remain in Russia.



UNITED STATES Imposes trade sanctions on 93 foreign entities (Russian, Turkish, Chinese and Emirati) for their support of Russia's war effort in Ukraine and imposes new sanctions on Russia following the death of opposition figure Alexei Navalny.



SEPTEMBER

JUNE

EUROPEAN UNION

14 PACKAGES OF SANCTIONS ON RUSSIA AND BELARUS

2573 ENTITIES OR INDIVIDUALS SANCTIONED

2255 FINANCIAL SANCTIONS

1703 BANNED FROM TRAVELLING (TRAVEL BANS)

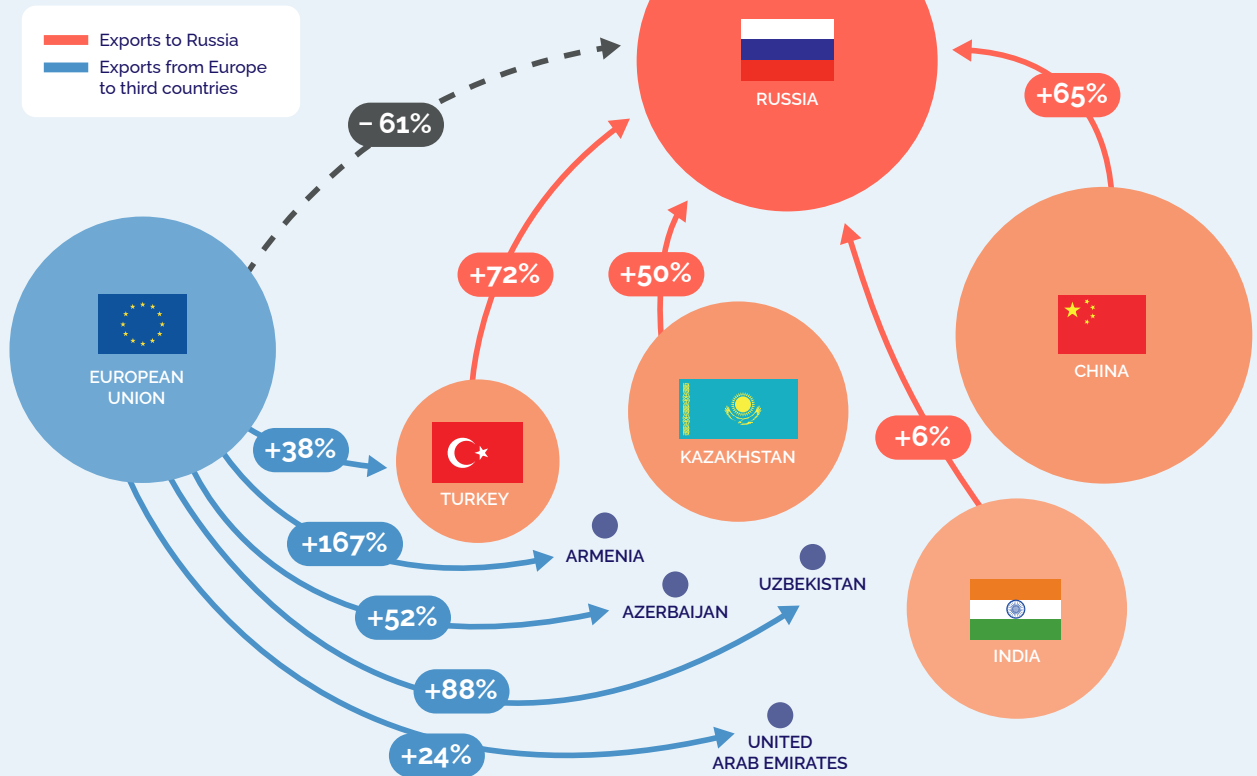
14TH ROUND OF SANCTIONS

EUROPEAN UNION

Sanctions against Russia are widely circumvented, forcing issuing countries to sanction non-Russian foreign entities.

Trade to Russia diverted

Change in exports between Q3 2021 and Q3 2023, in %.



Source: IESEG, GLOBAL SOVEREIGN ADVISORY

Sanctioned since 2014, Russia had prepared for new sanctions by:



Accumulating monetary and financial reserves including gold stocks.



By diversifying foreign assets.

After the invasion of Ukraine, the Russian authorities put in place a series of measures to limit capital flight:



- Obligation to convert export revenues into rubles.
- Taxation of the sale of Russian gas in rubles.
- Prohibition of foreign currency loans.
- Ban on money transfers abroad.

Resources of the Russian economy redirected towards the war effort



War economy

+



War

=



Very sharp increase in the price of oil and gas



Additional sources of export revenue for Russia

3,6%

Economic growth in 2023



Effect of the sanctions

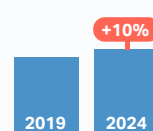
RALLY AROUND THE FLAG

→



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Strengthened the power of Vladimir Putin



Participation rate