



Committee:	Legal Committee
Issue:	Evaluating the economic effects of sanctions imposed on primary income sources
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## I. Introduction

Sanctions are a legal and less aggressive way of settling disputes on the international stage which makes them diplomatic tools of coercion that serve as an alternative to war. However; contrary to common belief, according to the United Nations Security Council (UNSC), the only UN body that can impose sanctions, sanctions are not punitive . UNSC views sanctions as methods of “maintaining or restoring international peace” (“Sanctions”). On the other hand, it is important to understand that most active sanctions were imposed in order to punish, condemn, intimidate or shame the sanctioned party.

Although sanctions could be imposed on seemingly anything on a diplomatic level, economic sanctions commonly consist of cutting financial ties and withdrawal from trading with the sanctioned party. Countries seek to protect their interest when they are in a diplomatic relationship with another country. If a country's actions undermine another's interest, that country may impose economic sanctions in order to protect their interests. When an economic sanction is imposed, the aim is to cripple the sanctioned party financially.

Sanctions on primary income resources are an issue of great vitality, especially regarding the current global food crisis. Russia, as explained in the *Involved Countries and Organizations* section of this report, is one of the most sanctioned country, which has also led to food sanctions being imposed to western countries. Primary income resources, or mainly primary goods/products, are raw materials that are cultivated from the factor of income of land, without a manufacturing process. These goods include all types of farmed material (potatoes, carrots, wheat etc.) and goods from the fishing and mining industry. These goods are qualified as “necessities” under economic categories, which means that demand for such goods are not affected as much when there is a change in their price, simply because consumers and producers have a special need for them to continue living or producing. Imposing sanctions on such goods not only



Image 1: Increase in supermarket prices after Russian sanctions on food



causes a global food crisis but also staggers economic activity globally and risks poverty and absolute hunger along with worsened standards of living.

## II. Involved Countries and Organizations

### Russian Federation

Russia is currently the most sanctioned country in the world after their military actions over Ukraine (Florian and Richter). On February 24, 2022, Russia began its assault on Ukraine. The Western world, particularly the United States (US) and the European Union (EU), responded to Russia's assault with sanctions and bans. As a result, select Russian banks were banned from The Society for Worldwide Interbank Financial Telecommunication (SWIFT), the EU froze Russian Central Bank's deposits and Russian aircrafts were banned from flying over EU and US airspace. Russian oligarchs foreign assets were also frozen (Psaropoulos).

Perhaps sanctions with the most important consequences were those on Russian natural gas and crude oil. Many European countries depend on Russian natural gas. As part of sanctions over Russia, the European Commission announced the **REPowerEU** plan (Psaropoulos). With this plan, the European commission aims to reduce Russian natural gas dependence by 67%.

As a result of the sanctions and bans, the World Bank projects the Russian economy to shrink by 4.5% by the end of this year. This significant drop in Russia's gross domestic product (GDP) will impact the Russian people the most since a drop in GDP is directly correlated with a drop in GDP per capita. On top of this shrinkage many large corporations have pulled out of the Russian market. So it is safe to say that life in Russia is due for a major change.

### Iran

Iran is subject to over 3000 sanctions at the moment which makes Iran the second most sanctioned country after the Russian Federation (Florian and Richter). Two main reasons Iran was sanctioned over the last decade were mainly Iran's alleged involvement with terrorist organisations and their nuclear program ("What Is Iran Nuclear Deal"). Until the Joint Comprehensive Plan of Action (JCPOA) was signed in 2015, the United States under the Obama administration heavily sanctioned Iran which heavily damaged their economy. Iranian government signed the JCPOA and some of the sanctions were lifted. After the lift Iran's economy saw its last major economic growth in 2017. When the United States pulled out of the JCPOA in 2018, then president Donald Trump "imposed sanctions on a 'maximum pressure' policy to force the regime back into negotiations." (Ng)(Robinson).



Sanctions particularly damaged Iran's oil sector. Although Iran is still able to extract oil and gas, they cannot sell it. Oil and gas exports make up around 82% of Iran's export revenue ("Iran Exports"). Which means that even a slight drop in oil and gas exports could result in Iran's economy shrinking considerably.

### Syria

Sanctions on Syria began after the Arab Spring movements in 2011. US, EU and their allies imposed oil embargoes, travel bans, investment restrictions, arms and related materials embargoes and many more on the Syrian government (Andronik 19). Before the Syrian Civil War, the Syrian economy could have been considered as a fast growing economy with agriculture, oil and petrol related goods being their primary sources of income (Andronik 19). Due to heavy sanctions by the EU and the US, the Syrian economy and the Syrian pound collapsed. Syria's fast growing economy and ten years of economic growth crashed within just a few years (Andronik 20).

After a decade, the war in Syria is still ongoing and so do the sanctions. Syrian people have suffered due to their governments lack of efforts and inability to provide healthcare, education and basic needs such as protection, shelter, food and potable water.

## III. Focused Overview of the Issue

Sanctions aren't anything new in global diplomacy. However, the use of sanctions increased each year since 1949 according to Drexel University's **Global Sanctions Database** (Flatley and Mohsin). Sanctions main purpose, as stated before, is to avoid all-out war. Sanctions, in most cases, target governments, high status government officials or particular civilians that have an impact on international or national politics of the sanctioned country in order to prevent possible humanitarian crises that affect innocent civilians that aren't involved in any political or military action. Unfortunately, civilians are always affected one way or another.

On top of humanitarian crises caused by sanctions, effectiveness of using sanctions in order to avoid war, resolve conflict or promote an ideology have also been debated amongst the international community. As evidence from Syria's case, damaging a country's economy with sanctions may result in the collapse of a society. In fact, in an Office of the United Nations High Commissioner for Human Rights (OHCHR) report, it is stated that sanctions fail to achieve their intended purpose "**65-95% of the time**" (Peksen 2). Sanctions also hinder the advancement of human rights, democracy and freedom of press and speech. The three main reasons for sanctions failing are: targeted government redirecting its budget into military spendings, using resources to maintain supporters loyalty such as the police force, military and other public service



officials and finally high ranking government officials getting involved in criminal activities such as “illegal smuggling and other transnational economic channels” to avoid sanctions (Peksen 2)

Although the entire population of the country suffers from the effects of the sanctions, some particular groups such as women, children and ethnic and religious minorities suffer the most (Peksen 2). In countries where gender inequality is already a major socio-economic issue, economic consequences of sanctions are much more visible in women’s lives. Main reason for these vulnerable groups suffering is due to their already disadvantaged position in the society. However, when there is an economic or political instability, which sanctions aim to create in that country, the already disadvantaged communities significantly feel the effects. For example, it is expected that unemployment rates throughout the country rise due to trade bans, especially in export-oriented industries. Women are highly represented in export-oriented industries’ labor force. When unemployment amongst women rises, they become more economically dependent on their partners.

Targeted countries aren’t the only countries that are affected by sanctions. Third-party countries will be affected especially if a trade ban is being imposed. If the third-party country and the sanctioned country are trade partners, the sanctions will damage both countries’ economies (Peksen 3). Absence of trading could also lead to a decrease in production of goods in the third party country if raw materials or any other commodities are supplied by the sanctioned country. Moreover, the insatiable and chaotic environment in the targeted country could “pose threats to the political stability of neighboring countries, causing more inter-state and civil wars.” (Peksen 3).

In the case of Russian sanctions which have been imposed after the Ukrainian-Russian war, this third-party impact on global markets have been said to be the reason behind the global food crises by the Russian President, Vladimir Putin. As sanctions were being imposed on Russia both by the European Union (EU) and the United States of America, the President signed a decree for extending counter-sanctions on other countries. Such counter-sanctions imposed by Russia have nearly been effective on food products since 2014, along with bans on export of meat, dairy products, vegetables and fruits. Therefore, the retaliation of trade barriers between Russia and any other country has led to suffering in all nations’ economies, with a special highlight on rising food prices in supermarkets and devastating effects on exchange rates; spreading severe poverty.

In order to prevent further global food crisis, the international community has worked on mediating negotiations between Ukraine and Russia to sign a deal to unblock trade within the Black Sea, which has caused great loss of revenue for all Black Sea countries, especially in Turkey. This signature would allow Ukrainian ships to transport grains as primary products, aiming to alleviate the pressure on the supply of wheat, corn and seeds. The international community is rushing to avert a potentially devastating global food



crisis. Nevertheless, Russia continues to blame the EU for the global food crisis and has spread its claim onto African countries, who are the most riskful group regarding the shortage in grains and primary products. The spread of such claims endangers damaging trade liberalisation in Less-Economically Developed Countries (LEDCs) in Africa, who rely heavily and riskfully on their export of primary goods for their economies to remain active. Ultimately, this loop between Ukraine, Russia and the international community proves the infectious nature of sanctions on global trade and income.

#### IV. Key Vocabulary

**Sanction:** an economic or military coercive measure adopted usually by several nations in concert for forcing a nation violating international law to desist or yield to adjudication

**Arab Spring:** wave of pro-democracy protests and uprisings that took place in the Middle East and North Africa beginning in 2010 and 2011, challenging some of the region's entrenched authoritarian regimes ("Arab Spring")

**Primary income sources/primary goods:** raw materials that are cultivated from the factor of income of land, without a manufacturing process

**Embargo:** an order of a government prohibiting the departure of commercial ships from its ports

**Vulnerable groups:** mostly women, children, people with health conditions or impairments, ethnic and religious minorities, LGBTQ+ community

**Export oriented industries:** textile, leather goods, electronic assembly etc.

**Third-party country:** a country that neither imposed sanctions or get imposed sanctions by another country, yet still is affected

#### V. Important Events & Chronology

Date (Day/Month/Year)	Event
May 5, 2004	The USA imposes sanctions on Syria after deeming them "State Sponsor of Terrorism" in 1979
2006	Iran refuses to obey UNSC resolution 1737 which demands that Iran stops its uranium enrichment program



2006	UNSC imposes sanctions on Iran with UNSC resolution 1696
December, 2010	The start of series of events called the Arab Spring
February 26, 2011	United Nations Security Council imposes an arms embargo on Libya
2011	Throughout the year European Union imposes sanctions on Syria
July 14, 2015	JCPOA is signed between Iran and P5+ members
May 8, 2018	US withdraws from the JCPOA and increases sanctions on Iran

## VI. Past Resolutions and Treaties

Security Council Presidential Statements

<https://www.securitycouncilreport.org/un-documents/document/ij-sprst-2006-28.php>

As stated before, UNSC is the only UN body that can impose sanctions. Due to the nature of the UNSC, each resolution passed on sanctions targeted specific countries. However, in 2006 the Security Council published a statement titled S/PRST/2006/28 in which the Council affirmed their commitment to promote justice and the rule of law. This presidential statement also asked the 1267 Committee to continue to work on listing and delisting procedures.

“Research-based progress report of the Human Rights Council Advisory Committee containing recommendations on mechanisms to assess the negative impact of unilateral coercive measures on the enjoyment of human rights and to promote accountability”

<https://documents-dds-ny.un.org/doc/UNDOC/GEN/G15/022/08/pdf/G1502208.pdf?OpenElement>

Although this document is neither a resolution or a treaty, this report shows United Nations acknowledgement of the negative effects of sanctions and suggest possible ways to assess the negative impact of sanctions

## VII. Failed Solution Attempts

Although it hasn't necessarily failed, the success of the Black Sea Grain Corridor heavily relies on Russia's actions. The Black Sea Grain Corridor initiative aimed to create a safe “corridor” in the Black Sea where foodstuff such as sunflower oil, wheat, maize and barley can be safely transported through Turkey's Bosphorus Strait. According to the UN, until October 28, 2022 9.3 million tonnes of food was transported



through the Black Sea. However, the Grain Corridor initiative is under risk as Russia refuses to extend the initiative until the West eases sanctions on Russia. This shows that bilateral or multilateral agreements and initiatives become successful only with international cooperation.

## VIII. Possible Solutions

Sanctions, if used properly could help prevent war. However, it is extremely difficult to impose sanctions that don't have any negative impact on civilians. Delegates should bear in mind that any and all sanctions imposed by any Member State or an organization will trigger a domino effect in both international and national economics and politics.

Reevaluating international regulations could be a starting point for a resolution on this issue. I suggest delegates to ask themselves these 4 questions when drafting their resolutions: who should be able to impose sanctions, should there be an international organization that regulates sanctions, how will the imposed sanction affect the sanctioning country, the target country and other third party countries, how could economic and societal collapses be avoided in target countries? Keep in mind that these questions are just meant to be guides, when drafting resolutions please don't be limited by the aforementioned questions.

## IX. Useful Links

- <https://www.globalsanctionsdatabase.com/>

The Global Sanctions Database (GSDB)

This database includes any and all multilateral and bilateral sanctions over the years of 1950-2019.

- <https://core.ac.uk/download/pdf/45687576.pdf>

A beneficial but advanced paper titled *The Impact of Economic Sanctions on Income Inequality of Target States*

- <https://www.belfercenter.org/publication/using-economic-sanctions-prevent-deadly-conflict>

Using Economic Sanctions to Prevent Deadly Conflict

This paper explores the prospects of using economic sanctions as weapons to eradicate physical violence among countries in the international community.



- <https://www.cfr.org/backgrounder/what-are-economic-sanctions>
- <https://www.cambridge.org/core/journals/canadian-journal-of-economics-and-political-science-revue-canadienne-de-economiques-et-science-politique/article/abs/stolpersamuelson-theorem-the-rybczynski-effect-and-the-heckscherohlin-theory-of-trade-pattern-and-factor-price-equalization-the-case-of-manycommodity-manyfactor-country/79F4AEC9E0CD7D53DEFF6F25CDCED001>
- [https://home.treasury.gov/system/files/126/russia\\_fact\\_sheet\\_20220714.pdf](https://home.treasury.gov/system/files/126/russia_fact_sheet_20220714.pdf)

OFAC Food Security Fact Sheet: Russia Sanctions and Agricultural Trade

This is a fact sheet prepared by the Treasury's Office of Foreign Assets Control (OFAC) on sanctions imposed on Russia by the US, including frequently asked questions to answer any and all concerns of delegates.

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