Five Lessons from a Sanctions Practitioner

By Peter Harrell
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Economic sanctions, the steps a government takes to prohibit certain types of economic activities with a foreign country, company, or individual, have become a preeminent tool of U.S. foreign policy. They are used to combat threats ranging from nuclear proliferation in Iran or North Korea to civil strife and mass atrocities in Central Africa. In past decades, sanctions were typically "comprehensive," in which the United States would ban nearly all trade and economic activity with an adversary. This approach is rarely taken anymore, with only a few countries, like Syria, Sudan, and North Korea, subject to these types of comprehensive embargoes. Today, most U.S. sanctions programs are "specific" or "targeted," in which the United States will freeze the assets of specific, named individuals and companies overseas and ban U.S. citizens and companies from doing most business with them. For example, targeted sanctions might freeze the assets of specific government officials, who commit human rights abuses in a country and prohibit U.S. companies from dealing with businesses they own, while still allowing most trade with the country that the government officials control.

Done right, sanctions can have enormous impact. Sanctions have forced adversaries to the negotiating table, frozen the assets of warlords and kleptocrats, and deterred rogue states and rogue leaders from breaking global rules. But when executed poorly, sanctions can be little more than a symbolic tool that may give the appearance of "doing something" but which have little practical impact and, in the worst cases, may actually embolden the target to continue the negative activity.

I became involved with sanctions policy and practices in 2009 at the U.S. Department of State. These days, I write and speak publicly about sanctions and advise U.S. companies on sanctions compliance. Through my work and research on sanctions for the better part of a decade, I see five key lessons to get sanctions right. These lessons can guide policymakers and also enable activists to advocate for smarter and more effective approaches. They are:

1. You need to mean it.

"Half-measure" economic sanctions are rarely effective. For sanctions to work, they need to have real bite. Policymakers can be tempted to impose a few largely symbolic sanctions measures as a way to "do something" when a crisis breaks out, but these sanctions rarely achieve their desired objective. Effective sanctions should cut off enough business and other economic activity that the sanctions deliver the necessary bite. For example, if a targeted sanctions approach is used, then there must be a willingness to designate a robust list of targets in order that the ultimate target—a regime, armed group, etc.—sees the impact. Sanctions also need to be enforced aggressively. U.S. officials need to be prepared to maintain a proactive posture to make sanctions meaningful by cutting off evasion techniques and other tactics that targets develop to blunt their impact. It may be better to refrain from imposing sanctions at all than to impose them for symbolic reasons if officials do not really mean it.

2. You need to get your allies on board.

The most effective sanctions, like those placed on Iran and terrorist groups, are multilateral, e.g. the pressure is broadly applied by all the countries that have important economic and trading relationships with a sanctions target. The U.S. financial system's preeminence gives U.S. officials a significant amount of unilateral leverage, but the practical reality is that if the United States applies sanctions alone, target countries can often simply turn to other countries, whether in Europe, Asia, or the Middle East, to continue trade and business. Although U.S. officials generally promote multilateral sanctions in high-profile cases like Iran, Russia, and North Korea, the unfortunate reality is that U.S. officials often spend comparatively less effort on unilateral, but still important, sanctions programs like Sudan, blunting their effectiveness. In some cases, sanctions may remain broadly unilateral, but there can still be avenues to create multilateral engagement, such as through ensuring robust enforcement, or by continuing to find ways to encourage allies to follow our lead.

One of sanctions diplomacy's secrets is that getting allies on board often takes both a diplomatic pull and a sanctions push. Diplomats need to make the case for sanctions to allies, explaining why they should join in imposing sanctions and why sanctions are likely to work. But the reality is that when an ally has strong economic interests of its own, the diplomatic case alone may be insufficient. One of the lessons drawn from Iran and sanctions against certain terrorist groups is that the threat of U.S. "secondary sanctions"—sanctions against companies in an allied country that continue to do business with the target of U.S. sanctions—can help curtail business between U.S. allies and the targets of U.S. sanctions and can ultimately encourage foreign governments to join the United States in imposing broader sanctions on a rogue government.

3. You need to pair pressure with a diplomatic track.

Sanctions can cut off a government's sources of revenue and prod a government to the negotiating table, but sanctions by themselves have rarely toppled regimes. In many cases sanctions should be seen as a way of pressuring a government to change course or alter behavior, not as a tool that is likely to bring a new government to power.

Convincing a rogue government to change course requires pressure, but it also requires an effective negotiating track. The Iranian government, for example, would not have agreed to sharply curtail its nuclear program if the United States and its allies had not paired robust sanctions with the U.N. Security Council's "P5+1" negotiating process. Even in the case of sanctions targeting particular individuals, not governments, it is often important to make clear through direct engagement that there will be a path to removal from sanctions lists if a sanctioned individual credibly agrees to cease illicit activities and begins to support U.S. goals. In Burma, for example, the United States removed sanctions against a prominent businessman, Win Aung, after making clear through outreach that this would happen if he cut ties to remnants of Burma's former military government and began supporting that country's ongoing transition to democracy. Sanctions removal can be an important incentive to encourage reform.

4. You need to keep the lines of communication open and continue humanitarian support.

Sanctions are designed to target rogue governments, warlords, and other illicit groups. But the reality is that a tough sanctions regime may have unintended consequences on everyday citizens. Although more often the case in a comprehensive sanctions program, these consequences can be seen in a robust targeted program as well. For example, as banks and shipping companies shut off business with a target country, companies selling food and medicine as well as NGOs engaging in humanitarian work may find it harder to continue their legitimate, beneficial business and humanitarian relief programs, and banking overall may become more difficult. This is typically referred to as the problem of private sector "de-risking."

Governments or other entities targeted by sanctions, such as armed groups that control particular regions of a country, will typically try to capitalize on these impacts for propaganda purposes to weaken international support for sanctions and to shore up popular support in the face of economic woes. Zimbabwe's President Robert Mugabe, for example, has used the existence of U.S. sanctions as a principal excuse for his country's terrible economic performance, even though the sanctions do not target the country. Allies of President Salva Kiir in South Sudan are beginning to do the same in order to hold off further sanctions.

U.S. policymakers need to take the initiative to mitigate these impacts and to make clear to both everyday citizens in the target country and to the international allies of the United States that they are committed to keeping humanitarian trade flowing. Fortunately, there are a number of practical steps that U.S. officials can take. These include issuing broad general licenses authorizing humanitarian trade with a target country (in the case of comprehensive sanctions), providing wary banks with specific assurances about the legality of humanitarian-related or other transactions, and keeping in close touch with banks, companies, and NGOs to address specific problems as they arise.

5. Finally, you have to have patience.

Sanctions rarely work overnight. The reality is that sanctions take time to implement and that economic pain typically needs to build before a sanctions target is willing to offer concessions. Sanctions targets also seem to need to go through their own version of the stages of grief: first denying that sanctions have an impact, then trying to evade the sanctions, next proclaiming resilience and threatening continued resistance in the face of economic costs, and only at the end of this process beginning to offer serious concessions in exchange for sanctions relief.

Take the case of Iran. Although the United States has had economic sanctions on Iran since 1995, it wasn't until 2010 that U.S. officials and allies became serious about qualitatively increasing the pressure on Tehran over its nuclear program, particularly through measures that targeted banks in third countries that continued to do business with Iran, even despite U.S. sanctions. Even then, it took three years and the unexpected election of Hassan Rouhani as Iran's president in June 2013 before Iran's Supreme Leader, Ayatollah Ali Khamenei, began to offer serious concessions on Iran's nuclear program. Concluding the negotiations then took two additional years, with a consistent series of enforcement measures against major banks throughout this period that had the effect of effectively freezing out Iran from the global financial system.

Officials should not use the fact that sanctions take time as an excuse for simply continuing what can become a stale, outdated policy. Rather, sanctions need to be rigorously evaluated and regularly adjusted in response to evolving circumstances. But policymakers and activists promoting sanctions need to be prepared for the long haul and should assume that sanctions will be part of a broader, long-term strategy, and will not be a quick fix for an immediate crisis. Policymakers should also look for other types of pressures—such as anti-money laundering measures, trade controls, or efforts to require transparency and responsible conduct by the private sector—to complement sanctions in order to make progress toward the ultimate policy objectives.

Sanctions can be a key tool for the United States in the years to come—a tool that strikes a balance of being tougher than diplomacy alone while avoiding the costs and risks of military conflict. By keeping these five lessons in mind, both activists and government policymakers can maximize the odds that sanctions actually achieve their intended effect.

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