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The EU's Use of Targeted Sanctions: Evaluating Effectiveness

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The EU's Use of 'Targeted' Sanctions Evaluating effectiveness

Clara Portela

No. 391 / March 2014

Abstract

This study analyses the use by the European Union of the novel concept of 'targeted sanctions' in the framework of its Common Foreign and Security Policy. It examines two sets of sanctions regimes featuring different degrees of efficacy: in Myanmar and Zimbabwe, the EU wielded measures in support of human rights and democracy objectives in the absence of a United Nations mandate, while it supplemented UN sanctions to stop nuclear proliferation in Iran and North Korea. The study highlights a number of facilitators of, or hindrances to, the efficacy of sanctions, such as the degree of support by regional powers or the presence of UN legitimation. It concludes that the EU sanctions regimes could be optimised by using more robust measures, designing them on the basis of *ex ante* assessments, enabling faster upgrades, monitoring their impact and adjusting them regularly and improving outreach efforts.

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Executive Summary

This study analyses the use by the European Union (EU) of the novel concept of ‘targeted’ or ‘smart’ sanctions in its foreign policy, notably in the framework of its Common Foreign and Security Policy (CFSP). It first elucidates the mechanisms through which sanctions are meant to achieve their objectives and then examines on-going sanctions regimes against Myanmar, Zimbabwe, Iran and North Korea. This case selection features two examples of sanctions imposed by the United Nations Security Council (UNSC) to prevent nuclear proliferation, a relatively new goal in international sanctions practice, and two instances of EU unilateral sanctions to promote ‘flagship’ objectives of European foreign policy: human rights and democracy.

The cases also represent different stages of the sanctions process and different degrees of efficacy. Stand-alone EU sanctions supported its objectives only indirectly. Sanctions against **Myanmar** were not the primary motivation for the reform process in that country. They were only partially effective, to the extent that they limited Myanmar’s options to co-operation with China. Similarly, the **Zimbabwe** sanctions helped undermine support for Robert Mugabe, facilitating the Global Political Agreement (GPA) that included the participation of the Zimbabwean opposition in the new government. In both cases, sanctions are winding down despite the fact that EU objectives were not fully achieved. The sanctions against **Iran** recently yielded a positive outcome, as evidenced by the resumption of talks with the new Iranian leadership under President Hassan Rouhani. While the situation continues to evolve, an interim agreement was reached in November 2013 whereby Iran made some concession in exchange for sanctions relief, exemplifying sanctions’ potential as bargaining chips. By contrast, the sanctions against **North Korea**, still in full swing, have not succeeded, as the long-term isolation of the country minimises its vulnerability to external pressure.

The study highlights a number of conditions whose presence obstructs or facilitates the efficacy of sanctions. These include the mild nature of measures and their slow ratcheting up but most centrally the lack of support by critical non-Western states or regional organisations. It also singles out the influence of UN legitimation, which enables a faster and more robust build-up of measures. On the basis of such analysis, the following recommendations for the optimisation of sanctions are put forward:

- When imposing sanctions, broadly defined measures such as commodity embargoes and financial sanctions should accompany blacklist-based targeted sanctions like visa bans and arms embargoes. Since they are more effective, they ensure a quicker turnaround and prevent ‘sanctions fatigue’.
- Sanctions should be tailored to affect vulnerabilities identified in *ex ante* assessments of the targeted leadership and the economic and societal context from which it draws its support. Continued monitoring of the impact of sanctions should inform periodic adjustments to improve performance, refine targeting and minimise humanitarian impacts.
- To this end, capacities should be reinforced by putting in place ‘panels of experts’, mimicking a successful UN practice.
- A public outreach campaign should ensure that the public, the media and third-country observers are educated about the nature of EU sanctions and that false notions and stereotypes are dispelled.

The EU's Use of 'Targeted' Sanctions

Evaluating effectiveness

Clara Portela*

CEPS Working Document No. 391 / March 2014

1. Introduction

Sanctions constitute one of the most frequently used foreign policy tools in international relations. Beyond their traditional use by states, sanctions have been adopted by international organisations to assist them in fulfilling their mandates. This is notably the case with the United Nations (UN), whose Charter endows the Security Council with the power to impose mandatory sanctions alongside other instruments to enable it to accomplish its mission of maintaining international peace and security. The European Union (EU) has also become an increasingly active initiator of sanctions – what is referred to as a 'sender' in the specialised jargon – over recent decades. EU sanctions practice features two distinct strands:

Firstly, the EU decides and implements its own sanctions in the absence of a UN Security Council (UNSC) mandate. This is referred to as the EU's autonomous practice. The EU has reached consensus on a number of sanctions regimes in the absence of pre-existing UNSC resolutions, thus developing a rich autonomous sanctions practice that has become more frequent and more sophisticated over the years.

Secondly, it implements sanctions regimes decided on by the UNSC, which are mandatory. Here, the EU acts in effect as an implementing agency of the UNSC. The EU's writ to implement UNSC sanctions is derived from the duty that individual EU member states assume as members of the UN to comply with Security Council resolutions and is justified on the basis of its responsibility to prevent distortions in the common market as well as considerations linked to the efficacy of implementation.

In addition, the EU often supplements UNSC regimes with sanctions that go beyond the letter of the UNSC resolutions, a phenomenon labelled 'gold-plating' (Taylor, 2010). The

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practice constitutes a 'third' strand that has almost gone unnoticed. This is particularly surprising in view of the fact that, as found by a recent study, in 82% of the cases, UN sanctions were preceded or supplemented by other sanctions (Biersteker, Eckert and Tourinho, 2012). Indeed, UN sanctions often result from calls by a regional organisation such as the EU, the African Union or the Economic Community of West African States that has already imposed sanctions. In the cases of Iran and North Korea, UN sanctions resolutions provided a basis for more extensive unilateral sanctions.

How successful are sanctions measures in compelling the policy changes they aim for? This study examines the impact of sanctions on the targeted leaderships and the countries they rule, analysing whether the consequences corresponded to expectations, whether unintended effects were observed and whether and how sanctions reached the objectives spelt out by the senders. Only sanctions applied against targets featuring some connection with state authority are examined, thus excluding blacklists against individuals and entities engaged in terrorism. The study is also restricted to the impact and efficacy of sanctions in bringing about compliance with the stated aims of the sanctions regimes. It is widely recognised by scholarship that compliance is often not the only, or not even the primary, aim of sanctions but that they fulfil other functions. These include the desire to demonstrate the sender's willingness and capacity to act, to anticipate or deflect criticism, to maintain certain patterns of behaviour in international affairs, to deter further engagement in the objectionable actions by the target and third parties, to support international institutions, to promote subversion in the target or to assuage domestic audiences (Barber, 1979; Lindsay, 1986).

This paper analyses the use made by the EU of the novel concept of 'targeted' sanctions, which departs from the full economic embargoes that dominated the international landscape up until the mid-1990s. It also explores how the EU can improve its present policies on sanctions against third countries, identifying the circumstances that obstruct or facilitate the efficacy of these measures and putting forward recommendations to surmount obstacles.

The study is organised as follows: The first part defines the notion of sanctions and explains the novel ideas introduced by the concept of 'targeted' or 'smart' sanctions. It then proceeds to elucidate the mechanisms through which sanctions are meant to achieve their objectives, highlighting their discrepancies with real-world experiences.

Part two examines on-going sanctions regimes against Myanmar, Zimbabwe, Iran and North Korea. This case selection features two examples of sanctions imposed by the UNSC to stop the proliferation of nuclear weapons and two instances of EU unilateral pro-democracy sanctions. The choice of case studies follows several criteria: First, it allows for a comparison between sanctions imposed by the EU *in the absence of* a UNSC mandate and measures applied *in addition to* UN sanctions. This is particularly interesting since hardly any studies have engaged with the practice of autonomous sanctions supplementing UN measures, a focus pioneered by Taylor (2010). Second, the case selection features sanctions regimes imposed in pursuance of two different sets of goals: on the one hand, the protection of human rights and promotion of democracy – 'flagship' objectives of European foreign policy – and the non-proliferation of nuclear weapons, an objective embraced by the UNSC with the full support of the EU. The cases also represent different stages of the process: two of them are in full swing, while two others are winding down. Finally, the geographic spread of the sample, featuring targets in the Middle East, Africa, Southeast and Northeast Asia, departs from the mainstream discussions of EU foreign policy that concentrate on a specific region. Each case study will first detail the sanctions measures imposed against each target along with their motivation and objectives. After that, their impact and efficacy in bringing about the desired policy goals is assessed.

The examination of the individual case studies is followed by an analysis of the effects, intended or not, of the sanctions packages under study, including an examination of the efficacy of different types of measures as well as a cross-case comparison. A final section presents some recommendations geared toward improving the performance of the EU as a sender of international sanctions.

2. Targeted Sanctions and How They Work

2.1 Defining international sanctions

The term “sanctions” does not have any commonly agreed definition. Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott and Barbara Oegg define economic sanctions as the “deliberate, government inspired withdrawal, or threat of withdrawal, of customary trade or financial relations” (Hufbauer et al., 2007, p. 3). However, in international relations, sanctions are not limited to the interruption of economic relations but encompass as well measures devoid of economic significance, such as diplomatic sanctions. The international lawyer Jean Combacau defines sanctions as “measures taken by a state acting alone or jointly with others in reply to the behaviour of another state, which, it maintains, is contrary to the international law” (Combacau, 1992, p. 313). Thus, the idea of imposing sanctions presupposes a breach of an international norm. In practice, though, sanctions are imposed in reaction to behaviour that the sender considers objectionable, even if this has not been codified as illicit. Panos Koutrakos describes sanctions as measures that “connote the exercise of pressure by one state or coalition of states to produce a change in the political behaviour of another state or group of states” (Koutrakos, 2001, p. 49). Indeed, restrictions imposed in reaction to undesirable acts are geared toward exercising pressure normally with the ultimate aim of altering the political behaviour of the targeted parties. However, it is problematic to identify this objective as a definitional element of sanctions, as measures may also be wielded with other, undeclared objectives in mind. In order to obviate these uncertainties, for the purpose of the present discussion, sanctions are broadly defined as the politically motivated withdrawal of a benefit that would otherwise be granted and whose restoration is made dependent on the fulfilment of a series of conditions defined by the sender.

Within the United Nations framework, the Security Council adopts sanctions under Article 41 of the United Nations Charter. Art. 41 immediately preceeds Article 42, the provision that allows the UNSC to prescribe the use of force in order to maintain or restore international peace and security. Art. 41 reads:

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

Thus, the legal basis empowering the Security Council to adopt sanctions does not feature the term ‘sanctions’. Instead, it refers to a negative formulation, “measures not involving the use of armed force”, which is followed by a non-exhaustive list that notably features the interruption of economic relations, communications and diplomatic links. The variety of measures used as sanctions by the UNSC has broadened considerably following the introduction of targeted sanctions in the mid-1990s.

In addition to the mandatory sanctions practice of the UNSC, which every member state is obliged to implement, individual states and international organisations impose unilateral sanctions. Thus, one can distinguish the unilateral sanctions practice of individual states and organisations – such as the EU, the US, Canada or Japan – from the mandatory sanctions of the UNSC. Sometimes, both practices are combined: the UNSC imposes sanctions on a target that certain states or organisations complement with additional measures.

The EU has traditionally referred to sanctions as ‘restrictive measures’ (French: *mesures négatives*). In official documents, the term ‘sanctions’ appears bracketed and attached to the term ‘restrictive measures’. Officially the EU only uses ‘sanctions’ in connection to the measures agreed to in the framework of the Common Foreign and Security Policy (CFSP), routinely adopted in the form of a CFSP ‘common position’, or CFSP ‘decision’ after the Lisbon Treaty. Other negative conditionality measures are not referred to as ‘sanctions’. Reductions in aid or suspension of trade preferences adopted under Article 96 of the Cotonou Agreement are referred to as ‘appropriate measures’. In the context of the European Neighbourhood Policy, which governs the EU’s relations with Eastern Europe, the Caucasus, North Africa and the Levant, the phrase ‘less for less’ is preferred. The withdrawal of the application of the Generalised System of Preferences (GSP) from beneficiaries is not referred to as a sanction either. While this study focuses on the EU sanctions practice under the CFSP, negative conditionality will also be considered in the discussion of the individual cases in which they were applied. They are considered relevant here because, irrespective of official labelling, they correspond to the academic definition of sanctions and are considered as such in the academic literature (Kryvoi, 2008; Zimelis, 2011; Portela and Orbie, 2014). In addition, they are regarded and portrayed as sanctions by targeted parties.

2.2 When are sanctions ‘targeted’?

The sanctions landscape underwent a profound transformation in the mid-nineties because of the emergence of the concept of targeted – or ‘smart’ – sanctions. Targeted sanctions are designed to put pressure on the leaders or specific elites who are deemed responsible for objectionable behaviour. They purport to channel harm toward specific public figures and their backers, while the population at large is spared. Targeted sanctions are thus employed in such a way that they only affect certain individuals, elites or economic sectors rather than the country’s entire economy.

The conception of targeted sanctions therefore excludes comprehensive trade embargoes owing to their indiscriminate effects. The idea was inspired by the humanitarian catastrophe caused by the comprehensive UN embargo on Iraq in the early 1990s (Mueller and Mueller, 1999). The emergence of this line of reasoning took place in the aftermath of the cold war, when the UN dramatically increased its activity in peace and security. The 1990s were dubbed the ‘sanctions decade’ by US scholars Cortright and Lopez in view of the dramatic rise in the number of sanctions regimes imposed by the UNSC (Cortright and Lopez, 2000). The development of targeted sanctions can be regarded as part and parcel of the effort undertaken by the international community to adjust its toolbox – and the UN machinery – to the transformed security environment of the post-cold war era.

Targeted sanctions have been in existence for more than fifteen years and have been fully embraced by the UNSC, the EU and a number of individual states. Since the mid-1990s, the UNSC sanctions practice consists exclusively of targeted sanctions. The same applies to the EU, which officially subscribed to the notion shortly after the adoption of the first European Security Strategy, its Basic Principles on the Use of Restrictive Measures (Council of the European Union, 2004). However, the resort to blanket trade embargoes persists in the practice of a number of individual states, most notably the US. Thus, while the UN, the EU

and states such as the UK have completely abandoned the use of comprehensive trade embargoes, the exercise of targeted sanctions co-exists with traditional economic embargoes, which continue to be applied by prominent senders such as the US. The coexistence of both types of sanctions might explain why, despite the twenty years of experience the UN has with targeted sanctions, much of the scholarly and public debate continues to consider targeted and comprehensive sanctions “as if they were the same” (Biersteker, Eckert and Tourinho, 2012).

‘Targeted sanctions’ are understood to be measures that fall short of a blanket economic embargo. One can distinguish three sub-types: personal sanctions, selective sanctions and diplomatic measures.

Personal sanctions

Personal sanctions are sanctions that affect directly and exclusively clearly identifiable individuals. These sanctions feature a blacklist of targeted individuals with their names, affiliations and birth dates. Most commonly, personal sanctions prohibit the travel of blacklisted individuals – or, more specifically, the issuing of visas – and freeze their financial assets or forbid them from holding bank accounts abroad.

Selective sanctions

By contrast, selective sanctions affect specific sectors of the economy. These measures consist of partial embargoes, banning the export or import of specific commodities such as timber, oil, gems, cocoa, arms or product categories such as luxury goods. Financial sanctions such as bans on investment or on payments or the freezing of assets of state enterprises are also selective sanctions. A popular type of selective sanction is the aviation or flight ban. Selective sanctions may have a wider impact on the economy than personal sanctions.

Diplomatic sanctions

Diplomatic sanctions constitute a traditional form of sanctions expressly featured in Article 41 of the UN Charter. Their most extreme incarnation is the severance of diplomatic relations, but milder forms include the expulsion of military attachés, the suspension of membership in an international organisation or the recall of ambassadors or the limitation of contacts.

The catalogue of ‘targeted sanctions’ is open-ended since measures are often tailored to affect leaderships or elites, taking into account that circumstances vary from country to country. Thus, new forms of targeted sanctions are continually being devised. So far, little is known about the relative efficacy of targeted sanctions in comparison to comprehensive economic embargoes. Research into targeted sanctions remains scarce, partly as a result of the dim international awareness of the notion of targeted sanctions and partly because the tools are still under development: sanctions in force are often fine-tuned in order to improve their selectivity and efficacy. Some scholars have expressed doubts about the feasibility of targeted sanctions, claiming that they cannot completely avoid damaging the population at large (Tostensen and Bull, 2002). Preliminary studies of sanctions efficacy suggest that targeted sanctions are somewhat less efficacious than comprehensive sanctions (Hufbauer et al., 2007; Drezner, 2011) or, alternatively, that their efficacy is comparable (Biersteker, Eckert and Tourinho, 2012). In any case, irrespective of their comparative efficacy in bringing about desired policy changes, the states and international organisations that have embraced targeted sanctions are highly unlikely to revert to a policy of imposing comprehensive embargoes on account of the stark unpopularity of such measures (Cosgrove, 2002).

2.3 How are sanctions expected to work?

The way that sanctions function in the real world has not been fully ascertained yet. While academics have attempted to chart how sanctions are expected to work, decision-makers have never validated or disconfirmed their suggestions (Baldwin and Pape, 1998). The standard mechanism for transmission of sanctions was formulated by peace scholar Johan Galtung in a seminal study on the UNSC sanctions against Southern Rhodesia in the 1960s. Galtung (1967) delineated the expected chain reaction of sanctions, which implies that the economic harm produced by sanctions generates popular discontent, which is then channelled to the ruling elite, which in turn is pressured to conform to the sender's demands in order to revert to the previous level of well-being. Thus, the leadership is faced with the choice of either giving in to the sender or being unseated. According to Galtung's formulation, sanctions tools operate analogously to military force since both aim at the 'political disintegration of the enemy so that he gives up the pursuit of his goals' (Galtung, 1967, p. 386). The theory foresees that the more intense the value deprivation, the more thorough the political disintegration:

The idea is that there is a limit to how much value deprivation the system can stand, and that once this limit is reached (resulting in a split in leadership or between leadership and people), then political disintegration will proceed very rapidly and will lead to surrender or willingness to negotiate (Galtung, 1967, p. 388).

Galtung labelled this the 'naive theory' of sanctions on account of its flawed assumptions. Indeed, the naive theory was quickly discredited due to the frequent failure of sanctions to compel leaderships to change course. The advent of targeted sanctions hardly heralds a departure from the causal logic explained above. The harm produced by sanctions is now focused on the responsible leadership or the elites that support them, but the method remains value deprivation. Thus, targeted sanctions transpose the logic of the naive theory to the individual or elite level (Brzoska, 2003; Portela, 2010).

The naive theory is no longer regarded as the only possible way in which sanctions can bring about compliance by the target. Sanctions can accomplish their aims, or contribute to bring about the target's compliance, in a variety of ways that have not yet been fully catalogued. As Baldwin observes, 'there are many causal logics that could be used to construct a variety of theories' of sanctions (Baldwin and Pape, 1998, p. 193). Some scholars posit that certain instances of regime change, such as the destabilisation of the rule of General Rafael Trujillo in the Dominican Republic in the early 1960s, were facilitated by sanctions because they undermined the financial and political base of the targeted regimes and emboldened the opposition (Kirshner, 2002).

The workings of sanctions are closely linked to the question of the purpose of sanctions. Sanctions can serve to weaken the economic and military potential of the targeted state. They have a strong communicative value in that they express maximum disapproval of the target's policies (Elliott, 2010). The use of sanctions to stigmatise their targets is exemplified in the cases of Iran and North Korea. In his announcement of a new round of UN sanctions against Iran in February 2010, US President Barack Obama claimed that the new package would "indicate to Iran how isolated they are from the international community as a whole" (CBS News, 2010). When UN Ambassador Susan Rice of the US announced new UN sanctions against North Korea, she claimed: "the entire world stands united in our commitment to the denuclearization of the Korean Peninsula and in our demand that North Korea comply with its international obligations" (Rice, 2013). In addition, sanctions imposition might be concerned with satisfying domestic audiences in the sender state. Sanctions are often levied because of a desire "to demonstrate the effectiveness of the imposing government ... a willingness and capacity to act" or "to anticipate or deflect

criticism" (Barber, 1979, p. 380). At the same time, they serve to uphold international norms and to maintain "a certain pattern of behaviour in international affairs" (Barber, 1979, p. 382). Scholars recognise that compliance is not always the most important goal of a sanctions regime and that it might not even feature among its objectives (Lindsay, 1986), that the importance allocated by senders to the different objectives pursued by sanctions might vary over time (Barber 1979) and that the "policymaker's true goals may be hidden behind the public rhetoric" (Elliott, 2010, p. 86). Hence, sanctions efficacy cannot simply be deduced from the degree of compliance by the target state. Nevertheless, most of the academic literature continues to evaluate sanctions only on the basis of their ability to coerce targets. At the risk of painting an incomplete picture, this report adopts the conventional 'standard of success' for a couple of reasons. First, standard methods of assessment of sanctions efficacy have been established, while no standard methods exist for the evaluation of other functions. Indeed, this endeavour is still in its infancy and should be developed in the context of scholarly investigation before it can be applied to policy-oriented research. Second, the ability of sanctions to bring about compliance continues to be a highly contentious matter, both in the scholarly world and in public debate.

2.4 What effects do sanctions have in actual fact?

The miscalculations on which the naive theory is based were in evidence already during the cold war period, in the early instance of the UN sanctions against Southern Rhodesia. First, sanctions have not always led to crippling damage. The targeted country has often adapted to new economic circumstances by finding alternative sources of income or resorting to the black market. Popular discontent with sanctions often translates to animosity toward the senders rather than the domestic leadership, producing the so-called rally-around-the-flag effect, whereby the population unites behind the regime in response to what is perceived as a foreign attack (Galtung, 1967).

Comprehensive sanctions can also yield counterproductive or 'perverse' effects. Economic decline in the targeted state impoverishes the lower classes and weakens the middle classes, while the regime shields and rewards the elites that support it. Faced with the prospect of living in an increasingly beleaguered country, the intellectual elite often chooses to migrate. The business community finds it ever more difficult to operate under the legal framework, which results in the criminalisation of commercial activity (Schlichte, 2001). Because sanctions lend themselves to manipulation by leaders, the leadership routinely uses them as a pretext to increase repression and tighten its control over the population and the media, which allows it to monopolise the discourse on sanctions and present them as unjust measures responsible for all the hardships people are confronting. Finally, sanctions perpetuate isolation from the rest of the world, which frustrates those segments of society that would benefit from enhanced international exposure: business elites, civil society groups, the political opposition and even reform-oriented elements within the government (Will, 2003).

Targeted sanctions were designed precisely to correct these effects: Because they do not presume to affect the economy as a whole, they are not expected to bear significant humanitarian consequences, impoverishing the population and criminalising society. By putting the punitive spotlight on members of the leadership and the elites they hold responsible for wrongdoings, the senders attempt to signal to the citizenry that they do not seek to cause general harm. Nevertheless, the types of measures considered 'targeted' actually feature different degrees of 'targetedness'; for example, oil embargoes hit the economy far harder than arms embargoes. Thus, arranged as a continuum, visa bans would

constitute the most discriminatory measure, while sanctions affecting transportation or financial sector would have the widest consequences (Biersteker, Eckert and Tourinho, 2012).

From the point of view of political flexibility, targeted sanctions offer attractive advantages. The most important of these is the possibility of modulation, that is, of easing or tightening measures progressively to reciprocate changes in behaviour by the target, an option that was unavailable with blanket economic embargoes. At the same time, targeted sanctions present new challenges to senders. In order to craft measures that focus their harm on the responsible persons and entities, a considerable effort must be devoted to intelligence from sources that identifies individuals and entities considered to be at fault. The following part of the study explores the background and effects of targeted measures.

3. EU Autonomous Sanctions

How has the EU interpreted the concept of targeted sanctions, and how have these been employed? What effects have they had, and what has been their contribution to the situations with which they were concerned? This section reviews four notorious sanctions cases: Myanmar, Zimbabwe, Iran and North Korea. The case selection encompasses two instances of UN Security Council mandatory sanctions – North Korea and Iran – along with two of pro-democracy sanctions imposed by the EU alongside partners such as the US, Canada, Australia and Switzerland. The bifurcation between UN non-proliferation sanctions and autonomous pro-democracy sanctions is not coincidental: the UNSC is only empowered to wield sanctions in circumstances that represent a ‘threat or a breach to international peace and security’. This characterisation has been applied to North Korea and Iran on account of their (alleged) development of military nuclear programmes in breach of the Nuclear Non-Proliferation Treaty (NPT). By contrast, situations of autocratic rule such as in Myanmar or Zimbabwe hardly amount to a threat to international peace.

The EU’s autonomous measures are gaining scholarly attention (Vines, 2012; Portela, 2010; Eriksson 2010). However, the EU practice of imposing additional sanctions on the targets of UN-mandated measures is still virtually uncharted territory (Portela, in press). On certain occasions when the UNSC imposed mandatory sanctions, the EU reached agreement on supplementary measures, which took the form of additional entries for the blacklists approved by the UN or more stringent prohibitions than those the UN stipulated. This step has often been promoted by European members of the UNSC after they had failed to obtain consensus on more far-reaching sanctions at the UN. The process, which has been labelled ‘gold-plating’ (Taylor, 2010), is facilitated by the fact that, in order to take effect across the EU, UN measures have to be translated into CFSP ‘common positions’, referred to as ‘decisions’ in the post-Lisbon Treaty era, essentially the same legal instrument used by the EU to adopt unilateral measures. Thus, the ‘gold-plating’ could be accomplished easily by expanding lists of sanctioned individuals or by transforming UN language into more restrictive formulations.

Exploring the contrast between UN-mandated and unilateral cases is particularly interesting at a time when the EU is in the process of phasing out its sanctions regimes in Zimbabwe and Myanmar while operating a sanctions package on Iran. The sample presented here – two current cases of autonomous sanctions and two cases of sanctions supplementing UN regimes – affords broader insights into the profile of the EU as a sender of sanctions and the efficacy of its measures.

In the following analyses, special emphasis is placed on the effects of EU sanctions specifically. However, there are important caveats: First, no data on the impact of EU sanctions are collected by either the EU itself or the member states. Second, the EU is not the

only sender in any of the following cases; thus, even if an attempt at data collection were made, the impact of EU sanctions imposed in parallel with UN, US and other sanctions is hard to gauge. This compounds the difficulty of dissociating the effects of sanctions from those of the misguided economic policies of some developing countries. Thus, this study offers tentative estimates based on available – and often scarce – information. Each case study starts with an overview of the sanctions in place, which is followed by a narrative explaining the motivation behind the imposition of sanctions. The impact assessment runs across two dimensions: the degree of disruption created by the sanctions measures and their political efficacy in compelling policy change by the targeted leadership.

3.1 Stand-alone sanctions

3.1.1 Myanmar

Sanctions summary

The EU has recently lifted most of its measures against Myanmar.¹ The phasing out of Myanmar sanctions came in three stages: Measures were eased in 2010 and 2011, suspended in 2012 and finally lifted in 2013, with the exception of the arms embargo (2013/184/CFSP).² According to the most recent decision on sanctions before these started to be phased out (2010/232/CFSP), the package encompassed the following measures:

- an embargo on arms and military equipment;
- suspension of non-humanitarian aid (exceptions are permitted for projects in support of human rights, democracy, good governance, conflict prevention and building the capacity of civil society, health and education, poverty alleviation and environmental protection);
- a visa ban and a freezing of assets of members of the junta and high-ranking military officers, authorities in the tourism sector and family members;
- an investment and loan ban, including continuing participation in state-owned enterprises, and a ban on the creation of joint ventures;
- suspension of high-level bilateral governmental visits;
- a ban on the attachment of military personnel to the diplomatic representations of Burma in EU member states, as well as on the attachment of military personnel to diplomatic representations of the member states in Burma;
- a ban on the export of equipment and technology and the provision of technical or financial assistance destined for enterprises engaged in logging and timber processing and the mining of metals, precious and semi-precious stones;
- a ban on the import of round logs, timber products, metals, precious and semi-precious stones.

¹ Merely for reasons of economy, this report uses the official name of the country (Myanmar) rather than its historical name (Burma). Burma is kept when referring to original documents using that name.

² An updated list of EU official documents imposing sanctions may be found at http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf.

Background and motivation for sanctions

Sanctions were adopted because of severe human rights problems and the absence of substantive progress toward an inclusive democratisation process (2010/232/CFSP). They were initiated following the failure of the ruling military junta, the State Peace and Development Council, to honour the results of the 1990 elections won by the National League for Democracy (NLD). The EU suspended its aid programmes and imposed an arms embargo along with diplomatic sanctions. Sanctions were upgraded in 1996 owing to further human rights violations: a visa ban and a suspension of high-level visits were introduced. In 2000, the visa ban was expanded, and a freezing of assets was imposed on the blacklisted individuals, with further extensions of the blacklist ensuing in successive years (Portela 2010). After the renewed house arrest of Aung San Suu Kyi, the NLD's leader, the EU urged Myanmar's authorities to release her, stop harassment of the NLD and allow for open debate at the National Convention on the drafting of a constitution), imposing the following measures:

- an expansion of the visa ban to include members of a lower military rank;
- a policy of votes against extending loans to Myanmar from international financial institutions;
- a prohibition on EU-registered companies and organisations making financing such as loans and equities available to named Burmese state-owned enterprises.

The ban prohibited European companies from investing in certain state-owned enterprises in Myanmar but exempted existing investment, which could be prolonged. Prior to the imposition of the investment ban, member states had barred the extension of export insurance to European enterprises conducting business in or with Myanmar (Will, 2003). In 2006, the sanctions package was strengthened, as the investment ban was extended to participation in state-owned enterprises, although it still exempted agreements concluded prior to October 2004. In reaction to the repression of the pro-democracy demonstrations of autumn 2007 – the 'Saffron Revolution' – the EU took measures targeting specifically state-owned industries by prohibiting:

- the export of equipment and technology and the provision of technical or financial assistance destined for enterprises engaged in logging and timber processing and the mining of metals, precious and semi-precious stones;
- the import of round logs, timber products, metals, precious and semi-precious stones;
- the creation of joint ventures with blacklisted enterprises or their subsidiaries.

The reasons for the imposition of the sanctions were listed as the failure of the authorities to allow for a democratic transition to civilian rule, the detention of Aung San Suu Kyi and the harassment of the opposition, human rights violations and restrictions on the operation of international organisations and non-governmental organisations. Yet, the conditions for lifting or easing sanctions were condensed in a broad formulation spelt out as Common Position 2006/318/CFSP:

In the event of a substantial improvement in the overall political situation in Burma/Myanmar, the suspension of these restrictive measures and a gradual resumption of co-operation with Burma/Myanmar will be considered, after the Council has assessed developments.

Finally, a measure falling under a separate legal chapter is the suspension of the Generalised System of Preferences scheme for Myanmar in March 1997 on the basis of the country's practice of forced labour (Fierro, 2003). Myanmar was not only the first instance of EU

withdrawal of GSP preferences, but it remained the only case for a decade. Upon Myanmar's accession to the Association of Southeast Asian Nations (ASEAN) in 1997, the EU refused to extend the application of its 1980 Cooperation Agreement with ASEAN, which provided for most favoured nation treatment. The antagonistic relationship between the EU and Myanmar had ramifications at the regional level. The EU's unwillingness to accept Myanmar's accession to the Asia Europe Meeting (ASEM) prompted ASEAN to threaten to block the accession of new EU members to the forum. The European Parliament adopted 26 resolutions and issued two declarations concerning Myanmar between 1999 and 2012 (Gaens, 2013).

Major changes in Myanmar's political landscape impelled the EU to phase out its sanctions almost completely within a two-year span. The military-sponsored but nominally civilian government inaugurated in 2011 launched a series of reforms including the release of political prisoners, the legalisation of trade unions and political parties, the granting of the freedom of assembly, as well as the loosening of media censorship. Significantly, it permitted the registration of the NLD and other opposition parties in the by-elections of April 2012, which the NLD won with a landslide victory. Aung San Suu Kyi, released from house arrest in 2010, was one of the NLD candidates to enter Parliament. In response to the positive developments in Myanmar, the EU first suspended the visa ban against cabinet members and other high-ranking officials in 2011; then all sanctions were put on hold with the exception of the arms embargo in 2012 (Bünthe and Portela, 2012). The suspension of sanctions was accompanied by other measures, such as an increase in development aid and the strengthening of bilateral dialogue between the EU and Myanmar authorities concerning specific sectors with the government (Council of the European Union, 2012). In 2013, the Council of the European Union decided to lift all suspended measures, and GSP preferences were reinstated (Portela and Orbie, 2014). Myanmar has been granted access to the most favourable scheme under the GSP, namely, 'Everything but Arms' (EBA). The EU has doubled the amount of aid and extended the scope of its assistance to improve the capacity of government and encourage democratic reforms, inclusive development and the peace process. It opened an EU office in Yangon under the responsibility of the EU Delegation in Bangkok in 2012, which has since been upgraded to an EU Delegation. The EU has also committed to funding the Myanmar Peace Centre, created in November 2012 with a mandate to work toward securing a lasting peace and bringing prosperity to ethnic areas after conflict has come to an end.³ It has also started referring to the country as Myanmar/Burma in official documents, in a departure from its practice of using the reverse order (Buma/Myanmar) or only Burma (Portela 2013). ASEAN, which had persuaded Myanmar to relinquish its turn as chair of the organisation in 2006, openly supported Myanmar's chairmanship in 2014, which has sealed its return to regional respectability.

Impact of sanctions

Impact of specific sanctions measures

Arms embargo. The arms embargo has failed to deny the Myanmar government access to arms since it was able to find alternative suppliers. Although China has been the dominant supplier throughout the past two decades, Myanmar was able to import arms from Russia, Ukraine, Serbia, India and North Korea (SIPRI Arms Transfers Database, 2013). The impact of the EU arms embargo was negligible, given that, "even if the EU was ready to sell arms, the Burmese would have been able to afford very few items" (interview with EU official, Brussels, 2007).

³ (No byline) (2012) "'Myanmar Peace Center' Opens in Rangoon", *The Irrawaddy*, 5 November.

Gems and timber embargo. The gems and the timber embargo have had some impact. Along with the US trade ban and the US/EU suspension of trade preferences, the commodity embargoes have damaged local industries with the exception of the extraction sector itself. The embargo did not stop the trade in gems, which was then diverted through Thailand. Indeed, the US Government Accountability Office (US GAO, 2009) reported in 2009 that there was no way to make it work. The embargoes have harmed those traders operating through the legal system. Because trade was diverted through Thailand, Burmese traders needed to operate through Thai intermediaries, thus cutting into their revenues (interview with independent expert, Brussels 2011). Rather than compiling a selective roster singling out entities connected to the junta, the blacklist reproduced the entire spectrum of gem merchants in Yangon (interview with independent expert, Canberra 2009).

Sanctions 'labelled otherwise': Suspension of trade preferences. The EU GSP suspension per se was not believed to have caused particular disruption to the Burmese economy, not least given that, at the time, Burmese enterprises were broadly unaware of trade preferences (interview with independent expert, Brussels 2011). The suspension might have contributed to the decline in the textile industry observed since the imposition of the US trade embargo, as it is reported to have forced the closure of a number of garment factories (Steinberg, 2010). However, the denial of trade preferences under the 'Everything but Arms' scheme was singled out as one of the measures affecting the economy generally, by implication penalising the population at large.

According to Myanmar expert Gerhard Will, sanctions played into the hands of the military junta since they shield the country from external influence while contributing to its under-development:

sanctions harm all those interested in closer co-operation with foreign countries: private entrepreneurs ... scholars [and] forces in government and administration convinced that modernising the country is indispensably linked to intensive exchange with industrialised countries (Will, 2003, p. 17).

A 2011 review of sanctions by the NLD, however, attributed economic under-performance in Myanmar to the junta's economic mismanagement rather than to sanctions: "economic conditions within the country have not been affected by sanctions to any notable degree" (NLD, 2011, p. 5); "cronyism ... constitutes the main obstacle to the emergence of small and medium enterprises" (NLD, 2011, p. 3).

Political Efficacy

The sanctions against Myanmar have long been considered inefficacious. A high-ranking official from the UK Foreign and Commonwealth Office acknowledged in a hearing at the House of Lords in 2006 that the sanctions were "not working very well" and that EU sanctions were "unlikely to bring about change" (House of Lords, 2007, p. 22). A former British diplomat and the current chairman of Network Myanmar, Derek Tonkin, contended that the restrictions applied "had no perceptible effect in persuading the military junta in Burma to moderate its repressive policies" (Tonkin, 2006, p. 3). This is in line with research that found that the imposition of sanctions has negative repercussions for democracy because the economic hardship they cause can serve as a pretext for the targeted regime to consolidate authoritarian rule by restricting political liberties and increasing repression (Peksen, 2009; Drury and Peksen, 2010). The long stalemate in relations with Myanmar can be easily explained by the active interest that China – but also India and Thailand – takes in the country. The long-term isolation to which Western state counterparts such as the EU, the US, Australia and Canada subjected Myanmar allowed China and India to exploit its vast natural resources (Nuttin, 2010).

CFSP sanctions regimes are seldom phased out faster than the two years it took the Council of the EU to follow the sequence from conditional suspension to (virtually) full lifting. In theory, because sanctions acts incorporate a 'sunset clause' providing for their expiry normally one year following adoption, their renewal could easily be vetoed by any member state refusing to renew the measures. In reality, this has never happened: the Council normally phases out sanctions gradually, partly in an attempt to build consensus between divergent positions in the Council itself, partly in order to maintain some pressure on the target leadership, which is often contending with volatile circumstances. At a minimum, arms embargoes routinely survive decisions on lifting. The GSP reinstatement took longer owing to the complex procedure that needs to be followed – the ordinary legislative procedure, which requires approval by the European Parliament rather than merely a unanimous Council decision. The speed with which the EU changed its policy can be ascribed to some degree to frustration with the perceived inefficacy of the sanctions regime. Sanctions fatigue had become evident already when the US administration launched a review in 2009 because the Myanmar policy it had been following "had not worked", in the words of former US Ambassador for ASEAN Affairs Scot Marciel. This led to the establishment of direct dialogue between US and Burmese officials (Marciel, 2009). Hence, the sweeping reform process in Myanmar provided a fabulous opportunity to the EU and US alike, eager to abandon the path of sanctions, for policy change. Hence, the easing of restrictions was facilitated by the serious crisis that the sanctions approach was undergoing before the opening took place in Myanmar. Nevertheless, Aung San Suu Kyi's initial hesitation to agree to the lifting of sanctions in the early days of the reform process somewhat delayed the EU's decision.

The objectives for which the sanctions were originally imposed back from 1990 to 2010 have been met: there has been a handover of power to a civilian government, and progress has been made toward respect for human rights and 'national reconciliation'. The question of whether sanctions played a role in compelling reforms in Myanmar is still open to discussion. Ironically, once the sanctions were terminated, interest in their contribution to the ultimately positive outcome decreased considerably, with EU policy circles now focusing on supporting on-going reforms and on establishing a presence in the country. There are indications, though, that Western sanctions were effective –if only in a roundabout way. The combined effect of several measures inhibiting the private sector, such as the suspension of trade preferences and embargoes on gems and timber, coupled with low levels of aid, impeded the development of indigenous industries, while foreign operators remained active in the extraction industry. This resulted in a growing dependence on Chinese investment. Chinese dominance in Myanmar ultimately compelled the resentful leadership to move to attract alternative investors, trading partners and donors (Bünthe and Portela, 2012; Vines, 2012). President Thein Sein's decision to stop the construction of the Myitsone dam, which was designed to supply electricity to China while providing only minimal power to Myanmar's domestic market, even as it forced the displacement of many, was a potent signal of Myanmar's desire to rebalance relations with China (Rieffel, 2012). Myanmar's military leaders embarked on a programme of reform sufficient to encourage Western interest in economic re-engagement (Renshaw, 2013).

This is, of course, only part of the explanation. A central facilitator of the transition to a civilian government was the military junta's ability to secure for itself important privileges lasting beyond its relinquishment of power. The constitution that was put in place right before the junta left office reserves 25% of parliamentary seats for the military. This entrenches the power of the armed forces, especially since the constitution can only be modified by a super-majority exceeding 75% of the votes. Moreover, the constitution guarantees the impunity of the previous leadership since it stipulates that no proceedings

may be instituted against any former member of the junta (Gaens, 2013). Catherine Shanahan Renshaw claims that the conditions identified by Samuel P. Huntington (1991) as central to the military's decision to withdraw from power are present in the case of Myanmar: co-operation from the opposition in the mode of transition – especially after the NLD agreed in 2011 to be involved in the process, a guarantee that there will be no prosecution of officers for acts they committed while in power and the preservation of the autonomy of the military. Undoubtedly, the EU's positive reaction to the reform process, part of the international approbation reinforced by ASEAN's support for Myanmar's 2014 chairmanship of the organisation, encouraged reformers to further their programme in the face of domestic opposition (Renshaw, 2013).

Conclusion

The persistent failure of the sanctions against Myanmar can be ascribed to the fact that the sanctions regime, despite its comprehensiveness, remained primarily a North American and European affair; significantly, none of Myanmar's neighbours supported the EU's stance. Moreover, the sanctions never covered Myanmar's key resource: the energy extraction industry. Contrary to the case of Iran, where EU measures targeting the energy sector entailed financial losses for European firms (Marquand, 2010), EU sanctions against Myanmar left the energy sector unaffected.

The Myanmar example illustrates the difficulties faced by policy-makers of calibrating actions amid countervailing pressures. Despite the legitimacy crisis the sanctions regime faced after fifteen years of stalemate and its unpopularity with much of the scholarly and NGO community, it was difficult to modify in the face of opposition by the NLD's Aung San Suu Kyi and diaspora groups. Sanctions were originally put in place in order to provide a bargaining chip to the powerless democratic opposition, in the hope of persuading the ruling junta to engage with the NLD. The formulation and management of the sanctions consistently followed the guidance of Aung San Suu Kyi (Steinberg, 2010), who claimed that "sanctions should only be lifted when something has changed" (AFP, 2011). Her eventual agreement to participate in the 2012 by-elections despite the flaws of the top-down reform process was key to the EU's dismantling of the sanctions.

While plenty of concerns surrounding the evolving situation in Myanmar remain, the tone of relations between the EU and Myanmar has changed completely. The Council's conclusions of April 2013, which accompanied the decision to lift sanctions, departed from the practice of setting conditions for engagement with Myanmar. Instead, it underlined a list of 'concerns', notably, the need to release unconditionally the remaining political prisoners, to deal with inter-communal violence and to take urgent action to deal with humanitarian risks for all displaced people in the Rakhine state, including addressing the status of the minority Rohingya people. The EU now identifies both the opposition and the government as interlocutors. According to David O'Sullivan, chief operating officer of the European External Action Service (EEAS), "the EU's main objective is to deepen support for the political reform process underway, working both with the government ... and the opposition" (O'Sullivan, 2003).

3.1.2 Zimbabwe

Sanctions summary

Similar to the Myanmar case, the long-standing EU sanctions regime against Zimbabwe is currently being phased out. Zimbabwe is a member of the African, Caribbean and Pacific (ACP) group, which enjoys a close relationship with the EU, enshrined in the ACP-EU

Partnership Agreement signed in Cotonou, Benin. Sanctions imposed against Zimbabwe by the EU pertain to two different legal frameworks. One of them is the ACP-EU Partnership Agreement, under which development co-operation takes place. The suspension of the agreement is provided for under Article 96, which allows any of the parties to denounce the agreement in case the other party violates one of the essential elements of the agreement, namely, respect for human rights, democratic principles and the rule of law. The other measures were adopted under the CFSP framework. Despite their different legal bases, both sets of measures were adopted simultaneously on 18 February 2002 and were published in the same issue of the *Official Journal of the European Union*. Thus, according to the most recent sanctions package before the gradual phasing out (2011/101/CFSP), EU sanctions against Zimbabwe consisted of:

- an arms embargo, an embargo on non-lethal military equipment and a prohibition on technical or financial assistance related to military activities;
- a travel ban and assets freeze on members of the government and persons and entities associated with it, as well as persons whose activities undermine human rights, democracy and rule of law – originally, the bans applied to 20 individuals, but was later extended to 163 persons and 31 entities;
- suspension of the application of the Cotonou Agreement under Art. 96. This measure freezes budgetary support and support for development projects under the 9th and 10th European Development Fund, except for those projects in direct support of the population (Darracq, 2010, p. 9).

Background and motivation for sanctions

Sanctions against Zimbabwean leaders were imposed in 2002. The Zimbabwean crisis has its origins in the agrarian reform begun by President Robert Mugabe in 2000, which entailed the expropriation of land from white farmers and was accompanied by a wave of political violence and the intimidation of the opposition. The expropriation campaign was initiated against a background of declining support for President Mugabe's party (ZANU-PF), which embarked on this policy in an attempt to expand its power base with a view to forthcoming parliamentary elections. Consultations were launched by the European Commission in January 2002. Aid was suspended only after the Zimbabwean authorities refused entry to a team of EU electoral observers on the eve of the 2002 elections. The EU moved quickly from political dialogue under Article 8 of the Cotonou Agreement to Art. 96 consultations, which were concluded exceptionally quickly (interview with EU official, Brussels 2007). The parallel adoption of the Art. 96 suspension and the CFSP sanctions regime on the same date – 18 February 2002 (Common Position 2002/145/CFSP) – seems to suggest that a political imperative contributed to the early termination of consultations. The Zimbabwean aid sanctions constitute the only Art. 96 suspension case triggered by a government's refusal to accredit election monitors, a move precipitated by an ultimatum issued to that effect in the context of consultations held in 2002. Immediately after the suspension, the EU imposed an arms embargo along with a visa ban and a freezing of assets in one of the longest blacklists the EU had ever produced, featuring 172 individuals and entities (Council Decisions 2008/605/CFSP). EU sanctions followed, and closely mirrored, restrictions imposed by the UK in 2000: an arms embargo, a visa ban, an assets freeze and a reduction of bilateral aid by one-third (Stübig, 2007). In parallel with the political crisis, an economic crisis of catastrophic dimensions unfolded, attributable to corruption and mismanagement of the economy: Zimbabwe became the world's fastest-shrinking economy with the world's highest annual inflation rate, featuring unemployment figures of 70% and above (Weiland, 2004, p. 129;

International Crisis Group, 2009, p. 8). Exacerbated by drought, the economy's continued deterioration compelled the EU to increase humanitarian aid.

Mugabe's attendance at the French–African Summit of February 2003 provoked considerable irritation (Weiland, 2004, p. 139). The EU's ban on Mugabe's participation in summit meetings prompted the cancellation of a Europe–African summit planned for 2003. When the summit finally took place, in 2007, British Prime Minister Gordon Brown refrained from attending, in protest at Mugabe's presence. The Southern African Development Community (SADC) played a central role in pressuring Zimbabwe to comply with the organisation's new electoral standards in the 2005 parliamentary elections, thus acknowledging the existence of democratic deficiencies in the country. Following the electoral victory of the opposition in the presidential and parliamentary elections of April 2008, the SADC brokered an agreement between the opposition and the Mugabe regime, which had refused to relinquish control. Three parties entered into a government of national unity in February 2009, whereby President Mugabe shared power with Prime Minister Morgan Tsvangirai and Deputy Prime Minister Arthur Mutambara, both from opposition parties, under the Global Political Agreement (GPA).

The EU started a process of re-engagement, which entailed the provision of an aid package of about €90 million per year, channelled through non-state organisations and UN agencies and spent in support of the recovery of the country and the efforts of the government of national unity to implement its agenda (Europa press release, 2011). In particular, modifications to the Art. 96 suspension were conducted in order to enable the EU to support projects to further GPA implementation (House of Commons, 2011).

The on-going phase-out of CFSP sanctions has taken the form of gradual and modest revisions: in February 2011, the EU decided to remove 35 individuals from the blacklist in recognition of "significant progress made in addressing the economic crisis and in improving the delivery of basic social services" (Ashton, 2011). Yet, the EU concluded that there had not yet been sufficient progress to justify a more substantial change in its policy toward Zimbabwe. Thus, 163 individuals and 31 businesses considered to be linked to human rights abuses, the undermining of democracy or the abuse of the rule of law remained blacklisted (2011/101/CFSP). A breakthrough came with a referendum held in March 2013, considered credible by the EU, in which Zimbabweans overwhelmingly approved a new constitution expanding civil liberties, endorsed by the power-sharing government. Following the successful constitutional referendum, the Council of the European Union suspended sanctions on most individuals and entities; however, Mugabe and nine individuals remained blacklisted, alongside two entities. The Council claimed that "key decision makers" would remain subject to sanctions until peaceful, transparent and credible elections have been achieved (BBC, 2013a). The Council also pledged to review the suspension every three months - instead of the customary 12 months - in light of the "situation on the ground" (2013/160/CFSP).

This evolution dovetails with that of the Art. 96 sanctions. While recognising that progress had been made, the EU renewed the suspension in February 2012 because the implementation of political reforms remained slow; however, for the first time the penalties were renewed only for six months. Shortly after, in July 2012, the Council decided to lift the Art. 96 measures on account of the steps taken by the government of national unity to "improve the freedom and prosperity of the Zimbabwean people", allowing the EU to work directly with the government to develop new assistance programmes under the next European Development Fund (Council of the European Union, 2012).

Impact of sanctions

Impact of specific sanctions measures

Assets freeze. The effectiveness of the EU's assets freeze was reportedly compromised by the slowness of its implementation, which gave blacklisted individuals sufficient time to move their resources out of European accounts (Grebe, 2010). One of the ZANU-PF leaders who is also a businessman, Solomon Mujuru, however, is reported to have \$6 million (approximately €4,5 million) of his funds frozen in European banks (International Crisis Group, 2009, p. 6).

Visa ban. The implementation of the visa ban has been criticised as a result of its incoherent implementation, particularly in view of the exceptions granted by France and Italy to allow for Mugabe's visits soon after the adoption of the sanctions (Grebe, 2010). However, France had to withdraw Mugabe's invitation to the France-Africa Summit in 2007 because of sharp criticism (Stübiger, 2007).

Redirection of aid. In economic terms, any consequences of sanctions would be difficult to quantify in view of the severe economic decline that the country has suffered since the beginning of the crisis. Holding the EU's halt of development aid responsible for the population's hardship would seem untenable in view of the actual increase in EU aid overall to Zimbabwe following the 2002 crisis. The aid suspension under Art. 96 allows for the continuation of assistance in direct support of the population's humanitarian needs. Thus, EU action did not contribute to the hardship provoked by the economic downfall but rather mitigated it.

While recognising that the dire economic situation is a consequence of the government's macroeconomic mismanagement and corruption, and especially the disruption of agriculture, some analysts have noted that targeted sanctions have restricted the ability of Zimbabwean firms and individuals to gain access international credit and grants (Sims, Masamvu and Mirell, 2010). However, in light of the disastrous state of the economy and the volatile investment climate, it is doubtful that the Zimbabwean business community would have managed to secure financing from abroad even in the absence of sanctions.

Overall, the Zimbabwe aid suspension has been highly atypical. Art. 96 measures ban the provision of budget support; however, it does allow for the use of European Development Fund reserves for unforeseen needs as well as other budget lines and financial instruments. As explained by Anne-Claire Marangoni, "although it would have been possible on paper, development co-operation was never totally suspended" (Marangoni, 2013, p. 35). Since 2009, and especially after adjustments made in 2010 and 2011 to allow for support of the implementation of the GPA, funds provided by the EU to Zimbabwe averaged €110 million per year. The high levels of aid offered while the country was still nominally under Art. 96 suspension raised concerns in the Directorate-General for Development (Marangoni, 2013, p. 39).

Arms embargo. EU members have complied with the arms embargo. However, a unilateral EU arms embargo hardly makes a difference in limiting the easy availability of arms to the Zimbabwean regime, through various African networks but also through China's growing links with Zimbabwe, which extend to the arms trade. Most arms imports by Zimbabwe in the decade of suspension - 2002 to 2012 - came from China, although some items originated in Libya or Ukraine (SIPRI Arms Transfers Database, 2013). At best, the combined EU and US arms embargoes can deny a target country sophisticated weapons technologies unavailable from other suppliers - however, this is of little relevance in the Zimbabwean context.

Political Efficacy

EU and US sanctions have long been credited with bringing about the fragmentation of the ruling party. “Targeted EU and US sanctions on senior regime figures are working. ZANU-PF leaders cite their personal financial situations as motivation for wanting Mugabe out” (International Crisis Group, 2007, p. 13). A senior member of the ZANU-PF politburo, supportive of the faction demanding Mugabe’s retirement, was quoted as saying: “We need to look at [what measures should ensure] that ZANU-PF remains in power. One of those measures is clearly to have a new leader and to begin to make moves to engage with the international community” (International Crisis Group, 2007, p. 6). According to another senior member, ZANU-PF’s overall objective during the negotiations to bring the opposition party into a coalition government was to help stabilise the economy and obtain removal of Western sanctions targeting the ruling party’s leadership (International Crisis Group 2009, p. 4). For former UK Europe Minister Chris Bryant, Zimbabwean Prime Minister Tsivangirai’s advocacy of easing sanctions proves their potency: “Tsvangirai is under considerable ZANU-PF pressure to secure the lifting of targeted measures. This is evidence of the effectiveness of the measures” (House of Commons, 2011).

Conclusion

Sanctions against Zimbabwe have apparently succeeded in fostering opposition to Mugabe within his party’s own ranks. The protracted failure of sanctions to produce the desired outcome should be ascribed the infelicitous coincidence of the imposition of targeted sanctions with an economic collapse, capped by unprecedented hyperinflation, which compelled the EU to increase its aid. The fact that economic deterioration and the imposition of sanctions took place simultaneously allowed the government to pin the blame for economic hardship on Western sanctions. The reality of the Mugabe administration’s mismanagement of the economy and in particular of land reform is lost on the Zimbabwean population at large, even as the EU has contributed to alleviate the consequences. The miscommunication of EU policies on Zimbabwe is exacerbated by the fact that the Zimbabwean population experienced old-style, comprehensive sanctions in the past, namely, UN Security Council sanctions in protest against the white-minority regime in Southern Rhodesia in the 1960s. Thanks to the government’s monopoly of the media, the public remains uneducated about the nature of EU sanctions and their role in Zimbabwe to this day.

A major reason behind the protracted stalemate relates to the EU’s response to the formation of the government of national unity in 2008. The EU and the most influential regional power, South Africa, have long followed discordant approaches to the Zimbabwean question. While South Africa mediated the current power-sharing arrangement, the EU approach regarded Mugabe and the ZANU-PF as illegitimate and insisted on their removal from power. Such divergence in objectives led to what has been called ‘conflictual collaboration’ between the EU and South Africa (Darracq, 2010). A more positive tone in the relationship came about in March 2011, when South Africa started to put more pressure on Zimbabwe (Marangoni, 2013). Following its maximalist approach, the EU offered half-hearted support to the unity government since it includes Mugabe. As a measure of support, the UK contributed almost 60 million pounds in 2010 in terms of development and humanitarian aid, while the Commission managed to allocate €110 million, among other objectives in support of the stabilisation of the country and the implementation of the GPA (Darracq, 2010). However, CFSP sanctions are being phased out only slowly. The justification for the residual sanctions, limited to an arms embargo and a blacklist of ten people and two commercial entities, is to maintain some pressure until fair and free elections are held sometime later in the year. The

relaxation and eventual lifting of the Art. 96 suspension illustrates how, after ten years of sanctions, the EU was willing to move toward a more flexible strategy.

3.2 Sanctions supplementing UN Security Council sanctions

3.2.1 Iran

Sanctions summary

The current Iran sanctions package is reflected in UN Security Council Resolutions 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010).⁴ They entail following measures:

- an embargo on all items that could contribute to Iran's enrichment-related, reprocessing or heavy-water-related activities or to the development of nuclear weapon delivery systems as well as a ban on related technical or financial assistance;
- a visa ban and assets freeze on persons and entities directly associated with Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems;
- a prohibition on the supply of arms to Iran;
- a ban on new grants, assistance or loans to Iran except for humanitarian and developmental purposes;
- a ban on commercial activity involving uranium mining, production or use of nuclear materials and technology by Iran overseas;
- authorisation to states to intercept, seize and dispose of Iranian cargo covered under the embargo;
- prohibition on bunkering services to vessels owned or contracted by Iran;
- a ban on new branches or subsidiaries of Iranian banks abroad and a ban on new joint ventures with Iranian banks.

The EU has come to agreement on additional measures, notably in January 2013. In its current form, the EU sanctions package against Iran encompasses:

- a ban on export and import of arms;
- a ban on export of materials relevant to industries controlled by the Iranian Revolutionary Guard Corps;
- a ban on investment by Iranian nationals and entities in uranium mining and production of nuclear material and technology within the EU;
- a ban on imports of crude oil, petroleum and petrochemical products and natural gas from Iran;
- a ban on the supply of vessels designed for the transport or storage of oil and petrochemical products;
- an export and import ban on dual-use goods and technology, including telecommunication systems and equipment;

⁴ The text of UNSC resolutions can be found at <http://www.un.org/en/sc/documents/resolutions/index.shtml>.

- a ban on the export of key equipment used for exploration and production of oil and natural gas, refining and liquefaction of natural gas, as well as for the petrochemical industry in Iran;
- an investment ban on the Iranian oil and gas industries;
- a ban on new grants and concessional loans to the Iranian government;
- a ban on new commitments for financial support for trade with Iran;
- a prohibition on providing insurance and reinsurance to the Iranian government and Iranian entities (except health and travel insurance);
- a ban on trade in gold, precious metals and diamonds with Iranian public bodies and the central bank and on delivery of Iranian-denominated banknotes and coinage to the Iranian central bank;
- a prohibition on financial transfers with Iranian banks unless authorised if related to food supplies, health, humanitarian purposes or personal remittances, among others;
- a prohibition on Iranian banks opening branches and creating joint ventures in the EU;
- a ban on the issuance of and trade in Iranian government or public bonds with the Iranian government, central bank and Iranian banks;
- a ban on cargo flights operated by Iranian carriers or originating in Iran (except for mixed passenger and cargo flights);
- a ban on flagging of Iranian oil tankers or cargo vessels;
- a prohibition on constructing new oil tankers for Iran or participating in their construction;
- a ban on supplying key naval equipment for shipbuilding and maintenance to Iran.

EU supplementary sanctions included additional blacklist entries, beyond those of the UNSC, to which a visa ban and assets freeze were applied. According to information provided by the EU, only 78 out of 493 listed entities were designated by the UN.⁵

Background and motivation for sanctions

In December 2006, the UN Security Council applied sanctions against Iran to stop its nuclear enrichment and reprocessing activities. Sanctions were triggered by a report of the International Atomic Energy Agency (IAEA) to the UNSC noting the existence of undeclared nuclear material in Iran. The Security Council then demanded that Iran take the steps required by the IAEA to resolve outstanding questions and suspend all enrichment-related and reprocessing activities. The UNSC endorsed the proposals of China, France, Germany, Russia, the UK, the US and the EU High Representative for a longer-term, comprehensive arrangement that would allow for the development of relations and cooperation with Iran. In support of the demands, the UNSC threatened to adopt measures under Article 41 of the UN Charter “to persuade Iran to comply with this resolution and the requirements of the IAEA”. After the deadline given to Iran to respond had elapsed, the Security Council imposed sanctions under Resolution 1737. Yet, it announced that it would suspend sanctions if Iran stopped its enrichment- and reprocessing-related activities. The UNSC applied an arms embargo, financial and travel sanctions. Under the arms embargo pursuant to Resolution

⁵ Council of the European Union (2013), “Factsheet: The European Union and Iran”, Brussels, 6 June 2013

1737, states were to prevent the supply of items that could contribute to Iran's enrichment-related, processing or heavy-water-related activities or to the development of nuclear weapons delivery systems. A detailed list of materials, equipment, goods and technology related to nuclear programmes was attached to the resolution. The supply to Iran of technical assistance, training, financial assistance, financial resources or services that related to the items listed was also banned. Under the financial sanctions, financial assets and economic resources of persons or entities directly associated with Iran's nuclear activities were frozen.

In view of Iran's failure to comply with Resolutions 1696 and 1737, the Security Council adopted Resolution 1747 in March 2007 imposing a visa ban on individuals connected to Iran's nuclear programme. The resolution included a list of entities and individuals to be targeted with the travel, financial and nuclear-related goods sanctions. Iran was also banned from supplying, selling or transferring any arms or related materiel. Most important, Resolution 1747 outlined the required actions of Iran for the easing of sanctions: measures would be suspended if all enrichment-related and reprocessing activities were frozen and would be terminated if all demands of the Council were met.

The UNSC imposed another round of measures against Iran after receiving several reports from the IAEA indicating that it had not suspended enrichment and reprocessing activities and heavy-water-related projects. Resolution 1803 authorised states to inspect the cargo of aircraft and vessels to and from Iran operated by Iran Air Cargo and the Islamic Republic of Iran Shipping Lines. In May 2010, on the eve of the Security Council applying additional sanctions against Iran, two non-permanent members of the UNSC, Turkey and Brazil, negotiated a deal with Iran in which it would ship low-enriched uranium to Turkey in return for fuel for Iran's research reactor. Yet, the UNSC still passed a new round of sanctions in June 2010. Resolution 1929 banned Iran from acquiring interests in any commercial activity in another state involving uranium mining, production or use of nuclear materials. It also expanded the arms embargo by prohibiting the supply to Iran of battle tanks, armoured combat vehicles, large-calibre artillery systems, combat aircraft, attack helicopters, warships or missiles, including financing for such items, spare parts or training. In addition, it prohibited the transfer of technology or technical assistance to Iran related to ballistic missiles and barred the transit of individuals listed by the 1737 Sanctions Committee and the opening of new branches, subsidiaries or representative offices of Iranian banks or the establishment of joint ventures with Iranian banks (Charron, 2011).

Subsequently, the US and the EU concentrated on upgrading their unilateral measures, often in tandem. The choice for an autonomous path can be ascribed to the difficulties experienced in negotiating the 2010 sanctions round at the Security Council, which considerably weakened Western UNSC members' hopes that further sanctions resolutions could be approved in the future.

UNSC sanctions against Iran have come to supplement the US sanctions regime that has been in force since 1987 and upgraded in 1996 and 2010. US measures fall into three categories: a comprehensive trade and investment ban, sanctions on foreign parties engaging in proliferation or terrorism-related transactions and financial sanctions including a freeze of assets and a prohibition on access to US financial institutions. Prior to the adoption of the sanctions regime enshrined in UNSC Resolution 1973, the EU did not have any restrictions in place against Iran. In fact, a Trade and Co-operation Agreement had been under negotiation between the EU and Iran, a process that was halted in 2003 on account of the uranium enrichment issue (Sauer, 2011). In conjunction with the US, the EU has adopted supplementary sanctions beyond those imposed by the UNSC.

The sanctions against Iran amount to the most far-reaching sanctions package imposed by the EU to date, alongside the current sanctions package against Syria (Portela, 2012). Prior to

the imposition of an oil ban on Syria and Iran, the EU had only targeted the energy sector once, by banning oil trade during the Kosovo crisis of 1998-99 (de Vries, 2002). The text of the 2010 CFSP common position combining the UNSC and EU autonomous sanctions regime is ten pages long, excluding the annexes, and encompasses an embargo on key equipment and technology for the oil and natural gas industries and a ban investment in the oil and natural gas industries.

Impact of sanctions

Impact of specific sanctions measures

Effects on the nuclear and weapons programme. Sanctions have made it difficult to import critical materials for Iran's ballistic missile program, such as aluminium powder (Heeley and Sahay, 2013). Dina Esfandiary and Mark Fitzpatrick posit that the sanctions helped to limit Iran's ability to assemble a nuclear arsenal (Esfandiary and Fitzpatrick, 2011). Thanks to Iran's continued dependence on external suppliers for the development of its nuclear programme, sanctions have hindered Teheran's access to foreign components necessary for the improvement of centrifuges, used to enrich uranium. In spite of sanctions' contribution to slowing down the pace of construction of the nuclear programme, the number of centrifuges built by Iran still rose from 300 in 2005 to 19,000 in 2013 (Borszik and Ebert, 2013).

Financial sanctions. Analyses of the consequences of the mounting sanctions against Iran have often conflated US, EU and UN sanctions. In the wake of the imposition of UNSC sanctions, the effects of US financial sanctions were magnified thanks to the co-operation of some large European banks, which curtailed their business with Iranian entities and refrained from conducting US dollar transactions with Iran. This was aided by the passage of the 2010 Comprehensive Iran Sanctions, Accountability and Divestment Act, which allowed the US to apply extra-territorial sanctions against banks dealing with designated Iranian banks. UNSC sanctions have brought about closer collaboration of other countries with the US-inspired financial sanctions. In compliance with UN sanctions, for instance, financial regulators in the United Arab Emirates froze dozens of Iranian bank accounts and clamped strict controls on currency transfers to Iran. The squeeze on foreign currency supplies is reported to have sent the rial into an abrupt 15% tailspin (Economist, 2010, p. 67); in 2012, Iran's currency depreciated by more than 70% (Habibi, 2013).

In 2011, Esfandiary and Fitzpatrick identified sanctions restricting Iran's ability to use the international financial system as those with the most impact (Esfandiary and Fitzpatrick, 2011). Thus, Iran is unable to use US dollar- or Euro-denominated funds to make or receive international payments (Tuang, 2012). While these measures severely hamper Iranian international business transactions, their impact was lessened by the on-going trade between Iran and Russia, China and India (Vicziány, in press). Following the adoption of new EU sanctions in 2012, a number of Iranian banks were cut off from the international Internet banking transfer system operated by the Belgium-based Society for Worldwide Interbank Financial Telecommunication (SWIFT). This, coupled with the US secondary sanctions, had severe consequences, as Iranian businesses were unable to pay for imported products. In view of the impossibility of transferring money reliably via the accepted international standard, companies have to resort to middlemen based outside Iran or use courier services. Alternatively, Iran can use oil revenues to buy products from its oil-importing customers (Harress, 2013). This created opportunities for Iran's partners to take advantage of the situation by charging a premium price for often low-quality products and debiting from accounts in Chinese banks (Harress, 2013; Borszik and Ebert, 2013).

Effects on trade. As a result of US pressure, certain governments had reduced their export credits for goods shipped to Iran prior to UN action (US GAO, 2007). After the imposition of

UNSC sanctions, these measures seem to have affected the readiness of some foreign companies to engage in operations with Iran, even in those areas not directly covered by ongoing sanctions, halting "Iranian operations by big multinational firms and [evinced] a growing reluctance by shipping and insurance companies to service Iran-bound cargoes" (Economist, 2010).

Sanctions on the energy sector target Iran's key vulnerability, given that oil revenues make up about 50% to 60% of the government's total revenue. Energy-related sanctions have compelled almost all the biggest international traders in refined petroleum products to stop dealing with Iran. Both Total and Shell withdrew in 2010, before the imposition of the EU embargo, because of US pressure (Sadeghi-Boroujerdi, 2012). Owing to its shortage of refining capacity to produce gasoline, Iran has to rely on costlier, small-scale, overland shipments for much of the petrol that it has to import (Economist, 2010, p. 67). The ban on dual-use items reportedly created difficulties in the acquisition of spare parts for civilian aircraft (Brzoska and Neuneck, 2010).

At first, sanctions did not have the effect of altering the total volume of trade and investment in Iran. Rather, they brought about a shift in the composition of Iran's trading partners from European to Asian and Middle Eastern countries (Brzoska and Neuneck, 2010). This trend was already visible in the period predating the UNSC sanctions: following the 1987 US ban on Iran's exports, Iran's trade with third countries grew dramatically. Iran was able to replace the loss of US trade through trade elsewhere, and the total value of Iranian imports and exports continued to grow thanks to global trade ties with Europe and the developing world. Over the past decade, trade with China has largely replaced the declining share of trade with the EU. The EU's share of Iran's imports declined from 50% in 1994 to slightly more than one-third in 2006, while Asian countries' share has tripled from 9% to 27% (US GAO, 2007, p. 31). Prior to the imposition of the oil ban, Iran accounted for 34.2% of Greece's oil imports, 14.9% of Spain's and 12.4% of Italy's (Esfandiary, 2013). China remains Iran's top purchaser of oil, taking around 20% of Iran's oil exports, which amounted to \$16 billion in 2011. In excess of 100 Chinese companies are reported to be currently operating in Iran (Sadeghi-Boroujerdi, 2012). According to EU official statistics, China was Iran's main trading partner in 2011 and 2012, accounting for better than 18% of its trade with the world (DG Trade, 2013). Iranian oil revenues dropped sharply in 2012 thanks to new sanctions; oil revenues for the first eleven months of 2012 saw a 30% drop from the 2011 level (Heeley and Sahay, 2013).

Ban on insurance for oil shipments. The ban on insurance for oil shipments also targeted a key vulnerability of Iran, given that European insurance companies insure and reinsure 95% of the world's tanker fleet. Indeed, the insurance embargo has been one of the most problematic measures for Iran, causing great difficulties because of the volume of trade carried in various ships insured in European markets. Iranian crude oil shipments to India, Japan and South Korea were greatly reduced and even suspended until alternative insurance cover was found. Japanese shippers managed to obtain insurance from their government. India allowed its insurers to cover oil shipments, while South Korea and China imported oil via Iranian vessels. Still, these alternatives did not manage to make up for the loss caused by the withdrawal of the EU insurance market: Indian insurance coverage is much lower than the guarantees normally offered by European insurers, and Iranian vessels have a more limited transportation capacity than the South Korean and Chinese fleets (Blockmans and Waizer, 2013). Also, India, Japan and South Korea had to pay for Iranian oil shipments in their national currencies as international currency could not be moved on international markets due to the EU embargo on Iran's international finances (Vicziány, in press).

An inflation rate of about 30% and an unemployment rate of 20% point to the declining living standards of the Iranian population (Blockmans and Waizer, 2013). A former Iranian official was quoted as saying that sanctions had increased the price of imports somewhere from 10% to 30% (Drezner, 2011, p. 104). However, as is often the case with sanctions assessments, it is difficult to disentangle the deleterious effects of sanctions themselves from those of (frequently misguided) economic policies implemented by the government. To some extent the effects of sanctions have been offset by a diversification of goods exports, facilitated by the 50% drop in the rial, coupled with a series of measures – reduction of imports, new taxes and privatisation – that have kept the deficit at a tolerable level (Blockmans and Waizer, 2013).

The combination of several layers of sanctions, coupled with the severity of some of the measures, has produced certain outcomes that approximate more those of comprehensive sanctions than those of targeted measures. Two effects can be identified: the sharp rise in prices affected the population as a whole, instead of discriminating among specific sectors or groups. Also, as witnessed in other cases such as Syria, some banks and firms refrained from conducting permitted trade or transactions out of fear of committing illegal acts, or they were deterred by the prospect of a new round of sanctions. In turn, the government under Mahmoud Ahmadinejad attempted to compensate for the decrease in purchasing power of the lower classes by providing cash hand-outs and subsidizing certain imported goods (Esfandiary, 2013; Borszik and Ebert, 2013).

Political Efficacy

As the situation in Iran continues to evolve, it is still premature to assess sanctions' political efficacy. Certain early effects were discerned: in 2003, Iran agreed temporarily to suspend enrichment in exchange for not having its case referred to the UNSC, for fear that sanctions might be applied (Taylor, 2010). However, the presidential tenure of Ahmadinejad created a long impasse that could not be circumvented until his replacement by the moderate Hassan Rouhani in 2013. Similar to the case of North Korea, or even Ukraine in the aftermath of the breakup of the Soviet Union (Müller, 1996), Iranian leaders manipulated the issue of sanctions to the regime's advantage in the domestic arena.

At first, the imposition of sanctions in response to the resumption of uranium enrichment in 2006 did not dissuade the leadership from its plans to build up the country's nuclear programme. Teheran regarded the cost of sanctions as the price to be paid to allow it to conduct its anti-hegemonic foreign policy, while it presented the nuclear programme as a symbol of national technological and scientific progress, of Iranian ambitions toward leadership in the region and of its resistance to the global arrogance of external powers (Borszik and Ebert, 2013). Yet, in view of the sharp decline in oil revenues caused by the sanctions, and hence in the financial resources to fund the nuclear programme, the determination of certain segments of the Iranian leadership to uphold the programme flagged. The high turnout in the 2013 presidential election, and Rouhani's attainment of more than 50% of the vote in the first round, testified to the Iranian's population desire for an accommodation with the E3+3 (the EU's three biggest powers, plus Russia, China and the US, also known as the Security Council's permanent five members plus Germany, or P5+1), which opened up the prospect of an eventual lifting of sanctions.

Indeed, the election of Rouhani has made Teheran's position more flexible. A breakthrough was reached in the form of an interim agreement signed in Geneva in November 2013. Under the leadership of newly elected President Rouhani, Iran notably agreed to neutralise its stocks of enriched uranium, to freeze the construction of new centrifuges and that of a heavy-water reactor in the Arak facility and the production of fuel for that factory and to

allow daily access for IAEA inspectors to the nuclear sites at Natanz and Fordow as well as to uranium mines and factories producing centrifuges. Iran continues to be able to enrich uranium up to 3.5% but has stopped enrichment to 20%. In exchange for these concessions, the E3+3 eased the sanctions on a temporary and reversible basis. The sanctions relief package entailed the suspension of restrictions on trade in gold and precious metals, imports of parts and technology for the automobile industry, export of petrochemicals, the repatriation of \$4.2 billion of previously inaccessible Iranian oil export revenues lodged in overseas banks and the authorisation of the transfer of €400 million to fund the studies of Iranians abroad (Habibi, 2013; AFP, 2013). Significantly, the ban on the provision of transportation and insurance has been suspended as well, allowing companies to cover shipments of Iranian crude oil to India, China, Japan, South Korea, Turkey and Taiwan, which can now purchase it without incurring US sanctions (Bendavid, 2014).

The sanctions relief package looks promising: under the interim agreement, Iran will be able to repatriate a portion of oil export revenues from clients such as India, South Korea, Japan and China that could not be transferred to domestic banks because of the financial sanctions. The automobile sector, Iran's largest industry after oil and gas, had suffered a major setback with the withdrawal of international partners like Renault and Peugeot, which are now ready to resume co-operation. Finally, the petrochemical industry is able once again to pursue exports to Europe whose annual volume before the sanctions amounted to more than \$2 billion. In addition, the removal of sanctions allows petrochemical companies to import machinery and to increase exports outside Europe thanks to the reduction of restrictions on sea cargo and insurance (Habibi, 2013).

What is most interesting about the sanctions relief package is that it managed to exact some concessions thanks to a suspension of only some of the autonomous US/EU measures. UN sanctions remain entirely unaffected, and many of the unilateral restrictions by the transatlantic partners also remain in place. Following the release of an IAEA report in January 2014 confirming that Iran had stopped uranium enrichment in line with the November deal, the EU agreed to suspend sanctions immediately (Rettman, 2014). This allows European insurance companies to cover shipments of Iranian crude, trade Iranian petrochemical products and use wire transfers to cover trade in food and medicine. However, the blacklist of a large number of Iranian banks, shipping firms and individuals remains in force.

Conclusion

The sanctions against Iran involve several layers: the original US sanctions pursuing a wide range of objectives – including stopping Teheran's involvement in supporting terrorist activities and improving its human rights record – superseded by narrower UNSC measures enforcing non-proliferation, supplemented in turn by European measures. Continued US pressure for the internationalisation of the effort to counter Iran's nuclear ambitions, and notably the extraterritorial application of its sanctions, led the EU and others to adopt US-inspired measures. The design of measures targets Teheran's key vulnerability: oil export revenues represent nearly 80% of Iran's total export earnings and account for almost 20% of its GDP. At the same time, it is the second largest importer of gasoline in the world since it suffers from a shortage in refining capacity. However, these measures are not part of the UNSC sanctions package, and their implementation depends largely on unilateral efforts. Despite their nominally targeted character, the cumulative effects of the prohibitions they entail are almost equivalent to a comprehensive embargo.

The temporary and partial suspension of sanctions in the framework of the November 2013 agreement illustrates the flexibility offered by the combination of UN and non-UN sanctions.

Even though Teheran's six negotiating partners consist primarily of the Security Council's permanent five, the deal reached did not affect any UN-mandated measures.

3.2.2 North Korea

Sanctions summary

UN sanctions against the Democratic People's Republic of Korea (DPRK) were imposed in several 'waves'.

Resolution 1695 (2006) banned

- trade in missiles or missile-related materials and technology to and from North Korea;
- transfer of financial resources in relation to the DPRK's missiles or weapons of mass destruction (WMD) programmes.

Resolution 1718 (2006) imposed the following measures on North Korea:

- an embargo on heavy military equipment and related technical assistance and dual-use items;
- an embargo on material that could contribute to DPRK's ballistic missiles, nuclear and other WMD programmes and a ban on related technical assistance;
- A ban on the supply of luxury goods;
- A travel ban on persons responsible for supporting the DPRK's ballistic missiles, nuclear and other WMD programmes and their family members;
- Freezing of assets of persons responsible for supporting the DPRK's ballistic missiles, nuclear and other WMD programmes and their family members.

Resolution 1874 (2009) entailed the following measures:

- expansion of the partial arms embargo and the ban on technical assistance of the previous resolution into a full arms embargo except for small arms and light weapons;
- authorisation for states to inspect North Korean vessels suspected of carrying items banned under the embargo, even on the high seas, and to seize and dispose of such items if found;
- a ban on the provision of bunkering services to vessels suspected of carrying prohibited cargo;
- a ban on the provision of financial services that could contribute to the DPRK's ballistic missiles, nuclear or other WMD programmes;
- a ban on the provision of new grants, financial assistance or concessional loans to the DPRK except for those with humanitarian and developmental purposes "directly addressing the needs of the civilian population" as well as a prohibition of public financial support for trade with the DPRK – including the granting of export credits.

Resolution 2087 extended the existing blacklists to cover additional individuals and items in 2013. In the same year, Resolution 2093 encompassed the following measures:

- a freeze of financial transactions or services that could contribute to North Korea's illicit programmes or the violation of Security Council resolutions;
- a ban on bulk cash transfers, including through cash couriers;

- a ban on the provision of public financial support for trade with North Korea (e.g., export credits or insurance) if linked to North Korea's illicit programmes;
- a ban on brokering sales of prohibited items;
- an expansion of the assets freeze to cover the subsidiaries and front companies of designated entities; and
- a strengthening of the ban on luxury goods by attaching an annex listing prohibited items.

The EU had already added some entries to the blacklist and a more stringent arms embargo on North Korea in giving force to the 2006 and 2009 UNSC resolutions. When implementing Resolution 1718, the EU imposed a full arms embargo covering the EU common list of military equipment, and Resolution 1879 was implemented with supplementary entries in the list of prohibited items subject to the export ban, persons and entities subject to the assets freeze and travel ban and "enhanced financial vigilance" (Taylor, 2010). Following the adoption of Resolution 2087, it added supplementary designations and further measures, featuring

- a ban on the export and import of key components for ballistic missiles by the DPRK;
- a ban on trade in new public bonds from the DPRK;
- a ban on trade in gold, precious metals and diamonds with North Korean public bodies and on the delivery of new DPRK-denominated banknotes and coinage to the central bank of the DPRK;
- a ban on the opening of new branches of North Korean banks in the EU and on North Korean banks establishing joint ventures with European financial institutions;
- a ban on the establishment of offices of European banks in the DPRK.⁶

Background and motivation for the sanctions

Prior to the commencement of the sanctions, the UNSC adopted Resolution 1695 in July 2006, expressing concern at North Korea's test launch of ballistic missiles that could endanger civilian aviation and shipping. The UNSC demanded that North Korea suspend all activities related to its ballistic missile programme and required all member states "to prevent missile and missile-related items, materials, goods and technology being transferred to the DPRK's missile or WMD programmes".

Following North Korea's test of a nuclear weapon on 9 October 2006, the UNSC adopted Resolution 1718 under Chapter VII of the UN Charter with the objective of inducing North Korea to abandon its nuclear aspirations. According to Resolution 1718, North Korea must

- cease all launches and tests of nuclear and ballistic missiles;
- retract its announcement of withdrawal from the NPT and IAEA safeguards agreement;
- provide the IAEA with transparency measures extending beyond the IAEA safeguards agreement to include access to individuals, documentation, equipment and facilities; and
- abandon all other existing weapons and ballistic missile programmes in a complete, verifiable and irreversible manner.

⁶ Council of the European Union (2013), "Factsheet: The European Union and the Democratic People's Republic of Korea", Brussels, 29 April 2013, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/136733.pdf.

North Korea was also urged to return to the Six-Party talks among the two Koreas, Russia, Japan, China, and the US and to work toward the implementation of a joint statement issued in September 2005 that included the abandonment of all its nuclear weapons programmes and a return to the NPT. To ensure compliance with the UNSC's demands, member states were required to prevent the supply to North Korea of aircraft and military equipment, spare parts and related material and equipment related to nuclear programmes, ballistic missile programmes and other WMD, as well as luxury goods. However, no full arms embargo was put in place. The UNSC also banned North Korea from receiving or exporting any battle tanks, heavy artillery or other military hardware as well as nuclear materials and equipment (Charron, 2011).

After North Korea attempted to launch a missile and detonated a nuclear device underground, the Security Council adopted Resolution 1874 in June 2009 unanimously. It strengthened the sanctions by banning arms and related material, including financial transactions, technical training and advice associated with them. States were called upon to inspect cargo to and from North Korea even on the high seas. States ready to supply North Korea with small arms or light weapons had to notify the relevant Sanctions Committee in advance. States were also to refuse bunkering services to North Korean vessels if suspected of carrying banned items. Finally, states were called upon to bar all financial transactions with North Korea that might contribute to its nuclear or ballistic missile programmes.

Tensions escalated on the Korean peninsula in the period from December 2012 to March 2013 as a result of the North Korean launch of a satellite in December 2012. UNSC Resolution 2087, passed after the rocket launch, strengthened existing sanctions by extending the blacklists of individuals and items covered. The resolution calls on states to "remain vigilant" in monitoring sanctioned individuals and entities. Resolution 2094 was passed in March 2013 in response to North Korea's third nuclear test in February 2013. It extended the list of items covered under the ban on luxury goods and the blacklist of individuals affected by the asset freezes and travel bans. Further, it enhanced states' rights to inspect North Korean cargo suspected of including banned materials. In recent years a number of North Korean ships have been searched under the UN sanctions; most recently, a North Korean-flagged vessel travelling from Cuba was detained in Panama in July 2013 after it was found to be transporting weapons (BBC, 2013b). Also, Pyongyang's access to hard currency was restricted by prohibiting considerable cash transfers into North Korea and freezing assets or bank accounts tied to the North Korean nuclear programme and further restricting Pyongyang's financial activities. Signally, the resolution attaches a list of items covered under the 2006 ban on luxury articles, enumerates provisions obliging states to expel North Korean agents found to be making arms deals or selling nuclear technology abroad and limits North Korea's ability to abuse diplomatic privileges to advance its nuclear and ballistic programmes.

Impact of sanctions

Impact of specific sanctions measures

Arms Embargo. Evidence of the impact of sanctions against North Korea is meagre. Originally, the arms embargo entailed two separate prohibitions: a ban on exports of arms from North Korea and a ban of import of arms to North Korea. The import side of the arms embargo was successful in that it does not appear that arms were exported to North Korea in the period covered by sanctions (Noland, 2009). Yet, the reason for this is that China had insisted on the exclusion of small arms and light weapons from the sanctions. Thus, in 2007, China could export cartridges for shotguns, an item not covered by the embargo.

The ban on the import of arms from North Korea could inflict real damage on the regime, given that this constitutes one of the country's main sources of revenue. As reported by Glyn Ford, North Korean exports can only compete internationally "in sectors of the market that are distorted by political and strategic considerations", such as the arms market (Ford, 2009, p. 127). Various episodes of cargo seizure reveal that there has been some degree of disruption of the export of banned items from North Korea to third countries. The seizures in 2009 of North Korean weaponry from a cargo plane refuelling in Bangkok by Thai authorities and of North Korean military hardware from an Australian-owned vessel bound for Iran by the United Arab Emirates constitute notorious examples of enforcement of Resolution 1874. The intercepted shipments are believed to constitute only a fraction of the estimated hundreds of millions of dollars that Pyongyang earns every year from illegal arms exports (Taylor, 2010). Still, while experts acknowledged that "the arms are still arriving at their destinations" (interview with independent expert, Brussels 2011), trade has been made more difficult by the sanctions. The ban on trafficking in ballistic missiles and their components, in force since 2006, appears to have been effective. The DPRK has lost its leading position as an exporter of ballistic missiles. This is partly explained by the development of an indigenous manufacturing capacity by many of North Korea's clients but also by international pressure on importers to cut ties with Pyongyang (Pollack, 2011).

Ban on luxury goods. The ban on the export of luxury goods presents a peculiar picture: the export of luxury goods to North Korea actually increased between 2006 and 2007 (Noland, 2009). The relevant UNSC resolution did not feature any list of items covered under the luxury embargo. The definition of the products and the administration of sanctions were left to individual states. Several countries such as Australia and Japan published their list of luxury items covered, while Pyongyang's main trading partners, China and South Korea, did not. Russia defined luxury goods narrowly, including fur coats costing more than \$9,637 and watches costing nearly \$2,000 (Noland, 2009, p. 66). As reported by Noland, no evidence was found that UN sanctions "had any effect on North Korea's trade in luxury goods with its largest trade partner, China" (Noland, 2009, p. 74). Ford confirms that "in Pyongyang there are now ... shops selling fashionable clothes, shoes and handbags, largely imported". The availability of luxury goods to the elite speaks to the emergence of a dual economy (Ford, 2009, p. 131). The 2013 UNSC resolution specifying the list of items covered intends to fill that gap; however, the seven-year delay in doing so after the imposition of the original ban has severely undermined its efficacy, demonstrating minimal resolve on the part of the Security Council.

Financial sanctions. It is unilateral sanctions – especially US financial sanctions – that appear to have had more a noticeable effect on North Korea. US financial sanctions have had a severe impact, but their enforcement required considerable pressure. Following the US designation of Delta Asia Bank as a target of investigation into money laundering for North Korea, authorities in Macao froze suspect accounts worth a total value of \$24 million. As an indirect effect of this operation, banks around the globe became less willing to deal with North Korea (Taylor, 2010).

On the other hand, no significant change in trade flows following the nuclear test and the imposition of UN sanctions was detected. Indeed, the period after the test saw larger than expected trade volumes (Noland, 2009). This finding contradicts the general expectation that the prospect of tightening sanctions would drive up the risk premium on trade with North Korea and deter commerce in areas not directly subject to sanctions.

Political Efficacy

There is little evidence of sanctions having compelled any changes in the political behaviour of the North Korean leadership. Having withdrawn from the Six-Party talks, Pyongyang indicated that it was ready to return to them provided that UN sanctions were lifted and the US signed a peace treaty formally ending the 1950 Korean War (Taylor, 2010). This demand was rejected by the UNSC because it fell short of meeting the criteria formulated by Resolutions 1718 and 1874. The inefficacy of sanctions against North Korea is generally explained by the country's status as the world's most insular regime. Not much disruption can be inflicted on a state that has been extremely isolated for several decades. As an expert admits, "if the UN lifted the sanctions, nothing would change" (interview with independent expert, Brussels 2011). The US introduced a comprehensive embargo on North Korea in 1950 during the Korean War, which was relaxed after the end of the war but never fully lifted (Taylor, 2010). As a result, "they don't know what it is not to be under sanctions" (interview with independent expert, 2011).

The reaction of the North Korean leadership to threats and the imposition of sanctions by the UNSC is normally one of extravagant protest. The events of spring 2009 illustrate: After North Korea attempted to launch a missile in violation of Resolution 1718, the UNSC publicly instructed the 1718 Sanctions Committee to explore options to adjust the sanctions measures, thereby signalling to North Korea that these would be strengthened. North Korea immediately announced that it was pulling out of the Six-Party talks, resuming its enrichment activities and expelling all nuclear inspectors, and it subsequently detonated a nuclear device underground (Charron, 2011). The pompous rhetoric and overblown gestures of North Korean leaders are routinely attributed to Pyongyang's attempts to discredit Seoul's current conservative government and to remind the US of its capacity to inflict harm on South Korea. Yet, they can be also explained by internal leadership dynamics, in particular with regard to the military hard-liners' struggle with reformist-minded elements in the cabinet that are in favour of opening up the country. Whenever the latter take a step away from isolation, the hard-liners stage a provocation that brings about a backlash, which in turn weakens the reformers. Thus, the imposition and tightening of sanctions is taken by leading figures as an opportunity to neutralise advocates of at least some limited economic reforms. As one North Korea expert contends, the sanctions are having the undesirable effect of weakening the reformist elements within the North Korean leadership (interview with independent expert, Brussels, 2011). While the tensions of early 2013 have subsided, with offers of talks made by South Korea to North Korea and by North Korea to the US, a resolution to the crisis is not in sight.

Conclusion

There is a mixed, if far from satisfactory, record of outcomes stemming from the choice and design of measures aimed at North Korea. The arms import ban appears to be an intelligent way of curtailing Pyongyang's ability to obtain lucrative revenues from arms trading. Enforcement has been inadequate and unable to stop arms trafficking, partly because Pyongyang sells arms and missiles to 'countries of concern' such as Syria, Iran, Pakistan or Yemen, which are unable to find alternative suppliers easily. Yet, the seizures indicate that the sanctions have made the shipping of missiles more difficult for North Korea. These and other measures were weakened, though, by the application of gradualism in the bans on arms and luxury items. The ban on the export of arms appears to have been respected; however, this is only creditable to China's exclusion of items it attempted to export to North Korea from the text of the UNSC resolution. The ban on luxury goods could be blatantly violated, partly thanks to the absence of a list of prohibited items until 2013.

The inability of the sanctions to bring about compliance is attributable to the level of isolation to which the country has been subjected since its creation. The longstanding US

unilateral sanctions have fostered a belief among the North Korean leadership that their ultimate aim is regime change and that they will remain in place for as long as the regime remains in power. Thus, the imposition of UNSC sanctions can only add a thin layer of supplementary distress, far from sufficient to sway a leadership that “does not know what it is not to be under sanctions”. Indeed, the hard-liners within North Korean ruling elite took advantage of the presence of sanctions to strengthen their position vis-à-vis reformers.

4. The EU and Targeted Sanctions

This review of sanctions against four extraordinarily ‘hard’ target countries – concurrently, those that consistently get the most media attention – reveals a number of useful insights into the character of EU targeted sanctions and their efficacy. The sample features different scenarios: stand-alone sanctions and cases combining EU and UN sanctions, which have exhibited different degrees of effectiveness. How do the characteristics of EU sanctions affect their efficacy?

4.1 The EU's interpretation of targeted sanctions: Measures unlike sanctions

EU targeted sanctions have long been characterised by their predominantly non-economic character. This is in tension with the popular perception of sanctions, which equates them to full economic embargoes. In reality, the sanctions imposed by the EU are mostly blacklists prohibiting certain individuals from travelling to European territory and from holding accounts in European banks, routinely accompanied by an arms embargo. Zimbabwe, Belarus and for a long time also Myanmar were subjected exclusively to those measures. Here, as in many other respects, EU sanctions mirror UN practice: the combination of an arms embargo, visa ban and assets freeze is also standard in UN-mandated regimes (Carisch and Rickard-Martin, 2011).

From the menu of sanctions reviewed, financial sanctions and commodity embargoes are those that show the greatest promise. They create a distinct potential for unsettling the political leadership and targeted economic segments by preventing them from operating normally. US financial sanctions weakened Iran's ability to support terrorism: Hezbollah's funding support was disrupted by Iranian banks' limited ability to interact with the US financial system (US GAO, 2007, p. 20). In 2013, the EU followed suit by freezing the assets of the military wing of Hezbollah (Pawlak and Croft, 2013). Hence, financial sanctions and sector-specific embargoes undermine the target even if they cannot compel it to change course. This is in keeping with recent research on UN targeted sanctions, which confirms that they are more effective in constraining targets than in inducing a change in their behaviour (Biersteker, Eckert and Tourinho, 2012). Similarly, Esfandiary and Fitzpatrick claimed in 2011 that, while the sanctions had not stopped Iran's enrichment programme, they were succeeding in slowing its progress (Esfandiary and Fitzpatrick, 2011). Over time, the cumulative effects might provide an incentive for targets to accommodate senders' demands.

Selective embargoes have proved a powerful tool whenever they target commodities that supply critical revenues to the targets (such as oil or diamonds) rather than aiming to deprive leaders of access to privileges (such as bans on luxury goods). Iran best testifies to the effectiveness of financial sanctions and selective commodity embargoes. But the mere adoption of measures is insufficient to guarantee results. For sanctions to be effective, considerable effort must be put into monitoring, collecting information on adherence and encouraging waverers to comply, a role normally fulfilled by the US. The successful

employment of financial sanctions requires careful design based on resource-intensive research and proactive enforcement.

This finding is somewhat at odds with the EU practice of having recourse predominantly to visa bans and arms embargoes. While these measures are instrumental in stigmatising targeted individuals, they often fail to frustrate their ability to operate, obtain revenues and pursue undesirable policies. Visa bans have sometimes been acknowledged as a major impediment by those who have business in countries they are unable to enter (Sims, Masamvu and Mirell, 2010) but mostly when imposed in the UN framework.

The Iran sanctions depart from the EU's customary pattern: despite their nominally targeted character, the aggregate effects of their prohibitions almost amount to a comprehensive embargo. The adoption of energy embargoes on Iran and Syria, alongside far-reaching financial sanctions, displays a readiness to move to broader measures. At the same time, they are less faithful to the concept of targeted sanctions because they are less discriminating: selective embargoes are the targeted measures most likely to penalise the civilian population, as exemplified by the decline of the the gems trade in Myanmar and by the humanitarian impact document in Iran (Moret 2014). Nonetheless, the EU's shift to commodity embargoes and stronger financial sanctions is part of a wider trend: UN practice as well increasingly combines sharply focused, targeted sanctions and broader-based, short-term measures (Carisch and Rickard-Martin, 2011).

4.2 UN legitimisation and US backing: The key to the EU's determination

Often, but not always, the wielding of EU sanctions follows US leadership. It is hardly possible to isolate the significance of concurrent US sanctions given that they are present not only in the sample presented here but in the virtual entirety of EU sanctions, a notable exception being the short-lived episode of Uzbekistan, where the EU was the only actor which imposed sanctions in reaction to the Andijan massacre of 2005 (Portela, 2010). Indeed, transatlantic collaboration in the imposition of sanctions is tight. Most EU sanctions are imposed almost simultaneously with US sanctions, as in Belarus, Zimbabwe or Myanmar. However, the EU only joined the US in wielding sanctions against Iran and North Korea after the UNSC had gotten involved. In contrast to Myanmar and Zimbabwe, US pressure to step up the measures against Iran compelled the EU to sustain the sanctions effort. Indeed, US influence explains the rapid intensification of EU unilateral measures, in a departure from the habitually slow pace of EU sanctions build-up.

The adoption of a Security Council resolution significantly reinforces the EU's determination to uphold its sanctions. The cases of North Korea and Iran illustrate the extent to which the presence of a UNSC mandate makes a difference to the EU. Europe only imposed sanctions against these targets when the UNSC mandated them in 2006, after three decades of US sanctions against Iran and more than five decades of US sanctions against North Korea. UN sanctions provide a baseline for countries to impose stricter measures of their own: in addition to the EU, Australia, Canada, Japan and South Korea passed autonomous measures against Iran (Esfandiary and Fitzpatrick, 2011). UN 'blessing' emerges as a necessary precondition for the imposition of EU autonomous sanctions against Iran and the DPRK. Moreover, the EU measures supplementing UN sanctions are among the strongest in its toolbox. Granted, similar measures are concurrently in place against Syria in the absence of a UN mandate. The EU is comfortable wielding autonomous measures in situations of violent conflict and in support of human rights and democracy objectives. However, its hesitation to impose restrictions against Iran and North Korea before the UN became active demonstrates its reluctance to wield unilateral measures in support of non-proliferation objectives. This is not surprising in view of the relative novelty of the inclusion of non-

proliferation among the goals of UNSC sanctions: they began with Iraq in 1990, and there were no new cases until Iran and North Korea in 2006 (Carisch and Rickard-Martin, 2011).

By contrast, when the EU imposes restrictions without UN backing, its resolve becomes prey to countervailing pressures. After a few years, sanctions fatigue sets in, making it more amenable to settling for sub-optimal concessions in the interest of restoring cooperation. In Zimbabwe, the EU only wielded sanctions two years after the UK imposed unilateral measures and three years after the IMF and the World Bank had withdrawn from the country. After a decade of sanctions in Zimbabwe and two decades in Myanmar, the EU had become a marginal player on the political scene in both countries. EU institutions, not least the European Commission, grew frustrated with the obstacles to cooperation with these targets posed by sanctions. By way of example, Harare's signature was necessary for the entry into force of the Global Political Agreement the EU had negotiated at the regional level (Marangoni, 2013). In Myanmar, sanctions fatigue was so evident internationally that even the US reviewed its measures before any improvement became observable. Similar scenarios have played out elsewhere in the EU's sanctions experience, with Belarus, Sudan or Cuba (Portela, 2010). In the end, sanctions created a 'trap situation' in which the EU was deprived of any leverage to advance its objectives but also of any suitable pretext to lift the penalties. The reform process in Myanmar and the governmental transition presided over by the GPA in Zimbabwe thus came as a relief. The phasing out of measures was facilitated by the flexibility of EU decision-making in the Common Foreign and Security Policy, which contrasts with the complexities of the US regime governing the imposition and lifting of sanctions.

Perhaps the most illustrative example of the frustration associated with protracted sanctions is the case of North Korea. The very long-term isolation of a target had the counterproductive effect of annihilating the leverage that outside parties could exert on it. Indeed, the DPRK emerges as the most intractable case in our sample. However, China's consent to the deployment of UN sanctions against North Korea in Resolution 1718 marked a turning point: by withdrawing the protection it had traditionally extended to Pyongyang, Beijing deprived it of allies.

4.3 Non-Western collaboration: A key to success

A common pattern in the sample here is the ostensible lack of support for the sanctions from non-Western states and organisations, which severely undermined EU influence. This concerned notably neighbours of the targeted state, particularly when they were also members of the Security Council's permanent five.

The positions adopted by Myanmar's ASEAN partners and Zimbabwe's Southern African Development Community (SADC) neighbours tell parallel stories: ASEAN repeatedly requested the lifting of sanctions on Myanmar, while SADC asked for an end to sanctions on Zimbabwe time and again. Condemnation of Myanmar led to serious tensions between the EU and ASEAN, including the cancellation of ministerial meetings of 1997 in protest against Myanmar's admission to ASEAN. The EU's unwillingness to accept Myanmar's accession to the Asia Europe Meeting (ASEM) prompted ASEAN to threaten to block the accession of new EU members to the forum in turn. Similarly, support offered to the Mugabe regime by neighbouring countries was central to Zimbabwe's resistance to sanctions pressure. EU attempts to garner support for its sanctions on Zimbabwe and Myanmar from SADC and ASEAN respectively remained unfruitful. African powers such as Nigeria and South Africa criticised the imposition of EU sanctions (Smith, 2006).

In fact, targeted leaderships have become more accommodating after seeing their neighbours' support erode. A gradual change of heart by the SADC vis-à-vis Mugabe and ASEAN's shift of position vis-à-vis Myanmar played important roles in facilitating a way out of stalemate. Over time, sanctions fatigue set in among the neighbours as well: ASEAN moved toward mild pressure for reforms (Brettner-Messler, 2012). The acts of repression committed by Myanmar's military in response to the September 2007 uprising, the 'Saffron revolution', were strongly condemned by ASEAN (Hughes, 2007). By 2006, the SADC showed signs of increasing frustration with Zimbabwe's persistent economic crisis and the massive wave of refugees fleeing the country, while Zambia openly criticised Mugabe in 2007 (Stübig, 2007). Eventually, South Africa modified its stance in early 2011, putting some pressure on Zimbabwe.

Economically, the influence of regional powers is even more important than it is politically, as exemplified by South Africa's support of Zimbabwe through the supply of energy. The vacuum left by senders severing trade links is invariably filled by non-Western substitutes. Protracted stalemate in sanctions regimes can be ascribed to the inability of Western powers to isolate the targets; instead, their withdrawal drives resource-rich countries into the arms of alternative suppliers all too eager to embrace them. The imposition of sanctions is intended to deny the target critical goods or at least to deprive it of access to technologies, aid, credit, investment and trade relations unavailable elsewhere. Whereas the West still retains much control of some privileges, it no longer holds a monopoly. Among the members of the Security Council's permanent five, Russia favours sanctions only when mandated by the UNSC, while it rejects unilateral practices. It goes as far as to characterise unilateral sanctions outside the framework of the UNSC as a "risk to world peace and stability" (Ministry of Foreign Affairs of the Russian Federation, 2013). While Moscow opposed proposed pro-democracy sanctions in Myanmar in 2007, in the case of the nuclear proliferation crises it was content to dilute the strength of the restrictions originally envisaged, ultimately agreeing to their imposition (Taylor, 2010).

China stands out because of its growing readiness to agree to UN sanctions regimes while benefiting economically from the relative isolation of the targets (Oertel, 2011; Borszik and Ebert, 2013; Portela, in press). China has long maintained a rhetorical opposition to the unilateral use of sanctions in international relations, justifying this aversion through its own historical experience as a sanctions target – a perception perpetuated by the continuing US/EU arms embargo on China. In their analysis of Chinese voting behaviour at the UNSC, Jan Wouters and Matthieu Burnay note that China does not vote in favour of sanctions that challenge its ambitions abroad and uses its veto power to protect its social and political stability (Wouters and Burnay, 2013, pp. 398–402). Preoccupied by its public image, Beijing did not block sanctions on Sudan over Darfur. However, in 2008, it vetoed a draft resolution tabled by the UK and France condemning the Zimbabwean leadership on the basis of activities that "undermine democracy, repress human rights and disrespect the rule of law". Most visibly, though, China uses its veto to protect its direct neighbourhood interests, exemplified in its blocking, together with Russia, of sanctions against Myanmar proposed in 2007.

Chinese efforts to increase its engagement in Myanmar, and particularly in the extraction industry, are well documented. India has followed its example. China has been under fire for its half-hearted implementation of UN sanctions against North Korea; bilateral trade flows actually picked up during the first years of the sanctions. Chinese influence has also increased in Zimbabwe: it is now a major investor in the Zimbabwean mining industry and even a donor of development aid. Shortly after the opening of the Marange diamond fields, an airport was built with Chinese funding to enable their exploitation (Vlaskamp, 2012). As British Minister for Europe David Lidington comments:

China's commercial activities in Zimbabwe exploit the space that we and other likeminded states have vacated. Often these are not carried out at a government-to-government level but through large private corporations. China operates a large scale Joint Venture in the controversial Marange diamond fields and has also been involved in arms exports and the construction of Zimbabwe's new defence college [...] China's historical and continued preference appears to be to work with ZANU-PF, a relationship which, inter alia, enables it to gain access to Zimbabwe's considerable mineral wealth (quoted in House of Commons, 2011).

The Chinese role in Iran has likely gotten the most media attention. While South Korea and Japan joined US sanctions against a range of Iranian banks and firms, China, along with Turkey, expanded its share of Iran's market (Economist, 2010). Over the past decade, Chinese trade has largely replaced the declining share of EU trade with Iran. China was Iran's main trading partner in 2011 and 2012 – a position that the EU had occupied prior to the sanctions. Even though it has reduced its oil supplies by 30% (Vines, 2012), China is still Iran's most important purchaser of oil, buying around 20% of its oil exports, amounting to \$16 billion worth in 2011, and more than 100 Chinese companies are reported to be currently operating in Iran (Sadeghi-Boroujerdi, 2012).

4.4 Conclusions: The EU and the unexploited potential of misunderstood bargaining chips

This report's analysis of EU targeted sanctions illuminates some of the dynamics that characterise the workings of sanctions in general rather than targeted sanctions specifically. Sanctions per se do not display 'corrective' or 'healing' effects. Sanctions create bargaining chips, but their success in extracting political concessions as part of a negotiation process depends primarily on the skilfulness of the 'senders' involved.

In examining EU sanctions in the sample presented here, the reason for the elusiveness of success does not seem to be related to their targeted character. Instead, three determinants accounted for the relative inefficacy of the measures. First, the EU's notion of targeted sanctions tends to emphasise measures against individuals and embargoes on arms, leaving non-military trade flows unaltered. This narrow interpretation demonstrates the EU's faithfulness to the concept of targeting. Excluding trade from sanctions measures has clear benefits: it does not disadvantage European firms, avoiding conflicts with the industries that suffer losses as a result of the restrictions, and it obviates defining humanitarian exceptions. However, the exclusion of the trade dimension from the sanctions was barely appreciated by targets or third states, unaware of the nature of the prohibitions in place. Thus, the potentially beneficial effects of the EU's gentle approach on its external image have never materialised.

The concessions obtained from the Iranian leadership after the tightening of autonomous US and EU sanctions since 2010 testified to the effectiveness of sanctions affecting trade and especially the financial sector. While the measures employed depart from the notion of 'targetedness', approximating comprehensive embargoes, this constitutes a promising example that could inspire the design of future sanctions regimes. Yet, the Iran recipe has limits. It can work with middle-income countries highly integrated in the world economy. Arguably, though, the imposition of similar measures in severely underdeveloped countries like Myanmar or those in economic turmoil like Zimbabwe would be impracticable because of the likely humanitarian impact.

Time is not on the EU's side. Sanctions are manifestly slow tools. The slow pace at which they work is further exacerbated by the gradualist approach routinely adopted by the EU, which increases pressure progressively in the face of non-compliance by the target. Since the

measures imposed in the first round are mild, they only attain a meaningful degree of pressure after various rounds of tightening. This happens at best several years after their initiation, and once this level is reached, they need further time to take effect. In the meantime, many grow impatient with the stalemate, not least because it obstructs co-operation in areas of concern for the EU. As the events that provoked the imposition of sanctions recede into obscurity, lobbying to restore normal relations intensifies. Sanctions fatigue contributed to the phasing out of sanctions in both Myanmar and Zimbabwe. With Iran, although a definitive settlement is not yet in sight, some tangible concessions materialised before fatigue set in.

The EU might turn toward the more frequent employment of sector-specific embargoes and financial sanctions for reasons alien to efficacy considerations. Blacklisting practices have been successfully challenged on a number of occasions before European courts, which have often annulled designations of persons and entities on the grounds that the EU failed to adduce evidence and violated due process standards (Heupel, 2009). By contrast, the unilateral imposition of sector-specific embargoes and broadly defined financial sanctions has not faced legal challenges. On the contrary, the European Court of Justice has upheld stringent interpretations of prohibitions, notably in the 2011 Afrasiabi judgment: It put forward a broad interpretation of the prohibitions by clarifying that it encompasses the supply of items capable of contributing to proliferation activities, even if they are not ready for use (Blockmans, 2013). Paradoxically, this situation contradicts the rationale of targeted sanctions by making the concentration of harm on specific individuals and entities legally more problematic than its dispersion across the broader population. However, these rulings are likely to affect the calculations of the EU in the design of future regimes.

Finally, the influence that the EU can exert is severely undermined by the lack of co-operation from a number of non-Western powers such as China. This is not a new phenomenon. During the cold war era, sanctions were part and parcel of superpower competition for the favour of third world countries – sanctions by one superpower were offset by assistance from the other (Hufbauer et al., 2007). Today, Western sanctions are opposed by non-Western powers, although their motivation appears to be markedly commercial rather than ideological. What relevance does the embrace of sanctions have in international politics currently? Beijing's growing acceptance of sanctions signifies that the choice is no longer one between the use of sanctions or their rejection; the question is rather one of *against whom* and *for which objective*. The impulse behind sanctions is key: non-Western states contest EU unilateral sanctions to resist the establishment of democratic rule as an international norm. Attempts at imposing sanctions on Myanmar or Zimbabwe elicited Russian and Chinese vetoes. By contrast, both Russia and China see some merit in the preservation of the non-proliferation arrangement and are thus ready to lend their backing to UN sanctions that support it. Still, their half-heartedness is manifest in their dilution of measures prior to approval, as well as in their less than vigilant implementation. With its sanctions, the EU sides with those eager to alter the policies of target regimes and against those who benefit from their preservation. Against this background, the EU positions itself in the avant-garde of human rights and democracy promotion.

4.5 Recommendations

On the basis of the preceding analysis, the following recommendations can be put forward:

Selecting a formula to target vulnerabilities

1. The Council of the European Union should consider more often the imposition of selective commodity embargoes and financial sanctions affecting specific market

segments rather than focusing on visa bans and arms embargoes. This would facilitate a quick 'turnaround', avoiding the abhorred protracted stalemate that has characterised past practices.

2. Because these measures are more likely to affect segments of the population that are not the intended targets, an effort must be made to keep them as discriminating as possible. Minimising the humanitarian impact remains central to the sustainability of sanctions, especially in the face of often critical public opinion.
3. What matters more than the choice of those sanctions measures that experience has proved to be, on average, more effective is that sanctions tools are designed in accordance with the vulnerabilities of the targeted leaderships. Targeting measures requires considerable effort in terms of planning, a seldom-acknowledged constraint. The EU made a remarkable endeavour to target its sanctions in its exercise against the Federal Republic of Yugoslavia during the Kosovo conflict, which, together with the current Iran and Syria sanctions, could inspire future exercises. Mechanisms for the identification and correction of possible mistakes must be put in place.

Planning ahead and involving experts

4. To be efficacious, targeted sanctions need to be carefully tailored to the specific situation they confront rather than be selected from a pre-established catalogue. The European External Action Service (EEAS) sanctions unit should regularly consult with sanctions experts and country specialists, for example, in the form of a 'panel of experts'. The United Nations employs panels of experts with research functions that report to the sanctions committees in charge of overseeing the implementation of sanctions regimes imposed by the UN Security Council. The findings of the panels of experts have sometimes proved influential, prompting important reforms in the UN sanctions machinery (Vines and Cargill, 2010). This system could serve as an inspiration for a parallel arrangement to assist the Council of the EU in sanctions design and refinement. But in contrast to the UN panels of experts, the task force should act not only after sanctions are in place. Instead, it should conduct preliminary assessments of the vulnerabilities of the targeted regimes and their relations to elites as well as of the economic and societal structure of the target country prior to the imposition of measures in order to explore how they are likely to be affected by sanctions. On the basis of *ex ante* impact assessments, the panel of experts should make recommendations regarding the design and optimisation of sanctions in order to hit the designated targets most effectively.
5. Regular assessment exercises should become habitual practice, not only when sanctions regimes come up for yearly review. Monitoring the effects of measures can be instrumental in adjusting the sanctions strategy. For coordination's sake and as a way of ensuring maximum coherence of the EU's sanctions strategy, contacts should be maintained with national authorities of EU member states in order to collate information on implementation, keep watch on the international contacts of targets and evaluate the attempts at influence by other international players. This role could be best performed by the EEAS thanks to its links to members' foreign ministries; however, information must be fully shared with the sanctions unit located within the European Commission. The set-up of a joint unit comprising staff from the service for Foreign Policy Instruments and the EEAS suggested in the EEAS review could be useful in this regard (EEAS, 2013).

Outreach and Communication

6. In order to increase the popular acceptance of sanctions measures, the EU should conduct an outreach exercise. The general public, the media and not least the

increasingly influential European Parliament would be less critical of EU sanctions if they understood them better. After all, the European citizenry is also an ‘addressee’ of sanctions since these often respond to a public demand. As part of its outreach strategy, the Council of the EU should provide public explanations as to why sanctions are renewed, which modifications are introduced and on which basis they are decided. In particular, it should raise awareness of the nature of targeted sanctions and dispel false notions about humanitarian effects that most targeted sanctions strive to avoid. The factsheets ‘The EU and Iran’ and ‘The EU and North Korea’ constitute a first step in that direction. The ultimate objective should be to reorient the EU’s public conversation on sanctions: rather than focusing on whether sanctions ‘work’, the debate should shift toward which kinds of sanctions are meaningful.

7. Outreach efforts should also be directed toward third countries and, to the extent that this is possible, audiences in the targeted countries. This could be done with the help of EU Delegations by debriefing local public figures as well as third-country representatives, in the targeted nations and around the headquarters of relevant organisations such as the UN or the International Atomic Energy Agency, with the objective of dispelling false understandings of targeted sanctions sometimes propagated by leaders in the country of concern.
8. The Council of the EU should avoid resorting to the limitation of bilateral contacts as a sanctions tool. While sanctions remain in place, communication channels with the target ought to be kept open to facilitate the resumption of talks, so as to avoid misunderstandings and mitigate the loss of influence by the EU.

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