

CONSIDERATIONS ON ECONOMIC SANCTIONS

HEARING

BEFORE THE

TOM LANTOS HUMAN RIGHTS COMMISSION

UNITED STATES
HOUSE OF REPRESENTATIVES

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OCTOBER 4, 2022

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CONSIDERATIONS ON ECONOMIC SANCTIONS

TUESDAY, OCTOBER 4, 2022

HOUSE OF REPRESENTATIVES,
TOM LANTOS HUMAN RIGHTS COMMISSION,
Washington, D.C.

The Commission met, pursuant to call, at 11:06 a.m., via Cisco Webex, Hon. James P. McGovern [Co-Chair of the Commission] presiding.

Mr. MCGOVERN. Good morning, everybody, and thank you for joining us today as we consider the collateral effects of economic sanctions, a tool that is increasingly being used by the United States Government to further foreign policy and national security objectives.

Economic sanctions are coercive economic measures. Examples include trade embargoes, restrictions on exports or imports, denial of foreign assistance, loans and investments, blocking of foreign assets under the United States' jurisdiction, and prohibitions on economic transactions that involve U.S. citizens or businesses.

Congress often mandates economic sanctions, and both Democratic and Republican administrations have used them against foreign actors to try to deter a wide range of behaviors, including human rights violations, the undermining of democracy, corruption, and terrorism.

Some sanctions are multilateral, including those imposed by the United Nations Security Council. But many, if not most, are unilateral. As of October 2021, when the Department of Treasury completed its sanctions review, the U.S. Government had sanctions in force on more than 9,400 individuals and entities in relation to more than 20 countries.

As the use of sanctions has increased, so have the reports of their collateral damage. Highly credible human rights and humanitarian organizations, and the U.N. itself, have warned about the negative consequences of far-reaching sanctions in countries like Venezuela, Syria, Afghanistan, and Iran, even as the objectives behind the sanctions have failed to be achieved.

I introduced the original Magnitsky sanctions bill in the House back in 2010 and have long been a strong supporter of imposing targeted sanctions on specific individuals when there is credible information of their direct

responsibility for serious human rights abuses or major corruption.

For just as long, I have strongly opposed comprehensive sanctions that impose broad restrictions on trade and economic activity with a country because their effects are felt mostly by the civilian population.

I believe the record shows that these end up being a form of collective punishment that fails to achieve anything except punishing people into ever deepening misery and fueling anti-American sentiment.

Now, these kinds of sanctions often feel to me like they're driven more by vengeance than by strategy, but increasingly we are receiving reports that even targeted sanctions can have serious negative collateral effects.

Targeted sanctions on a central bank, for example, or on an oil company that generates most of the country's export earnings can have consequences that are almost as devastating as an indiscriminate trade embargo.

So, the purpose of today's hearing is to review what is known about how to design and implement sanctions in order to make sure that they are as effective as possible and to try to avoid the worst collateral effects.

As we will hear from our witnesses, those collateral effects take many forms. Sanctions can exacerbate a humanitarian crisis, as we are seeing in Afghanistan, even when mitigating steps are taken. They can end up strengthening illicit economies and benefiting criminal organizations as we see in Venezuela.

Counterterrorism sanctions can directly undermine fundamental human rights and impede diplomacy and peacebuilding. The cost of compliance with sanctions and the legal risks can lead private sector and civil society actors to stop working in a country altogether even though their services may be desperately needed.

Sanctions can accelerate cooperation amongst U.S. adversaries, and there is a growing concern that they may eventually undermine the use of the dollar as a reserve currency.

So, it is imperative to get sanctions right if we want to preserve them as an effective, legitimate foreign policy tool. It is even more important to get them right if we want to live up to our ethical values and human rights commitments.

We have with us a panel of witnesses who have been engaged on these questions for a long time as researchers and practitioners. The fact is a lot of excellent comparative research on sanctions has been conducted in recent years, and our witnesses today have been part of these efforts. They have

generously agreed to join us to share their findings and recommendations, and I very much look forward to this conversation because when it comes to sanctions, I think we have to do better.

So, before introducing the panel, I am happy to yield to our co-chair, Congressman Smith, for any opening remarks that he wishes to make.

[The prepared statement of Co-Chair McGovern follows:]

**PREPARED STATEMENT OF THE HONORABLE JAMES P.
MCGOVERN**



Tom Lantos Human Rights Commission

Considerations on Sanctions

**Tuesday, October 4, 2022
11:00 a.m. – 1:00 p.m.
Virtual via Cisco WebEx**

As prepared for delivery

Good morning and thank you for joining us today as we consider the collateral effects of economic sanctions, a tool that is increasingly being used by the United States government to further foreign policy and national security objectives.

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I introduced the original Magnitsky sanctions bill in the House in 2010 and have long been a strong supporter of imposing targeted sanctions on specific individuals when there is credible information of their direct responsibility for serious human rights abuses or major corruption.

For just as long, I have strongly opposed comprehensive sanctions that impose broad restrictions on trade and economic activity with a country because their effects are felt mostly by the civilian population. I believe the record shows that these end up being a form of collective punishment that fails to achieve anything except pushing people into ever deepening misery and fueling anti-American sentiment. These kinds of sanctions often feel to me like they are driven more by vengeance than strategy.

But increasingly we are receiving reports that even targeted sanctions can have very serious negative collateral effects. Targeted sanctions on a central bank, for example, or on an oil company that generates most of a country's export earnings, can have consequences that are almost as devastating as an indiscriminate trade embargo.

The purpose of today's hearing is to review what is known about how to design and implement sanctions in order to make sure they are as effective as possible and to avoid the worst collateral effects.

As we will hear from our witnesses, those collateral effects take many forms.

Sanctions can exacerbate a humanitarian crisis, as we're seeing in Afghanistan, even when mitigating steps are taken. They can end up strengthening illicit economies and benefitting criminal organizations, as in Venezuela.

Counterterrorism sanctions can directly undermine fundamental human rights and impede diplomacy and peacebuilding.

The costs of compliance with sanctions, and the legal risks, can lead private sector and civil society actors to stop working in a country altogether, even though their services are desperately needed.

Sanctions can accelerate cooperation among U.S. adversaries. And there is growing concern that they may eventually undermine the use of the dollar as a reserve currency.

It is important to get sanctions right if we want to preserve them as an effective, legitimate foreign policy tool.

It is even more important to get them right if we want to live up to our ethical values and human rights commitments.

We have with us today a distinguished panel of witnesses who have been engaged on these questions for a long time as researchers and practitioners. The fact is, a lot of excellent comparative research on sanctions has been conducted in recent years, and our witnesses today have been part of these efforts. They have generously agreed to join us to share their findings and recommendations, and I very much look forward to the conversation, because when it comes to sanctions, we must do better.

Before introducing the panel, I yield to Co-Chair Smith for his opening remarks.

Mr. SMITH. Thank you very much, Mr. Chairman, and thanks for convening this very important hearing. As I think many of our panelists know, Congressman McGovern and I introduced the Global Magnitsky Human Rights Act. I was the primary sponsor, and he strongly supported everything we are doing. And finally, the Senate version was included in the National Defense Authorization Act, and of course their version was nearly identical to ours.

I think that we both pushed this legislation, which has now become the single most important sanctioning tool in our arsenal, underscoring a belief that sanctions can be -- can be -- an effective means to bring about accountability.

I would note that I was the prime author of the Belarus Democracy Act of 2004, and that was an attempt to ameliorate some of the worst behaviors by Lukashenko. We were able to get many political prisoners out of the Gulag in Belarus, many of whom were tortured horribly, with the use of the Belarus Democracy Act, and that did become the template for the Global Magnitsky Act as well as the Magnitsky Act itself.

Yet GloMag is also, and this is important, it is a surgical tool, one that targets corrupt government actors and gross violators of internationally recognized human rights, who are actually the responsible parties, not broad sectors of the country's economy, which could hurt civilians and most often are already the victims of bad governance and human rights abuses.

In other words, sanctions like targeted munitions can be smart as opposed to blunt instruments which target populations more broadly.

I think that the martial analogy is an apt one, likening sanctions to munitions, as sanctions can be a tool with regards to conflict, albeit one which stops short of actual war.

Indeed, an interesting book released earlier this year, written by Nicholas Mulder, traces the history of sanctions, is entitled *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*.

Yet we often sanction bad behavior more broadly because we hope to deter conflict or to bring about an end to an existing conflict. Thus, we sanction Russia for initiating a horrific war in Ukraine and annexing the sovereign territory of a neighboring country, and Iran for its support of terrorism around the world, for neighboring Iraq to Argentina, where the Jewish Community Center was targeted in 1994.

I would note parenthetically that I visited that center in 19- -- a few years back and saw the large loss of life and the fact that there has been no accountability for that act of terrorism.

We will listen today to a number of arguments which will examine the humanitarian impact of sanctions. There is a certain weighing what needs to be done, a moral calculus, that measures what collateral impact the targeted bad actors has on civilian innocents.

There are also practical considerations. As the People's Republic of China seeks hegemony across the globe, particularly in Africa, and seeks to supplant the dollar as the reserve currency, we need to recognize its appeal to corrupt dictators whom it beckons to remove themselves from our financial system and thus rendering sanctions ineffective.

The world is not in such a place yet, but we do need to be mindful during this time of economic tumult that there are practical risks of over-sanctioning. We also need to anticipate whether sanctions can help bring about the change that is desired or whether they simply would exacerbate a bad situation in the long run.

For example, there is currently a horrible civil war in Ethiopia where atrocities are committed by all sides, not simply both sides, as the conflict is far more multifaceted and complex than a simple binary conflict.

Would sanctioning a generally friendly-to-America Ethiopian Government while not concomitantly sanctioning the rebels who started the war help bring an end to the conflict, or would it push the government to China for support, or perhaps bring the rebels, who were formerly in power, where they arguably inflicted greater atrocities on the people than the current government, would it bring them back to power? We all remember the Meles regime.

There are questions that need to be asked, and certainly in the case of Ethiopia, there is an important role for surgical Global Magnitsky sanctions which target those on all sides responsible for war crimes and atrocities.

So where does that leave us? As one of our witnesses, Gabriel Noronha, rightfully states, as we weigh the humanitarian impact of sanctions, we will also need to keep in mind that sanctions serve as a powerful tool for the U.S. Government to protect the innocent, weaken terror groups and oppressive regimes, and bring a measure of justice to the families and loved ones of those persecuted, tortured, and killed.

Sanctions, as he goes on to say, can deprive hostile governments of revenue, be used to wage warfare against our allies and partners, and of course against their own people, to finance terrorism or personal corruption, and disrupt their ability to procure and proliferate weapons of mass destruction.

With that in mind, I yield back, and I thank the chair.

[The prepared statement of Co-Chair Smith follows:]

PREPARED STATEMENT OF THE HONORABLE CHRIS SMITH



Tom Lantos Human Rights Commission

Considerations on Sanctions

**Tuesday, October 4, 2022
11:00 a.m. – 1:00 p.m.
Virtual via Cisco WebEx**

Excerpt of Remarks

I'd like to begin by thanking Co-chair McGovern for convening, and our witnesses for joining, today's hearing.

Congressman McGovern was the lead Democrat cosponsor of legislation I introduced at the beginning of the 114th Congress in 2015, the Global Magnitsky Human Rights Accountability Act, the Senate version of which eventually became law via inclusion in the National Defense Authorization Act the following year; the roots of GloMag sanctions could be found in the Belarus Democracy Act, which I introduced, and which became law in 2002.

I think that we both cosponsored this Global Magnitsky legislation, which now has become perhaps the single most important sanctioning tool in our arsenal, bespeaks a belief that sanctions can be an effective means to bring about accountability.

Yet GloMag is also a surgical tool, one which targets corrupt government actors and gross violators of internationally recognized human rights who are actually the responsible parties, not broad sectors of a country's economy which can hurt civilians who most often are already the victims of bad governance and human rights abuses.

In other words, sanctions, like targeted munitions, can be smart, as opposed to blunt instruments, which target populations more broadly.

I think that the martial analogy is an apt one, likening sanctions to munitions, as sanctions can be a tool with regards to conflict, albeit one which stops short of actual war. Indeed, an interesting book released earlier this year written by Nicholas Mulder traces the history of sanctions, is entitled *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*.

Yet we often sanction bad behavior more broadly because we hope to deter greater conflict, or to bring an end more quickly to existing conflict.

Thus, we sanction Russia for initiating war in Ukraine and annexing the sovereign territory of a neighboring country, and Iran for its support of terrorism around the world, from neighboring Iraq to Argentina, where a Jewish community center was targeted in 1994... I subsequently visited that site and memorial when I traveled to Buenos Aires, and it was a stark reminder of the long arm of terror states as they seek to harm innocents.

We will listen to a number of arguments today which will examine the humanitarian impact of sanctions. There is a certain weighing that needs to be done, a moral calculus that measures what collateral impact the targeting of bad actors has on civilian innocents.

There are also practical considerations.

As the People's Republic of China seeks hegemony across the globe, particularly in Africa, and seeks to supplant the dollar as the reserve currency, we need to recognize its appeal to corrupt dictators whom it beckons to remove themselves from our financial system and thus rendering sanctions ineffective.

The world is not in such a place yet, but we do need to be mindful during this time of economic tumult that there are practical risks to over sanctioning.

We also need to anticipate whether sanctions can help bring about the change that is desired, or whether they simply would exacerbate a bad situation in the long run.

For example, there is currently a horrible civil war in Ethiopia, where atrocities are committed by all sides – not simply “both” sides, as conflict is far more multifaceted and complex than a simple binary conflict.

Would sanctioning a generally friendly-to-America Ethiopian government, while not concomitantly sanctioning the rebels who started the war, help bring about an end to the conflict, or would it push the government to China for support? Or, would it perhaps bring the rebels, who were formerly in power where they arguably inflicted greater atrocities on the people under former Prime Minister Meles Zenawi than the current government, back into power?

These are questions that need to be asked, and certainly, in the case of Ethiopia, there is an important role for surgical Global Magnitsky sanctions which target those *on all sides* responsible for war crimes and atrocities.

So where does that leave us?

As one of our witnesses, Gabriel Noronha, rightfully states, as we weigh the humanitarian impact of sanctions, we also need to keep in mind that “Sanctions serve as a powerful tool for the U.S. government to protect the innocent, weaken terror groups and oppressive regimes, and ... bring a measure of justice to the families and loved ones of those persecuted, tortured, and killed.... [S]anctions can deprive hostile governments of revenue used to wage warfare against our allies and partners or their own people, to finance terrorism or personal corruption, and disrupt their ability to procure and proliferate weapons of mass destruction.”

With that in mind, I look forward to an interesting discussion of these important issues.

Mr. MCGOVERN. Thank you, and I appreciate your opening statement, and now I want to introduce our panel. Dr. Bruce W. Jentleson is the William Preston Few Professor of Public Policy and a professor of political science at Duke University and a global fellow at the Woodrow Wilson International Center for Scholars.

His book, *Economic Sanctions: What Everyone Needs to Know*, just came out in September. He has served in a number of U.S. foreign policy policies, including as senior adviser to the State Department policy planning director from 2009 to 2011, in the Clinton administration State Department, and as a foreign policy aide to Senators Al Gore and Dave Durenberger.

Dr. Erica Moret is a senior researcher at the Global Governance Center and Geneva Centre for Humanitarian Studies at the Graduate Institute of International and Development Affairs in Geneva. She is also policy director at the Swiss Centre for Policy Engagement, PoliSync, where she teaches training courses on sanctions for humanitarian actors, and she serves as a senior fellow on sanctions and humanitarian affairs at the United Nations University Center for Policy Research.

And I am briefing everybody's biographies, but the total biographies will all appear in the record in full.

Delaney Simon is a senior analyst for International Crisis Group's U.S. program. She researches and writes about U.S. foreign policy in conflict zones and nonmilitary tools for crisis prevention.

She joined the Crisis Group in October 2021, and previously she worked for the United Nations in Afghanistan, Lebanon, and Yemen where she advised senior United Nations officials on political stability, conflict migration, and humanitarian planning.

And she has also worked as a special assistant to Afghanistan's Ambassador to the United Nations in New York and as a researcher on conflict policy in Colombia, the Democratic Republic of Congo, and elsewhere for the United Nations and other organizations.

Ashl Bâli is a professor of law at Yale Law School. Her teaching and research interests include public international law, particularly human rights law, and the law of the international security order, and comparative constitutional law with a focus on the Middle East.

She has written on humanitarian intervention, the roles of race and empire in the interpretation of enforcement of international law and constitutional design in religiously divided societies, among many other topics.

Prior to joining Yale Law School, she was professor of law at UCLA School of Law where she was the founding faculty member of the Promise Institute for Human Rights.

Dr. Daniel W. Drezner is a professor of international politics at the Fletcher School at Tufts University and a nonresident senior fellow at the Chicago Council on Global Affairs. Prior to joining the Fletcher School, he taught at the University of Chicago and the University of Colorado at Boulder.

He has previously held positions with Civic Education Project, the RAND Corporation, and the U.S. Department of the Treasury, and received fellowships from the German Marshall Fund of the United States, Council on Foreign Relations, and Harvard University. He has written many books, and we are happy that he has here as well.

Gabriel Noronha is a fellow in the Gemunder Center for Defense and Strategy at the Jewish Institute for National Security of America. From 2019 to 2021, he served as special adviser for the Iran Action Group at the U.S. Department of State where he coordinated policy and directed the State Department's communications and congressional affairs for Iran.

From 2017 to 2019, he worked as special assistant for the Senate Armed Services Committee under Chairman John McCain and Jim Inhofe, helping write and pass Congress' annual national security legislation.

He has worked for U.S. Senator Kelly Ayotte from 2015 to 2016. He previously served as executive director of the Forum for American Leadership and works on a range of national security and political projects. He speaks and conducts research in Russian, Mandarin, and Spanish.

So, I thank you all for being here, and I will now turn this over to Dr. Jentleson to begin.

STATEMENTS OF DR. BRUCE W. JENTLESON, WILLIAM PRESTON FEW DISTINGUISHED PROFESSOR OF PUBLIC POLICY AND PROFESSOR OF POLITICAL SCIENCE, DUKE UNIVERSITY, AND GLOBAL FELLOW, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS; DR. ERICA MORET, SENIOR RESEARCHER, INTERNATIONAL SANCTIONS, GENEVA CENTRE OF HUMANITARIAN STUDIES; DELANEY SIMON, SENIOR ANALYST, U.S. PROGRAM, INTERNATIONAL CRISIS GROUP; ASLI Ü. BÂLI, J.D., PH.D., PROFESSOR OF LAW, YALE LAW SCHOOL; DR. DANIEL W. DREZNER, PROFESSOR OF INTERNATIONAL POLITICS, FLETCHER SCHOOL OF LAW AND DIPLOMACY, TUFTS UNIVERSITY; AND GABRIEL NORONHA,

**FELLOW, GEMUNDER CENTER FOR DEFENSE AND STRATEGY,
JEWISH INSTITUTE FOR NATIONAL SECURITY OF AMERICA.**

**STATEMENT OF DR. BRUCE W. JENTLESON, WILLIAM PRESTON
FEW DISTINGUISHED PROFESSOR OF PUBLIC POLICY AND
PROFESSOR OF POLITICAL SCIENCE, DUKE UNIVERSITY, AND
GLOBAL FELLOW, WOODROW WILSON INTERNATIONAL
CENTER FOR SCHOLARS**

Dr. JENTLESON. Well, thank you very much, Congressman McGovern and Congressman Smith. I appreciate the invitation, and I commend the Commission on its attention to this issue of economic sanction and human rights and related issues, and I am privileged to join my wonderful set of colleagues here.

As was mentioned, and my publisher would kill me if I didn't at least hold it up, but my book on sanctions just came out a couple weeks ago, and it deals broadly with sanctions: Why are sanctions used so much? What are their varieties? How do we measure success? What does it take, you know, to be successful, and what lessons can policymakers derive for the why, how, and when to wield sanctions.

I have also been involved, both in the media and writing a number of pieces, on the Russia-Ukraine sanctions, but here I have been asked to really address particularly the ethical dimension of human rights sanctions. And my colleagues will also address other aspects of that.

I think, as well intended as sanctions may be, sanctions imposed because of human rights risk posing a fundamental ethical dilemma, which we can think of intentions versus consequences.

Take for example, Myanmar, you know, on the one hand, how could the United States not impose sanctions on the Myanmar Military after its brutal coup in February 2021? You know, shouldn't brutalizers be made to pay a price? Don't internal opponents deserve to know how the international community stands for them? Don't we have to stand up for American values?

Yet the military and its supporters have largely insulated themselves from the sanctions, which, according to some NGOs, have ended up as a factor in, quote, a humanitarian and displacement catastrophe.

And what about Afghanistan, as was mentioned earlier? This was a terrible regime after the Taliban victory in 2021. Yet, as last winter set in, there were estimates of 9 million people facing starvation.

And David Miliband, the former British Foreign Minister and head of

the International Rescue Committee, warned that the current humanitarian crisis could kill far more Afghans than the past 20 years of war.

There have been carve-outs that we have made. There have been efforts to target the sanctions, but as Congressman McGovern has said, these haven't fully alleviated this humanitarian aspect and this question about what our intentions are versus our consequences.

In fact, last Sunday, on Cuba, there was a full page ad in the newspaper, in The New York Times, saying, "Let Cuba Rebuild -- Urgent Appeal to President Biden," saying, at least for 6 months, you know, after Hurricane Ian, can't some of the sanctions on construction materials be lifted?

So the issue keeps coming at us in a variety of ways, and it is really a tough issue as the Members of Congress particularly know. We want to affirm our core values and principles, as well as other U.S. foreign policy interests and considerations.

But there is this ethically problematic humanitarian aspect. In terms of a template for thinking about it across cases, I see two main types of issues here. One I call backfiring, and the other I call misfiring.

You know, backfiring are when sanctions have effects counterproductive to the intended target state policy change. One example is the study in the Journal of Policy Research of 95 countries, for the period 1981 to 2000, that showed how sanction regimes cracked down even more on human rights, including torture and political killings.

And misfiring is where you end up hitting the people and not the regime, and there have been a number of cases -- some of which have been mentioned; others will probably be mentioned as we go along -- where sanctions have worsened life expectancy and infant mortality and child malnutrition, and women's health and overall public health and clean water and sanitation and refugees and internally displaced persons.

You know, back in the 1990s, I remember the Haiti case, in which the poor bore the bulk of the burden, while the regime and its supporters were minimally affected, leading to such takeoffs in Creole on embargo, which was the Creole word for embargo, as anba gwo, meaning under the heels of the rich and powerful.

The Venezuela case has already been mentioned, which is in no way to take away from the principal responsibility of the humanitarian crisis for the Chavez and Maduro regimes, but nevertheless, despite that, the American sanctions have added to much of the suffering. And similarly in Iran, after COVID-19, there are lots of examples. Syria as well.

But let me just wrap up, in the interest of time, with five policy

recommendations. One, I think, is, we need to stop making sanctions the default option, and we need to build net assessment into the front end of the policy process, weighing costs and risks.

And, again, I have been involved in the policy when I served in State, 2009-2011, in the early days of the Iran sanctions, back in the 1993-1994 period, on China, Tiananmen Square, in the Clinton-Gore administration.

And so, as we often do with military force, we really need to do a net assessment on the front end: What are the costs and risks? What are the prospects of backfiring? What are the prospects of misfiring? What are the prospects, if you will, of crossfiring and creating tensions with allies or additional burdens on frontline states that might be allies -- Jordan in the case of Iraq, Colombia in the case of Venezuela? And then, you know, what about the cost we may bear at home in terms of economic and otherwise?

And we need to be open to the notion that sanctions may not just be not working, but they may be net negative in the sense of making U.S. policy worse and the people affected.

So, one thing is in the policy process to have a net assessment, not just reach for this as the default option.

Secondly, is get past the frequent assumption that the greater the economic impact, the more likely the policy compliance. The GAO did a study in 2019, which still bears today, wasn't just of the Trump administration, but criticized the tendency to focus principally on sanctions' economic impact and not, as they put it, sanctions' overall effectiveness in achieving broader U.S. goals or objectives.

Third, higher priority to efforts to mitigate the humanitarian consequences, such as private sector derisking, carve-outs, and the like. But to give this more priority and not be satisfied with saying, well, we just tried here and that the regime, you know, made it impossible.

Fourth, I think is, you know, as heinous as the behavior and repression of many our adversaries are, human rights sanctions often work better against allies and partners that are receiving U.S. military aid, or military-like aid, trade and technology, where these may combine with other levers in the relationship to actually pressure some opening up.

We saw this in the 1970s and the 1980s with some of the military aid sanctions against Latin American militaries. And, frankly, if even if they stay repressive, the U.S. is less directly impacted.

And, lastly, we need to view sanctions as part of, not instead of, diplomacy. They need to be combined with diplomacy. This was one of the successes in the South Africa anti-apartheid case. This was part of the success

with Iran and the JCPOA. This was part of the success in 2003 in the Bush administration on issues with Libya and its WMD programs and some terrorism.

But too often they are seen as instead of diplomacy. They need to be part of it. So, I will stop there and turn it over to my colleagues. Thank you very much.

[The prepared statement of Dr. Jentleson follows:]

PREPARED STATEMENT OF DR. BRUCE W. JENTLESON



Bruce W. Jentleson

William Preston Few Professor of Public Policy
Professor of Political Science

House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations of Economic Sanctions

Tuesday, October 4, 2022, 11:00 AM – 12:30 PM
Virtual via Cisco WebEx

Testimony of Bruce W. Jentleson

William Preston Few Professor of Public Policy and Professor of Political Science
Duke University

Global Fellow
Woodrow Wilson International Center for Scholars

Non-Resident Senior Fellow
Chicago Council on Global Affairs

I want to express my thanks and appreciation to Commission Co-Chairs Congressmen McGovern and Smith for the invitation and opportunity to engage with you. I commend the Commission for its attention to economic sanctions and their impacts on human rights, both today and the important work you have done over the years.

As noted, I am the William Preston Few Professor of Public Policy and Professor of Political Science at Duke University. I also hold positions as a Global Fellow at the Woodrow Wilson International Center for Scholars and Non-Resident Senior Fellow at the Chicago Council on Global Affairs.

I have worked on sanctions both as a scholar and in various U.S. Government policy capacities. Much of my scholarly work is delineated on my [home page](#). I want to give particular mention to my recently published book, [*Sanctions: What Everyone Needs to Know*](#) (Oxford University Press) which addresses such overarching questions as:

Why are sanctions used so much? What are their varieties?

How to measure success? What key factors affect their success?

What lessons can policymakers derive for why, how and when to wield sanctions?

Policy positions in which I have worked on sanctions as well as other foreign policy issues include serving in the State Department as Senior Advisor to the Policy Planning Director (2009-11).

Here today I've been asked to speak to human rights sanctions and the ethical dilemmas they may pose, with my colleagues then adding their own expertise on this and other sanctions-human rights issues.

Sanctions and Human Rights: Ethical Dilemmas

As well intended as they may be, sanctions imposed because of human rights violations can risk posing a *fundamental ethical dilemma of intentions vs. consequences*.

For example, Myanmar: On the one hand how could the US not impose sanctions on the Myanmar military amid its brutal February 2021 coup? Shouldn't brutalizers be made to pay a price? Don't internal opponents deserve to know that the international community stands with them? Don't we have to stand up for American values? Yet the military and its supporters have largely insulated themselves from the sanctions, while according to some NGOs sanctions have ended up a factor in "[a humanitarian and displacement catastrophe](#)."

And what about whether to lift sanctions already in place against an offending regime for humanitarian reasons? Like Afghanistan after the Taliban victory in 2021: The Taliban were killing and arresting anyone at all deemed an opponent. They were again repressing women. They held American prisoners. They still had links to international terrorist groups. Yet as the winter of 2021–2022 set in, 9 million people were facing starvation. "The current humanitarian crisis," warned [David Miliband](#), president of the International Rescue Committee in January

2022, “could kill far more Afghans than the past 20 years of war. . “Carve-outs” and other such measures have helped, but only somewhat.

And Cuba: Just this past Sunday a full-page ad ran in American newspapers, “Let Cuba Rebuild,” proposing even a temporary six-month partial lifting of sanctions on construction materials to help rebuild after the devastation of Hurricane Ian.

While the intention of such sanctions are to affirm core values and principles, as well as other US foreign policy interests and considerations, their humanitarian consequences on the very people in whose name the sanctions are imposed can be highly ethically problematic.

This sanctions intentions: sanctions consequences tension can play out in two main ways, backfiring and misfiring.

Backfiring entails effects counterproductive to the intended target state policy change. For example, a study in the [Journal of Peace Research](#) of 95 countries for 1981-2000 showed how sanctioned regimes cracked down even more on human rights including torture and political killings. These include Cuba which has repeatedly manipulated U.S. sanctions as rationales for further repression, and China which responded to the sanctions imposed for the 1989 Tiananmen Square massacre by strengthening the People’s Armed Policy and intensifying policing of the Internet.

Misfiring involves hitting the people not the regime. In a [number of cases](#) sanctions worsened life expectancy, infant mortality (increases), child malnutrition, women’s health, overall public health, poverty, clean water and sanitation, and refugees and internally displaced persons. With the Haiti 1990s sanctions the poor bore the bulk of the burden while the regime and supporters were minimally affected, leading to such take-offs in Creole on *anbago* (embargo) as *anba gwo*, meaning “under the heels of the rich and powerful. Over the past few years in Venezuela, while principal fault for the humanitarian crisis, indeed for the destruction of what had been one of the more robust civil societies in Latin America, lies with Maduro and Chavez, the sanctions have also been a contributing factor. A [study](#) attributed over 40,000 excess deaths between 2017 and 2018 to the Trump sanctions. By 2019 96% of the population was living below the poverty line, 80% in extreme poverty. Sanctions and hard currency shortages pinched food imports from \$11.2 billion to \$2.46 billion. Undernourished children were 400% higher than 2012. Clean water was tightly rationed. With Iran, once COVID-19 hit, while the Iranian regime bore plenty of responsibility for the disease’s severity in its country, American sanctions so [further hindered access](#) to drugs and medical equipment that humanitarian ethical critiques were intensified.

To be sure, even when humanitarian assistance is offered the problem remains of the regimes in question blocking and diverting funds and resources from reaching

the people in most need. While such actions further add to these regimes' own moral responsibility, we still must reckon with the effects of our own actions.

Policy Recommendations

Conscious of time limits and knowing how much my colleagues have to offer, let me briefly suggest five policy recommendations:

- Do more to resist the temptation to turn to sanctions as the default option based on negatives/downsides of other options and build net assessment into the front end of the policy process weighing costs and risks such as backfiring and misfiring. Recognize that sanctions may not just not work but end up with net negative effects on US policy and values as well as the people of the country in question.
- Get past the frequent assumption that the greater the economic impact, the more likely policy compliance, as was urged in a 2019 Government Accountability Office (GAO) [study](#) criticizing the USG tendency to focus principally on sanctions economic impact and not “sanctions’ overall effectiveness in achieving broader U.S. policy goals or objectives.”
- Give higher priority to efforts to mitigate humanitarian consequences such as private sector de-risking, a topic my colleague Dr. Erica Moret has extensive expertise on.
- Notwithstanding the rationales for criticizing and punishing adversaries are obvious, take into account that human rights sanctions against allies and partners may be more effective as the military aid, trade and /or technology they receive can be combined with other levers in the relationship to pressure some opening up; e.g., 1970s-early 80s sanctions against Latin American military regimes. And even if the regimes do stay repressive, the US is less directly implicated.
- Strategize sanctions as part of, not instead of, diplomacy. This is what was done with some success in such cases as the South Africa anti-apartheid sanctions, the [2003 agreement with Libya](#) to dismantle weapons of mass destruction programs and reduce terrorism, and the sanctions relief for nonproliferation of the 2015 Joint Comprehensive Plan of Action with Iran.

I pass the baton to my colleagues and look forward to your questions. Thank you.

Mr. MCGOVERN. Thank you very much. Dr. Moret?

**STATEMENT OF DR. ERICA MORET, SENIOR RESEARCHER,
INTERNATIONAL SANCTIONS, GENEVA CENTRE OF
HUMANITARIAN STUDIES**

Dr. MORET. Thank you very much. Co-Chairs McGovern and Smith, distinguished members of the Commission, thank you very much for the opportunity to testify on humanitarian impacts of economic sanctions today.

I have been working on sanctions now for some 20 years. During this time, I have explored questions of impacts and effectiveness of these measures imposed against targets such as those in Russia, Iran, North Korea, Syria, Venezuela, Afghanistan, and Cuba.

And I have also worked on many of the emerging issues and challenges facing this ever-popular tool of foreign and security policy.

For the past decade, I have specialized increasingly on humanitarian impacts of sanctions, including in relation to vulnerable civilian populations, global trade and finance, as well as humanitarian assistance.

I'll draw on this work today, which has included my own research as part of multidisciplinary teams, my role as coordinator of multi-stakeholder dialogues seeking solutions to these problems, often with U.S. involvement and typically on behalf of the European Union, the United Nations, and the Swiss Government, as well as my close engagement with the national trisector groups on financial sector derisking.

In spite of the growing popularity of sanctions and their versatility in tackling a range of global challenges, I would argue that we have now reached a new crisis point in their use.

The spotlight is again on humanitarian consequences some 20 years after the creation of targeted sanctions that were supposed to minimize negative impacts on ordinary civilians, following the comprehensive sanctions regimes against Iraq, the former Yugoslavia, Cuba, and Haiti.

As such, I will first describe the direct impacts of ordinary civilians, and I will demonstrate direct causal effects of sanctions remain as something of a mythological challenge, as they don't exert an impact in a vacuum.

The topic also, of course, forms the focus of highly politicized debates and narratives and sometimes sophisticated disinformation campaigns that seek to discredit autonomous or unilateral sanctions use.

These narratives also serve to lessen support from non-Western countries that could otherwise play a role, a vital role, in supporting U.S. sanctions, such as the case of Russia, such as through not filling commercial gaps or engaging in sanction evasion or sanction busting.

In spite of this, a range of detailed studies suggest that sanctions can have an impact on ordinary civilians in a number of ways. Sectoral, energy, and financial sector bans in particular, appear to have the greatest impact on livelihoods of ordinary populations.

Inflation and economic contraction can limit demand for exports, and a lack of foreign capital and other inputs needed for production can hinder private investment. This can lead to lower demand for labor, putting downward pressure on real wages and increasing unemployment.

And sanctions can also serve to limit the ability of diaspora groups to send remittances to their loved ones living in sanctioned countries. And this is important in the light of the fact that these flows of funds can often serve as a vital lifeline at times of economic stress.

Household income can be squeezed at the same time that prices for food and other goods increase, and impacts have been shown to be felt particularly among vulnerable groups, particularly women, children, those on fixed income, such as the elderly, those suffering from chronic health problems, and refugee groups.

The second area I would like to describe today is the impact that the increasingly complex sanctions environment can have on global financial services and trade. What we know is that financial sector derisking is worsening around the world.

The rapid decline in the remaining number of active correspondent banking relationships to certain countries has been described as a global crisis by the likes of the G20, the World Bank, the International Monetary Fund, the Financial Stability Board, and the Financial Action Task Force.

Some countries now suffer from partial or total financial exclusion as a result of the withdrawal of financial institutions, signifying that there is no longer a way to execute payments into or out of the country through formal banking channels and other regulated payment mechanisms.

Some countries, such as North Korea and Sudan, have been completely cut off from access to international banking services. Countries, such as Syria and Afghanistan that I have worked very closely on in recent years, may soon follow suit.

We have charted the number of correspondent banking channels into these countries, and they have declined extremely rapidly, and very few

remain.

Turning to trade, overcompliance, or the chilling effect, is also prevalent across the entire supply chains of essential goods but also wider trade and financial services, such as investment and insurance with regards to heavily sanctioned countries.

Collectively, this results in widely documented challenges, such as delays, inflated costs, and increased bureaucracy at best, or difficulty accessing any functioning financial channels or essential goods at worst.

Financial exclusion has also been shown to serve as a driver for the onset of new conflicts, the rise in extremist ideologies, gender inequality, and human rights abuses, such as modern slavery and human trafficking. This not only represents a threat to U.S. security interests but also to global peace and stability.

And, in spite of over 40 initiatives that have focused on the problem of financial sector derisking and wider oath compliance that have been carried out over the past 10 years and proposing solutions to the problems, accompanied, I should add, with excellent, high-quality recommendations, the situation has only got worse.

Sanctions and related regulations also impact negatively on the operations of not-for-profit organizations, including those providing humanitarian assistance.

Challenges include confusion over permissible activities, difficulty navigating multiple-sanction regimes, and other regulations, increased costs and resourcing requirements, and ultimately diverting humanitarian funds from those who are most in need.

There is widespread consensus among the humanitarian community that current licensing processes are not fit for purpose, and guidance is not typically available enough or clear enough, especially for those NPOs operating outside of the United States who, nevertheless, need to take into account the sometimes-global reach of some of the legislation.

Studies suggest that comfort letters and safe harbor documents often aren't enough to reassure banks to continue providing them with accounts or servicing humanitarian payments. NPOs are increasingly thus forced to make use of less regulated payment channels, such as Hawala, or the carrying of cash across borders.

Nevertheless, this is in the context of poorly coordinated donor agreement on the use of such informal value transfer mechanisms, such as Hawala, and ever restrictive donor agreements governing their activities.

Cumulatively, these pressures result in less humanitarian financing reaching the areas where the needs are most acute.

So, turning to some solutions and then I will conclude. Some tentative progress has, of course, been made in the United States and -- at Congress in the last 18 months to address some of the humanitarian challenges associated with contemporary sanctions practice.

This has included the Treasury 2021 sanctions review, the resumption of the U.S. trisector working group on derisking, and the general licenses created in connection with Afghanistan since the Taliban resumed power in August of 2021, which have been widely recognized as a benchmark for exemptions in other sanctions regimes.

Nevertheless, the United States, with its close partners, should urgently prioritize a number of steps to address some of these worst impacts: First of all, to safeguard humanitarian banking channels on the trade of essential goods to the worst hit countries. This could include public interventions, making use of international or regional public financial institutions, in contexts where access to formal banking sector is no longer available. It could mean the provision of political and financial support to explore the strengthening and mainstreaming of special purpose vehicles, like INSTEX, or other mechanisms, such as the Swiss Humanitarian Trade Agreement to be used on a more global basis, to consider the potential for greater use of technology that can play a positive role in the transparent tracking of legitimate funds.

And then to turn to recommendation two would be enhanced compliance guidance dialogue and capacity-building across sectors. This could be facilitated through the creation of a global trisector group. Support for banks and NPO due diligence costs would also be valuable and warrants further thinking, in my view, and understanding a bit, forging a better understanding on how to incentivize banks, and particularly correspondent banks, not to derisk.

Three is improve sanctions design and monitoring. This could include detailed assessments on humanitarian and public health impacts of sanctions before they are even put in place and also for those which are already in place.

This can include reviews, expert input, and so on. It could also include the automatic use of broad standing exemptions across as many sanctions regimes as possible from the outset and not necessarily where the situation -- the humanitarian situation has already deteriorated.

Four would be greater flexibility in sanctions easing. The U.S. has used sanction suspensions flexibly in many instances in recent years, and this could be temporary, reversible, and doesn't necessarily imply a loss of face, particularly in context of humanitarian crises.

The question exists, of course, of whether sweeping sectoral sanctions are always appropriate in conflicts where public services, such as hospitals and schools, are already at a fragile state at best or nonexistent at worst in light of conflict and other factors.

There could also be better joint monitoring of multilayered regimes to understand the cumulative impacts and mitigate the consequences collectively.

I will conclude there just by saying that these types of sticking plaster or firefighting solutions that I have described need to happen in parallel with efforts to address the systemic drivers of negative consequences that we see in relation to sanctions, and this could benefit from a fundamental rethink of how they are used and a return to more targeted measures.

And doing so will help safeguard the legitimacy and effectiveness of sanctions and allow for the continued flow of commodities and finance essential goods and humanitarian action around the world. Thank you.

[The prepared statement of Dr. Moret follows:]

PREPARED STATEMENT OF DR. ERICA MORET

House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations of Economic Sanctions

Tuesday, October 4, 2022, 11:00 AM – 12:30 PM
Virtual via Cisco WebEx

Statement of Dr. Erica Moret

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Co-Chairs McGovern and Smith; Distinguished Members of the Commission: thank you for the opportunity to testify on humanitarian impacts of economic sanctions.

In spite of the growing popularity of sanctions and their versatility in tackling a range of global challenges, the spotlight is again on their unintended humanitarian consequences. This comes two decades after the creation of targeted sanctions – designed to minimize negative impacts on civilians following the use of comprehensive sanctions, or embargos, against Iraq, the former-Yugoslavia, Cuba and Haiti. As the global use of sanctions reaches a new critical juncture, it is important to reassess how these important instruments of foreign and security policy can be used to best effect, and in a way that safeguards their legitimacy, while minimizing humanitarian impacts.¹

I have been working on multilateral and autonomous sanctions for 20 years. During this time, I have explored questions of impacts and effectiveness of economic sanctions, imposed against targets in Russia, Iran, North Korea, Syria, Venezuela, Afghanistan and Cuba, as well as in relation to chemical weapons, nuclear non-proliferation, cyber security, modern slavery/ human trafficking and disinformation. For the past decade, I have specialized in humanitarian impacts of sanctions, including in relation to vulnerable civilian populations, supply chains of essential goods, financial inclusion and humanitarian assistance. I will draw on this work today, which spans research and multi-stakeholder engagement exploring solutions to these challenges.² This includes initiatives conducted with the Governments of the United States, United Kingdom, Switzerland, France and Canada, as well as with the United Nations, European Union and the humanitarian and finance sectors.³

¹ Moret, Erica (2022) “More Civilian Pain than Political Gain (Again?): The Demise of Targeted Sanctions and Associated Humanitarian Impacts”, in Andrea Charron and Clara Portela (eds) *Multilateral Sanctions Revisited: Lessons Learned from Margaret Doxey*, McGill Queen's University Press, Kingston.

² See, for example, the Swiss-EU-UK-World Bank “Compliance Dialogue on Syria-Related Humanitarian Payments” (<https://www.graduateinstitute.ch/research-centres/global-governance-centre/when-money-cant-buy-food-and-medicine-banking-challenges>) and the Swiss-EU funded multi-stakeholder dialogues on de-risking as part of the “Presence, Proximity Protection Project” (covering protected humanitarian banking channels; digital innovations in the remittance market to aid financial inclusion; common stances among donors on the need to use hawala in humanitarian financing, political mechanisms to support humanitarian trade in financially excluded sanctioned countries and creation of a monitoring tool for humanitarian actors to capture sanctions’ impacts on their work).

³ For further details please see <https://www.graduateinstitute.ch/discover-institute/erica-moret>

Rising complexity in global sanctions practice

Sanctions are being used by a growing number of governments and organizations against an increasing number of targets around the world. They are also being deployed in relation to a burgeoning range of global challenges and covering an expanding portion of the globe's population. Overlapping (autonomous, and sometimes multilateral) sanctions regimes are becoming the norm, while their cumulative impacts remain poorly understood. Furthermore, sanctions are often imposed alongside other regulations, such as those seeking to tackle money laundering, terrorist financing and the trade in dual use goods. Hard-hitting sanctions against strategically important sectors, such as finance and energy, are also becoming more commonplace (particularly those of the US), representing a turn away from the more carefully targeted measures that characterized the early 2000s.⁴ Many contemporary sanctions regimes can no longer be considered to be "targeted" and some – such as the cases of Syria, Iran, Venezuela and DPRK/ North Korea – have started to resemble *de-facto* comprehensive sanctions regimes, mired by a range of novel legal, ethical and logistical constraints. This complexity is further compounded through the global reach of the US dollar and the United States' use of extraterritorial (or secondary) sanctions. Cumulatively, it contributes to the worsening phenomenon of financial sector derisking and over-compliance (or the "chilling effect") that now permeates the wider private and not-for profit sectors.

Impacts on civilian populations

Demonstrating direct causal effects of sanctions remains a methodological challenge as they do not exert an impact in a vacuum. Reliable data can be hard to access in authoritarian regimes and the topic also forms the focus of highly politicized narratives, and sometimes sophisticated disinformation campaigns, which seek to delegitimize autonomous sanctions. In spite of this, a range of evidence-based studies suggest that sanctions can have an impact on ordinary civilians in a number of ways.⁵ First, sectoral energy and financial sector bans appear to have the greatest impact on livelihoods of ordinary populations. Second, inflation and economic contraction (often deliberate outcomes of economic sanctions) can limit demand for exports and result in a lack of foreign capital (and

⁴ Moret, Erica (2015) "[Humanitarian Impacts of Economic Sanctions on Iran and Syria](https://www.tandfonline.com/doi/abs/10.1080/09662839.2014.893427)" in *European Security*. Vol 24. Issue 1, <https://www.tandfonline.com/doi/abs/10.1080/09662839.2014.893427>

⁵ Debarre, Alice (2019) "Safeguarding Humanitarian Action in Sanctions Regimes" International Peace Institute, IPI, New York; Gillard, Emanuela-Chiara (2017) "Research Recommendations for Reducing Tensions in the Interplay Between Sanctions, Counterterrorism Measures and Humanitarian Action", Chatham House, August.

other inputs needed for production).⁶ This, in turn, can hinder private investment and result in cuts to social spending, while leading to a lower demand for labor, putting downward pressure on real wages and resulting in increasing unemployment. In heavily sanctioned countries, household income can be squeezed at the same time as prices for food and other goods increase. This is exacerbated in contexts where diaspora groups find it harder to send remittances to their relatives in sanctioned jurisdictions (important in light of the fact that remittances can serve as a vital lifeline at times of economic stress). Impacts are especially marked on vulnerable groups, including women, children,⁷ refugee groups, those on fixed incomes (such as the elderly) and those suffering from chronic health problems.

Impacts on global finance and trade

Financial sector derisking – caused in part by the increased complexity and reach of US sanctions regimes – has been accelerating around the world in recent years. Numerous countries now suffer from total or partial financial exclusion as a result of the withdrawal of financial institutions, signifying that there is no longer a way to execute payments through formal banking channels and other regulated payment mechanisms. Some, such as North Korea and Sudan, have been completely cut off from access to international banking services.⁸ Syria⁹ and Afghanistan¹⁰ are cases where remaining banking channels have declined dramatically in recent years and where banking services are now unavailable to many.

The rapid decline in the remaining number of active correspondent banking relationships (CBRs) to certain countries is described as a “global crisis” by the

⁶ Batmanghelidj, Esfandiyar & Moret, Erica (2022) "The Hidden Toll of Sanctions: Why Washington Must Reckon With the Devastating Inflation Its Policies Cause", Foreign Affairs, January 17, <https://www.foreignaffairs.com/articles/world/2022-01-17/hidden-toll-sanctions>

⁷ Pelter, Zoë, Teixeira, Camila & Moret, Erica (2022) *Sanctions and their Impact on Children*, UNICEF, February, Sanctions and their Impact on Children, https://repository.graduateinstitute.ch/record/299852?_ga=2.180166244.1950720973.1666341945-1136942740.1659347694

⁸ Sue Eckert, Kay Guinane, and Hall, Andrea (2017), *Financial Access for US Nonprofits*, Charity & Security Network, February, Charity & Security Network [https://www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20\(2\).pdf](https://www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20(2).pdf)

⁹ For details, see <https://www.graduateinstitute.ch/research-centres/global-governance-centre/compliance-dialogue-syria-related-humanitarian-payments>

¹⁰ Moret, Erica (2022) "Life and Death: NGO access to financial services in Afghanistan", Norwegian Refugee Council, January,

G20, World Bank,¹¹ International Monetary Fund (IMF), Financial Stability Board (FSB) and the Financial Action Task Force (FATF).¹² Overcompliance is also prevalent in wider financial services (such as investment and insurance) as well as in wider trade. Firms involved in supply chains of essential goods are also subject to these trends,¹³ not only those trading in food, medicines and vaccines, but also in relation to shipping, technology and logistics. This results in widely documented challenges such as delays, inflated costs and increased bureaucracy, at best, or challenges accessing functioning financing channels or essential goods, at worst.¹⁴ Also significant for global peace and stability, as well as for US national security considerations, is that financial exclusion has also been shown to serve as a driver for the onset of new conflicts, the rise in extremist ideologies, gender inequality and human rights abuses, such as modern slavery and human trafficking.¹⁵ It is

¹¹ World Bank (2015), *Report on the G-20 Survey on De-risking Activities in the Remittance Market*, October, <http://documents.worldbank.org/curated/en/679881467993185572/pdf/101071-WP-PUBLIC-GPFI-DWG-Remittances-De-risking-Report-2015-Final-2.pdf>, <https://documents1.worldbank.org/curated/en/113021467990964789/pdf/101098-revised-PUBLIC-CBR-Report-November-2015.pdf>

¹² International Monetary Fund (IMF) (2016), 'The Withdrawal of Correspondent Banking Relationships:

A Case for Policy Action', June, www.imf.org/external/pubs/ft/sdn/2016/sdn1606.pdf; Financial Stability Board (FSB) (2015), 'Report to the G20 on Actions taken to Assess and Address the Decline in Correspondent Banking', November, [www.fsb.org/wp-content/uploads/Correspondent banking -report -to -G20 -Summit .pdf](http://www.fsb.org/wp-content/uploads/Correspondent%20banking%20report%20to%20G20%20Summit.pdf); Financial Services Board, *Correspondent Banking Data Report* (2017); <http://www.fsb.org/wp-content/uploads/P040717-4.pdf>; Financial Action Task Force (FATF), 'FATF Takes Action to Tackle De-risking' (2015), October, www.fatfgafi.org/publications/fatfrecommendations/documents/fatf-action-to-tackle-de-risking.html

¹³ This is the subject of a study which the author coordinates at the Graduate Institute called "When Money Can't Buy Food and Medicine: Banking Challenges in The International Trade of Vital Goods and their Humanitarian Impact in Sanctioned Jurisdictions", funded by the Swiss Network of International Studies (SNIS), <https://www.graduateinstitute.ch/communications/news/when-money-cant-buy-food-and-medicine-banking-challenges-international-trade>

¹⁴ The author is currently authoring a study (forthcoming 2022) on private sector challenges in Afghanistan in light of problems associated with financial sector derisking and private sector overcompliance linked to sanctions, on behalf of the United Nations Development Programme (UNDP), with support from the Istanbul International Centre for Private Sector in Development (IICPSD), the Norwegian Refugee Council (NRC) and Fintech for International Development (F4ID).

¹⁵ Erica Moret (2022) *What Role for Financial Sanctions in Tackling Modern Slavery and Human Trafficking?*, UNU-CPR FAST Initiative, http://collections.unu.edu/eserv/UNU:8896/UNU_FAST_FinancialSanctions.pdf; Kuntay Celik (2021), *Impact of the FATF Recommendations and their Implementation on Financial Inclusion*, World Bank, Washington DC,

vital that this vicious circle should be avoided if sanctions-related derisking is not to serve as a catalyst for these types of instability and inequality.

Impacts on humanitarian assistance

Sanctions and related regulations also impact on not-for-profit organizations (NPOs), including those providing humanitarian assistance. Challenges include confusion over permissible activities and difficulties navigating multiple sanctions regimes and other regulations. They also lead to increased costs and resourcing requirements (diverting humanitarian funds from end-beneficiaries); perceived tensions in NPOs' ability to meet international humanitarian law (IHL) obligations, and increasingly restrictive donor agreements.¹⁶ There is widespread consensus among the humanitarian community that current licensing processes employed by the United States and other partners are not currently fit-for-purpose. Accompanying guidance is typically not accessible or clear enough (especially for NPOs outside the US). Comfort letters and safe harbor documents do not always provide enough to reassure banks to continue providing NPOs with bank accounts or servicing humanitarian payments. NPOs are increasingly forced to make use of less regulated payment channels, such as hawala or cross-border bulk cash transfers. Cumulatively, these pressures result in less humanitarian assistance reaching areas where the needs are the most acute. Ultimately, it is the most vulnerable communities in these countries that suffer, and resilience is worn down.

Mapping potential solutions

Some tentative steps have been taken in the United States in the last 18 months to address some of the humanitarian challenges associated with contemporary sanctions practices, though they do not yet address systemic drivers of the problem at their source. This has included the Treasury 2021 sanctions review, the resumption of the US trisector group on derisking,¹⁷ the recent Government Accountability Office (GAO) report relating to derisking¹⁸ and the creation of a

<https://documents1.worldbank.org/curated/en/597781637558061429/pdf/Impact-of-the-FATF-Recommendations-and-their-Implementation-on-Financial-Inclusion-Insights-from-Mutual-Evaluations-and-National-Risk-Assessments.pdf>.

¹⁶ Daher, Joseph & Moret, Erica (2020) "Invisible Sanctions: How over-compliance limits humanitarian work on Syria", July, <https://www.impact-csr.org/invisible-sanctions/>

¹⁷ Composed of government (donors and regulators), the financial sector and humanitarian community.

¹⁸ The National Defense Authorization Act for Fiscal Year 2021 contained a provision for the GAO to lay out options that could help address the problem of derisking, to which the US Department of the Treasury is required to respond. These recommendations are contained in United States Government

number of new administrative posts relating to sanctions coordination and evaluation. Furthermore, US general licenses (GLs) created in relation to targets in Afghanistan since the Taliban's return to power on 15 August 2021 (GLs 14-20) are widely recognized as a benchmark for other sanctions regimes. Elsewhere, over 40 initiatives and research projects have been carried out over the past decade that propose solutions to these complex problems.¹⁹ Nevertheless, the situation has only got worse, with a growing number of countries increasingly suffering direct and indirect humanitarian consequences of ever-more sweeping sanctions regimes. Many proposed solutions have lacked appropriate resourcing or financing, while others have not made it past the pilot stage. The United States, with its close partners, such as the EU, UK, Canada and Switzerland, along with IOs, notably the UN, should draw on the existing body of evidence-led recommendations to urgently prioritize a number of steps to address some of the worst impacts:

1. Safeguard humanitarian banking channels and trade in essential goods to heavily sanctioned countries:

- Make use of international or regional public financial institutions in contexts where access to the formal banking sector is no longer available or risks collapsing.
- Provide political and financial support to strengthen and mainstream special purpose vehicles (SPVs) and other mechanisms (like INSTEX and the Swiss Humanitarian Trade Agreement or SHTA) to be used on a more global basis.
- Explore greater use of technology that could play a beneficial role in the transparent tracking of legitimate funds to unbanked or poorly banked sanctioned jurisdictions (including for trade, NPO activities and the sending of remittances); streamline compliance and reduce costs. This could include forging of a better understanding of the role that could be played in mitigating de-risking through technologies such as artificial intelligence (AI), know-your-

Accountability Office (2021) "Bank Secrecy Act: Views on Proposals to Improve Banking Access for Entities Transferring Funds to High-Risk Countries", Report to Congressional Committees, December, <https://www.gao.gov/assets/gao-22-104792.pdf>

¹⁹ As reviewed in Moret, Erica (2021). "Time to act: harmonizing global initiatives and technology-based innovations addressing de-risking at the interfacing sanctions-counterterrorism-humanitarian nexus", International sanctions: improving implementation through better interface management, Berlin, Stiftung Wissenschaft und Politik, P. 74-82, https://www.swp-berlin.org/publications/products/arbeitspapiere/WP_International_Sanctions.pdf

customer (KYC) utilities, big data, machine learning, distributed ledger technology (DLT; including Blockchain), cryptocurrencies and Central Bank Digital Currencies (CBDCs).

2. Enhance compliance guidance, dialogue & capacity building across sectors:

- Support and resource the creation of a global platform that coordinates the sharing of best practice between national trisector groups working to reduce and mitigate humanitarian impacts of sanctions and derisking and communicate findings that builds capacity.
- Provide financial support for banks and NPOs towards due diligence costs, including in relation to compliance checks and associated legal fees.
- Build a keener understanding on how to incentivize banks not to withdraw from sanctioned jurisdictions, particularly correspondents.
- Improve capacity and expertise among government departments and other relevant sectors (through training, dialogue and awareness-raising) on ways that unintended humanitarian consequences can stem from sanctions practices.

3. Revised sanctions design & monitoring to account for humanitarian impacts:

- Detailed assessments on humanitarian and public health impacts for all new and current sanctions regimes (to include expert input and periodic reviews).
- Use of broad standing exemptions across as many sanctions regimes as possible and at the point of sanctions design (and not when the humanitarian situation in a targeted country has already deteriorated).
- Better joint monitoring of multi-layered regimes (to understand cumulative impacts and mitigate negative humanitarian consequences collectively).
- Greater flexibility in strategic sanctions easing (that can be temporary and reversible) in contexts of humanitarian crises.²⁰

²⁰ Zuzana Hudáková, Thomas Biersteker and Erica Moret (2021) “[Sanctions relaxation and conflict resolution: Lessons from past sanctions regimes](#)”, Carter Center, October,

- Assessment as to whether sweeping sectoral sanctions are an appropriate tool in contexts where public services – such as hospitals and schools – are already fragile at best, or non-existent at worse, in light of conflict, government mismanagement or protracted sanctions regimes.
- Collaboration across autonomous and multilateral sanctions regimes on sanctions flexibility (suspensions and reimposition, where required) that accounts for humanitarian needs.

In sum, a range of “sticking plaster” or “firefighting” initiatives – as outlined above – are urgently required to help slow down some of the most damaging impacts of contemporary sanctions practices. In parallel, more concerted action is required to address some of the drivers of these problems at their root.

A new set of global principles on sanctions practice that minimizes humanitarian impacts

The breadth and complexity of global sanctions practice has risen dramatically over the past decade, as have associated humanitarian impacts. This calls for a fundamental rethink of how sanctions are used and an adaptation in their design and implementation that reflects this new reality. Doing so, will help the United States and its partners achieve some key objectives.

First, it will help safeguard the legitimacy and effectiveness of sanctions in the years to come, through ensuring that this ever-popular tool does not hinder the flow of commodities and finance, essential goods and humanitarian action. Second, it will allow the United States and its partners to counter damaging narratives that seek to undermine the use of autonomous sanctions through disinformation campaigns. This is important as current communications serve to lessen support from non-Western countries that could otherwise play a vital role in supporting US and allied sanctions in cases such as Russia (such as through not filling commercial gaps or engaging in sanctions evasion or sanctions busting). Third, it will allow the United States to play a central role in establishing a new set of global principles or norms that will guide autonomous and multilateral sanctions use at a point where a growing number of actors from around the world, including China and Russia, are starting to use their own forms of autonomous sanctions and countermeasures with increased regularity outside multilateral frameworks. Fourth, it will help the US and the wider international community safeguard the livelihoods of vulnerable

communities around the world and avoid a “financial exclusion vicious circle”, that could otherwise pose a threat to US strategic and national security interests and place it in breach of IHL and human rights law obligations.

To work towards these goals, a new engagement is being launched in late 2022 that seeks to establish a new set of non-binding global principles on sanctions practice. The *Advancing Humanitarianism through Sanctions Reform* (AHSR) project will engage with relevant stakeholders, including the US Government, in elaborating revised methodologies, strategies, and ethical principles to ensure that sanctions can be rendered a more effective, yet less damaging, tool that will benefit the international economic and security environment of the twenty-first century. It will build on previous multilateral sanctions reformulations — such as the Interlaken, Bonn/Berlin, and Stockholm processes—but also take into account the various sanctions focused, multi-stakeholder dialogues, initiatives and trisector groups active around the world today, alongside active Global South input.²¹ This will be a international effort, but the US should ideally play a central role in helping shape the face of international sanctions practices towards a more humane footing in the months and years to come.

²¹ The “Advancing Humanitarianism through Sanctions Reform” (AHSR) project is jointly coordinated by Alistair Millar, George Lopez and Erica Moret and works with a network of over 40 sanctions and humanitarian experts and practitioners. Please contact erica.moret@graduateinstitute.ch for more details.

Mr. MCGOVERN. Thank you very much.

Ms. Simon?

**STATEMENT OF DELANEY SIMON, SENIOR ANALYST, U.S.
PROGRAM, INTERNATIONAL CRISIS GROUP**

Ms. SIMON. Thank you, Co-Chair McGovern, Co-Chair Smith, and distinguished members, thank you for the opportunity to address the Commission. It is an honor to testify before you and in the company of such distinguished panelists.

I am a senior analyst at the International Crisis Group, a global organization with a mandate to prevent, mitigate, and resolve deadly conflict. As noted in my written testimony, there is no one-size-fits-all approach to sanctions.

In some contexts, sanctions can be a tool to help mitigate or prevent conflict, but in others they can undermine conflict prevention and resolution efforts.

Deciding whether sanctions are the right tool requires a careful weighing of costs and benefits in the context of local dynamics.

Still, my research over the past several months suggests recurring ways in which sanctions can impede conflict prevention and resolution. I want to highlight five of these now and offer some ideas about how to address them.

First, sanctions can be excessively difficult to lift. Sanctions can sometimes push parties to start peace negotiations or reach agreement, but that works best if the sanctions are accompanied by credible promises of relief.

Sanctioned actors who don't believe that sanctions will be lifted, perhaps because of U.S. politics or even bureaucratic inertia are less likely to come to and to make concessions at the negotiating table.

One high-profile illustration is the negotiation of U.S. re-entry into the Iran nuclear deal, but there are other examples. In Colombia, one armed group, the ELN, mentioned the fraught sanctions removal process as a reason for their reluctance to join peace negotiations. They were not convinced that an agreement would yield sufficient benefits.

Second, outdated sanctions programs can hinder the implementation of peace deals. Again, in Colombia, a 2016 peace deal with the rebel group known as the FARC was meant to transform the group by offering its members licit livelihoods and integration into society.

But the group remained designated as a foreign terrorist organization for 5 years after the peace deal was signed, and during that time, many demobilized combatants couldn't get jobs, aid, or bank accounts, and this hurt the implementation of the peace accords.

When I visited Colombia earlier this year, one former commander told me that sanctions did not affect the FARC in wartime, but after they agreed to make peace, the sanctions started to sting.

Third, sanctions can sometimes make it harder to advance other peace- and stability-related goals such as economic recovery. Investors often lacked confidence to enter markets where sanctions exist. High compliance costs, the risk of massive fines, and other uncertainties deter them, as my co-panelists have outlined already.

In Afghanistan, for example, foreign firms lack confidence to re-engage, despite broad general licenses in place, and this hinders the stated U.S. policy, which is to help with economic revival in that country.

Such hesitancy often remains even when sanctions are lifted as firms worry that they will be reimposed.

Fourth, sanctions can hamper the work of peacebuilding organizations. These NGOs, often funded by the U.S. Government, perform important functions, like rebuilding ties within divided communities, convening warring parties to discuss violence reduction, and disarming former combatants.

But sanctions can pose them serious operational challenges. Banks sometimes limit or deny them services due to concerns about facilitating transactions that could involve sanctioned parties.

And, in some places, peacebuilding organizations simply can't function unless they work with service providers that are sanctioned such as an organization in Syria whose local staff needed to fly on the sanctioned national airline.

Fifth, carve-outs do not usually cover peacebuilding activities. Without carve-outs, legal risks and compliance costs often force peacebuilding organizations to curtail their work.

For example, reintegration and trauma-healing projects led by U.S. aid partners in the Democratic Republic of Congo cannot include former members of sanctioned armed groups, including former child soldiers.

While the U.S. Government commendably issues licenses and other carve-outs for humanitarian activities, it could do more to extend these to peacebuilding efforts which also lessen the toll of conflict on populations.

I will now highlight two reforms that can lessen the negative impact of sanctions on peacemaking, some of which have been hinted at by my co-panelists.

First, new and existing sanctions programs should require the following three measures: clear statements of the foreign policy objectives they are intended to further; periodic reauthorization requirements; and regular reviews submitted to Congress on the extent to which they are meeting their foreign policy objectives and affecting humanitarian and peacebuilding activities.

Some sanctions authorities include renewal requirements, but renewals are usually pro forma. Reauthorization requirements, accompanied by descriptions of policy objectives and meaningful reviews could prompt policymakers to weigh the cost and benefits of the sanctions that they have imposed and allow an opportunity for the executive branch and Congress to gauge whether sanctions are achieving their objectives.

Reviews submitted to Congress would also provide a basis for considerations on calibrating, relaxing, or lifting them in line with political or conflict-related developments, and help to address the peacebuilding impact of sanctions that I have outlined.

Second, U.S. policymakers should consider carve-outs for peacebuilding activities. The Treasury Department should be prepared to issue licenses permitting peacebuilding organizations to work, of course when acting in good faith with appropriate risk management.

A global general license to be developed in consultation with humanitarian and peacebuilding organizations is another idea worth consideration.

Congress should support these efforts by creating appropriate legislative exceptions for peacebuilding activities in the sanctioned regimes and the statutes underpinning the sanctioned regimes, including a carve-out in the criminal prohibition on providing material support to terrorism.

Thank you for your attention today. I look forward to answering your questions.

[The prepared statement of Ms. Simon follows:]

PREPARED STATEMENT OF DELANEY SIMON



House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations on Economic Sanctions

October 4, 2022 – 11:00 a.m.

Statement of Delaney Simon
Senior Analyst
International Crisis Group

Co-Chair McGovern, Co-Chair Smith and distinguished members, thank you for giving me the opportunity to address the Tom Lantos Human Rights Commission about the unintended consequences of economic sanctions. It is an honor to speak at this important hearing in the company of my distinguished co-panelists.

I am a senior analyst at the International Crisis Group, a global organization committed to the prevention, mitigation and resolution of deadly conflict. In the spirit of our conflict prevention mission, I would like to focus my remarks on the impact of economic sanctions on peacemaking – that is, activities in the service of violence prevention and conflict resolution.

I will start by briefly describing the recent use of sanctions in U.S. foreign policy.

Coercive economic measures featured in statecraft throughout the 20th century, but their use increased rapidly in the 1990s. The U.S. regularly imposed sanctions at that time in concert with the UN Security Council, which enjoyed a brief period of cooperation among members after the Cold War that allowed it to coordinate sanctions in response to the crises of the day. The Council imposed sanctions in Iraq (1990), the former Yugoslavia (1991, 1992, 1998), Libya (1992), Liberia (1992), Somalia (1992), parts of Cambodia (1992), Haiti (1993), parts of Angola (1993, 1997, 1998), Rwanda (1994), Sudan (1996), Sierra Leone (1997 and 2000), Afghanistan (1999) and Eritrea (2000). It had used sanctions only twice

previously, in Rhodesia (1966) and South Africa (1977).¹

The sanctions mentioned above had varying degrees of intensity. Some were narrow, comprising measures such as travel bans on individuals, and others were broad, such as trade embargoes that targeted entire economies and populations. As the humanitarian implications of broad sanctions became apparent toward the end of the 1990s, policymakers started to favor targeted sanctions.²

These more precise measures were designed to change the behavior of, or to constrain, specific groups or individuals, while minimizing damage to broader populations.

The attacks of September 11, 2001 prompted a series of innovations in the use of sanctions, as U.S. officials expanded the toolkit of economic coercion to address terrorism threats to the homeland and to U.S. interests abroad. The use of the legal authorities underpinning sanctions programs expanded, for instance with Executive Order 13224 – enacted under the International Emergency Economic Powers Act (IEEPA) – enabling Washington to block assets of foreign individuals and groups who commit, or threaten to commit, acts of terrorism, as well as their supporters.

Washington's use of financial statecraft expanded further in the context of Iran sanctions in the late 2000s and early 2010s, as the U.S. used sanctions to isolate the country and its economy from the international financial system. The U.S. government also marshalled its allies and major financial institutions to implement regulations that prevented terrorist groups and a small number of countries considered as pariahs from gaining access to international financing. The dominance of the U.S. dollar among international currencies meant that financial institutions wishing to transact in dollars steered clear of sanctions targets; the risk of being cut off from U.S. markets – and the risk of heavy fines – gave the private sector incentives to comply with sanctions, and sometimes to over-comply – that is, to take excessive measures beyond what is required to avoid risk.

Although the UN Security Council continued to mandate new sanctions programs (asset freezes, an arms embargo, export controls and other measures for North Korea (2006), an arms embargo on Libya (2011) and asset freezes for violators of the 2015 peace agreement in Mali (2017) are examples), the U.S. increasingly imposed sanctions unilaterally, or together with likeminded allies. Sharpened competition and more frequent deadlocks among permanent members of the UN Security Council have meant that the Council has not agreed on a new sanctions

¹ David Cortright and George Lopez, "[Learning from the Sanctions Decade](#)", Center for World Dialogue, 2000.

² David Cortright and George Lopez, eds., *Smart Sanctions: Targeting Economic Statecraft* (New York, 2002).

regime since 2017, although it has renewed and adjusted existing programs.³ In general, it is faster and easier for the U.S. to impose sanctions outside the UN Security Council, although policymakers have recognized that multilateral sanctions tend to be more effective.⁴

Today, most U.S. sanctions target specific individuals or groups, although some comprehensive regimes remain in place. Sanctions against Cuba, Iran, Syria and North Korea – enacted under a wide range of authorities – regulate nearly all transactions with those countries. Other sanctions regimes, notably on Russia and Venezuela, combine hundreds of targeted sanctions on individuals, groups and entities with sanctions on specific sectors of the economy; the result is sanctions programs approximating the comprehensive sanctions described above. Other sanctions regimes are thematic, addressing, in addition to terrorism, narcotics trafficking, nuclear weapons proliferation and, since the Global Magnitsky Act of 2016 and the associated Executive Order 13818 (2017), human rights abuses and corruption.

The sanctions imposed on any single country may be based on multiple authorities. IEEPA provides the basis for most sanctions programs, but a range of other thematic and country specific statutes underpin others.⁵ As a result, the U.S. economic sanctions landscape is a complex mix of country, group, individual and thematic measures.

Why Sanction?

As an organization committed to the prevention, mitigation and resolution of deadly conflict, the International Crisis Group has offered analysis and recommendations concerning the use of sanctions in many crises around the world. Our analysis has recognized that – while by themselves sanctions may not be decisive in steering parties away from or out of conflict – they may affect the cost-benefit calculations of conflict actors, constrain their resources for waging war, or signal the opprobrium of the U.S. and its partners with respect to egregious behavior.⁶ These are among the calculations that have led us to support the imposition of sanctions in the context of Russia’s invasion of Ukraine, among

³ Thomas Biersteker, Zuzana Hudakova and Marcos Tourinho, [UN SanctionsApp: An Interactive Database of UN Sanctions](#), August 2020.

⁴ “[The Treasury 2021 Sanctions Review](#)”, U.S. Department of the Treasury, October 2021.

⁵ “[United States Statutes](#)”, OFAC Legal Library, U.S. Department of the Treasury.

⁶ Tiziano Breda, “[If sanctions failed to solve Nicaragua’s crisis, will more sanctions succeed?](#)”, *Global Americans*, 14 July 2021; Michael Wahid Hanna and Murithi Mutiga, “[The U.S. must raise the stakes for Sudan’s coup leaders](#)”, *World Politics Review*, 2 March 2022; Crisis Group Middle East Report N°228 [Managing Lebanon’s Compounding Crises](#), 28 October 2021; Crisis Group Africa Report N°278, [Running Out of Options in Burundi](#), 20 June 2019; Crisis Group Africa Report N°267, *Drug Trafficking, Violence and Politics in Northern Mali*, 13 December 2018.

other examples.⁷

But we do not have a one-size-fits-all approach to sanctions, in part because we believe it is important to weigh their anticipated costs against their likely benefits in each specific context. In Myanmar, for example, we recommended targeting sanctions at the military and its business interests in conjunction with other efforts to impose costs for, and to encourage the reversal of, the February 2021 coup.⁸ But we have also discouraged blanket trade or financial sanctions that would have devastating effects on an already impoverished population in Myanmar, as we have in other contexts.⁹ In the Russia-Ukraine context, we have supported the threat and imposition of heavy sanctions on Russia for the reasons noted above, but we have also recommended steering clear of some measures that we thought could be counterproductive – in particular discouraging the designation of Russia as a state sponsor of terrorism because of the implications it could have for peace efforts in and beyond Ukraine, among other factors.¹⁰ We have also discouraged sanctions that may unduly impede humanitarian relief efforts, as we did when we argued against designating the Yemen-based Huthis as a foreign terrorist organization.¹¹

In speaking to practitioners and outside experts about the impact of U.S. sanctions in conflict contexts, the subject of my research, many spoke of certain overarching considerations that should guide when and how sanctions should be imposed. First, given sanctions' imperfect track record, it is important that policymakers temper their expectations of what sanctions alone can achieve. Second, sanctions should fit within a well-communicated policy and strategy, which should be imposed multilaterally where possible to advance effectiveness and legitimacy, include clear and feasible demands, and involve credible commitments to lift sanctions when agreements are reached or aims are achieved. Finally, and of great importance, policymakers must be highly attuned to the possibility that sanctions will have deleterious humanitarian impacts, and build into their strategy the capacity to monitor and mitigate these effects, including by

⁷ Crisis Group Europe & Central Asia Briefing N°92, [Responding to Russia's New Military Buildup Near Ukraine](#), 8 December 2021; Crisis Group Statement, "[Avoiding an Even Worse Catastrophe in Ukraine](#)", 18 March 2022; Crisis Group Statement, "[Staying the Course in Ukraine](#)," 23 September 2022.

⁸ Crisis Group Asia Briefing N°171, [Resisting the Resistance: Myanmar's Pro-military Pyusawhti Militias](#), 6 April 2022.

⁹ Crisis Group Asia Briefing N°173, [Coming to Terms with Myanmar's Russian Embrace](#), 4 August 2022. Crisis Group Statement, "[Venezuela: An Opportunity That Should Be Seized](#)", 7 May 2021; Crisis Group Commentary, "[U.S. Sanctions on Syria: What Comes Next?](#)", 13 July 2020; and Crisis Group Africa Briefing N°127, [Time to Repeal U.S. Sanctions on Sudan?](#), 22 June 2017.

¹⁰ Delaney Simon and Michael Wahid Hanna, "[Why the U.S. Should Not Designate Russia as a State Sponsor of Terrorism](#)", Crisis Group Commentary, 4 August 2022.

¹¹ Crisis Group Statement, "[The U.S. Should Reverse Its Huthi Terror Designation](#)", 13 January 2021.

altering the sanctions themselves where appropriate.

Costs for Peacemaking

While the above guidelines have been widely embraced even within the U.S. government – the 2021 Treasury Sanctions Review reflects several of the principles noted previously – they are too often honored in the breach, with negative implications for the capacity of the United States and others to defuse conflict-related risks around the world. I will call attention here to five chronic issues that I have identified as particularly problematic in the course of my research:

First, sanctions can be too difficult to durably lift, making them less effective as a source of negotiating leverage. While sanctions can sometimes help start negotiations and cement agreements – they helped induce Iran to enter negotiations about its nuclear program and U.S. commitments to relieve them helped cement the 2015 nuclear deal – these successes depend on the capacity of negotiators to credibly promise sanctions relief.¹² If a sanctioned actor does not believe that negotiations will result in sanctions relief – for example, because sanctions in a particular context have been politicized, because U.S. messaging on sanctions’ purposes has shifted markedly over time or due simply to bureaucratic inertia – then it is likely to exact a higher price at the negotiating table or to turn away from negotiations altogether. A similar situation arises if the sanctioned actor believes that relief on paper will not deliver relief in practice. Also, given the difficulty of lifting sanctions, U.S. officials generally cannot act as nimbly, creatively or quickly as they do when imposing sanctions; as a result, they can miss opportunities to use sanctions relief to advance certain peace- and stability-related priorities.

There are several examples of this phenomenon, some of which will be familiar. A high-profile illustration is the Iran nuclear deal, where the fact that the U.S. reneged on its earlier promises of relief in 2018 made recent negotiations to re-enter the deal more difficult.¹³ In the course of my research I came across other examples, too. In Colombia, for instance, the U.S. did not rescind the designation of the Revolutionary Armed Forces of Colombia (FARC), the country’s largest guerrilla group, as a foreign terrorist organization until 2021 – five years after it had reached a peace deal with the Colombian government. The fraught process of lifting sanctions caught the attention of the National Liberation Army (ELN), a still-active guerrilla group, which reportedly cited the difficulties as a reason for its reluctance to re-enter peace negotiations with the

¹² Crisis Group Middle East Report N°166, [Iran After the Nuclear Deal](#), 15 December 2015.

¹³ Crisis Group Middle East Briefing N°87, [Is Restoring the Iran Nuclear Deal Still Possible?](#), 12 September 2022.

Colombian government.¹⁴

Second, outdated sanctions programs can hinder the implementation of peace deals and other U.S. policy goals aimed at conflict prevention. The above-referenced 2016 peace deal with the FARC was intended to transform the group by offering its members licit livelihoods, and an opportunity to integrate into society.¹⁵ Yet for the first five years after that deal was signed, the lingering foreign terrorist organization designation impeded the achievement of this objective. As I heard in Colombia when I visited earlier this year, while the listing was still in place, it created obstacles that slowed former combatants' integration into Colombian society, contributed to a loss of faith in the peace process, and hampered the implementation of the peace accords. I learned that demobilized combatants had no access to job opportunities, U.S.-funded humanitarian or development assistance, or bank accounts; a former commander told me, "We weren't affected [by sanctions] in the war, but we were affected in peace".

Third, U.S. sanctions sometimes make it harder for the U.S. to advance other peace and stability-related goals, such as economic recovery. Investors often lack confidence to enter markets where sanctions exist even when Treasury Department licenses are in place or when the U.S. government has given other assurances that their planned activities are permitted. They also may be deterred by compliance costs that sometimes outweigh potential profits, and the prospect of massive fines if they stray into prohibited behavior. In Afghanistan, the stated policy of the U.S. and its allies is helping with economic revival after the war. Yet firms are hesitant to re-engage, despite broad general licenses permitting transactions that would otherwise be prohibited under sanctions on the Taliban and the Haqqani network. Sanctions are of course not the only business risk in Afghanistan, but they are a compelling deterrent.

In some instances, hesitancy to reinvest remains even when sanctions are lifted. Firms are hesitant to invest in case sanctions are reimposed (as occurred when the U.S. withdrew from the Iran nuclear deal) and because usually not all sanctions constituting a particular country's sanctions program are removed at the same time. The U.S. lifted trade restrictions on Sudan in 2017 but a state sponsor of terrorism designation remained in place until 2020. This discrepancy contributed to firms' calculations that the legal, reputational and financial risks involved in investing in Sudan were too great. These impressions persisted despite a campaign by U.S. officials to encourage reinvestment in the country. The state sponsor of terror designation also served to slow and constrain the financial support offered to the new civilian-led transitional government in Sudan following the 2019 ouster of dictator Omar al-Bashir following months of popular

¹⁴ Crisis Group interviews, diplomats and experts, Bogotá, March 2022.

¹⁵ Crisis Group Latin America Report N°92, [*A Fight by Other Means: Keeping the Peace with Colombia's FARC*](#), 30 November 2022.

protests. The lingering impact of the sanctions deepened an already serious economic crisis and contributed to the conditions that culminated in the 2021 coup.¹⁶

Fourth, sanctions hamper the work of peacebuilding organizations. Peacebuilding organizations work, often outside of the limelight, to help advance peace negotiations or lessen violence inflicted on civilians in conflict-affected areas. Often funded by the U.S. government, they perform functions like rebuilding ties between divided communities, convening warring parties to discuss violence reduction and disarming former combatants.¹⁷ Sanctions pose serious operational challenges for them. Banks concerned about the risks of facilitating transactions in sanctioned areas limit or deny services to peacebuilding organizations in efforts to comply with sanctions and other regulations.¹⁸ In some places, peacebuilding organizations simply cannot function unless they work with service providers that are sanctioned, such as an organization in Syria whose local staff needed to fly on the sanctioned national airline and use the sanctioned national mobile carrier.

Fifth, carveouts do not usually cover peacebuilding activities. While the U.S. government commendably issues licenses and other carveouts for humanitarian activities, it could do more to extend these to peacebuilding efforts, which also lessen the toll of conflict on populations. In the absence of carveouts, peacebuilding organizations often withdraw from contexts where their activities might put them into contact with sanctioned entities. They also avoid engaging sanctioned conflict parties in training, dialogue or other activities designed to promote conflict resolution and lessen violence, including because of restrictions on the provision of material support to terrorist groups, a label conferred on several conflict parties.¹⁹

Legal advisers tend to counsel peacebuilding organizations that even if the U.S. government has not recently brought enforcement actions against non-governmental organizations, protection from liability cannot be guaranteed. Too often, prohibitive compliance costs also force the organizations to shut down their operations. For example, a major international landmine removal organization stopped training demobilized FARC on removing explosive remnants of war in Colombia due to concerns about liability and the risk of losing U.S. funding. In the Democratic Republic of Congo, reintegration and trauma healing projects led

¹⁶ Crisis Group Statement, “[Reversing Sudan’s Dangerous Coup](#)”, 26 October 2021.

¹⁷ “[What We Do: Peacebuilding and Reconciliation](#)”, USAID, 12 July 2021.

¹⁸ United States Government Accountability Act, “Bank Secrecy Act: Views on Proposals to Improve Banking Access for Entities Transferring Funds to High-Risk Countries”, December 2021.

¹⁹ Megan Coorado, Kay Guinane, Gabe Murphy and Liz Hume, “[Preventing Peace: How ‘Material Support’ Laws Undermine Peacebuilding](#)”, Alliance for Peacebuilding and the Charity & Security Network, July 2021.

by USAID partners cannot work with former members of sanctioned armed groups, including former child soldiers.

In Syria, an organization overseeing disarmament, demobilization, and reintegration activities excluded Hei'at Tahrir al-Sham, the former al-Qaeda affiliate that is Idlib's dominant rebel group. In these three very different settings, organizations steer clear of activities designed to mitigate conflict in order to avoid sanctions-related risks.

Mitigating Consequences

There is a rich literature on sanctions reform that I will not seek to replicate here, but I will highlight two possible improvements to current practice that could be of particular benefit to the peacemaking efforts and peacebuilding organizations that have been the focus of my testimony.

First, new and existing sanctions programs should require the following three measures:

- *Clear statements of the foreign policy objectives they are intended to further*
- *Periodic reauthorization requirements*
- *Regular reviews submitted to Congress on the extent to which they are meeting their foreign policy objectives and affecting humanitarian and peacebuilding activities*

These three requirements would represent an important step forward in mitigating some of the negative impacts of sanctions on peacemaking I have described in my testimony. Some sanctions authorities include renewal requirements, but renewals are usually pro forma, and as I have noted, sanctions can persist for years after the time when their primary objective has been achieved, and in the process come to undermine conflict resolution and prevention aims. Too often the reason for this appears to be less linked to policy than to political or bureaucratic considerations. To address this shortcoming, authorizing statutes should require periodic reauthorization requirements, as well as including clear statements of policy objectives and benchmarks for removal (or escalation as the case may be). Doing so will afford the executive branch and Congress an opportunity to gauge whether sanctions are achieving, or are capable of achieving, their objectives. Meaningful reviews, conducted by the executive branch and submitted to Congress, could help prompt policymakers to weigh the costs and benefits of the sanctions they have imposed, provide a basis for considerations on calibrating, relaxing or lifting them in line with political or conflict-related developments, and afford an opportunity to address the effects of sanctions on peacebuilding I have outlined.

Second, U.S. policymakers should consider sanctions carveouts for peacebuilding activities. As I noted, the U.S. government's efforts to mitigate the humanitarian costs of sanctions by creating carveouts for humanitarian activities is a very welcome development, but peacebuilding does not receive the same attention. Given peacebuilding's role in lessening, preventing and resolving violent conflict, and the focus of many sanctions programs on addressing conflicts around the world, the inclusion of peacebuilding activities in carveout considerations is consistent with ongoing efforts. As reforms are made to enable the important work of peacebuilding organizations, risk management and mitigation systems should remain in place and continue to be strengthened.²⁰

Efforts to create carveouts for peacebuilding activities could comprise a number of measures. The Treasury Department should be prepared to issue licenses permitting peacebuilding organizations to work, when acting in good faith and with appropriate risk management measures in place. A Global General License, to be developed in consultation with humanitarian and peacebuilding organizations, that both allows these organizations to do their jobs and permits their facilitation by financial institutions and other private sector actors, is an idea worthy of serious consideration. Congress could support and advance these efforts by creating appropriate legislative exceptions for peacebuilding (and humanitarian) activities in the statutes underpinning sanctions regimes, including relief from criminal prohibitions on providing support to sanctioned individuals and entities.

Thank you for your attention today. I look forward to discussing this subject further and to answering your questions.

²⁰ Kate Mackintosh and Patrick Duplat, "[Study of the Impact of Donor Counter-Terrorism Measures on Principled Humanitarian Action](#)", Norwegian Refugee Council and UN Office for the Coordination of Humanitarian Affairs, July 2013.

Mr. MCGOVERN. Thank you very much.

Dr. Bâli?

**STATEMENT OF ASLI Ü. BÂLI, J.D., PH.D., PROFESSOR OF LAW,
YALE LAW SCHOOL**

Dr. BÂLI. Thank you so much, Chairman McGovern and Co-Chair Smith. I am grateful for the invitation and honored to join my colleagues on this panel. We have heard a lot about the empirical effect of sanctions, and I was asked to provide a legal analysis of the human rights roles applicable to these regimes, which will be the focus of my remarks.

As both the Chairman and Co-Chair Smith noted in their opening comments, sanctions are often presented as a humane alternative to war. Indeed, sanctions are frequently a tool used by states to punish regimes accused of grave human rights violations in the name of accountability under international human rights law.

This is paradoxical because, in practice, as we have also heard, comprehensive sanction regimes may cause indiscriminate harm to the target state's economy, producing severe humanitarian consequences for civilians that themselves imperil the human rights of vulnerable populations.

And so, this challenge of a human rights enforcement tool that itself endangers human rights is a conundrum for the human rights legal framework.

In peacetime, imperiling access to adequate resources for survival, such as food, clean water, sanitation, and essential medicines, as well as access to humanitarian assistance, through the imposition of sanctions, must be subject to international rules at least as protective of civilians as those that are applicable in times of armed conflict, and in times of armed conflict, impeding civilian access to such goods would actually be prohibited.

So the question is, how does the international human rights law framework regulate the imposition of sanctions? And in the remainder of my remarks, I want to describe what the human rights law framework for regulating sanctions is, suggest circumstances under which they might be prohibited due to their impact on the humanitarian welfare of civilians, and offer recommendations for how sanctions can be designed to be more human rights compliant.

You will find that my recommendations dovetail with many of those you have already heard.

The United Nations charter is the baseline international law obligation from which the United States owes human rights obligations broadly in the international community.

The U.N. charter imposes obligations on all member states, including the United States, to assist the organization in the furtherance of its mandate, including protecting and promoting international human rights, a mandate of which the United States was the chief author.

The International Bill of Rights, which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Culture Rights, together define the basic framework of international human rights referenced by the charter.

According to these sources of international human rights law, everyone has a right to a minimum core of economic and social rights necessary for human survival, which includes access to food, clean water, sanitation, and essential medicines.

And this right requires, at a minimum, that states not adopt policies that either deliberately deny civilians access to these indispensable resources or have the foreseeable effect of blocking that access.

Of course, it is especially important that sanctions imposed in the name of human rights not themselves harm the very civilians they purport to protect. And sanctions adopted in the name of protecting civil and political rights must not imperil the minimum core of economic and social rights indispensable to both human survival and human dignity.

The most coherent reading of existing international human rights law, including the core treaties, taken together with a commentary of human rights treaty bodies and expert mechanisms, and the understanding of crimes against humanity under the Rome Statute of the International Criminal Court, would regulate the imposition of sanctions and prohibit imposing measures that give rise to conditions of starvation among a civilian population.

I should specify here that under international law, starvation is understood as a process, not an outcome, and the definition of starvation includes imperiling access to basic goods necessary for human survival, such as those that I have named as minimum core economic and social rights, namely, food, clean water, essential medicines, and sanitation.

Starvation is not limited to death but encompasses deprivations that result over time in severe malnutrition or other health harms that could induce death or imperil survival.

Comprehensive sanctions regimes might, under some circumstances,

risk threatening or contributing to starvation conditions along these lines, and under this definition, by blocking supplies of necessary food stuffs or essential medicines to the target country.

Sanction regimes that produce such a threat are violative of international human rights law and must be adapted to protect the humanitarian welfare of the affected civilian population.

In this connection, it is also important to specify that humanitarian waivers and other efforts to carve out specific exemptions, or provide general licenses for certain indispensable goods from otherwise comprehensive sanctions, rarely have the intended effect, as has already been described by my co-panelists, and do not, therefore, in themselves, satisfy the human rights obligations related to sanctions, especially when unilateral sanctions imposed by a single state, without multilateral authorization, are packaged together with secondary sanctions compelling other states to comply and themselves participate in the risk of inducing starvation-related conditions.

As we have heard, secondary sanctions affect third parties' ability to trade or engage in financial transactions with the target country, and they induce overcompliance. States, corporations, NGOs, and even humanitarian agencies desist from transactions with the target country to avoid triggering secondary sanctions even where waivers and exemptions are applicable.

This is true because they fear mistakenly becoming subject to secondary sanctions or deem the cost of compliance in obtaining a waiver or litigating an exemption to be too great.

For an aid agency working internationally being cut off from international financial transactions, due to the provision of humanitarian supplies to a sanctioned country, imperils their work globally, and as we have already heard, this is a risk many corporations and NGOs have proven unwilling to take regardless of how well designed a humanitarian waiver exemption system might be.

If, in practice, sanctions, subject to whichever waiver or license system, still threaten to induce conditions of starvation, they will be unlawful, independent of the design, motivation, or intention to mitigate those risks.

Given this analysis and given that international human rights law would prohibit sanctions regimes whenever they threaten or contribute to the risk of starvation or severe food insecurity and humanitarian harm to civilian populations, there are important implications for how best to design sanctions regimes that are human rights compliant.

I will end my remarks by offering four such recommendations in broad terms and will be happy to answer questions about how they might be more specifically tailored.

First, the design of any sanctions package should include an ex ante human rights impact assessment, as we have already again heard from my co-panelists. This would mean putting in place mechanisms, not only for that initial impact assessment but also for ongoing monitoring of effects of sanctions on the civilian population of a targeted country, including through an annual impact statement to Congress.

Second, tailored sanctions should be narrowed not only for effectiveness with respect to policy objectives but also narrowly tailored to take into account collateral effects.

For instance, sanctions may be narrowly targeted but still produce serious and structural human rights harms when they target critical institutions, such as a central bank or a state-owned enterprise essential to the provision of indispensable goods for human sustenance.

So, under these conditions, narrow tailoring alone is not enough to secure human rights compliance. Sanctions must be specifically tailored to avoid collateral human rights risks, which requires that those collateral risks be taken into account both in an ex-ante assessment and in ongoing monitoring.

Third, any broad-based sanctions package must incorporate an automatic suspension clause for extraordinary circumstances of natural disaster or transnational crises affecting the humanitarian welfare of civilians in the target state.

We have heard the example of Hurricane Ian in Cuba and how great, you know, relief might be made possible if you had, in fact, an automatic suspension clause available at present to enable economic recovery there following the hurricane.

Similarly, in the context of a global pandemic, an automatic suspension taking into account transnational crises affecting the humanitarian welfare of civilians would have been appropriate.

Finally, current research shows that sanctions are far easier to introduce than to lift or reverse, again, as my co-panelists have attested.

Sanctions that do not meet their policy objectives in the first years following the position also have a diminished likelihood of achieving those ends going forward.

For these reasons I would also endorse the recommendation made by my colleague who immediately preceded me, that sanctions packages should be designed with a sunset provision that requires, at a minimum, reauthorization, ideally after a period of 2 years.

And the reauthorization process should include a fresh appraisal of the

human rights impacts of the measures imposed as time goes by and as the conditions on which sanctions have been imposed have changed.

Thank you so much for your time.

[The prepared statement of Dr. Bâli follows:]

PREPARED STATEMENT OF ASLI Ü. BÂLI, J.D., PH.D.

House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations on Economic Sanctions

October 4, 2022 – 11:00 a.m.

Statement of Aslı Bâli, J.D., Ph.D.
Professor of Law
Yale Law School

The paradox of economic sanctions as a tool of human rights enforcement

- Sanctions are often presented as a humane alternative to war.
- Indeed, sanctions are frequently a tool used by states to punish regimes accused of grave human rights violations in the name of accountability under international human rights law.
- Yet in practice, comprehensive sanctions regimes may cause indiscriminate harm to the target state's economy, producing severe humanitarian consequences for civilians that themselves imperil the human rights of vulnerable populations.
- In peacetime, imperiling access to adequate resources for survival such as food, clean water, sanitation and essential medicines through the imposition of sanctions should be subject to international rules at least as protective of civilians as the laws of armed conflict.
- International human rights law is the appropriate regulatory framework under international law for determining how permissible sanctions regimes should be designed and specifying forms of sanctions that must be prohibited.

International Human Rights Law governing the use of sanctions

- The United Nations Charter imposes obligations on all member states to assist the organization in the furtherance of its mandate including protecting and promoting international human rights.
- The International Bill of Rights, which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, together define the basic framework of “international human rights” cited in the Charter.
- By this definition, everyone has a right to a minimum core of economic and social rights necessary for human survival, which includes access to food, clean water, sanitation and essential medicines. States may not adopt policies that either deliberately deny civilians such access or have the foreseeable effect of blocking their access.
- Of course, it is especially important that sanctions imposed in the name of human rights not harm the very civilians they purport to protect. And sanctions adopted in the name of protecting civil and political rights must not imperil the minimum core of economic and social rights indispensable to human survival and dignity.
- The most coherent reading of existing international human rights law, including the core treaties, taken together with the commentary of human rights treaty bodies and expert mechanisms, and the understanding of crimes against humanity under the Rome Statute of the International Criminal Court, would regulate the imposition of sanctions and prohibit imposing measures that give rise to conditions of starvation among a civilian population.
 - Under international law starvation is understood as a process not an outcome — the definition of starvation includes imperiling access to basic goods necessary for human survival, such as food, clean water, essential medicines and sanitation. Starvation is not limited to death but encompasses deprivations that result over time in severe malnutrition or other health harms that could induce death or imperil survival.
 - Comprehensive sanctions regimes might under some circumstances risk threatening or contributing to starvation conditions under this definition by blocking supplies of necessary foodstuffs or essential medicines to the target country.
- Humanitarian waivers and other efforts to carve out specific exemptions of certain indispensable goods from otherwise comprehensive sanctions rarely have the intended effect and do not in themselves satisfy human rights obligations related to sanctions.
 - This is because secondary sanctions affecting third parties’ ability to trade or engage in financial transaction with the target country induce overcompliance — states, corporations, NGOs and even

humanitarian agencies desist from transactions with the target country to avoid triggering secondary sanctions. This is true even when the contemplated activities would be exempt or subject to a waiver because the risks of mistaken application of secondary sanctions and the costs of compliance in obtaining a waiver or litigating an exemption are too great.

Four recommendations for better human rights compliance in designing sanctions:

- Thus, international human rights law (IHRL) prohibits sanctions regimes whenever they threaten or contribute to the risk of starvation or severe food insecurity and harm to the humanitarian welfare of the civilian population of the target state.
- In practice, this prohibition means that IHRL also has important implications for the design of human rights-compliant sanctions regimes.
- First, the design of any sanctions package should include an ex ante civilian impact assessment and put in place mechanisms for the ongoing monitoring of civilian effects including through an annual impact statement.
- Second, tailored sanctions should be narrowed not only for effectiveness but also taking into account collateral effects. For instance, sanctions may be narrowly targeted but still produce serious and structural humanitarian harms when targeting critical institutions, like a central bank or a state-owned enterprise essential to the provision of indispensable goods for civilian sustenance. Under these conditions, narrow tailoring alone is not enough; sanctions must be designed specifically to avoid collateral human rights risks.
- Third, any broad-based sanctions packages should incorporate an automatic suspension clause for extraordinary circumstances of natural disaster or transnational crises affecting the humanitarian welfare of civilians in the target state (e.g., global pandemic).
- Finally, current research shows that sanctions are far easier to introduce than to lift or reverse. Moreover, sanctions that do not meet their policy objectives in the first years following imposition have a diminished likelihood of achieving those ends going forward. Accordingly, sanctions packages should be designed with a sunset provision that requires reauthorization, ideally after a period of two years, and the reauthorization process should, at a minimum, include a fresh appraisal of the human rights impacts of the measures imposed.

Mr. MCGOVERN. Thank you very much.

Dr. Drezner.

**STATEMENT OF DR. DANIEL W. DREZNER, PROFESSOR OF
INTERNATIONAL POLITICS, FLETCHER SCHOOL OF LAW AND
DIPLOMACY, TUFTS UNIVERSITY**

Dr. DREZNER: Thank you, Chairman McGovern and Co-Chair Smith, for this opportunity to testify.

I have been researching economic sanctions for more than 25 years. When I first began researching this foreign policy tool, the conventional wisdom in Washington, D.C., was that sanctions served a purely symbolic function of, quote/unquote, "doing something" when there was no other available policy option.

A quarter century later, economic sanctions have become the policy option of first resort, as the Biden administration acknowledged last year in its sanctions review.

There is no denying that 21st century sanctions are both more potent and more targeted than the comprehensive trade embargoes commonly associated with the last century's sanctions episodes. Nonetheless, I am concerned that U.S. policymakers, including Members of Congress, are overestimating the efficacy of current sanctions and underestimating their collateral damage.

This is one reason why I recently authored a peer-reviewed paper entitled "How Not to Sanction" for the journal *International Affairs*, which I am submitting as my written testimony.

I do not dispute that targeted financial sanctions are more likely to hurt the economic elites of targeted economies.

Furthermore, the combination of the dollar's centrality and the reputational concerns of financial institutions has led to considerably less evasion of these sanctions than the trade embargoes of the previous century.

I am certainly not opposed to the threat and/or use of economic coercion in principle.

Nonetheless, my research, as well as the research of many esteemed colleagues, including many on this panel, suggests that recent U.S. enthusiasm for economic sanctions has been exaggerated. This is for several reasons.

First, as the potency of financial sanctions has increased, so have the

demands the United States has linked to the sanctions. For example, when the United States exited the JCPOA with Iran and reimposed sanctions in 2018, then Secretary of State Mike Pompeo bragged about imposing, quote, "the strongest sanctions in history," end quote.

He then announced a list of 12 demands on Iran's regime that would have to be met before sanctions would be lifted, eight of which were unrelated to the nuclear issue.

The list seemed so onerous that most observers inferred that the unstated goal was regime change. And, indeed, even Secretary Pompeo acknowledged that his list of demands was pretty long.

With demands so outsized, no sanctions regime will be able to reach a successful resolution.

Venezuela offers another example. It could be argued that the United States had ideal conditions to impose sanctions on that country in 2019: The Maduro regime was running its own economy into the ground, there was a multilateral coalition that supported its ouster, and there was a strong civil society movement within Venezuela that supported the sanctions.

Despite these ideal conditions for economic coercion to work, the demand for regime change was perhaps too ambitious. The result has been the further immiseration of the Venezuelan people and the worsening of a serious migration problem in this hemisphere.

If sanctions cannot work in these circumstances, imagine the likelihood of success in less favorable conditions. U.S. policymakers either need to be more judicious in their demands or more circumspect in imposing sanctions.

The second reason for a more measured approach to sanctions is that the political and humanitarian cost of sanctions on the target population, as well as the populations of neighboring countries, continues to be underestimated.

One of the selling points of targeted sanctions was that they would function like the precision-guided munitions of economic statecraft, harming elites while sparing populations.

The latest wave of sanction scholarship has been nearly unanimous in its assessment of the negative spillover effects of sanctions, including targeted financial sanctions.

Even these sanctions lead to increased suffering in the target economy, and this is for multiple reasons.

First, private sector actors engage in overcompliance and derisking,

magnifying the effects beyond what was originally intended.

Second, targeted sanctions are usually put in place on top of more comprehensive sanctions that are already in place. The targeted sanctions are therefore additive in effect.

Furthermore, sanctions aimed at weakening the target government will often cause that regime to adopt even more repressive measures to stay in power.

In my research for the Center for a New American Security, I found that comparing sanctioned countries with peer economies revealed a marked decline in human rights protections, an increase in perceived corruption, and a decline in almost every measure of human flourishing.

This is particularly true for long-lasting sanctions. And as the United States has become more ambitious in its sanctions aims, the U.S. has also created situations in which the average duration of sanctions imposition has, unfortunately, lengthened.

Another hidden cost of economic sanctions comes from their effect on the neighboring countries. Trade embargoes often incentivize corruption in neighboring states by outlawing what would otherwise be ordinary market transactions, creating a fertile ground for black market activity. Financial sanctions dampen this effect, but still create a window for cash transactions across borders.

More significantly, even targeted sanctions, in combination with increased repression, lead to large outward migration flows from a sanctioned state. While these citizens are often seeking a better life, in sufficient numbers they can overwhelm neighboring countries, breeding resentment and further civil strife.

Proponents of economic sanctions should be sensitive to the prospect of catastrophic failures and spillover effects. Just as successes can lead to excessive optimism about sanctions, catastrophes can distort how policymakers and publics view this instrument of statecraft. To paraphrase Montesquieu, catastrophic sanctions weaken necessary sanctions.

I urge the Members of Congress to please take care with this instrument.

Thank you for this opportunity, and I look forward to answering your questions.

[The prepared statement of Dr. Drezner follows:]

PREPARED STATEMENT OF DR. DANIEL W. DREZNER

House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations on Economic Sanctions

October 4, 2022 – 11:00 a.m.
Virtual via WebEx

Statement of Dr. Daniel W. Drezner
Professor of International Politics,
Fletcher School of Law and Diplomacy, Tufts University

Thank you, Chairman McGovern and co-chair Smith, for this opportunity to testify. I have been [researching economic sanctions](#) for more than 25 years. When I first began researching this foreign policy tool, the conventional wisdom in Washington, D.C. was that sanctions served a purely symbolic function of “doing something” when there was no other available policy option. A quarter-century later economic sanctions have become the policy option of first resort, as the Biden administration [acknowledged](#) last year. There is no denying that 21st century sanctions are more potent and more targeted than the comprehensive trade embargoes commonly associated with last century’s sanctions episodes. Nonetheless, I am concerned that U.S. policymakers, including members of Congress, are overestimating the efficacy of current sanctions and underestimating their collateral damage. This is one reason I recently authored a peer-reviewed paper entitled “[How Not to Sanction](#)” for *International Affairs*, which I am submitting as my written testimony.

I do not dispute that targeted financial sanctions are more likely to hurt the economic elites of targeted economies. Furthermore, the combination of the dollar’s centrality and the reputational concerns of financial institutions has led to considerably less evasion of these sanctions than the trade embargoes of last century. I am certainly not opposed to the threat and/or use of economic coercion in principle.

Nonetheless my research, as well as the research of many esteemed colleagues, suggests that recent U.S. enthusiasm for economic sanctions has been

exaggerated. This is for several reasons. First, as the potency of financial sanctions has increased, so have the demands the United States have linked to the sanctions. For example, when the United States exited the JCPOA with Iran and re-imposed sanctions, then-Secretary of State Mike Pompeo [bragged](#) about imposing “the strongest sanctions in history.” He then announced a list of twelve demands on Iran’s regime that would have to be met before sanctions would be lifted, eight of which were unrelated to the nuclear issue. The list seemed so onerous that most observers inferred the unstated goal was regime change. Even Secretary Pompeo acknowledged that his list of demands was “pretty long.” With demands so outsized, no sanctions regime will be able to reach a successful resolution.

Venezuela offers another example. It could be argued that the United States had ideal conditions to impose sanctions on that country in 2019. The Maduro regime was running its own economy into the ground, there was a multilateral coalition that supported its ouster, and there was a strong civil society movement within Venezuela that supported the sanctions. Despite these ideal conditions for economic coercion to work, the demand for regime change was perhaps too ambitious. The result has been the further immiseration of the Venezuelan people and the worsening of a serious migration problem in this hemisphere. If sanctions cannot work in these circumstances, imagine the likelihood of success in less favorable conditions. U.S. policymakers either need to be more judicious in their demands or more circumspect in imposing sanctions.

The second reason for a more measured approach to sanctions is that the political and humanitarian costs of sanctions on the target population – as well as the populations of neighboring countries – continues to be underestimated. One of the selling points of targeted financial sanctions was that they would function like the precision-guided munitions of economic statecraft, harming elites while sparing populations.

The [latest wave](#) of [sanctions scholarship](#) has been [nearly unanimous](#) in its assessment of the negative spillover effects of sanctions. Even financial sanctions lead to increased suffering in the target economy. This is for multiple reasons. First, private sector actors engage in overcompliance and de-risking, magnifying the effects beyond what was intended. Second, targeted sanctions are usually put in place on top of more comprehensive sanctions that are already in place. The targeted sanctions are therefore additive in effect. Second, sanctions aimed at weakening the targeted government will often cause that regime to adopt more repressive measures to stay in power. In [my research for the Center for a New American Security](#), I found that comparing sanctioned countries with peers

revealed a marked decline in human rights protections, an increase in perceived corruption, and a decline in almost every measure of human flourishing. This is particularly true for long-lasting sanctions. As the United States has become more ambitious in its sanctions aims, the U.S. has also created situations in which the average duration of sanctions imposition has lengthened.

Another hidden cost of economic sanctions comes from their effect on neighboring countries. Trade embargoes always incentivize corruption in neighboring states by outlawing what would otherwise be ordinary market transactions, creating a fertile ground for black-market activity. Financial sanctions dampen this effect but still create a window for cash transactions across borders. More significantly, even targeted sanctions, in combination with increased repression, can lead to large outward migration flows from a sanctioned state. While these citizens are often seeking a better life, in sufficient numbers they can overwhelm neighboring countries, breeding resentment and civil strife.

Proponents of economic sanctions should be sensitive to the prospect of catastrophic failures and spillover effects. Just as successes can lead to excessive optimism about sanctions, catastrophes can distort how both policymakers and public's view this instrument of statecraft. To paraphrase Montesquieu, catastrophic sanctions weaken necessary sanctions. Take care with this instrument.

Mr. McGOVERN. Thank you very much.

Mr. Noronha.

**STATEMENT OF GABRIEL NORONHA, FELLOW, GEMUNDER
CENTER FOR DEFENSE AND STRATEGY, JEWISH INSTITUTE FOR
NATIONAL SECURITY OF AMERICA**

Mr. NORONHA. Co-Chairs McGovern and Smith, distinguished members of the Commission, thank you for the opportunity to testify regarding the humanitarian considerations of economic sanctions.

Since I am the last witness to speak, I will also work to address some of the other issues other witnesses have raised and not repeat things too much. I agree with several of their recommendations and disagree with others.

Sanctions serve as a powerful tool for the U.S. Government to protect the innocent, weaken terror groups and oppressive regimes, and, as I often heard firsthand when I served as the State Department's Special Advisor for Iran, bring a measure of justice to the families and loved ones of those persecuted, tortured, and killed.

As an implement of statecraft, sanctions can deprive hostile governments of revenue used to wage warfare against our allies and partners or their own people, to finance terrorism or personal corruption, and disrupt their ability to procure and proliferate weapons of mass destruction.

For example, according to Iranian President Rouhani, the maximum pressure campaign on Iran deprived the regime of \$200 billion. In turn, the government had to cut their budget for the IRGC, one of the world's deadliest terror groups, by double digits in 2018 and 2019.

The IRGC then massively decreased payments to the terror group proxies Hamas and Hezbollah, forcing layoffs of hundreds of their fighters. In doing so, countless lives have been saved.

Sanctions can avert conflict by also providing an intermediary step between diplomacy and warfare and, at times, have created the conditions that led to successful diplomatic negotiations -- including, regardless of your opinion of it, the 2015 Iran deal.

The main reason the Maduro regime seeks negotiations now is to pursue the removal of the U.S. sanctions and regain access to frozen funds.

A recurring pattern over the past few years is that the regime abandons talks once it perceives the level of international and domestic pressure has

diminished. One of the reasons that talks have faltered may be that the Biden administration has yet to impose sanctions on Venezuela.

However, sanctions are not a panacea to those suffering under the thumb of oppressive regimes. As some of the witnesses and chairs have noted, the U.S. Government should not solely rely on sanctions as the means to provide justice to the oppressed or to weaken hostile states.

There is a growing tendency among both the legislative and executive branches, and the press and public, to look to sanctions as the first and only resort when other, more effective solutions sometimes exist.

The U.S. Government should also consider creative messaging and information campaigns to weaken targets. They should employ judicial prosecution and seizures and harness technological solutions to help those who suffer under authoritarian states.

The United States should bolster the long-term effectiveness of its sanctions programs by negotiating trade deals and supply chain resiliency programs to maintain the preeminence of the U.S. financial system and trade relationships.

We must work to preclude the widespread adoption of hazardous alternative financial payment networks, particularly those led by the People's Republic of China or the Russian Federation. Those networks could limit the impact of U.S. sanctions in the future by insulating transactions conducted by these systems from U.S. jurisdiction. And the United States must continue to enforce existing sanctions, particularly on North Korea and Iran, to maintain their efficacy.

The governments of Iran, Venezuela, Syria, and North Korea were sanctioned by the United States, among other reasons, after they repeatedly massacred and tortured their own citizens, grave misconduct that continues today.

These regimes' senior officials plunder their country's natural and public resources. They pilfer then resell medical and humanitarian goods delivered by foreign states and international aid groups for personal profit, even as these regimes' propagandists routinely blame U.S. sanctions for the suffering of their population. They are often aided in these messages by the Russian and Chinese Governments through elaborate public messaging campaigns.

This undermines the political aims of our sanctions programs. So, as long as we maintain sanctions, which is likely, we must push back on these false narratives.

One example. In early 2020, as COVID spread throughout Iran, the

United States offered to provide medical aid to Iran. The Supreme Leader, Ali Khamenei, quickly rebuffed the offer, and 19 Iranian trucks full of medicine were then shortly thereafter interdicted by Iraqi authorities for smuggling.

The Iranian Ministry of Health, in March 2020, kicked out a Doctors Without Borders team which was setting up a treatment facility. In January 2021, Supreme Leader Khamenei banned Iranians from taking any COVID vaccine produced in the United States or United Kingdom.

These stories don't get nearly as much attention as when Iran falsely claimed the United States blocked the transfer of cancer drugs. We actually had facilitated several such shipments.

And so, I strongly disagree with the idea that sanctions should have sunsets, as that would provide a massive ability for terror groups and rogue regimes to slip through the legal cracks to develop their WMD programs or fund their terrorism and human rights abuse.

While these regimes are careless with the well-being of their citizens, the United States goes to great lengths and expense to help preserve humanitarian conditions in the targeted countries, sometimes even at the expense of U.S. national security interests, but that is what makes us different from our adversaries.

The United States should ensure that hostile governments do not take advantage of humanitarian exemptions for their own personal gains and nefarious motives. As I outlined in my full written testimony, this can be better accomplished through a few solutions. Some of these address issues our other witnesses have addressed.

Number one is overcompliance. Treasury should tackle the issue of overcompliance through much clearer and proactive public messaging of the existing humanitarian exemptions of our sanctions programs. We saw that for good effect with Treasury's Venezuela press notice in 2019 and their more recent COVID relief notice this June. We can and should encourage them to do that much more.

Treasury should also reduce the cost and bureaucracy for businesses and nonprofits to receive approvals for conducting humanitarian trade and aid. Just like Congress often talks about the idea of a one-page tax form, we should apply that approach to licenses and comfort letter applications.

The U.S. Government should build out technological solutions to prevent regime blockades and deliver relief directly to citizens. That is something in particular that could address the remittance issues in Venezuela and Cuba, where the regime likes to take their cut of it.

The bulk of my written testimony outlines lessons learned from our recent sanctions programs, particularly against Iran and Venezuela, and offers suggestions to improve outcomes for innocent civilians.

Thank you for the opportunity to testify, and I look forward to your questions.

[The statement of Gabriel Noronha follows:]

PREPARED STATEMENT OF GABRIEL NORONHA

House Foreign Affairs Committee
Tom Lantos Human Rights Commission

Hearing
on
Considerations on Economic Sanctions

October 4, 2022 – 11:00 a.m.
Virtual via WebEx

Statement of Gabriel Noronha
Fellow, Gemunder Center for Defense and Strategy
Jewish Institute for National Security of America (JINSA)

Co-Chairs McGovern and Smith; Distinguished Members of the Commission: thank you for the opportunity to testify regarding the humanitarian considerations of economic sanctions.

Sanctions serve as a powerful tool for the U.S. government to protect the innocent, weaken terror groups and oppressive regimes, and – as I often heard firsthand when I served as the State Department’s Special Advisor for Iran - bring a measure of justice to the families and loved ones of those persecuted, tortured, and killed.

As an implement of statecraft, sanctions can deprive hostile governments of revenue used to wage warfare against our allies and partners or their own people, to finance terrorism or personal corruption, and disrupt their ability to procure and proliferate weapons of mass destruction. Sanctions raise the cost of doing business – from the sale of oil to fund militaries and to the purchase of weapons and materials for nuclear programs. They can avert conflict by providing an intermediary step between diplomacy and warfare,

and at times have created the conditions that led to successful diplomatic negotiations.

However, sanctions are not a panacea to those suffering under the thumb of oppressive governments. The U.S. government should not solely rely on sanctions as the means to provide justice to the oppressed or to weaken hostile states. There is a growing tendency among officials, the press, and the general public to look to sanctions as the first and only resort when other more-effective solutions sometimes exist. The U.S. government should also consider creative messaging and information campaigns, outreach through diaspora networks, judicial prosecution and seizures, and technological solutions to help those who suffer under authoritarian regimes.

The United States should bolster the long-term effectiveness of its sanctions programs by negotiating trade deals and supply chain resiliency programs to maintain the preeminence of the U.S. financial system and trade relationships and preclude the widespread adoption of hazardous, alternative financial payment networks – particularly those led by the People’s Republic of China or the Russian Federation. These networks could limit the impact of U.S. sanctions in the future by insulating transactions conducted via these systems from U.S. jurisdiction.

The governments of Iran, Venezuela, Syria, and North Korea were sanctioned by the United States – among other reasons - after they repeatedly massacred and tortured their own citizens, grave misconduct that continues today. These regimes’ senior officials plunder their countries’ natural and public resources and pilfer then re-sell medical and humanitarian goods for personal profit even as these regimes’ propagandists routinely blame U.S. sanctions for the suffering of their population. They are often aided in these messages by the Russian and Chinese governments through elaborate public messaging campaigns.

U.S. economic sanctions against these countries are both a response to – and cause of – reductions in economic activity and growth. This outcome forces reductions in the governments’ budgets and capacity to conduct and fund malign activity, reductions that can save untold lives and prevent suffering. When the regimes focus their dwindling resources on their political survival or aggressive expansionism, it is a conscious choice to neglect their people and other priorities that will weaken their long-term capacity to sustain these efforts. While these regimes are careless with the wellbeing of their citizens, the United States goes to great lengths and expense to help preserve humanitarian conditions in the targeted countries.

The United States should continue to take every prudent step to ensure that its economic sanctions programs do not cause undue harm to civilians, while ensuring that hostile governments do not take advantage of humanitarian

exceptions for their own personal gains or nefarious motives. As outlined further below, this can be better accomplished through clearer and proactive public messaging of the humanitarian exemptions of sanctions programs, reducing the cost for businesses and non-profits to receive approval for conducting humanitarian trade and aid, and building out creative technological solutions to circumvent regime blockades.

The remainder of this testimony outlines lessons learned from recent sanctions programs, particularly the “Maximum Pressure” campaigns against Iran and Venezuela, and offers suggestions to improve outcomes for innocent civilians suffering under authoritarian regimes.

Sanctions Protect the Innocent and Weaken Our Enemies

As the Treasury Department recently noted in its [2021 Sanctions Review](#), sanctions “allow U.S. policymakers to impose a material cost on adversaries to deter or disrupt behavior that undermines U.S. national security.” By disrupting specific activities, the United States can indirectly save thousands of innocent lives otherwise targeted by terror groups, cartels, and outlaw regimes.

As the Sanctions Review notes, sanctions were used to effectively dismantle the Cali Cartel, one of the world’s largest and deadliest drug cartels responsible for multiple terror attacks and the killing of thousands innocent civilians across the United States and Latin America. Sustained sanctions on the cartel began in 1995 under President Clinton and lasted until 2014 under President Obama. Along with law enforcement actions the freezing and seizure of significant cartel assets put enormous pressure on the cartel’s activities. In an [interview](#), then-director of OFAC Adam Szubin said, “financial sanctions can really deliver a death blow.” The homicide rate in Colombia [fell](#) from 61 per 100,000 people in 1995 to 27 per 100,000 in 2015.

Sanctions have also been used to prevent Iran from generating revenue through oil sales that support its nuclear and ballistic missile proliferation activities and support for terrorism. In March 2019, the leader of the U.S.-designated terror group Hizballah, Hassan Nasrallah, publicly [appealed](#) for donations for the first time ever. Hizballah had been forced to undertake unprecedented austerity measures and U.S.-designated terror group Hamas had [enacted](#) what it called an “austerity plan” to deal with a lack of funds from Iran. Iran’s Islamic Revolutionary Guard Corps’ (IRGC) budget was [cut](#) by 17% in 2019. The reduction in terror group funding means fewer rockets fired at civilians and fewer fighters to kidnap our citizens and those of our allies.

Measuring the humanitarian success of sanctions in every scenario can be difficult because we are trying to estimate the difference in potential deaths, detentions, terrorism, or regional expansion absent sanctions as a complex

counterfactual against reality. That should not encourage us to experiment by lifting sanctions against terror groups and oppressive regimes.

Nor should the United States apply overly-broad exemptions to our sanctions programs. Lessons from recent sanctions programs demonstrate that these regimes carefully watch and take advantage of any openings to conduct and finance terror activity, and either steal and sell aid for personal or political gain. For example, the Treasury Department's 2022 National Terrorist Financing Risk Assessment [noted](#) that ISIS supporters fundraise using various social media platforms and often "disguise their appeal as humanitarian aid".

Lessons from Maximum Pressure on Venezuela

Human rights formed the basis of U.S. sanctions against Venezuela and the Maduro regime. The United States imposed 162 sanctions against Venezuelan officials, leaders of military forces, Maduro's family, and other corrupt individuals under Executive Order (E.O.) 13692, instituted under President Obama to address the Venezuelan government's erosion of human rights, political persecution, and its abuses, arrests, and detention of protesters.

The United States' broader economic sanctions against Venezuela were mostly implemented in 2018 and 2019 and came after the regime's economy had already collapsed and were a response to – [not the cause of](#) – the suffering of the Venezuelan people. Prior to the imposition of sectoral sanctions, the Venezuelan poverty rate had already exceeded 90%, inflation was in the quadruple digits, infant mortality had increased by 44%, and millions of Venezuelans had already fled the country.

Internal corruption undermined efforts to improve conditions for the Venezuelan people. While the Venezuelan people were starving, Colombian national Alex Saab – a close contact of the Maduro regime – [laundered](#) and misappropriated hundreds of millions of dollars supposedly allocated for low-income housing contracts as well as for the government's food subsidy program, the Local Committees for Supply and Production (known as CLAP).

As [documented](#) by the Treasury Department, the Maduro regime used the CLAP program as a political tool to reward political support and punish political criticism, entrenching its power by starving any opponents. When foreign governments provided aid to the CLAP program, the sales of CLAP boxes were subsequently [used](#) to enrich Venezuelan officials, who could have provided three times the amount of food had they not stolen the allocated funds. The regime [used](#) a national identify card, *Carnet de la Patria*, known as the Homeland Card, to determine which individuals could even access food aid or healthcare. The card was also used to effectively force Venezuelans to vote in rigged regime elections by depriving food to those who failed to vote.

83% of pro-Maduro voters [said](#) that CLAP was their main source of food, while only 14% of independents reported the same.

Meanwhile, the United States has provided [nearly \\$2.7 billion](#) in humanitarian, development, economic, and health assistance to the Venezuelan people. However, efforts to provide aid to the Venezuelan people were often hijacked by the regime for corrupt purposes. According to interviews with senior U.S. government officials, humanitarian aid from the United States and other international aid groups, such as the World Food Program, that eventually entered Venezuela was diverted away from the areas of greatest need to areas under heavy Chavista control where conditions were not as dire.

At other times, Venezuelan forces [blocked](#) U.S. shipments of aid coming into the country at Maduro's orders. In 2019, security forces also [disrupted](#) Red Cross efforts to distribute water treatment to residents in Caracas and were told they did not "have permission to hand out supplies in their territory." In late 2020, Venezuelan authorities [cracked down](#) on humanitarian groups trying to distribute aid in a non-political fashion, arresting six aid workers who ran soup kitchens around the country. The regime also failed to provide work permits to Doctors Without Borders, resulting in their withdrawal from Caracas.

The Maduro regime repeatedly demonstrated it prioritizes maintaining its own grip on power and its lust for corruption over the wellbeing of the Venezuelan people. Sadly, many efforts to provide aid to the long-suffering Venezuelan people only entrenched their oppressors, whom the UN's independent fact-finding mission [reported](#) in September 2022 were committing "crimes against humanity".

The main reason the Maduro regime seeks negotiations is to pursue the removal of the U.S. sanctions and regain access to frozen funds. A recurring pattern over the past few years is that the regime abandons talks once it perceives the level of international and domestic pressure has diminished. One reason that talks have faltered may be that the Biden administration has yet to impose sanctions on Venezuela.

Lessons from Maximum Pressure on Iran

During the Maximum Pressure campaign against Iran from 2018-2020, the Iranian regime dedicated significant resources to foreign media campaigns decrying U.S. sanctions as responsible for the suffering of the Iranian people, often claiming that they prevented medicine from getting to Iranian people. These claims do not stand up to scrutiny, but more importantly served to distract from gross corruption and the diversion of medical goods and resources away from the Iranian people to fund terrorism.

In July 2019, President Rouhani's Chief of Staff sent a letter to ministers because over 1 billion euros intended for medical supplies had "[disappeared](#)". That same month, Iran's deputy health minister admitted that over \$170 million dollars intended for medical supplies were then instead spent on tobacco and cigarette paper. In November 2019, three top directors of the Health Ministry who worked in the foreign purchase and foreign exchange allocation departments were arrested on corruption charges. In October 2020, Iraqi authorities [confiscated](#) 19 trucks loaded with thousands of medicines that had been smuggled out of Iran.

In early 2020, as COVID spread throughout Iran, the United States offered to provide medical aid to Iran. The Supreme Leader Ali Khamenei quickly rebuffed the offer, while the regime's cyber police [arrested](#) 121 Iranians for "spreading rumors" about the coronavirus. The Iranian Health Minister [complained](#) in March 2020 to President Rouhani that most of the protective masks had been sold on the black market. The same month, the Iranian Ministry of Health [kicked](#) out a Doctors Without Borders team which was setting up a treatment facility in Isfahan. In January 2021, Supreme Leader Khamenei banned Iranians from taking any COVID vaccine produced in the United States or United Kingdom.

The health and wellbeing of civilians living under sanctioned regimes could easily be ameliorated should their governments devote resources to domestic priorities. In March 2020, Khamenei promised to allocate \$1.2 billion from the National Development Fund to fight COVID. But six months later, Iran's Health Minister [said](#) the Health Ministry had only received a 27% of those funds and asked, "what they are using it for that could be more important?" The answer is that during the prior two years, Khamenei had [raided](#) \$4 billion from the same fund for military expenses. As the Health Ministry was begging for adequate funding, Khamenei increased funding for the Islamic Revolutionary Guard Corps by 33% and doubled the budget for the Basij, a repressive Gestapo-like force used to suppress domestic protests.

Despite not funding actual health outcomes, the regime still went to great efforts to decry U.S. sanctions – mostly to Western audiences. In March 2020, during a government cabinet meeting, President Rouhani [applauded](#) the Ministry of Foreign Affairs for their "concerted effort to influence public opinion and say 'no' to sanctions." He described that "our efforts are aimed at bringing back our money seized in other countries." The government created a website to coordinate embassies' propaganda about the coronavirus and efforts to end U.S. sanctions.

The United States on the other hand invested significant bureaucratic energy to the creation of the Swiss Humanitarian Trade Arrangement ([SHTA](#)). The SHTA was [used](#) in 2020 to ship millions of dollars' worth of cancer drugs and other medical treatments into Iran.

There has always been a strong mismatch between the Iranian government's depictions of sanctions and how they are viewed by the Iranian people themselves. One former U.S. hostage held in Tehran's notorious Evin Prison recounted to me how many of his fellow inmates would cheer when the prison's TV announced the United States had levied a new round of economic sanctions against the regime. After the United States sanctioned brutal Iranian executioners, I received a teary phone call from a surviving family member who had sought justice for their lost relative for years - if not decades - and finally felt a small measure of relief. The impact and value of standing up for justice should not be minimized.

The divide between reality and regime messaging on sanctions is evidenced on a broader scale by public polling: a 2021 [poll](#) of over 20,000 adults inside Iran found that 86% blamed "domestic inefficiency and corruption" for the state of the Iranian economy, while only 9.7% believed that "foreign sanctions and pressures" were primarily to blame. The same poll found that despite the Iranian regime's efforts to blame the United States and its sanctions for all manner of ills, 51% of the population still held a "somewhat favorable" or "very favorable" view of the United States - significantly higher than Russia, China, or even European nations.

Suggestions to Mitigate Sanctions' Humanitarian Impacts

While the United States goes to great length to ensure that sanctions do not target legitimate humanitarian goods and services, especially medicine and related equipment, these efforts can always be improved. The goal of U.S. sanctions programs is to punish and constrain those who oppress others, not to inflict harm on civilians. As experiences with recent sanctions programs have shown, loosening our sanctions programs is not the solution - other remedies are available.

One of the chief issues with U.S. sanctions programs comes not from overly strict restrictions, but from overcompliance with sanctions from the private sector and non-profit world. The United States should make a concerted effort to fight overcompliance, particularly on provision of anti-censorship and internet services as well as medical and humanitarian goods, by staffing Treasury, OFAC, and State Department sanctions offices with outreach officers who can clearly and proactively explain and encourage transactions permitted under existing general licenses.

Private companies and non-profits frequently cite the complex sanctions architecture and risks of misinterpreting Treasury's rules as reasons for not engaging in otherwise permissible humanitarian activities. The U.S. government should address this issue by frequently publishing clear guidance that lays out the standards for acceptable activities. Good examples of this practice include when the Treasury Department published an [August 2019](#)

[advisory](#) related to the provision of humanitarian support to Venezuela, and when OFAC published a [June 2022 fact sheet](#) that summarized the more than 50 general licenses, regulations, and executive orders developed by the United States that enable the provision on humanitarian assistance and trade and to combat COVID-19. The U.S. government should work to expedite and reduce the cost for businesses and non-profits to request licenses and comfort letters to export humanitarian goods and services to sanctioned countries.

As part of efforts to ensure remittances and humanitarian aid do not end up in the hands of hostile governments and corrupt officials, the United States should encourage the use of VPNs and digital wallets so remittances and aid can go straight to the intended targets of family members and are not required to pass through to regime intermediaries, like those in [Cuba](#) who siphon off funds for illicit or corrupt means. Instead of distributing aid through hostile regimes, the United States and international community should look at setting up individual aid accounts through digital currencies that would only be accessible by the specific individuals through a unique digital fingerprint.

The United States should continue to build out special purpose “humanitarian channels” like the Swiss Humanitarian Trade Arrangement ([SHTA](#)) developed in conjunction with the United States to facilitate purchase of specific medicine and humanitarian goods by Iran, to address instances where existing general licenses and comfort letters are insufficient to process sales or where foreign banks will not get involved.

Finally, the United States must respond to authoritarians’ well-funded propaganda campaigns regarding U.S. sanctions. We should continually develop and execute strong messaging campaigns to foreign publics that details both how U.S. sanctions programs enable their access to humanitarian goods and services and how their oppressive governments repeatedly restrict the people’s ability to enjoy these goods for their own corrupt personal gain. For example, Special Representative for Iran Brian Hook recorded a [video](#) in July 2019 directly speaking to the Iranian people detailing the humanitarian exemptions of the Iran sanctions program, a video viewed hundreds of thousands of times inside Iran.

The United States has and should continue to help civilians suffering under authoritarian regimes. But we should never lose sight of the reality that their greatest oppressors are not economic sanctions, but the tyrants and autocrats who steal their wealth then massacre, persecute, and torture them without remorse. We must continue to use all tools of statecraft to weaken these regimes and corrupt officials, including but not limited to the use of economic sanctions.

Mr. MCGOVERN. Thank you very much.

I want to thank all of you for your testimony.

And I know, Mr. Jentleson, you need to leave at 12:30. Am I correct on that? Yeah. So let me just ask a couple of general questions, then I will ask you some [inaudible] Mr. Smith. And then I will come back and ask people individual questions.

This issue of sunseting, Mr. Noronha, you said you don't like the idea of sunseting.

Maybe that is the wrong word. Maybe we could call it looking for a reauthorization or something, a review of these sanctions.

Because, I have got to be honest with you, in Congress we really don't talk about these things in any detail. I mean, we are not reviewing methodically and thoughtfully whether the sanctions in Venezuela or Cuba or Iran or -- I mean, you name the country -- are working or not.

What ends up happening is we impose these things, and then, you know, that's it. And then there are all kinds of political forces that make it very difficult to revisit these things. I mean, nobody wants to look like they're soft on a bad regime.

But nonetheless it is helpful, I think, to find out, are these sanctions achieving what they are intended to achieve, or are we hurting people in the process or making things worse? Are we putting ourselves at a disadvantage?

And I guess my question to everybody, anybody else on the panel, I mean, does anybody disagree with the idea that there should be some mechanism in place where we are forced to review whether or not these sanctions on whatever country it may be are working or not and whether we should get rid of them or adjust them or add to them?

I mean, and I'm thinking, also, of how we deal with AUMFs. I mean, we pass AUMFs, and then we forget about them, and they are there forever. And an AUMF passed 10, 20 years ago could be used to justify another war in some other place where a conflict emerges that didn't exist 20 years ago.

And so, some of us are pushing for sunsets on AUMFs. The bottom line, if you want to continue them, fine. But it forces Congress to actually have a thoughtful debate to see whether this is worth it.

Does anybody agree that that is a bad idea?

Yeah, Mr. Noronha.

Mr. NORONHA. If I can only clarify perhaps the mechanism to do so.

My only worry is that, if for reasons of congressional gridlock an authority that Treasury relies on to issue sanctions expires, even when that is not Congress' intent, that these sanctions could end and then provide opportunities. If Congress designed it in a way so that it would encourage and force the debate, I think that is strongly beneficial.

I think these sanctions are actually far more beneficial when Congress asserts its role in the sanctions-making process and the executive branch works on congressional authorizations rather than purely on executive orders.

Mr. MCGOVERN. Yeah. And the reason why I raise this issue is because we have lots of -- there is lots of stuff in the news about increased migration at our southern border. There is an uptick in numbers of Venezuelans coming to our border.

I was in Colombia not too long ago. There is an incredible amount of migration into Colombia. Again, these are all -- I am not sure that was the intended impact of those sanctions. And even in Cuba, I mean, we eased sanctions during the Obama administrations. I would argue that more political space opened up.

But now that we tightened them up again under Trump, Biden has kept those sanctions in place, we don't really talk about them in Congress. I am not even sure that people, if you did a poll in Congress as to what those sanctions were, whether or not people would even be able to tell you what they are. But we have seen an uptick in Cubans coming to the Mexican border, and yet we don't want to take any more migrants into this country.

So, I mean, there needs to be some mechanism to review that.

Mr. Jentleson.

Dr. JENTLESON. Yeah. Thanks very much. And I apologize, I have to leave at 12:30, but I have got a class I've got to go teach.

I agree with your point, Chair McGovern. I think that there is a tendency to -- and also the way you contexted it. The politics of not looking soft affects so many issues, and, frankly, so many policies that can't be justified. And I have been -- when I served in the Senate as a foreign policy aide a couple times as well as in Presidential campaigns and the like, you hear that.

Actually, those politics are changing, but that is a separate conversation, if you look at opinion polls, not just on specific issues. But those politics are changing, so it opens it up for the kind of changes you are talking about.

I would just say, too, that my emphasis on trying to do this on the front end is really important. I think that the notion of, well, let's just go to sanctions because we don't like military force creates a situation where you have got to decide down the road whether you have sunset or what the conditions are.

I think more front-end assessments, both in Congress and the executive branch, of what the net is, what the likely costs and consequences are, could lead you to better policies as well as not getting in this box down the road of how do you lift something without being soft.

Mr. MCGOVERN. Let me ask everybody really quickly, because I want to be sensitive to your time, Mr. Jentleson, I want to go to Mr. Smith in case he has any questions for you.

What is -- very briefly, if people can just tell me -- what is your evaluation of the sanctions that we have imposed on Russia in response to the invasion of Ukraine?

Dr. JENTLESON. Yeah. I think they did not work as a deterrent threat and they did not work in their first sort of shock-and-awe phase. But we are kind of in a war of attrition now where Putin is trying to counter them with his sanctions on Europe, particularly on energy.

I think the best thing about these sanctions is twofold. One is that not just the effects on the Russian economy, but they are really affecting Russian military capabilities. The Pentagon released figures of about 3,000 pieces of heavy equipment the Russians have lost, largely because of the bravery and courage of the Ukrainian military with U.S. and NATO support, and they are starting to have to "MacGyver" semiconductors out of refrigerators and dishwashers.

So, targeting that, I don't think you ever get to a point where you generally squeeze them economically and Putin says, "Uncle." Nobody's ever done that.

At the end of the day what they do is they strengthen your hand for leverage and negotiations. We really need to be thinking about, if we get to that point, what are the sanctions that we lift in terms of for what concessions?

But we shouldn't expect them somehow to make Putin say, "Too much. I am just going to turn them off." But they are affecting his military capabilities, which makes the situation unusual and, in some ways, more effective than others.

Mr. MCGOVERN. Okay.

Dr. Moret.

Dr. MORET. Thank you, Chairman McGovern, for the excellent questions. I would like to respond to both, if I may, in one go.

And I think, when it comes to the case of Russia, I think you hit the nail on the head that we don't currently have a way of assessing the impacts effectively. And I think the big risk that we see happen all too often is that we equate economic damage with effectiveness. And that simply isn't what the sanctions are necessarily out there to do unless we want sanctions to have a purely punitive function.

What we know is that there are different types of impacts that can exert an impact, such as, as coined by my good colleague, Francesco Giumelli, they can constrain access to vital resources, they can coerce a change in behavior, they can signal important messages.

And I think having a more nuanced understanding of some of these impacts is really important, and to move away from this prevailing view that decimating a country's economy, putting a stranglehold on a country's population, is somehow a measure of effectiveness.

And I also welcome the appointment or the announcement of the new post in U.S. Treasury that will assess impacts of sanctions. There is a similar initiative underway in the European Union, and I think this is a promising move as well.

Thanks.

Mr. MCGOVERN. Okay.

Dr. Drezner.

Dr. DREZNER. Thank you, Congressman.

Again, I want to address both the questions.

With respect to the sunset clauses and the evaluation of sanctions, I do tend to support those with one sort of caveat.

I think annual assessments in terms of impact on sanctions is actually an extremely useful thing to do, particularly if it is done from the State Department in the same way that they do annual human rights reports or annual reports on religious freedom or what have you, if for no other reason that it would require the U.S. Government to measure effectiveness not just in terms of the economic cost, as Professor Moret was just talking about, but also in terms of the likelihood that it would actually yield concessions down the road. That is an important distinction that has to be drawn.

With respect to sunset clauses, I do think they are a good idea, but I would also point out that they are not a panacea either, because if you impose

sunset clauses, which I do support, what it will inevitably incentivize target countries to do is to try to hold out until the first moment that the sunset -- until the moment that the sunset clause expires and with the idea that -- with the hopes that maybe it won't be renewed.

And, indeed, you saw Russia act in this way after 2014 when it annexed Crimea. When the European Union every 6 months would have to reauthorize the sanctions, there was some hope on the Russian side that that maybe wouldn't happen after a particular time period.

So it is not that that's perfect. It creates other sorts of effects. But there are tradeoffs in terms of imposing sanctions.

And I do think here I somewhat disagree with the notion that Congress should play a more active role in sanctions, just because, again, the track record is obvious on this. It is much harder for Congress to lift sanctions than it is to impose them.

And for sanctions to work there have to be two forms of credible commitment. One is you have to credibly commit to impose sanctions, but the other is you have to credibly commit to lift them if there is some deal that is reached. And I am somewhat skeptical of Congress' ability on that second part of the credible commitment.

And with respect to Russia, agreed that sanctions failed as a form of deterrence, and they have failed as a form of coercion.

As a necessary complement to the actual fighting on the ground, however, there is pretty strong evidence that they are actually having an effect, and it is part of the reasons why Russia is currently experiencing reverses on the battlefield.

And so judging them as -- in some ways -- I think Co-Chair Smith represented or discussed or referenced Nicholas Mulder's *The Economic Weapon* -- it is worth remembering that modern sanctions originated during World War I as a sort of economic adjunct to the military fighting. And I think that is how you have to judge the success of sanctions against Russia right now.

Mr. MCGOVERN. Okay. And, before I go to Ms. Simon, I just want to say I am not necessarily a big proponent of having Congress be more involved in putting in place sanctions, but the reality is that they will. And, again, we put in -- we codified sanctions against Cuba. We haven't had a debate on that since the Helms-Burton law came into effect.

So, I mean, if Congress is going to continue to be involved in these things, then there ought to be some mechanism that forces there to be a review. And whether or not Congress has the wherewithal to be able to cut through all

the politics and do what is right, who knows? But the problem is that we do these things, and we walk away, because sometimes it is politically difficult. And I think we need to find a way to be able to have these discussions thoughtfully.

I have Ms. Bâli. Or Ms. Simon first. Let me go to Ms. Simon, and then to you. I am sorry.

Ms. SIMON. No worries. That is okay. Thank you, Congressman.

I just wanted to pick up on a point that my colleagues have mentioned, which is this idea of sanctions relief in the context of Russia, just to say that it is important to not close off considerations about sanctions relief, even though, in the current context, it seems very far off to consider some type of negotiation, peace negotiation between Russia and Ukraine.

But just to highlight that some measures that had been suggested -- for instance, the state sponsor of terrorism designation -- may close off opportunities to start considering an earnest sanctions relief and at the same time may have some negative effects on the humanitarian situation more broadly in the world and also on peace negotiations around the world, not only related to Ukraine.

So, I just wanted to mention that one particular point, picking up on what my colleagues have said.

Thank you.

Mr. MCGOVERN. Thank you.

And I will go to Dr. Bâli. But let me just throw out this one other thing because I know you have a hard stop as well.

But, you know, we keep on hearing that sanctions are about accountability. But, from an accountability perspective, sanctions don't satisfy victims' rights. So, I think to kind of call them accountability might be a little kind of misleading.

But, anyway, I turn to you.

Dr. BÂLI. Well, I would agree with that final comment from you, Chairman McGovern. The idea that sanctions somehow offer a measure of justice to victims depends on a kind of punitive model and in the context of our conversation, which is the extraordinary humanitarian harms that can be imposed on the very populations that are often suffering at the hands of abusive regimes. The notion of further punishing those populations is actually very counterproductive for sanctions regimes specifically designed for abusive regimes.

So, one would hope that that would not -- that punitive sort of understanding of sanctions would not be the one motivating policymakers in adopting these regimes.

I just wanted to circle back to two points with respect to the sunset clause.

The first is a point that Dr. Jentleson made in his opening comments, which is that there are circumstances in which comprehensive sanctions regimes can do more harm than armed conflict and war, as with the example he gave in Afghanistan where you have 9 million people imperiled with starvation, which might cause a far greater civilian impact in terms of death than 20 years of conflict did.

Under these circumstances, where the costs are this extraordinary for civilian populations, the idea that we should worry about, you know, what kinds of sort of signaling a sunset clause might produce as a reason not to adopt it I think is a relatively sort of weak argument.

Because the harm is so great, for the reasons that you pointed to -- Congress has great difficulty lifting sanctions -- it is necessary to incorporate a mechanism, I think *ex ante*, that enables that process to be unblocked, at least to some extent, and permit some deliberation to take place.

We should note that there is an upward ratchet logic within the way that sanctions regimes are designed where, as, again, Dr. Drezner and others pointed out, oftentimes new sets of sanctions are layered on top of existing sanctions.

And so you have an additive effect where, rather than providing sanctions relief or reducing sanctions, you find sanctions being enhanced because of the political reputational risks of appearing to be weak on bad guys or abusive regimes.

Against this backdrop, against the political reality that Congress faces, the necessity of having something like a sunset clause really cannot be overstated.

Mr. MCGOVERN. So, I know that you and Dr. Jentleson have to leave by 12:30, so I am going to -- I want to turn this over to Mr. Smith in case he had any specific questions for you. And then you guys can go at 12:30, and then he can go on with his questions, and I will come back to whoever is remaining after he is done.

So, Co-Chair Smith.

Mr. SMITH. Thank you, Co-Chair McGovern.

And you know what? The idea of indiscriminate harm, which I think is a very important concept that we all have to be very aware of with sanctions, I remember, because I got elected in 1980 and sanctions against South Africa was a very, very big issue, and I was in favor of those sanctions, comprehensive sanctions, because of the racist apartheid regime.

But the argument against it was all about how it would have a deleterious effect on the people of South Africa. And some people called those who opposed it racist. I thought that their argument, while it didn't convince me, certainly had some merit, because some people would get hurt because of the sanctions.

So each and every one of these issues has to be looked at individually, obviously. But when you are trying to combat a totally repressive regime, as both Jim and I and others in Congress are trying to do with the Chinese Communist Party, which is committing genocide as we meet during this hearing -- what they have done to Tibet, what they are doing in Hong Kong in taking over that somewhat democratic enclave, and now their threats that they're making against Taiwan, the crackdown on religious freedom the likes of which we have not seen since Mao Zedong during the Cultural Revolution, the Sinicization, as it is called, where everything has to comport with Xi Jinping's nightmarish view of religion -- all of that's happening right before our very eyes.

And we are trying with sanctions to try to change some of that behavior, certainly not be complicit with it, which is why the sanctioning of those goods coming out of Xinjiang was so important. Do we want to enable it by giving them economic help by buying products that are almost assuredly being made in a gulag? I don't think so.

So, yes, it has harm on people, but you have got to weigh that with the outrageous behavior, in this case, by the Chinese Communist Party.

I do believe strongly in human rights conditionality, that you have a clear and very, very open linkage to human rights and trade. When Bill Clinton delinked human rights from trade on May 26, 1994, after much fanfare, with the linking of human rights -- and I applauded him very much when he linked human rights with trade, only to one year later or less to delink -- we said profits trumps everything, and all's we care about is making money, and it is not the main -- the means by which it is made, in terms of oppression, matters very little. Maybe a little jawboning, a little callout, but there is no linkage to human rights.

So, I think we absolutely have to do a better job of linking -- having human rights conditionality.

I have reintroduced a bill that would go back to the old Clinton policy,

which he abrogated, to say human rights and trade need to be linked with most favored nation status.

I did the same thing with Romania back in the 1980s when Nicolae Ceausescu was completely torching human rights activists in his country of Romania and especially religious believers. Jewish, Christian, it didn't matter. He was the oppressor of all.

I had a bill to impose MFN linkage to human rights. And it did pass the House, never got through the Senate. But it was, I think, an important initiative.

So human rights conditionality, I just throw that out there, because we don't always know what the impacts are going to be. I think sunsets carry some danger. If I'm the bad guys, I wait and say, "Hey, this all runs out on March 31, 2023. I'll wait that out or do something that looks like I am trying to do a better job," only to find that you do a snapback once the sanctions are gone.

So, I understand the belief there.

Now, let me just ask Mr. Noronha, there is the country-specific human rights types of sanctions, and then there is thematic ones, like religious freedom or trafficking.

I'm the author of the Trafficking Victims Protection Act. And we wrote right into that law, as we did the International Religious Freedom Act, a carve-out for humanitarian assistance. We in no way want to hurt people when it comes to hunger or all the other issues that the people could be hurt by, but we do want to hold people to account when they are buying and selling and turning women, especially, into -- commodifying them for sale.

And that is what my argument with all administrations has been, Republican and Democrat, is that we have not done enough sanctioning vis-à-vis the thematic human rights, like religious freedom or trafficking.

Once a country is on Tier 3, there should be near certainty that there is going to be some kind of sanctioning coming their way. Same way with when they are a Country of Particular Concern, or CPC, country.

So there is that big difference, I think, those thematic human rights abuses. If we don't come down strong and hard -- I meet with diplomats everywhere, in my office, when I'm traveling abroad. I'm the Special Representative on Human Trafficking for the Parliamentary Assembly of the OSCE. And our sanctions, at least the fear of those and being named a Tier 3 country, has incredible impact. Incredible.

When George W. Bush had, I think, the courage to sanction both South

Korea and Israel, two of our closest allies, put them on Tier 3, I met with the ambassadors and with diplomats, as did the TIP Office, nonstop, and they got off it the old-fashioned way. They stopped their complicity in human trafficking, both of those countries.

Same with Belgrade. You name the country. When they are put on Tier 3, it has a very, very serious impact. I wish we would have followed up more with the actual sanctioning, which we do not do, but at least it is there.

So, Mr. Noronha, maybe you want to speak to that issue, country-specific versus thematic. I understand, I remember when we were all very concerned about North Korea and the famine that was occurring there, and the WFP was providing food aid, and I was all for it. But a lot of food never got to the people. It went to the military. It was diverted.

So that doesn't mean we don't try, because, again, starvation is a horrible, horrible way to go.

But I just throw those two things out; if you would.

Mr. NORONHA. Sure. And so, I will provide a couple of comments, and I know Bruce needs to -- wants to speak as well before he has to leave.

Mr. SMITH. Sure.

Mr. NORONHA. One point is, often after we sanction individuals for all manner of abuses, whether it is economic or human rights, we will get a call from their lawyers, and it is a desperate, "Hey, we didn't realize -- we didn't intend to do things. Can you please remove us from the list?"

That is the exact outcome we want to see. We want to take remedial steps, if it is in the economic situation, have them make amends for whatever they've done, and do that and to stop that. If you have multilateral sanctions through the European Union and member states there as well, and say, "Hey, you can't travel to all of the EU. You can't do any shopping trips." For senior officials, that's very important.

And so, when you are doing these individual sanctions for whether it is religious freedom, human rights, these don't have negative effects on other civilians, because you are affecting the visas and the spending and the wealth of these individuals. There are really no, in my view, there are very limited, if any, downsides to these activities, and we should continue doing that on the specific behavior.

And, again, to the extent you can get multi -- other countries to join in as well. Countries like Canada, for example, don't have a huge bandwidth to look through all the evidentiary packages that the Treasury Department is able to look at.

If the United States shares information about individuals on these lists with partner countries, it may very well be that they look at these cases and say, "Oh, yeah, this is -- these are really bad behaviors, and we want to make sure that these are extended as well."

And I think that is a way to have collective justice, not just saying you can't come to New York City, but you can't go to Paris and London and have giant apartments there as well.

Mr. SMITH. I appreciate that. Thank you.

Dr. JENTLESON. If I could just interject for a second?

Mr. SMITH. Yes.

Dr. JENTLESON. Again, apologies for having to leave to teach.

Just two points. Congressman Smith, you put a lot of points there.

I think my sense is everybody here is on the same page in the sense of the question of what is the best way to use sanctions to affirm American principles and values.

And I think the question really is whether or not the action itself, the symbolic action, and the prospects of some influence, outweigh the concern about the consequences, these intentions versus consequences.

And my view is I think we really need to analyze that, not assume that we shouldn't, but also not assume that we should just because it is the right thing to do.

The second thing is really what our objectives are in these issues. And you mentioned human rights conditionality. In these situations where we are really -- whether we articulate it or not -- are after regime change, it is just not an achievable objective through sanctions.

I am reminded of in the 2000-- around 2010, Spain, working through the Catholic Church, was able to free about 50 political prisoners from Cuba. So limited objective. And Fidel was still in power then. It was limited objective. And they lifted some sanctions.

And sometimes I think, in an effort to achieve the biggest objective in the name of values and human rights, we end up not being able to achieve some more achievable kinds of things. And I think we may want to think about that, about how we set the objective in the sense of another version of human rights conditionality.

But, again, thanks very much to the two Co-Chairs, my colleagues, and I am happy to continue to engage on these issues as may be helpful.

Mr. SMITH. Appreciate that. Thank you so much.

Dr. BÂLI. I will also just jump in to say, unfortunately, I have to leave, but I am grateful for the opportunity.

I just want to emphasize again that, to the extent that we are trying to promote values tied to human rights, it is imperative that we design sanctions in ways that are sensitive to their human rights effects. And while there have been many laudable efforts to do so, the outcomes have been ones that imperil the human rights of civilian populations worldwide.

So, it's really, critically important to get the design right and to shift our current strategy away from broad-based sectoral sanctions that are designed to impose economic punitive conditions in target countries.

But I thank you very much for your time, and I look forward to continuing to engage.

Mr. SMITH. Thank you.

Thank you so very much. I yield back.

Mr. MCGOVERN. Okay. Thank you very much.

Let me ask Dr. Drezner, in your article, "How Not to Sanction," the basis for your remarks today, you discuss two high-profile examples of catastrophic sanctions failure -- Iraq in the 1990s and the maximum pressure campaign directed toward Iran under the last administration.

Are there other sanction regimes currently in effect that you believe could become catastrophic failures? And, if so, which ones?

And are there any current examples of situations where you consider the sanction regime to be appropriately calibrated or where there are good prospects that the stated objectives can be achieved? In other words, where demands are clearly articulated and appropriately right-sized.

Dr. DREZNER. Sure. I think it is impossible not to look at the Venezuela sanctions at this point. And, again, this is a case where I honestly believe that when the sanctions were imposed there were decent reasons to believe that there were odds that it might actually work.

But I think it is hard to argue at this point that what it has done is, while obviously somewhat weakening the Maduro regime, it has created an even larger stream of migrants, which has caused spillover effects across the entire hemisphere. So, I think that has to count as a catastrophic failure.

And to be clear, when we say catastrophic failure on sanctions, we are talking about an outcome in which neither the United States gets anything that

it wants, but also the target economy suffers so much that there is significant humanitarian suffering as well.

I think it is hard not to look at the current situation in Afghanistan as another example of failure. And I grant that this is an incredibly knotty problem in terms of how to get humanitarian relief to Afghanistan while simultaneously not recognizing the Taliban as the legitimate rulers of the country.

With respect to successful instances in which I think sanctions have worked, in terms of ongoing cases, I don't want to -- in some ways, almost by definition, if it is an ongoing case, it probably hasn't worked yet, because ideally, if the demand is right-sized, then presumably there are negotiations being held for it to actually come to an end.

I think past examples of this would include the JCPOA with Iran. One of the reasons that worked was that the Obama administration made it clear that the sanctions would actually be lifted if the Iranian regime agreed to those terms, with the understanding that the goal would not necessarily be regime change.

As I said, this required policy tradeoffs. It was a compromise. Not everyone got what they wanted. But, nonetheless, it was a successful example of coercive bargaining.

Another example prior to that, I would say, would be when the U.S. successfully negotiated with Libya to have that regime have its WMD program eliminated and be under full inspections.

Again, that was an instance where U.S. administrations switched from targeting regime change to recognizing they were going to have to deal with the regime, as odious as it might be, but to achieve a concrete policy gain.

Mr. MCGOVERN. Thank you.

Ms. Simon, first of all, thank you for reminding us that sanction successes depend on the capacity of negotiators to credibly promise sanctions relief. As someone who follows Colombia closely, I can confirm your observations about the negative impact of delaying the removal of the FARC from the U.S. list of Foreign Terrorist Organizations, and I welcome President Biden's decision to finally take that step.

I also welcome your recommendation that sanctions carve-outs for humanitarian organizations should be extended to peacebuilding organizations. This is an area where counterterrorism strategies have had a distorting effect [inaudible]. We need to recognize that peace-building requires engagement with current or former belligerent actors and that engagement should be encouraged and not penalized.

So I know that the Crisis Group works in conflict situations all over the world, and I guess my question is, in which current conflict situations are prospects for peace-building being most negatively affected by the sanctions regime? And do you have examples of situations where easing sanctions had a positive effect on peace-building processes?

Ms. SIMON. That is a great question, Congressman. Thank you for asking me.

I think I would prefer to answer your question with an example from my research when I was in Colombia, because it sort of demonstrates how the negative effects of sanctions have affected peace deals, but also how carve-outs can actually lessen those negative effects.

And so, to come back to Colombia, when I was there I spent some time with former combatant deminers, who had been trained to remove the land mines actually that they themselves had planted in communities and in the jungles in Colombia, and these deminers were unable, while the Foreign Terrorist Organization designation was in place, to participate in demining, because they required certifications that the certifying agencies weren't able to give them because they were a designated Foreign Terrorist Organization.

And, also, demining trainers refused to work with them because they were concerned about legal risks surrounding the material support provision.

But a success story now, since the designation has been lifted, is that these former FARC deminers are working in the communities that they used to be at war in removing land mines, and that's a real positive story from the lifting of sanctions.

If that model can be applied elsewhere -- and it doesn't necessarily need to require a sanctions removal. It could just require, for instance, a license for peace-building or a license for certain activities that allows activities like demining to take place, and I think that would be a really positive step forward.

Thank you.

Mr. MCGOVERN. Thank you very much.

Dr. Moret, you mentioned that you are participating in multi-stakeholder dialogues that try to address both the direct and indirect obstacles that sanction regimes are creating for humanitarian providers.

Can you tell us a little bit more about those initiatives and how they are going?

Dr. MORET. Sure. Well, the first one, that took 5 years, from 2015 to

2020, which was funded by the European Commission and the Swiss Government, sought to find a way to allow for the flow of humanitarian funds into Syria.

And as you will well know, and my esteemed panelists, as well, will well know, that Syria represents one of the most complex cases where derisking is observable. There are very few, if not no options for remitting formal banking transactions into the country, and that is to say the government-controlled areas, and there are also major problems in remitting funds into the northeast and northwest of the country.

So over a period of 5 years, it took that long because it really takes time to establish trust between the different stakeholders, we brought together banks, humanitarian actors, relevant governments and international organizations, and also tech providers, and we also benefited from the presence of OFAC, USAID, and State Department. And that resulted in a guide for humanitarian actors and helped somewhat in providing clarity on the remitting of funds, but it didn't solve the problem.

More recently, I am running a series of four workshops, again funded by the EU/DG ECHO and Swiss Government, trying to find technical solutions to the problem of derisking. Again, we count on the participation of the U.S. Treasury and State Department and other parts of the U.S. Government and others, and really trying to get into the weeds and building on of the recommendations that exist elsewhere to do things like work out how humanitarian banking channels can be protected, also focusing on non-formal payment options, and so on.

And, finally, there are a number of initiatives I am engaged on with the United Nations Development Programme and the Norwegian Refugee Council, where we, again, are looking into financial channels into Afghanistan and the better support of private sector actors that are seeking to resume trade in that country, in spite of the fact that, once again, there are barely any functioning financial channels and other formal remittance options into the country.

So I am happy to provide any details of that.

Mr. MCGOVERN. Yeah. So you mentioned that, as a result of financial sector derisking, NGOs and private sector actors were increasingly forced to make use of less-regulated payment channels, such as carrying cash across borders.

As a result of this, don't we face a serious risk of incentivizing illicit economic activity in heavily sanctioned countries?

Dr. MORET. I think that is a key risk. And, of course, the very thing that U.S. sanctions are sometimes designed to tackle, and also other

regulations, like anti-money laundering, countering the financing of terrorism, they can serve as a vicious circle in provoking derisking and forcing humanitarian actors to make use of hawala and so on. The U.N. has been instrumental in bringing millions, if not billions of dollars of cash into Afghanistan, trucking it around the country and so on, or engaging in currency swaps.

Ultimately, none of these options are sustainable. There are increasingly ways of harnessing technology in to facilitate the safe tracking of humanitarian funds to countries like Syria and Afghanistan, which are deemed to be legally compliant with banks and donors.

But this is not a solution to the wider problem. It doesn't allow for full-fledged trade or humanitarian assistance to scale that is required to address the needs in those countries.

Mr. MCGOVERN. Thank you.

Mr. Noronha, you recommend that the United States should encourage the use of VPNs and digital wallets or remittances, and aid can go straight to the intended targets of family members that are not required to pass through regime intermediaries in sanctioned countries.

What risks do digital currencies or unregulated channels for transferring funds create from a corruption perspective? And how would beneficiaries access the technology?

Mr. NORONHA. Thanks. That's a great question.

Maybe I will answer the last question first, which is this is when generally you're going to need access to the internet, either a phone or a computer device, to use any of these digital wallets, cryptocurrencies.

And in a place like Venezuela, where the standard of living is incredibly poor, that might just be a nonstarter. In a place like Cuba, it might be a little bit more viable.

So you have the state-owned remittance organization, which takes a sizeable cut of the funds that go into Cuba to family members. Those are then funded pretty much directly to the military and security services.

So if you had family members in, say, cryptocurrency, or family members [inaudible] or that cycle, that would also avoid corruption because, again, regime officials can't access it.

One of the issues, unfortunately, is that that is the exact same mechanism that enables money laundering, enables sanctions evasion, is this rise of digital and cryptocurrencies.

And so it is a very thorny problem of trying to avoid regimes, but when you are avoiding regimes, you can also avoid the U.S. Government financial system. Frankly, there is not a very good answer to this that I have seen from the U.S. financial system.

This could also [inaudible] of how you help a population that is really poor, like Venezuela, with aid. How do you improve the standard of living for people without it getting [inaudible].

This is a complex problem. I think Treasury should look at this, though. It is applicable across a number of issue areas. Syria. North Korea is probably not one of those, but countries where you don't have regimes trying to engage in WMD programs, where you can enable people-to-people communication to completely circumvent [inaudible].

The Maduro regime often controls all aid mechanisms, whether that is food aid, medicine, medical aid, and it does so to sort of increase its political power. And, I think, if the United States can invest in those technologies, it would be a game changer.

Mr. MCGOVERN. No, and I get the concern about, you know, working with a particular regime that we don't agree with, but it does contribute to kind of deinstitutionalization. And it assumes that the only -- that the only corruption, it assumes that corruption comes only from regimes, and that is not true. We have to worry about corruption in other places.

So let me just kind of ask one last question of everybody here, and I appreciate again, this has been really interesting. Let me just say, you know, there is value to sanctions if they are well thought out.

And, again, as Congressman Smith mentioned, he and I worked together, not only on the Magnitsky legislation but on the Global Magnitsky legislation. I don't think anybody is questioning, you know, the value of targeted sanctions on individuals.

It is when you do this kind of blanket sanction -- again, it may work in some cases; it may not in other cases -- but sometimes I think we in Congress have this one-glove-fits-all approach, and we do things sometimes out of impulses that may be, you know, grounded in human rights or grounded in a pursuit of justice or grounded in our outrage over a particular regime's behavior. But we don't often talk about the kind of the collateral damage that can come from some of these blanket sanctions. And, you know, I mean, I don't know of anybody who thinks that Maduro is, you know, anything but a really horrific leader in Venezuela.

Having said that, he is still there, and I have been talking to a lot of the migrants who have crossed into both Colombia and into the United States, and they are talking about the economic hardships, the lack of food, the lack of

access to medicine, the lack of opportunity.

Again, all -- you know, I think it is a terrible economic model, but clearly sanctions have contributed to the negative impact on individual citizens in that country. I am not saying we walk away from letting them off the hook; I'm just simply saying that, you know, maybe we have to talk a little bit more about, is that what our goal is? And, you know, so.

But let me just ask all of you by way of closing here, I mean, Congress obviously, for better or worse, plays a big role in sanctions regimes. So, I mean, you know, what are the one or two most important things that Congress can do to reduce the bad collateral effects of sanctions?

And I will -- we can -- why don't we -- and that could be our -- and if you have anything else you want to add in closing, you know, please feel free to do it. And one of the terrible things about doing this virtually is that you are all on my screen, and I -- so why don't I just -- we will begin with Dr. Moret, and we'll just go down the list here.

Dr. MORET. Thank you very much, Congressman. This is a fantastic opportunity to feed in another recommendation. I think, in the early 2000s, there were a series of processes that, at the time, were led by a number of different governments -- Sweden, Germany, and Switzerland -- that led to the creation of targeted sanctions and move away from comprehensive sanctions.

And I think we are coming around to a point that we need a new process like this. We are 20 years into the use of so-called targeted sanctions, where in many cases they now, of course, represent de facto comprehensive sanctions regimes. There is a whole load of other complexities at play as well.

And so I would say we need a fundamental rethink of how sanctions are used, and this needs to be an international process, but I say that the U.S. needs to be absolutely central in this -- in these considerations.

And this is an opportunity to safeguard the future use of sanctions and its legitimacy as well and minimize some of the negative implications. Thanks.

Mr. MCGOVERN. Thank you very much.

Mr. Noronha?

Mr. NORONHA. I will perhaps answer that with a challenging problem that doesn't have a great solution. When I think of -- I am generally a proponent of sectoral sanctions more than the other individuals on the panel.

The issue I have with them is that often, as I believe Professor Drezner mentioned, what it can do is, instead of -- it forces governments into a guns or

butter scenario. And unfortunately, sometimes the governments simply just choose to fund guns and repressive mechanisms rather than the well-being of their citizens.

That is a real problem. It also sort of defeats the purpose of sanctions programs if they are to effectuate regime behavior change.

The U.S. Government really needs to have a really thoughtful process of, how do you -- when you are putting governments in these positions where you are reducing their economic output, how can you force that into caring for their citizens versus caring for their military and repressive forces?

I don't have a clear answer to that immediately, but it is, to me, the greatest single question. Given that we are going to have our sectoral sanctions programs in continuance, it is something that we need to look into.

Mr. MCGOVERN. Thank you.

Ms. Simon?

Ms. SIMON. Thank you very much, Congressman, for this opportunity. I think just the hearing that yourself and Co-Chair Smith have convened shows us that these issues are on the agenda increasingly, and I know that the work of my colleagues here have been central to make these themes more present in the public conversation.

But I would just like to highlight again something I said in my testimony, which is that sanctions do have a capacity to be a really effective -- a really effective tool for conflict mitigation and prevention.

We have heard a lot of themes today: depriving belligerents of resources, adding incentives to negotiation processes. But I think if I would take anything away, at least from the Crisis Group perspective, which is focused on the resolution of deadly conflict, it would be to try to tailor sanctions programs to be able to better serve conflict resolution goals, conflict prevention goals, and conflict mitigation goals.

And I suggested some ways forward in my testimony, but to have that idea always close to mind in the creation of sanctions but also in the assessing of sanctions programs that are already in existence. Thank you.

Mr. MCGOVERN. Thank you.

Dr. Drezner?

Dr. DREZNER. Thank you, Congressman. I would just close with three points. The first is to advise Members of Congress to be wary that as much as you might want to draw a bright line between targeted economic sanctions and more comprehensive embargoes, as I said in my testimony, I

think the fact is that the economic effects tend to be a little blurrier than the intent, that sometimes targeted sanctions, even if they are designed to be precise, often have penumbras of effect that are unanticipated and would need to be considered.

This would lead to my two recommendations that I would make. The first is that I do think either the State Department or perhaps the GAO should be required to do sanctions impact assessments, not before sanctions can be imposed, because I think that is an unrealistic goal to be fair, but on an annual basis, trying to assess not just the likelihood that sanctions work but also what are the actual real economic effects not just in terms of cost to the target regime but also the cost and immiseration of the target population.

I think that has to be done on an annual basis, and it is, you know, in some ways, with any sort of problem, you know, knowing is half the battle, and certainly knowing the problem is an important one.

And then, finally, I would endorse, I believe, a suggestion that Ms. Simon put forward, which is, I do think the idea of a global licensing regime for humanitarian groups that can bypass any sanctions that are put in place or use, you know, take advantage of carve-outs of any sanctions that are put in place, I think that might lessen the immediate humanitarian impact of any sanctions that are put forward in the future, particularly if those sorts of, you know, those who have the license wind up developing a reputation of being reputable conveyors of humanitarian relief, I think it actually could alleviate some of the short-term dislocations that would happen when sanctions are imposed immediately.

Mr. MCGOVERN. Well, thank you. I think I got everybody. Who did I miss?

Dr. DREZNER. No, no, you got us all.

Mr. MCGOVERN. Okay. Okay. Let me thank you very much. Look, this has been an important discussion, and, look, we are the Human Rights Commission, we are the Tom Lantos Human Rights Commission, and so our primary focus is human rights, you know, and so we have to be concerned about whether well-intentioned sanctions have collateral damage, whether they actually impact negatively on the human rights of people in a particular country whose government we may not like.

I mean, you know, I mean, hunger is a human rights issue, you know, and lack of access to medical attention is a human rights issue as well. I mean, I could go on and on and on. Again, none of these are intended when we come forward with some of these sanctions regimes, but sometimes they happen, and I think it is important that we talk about these things and that we -- is it working? Is it not? How do we do this better?

And if we impose a sanctions regime, and it's having the opposite effect, we ought to have the maturity to be able to admit it and to change course, which is something that Congress doesn't do very well. People don't like to ever admit they ever make mistakes, and so sometimes we stick with things that are not working for a very, very, very long time.

But I, you know, I mean, you know, there are bad regimes in this world, and there ought to be consequences for that bad behavior, especially when they abuse their people, especially when they, you know, violate religious freedoms or they, you know, target women or target, you know, people for whatever reason.

But, again, the goal ought to be to hold the government accountable, to have consequences for the people who are responsible for these terrible policies and not to, you know, punish people who are, you know, oftentimes the victims, you know, of the bad government to begin with.

So you have given us lots to think about, and I appreciate it, and we will -- we may be in touch with you about some follow-up, but I really appreciate your time and your insight and thank you very much.

This hearing is adjourned. Thank you.

[Whereupon, at 1:00 p.m., the Commission was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD



Tom Lantos Human Rights Commission

Hearing Notice

Considerations on Economic Sanctions

Tuesday, October 4, 2022

11:00 a.m. – 12:30 p.m.

Virtual via Cisco WebEx

Please join the Tom Lantos Human Rights Commission for a **hearing** on the collateral effects of economic sanctions programs, including their impacts on humanitarian assistance, human rights and peacebuilding.

Economic sanctions are coercive economic measures imposed to further foreign policy and national security objectives. Measures include trade embargoes; restrictions on particular exports or imports; denial of foreign assistance, loans, and investments; blocking of foreign assets under U.S. jurisdiction; visa denials; and prohibition on economic transactions that involve U.S. citizens or businesses. Secondary sanctions are sometimes used to add pressure by penalizing third parties for activities that undermine or evade the purpose of a sanctions regime. The United States maintains an array of economic sanctions against foreign governments, entities, and individuals identified as supporters of acts of international terrorism; nuclear arms proliferators; egregious violators of international human rights norms, democratic governance, or corruption standards; and states threatening regional stability. Some sanctions are required to be imposed in keeping with decisions taken by the United Nations Security Council.

As the number and complexity of sanctions regimes have increased, so too has debate over their effectiveness and unintended consequences. Persistent conflict and entrenchment of authoritarian rule combined with ongoing humanitarian crises in countries such as Syria, Afghanistan, Iran and Venezuela have elevated concerns. The People's Republic of China has sought to capitalize on discontent with sanctions regimes, particularly among authoritarian or corrupt governments, to undermine the status of the dollar as the reserve currency. The U.S. Department of the Treasury's [2021 Sanctions Review](#) acknowledged the

need to “tailor sanctions to mitigate unintended economic, humanitarian, and political impacts on U.S. workers and businesses, allies, and non-targeted populations abroad.”

Witnesses will discuss comparative research findings on the impacts of sanctions programs and offer recommendations for improving their design and effectiveness.

Panel I

- **Dr. Bruce W. Jentleson**, William Preston Few Distinguished Professor of Public Policy and Professor of Political Science, [Duke University](#)
- **Dr. Erica Moret**, Senior Researcher, International Sanctions, [Geneva Centre of Humanitarian Studies](#)
- **Delaney Simon**, Senior Analyst, U.S. Program, [International Crisis Group](#)
- **Ash Ü. Bâli**, Professor of Law, [Yale Law School](#)
- **Daniel W. Drezner**, Professor of International Politics, [Fletcher School of Law and Diplomacy](#), Tufts University
- **Gabriel Noronha**, Fellow, Gemunder Center for Defense and Strategy, [Jewish Institute for National Security of America](#)

The hearing will be virtual. Pursuant to H. Res. 965, Member of Congress and witnesses will participate remotely via Cisco WebEx. Members of the public and the media may view the hearing by live webcast on the Commission [website](#). The hearing will also be available for viewing on the House Digital Channel service. For any questions, please contact [Kimberly Stanton](#) (for Co-Chair McGovern) or [Piero Tozzi](#) (for Co-Chair Smith).

Sincerely,

/s/

James P. McGovern
Member of Congress
Co-Chair, TLHRC

Christopher H. Smith
Member of Congress
Co-Chair, TLHRC



Tom Lantos Human Rights Commission Hearing

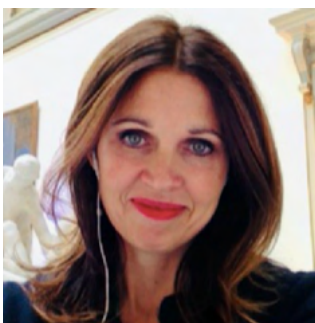
Witness Biographies

Considerations on Economic Sanctions

Panel I



Dr. [Bruce W. Jentleson](#) is the William Preston Few Professor of Public Policy and Professor of Political Science at Duke University. Other positions include Global Fellow at the Woodrow Wilson International Center for Scholars and Non-Resident Senior Fellow at the Chicago Council on Global Affairs. He was the longtime Co-Director and now Senior Advisor for the [Bridging the Gap](#) project promoting greater policy engagement among academics. Publications related to economic sanctions include [Economic Sanctions: What Everyone Needs to Know](#) (Oxford University Press, 2022); [“Who’s Winning the Sanctions War?”](#), *ForeignPolicy.com*, August 18, 2022; and [Pipeline Politics: The Complex Political Economy of East-West Energy Trade](#) (Cornell University Press, 1986). He has served in a number of U.S. foreign policy positions including as Senior Advisor to the State Department Policy Planning Director (2009-11), in the Clinton administration State Department (1993-94), and as a foreign policy aide to Senators Al Gore (1987-88) and Dave Durenberger (1978-79).



Dr. Erica Moret is Senior Researcher at the Global Governance Centre & Geneva Centre of Humanitarian Studies, at the Graduate Institute of International and Development Affairs in Geneva. She is also Policy Director at the Swiss Centre for Policy Engagement, Polisync, and Senior Fellow on Sanctions and Humanitarian Affairs at the United Nations University Centre for Policy Research. She holds a D.Phil. (Ph.D.) from the University of Oxford and is also a graduate of the Ecole Nationale d’Administration in France. Dr. Moret is Associate Editor of

the *Journal of Global Security Studies* and Visiting Professor at Sciences-Po's Paris School of International Affairs, where she teaches a Masters course on sanctions. She also runs training courses on sanctions for humanitarian actors through Polisync in Geneva. She co-founded and coordinates the Graduate Institute's Sanctions and Sustainable Peace Hub and the Geneva International Sanctions Network. She has provided advice and evidence on sanctions to the UN, EU, U.S. and Canadian governments and both UK Houses of Parliament. She is currently running an EU-Swiss-funded dialogue with the Norwegian Refugee Council seeking technical solutions to financial sector de-risking. She was coordinator of the Swiss-EU "Compliance dialogue on Syria-related humanitarian payments" until 2020 and is current project lead on a Swiss Network of International Studies-funded study "When money can't buy food and medicine: Banking challenges in the international trade of vital goods and their humanitarian impacts in sanctioned jurisdictions". She recently engaged in a study to map humanitarian payment channels available to NGOs operating in Afghanistan and has worked on all major sanctions regimes, including in relation to questions of impacts, efficacy and unintended consequences.



Delaney Simon is the Senior Analyst for International Crisis Group (ICG)'s U.S. Program. Ms. Simon researches and writes about U.S. foreign policy in conflict zones and non-military tools for crisis prevention. She joined ICG in October 2021. Previously Ms. Delaney worked for the United Nations in Afghanistan, Lebanon and Yemen. While on the ground in those countries from 2015 to 2021, she advised senior United Nations officials on political stability, conflict mitigation and humanitarian planning. She has also worked as Special Assistant to Afghanistan's Ambassador to the United Nations in New York and as a researcher on conflict policy in Colombia, the Democratic Republic of Congo and elsewhere for the United Nations and other organizations.



Dr. Ash Ü. Bâli is a Professor of Law at Yale Law School. Bâli's teaching and research interests include public international law, particularly human rights law and the law of the international security order, and comparative constitutional law, with a focus on the Middle East. She has written on the nuclear non-proliferation regime, humanitarian intervention, the roles of race and empire in the interpretation and enforcement of international law, the role of judicial independence in constitutional transitions, federalism and decentralization in the Middle East, and constitutional design in religiously divided societies. Prior to joining Yale Law School, Dr. Bâli was Professor of Law at UCLA School of Law, where she was the founding faculty director of the Promise Institute for Human

Rights, and as Director of the UCLA Center for Near Eastern Studies. Before joining academia, she worked for the United Nations Office of the High Commissioner for Human Rights and as an associate at Cleary Gottlieb, where she specialized in international transactions and sovereign representation. Dr. Bâli currently serves as co-chair of the Advisory Board for the Middle East Division of Human Rights Watch and as chair of both the Task Force on Civil and Human Rights of the Middle East Studies Association and the MESA Global Academy. She is also on the board of the Ottoman and Turkish Studies Association and on the editorial board of the *American Journal of International Law*. Dr. Bâli received her doctorate in Politics from Princeton University in 2010 and her law degree from Yale.



Dr. Daniel W. Drezner is professor of international politics at the Fletcher School at Tufts University and a nonresident senior fellow at the Chicago Council on Global Affairs. Prior to joining the Fletcher School, he taught at the University of Chicago and the University of Colorado at Boulder. He has previously held positions with Civic Education Project, the RAND Corporation and the U.S. Department of the Treasury and received fellowships from the German Marshall Fund of the United States, Council on Foreign

Relations, and Harvard University. Dr. Drezner has written seven books, including *The Ideas Industry*, *All Politics is Global*, and *Theories of International Politics and Zombies*, and edited three others, including *The Uses and Abuses of Weaponized Interdependence*. He has published articles in numerous scholarly journals as well as in *The New York Times*, *Wall Street Journal*, *Politico*, and *Foreign Affairs*. He has been a contributing editor for *The National Interest* and wrote columns at *Foreign Policy* and the *Washington Post*. He received his B.A. in political economy from Williams College and an M.A. in economics and Ph.D. in political science from Stanford University.



Gabriel Noronha is a fellow in the Gemunder Center for Defense and Strategy at the Jewish Institute for National Security of America. From 2019 to 2021, he served as Special Advisor for the Iran Action Group at the U.S. Department of State, where he coordinated policy and directed the State Department's communications and congressional affairs for Iran. From 2017-2019, he worked as the Special Assistant for the Senate Armed Services Committee under Chairmen John McCain and Jim Inhofe, helping

write and pass Congress' annual national security legislation. Mr. Noronha worked for U.S. Senator Kelly Ayotte from 2015-2016. He previously served as Executive Director of the Forum for American Leadership and works on a range of national

security and political projects. Mr. Noronha speaks and conducts research in Russian, Mandarin, and Spanish.

Dr. Daniel W. Drezner, How not to sanction

International Affairs, Volume 98, Issue 5, September 2022, Pages 1533–1552.

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**UN Special Rapporteur on Counter-Terrorism and
Human Rights, The Impact of Counter-Terrorism
Targeted Sanctions on Human Rights**

2021

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