

## Economic Sanctions: An Overview

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*Economic sanctions are widely used by governments and multilateral bodies as an important foreign policy tool, while their effectiveness to achieve intended policy objectives remains uncertain. This briefing—the first in a series that examines the use and impact of sanctions—provides a high-level overview of sanctions, including definition, typology, and examples of their application.*

**Definition.** Economic sanctions (hereunder, “sanctions”) are often defined as “...the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations.”<sup>1</sup> More specifically, sanctions are punitive measures (for example, prohibiting trade, stopping financial transactions, or barring economic assistance) imposed by one country, group of countries, or a multilateral body (for example, the United Nations (UN)) on a target country, entity, or group of individuals that violate international norms. Sanctions are typically used as a foreign policy tool to restrict or limit the target’s economic activities, especially when domestic or international pressure for action exists but diplomacy alone would render too mild a response, while a military action—too severe. By attempting to influence the target’s behavior, sanctions may pursue a range of foreign policy and/or national security goals, such as improving human rights, deterring aggression, or preventing the proliferation of weapons.

**Types of Sanctions.** Sanctions may be primary or secondary in relation to the sanctions target. Primary sanctions include international trade restrictions (e.g., trade embargoes and restrictions on particular exports to or imports from the target), financial sanctions (e.g., blocking of foreign assets or denial of foreign assistance, loans, and investments), and other prohibitions on economic transactions with the target. Secondary sanctions are used to maintain or put additional pressure on the sanctions target by penalizing third parties that engage with the primary sanctions target in activities that could undermine or evade the purpose of the primary sanctions. Depending on the circumstances, sanctions may be either selective (e.g., barring only certain trade and financial transactions) or comprehensive (e.g., halting all economic relations with the target country). Sanctions may vary in scope and involve broad prohibitions at the country level or targeted sanctions against individuals.

**Examples.** Countries and multilateral bodies that have established sanctions at various points in history include China, the European Union (where such measures must receive unanimous consent from all member states), the United States, and the UN (whose Security Council may call upon Members to apply measures adopted by it). For example, since 1966, the UN Security Council has established 31 sanctions regimes, ranging from comprehensive economic sanctions to more targeted measures in former Southern Rhodesia, South Africa, the former Yugoslavia (2), Haiti (2), Angola, Liberia (3), Eritrea/Ethiopia, Rwanda, Sierra Leone, Côte d’Ivoire, Iran, Somalia and Eritrea, ISIL (Da’esh) and Al-Qaida, Iraq (2), Democratic Republic of the Congo, Sudan, Lebanon, Democratic People’s Republic of Korea (North Korea), Libya (2), the Taliban, Guinea-Bissau, Central African Republic, Yemen, South Sudan, and Mali.<sup>2</sup> These measures aimed to deter, inter alia, non-constitutional changes of government, constrain terrorism, protect human rights, and deter nuclear proliferation. Some examples of active sanctions are provided below.

*Cuba Sanctions.* In response to certain actions taken by the Cuban government (including, increasing trade with the Soviet Union, nationalizing American-owned properties, and raising taxes on U.S. imports), U.S. President John F. Kennedy proclaimed an embargo on trade between the United States and Cuba in February 1962, and directed the U.S. Departments of Commerce and the Treasury to implement the embargo, which remains in place today.<sup>3</sup>

*North Korea Sanctions.* The UN Security Council has adopted nearly a dozen resolutions since 2016 to curtail

<sup>1</sup> Hufbauer et al., [Economic Sanctions Reconsidered](#), (3rd edition, paper), June 2009, 3.

<sup>2</sup> UN, [Sanctions](#), accessed September 28, 2023.

<sup>3</sup> U.S. Department of State, [Cuba Sanctions](#), accessed September 28, 2023; CFR.org Editors, [U.S.-Cuba Relations](#), June 3, 2022.

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North Korea's nuclear weapons program. The United States and other countries have also imposed unilateral sanctions on North Korea.<sup>4</sup>

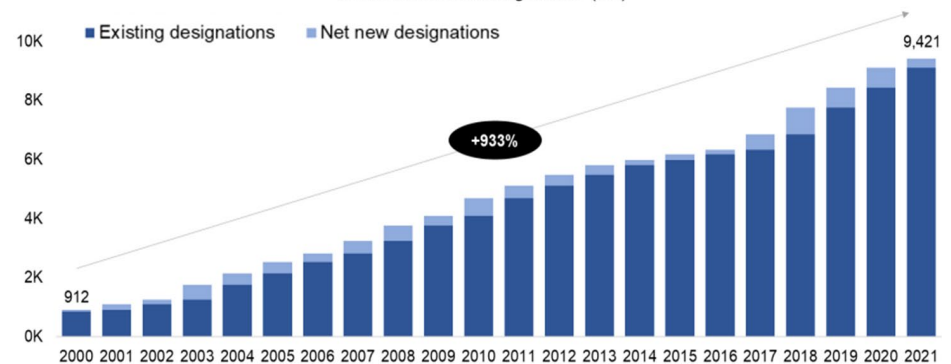
**Russia Sanctions.** In response to Russia's invasion of Ukraine launched in February 2022, the United States and its allies imposed a range of sanctions to cut off Russia's access to vital technological inputs, constrain its economic base that feeds into its military power, and undercut its strategic ambitions to exert influence on the world stage. Russia has responded by announcing counter-sanctions; e.g., in May 2022, Russian president Putin signed [a decree No. 252](#), which introduced the legal framework prohibiting: (1) Russian "persons" (i.e., federal and regional state authorities, other state bodies, municipalities, organizations and individuals under the jurisdiction of the Russian Federation) from entering into transactions with sanctioned (by the Russian government) individuals or entities from "unfriendly states"; and (2) the export of raw materials, commodities, or other products originating from Russia to the benefit of the sanctioned or via sanctioned persons to third parties.<sup>5</sup>

**U.S. Sanctions: Implementing Agencies and Country Coverage.** The U.S. Departments of the Treasury, State, and Commerce, as well as various other U.S. agencies, take part in implementing dozens of sanctions programs for reasons of foreign policy or national security. For example, Treasury takes actions to designate specific entities for the application of sanctions, which may include blocking such entities' access to U.S.-based assets, prohibiting them from engaging in financial transactions in the United States, and restricting access to U.S. financial services. In particular, Treasury's Office of Foreign Assets Control (OFAC) administers and enforces various U.S. sanctions programs against countries and groups of individuals. As these measures vary in scope and may encompass broad prohibitions at the country level as well as targeted sanctions, OFAC does not maintain a specific list of countries that U.S. persons cannot do business with. Rather, OFAC publishes "[Active Sanctions Programs](#)" list, which at the time of writing of this briefing, comprised 39 programs, including Central African Republic, Belarus, Cuba, Iran, North Korea, Syria and Ukraine-/Russia-related sanctions programs.<sup>6</sup>

OFAC also publishes a list of "Specially Designated Nationals" (or "SDNs"), which includes individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries, as well as individuals, groups, and entities (such as terrorists and narcotics traffickers) designated under programs that are *not* country-specific. SDNs' assets are blocked and U.S. persons are generally prohibited from dealing with them. Between 2000-21, given a range of economic, foreign policy, and national security threats, the use of sanctions has increased by over 933 percent as sanctions became "a tool of first resort" after the 9/11 attacks (Figure 1).<sup>7</sup>

The effectiveness and impact of sanctions can vary depending on the specific circumstances and international support for their application. This topic remains at the center of public policy debate; it will be examined further in a forthcoming briefing.

Figure 1. Number of OFAC Sanctions Designations: Specially Designated Nationals  
OFAC Sanctions Designations (net)



Source: U.S. Department of the Treasury, [The Treasury 2021 Sanctions Review](#), October 2021.

<sup>4</sup> CFR.org Editors, [What to Know About Sanctions on North Korea](#), accessed September 28, 2023.

<sup>5</sup> Bychkov and Efremov, [New Russian legal framework for blocking sanctions](#), May 4, 2022.

<sup>6</sup> Office of Foreign Assets Control, [Sanctions Programs and Country Information](#), accessed February 7, 2024.

<sup>7</sup> U.S. Department of the Treasury, [The Treasury 2021 Sanctions Review](#), October 2021, 1-2.

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