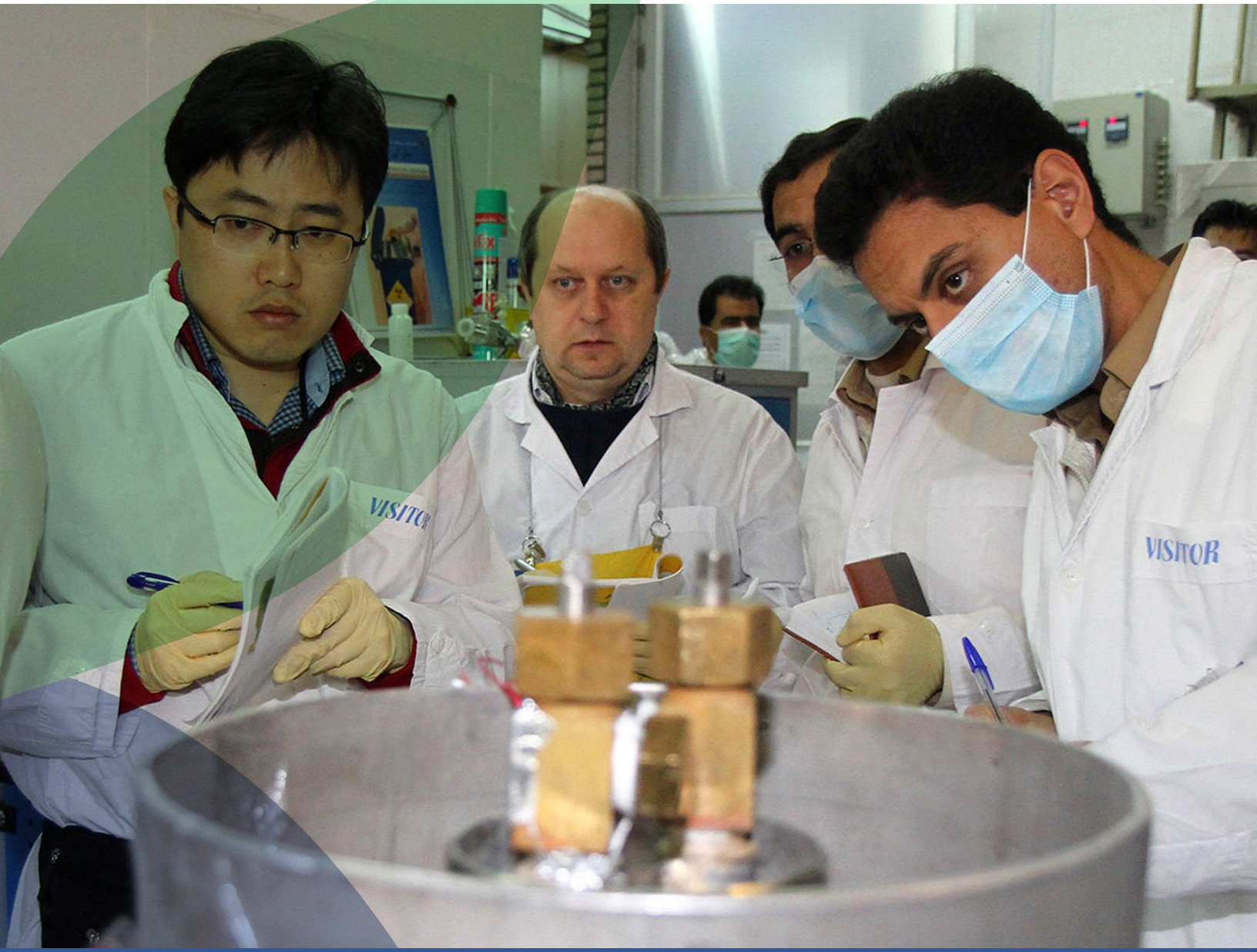

Getting the Balance Right

Refining the Strategic Application of Nonproliferation Sanctions

APRIL 2021

THE FOURTH FREEDOM FORUM

SANCTIONS & SECURITY RESEARCH PROJECT

THE FOURTH FREEDOM FORUM

Improving Cooperation.
Promoting Freedom from Fear.

SANCTIONS & SECURITY
RESEARCH PROJECT

Studying political & economic measures that enhance diplomacy & protect human rights

Recommended citation: Alistair Millar, George A. Lopez, David Cortright, and Linda Gerber, *Getting the Balance Right: Refining the Strategic Application of Nonproliferation Sanctions* (Goshen, IN: Sanctions and Security Research Project of the Fourth Freedom Forum, April 2021).

The views expressed in this report are strictly those of the individual authors and do not reflect the opinions, official policy, or positions of their respective institutions.

212 S. Main St., Ste. 1
Goshen, IN 46526 (USA)
www.fourthfreedomforum.org
www.sanctionsandsecurity.org

The Sanctions & Security Research Project is a leading source of scholarly expertise and analysis on the use of economic sanctions and incentives as instruments of peacemaking and international law enforcement. The project was designed as a research collaboration between the University of Notre Dame's Kroc Institute for International Peace Studies and the Fourth Freedom Forum of Goshen, Indiana, and provides research, consulting services, and policy recommendations to governments and organizations seeking to make sanctions and incentives more effective ways to resolve conflict and enforce international norms. The project devotes special attention to United Nations sanctions, especially for controlling nuclear weapons proliferation.

Cover photo: IAEA inspection at the Natanz, Iran, uranium enrichment plant, 20 January 2014; UPI/Kazen Ghane/IRNA News Agency.

Getting the Balance Right

Refining the Strategic Application of Nonproliferation Sanctions

CONTENTS

This paper is an expanded version of a policy report released in December 2020. It contains more detailed information to support the cases of North Korea, Iran, South Africa, and Libya.* The findings and conclusions in this version of the report remain the same as published in the original version; however, we made updates to include changes implemented by the Biden administration since the original report was published.

---

* Alistair Millar, George A. Lopez, David Cortright, and Linda Gerber, *From Crisis to Opportunity: A Policy Playbook on Nonproliferation Sanctions*, Keough School of Global Affairs, 2020.

Executive Summary

President Joe Biden's administration has considerable work ahead in reconnecting with U.S. allies and repairing the damage done to multilateral tools of statecraft, especially nonproliferation sanctions. As the new administration addresses the crisis in nonproliferation diplomacy, it has the opportunity not only to remedy the harm caused by former President Donald Trump's administration, but also to refine and improve the role of sanctions and diplomacy in stemming the spread of weapons of mass destruction (WMD).

The use of multilateral sanctions paired with diplomacy and incentives-based bargaining was once a hallmark of U.S. nonproliferation policy and helped to advance security goals in Iran, Iraq, Libya, North Korea, South Africa, and other countries. President Trump rejected cooperative approaches and misused these instruments of diplomatic persuasion as unilateral means of punishment and coercion.[1] The result was a string of nuclear security reversals and an increase in global proliferation dangers. Repairing the harm caused by these misguided policies is an urgent imperative for the new administration.

From this crisis we see an opportunity for change. In this policy paper, we argue for a recalibration of U.S. nonproliferation policy, and articulate specific recommendations for the Biden administration.

The Trump administration unraveled U.S. nonproliferation policy, which raised the risk of nuclear catastrophe.[2] The Trump White House revoked arms reduction agreements, including the landmark Intermediate-Range Nuclear Forces Treaty negotiated by the Ronald Reagan administration. It failed to reach an agreement with Russia on extending the New START treaty, risking an end to bilateral arms control and mutual on-site verification. The administration's high-visibility theatrics with North Korean leader Kim Jong-un collapsed in failure, and Pyongyang has continued to develop its nuclear weapons and ballistic missile programs. The United States abandoned a nuclear deal with Iran that placed significant limits on its nuclear program and instead reimposed punitive sanctions on the Iranian people. Tehran responded by resuming prohibited uranium enrichment.

From this crisis we see an opportunity for change. In this policy paper, we trace the negative consequences of Washington's misuse of sanctions, argue for a recalibration of U.S. nonproliferation policy, and articulate specific recommendations for the Biden administration, including:

- renewing and deepening strategic arms reduction with Russia and encouraging China to join a trilateral treaty based on steeper reductions of warheads
- strengthening multilateral efforts for cooperative nonproliferation

1 Fareed Zakaria, "America's Excessive Reliance on Sanctions Will Come Back to Haunt It," *Washington Post,* 27 August 2020.

2 Edmund G. Brown, Jr., Ro Khanna, and William J. Perry, "5 Steps for the Next President to Head Off a Nuclear Catastrophe," *Politico,* 31 October 2020.

- using sanctions and incentives to negotiate and restore nonproliferation agreements with Iran and North Korea
- creating an independent National Commission on Economic Statecraft to overhaul U.S. sanctions policy based on the following principles:
  - focus on multilateral sanctions rather than unilateral measures
  - emphasize inducement strategies
  - use targeted sanctions that avoid harm to innocent populations

Throughout this paper, we argue for a greater commitment to sanctions that fit the reality of each discrete case of proliferation, nimble diplomacy that includes incentives-based bargaining, and strategies for reciprocal threat reduction to reduce nuclear dangers and enhance international cooperation for peace and security.

Sanctions and North Korea

President Trump's high-visibility diplomacy with Kim Jong-un in Singapore in 2018 and Hanoi in 2019 initially reduced some tension but did not halt or slow North Korea's nuclear weapons programs. Pyongyang has refrained from nuclear test explosions since 2017, but has steadily expanded missile development and testing as well as its nuclear production capabilities. A recent report from the International Atomic Energy Agency (IAEA) indicates that North Korea has continued to produce highly enriched uranium to develop nuclear warheads.[3] In October 2020, Pyongyang paraded what appeared to be a large intercontinental ballistic missile along with other new missiles.[4] The nuclear threat from North Korea remains significant; some view it as increasingly serious.[5]

For nearly three decades, the United States has combined multilateral sanctions imposed by the United Nations (UN) Security Council with regional and unilateral sanctions as instruments of diplomacy to stifle North Korea's nuclear weapons and ballistic missile programs. In 1993, North Korea announced its plans to expel IAEA inspectors and withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). President Bill Clinton's administration threatened to seek UN sanctions against North Korea. With tensions mounting, former President Jimmy Carter interceded and the administration successfully negotiated the 1994 Agreed Framework, a classic example of offering inducements for nonproliferation cooperation. Pyongyang halted its nuclear production and reprocessing activities and allowed international inspections to resume. In exchange, the United States, South Korea, and Japan agreed to provide North Korea with fuel oil, new less-proliferation-prone light water nuclear reactors, and the beginnings of diplomatic recognition.

The Agreed Framework was successful for a time in shutting down the North Korean nuclear program, but it gradually unraveled. North Korea complied with its commitment to halt plutonium production, but pursued a secret uranium enrichment program in violation of its pledge to shut down the nuclear program. U.S. implementation of the agreement lagged, in part because of a political backlash among Republicans in Congress. Washington fell behind on promised deliveries of fuel oil and was unable to improve diplomatic ties, in part because of stumbling blocks and acts of defiance from North Korea. The construction of the civilian reactors fell far behind schedule. In December 2002, soon after its uranium enrichment program was disclosed, Pyongyang expelled IAEA inspectors and a month later officially announced its withdrawal from the NPT.

From the 1990s onward, relations between Pyongyang and Washington have followed a tit-for-tat pattern: conciliatory action bringing improvement; confrontation breeding hostility. Pyongyang has resorted frequently to threat-based diplomacy. As Leon Sigal observed, "North Korea often floats concessions on

3 Julia Masterson, "North Korea Continues Uranium Enrichment," Arms Control Association, October 2020.

4 Hyonhee Shin and Josh Smith, "North Korea Unveils 'Monster' New Intercontinental Ballistic Missile at Parade," *Reuters*, 9 October 2020.

5 Noah Bierman, "North Korea Was Trump's Chief Foreign Policy Boast, but Things Got Worse on His Watch," *Los Angeles Times*, 24 August 2020.

a tide of threats."[6] Isolated and vulnerable in a post–Cold War world, feeling threatened by continued U.S. enmity and military deployments in the region, political leaders in Pyongyang have sought to achieve security and preserve their power by threatening Washington and then offering to bargain away their weapons in exchange for a lifeline of diplomatic and economic survival.

North Korean officials have stated frequently their willingness to abandon their prohibited weapons programs in return for U.S. security assurances and guarantees of a normalized diplomatic and commercial relationship, but they have violated agreements that contain such promises. An example was the September 2005 joint statement negotiated in the six-party talks initiated by President George W. Bush's administration. These talks were an attempt to broaden the diplomacy with North Korea by engaging China and Russia, along with Japan and South Korea. The statement included a security assurance declaration from the United States, which stated explicitly that it had no intention of attacking North Korea with nuclear or conventional weapons. The two sides differed over the details and meaning of the plan, however, and were unable to break the impasse as the pattern of confrontation continued.

The situation worsened dramatically when North Korea conducted its first nuclear test in October 2006 and accelerated long-range ballistic missile tests. The North Korean underground nuclear explosion was a game-changer and prompted the UN Security Council to take action. Immediately after the test, the Council adopted Resolution 1718 on 14 October, which imposed a range of sanctions on North Korea, calling on the regime to return to the NPT, cease all testing of nuclear weapons and ballistic missiles, and verifiably and permanently abandon both programs. The resolution also created a sanctions committee to oversee implementation; subsequent resolutions created and extended the mandate of a UN panel of experts, which supported implementing sanctions by monitoring and reporting patterns of noncompliance. Since the initial resolution, the Council has adopted 20 resolutions refining and extending the sanctions against Pyongyang. Despite these pressures, North Korea has refused to abandon its nuclear and ballistic missile weapons programs, and little if any progress has been made.

Beginning in 2016, the Security Council increased the pressure on Pyongyang, imposing a range of new sanctions in Resolutions 2270 and 2321 (2016), and 2397 (2017). These measures included bans on exports of coal, iron, oil, steel, and other commodities, along with steps to encourage greater enforcement of the sanctions. During these years, the United States also strengthened its financial restrictions on the regime, blacklisting major North Korean banks and Chinese financial entities that facilitated financial sanctions evasion.

North Korea has withstood these sanctions by exploiting lax enforcement in China and creating an elaborate global network of front companies and corrupt patronage systems. Pyongyang's versatile and highly evolved schemes for illicit financing and commercial operations have managed to stay ahead of the tightening attempts at financial and economic strangulation by the United States and other states. As reported by Edith Lederer, a recent panel of experts report monitoring sanctions on North Korea reveals the astounding success of the system of shadow companies and financial institutions, and sophisticated multisite money laundering that Kim Jong-un has constructed.[7] In addition, North Korean hacking schemes have successfully stolen millions from various banking systems and sought to establish fraudulent blockchain platforms to extort and steal more than $1 billion through various cyberattacks, including U.S. targets.[8] With these successful sanctions evasion efforts, according to World Bank figures, North Korea has managed to eke out a modest degree of economic growth despite the sanctions.[9]

---

6 Leon V. Sigal, "Negotiating with the North," *Bulletin of the Atomic Scientists* 59, no. 6 (November/December 2003): 20; Leon Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton, NJ: Princeton University Press, 1999).

7 Edith M. Lederer, "UN Experts: North Korea Using Cyber Attacks to Update Nukes," *APNews*, 9 February 2021.

8 Dan Mangan, "North Korean Hackers Charged in Massive Cryptocurrency Theft Scheme," *CNBC*, 17 February 2021.

9 See the World Bank, "GDP Growth (annual %)—Korea, Rep.," accessed 25 February 2021.

The Trump administration introduced maximum pressure sanctions with a heavy emphasis on U.S. unilateral measures that attempted to deny Kim Jong-un both markets for goods and stifle his success in the financial arena. However aggressive and even successful U.S. Treasury actions were in selective cases, the absence of coordinated diplomacy through the UN Security Council and especially with regional actors failed to constrain Pyongyang's ability to finance its growing missile and nuclear program.[10]

Trump's high-visibility personalized diplomacy with Kim Jong-un in 2018 and 2019 led to some initial steps toward reducing tension. Pyongyang agreed to suspend further nuclear explosions and long-range ballistic missile tests, and the United States deferred military exercises with South Korea that Pyongyang had long considered provocative. These steps were not part of a sustained diplomatic process, however, and they have not brought further progress in achieving the verified denuclearization demanded by the White House.

A significant casualty of overemphasizing personalized diplomacy was the unwillingness of the Trump administration to seek new sanctions on North Korea for its medium-range missile tests of 2019, which were direct violations of prior Security Council resolutions. The administration's rationale for not penalizing North Korea relied on Kim Jong-un keeping his promise not to test long-range missile systems that did not threaten the United States. It was clear by mid-2019 that North Korea also had reached Kim Jong-un's goal of developing and deploying nearly three dozen nuclear weapons.[11]

In short, since 2016, the United States has missed opportunities to set and attain more realistic goals. Instead it has increased unilateral financial restrictions on the regime, blacklisting major North Korean banks. The Trump administration shunned further UN Security Council sanctions and opted for personal diplomacy with Kim Jong-un. The administration lacked a multilateral strategy linking sanctions and incentives to constrain North Korea's nuclear program.

As the Biden administration begins, there is wide recognition that confronting the nuclear danger in North Korea will require a new realism to address the long-term goal of seeking complete disarmament by Pyongyang. This should include clear short- and medium-term goals, and a greater attention to a more nimble mixture of sanctions and incentives with engaged diplomacy to achieve these. The first dimension of this realism is the stated recognition in U.S. policy that complete denuclearization of the Korean peninsula is the ultimate objective, but more modest interim steps will be needed to build cooperation and trust between the United States and North Korea. As former Defense Secretary William Perry has argued, the immediate goal of negotiations should be a nuclear freeze.[12] North Korea already has nuclear weapons and will not give them up easily, but Kim Jong-un could take any number of options to reduce tensions in this crisis. For example, North Korea could agree to a verified halt to further testing of nuclear weapons and long-range ballistic missiles. In essence this would institutionalize the current halt to nuclear explosions and ballistic missile testing.

To achieve this leads to the second dimension of a new realism regarding North Korea. As noted by various new studies, and advocated by our own research team in various fora, the United States should be prepared to ease sanctions in exchange for Pyongyang's acceptance of certain measures on their part, for example, the international verification of its nuclear freeze. There needs to be a new understanding that sanctions pressure needs to be combined with incentives to ensure compliance. Relatively obvious incentives would include an offer to lift sanctions, provide security assurances and guarantees for the regime's survival, and normalize diplomatic and commercial relations.

---

10 United States Department of the Treasury, "North Korea Ballistic Missile Procurement Advisory," 1 September 2020.

11 Thomas J. Biersteker and David Lanz, *Negotiated Settlement through Sanctions Relief: Options for the Korean Peninsula*, Asia-Pacific Leadership Network Policy Brief 75, 24 December 2020.

12 William J. Perry, "To Confront North Korea, Talk First and Get Tough Later," *Washington Post*, 6 January 2017.

As Thomas Biersteker and David Lanz illustrate, the United States can begin to meet the long-stated demand of the North Koreans for sanctions relief in multiple ways, from relaxing implementation of specific sanctions, to temporarily suspending and significantly adjusting trade restrictions, or other measures.[13] The new sanctions-incentives-diplomacy mix must operationalize the versatility available to the United States in negotiating sanctions relief.

This leads to the third dimension for controlling North Korea's proliferation success: engaged diplomacy at multiple levels of economic, military, and political dialogue to offer North Korea normalized and stable relations with the United States and the region. Here again, our own ideas are echoed by other recent studies that argue for new strategic bargaining backed by strong economic and political statecraft. These approaches range from proposals for the style and substance of new negotiations with the North Koreans, to more specific step-by-step confidence-building measures and tension reduction actions taken by the United States and reciprocated by the North Koreans.[14]

This threefold strategy would depend on Washington working effectively with its international partners, perhaps using the six-party framework. China, upon which North Korea relies for more than 80 percent of its foreign trade, is obviously a key partner in any such arrangement. Thus the Biden administration must have trade policy with China that is in sync with its aims with North Korea. So too it will need a re-engagement with allies in the region and with the Security Council to ensure that a reconstructed package of sanctions and incentives mixed with diplomacy could work in achieving nonproliferation with North Korea.[15]

13 Biersteker and Lanz, "Negotiated."

14 Van Jackson, *How to Engage the Enemy: The Case for National Security Diplomacy with North Korea*, United States Institute of Peace Special Report 479, September 2020; and Frank Aum and George A. Lopez, "A Bold Peace Offensive to Engage North Korea," *War on the Rocks*, 4 December 2020.

15 See Michael D. Swaine, Jessica J. Lee, and Rachel Esplin Odell, *Toward an Inclusive & Balanced Regional Order: A New U.S. Strategy in East Asia,* Quincy Institute for Responsible Statecraft, Quincy Paper 5, January 2021.

Sanctions and Iran

The formula of multilateral diplomacy with EU and UN sanctions was successful in Iran. The 2015 Joint Comprehensive Plan of Action (JCPOA) established significant constraints on Iran's nuclear program.[16] Iran reduced its stockpile of enriched uranium by 98 percent, shut down two-thirds of its centrifuges, significantly curtailed its remaining enrichment capacity, eliminated its ability to produce plutonium, and accepted the most comprehensive and intrusive weapons inspection system ever operationalized.

In response to the confirmation of Iranian compliance with these terms, the UN Security Council unanimously adopted Resolution 2231 (July 2015) lifting sanctions.[17] The resolution created the legal framework for all member states to engage in economic trade, investment, banking, and travel with Iran. It also included novel "snap-back" provisions for the re-instatement of sanctions if Council members found Iran in noncompliance with the agreement. The termination of sanctions was the inducement Iran accepted as the condition for nuclear restraint. For three years, as documented in a dozen IAEA inspection reports, Iran fully implemented the terms of the agreement.[18]

The Trump administration nonetheless repudiated the JCPOA and reinstated U.S. sanctions to force compliance with a set of political demands that went far beyond nuclear security. The White House stood alone in this action, without the support of UN member states or significant U.S. allies.[19] The administration attempted in August 2020 to win approval for invoking the snap-back provisions for renewed sanctions, but the Security Council refused, with 13 of the 15 Council member states rejecting the request.[20] Only the Dominican Republic sided with the United States. Undaunted by this diplomatic defeat, the Trump administration continued its "maximum pressure" policy, increasing economic pressure on Tehran and using the power of the dollar to reduce Iranian oil exports and paralyze its economy.[21]

The United States imposed unilateral sanctions on Iran soon after the 1979 Islamic revolution and since then added a wide array of economic and technological restrictions on the regime. The sanctions were imposed initially as punishment for Iran's human rights violations and its support of international terrorism, but they also addressed nonproliferation issues as concerns increased about the regime's clandestine nuclear program. In 1996, the U.S. Congress adopted the Iran Libya Sanctions Act (ILSA) to counter Iran's support for terrorism and its efforts to develop or acquire WMD.[22] The law included controversial extraterritoriality provisions, authorizing U.S. sanctions against individuals from European

16 "Iran Joint Comprehensive Plan of Action (JCPOA)," U.S. Department of State Archive, 14 July 2015.

17 UN Security Council, S/RES/2231, 20 July 2015.

18 Kelsey Davenport, "The IAEA Reports—Yet Again—Iran's Compliance with the JCPOA," Arms Control Association, 30 November 2018.

19 Garrett Nada, "Trump and Iran in 2017," *The Iran Primer*, 21 December 2017.

20 Robbie Gramer, Jack Detsch, and Colum Lynch, "U.S. Isolated at U.N. as Push to Ramp Up Pressure on Iran Fails," *Foreign Policy*, 21 September 2020.

21 Sina Toossi, "Iran Is Becoming Immune to U.S. Pressure," *Foreign Policy*, 2 July 2020; Alex Lawler, "Hit by Sanctions and Rising Tensions, Iran's Oil Exports Slide in July," *Reuters*, 30 July 2019; and Rick Noack, Armand Emamdjomeh, and Joe Fox, "How U.S. Sanctions Are Paralyzing the Iranian Economy," *Washington Post*, 10 January 2020.

22 The Libyan sanctions were terminated in August 2006, after which the Act was known as the "Iran Sanctions Act" (ISA).

states and other countries who do business in Iran. The EU objected strenuously to these provisions as a violation of international trade agreements and issued a regulation and filed lawsuits to block their implementation.[23]

ILSA and other U.S. unilateral sanctions had little or no effect in changing Iran's policies. Tehran was able to turn elsewhere for trade, especially toward Europe and the developing states of Asia. As other cases confirm, unilateral sanctions are seldom successful in achieving policy objectives.[24] In an increasingly globalized world, targeted nations have multiple options for substituting trade relations with other nations when a principal trading partner cuts off commercial ties. Few nations were willing to join the U.S. policy of imposing draconian sanctions against the Iranian regime.

This began to change after 2002 when Iranian opponents of the Islamic government revealed previously unreported uranium enrichment activities and nuclear production facilities in Iran.[25] When IAEA inspectors were denied access and cooperation from Tehran to resolve these claims, the Board of Governors of the agency reported "serious concerns" to the Security Council. The February 2006 IAEA report triggered action from the Council, which a few months later adopted Resolution 1737, the first in what would become a series of nonproliferation sanctions resolutions over the years designed to compel the Tehran government to halt the development of nuclear production capacity and guarantee the civilian nature of its nuclear program.

Some of the demands made in the Resolution 1718 on North Korea earlier in 2006 were included in the sanctions against Iran. Resolution 1737 demanded that Tehran suspend all enrichment-related and reprocessing activities, including research and development, and that it allow IAEA verification of the suspected sites. To enforce its demands, the Council imposed an embargo on all items, materials, equipment, goods, and technology that could contribute to the Iranian uranium enrichment program. It also imposed an assets freeze on designated Iranian individuals and entities. When Iran did not respond to these demands, the Council increased the pressure by adopting Resolution 1747 in 2007, imposing an arms embargo. Other sanctions in subsequent years progressively tightened the restrictions on Iran.

The U.S. policy of taking the Iran case to the UN Security Council was initiated under the George W. Bush administration and was sustained and intensified by President Barack Obama's administration. Bipartisan political support existed for UN Security Council action on Iran and was sustained through both administrations. This was an important factor in assuring the continuity of U.S. policy and maintaining the unity and effectiveness of UN action.

The backing of the UN Security Council reflected a high degree of international unity in support of exerting diplomatic pressure on Iran. It was especially important that Russia and China joined the consensus. This was the first time the two states supported the United States and other countries in applying nonproliferation sanctions on Tehran. This increased Iran's isolation in the international community. Another powerful blow was the active support of the European Union and the cooperation of Germany and other EU member states in applying financial and commercial sanctions on Iran. The imprimatur of the UN Security Council provided the legal and political authority necessary for European states to join the United States in imposing sanctions. The European states not only implemented the sanctions adopted by the Security Council but added their own more forceful measures against Iran. The cumulative weight of UN, European Union, and U.S. sanctions exerted significant persuasive pressure.

The willingness of the UN Security Council to take measures against Iran reflected the high international salience of nonproliferation issues. Nuclear proliferation is a threat to all nations, including Russia

23 Kenneth Katzman, "The Iran Sanctions Act (ISA)," CRS Report to Congress, Order Code RS20871, 12 October 2007.

24 Navin A. Bapat and T. Clifton Morgan, "Multilateral versus Unilateral Sanctions Reconsidered: A Test Using New Data," *International Studies Quarterly* 53, no. 4 (December 2009): 1075–1094.

25 Zachary K. Johnson, "Revelations of a Secret Program," *Frontline World*, May 2005, accessed 25 February 2021.

and China, and provides a basis for gaining high levels of international cooperation. While supporting the imposition of sanctions, the European states also consistently advocated for providing incentives for Iranian compliance.[26] The EU stated its intention to suspend sanctions if Iran would suspend its enrichment activities, a "suspension for suspension" offer. It also stated its willingness to halt any further sanctions if Iran would halt any further enrichment, a "freeze for freeze" formula.[27]

None of these offers were effective with the hardline Mahmoud Ahmadinejad administration in Iran, but when the more pragmatic government of President Hassan Rouhani took office in 2013, the offer to lift sanctions and open the door to negotiations finally began to pay off. As the new regime took office in Tehran and the pressure of EU sanctions began to have serious impacts, Iran came to the bargaining table with renewed seriousness and signaled its willingness to negotiate nuclear restraint in return for sanctions relief.

The strategy of offering incentives for compliance proved successful because it matched the preferences of the new government. Rouhani campaigned on an explicit pledge to end Iran's international isolation and improve the country's economy.[28] Achieving those goals required the lifting of U.S. and European Union sanctions, which in turn meant negotiating a deal on the nuclear issue. The international strategy of offering to lift sanctions matched his domestic agenda of enhancing trade and investment and led to a successful negotiated settlement, the JCPOA.

In September 2017, the Chairman of the Joint Chiefs of Staff, General Joseph Dunford, told the Senate Armed Services Committee that Iran was complying with the JCPOA and that withdrawal would have "unfortunate" ripple effects.[29] The head of U.S. Central Command, General Joseph Votel, testified to the same committee in March 2018 that the Iran deal was addressing the nuclear threat from Iran and was "in our interest."[30] The U.S. National Security Advisor, General H.R. McMaster, was known to be working to save the deal before he was forced out of office in March 2018.[31] Former senior military commander and George W. Bush administration official Colin Powell had described the JCPOA as "a pretty good deal" with a "very rigorous verification regime."[32]

These and other security concerns were brushed aside with the decision to disregard this textbook case of a best practice in effective diplomacy. The JCPOA was the result of a strategic package of sanctions and incentives that yielded unprecedented, independently verified results that made the Middle East region and the international community safer. That safety was again in jeopardy as the United States mounted efforts to increase pressure on Iran but actually undermined the remaining safeguards in place as a result of the JCPOA. For example, on 27 May 2020 it was reported that the Department of State circulated a memo stating that the Trump administration was ending sanctions waivers. As an integral component of the JCPOA, these waivers allowed Chinese, European, and Russian companies to support lawful nuclear energy production in Iran. Countries offering that help faced sanctions from the United States if they continued, "dealing another major blow to the Iran nuclear deal and raising the prospect of covert advances in Tehran's nuclear program."[33]

---

26 Brendan Taylor, *Sanctions as Grand Strategy*, Adelphi 411 (New York: Routledge, International Institute for Strategic Studies, 2011), 73.

27 Clara Portela, "The EU's Evolving Responses to Nuclear Proliferation Crises: From Incentives to Sanctions," SIPRI, Non-Proliferation Papers, no. 46, July 2015, p. 8.

28 Thomas Erdbrink and Rick Gladstone, "Iran's President Defends Nuclear Deal in Blunt Remarks," *New York Times*, 23 July 2015.

29 Paul Mcleary, "Trump's Top General Says Iran Honoring Nuke Deal," *Foreign Policy*, 26 September 2017.

30 Idrees Ali, "U.S. General Signals Support for Iran Nuclear Deal," *Reuters*, 13 March 2018.

31 Betsy Swan and Spencer Ackerman, "McMaster Rushes to Save the Iran Deal That Trump Promised to Kill," *Daily Beast*, 10 January 2018.

32 Alexandra Jaffe, "Colin Powell: Iran Deal Is 'a Pretty Good Deal,'" *Meet the Press*, NBC News, 6 September 2015.

33 John Hudson, "Trump Administration to End Iran Deal Waivers in a Blow to Obama-Era Pact," *Washington Post,* 27 May 2020.

After the U.S. election in November 2020, debates about and proposals for the best way forward for the president-elect multiplied. The Center for a New American Security proposed a "more for more" strategy to build support for an expanded successor agreement to the JCPOA.[34]

As of this writing, it remains to be seen whether this sort of rebooted strategic approach to prevent Iran from developing nuclear weapons will take root, and how so. Iran holds strongly to the view that as the party that withdrew from a working deal, the United States must return to the JCPOA without any Iranian action or concession. But various actors in and out of the United States maintain that Iran needs to roll back uranium production and other actions it has pursued since late 2020 that now violate the JCPOA. Both sides should be willing to make concessions and focus on getting the JCPOA back on track.

Since 2018, Europe's E3 has sought to restrain Iranian actions that would fully gut the JCPOA. Russia, China, and EU countries worked hard to get the JCPOA over the line, not only to further their own national security interests, but also because they wanted to benefit from trade with a more open Iranian market. These financial interests are an important element of the deal. Inducements are necessary for keeping on board other stakeholders besides the target country. Applying measures that build in more resilience to the overall package of sanctions, inducements, and diplomacy could help to strengthen nonproliferation sanctions with Iran and other cases in the future.

Beyond disastrous brinkmanship in nuclear issues, the Trump administration's maximum pressure campaign severely diminished U.S. standing as a leader on this issue. U.S. secondary sanctions used against European allies often targeted their financial institutions, locking down the business of major banks in the Middle East and denying access to dollar financing for companies that chose not to end existing trade relations with non-nuclear industries in Iran. These banking sanctions especially cast a chill over the entire Iranian economy and generated broad economic hardships equivalent to the negative effects of general trade sanctions.[35]

The Iranian people have paid the price for these measures. The Iranian rial lost more than 60 percent of its value in the first year after sanctions were re-imposed, eroding the savings of many people.[36] Although U.S. sanctions were written to include some exemptions for humanitarian goods, in practice these restrictions on financing made it difficult for relief groups to send needed goods and services, especially for specialized medicines during the COVID pandemic. As Iran developed the highest infection rate in the Middle East, the United States not only refused to ease sanctions but in October 2020 imposed additional banking restrictions and used its veto in the International Monetary Fund to block Tehran's petition for a humanitarian loan.[37] Counterproliferation sanctions can and should be constructed and implemented in a manner that does not harm innocent civilian populations who have no involvement in the policies Washington is trying to influence.

---

34 Ilan Goldenberg, Elisa Catalano Ewers, and Kaleigh Thomas, *Reengaging Iran: A New Strategy for the United States*, Center for a New American Security, 4 August 2020.

35 Shahrzad Noorbaloochi, "New Financial Sector Sanctions Will Eviscerate Humanitarian Trade with Iran," *Just Security*, 9 October 2020.

36 Davide Barbuscia, "Iran Inflation Could Reach 40 Percent This Year as Economy Shrinks Further—IMF," *Reuters*, 29 April 2019.

37 U.S. Department of the Treasury Office of Foreign Assets Control, "Clarifying Guidance: Humanitarian Assistance and Related Exports to the Iranian People," 6 February 2013; and Yuliya Talmazan and Abigail Williams, "U.S. to Impose New Sanctions on Iranian Banks," *NBC News*, 8 October 2020.

Sanctions and South Africa

UN sanctions signal normative disapproval from the international community and contribute to the economic, political, and cultural isolation of targeted regimes. The desire to escape such isolation was a factor in South Africa's political transformation and its decision to dismantle its nuclear weapons program in the late 1980s.[38] During the Cold War, the Security Council was an arena of great power competition rather than cooperation. Even as worldwide condemnation of the apartheid regime in South Africa mounted, the Council stayed mostly on the sidelines. In 1962, the UN General Assembly passed a resolution condemning apartheid and the regime's abuses of the majority African population, calling on states to ban all trade with South Africa, but the resolution was nonbinding and had little effect.

The Security Council finally took mandatory action in 1977, the year after the Soweto massacre, when it adopted Resolution 418 imposing an arms embargo against the Pretoria regime. Resolution 418 was directed against the regime's racial discrimination and brutal repression, but it also contained language expressing concern that South Africa was "on the threshold of producing nuclear weapons."[39] The arms embargo not only prohibited states from providing arms or weapons-related services to South Africa, it also barred cooperation with South Africa in the manufacture and development of nuclear weapons. This provision of the arms embargo was motivated by increasing evidence of the regime's efforts to acquire nuclear weapons capability. In 1974, South Africa turned its civilian nuclear energy program into a clandestine nuclear weapons program that proceeded to produce six nuclear devices. International concern about the possibility of a South African bomb mounted.

By the late 1980s, pressures from the powerful anti-apartheid resistance within South Africa and mounting international boycotts and isolation of the regime led to historic change. The regime agreed to free Nelson Mandela, end the apartheid system, and permit free elections for a nonracial democracy. It also took steps to terminate its nuclear weapons program and destroy its existing weapons. For years, the apartheid government had been a vocal opponent of acceding to the NPT,[40] but in 1991 South Africa signed the NPT. In 1995, Pretoria supported the permanent extension of the treaty at the NPT Review Conference, encouraged by diplomatic efforts led by Ambassador Thomas Graham, Jr., the acting director of the U.S. Arms Control and Disarmament Agency.[41] South Africa became a supporter of initiatives for nonproliferation and disarmament at the United Nations and other international fora. To this day, it remains the only country to have destroyed all of its own nuclear weapons.[42]

---

38 Uri Friedman, "Why One President Gave Up on His Country's Nukes," *The Atlantic*, 9 September 2017.

39 UN Security Council, S/RES/418, 4 November 1977.

40 Abdul Samad Minty, "Keynote Address," in *The Nuclear Debate: Policy for a Democratic South Africa*, Proceedings of a Conference under the Auspices of the ANC Western Cape Science and Technology Group and The Environmental Monitoring Group (Cape Town: Environmental Monitoring Group, Western Cape, 1994), 7–15, as quoted in Michal Onderco and Anna-Mart Van Wyk, "Birth of a Norm Champion: How South Africa Came to Support the NPT's Indefinite Extension," *The Nonproliferation Review* 26 (2019): 1–2, 25.

41 Onderco and Van Wyk, "Birth of a Norm Champion," 1–2, 25.

42 Three other countries—Belarus, Kazakhstan, and Ukraine—also dismantled weapons on their soil but they had each inherited their nuclear weapons from the former Soviet Union and could not afford to control and maintain them independently.

What role did sanctions play in bringing about these dramatic changes in South African policy? The regime faced a wide array of sanctions in the 1970s and 1980s, not only from the UN arms embargo but from sanctions adopted by individual countries, including the Comprehensive Anti-Apartheid Act of 1986 approved by the U.S. Congress over the veto of President Reagan. These measures generated both economic and political costs for the regime. Especially significant was the loss of investor confidence in South Africa's economy, as the internal resistance movement made the country increasingly ungovernable and international divestment campaigns convinced companies to withdraw from doing business in the country.[43] Notably, the Security Council saw a considerable link between the dangers of nuclear proliferation and patterns of systematic government malfeasance and injustice in apartheid that jeopardized international peace and security. Sanctions were part of a broad national and international movement to isolate the regime and pressure it to end the apartheid system and abandon its nuclear weapons.[44]

South African President F.W. de Klerk claimed that the decision to dismantle nuclear weapons was made "without any pressure from outside" and was intended to prove to the world that Pretoria was serious about structural reform. He also said, however, that the primary motivation for the change in policy was "to achieve re-acceptance into the international community."[45] These seemingly contradictory statements suggest that the desire to escape sanctions and international opprobrium was a significant influence, but that it worked more as an inducement than as a form of punishment. The government continued to deny the influence of sanctions, but the weight of that external pressure was sufficient to motivate fundamental changes intended to remove the pressure. The desire to escape sanctions and re-integrate with the rest of the world played an important role in ending apartheid and dismantling the South African bomb.

Several important lessons are evident from the South Africa case. The first is that the international community—through the Security Council—went as far as it could, in the height of the Cold War, in condemning and putting in place voluntary sanctions that linked apartheid and nuclear development as norm violations. The Council learned that by finding a way, however incrementally, to link the nonproliferation goals of subsequent sanctions regimes to basic concepts of international peace and security, consensus could emerge.

The second lesson is that a broad coalition of insiders and outsiders can produce maximum clout from sanctions. When the United States and European states moved to impose sanctions, they did so with clear messages of support from leaders of the African National Congress and other domestic actors. The power and potential of civil society is an important bulwark against domestic oppression, but it often needs the support of international actors, especially sympathetic foreign governments, to get the message across and apply effective pressure for policy changes.

The third lesson is that the international economic elites in Europe and the United States, which were about to expand the global reward system of international finance and investment as the Cold War ended, induced South Africa to become a participating beneficiary. Had sanctions not set the table by sufficiently compromising earlier economic gains, de Klerk would not have paid attention to the gains from gold sales and international investment that were dangled in front of him by the diplomacy of the West.

---

43 Jennifer Davis, "Sanctions and Apartheid: The Economic Challenge to Discrimination," in *Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World?*, eds. David Cortright and George A. Lopez, (Boulder, CO: Westview Press, 1995).

44 Andrea Charron, *UN Sanctions and Conflict: Responding to Peace and Security Threats* (New York: Routledge, 2011). The role of local opposition to apartheid from pressure groups including nongovernment organizations working with international allies "were very effective in pressuring the Security Council and a variety of other multilateral forums to implement the objectives of South Africa's opposition." See Etel Solingen, "The New Multilateralism and Nonproliferation: Bringing in Domestic Politics," *Global Governance* 1, no. 2 (May–August 1995): 223.

45 Friedman, "Why One President Gave Up."

Sanctions and Libya

Similar motives shaped Libya's decisions to end its support for international terrorism in the 1990s and halt its weapons of mass destruction programs in 2003. At times, the threat of UN sanctions can be a form of signaling that motivates targeted leaders to offer concessions, opening the door to political bargaining that may help in reaching negotiated settlements.

The Libyan regime under the rule of Mu'ammar Qadhafi was long considered a pariah state by the United States, which imposed multiple sanctions during the 1980s for its human rights abuses and the country's role as a leading state sponsor of international terrorism. In 1992, after forensic information was uncovered by the CIA and MI6 linking the head of Libyan intelligence Abdullah al-Senussi, who was Qadhafi's brother-in-law, to numerous planned terrorist bombings, the United States and the United Kingdom brought these findings to the UN Security Council.[46]

The Council then imposed sanctions against the regime in response to its direct hand in killing more than 440 innocent civilians in the bombing of Pan Am flight 103 over Lockerbie, Scotland in December 1988, and the downing of French UTA flight 772 over Niger in September 1989. When international investigators confirmed Libya's role in these bombings, the UN Security Council took action and adopted three historic resolutions. Resolution 731 of January 1992 was the first time the Council used its authority under the UN Charter to condemn a terrorist act, denouncing Libya's support for terrorism as a threat to international security. This was followed two months later by Resolution 748, which imposed targeted aviation sanctions against the regime. A year and half later the Council strengthened these sanctions against the regime with Resolution 883. According to Ethan Chorin, "Sanctions hit Libya like a bomb. Between 1992 and 1997 the consumer price index rose 200 percent, while salaries remained fixed… [f]rom 1992 to 1999, Libya's economy grew, on average, at nugatory 0.8 percent."[47]

The 1992 Security Council sanctions against Libya were targeted measures. Already at that time, concerns were being expressed over the humanitarian impacts of the comprehensive sanctions against Iraq,[48] and Council members decided to apply more focused measures against Libya to ensure broader political support. The sanctions were targeted by being related to the nature of the terrorist acts. They banned all flights of Libya's civil aviation fleet, imposed a total arms embargo on the country, and sanctioned Libya's diplomatic establishments, which had harbored Libyan terrorist agents and managed the conspiracies that led to the destruction of the airliners. The Council sought to apply pressure on the government rather than average Libyan citizens. Among the humanitarian provisions of the sanctions was an exemption for Libyan Muslims to take pilgrimage flights to Mecca for the hajj.[49]

---

46 Eric Zubel, "The Lockerbie Controversy: Tension Between the International Court of Justice and the Security Council," *Annual Survey of International & Comparative Law* 5, no. 1, (1999): 260–262.

47 Ethan Chorin, *Exit the Colonel: The Hidden History of the Libyan Revolution* (United States: PublicAffairs, 2012), 53.

48 The March 1991 mission to assess the humanitarian needs in Iraq and Kuwait of UN Under-Secretary-General Martti Ahtisaari described "near apocalyptic" destruction from the bombing and war damage and recommended lifting sanctions on goods necessary for meeting humanitarian needs. UN Security Council, *Report to the Secretary-General on Humanitarian Needs in Kuwait and Iraq in the Immediate Post-Crisis Environment by a Mission to the Area Led by Mr. Martti Ahtisaari, Under-Secretary-General for Administration and Management*, S/22366, 20 March 1991, paras. 8, 18.

49 Thomas E. McNamara, "Unilateral and Multilateral Strategies against State Sponsors of Terror: A Case Study of Libya—1979 to 2003," in *Uniting Against Terror: Cooperative Nonmilitary Responses to the Global Terrorist Threat*, eds. David Cortright and George A. Lopez (Cambridge, MA: The MIT Press, 2007).

The Tripoli government denounced the UN actions, but it also made an attempt to avoid sanctions by offering to turn over the two suspects implicated in the Lockerbie bombing to an international tribunal. Qadhafi's vague and limited gesture was unacceptable to Council members, but it indicated, as other cases have shown, that the threat of sanctions can be effective in prompting a targeted regime to offer partial or limited concessions. In this case, the United States and other Council members were less interested in negotiating with the regime than in forcing it to turn over criminal suspects and halt its support for terrorism.

For those purposes the sanctions were effective. They took Libya out of the terrorism game for a decade, writes former Ambassador Thomas E. McNamara, who was deeply involved in negotiations with the regime. After the imposition of UN sanctions, Libya largely ceased its policy of supporting international acts of terrorism, according to U.S. government records. The State Department's annual *Patterns of Global Terrorism* report for 1996 stated, "Terrorism by Libya has been sharply reduced by UN sanctions."[50] Those sanctions were finally lifted in 1999 when Qadhafi turned over two of the Libyans wanted for the airliner attacks to a special tribunal in the Hague.

Although UN counterterrorism sanctions were lifted, the United States maintained some of its sanctions, demanding that Tripoli take further steps to compensate the victims of terrorist attacks and cooperate in global counterterrorism and nonproliferation efforts. It was well-known that, despite his government's ratification of the NPT, Qadhafi had been trying to develop nuclear weapons capability since the 1970s. Among those supporting Libya's nuclear weapons ambitions was the notorious Pakistani nuclear weapons developer A.Q. Khan, who supplied Qadhafi with weapons design and uranium enrichment technology in the late 1990s.[51]

As the regime continued its attempts to develop WMD, however, it also engaged in discussions with the United States and other countries about opening the country in the wake of the lifting of counterterrorism sanctions. Qadhafi was eager for greater foreign trade and investment. European countries were starting to relax their restrictions following the lifting of UN sanctions, and the regime wanted to end its international isolation. Through a series of complex negotiations, U.S. officials made clear that sanctions could be lifted and commercial relations with the West opened only if Libya would agree to dismantle its weapons programs.

In December 2003, Qadhafi surprised many observers by announcing his government's decision to disclose and dismantle its WMD programs and allow international inspectors to verify compliance. Vice President Dick Cheney claimed that Qadhafi acted because of "what we did in Afghanistan and Iraq" and after the arrest of Saddam Hussein.[52] Rep. Tom Lantos claimed that the decision was due to what he termed the "pedagogic value of the invasion of Iraq."[53] In reality, Libya's abandonment of its weapons program had little to do with the war in Iraq. Its decision was rooted in a process of diplomatic engagement, facilitated by a deft combination of sanctions and incentives, dating back more than a decade. It fit with Qadhafi's desire to transform Libya into a growing modern country ready to reassert regional leadership.[54]

The immediate catalyst for Qadhafi's decision was the U.S./British-led interdiction in 2003 of a German-registered ship heading for Libya carrying equipment for developing uranium centrifuges. This operation

---

50 U.S. Department of State, "Overview of State-Sponsored Terrorism," in *Patterns of Global Terrorism, 1996*, April 1997.

51 "Libya," Nuclear Threat Initiative, January 2015.

52 Dick Cheney, "Vice President Participates in a Q&A at the Boone County Lumber Company in Columbia, Missouri" (speech, Columbia, Missouri, 19 July 2004).

53 Rep. Tom Lantos, "Saddam's Fate and Libyan Leader's New Attitude," interview by Robert Siegel on *All Things Considered*, NPR, 30 January 2004.

54 Maria Rost Rublee, *Nonproliferation Norms: Why States Choose Nuclear Restraint* (Athens, GA: University of Georgia Press, 2009), 151–69.

was part of the U.S.-led Proliferation Security Initiative, a set of bilateral relationships between the United States and more than 70 countries for multilateral naval cooperation to prevent weapons trafficking. Caught red-handed through a dramatic international search operation, Qadhafi decided to abandon Libya's illegal weapons program.

McNamara attributed Libya's turnaround to the long-term effects of sanctions, the successful interdiction at sea, and the accumulated impact of years of diplomatic pressure and dialogue. Incentives from the United States and other Western countries were crucial factors in persuading Libya to change direction. Qadhafi was motivated by a desire to escape isolation and gain access to Western markets and technology, according to Flynt Leverett, former senior director for Middle Eastern affairs at the National Security Council. "Libya was willing to deal because of credible diplomatic representations…that doing so was critical to achieving their strategic and domestic goals."[55] According to Wyn Q. Bowen, it was the combination of positive security assurances and offers of economic cooperation between the United Kingdom and Libya that persuaded Qadhafi to forego Libya's pursuit of nuclear weapons.[56] Inspections by international experts also played an important role. They verified the absence of undeclared nuclear activities and oversaw the process of eliminating Libya's ballistic missiles, and chemical and biological weapons programs. They provided confidence that Qadhafi had actually complied with the terms of the Council, reassuring Libya's trading partners as they started to reinvest.[57]

The Libya sanctions saga had a further tragic chapter in 2011 with the civil uprising and Western military intervention that led to overthrow of the regime and the outbreak of civil war. In February 2011, the UN Security Council adopted Resolution 1970 referring the government's violent repression of civilian demonstrators to the International Criminal Court and imposing an arms embargo and a travel ban and financial assets freeze on listed individuals and entities. The sanctions were a response to what the Council described as "widespread and systematic attacks" taking place against Libya's civilian population that "may amount to crimes against humanity."[58] The resolution urged member states to take "necessary measures" to prevent the supply of arms to Libya. The League of Arab States called for a no-fly zone, and NATO launched its ill-fated military intervention with support from Qatar and the United Arab Emirates. The resort to military intervention proved to be counterproductive, as the state collapsed and the country descended into a multi-sided armed conflict that attracted militants from ISIS and other extremist groups and brought military intervention by rival fighters from Russia, Turkey, and other countries.

In stark contrast with Iraq, which was weakened by a failure to calibrate carrots-and-sticks diplomacy, Libya shows that the goals of the sanctions were achieved. This was done by applying an astutely managed combination of strong sanctions augmented by inducements, aggressive diplomacy supported by intelligence, and the capacity of cooperating states to enforce sanctions. The use of credible intelligence by the United Kingdom and the United States about Libya's support for terrorism convinced the Council to apply tough sanctions while negotiations yielded the prospect of increased trade between the United Kingdom and the United States and Libya. This admixture of sanctions, inducements, and diplomacy encouraged Qadhafi to cease his pursuit of nuclear weapons and allow international inspections into military sites in Libya.

---

55 Flynt Leverett, "Why Libya Gave Up on the Bomb," *New York Times*, 23 January 2004, A23.

56 Wyn Q. Bowen, "Libya, Nuclear Rollback, and the Role of Negative and Positive Security Assurances," in *Security Assurances and Nuclear Nonproliferation,* ed. Jeffrey W. Knopf (Stanford, CA: University Press, 2012).

57 Miriam Barnum and Bryan L. Fearey, "Sanctions as a Nonproliferation Tool: Lessons from Libya," *Comparative Strategy* 35, no. 4 (2016): 234–245.

58 UN Security Council, S/RES/1970, 26 February 2011.

Misusing Sanctions

Since the end of the Cold War, multilateral and unilateral sanctions have become the go-to instrument of American foreign policy, imposed to address international challenges from ending civilian wars and territorial aggression, to thwarting nuclear proliferation, mass atrocities, and terrorism. U.S. unilateral sanctions have moved increasingly from targeting national governments to imposing sanctions on thousands of specially designated individuals and entities in dozens of countries. By one recent count, the United States has nearly 8,000 sanctions in place, barring trade and financial transactions with terrorist groups, drug kingpins, and money launderers, in addition to punishing government leaders, military forces, and commercial companies.[59] The Trump administration took sanctions to a new dimension of overreach in sanctioning judges and other officials of the International Criminal Court.[60]

U.S. presidents and Congressional leaders of both political parties have participated equally in the practice of misusing sanctions. The White House has issued sweeping executive orders that expand presidential sanctioning authority, and members of Congress have adopted legislation mandating coercive measures on Iran, Libya, and other countries. Nearly twenty-five years ago, Richard Haass, now president of the Council on Foreign Relations, referred to this explosion in sanctions cases as "sanctioning madness."[61] He argued that although sanctions can be effective at times for specific purposes, the constant resort to unilateral sanctions is often counterproductive and creates economic and diplomatic costs for the United States. In 2019 former State Department official Peter Harrell raised concerns that the Trump administration had taken aggressive sanctions policy to a whole new level, adding a record-setting 1,500 people, companies, and entities to Treasury Department-managed sanctions in 2018 alone.[62]

The extraordinary use of secondary sanctions that punish not only those targeted for alleged wrongdoing, but also countries and companies that associate with those targets also fails to protect civilians.

The harmful impacts of U.S. sanctions have worsened because governments have often moved away from targeted sanctions back to partial trade sanctions in embargoing a high-trading resource, like oil or coal, or have lost patience with targeted measures and imposed full trade and investment sanctions. Further, the extraordinary use of secondary sanctions that punish not only those targeted for alleged wrongdoing, but also countries and companies that associate with those targets also fails to protect civilians. These extraterritorial measures impose financial sanctions on banks, businesses, and agencies in other countries that do not implement U.S. unilateral sanctions. They are forced to comply with U.S. foreign policy demands as a condition for continuing to do business in the United States. *The Economist* described this policy and Washington's

59 Kathy Gilsinan, "A Boom Time for U.S. Sanctions," *The Atlantic*, 3 May 2019.

60 George A. Lopez, "Targeting the ICC: Misguided Sanctions Imposed Yet Again," *Responsible Statecraft*, 12 June 2020.

61 Richard N. Haass, "Sanctioning Madness," *Foreign Affairs* 76, no. 6 (November/December 1997).

62 Peter Harrell, "Trump's Use of Sanctions Is Nothing Like Obama's," Center for a New American Security, 5 October 2019.

profligate use of sanctions as "financial carpet bombing."[63] German officials have condemned U.S. secondary sanctions as unacceptable attacks on European sovereignty that are in conflict with international law.[64]

Former U.S. Secretary of the Treasury Jacob Lew warned in 2019 against "aggressive unilateralism."[65] The U.S. decision to withdraw from the nuclear deal, without evidence of Iranian violations, he said, "leaves the world pointing a finger at the US as the deal breaker, and our closest European allies looking for ways to circumvent the dollar-based financial system."

Sanctions should be used as a tool of economic leverage to achieve diplomatic agreement, Lew argued, not to impose economic punishment. They are most effective when combined with incentives for compliance, within a bargaining framework to achieve negotiated denuclearization. Carrot-and-stick diplomacy has been a primary means of addressing proliferation threats and upholding international norms against nuclear weapons. As Lew said on an earlier occasion, "[s]ince the goal of sanctions is to pressure bad actors to change their policy, we must be prepared to provide relief from sanctions when we succeed. If we fail to follow through, we undermine our own credibility and damage our ability to use sanctions to drive policy change."[66]

63 "Donald Trump Uses Sanctions More Keenly Than Any of His Predecessors," *The Economist*, 24 November 2019.

64 Stephen Kinzer, "Sanctions-Mad America Turns on Its Friends," *Boston Globe*, 12 July 2020.

65 Jacob J. Lew, "Preserving the Power of US Economic Statecraft," keynote speech, Center for a New American Security, Washington, DC, 1 May 2019.

66 Jacob J. Lew, "U.S. Treasury Secretary Jacob J. Lew on the Evolution of Sanctions and Lessons for the Future," speech, Carnegie Endowment for International Peace, Washington, DC, 20 March 2016.

Incentivizing Cooperation

Evidence from multiple cases shows the value of offering inducements to achieve nonproliferation and other policy objectives. An incentive is defined as an offer of benefit by a sender in exchange for a specific action or policy adjustment by the recipient. Examples of successful uses of incentives include the agreements to remove nuclear weapons from Belarus, Kazakhstan, and Ukraine at the end of the Cold War, the denuclearization of Argentina and Brazil in the 1980s, and the initial success of the 1994 Agreed Framework with North Korea.[67] In these cases, pledges of economic assistance and security assurances from the United States and a desire to escape sanctions and international isolation helped to persuade each state to remove nuclear weapons or shut down incipient nuclear programs.

Incentives help to foster tension reduction, which can be achieved through independent initiatives and reciprocal gestures of restraint in the context of a well-articulated diplomatic strategy.[68] The classic example of this model was President George H.W. Bush's Presidential Nuclear Initiatives in September 1991, in which the United States took independent action to eliminate thousands of theater-based tactical nuclear weapons. A month later Soviet President Mikhail Gorbachev announced similar reciprocal action for the removal of Soviet tactical weapons. These mutual initiatives led to the elimination of an estimated 17,000 nuclear weapons from U.S. and Soviet arsenals, the largest single act of denuclearization in history.[69] These and other examples illustrate the value of inducement programs and independent initiatives for achieving nuclear weapons reduction.

Sanctions are most effective when they are linked to credible offers of inducements for compliance.

One of the most significant inducements for nonproliferation diplomacy is the offer to lift sanctions. As the Iran case and other examples illustrate, the combination of inducement packages and offers to lift sanctions can be persuasive in the quest of a well-articulated strategy for nonproliferation. Incentives increase the effectiveness of sanctions, thereby improving the prospects of positive policy outcomes.[70] Sanctions are most effective when they are linked to credible offers of inducements for compliance.

Offers of sanctions relief may be more acceptable politically if they are linked to acts of reciprocal restraint by the recipient country. As President Biden seeks to restore the Iran deal, he appears to be coordinating with European allies in urging Tehran to halt or roll back its recent increase in low-enriched uranium, indicating that a positive gesture on Iran's part would be met with parallel action to suspend

67 Kingston Reif, "Ukraine, Nuclear Weapons, and Security Assurances at a Glance," Arms Control Association, December 2020; and José Goldemberg, "Looking Back: Lessons from the Denuclearization of Brazil and Argentina," Arms Control Association, accessed 25 February 2021.

68 Charles E. Osgood, *An Alternative to War or Surrender* (Urbana, IL: University of Illinois Press, 1962); and C. R. Mitchell, "Grit and Gradualism—25 Years On," *International Interactions* 13, no. 1 (1986): 59–90.

69 Eli Corin, "Presidential Nuclear Initiatives: An Alternative Paradigm for Arms Control," Nuclear Threat Initiative, 1 March 2004.

70 Han Dorussen and Jongryn Mo, "Sanctions and Incentives," paper prepared for presentation at the workshop on "Globalization and Armed Conflict" (Copenhagen: European Consortium on Political Research, 15–18 April 2000), accessed 25 February 2021.

some of the excessive sanctions imposed by the Trump administration.[71] This could lay the groundwork for a renewed JCPOA that reduces Iran's fissile material output to levels at or below those specified in the 2015 agreement.

Cooperative approaches multiply political resolve and strengthen pressures, while also widening the range of available incentives that can be offered. For the Security Council, the most relevant and effective incentive is the offer to suspend or lift sanctions when the targeted regime complies with UN demands. In the case of Iran, the Council kept its commitment to the lifting of sanctions and maintained that stance even in the face of U.S. opposition.

71 Ellie Geranmayeh, Barbara Slavin, and Sahil Shah, "Renewing Transatlantic Strategy on Iran," Atlantic Council Issue Brief, November 2020.

Making Sanctions Work

The Biden administration should take an evidence-based approach to establishing a more effective U.S. sanctions policy. Research shows that sanctions have three main functions—coercing, constraining, and signaling—and that they are more effective at constraining and signaling than coercing.[72] On their own, sanctions are not capable of forcing an adversary to change objectionable policies. The impact of sanctions depends on how well they are integrated with diplomacy and other policy approaches. As scholar Andrea Charron has observed, sanctions can create speed bumps that restrict access to strategic goods, raise the costs of wrongful policies, and stigmatize the targeted regime, but policy change depends on the decisions of the targeted regime and the outcome of its negotiations with external actors.[73]

On their own, sanctions are not capable of forcing an adversary to change objectionable policies.

Sanctions effectiveness also depends on seeking specific achievable objectives rather than demanding broad structural transformations.[74] UN sanctions in Iraq were partially successful in convincing Saddam Hussein to accept weapons inspections and demarcated borders with Kuwait, but the U.S. insistence on regime change impeded prospects for normalizing diplomatic relations and paved the way for war.[75]

Multilateral sanctions are generally more effective than unilateral measures, especially when frontline states and the major trading partners of the targeted regime cooperate in the enforcement of sanctions.[76] Without multilateral enforcement, unilateral measures enable targeted entities to access alternative sources of trade and finance, which are commonly available in a globalized economy. Iran has responded to renewed U.S. sanctions by expanding its oil exports and economic ties with China, just as Cuba survived the more than half-century U.S. blockade from the 1960s by depending upon trade and aid with the Soviet Union.

By definition, UN Security Council sanctions involve collective action. They provide legal and political authority for states to cooperate in sanctions enforcement, although not all states choose to do so. The effectiveness of UN sanctions is enhanced by creating multilateral and national monitoring mechanisms, actively engaging Security Council sanctions committees, and using panels of experts.[77]

The reports of sanctions expert panels often contain detailed information about sanctions evasion by targeted regimes and their enablers. The reports of the North Korea panel, for example, reveal elaborate

72 Elena Gadjanova, "Coercing, Constraining and Signaling: Explaining UN and EU Sanctions after the Cold War," *Swiss Political Science Review* 18, no. 1 (2012): 137–139.

73 Andrea Charron, "UN Sanctions and Conflict," *E-International Relations*, 2 August 2013.

74 David Cortright, Alistair Millar, and George A. Lopez, "Sanctions, Inspections, and Containment: Viable Policy Options in Iraq," Fourth Freedom Forum and Kroc Institute for International Peace Studies, Policy Brief F3, June 2002.

75 George A. Lopez and David Cortright, "Containing Iraq: Sanctions Worked," *Foreign Affairs* 83, no. 4 (July/August 2004); and Benjamin Denison, "Here We Go Again with the Regime Change," *Responsible Statecraft*, 23 November 2020.

76 Bapat and Morgan, "Multilateral Versus Unilateral Sanctions," 1075–1094.

77 Bapat and Morgan, "Multilateral Versus Unilateral Sanctions," 1075–1094.

networks of smuggling that provide illicit revenue streams for the Pyongyang regime.[78] The effective enforcement of Security Council sanctions requires greater attention to the role of international criminal networks, cyberhacking syndicates, and money laundering operations. And government actors can now also rely on the independent investigations by research groups and NGOs of these transnational pariahs with loyalty to no nations, and certainly not to innocent civilians victimized by their actions.

78 For the list of reports on North Korea at the UN Security Council, see https://www.un.org/securitycouncil/sanctions/1718/panel_experts/reports.

Recommendations for the Way Forward

One of the reasons U.S. nonproliferation sanctions have lost their effectiveness is that policymakers place too much emphasis on coercion. Producing policy changes in a targeted regime occurs only when sanctions are combined with incentives and active diplomacy—all in service of a larger set of strategic goals. Rather than being a tool of nonproliferation policy, sanctions have too often become the entirety of that policy. Below we suggest recommendations for a more effective and calibrated nonproliferation policy that includes sanctions as part of a broader package of incentives and diplomacy.

Look Beyond the Extension of New START

Now that that the United States has reached an agreement with Russia to extend the New START treaty, it is time to lay the groundwork for next steps that will lead to deeper cuts and encourage other nuclear weapons states to join unprecedented multilateral arms control agreements.[79] The first step would be for the United States to initiate additional tension-reduction initiatives. One suggestion, as proposed recently by experts in the *Bulletin of the Atomic Scientists*, would be for the United States to reduce missile defense spending.[80] This would save money on a gargantuan program that has yet to demonstrate technical feasibility, despite the expenditure of more than $300 billion since the 1980s, and that has prompted Russia to develop new offensive weapons systems to circumvent U.S. defenses. The announcement of a cut in missile defense spending could be combined with an invitation for Moscow to show parallel restraint in its new missile programs, and could set a positive tone for renewed negotiations on freezing and reducing nuclear arsenals. The United States and Russia should simultaneously develop a joint strategy for approaching China to encourage it to refrain from developing additional nuclear weapons and join a multilateral arms control regime in exchange for the United States and Russia committing to substantially and verifiably reducing their current arsenals down to a number on par with China's stockpile of 200–300 warheads. Beijing has made some overtures in this direction. In 2020 it was reported that Fu Cong, head of the arms control department of Chinese foreign ministry, indicated that China "would 'be happy' to participate in trilateral arms control negotiations with the United States and Russia, but only if the United States were willing to reduce its nuclear arsenal to China's level."[81]

The prospect of this development is still remote under current circumstances, but if this trilateral process were to get off the ground the next goal would then be to further expand the multilateral framework to include the United Kingdom and France.

79 Zahra Ullah and Tara John, "Putin Signs Law Extending Nuclear Arms Treaty between US and Russia," CNN, 29 January 2021.

80 Brown, Khanna, and Perry, "5 Steps for the Next President."

81 Yew Lun Tian, "China Challenges U.S. to Cut Nuclear Arsenal to Matching Level," Reuters, 7 July 2020.

Engage with North Korea

It should be obvious by now that pressures alone will not succeed in persuading Pyongyang to denuclearize. The United States should pursue a more pragmatic and balanced diplomatic approach that engages in reciprocal and proportional measures to achieve gradual steps toward limiting Pyongyang's missile and nuclear capabilities, while also working for the normalization of diplomatic and commercial relations on the Korean peninsula.[82] Complete denuclearization remains the ultimate goal, but it should be placed within a more realistic strategy for achieving verifiable steps of nuclear restraint.

To move in this direction, the United States should consider an independent initiative, perhaps borrowing a page from the Bush-Gorbachev playbook. Washington could suspend certain sanctions for an initial period, inviting Pyongyang to consider a parallel gesture in response. This could be persuasive to the regime. During the February 2019 talks with President Trump in Hanoi, Kim Jong-un made sanctions relief his top demand.[83] This suggests that an initial offer of easing sanctions pressures, in exchange for reciprocal concessions from North Korea, could establish the basis for restarting constructive negotiations.

As U.S.–North Korea talks resume, it will be necessary to bring South Korea and China into the process, as well as Japan and Russia. But the United States will need to take the initiative and provide leadership to jumpstart a new and more realistic diplomatic process.

Seek Renewed Agreement with Iran

Negotiations to maintain and restore limitations on Iran's nuclear program will be complicated considering the U.S. withdrawal from the agreement and re-imposition of sanctions, and also because of Iran's resumption of uranium enrichment and threats from members of parliament to remove UN inspectors and further expand enrichment.[84] To address these concerns, it would be appropriate for Washington to seek a commitment from Tehran to restrain uranium enrichment and remain in compliance with the other provisions of the JCPOA as a basis for reaching a renewed agreement. The U.S. strategy with Iran should seek not only to renew and hopefully strengthen restrictions on Iran's nuclear program, but to gain Iranian cooperation in de-escalating regional tensions.[85] Reengaging European states and other partners in the JCPOA will help to advance these objectives.

Sanctions relief could help pave the way for progress with Iran. Washington should be prepared to offer sanctions suspension and the promise of a more complete lifting of nonproliferation sanctions in return for reciprocal restraint from Tehran. An initiative to temporarily suspend some sanctions could set a positive tone for negotiations and lay the groundwork for reaching renewed agreement and steps toward tension reduction.

Overhaul U.S. Sanctions Policy

It is long past time for a systematic review and overhaul of U.S. policy and practice related to nonproliferation sanctions. The overly aggressive use of unilateral sanctions has failed to achieve proliferation objectives, while isolating the United States from the rest of the world and causing humanitarian hardships for innocent people.

---

82 Joseph Yun and Frank Aum, "A Practical Approach to North Korea for the Next US President," *Bulletin of the Atomic Scientists*, 2 October 2020.

83 "Trump-Kim Summit Breaks Down after North Korea Demands End to Sanctions," *BBC News*, 28 February 2019.

84 Farnaz Fassihi and David E. Sanger, "Iran Moves to Increase Uranium Enrichment and Bar Nuclear Inspectors," *New York Times*, 4 January 2021.

85 Goldenberg, Ewers, and Thomas, *Reengaging Iran*.

A fundamental rethinking of the role of sanctions in U.S. foreign policy is needed. We propose the creation of an independent National Commission on Economic Statecraft that would seek to forge a new consensus on the role of sanctions and incentives in addressing nonproliferation and security policy objectives. The proposed National Commission would seek input from relevant sectors of the federal government, including the State Department, the National Security Council, and the Treasury Department, and from Congress, including the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. It would also seek advice and recommendations from the private sector and from academic experts and independent research groups.[86] It would be important to seek input as well from international actors, including representatives of UN Security Council member states, and from sanctions officials in the UN Secretariat, the European Commission, and the foreign ministries of Switzerland, Canada, Sweden, Germany, and other states that have previously supported sanctions reform efforts.[87] Engaging with all of the aforementioned parties will also enhance the viability of implementing the recommendations of the National Commission's report.

As the Biden administration establishes its foreign policy team and goals, we suggest the following principles to guide the work of the proposed National Commission and for the development of new approaches for U.S. economic statecraft:

1. **Lead through cooperation.** Focus on multilateral, rather than unilateral, sanctions. Improve the effectiveness of sanctions by establishing stronger monitoring and enforcement mechanisms in cooperation with the United Nations, regional organizations, and other states committed to effective, humane sanctions. Include sunset clauses and review procedures that allow for lifting or adjusting sanctions as conditions change.

2. **Be constructive and restrained.** Sanctions need not be the first "go to" foreign policy response. Use sanctions as tools of persuasion within larger strategic, diplomatic policies designed to achieve negotiated solutions. Combine sanctions with incentives such as security assurances, economic and technological assistance, and sanctions relief, in response to concrete steps toward compliance.

3. **Protect the innocent.** Focus on using targeted sanctions that apply pressure on individuals and entities responsible for wrongful policies and avoid causing harm to everyday people and vulnerable populations. Continue to monitor sanctions' impact from the beginning of sanctions episodes and develop easier, more transparent approaches to humanitarian exemptions to sanctions. Improve legal procedures for listing and delisting those subject to targeted sanctions. Consider sunset clauses for many types of sanctions.

---

86 A group of scholars has begun to set some related research questions on all sanctions in a very insightful forum: Bryan R. Early and Menevis Cilizoglu, "Economic Sanctions in Flux: Enduring Challenges, New Policies, and Defining the Future Research Agenda," *International Studies Perspectives* 21, no. 4 (November 2020): 438–477.

87 "Guidelines on Implementation and Evaluation of Restrictive Measures (Sanctions) in the Framework of the EU Common Foreign and Security Policy," Council of the European Union, 4 May 2018; "Targeted Financial Sanctions: A Manual for Design and Implementation," Watson Institute for International Studies, 2001; UN Security Council, "Chairman of Security Council's Angola Sanctions Committee Briefs Council on Expert Panel Report Investigating Sanctions Violations," press release, 15 March 2000; Peter Wallensteen, Carina Staibano, and Mikael Eriksson, "Making Targeted Sanctions Effective: Guidelines for the Implementation of UN Policy Options," Uppsala University, 2003; and Michael Brzoska, "Design and Implementation of Arms Embargoes and Travel and Aviation Related Sanctions—Results of the 'Bonn-Berlin Process,'" Bonn International Center for Conversion, December 2000.

Conclusion

The process of reconnecting the United States with its longstanding allies and repairing the damage done to multilateral tools of statecraft is an important priority for the Biden administration's nonproliferation policy playbook. This paper makes the case that, while the challenges that lay ahead are daunting, the time is ripe to turn crisis into opportunity.

The 2021 extension of the New START treaty is an important first step in the right direction. Deepening strategic arms reduction with Russia should come next along with a bilateral action plan with clear incentives to encourage China to eventually join in a trilateral treaty based on steeper reductions of warheads. Improving America's relationships with its allies and renewing Washington's commitment to work with the UN rather than continually resorting to unilateral sanctions can set the course for strengthening multilateral efforts for cooperative nonproliferation. The Biden administration can also learn from the cases presented in this study to apply a strategic mix of sanctions and incentives to negotiate and restore nonproliferation agreements with North Korea and Iran.

Looking ahead, it is time to reimagine and refine the use of sanctions so they are a limited tool within a broader policy framework that would bring sustainable benefits to U.S. policy and the international community. To do that, it will be vital to ensure that sanctions are used less frequently and are applied multilaterally with a clear set of objectives and verification measures. All of this can be achieved by emphasizing inducement strategies as part of a coherent diplomatic approach so that sanctions are politically effective and more precisely targeted to avoid harm to innocent populations. The security and humanitarian costs are too high to maintain the status quo. The opportunity exists now to retool sanctions policy to achieve greater political gain and less civilian pain. It is an opportunity that should not be missed.

ABOUT THE AUTHORS

Alistair Millar
President, Fourth Freedom Forum
Adjunct Professor, The George Washington University

George A. Lopez
Rev. Theodore M. Hesburgh, C.S.C., Professor Emeritus of Peace Studies
Kroc Institute for International Peace Studies
Keough School of Global Affairs

David Cortright
Professor of the Practice Emeritus
Director of the Global Policy Initiative
Keough School of Global Affairs

Linda Gerber
Chief Operating Officer, Fourth Freedom Forum
Director, Sanctions and Security Research Project

SANCTIONS & SECURITY
RESEARCH PROJECT

THE FOURTH FREEDOM
FORUM