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**ECONOMIC INSTRUMENTS OF CONFLICT PREVENTION:
THE ROLE OF SANCTIONS**

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1. Introduction

Economic sanctions have been used as policy instruments for a long time. They were used primarily with the objective to force a target state to change or undo an objectionable policy conduct. Classic examples include Cold War sanctions (US against the Soviet Union after Afghanistan) or UN-orchestrated sanctions against the Apartheid regimes (Rhodesia and South Africa). More recently, sanctions were recognised as “instruments for controlling and resolving conflicts between and within States.”¹ For instance, the international community applied sanctions for the management of inter-state conflicts against Iraq and Yugoslavia. For the management of internal armed conflicts, in turn, sanctions were applied against Somalia, Angola, Cambodia, Haiti, Liberia and Burundi. This paper will examine to what extent economic sanctions can play a role in international efforts to prevent conflicts. It will use a broad understanding of conflict prevention that includes the prevention of conflict escalation and of the recurrence of conflicts. The policy context of sanctions for conflict prevention differs substantially from classic situations under which the use of sanctions attempts to alter an objectionable policy of a target state. The coercive nature of sanctions seems incompatible with conflict prevention that aspires to achieve a peaceful settlement of an emerging dispute.

The conflict prevention purpose of sanctions posits the requirement that the international community adopts only such measures that do not deter the target’s preparedness to cooperate in the dispute-solving process. The sender countries are, after all, acting as third parties to the conflict. For this purpose, they have to choose a calibrated approach that is sensitive to both the type of conflict and the degree of conflict intensity. The senders should be able to rely on a choice of escalatory measures that can help to strengthen the sanction regime over time. Such measures could include trade embargoes, the freezing of financial assets, and the prohibition of use of civilian air carriers, etc. Escalatory measures are depending on the degree of intrusiveness that sanctions will project. For instance, the cancellation of aid or financial assistance may not hurt a target state very much at the outset of sanctions. Before examining the utility of sanctions in the conflict prevention context, it is important to establish the foreign policy functions of sanctions at large. For this purpose this study will first look at the sanctions’ objectives, the question of effectiveness and the problems of legitimacy. In the second part, it will look at how sanctions can be enlisted for conflict prevention purposes. Here, the various degrees of intensity and types of conflicts necessitate a differentiation of both the sanctions and the target groups. The third part is dedicated to the institutional aspects of sanction policies. It explores the extent to which the various European institutions are fit to install and enforce coercive measures for conflict prevention. Finally, the study will elaborate on the risks and prospects of using sanctions in the context of conflict prevention. It will examine the crucial question of how far and in what fashion sanctions

¹ “Supplement to an Agenda for Peace: Position Paper of the Secretary-General on the Occasion of the Fiftieth Anniversary of the United Nations,” Security Council, S/1995/1, 25 January 1995.

can be used without losing the preparedness of the target state to cooperate in the conflict prevention efforts.

2. Economic Sanctions as an Instrument of Foreign Policy

Economic sanctions are part of a broad spectrum of policy instruments available to governments. They can be imposed unilaterally by one state or in concert with other states. Sanctions are not a substitute to war, but a means to enhance chances for a negotiated settlement. Their attraction for policy makers rests on the fact that there is no danger of bloodshed and a lower risk of an escalatory conflict dynamic.

The objectives of sanctions vary to a large extent and they are determined by the policy context. According to the literature, policy-makers tend to favour the options of the use of economic sanction for the achievement of the following objectives:

- Compliance

Sanctions should force the behaviour of the target state to act towards a compliant conduct. This objective is based on cost/benefit calculations: The costs of the sanctions should exceed the target's benefits deriving from a non-compliant conduct.

- Subversion

According to Lindsay, subversion is often an implicit objective of sanctions.² It intends to "remove the target's leaders (leaving the political system intact) or to overthrow the entire regime."³ For example, the post-Gulf war sanction regime on Iraq only partially served to pressure Iraq to comply with the obligations of the cease-fire arrangements contained in UN Security Council Resolution 687. But, the widely acknowledged unofficial purpose was to remove Saddam Hussein from power. US policy makers have been clear that they would not tolerate the removal of the sanctions while Saddam remains in power. (Financial Times, 12 March 1997).

- Deterrence/Compellence

Sanctions appear here as a signal that the sender is prepared to use coercive means, if necessary, to prevent repetition of an undesired action in the future. Deterrence-oriented sanctions should be understood by the targets as a message for more coercive measures to come, should they continue their objectionable behaviour.

- Punishment

Punishment does not figure officially on the agenda of policy makers, but the record of past sanctions leaves in several instances no other reasonable explanations. Punishments differ to deterrence to the extent that the punitive action is not necessarily anticipatory to the future conduct of the target.

- Symbolism

Sanctions are often a form of symbolism for domestic consumption. *Faute de mieux*, they are a visible policy measure in response to an international development. In his analysis of the legal and moral dimension of sanctions, Richard Falk argued that in the case of Yugoslavia, the role of sanctions was "partly intended to deflect public and media criticism of European governments for doing too little in support of Bosnian independence".⁴

² James M. Lindsay, "Trade Sanctions as Policy Instruments: A Re-examination," *International Studies Quarterly*, Vol. 30, 1986, p. 155.

³ *Ibid.*

⁴ Richard Falk, International Sanctions: Legal and Moral Considerations, in Fred Tanner, *The Effect of*

Effectiveness is one of the basic questions underlying the use of sanctions. By and large, the literature is profoundly critical as to whether sanctions can be used as an effective policy instrument. But, effectiveness is hard to measure and generalisations about the inefficiency of sanctions may not be very sound. Sanctions do have an effect on target groups; the question is what criteria are used to measure success or failure. Furthermore, depending on the nature of the conflict, the economic composure of the target and the geographical context, sanction will prove more or less effective.

There are two sides to the question of the effects of economic sanctions: the impact upon the target states and the collateral damage on third states. The effects on the target state are difficult to predict, primarily if the state is in turmoil, fragmentation or armed conflict. But often sanctions generate a political effect what the literature refers to as “rally around the flag effect.”⁵ The case of Yugoslavia depicted this effect, when sanctions provoked an unified and defiant response against the United States and the UN, strengthening at the same time the rule of Milosevic, who skilfully rode on the wave of Serbian nationalism.

The collateral effects on neighbouring states have gained much prominence in the international community in the context of the sanctions against Iraq and against Yugoslavia. The official acknowledgement of this problem led to the institutionalisation of compensation mechanisms that, in turn, can serve as a reminder to the international community that sanctions incur costs not just to the target, but also to the senders.

Effectiveness also requires a minimum degree of co-operation of the international community. Sanctions do not have the desired effects if there is no sufficient collective support and political willingness to bear the costs of sanctions equitably. Lack of universality does not only undermine the economic effects of sanctions, but it also sends the wrong political signal to the target state.

Finally, the question of legitimacy seriously challenges the viability of economic sanctions as foreign policy instrument. For example, the former UN Secretary General Boutros-Boutros Ghali called sanctions “a blunt instrument”.⁶ For the purpose of this study, two aspects of legitimacy need to be examined: (1) sanction as a form of intervention and (2) the effects of sanctions on vulnerable groups within the target state. Regarding intervention, sanctions are rightly described as a soft form of intervention. The question has been posed many times to decision-makers and it will continue to be asked in the future: Under what circumstances does the international community have the right to interfere in the internal affairs of other states by using coercive measures? The legitimacy of sanctions depends to a large degree on the purpose of sanctions. In the United Nations system, the argument has spread that sanctions could only be regarded legitimate if they contribute to conflict prevention and peaceful settlement of disputes. This differentiation of purpose allows the criticising of such sanction regimes as the one against Libya, for instance, without necessarily putting into question the principle of sanctions per se.⁷

The humanitarian aspects of the effects of sanction have become more important with the adoption of sanctions against failed states or war-torn countries, such as Rwanda or Burundi. Sanctions need to be proportional to their objectives. This is a first requirement

International Sanctions, Malta, The Mediterranean Academy of Diplomatic Studies, 1996, p.19.

⁵ Jonathan Kirshner, “The Microfoundations of Economic Sanctions,” *Security Studies*, vol.6, no. 3 ,spring 1997, p. 38.

⁶ “Supplement to an Agenda for Peace: Position Paper of the Secretary-General on the Occasion of the Fiftieth Anniversary of the United Nations,” Security Council, S/1995/1, 25 January 1995, p. 17.

⁷ United Nations, “General Assembly should seek world court advisory opinion on sanctions, special committee on Charter told, Press Release L/2817, 3 February 1997.

for any decision-maker to protect innocent parties and civilians from the effects of sanctions. But, sanctions often exact a heavy toll on the civilian population of the target state. The former UN Secretary General argued that sanctions can complicate the work of humanitarian organisations because they deny them “certain categories of supplies” and they oblige them to go “through arduous procedures to obtain the necessary exemptions”.⁸ The Secretary General suggested “to avoid banning imports that are required by local health industries and to devise a fast track for the processing of applications for exemption of humanitarian activities.”⁹

Targeted groups quite often happen to be located in regions characterised by underdevelopment or humanitarian crisis: Sanctions may only exacerbate such conditions of human misery. The sanction regime applied on Burundi, for instance, had such an effect, even though it made exemptions on humanitarian grounds. In practise, the exemption rules did not work well and the humanitarian efforts were frustrated by a “lack of a very clear administrative process” and the incompetence of national and regional sanction committees.¹⁰

The political fall-out of the sanction regimes applied during the last years, and particularly the negative impact on third states and humanitarian missions has led the UN to search for principles and criteria guiding future sanctions policies. According to a report discussed in the General Assembly, the following criteria should be met in case the UN goes ahead with sanctions:¹¹

- Permitted only after all other peaceful means of settling the dispute had been exhausted;
- Permitted only after the Security Council had determined the existence of any threat to the peace, breach of the peace or act of aggression
- Inadmissibility of creating a situation in which the imposition of sanctions would cause significant material and financial damage to third states;
- The inadmissibility, without the appropriate Security Council decision, of making new demands on the State against which sanctions have been imposed or to stipulate additional conditions for ending or suspending the sanctions,
- The inadmissibility of imposing sanctions without a time limit.

As to future sanction policies of states and the UN, the Secretary General suggested establishing at the UN Secretariat a mechanism to carry out the following functions:

- To assess, at the request of the Security Council, and before sanctions are imposed, their potential impact on the target country and on third countries;
- To monitor application of sanctions;
- To measure their effects in order to enable the Security Council to fine tune them with a view to maximising their political impact and minimising collateral damage;
- To ensure the delivery of humanitarian assistance to vulnerable groups
- To explore ways of assisting Member States that are suffering collateral damage and

⁸ Supplement for an Agenda for Peace, p. 17.

⁹ Ibid, p. 18.

¹⁰ United Nations, Press Briefing by Humanitarian Coordinator for the Great Lakes Region, New York, 6 March 1997.

¹¹ Basic Principles for UN peace-keeping, dispute settlement must be established, Special Committee on Charter told, Press Release L/2756, 29 February 1996.

to evaluate claims submitted by such States under Article 50.¹²

3. Economic Sanctions and Conflict Prevention

Given today's trends of globalisation and economic interdependence, policy makers and analysts are increasingly looking for economic measures as policy instruments for influencing the outcomes of disputes and conflicts. In this sense, sanctions may increasingly be associated with mechanisms of conflict prevention. According to the Agenda for Peace, policies geared at conflict prevention should also "prevent existing disputes from escalating into conflicts, and to limit the spread of the latter when they occur."¹³

The use of sanctions in a conflict prevention mode should address proportionally the degree of conflict escalation. First, conflict prevention would use instruments of peaceful settlement of disputes. This could range from offering good offices and mediation to the exhaustion of all other peaceful means. Then, policy makers would have to contemplate the use of non-violent coercion, such as the imposition of economic sanctions. This represents a decisive step, as it goes beyond the consent of the parties. In this sense, sanctions often risks to act as a "firebreak" that pushes the conflict into the realm of open hostilities.

But, sanctions are not unitary policy measures. They can be fine-tuned to the degree of non-compliance of the target country.

As Table 1 shows, sanctions are likely to be first carried out by regional organisations or unilaterally by individual states, before the UN imposes comprehensive and universal sanctions. The Table also shows the lifting of sanctions after the concurrence of the parties to the Dayton agreement.

¹² Supplement p. 18.

¹³ Boutros Boutros-Ghali, *An Agenda for Peace*, New York,: United Nations, 1992, p. 11.

Table 1
Evolution of the sanction regime against former Yugoslavia (1991-1995)

US: suspension of aid (May) 1991)

EU: Suspension of financial aid and arms embargo (5 July 1991)

Embargo on weapons and military equipment.
 Resolution 713 (25 September 1991)

EU: Abolition of Economic Cooperation Agreement (November 1991)

Complete and mandatory embargo of financial and commercial transactions
 Resolution 757 (30 May 1992) imposed against Serbia and Montenegro

Prohibition of transport of all merchandise through the FSRY and reinforced control measures in neighbouring countries.
 Resolution 787 (16 November 1992)

Strengthening of sanctions
 Resolution 820 (1993)

General Agreement for Peace in Bosnia and Herzegovina, 22 November 1995

Gradual termination of arms embargo
 Resolution 1021 (22 November 1995)

Sanctions suspended indefinitely
 Resolution 1022 (22 November 1995)

In the context of conflict prevention, sanctions should contribute to efforts to keep conflicts from erupting. But conflict prevention also applies to other levels of conflict. According to the Agenda for Peace, preventive diplomacy interacts with conflict on three levels: It defines preventive diplomacy as an action to prevent “disputes from arising between parties, to prevent existing disputes from escalating into conflicts, and to limit the spread of the latter when they occur”.

Given this three-stage cycle of conflict, it is at this point important to make a differentiation with regard to the use of sanctions in conflict prevention as well. For this purpose I propose to follow a conceptual framework that was suggested by Raimo Vayrynen:

- a) conflict prevention, i.e. preventing disputes from arising between the parties;
- b) escalation prevention, i.e. preventing both the vertical and horizontal escalation of hostilities to a more destructive form of violence
- c) post-conflict prevention, i.e. preventing the re-emergence of disputes by reintegrating and reconstructing the society.¹⁴

This typology will, in the following section, facilitate the discussion of the utility of sanctions for conflict prevention purposes.

To begin with, the conflict prevention phase before any violent dispute has arisen seems not to be a very suitable field for sanction policies. First, the use of coercive measures (even though they are non-violent) does not make sense in a pre-conflictual situation. Second, the early use of sanctions could actually accelerate the escalatory pace of a conflict. More appropriate are the use of economic incentives and negative inducements. The offer of extra aid, for instance, or the signalling of not renewing economic assistance packages seem to be relevant responses to a dispute that bears risks of turning violent.

In the phase of escalation prevention, the use of sanctions has to be sensitive towards intrinsic conflict dynamics. At a time of conflict escalation, for instance, the rapid imposition of full sanctions represents an all-out attempt to limit the further increase of violence. But, in practical terms, institutional inertia and red tape often hamper the flexibility of imposing and removing sanctions, especially if the sanctions are adopted at the level of the UN Security Council.

In the third phase, the threat of re-imposition of sanctions can serve as a means to convince countries to effectively carry out their post-conflict commitments. The Bosnian representative to the UN, for instance, called in July 1996 for the re-imposition of sanctions on Yugoslavia and the Republic of Srpska. The claim was based on the allegation that they did not fully comply with the Dayton Agreement, Security Council Resolutions and the demands of the International Criminal Tribunal for the Former Yugoslavia in The Hague.¹⁵

In post-conflict situations, the sanctions have a higher propensity for conflict prevention than in a pre-conflict situation. First, sanctions may have a *déjà vu* appearance and their re-imposition is less likely to lead to a “firebreak effect”. Second, the procedures of adopting and re-imposing sanctions are less onerous; in fact, sanctions may just have been suspended and could easily be re-imposed by an executive act of national leaders.

The above section shows that the *level* of conflict is most relevant to sanction policies in conflict prevention. But, equally important is also the *type* of conflict. Traditional conflict

¹⁴ Raimo Vayrynen, “Towards Effective Conflict Prevention: Comparison of the Usability and impact of different instruments,” Paper presented at the 37th Annual Convention of the International Studies Association, San Diego, April 16-20, 1996.

¹⁵ United Nations, Press Conference by Bosnia and Herzegovina, New York, 22 July 1996.

prevention dealt with inter-state conflicts. Conflict prevention today is geared primarily towards internal armed conflicts. According to the SIPRI Yearbook, in 1995 all major armed conflicts were within, rather than between states.¹⁶ This does not mean that there is no international dimension to these conflicts. On the contrary, most current conflicts are of international concern because of two major reasons. First, in many cases foreign troops are directly involved, generating a danger of horizontal conflict escalation. Second, internal conflicts may constitute a threat to international peace and security because of massive human rights abuse, or because of large-scale refugee flows and humanitarian disasters.

It is certainly true that the domestic nature of conflict greatly complicates the task of using non-violent coercion for conflict prevention purposes. For instance, sanctions seem irrelevant in cases of civil war that may occur in conjunction with the collapse of state institutions, as was the case in Albania. Even though the international community can, in such cases, very well anticipate the breakdown of law and order and the resulting emergence of banditry, armed factionalism and chaos, it does not have the necessary instruments to prevent it. Sanctions in such scenarios seem appropriate primarily in the post-conflict prevention phase.

Despite the complex pattern of internal armed conflicts, there are cases where the international community has imposed sanctions on civil war factions. In the case of Somalia, the Security Council installed an unlimited arms embargo as a support measure to the cease-fire commitments and the UN decision to increase its humanitarian aid. In Angola, in turn, some analysts credit sanctions for bringing the UNITA faction in Angola back to the negotiation table after 1993. In Cambodia, economic sanctions were installed against Khmer Rouge, after it had refused to proceed in disarming its militia as agreed under the Paris Peace Agreement. The sanctions remained ineffective, however, as UN monitors were unable to have access to Khmer-held areas. Furthermore, neighbouring Thailand refused to allow the UN to establish sanction monitoring areas on its territory. Sanctions do make sense as threats against civil war parties who would not comply with cease-fire schedules or other conflict termination commitments. In Liberia, for instance, the warring parties committed themselves in the Abuja Agreement of August 1996 to take steps towards cessation of hostilities and peaceful settlement of the dispute. At every stage, the regional organisation ECOWAS would verify that the necessary steps had been implemented in accordance with the provisions of the Agreement and its timetable. Any person or group found responsible for obstructing the implementation of the Agreement would be subject to the imposition of sanctions by ECOWAS. Such sanctions would include, inter alia, restrictions on travel and imports and freezing of business activities and assets in the subregion.¹⁷

What are the conditions for the international community to impose sanctions in today's world with its complex conflict pattern? As sanctions do represent one of several means of conflict prevention in the large sense, I consider Lund's presentation of successful conditions for conflict prevention also valid for sanctions. They are:¹⁸:

¹⁶ *SIPRI Yearbook 1996*, Oxford University Press, Oxford, 1996, p. 15.

¹⁷ Security Council Extends Mandate of UNOMIL through 30 November, Calls On Liberian Factions To Honour Agreements, United Nations, New York, 30 August 1997.

¹⁸ Michael S. Lund, "Early Warning and Preventive Diplomacy," in Chester A. Crocker and Fen Osler Hampson (eds.), *Managing Global Chaos*, United States Institute for Peace, Washington, D.C., 1996, p. 392.

- Need of international solidarity and burden-sharing:

Third parties must be prepared to pursue a unified and coherent approach towards the target actor. Sanctions do not work, if they are ignored or only partially implemented. The lukewarm stance of Russia on the US-led approach of coercing Serbia has reduced the basis for imposing effective sanction regime. Even worse is the defection of some states from the sanction regime, as it may become politically unacceptable. In the case of the Falkland Island War for instance, Ireland unilaterally pulled out of the sanction regime of the EU, after Britain began to use force against the Argentinean forces.¹⁹

- Sanctions must be part of a multi-tracked intervention strategy addressing the various dimensions of the conflict. Isolated uses of sanctions do not make sense; sanctions only appear appropriate in a broad carrot and stick approach. A multi-track strategy presupposes the capability to enforce sanctions with military means, if necessary.

- Finally, Ambassador Napolitano, head of the EU/OSCE sanction co-ordination committee argued that in view of the use of sanctions for preventive diplomacy the duration of sanctions should be limited to no more than 3 to 4 years.²⁰ The time limit has also been put down as a proviso by the Report on Sanctions discussed in the General Assembly.²¹

There are no guidelines as to what the trigger-events for the employment of economic sanctions should be. The growing intensity of hostility within a country provokes reactions of the external world only if some countries are directly concerned with the developments. Cases such as Haiti or Albania have shown that states or group of states are very sensitive to the spectre of the massive flow of refugees.

The question of trigger-events has undoubtedly become more complex with the elevation of human rights and democracy over the previously sacrosanct walls of sovereignty and territorial integrity. After the end of the Cold War, the international community began to accept the intrinsic link between democracy, human rights and international peace. This has in many respects increased the level of complexity as to the understanding of what types of internal conflicts are of international concern. The protection of human rights in Northern Iraq has become for the first time a subject of a Resolution of the Security Council acting under Chapter VII (res. 688). In that case no sanctions were applied as Iraq found itself already under an extensive post-conflict sanction regime.

Economic sanctions demanding the restoration of democracy and human rights were applied, however, in the case of Haiti. The first round of sanctions was imposed by the Organisation of American States (OAS). These sanctions were part of a set of measures of the OAS that also included the creation of the OAS/DEMOC mission. The United Nations stepped in upon the pressure of the US, who tried to stem the increasing flow of refugees from Haiti. The UN sanctions made the OAS sanctions compulsory and universal.

But, the use of human rights abuses as trigger events for economic sanctions would confront policy makers with allegations of Wilsonian interventionism. Sender states would have to cope with the question as to what degree of non-compliance with liberal values would justify the imposition of sanctions?

¹⁹ Lisa Martin, *Coercive Cooperation*, Princeton University Press, New Jersey, 1992, p. 143.

²⁰ M.A. Napolitano, Sanctions as a preventive diplomacy instrument, in Fred Tanner, *The Effect of International Sanctions*, Malta, The Mediterranean Academy of Diplomatic Studies, 1996, p. 27.

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Furthermore, a human rights-driven approach to the use of sanctions for conflict prevention is likely to collide with geopolitical preferences of the potential sender states. A case in point is Turkey. A considerable international conflict potential exists due to Turkey's human rights violations, particularly in the context of the unofficial war against the Kurdistan Workers Party (PKK). In the past, the EU has exercised economic pressure on Turkey for altering its conduct in the human rights field. For instance, it has delayed the entry into force of the customs union with Turkey on human rights grounds. At the same time, Western policy-makers may discard sanctions against Turkey, as it is a NATO ally and a secular power in a geopolitically salient region.

A frequent trigger event is the forceful removal of a democratically elected leadership. Regional sanctions in reactions to a coup d'état have been imposed on Haiti and on Burundi, for instance. The ousting of the democratically elected leader Aristide in Haiti has led to a showdown between the military leaders of the coup d'état of 1991 and the US-led international community. The actions taken by the international community were incremental. UN Resolution 917 (1994), for instance, decided to deny all officers of the Haitian military, including police, and their immediate families the access to any country outside Haiti. Furthermore, the above mentioned leaders' funds and financial resources were frozen by all members of the international community. As these decisions were made under Chapter VII authority, all member states of the UN were bound to comply with these sanctions. These sanctions were only lifted after the return of President Aristide, in accordance with UN Resolution 944 (1994).

In the case of Burundi, neighbouring states imposed sanctions after the coup, calling it an obstacle to the progress that was being made in a regional search for a comprehensive solution. The sanctions were endorsed by the Organisation of African Unity (OAU).

Furthermore, the July 1997 coup of the "second Prime Minister" in Cambodia, Minister Samdech Hun Sen, has triggered calls for sanctions from officials loyal to the ousted Prime Minister, Prince Samdech Ranariddh. The Cambodian Permanent Representative to the UN requested sanctions that would "include technical and development assistance from the international community and from the Organization and its agencies."²²

The end points of sanctions in the context of human rights violations can rely on a wide choice of conditions that a target country has to comply with. Such conditions could include legislative reforms or the holding of free and fair elections. Free and fair elections, in turn, require freedom of movement, freedom of expression, free access to the media, free media, and the freedom of assembly.

4. Institutional Interplay

The institutional dimension is an essential element in the analysis of the utility of economic sanctions in conflict prevention. Lisa Martin has shown that the involvement of international institutions encourages bandwagoning among potential sanctioners.²³ The national policy-makers can more easily rationalise a decision to embrace coercion in foreign policy, when it has been worked out through an international institution. Also, institutions such as the UN or the European Union assure a certain coherence among the sanctioning countries.

²² Press conference by permanent representative of Cambodia, Press Briefing, United Nations, New York, 9 July 1997.

²³ Lisa Martin, *op.cit.*, p. 91.

The effectiveness becomes a priority issue when several organisations are involved in the implementation of the sanction regime. Institutions have a better possibility than individual states to set-up and run compliance monitoring mechanisms. In the case of former Yugoslavia, the London Conference of 1992 decided to create structures to monitor the borders of Serbia and Montenegro on a continuous basis. On the grounds of this decision, an inter- institutional framework was established with three main elements. They were:

- Sanctions Assistance Missions (SAMs), deployed by the CSCE in Rumania, Bulgaria and Hungary,
- a EU sponsored Communication Centre (SAMCOMM) with the task of facilitating the communication and co-ordination among the SAMs and the authorities, and
- An EU/OSCE Sanctions Co-ordinator's Office in Brussels, with the task of co-ordinating among the sanctioning states, the EU, the CSCE and the UN.

What institutions are apt to carry out a policy of preventive diplomacy that may include in its options the application of sanctions? The most appropriate institution remains the United Nations, as only the Security Council has the authority to decide on measures that are universal and mandatory. In reality, however, the UN is reluctant to get involved early into any kind of conflict.

In Europe, a number of institutions are pertinent in the field of conflict prevention and the application of sanctions. For the purpose of this study, the institutional relevance of the following organisations will briefly be discussed: The EU, the OSCE, NATO and the WEU.

The European Union has extensive experience with the use of sanctions. It is a common practise for the EU to impose sanctions on its member states for non-compliance with EU regulations and directives. With regard to sanctions towards the outside, the EU has procedural underpinnings and the necessary economic cohesion to swiftly enact international sanctions.

As the cases of Yugoslavia or even the Falkland Islands War have shown, the EU--- a powerful trade partner--can have much leverage in the economic field. The problem remains that with the continuous absence of a common foreign and security policy, this potential cannot be exploited in a policy-relevant fashion. The EU is still in its infancy when it comes to conflict prevention. The Amsterdam Summit did timidly move towards an agenda formation in the area of preventive diplomacy. The creation of *a policy planning and early warning unit* will provide an institutional focal point for the EU's future conflict prevention policies. Moreover, under Article J.7 the EU includes in its common foreign and security policy also "peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking". This will allow the EU planners to look into the possibilities of multi-tracked intervention strategies addressing the various dimensions of an emerging conflict.

The OSCE claims today its share of responsibility when it comes to conflict prevention in Europe. By turning into an organisation in 1994 the OSCE had increased its potential for playing a role in the fields of early warning and conflict prevention. OSCE missions and the work of the High Commissioner for National Minorities are considered today to be the main pillar of the OSCE's conflict prevention.²⁴ They are institutionally

²⁴ Adam Daniel Rotfeld, "Preventive Diplomacy and the OSCE: Some Lessons from the Past and Suggestions for the Future," in Daniel Warner (ed.), *Preventive Diplomacy: The United Nations and the OSCE*, PSIO Occasional Paper, 1/1996, Geneva, pp. 69-81.

and procedurally supported by a number of emergency mechanisms and the Conflict Prevention Center.

But, the OSCE is not an organisation that is likely to venture into the area of coercive diplomacy: What is missing is the economic cohesion as well as the political will to test the waters of economic sanctions. The OSCE is, at best, moving towards a co-operative and not a collective security organisation. In the 1992 Helsinki Document, the OSCE member explicitly ruled out the option to use coercion in their contributions to conflict prevention. The idea was to fully exploit the spectrum of preventive actions within the framework of co-operative security. The 1993 Rome Ministerial Council Decisions clearly stopped short of recommending any coercive option and, instead, highlighted the principles of consent, impartiality and the use of force for self-defence purposes only. Furthermore, the Security Model --that is to give a conceptual basis for future security co-operation in Europe-- did not refer either to the use of economic sanctions nor to any other coercive measures as possible instruments of a future security community. According to some analysts, the extension of the OSCE's mandate to include coercive instruments could seriously undermine the foundations of the organisation.²⁵ The OSCE can, however, act as legitimising umbrella for all states to adopt sanctions that are not EU members.

Other regional institutions in Europe, such as NATO or the WEU are defence organisations. The lack of command over the economic policies of their member states prevents them from including economic sanctions in their policy agendas. On the other hand, both NATO and the WEU turned out to be instrumental in the enforcement of the sanction regime against former Yugoslavia. The involvement of these organisations in support of the sanction regime has been cleared by 1992 CSCE Helsinki Summit. The WEU based the mission "Sharp Guard" on the Petersberg Declaration that enabled the organisation to contribute forces to peacekeeping and other crisis management operations. NATO, in turn, agreed to make its troops available to out of area operations on a case by case basis at the Oslo Ministerial Meeting of June 1992.

The above discussion shows that there is a distinct need of for a division of labour among the various regional organisations as conflict prevention is concerned. Sanctions as policy instruments should be given an appropriate place in the concept of mutually reinforcing institutions in Europe.

In pre-conflict situations, the OSCE can act through its early warning and conflict prevention abilities. Other steps, such as the political signalling, good offices and mediation can be offered either by the OSCE or the EU or jointly, as was the case for the Albanian crisis. In this phase, the policy makers could use positive or negative inducements, orchestrated and implemented by the EU.

For escalation prevention of post-conflict prevention policies a comprehensive approach is necessary, possibly involving in addition to the OSCE and the EU also NATO or the WEU. The EU can provide the economic cohesion for the use of economic sanctions and the OSCE could assume monitoring missions. NATO or the WEU, in turn, could assure that the sanctions are effectively enforced, and if necessary take other coercive steps towards military intervention, as it was the case in Bosnia. In the stage of conflict prevention, the European states may have the interest to mobilise through the European members of the Security Council, the UN for adopting universal and mandatory sanctions.

²⁵ Tim Sneek (ed.), "Complementarity and cooperation: The OSCE as part of a European Security Model for the 21 Century," Helsinki Monitor, Vol. 7, No. 4, 1996.

5. Coercion and Co-operation: Squaring the Circle?

The relationship between conflict prevention and economic sanctions is not clear. According to the literature, sanctions only bite in the long-term. But in the conflict prevention context, sanctions should be a part of the short-term crisis management or war mitigation.²⁶ Furthermore, for the purpose of conflict prevention, sanctions –although of coercive nature by definition—should not forfeit minimal co-operation with the target country.

It is evident that sanctions have an interventionist connotation. What is important in the context of conflict prevention is that the target actor is not completely antagonised by the use of sanctions. For preventing the conflict or reducing its degree of violence, the consent and co-operation of the target is still required. For this reason, sanctions for conflict prevention purposes should not appear as a “weapon”. Sanctions may produce a sentiment of exclusion among the targeted leadership, an element that may backfire when it comes to working out a comprehensive settlement. Ambassador Napolitano argued that sanctions for preventive diplomacy purposes should not be targeted against leaders or against a country, but against a “fact, that the international community considers a threat or a danger”(27).

Sanctions can prove to be counterproductive to conflict prevention. The use of sanction may exasperate a fragile political or economic situation of the target actor. In this sense, sanctions may further destabilise an already unstable region. This dilemma is made worse by the lack of conceptual clarity of the use of economic instruments in conflict prevention and peacemaking. There is little room between a peaceful settlement approach and, in the case of failure, the use of coercive measures. In several respects, it may be easier for states to impose sanctions under a mandatory UN regime, rather than to pursue an open-ended graduated approach based on a policy mix of inducements, reassurance and deterrence. The discussion of the above section leads to some reflections about the relationship between sanctions and impartiality. At first view, these notions appear to be an oxymoron. But, in a conflict environment, it is not impossible for outside states to conduct a coercive diplomacy while at the same time continuing to retain the consent of the target state on various aspects of co-operation.

In conflict escalation scenarios, the sender countries have to walk a thin line between co-operation and coercion. They have to avoid the risk that seemingly coercive moves are fuelling rather than limiting the conflict. The US sanctions imposed on General Noriega’s Panama, for instance, did not work as conflict limitation measures but rather as a conflict catalyst.²⁷ On the other hand, the West has been able to secure the consent of Belgrade in the early stages of the former Yugoslav conflict. In fact, Belgrade did not object to the arms embargo imposed on all of Yugoslavia on 25 September 1991. According to Steinbrunner, China voted in favour of the SC Resolution only after Yugoslavia assured China and other non-aligned members of the Security Council that it did not oppose the embargo.²⁸

In addition, the preservation of consent of the target state is crucial in post-conflict prevention, as in several instances the target state may be party to a peacekeeping

²⁶ Michael Lund, *op.cit.*, p. 384.

²⁷ Kirshner, *op.cit.*, p. 50ff.

²⁸ James B. Steinberg, “International Involvement in the Yugoslavia Conflict,” in Lori Fisler Damrosch, (ed.) *Enforcing Restraint*, New York, Council of Foreign Relations Press, 1993, p. 39.

arrangement. The impartiality of the peacekeepers is gravely put at risk if the local parties are targeted at the same time by coercive economic measures, imposed by the peacekeeping contributing states. UNPROFOR, for instance, was given monitoring functions for the sanction regime, while finding itself in a continuous struggle to hold up the façade of impartiality.²⁹ Similarly, the Security Council required the defiant military leadership in Haiti to co-operate with the United Nations Mission in Haiti (UNMIH). In case of non-compliance, the UN threatened a strengthening of the sanction regime.

For avoiding a breakdown of the consensus, sanctions should always be a part of a graduated approach in a conflict prevention context. The graduated approach allows the senders to calibrate their measures toward the target. The first stage of such an approach could include the adoption of negative inducements, such as “freezing overseas national and personal assets, blocking currency transaction, declaring a moratorium on direct investment, and cancelling loans, grants and aid packages (...).³⁰ Other tools of commercial and financial denial that incrementally increase pressure over time could follow this.

But, in practise, the graduated approach runs into two problems. First, it requires intensive international co-operation and flexibility in national bureaucracies. Such an approach appears difficult to succeed on the level of the UN, but may very well work on the level of the EU, provided that there is more coherence in EU foreign policy making. Second, gradualism forfeits ipso facto a comprehensive and strong response. Elizabeth Rogers argues, for instance, that “sanctions should always be total (aid, trade, and financial) and should be imposed early in a conflict”.³¹

It is true that gradualism may erode the effectiveness of sanctions from the very beginning. But sanctions in the context of conflict prevention are a third party approach to conflict-solving. In this sense, their effect should be first political and only then economic.

The best option to preserve a certain degree of consent of the target state is the use of non-violent conditionalities. This may be in the form of positive or negative inducements. Conditionality is a soft option to pressuring parties into compliance. Conditionality or inducements come down to a denial of the carrot, instead of the imposition of economic sanctions. Both options are evoking the perception of penalty but the first one is not coercive.

With conflicts in a stage where hostility has broken out, the conditionalities are based on the assumption that the parties in dispute have to agree to de-escalation before economic aid or assistance is provided. After the escalation of violence in Albania in March 1997, for instance, the EU made it clear that it resume assistance to Albania only “once sufficient stability is restored”.³²

A Report about the Developments in Bosnia, authored by Willem van Eekelen on behalf of the North Atlantic Assembly proposes to design a post-conflict prevention strategy with a carrot and stick approach. He makes a strong argument for the international community to apply “strict conditionality of assistance according to the goodwill of the

²⁹ UN Resolution 769 (1992) asked UNPROFOR to exercise customs control functions in support of the sanction regime.

³⁰ George Lopez and David Cortright, “The sanctions Era: An Alternative to Military Intervention,” The Fletcher Forum of World Affairs, Vol. 19, Number 2, Summer/Fall 1995, p. 82.

³¹ Elizabeth S. Rogers, “Using Economic Sanctions to Control Regional Conflicts,” Security Studies, Vol. 5, no. 4 (summer 1996), p. 65.

³² Declaration by the Presidency on behalf of the European Union on Albania, Press Release, 6702/97, Brussels, 17 March 1997.

parties in implementing the Dayton Agreement”.³³ Van Eekelen proposes to apply conditionality at all levels of interaction and co-operation: national, entity and local. Distinguishing between negative conditionality (no reward) and positive conditionality (reward), he suggests applying the former to the national and entity level, whereas the latter should be applied to the local level. According to him, only such a mix of inducements persuades the Bosnian actors to achieve the Dayton objectives.

With lessons learned from Bosnia, Van Eekelen’s suggestion of conditionality on various levels of policy making deserves to be further elaborated. Neither positive nor negative conditionalities are coercive. In fact, this is a practise that has been widely used by the IMF. But, in a situation where a conflict is gaining momentum, orchestrated conditionalities may simply not be sufficient to prevent the escalation of violence.

Alexander L. George, for instance, made a strong claim that conditionality or “positive inducements” alone has little chance to be effective. He argues that such a policy needs to be a part of a comprehensive approach that includes an explicit threat of punishment in the event of non-compliance “through military moves or political-diplomatic moves.”³⁴

For the case of post-conflict prevention in Bosnia, it would imply that the inducement policies, administered by OSCE and EU administrators on site and in Brussels would need to be part of a comprehensive strategy. This strategy would also include NATO (SFOR) and finally the UN as the possible re-imposition of sanctions would need the approval of the UN Security Council.

The multi-track and graduated approach requires intensive international co-operation and flexibility in national bureaucracies. Such an approach appears difficult to succeed on the level of the UN, but may very well work on the level of the EU, provided that there is more coherence in EU foreign policy making.

Bureaucratic, administrative and political flexibility is also required for the rapid *lifting* of sanctions. The record of past sanctions has shown that the end-point of sanctions in case of compliance becomes as important as the imposition of sanctions at the outset. The lifting of sanctions represents an important reassurance gesture signalling the willingness of de-escalation. Rapid lifting may facilitate the resumption of other third party techniques to conflict management, such as mediation.

Conclusion

The use of economic sanctions as a foreign policy instrument is not a new phenomenon in international affairs. What is new is the interest to enlist sanctions for conflict prevention purposes. This study has shown that conflict prevention and coercion do not mix very well. There is a clear risk that sanctions favour conflict escalation.

There is a need to further refine the conceptual underpinning of sanctions for conflict prevention context. The senders should be able to pursue a flexible and open-ended policy mix of inducements and penalties that are calibrated towards the dispute on the ground. The multi-track approach would have to fine-tune the measures towards both the type and the degree of conflict. Measures should not, a priori, alienate the targeted leadership, but compel them into a co-operative mode. Most appropriate measures at an early stage of an emerging dispute or conflict are positive and negative inducements, i.e. measures that

³³ Willem van Eekelen, “Stability in the Balkans: A Role for Mutually Reinforcing Institutions,” Draft Interim Report, North Atlantic Assembly, 4 April 1997.

³⁴ Alexander L. George, Theory and Practice, in A. L. George, Coercive Diplomacy, p. 16.

cannot be associated with coercion. If necessary, in further steps, the senders should be prepared to install an universal and mandatory arms embargo and threats of financial and trade sanctions.

How can sanctions be effective in the European conflict prevention policy track? Given the different levels and various types of conflict, it is evident that policy makers need to make an informed decision on whether to apply economic instruments to a conflict-prone situation. Political consultation arrangements in the European institutions could make some room in their contingency planning for the use of sanctions with criteria for trigger events and end-points.

Moreover, given the need to create a European infrastructure for sanctions, the EU may consider to attach future sanctions co-ordinating committees and SAMCOMM to the Planning and Early Warning Unit. Only a continuous interplay between conflict prevention policies and sanction management among the relevant authorities can assure a policy response that addresses a given conflict dynamics with the necessary flexibility. The effectiveness of sanctions in the European region depends to a large extent on a burden-sharing approach of various European institutions. The EU with its economic clout is destined to assume the role of the lead agency. Furthermore, only the EU could yield the necessary bandwagoning effect on European states. The EU also has the bureaucratic capability to pursue a policy mix of positive and negative inducements. The downside of the EU rests in its inability to insert the sanctions into a cohesive multi-track policy approach that would include, if necessary, enforcement actions.

The OSCE, in turn, may not be the most appropriate organisation for sanctions, as it is shying away from coercive diplomacy. It can, however, act as a legitimising umbrella for all those states to adopt sanctions that are not EU members. Furthermore, its monitoring instruments can play an important role in the implementation and maintenance of arms and trade embargoes.

NATO and/or the WEU are organisations that are necessary to assure the enforcement of sanctions. The example of Yugoslavia has shown that an effective sanctions enforcement mechanism is essential to a conflict management approach. The Yugoslavian sanction regime gained credibility only after NATO and the WEU launched “Operation Sharp Guard”, a naval deployment off the Adriatic coast with the purpose of preventing sanctions busting. The combined NATO-WEU force challenged 73’000 ships during its operation.³⁵

In practical terms, institutional inertia and red tape often hamper the flexibility of imposing and removing sanctions, especially if the sanctions are adopted on the level of the UN Security Council. But, the European institutions will be unable to avoid the involvement of UN, especially when European conflict prevention policies prove ineffective in stopping an emerging conflict at an early stage.

³⁵ *International Herald Tribune*, 20 July 1996, p.5.