TRADE SANCTIONS IN INTERNATIONAL LAW: EFFECTIVENESS AND LEGALITY

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ABSTRACT

Focusing on the effectiveness and legality, this article reviews the intricate landscape of trade sanctions in the scope of international law. International organisations and states rely on trade sanctions as a vital tool to achieve their political, economic, and humanitarian goals. This paper investigates the efficacy of penalties in achieving policy goals and their position within international legal frameworks by reviewing empirical studies, legal frameworks, and notable case studies.

INTRODUCTION

By definition sanctions are "coercive measures, imposed by one country or group of countries on another country, its government or individual entities, aimed at inducing a change in behaviour or policy".[1] Sanctions can be general or targeted, bilateral or multilateral, trade and/or financial.

Trade sanctions are a kind of economic sanction that is used to limit commerce with certain foreign entities. Trade sanctions have emerged as a formidable instrument of foreign policy and international governance, operating at the crossroads of economic strategy, diplomatic pressure, and legal enforcement.[2] These restrictive rules often cause uncertainty and compel nations and organisations to reassess their foreign policy.[3] Typically, in reaction to a government's voilation of international standards, human rights, or security agreements, sanctions are imposed to compel the targeted nation to alter its policies or conduct.[4] These acts are supposed to force the target country to modify its policies or behaviour.[5]

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[1] Hossein Askari, John Forrer, Hildy Teegen and Jiawen Yang, *Economic Sanctions: Examining Their Philosophy and Efficacy* (Greenwood Publishing Group 2003).

[2] Sanctions.io, 'What Are Trade Sanctions? A Complete Overview' (1 November 2024) *Sanctions.io* https://www.sanctions.io/blog/what-are-trade-sanctions.

[3] Davy Karkason, 'Understanding Trade Sanctions: A Legal Perspective' (19 June 2024) *Transnational Matters* https://www.transnationalmatters.com/understanding-trade-sanctions-a-legal-perspective/

[4] Ibid.

[5] Sanctions.io (n 2)

With the global economy becoming more linked and new chances for their application arising, sanctions as a policy instrument have become very important in recent years. Often seen as a neutral ground between diplomatic oratory and military intervention, sanctions provide a way to show disapproval and apply pressure without turning to armed combat.[6] Crucially important for global governance, these punitive policies call for a comprehensive legal framework to guarantee their legitimacy and efficiency.

LEGAL FRAMEWORK OF TRADE SANCTIONS

In international law, trade sanctions function within a complex legal framework combining United Nations Charter rules, customary international law, and international trade agreements.

UN Charter and Security Council Resolutions

The Security Council is empowered by Chapter VII of the UN Charter to identify risks to global peace and security and to choose actions to preserve or restore it. Article 41 especially authorises the Security Council to implement policies including "complete or partial interruption of economic relations," not including the use of armed force.[7] These steps can include travel restrictions, arms embargoes, and thorough economic and commercial penalties. Sanctions approved under this system bind all UN members, therefore establishing a clear legal responsibility for execution and so ensuring both legal legitimacy and more general enforcement.

One such example is UNSC Resolution 1929 (2010), which sanctions Iran based on operations of uranium enrichment. These sanctions restricted Iran's arms transfers, financial transactions, and access to sensitive technologies. This reflects that UNSC is collectively commited to non-proliferation goals.[8]

World Trade Organization and GATT Article XXI

The legal framework established by the World Trade Organisation introduces an additional dimension of intricacy to the legal examination of trade sanctions. The WTO accords stress the

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[6] Anmol Patel, 'Sanctions and Sovereignty: The Legal Battlefield of Geopolitical Power' (2025) *Lawful Legal* https://lawfullegal.in/sanctions-and-sovereignty-the-legal-battlefield-of-geopolitical-power/

[7] Charter of the United Nations 1945, art 41.

[8] UN Security Council Resolution 1929 (2010) UN Doc S/RES/1929.

values of free commerce and non-discrimination, even though they do not specifically address punishment.[9][10] The WTO's Dispute Settlement Body (DSB) has the authority to review complaints related to trade sanctions and issue rulings on their compliance with WTO rules.[11]

However, Article XXI of General Agreement on Tariffs and Trade (GATT), known as the 'security exceptions' provision, permits WTO members to deviate from their trade obligations for security reasons. GATT Article XXI(c)[12] covers only sanctions mandated by Security Council resolutions under Ch VII,[13] providing clear legal cover for UN-authorized sanctions within the WTO system.

In *Russia – Traffic in Transit*, the WTO Panel controversially accepted Russia's national security justification for restricting Ukrainian exports, illustrating the flexibility of Article XXI.[14] Critics argue that such interpretations may enable abuse, undermining the global trading system's integrity.

Customary International Law

Unilateral sanctions may be legally justified as countermeasures in response to prior internationally wrongful acts, provided they meet criteria established in customary international law. Customary norms on countermeasures allow a state injured by internationally wrongful conduct to suspend obligations owed to the responsible state, provided measures are proportional and preceded by notification and offer for negotiations.[15] While countermeasures can justify sanctions, they require reciprocity and temporariness, distinguishing them from punitive unilateral embargoes.[16]

LEGALITY OF TRADE SANCTIONS

The legitimacy of trade sanctions is a multifaceted subject combining international law, state

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[9]General Agreement on Tariffs and Trade (GATT) 1994, arts I–II.
[10] World Trade Organization, 'Understanding the WTO: The GATT Years' https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm
[11] World Trade Organization, 'Understanding the WTO: The GATT Years' https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm
[12] General Agreement on Tariffs and Trade (GATT) 1947, art XXI(c).
[13] Andrew D Mitchell, 'Sanctions and the World Trade Organization' in Larissa van den Herik (ed), *Research Handbook on UN Sanctions and International Law* (1st edn, Edward Elgar Publishing 2017) 283–303
[14] WTO, *Russia – Measures Concerning Traffic in Transit* (2019) WT/DS512/R.
[15] ILC, Draft Articles on Responsibility of States for Internationally Wrongful Acts, Art 49.
[16] White and Abass, *Countermeasures and Sanctions*, in Malcolm D Evans (ed), *International Law* (4th edn, OUP 2014).

sovereignty, and human rights. The legitimacy of sanctions varies depending on whether they are applied unilaterally by a single country or multilaterally by international organisations such as the United Nations.

Unilateral vs Multilateral Sanctions

While UN Security Council-mandated sanctions enjoy clear legal standing under Chapter VII of the UN Charter, the legal basis for unilateral sanctions remains more contested and controversial. Unilateral sanctions, implemented by individual states or regional entities (such as the EU) without UNSC approval, raise more serious legal and ethical concerns. While states have the sovereign right to regulate trade within their jurisdiction, when such measures are applied extraterritorially or interfere with the rights of other states or individuals, they may contravene customary international law, particularly the principles of non-intervention and sovereign equality, enshrined in Articles 2(1) and 2(7) of the UN Charter.[17] These measures raise complex questions about the limits of a state sovereignty.[18]

One common example of such a measure is the US embargo against Cuba, which has been in place since 1962 and was formalised in the Helms-Burton Act of 1996. Many countries, notably the EU, have spoken out against the Act because of its extraterritorial provisions, which make it illegal for foreign corporations to do business with Cuba.[19]

In contrast, sanctions imposed by multilateral organisations, like the United Nations or the European Union, with the approval of member nations, are known as multilateral sanctions. The strong enforcement mechanisms and widespread international agreement behind these penalties make them seem more reasonable. Because of their proportionality and intended targeting, multilateral sanctions are also less likely to face legal challenges under WTO regulations.[20]

[17] Charter of the United Nations 1945, arts 2(1) and 2(4).
[18] Johan Holst, *The Legality of Unilateral Economic Sanctions* (Lund University, 2023) 20.
[19] Julia Schmidt, 'The Legality of Unilateral Extra-Territorial Sanctions under International Law' (2022) 27(1) *Journal of Conflict and Security Law* 53.
[20] Marie Terlinden, 'The Uncertain Limits of European Union Sanctions and the Role of Proportionality' (21 February 2025) *REALaw.blog* https://realaw.blog/2025/02/21/the-uncertain-limits-of-european-union-sanctions-and-the-role-of-proportionality-by-marie-terlinden/

Human Rights Concerns

Concerns over their conformity with international human rights legislation arise from the substantial humanitarian repercussions that trade sanctions, especially long-term ones, can have. By limiting access to food, medicine, or other basic goods, so compromising the economic and social rights of civilian populations in target countries, sanctions are occasionally criticised for perhaps violating obligations under the International Covenant on Economic, Social and Cultural Rights (ICESCR).[21] The UN Human Rights Council has underlined over and again that unilateral coercive actions have to follow international human rights norms, be reasonable, and minimise harm to civilians.[22]

The legitimacy and humanitarian consequences of unilateral coercive measures (UCMs) have been under growing scrutiny from the UNHRC and its Special Rapporteurs. "Basic human rights, including the right to life, food, health, and development, should not be denied as a consequence of unilateral sanctions, particularly those of an extraterritorial nature," Special Rapporteur Idriss Jazairy stressed in his 2020 report to the Human Rights Council.[23]

Disputes in International Forums

International adjudication of sanctions issues is sparse but instructive. Sanctions-related arguments have been specifically addressed in a number of recent panel judgements at the World Trade Organisation. A WTO panel determined in Russia – Tariffs on Steel (2022) that the U.S. Section 232 levies on steel and aluminium contravened GATT tariff agreements and importantly concluded that Article XXI (security exception) does not constitute a "self-judging" loophole.[24] The panel therefore affirmed the authority of WTO tribunals to examine the application of Article XXI. This indicates that WTO law may limit unilateral national-security sanctions and permit retaliation by aggrieved governments if the measures are inconsistent.

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[21] International Covenant on Economic, Social and Cultural Rights (adopted 16 December 1966, entered into force 3 January 1976) 993 UNTS 3.

[22] UN Human Rights Council, 'Report of the Special Rapporteur on the Negative Impact of Unilateral Coercive Measures on the Enjoyment of Human Rights' (21 September 2020) UN Doc A/HRC/45/7.

[23] Ibid.

[24] Charlene Barshefsky, David J. Ross and Stephanie Hartmann, 'WTO Issues Groundbreaking Decision on GATT National Security Exception' (9 April 2019) *WilmerHale* https://www.wilmerhale.com/en/insights/client-alerts/20190409-wto-issues-groundbreaking-decision-on-gatt-national-security-exception

The International Court of Justice, on the other hand, has rarely issued decisions regarding punishments in general. Because legal trade between the United States and Iran had been interrupted at the time of the assaults, the International Court of Justice (ICJ) ruled in Oil Platforms (Iran v. US) (2003) that the U.S. strikes on Iranian oil rigs were not justified as necessary. However, the Court found no infringement of the U.S.–Iran Treaty of Amity.[25] This result demonstrates how challenging it is to identify legal violations of trade-related duties in the context of geopolitical crises.

EFFECTIVENESS OF TRADE SANCTIONS

Beyond legality, the practical question remains: do trade sanctions actually achieve their intended goals? The effectiveness of trade sanctions remains one of the most debated aspects of their use in international relations. Sanctions can be effective in achieving specific goals, such as compelling a state to comply with international norms or deterring aggressive behaviour. However, they often have unintended consequences, including humanitarian crises and economic instability.

Sanctions that are backed by a broad international consensus and robust enforcement mechanisms are more likely to be effective. Conversely, sanctions that are imposed unilaterally or without strong enforcement mechanisms are less likely to achieve their intended objectives.[26]

Several factors can affect the effectiveness of trade sanctions, including the level of international support, the strength of enforcement mechanisms, the economic leverage of the sanctioning states, and the resilience of the targeted state.[27][28] According to Hufbauer et al.'s extensive research, sanctions achieve their intended objectives in approximately "34 percent

[25] International Court of Justice, *Oil Platforms (Islamic Republic of Iran v. United States of America)*, Judgment, I.C.J. Reports 2003.
[26] Gary Clyde Hufbauer and others, *Economic Sanctions Reconsidered* (3rd edn, Peterson Institute for International Economics 2007).
[27] Jean-Frédéric Morin, 'Under What Conditions Are International Sanctions Effective?' (21 September 2020) *The Conversation* https://theconversation.com/under-what-conditions-are-international-sanctions-effective-147309.
[28] Shahlar Ibadzade, 'Analysis of the Extent of Sanctions Effectiveness in International Law' (27 May 2023) *LAWELS* https://lawels.com/en/analysis-of-the-extent-of-sanctions-effectiveness-in-international-law/

of the cases that they documented."[29] This finding suggests that while sanctions are not uniformly ineffective, they fail to achieve their stated goals in the majority of cases.

Numerous studies also indicate that the effectiveness of economic sanctions tends to decline over time. Initially, sanctions can have a significant impact, but as the targeted economy adapts and finds ways to circumvent the restrictions, the sanctions' effectiveness diminishes.[30][31]

CASE STUDY

Iran: To force adherence to international non-proliferation standards, the US, EU, and UN placed sanctions on Iran in response to its nuclear program. These actions included limitations on banking, access to global financial networks, and oil exports. The sanctions had a significant negative effect on Iran's economy, resulting in shortages of necessities, inflation, and currency devaluation.[32][33] Between 2011 and 2013, Iran's oil exports decreased from 2.5 million barrels per day to less than 1.1 million.[34] Sanctions put pressure on Iran to engage in negotiations, but they also caused great suffering for common people. Although the 2015 JCPOA brought some short-term respite, the US exit in 2018 caused the economy to deteriorate once further.[35][36]

Russia: Following the full-scale invasion of Ukraine in 2022, a coalition of Western nations imposed extensive sanctions on Russia. These included freezing central bank assets, banning SWIFT access, and targeting oil exports.[37] Politically, the goal was to punish aggression and weaken Russia's war effort. Economically, the sanctions have indeed battered Russia's

[29] Aida Ranjkeshan, 'An Empirical Analysis of the Economic Effects of Sanctions: A Case Study of Iran and Russia' (Master's thesis, Lund University 2023)
[30] Gaur A, Settles A and Väätänen J, "Do Economic Sanctions Work? Evidence from the Russia-Ukraine Conflict" (2023) 60 Journal of Management Studies 1391 https://doi.org/10.1111/joms.12933
[31] K. K. Bhattacharya, 'Economic Sanctions and the Global Economy: An Empirical Analysis' (2024) *Journal of Economic and Administrative Sciences* https://www.sciencedirect.com/science/article/pii/S221484502400139X
[32] Shahlar Ibadzade, 'Analysis of the Extent of Sanctions Effectiveness in International Law' (27 May 2023) *LAWELS* https://lawels.com/en/analysis-of-the-extent-of-sanctions-effectiveness-in-international-law/
[33] Sarah Lee, 'A Quick Look at Global Trade Sanctions Policy' (27 April 2025) *Number Analytics* https://www.numberanalytics.com/blog/global-trade-sanctions-policy-guide
[34] U.S. Energy Information Administration, 'Iran's Oil Exports Not Expected to Increase Significantly Despite Recent Negotiations' (25 November 2013) https://www.eia.gov/todayinenergy/detail.php?id=14111
[35] Council on Foreign Relations, 'What Is the Iran Nuclear Deal?' (27 October 2023) https://www.cfr.org/backgrounder/what-iran-nuclear-deal
[36] Pierre-Emmanuel Dupont, 'The Legality of Economic Sanctions: The Case of Iran' (2021) *Indian Journal of International Economic Law* 4(1) 9.
[37] HFW, 'International Trade Sanctions' in *The Shipping Law Review* (Lexology, 2023) https://www.hfw.com/insights/the-shipping-law-review-tenth-edition/

economy.[38] Russia's GDP fell by 3.5 percent in 2023, with foreign direct investment plummeting.[39] While these measures weakened the Russian economy, Russia pivoted to Asian markets, highlighting the resilience of large economies.[40] At the same time, sanctions evasion and trade rerouting through countries like Kazakhstan and China diluted the effectiveness of the sanctions, underscoring the need for comprehensive enforcement.[41] Russia adapted by rerouting trade through non-aligned countries and expanding domestic production. The long-term impact remains uncertain, and their effectiveness in changing Moscow's strategic calculus appears limited.[42] However, despite severe hardship, Russia's political leadership has not changed course.

Iraq: The UN sanctions imposed on Iraq in the 1990s, following its invasion of Kuwait, restricted the nation's access to vital products and services, including food and medicine. This had a catastrophic impact on the Iraqi populace, resulting in pervasive starvation and illness.[43][44] The situation adversely affected the economy, resulting in a significant decrease in oil exports, currency devaluation, and an increase in inflation.[45] The Oil-for-Food Programme, instituted by the UNSC to alleviate the humanitarian crisis, was marred by corruption and inefficiency, hence worsening the situation.[46]

CONCLUSION

A potent and contentious tool of diplomacy and international law, trade sanctions persist. Sanctions are well-grounded in law and have wider international legitimacy when enforced

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[38] European Council, 'Impact of Sanctions on the Russian Economy' (European Union, 12 October 2023) https://www.consilium.europa.eu/en/infographics/impact-sanctions-russian-economy/#:~:text=According%20to%20the%20World%20Bank%2C,1

[39] International Monetary Fund, *World Economic Outlook: Steady but Slow: Resilience amid Divergence* (April 2024)

[40] Clyde Russell, 'Crude Oil Market Share Battle May Be Kicking Off in Asia' (11 March 2025) *Reuters* https://www.reuters.com/markets/commodities/crude-oil-market-share-battle-may-be-kicking-off-asia-russell-2025-03-11/

[41] Jana Ilieva, Aleksandar Dashtevski and Filip Kokotovic, 'Economic Sanctions in International Law' (2018) 9(2) *UTMS Journal of Economics*, 206–207.

[42] Erika Szyszczak, 'Sanctions Effectiveness: What Lessons Three Years into the War on Ukraine?' (19 February 2025) *Economics Observatory* https://www.economicsobservatory.com/sanctions-effectiveness-what-lessons-three-years-into-the-war-on-ukraine

[43] UNSC Res 661 (6 August 1990) UN Doc S/RES/661.

[44] Doa Ali, 'How to Kill an Entire Country: The Legacy of the Sanctions against Iraq' (26 July 2023) *Transnational Institute* https://www.tni.org/en/article/how-to-kill-an-entire-country

[45] Ibid.

[46] Joy Gordon, 'Scandals of Oil for Food' (19 July 2004) *Global Policy Forum* https://archive.globalpolicy.org/security/sanction/iraq1/oilforfood/2004/0719scandals.htm

through multilateral mechanisms, such as the United Nations Charter.[47] Having said that, there are valid ethical and legal problems with unilateral penalties, particularly those that extend beyond international borders, as they may violate the principles of non-intervention and sovereign equality as outlined in international law.[48] Included in the list of critical issues are consequences for human rights. Sanctions, especially when used extensively or for an extended period of time, can cause serious harm to civilian populations.

Empirical research reveal that sanctions have a success rate of only 34% when it comes to accomplishing their strategic goals.[49] Certain examples, like Iran, demonstrate the efficacy of compelling negotiation; yet, other examples, like Russia, indicate the limitations of dealing with economically resilient or politically entrenched target states.

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[47] Charter of the United Nations 1945, art 41.
[48] Charter of the United Nations 1945, arts 2(1) and 2(7).
[49] Gary Clyde Hufbauer and others, *Economic Sanctions Reconsidered* (3rd edn, Peterson Institute for International Economics 2007) 158.