

## **Economic Sanctions: Foreign Policy Foil or Folly?**

A key policy question is whether economic sanctions are effective foreign policy instruments. The short answer is that there is no general policy guideline appropriate for all situations. A policy based on the assumption that sanctions are or are not effective is misguided. The recent historical record of economic sanctions suggests that their effectiveness as policy instruments is very much case specific. This Commentary will, therefore, explore the factors and conditions that influence the effectiveness of economic sanctions in order to garner a greater understanding of their potential use and limitations.

Economic sanctions are punitive measures that usually have a political objective. Economic sanctions may be defined as nonviolent economic measures aimed at changing or modifying the political behaviour or conduct of another country. They are the deliberate government-inspired withdrawal, or threat of withdrawal, of trade or financial relations. Sanctions may or may not accompany the use of military force. For the purposes of this paper, trade remedy measures (such as countervailing or anti-dumping duties) are not considered economic sanctions. Nor are positive economic incentives, such as additional or new aid flows linked to modifying government behaviour, considered sanctions. Nonetheless, the removal of aid, with the objective of changing state behaviour, would be considered a sanction.

A wide array of trade and financial measures may be used. These include:

- Reducing, suspending or cancelling Official Development Aid.
- Freezing or confiscating bank assets or other assets belonging to the target country.
- Controlling or freezing interest or other transfer payments, and capital movements.
- Voting against loans, and other forms of assistance in international organizations.
- Import and export restrictions, including withdrawal of GSP, or total or a product/service specific embargo.
- Cancelling joint projects or economic agreements.