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U.S. Sanctions: Overview for the 118th Congress

U.S. Sanctions and Authorities

U.S. sanctions in furtherance of foreign policy or national security objectives are coercive economic or diplomatic measures taken against a target to bring about a change in behavior. In U.S. foreign policy and national security, sanctions can include trade embargoes; restrictions on exports or imports; restrictions or outright denial of foreign assistance, loans, or investments; blocking of foreign assets under U.S. jurisdiction; prohibition on economic transactions that involve U.S. citizens or businesses; and denial of entry into the United States. Secondary sanctions are sometimes used to put additional pressure on the sanctions target. They seek to deter third parties from engaging in activities with the primary target in order to further restrict the availability of revenue that might be used to advance malign intentions or evade sanctions altogether.

The Role of the President

Most U.S. sanctions imposed for foreign policy or national security reasons are based on national emergency authorities. The President holds substantial decisionmaking authority when sanctions are used in U.S. foreign policy. If the sanctions are to be a part of a policy already identified by Congress in legislation, the President is to follow the requirements of the relevant legislation. Thus, for example, sanctions imposed on Russia relating to its invasion of Ukraine, the death of Sergei Magnitsky, government corruption, weapons proliferation, weapons trade with Syria, election interference, or its relationship with North Korea are based on legislative requirements. It remains, however, the executive branch's responsibility to make each determination under law that forms the Russia sanctions program.

The President may also act as a sole decisionmaker by determining that a situation poses an "unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States." In this process, the President declares that a national emergency exists, as provided for in the National Emergencies Act (50 U.S.C. §§1601 et seq.), submits that declaration to Congress, and publishes it in the *Federal Register* to establish a public record. Under this national emergency, the President further invokes the authorities granted to his office in the International Emergency Economic Powers Act (50 U.S.C. §§1701 et seq.) to identify for whom U.S.-based assets are to be blocked or for whom transactions are to be limited or prohibited.

The Role of the Executive Branch

In the executive branch, the responsibility to administer sanctions resides throughout agencies and departments, but primarily with the Departments of State, the Treasury, and Commerce:

- State manages arms sales, diplomatic relations, visas, military aid, and foreign aid;
- Treasury regulates transactions, access to U.S.-based assets, use of the U.S. dollar and U.S. banking system, and the U.S. voice and vote in the international financial institutions; and
- Commerce oversees export licensing and implements controls coordinated with partner countries.

Other agencies have a role particular to their own missions. The Department of Justice prosecutes violations of sanctions and export laws. The Department of Homeland Security oversees customs affecting importation and immigration. Both Justice and Homeland Security can offer counsel on visas and entry into the United States. The Department of Energy oversees international nuclear agreement obligations.

The Role of Congress

Congress has a role in defining the objectives for which sanctions are applied. As part of this responsibility, Congress enacts legislation to authorize, or in some instances to require, the President to take action to address foreign policy and national security concerns. Congress has, for example, taken the lead in writing into legislation the authority or requirement for the President or executive branch to use sanctions to address military coups d'état, weapons proliferation, international terrorism, illicit narcotics trafficking, human rights abuses (including trafficking in persons or foreign states' failure to uphold religious freedom), regional instability, cyber insecurity, corruption and money laundering, and events rising from specific regions or countries. Even when Congress authorizes the President to use sanctions, it often refers back to the national emergency framework for implementation.

Sanctions Regimes in 2024

The United States maintains an array of sanctions against foreign governments, entities, and individuals, including

- countries whose governments are found to be the source of certain U.S. national security and foreign policy threats, such as supporters of acts of international terrorism (Cuba, Iran, North Korea, Syria);
- individuals (including political and military leaders), entities (including political groups and government entities), or sectors in certain countries or regions found to engage in human rights abuses, corruption, the undermining of democratic processes, terrorism, activities that threaten peace and security, or a wide range of other illicit activity (e.g., Afghanistan, Belarus, Burma, Central African Republic, China, Cuba, Democratic Republic of the Congo, Ethiopia, Iran, Iraq,

Lebanon, Libya, Mali, Nicaragua, North Korea, Russia, Somalia, South Sudan, Sudan, Syria, Venezuela, the West Bank, Western Balkans, Yemen);

- individuals or entities, globally, found to engage in human rights abuses, corruption, narcotics trafficking, international terrorism, illicit cyber activities, U.S. election interference, weapons proliferation, hostage taking and wrongful detention of U.S. nationals, conflict diamond trade, or transnational crime; and
- governments, individuals, or entities found by the U.N. Security Council to be engaged in undermining international peace and security (Central African Republic; Democratic Republic of Congo; Guinea-Bissau; Haiti; Iraq; Lebanon; Libya; North Korea; South Sudan; Sudan; Yemen; Al Shabaab; the Taliban; the Islamic State, Al Qaeda, and their affiliates).

The Economic Impact of Sanctions

Economic Impact on the Target

The intended economic impact of U.S. sanctions varies widely by design. Some sanctions are designed to have a broad, destabilizing effect on a target country's economy in an effort to achieve significant changes in the government's behavior or even a change in government. Sanctions on Iran and Russia, for example, target key revenue-producing sectors in their economies, the central bank, and access to the U.S. financial market, which is widely used to conduct international transactions. Likewise, sanctions on major foreign companies can have broad economic consequences in the target's economy.

Other sanctions are designed to place economic pressure on key decisionmakers while minimizing collateral damage for the target country's citizens and U.S. economic interests. Freezing U.S.-based assets of the Venezuelan President's spouse, for example, likely does not have broad effects on the Venezuelan or U.S. economy, but is intended to put pressure on the Nicolás Maduro government to change its behavior. Other sanctions' targets are focused on disrupting illicit activities or networks rather than more broad-based economic activity. When sanctions target a non-state illicit group (e.g., a transnational criminal organization or foreign terrorist organization), blocking a shell company or key financial facilitator could disrupt a group's ability to operate without harming broader global economic trends.

The economic impact of a sanction can depend on the extent to which the target is able to circumvent or adapt to the sanction. Facing U.S. sanctions, for example, the Maduro government of Venezuela sought closer economic ties with China and Russia. Similarly, the Russian government has used its own resources to offset the loss of markets for its designated firms. Sanctions may have less of an effect on countries with fewer ties to the U.S. economy. It is more difficult for sanction targets to find alternative markets when sanctions are imposed multilaterally, such as under auspices of the U.N. Security Council, than when sanctions are imposed unilaterally.

Economic Impact on the United States

Sanctions impose economic costs for the United States. They can restrict economic transactions in which U.S.

individuals and firms would otherwise engage. U.S. business groups have at various points raised concerns that sanctions make the United States a less reliable partner. They can harm American manufacturers, jeopardize American jobs, and, when sanctions are implemented unilaterally, cede business opportunities to firms from other countries. Imposing sanctions also risks retaliatory measures. In 2014, for example, Russia's retaliatory ban on agricultural imports from countries imposing sanctions negatively affected Alaska's seafood industry and Washington's apple and pear growers. Since 2022, when Russia's expanded invasion of Ukraine resulted in more far-reaching restrictions, the Russian government has threatened to expropriate and nationalize foreign-owned assets.

Some policymakers assert that sanctions that restrict access to the U.S. financial system could erode the status of the U.S. dollar in the global economy. Since World War II, the U.S. dollar has been widely used in international economic transactions, and the United States incurs economic benefits from its widespread use (including lower borrowing rates). The United States has increasingly leveraged the role of the U.S. dollar for foreign policy goals, including restricting sanctioned entities' access to the U.S. dollar and financial markets. Such moves have prompted foreign governments targeted by U.S. financial sanctions to explore ways to reduce their reliance on the U.S. dollar and pivot to alternative currencies.

Despite challenges in crafting an effective sanctions regime, some policymakers consider sanctions to be effective when used in concert with diplomacy, when the right balance of pressure and promise of improved relations is found, and when used as part of a multinational effort.

Issues to Watch for in the 118th Congress

The 118th Congress continues to evaluate how sanctions fit in critical foreign policy and national security decisions and affect U.S. economic interests. Sanctions are involved in the debates over how to convince *Russia* to leave Ukraine; deter *Iran's* missile proliferation activities, as well as its support for Russia's military and armed proxies in the Middle East; address challenges related to *malicious cyber-enabled activities* and *cryptocurrency*; seek a cessation of violence and return to democratic governance in *Burma*; end belligerence of *North Korea*; deter multiple foreign adversaries from disrupting *U.S. elections*; end conflict in *Syria* and *Yemen* (while also quelling maritime insecurity perpetrated by the *Houthis*); find viable peace among Israelis and Palestinians amid conflict with *Hamas*; support democratic institutions in *Venezuela*; advance human rights and democratic aspirations in *Cuba* while containing its government as a state sponsor of terrorism; and defend against *China's* coercive activities in critical economic sectors, among other concerns.

(This product draws on information previously authored by Dianne E. Rennack and Edward J. Collins-Chase.)

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