

## Sanctions after the Cold War

The end of superpower rivalry in the Cold War, coupled with the emergence of new conflicts and challenges, changed the focus of sanctions policies but did not diminish their use. In fact, the first half of the 1990s witnessed a spike in the average annual number of sanctions cases (see figure 5.1). The United States continued to be the predominant sender country, but the incidence of unilateral actions fell dramatically as US officials acted more frequently in concert with others. A few high-profile US cases were launched unilaterally in the 1990s (e.g., nonproliferation sanctions against India and Pakistan) but much less often than in past decades.

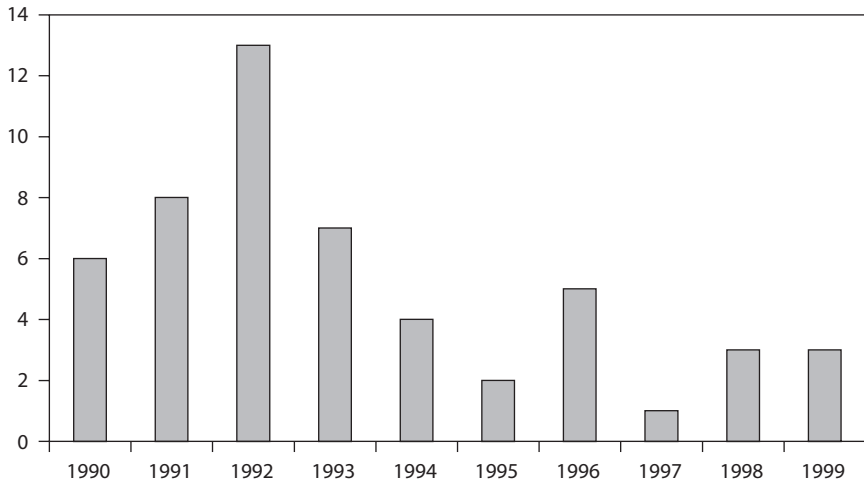
Interestingly, if one splits the sample of episodes into four periods—prior to World War II, the early postwar period up to 1970, the 1970s and 1980s, and the post-Cold War period through 2000—the distribution of cases among the various goal categories changes, but the overall success rate does not. Overall, the foreign policy effectiveness of sanctions was remarkably stable over the course of the 20th century, with the average success rate in each of the three subperiods after World War II being roughly the same 1 in 3 rate as observed for the period as a whole. US experience, however, was much more volatile, especially when sanctions were employed unilaterally. Equally striking, the military impairment and other major policy change categories show an increase in the probability of success, while the success rate for cases involving regime change and disruption of minor military adventures dropped sharply (table 5.1).

Several factors explain the shift in sanctions policies: the end of the Cold War; armed conflicts within countries, mostly in Africa but also in the Balkans; and the impact of globalization on the tools of economic sanctions.

The end of the Cold War dramatically altered the diplomatic chessboard. With the capitalist/communist battle all but over, other causes gained

**Figure 5.1 Sanctions trends after the Cold War, 1990–99**

number of new cases initiated



greater prominence. Old players faded, new players emerged, and theaters shifted. The end of the Cold War not only meant diffusion of power from Washington and Moscow to capitals such as Beijing, London, and Paris but also accelerated the rise of congressional and subfederal players and, importantly, nongovernmental organizations (NGOs). The absence of an overriding global security threat made it harder for the industrial countries to reconcile their different strategies and priorities for using sanctions in regional trouble spots. Narrow constituency groups also became more active players in shaping national policy objectives, adding to the complexity. At the same time, the fading Cold War rivalry meant that American and Russian diplomats no longer automatically blocked one another's initiatives at the United Nations.

The result has been the opening of fresh diplomatic fronts across a wide spectrum of issues: ethnic strife, civil chaos, human rights and democracy, terrorism, narcotics, and others. In the United States, advocacy and lobbying groups often succeeded in mobilizing congressional or statehouse support for sanctions, even in the face of ambivalence or opposition from the foreign policy establishment. Such pressures resulted in new or tightened sanctions against Iran, Libya, Cuba, Burma, Nigeria, and Sudan.

## Evolution of US Sanctions Policy

Reflecting its roles as economic hegemon and political and military superpower in the decades following World War II, the United States attempted

**Table 5.1 Success by period**

Policy goal	1914–44		1945–69		1970–89		1990–2000	
	Success cases	Failure cases	Success cases	Failure cases	Success cases	Failure cases	Success cases	Failure cases
Modest policy changes	2	0	5	4	7	10	8	7
Regime change and democratization	0	4	7	6	9	22	9	23
Disruption of military adventures	2	4	2	2	0	6	0	3
Military impairment <sup>a</sup>	3	0	0	6	4	10	2	4
Other major policy changes	0	1	2	13	3	4	5	5
All cases	7	9	16	31	23	52	24	42
All US cases	3	5	14	14	13	41	17	33
Unilateral US cases <sup>b</sup>	0	3	10	6	8	33	2	9

a. Military impairment failures for 1990–2000 include the 2002–06 phase of Case 93-1: US, UN v. North Korea.

b. Cases where the United States is the only sender and international cooperation is nonexistent or minor (1 or 2 on our index of cooperation).

to impose its will on many countries through the use of economic sanctions, seeking a broad array of objectives. By comparison, the Soviet Union generally confined its use of sanctions to efforts at keeping rebellious allies in line. During the Cold War, the unique US role translated into less reliance on international cooperation and, on average, more distant relations and less stable targets than was observed with other sender countries. This in turn contributed to a lower average cost imposed on target countries, although the dominant role played by foreign aid in US sanctions also meant that sanctions entailed low average costs for the US economy.

Table 5.2 summarizes US experience with sanctions in three periods since World War II. Two striking features are the increased level of cooperation in episodes involving the United States and the higher costs imposed on target countries after the end of the Cold War. In the early post-war period, US policymakers were able to achieve an even higher level of success with less cooperation and lower average trade linkages, perhaps because US foreign assistance and other financial flows are not entirely reflected in our data. However, with the passage of decades, changes in the global economy undermined the effectiveness of unilateral sanctions. In the decade following World War II, the US economy was the financial reservoir for rebuilding war-devastated countries. It was also the major supplier, and sometimes the sole supplier, of critical goods and services to the world economy. Well into the 1960s, the United States remained the primary source of economic assistance for developing countries.

Since the 1960s, however, trade and financial patterns have become far more diversified, new technology has spread more quickly, and the US foreign aid budget has virtually dried up with the exception of selected countries and objectives, the war on terror, and combating AIDS.<sup>1</sup> Recovery in Europe and the emergence of Japan have created new, competitive economic superpowers, and economic progress worldwide has reduced the pool of truly vulnerable target countries.

The most obvious and important explanation for the decline in the effectiveness of US sanctions is the relative decline of the US position in the world economy. Evidence from the cases also suggests three other contributing causes. First, the United States typically took smaller bites with its sanctions policies in the 1970s and 1980s, but even then, it did not always finish what it started. Concerns about Soviet influence and strategic position typically claimed first priority in the minds of US officials and frequently undermined the pursuit of less urgent goals. For example, the United States was reluctant to enforce human rights sanctions vigorously against El Salvador and Guatemala, for fear of weakening their regimes and abetting leftist rebel victories that would benefit the Soviet Union.

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1. Nearly half of bilateral US foreign aid goes to Egypt, Israel, Iraq, Afghanistan, and Pakistan (Bazzi, Herrling, and Patrick 2007).

**Table 5.2 US experience with sanctions since World War II**

<b>Sender</b>	<b>Number of observations</b>	<b>Incidence of companion policies</b> (percent of cases)	<b>International cooperation with sender index</b> (average)	<b>Health and stability index</b> (average)	<b>Prior relations index</b>	<b>Cost to target</b> (percent of GNP; average) <sup>b</sup>	<b>Trade linkage</b> (percent; average)	<b>Cost to sender index</b> (average)
United States <sup>a</sup>								
1945–69								
Successes	14	50.0	1.6	1.8	2.5	3.2	26.3	1.4
Failures	14	50.0	2.4	2.4	1.4	1.5	28.5	2.1
1970–89								
Successes	13	30.8	1.6	1.6	2.3	1.4	27.2	1.9
Failures	41	24.3	1.7	2.1	1.9	0.9	16.9	1.8
1990–2000								
Successes	17	29.4	3.0	1.4	2.2	3.9 <sup>c</sup>	59.5	1.8
Failures	33	27.3	2.5	1.6	2.1	2.5 <sup>c</sup>	46.5	1.8
Other countries								
Successes	23	17.4	1.8	2.2	2.4	3.7	21.3	2.0
Failures	41	43.9	2.0	2.2	2.2	1.8	27.9	2.1

a. Includes cases where the United States is a cosender.

b. “Negligible” is valued at zero when calculating averages.

c. Excludes Case 90-1: UN, US v. Iraq.

Note: See text for explanation of variables.

Likewise, the United States backed off on sanctions against Pakistan's nuclear program following the Soviet invasion of Afghanistan in 1979.

Second, in the nuclear nonproliferation cases—India, Pakistan, Libya, Iran, and Iraq—denial of key hardware was an important part of the policy mix, and export controls were a key component of the sanctions package. However, since alternative suppliers of sanctioned components were often willing to sell, the nonproliferation goal proved elusive.

Finally, whereas financial measures were part of the sanctions package in more than 90 percent of episodes prior to 1973, they were present in only two-thirds of the cases after that date. The mix of financial sanctions also changed. Economic aid was the dominant choice in the earlier period, whereas military assistance was prominent in the later period, especially human rights cases, where military governments were often the target. Again, in some cases alternative sources of arms and financial assistance were available. Even more important, however, target governments perceived internal dissent to be a greater threat to their longevity than US criticism and sanctions.

On the other side of the ledger, US sanctions in the 1990s entailed more cooperation—contributing to stronger trade linkages and higher costs—and the rate of successes for all cases rose from a quarter in the 1970s and 1980s to a third in the 1990s. However, the proliferation of economic sanctions in the early 1990s generated considerable backlash, not just in the United States but also in the United Nations and among US trading partners. From the standpoint of the international community, the most distressing feature of sanctions launched by the United States in the 1990s was the secondary boycott, threatened or invoked against third parties that dealt with target countries. Moreover, the advocates of secondary sanctions increasingly extended beyond the US Congress to state and local governments, and the advocates harbored a long list of potential targets. The executive branch made efforts to soften the sharp edges of the Helms-Burton Act targeting Cuba, and the Iran and Libya Sanctions Act, partly in response to a threatened complaint by the European Union in the World Trade Organization (WTO). But the executive branch was often unable to deflect congressional initiatives. Moreover, until the legal suit against the state of Massachusetts for its sanctions against companies doing business in Burma reached the US Court of Appeals for the Second Circuit, the federal executive branch refused even to challenge the constitutionality of state and local sanctions. However, when the European Union and Japan lodged WTO complaints against the Massachusetts law that penalized their companies for doing business in Burma, diplomatic representations from Brussels and Tokyo finally galvanized the US State Department to file its own *amicus* brief in that case (see below).

The frequency of new sanctions cases in the 1990s, along with the expanded scope and reach of many sanctions, and the decreased flexibility accorded to the president, stirred new interest, especially in the business

community, about the costs inflicted on the United States itself. Sanctions launched by narrow but vocal domestic constituents at the state and local levels added to these concerns. As the decade wore on, however, the surge in sanctions faded and so too did the loudest calls for reform (figure 5.1).

## **New Targets and Goals for Sanctions**

The targets of choice also shifted in the 1990s, reflecting a new political kaleidoscope after the Cold War. The Soviet Union or its allies were targets of Western sanctions (mainly US-led) nine times in the 1970s and 1980s. In the 1990s, Western sanctions against the former Soviet Union sharply diminished, but the new former Soviet states were subject to six sanctions initiatives by Russia to induce more favorable economic or political terms relating to the division of assets or treatment of ethnic Russian minorities after the break-up. This trend has continued in the 21st century with Russian sanctions against Georgia, Ukraine, and Belarus.

The other striking change is the geographic shift in sanctions episodes, especially the rise in new cases targeting African nations. In broad terms, this change reflects the greater willingness by Europe and the United Nations to act against strife, mass killings, and despotic leadership in Africa. This shift in locus from the US backyard to the EU backyard correlates with the use of sanctions to promote democracy. Much of this intervention has taken place in the new African targets. That continent accounts for 14 of the 30 newly initiated cases in the 1990s that had some element of democratization as a goal. Nine of the 30 efforts were scored as successes.

Recent evidence confirms the direction of this trend. We briefly survey 13 post-2000 sanctions episodes in table 1A.2. All but one of the cases involves the promotion of respect for human rights and democratic elections; US pressure on signatories to the International Criminal Court is the exception. Six of the targets are African countries.

As table 3A.2 shows, the goals of regime change and democratization have accounted for an increasing share of total sanctions cases in every period, growing from one-quarter of cases prior to World War II to nearly one-half of episodes in the 1990s. Moreover, while regime change cases were often associated with military engagements in the first half of the century and much of the Cold War, episodes in the 1990s primarily involved Western powers promoting democracy in countries where the senders were not militarily involved.

## **The United Nations and Postwar Sanctions Policy**

Freed from its Cold War straitjacket after the collapse of the Soviet Union, the United Nations began to intervene more aggressively in international

affairs, including the imposition of mandatory economic sanctions. However, financial constraints and political differences among its member states limit the scope of action by the UN Security Council (UNSC), which often turns to targeted sanctions when pressured to “do something.” The shift in the international environment, combined with an evolving and expanding definition of collective peace and security, led the UNSC to impose far more sanctions during the 1990s than during the previous 45 years.

Prior to 1990, the UNSC had imposed *mandatory* economic sanctions only twice—against the white minority regime in Rhodesia and an arms embargo against South Africa. After 1990, the United Nations conducted a much higher level of sanctions activity, but the nature of its activity changed sharply after the broad sanctions against Iraq and Haiti generated concerns about collateral damage to ordinary civilians. In the latter half of the 1990s, the United Nations moved away from comprehensive embargoes of an earlier era to more limited measures such as arms embargoes, travel restrictions, and asset freezes. Other than arms, restrictions on trade were limited to strategic commodities—lucrative diamond exports from rebel-held areas of Angola and Sierra Leone (as well as transshipments through Liberia) and an oil embargo against Sierra Leone for a short period when rebels controlled the capital. Interestingly, the nations of Western Europe, which had vigorously resisted US pressures to impose sanctions against Iran, Libya, and Cuba, became much more active when ethnic unrest struck close to home in the Balkans or roiled their traditional spheres of influence in Africa.

Since 1990, the United Nations has mandated comprehensive trade and financial sanctions against Iraq, the former Yugoslavia, and Haiti and various targeted sanctions (usually arms embargoes and travel sanctions) against Afghanistan, Libya, the National Union for the Total Independence of Angola (UNITA) faction in Angola, Rwanda, Liberia, Somalia, Sudan, Ethiopia and Eritrea, Sierra Leone, and Côte d’Ivoire.

Iraq, of course, is the Mount Everest of sanctions in the post-Cold War era. The outcome of this case will be long debated and will color world opinion on the utility of sanctions for years to come. Parallels can be drawn between the 1935 League of Nations sanctions against Italy and the 1990 UN sanctions against Iraq. But the strongest parallel is the power of each episode to shape informed opinion. Sanctions failed in forcing Iraq’s troops out of Kuwait (in fairness to the “economic weapon,” it was allowed insufficient time to do its work). Subsequent sanctions failed to rid Iraq of Saddam Hussein, but the pressure of sanctions achieved more in locating, destroying, and preventing the renewed acquisition of weapons of mass destruction than was realized prior to the Iraq War (2003–present).

Initial enthusiasm for multilateral sanctions under UN auspices has, however, waned as these sanctions often failed to bring about desired policy changes. Awareness of collateral damage also generated a backlash. Particular concerns arise in two areas: the humanitarian consequences for



women, children, and the elderly, such as occurred under comprehensive sanctions in Iraq, and the costs of enforcing sanctions for front-line states, such as the Balkan neighbors of the former Republic of Yugoslavia during the Bosnian conflict. Both concerns have contributed to growing distaste for comprehensive sanctions. Moreover, experience with Iraq, Yugoslavia, Haiti, and others created “sanctions fatigue” among many UN members and a reluctance to impose broad new sanctions until the questions of collateral damage to innocent victims and front-line states are addressed.

On the other hand, horrifying ethnic conflicts in the Balkans, Africa, and elsewhere generate continued support for improving economic sanctions as a tool for promoting international peace and security. Those interested in making multilateral sanctions more effective sometimes question whether the United Nations has sufficient resources, authority, or expertise to monitor and enforce multilateral sanctions. Many UN officials and academic scholars are analyzing targeted sanctions—in particular freezing the personal assets of political, military, and economic leaders in rogue states—to see whether such sanctions are more effective and less blunt in their effects. So far, the evidence seems to suggest that sanctions targeted very narrowly against rogue regimes and their leaders can serve useful symbolic purposes but may not be adequate to achieve coercive goals, such as regime change.<sup>2</sup>

## **Congressional Intervention in Sanctions Policy**

The US president enjoys broad authority under several statutes to impose sanctions in response to national security or foreign policy concerns. The Trading with the Enemy Act of 1917 (TWEA), the Export Administration Act of 1969 (EAA), and most importantly today, the International Emergency Economic Powers Act of 1977 (IEEPA) enable the president to prohibit some or all trade and financial transactions with foreign countries, groups, or individuals.

In addition to these far-reaching authorities, deployed in only the most serious cases, the president has several other options. For example, the executive branch can suspend or delay aid disbursements under the authority of Section 621 of the Foreign Assistance Act, which gives the president the authority to administer foreign aid programs. Similarly, Section 2(b)(1) of the Export-Import Act of 1945, as amended (1986), allows the president to deny Export-Import Bank credits for noncommercial reasons if the president determines that denial is in the national interest of the United States.

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2. The authors have written about these issues in Elliott (2002) and Hufbauer and Oegg (2003a); see also Cortright and Lopez (2002) and Wallenstein and Staibano (2005).

In contrast to these broad, discretionary statutes, Congress at times has mandated or encouraged the imposition of economic sanctions in particular instances. The key pieces of legislation are summarized in table 5A.1. Economic restrictions imposed by congressional directive can be divided into three categories.

First, Congress has passed several laws aimed at specific behavior, rather than named countries. These laws encourage the executive branch to impose sanctions, usually the reduction of aid flows under defined circumstances, but in most cases they allow the president to determine when a “violation” has occurred and in almost all cases they allow the president to waive sanctions in the national interest. Under this heading, Congress has called for sanctions against governments that, for example, expropriate US property, launch coups against elected officials, do not cooperate with US antinarcotics efforts, support international terrorism, engage in human rights violations or religious persecution, or engage in weapons proliferation. This heading represents something of a middle ground, between the broad authorities described earlier (TWEA, EAA, and IEEPA) and the more specific congressional interventions described shortly.

Often, when the executive branch does not respond to congressional urgings to address problems identified in subject-specific statutes, Congress takes matters into its own hands by restricting economic assistance or military aid to specific countries in appropriations bills. In some instances, the president tries to preempt congressional action by imposing sanctions under existing executive branch authority, so as to ward off more severe and less flexible congressional sanctions. President Bill Clinton’s tightening of sanctions against Iran under IEEPA in 1995, after several bills targeting Iran were introduced in Congress, exemplifies this approach.

Congress is most interventionist when it passes a stand-alone law targeted at a specific country, exemplified by the Comprehensive Anti-Apartheid Act of 1986 and the Iran and Libya Sanctions Act of 1996. We also include under this heading amendments targeting specific countries, such as the amendment to the Bretton Woods Agreement of 1978, which prohibited imports from Uganda (despite opposition from the US executive branch).

Figure 5.2 illustrates that, while the president imposed most sanctions under broad, discretionary authority prior to 1970 (using TWEA or EAA), Congress had a role in virtually all of the sanctions imposed after that.<sup>3</sup> A large congressional role was evident in the 1970s and carried right through to the 1990s. Indeed, as early as the 1970s, George Kennan (1977) lamented the impact of ethnic lobbying on American foreign policy, asserting that “[o]ur actions in the field of foreign affairs are the convulsive reactions of politicians to an internal political life dominated by vocal minorities. . . .”

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3. This discussion draws on Elliott and Oegg (2002).

**Figure 5.2 Increasing congressional involvement, 1940–99**

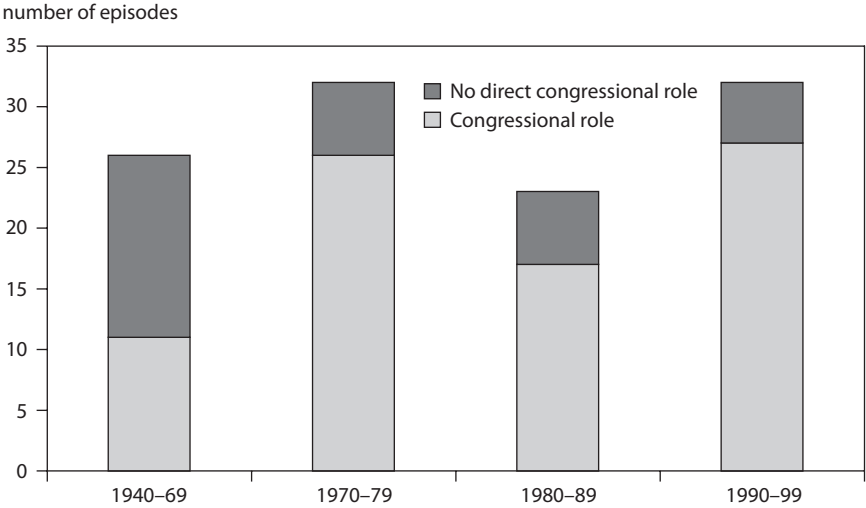
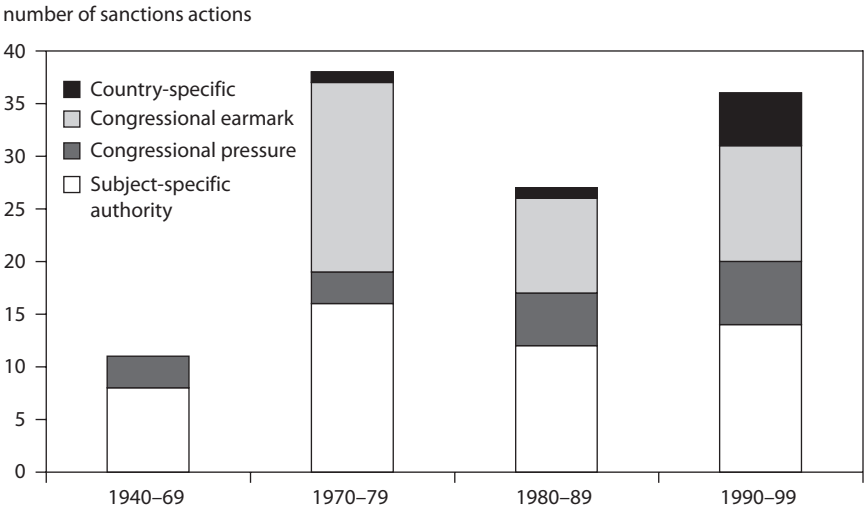


Figure 5.3 shows how the congressional role in imposing sanctions has evolved. In the early postwar period, the Hickenlooper amendment to the Foreign Assistance Act of 1962, sponsored by Senator Bourke B. Hickenlooper (R-IA), prompted executive branch action in many of the expropriation disputes of the 1960s. This was a rare example of congressionally mandated sanctions within the first 20 years after World War II. In the 1970s and 1980s, however, Congress increasingly forced the president’s hand and constrained his discretion by passing legislation calling for the use of economic sanctions.

Amendments both to the Foreign Assistance Act of 1962 and the Trade Act of 1974, passed in the 1970s and 1980s, mandated sanctions against countries that violated human rights, harbored international terrorists, or abetted drug production or distribution. In 1980 the Carter administration came under pressure from Congress to tighten export controls on shipments to Iraq, as mandated by the Fenwick amendment to the Export Administration Act, because of Iraq’s support for terrorism (Case 80-2). Congressional assertiveness flowered in the Comprehensive Anti-Apartheid Act in 1986. This act not only codified sanctions already imposed in 1985 by President Ronald Reagan using IEEPA (Congress thereby limited presidential discretion to relax the sanctions) but also mandated several new measures (Case 85-1).

In the 1990s, Congress passed the Helms-Burton Act of 1996 directed against Cuba, and the Iran and Libya Sanctions Act of 1996, both mandating sanctions on an extraterritorial basis, which sparked a backlash among friends and allies. The president used his waiver authority in both cases to

**Figure 5.3 Evolution of congressional role in imposing sanctions, 1940–99**



avoid an international clash of major dimensions. In 1998 the Glenn Amendment to the Arms Export Control Act required sanctions against India and Pakistan for their nuclear weapons test, with no waiver initially permitted. In 1999, however, Congress gave waiver authority to the president, and when circumstances changed after September 11, 2001 both sets of sanctions were lifted. The International Religious Freedom Act of 1998, threatening sanctions against regimes that engage in religious persecution, could potentially affect as many as 77 countries. So far, however, the law has had little effect because the president has used the waiver authority contained in the statute to avoid the imposition of sanctions.

## State and Local Government Sanctions

Beginning in the late 1980s, state and local governments also acted to shape or redirect US foreign policy through the use of sanctions. The success of the antiapartheid movement in the 1980s, when 23 states and 80 cities used economic boycotts to protest racial segregation in South Africa, prompted states and municipalities in the 1990s to target countries such as Burma, Nigeria, and Indonesia because of their human rights violations. Sudan is now subject to similar protests over the genocide in Darfur. Using the portfolios of pension funds, together with public purchasing regulations, state and local governments have tried to influence the behavior of foreign countries through sanctions against firms doing business there.

A survey conducted by the Organization for International Investment (OFII) in 2001 showed that, in 33 instances, selective state and local purchasing laws were enacted in the 1990s (however, many of the laws are now suspended, and some were never enforced).<sup>4</sup> Selective purchasing laws prohibit public agencies from buying goods and services from companies doing business in the targeted countries. Several state legislatures also require that public and private pension funds divest their holdings in financial institutions or companies doing business with a growing number of “offensive” countries.

The legality of these measures has been the subject of controversy and litigation. Local and state government officials claim that taxpayers have the right to determine how their tax dollars are spent. The framers of the Constitution, while recognizing the legitimacy of states’ rights in many areas, believed that, in relations with foreign countries, the nation should speak with one voice. Thus, the Constitution vests authority to conduct foreign affairs and to regulate foreign commerce in the president and Congress.

The Constitution also provides that the laws and treaties of the United States are the “supreme law of the land”: They take precedence over conflicting state and local laws. In November 1999 the US Supreme Court agreed to review whether Massachusetts had exceeded its power by requiring state agencies to boycott firms doing business in Burma. In a lawsuit filed by the National Foreign Trade Council (NFTC) against the state of Massachusetts (*Crosby v. National Foreign Trade Council*, 530 US 363), the Supreme Court held that federal law preempted Massachusetts law. The court’s decision in 2000, however, focused narrowly on the specifics of the Massachusetts law and its overlap with existing federal sanctions against Burma. The court stopped well short of prohibiting state and local governments from taking economic actions with foreign policy implications. The ruling left states free to pursue alternative methods of sanctioning a target country, such as requiring public pension funds to dispose of shares in offending companies. Contrary to the hope of business groups, the Supreme Court did not issue a broad decision in *Crosby* holding that such practices intrude on the president’s foreign affairs powers. Another test case is now in the courts: In August 2006 the NFTC filed a lawsuit challenging an Illinois law that imposes sanctions on companies that have ties to Sudan (*NFTC v. Topinka*, 06 CV 4251). This case is still being argued in the federal district court.

In many other cases, lower US courts have been called upon to decide issues that affect US foreign policy interests (Hufbauer and Mitrokostas 2003). In a case that combined local sanctions with tort claims, a class action lawsuit was filed in 1996 against three Swiss banks over the dormant accounts of Holocaust victims (Eizenstat 2003). The legal merits of the case

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4. See *State and Municipal Sanctions Report* (May 23, 2001), available at [www.ofii.org/issues/SanctionsGrid.pdf](http://www.ofii.org/issues/SanctionsGrid.pdf).

were open to debate. However, New York City and New York state officials threatened to bar Swiss banks from underwriting municipal bonds, managing pension funds, or otherwise doing business in the city, as a means of bringing pressure on the banks to settle. The tactic succeeded, and the sanctions threat was dropped when the Swiss banks reached a settlement with the class action plaintiffs.<sup>5</sup>

## The Incredible Lightness of “Smart Sanctions”

Comprehensive sanctions are blunt instruments; their use is designed to coerce the leaders of the targeted regime to change policies, but their economic impact often causes substantial collateral damage to the populace at large and sometimes neighboring countries. In some cases, regime leaders and their loyal supporters escape virtually unscathed. Authoritarian leaders may shift the costs to powerless citizens by controlling the flow of scarce commodities and selling them at ransom prices. Manuel Noriega in Panama and Slobodan Milosevic in Serbia are classic examples. Moreover, such leaders are adept at concealing their assets in multiple foreign banks. In short, when imposing hard-hitting sanctions, it is difficult to avoid hurting the “little guy.”

This mismatch sparked interest in the search for “smart sanctions”—sanctions that could be aimed at specific officials or government functions without damaging the overall economy and imposing exceptional hardship on the general public.<sup>6</sup> To this end, sender countries have increasingly relied on arms embargoes, travel bans, asset freezes, and selective banking sanctions. However, the concept of smart sanctions as an alternative to broad trade sanctions is relatively new. Historically, asset freezes and travel bans were imposed in the context of broader measures. A survey of sanctions cases in the 20th century shows that in only 20 cases were smart sanctions (such as arms embargoes, asset freezes, and travel sanctions) imposed outside the framework of comprehensive embargoes. Even in these 20 cases (nine of which have occurred since 1990) the sanctions targeted on individuals or groups were almost always imposed in combination with selective export restrictions or aid suspensions.

In the recent North Korean case, UNSC sanctions were targeted at the country’s top leader, Kim Jong-Il. Rather than comprehensive sanctions,

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5. More details on this episode are provided on a companion CD-ROM.

6. Within the realm of smart sanctions, a distinction is sometimes made between targeted sanctions and selective sanctions. Selective sanctions are less than comprehensive sanctions involving restrictions on particular products or financial flows. Targeted sanctions aim for very narrow effects. For example, a restriction on public and private lending to a target country with no restriction on trade would be selective, but a freeze on the foreign bank accounts of individual leaders would be targeted.

UNSC banned the sale of luxury goods to North Korea in response to North Korea's nuclear test in October 2006. This sanction was carefully tailored to annoy Kim Jong-Il, known as a fan of Hennessy cognac, iPods, Harley Davidson motorcycles, and plasma televisions. Since the UNSC left the definition of luxury goods open to each country's interpretation, however, Kim Jong-Il and his elite supporters probably found ample provisions. More effective, in pushing the antiproliferation agenda, was the freeze of North Korean assets after the US Treasury cited the bank holding them, Banco Delta Asia, as a money laundering concern. The bank and Chinese authorities froze the suspect deposits in order to protect access to US financial markets. The assets were returned in April 2007 as part of the carrot-and-stick diplomacy between the United States and North Korea (see below). The choice of sanctions in this case was driven both by a concern about the effects on civilians and, more importantly, the opposition to broader sanctions by key allies and UNSC members, including South Korea, China, and Russia.

The latest attempt at smart sanctions is the UNSC's list of measures, adopted in March 2007, against the regime of President Mahmoud Ahmadinejad of Iran. So far Ahmadinejad has adopted a stance of defiance rather than compliance. While attractive in theory—namely changing government policy while respecting humanitarian values—smart sanctions work better as a signaling device than as a coercive measure. In practice it is very difficult to formulate economic sanctions that have the power and accuracy of a cruise missile.

## Arms Embargoes

One purpose of an arms embargo is to induce a change in the political course by denying access to weapons and related equipment, yet spare the civilian population the pain of economic deprivation. An arms embargo can also be used as a focused way of reducing the flow of weapons to a conflict zone, a goal often sought in Africa.

During the 1990s the UNSC imposed 10 arms embargoes to limit local conflicts.<sup>7</sup> The embargoes may have curtailed the scale of violence in some cases, but their effectiveness in ending conflicts can be questioned. Only the use of force convinced the warring factions in Sierra Leone to lay down their arms. Weak enforcement, poor monitoring, chaotic conditions in bordering countries, and the profits earned through trafficking all work to undermine arms embargoes. The United Nations does not have a standing military force to enforce its embargoes, and UN resolutions may be delib-

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7. Iraq (1990), Yugoslavia (1991), Somalia (1992), Libya (1992), Liberia (1992), Haiti (1993), Angola (1993), Rwanda (1994), Sierra Leone (1998), and again against the Federal Republic of Yugoslavia (1998) over the Kosovo conflict.

erately vague, leaving ample room for diverging interpretations by member states.

Trafficking in small arms pays high profits even in normal times. Profits increase further with the imposition of an embargo, creating lucrative markets for illicit trade. When the targeted group controls valuable natural resources—exemplified by the control once exercised by UNITA over Angolan diamonds—the conflict can last for years, with or without an arms embargo. UNITA rebels used diamond profits to finance their weapons purchases. As an additional response, the UNSC imposed an embargo on uncertified diamond exports from Angola, but the conflict ended only with the death of UNITA's commander Jonas Savimbi in 2002. Another problem is that a nominally even-handed arms embargo can lead to highly unequal access to weapons by the warring factions. This problem, in turn, can undermine support for the embargo, as happened in the former Yugoslavia, where the UN arms embargo effectively favored local Serb forces, who had access to arms supplies from Serbian stockpiles and the former Soviet Union—unlike the Bosnians, who were blocked from major transit routes.

## Travel Bans

Travel and aviation bans are generally of two types: restrictions on all air travel to and from a target country and restrictions on the travel of targeted individuals or groups. In the case of restrictions on air travel to and from a target country, or areas under the control of targeted groups (such as UNITA), sender countries hope that the flight ban will affect powerful persons substantially more than the general population. Travel bans and visa restrictions against named individuals may deny legitimacy to political leaders, military officials, and their supporters, while avoiding the inadvertent impact of broader travel restrictions.

With the exception of the EU blacklist against Serbian leaders and possibly the flight ban imposed on Libya in response to the bombing of Pan Am 103, travel bans have had limited results. In the case of Libya, Muammar Gadhafi handed over the Pan Am 103 suspects to an international court only after the UN travel ban was falling apart. The ban was crumbling because the Organization of African Unity called on its members and others to suspend compliance. At the same time, however, Libya faced a sharp drop in oil prices and a rising need for foreign investment to bring new reserves on stream. The travel ban was at most a sidebar in Gadhafi's decision to comply with UNSC demands.

In cases where smart sanctions included restrictions on travel, policy success has been elusive. Military force was required in Sierra Leone to bring the rebels to the negotiating table. In cases of ongoing civil conflict, when travel bans are imposed against nongovernmental groups with no



diplomatic standing, they are likely to be dismissed by the targets as having no consequence.

In practice, travel sanctions are primarily symbolic measures, one step in denying legitimacy to the ruling elite or dissident forces. It is often hard to identify the appropriate group or individuals that should be targeted. Even then, false passports and visas may enable circumvention.

## **Limitations of Smart Sanctions**

In sum, effective implementation of smart sanctions requires a tremendous amount of detailed knowledge about the country, persons, and groups targeted. Identification of funds belonging to particular individuals, government agencies, and companies can be difficult. Even when funds can be identified, secrecy and speed are critical in preventing targets from moving assets to numbered accounts. In many instances, members of the sending coalition lack the administrative capacity to monitor and enforce laser-sharp measures. Smart sanctions may satisfy the need in sender states to “do something,” they may slake humanitarian concerns, and they may serve to unify fraying coalitions and isolate a rogue regime. But they are not a magic bullet for achieving foreign policy goals.

## **New Challenges for Sanctions Policy**

Economic sanctions have played an important role in international diplomacy ever since President Woodrow Wilson delivered his famous speech at Indianapolis in 1919. Over the succeeding decades, the objectives of economic sanctions have evolved and widened—sometimes to act as a substitute for war, as Wilson envisaged; sometimes to signal that military conflict lies around the corner; sometimes to achieve lesser changes in target country policy such as freeing political prisoners; and sometimes merely to placate domestic constituencies in the sender nation. Over the past century, the types of sanctions have also evolved and widened—from prohibitions on merchandise imports and exports, to multiple forms of financial restraint, to measures aimed only at select members of the governing class. In decades ahead, this evolutionary process will almost certainly continue. The concluding sections of this chapter highlight areas where sanctions policy is likely to face ongoing challenges in the coming years.

## **Combating Terrorism**

The United States has used sanctions as a counterterrorism tool since the 1970s, when aircraft hijacking by terrorists became a major concern (see chronology in Case S-1 for a fuller history). In that era, the sanctions strat-

egy targeted state sponsors of terrorism. Legislation in 1976 and 1977 sought to use foreign assistance termination and export controls, respectively, to deter countries from aiding or abetting international terrorism. The Export Administration Act of 1979 directed the State Department to maintain a list of state sponsors of terrorism, a designation that triggers a number of sanctions under various laws and remains the centerpiece of US sanctions policy with respect to state sponsors.

In the 1990s, sanctions policy shifted to address nonstate actors, the rising threat at the same time state sponsorship was declining. In 1995 President Clinton began aiming sanctions against individuals and organizations on the list of specially designated terrorists (SDTs). Through executive order, Clinton identified 12 terrorist organizations that threatened to disrupt the Middle East peace process and empowered the attorney general and secretary of the Treasury to add other entities to the list. All properties of SDTs were blocked; additionally, transfers of funds, goods, and services to SDT designees were prohibited.

The Antiterrorism and Effective Death Penalty Act of 1996 provided for the designation of foreign terrorist organizations (FTOs) by the secretary of state. Once designated an FTO, the terrorist group is prohibited from financial transactions, and all assets are frozen. Section 303 makes it a crime for US residents to knowingly provide material support or resources to a designated FTO.

Prominent terrorist organizations such as Osama bin Laden's al Qaeda network were named SDTs or FTOs, but these financial sanctions had little impact. The 2000 Treasury Department annual report on terrorist assets reveals that only \$301,146 of assets belonging to designated FTOs or SDTs had been frozen in the years prior to the September 11 attacks.

Following the attacks, law enforcement officials sought to strengthen sanctions as a means of fighting terrorism. The George W. Bush administration has pursued three broad strategies. First, the United States cast a wide net in sanctioning nonstate terrorist entities under both existing and new legislation. Second, the United States buttressed multilateral sanctions regimes.<sup>8</sup> Third, the United States offered incentives in the form of lifting sanctions on previously targeted countries to induce their cooperation in the war on terror.

President Bush used his powers under IEEPA, on September 23, 2001, to broaden existing proscriptions to apply globally to groups "associated with" designated terrorists and to deny US market access to foreign banks not cooperating in freezing terrorist assets. New legislation, most notably the USA Patriot Act, expanded the ability of US law enforcement and intelligence agencies to track and detain suspected terrorists. Various bank-

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8. For more on the expansion and strengthening of anti-money laundering efforts after the September 11 terrorist attacks, see Reuter and Truman (2004).

ing regulations were instituted to combat money laundering and the financing of terrorism.

## North Korea

Economic ties between the United States and North Korea have been virtually nonexistent since 1950. When North Korea announced its withdrawal from the Nuclear Non-Proliferation Treaty (NPT) in March 1993, over a dispute about inspections of nuclear waste sites by the International Atomic Energy Agency (IAEA), the United States had very little remaining economic leverage that could be applied unilaterally. The United States called on the UNSC to impose sanctions but was resisted by Russia and China. With the threat of multilateral sanctions hovering in the background, albeit constrained by Russian and Chinese objections, the Clinton administration offered the “carrot” of reduced economic sanctions as an incentive for North Korean cooperation on curtailing its nuclear weapons program.

After a series of high-level negotiations, threats of economic sanctions, implicit threat of military force, and interventions by third parties, the United States, South Korea, and Japan reached an agreement with North Korea in 1994. Under the Agreed Framework, North Korea promised to freeze and eventually eliminate its nuclear weapons program in exchange for the construction of two light-water reactors. The agreement also provided for the easing of restrictions on diplomatic and trade relations with the United States. In early 1995 President Clinton relaxed travel, communications, and a few trade restrictions but conditioned any further relaxation on progress toward nuclear control.

In June 2000, hours after the presidents of North and South Korea signed an agreement on future cooperation between the two countries, Clinton administration officials announced a plan to lift a range of broad economic sanctions. The plan would allow North Korea to export raw materials and finished goods to the United States and open the way for US firms to invest in agriculture, mining, infrastructure projects, and tourism in North Korea. Restrictions associated with North Korea’s status as a state sponsor of terrorism remained in place, but the imminent easing of sanctions signified a striking change in policy.

This trend underwent a sharp reversal, however, with the inauguration of George W. Bush as president, especially after he named North Korea as one “axis of evil” in his January 2002 State of the Union speech. Relations deteriorated further in the fall of 2002 when each party accused the other of violating the framework agreement. The United States and its allies suspended construction on the light-water reactors, as well as interim shipments of fuel oil; North Korea responded by unfreezing operation of its existing nuclear reactor and withdrawing from the IAEA.

A vague agreement calling for North Korea to dismantle its nuclear programs in exchange for unspecified carrots from the United States and other key countries was reached in September 2005. But negotiations quickly broke down over details related to sequencing and implementation. Relations between the United States and North Korea worsened further after the US Treasury declared a Macau bank, Banco Delta Asia, a money laundering concern because of North Korean accounts that US officials charged were used to launder illicit proceeds from counterfeiting operations. Chinese banking authorities, concerned that their banks might lose access to the US financial system, froze the accounts, worth some \$25 million.

North Korea responded to the breakdown in talks by testing a nuclear weapon early in October 2006. Immediately after the tests, the United States called for sanctions, and the UNSC passed Resolution 1718 unanimously and quickly. The UN resolution approved a ban on shipments to North Korea of military hardware, nuclear technology, and luxury goods, as well as a targeted freeze of North Korean assets abroad.

The combination of sticks and carrots may have yielded results, but how extensive and how permanent remains to be seen. In February 2007 North Korea agreed to close its main nuclear reactor by mid-April 2007 in return for 50,000 tons of fuel oil, but that deadline was missed in a continuing dispute over the return of North Korea's assets held at Banco Delta Asia. North Korea also agreed to shut down the rest of its nuclear facilities and rejoin the IAEA on the condition that the United States and Japan would normalize relations and eventually lift all sanctions. After the funds in the Banco Delta Asia accounts were released in June 2007, North Korea reconfirmed its commitment to cooperate with IAEA inspections of its nuclear facilities and continue the six-party process toward dismantling of its program. Two IAEA inspection teams visited North Korea in July 2007 and reported that North Korea had shut down its reactor at Yongbyon. Even if the Yongbyon reactor remains permanently shut, North Korea has probably stockpiled enough plutonium to make six to ten bombs.<sup>9</sup>

## Iran

The United States first imposed economic sanctions against Iran in response to the hostage crisis of 1979–81. The trade and, especially, financial sanctions provided a crucial negotiating chip to win release of the American hostages on the day of President Reagan's inauguration in January 1981.

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9. Thom Shanker and David E. Sanger, "North Korean Fuel Identified as Plutonium," *New York Times*, October 17, 2006.

A few years later, in 1983, Iran was implicated in the terrorist bombing of a Marine Corps barracks in Beirut, Lebanon. Iran was then added to the US list of countries that support terrorism, notably Hezbollah in Lebanon. In incremental steps, the United States imposed new restrictions on US trade with Iran, targeted primarily at limiting development of the Iranian oil industry and thus Tehran's capability to fund terrorist groups. Subsequent concerns about Iran's nuclear power programs prompted additional US sanctions to impair the military potential of Iran, particularly regarding the development of nuclear weapons. The Iran and Libya Sanctions Act (ILSA) of 1996 supplemented these measures with additional restrictions on foreign companies that undertake new oilfield investments in Iran.

US sanctions did not persuade Iran to renounce the use of terrorism or the acquisition of nuclear weapons. Some US allies implemented narrowly targeted trade sanctions designed to limit Iran's access to components and technologies that could support the production and delivery of nuclear, chemical, and biological weapons; however, the same countries continued to trade extensively and invest in Iran. Meanwhile, other countries, possibly including Russia, Pakistan, and China, may have supplied Iran with nuclear equipment and technologies.

The ILSA sanctions did lead some companies to defer bidding on new contracts to develop Iranian oil and gas properties. US sanctions deserve some of the credit, but most of Iran's problems in attracting new investment were caused by self-inflicted wounds that its own domestic policies created. Despite these problems, Iranian oil production has grown modestly over the decade since ILSA was enacted.

The Iranian headaches confronting US policymakers two decades ago again dominate the headlines: funding Hezbollah terrorists in Lebanon and continuing the pursuit of nuclear weapons. Economic sanctions have not blunted Iranian determination, but they have inhibited the acquisition of key components and made the nuclear program more costly to pursue.

Can sanctions stop Iran from eventually developing a nuclear weapon? Probably not. Iranian leaders have energetically pursued a nuclear capability for more than two decades—despite diplomatic entreaties, limited economic sanctions, and the threat of military strikes. Tehran is concerned about having US and allied troops on its borders with Iraq and Afghanistan and about the pressure of nuclear-armed states in the neighborhood, especially Israel. It also believes that nuclear weapons will bring it regional dominance and that—just as with India and Pakistan—the West will grudgingly accept Iran's accession to the nuclear club.

Past experience suggests that sanctions cannot prevent a determined and well-financed country from eventually crossing the nuclear threshold. With its petrodollar bonanza, Iran will likely procure the necessary materiel and technology to achieve its nuclear ambitions. Nonetheless, history shows that targeted sanctions can push back the day of reckoning. Since the Nuclear Non-Proliferation Treaty entered into force in 1970, four coun-

tries have acquired nuclear weapons: Israel, India, Pakistan, and North Korea. The latter three were subject to US sanctions and some multilateral measures. Economic sanctions did not prevent proliferation, but collective denial by Western powers of key ingredients in the bomb maker's art—reprocessing technology, centrifuges, tubing, metallurgy, and timers—substantially slowed the process. Without these and other efforts South Korea, Taiwan, Brazil, Libya, Egypt, Ukraine, and Kazakhstan today might count themselves as nuclear powers.

## **Cuba**

The trade embargo, which is still in place today, was enacted by the Dwight Eisenhower administration in 1960, both in response to Cuba's mass expropriation of US properties and as a riposte to Fidel Castro's close ties to the Soviet Union. In 1961 the United States ended diplomatic relations with Cuba and tightened the embargo.

Over time, sanctions against Cuba prohibited trade, travel, and investment with two main objectives. One is to exact a price for Cuba's socialist internationalism and Castro's decades of political and military support for Marxist revolutionary movements in the Americas and Africa. The other is to destabilize the Castro regime.

In February 1962, following the Bay of Pigs fiasco, the John F. Kennedy administration banned virtually all imports from Cuba. In October 1962 relations reached a new low point when the United States found that the Soviet Union was installing nuclear missiles in Cuba. In response, the United States placed US military forces on alert and imposed a naval quarantine against Cuba until the Soviet Union withdrew its missiles. In a side agreement with Russia, the United States promised not to mount another invasion of Cuba.

When the Soviet Union collapsed in 1991, the fall of the Castro regime was widely expected, owing to Cuba's loss of its number one trading partner and financial provider. When Castro did not fall, Congress further tightened sanctions in 1992, passing the Cuban Democracy Act, prohibiting foreign-based subsidiaries of US companies from trading with Cuba. In 1996 President Clinton signed the Helms-Burton Act, allowing US citizens and companies to sue foreigners investing in US properties seized by the Cuban government. This legislation further enabled the denial of US visas for persons who profit from such investments. At the president's discretion, these secondary boycott measures can be waived, which both Presidents Clinton and Bush have done.

Despite US pressure for nearly four decades, Fidel Castro remains in power and shows every chance of dying in office. He has blamed the embargo for economic ills and painted Cuba as a victim of the American bully. To his supporters at home and abroad, Castro is seen as a defender

of Cuban independence, and US sanctions are regularly condemned at the United Nations. Indeed, one of the major reasons the US embargo failed to achieve its major goals is that, despite many efforts, the United States could not enlist support from other countries.

Domestic and international demands are strongly voiced for ending the embargo against Cuba. In fact, the United States has begun to plan for the post-Castro regime. In October 2003 the Bush administration established an interagency Commission for Assistance to a Free Cuba (CAFC) to help plan for Cuba's transition to democracy. In July 2005 Caleb McCarry was appointed as a new Cuba transition coordinator in the State Department to direct US actions in support of a free Cuba.

According to a Congressional Research Service report, the Bush administration is willing to consult with Congress on ways to lift the embargo if Cuba is prepared to free political prisoners, respect human rights, permit the creation of independent organizations, and create a mechanism and pathway toward free and fair election (CRS 2006). None of this is likely to happen as long as Fidel and his brother Raul Castro control the Cuban government. As their regime passes from the scene, however, President Bush or his successor will need to fashion a sequence for lifting sanctions, both to reward internal political progress in Cuba and to ensure compensation of Americans and Cuban-Americans whose property was seized by the Castro regime.

## **In Summary**

As these episodes illustrate, economic sanctions are still working hard to resolve old challenges while reaching out to address new problems. Open case files are numerous. More players are in the game, and the well-worn tools are given new edges. Beyond their utility in resolving the immediate conflicts and disputes, economic sanctions signal that a watchdog—usually the United States or the European Union—may step in to penalize future bad behavior. In our final chapter, we assess how successful sanctions have been in the episodes studied and offer recommendations to future policymakers.

# Appendix 5A

**Table 5A.1 Selected sanctions legislation by specific issue or country**

Issue	Legislation	Date passed	Description
Communist countries	Foreign Assistance Act of 1961, as amended (Section 620[f])	1962	Prohibits US assistance for communist countries unless the president declares the assistance is vital to US national security
	Trade Act of 1974, Jackson-Vanik amendment	1974	Prohibits extension of most-favored-nation status (MFN) and credit or investment guarantees (Overseas Private Investment Corporation [OPIC] Ex-Im Bank programs) to nonmarket economy countries unless the president determines that the country does not deny, or impose certain financial restrictions on, emigration
	Export-Import Act of 1945, as amended	1986	Section 2(b)(2) amended to prohibit approval of Ex-Im Bank guarantees, insurance, or credits for sales to Marxist-Leninist countries
Coup on elected government	Foreign Operations Appropriations Act, included every year	1986	Prohibits economic aid to any country whose “duly elected head of government is deposed by military coup or decree”
Expropriation	Foreign Assistance Act of 1961, Hickenlooper amendment	1962	Prohibits providing assistance to countries that expropriate US-owned property and do not reach a compensation agreement within six months
	Foreign Assistance Act of 1961, expansion of Hickenlooper amendment	1994	Expands the coverage to include governments that have “repudiated or nullified any contract or agreement with any United States person” or take any other action “which has the effect of seizing ownership or control of the property of any United States person”



Human rights	Foreign Assistance Act of 1961, as amended (Section 502B)	1974	Prohibits security assistance to any government that engages in a consistent pattern of gross violations of internationally recognized human rights
	Foreign Assistance Act of 1961, as amended (Section 116)	1975	Prohibits economic assistance to any government that engages in a consistent pattern of gross violations of internationally recognized human rights
	International Financial Institutions Act (Section 701)	1977	Requires US representative in international financial institutions to vote against multilateral loans (other than those for “basic human needs”) for countries whose governments engage in gross violations of human rights
	Foreign Assistance and Related Programs Appropriations Act of 1978	1978	Prohibits direct US aid for Uganda, Vietnam, Cambodia, Laos, Angola, Mozambique, and Cuba
	Foreign Assistance Act of 1961, as amended (Section 498A)	1996	Prohibits certain assistance to newly independent countries of the former Soviet Union engaging in gross violations of human rights
	Omnibus Appropriations Act for fiscal 1997	1997	Section 579 directs the United States to vote in international financial institutions against loans to countries condoning female genital mutilation
	Foreign Operations Appropriations Act of 1997	1997	Article 570 prohibits foreign assistance to security forces of any foreign country if secretary of state “has credible evidence that such unit has committed gross violations of human rights”

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**Table 5A.1 Selected sanctions legislation by specific issue or country** *(continued)*

Issue	Legislation	Date passed	Description
Human rights	Trafficking Victims Protection Act	2000	Directs the State Department to annually report countries' measures to combat human trafficking and identify governments making insufficient efforts to comply with US standards. The president may sanction noncompliant countries
	Burmese Freedom and Democracy Act	2003	Bans US imports from Burma, freezes US assets of Burmese government and senior officials, prohibits US firms from providing financial services to any Burmese entity, expands the current visa ban, and codifies the existing policy of opposition to international loans and technical assistance to Burma
Narcotics production, transit	Foreign Assistance Act of 1961, amended by Narcotics Control Trade Act	1986	Requires that US economic aid—except for humanitarian and counternarcotics assistance—be withheld from countries designated as major drug producing/transit countries and not certified as adequately cooperating with US antinarcotics efforts. Requires that US representatives at international financial institutions vote against any multilateral aid to such countries
	Foreign Narcotics Kingpin Designation Act	1999	Authorizes the president to freeze the assets of specially designated narcotics traffickers and those assisting them
Nuclear proliferation	Foreign Assistance Act of 1961 Amended by the International Security Assistance Act (Section 669, Symington amendment)	1977	Prohibits military or economic assistance to any country that “delivers nuclear enrichment equipment, materials, or technology to any other country or receives such equipment, materials, or technology from any other country,” unless the transaction follows specified international safeguards requirements

Nuclear Non-Proliferation Act	1978	Makes approval of nuclear exports dependent on buyer's acceptance of safeguards and US veto rights over retransfer or reprocessing of US-supplied fuel. Prohibits exports of nuclear materials, equipment, and certain technology to nonnuclear weapon state found by the president to have detonated a nuclear explosive device or terminated or violated an International Atomic Energy Agency safeguard or agreement. Export of such goods to other (nuclear weapon) countries prohibited if the president finds the country violated a cooperation agreement with the United States or assisted or encouraged proliferation to nonnuclear weapons state
Iran-Iraq Arms Non-Proliferation Act	1992	Prohibits export of defense items, nuclear material, and certain goods under the Export Administration Act and denies Export-Import Bank financing to Iraq and Iran. The legislation also calls for sanctions against any foreign government or person contributing "knowingly and materially to the efforts by Iran and Iraq (or any agency or instrumentality of either such country) to acquire destabilizing numbers and types of advanced conventional weapons"
Nuclear Non-Proliferation Prevention Act	1994	Section 826 Glenn amendment requires sanctions on nonnuclear states that conduct nuclear tests. Sanctions include restrictions on financial assistance except for humanitarian purposes, a ban on Trade and Development Agency, OPIC, and Export-Import Bank financing, restrictions on US exports of high-technology products, and opposition to loans from international financial institutions

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**Table 5A.1 Selected sanctions legislation by specific issue or country** *(continued)*

Issue	Legislation	Date passed	Description
	Iran Nonproliferation Act of 2000	2000	Authorizes the president to take punitive action against individuals or organizations known to be providing material aid to weapons of mass destruction programs in Iran
Religious persecution	International Religious Freedom Act	1998	Imposition of sanctions against countries engaged in a pattern of religious persecution and for other purposes
Terrorism	Foreign Assistance Act of 1961, as amended by International Security Assistance and Arms Export Control Act of 1976 (Section 620A)	1976	Prohibits US assistance to governments supporting international terrorism. Requires the secretary of state to determine which governments “repeatedly provided support for acts of international terrorism.” Includes provision for presidential national security waiver
	International Financial Institutions Act (Section 710)	1977	Section 701 requires US representative in international financial institutions to vote against multilateral loans (other than those for “basic human needs”) for countries whose governments provide refuge to individuals committing acts of terrorism by hijacking aircraft and for those countries on the State Department list of designated terrorist-supporting countries
	Export Administration Act (Section 6[j])	1979	Section 6(j) identifies countries that have repeatedly supported international terrorism, designated state sponsors
	International Security and Development Cooperation Act (Section 505)	1985	Authorizes (but does not require) the president to restrict or ban imports from countries on US-designated terrorist country list

	Antiterrorism and Effective Death Penalty Act (Section 321)	1996	Bans Americans from engaging in financial transactions with governments on the US State Department list of designated terrorism sponsors. Regulations authorize transactions with the governments of Syria and Sudan. The act also adds amendments to the Foreign Assistance Act, the International Financial Institutions Act, and the Arms Export Control Act to prohibit US government assistance to countries providing assistance to terrorist-designated countries, to require US representatives at IFIs to vote against loans to terrorist designated countries, and to prohibit export licenses for defense items for these countries
	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III)	2001	Title III of the USA Patriot Act is the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001. Section 313 prohibits US correspondent accounts with foreign shell banks. Section 319 authorizes the treasury secretary to mandate that US banks sever relations with foreign banks not complying with certain judicial proceedings. Other sections impose several new and heightened due diligence, monitoring, reporting, and record keeping requirements for financial institutions
	Syria Accountability Act	2003	Requires the president to prohibit the export of any dual-use item to Syria if Syria does not end its support for terrorist groups, cease support for terrorist activities in Iraq, withdraw from Lebanon, and give up its missile and weapons of mass destruction programs
South Africa	Comprehensive Anti-Apartheid Act (CAAA)	1986	Bans US trade with and investment in South Africa, authorizes the use of Economic Support Fund monies to assist victims of apartheid, and requires US departments and agencies to suppress funds and assistance to the proapartheid government

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**Table 5A.1 Selected sanctions legislation by specific issue or country** *(continued)*

<b>Issue</b>	<b>Legislation</b>	<b>Date passed</b>	<b>Description</b>
Cuba	Cuban Democracy Act	1992	Prohibits vessels engaging in trade with Cuba, travel to Cuba by US citizens, and family remittances to Cuba. Authorizes the president to apply sanctions to the country that provides assistance to Cuba
	Cuban Liberty and Democratic Solidarity Act (also known as Helms-Burton Act)	1996	Enforces US and international economic embargo against Cuba, allows US nationals to sue foreigners investing in US properties held by the Cuban government, and denies US visas to executives of companies that are found to traffic in confiscated property
Iran and Libya	Iran and Libya Sanctions Act (ILSA)	1996	Requires the president to impose at least two out of a menu of six sanctions on foreign companies (entities, persons) that make an “investment” of more than \$20 million (\$40 million for Libya) in one year in Iran’s energy sector
Iran	Iran Sanctions Act (ISA)	2006	Extends ILSA until 2011, changes its name to the Iran Sanctions Act (ISA) by terminating application to Libya, and allows substantial administration flexibility
Burma	Burmese Freedom and Democracy Act (BFDA)	2003	Bans imports from Burma and exports of financial services to Burma, freezes the assets of certain Burmese financial institutions and extends visa restrictions on Burmese officials.

*Sources:* Forsythe (1988); National Association of Manufacturers (1997); President’s Export Council (1997). Also see chronologies in Case Summaries S-1, S-2, S-3, and S-4, which are on a companion CD-ROM.