

Coronavirus and international sanctions

Should sanctions be eased during the pandemic?

SUMMARY

The coronavirus pandemic has raised concerns that international sanctions may be exacerbating the risk of a humanitarian crisis. In March 2020, United Nations Secretary-General António Guterres called on world leaders to waive restrictions on food and medicines that are affecting the world's most vulnerable countries.

Especially since the suffering caused by the international trade embargo against Iraq in the 1990s, the European Union has sought to design its sanctions for maximum effect at the least possible humanitarian cost. Usually it does this by targeting restrictions at key individuals or organisations, and in some cases sectors, rather than a country's economy as a whole.

Critics of sanctions claim that US-imposed trade restrictions have prevented Iran from purchasing essential medical supplies needed to fight the pandemic. They also argue that EU and US sanctions make desperately impoverished Zimbabwe and Sudan even more vulnerable than they would otherwise be.

Both the European Union and the United States defend their policies, but acknowledge the importance of humanitarian exceptions. Although the European Union has not said that it will lift any of its restrictive measures, it has offered various forms of support to several sanctions-hit countries.



A Tehran hospital in March 2020.

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International calls to ease sanctions

Many of the countries which are least prepared to handle Covid-19 are also subject to international sanctions. To ensure that sanctions do not further aggravate the humanitarian situation, in March 2020 United Nations (UN) Secretary-General António Guterres [called](#) on G20 leaders to waive restrictions on food and medicines. Echoing his call, UN Human Rights Commissioner Michelle Bachelet [pointed](#) to Iran, Cuba, North Korea, Venezuela and Zimbabwe as particularly vulnerable countries. For its part, Russia, which is targeted by EU and US sanctions, [tabled](#) a resolution on global cooperation in the fight against the coronavirus at the UN General Assembly, urging member states to 'abandon ... unilateral sanctions adopted in circumvention of the UN Security Council'. The text was backed by several sanctions-hit countries such as Cuba, Nicaragua and Venezuela, but was not adopted.

Limiting sanctions' humanitarian cost: A targeted approach

Table 1 – Main countries under EU and other international sanctions

Country	Adopted by*	Nature of EU sanctions	Background
Iran	EU, US, UN	Visa bans, asset freezes, arms embargo, restrictions on some exports relevant to Iran's nuclear activities	The EU and US lifted most economic restrictions in 2016 after Iran agreed to end its nuclear programme. The US re-imposed its measures in 2018 after withdrawing from the nuclear deal. EU sanctions remain in place against some individuals and organisations responsible for human rights abuses.
Libya	EU, US, UN	Visa bans, asset freezes, arms embargo, restrictions on flights and shipping	Sanctions partly lifted after downfall of Gaddafi, but an arms embargo, measures against persons linked to former regime, and restrictions on flights and shipping are still in place
Myanmar	EU, US	Visa bans, asset freezes, arms embargo	Following gross human rights abuses in Rakhine state, individual sanctions against senior military officers.
North Korea	EU, US, UN	Visa bans, asset freezes, arms embargo, restrictions on trade and investment, shipping and flight bans	Sanctions adopted in 2006 after North Korea's first nuclear test and progressively expanded since then
Russia	EU, US	Visa bans, asset freezes, arms embargo, restrictions on Russian oil, financial and defence sectors	Sanctions adopted in 2014 following Russian aggression against Ukraine
Syria	EU, US	Visa bans, asset freezes, arms embargo, restrictions on Syrian oil, financial, energy sectors, flight bans	Sanctions adopted in 2013 following the outbreak of civil war
Belarus, Burundi, Nicarágua, Venezuela, Zimbabwe	EU, US	Visa bans, asset freezes; for some countries, arms embargo	Human rights and democracy abuses
DRC, Somalia, South Sudan, Sudan, Yemen	EU, US, UN	Visa bans, asset freezes, arms embargo	Human rights and democracy abuses

* UN sanctions are automatically applied by all EU countries and the US.

For a full list of EU and US sanctions, see [EU sanctions map](#) and [OFAC](#).

In the 1990s, it was [claimed](#) that international sanctions killed thousands of Iraqi children by depriving them of food and medicines. Since then, avoiding such humanitarian costs has become a [basic principle](#) of sanctions adopted by the EU, and – to a large extent – by the US and the UN. Broad economic restrictions are therefore the exception rather than the rule; one such exception is [North Korea](#), where the threat of nuclear weapons justifies severe measures. By contrast, in most of the 30 or so countries under EU sanctions (see Table 1), restrictions target only a few key organisations and individuals responsible for human rights abuses; these include members of current and former governments, rebel fighters, and security forces. The latter are also targeted through bans on sales of weapons and equipment used for repressive purposes. Where economic restrictions are applied, they tend to be narrow in scope, and concern only a few strategic sectors (as in Russia).

As a major donor, the EU can penalise governments by withholding development aid, as it did in [Burundi](#) in 2016. To limit the humanitarian impact, this decision is only taken as a last resort, and does not affect projects run by non-governmental organisations (in Burundi, the EU still has [€55 million](#) of funding in place for healthcare and nutrition). The EU can also suspend trade preferences, but this too is exceptional; at present, [Cambodia](#) is the only country concerned.

The case for keeping sanctions despite Covid-19

The EU and the US, as the world's most prolific users of sanctions, point out that their measures allow for humanitarian exceptions. For example, financial transactions with individuals and organisations designated by EU sanctions in Syria can be [authorised](#) if they are solely for the purpose of 'humanitarian relief ... or assistance to the civilian population'. For its part, the US permits some exports of food, medicines and medical equipment to Iran.

Washington [argues](#) that **Iran** turned down a US offer of aid, and has spent billions of dollars on supporting terrorists which could have been used for healthcare instead. It therefore claims that Tehran's relatively high death toll had everything to do with misguided priorities and a botched initial response that allowed the virus to spread, rather than sanctions. Indeed, at the height of the epidemic in March 2020, the US even [added](#) new restrictive measures. The US has taken an equally hard line on **Venezuela**, another country which is [ill-prepared](#) to deal with the virus; although it has [offered](#) to lift sanctions, this is conditional on President Maduro stepping down.

In **Russia**, although EU and US sanctions undoubtedly have an [economic impact](#), they can hardly be blamed for the [rapid spread](#) of the virus. The country does not spend nearly enough on [healthcare](#), but not because it lacks resources: as of March 2020, Russia had over [US\\$560 billion](#) in international reserves, and it has even [exported](#) medical equipment for fighting the pandemic to other countries, including the US.

EU and US sanctions lists also include some of the world's poorest countries, such as **Zimbabwe**, where over half the population was at risk of [starvation](#) even before the pandemic, and **Sudan**. The EU [points out](#) that its measures only concern a limited circle of individuals and companies, and do not restrict general trade and investment. Despite sanctions, both the EU and the US still support those countries through aid: for 2014 to 2020, the EU allocated [€234 million](#) to Zimbabwe, which also received [US\\$271 million](#) from the US in 2019 alone.

The case for sanctions relief

Sanctions are not generally designed to cripple a targeted country to the point where it is unable to meet basic humanitarian needs, and countries such as Iran and Venezuela could undeniably have done more to prepare for the pandemic. However, US restrictions targeting oil exports (which have shrunk Iran's gross domestic product (GDP) by [14 %](#) since 2017) are depriving these two countries of revenue that could be used to shore up healthcare systems and re-launch their economies once the pandemic is over.

Even though Iran can still legally purchase medical equipment, sweeping US sanctions mean that in practice any kind of financial transaction has become difficult, with western banks wary of dealings that could potentially expose them to heavy US fines. While Iran's accusations of US

'[Medical Terror](#)' may be exaggerated, in 2019, [EU exports](#) to Iran of medicines and medical breathing equipment were down 10% and 79% respectively compared to 2017, the last year before US sanctions came back into force. The US has not acknowledged that its measures were to blame for this decline, but in February 2020 it opened up a new channel for food and medical exports to Iran, by issuing a [licence](#) permitting some transactions involving Iran's Central Bank (despite the latter being on US sanctions lists).

Although Zimbabwe's plight is the result of [economic mismanagement](#), sanctions do not help. US measures are broader than the EU's, but still only concern a fairly small number of senior government officials and their assets; nevertheless, given that large swathes of the economy are owned by those individuals, restrictions probably have a [much broader impact](#) than intended.

While EU sanctions on Sudan only concern four individuals, and US sanctions were [mostly lifted](#) in 2017, the country is still [listed](#) by Washington as a state sponsor of terrorism (alongside Iran, North Korea and Syria). This status means that the US is [legally obliged](#) to oppose international financial support for Sudan – a serious [obstacle](#) to the country getting help from the US\$50 billion coronavirus [package](#) of the International Monetary Fund (IMF); the US also opposes a bail-out for Iran, for the same reason. In April 2020, the US said it might [consider](#) delisting Sudan, but this is a [lengthy procedure](#) taking several months.

The EU response

In April 2020, the European External Action Service (EEAS) [confirmed](#) that the EU had no plans to lift sanctions against Russia, as they did not prevent it from fighting the virus. The EU has not said that it will lift any of its restrictions against other countries either; however, the EU's High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) Josep Borrell has [emphasised](#) the importance for the EU of ensuring that sanctions 'do not obstruct the global fight against Covid-19', and has called on other jurisdictions such as the US to do likewise. Accordingly, on 11 May 2020 the European Commission issued new [guidelines](#) on coronavirus-related aid in Syria, confirming and clarifying its pre-existing humanitarian exemptions. It also plans to add similar guidelines for other countries under EU sanctions, such as Yemen, Somalia and North Korea.

The HR/VP has also [warned](#) that Iran and Venezuela could collapse without EU support, and promised to back their bid for IMF assistance. The EU has [pledged](#) €20 million in humanitarian aid for Iran, and announced a €20 billion aid [package](#) for the most vulnerable countries.

Special purpose vehicle for trade with Iran

In an effort to preserve the 2015 nuclear deal with Iran in the face of US sanctions, the United Kingdom, France and Germany set up an Instrument for Supporting Trade Exchanges (INSTEX) in 2019, which has since been [joined](#) by six more European countries. The aim is to facilitate trade in humanitarian goods by avoiding direct dollar-denominated transactions with Iran, which are subject to US sanctions. However, to date it has only been used once, in March 2020, for the sale of medical goods to Iran. Worth around €500 000, the goods were [reportedly](#) not intended for use in treating Covid-19.

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