Banning the Worst Excesses of Economic Coercion

The Case for an International Convention on the Regulation and Prohibition of Coercive Economic Measures Affecting Civilians

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CONTENTS

Acronyms and Abbreviations

AML/CFT	anti-money laundering and countering the financing of terrorism
EU	European Union
FATF	Financial Action Task Force
FDIC	Federal Deposit Insurance Corporation
IHL	international humanitarian law
IHRL	international human rights law
NGO	nongovernmental organization
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Assets Control
OFSI	Office of Financial Sanctions Implementation

Introduction

Economic sanctions have become one of the defining instruments of post–Cold War international politics. They are deployed with increasing frequency by major powers, regional organizations, and multilateral institutions in response to armed conflict, aggression, nuclear proliferation, human rights abuses, and violations of democratic norms.[1] For decades, sanctions have been described as occupying a moral middle ground between diplomacy and war—coercive but nonviolent, punitive yet restrained.[2] This claim is based on the assumption that economic pressure is inherently more humane than kinetic force.[3] However, as this report asserts, evidence of the devastating impact of sanctions renders that assertion questionable.

The principles of distinction and proportionality rooted in just war theory, for instance, require that military attacks distinguish between combatants and non-combatants and avoid excessive harm relative to expected military advantage.[4] These principles have been codified in international humanitarian law (IHL), particularly the Geneva Conventions and their Additional Protocols.[5] Yet their analogous application to economic coercion remains woefully underdeveloped, and in many quarters, actively resisted.

Contemporary sanctions operate within an ever more integrated global economy. Financial globalization has transformed access to reserve currencies, correspondent banking systems, and payment clearing networks into structural chokepoints.[6] Sanctions targeting these connections can immobilize sovereign reserves, restrict trade finance, and destabilize macroeconomic systems. Such measures may produce cascading humanitarian consequences through inflation, supply chain disruption, and infrastructure deterioration.

Concerns about the humanitarian impact of sanctions in the 1990s—most prominently in Iraq—exposed the moral hazards of comprehensive embargoes.[7] Subsequent reforms within the United Nations sought to mitigate harm through targeted sanctions.[8] However, the overwhelming increase in the use and scope of economic sanctions has created new pathways for systemic disruption of economies on par with

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1 Yoto Yotov et al., *The Global Sanctions Data Base*, Centre for Economic Policy Research, 4 August 2020, https://cepr.org/voxeu/columns/global-sanctions-data-base.

2 David A. Baldwin, *Economic Statecraft: New Edition* (Princeton, NJ: Princeton University Press, 2020); Carina Staibano and Peter Wallensteen, eds. *International Sanctions: Between Wars and Words* (London: Routledge Press, 2005).

3 Nicholas Mulder illustrates this point with his citation of President Woodrow Wilson's case for the League of Nations. See Nicholas Mulder, "The History of Economic Sanctions as a Tool of War," Yale University Press, 24 February 2022, https://yalebooks.yale.edu/2022/02/24/the-history-of-economic-sanctions-as-a-tool-of-war/.

4 "Proportionality," in Françoise Bouchet-Saulnier, *The Practical Guide to Humanitarian Law* (Lanham, MD: Rowman and Littlefield, 2007), and Michael Walzer, *Just and Unjust Wars*, 4th ed. (New York: Basic Books, 2006), 111–115.

5 International Committee of the Red Cross, "The Geneva Conventions and Their Commentaries," n.d., https://www.icrc.org/en/law-and-policy/geneva-conventions-and-their-commentaries.

6 Eric Helleiner, *The Status Quo Crisis: Global Financial Governance After the 2008 Meltdown* (New York: Oxford University Press, 2014), 201–204.

7 Thomas G. Weiss et al. eds, *Political Gain and Civilian Pain: Humanitarian Impacts of Economic Sanctions* (Lanham, MD: Rowman & Littlefield, 1997).

8 David Cortright, George A. Lopez, and Linda Gerber-Stellingwerf, "The Sanctions Era: Themes and Trends in UN Security Council Sanctions Since 1990," in *The United Nations Security Council and War: Evolution of Thought and Practice Since 1945,* ed. Vaughn Lowe et al. (New York: Oxford University Press, 2008).

traditional embargoes.[9] Enacting broad sectoral sanctions, targeting dominant or monopolist economic actors, denying foreign currency and banking networks, placing restrictions on central bank reserves, and threatening secondary sanctions all operate at a structural level, affecting entire economies even when nominally directed at a targeted list.[10]

At the same time, the legal framework governing sanctions remains patchy. IHL applies in contexts of armed conflict. International human rights law (IHRL) offers norms relevant for economic measures, but its application in the context of sanctions is contested. General international law permits states to adopt sanctions as countermeasures in response to injury suffered from another state's wrongful acts—but prohibits measures that violate human rights obligations or amount to reprisals against persons protected under IHL.[11] The interpretation of this protective stipulation is contested. Although a strict reading of this principle would spare all civilians, as protected persons, from the reach of sanctions, the practice of most sanctioning states resists this as unduly restrictive and incompatible with the behavior-inducement purpose that countermeasures are designed to serve. The International Law Commission's own commentary also hinted at a narrower application of the principle when it cited only extreme cases of deprivation (such as starvation and other non-derogable rights) as illustrations of the prohibition.[12] An increasingly prevalent view among sanctioning states goes further still, treating any amount of economic countermeasures as lawful provided they are necessary to ensure compliance with international law by the offending party.

Domestic oversight of sanctions measures is often limited due to judiciaries' deference to executive discretion in foreign policy matters. The result is a widening gap between sanctions' coercive capacity, their devastating socioeconomic effect on civilians, and their legal regulation. The tension between the expanding reach of sanctions and the imperative to observe human rights and humanitarian protections calls for a dedicated international legal instrument that addresses the normative tension head-on and concretely defines the limits on the use of sanctions as instruments of coercion.

This report argues that the evolution of sanctions into instruments of systemic economic isolation and punishment demands a normative consolidation that arrests and reverses this trend. Sanctions increasingly resemble forms of economic siege, yet they remain weakly constrained by binding humanitarian standards. Drawing on legal analysis, coercion theory, and institutional practice, this report advances the case for negotiating a **Convention on the Regulation and Prohibition of Coercive Economic Measures Affecting Civilians**.[13] Such a convention would not eliminate sanctions. Rather, it would embed humanitarian guardrails analogous to those governing military force, thereby restoring sanctions' legitimacy as instruments of diplomacy rather than mechanisms of societal deprivation.

9 Francisco R. Rodríguez, "The Human Consequences of Economic Sanctions," *Center for Economic and Policy Research* (28 April 2023), https://cepr.net/publications/the-human-consequences-of-economic-sanctions/.

10 Ntina Tzouvala, "Sanctions, Dollar Hegemony, and the Unraveling of Third World Sovereignty," *Yale Journal of International Law* (10 June 2024), https://yjil.yale.edu/posts/2024-06-10-sanctions-dollar-hegemony-and-the-unraveling-of-third-world-sovereignty.

11 UN International Law Commission's Articles on the Responsibility of States for Internationally Wrongful Acts, U.N. Doc. A/56/10 (24 October 2001), article 50.

12 UN International Law Commission's Articles on the Responsibility of States for Internationally Wrongful Acts.

13 Joy Gordon, "Ethics and Targeted Sanctions," in *Ethics and Statecraft: The Moral Dimension of International Affairs*, 3rd ed., ed. Cathal J. Nolan (Westport, CT: Praeger, 2015).

The Evolution of Sanctions as Instruments of Coercion: Practice and Humanitarian Record

Historically, sanctions emerged as instruments of collective security within the League of Nations and later the United Nations, intended to compel compliance without resorting to war. The UN Charter explicitly authorizes the Security Council to impose economic measures under Article 41 as alternatives to military enforcement under Article 42.[14] During the Cold War, ideological polarization limited their use. After 1990, however, Security Council consensus enabled extensive sanctions programs, including comprehensive embargoes, which revealed a central dilemma: comprehensive economic embargoes can impose severe humanitarian consequences even when designed for legitimate coercive purposes.[15]

The humanitarian consequences of comprehensive sanctions are well documented and empirically measurable.[16] The sanctions imposed on Iraq following its 1990 invasion of Kuwait constituted the most sweeping economic embargo in modern history.[17] Authorized by the United Nations Security Council under Chapter VII of the UN Charter, the regime prohibited nearly all imports and exports except limited humanitarian supplies.[18] Although designed to compel compliance with disarmament obligations, the embargo contributed to severe economic contraction, degradation of water and sanitation infrastructure, and widespread civilian deprivation. The UN's Oil-for-Food Programme, established in 1995, represented a belated attempt to mitigate these effects but did not fully repair institutional collapse.[19]

The Iraq experience exposed two enduring structural problems. First, comprehensive trade prohibitions can produce cascading effects across complex economic systems, including currency collapse, public sector insolvency, and deterioration of public health infrastructure.[20] Second, sanctions regimes tend to

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14 United Nations Codification Division Publications, *Repertory of Practice of United Nations Organs*, Supplement No. 3 (1959–1966), vol. 2, https://legal.un.org/repertory/art41/english/rep_supp3_vol2_art41.pdf.

15 Judith Vorrath, "UN Arms Embargoes Under Scrutiny: Obstacles and Options for an Effective Contribution to Conflict Resolution," *German Institute for International and Security Affairs*, SWP Research Paper 12, 3 September 2024, https://www.swp-berlin.org/10.18449/2024RP12/.

16 Erica Moret, "More Civilian Pain Than Political Gain (Again?): The Demise of Targeted Sanctions and Associated Humanitarian Impacts," in *Multilateral Sanctions Revisited: Lessons Learned from Margaret Doxey*, eds. Andrea Charron and Clara Portela, vol. 9 (Montreal: McGill-Queen's University Press, 2022), 177, 180–81.

17 David Cortright, Alistair Millar, and George A. Lopez, "Smart Sanctions: Restructuring UN Policy in Iraq," Fourth Freedom Forum and Joan B. Kroc Institute for International Peace Studies Policy Brief, April 2001, https://fourthfreedomforum.org/wp-content/uploads/2020/06/2001-April-Cortright-Lopez-Millar-Smart-Sanctions-Restructuring-Iraq.pdf.

18 United Nations, "Chapter VII: Action With Respect to Threats to the Peace, and Acts of Aggression," UN Charter, https://www.un.org/en/about-us/un-charter/chapter-7.

19 Center for Strategic and International Studies, "An Overview of the Oil for Food Program," 1 May 2004, https://www.csis.org/analysis/overview-oil-food-program.

20 Francisco R. Rodríguez, "The Human Consequences of Economic Sanctions," *Center for Economic and Policy Research* (28 April 2023), https://cepr.net/publications/the-human-consequences-of-economic-sanctions/.

persist beyond their initial coercive moment, generating protracted social harm even after compliance by the targeted state.[21]

In response, reform initiatives such as the Interlaken, Bonn-Berlin, and Stockholm processes in the late 1990s and early 2000s sought to redesign sanctions as "targeted" measures focused on elites rather than populations. Asset freezes, travel bans, and arms embargoes became the preferred tools of the United Nations' sanctions system.[22] The shift had a significant normative impact, reflecting the implicit acknowledgment that comprehensive embargoes risk violating humanitarian principles.[23] More recently the notion of voluntary "codes of conduct" and technical guidelines in the form of a checklist[24] for relevant staff tasked with imposing sanctions have also been considered.[25] Yet, for the past decade, sanctions have often avoided multilateral (and in the U.S., scant Congressional) approval and rarely undergo an independent assessment of civilian impact.[26]

The humanitarian record since these reform processes suggests that targeted design does not automatically prevent negative systemic effects. Although most UN and unilateral sanctions regimes now exempt humanitarian activities from their purview, exemption in the law often does not easily translate into effective implementation on the ground. Despite the progress represented by the passage of Security Council Resolution 2664 in 2022[27] and 2761 in 2024,[28] humanitarian exemptions are often administratively cumbersome and insufficient; and licensing procedures are slow, risk-averse, and can be vulnerable to political bargaining.[29] Economic sanctions imposed outside the UN framework—particularly by major economic powers—now include broad sectoral measures, restrictions on key nodes of financial systems (e.g., central banks), exclusion from the global financial network, blanket prohibitions on access to correspondent banking, and secondary sanctions applicable worldwide.[30] These measures can generate inflationary spirals, shortages of essential goods, and institutional fragmentation even when humanitarian exemptions exist on paper. Private sector overcompliance frequently amplifies these effects, driven by fear of regulatory penalties. Banks and shipping companies may withdraw entirely from

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21 George A. Lopez and Beatrix Geaghan-Breiner, "Establishing an Ethics of Post-Sanctions Peacebuilding," in *Wicked Problems: The Ethics of Action for Peace, Rights, and Justice,* eds. Austin Choi-Fitzpatrick, Douglas Irvin-Erickson, and Ernesto Verdeja (New York, 2022; online ed., Oxford Academic, 23 June 2022), https://doi.org/10.1093/oso/9780197632819.003.0012.

22 Joanna Weschler, "The Evolution of Security Council Innovations in Sanctions," *International Journal* 65, 1 (Winter 2009–10).

23 United Kingdom Parliament, House of Lords Select Committee on Economic Affairs, *The Impact of Economic Sanctions Volume II: Evidence, 2nd Report of Session 2006–07*, 9 May 2007, p. 141, https://publications.parliament.uk/pa/ld200607/ldselect/ldeconaf/96/96ii.pdf.

24 Erica Moret, et al, "A Model Humanitarian Checklist for Sanctions Units," Advancing Humanitarianism Through Sanctions Refinement, October 2024, https://sanctionsandsecurity.org/publications/a-model-humanitarian-checklist-for-sanctions-units/.

25 Joanna Weschler, "Wilton Park Conference Report on Sanctions, Incentives, and Human Security: Economic Statecraft and Humanitarian Crises," Wilton Park and the Sanctions and Security Research Project of the Fourth Freedom Forum, May 2022, https://fourthfreedomforum.org/publications/wilton-park-conference-report-on-sanctions-incentives-and-human-security-economic-statecraft-and-humanitarian-crises/. See also United States Government, *The Volcker Interim Report on the United Nations Oil-for-Food Program*, Hearing Before the Subcommittee on Oversight and Investigations of the Committee on International Relations, House of Representatives 109th Cong., First sess., Serial No. 109–28, 9 February 2005, https://www.congress.gov/109/chrg/CHRG-109hhrg98601/CHRG-109hhrg98601.pdf.

26 Richard N. Haass, "Economic Sanctions: Too Much of a Bad Thing," Brookings Policy Brief 34, 1 June 1998, https://www.brookings.edu/articles/economic-sanctions-too-much-of-a-bad-thing/.

27 Radhika Kapoor, Dustin A. Lewis, and Naz K. Modirzadeh, "An Interpretive Note for U.N. Member States on Security Council Resolution 2664 (2022)," Harvard Law School Program on International Law and Armed Conflict," March 2023, https://hls.harvard.edu/wp-content/uploads/2023/09/HLS-PILAC-Res.-2664-Interpretive-Note.pdf.

28 United Nations Security Council, *Security Council Resolution 2761*, S/RES/2761, New York, 6 December 2024.

29 Alice Debarre, "Safeguarding Humanitarian Action in Sanctions Regimes," International Peace Institute Issue Brief, June 2019, https://www.ipinst.org/wp-content/uploads/2019/06/1906_Sanctions-and-Humanitarian-Action.pdf; see also the case of the Biden Administration's reforms: United States Department of the Treasury, "The Treasury 2021 Sanctions Review," October 2021, https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf.

30 Jonathan Masters, "What Are Economic Sanctions?" Council on Foreign Relations Backgrounder, 24 June 2024, https://www.cfr.org/backgrounders/what-are-economic-sanctions.

sanctioned jurisdictions, effectively nullifying humanitarian carve-outs.[31] The humanitarian lesson is therefore that without enforceable guardrails, even formally targeted measures can produce population-wide harm. The evolution from comprehensive trade embargoes to "targeted" financial isolation has altered mechanisms but neither eliminated nor lessened systemic risk.

The result is a practice that has moved from comprehensive embargo to targeted financial isolation while preserving—and in some respects deepening—systemic risk to civilian populations. In warfare, sieges compel surrender by cutting supply lines and inducing deprivation; contemporary sanctions can isolate entire economies through restriction of trade, finance, and currency access. The mechanism differs, but the civilian consequences can be comparable. Siege warfare is regulated under IHL precisely because of those consequences. Sanctions, which can produce equivalent effects, remain thinly regulated—and that asymmetry is the problem this analysis addresses.

31 Erica Moret, "Unilateral and Extraterritorial Sanctions in Crisis: Implications of Their Rising Use and Misuse in Contemporary World Politics," in *Research Handbook on Unilateral and Extraterritorial Sanctions*, ed. Charlotte Beaucillon (Northampton, MA: Edward Elgar Publishing, 2021), https://ebin.pub/research-handbook-on-unilateral-and-extraterritorial-sanctions-1839107847-9781839107849.html.

The International Regulatory Gap

IHL is designed to govern the conduct of hostilities during armed conflict, emphasizing the protection of civilians and civilian objects through the core principles of humanity, distinction, proportionality, and necessity.[32] These principles regulate the direct and indirect consequences of military operations, ensuring that even in war, civilian life and essential infrastructure are shielded from deliberate or disproportionate harm.[33] Yet the reach of IHL is limited by its conflict-centric focus. Economic sanctions—especially those imposed in peacetime or in the absence of a state of armed conflict—fall largely outside IHL's domain of application.[34] Consequently, actions that would constitute grave breaches if carried out through military means, such as the destruction of water systems or the obstruction of medical supplies or electrical blackouts, can be achieved indirectly through economic coercion without triggering conventional legal accountability.[35]

IHRL recognizes a broad spectrum of fundamental rights—including the rights to food, health, and an adequate standard of living—but these rights are often difficult to enforce across borders.[36] Sanctioning states frequently invoke the doctrine of attribution, contending that humanitarian suffering stems from the domestic policies of the targeted state rather than from the coercive measures themselves.[37] The fact that the impact of economic measures is often indirect and remote weakens the causation needed for attribution. Such arguments exploit weaknesses in international accountability frameworks, leaving victims of sanctions in a legal/normative limbo.

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32 Jean Pictet, *Development and Principles of International Humanitarian Law*, Martinus Nijhoff, 1985; Theodor Meron, "The Humanization of Humanitarian Law," *American Journal of International Law*, 94/2, 2000, 239–278; Anaïs Maroonian, "Proportionality in International Humanitarian Law: A Principle and a Rule," *Articles of War*, Lieber Institute West Point, 24 October 2022, https://lieber.westpoint.edu/proportionality-international-humanitarian-law-principle-rule/.

33 Noam Lubell and Amichai Cohen, "Strategic Proportionality: Limitations on the Use of Force in Modern Armed Conflicts," *96 International Legal Studies* 159 (2020); Robert Kolb, "Indirect or Reverberating Excessive Collateral Damage in Modern IHL," *Articles of War*, Lieber Institute (13 August 2025), https://lieber.westpoint.edu/indirect-reverberating-excessive-collateral-damage-modern-ihl/.

34 Tristan Ferraro, "International Humanitarian Law, Principled Humanitarian Action, Counterterrorism and Sanctions: Some Perspectives on Selected Issues," *International Review of the Red Cross* 103, 916–917 (3 February 2022), https://www.cambridge.org/core/journals/international-review-of-the-red-cross/article/abs/international-humanitarian-law-principled-humanitarian-action-counterterrorism-and-sanctions-some-perspectives-on-selected-issues/60462D3E8DDD9CAFB26ABD9DA4490CDA.

35 Nicholas Mulder, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War* (Yale University Press, 2022).

36 United Nations Human Rights Office of the High Commissioner, "Fact Sheet No. 34: The Right to Adequate Food," 1 April 2010, https://www.ohchr.org/en/publications/fact-sheets/fact-sheet-no-34-right-adequate-food; "International Covenant on Economic, Social and Cultural Rights," Adopted by General Assembly Resolution 2200A (XXI), 16 December 1966, https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights; Ben Saul, David Kinley, and Jacqueline Mowbray, "Article 11: The Right to an Adequate Standard of Living," Chapter 13 in *The International Covenant on Economic, Social and Cultural Rights: Commentary, Cases, and Materials* (Oxford Law Pro, online ed., 2014), https://doi.org/10.1093/law/9780199640300.003.0013.

37 Oona A. Hathaway, Maggie M. Mills, and Thomas M. Poston, "War Reparations: The Case for Countermeasures," *Stanford Law Review* 76 (May 2024), https://review.law.stanford.edu/wp-content/uploads/sites/3/2024/05/Hathaway-et-al.-76-Stan.-L.-Rev.-971.pdf.

Domestic legal constraints are also limited. In many jurisdictions, executive authorities possess immense unchecked powers to impose sanctions, often circumventing robust legislative and judicial oversight.[38] Targeted actors have no meaningful recourse against sanctioning authorities abroad, as the latter are shielded by immunity before foreign courts. The only available judicial fora are typically the domestic courts of the sanctioning state—a remedy that is, by definition, remote and often inaccessible to affected communities abroad. Multilateral sanctions committees, such as those operating under the auspices of the United Nations Security Council, similarly function within political constraints and mandate limitations that prevent them from undertaking independent humanitarian assessments and championing remedial action.[39]

The regulatory framework has not kept pace with the civilian consequences of modern sanctions. Although the types of weapons, methods, and targets permissible in the conduct of military force are governed by binding legal frameworks, economic coercion remains comparatively unregulated despite producing commensurate humanitarian consequences.[40] The gap between the profound civilian consequences of modern sanctions and the laxity of their regulation carries profound moral, legal, and strategic consequences: it allows states to employ coercion in ways that would be impermissible under wartime norms, effectively normalizing a form of economic siege as a tool of statecraft.[41] The absence of clear legal constraints also undermines predictability in international relations, incentivizing sanctioned states to develop resilience strategies such as parallel financial systems or black-market supply networks.[42]

We have elsewhere highlighted the need for a code of conduct to address this gap.[43] Tilahun and Okafor argue that a code of conduct would provide an "articulation and reaffirmation of the fundamental principles of distinction and proportionality," and "could, for example, take the form of an exclusionary rule with respect to critical economic infrastructure, a precautionary obligation (*ex ante* impact assessment), and an obligation to undertake cumulative assessment of harms caused by sanctions over time."[44] Similarly, in developing a humanitarian checklist for sanctions authorities through multi-stakeholder consultations with governments, humanitarian organizations, and the private sector, Lopez, Millar, and Moret observe that the participating experts consistently pointed beyond the checklist itself, toward the need for a global sanctions compact that crystallizes internationally agreed-upon principles for sanctions' use. This type of code of conduct would constitute a platform from which to advance the formulation and eventual adoption of a legally binding international convention to regulate the worst excesses of sanctions.

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38 Tom Ruys, "Sanctions, Retorsions and Countermeasures: Concepts and International Legal Framework," *Research Handbook on UN Sanctions and International* Law, ed. Larissa vem den Herik (Edward Elgar Publishing, 2017), https://www.ohchr.org/sites/default/files/Documents/Issues/UCM/ReportHRC48/Academia/submission-tom-ruys-2.pdf.

39 "Sanctions Committees," in Françoise Bouchet-Saulnier, *The Practical Guide to Humanitarian Law* (Lanham, MD: Rowman and Littlefield, 2007).

40 Mary Hossier, "Why the United States Needs Economic Coercion Doctrine," *CNAS Insights*, Center for a New American Security, 10 February 2026, https://www.cnas.org/publications/commentary/cnas-insights-why-the-united-states-needs-economic-coercion-doctrine.

41 Lesley Chavkin, et al., "Modernizing the Tools of Economic Statecraft to Meet the Challenges of Today," *Issue Brief*, Atlantic Council, 28 April 2025, https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/modernizing-the-tools-of-economic-statecraft-to-meet-the-challenges-of-today/.

42 Oteg Itskhoki and Elina Ribakova, "The Economics of Sanctions: From Theory Into Practice," Brookings Papers on Economic Activity," Conference Draft, 26–27 September 2024, https://www.brookings.edu/wp-content/uploads/2024/09/6_ItskhokiRibakova.pdf.

43 Nathanael Tilahun and Obiora Okafor, "Economic Sanctions and Humanitarian Principles: Lessons from International Humanitarian Law," *Yale Journal of International* Law, 26 June 2023, https://yjil.yale.edu/posts/2023-06-26-economic-sanctions-and-humanitarian-principles-lessons-from-international; George A. Lopez, Alistair Millar, and Erica Moret, "Toward a Global Sanctions Compact for Long-Overdue Reform," *Just Security*, 18 June 2024, https://www.justsecurity.org/96798/global-sanctions-reform-compact/.

44 Nathanael Tilahun and Obiora Okafor, "Economic Sanctions and Humanitarian Principles: Lessons from International Humanitarian Law," *Yale Journal of International Law*, 26 June 2023, https://yjil.yale.edu/posts/2023-06-26-economic-sanctions-and-humanitarian-principles-lessons-from-international.

Normative Foundations for a Convention on Humane Sanctions

If economic coercion can foreseeably produce civilian deprivation, then it must be evaluated through the same moral lens applied to other coercive instruments. Just war theory's principles of discrimination and proportionality provide a conceptual foundation. Discrimination requires distinguishing between decision makers responsible for wrongful conduct and civilian populations. Proportionality requires that foreseeable harm not exceed legitimate coercive objectives. Necessity requires that less harmful alternatives be exhausted.[45]

Unlike kinetic force, economic coercion operates diffusely through markets and institutions. Harm is mediated through currency depreciation, inflation, unemployment, and infrastructure decay. Nevertheless, foreseeability remains elusive. If a sanctioning authority can reasonably anticipate that freezing central bank reserves will destabilize an entire economy and impair access to food or medicine, then humanitarian logic demands precaution, prevention, and mitigation.

The proposed Convention on the Regulation and Prohibition of Coercive Economic Measures Affecting Civilians would codify six binding principles designed to close the regulatory gap:

1. Mandatory humanitarian carve-outs should be automatic, comprehensive, and insulated from political bargaining.

Sanctions regimes should by design include effective exemptions for humanitarian and basic human needs. Goods and services essential for human survival—food, medicine, clean water, and sanitation systems—should be categorically exempt from sanctions, with no or minimal licensing procedures and independent monitoring to ensure delivery.[46] Activities essential for meeting basic human needs, such as education, housing, sanitation services, should likewise be categorically exempted from sanctions. A precedent recognizing the protected status of "humanitarian and basic human needs" has been set in Security Council Resolution 2664 (2022) that adopted a humanitarian carveout for most UN asset freeze regimes.[47]

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45 Bryan R. Early and Marcus Schulzke, "Still Unjust, Just in Different Ways: How Targeted Sanctions Fall Short of Just War Theory's Principles," *International Studies Review* 21, 1 (March 2019): 57–80; Mark R. Amstutz, *International Ethics: Concepts, Theories, and Cases in Global Politics*, 4th ed. (Lanham, MD: Rowman and Littlefield, 2013).

46 Caroline Crystal, "Landmark UN Humanitarian Sanctions Exemption Is a Massive Win but Needs More Support," Carnegie Endowment for International Peace, 20 March 2023, https://carnegieendowment.org/research/2023/03/landmark-un-humanitarian-sanctions-exemption-is-a-massive-win-but-needs-more-support?lang=en.

47 See United Nations Security Council, *Security Council Resolution 2664*, S/RES/2664, New York, 9 December 2022; United Nations Security Council, *Security Council Resolution 2761*, S/RES/2761, New York, 6 December 2024.

2. The principle of distinction should apply to sanctions.[48]

Sanctions must avoid targeting sectors indispensable to civilian survival. Broad measures affecting access to banking, agricultural input, energy for civilian use, or sovereign reserves should be subject to heightened scrutiny. Critical infrastructure that is not commonly considered exclusively humanitarian in nature, such as roads, bridges, ports, railways, airports, power plants, grid connections, and fuel depots, should also be protected from targeting as they meet essential civilian needs. An obligation to tailor sanctions as narrowly as possible to avoid civilian harm—applying the Geneva Conventions' logic to the economic sphere—should therefore be included in the Convention.

3. Protection of basic economic integrity should be recognized as a humanitarian interest.

Humanitarian and basic human needs cannot realistically be insulated from impact within an economic system that is dismantled by sanctions. Therefore, measures taken that foreseeably collapse currency systems, incapacitate public utilities, destroy public health financing, cut off foreign trade, or render basic governance inoperable should be prohibited.

4. Infrastructure critical to the global economy should be accorded political neutrality and be excluded from any sanctions.

The targeting or instrumentalization of systems that are essential for integration with the global economy and the stability of the global economic order, such as critical financial infrastructure, civilian aviation, internet cables, maritime corridors etc., should be prohibited. Actors that exercise control over such systems should be required to not instrumentalize them as economic weapons and to preserve their political neutrality.

5. Humanitarian impact assessments should be required prior to imposition and at regular intervals thereafter.[49]

Humanitarian impact assessments should be pre-requisite for measures that can reasonably be deemed to threaten essential goods, critical infrastructure, and basic economic integrity. The impact assessment should also be undertaken at periodic intervals after the adoption of such measures. These assessments should evaluate cumulative effects, including indirect consequences such as overcompliance and supply-chain disruption. Where possible, states should appoint a sanctions humanitarian ombudsperson or focal point that oversees and coordinates the humanitarian monitoring of sanctions. Current (and past) sanctions imposed by a state or bloc—no matter how destructive its socioeconomic effects—do not currently trigger these obligations.

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48 International Committee of the Red Cross, "The Principle of Distinction," March 2023, https://www.icrc.org/sites/default/files/wysiwyg/war-and-law/03_distinction-0.pdf.

49 United Nations Human Rights Office of the High Commissioner, "Rising Use of Unilateral Sanctions Raises Humanitarian Concerns: UN Expert," Press Release, 15 September 2025, https://www.ohchr.org/en/press-releases/2025/09/rising-use-unilateral-sanctions-raises-humanitarian-concerns-un-expert.

6. Multilateral oversight mechanisms must provide transparency and rigorous review.

A standing committee of independent experts could assess compliance, receive complaints, and recommend modification or suspension of measures producing disproportionate harm.[50] The convention should establish a multilateral oversight body that will enforce its principles and provisions. This organization could be empowered to monitor compliance and investigate abuses of economic power, analogous to the Organization for the Prohibition of Chemical Weapons.[51] The Financial Action Task Force (FATF)[52] is the global, intergovernmental, standard-setting body for anti-money laundering and countering the financing of terrorism (AML/CFT) and its work could also be adapted to inform the substance of compliance measures for the proposed convention on sanctions.[53]

50 Various UN Panels of Experts have been charged in the past decade with filing humanitarian harm data related to sanctions impact. For a listing, see the Security Council Report, "UN Sanctions Committee Documents," n.d., https://www.securitycouncilreport.org/un_documents_type/sanctions-committee-documents/.

51 Organisation for the Prohibition of Chemical Weapons, n.d., https://www.opcw.org/.

52 Financial Action Task Force, n.d., https://www.fatf-gafi.org/en/home.html.

53 Financial Action Task Force, "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations," updated June 2026, https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

From Principles to Institutional Design and Political Feasibility

Skeptics may question whether major powers would accept constraints on a central instrument of statecraft. Yet precedent suggests otherwise. For example, the provision of medical care in war zones, the establishment of civilian evacuation corridors, and the protection of aid delivery simply would not have happened without the existence of IHL. Moreover, sanctions' legitimacy depends on perceived fairness and humanitarian restraint.[54] Without codified standards, sanctions risk reputational erosion and retaliatory fragmentation of the global financial system.[55]

The proposed convention would establish minimum humanitarian obligations applicable to all coercive economic measures whether imposed multilaterally or unilaterally. States unwilling to accept such standards would signal that their use of sanctions tolerates civilian harm—a reputational cost many would seek to avoid.

The prospect of a new international legal regime taking root, especially amidst the increasing strain on the United Nations and other fora designed to uphold international norms and laws, may be highly unlikely in the near term. It will take time to rebuild trust and forge any consensus, as was the case in some of the isolated but real successes noted above. The urgency of at least taking the first step toward limiting the humanitarian impact of sanctions now is also clear.

A phased approach could enhance feasibility. Drafting and then agreeing to the text of a convention could start in the context of a discussion among like-minded states before ascending to an established regional and multilateral forum, such as the UN. Negotiation might begin with a nonbinding code of conduct—building on proposals by scholars such as Nathanael Tilahun and Obiora Okafor[56]—and evolve toward a binding treaty as consensus develops.[57] Regional organizations could pilot compliance mechanisms. As a soft law instrument, the code of conduct would inform the work of judiciaries, governments, international organizations, and human rights institutions. Over time, customary norms could crystallize around core prohibitions, even absent universal ratification.

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54 Sophie Huvé, "A New Code of Conduct: Taking Sanctions Reform Further to Advance Humanitarianism," Wilton Park and Advancing Humanitarianism Through Sanctions Refinement, May 2023, https://sanctionsandsecurity.org/publications/wilton-park-2023-conference-report-a-new-code-of-conduct-taking-sanctions-reform-further-to-advance-humanitarianism/.

55 Matt Strahan, Ole Moehr, and Daniel Tannenbaum, "Navigating Global Financial System Fragmentation," World Economic Forum Insight Report, January 2025, https://reports.weforum.org/docs/WEF_Navigating_Global_Financial_System_Fragmentation_2025.pdf, 21.

56 Nathanael Tilahun and Obiora Okafor, "Economic Sanctions and Humanitarian Principles: Lessons from International Humanitarian Law," *Yale Journal of International Law*, 26 June 2023, https://yjil.yale.edu/posts/2023-06-26-economic-sanctions-and-humanitarian-principles-lessons-from-international.

57 Such as the *Chemical Weapons Convention*, Organisation for the Prohibition of Chemical Weapons, https://www.opcw.org/chemical-weapons-convention, and the *Treaty on the Prevention of Nuclear* Weapons, United Nations Office for Disarmament Affairs, https://disarmament.unoda.org/en/our-work/weapons-mass-destruction/nuclear-weapons/treaty-prohibition-nuclear-weapons.

Illustrating Design and Feasibility Through Policy Recommendations for Government Sanctions Units and Sanctions Staff

The recommendations herein are only as effective as the training for increased professional capacity of the staff who implement them. The U.S. Office of Foreign Assets Control (OFAC) and equivalent agencies should invest in structured training programs that equip sanctions professionals with a working understanding of humanitarian principles, the economics of development and deprivation, and the practice of humanitarian operations in conflict-affected and sanctions-affected countries. This training should be provided not only to lawyers and policy officials but also to the licensing and compliance staff who handle day-to-day interactions with financial institutions, exporters, and nongovernmental organizations (NGOs) seeking to operate in sanctioned environments.

Sanctions units should also develop ongoing professional exchange programs with humanitarian organizations, UN agencies, and allied governments to build institutional knowledge of the on-the-ground effects of sanctions programs. Regular secondments of OFAC staff to field operations, or humanitarian professionals to OFAC offices, would help align sanctions policies with real-world operational needs. The development of clear internal guidance on how humanitarian concerns should be surfaced, documented, and escalated within the sanctions' administration process would give individual staff a concrete mechanism for acting on their professional and ethical obligations.

The following recommendations are developed specifically for professional staff in government sanctions units who design, implement, and administer sanctions programs. They are framed around the six principles of the proposed convention that are actionable within existing institutional authority.

1. Strengthening Mandatory Humanitarian Carve-Outs

OFAC at the U.S. Department of the Treasury, the Office of Financial Sanctions Implementation (OFSI) at HM Treasury in the United Kingdom, and their counterparts in the EU and in allied governments should revise existing general licenses to convert discretionary humanitarian exemptions into categorical protections with clearly defined scope and permanency. Current exemptions for food and medicine, such as those embedded in OFAC's Iran and Syria programs, often require exporters and financial institutions to navigate complex compliance processes that create effective barriers to humanitarian trade, even when technically permitted.

A practical first step is to issue joint guidance by OFAC and the federal banking regulators—the U.S. Office of the Comptroller of the Currency (OCC), the Federal Reserve, and the Federal Deposit Insurance Corporation (FDIC)—clarifying that correspondent banks are not subject to secondary sanctions liability for processing legitimate humanitarian transactions covered by existing general licenses. The chilling effect of overcompliance by private financial institutions is one of the most persistent and consequential failures of the current system. This problem can be substantially reduced through regulatory clarification without legislative action. OFAC's compliance guidance team should be tasked with producing and updating a consolidated humanitarian transactions handbook that provides examples, safe harbors, and escalation procedures for financial institutions handling licensed humanitarian flows. Staff should also be directed to conduct a systematic review of all active sanctions programs and undertake consultations with relevant industry and humanitarian actors to identify instances where transaction delays, overcompliance by correspondent banks, or ambiguous license language have created de facto humanitarian blockages.

2. Applying the Principle of Distinction in Sanctions' Design

Sanctions staff should institutionalize a review that includes an assessment of the principle of distinction as a required step in the program design process. Prior to the approval of a new sanctions program or a significant escalation of an existing one, a formal assessment should be conducted to evaluate whether the proposed measures and selected targets are justified in light of the policy objectives of the sanctions regime, and whether they are structured in a manner that foreseeably affects civilian populations. This assessment should be documented and retained as part of the administrative record for the program.

Broad sectoral designations—such as sanctions on entire banking, energy, or manufacturing sectors—should require a higher evidentiary threshold and a more explicit finding that targeted alternatives have been considered and found insufficient. OFAC's program offices and other relevant sanctions units should keep current network maps of designated entities, showing their links to sanctioned decision makers, levels of state or private ownership, and the share of economic activity for civilian use, to aid proportionality analyses. These maps should be reviewed and updated at least annually and whenever a major escalatory designation is under consideration.

3. Protecting Economic Integrity and Avoiding Systemic Collapse

Sanctions staff should be alert to the distinction between measures that specifically target actors and systems of harm, and measures that, by their design or foreseeable effect, are likely to cause the collapse of a country's basic economic functions. The former is a legitimate tool of statecraft. The latter is a form of collective punishment that crosses serious legal and moral boundaries that the international community agreed to establish more than a century ago. In practice, this distinction requires ongoing monitoring of macroeconomic indicators in sanctioned jurisdictions, including exchange rate movements, inflation rates, import capacity for essential goods, and the operational status of health and water infrastructure.

OFAC should establish a standing interagency working group with representation from the State Department's Bureau of Population, Refugees, and Migration, and the intelligence community to monitor indicators of systemic economic harm in sanctioned countries. This group should have the authority to recommend program modifications, including additional general licenses, clarifying guidance, or formal exceptions, when monitoring reveals that sanctions are producing effects beyond their intended scope. The U.S. Department of the Treasury's Office of International Affairs should be a standing participant in this group, given its responsibility for managing the international monetary dimensions of financial sanctions.

4. Institutionalizing Independent Humanitarian Impact Assessments

Sanctions units should be required to complete a humanitarian impact assessment before any new major sanctions program is initiated, and at regular intervals—no less than annually—for all active programs with broad geographic or sectoral scope. These assessments should draw on quantitative data from international organizations, including UN agencies, the World Bank, and the International Monetary Fund, and should be complemented by qualitative analysis from humanitarian NGOs with field presence in the affected country. The assessment process should be designed to be independent of the policy offices that manage the sanctions program itself. This will reduce the risk that findings are shaped by advocacy for existing program design.

OFAC should coordinate with the U.S. Department of State to develop a standardized humanitarian impact assessment framework. This framework should identify key indicators—including food import dependency, pharmaceutical supply chain vulnerability, central bank reserve levels, and healthcare system capacity—and establish thresholds that trigger mandatory program review. The completed assessments should be classified at the lowest possible level and, where appropriate, shared in redacted form with allied sanctions authorities to enable coordinated risk management.

5. Supporting Multilateral Oversight Mechanisms

Although a binding international convention of the kind proposed in this report remains a medium-to-long-term objective, sanctions units can support the development of multilateral oversight norms in the near term through their participation in existing international fora. OFAC staff and their counterparts at the OFSI in the UK, the European External Action Service, and other relevant agencies in other jurisdictions should develop coordinated positions on humanitarian impact in multilateral sanctions committees, including the relevant UN Security Council sanctions committees. These positions should reflect a commitment to the principle that sanctions programs require ongoing humanitarian review. It should also support the periodic engagement of UN Special Rapporteurs and independent experts in program evaluation.

Domestically, OFAC should develop a formal public reporting mechanism that provides annual information on the humanitarian impact of major sanctions programs, including any steps taken to mitigate harm. This reporting would serve multiple purposes: it would strengthen the democratic accountability of sanctions policy, provide early warning of programs that are producing effects beyond their intended scope, and demonstrate to international partners that the United States takes its humanitarian obligations seriously. This reporting mechanism should be designed to interface effectively with Congressional oversight, particularly the relevant committees of the Senate Foreign Relations Committee and the House Financial Services Committee.

6. Recognizing Strategic Benefits of Training for Humane Sanctions

Embedding humanitarian guardrails in the daily practices of professionals and their agencies discussed above would not weaken sanctions' coercive power. Rather, it would enhance their legitimacy and sustainability. Sanctions perceived as indiscriminate often consolidate domestic support for targeted regimes and undermine international solidarity. By contrast, measures demonstrably calibrated to protect civilians can enhance moral authority and diplomatic cohesion.

Reducing systemic economic collapse mitigates long-term instability. Comprehensive deprivation can entrench illicit economies, empower criminal networks, and prolong conflict dynamics. Humane sanctions, by preserving economic integrity, facilitate post-sanctions recovery and reintegration into the international system.

Last, but by no means least, codification would make an important step toward the achievement of normative symmetry between military and economic coercion. If the international community insists that warfare respects civilian immunity, it cannot ignore comparable harms produced through financial isolation.

Summary and Conclusion

Economic sanctions were conceived as a humane alternative to war. In practice, they have evolved into instruments capable of systemic economic isolation with profound civilian consequences. The existing legal framework fails to keep pace with this evolution and concretely articulate operational parameters of legality. The result is a widening normative deficit: economic coercion can achieve effects comparable to siege warfare without triggering equivalent legal constraints.

Banning the worst excesses of economic coercion does not require abolishing sanctions. It requires recognizing that coercive economic power, like military power, must operate within binding humanitarian limits. A Convention on the Regulation and Prohibition of Coercive Economic Measures Affecting Civilians would embed six essential principles: mandatory humanitarian carve-outs, economic distinction, protection of economic integrity, neutrality of critical global economic infrastructure, independent impact assessment, and multilateral oversight.

A dedicated convention translating broad humanitarian and human rights norms into the specific domain of economic sanctions—and establishing procedural and institutional architecture to enforce them—would crystallize the legal standards needed to check states' excesses in sanctions practice. By codifying these guardrails, the international community can align economic statecraft with humanitarian norms. Sanctions would remain available as tools of diplomacy and collective security, but their legitimacy would rest on enforceable commitments to protect civilian life and economic stability.

Allowing sanctions to become akin to unrestrained warfare, rather than an extension of diplomacy, is already unacceptable. Just as the global community recognized that certain acts of war are too destructive to be tolerated, it must now acknowledge that certain forms of economic coercion are incompatible with the principles of human dignity.

We must act now to establish a legal framework that permanently exempts humanitarian and basic human needs from sanctions, protects sectors indispensable to civilian survival, recognizes basic economic integrity as a humanitarian interest, and treats critical infrastructure of the global economy as politically neutral. Only bold action of this sort will return sanctions to being a legitimate tool of statecraft and diplomacy, rather than a blunt, illegitimate economic weapon.

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

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