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The effectiveness of EU sanctions

An analysis of Iran, Belarus, Syria and Myanmar (Burma)

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PROGRAMME

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Executive summary

Over the last two decades, the European Union (EU) has increasingly relied on the use of restrictive measures in its external action, a trend which has been reinforced by the introduction of the Lisbon Treaty. The EU has shown itself to be more open to the possibility of resorting to sanctions outside the United Nations, as well as in cooperation with other international actors, such as the United States. The EU has not only refined its sanctions toolbox, sharpening its targeted sanctions against individuals, but is also using broader embargoes when needed. However, the EU's growing use of restrictive measures has not been accompanied by an attentive evaluation of their effectiveness.

This paper explores ways of understanding the effectiveness of restrictive measures by providing a framework for assessment. Departing from the simple view that sanctions can only change the behaviour of their targets, the paper proposes a four-step process of evaluation which looks at: the role of sanctions in an overall foreign policy strategy; the purpose and goals of the policy in terms of coercing, constraining and signalling; the impact of sanctions and the costs incurred by the EU; and the sanctions' comparative utility. The paper focuses on the case studies of Iran, Belarus, Syria and Myanmar (Burma). The case studies range from targeted sanctions to sanctions of a very broad and comprehensive nature and have been selected in order to be representative of the EU's experience of using restrictive measures.

After evaluating the four case studies, the paper argues that restrictive measures fulfil a number of functions in EU foreign policy and positively contribute to shape the EU's external relations. Sanctions contribute to shaping the image of the EU, provide diplomatic alternatives through the use of more nuanced and targeted policies and ensure that the EU has some 'teeth' to carry out its foreign policy and stand by its values. However, the paper also argues that there is a need for a careful evaluation of what sanctions are supposed to achieve in order to build the proper expectations upon which their effectiveness can be judged. The designing phase of sanctions could be enriched with a checklist with goals and expectations in terms of coercing, constraining and signalling, which could be included in a *white paper* to be circulated to the competent EU bodies, improving strategic planning across the EU institutions involved in this policy. This white paper should also address the role of the Court of Justice of the EU in the review of sanctions by *inter alia* including benchmarks regarding the minimum level of information that must be provided for the listing of each individual or entity. There is also a need to increase the resources of national – and especially EU – teams that manage the sanctions regime, for clearer and common pan-European implementing guidelines, for more systematic information sharing and intelligence cooperation between the Member States and EU institutions. In order to improve the monitoring mechanisms at the EU level, the paper recommends either the secondment of national experts or the adoption of an *EU panel of experts* who would be tasked with monitoring sanctions. This would enhance the evaluation of sanctions and improve the way in which restrictive measures are integrated into the EU's external action.

Chapter 1

INTRODUCTION

The European Union (EU) has been making increased use of restrictive measures (sanctions) in response to events around the world. In doing so, it has toughened and refined its sanctions toolbox, sharpened its targeted sanctions against individuals, such as freezing assets and implementing travel bans, as well as the broader embargoes currently in place against the governments of Iran and Syria. The EU has shown itself to be more open to the possibility of resorting to sanctions outside the context of the United Nations as well as in cooperation with other international actors, such as the United States. These measures represent an important departure from past decades of EU sanctions policy. The Council of the EU has imposed restrictive measures in various situations, from managing crises to promoting democracy and sustaining democratic transitions, yet this intense activity has not been accompanied by an attentive evaluation of their effectiveness. The absence of such an evaluation is also explained by the lack of a common understanding of what sanctions can and cannot do with regard to foreign policy.

So far, sanctions have generally been assessed with simple criteria, such as whether targets changed their behaviour accordingly or whether broad goals (e.g. end of conflicts, fight against terrorism, etc.) were reached. However, these approaches only offer a partial viewpoint of how sanctions work. In the absence of empirically-based conclusive evidence about the impact of the sanctions and their value compared to the objectives they intend to achieve, there are a number of political and technical questions which would benefit from deeper analysis, for example: does the range of sanctions bring about policy change in the targeted group? Are sanctions conducive to meeting the general policy objectives? Do they support the domestic opposition to the targeted regime? What broader impact do sanctions have on the population of the receiving country? What consequences do sanctions have on vested interests in the sanctioning countries? What impact do sanctions have on the domestic public opinion of sanctioning countries?

This paper explores ways of understanding the effectiveness of restrictive measures by providing a framework for assessment. Departing from the simple view that sanctions can only change the behaviour of their targets,[1] the authors propose that the answer to the question of whether sanctions are effective should originate from the application of a four-step process: the role of sanctions in an overall foreign policy strategy (step 1) by understanding what they are supposed to achieve (step 2), the impact and the costs incurred (step 3), and their comparative utility (step 4). The application of a four-step procedure allows for an evaluation of the effectiveness of restrictive measures. This process has been supported by extensive interviews with anonymous officials in the EU institutions and diplomatic missions in Brussels, with representatives from some EU Member States, and with non-state actors from the private and non-governmental sector. In addition, two workshops organised in Brussels allowed for a fruitful exchange of views among a broad range of stakeholders.

[1] The actor that imposes sanctions is typically referred to as "sender", and the actor that is sanctioned is referred to as "target".

The EU has imposed restrictive measures under its Common Foreign and Security Policy (CFSP) on 27 different occasions since the Maastricht Treaty,[2] and this paper focuses on case studies of Iran, Belarus, Syria and Myanmar (Burma).[3] These case studies have been selected in order to present, as far as possible, the great variety of cases. They range from targeted sanctions to sanctions of a very broad and comprehensive nature. Targets belong to different regions and the type of measures and the emphasis on what sanctions were expected to accomplish within a given strategy changed over time. In a nutshell, they are representative of the EU's experience of using restrictive measures.

The EU has shown a learning curve in sanctions, shifting from comprehensive embargoes to sanctions which target individuals. This shift also reflects the need to factor in humanitarian consequences and the pressure of domestic public opinion on policy choices. In turn, this highlights the broader need to communicate and explain any sanctioning policy to more than one audience: the targets, those who oppose the targets, the allies and friends of the targets, especially international allies, the allies of the EU, as well as the population of the targeted country and public opinion. Indeed, all of the case studies will show the importance of the reputational dimension to any sanctions regime.

The authors argue that restrictive measures fulfil a number of functions in foreign policy and positively contribute to shape the EU's external relations. For instance, sanctions have certainly shaped the EU's image as a normative power by strengthening its soft power in that they backed the transition towards a civilian government in Myanmar and they thwarted the path towards the acquisition of nuclear power in Iran.

However, in none of the cases examined here can it be said that the EU sanctioning regime alone was decisive (Myanmar) or is likely to be decisive (Iran, Syria and Belarus) in bringing about policy change. This is also dependent on internal political dynamics, which can be shaped and influenced by external action, but not directly caused by sanctions. Secondly, the broader regional and international context plays a role, with the countries closest to the targeted ones often playing a more influential role than the EU. In fact, a policy change is not the only nor the main purpose of restrictive measures, and focusing only on that would be misleading. Sanctions can also constrain the capabilities of targets and signal EU support for the groups opposing the targeted regime.

The application of a four-step procedure on four case studies shows the complex relationship between the imposition of sanctions and their assessment. This paper acknowledges the limitations in measuring the political, economic and social impact and cost of sanctions. These tasks cannot be completed without jeopardising the credibility of the evaluation. It is for this reason that this report focuses on a procedure to measure success, and this should be considered the main objective of the study. Thus the application of a rational and comprehensive procedure to evaluate success led to the identification of three elements that undermine the long-term effectiveness and use of sanctions as foreign policy instruments.

These limitations can be remedied by further fine-tuning the strategy and tools to implement restrictive measures. First, a clearer discussion is needed to understand what the EU expects from imposing sanctions. The authors suggest that sanctions should be designed in terms of coercing, constraining and signalling targets. Second, better coordination among the 28 Member States and EU institutions would improve the implementation of sanctions without incurring severe management costs. Finally, EU institutions should be responsible for monitoring tasks to ensure that sanctions are adapted to the evolving political context and that potential counterproductive effects are duly identified.

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[2] Francesco Giumelli, *The Success of Sanctions. The case of the European Union*, Farnham: Ashgate, 2013.

[3] For brevity, hereinafter only Myanmar will be used in this paper.

This report is divided into three parts. The first part reviews the concept of effectiveness and outlines a four-step process to analyse the effectiveness of sanctions. The second part focuses on the four case studies that have been identified to start the discussion on whether and how EU sanctions are effective with this new approach. The final part summarises the main arguments of the report and sets forth policy recommendations that could enhance the EU's sanctioning policy.

Chapter

2

ASSESSING THE ROLE OF SANCTIONS IN FOREIGN POLICY

Since 1992, the EU has gradually expanded its foreign policy toolbox. The adoption of restrictive measures was included in the Maastricht Treaty, and the Council began to use this practice more frequently during the late 1990s. Since then, the EU has imposed sanctions on 35 different occasions in order to manage conflict, promote democracy, counter the proliferation of weapons of mass destruction and assist post-conflict transitions and counter terrorism (see Table 1).[4]

The imposition of sanctions falls under the domain of the CFSP and the process is regulated by Articles 30 and 31 of the Treaty of the European Union (TEU). The decision is initiated by Member States and the High Representative of the Union for Foreign Affairs and Security Policy, who can also act with the support of the European Commission. The Political and Security Committee (PSC), the geographical working groups and RELEX Committee of the Council, the European External Action Service (EEAS), the European Commission and Coreper II are tasked with designing sanctions in coordination with other foreign policy initiatives, mainly with further diplomatic moves and economic incentives, although there is limited flexibility in the latter due to the fact that economic aid is administered by the European Commission.

There are different types of targeted sanctions. When the Council makes a decision regarding the CFSP, both trade and financial sanctions require the implementation of a Council regulation. Under this procedure, the Parliament should only be informed about the decision; however, when the EU acts to prevent and combat terrorism-related activities, the Council and the Parliament should adopt a regulation through the ordinary legislative procedure. Sanctions which fall under the former CFSP pillar – namely travel bans and arms embargos – do not require further EU legislation beyond the Council's decision (called 'common positions' prior to the Treaty of Lisbon). Lists of specific items, for instance dual-use items that often fall under arms embargoes, are an exception, which can be compiled by the Council in *ad hoc* regulations. Arms embargoes are an exceptional case because of a provision on national security that has been part of the Treaties since 1957 (TFEU, Article 346). For instance, the Common Rules on Arms Exports, approved by the Council in 2008, strictly regulate under which terms weapons can be sold,[5] even though the decision to transfer, or deny the transfer, of any military technology or equipment remains under national discretion. The movement of people from and to the

[4] This refers only to CFSP measures and does not include the sanctions transposed from UN decisions and measures taken under the Cotonou Agreement.

[5] Common Rules Governing Control of Exports of Military Technology and Equipment, 2008/944/CFSP.

EU is, in fact, controlled by national governments, who are responsible for monitoring their borders and ensuring that the decisions of the Council of Ministers are implemented.[6]

This legal framework considers the evolution of international sanctioning practices, from comprehensive to targeted sanctions. In the past, sanctions were a synonym of general embargoes that did not discriminate against targets within a society. The oil embargo imposed on Iraq by the UN in the early 1990s following the invasion of Kuwait and the last phase of the UN response to the military coup in Haiti are good examples of this. Comprehensive sanctions were criticised because of their counterproductive effect of harming innocent bystanders and consolidating the power of ruling elites; therefore, sanctions have changed. Due to the evolving norm of the international system allowing for individuals to be accountable before the international community, the UN Security Council began to impose sanctions on individuals and non-state entities. The practice of so-called 'targeted sanctions' has also been adopted by the EU, hence the need for more attentive and nuanced assessments, as is the aim of this report.

The EU's increasing activity in the field of sanctions has contributed to enhancing its visibility on the international stage. Over time, the EU has resorted to restrictive measures with increased frequency: in October 2013, it administered 17 different sanction regimes. In general, there are five situations which motivate the EU to resort to imposing sanctions: (i) conflict management (e.g. Afghanistan in 1996 and Libya in 2011); (ii) democracy and human rights promotion (e.g. Uzbekistan in 2005 and Belarus in 2006); (iii) post-conflict institutional consolidation (e.g. the Federal Republic of Yugoslavia in the 1990s and Guinea in 2009); (iv) non-proliferation (e.g. Libya in 1994 and Iran in 2007); and (v) countering international terrorism (e.g. Libya in 1999 and the EU's list of terrorist organisations which is different to that of the UN; for instance, it includes organisations such as Hamas, which is not sanctioned by the UN).[7]

Table 1 – EU restrictive measures divided per type of crisis

Conflict Management	Democracy Promotion	Non-proliferation	Post-conflict	Terrorism
Afghanistan, 1996-99 Comoros in 2008 DRC, 1993-2003 FRY, 1996-98 Indonesia, 1999-2000 Libya, 2011 Syria, since 2013 Sudan, 1994-2004 Transnistria, 2003-10 US, since 1996	Belarus, since 1998 China*, since 1989 Cote D'Ivoire, 2010-12 Guinea, 2009-11 Guinea-Bissau, since 2012 Myanmar, since 2012 Nigeria, 1993-1999 Sudan, 2004-05 Syria, 2011-2013 Uzbekistan, 2005-09 Zimbabwe, 2003-10	Iran, since 2007 Libya, 1999-2004	Bosnia & Herzegovina 2001-06 Cote d'Ivoire, since 2012 Egypt, since 2011 FYROM, 2001-09 Guinea, since 2011 ICTY indictees, 2001-11 Libya, since 2011 Milosevic, since 2000 Tunisia, since 2011 Zimbabwe, since 2010	Libya, 1999-2004 Terrorist list, since 2003

**the restrictive measures on China are only politically binding*

[6] The process has been further institutionalised with the creation of guideline documents that aim at harmonising the design, interpretation and implementation of restrictive measures. The three documents are the 'Basic Principles on the Use of Restrictive Measures (Sanctions)' (hereafter referred to as 'Basic Principles'), the 'Guidelines on Implementation and Evaluation of Restrictive Measures (Sanctions) in the framework of the EU Common Foreign and Security Policy' (hereafter 'the Guidelines') and the 'EU Best Practices for the Effective Implementation of Restrictive Measures' (hereafter 'the Best Practices').

[7] See also Francesco Giumelli (2013), *How EU Sanctions work. A new narrative*, Chaillot Paper No. 129, Paris: EU Institute for Security Studies, May.

The early cases of sanctions were the product of coordination between EU Member States' foreign policies rather than that of a commonly agreed position that comes at the end of a clear decision making process which mainly takes place in Brussels. In 1993, the EU noted the domestic problems in Nigeria and a range of sanctions were imposed to ensure a smooth transition to go beyond Abacha's ruling. In 1996, the Council reacted to the death of the Danish Consul in Myanmar by confirming the previously imposed arms embargo, as well as a travel ban, and by requesting an independent investigation. Sudan, the Democratic Republic of the Congo and Afghanistan are also cases whereby the EU preceded the intervention of the UN Security Council. Over time, such activity became more intense with a range of sanctions being imposed to deal with the collapse of Yugoslavia, to support international efforts to deal with the threat of ethnic cleansing in Kosovo in 1999, and to promote democratic practices in Belarus in the late 1990s.

The following decade saw efforts intensify with regards to democracy and human rights promotion, with the cases of Zimbabwe and Uzbekistan and the strengthening of the sanctions regime on Myanmar, as well as the growing importance of the case of Iran and the international efforts made to counter its nuclear programme.

The main categories are human rights promotion and post-conflict scenarios. Upholding human rights has frequently been cited by the Council in order to justify the imposition of restrictive measures, from cases where targets were governmental leaders who established a brutal rule in a country, such as in Myanmar and Zimbabwe, to cases of violent regime change, such as in Guinea.

Post-conflict situations are the second most typical scenario for imposing sanctions. Usually, the resolution of a crisis/conflict is determined by the capacity to establish new and functioning institutions. This objective is often undermined by the actions of political actors who have vested interests in preventing the establishment of new functioning institutions. The Council decided to resort to sanctions on such actors, also known as 'conflict spoilers'. For example, in the aftermath of the Arab Spring, the EU decided to support the recognised institutions by imposing financial restrictions on certain individuals connected with the former regime. This was also the case in the former Federal Republic of Yugoslavia (FRY), since a number of individuals were actively engaged in protecting and supporting indictees of the International Criminal Tribunal for the former Yugoslavia (ICTY), who had been at large for over ten years after the end of the conflict.

Over the last 20 years, the EU has developed a targeted sanctions policy, learning to master financial and economic sanctions, travel bans and arms embargoes. However, what these measures are expected to achieve and the relationship between these measures and the EU's broader strategy are still unclear. Part of the problem is poor understanding of how sanctions work; hence the discussion is undermined by the fact that there is little agreement, even on how to use basic concepts that should allow for a discussion to take place. This makes it very difficult to not only reach conclusions on the impact of sanctions, but also to acquire comparative knowledge. Rather than look for a definitive answer to whether sanctions work, this report takes a different approach, aiming to apply a methodology for the evaluation of success that contributes to informing and enriching the discussion on assessing restrictive measures.

Chapter 3

THE EFFECTIVENESS OF SANCTIONS: A FOUR-STEP PROCESS

This paper deals with this lack of shared knowledge of sanctions by outlining a four-step process[8] which has two main features. First, it goes beyond the measurement of sanctions by looking at the policy changes made by the targets. Second, it provides a common platform for policymakers to engage in the sanctions debate with a method for assessment which would be conducive to knowledge accumulation.

Step 1: Placing sanctions within the overall EU strategy

The first step is *placing sanctions within the broader foreign policy strategy.* Sanctions are very rarely imposed in isolation from other foreign policy instruments and a proper understanding of what the sender intends to accomplish can provide essential insights to measure the effectiveness of sanctions. Placing sanctions within the larger context of the strategy used by the sender is of utmost relevance in determining their effectiveness. A foreign policy can be conducted by considering different methods which aim to influence other actors and achieve policy goals. To put it simply, actors can use diplomatic tools, offer incentives, impose sanctions and use force to determine the outcome of political processes in a desired way. In a strategy, defined as a plan to achieve a long-term aim, each foreign policy instrument can have a different relative weight. In other words, whereas sanctions could be the only significant action carried out by senders, sanctions can also be a marginal component of a strategy. In order to formulate credible expectations of sanctions, it is essential to have an idea of the role that sanctions play in the wider strategy.

Step 2: Are sanctions coercing, constraining or signalling targets?

Once the question of whether sanctions play a central or marginal role within a strategy is established, the second step is to define *the logic of sanctions,* i.e. the way in which they are expected to influence their targets.[9] The EU could use restrictive measures to *coerce* (change behaviour), to *constrain* (limit behaviour) and to *signal* (send messages/underline the importance of a norm) targets in foreign policy. The attempt to coerce involves persuading targets to implement policies desired by senders. The behavioural change should be a voluntary decision for targets, which means that compliance does not clash with their fundamental needs. In other cases, targets are sometimes asked to perform actions which would undermine their political survival, such as leaving power. In such cases, targets would not accept such imposition should they be given a choice. This

[8] This four-step process is a further elaboration of Giumelli (2013).

[9] Francesco Giumelli, *Coercing, Constraining and Signalling. Explaining UN and EU Sanctions after the Cold War,* Colchester: ECPR Press, 2011.

would be the objective of constraining sanctions, as targets are not willing to do what senders ask them, so sanctions are imposed with the intention of simply making a target's life more difficult. Finally, sanctions also carry a crucial signalling element. The violation of a norm should be met with gestures in international politics, and sanctions are formidable tools for such a purpose. Additionally, signalling sanctions permit communication with other international actors, such as domestic constituencies within EU Member States, other regional actors or specific groups within the targeted countries. Sanctions can predominantly be of a signalling nature when they do not impose a material impact because it is deemed that the economic burden would hit those whom the EU intends to protect, which would undermine the very essence of targeted sanctions.

Coercing, constraining and signalling refer to how sanctions are supposed to influence targets; therefore, the three concepts can coexist within the same sanctions regime. For instance, this could be the case when there are different targets within the same sanctioning regime, so sanctions could aim to coerce some while constraining others, or because of the changing dynamic of sanctions, meaning that coercion could be more important in one phase of a crisis while constraining could become prominent in another phase.

Acknowledging that a sanction case can be characterised by different phases is also important as sanctions could be used with greater flexibility. This means that sanctions, as a political tool, could be used and adjusted according to the evolution of a crisis and to the behaviour of the targets, so they could be designed to coerce targets if the situation allows; however, if the targets are not willing to negotiate, sanctions can also be refined with a more constraining twist, before returning to a coercive approach if the targets change their attitudes.

In addition, coercing, constraining and signalling could also be used to describe the whole strategy of the EU. This paper will focus only on the use of sanctions, and will thus make an effort to analyse these three dimensions in order to provide a more complete analysis of the effectiveness of sanctions.

Step 3: Impact and cost

The third step is to elaborate on the *impact and the cost* of sanctions. The first dimension refers to the material impact that restrictive measures has on targets. Impact can be direct, indirect and unintended: direct impact refers to the expected burden that sanctions create on targets; indirect impact refers to the harm, i.e. collateral damage, of sanctions (i.e. higher price of electricity, lower availability of medicines, etc.); and unintended consequences refer to the harm that senders had not considered when resorting to sanctions.

The second dimension is the cost borne by EU Member States to enforce sanctions. This aspect is often neglected in the literature, but the costs are important, both in strategic terms – Martin argues that if there is no cost, the action is not credible[10] – and in absolute terms – i.e. the fact that a good deal is not defined in terms of the object bought, but rather by the price paid. The analysis for the EU should pay special attention to whether restrictive measures imply an uneven burden to be carried by EU Member States. In addition, the analysis of costs should also consider problems linked to the correct implementation of sanctions, including the emerging role of the Courts and evasion attempts.

[10] Lisa Martin, Coercive Cooperation: Explaining Multilateral Economic Sanctions, Princeton: Princeton University Press, 1992.

Step 4: The comparative utility of sanctions

The fourth step is the consideration of the comparative value of sanctions – i.e. what could have been done *instead* of their imposition.[11] This counterfactual exercise is important in order to enhance the assessment as it makes it possible to judge whether sanctions were the best option available to senders. Assessment of any foreign policy action is conducted after an evaluation of the options available to policymakers, and this procedure should also be applied to the study of sanctions. Meghan O'Sullivan[12] did this with her study of US sanctions, and this method could be extended to the study of EU sanctions as well. Despite methodological weaknesses, this counterfactual exercise is instrumental in clarifying the quality of the contribution of sanctions to foreign policy strategies. In other words, did sanctions bring about effects that could have been caused by other foreign policy tools at a minor cost?

The success of sanctions is far from an exact science; rather, it is a logical process of analysis and discursive elaboration. Success should be assessed based on the effects that sanctions had, as defined in Step 2. If sanctions are *coercive*, a change in the cost-benefit calculations of the targets, increasing the chance that they embark on a policy as desired by the EU, would be the most favourable outcome. If sanctions are *constraining*, the growing costs for targets to pursue certain policies would be a positive outcome. If sanctions are *signalling*, favourable outcomes would include the projection of a positive image of the EU to the rest of the world, the strengthening of a global norm and the indication that the crisis has escalated to a higher level of diplomatic confrontation. This four-step process provides the analytical tools to compare scenarios across time and space, and the four cases indicated below demonstrate how this may work.

[11] David Baldwin, "The Sanctions Debate and the Logic of Choice", *International Security* Vol. 24, No. 3, 1999/2000, pp. 80-107.
[12] Meghan O'Sullivan, *Shrewd sanctions: statecraft and state sponsors of terrorism*, Washington DC: Brookings Institution Press, 2003.

Chapter 4

IRAN: SLOWING DOWN THE NUCLEAR PROGRAMME

Crisis background and EU sanctions

In 2003, the international community discovered that Iran had established a programme to enrich uranium, and Tehran's decision to conceal the programme was deemed a violation of the Non-Proliferation Treaty (NPT). The International Atomic Energy Agency (IAEA) and the international community tried to persuade Tehran to follow the NPT principles which allow Iran to process uranium only for peaceful purposes. Despite several offers, in December 2006 the UN imposed sanctions in response to Tehran's lack of cooperation.

The EU implemented the sanctions imposed by the UN – consisting of a travel ban, arms embargo, freezing of assets and commodity boycotts – but decided to more broadly interpret the instructions indicated by UN Resolution 1737 and extended the assets' freeze and travel ban to 23 new targets, including individuals and companies. The EU's list was associated to that of the UN but the Council extended the list in 2008 and 2009 to reach 79 targets in June 2010.[13]

The UN Security Council further tightened the screw in 2008 and 2010 following the discovery of new nuclear plants. The EU Council followed suit and regularly went beyond the UN's mandate by extending the list of targets, compiling a long and detailed list of technologies which were not supposed to be sold to Iran due to the risk of them being used to support either the nuclear or missile programme, and imposing a number of financial restrictions on Iranian financial institutions as well as an embargo on oil and gas in 2012.[14] The oil and gas embargo clearly went beyond the mandate of the Security Council, as denounced by Russia and China on several occasions.

This last round of sanctions was particularly heavy for Iran. The ban on imports was extended to the import of natural gas and the list of goods "which might be relevant to industries controlled directly or indirectly by the Iranian Revolutionary Guard Corps or which might be relevant to Iran's nuclear, military and ballistic missile programme". A number of sectors, such as graphite, and raw or semi-finished metals, such as aluminium and steel, fell under the ban which also included software for integrating industrial processes and key naval equipment and technology for ship-building, maintenance or refit. States were also prohibited to enter into new commitments with Iran, either to provide financial support or to construct new oil tankers. Finally, financial transactions between EU and Iranian banks and other financial institutions were not allowed unless authorised by Member States. In the Council Decision 270 of 6 June 2013, the EU indicated about 350 targets beyond the UN

[13] Council Decision 413 of 26 July 2010, 2010/413/CFSP.
[14] Council Decision 35 of 23 January 2012, 2012/35/CFSP.

listing, including the Islamic Revolutionary Guard Corps (IRGC) and the Islamic Republic of Iran Shipping Lines (IRISL)[15].

Analysis: the four steps

Step 1: Placing sanctions within the EU's overall strategy

In 2002 the EU and Iran began negotiations on a Trade and Cooperation Agreement (TCA) and a Political Dialogue Agreement (PDA), but disagreements over the nuclear programme put the negotiations on hold. In cooperation with the Security Council, the US and Russia, the EU has been tasked with finding a diplomatic solution to the Iranian nuclear programme since its beginning. Sanctions have played an increasingly important role in the EU's overall strategy towards Iran, but restrictive measures are indeed only one component of a more complex approach which consists of intense diplomatic activity, elaborate economic incentives and the threat (mainly from Israel and the US[16]) of force.

The EU has pursued a dual-track approach, imposing sanctions but at the same time trying to engage Iran through several offers of cooperation in the nuclear field. The EU is a member of the 5+1 negotiating format (also called E3+3: United Kingdom, France, Germany, the US, Russia and China), and the EU's High Representative Catherine Ashton played an active role in the meeting in Istanbul in 2012. More recently, in two rounds of talks in Kazakhstan in February and April 2013, the E3+3 tried to convince Iran to stop the production of uranium enriched to 20%. This strategy seems to revolve around the centrality of sanctions; economic incentives would have become part of the strategy only once normal relations were reinstated. Sanctions would be lifted only in exchange of clear steps from Tehran to abandon its nuclear ambitions, in which case Iran would be able to benefit from access to the EU market and would become eligible for technical, economic and other cooperation. Both sides failed to reach an agreement, but the recent election of President Rohani seems to have created a new dynamic to exit the crisis, as demonstrated by the November 2013 talks in Geneva.

Step 2: The purpose of sanctions

The EU sanctions linked to the Iranian nuclear programme have evolved over time, so there should be a different emphasis according to the time referred to by evaluation. For instance, in the early sanctioning phase, the coercive element was central, while later, the constraining aspect gained prominence. The action itself to sustain the non-proliferation efforts has a signalling dimension which should not be underestimated.

The **coercive** dimension consists of the EU's attempt to convince the Iranian leadership to abandon its nuclear ambitions – an objective which has not yet been reached, but for which sanctions alone should not be assessed.

If the coercive dimension is central, the **constraining** element should not simply be regarded as secondary. When targets are strongly motivated to reach their goals, the purpose of sanctions is also

[15] In addition, following the violent repression of the 2010-2011 protests in Iran, the Council decided to impose a travel ban and a freeze of assets of individuals responsible for the repression, as well as a ban on exporting equipment which could have been used by the government to that end. The October 2011 listing indicated 59 individuals. This means that the EU is administering two regimes in parallel on Iran, but the scope of this analysis will only consider the widely acknowledged nuclear programme.

[16] Barak Ravid, "Obama warns U.S. won't take any options off the table on Iran, including military", Haaretz, 30.09.2013. Available at http://www.haaretz.com/news/diplomacy-defense/.premium-1.549728 [14.10.2013]

to increase the costs for the target to achieve its own policy objectives. In the case of Iran, it can be argued that Tehran has shown resilience in pursuing its nuclear ambition, despite the fact that several sanctions have been in place since 2006. At the same time, sanctions have decelerated the programme development by limiting access to certain technologies, creating impediments for private companies to participate in the nuclear programme and by increasing strain on the national budget. All of these elements were achieved thanks to the EU's sanctioning policy.

Finally, the EU sanctions on Iran have a number of **signalling** effects which should be considered beyond the direct targets. First, sanctions contribute to the credibility of the NPT regime. This strong response from the international community sends a signal to the signatories of the NPT treaty who may have an interest in going nuclear that their actions will have consequences. Second, sanctions send a strong signal to Washington, with Brussels showing political loyalty to its ally. This is also intended to other international actors, such as Israel, who showed willingness to escalate the conflict had the international community shown a lack of interest in solving the crisis.

Step 3: Impact and cost

Sanctions have certainly contributed to Iran's worsening economic conditions in recent years. After 1% of GDP growth in 2010 and 2% in 2011, in 2012 its economy shrank for the first time in two decades by 1.9%, with a further contraction of 1.3% expected in 2013 before a slight recovery forecast in 2014.[17] Rampant inflation led to the Rial losing two thirds of its value since late 2011 and prices of basic food items such as bread, milk, vegetables, and cooking oil rose by 47% between 2011 and 2012.[18] Officially, Iran's unemployment rate is around 12%,[19] but it is believed that the actual figure may be double that.[20] Although sanctions do contain very specific provisions to limit their humanitarian impact, they have been accused of causing a shortage of medicine in the country.[21] The perception of increased instability also reduced foreign investments. Thus the analysis of the impact of sanctions should focus on three aspects: the availability of technology for the development of the nuclear programme; the growing difficulties for Iranian banks to access the financial markets; and the weakening of the state budget thanks to the prohibition of EU companies and states of trading with oil and gas.

The EU ban concerns the supply of technology which could be used to develop the nuclear programme. The UN panel of experts' report refers to a number of goods, namely valves and carbon fibre, which could have reached Iran from European companies. The fear of reputational costs has led banks to adopt cautious behaviour in order to avoid paying the costs of defying UN, EU and especially US financial bans. This has meant that companies from other – non-banking – sectors have also been restrained in their activities. This causes 'over-sanctioning' or, in other terms, 'over-compliance'. In order to avoid problems and investigations, companies are suspending any cooperation with actors in Iran *de facto* turning sanctions from targeted to comprehensive.

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17 International Monetary Fund, World Economic Outlook, April 2011, April 2012 and April 2013.

18 Jamsheed Choksy, "Despite Being Economically Unfree, Iran's Economy Shows Resilience", Forbes, 4.05. 2013. Available at http://www.forbes.com/sites/realspin/2013/04/05/despite-being-economically-unfree-irans-economy-shows-resilience/ [15.07.2013].
Statistical Centre of Iran, Employment and unemployment indices nationwide 1376- 1391. Available at http://www.amar.org.ir/Default.aspx?tabid=1242&articleType=ArticleView&articleId=476 [25.08.2013].

20 BBC News, "Iran in numbers: How cost of living has soared under sanctions". Available at http://www.bbc.co.uk/news/world-middle-east-22765716 [29.08.2013].

21 Siamak Namazi, "Sanctions and Medical Supply Shortages in Iran", Wilson Centre Middle East Program, Viewpoints No 20, February 2013, Available at http://www.wilsoncenter.org/sites/default/files/sanctions_medical_supply_shortages_in_iran.pdf [20.07.2013].

Despite the 'over-sanctioning' behaviour of certain firms, there are still problems regarding implementation. The black market is an invaluable source of goods for the Iranian government. In the October 2013 meeting of the EU non-proliferation consortium, Aaron Dunne from SIPRI, a specialist in border control, warned that the UK government is able to control only 5% of the items exported every year, and London is "among the ones who do a good job in the EU".[22] The UN panel of experts' report listed 11 potential sanctions violations, including metals swap deals by commodities companies Glencore Xstrata and Trafigura, export of machine tools by Spain and satellite equipment sales by Germany.[23] This implies that sanctions can create hurdles for targets, but they can hardly stop specific technologies from reaching Iran in the long run. Therefore, the deceleration of the nuclear programme should be seen as a positive consequence of the sanctions.

In March 2012, in a Council move with extraterritorial elements, 19 Iranian banks which were already on the EU sanctions list were disconnected from SWIFT, the organisation which manages international wire transfers, in order to stop their transactions with other banks in the world. This was only the last drop towards the financial isolation of Iran. Trading with Iranian-based actors is extremely difficult due to the difficulties in sending and receiving funds. Banks have to authorise the transaction, but there is a general fear that any transaction could be censored at the international level, so banks have been very conservative in authorising any payment to and from Iran.[24] For instance, these sanctions have slowed down the acquisition of certain products from EU countries, as confirmed by the UN panel of experts on Iran, but the effects of the ban have spilled over to other sectors of the economy such as medicine and rice.

Financial sanctions also had unexpected consequences. First, the SWIFT sanctions raised concerns about the neutrality of SWIFT and the risk that the banks excluded could develop parallel systems to SWIFT. Second, the ban on payments has created incentives to rely on alternative markets, with several European banks using foreign banks (from Turkey, Hong Kong etc.) for their legitimate Iranian transactions.[25] On the other hand, Iran has been forced to embark on bartering practices or to accept payments in Indian rupees or Turkish lira for some of its oil deliveries.[26]

Finally, the sanctions were challenged in Court by some of the Iranian companies affected and, in 2013, the Court of Justice of the European Union ruled against EU decisions concerning several Iranian companies and individuals[27] for insufficient evidence in demonstrating involvement in Iran's nuclear programme, errors of assessment or breach of the obligation to state reasons and the obligation to disclose the evidence used against the entities under sanctions. The Court has however dismissed the action of Bank Melli, thus maintaining sanctions on Iran's biggest bank.[28]

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22 Speech given during the EU Non-Proliferation and Disarmament Conference, Session 12 "Assessing the Efficacy of Sanctions Policy", *EU-Non Proliferation Consortium – IISS,* Brussels, 1 October 2013.

23 Reuters, "Exclusive: Glencore, Trafigura deals with Iran may have skirted sanctions", 22 May 2013. Available at http://www.reuters.com/article/2013/05/22/us-iran-sanctions-un-idUSBRE94L17P20130522 [25.08.2013].

24 EPC workshops on EU sanctions, 5 July 2013 and 22 October 2013.

25 Interview with an EU member state diplomat, August 2013.

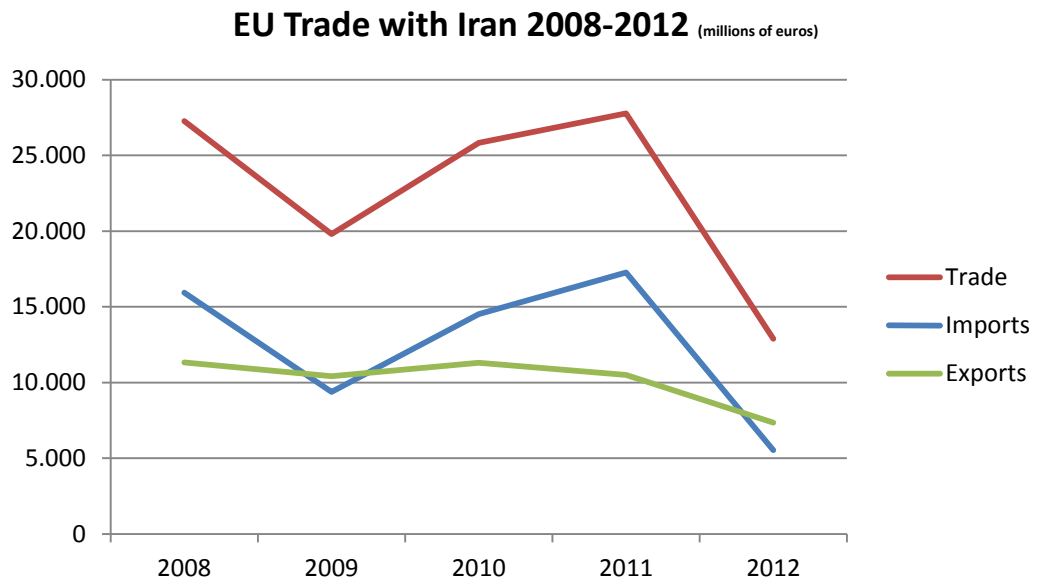
26 "India's Iran oil imports drop 75% in July", The Economic Times, 22 August 2013 http://articles.economictimes.indiatimes.com/2013-08-22/news/41437124_1_iranian-oil-imports-tanker-arrival-data-iranian-crude [27.08.2013] and Steven Blockmans, Stefan Waizer *Op. cit.*

27 Bank Saderat, Bank Mellat, Post Bank Iran, Iran Insurance Company, Good Luck Shipping and Export Development Bank of Iran, Persia International Bank and Iranian Offshore Engineering & Construction Co, Bank Refah Kargaran, Mr Naser Bateni.

28 General Court of the European Union, The General Court annuls the acts of the Council freezing the funds of seven against Iran with the aim of preventing nuclear proliferation, Press Release No 99/13, 6 September 2013. Available at http://curia.europa.eu/jcms/upload/docs/application/pdf/2013-09/cp130099en.pdf [03.11.2013]

EU and US oil sanctions were the core of the strategy towards Iran. In wider terms, the oil market has suffered important alterations. In 2011, the EU was Iran's first trading partner, accounting for almost a third of Iran's exports and for about 23% of Iran's oil exports, with Italy, Spain and Greece as its top customers. More than 90% of the EU's imports from Iran were represented by fuels and mineral products. The entry into force of the EU embargo on oil imports in July 2012 has led to a sharp drop in EU imports from Iran, a development which is clear in Figure 1 below. As a result, the EU dropped to the fourth position among Iran's largest trading partners.[29]

Figure 1 – EU Trade with Iran 2008-2012 (millions of euros)



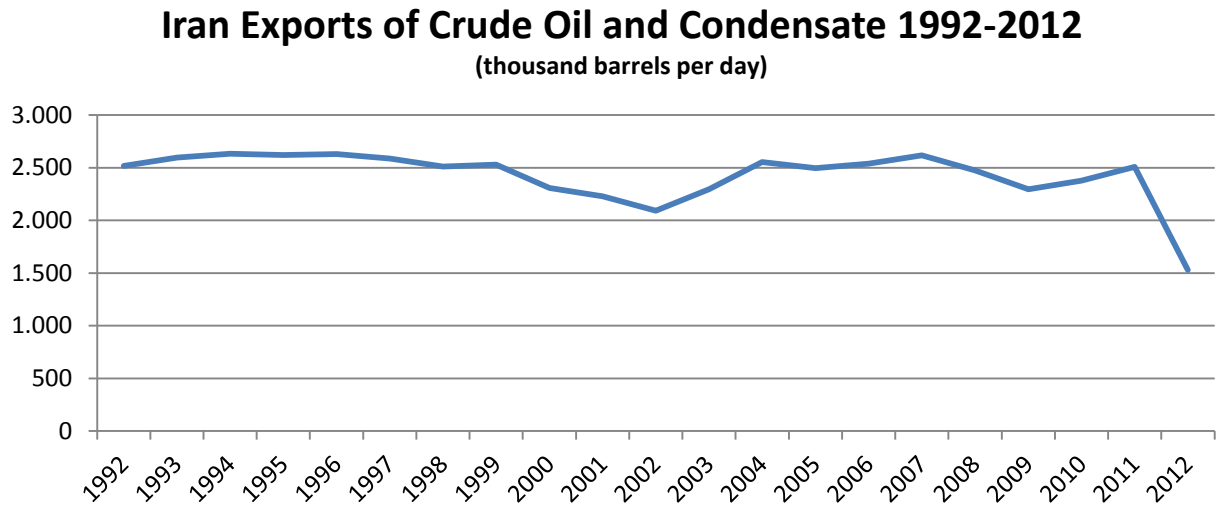
Source of data: European Commission, DG Trade, 2013

Iran's oil exports represent 80% of its total export earnings and 50-60% of government revenue. According to the US Energy Information Administration, Iran's oil exports fell from $95 billion in 2011 to $69 billion in 2012, a 27% decrease.[30] The International Energy Agency (IEA) estimates that, in 2012, Iran sold around 1.5 million barrels of oil and condensate per day abroad, the lowest volume since 1986 and 25% less than in 2011 (see Figure 2 below).

[29] European Commission, DG Trade, Iran-EU Bilateral Trade and Trade with the World, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf

[30] US Energy Information Administration, Iran Country Analysis Brief, 28 March 2013. Available at http://www.eia.gov/countries/cab.cfm?fips=IR [03.09.2013]. The $69 billion figure represents a high estimate.

Figure 2 – Iran Exports of Crude Oil and Condensate 1992-2012



Source of data: U.S. Energy Information Administration, International Energy Statistics Database and Iran Country Analysis Brief.

The embargo has also been strengthened by other measures. For instance, the EU has stopped European Protection and Indemnity Clubs (P&I Clubs) providing Iranian oil carriers with insurance and reinsurance, given that more than 90% of the market is covered by EU companies.[31] While such measures have proven very effective in the short term,[32] the longer they are in force, the higher is the incentive for economic operators to look for alternatives. Countries such as China, India, South Korea or Japan found solutions to circumvent the EU's measures. Some countries (China, India, South Korea) have started importing Iranian oil on Iranian tankers while India has also allowed its insurers to cover oil shipments.[33]

It is difficult to quantify the overall cost of EU sanctions on Iran. Part of it could be ascertained by looking at the overall trade and existing flows with Iran, but another part takes the form of missed opportunities. Overall, the EU paid a manageable toll regarding oil sanctions, while a few Member States have suffered losses due to the reduced trade flow. Oil imports from Iran accounted for about 5% of EU consumption, but this figure was considerably higher in some of the southern EU Member States; Greece, Italy and Spain accounted for about 68% of Iranian oil exports to Europe. Iran's crude oil represented about 30% of Greece's oil imports, and about 14% for Italy and 12% for Spain. Severely hit by the economic crisis, in 2011 Greece encountered difficult conditions in the oil market, with banks refusing to provide financing for fear that Athens would default on its debt. Iran offered very good credit conditions to Greece and the share of Iranian oil in Greece's oil imports grew during 2011 to more than 50%, up from 16% in 2010. Following the introduction of the embargo, Greece was able to replace Iranian oil with imports from Russia, Saudi Arabia and Iraq with relative ease thanks to the cooperation of EU states. Italy has also found new sources of oil and has obtained an exception in the sanctions regime that allowed the Italian company ENI to continue to receive paybacks in oil from Iran for decade-old deals worth €1.3 billion. The return of Libya as an oil

[31] Donald Kirk, "Coincidence? Iran Seizes Indian Ship After India Cuts Oil Imports".
Available at http://www.forbes.com/sites/donaldkirk/2013/08/16/coincidence-iran-seizes-an-indian-ship-after-india-cuts-oil-imports/ [01.09.2013].

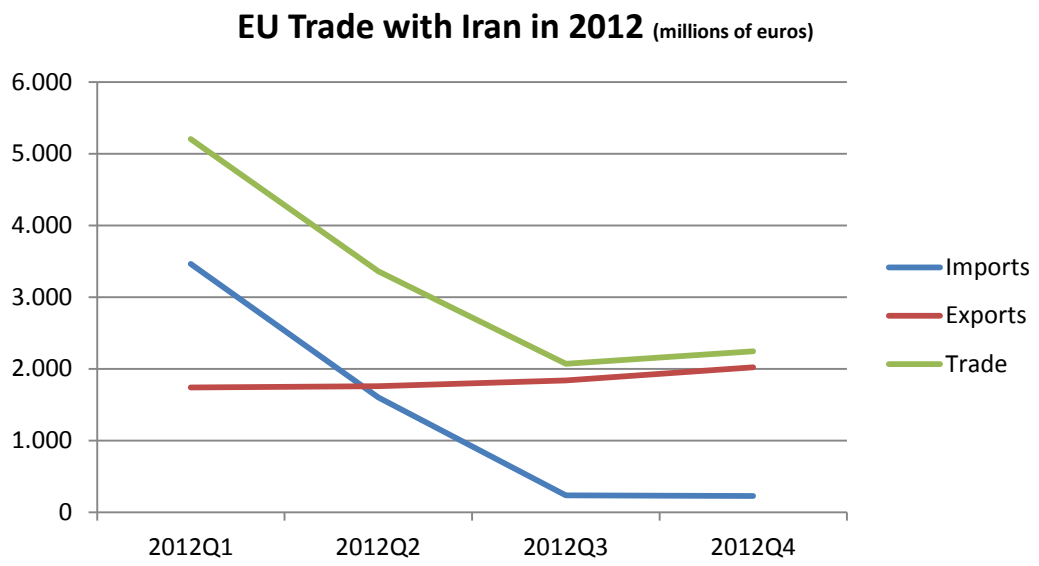
[32] Interview with EU member state diplomat, July 2013.

[33] Steven Blockmans, Stefan Waizer, "E3+3 coercive diplomacy towards Iran: Do the economic sanctions add up?", CEPS Policy Brief No. 292, 6 June 2013

producing state compensated for the Italian losses. Other problems were also noted, such as Shell's $2.3 billion loss with Iran,[34] but, overall, the oil shock was contained.

The EU's trade with Iran fell from €27.7 billion in 2011 to €12.8 billion in 2012 – a 53% decrease – with imports decreasing from €17.2 billion in 2011 to only €5.5 billion in 2012 (see Figure 3) .

Figure 3 – EU Trade with Iran in 2012



Source of data: European Commission, DG Trade, 2013

Although the decrease was significant, in relative terms, imports from Iran represented only 1% of EU imports in 2011, and the economic impact was accepted by EU Member States (although some states were more affected than others).

Step 4: The comparative utility of sanctions

Despite UN, US and EU sanctions, the Iranian nuclear programme has continued to advance;[35] therefore, it could be concluded that sanctions did not achieve their main objective. However, the nuclear programme has slowed down and it is doubtful that the alternative to this sanctioning policy would have led to a better outcome.

After a long diplomatic confrontation, by 2006 sanctions were widely believed to be the most appropriate policy response. At that time, there were two options: the first was to avoid sanctions. The risks in this scenario included strengthening those actors in Iran who were pushing for the enrichment of uranium and, possibly, of the radical components of the regime. This would have reduced the diplomatic solutions to the crisis *de facto* paving the way either for a military intervention or for the acceptance of Iran as nuclear power. A second option was to impose

[34] Reuters, " Shell reveals Iranian oil trade loss, $2.3 bn Iran debt", 20 March 2013.
Available at http://www.reuters.com/article/2013/03/20/shell-iran-idUSL6N0CCCL220130320 [03.09.2013]

[35] International Atomic Energy Agency (IAEA), Board of Governors, NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran, GOV/2013/40, 28 August 2013.
Available at http://isis-online.org/uploads/isis-reports/documents/Iran_DG_Report_-_gov2013-40.pdf[28.08.2013]

comprehensive sanctions in order to decisively cripple the economy of Iran. Assuming that a political consensus would have been reached with China and Russia to adopt such measures, the humanitarian costs would have been extremely high.

Neither scenario would have led to a better outcome. In hindsight, it is clear that the mobilisation of a broad and burdensome sanctions regime, however costly, contributed to a delay to the nuclear enrichment programme, but it did not lead to a behavioural change of the Iranian regime to follow its NPT commitments. However, elements of coercion are present if we consider that a new round of negotiation talks on the nuclear programme may soon be held under the new Iranian leadership.

Conclusions

The four-step process has highlighted the pros and cons of the EU's sanctioning policy towards Iran. Overall, the restrictive measures appear to have contributed positively to the strategy of the EU and its allies to prevent Iran from acquiring nuclear capability. The Iranian plans have been delayed, a military escalation of the conflict has been avoided and the credibility of the NPT has been reinforced. In addition, sanctions have proved useful in bringing Iran back to the negotiating table. However, these results do not amount to a fully-fledged positive evaluation of the sanctions.

A number of unintended effects, such as the strengthening of Iran's capacity to be independent of external influence, have been identified and should be considered when the EU is in a position to revise the sanctions. The Iranian regime has shown resilience in the face of sanctions. The country's economy has adapted to sanctions and has developed ways of circumventing them. Tehran has developed relatively good relations with UN Security Council members Russia and China, and generally receives their support against tougher UN sanctions. This also allows countries such as India, Turkey and Pakistan to continue their economic relations with Iran and thus support the stability of its economy.

The imposition of sanctions has also shown some of the EU's structural limitations when implementing targeted measures. The limited border control and some of the rulings by the Court of Justice are good indications which help us to correctly evaluate what sanctions can and cannot achieve in countering the proliferation of nuclear weapons. The rulings of the Court have also served as a reminder to the Council that targeted sanctions on individuals and entities pose new challenges compared to the sanctions which are imposed on states. Within the current legal framework, listings have to be backed by sufficient evidence and the rights of due process, fair trial and effective remedy have to be taken into account when fundamental rights of individuals and companies are affected. Further annulments would undermine the credibility of the EU sanctions regime and would expose the Council to claims for damage being brought against it by the affected parties.

The EU would need to reinforce its diplomatic efforts and use the opportunities created by the changes in Tehran. While keeping the sanctions in place will maintain pressure and send the signal that Iran continues to break international norms, the EU should also make it clear that it is opposed only to the military component of the nuclear programme and that it does not seek regime change in Tehran. Moreover, the EU should try to engage in a broader dialogue with the moderate forces in Iran, offer a clearer picture of what would restore international confidence in the peaceful nature of Iran's nuclear programme and offer clear incentives to Tehran to engage in serious and comprehensive negotiations.

Chapter 5

SYRIA: THE LIMITED ROLE OF SANCTIONS IN CIVIL WAR

Crisis background

Following Tunisia, Egypt, Yemen and Libya, Syrian requests for political rights were expressed in organised protests in the cities of Homs and Aleppo. The protests mounted and violence soon became central in the conflict, with national forces shelling districts of cities and being accused of using violence indiscriminately, which further precipitated the situation. What had begun as a peaceful and unorganised set of rallies became, within a few months, an open civil conflict. Two years later, the government was accused of targeting civilians with chemical weapons, leading to speculation over an international military strike.

The EU issued warning statements to the government in Damascus, asking it to respect human rights and refrain from using violence. After the statements fell on deaf ears, the Council decided to resort to restrictive measures to pressure the ruling elite to prepare for elections (coercion), and to reduce the capacity of the regime to crush the rebellion.

The EU condemned the violent repression and decided to impose sanctions "against Syria and against persons responsible for the violent repression against the civilian population in Syria". Council Decision 273 of 9 May 2011 imposed a travel ban and a freeze of assets on 13 individuals, as well as an arms embargo on the country. This list did not include President Assad, with a view to coerce the political leadership into entering a negotiation phase in which the EU could have mediated with those in power for the preparation for future elections.

The defiant response of the President led the Council to extend the list to Assad's family. Council Implementing Decision 302 of 23 May 2011 listed 23 individuals. The number of individuals and entities was updated to 66 individuals and entities with Council Decision 522 of 2 September 2011, which also included individuals and entities benefitting from supporting the regime. The list was updated and expanded to include 179 individuals and 53 entities in May 2013.

The screw was tightened not only with the listing, but also with the quality of the measures imposed. From November 2011, the travel ban and financial restrictions were extended to include a ban on the import of crude oil, the suspension of new investments of the European Investment Bank, and the suspension of gold and minted coin imports. The Bank of Syria, accused of working towards the evasion of sanctions, was included in the sanctions list. Finally, a ban on luxury goods as well as on technology which could be used for internal repression was added.

Despite the sanctions, the civil war continued to escalate, leading the EU to alter its sanctions policy. At the request of the United Kingdom and France, who were concerned that the victories obtained

by the forces loyal to President Assad were facilitated by the fact that the EU was not supplying the rebels with military equipment, in May 2013 the Council decided to drop the arms embargo and refine the sanctions regime towards a more explicit support for the rebel forces, while renewing all previous measures until 2014.

Analysis: the four steps

Step 1: Placing sanctions within the overall EU strategy

The EU has repeatedly called on the Assad regime to refrain from using force against civilians, as well as for a political solution to the Syrian crisis. As the conflict escalated, the EU imposed sanctions swiftly and toughened them as the regime failed to comply with its demands. Although at the centre of its response to the Syrian conflict, restrictive measures were not the only course of action taken by the EU.

In the early stages of the conflict, EU diplomats tried to convince the Assad regime to change its course. As the conflict worsened as of summer 2011, the EU tried to isolate and weaken Assad. In 2012, it reduced its diplomatic contacts with the regime to a minimum, closing its delegation in Damascus in December 2012. The EU has looked for a political solution to the civil war and has supported international diplomatic initiatives to end the conflict through supporting the diplomatic efforts of the Joint UN-Arab League Special Envoys Kofi Annan, and then Lakhdar Brahimi, and the Geneva international conferences on ending Syria's civil war. The EU has also used the Security Council and the UN system (e.g. Human Rights Council and UN General Assembly) to raise the profile of the conflict and gather international support against Assad. In addition, it has worked to prevent regional destabilisation and has provided humanitarian, economic and development assistance to the Syrian population affected by the conflict. In short, although the EU's sanctions on Syria are quite broad, they are only one of the foreign policy tools which the EU has employed to deal with the Syrian civil war.

Step 2: The purposes of sanctions

The EU's sanctions on Syria have evolved very rapidly compared to other sanctioning regimes. The coercive element of sanctions was visible in the early sanctioning phase and was later replaced by a stronger constraining aspect.

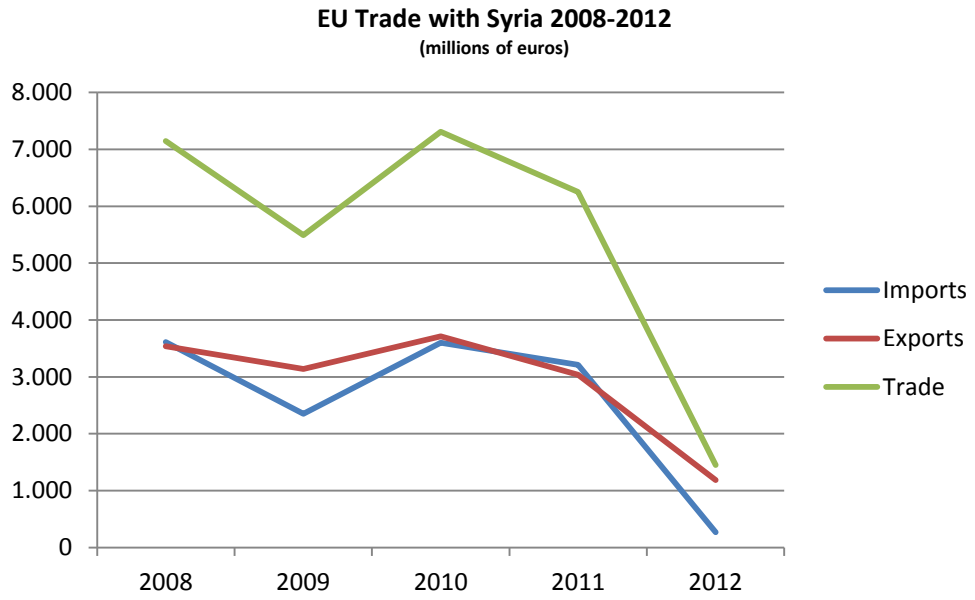
In the early phases of the Syrian conflict, the EU wanted to **coerce** the regime to change its behaviour, and thus did not include President Assad on the travel ban list. The President was given the opportunity to cooperate while retaining a central role in the process. The **constraining** element was limited to the politically acceptable threshold that such international attention had set for the repression of the revolt. The **signal** was, from the beginning, very important to express the political stand of the EU and its members, their strong ties with the US and the support for the groups opposing the regime in Damascus.

As the regime's resilience did not lead to a quick resolution of the crisis, the EU added Assad, his family and many of his collaborators to the list in order to **constrain** their actions. The oil embargo, imposed in September 2011, as well as banning the trade of gold aimed to weaken the public accounts, which were dependent on sales from oil. Once again, the **signalling** purpose of censoring the behaviour of the regime was to show the commitment to resolving the conflict.

Step 3: impact and cost

Before the imposition of sanctions, the EU was Syria's first trading partner. Energy products (mainly oil) represented around 90% of Syria's exports to the EU and about one third of Syria's export income. The EU oil embargo, imposed in September 2011, and the prohibition of providing insurance or loans to this sector led to a decrease in trade of almost €5 billion in 2012, with EU imports from Syria dropping by 90% and exports by 61%, compared to 2011 (see Figure 4 below).[36] Six months after the oil embargo was imposed, the Syrian oil minister evaluated the losses produced by Western sanctions in $4 billion.[37] The Assad regime has managed to divert some of the country's trade to other markets, such as Lebanon and Iraq, and has mitigated the impact of EU financial sanctions by using the Russian banking sector.[38] However, the high share of oil in Syria's exports to the EU make the oil embargo the toughest of the restrictive measures adopted since the start of the war as shown in Figure 4 below.

Figure 4 – EU Trade with Syria 2008-2012



Source of data: European Commission, DG Trade, 2013

The civil war and the oil embargo have led to a decrease in oil production from 345,000 barrels per day in May 2011 to 71,000 in June 2013.[39] This is not enough to meet Syria's internal needs and has led to fuel shortages and price hikes, affecting the population.[40] Nevertheless, the Syrian government

[36] European Commission, DG Trade, EU-Syria Trade Picture, www.ec.europa.eu/trade/policy/countries-and-regions/countries/syria/ [12.10.2013].

[37] Albert Aji and Ben Hubbard, "Syrian oil minister says sanctions cost the country $4 billion", Akk Arabiya News. Available at http://www.alarabiya.net/articles/2012/05/23/216004.html [06.10.2013].

[38] Sonni Efron, "In Syria, try banks before bombs", Reuters, 29 August 2013. Available at http://blogs.reuters.com/great-debate/2013/08/29/in-syria-try-banks-before-bombs/ [02.09.2013].

[39] Energy Information Administration, International Energy Statistics, Syria, Production of Crude Oil including Lease Condensate

[40] Nadia Bitar, "When Sanctions Backfire: Syrian War Profiteers Cash In on Insurgency", Spiegel Online, 6 June 2012. Available at http://www.spiegel.de/international/world/eu-sanctions-have-only-helped-syria-s-war-profiteers-a-837348.html[03.09.2013]

has been able to secure regular supplies of Russian and Iranian fuel,[41] showing the limits of autonomous sanctions.

In order to limit the impact of the oil embargo and help the Syrian civilian population and the opposition to the regime, the EU allowed for exceptions to the Syrian oil embargo in April 2013, permitting the import of Syrian crude oil and petroleum products to the EU. This is allowed under certain conditions, which include the consultation of the Syrian National Coalition, the main (non-Islamist) opposition group, and in agreement with the EU Member States. But given that the regime controls the oil pipelines and the existing export terminals on the Mediterranean Sea, this change has had few consequences in terms of exports. At the same time, conflict for control of oil wells and pipelines in the oil-rich areas has increased warlordism, with various tribal leaders and organisations gaining control of the oil wells, further fragmenting the Syrian opposition. Among the organisations that have managed to assume control over several oil wells is Jabhat al-Nusra, the al-Qaeda-affiliated Islamist group fighting in Syria.[42]

The arms embargo did not have a significant impact as EU Member States were not among Assad's regime top weapons sources.

Among the main unintended consequences of the sanctions are the problem of 'over-sanctioning', mainly linked to payment clearances for projects and trades which were not intended to be subject to the restrictions of sanctions,[43] the practical difficulties to sustain opposition groups and the humanitarian consequences on the population, such as inflation and interruption of public services, even though the latter may be more so attributed to the conflict than to EU sanctions.

Indeed, the impact of sanctions is infinitely modest compared to the effects of the open conflict affecting Syria. The costs borne by the EU and its members to maintain sanctions are overall contained. The EU imported only 1.5% of its crude oil from Syria, so the oil embargo on the country has not seriously disrupted the EU's oil supply. Germany, Italy and France, the main importers of Syrian oil, and companies such as BP, Royal Dutch Shell, Total and MOL, previously active on the Syrian oil market, managed to find new oil supplies fairly quickly.

Step 4: The comparative utility of sanctions

The EU has relied on sanctions since the very early stages of the conflict. The initial phase was characterised by the EU retaining the possibility of a negotiated solution which could have been led by the Assad government. The situation precipitated in open conflict, but it is unclear how not imposing sanctions or relying on heavier restrictive measures since the beginning of the crisis would have helped to resolve the situation. A lack of sanctions would have attracted criticism by domestic actors in the EU and would have given Assad impunity in dealing with the opposition, while heavier sanctions may have contributed to accelerating the radicalisation of the conflict with high humanitarian costs.

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41 Jessica Donati and Julia Payne, How Russia, Iran keep fuel flowing to Syria, Reuters, 26 April 2012. Available at http://www.reuters.com/article/2012/04/26/syria-russia-iran-idUSL6E8F80OV20120426 [20.09.2013].

42 Julian Borger&MonaMahmood, "EU decision to lift Syrian oil sanctions boosts jihadist groups", The Guardian, 19 May 2013. Available at http://www.theguardian.com/world/2013/may/19/eu-syria-oil-jihadist-al-qaida [11.10.2013] and Vivienne Walt, "Syria's Opposition Hopes to Win the War by Selling Oil", Time, 1 May 2013. Available at http://world.time.com/2013/05/01/can-syrias-rebellion-win-the-war-by-selling-oil/ [11.09.2013].

43 EPC workshops on EU sanctions, 5 July 2013 and 22 October 2013.

The entry into force of the oil embargo in December 2011 marked a new phase for the EU's sanctioning policy. This choice was, again, made based on the options of leaving the situation untouched or relying on even more stringent sanctions in combination with some form of military intervention at a moment of further escalation of the conflict. The costs of this decision have been marginal for the EU, unevenly spread, and compensated by other energy sources.

Conclusions

By swiftly imposing sanctions, the EU reaffirmed its condemnation of the use of indiscriminate violence against the civilian population and limited the resources at the disposal of President Assad's government. The EU also acted in tune with Syria's neighbours in the region, and with the US. However, unsurprisingly, the EU's restrictive measures on Syria did not stop the conflict and did not prevent the Assad regime from using chemical weapons against the civilian population. The Syrian regime was more open to cooperation only when, following the sarin gas attacks in the Damascus suburbs in August 2013, it was faced with the imminent threat of military strikes.

There is no simple resolution to the conflict. Sanctions have contributed to keeping the attention on the crisis and the threat of using force has triggered a new dynamic, but divisions became clearly visible within Europe, with a minority of countries (mainly the UK and France) favouring the lifting of the arms embargo, and a reluctant majority opposing it.[44]

The Syrian case shows that sanctions alone are unlikely to change the fate of a civil war, especially when the targets have significant external support and the senders of the sanctions have a reduced leverage and reduced capacity to control the flow of goods and the movement of people across borders. In this case, the role of sanctions is merely to contain an active conflict, to keep the attention of the international community on events, and to send the signal that there is a line between acceptable and unacceptable behaviour.

[44] Interviews with several EU member states diplomats, July and September 2013.

Chapter

6

MYANMAR (BURMA): WHERE SANCTIONS SHOULD HAVE BEEN APPLIED WITH GREATER FLEXIBLITY

Crisis background

The EU imposed sanctions for the first time on Myanmar in 1991, condemning the refusal of the State Peace and Development Council (SPDC) to accept the results of the 1990 elections. With the exception of the arms embargo, which is still in force, sanctions were kept in place until 2012, when an unexpected 'tide change' led the military-backed government, which had won the elections, to turn power over to civilians. The 21-year sanction regime was characterised by at least three different phases wherein sanctions responded to different political needs.

Initially, it was intended to criticise the unlawful change of government. The EU imposed sanctions stopping non-humanitarian aid, implementing an arms embargo and withdrawing the military staff of embassies after the electoral victory of the National League for Democracy (NLD), the non-transfer of power to the NLD and the arrest of its leader, Aung San Suu Kyi. The EU only made this sanctions regime binding under EU law in 1996, when the honorary consul of several European nations, James Leander Nichols, died during detention, having been charged with unauthorised use of fax machines. In response, the EU imposed a travel ban on the individuals responsible for the death of the consul, on the authorities blocking the democratic transition in the country and on those supporting the regime. Later decisions extended the measures to the members of the military junta, their relatives and their supporters. By 2007, the list included 386 individuals and entities.

The repression of the 2007 protests marked the beginning of a new phase in EU-Myanmar relations. The violence used convinced the EU to extend the restrictive measures to the trade of goods, from which the leaders of the junta and its supporters allegedly benefitted (e.g. timber, gold, tin, iron, copper, etc.)[45]. Sanctions became more stringent and the list of individuals and entities reached 1854 targets in 2010.

The situation has changed since the 2010 elections. The Union Solidarity Development Party (USDP) unexpectedly embarked on liberal reforms that opened the economy and took the first steps to return power to the civilian parties. The EU began to lift sanctions gradually, with the aim of accompanying the transition process by reducing the number of individuals and entities listed, from 1854 targets in 2010.[46] The 2012 election of Aung San Suu Kyi, which saw the NLD seize 43 of the 45 available seats, led to the suspension of all sanctions, with the exception of the arms embargo. The

[45] Council Common Position 750 of 19 November 2007, 2007/750/CFSP.
[46] Council Decision 232 of 26 April 2010, 2010/232/CFSP.

US also followed suit and the West resumed trade with Myanmar. The reasons for the junta's change of course remain a mystery to most observers. The choice was made within the ruling elite and, if external factors did play a role, it is likely to have been the overbearing political and economic presence of China and the lack of development compared with other ASEAN economies.

Analysis: the four steps

Step 1: Placing sanctions within the overall EU strategy

EU policy towards Myanmar has evolved over the last 21 years, with the sanctions regime becoming a central element of the EU's approach towards the country over time. In other words, EU policy towards Myanmar was almost exclusively a sanctions policy. Since restrictive measures could be removed only upon political concessions from the military junta, the EU did not give itself alternative tools to address the situation in Myanmar. In other words, the EU did not devise alternative strategies which may have supported or contributed to some form of change inside Myanmar.

Initially, sanctions were imposed alongside attempts to enhance cooperation in other areas, but following the worsening of the human rights situation, the EU suspended the country's Generalised Scheme of Preferences (GSP), a preferential trade regime, in 1997. Sanctions then became the dominant element, and the EU embarked on diplomatic activity to further isolate the country. For instance, actions were taken to persuade ASEAN members to join the efforts of the EU. While this generally had very limited results, Myanmar was successfully pressed by regional powers, such as Indonesia, to give up its chairmanship of ASEAN scheduled for 2006.

The screw was tightened again in 2007 and sanctions became even more prominent. Economic incentives were conditional to the improvement of the human rights record in the country and serious steps towards the return of the power to a civilian leadership. This was confirmed at the start of the transition in 2010, when the EU and US decided to lift sanctions and normalise relations by granting GSP tariff preferences and the establishment of the "Everything But Arms" (EBA) scheme, a preferential trade regime.

Step 2: The purposes of sanctions

EU sanctions on Myanmar are among the longest restrictive measures regimes, characterised by three different phases in which the element of coercing, constraining and signalling are to be assessed.

During the first period (1991-2007), the **coercive aspect** was not dominant. Coercion indicates that the targets are at least partly willing to cooperate with the senders. The EU wanted the military junta out of power and this objective would have not been achieved with the consent of the junta itself. Despite the rather limited impact of the restrictive measures, the constraining element inspired their design, as the aim of the sanctions was to make the life of the military junta more difficult. However, sanctions did not create the conditions for this to happen. The **signalling** dimension was the most influential because the EU managed to single out the unlawful regime change in Myanmar, send a message to the international community about the gravity of human rights violations, partner with the US and embark on a policy based on normative values shared by other actors.

The tougher sanctions imposed in 2007 contributed to increasing the material constraints imposed on the leaders of the military junta. While the coercive and signalling aspect did not change much compared to the previous period, sanctions were certainly designed to increase the economic impact on the military junta attempting to **constrain** the capabilities of the leaders to rule the country. Despite the harsher restrictive measures, there is little evidence to indicate that the military junta

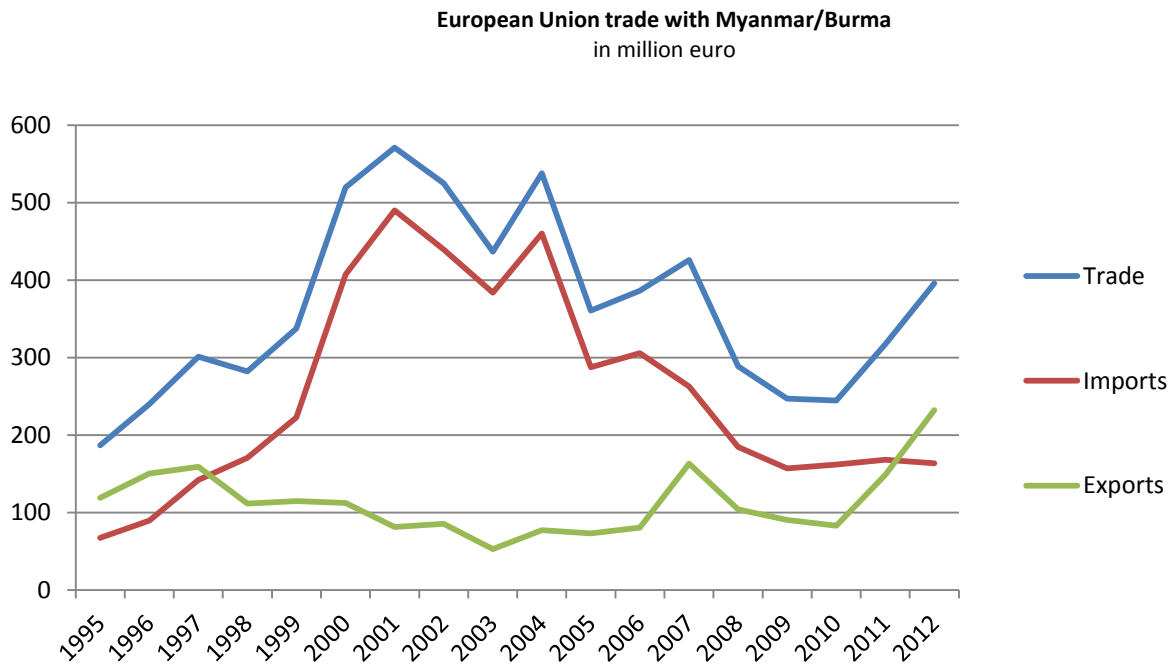
was hampered in its efforts to rule the country, which leads us to conclude that even the constraints imposed by the EU sanctions were overall negligible.

Finally, the last episode concerns the phasing out of sanctions wherein coercive and signalling logics became dominant. The **coercive** aspect considered the EU's efforts to favour the transition towards democracy by encouraging and facilitating democratic practices among the actors involved. The suspension of sanctions sent a **signal** to local and international actors that the EU remained involved in the process.

Step 3: impact and cost

Assessing the impact of EU sanctions on Myanmar over a 21-year period is a complex task and shows a mixed picture. EU imports from Myanmar decreased since the sanctions of 2007, having increased considerably in the 1990s and early 2000s, growing sevenfold between 1995 and 2001 (see Figure 5 below).

Figure 5 – EU Trade with Myanmar



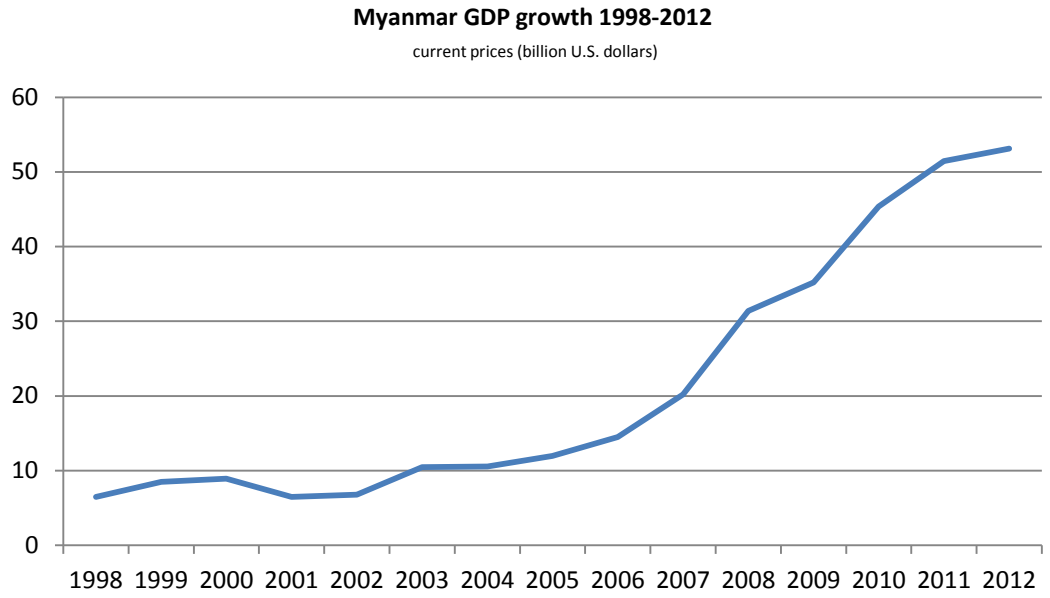
Source of data: Eurostat. Data refers to EU-15 for 1995-2004, EU-25 for 2004-2006 and EU-27 for 2007-2012

Sanctions may have played a role in the drop in imports from over €300 million down to €170 million in 2010, but this could also be due to the fact that Myanmar diversified its economic partners and increased its imports from other countries. The worsening of relations with the EU certainly reduced multilateral foreign development assistance to a low of $20 million, from a potential assistance

estimated at $500 million per year.[47] NGO campaigns led certain companies in Myanmar to leave (e.g. Heineken, Carlsberg, Interbrew and Philips), but others decided to stay (e.g. Total).[48]

Indeed, EU (and US) sanctions did not mean economic disarray for the country. As shown in Figure 6 below, the GDP of Myanmar grew considerably, even during years of harsh sanctions. Even though there was a high number of entities on the EU sanctions lists, the economic (and political) importance of many of these companies was limited.

Figure 6 – Myanmar/ GDP growth 1998-2012



Source of data: IMF, World Economic Outlook Database, April 2013

EU trade continued in every sector which was not forbidden by the sanctions towards the military junta. EU Member States were present in Myanmar over the last two decades, with the United Kingdom and France being the largest investors.[49]

The lack of a substantial direct economic impact was also due to the fact that the US and the EU were among the few actors to impose sanctions on Myanmar. For instance, Myanmar's neighbours had a very different policy towards the leaders in Naypyidaw and the government managed to offset the losses incurred by the decreasing Western investments. For instance, resource-hungry China took advantage of the decreased competition in the Burmese market, beefed up its presence in the

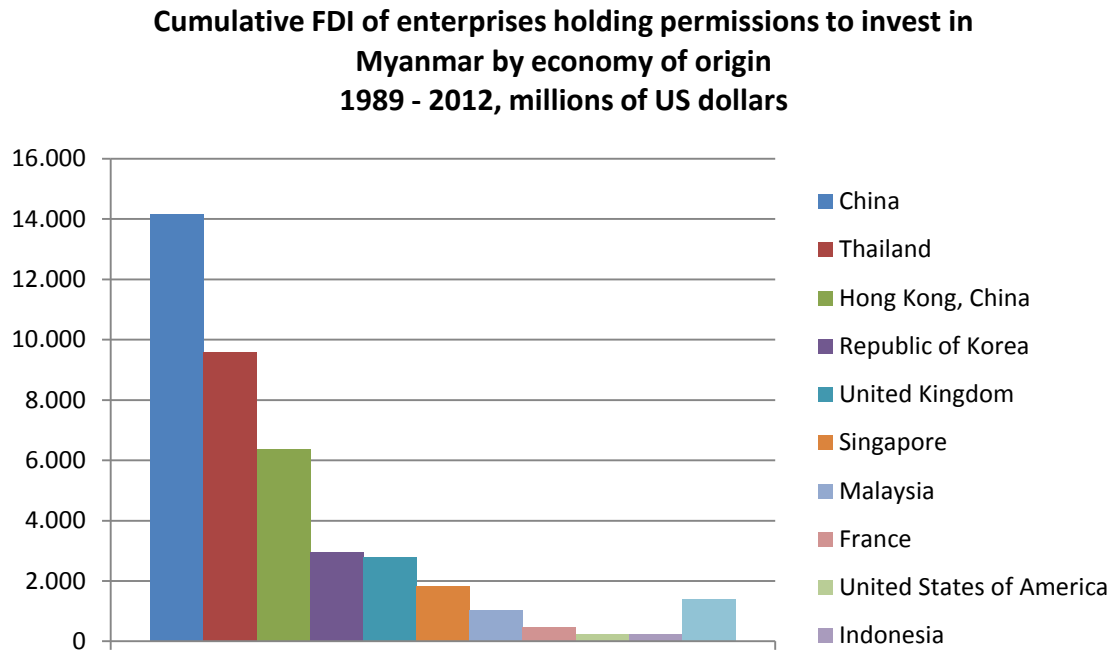
[47] Thomas Crampton, "$1 Billion Is Possible If Generals Will Talk With the Opposition: UN Links Burma Aid To Political Dialogue", International Herald Tribune, November 1998.
Available at http://www.nytimes.com/1998/11/26/news/26iht-burma.t.html [18.09.2013].

[48] The Irrawaddy, "Foreign Companies Withdrawn from Burma", 1 January 2003.
Available at http://www2.irrawaddy.org/research_show.php?art_id=457 [23.09.2013].

[49] Burma Independent Advocates, "Burma Sanctions Regime: The Half-Full Glass and a Humanitarian Myth. A Preliminary Assessment of Political and Humanitarian Conditions under Sanctions". 8 August 2011.
Available at http://www.burmaadvocates.org/Burma%20Sanctions%20Assessment.pdf [02.10.2013].

Burmese economy and thus cushioned the economic effects of Western sanctions. In the mid to late 2000s, China massively increased its investments in Myanmar to become the country's biggest foreign direct investor (see Figure 7 below).[50]

Figure 7 – FDI Flows to Burma/Myanmar by country, 1989-2012



Source of data: Ministry of National Planning and Economic Development as cited in United Nations ESCAP, Asia-Pacific Trade and Investment Report 2012. Recent Trends and Developments.
Note: United Kingdom includes enterprises incorporated in the British Virgin Islands, Bermuda Islands and Cayman Islands.

China also became Myanmar's most important supplier of military aid. The share of Burmese imports from China grew from 20% in 1990 to 37.2% in 2012. Today, China is Myanmar's biggest trading partner accounting for 29.1% of Burmese trade in 2012, followed by Thailand (26.6%), Japan (7.8%), India (7%) and South Korea (7%). The EU takes only the 9th position, with clothing constituting, at times, more than 70% of EU imports from Myanmar.[51]

The primary consequence of this policy was to further alienate Myanmar from the EU. The sanctioning policy created an incentive for China, Thailand and other Southeast Asian states to step in. The consequences of such policies are evident today when most foreign direct investments in Myanmar come from ASEAN members. This situation has also contributed to making Myanmar politics more independent from the will of the governments in the Western world.

EU policy towards Myanmar has not involved major economic costs for EU Member States. Myanmar is the 137th economic partner for the EU, with a trade volume in 2012 of only €396 million. The share of EU-Myanmar trade mainly involved the United Kingdom and France, but on the whole the

[50] FDI from China decreased in the past two years, see Karl Wilson, "Asia Weekly: Myanmar poised for FDI take off", *ChinaDaily Asia,* 4 October 2013. Available at http://www.chinadailyasia.com/business/2013-10/04/content_15091101.html [4.11.2013].

[51] European Commission, DG Trade, Myanmar.EU Bilateral Trade and Trade with the World. Available at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113423.pdf [16.10.2013].

EU has not been very influential in Myanmar's economy. From 1990 to 2008, the top five partners were all Asian countries (China, Thailand, Singapore, Korea and Malaysia) and accounted for up to 76% of Myanmar's exports.[52]

The costs for the EU can also be understood in terms of missed opportunities. The flourishing economic relations that have characterised EU relations with China and Thailand in recent years could, in theory, have also occurred with Myanmar. The lists of targeted individuals have also been challenged, with complaints filed with the Court of Justice. The recent case of the son of Tay Za, a Burmese businessman who had been indicated as close to the military junta and was delisted by the Court, caused some embarrassment.

Step 4: The comparative utility of sanctions

EU sanctions alone had a residual impact on changing the situation in Myanmar. What alternative options were available? It is doubtful that a weaker sanctions regime would have led to faster changes given that, at least until 2007, EU sanctions, though targeted, had a limited effect on the regime. Alternatively, a more robust approach might have inflicted a heavier burden on the military junta, but between 2007 and 2010, a higher economic impact occurred with little visible political consequence. Stronger sanctions would have resulted in a heavier humanitarian cost which could have backfired both in Myanmar and within European public opinion. Conversely, the visibility of Aung San Suu Kyi in the UK and the timing of her arrest (just as the principles of the post-Cold War world were being discussed) put the EU and US under reputational pressure to respond.

However, the EU did not develop a more flexible approach in using sanctions by creating effective incentives for the military junta to become accountable before the international community. Flexibility, as indicated above, refers to a more active approach towards imposing, suspending and lifting sanctions in order to follow the evolution of domestic politics, also accompanying sanctions with a set of economic/political incentives for political leaders, businessmen and civil society actors.

Conclusions

The case of Myanmar shows that sanctions can play only a marginal role if the strategy does not intend to go beyond signalling to domestic constituencies. Myanmar had a number of features which reduced the effectiveness of sanctions altering the dynamic of the crisis. First, a military junta took control of a country that had been isolated for nearly 30 years, so its isolation from the West after 1990 was not perceived as extraordinary. Secondly, the economic and political leverage of the EU (and its Western allies) on the regime was reduced as a consequence of Myanmar's isolation, since the regime was still able to determine which actors inside Myanmar were going to pay the price of such isolation. Third, the fact that the EU and the US did not persuade their Asian partners to follow their sanctions regime undermined their impact.

The EU did contribute to raising awareness of the precarious human rights situation in the country in European constituencies, and symbolically supported the opposition to the military junta. This was achieved at a modest economic and political cost, given that Myanmar's trade with the EU was quite limited and EU members were not criticised for such a decision. However, the unilateral nature of sanctions, the isolationist approach undertaken by the US and the EU *de facto* reduced their influence on the military junta, who then enjoyed complete internal freedom while benefitting from regular trade relations with most of the world.

[52] Jalal Alamgir, "Myanmar's Foreign Trade and its Political Consequences", *Asian Survey*, Vol 48, No. 6 (2008), pp. 977-996.

Chapter

7

BELARUS: SANCTIONS AS ESSENTIAL COMPONENT OF DUAL TRACK-DIPLOMACY

Crisis background

Belarus is probably one of the most elaborate cases of EU restrictive measures. The country's vicinity increased the relevance of human rights issues for the EU. Belarus' special relations with some EU Member States further affected the EU's policy towards Minsk. Following the suspension of bilateral relations in 1997, the first case of CFSP sanctions dates back to 1998, and a series of sanctions are still in force today in response to poor human rights practices carried out by President Aleksandr Lukashenko and his administration.

The 1996 referendum to extend the power of the President marked the beginning of a 17-year long crisis between the EU and Belarus. In 1998, the Council decided to impose a travel ban on over 100 individuals accused of violating the Vienna Convention for problems related to the renovation of the Drozdy (or Drazdy) compound, where Western diplomats resided. The travel ban was lifted in 1999 after an agreement was reached between the government of Belarus and the EU.

The 2002 incident over the mandate of the members of Advisory and Monitoring Group (AMG), the mismanagement of the 2004 elections and the publication of the Pourgorides Report, which accused Belarusian authorities of being involved in the disappearances of three politicians and a journalist in 1999 and 2000, and the rigged elections of 2006 all led the EU to escalate action. The Council imposed a travel ban on four people, indicated by the Report to be responsible for not carrying out the investigation, and more names were added in December for altering the correct electoral processes. The list was further extended after the 2006 elections.

The 2007 energy crisis between Russia and Belarus contributed to lowering tensions between the EU and Belarus. Lukashenko responded to trouble with Moscow by searching for an opening with the EU (which he used as a bargaining chip with Russia, too). The EU responded by gradually suspending some sanctions in 2008, 2009 and 2010. The use of force to disperse peaceful rallies protesting against the rigged Presidential elections of December 2010 ended this process, and in January 2011 the Council resumed the travel ban and extended the list of targets. In the absence of improvements in the country, the Council returned to imposing travel bans, financial restrictions, and an arms

embargo on Belarus. Sanctions were recently extended to 31 October 2014 and the list includes 232 individuals and 25 entities.[53]

Analysis: the four steps

Step 1: Placing sanctions within the overall EU strategy

Despite the important role that sanctions play in the EU's approach towards Belarus, restrictive measures are, by far, not the main political tool used by the Council. The EU has devoted efforts to establish dual-track diplomacy, attempting to isolate the current leadership while supporting the creation of a stronger civil society.

As well as restrictive measures, the EU has adopted another set of negative measures, which legally do not fall under the umbrella of CFSP sanctions. The positive incentive of the Partnership and Cooperation Agreement (PCA), offered in the 1990s to all countries in Eastern Europe, was turned into a negative measure by suspending its ratification in 1997 following human rights infringements. The General System of Preferences met the same fate. However, in light of little change since the implementation of these negative measures, in 2008 the EU started to accompany these measures with a policy of *critical engagement* towards Belarus. On the one hand it imposed restrictive measures against the individuals responsible for violations of electoral standards, violations of human rights or support for the regime, and on the other hand, it offered Minsk a technical dialogue and a start to negotiations for visa facilitation and readmission agreements and support to civil society. The European Commission and the Belarusian government began technical cooperation in several fields; in May 2009, Belarus was included in the multilateral dimension of the Eastern Partnership and, in June 2009, the two sides launched a dialogue on human rights issues. The EU has been responsive to the signals of the Belarusian regime. It suspended the travel bans in 1999 when an agreement was reached on the issue of the diplomatic residences, and it suspended sanctions in 2008 when Belarus released political prisoners in the context of its rapprochement with the EU.

Sanctions were adjusted to the changing situations. Sanctions were suspended or lifted in order to create channels of communication with the regime. A recent example is the 2013 suspension of the travel ban on Uladzimir Uladzimiravich Makei as long as he was minister "to facilitate political dialogue".[54]

Step 2: The purposes of sanctions

EU sanctions towards Belarus have evolved over the last 19 years, which complicates their assessment. If sanctions were aimed to transform the nature of the regime in Belarus by **coercing** Lukashenko into democratic practices, they were not successful. Years after the end of the Cold War, Lukashenko continues to be elected with solid majorities and there are no signs of change to this pattern. However, **coercion** is aimed not only at the government, but also at those who support it or benefit from the ruling of Lukashenko. The EU has employed this strategy in Transnistria with interesting results, and the same could be applied in Belarus.[55] If sanctions manage to hamper business deals and blame the government for it, then at least part of the **coercive** purpose of

[53] Council of the European Union, EU sanctions against Belarus extended, Press Release 445, 29 October 2013. Available at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/139261.pdf [01.11.2013]

[54] Council Decision 308 of 24 June 2013, 2013/308/CFSP.

[55] Francesco Giumelli, "Understanding the Effectiveness of Targeted Sanctions: the case of the EU in Moldova", *European Foreign Affairs Review*, Vol. 16, no. 3, 2011, p. 359-378.

sanctions would be accomplished. However, little has changed in Belarus and the resilience of the government is largely explained by its reliance on Russian support.

The **constraining** dimension, too, has shown limitations because there is little leverage to come from waiving sanctions. The purpose of sanctions is to prevent certain actors from travelling and accessing resources that have been acquired during their activity in government. Other measures are imposed to weaken the administration to make it unable to pursue its objectives. This is only occurring to a limited extent. Moreover, these sanctions were punitive in nature, which means that they are imposed to single out the behaviour of individuals. This is constraining in essence and could not be coercive because, often, no behaviour is required to have the sanctions lifted.

Finally, the **signalling** purpose of this sanction has had mixed results. On the one hand, sanctions underlined the condemnation of the autocratic character of the regime in Belarus, which has made Lukashenko notoriously known as the "last dictator of Europe" after a famous speech by Condoleezza Rice,[56] but on the other hand, it has signalled the little leverage the EU has with regards to some countries in its immediate neighbourhood. The sanctions also responded to domestic EU pressure for a response to continuous violations of human rights and set a precedent to other countries in the region, showcasing that the EU would withdraw its incentives on offer to other Eastern European countries should democratic practices deteriorate. Belarus, however, is the only country in the region to suffer from EU sanctions, raising widespread criticism of double standards when the EU's much milder policy towards autocratic Azerbaijan is taken into consideration.

The second track of critical engagement recently developed by the EU needs more time to bring about positive effects.

Step 3: impact and cost

The impact of EU sanctions on Belarus is proportionate to the type of targeted sanctions imposed. Given that the EU sanctions on Belarus target a limited number of companies and individuals, the direct material impact is limited to the listed Belarusian companies, the individuals directly targeted and the satellite activities of the targeted actors.

In March 2012, the EU updated the list of persons and companies subject to restrictive measures and applied economic sanctions to 29 Belarusian companies[57] which have been banned from contacts with EU companies and have had their EU assets frozen. However, these listings covered companies which had only limited contact with EU markets, and did not include the main Belarusian exporters to EU markets, and thus did not significantly harm the interests of the entities involved and of the Belarusian regime.[58] Overall, the trade relations between the EU and Belarus flourished despite the sanctions, with the volume of trade tripling between 2000 and 2012, as demonstrated in Figure 8.

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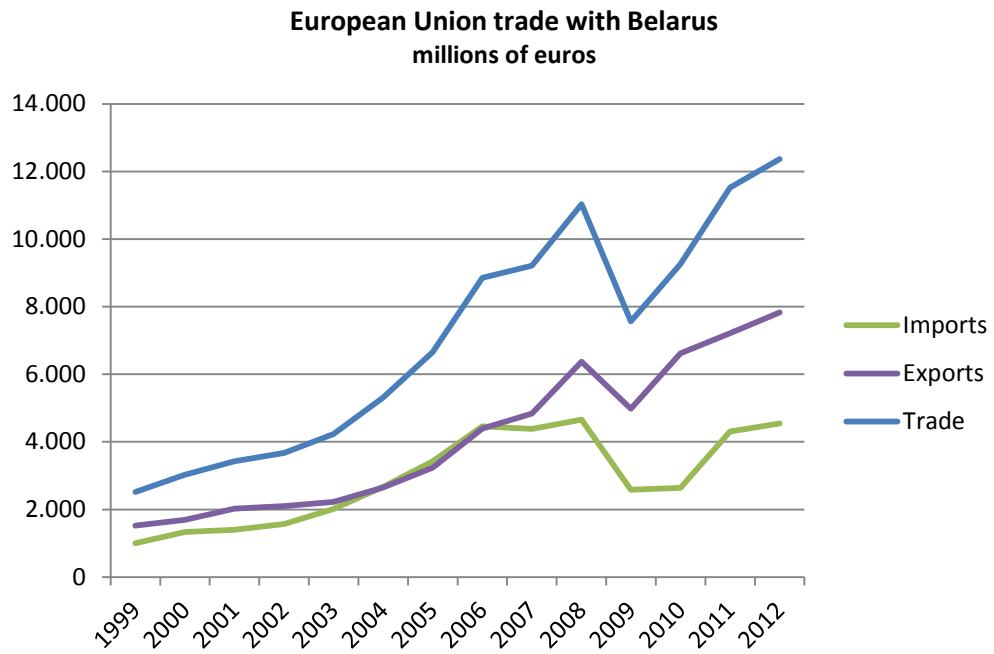
[56] CNN Interview with U.S. Secretary of State Condoleezza Rice , "Russia's future linked to democracy", 20 April 2005. Available at http://edition.cnn.com/2005/WORLD/europe/04/20/rice.dougherty/index.html [05.11.2013]

[57] COUNCIL IMPLEMENTING REGULATION (EU) No 265/2012 of 23 March 2012 implementing Article 8a(1) of Regulation (EC) No 765/2006 concerning restrictive measures in respect of Belarus

[58] Dr Julia Korosteleva, Impact of Targeted Sanctions on Belarus, Directorate-General for External Policies of the Union, European Parliament study.
Available at http://www.iris-france.org/docs/kfm_docs/docs/observatoire-voisinage-europeen/2012-05-impact-of-targeted-sanctions-on-belarus.pdf [14.10.2013] and Joanna Hyndle-Hussein and Kamil Kłysiński, Limited EU economic sanctions on Belarus, Center for Eastern Studies (OSW) Eastweek 28.03.2012;
Available at http://www.osw.waw.pl/en/publikacje/eastweek/2012-03-28/limited-eu-economic-sanctions-belarus [17.10.2013].

Figure 8 – EU Trade with Belarus 1999-2012



Source of data: Eurostat. Data refers to EU-27 for all the years, including the ones prior to the 2004 and 2007 enlargements

This finding is coherent with the EU's decision to punish only selected targets in Belarus while fostering greater interdependence with the country's civil society in the long term. After Russia, the EU is Belarus' second biggest trade partner (28.9% of the country's trade) and the first destination for its exports (37.8% of Belarus' exports). One of the major sources of hard currency for the Belarusian government is the resale of subsidised Russian oil, with fuels representing more than 50% of EU imports from Belarus.[59] The EU is also the main importer of Belarusian fertilisers and steel. This means that the EU could have a bigger leverage on the Belarusian economy should it decide to adopt tougher sanctions. Other consequences are linked to non-CFSP measures, for instance, as the 2007 expulsion of Belarus from the GSP system has meant an annual loss of around €400 million for Belarus.[60]

The arms embargo has had a very light impact on Belarus, particularly because weapons imported to Belarus come mostly from Russia.[61]

Given the limited and targeted nature of sanctions, the restrictive measures on Belarus have had marginal direct costs for EU businesses. Despite the growing trade with Belarus, EU companies have been reluctant to invest in such a high-risk market, and while Russian businesses continue to expand through investments and acquisitions.

[59] European Commission, DG Trade, Belarus. EU bilateral trade and trade with the world, 5 July 2013.
Available at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf [06.09.2013].

[60] Charter 97. "EU decides to impose mini-trade sanctions on Belarus." 21 Dec. 2006 as cited in George Dura, The EU's Limited Response to Belarus' Pseudo 'New Foreign Policy', CEPS Policy Brief No. 151, February 2008.
Available at http://aei.pitt.edu/7543/1/151.pdf [12.10.2013] and in Janeliūnas T., "Between Russia and the EU: Transformational Opportunities for Belarus", Lithuanian Foreign Policy Review, Nr. 19, 2007, p. 146.
Available at http://www.lfpr.lt/uploads/File/2007-19/Janeliunas_ENG.pdf [12.10.2013].

[61] 85 million euro in 2011 and 2012 according to the SIPRI database.

However, there are bigger costs for individual countries. One critical point concerns the transit of Belarusian goods as an important source of revenue for Latvia and Lithuania, accounting for over 50% of the total freight value in Latvia and 40% in Lithuania. The Belarusian government has publicly threatened Latvia and Lithuania that it will redirect the transit of Belarusian goods to Russia if EU sanctions become stricter.[62] In February 2012, Slovenia, one of the countries affected, attracted public criticism for its decision to veto the inclusion of a Belarusian oligarch and his companies on the EU blacklist.[63]

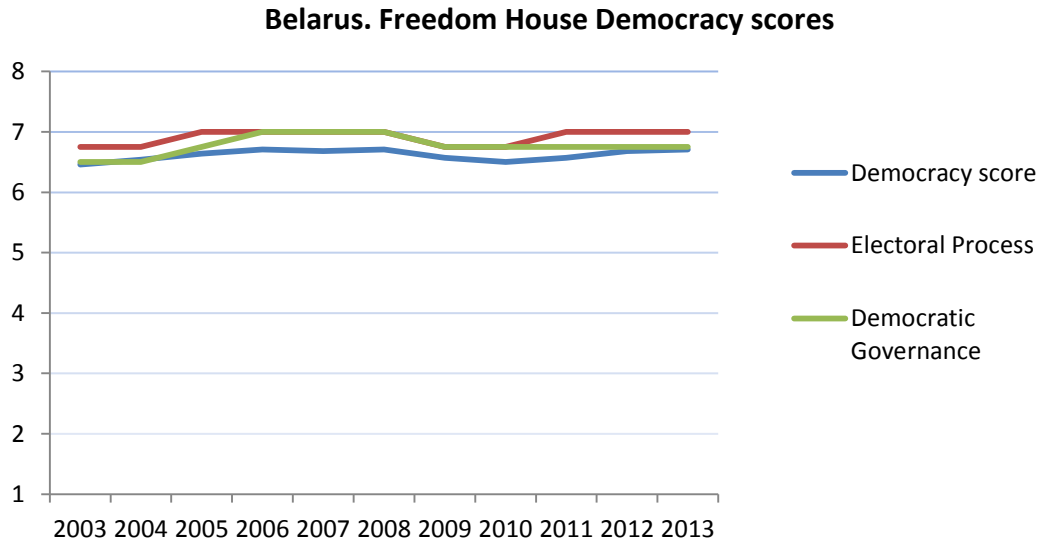
Belarus is also an important country for the energy security of the EU as several gas pipelines originating in Russia, such as those of Druzhba and Yamal–Europe, cross its territory. Even though Belarus' importance as an energy transit country has decreased since Russia built the North Stream gas pipeline, the EU is not interested in a complete breakdown of relations with Minsk which could potentially affect its energy supplies.

Overall, the costs for the EU to maintain targeted sanctions on Belarus do not seem to be excessive.

Step 4: The comparative utility of sanctions

The EU has been soul-searching over its policy towards Belarus and has tried out most options. Overall, the sanctions regime towards Belarus has not had an impact on democratic standards in the country (see Figure 9).

Figure 9 – Belarus. Freedom House Democracy Scores 2003-2012



Source of data: Freedom House. The Democracy Score (DS) is based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. It is formed as an average of ratings for Electoral Process (EP); Civil Society (CS); Independent Media (IM); National Democratic Governance (NGOV); Local Democratic Governance (LGOV); Judicial Framework and Independence (JFI); and Corruption (CO). The graph depicts the Democracy Score (DS) and two of its components: Electoral Process (EP) and National Democratic Governance (NGOV).

[62] Ryhor Astapenia, "Belarus Announces Pull Out From Latvian And Lithuanian Ports", Belarus Digest, 16 November 2012. Available at http://belarusdigest.com/story/belarus-announces-pull-out-latvian-and-lithuanian-ports-12152 [12.10.2013].

[63] In February 2012, the Belarusian oligarch YuryChyzh and his Triple holding companies was removed from the EU blacklist at the request of Slovenia, who wanted to defend its commercial interests. He and his companies were subsequently added on the list of sanctions in March 2012.

However, the alternatives do not seem to offer greater chances of success. First of all, the numerous violations of human rights and the autocratic tendencies of the government would have been difficult for the EU to accept silently, especially given that the country lies right on its eastern border. Failing to respond strongly would have been interpreted as a silent acceptance of such behaviour, undermining the credibility of the EU as normative actor and democracy promoter.

Another option would be to impose tougher sanctions. In hindsight of 20 years of dealings with the Lukashenko regime, harsher sanctions would have been likely to yield a number of unwanted consequences. Lukashenko, who enjoys popular support, could have used such sanctions to stir an even stronger rally 'round the flag' effect by portraying the country as a victim. Tougher sanctions might have led to more widespread internal repression, an even stronger isolation of the country's citizens and a higher political and economic dependence on Russia. A more stringent embargo would inevitably widen the gap between the West (the EU) and Belarus, leaving little hope for improving democratic practices in the country and, possibly, even resulting in human rights violations that would have justified the embargo in the first place.

Conclusions

The restrictive measures on Belarus are part of a wider strategy in which they play a dominant constraining role towards political leaders and a coercive role towards targeted individuals and civil society entities. The strategy has been designed following years of attempts to push a democratisation process in Belarus; therefore it would make little sense to blame or credit one foreign policy tool for the quality of the regime in Minsk. The restrictive measures are targeted and, with rare exceptions, do not involve high costs for the EU, while isolating the ruling elite. At the same time, clear signals are sent to EU constituencies, EU partners and other regional actors.

In addition, this strategy is implemented by considering the EU's interests, both economic and strategic. The restrictive measures are sensitive towards preserving the freight traffic from Belarus and the supply of natural resources from Russia. This may contribute to creating the incentives for some economic operators to look with more interest at the EU market rather than remain heavily linked to the Russian market. The challenge ahead is a difficult one. The regime in Belarus is strong and enjoys wide support – change does not seem likely. In this situation, critical engagement combined with a dual-track diplomacy approach and targeted sanctions reflect an appropriate political response, even if its impact is limited in terms of domestic change.

Chapter 8

CONCLUSIONS

The aim of this paper was to further develop a methodology to assess the effectiveness of the restrictive measures of the European Union. The complexity of each case examined here shows the need for a methodological framework which should facilitate the discussion on sanctions and, hopefully, trigger the process of knowledge accumulation upon which the EU could improve its policy.

The overall argument of this paper is that restrictive measures can be a useful tool in foreign policy. This may appear to be an obvious argument, but it counters the dominant perception of sanctions in both the academic debate and in the perceptions of the wider public. For instance, sanctions contribute to shaping the image of the EU, providing diplomatic alternatives through the use of more nuanced and targeted policies and ensuring that the EU has some 'teeth' to carry out its foreign policy and stand by the principles it claims to uphold.

These conclusions were reached by designing a four-step process to assess effectiveness, examining: i) the broader strategy adopted towards the sanctioned country; ii) the specific aims which the sanctions alone were supposed to achieve; iii) the impact on the receiving target and costs for the EU; and iv) whether any alternative options were available. First, we have clarified that sanctions are almost never imposed in isolation from other foreign policy tools, so the first element for a serious assessment is to evaluate whether sanctions are the dominant tool in the EU policy (such as in the case of Myanmar) or if they are an essential, but not dominant, element (as in the case of Belarus, Syria and Iran).

Second, the analytical distinction between coercing, constraining and signalling illustrates the potential of sanctions and the reasonable effects that they can have. Sanctions can coerce targets by altering their incentives to implement policies as desired by the EU, as attempted in the case of Belarus, but coercion is also a more ambitious purpose that cannot be easily achieved. Furthermore, the change of behaviour can be reached thanks to a carefully designed strategy wherein targets cooperate voluntarily with the EU. Sanctions are generally imposed when a crisis has already broken off, which means that relations between senders and targets have already deteriorated. Therefore, sanctions should be evaluated in terms of their constraining and signalling dimensions. These three dimensions can coexist and thus have to be considered at the same time. Constraining occurs when the life of targets is made more difficult and they need to find additional resources and efforts to reach the same objectives. This occurs to some extent today, such as in the case of Iran's nuclear programme and, for a period, in the case of Belarus, but has been less visible in the cases of Syria and Myanmar.

The case of Syria is also important in highlighting what sanctions can do and how they work. Each crisis is characterised by its own peculiar dynamic and restrictive measures often adjust to it. The initial decision to leave Assad off the blacklist showed the intention to negotiate with him, but the evolution of the crisis showed that sanctions can be used with very different purposes (coerce, constrain and signal). In the case of Myanmar, the insufficient flexibility of the sanctioning regime diminished the potential influence of the EU in determining political developments in the country.

The signalling dimension of imposing sanctions should not be overlooked. Short of military force, sanctions are among the toughest diplomatic decisions that states can undertake, therefore their imposition can determine *per se* an important change in a dynamic of a crisis. Sanctions can signal the intention to engage further with primary actors in a crisis and can also communicate with bystanders – be the other states or non-state actors – that certain norms should not be violated. This is the case for all four of the case studies above. For instance, inaction or early suspension of sanctions on Myanmar would have been difficult to justify to EU citizens. The sanctions on Iran strengthen the non-proliferation regime while demonstrating to Israel that the international community is dealing with the issue. The sanctions on Belarus, Syria and Myanmar indicate that certain practices are not tolerated and the measures on Syria indicate that the EU is committed to resolving the conflict.

The third aspect to be evaluated is impacts and the costs which sanctions have. Here, a timid costs/benefits calculation could be carried out to verify whether sanctions are worth the effort. In general, EU sanctions have been targeted to the extent that the economic burden never reached unsustainable levels for both the EU and the targeted country. Each sanctions regime can have direct and indirect consequences. For instance, the drop in oil exports from Iran is a direct consequence of the ban imposed by the US and the EU as well as other auxiliary measures, such as the ban on insurance for tankers carrying oil from Iran. This has effectively reduced the Iranian regime's resources. It is also important to consider indirect impacts, despite the fact that they are usually felt much less by the targets. This is the difference between the economic damage that Iran and Syria suffered following the imposition of sanctions, and the lack of investment opportunities that Belarus and Myanmar suffered because of sanctions. Whereas the former constitutes a real 'bite' on the targeted economies, as it deprives them of resources, lack of investment deprives economies of wealth that they still do not have. Thus leaders can remain in power and continue their business as usual.

Any evaluation of sanctions should also consider important unintended consequences, and we have found such evidence in the four cases above. For instance, the imposition of long-term sanctions, such as that on Myanmar, contributes to making the target more independent – and therefore resistant – to foreign pressure. The same occurred for a period with Belarus, which strengthened its ties with Russia. Finally, sanctions can unwittingly strengthen the intended targets by shifting the balance in favour of the wrong parties. Some EU Member States argued in mid-2013 that the arms embargo on Syria *de facto* favoured the Assad regime because it continued to enjoy foreign support (Russia and Iran), which the opposition forces did not have from the EU. Finally, the target is able to spin the sanction into a form of persecution by 'external enemies', playing on national pride or other popular sentiments. Lukashenko enjoys wide support in Belarus, for example. This increases the need for EU to ensure that the ways in which it delivers its messages and explanations of the sanctions are extremely clear and consistent to different audiences: the targets, the population, its partners and the countries which may not agree with the sanctioning regime.

The costs on those imposing sanctions are equally hard to quantify. In general terms, the EU very often relies on targeted sanctions; therefore the costs are limited. One notable exception is the oil embargo on Iran, which is also an exceptional measure in the EU's experience, as a few EU Member States, mainly Greece and Italy, had most of the burden on their shoulders. Putting this case aside, the EU sanctioning policy is generally gentle towards its own business, which is also guaranteed by the decision making process that requires unanimity for sanctions to be imposed. This ensures that the costs are never excessive and that when there are conditions of this kind, the Council is the most appropriate forum to ensure that sanctions would not excessively damage one country. For instance, the sanctions on Belarus could be heavier, but the costs for the EU are considered too high compared to what the

heavier sanctions could achieve. There are aspects which can hardly be given an economic value and that should be included in the cost/analysis calculation, such as the establishment of a coherent CFSP, the resolution of international crises, the upholding of norms for a more peaceful international system and the support to democratic processes.

The final step of the assessment questions what could have happened instead of sanctions. This counter-factual exercise is useful to show that sanctions may not be the worst option, as in the cases of Belarus, Syria and Iran, while there is some doubt in the case of Myanmar. In the first three cases, alternative options to sanctions could have caused even greater problems. For instance, a lack of action in the case of Iran could have allowed for a faster enrichment of uranium at best and triggered an international conflict at worst. Similarly, it is difficult to imagine a better situation in Syria had sanctions not been imposed.

The case of Belarus is even more appropriate as, in the last few years, the EU has developed a multifaceted strategy in that it has suspended sanctions on several occasions and has employed flexible policies, without results in terms of democratisation of the country. Totally lifting the sanctions would not have led to better results. This cannot be said in the case of Myanmar, where the sanctioning policy substantially changed only once to respond to a violent repression of pacific protests, without setting up a more elaborated strategy to engage the country and the regime.

All the cases show that there are few alternatives to resorting to sanctions when the EU's values are at stake, if anything for reputational, signalling and public diplomacy reasons. In addition, all of the cases showed that domestic changes are the main reason for change, thus limiting the expectations that one may have from sanctions having a concrete impact on the situation on the ground. That said, the cases of Iran, Myanmar (after 2010) and Belarus also showed that the evolution of the sanctioning regime over time – responding to changes on the ground and becoming more sophisticated in terms of implementation, focusing on key targets and accompanying sanctions with other diplomatic initiatives – all improved the EU's position. For instance, the EU resorted to sanctions towards Belarus and revised them several times in an attempt to address the positive and the negative decisions of the government in Minsk, and designed a dual-track strategy to deal with the government and civil society. In the case of Iran, the sanctions have complemented the decisions of the Security Council and have targeted specific sectors of the Iranian economy with the specific objective of limiting their impact on the nuclear program. Finally, in Myanmar, the EU responded promptly to the new situation which emerged following the 2010 elections, and sanctions were adjusted to accompany the democratisation process rather than to wait for the process of lifting the restrictive measures to be completed. In all of the cases, a learning curve concerning the nature of the sanctions and their implementation has been evident and is recognised by many of the state and non-state actors involved, one way or another, in implementing and enforcing sanctions.

Chapter 9

POLICY RECOMMENDATIONS

The general lesson here is that sanctions can be useful, but there should be a careful evaluation of what sanctions are supposed to achieve in order to build the proper expectations upon which their effectiveness can be judged. For instance, the context within which sanctions are imposed is crucial in order to form realistic expectations. Restrictive measures are usually imposed after a number of diplomatic efforts have failed, which indicates that the crisis is already complex. A civil war, like in Syria, cannot be solved by sanctions alone, but requires extraordinary efforts from the international community and general conclusions on the effectiveness of sanctions should be prudently drawn. The same goes for the other three cases.

The role of other actors is also crucial. In all the cases addressed here, the EU acted in cooperation with the US but without the full support – or, in some cases, even with the opposition – of other countries, such as Russia and China. In the cases of both Belarus and Burma (Myanmar), the role of those actors who were not following the sanctioning regime needs to be highlighted. Russia and China compensated for the economic impact of EU and US sanctions respectively towards Belarus and Myanmar, and their behaviour also altered the policy choices of the targeted governments. Lukashenko turned towards the EU only when Moscow put him under pressure over Russian energy support. The military junta in Myanmar also loosened its hold over the opposition as a result of China's excessive domination in the country. These are not direct consequences of sanctions, but the excessive influence of Russia and China was an indirect consequence of the existence of the sanctioning regime.

Therefore, sanctions cannot be considered as the silver bullet which leads to international peace, order and stability, but we should rather learn how to use sanctions and under which conditions they work. The EU has already shown its learning capacity in recent years, but we believe that three issues should be addressed with greater urgency, which would affect the design, implementation and monitoring of the sanctions.

***More effective designing*.** Ensuring that the targeted sanctions have clear objectives is crucial, not just for the targets of the sanctions but also for the solidity of the overarching aims and to ensure that sanctions play an appropriate role in the overall policy framework. The clarity of aims can also be helpful if and when the sanctions require remodelling, due to changes in the situation in the targeted country. The designing phase could be enriched with a **checklist on what to achieve and what to expect from sanctions in terms of coercing, constraining and signalling**.

With this starting point in mind, restrictive measures should be tailored to the specific context in which they are intended to operate. When targets need to be coerced, sanctions should be intended as a bargaining tool. In this case, the EU needs to consider under which conditions it is willing to include targeted individuals in the negotiations to end a particular crisis. Put differently, the

constraining logic would set the objective of making the life of targets more difficult, so the EU's demands from the targets would be less important compared to the careful implementation of the measures. Finally, the signalling effect can sometimes be achieved by the mere act of sanctioning (or the threat to sanction). In this case, public diplomacy and communication needs to be skilfully used to ensure appropriate expectations from other interested parties (e.g. domestic public opinion, opposition groups to the sanctioned targets).

This typology could be included in a **white paper** type of document to be circulated to the competent bodies (PSC, Relex, geographical groups, EU delegations and EU capitals) for restrictive measures, allowing for strategic planning across the EU institutions involved in the various phases of the sanctioning regime.

This white paper should also address the issue of great concern to EU Member States: the role of the Court in the review of sanctions. There have been cases in which the Court has reversed EU policy by responding to complaints from individuals who have been added to lists of targets. Member States should include benchmarks regarding the minimum level of information that must be provided for the listing of each individual or entity. The evidence used in trials is, by definition, of public domain. This means that improved mechanisms for information sharing between the Member States and EU institutions need to be found to ensure that there is sufficient evidence to justify the targeting of each and every individual or entity.

Enhancing coordination to implement sanctions. National states and private actors (companies and firms) are burdened with the task of implementing sanctions, but the multiple problems and the environment of uncertainty within which they act undermines the EU's sanctioning policy. Private actors cooperate on the basis of good will, and penalties have been applied only in rare cases.[64] However, issues can be interpreted differently across national authorities, and there are also issues concerning coordination between private actors, who are often tasked with making operational decisions. These uncertainties under which private actors have to decide favour the emergence of a conservative approach that usually distorts the effects of sanctions, transforming restrictive measures from targeted to comprehensive. While it is acknowledged that some businesses are affected by the decisions taken in Washington by the US administration, better coordination between the EU and Member States would contribute to improving the capacity of all actors to predict the effects of sanctions.

This requires the EU and Member States to restructure the organisation of the implementing authorities in light of the greater activity carried out by the EU. There is a lack of resources, especially at the EU level (the EEAS has a team of just four people dedicated to this) and it is not always known how Member States perform this function. As well as **beefing up national and EU teams to manage the sanctions regime**, **clearer and common pan-European implementing guidelines**, **more systematic information exchange and intelligence cooperation would help streamline procedures**. These initiatives could also help to avoid Court of Justice rulings annulling restrictive measures. Inter-institutional teams should be created to better coordinate between the EU institutions; EU Member State liaison officers could help harmonise diplomatic procedures and blueprints; improved communication between policymakers and the private sector would also aid better participation in the sanctioning regime, as well as enforcement of the measures adopted.

[64] See for instance the case "Benjamin Weinthal, Berlin police arrest 4 over breaking Iran embargo", *Jerusalem Post*, 15 August 2012. Available at http://www.jpost.com/Iranian-Threat/News/Berlin-police-arrest-4-over-breaking-Iran-embargo [5.11.2013].

Institutionalised monitoring. The EU's sanctioning policy is fundamentally undermined by the lack of monitoring mechanisms. Even when EU Member States are fully compliant with strictly-enforced EU laws and restrictive measures, there still is a need to collect data, to verify the impact on targets and to find out whether there could be loopholes to circumvent sanctions. This information exists, but the availability of data is limited due to the absence of an institutional memory mechanism concerning the implementation and impact of sanctions. There is no central EU authority tasked with collecting this information in order to make it available, and thus favour institutional learning across cases. This discussion at the EU level is mainly limited to the Council working groups where states can share their views on each case. The research carried out in the preparation of this paper confirmed that increased institutional knowledge and capabilities at the EU level would enhance the evaluation of sanctions and would improve the way in which restrictive measures are integrated into the EU's external relations. The Council, the EEAS and the Commission do not have the capacity to do this, but all Member States have offices and staff to monitor a policy instrument which is mostly decided at the EU or UN level. To begin with, EU Member States could second one public official from their national authority to create a common capacity to implement and monitor sanctions at the EU level according to the principle of pulling and sharing resources.

Another alternative is to adopt the system used by the UN of panels of experts, comprising individuals selected *ad hoc* from a roster managed by the EEAS. The *EU panel of experts* would not be tasked with evaluating the effectiveness of sanctions, something to be done at a political level, but would be a technical instrument at the disposal of the Council to collect data on sanctions regimes in terms of impact, implementation, adverse effects and evasion attempts and so on.

Monitoring is essential insofar as it is crucial to evaluate the impact that sanctions have on a particular area (for instance, the amount of money frozen, the transactions denied, the attempts to evade sanctions and the ways in which such attempts took place, etc.). Such knowledge would allow the fixing of loopholes which emerge over time and adjust the sanctions according to the evolving scenario.