

Topic 1: Addressing Economic Warfare: The Use of Sanctions as a Diplomatic Weapon

Group of 20

I. Introduction

Economic warfare involves using financial measures (such as sanctions, embargoes, and asset freezes) to pressure states/entities to change their behaviour without having to resort to military force. Sanctions have become a crucial tool of foreign policy for major powers, targeting issues like conflict, nuclear proliferation, terrorism, and human rights violations. They are gaining relevance given that rising geopolitical tensions have led to a surge in the use of them. Recent events, such as the conflict in Ukraine, growing competition between the U.S. and China, concerns over Iran's and North Korea's nuclear activities, and challenges like terrorism and cyber threats, have placed economic measures at the forefront of global diplomacy.

Nowadays, decisions about imposing, expanding, or lifting sanctions have huge consequences given that they affect not only targeted states but also global markets, supply chains, humanitarian causes, and international stability. For the G20, discussing sanctions means evaluating their effectiveness as diplomatic tools, but also considering their impact on economic growth, legal norms, civilian populations and the international order.

II. Key Terms

Sanctions: Penalties or restrictions (economic, trade, diplomatic, etc.) imposed by countries or international organizations to influence another actor's behavior.

Economic Warfare: The use of economic measures (sanctions, embargoes, trade barriers) to weaken an adversary or achieve policy goals without direct military conflict.

Embargo: An official ban on trade or other commercial activity with a particular country.

Targeted (Smart) Sanctions: Sanctions specifically aimed at selected individuals, companies, sectors, or financial flows rather than broad, country-wide measures. For example, sanctioning tankers of Russian oil has limited Moscow's oil revenue.

Comprehensive Sanctions: Broad restrictions that affect most or all economic activity with a targeted country.

Asset Freeze: Blocking access to financial assets owned by governments, organizations, or individuals under sanction.

Secondary Sanctions: Measures that penalize third-party countries, businesses, or individuals for conducting business with entities already under primary sanctions.

Unilateral Sanctions: Measures imposed by a single country (for example, U.S. sanctions on Iran).

Multilateral Sanctions: Sanctions agreed upon and implemented by multiple countries or international bodies (for example, UN or EU sanctions).

Extraterritorial Application: Extending a country's laws and sanctions to activities occurring outside its borders, often driving disputes over legality and sovereignty.

UN Security Council Sanctions Regime: Formal sanctions mechanisms authorized and managed under Chapter VII of the UN Charter.

Blacklisting: Officially designating entities or individuals for special restrictions, often in financial or trade systems.

III. Past International Actions

Economic blockades and embargoes date back to ancient times, but modern sanctions gained international legal recognition after World War I through the League of Nations, and later the United Nations Charter. The first recorded use of sanctions dates to 432 BC, when Athens issued the Megarian Decree, economically straining its rival. In the early 20th Century, WWI saw use of blockades and post-WWI, the League of Nations institutionalised sanctions as an alternative to military conflict by incorporating them into its Covenant. When the UN was founded in 1945 it granted the Security Council the authority to impose sanctions to maintain/restore international peace and security. During the cold war the use of sanctions increased gradually, mostly unilaterally by major powers (e.g., the U.S. embargo on Cuba, 1960). After the cold war there was a steep rise in the use of sanctions, especially "smart" or targeted sanctions.

United Nations: When it was founded in 1945, the Security Council was granted the authority to impose sanctions. Since 1966, the UN Security Council has established 31 sanctions regimes, including arms embargoes, asset freezes, and travel bans. Targets have included apartheid-era South Africa, Iraq, Yugoslavia, Iran, North Korea, Libya, and individuals/groups associated with terrorism. These sanctions are legally binding for UN member states and aim to pressure parties into following international law, support peace processes, or prevent proliferation and terrorism.

U.S. embargo on Cuba (1960): They began in 1960, after the Cuban government under Fidel Castro nationalised American properties without compensation and shifted politically toward the Soviet Union. At first the Eisenhower administration imposed partial trade restrictions by banning most exports to Cuba except for food and medicine. In 1962, President Kennedy expanded the embargo to cover all U.S.-Cuba trade. The embargo basically remains in effect today, despite international criticism and limited adjustments over the decades.

Sanctions on apartheid-era South Africa: Sanctions began with UN calls for voluntary measures in the 1960s, including a 1963 arms embargo, and escalated to a mandatory UN arms embargo in 1977.

By the 1980s, economic, trade, and cultural sanctions were adopted by many countries and organizations, putting pressure on the regime. These international sanctions significantly contributed to the end of apartheid and South Africa’s transition to democracy in 1994.

IV. Timeline of Key Events

1945	UN Security Council established with power to sanction
1960	US embargo on Cuba (intensified in 1962)
1977	Mandatory UN arms embargo on apartheid South Africa
1979	US and allies impose sanctions on Iran after revolution
2006	UN and national sanctions on North Korea over WMDs (weapons of mass destruction)
2014	Western sanctions on Russia after Crimea annexation/Ukraine conflict (expanded repeatedly by EU, US, others)

V. Current Situation

The G20, as a forum, debates economic sanctions’ effectiveness and their potential global repercussions but does not itself impose sanctions. The Office of Foreign Assets Control (OFAC) in the US and similar EU structures regularly update sanctions lists. Sanctions have moved from comprehensive trade bans to more targeted (‘smart’) measures like financial and travel bans or sector-specific restrictions because they’re more effective and to minimise the negative impact on civilian populations.



There are many current examples, such as sanctions regimes against Russia in place due to ongoing actions in Ukraine. The USA and allies have tightened sanctions, targeting Russian banks, the energy sector, and individuals (freezing oligarch assets). The USA is also increasing use of tariffs and is exploring expanded sanctions related to Chinese support for Russia, creating tension and risk of countermeasures from China. However, in mid-2025, the USA and China reached a temporary tariff reduction agreement, lowering mutual tariffs for 90 days. The USA renewed its maximum pressure sanctions on Iran over nuclear activities and support for militant groups, with the EU and UK largely in alignment. Additional regimes remain on countries like North Korea, Syria, and various terrorist organizations.

Sanctions as instruments of economic warfare continue to play a prominent role in international relations, especially amid geopolitical tension involving major powers. While sanctions can serve as powerful tools for coercion or signalling, their effectiveness and humanitarian consequences remain contentious, requiring ongoing debate about best practices, enforcement, and alternatives for conflict resolution.

VI. Major Parties Involved

United States: Frequently justifies sanctions as crucial tools to pressure adversaries, deter aggression, promote democracy and human rights, and uphold international laws. Sanctions are framed as non-military means to change the behaviour of states or entities contradicting U.S. foreign policy objectives, especially where military intervention would be riskier or less feasible. In recent years, the U.S. has emphasized "smart sanctions" targeting individuals, sectors, or specific entities to minimize collateral humanitarian harm. Many American sanctions are unilateral, lack international support, and can undermine humanitarian goals, state sovereignty, or even international law. Some argue that too much use erodes their legitimacy and impacts neutral third parties or civilians.

European Union: Presents sanctions as an essential part of Common Foreign and Security Policy (CFSP), designed to preserve peace, uphold democracy, human rights, and the rule of law. EU sanctions aim to be multilateral, targeted, and in compliance with international law, seeking to change specific policies or conduct without broadly harming populations. They are intended as less extreme alternatives to military action and are most often implemented in conjunction with the UN. There are internal debates about the consistency, humanitarian impact, and multilateral legitimacy of sanctions, and sometimes member states express concerns over economic repercussions.

The EU and USA often coordinate their own sanctions regimes, sometimes in line with UN measures, other times unilaterally (eg/ recent Russia and Iran sanctions).

China: Opposes unilateral sanctions not grounded in international law or authorized by the UN Security Council. China argues that those sanctions violate state sovereignty, disrupt international trade and supply chains, and lack legitimacy. China also opposes the extraterritorial application of sanctions, especially when Chinese firms or individuals are targeted for ties with sanctioned countries. China advocates for diplomatic dialogue and multilateralism, warning that sanctions only worsen global instability and tensions.

Russia: Treats sanctions as unlawful tools of geopolitical pressure used to undermine its sovereignty, isolate it politically, and damage its economy. Moscow argues that sanctions (especially those imposed unilaterally by the West) are intended to maintain Western dominance. Russia often emphasizes the country's resilience in the face of sanctions and uses them as proof of foreign hostility, and public sentiment in Russia is generally to resist making policy concessions in response to sanctions.

VII. Key topics to Debate

- What are the most effective forms of sanctions (comprehensive vs targeted) and under what conditions?

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VII. Key topics to Debate

- What are the most effective forms of sanctions (comprehensive vs targeted) and under what conditions?

- To what extent do sanctions achieve their stated diplomatic goals?
- How can major economies coordinate to reduce opportunities for sanctions evasion?
- In what ways do sanctions impact humanitarian aid delivery and international development in sanctioned regions?
- Are there alternatives to sanctions that might achieve the same objectives with fewer unintended consequences (without harming civilians/3rd party states)?
- What are the unintended geopolitical consequences of long-term sanctions regimes (e.g., economic realignment, new alliances, or black markets)?
- What legal and ethical frameworks should govern the design, implementation, and review of sanctions at the international level?

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