

# **The Effectiveness of Economic Sanctions in Iran and North Korea**

**A comparison**



**Universiteit Leiden**

**Christiaan R. E. van Lennep**

Student Number: 1302892

Internationale Betrekkingen & Organisaties

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## INTRODUCTION

The use of economic sanctions by sender states and institutions is an instrument to force target states to abandon their undesirable behaviour or to comply with expected international standards. Economic sanctions can be defined as a way to “lower the aggregate economic welfare of a target state by reducing international trade in order to coerce the target government to change its political behaviour.”<sup>1</sup>

The ultimate goal of economic sanctions can be described as “actions initiated by one or more international actors (the “senders”) against one or more others (the “receivers”)” with the purpose of punishing the “receivers by depriving them of some value and/or make the receivers comply with certain norms the senders deem important.”<sup>2</sup> This goal can for instance be reached by restricting trade and financial transactions.

Both Iran and North Korea have been sanctioned by the United States (hereafter U.S.) and the United Nations Security Council (hereafter Security Council). On the one hand, these two countries show similarities in their government’s political stance towards the development and use of nuclear weapons. On the other hand, the countries differ in the fact that the economic sanctions imposed on Iran have led to a successful outcome, whereas they have had little effect on North Korea.

This research will answer the following question: why have economic sanctions been successful in Iran and why are they not working in North Korea?

After providing background information on the sanctions that have been imposed on Iran and North Korea, existing literature will be applied to both cases in an attempt to answer the above-mentioned question.

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<sup>1</sup> Robert A. Pape, *Why Economic Sanctions Do Not Work*. *International Security* 22, no. 2 (1997): 90-136.

<sup>2</sup> Johan Galtung. *On the Effects of International Economic Sanctions*. *World Politics* 19, no. 03 (1967): 378-416.

## LITERATURE REVIEW

When evaluating the success of sanctions, one of the first factors to examine is the type of sanctions being used. The type of sanctions must be taken into consideration when analysing their effectiveness. Besides banning or restricting certain types of import and export activities on the target state, existing literature has also looked into the freezing of assets and restricting transactions to weaken the target.<sup>3</sup> By limiting the import and export of goods, the local economy of a country is affected. In some cases, however, the restriction of import and export activities can also lead to unintended side-effects. These include harming citizens rather than the elite, who are ultimately responsible for executing policy objectives and decisions. In cases like these, the sanctions do not coincide with the primary intentions for imposing them; furthermore, sanctions that unintentionally harm citizens can “conceivably (...) increase nationalistic resistance to outside pressure.”<sup>4</sup>

Financial sanctions have been granted a higher likelihood of success. Financial sanctions are seen to have more of a direct impact “on ruling elites by limiting their access to foreign currency.”<sup>5</sup> In accordance with this belief, Kaempfer and Loewenberg created a microeconomic model showing that financial sanctions are more likely to succeed if they “concentrate income losses on groups benefiting from the target policies.”<sup>6</sup> Adding to this model, Morgan and Schwebach state that the elite is affected more by freezing foreign assets than by imposing import and export bans, because access to fundamental resources for the finances of the elite is immediately restricted.<sup>7</sup>

Possibly the next most important factor that influences the success of sanctions are the costs to the target. Drury and Doxey have argued that there is a correlation between the amount of target costs and the success of sanctions.<sup>8</sup> The costs imposed on target states potentially affect the states in two stages: firstly, when sanctions are being threatened with, states can concede and secondly, once the sanctions are deployed, the costs can be so high that the target states are unable to fund them

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<sup>3</sup> Mahvash Alerassool, Freezing Assets: The USA and the Most Effective Economic Sanction. (1993).

<sup>4</sup> Galtung, On the Effects of International Economic Sanctions. *World Politics* 19, no. 03 (1967): 378-416.

<sup>5</sup> Jaleh Dashti-Gibson, Patricia Davis, and Benjamin Radcliff, On the Determinants of the Success of Economic Sanctions: An Empirical Analysis. *American Journal of Political Science*, (1997): 610.

<sup>6</sup> Ibid., 610

<sup>7</sup> T. Clifton Morgan, and Valerie L. Schwebach, Economic Sanctions as an Instrument of Foreign Policy: The Role of Domestic Politics. *International Interactions* 21, no. 3 (1995): 247-63.

<sup>8</sup> Navin A. Bapat, Tobias Heinrich, Yoshiharu Kobayashi, and T. Clifton Morgan, Determinants of Sanctions Effectiveness: Sensitivity Analysis Using New Data. *International Interactions* 39, no. 1 (2013): 79-98.

and thus are forced to concede. In most cases observed in the literature, target states “did not relent even though they were facing the prospects of high costs of sanctions by international institutions.”<sup>9</sup> Using empirical evidence introduced by Morgan and Bapat called Threat and Imposition of Sanctions (hereafter TIES), their results also indicate that target costs positively correlate with the success of sanctions.<sup>10</sup>

The help from third countries by so-called black knights, limits the success of sanctions. Black knights can benefit from sanctioned states by providing extensive foreign aid. These third-party states “respond to the imposition of sanctions by increasing their economic engagement with target states in ways that ameliorate the sanctions’ adverse consequences.”<sup>11</sup> Sanction scholars assume that if sanctioned states can easily and “cost-effectively substitute the trade denied to them by sanctions”, they will be less inclined to comply to the sender-states’ demands.<sup>12</sup> If sanctions are imposed on target states that are supported by black knights, the level of success is far less than if target states do not receive extensive aid from third-parties. Hufbauer et al. (hereafter HSE) have identified a correlation between the intervening black knights and the effectiveness and success of sanctions. According to HSE, “assistance to the target would make success an impossible goal.”<sup>13</sup> In other words, sanctions are less likely to be effective if the country is supported by black knights that in turn profit from these sanctions.

Besides these three most important factors that must be considered when looking at the success of sanctions, there are more factors that could, in some cases, play an important role. The successful deployment of sanctions depends on the regime type of the target state. A regime’s domestic characteristics have a direct effect on how sanctions will affect the state. Economic sanctions on authoritarian or nationalist regime types have shown limited success when compared to states built on a liberal democracy.<sup>14</sup> In most cases, economic sanctions have almost never successfully convinced an authoritarian regime to alter its political objectives. However, Morgan

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<sup>9</sup> Ibid., 79-98

<sup>10</sup> Ibid., 79-98

<sup>11</sup> Bryan Early, *Unmasking the Black Knights: Sanctions Busters and Their Effects on the Success of Economic Sanctions* (Stanford, California: Stanford University Press, 2015) 21.

<sup>12</sup> Ibid., 21

<sup>13</sup> Cooper A. Drury. *Economic Sanctions and Presidential Decisions: Models of Political Rationality* (Basingstoke, Hampshire: Palgrave Macmillan, 2005)

<sup>14</sup> Atikur Rahman. Effectiveness of International Sanctions: Iran Perspective. *International Journal of Humanities & Social Science Studies*: 137-43.

and, using data from the TIES dataset, have argued that senders are likelier to obtain success when imposing sanctions if they themselves are democratic and the targets are not; this shows the importance of the regime-type.<sup>15</sup>

If sanctions have been imposed for a long time, the costs for the target-state will also be higher. This weakening of the target state is one of the objectives of sender states to employ sanctions. However, it can be argued that if sanctions are imposed for too long, the likeliness of success decreases. Dashti-Gibson et al. reason this by noting that “successful sanctions are imposed for a shorter period precisely because they have been effective and thus do not need to be continued.”<sup>16</sup> HSE concur, by stating that lengthy sanctions are likely to lead to “the waning prospects of success.”<sup>17</sup>

Furthermore, studies have shown that imposing sanctions with maximum impact generally tend to be more successful. The longer the screw is turned, the higher the costs will be to deploy the sanctions and the more likely it is that target governments will be able to adapt to the sanctions. Thus, HSE have suggested to *slam the hammer* for an immediate, successful effect. The term “slam the hammer, don’t turn the screw” is then also linked to the duration and efficacy of sanctions.<sup>18</sup>

If sanctions are seen as a form of punishment, the outcome of the sanctions is less likely to be successful. If the target-state feels it is being punished, then there will be no cooperation between the sender- and the target-state.<sup>19</sup> This contrasts with the idea of smart sanctions. Weiss et al. describe smart sanctions as “financial sanctions, travel bans, asset freezes, and arms embargoes”, all of which are used “as a means of persuasion rather than punishment so that the absolute level of economic costs may not matter as much as the costs in relation to demands in targeted areas.”<sup>20</sup>

According to a study conducted by Morgan and Bapat, institutional sanctions are more likely to be successful than unilateral sanctions. The level of success is dependent on how many issues are at stake and whether or not international institutions take part in the sanction-process.

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<sup>15</sup> Bapat, Heinrich, Kobayashi, and Morgan, Determinants of Sanctions Effectiveness: Sensitivity Analysis Using New Data. 79-98.

<sup>16</sup> Dashti-Gibson, Davis and Radcliff, On the Determinants of the Success of Economic Sanctions: An Empirical Analysis. *American Journal of Political Science*, (1997): 610.

<sup>17</sup> Ibid., 610

<sup>18</sup> Gary Clyde Hufbauer. Sanctions Sometimes Succeed: But No All-Purpose Cure. *CATO Unbound*, 2014.

<sup>19</sup> Bernt Berger. Sanctions against North Korea: A Tricky Dilemma. *European Union Institute for Security Studies*, 2015.

<sup>20</sup> Geiguen Shin, Seung-Whan Choi, and Shali Luo. Do Economic Sanctions Impair Target Economies? PhD diss., Missouri. Abstract in *International Political Science Review*.

This debate stands in contrast to HSE, who in their extensive study suggested that unilateral sanctions are more effective than multilateral ones. In the scope of this thesis, however, the regime-type, the duration of sanctions and the institutional deployment of sanctions are all similar and have therefore not contributed to the differing outcomes of success.

## BACKGROUND

Sanctions imposed on Iran date back to the Iranian Revolution of 1979, following a hostage crisis in Tehran. The U.S. froze assets related to the Iranian government until an accord was signed two years later, in which the sanctions were lifted.<sup>21</sup> Following statements by the U.S. Treasury in 1987 that the Iranian government was allegedly supporting “international terrorism and its aggressive actions against non-belligerent shipping in the Persian Gulf”, a new embargo was placed on Iranian goods. In the ten years that followed, almost all investment activities with Iran were banned by the U.S. government.<sup>22</sup>

Iran has been a signatory of the Non Proliferation Treaty since 1970 and as such accepted inspections by the International Atomic Energy Agency of Development and Nuclear Facilities. In 2003, it was publicly announced that Iran was developing uranium enrichment facilities and heavy-water production plants. During the 80s and the 90s there was growing concern, particularly in the US, about the purpose of the nuclear activities of Iran. Iran claimed consistently that these activities served peaceful purposes. In fact, regular inspections by the IAEA confirmed this. However, a report by the Governors of the IAEA in 2005 stated that Iran was in not compliance with the requirements set by the IAEA.

Following this report, the Security Council imposed economic sanctions on Iran in 2006, preventing “the import and export of all nuclear sensitive material” whilst simultaneously “freezing the financial assets of persons or entities supporting its proliferation sensitive nuclear activities or the development of nuclear-weapon delivery systems.”<sup>23</sup> Since the first employment of Security Council related sanctions on Iran, six resolutions (1696, 1737, 1747, 1803, 1835, and 1929) have been made by the Security Council, in which all obligations have been laid out for Iran to comply with.<sup>24</sup> The Security Council unanimously decided that the obligations would be terminated if Iran “fully complied with its obligations, or adopt additional ones.”<sup>25</sup>

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<sup>21</sup> Josh Levs. A Summary of Sanctions against Iran. CNN. 2012. <http://edition.cnn.com/2012/01/23/world/meast/iran-sanctions-facts/>.

<sup>22</sup> Anthony H Cordesman. The Gulf and the Search for Strategic Stability: Saudi Arabia, the Military Balance in the Gulf, and Trends in the Arab-Israeli Military Balance. Boulder, CO: Westview Press, 1984.

<sup>23</sup> Security Council. Security Council Imposes Sanctions on Iran for Failure to Halt Uranium Enrichment, Unanimously Adopting Resolution 1737 (2006) | Meetings Coverage and Press Releases. UN News Center. 2006. <http://www.un.org/press/en/2006/sc8928.doc.htm>.

<sup>24</sup> Kelsey Davenport. UN Security Council Resolutions on Iran. Arms Control Association. 2015. <https://www.armscontrol.org/factsheets/Security-Council-Resolutions-on-Iran>.

<sup>25</sup> Security Council, 2006

In January 2016, Iran signed a nuclear deal in which four pathways to build nuclear weapons have been blocked. Without the deal, it would take Iran two to three months to build a nuclear bomb, but with the deal, the facilities that enable the creation of such materials have been hindered. In short, “under the new nuclear deal, Iran has committed to extraordinary and robust monitoring, verification, and inspection,” leaving no room for a potential secret building of nuclear materials.<sup>26</sup>

Dating back to 1950, North Korea has been faced with sanctions. In the context of the Korean War, the U.S. instituted a total embargo on all exports going to North Korea. In 1985, North Korea acceded to the Non Proliferation Treaty. In 1992, the IAEA visited North Korea for the first time, which led to the finding of “evidence of unreported plutonium production.”<sup>27</sup> Subsequently, its inspectors were denied access to key sites. One month prior to its withdrawal from the Non-Proliferation Treaty in 2003, North Korea reactivated its Yongbyon reactor whilst simultaneously preventing all IAEA inspectors from visiting.

In 2006, the Security Council started imposing sanctions on North Korea, after concerns were expressed regarding North Korean test launches that took place that same year. These launches set out to test ballistic missiles that not only posed a threat to the international community but also to “civilian aviation and shipping”.<sup>28</sup> In response to these concerns, the Security Council ordered North Korea to immediately stop nuclear-related activities. Furthermore, it demanded its member states to “prevent missile and missile-related items, materials, goods and technology being transferred to North Korea’s missile (...) programs.”<sup>29</sup> In order to prevent North Korean proliferation of nuclear weapons, Resolution 1718 under Chapter VII of the Charter urged North Korea to “cease all launches and tests of nuclear and ballistic missiles, (...) provide the IAEA with transparency measures extending beyond the IAEA safeguards agreement to include access to individuals, documentation, equipment and facilities and abandon all other existing ballistic missile programs in a (...) verifiable and irreversible manner.”<sup>30</sup>

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<sup>26</sup> The Iran Nuclear Deal: What You Need To Know About The JCPOA. The White House Washington. [https://www.whitehouse.gov/sites/default/files/docs/jcpoa\\_what\\_you\\_need\\_to\\_know.pdf](https://www.whitehouse.gov/sites/default/files/docs/jcpoa_what_you_need_to_know.pdf).

<sup>27</sup> Kenneth Katzman. Iran Sanctions. *Congressional Research Service*, 2016, <https://www.fas.org/sgp/crs/mideast/RS20871.pdf>. 35-40

<sup>28</sup> Clara Portela. The EU’s Use of ‘Targeted’ Sanctions. *CEPS 391* (2014): [https://www.ceps.eu/system/files/WD391 Portela EU Targeted Sanctions.pdf](https://www.ceps.eu/system/files/WD391%20Portela%20EU%20Targeted%20Sanctions.pdf). 27

<sup>29</sup> Ibid., 27

<sup>30</sup> Ibid.



Since the first deployment of economic sanctions in 2006, North Korea has conducted four nuclear-related tests, all of which have led to further tightening of the economic sanctions against North Korea. The primary difficulty with imposing sanctions on North Korea is the fact that North Korea “deems its nuclear programme to be essential for its national security (and therefore non-negotiable).”<sup>31</sup>

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<sup>31</sup> Berger. Sanctions against North Korea: A Tricky Dilemma. 1

## JUSTIFICATION OF CASES / METHODOLOGY

Both Iran and North Korea have authoritarian regimes. This similarity has, however, not contributed to the different outcome of success. With the signing of the nuclear deal in 2016, it will be argued that the sanctions have successfully been imposed in Iran. In theory, it is easier to successfully impose sanctions on liberal democracies than on authoritarian regimes. When president Ahmadinejad was still in power, he “adopted a stance of defiance rather than compliance” towards the sanctions.<sup>32</sup> However, since president Rouhani took the presidential position in 2013, sanctions relief has been granted to Iran due to its acts of compliance. This does not imply that the regime has successfully been changed, but the strategic policies towards the development of its nuclear program have been altered, in order to be granted relief of certain sanctions. Though regime-change has, according to HSE, been an unstated goal in Iran, it still remains an authoritarian regime. However, the sanctions have led to compliance on Iran’s behalf, which can be counted as a success.

Like Iran, North Korea has an authoritarian regime. However, despite sanctions, it has continued to work on nuclear proliferation. Sanctions are aimed at isolating a target. Since the leadership of Kim Il-Sung, North Korean citizens have led an isolated life. Since the Korean War ended in 1953, its economy has been weak and underdeveloped and its citizens have never known basic needs. This has been a result of the sanctions against North Korea. To sanction a country means to take away the opportunity to obtain financial progress, triggering a change in behaviour that will grant the target-state these opportunities again. The North Korean regime has not been willing to grant its citizens such opportunities. North Korea’s geographical peninsula, along with its political authoritarian isolation, have made concessions difficult. The initial response to the sanctions has been one of great protest. For example, when North Korea launched a missile in 2009 that constituted a clear violation of the prohibitions stated in Resolution 1718, the Security Council threatened to further tighten the sanctions. Instead of complying with it, the North Korean regime announced its withdrawal from the Six-Party Talks, immediately “resuming its enrichment activities and expelling all nuclear inspectors”, which led to a further detonation of an underground nuclear

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<sup>32</sup> Gary Clyde, Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, Barbara Oegg. *Economic Sanctions Reconsidered, 3<sup>rd</sup> Edition*. (Washington, DC: Peterson Institute for International Economics. 2009) 139.

device.<sup>33</sup> These overreactions are central to North Korea's regime, for they intend to "discredit Seoul's (...) conservative government and to (...) inflict harm on South Korea."<sup>34</sup>

The internal dynamics of the state, especially against those in favour of breaking free from North Korea's isolation and opening its borders are an example of its oppressive nature. Therefore, the tightening of sanctions is counterproductive because imposing stricter sanctions is perceived by the regime as "an opportunity to neutralise advocates" and to further enhance its nuclear program.<sup>35</sup> The foremost reason behind the ineffectiveness of sanctions against North Korea is "explained by the country's status as the world's most insular regime."<sup>36</sup>

Even though Iran and North Korea are both authoritarian regimes, the outcomes of success are different. Therefore, the factor regime-type cannot be included in the analysis.

As a result of the 1979 Revolution, the U.S. has deployed sanctions against Iran. For almost forty years, Iran's economy has suffered, which has had direct humanitarian implications for the Iranian people. Early in 2016, a nuclear deal was signed, which has led to certain sanctions relief.

After decades of being faced with sanctions, the North Korean regime has "become adept at studying new sanctions and devising a particular method or practice that minimises their effect."<sup>37</sup> As the literature has stated, empirical evidence shows that the longer sanctions are being imposed, the less effective they are likely to be. The Security Council imposed sanctions on North Korea immediately after its first successful nuclear testing in 2006. Similarly, Iran has also been sanctioned by the Security Council since 2006.

The idea that sanctions are a means to punish the target-state has not led to a change in behaviour of the North Korean regime. North Korea has long considered itself as being a punished state in a broader conflict and therefore has not changed its strategic approach regarding nuclear proliferation. Its primary objective for developing nuclear weapons "serves as a means of ensuring the survival of both the nation and the regime."<sup>38</sup> Therefore, the sanctioning over a period of decades, has led to a different outcome than in Iran. Iran has signed a nuclear deal, yet North Korea

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<sup>33</sup> Portela. The EU's Use of 'Targeted' Sanctions. 30

<sup>34</sup> Ibid. 30

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> John S. Park. The Key to the North Korean Targeted Sanctions Puzzle. *The Elliott School of International Affairs*, 2014, [https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/Park\\_Fall2014.pdf](https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/Park_Fall2014.pdf). 199-214.

<sup>38</sup> Berger. Sanctions against North Korea: A Tricky Dilemma. 4

continues to build its nuclear arsenal. The fact that both states have been targeted by sanctions for several decades therefore offers no explanation for the successful imposition of sanctions in Iran and the unsuccessful deployment in North Korea.

Empirical studies have shown that institutional sanctions are generally more successful than unilateral ones. Both states have been subject to institutional sanctions. U.S. sanctions on Iran have been broader than UN sanctions. The U.S. sanctions were initially aimed at terrorism and human rights abuse, whilst UN sanctions have focused almost solely on Iran's nuclear proliferation. The combination of being sanctioned on different fronts has clearly affected Iran's regime and economy.

Since 2006, the institutionalised sanctions have led to a decline in Iran's GDP, reducing it by 15-20%. As a result of the involvement of the UN, Iran's oil exports were no longer financed by hard currency. Also, since the ban on the import of nuclear-related material, Iran's industrial sector has experienced considerable difficulties. Furthermore, restrictive measures imposed in 2012 on arms, nuclear missiles, the financial sector, travel bans and asset freezes have caused great harm to the Iranian economy. With the lifting of most of these sanctions since the nuclear deal, the Iranian economy will be able to restore most of these sectors.

In the case of North Korea, the UN-led institutional sanctions have had little to no effect on North Korea's attitude towards its nuclear programme. The prime difficulties of successfully employing sanctions in North Korea are due to two things: firstly, the state's isolation and secondly, the general belief that sanctions are aimed solely at changing the North Korean regime. In other words, the Security Council-led institutional sanctions can do no more than "add a thin layer of supplementary distress, far from sufficient to sway a leadership that does not know what it is not to be under sanctions."<sup>39</sup>

With these institutional sanctions, existing measures have been strengthened by the addition of newer sanctions. By both being sanctioned by the U.S. and the Security Council, the institutional factor is held constant; however, the outcome is different and can, just like the regime-type and the duration of sanctions, not be used in the analysis.

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<sup>39</sup> Portela. The EU's Use of 'Targeted' Sanctions. 31

## ANALYSIS

### I. IRAN

#### *TYPE OF SANCTIONS*

The Security Council's reason for economically sanctioning Iran was motivated by Iran reworking its uranium enrichment program in 2006. Unlike the U.S.-led sanctions against Iran, the UN sanctions have never intended to "prohibit member states from (...) exporting food, medicine or humanitarian goods to Iran."<sup>40</sup> Rather, the UN sanctions are narrower because the prime focus is on prohibiting the proliferation of nuclear weapons. Since 2006, Resolutions 1737, 1747, 1803, 1884, 1929 and 2049 have been passed. In these resolutions, an embargo on all enrichment-related materials was agreed, along with a direct ban on any activities related to heavy-water materials and the enhancement of developing nuclear materials.<sup>41</sup> Individuals and entities associated with any nuclear-related developments received a visa- and travel ban, and all assets were frozen. Any arms supplied to Iran, as well as all non-humanitarian-related loans granted were prohibited. Uranium mining and the development of nuclear technological advancements abroad were banned, thus allowing member states of the Security Council to both monitor, intervene, capture and get rid of materials related to nuclear activities travelling to Iran in Resolution 1803. Resolution 1929 "banned Iran from acquiring interests in any commercial activity in another state involving uranium mining, production or use of nuclear materials." Anything related to combat vehicles or artillery was banned.<sup>42</sup>

Iran's energy sector has not directly been targeted, but Resolution 1929 does note a "potential connection between Iran's revenues derived from its energy sector and the funding of Iran's proliferation-sensitive nuclear activities."<sup>43</sup> However, the financial measures that have been taken in freezing assets and financial transactions with banks overseas have made Iranian oil sales

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<sup>40</sup> "Resource Center." Iran Sanctions. <https://www.treasury.gov/resource-center/sanctions/Programs/pages/iran.aspx>.

<sup>41</sup> Portela. The EU's Use of 'Targeted' Sanctions. 32

<sup>42</sup> Ibid., 21

<sup>43</sup> Katzman. Iran Sanctions. 35-40

drop by 40%.<sup>44</sup> Furthermore, the Central Bank of Iran has been sanctioned, cutting off the SWIFT service in which financial transactions are made internationally.

#### *TARGET COSTS*

The so-called “punishment theory” suggests that, if the degree of economic harm inflicted on a target state leads to domestic pressure, those ruling are obliged to “comply with external demands.”<sup>45</sup> The judgement of whether sanctions are successful is based on the severity of the economic harm caused to the target-state. In the case of Iran, serious economic sanctions were imposed that largely weakened the state’s economy. They forced the regime to comply in order to be granted sanctions relief. In 2011, two-and-a-half million barrels of crude oil were exported daily. In 2012, the European Union imposed a total oil embargo on Iran. Therefore, by 2013, the export had halved, going down to just over one million barrels a day. Also, the unemployment rate was estimated at 20% in 2013.<sup>46</sup> Due to the previously imposed resolutions, approximately \$120 billion in bank reserves were not accessible. This led to a shrinkage of the Iranian economy up until 2014.<sup>47</sup> Esfandiary and Fitzpatrick identified the financial-related sanctions as those that have had the starkest impact on Iran’s economy.<sup>48</sup> Inflation-rates keep rising and most recently stood at 22.2%, though experts have claimed these figures to be underestimated.<sup>49</sup> The entire economy underwent a shrinkage of 9% by late 2014, only to start stabilising in 2015 once the first sanction reliefs took place.

At first, the strong impact the sanctions had on the Iranian economy did not discourage the regime to continue its development of nuclear materials. In fact, “Teheran regarded the cost of sanctions as the price to be paid to allow it to conduct its anti-hegemonic foreign policy, while it presented the nuclear programme as a symbol of national technological and scientific progress, of

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<sup>44</sup> Ibid., 35-40

<sup>45</sup> Julia Grauvogel, and Christian Von Soest. Claims to Legitimacy Count: Why Sanctions Fail to Instigate Democratisation in Authoritarian Regimes. *Eur J Polit Res European Journal of Political Research* (2013) [https://www.giga-hamburg.de/en/system/files/publications/wp235\\_grauvogel-soest.pdf](https://www.giga-hamburg.de/en/system/files/publications/wp235_grauvogel-soest.pdf). 6

<sup>46</sup> Portela. The EU’s Use of ‘Targeted’ Sanctions. 24

<sup>47</sup> Katzman. Iran Sanctions. 35-40

<sup>48</sup> Portela. The EU’s Use of ‘Targeted’ Sanctions. 33

<sup>49</sup> Sabrina M. Peterson. Iran's Deteriorating Economy: An Analysis of the Economic Impact of Western Sanctions. *International Affairs Review*. <http://www.iar-gwu.org/node/428>.

Iranian ambitions toward leadership in the region and of its resistance to the global arrogance of external powers.”<sup>50</sup> The actual costs these sanctions have induced on the Iranian economy have strongly impacted the Iranian state. Declining oil revenues, rising inflation, growing unemployment and the need to rely on middlemen to conduct international financial transactions, have made it increasingly difficult for Iran to work on the development of its nuclear arsenal.

The preamble of Resolution 1929 in 2006 clearly stated that sanctions would be lifted if Iran would comply with the targeted demands. The weakened economy led to internal pressure of the Iranian population to comply with the sanctions in order to be granted sanctions relief. According to the World Bank, this would boost the economy by \$15 billion.<sup>51</sup>

Besides the financial implications the sanctions have had, humanitarian impacts have largely affected Iran too. Because the transfer of hard currency was made impossible, Iranian people were unable to receive medical supplies. As a result, 23,000 Iranians living with AIDS have not been granted the necessary medical treatment, causing numerous deaths.<sup>52</sup>

Because of the damage that was inflicted upon Iran’s economy, compliance with the demands of the imposed sanctions was necessary. By accepting the conditions set in the sanctions’ objectives, Iran has since been able to strengthen its economy again whilst working towards sanctions relief and, most recently, the nuclear deal.

### *BLACK KNIGHTS*

Many states that have been targeted by sanctions have relied on the help of intermediaries or, black knights, to continue transactions that enable trade. In the case of Iran, the United Arab Emirates (UAE) have played an important role. The trade that has developed between Iran and the UAE is “mainly driven by profits instead of politics”.<sup>53</sup> As a result of the first U.S. sanctions that were imposed after the Iranian Revolution in 1979, the UAE increased its “legitimate and illicit trade

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<sup>50</sup> Ibid., 24

<sup>51</sup> Elena Ianchovichina, Shantayanan Devarajan, and Csilla Lakatos. Lifting Economic Sanctions on Iran. Global Effects and Strategic Responses. *World Bank Group*, 2016. [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2016/02/01/090224b08412519c/1\\_0/Rendered/PDF/Lifting0econom00strategic0responses.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2016/02/01/090224b08412519c/1_0/Rendered/PDF/Lifting0econom00strategic0responses.pdf).

<sup>52</sup> Julian Borger, and Saeed K. Dehghan. Iran Unable to Get Life-saving Drugs Due to International Sanctions. *The Guardian*. 2013. <http://www.theguardian.com/world/2013/jan/13/iran-lifesaving-drugs-international-sanctions>.

<sup>53</sup> Early, *Unmasking the Black Knights: Sanctions Busters and Their Effects on the Success of Economic Sanctions*. 88.

with Iran” in an environment that created new trade opportunities.<sup>54</sup> Following the first series of sanctions on Iran, Dubai became a leading venue for Iranian merchants to acquire American goods. By 1980, smugglers were transferring “15.000 tons a day of essential commodities to Iran”.<sup>55</sup> During Iran’s war with Iraq, the UAE - contrary to other Arab states - maintained a good relationship with Iran. When the U.S. imposed tighter sanctions on Iran in the late 1980’s, Iran was able to make use of trading routes and networks established with the UAE, in order to avoid the harsh impact of economic sanctions.

Faced with tightened UN sanctions against Iran’s oil import and export, Iran signed contracts with relatively small oil companies from Malaysia and Qatar. Through creating contracts with smaller companies that did not fall under UN sanctions, Iran was still able to import substantial amounts of gasoline. Furthermore, the sanctioned carriers transporting good such as petrochemicals by sea were substituted by smaller companies that would perform the same job for a commission that could go up to 30% of the transaction costs. Banks such as the Iranian Central Bank were sanctioned and international financial transactions were banned, making Iran rely on gold instead of conducting payments through bank transactions. A prominent recipient of Iran’s payments in “yellow metal” was Dubai.<sup>56</sup>

For a sender-state to successfully impose sanctions on a target-state, the intervention of black knights is a challenge for the success of the sanctions. When sanctioning a target-state, the objective is to isolate that state in return for compliance with the given sanctions. If, however, a target-state can still conduct import and export in order to facilitate its nuclear proliferation, the efficacy of sanctions is undermined. Despite the aid of small firms acting as intermediaries, Iran’s economy had been fundamentally harmed; the only means to restore this damage was to eventually comply in order to be granted sanctions relief.

Although the UAE provided a means to continue trade with Iran and bust U.S. sanctions to some degree, Early suggests that “UAE’s sanctions busting certainly did not convince the U.S.

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<sup>54</sup> Ibid., 96

<sup>55</sup> Ibid., 100

<sup>56</sup> Valentin Katasonov . The «Black Knights» Are the Partisan Fighters in an Economic War. Strategic Culture Foundation. 2015.



government to give up on its efforts”.<sup>57</sup> These efforts were picked up by the Security Council in 2006 and have since led to the signing of the nuclear deal in 2016.

### *CONCLUSION*

Iran has been subject to substantial sanctions ever since 1979. With the introduction of institutional, multilateral sanctions since 2006, Iran’s nuclear proliferation programme has been challenged and its economy has suffered, too. The question still remains, however: have sanctions against Iran been successful?

In 2013 President Rouhani was elected; he soon reached an interim agreement with the P5+1 that would ease the sanctions. It is essential to note, that the U.S. had started secret talks with Iran in March 2013. This represented a breakthrough for the U.S. at the risk of upsetting one of its key allies in the Middle East, Israel.<sup>58</sup> In this agreement, signed in Geneva in 2013, Iran acknowledged that its uranium enrichment would be neutralised and no further construction would be done on centrifuges or heavy-water-related materials. Also, IAEA inspections were granted on a daily basis.<sup>59</sup> Instead of enriching its uranium up to 20%, Iran now enriches to 3.5%; because of this, sanctions have been eased “on a temporary and reversible basis.”<sup>60</sup> Furthermore, the sanctions relief package has allowed Iran to repatriate \$4.2 billion of export revenues that, under the sanctions, were not accessible. The petrochemical industry has been re-opened, granting Iran exports that amount to approximately \$2 billion annually.<sup>61</sup>

On July 14th 2015, a comprehensive nuclear accord was finalised. The accord “provides broad sanctions relief from U.S., UN, and multilateral sanctions on Iran’s energy, financial, and shipping sectors.”<sup>62</sup> Iran has complied with the commitments and since January 16th, 2016, the sanctions relief program has been in place. The commitments include a limitation of the production

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<sup>57</sup> Early, *Unmasking the Black Knights: Sanctions Busters and Their Effects on the Success of Economic Sanctions*, 131.

<sup>58</sup> "Inside the Secret U.S.-Iran Diplomacy That Sealed Nuke Deal." US News. 2015. <http://www.usnews.com/news/articles/2015/08/12/inside-the-secret-us-iran-diplomacy-that-sealed-nuke-deal>.

<sup>59</sup> Portela. The EU’s Use of ‘Targeted’ Sanctions. 24

<sup>60</sup> Ibid., 25

<sup>61</sup> Ibid.

<sup>62</sup> Katzman. Iran Sanctions. 35-40

of centrifuges to 5,060 a year, which contrasts the 20,000 it had prior to the accord. Furthermore, “Iran's uranium stockpile will also be reduced by 98% to 300kg (660lbs) for 15 years” and Iran’s heavy-water building facilities will be redesigned so that no nuclear materials can be produced in the future.<sup>63</sup>

In the accord, it has also been agreed that, should there be any violation of the commitments, the sanctions will immediately be put into place again for potentially another fifteen years. With its compliance, Iran has been granted the possibility to “freely export crude oil and to access its foreign exchange reserves held in foreign banks” which accounts for approximately \$60 billion.<sup>64</sup>

The signing of the nuclear deal between Iran on the one hand and the permanent five members of the Security Council along with the EU on the other hand shows that the harsh employment of sanctions have led Iran to re-evaluate its strategic purposes and to agree to abstain from further nuclear proliferation. In return for its compliance, it has been granted the freedom to have access to import materials and international transaction deals. The lifting of the sanctions will primarily boost the economy. The shrunken economy is, according to the World Bank, estimated to grow by just under 4% due to renewed access to financial and transport trade services.<sup>65</sup>

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<sup>63</sup> BBC News. Iran Nuclear Deal: Key Details. BBC News. 2016. <http://www.bbc.com/news/world-middle-east-33521655>.

<sup>64</sup> Katzman. Iran Sanctions. 35-40

<sup>65</sup> Ianchovichina, Devarajan, and Lakatos. Lifting Economic Sanctions on Iran. Global Effects and Strategic Responses.

## II. NORTH KOREA

The reason for sanctioning North Korea differs slightly from Iran. The Security Council adopted sanctions as a direct response to North Korea's first two conducted nuclear tests. The main objective was to oblige North Korea to discard its nuclear program and to re-join the Non-Proliferation Treaty, after it withdrew from it in 2003.<sup>66</sup> Herein lies an important difference between Iran and North Korea. Iran is still part of the Non-Proliferation Treaty and has always claimed its nuclear program is solely for peaceful ends. North Korea, on the contrary, has withdrawn from the treaty and has conducted four nuclear tests since 2006. The ultimate target is to completely denuclearise North Korea.

### *TYPE OF SANCTIONS*

The Security Council has passed five resolutions since the first nuclear tests were conducted in 2006. The objective has been to have Pyongyang "dismantle its nuclear program in a complete, verifiable and irreversible manner."<sup>67</sup> Resolution 1718 was adopted in response to the first ballistic missile tests in 2006. The resolution set out to suspend all nuclear-related activities and efforts; it for the first time imposed sanctions that go against the development of nuclear materials. The import and export of goods, such as "battle tanks, armoured combat vehicles, large caliber artillery systems, combat aircraft (...) missiles or missile systems" was also banned.<sup>68</sup> Alongside the prohibition of import and export of these goods, states have to inspect all cargo that could potentially be carrying nuclear material into North Korea. Furthermore, assets were frozen and individuals who had a direct- or indirect involvement in the nuclear program were banned from travelling. However, China, as a black knight and ally of North Korea, has not fully taken part in such inspections.

Resolution 1874 was adopted in 2009, following a second nuclear test in May that same year. This resolution tightened the already-existing sanctions from Resolution 1718. The list of banned goods was expanded as well as the individuals banned from travelling. The Security Council's member states had the right to delay cargo travels going to North Korea, allowing them to

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<sup>66</sup> The Guardian. North Korea Withdraws from Nuclear Treaty. The Guardian. <http://www.theguardian.com/world/2003/jan/10/northkorea1>.

<sup>67</sup> Davenport. UN Security Council Resolutions on Iran.

<sup>68</sup> Ibid., 4

“inspect and destroy any cargo (...) suspected of violating the arms embargo.”<sup>69</sup> Furthermore, all foreign loans to North Korea could only be made for humanitarian purposes.

In reaction to a successful satellite launch in 2012, the Security Council imposed new sanctions in Resolution 2087. This Resolution demanded the immediate compliance of North Korea with the resolutions of 2006 and 2009, “including that it abandon all nuclear weapons and nuclear programs completely, verifiably and irreversibly.”<sup>70</sup> The tightening of previous sanctions took place, along with a clear threat that significant actions would be taken if North Korea would once more not oblige with their imposed sanctions. In response to Resolution 2087, North Korea launched yet another nuclear test, leading to the adoption of Resolution 2094 in March 2013.<sup>71</sup>

Resolution 2094’s prime objective was to hinder North Korea’s access to “hard cash and technological equipment”, which was necessary for the development and production of uranium enrichment programs.<sup>72</sup> Links to international financial banking systems were restricted and the list of (luxury) goods and materials that were to be banned from import was expanded.

Nevertheless, in January 2016 North Korea conducted its forth nuclear test. UN member states have since been prohibited “from opening new financial institutions (...) in North Korea and are required to terminate existing joint ventures” almost immediately after the resolution was adopted.<sup>73</sup> All economic resources found to be located- and owned outside of North Korea underwent an asset freeze, whilst travel bans were further expanded.

In March 2016, the UN passed Resolution 2270 which “appears to be aimed more at inducing severe economic dislocation or even collapse.”<sup>74</sup> All coal and iron exports are prohibited, along with the “export of gold, titanium ore (...) and rare earth materials”, all of which account for most of North Korea’s export.<sup>75</sup>

Since almost a decade, smart sanctions against North Korea’s former leader Kim Jong-Il and his successor Kim Jong-Un have been imposed. Specifically the ban on luxury goods was directly

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<sup>69</sup> Ibid., 5

<sup>70</sup> United Nations. Security Council Condemns Use of Ballistic Missile Technology in Launch by Democratic People’s Republic of Korea, in Resolution 2087 (2013) | Meetings Coverage and Press Releases. UN News Center. 2013. <http://www.un.org/press/en/2013/sc10891.doc.htm>.

<sup>71</sup> Davenport. UN Security Council Resolutions on Iran.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

<sup>74</sup> Gregory, Elich. UN Sanctions Designed to Impose Suffering on the North Korean People. Global Research. 2016.

<sup>75</sup> Ibid.

targeted at the leaders, for their weak spot for luxurious goods, such as Hennessy, motorcycles and hi-tech televisions is generally known.<sup>76</sup> The Security Council resolution banning the import of luxury goods did not narrowly define what was to be understood by luxury, thus enabling the late Kim Jong-Il and his son Kim Jong-Un to find plenty of alternatives to circumvent the sanctions. The luxury goods that, through smuggling, found their way to the leaders, were not distributed to the people, therefore keeping them oppressed and underprivileged.

Yet, despite the range of sanctions that the Security Council has imposed on North Korea in the past decade, North Korea continues to conduct nuclear tests. The Security Council's prime objective has been to completely denuclearise its target, but in reality and regardless of on-going sanctions, little has changed in the regime's determination to enhance its development program.

### *TARGET COSTS*

As a result of sanctions, North Korea has suffered financial and humanitarian costs. In 2016 alone, the Food and Agricultural Organisation (hereafter FAO) estimated that North Korea needs over 400 thousand tons of food, but as a result of the sanctions, it has thus far only been given just under 18 thousand. This could result in another famine, like the previous one, known as the Arduous March in 1994, which killed over four million people. Under the current sanctions, humanitarian aid provided by NGOs is blocked. This results in a lack of "provision of nutritional supplements to malnourished children; the treatment of infectious diseases (...) and the delivery of basic medicines."<sup>77</sup> People are starving, but the elite is not being harmed. As a result of being sanctioned, North Korea continues to be "incapable of supplying the North Korean population adequate food due to unfavourable agricultural conditions, ecological damage, and planning irrationalities."<sup>78</sup> As a result, approximately 70% of the population has no food security. The sanctions have led to continuous deficits in energy and a crumbling infrastructure that could potentially lead to another humanitarian disaster.

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<sup>76</sup> Gary Clyde Hufbauer et al. *Economic Sanctions Reconsidered*, 3<sup>rd</sup> Edition. 139.

<sup>77</sup> Campbell, Emma. North Korea Sanctions Punish the Whole Population. East Asia Forum. 2013. <http://www.eastasiaforum.org/2013/10/10/north-korea-sanctions-punish-the-whole-population/>.

<sup>78</sup> <http://nbr.org/research/activity.aspx?id=238>

### *BLACK KNIGHTS*

The presence of sanction busters, or black knights, make it difficult for sanctions to effectively work. The geographical isolation of North Korea's peninsula as well as the isolation of its strategic regime has made North Korea highly dependent on foreign aid. Particularly the Soviet Union and the People's Republic of China have played a significant role in supporting the sanctioned state. According to Early, North Korea was highly dependent on aid from the Soviet Union in the 1980s, but with its collapse came "a devastating impact on North Korea's economy and basic ability to even feed its own citizens."<sup>79</sup> With North Korea being sanctioned and relying heavily on the support of third-party states, the Soviet collapse gave way for China to fill the gap and start providing aid to North Korea. The relationship between North Korea and China has not been one of constant trade-flow, but "it has consistently been a leading source of food aid and broader foreign assistance" for the regime.<sup>80</sup> China's influence has proven to be a vital factor in the preservation of an isolated North Korea. Jaweoo Choo even noted that "If Chinese aid did not make up the majority of North Korea's deficiencies (...) the North Korean economy and perhaps the life of the nation, would have earlier come to an end."<sup>81</sup> An estimated 510,000 tons of food have been delivered to North Korea annually, which, despite the Arduous March, kept the regime standing. North Korea does not solely rely on China for food support, but also for fuel and materials used for the construction of factories. With other trade-flow having largely been banned, China's sanction busting accounted for 84% of the North Korean trade.<sup>82</sup>

Through the high level of bilateral activities between North Korea and China and the expanding Chinese economy, North Korea has had ample opportunity to benefit from financial aid. Despite sanctions, approximately \$6 billion worth of bilateral trade between North Korea and China was reported in 2011 alone. The reason China continues to support North Korea is largely to protect its own strategic interests; this makes the efficacy of sanctions against North Korea negligible.<sup>83</sup> China wants to preserve a buffer state between itself and South Korea (a U.S. ally).

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<sup>79</sup> Early, *Unmasking the Black Knights: Sanctions Busters and Their Effects on the Success of Economic Sanctions*. 88.

<sup>80</sup> *Ibid.*, 27

<sup>81</sup> *Ibid.*

<sup>82</sup> *Ibid.*, 28

<sup>83</sup> Park. The Key to the North Korean Targeted Sanctions Puzzle. 199-214.

## CONCLUSION

Looking at the sanctions imposed on North Korea, DeThomas has suggested that these have not been proportional to the objectives they were meant to obtain. According to his study, the sanctions that have been in place since 2006 assumed “that a marginal negative shift in the balance of costs of the (...) nuclear programme compared to what Pyongyang could gain from negotiating it away would be sufficient to compel a change in North Korean nuclear policy.”<sup>84</sup> This has led to the ineffectiveness of the sanctions that have hitherto been imposed. Instead of re-evaluating the policy strategies of the senders, he proposes a new strategic context. In the light of slamming the hammer and not turning the screw, DeThomas has suggested that the sanctions that have been imposed against North Korea have been more like “hammers without nails”.<sup>85</sup>

DeThomas primarily argues that sanctions *an sich* can be an effective tool to coerce a target-state. However, “the current sanctions are inappropriate and overmatched.”<sup>86</sup> Surely, the employment of sanctions have imposed great costs on the North Korean economy, but the sanctions are seen to be disproportionate to achieve the objective they were designed for - denuclearisation. To halt proliferation, sanctions were imposed to raise the costs of developing a nuclear programme and access to external financial aid was frozen. Instead, the people of North Korea have suffered rather than the elite. The biggest difficulty in halting North Korea’s nuclear program has been China’s sanction busting role. Only if China were to fully commit “to strong sanctions on key economic lifelines” could a shift in North Korea’s nuclear policy be an option.<sup>87</sup> This is, however, not a realistic option yet.

By considering a new strategic concept, potential means can be found to enhance the efficacy of sanctions. Firstly, the senders - in this case the US and UN - must reconsider their objectives and secondly, the tools used to achieve these objectives must be looked at. Changing the North Korean regime would likely mean a complete eradication of the regime, which is an objective that is seen as being too expensive for senders to consider. A foremost change in strategy would be to introduce

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<sup>84</sup> Joseph DeThomas. "Sanctions' Role in Dealing with the North Korean Problem." *SAIS*, 2016. <http://38north.org/wp-content/uploads/2016/01/NKNF-DeThomas-Sanctions-Role.pdf>.

<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

<sup>87</sup> Ibid., 9

the idea of nuclear deterrence again. By presenting this option Kim Jong Un, a reconsideration of its proliferation could follow. If North Korea were to continue its nuclear developments, it would still “be a weak nation with primitive strategic forces and (...) primitive early warning and command and control capabilities.”<sup>88</sup> Containing North Korea’s nuclear program through banning the import and export of nuclear-related materials is only possible if, like Iran, it would allow inspections on sites. Given its isolated position, this remains an unlikely outcome.

In the light of this new strategic context, the application of sanctions poses a predicament to the success of sanctions. The negative impact sanctions have hitherto had are in part due to the North Korean elite’s ability to severely punish its own population. The existing sanctions should be tightened and more targeted towards the elite. The sanctions would be used “in response to significantly important actions directly threatening (...) vital interests (...) of the international community.”<sup>89</sup> The sanctions would have to have an impact so large and so quick - i.e. slamming the hammer -, that their employment could potentially lead to war. Further sanctions that could be effective would be to impose an international embargo comparable to that used against South Africa. The embargo against South Africa led to successful denuclearisation. Without the support of China, however, an international ban on import and export of fuel and freezing all international financial transactions in the form of a further Security Council resolution, such harsh sanctions are not feasible. DeThomas suggests that Chinese cooperation could be more likely if such sanctions would only be deployed *in response to* North Korean use of nuclear weapons.<sup>90</sup> The outlook of a potential escalation of a nuclear war bordering China could alter the passivity of Chinese cooperation with sanctions, thus eliminating China’s interest in profiting from its position as a black knight.

In short, a targeted strategy of deterrence towards North Korea’s nuclear programme must be considered when re-evaluating the inefficacy of sanctions thus far. If the threat of deterrence is so harsh that it could lead to a nuclear war, which would indirectly harm China too, the North Korean proliferation program could be delayed and sanctions could lead to success. Currently, however, this is not the case.

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<sup>88</sup> Ibid., 13

<sup>89</sup> Ibid., 15

<sup>90</sup> Ibid., 16



## CONCLUSION

To conclude, both Iran and North Korea are states that have been targeted by institutional sanctions for decades. With the development of nuclear activities, the U.S. and Security Council have sanctioned both regimes in order to halt nuclear proliferation. In 2016, Iran came to a nuclear agreement that led to sanctions relief; however, despite economic and domestic suffering, North Korea continues its nuclear developments.

The goal of sanctioning a state is to isolate it in order to trigger a change in behaviour. Prior to the Iranian Revolution in 1979, Iran was a prosperous country with a rich culture. The people, therefore, had something to lose once sanctions hit Iran.

Iran has been a signatory of the NPT since 1970 and as such had accepted inspections by the IAEA of its nuclear facilities. It always claimed that its nuclear program served peaceful purposes. When an IAEA report in 2005 stated non-compliance with Safety Requirements, the UN Security Council started imposing economic sanctions in 2006.

The economic sanctions had a demonstrable impact on the Iranian economy: e.g a severe drop in trade, a sharp rise in unemployment, the freezing of foreign assets, and a dramatic reduction in oil revenues. By 2013, a more outward looking and reform-minded regime took power. The correlation with the effect of the sanctions could be made. All these factors contributed to Iran getting ready to come to the table.

However, in order to arrive at a breakthrough, the super powers - the P5+1 - needed to have their strategic interests aligned as well. Russia and China had maintained diplomatic relations with Iran, but the US had cut-off relations since 1979. The decision by the United States to start secret talks with Iran in 2013, at the risk of upsetting its key ally in the Middle East Israel, represented a courageous and decisive step forward. The strategic interests of the super powers were now more aligned, possibly also in view of serious concerns over the growing chaos and instability in the Middle East.

The effect of economic sanctions and a change in regime on the target state on the one side and the alignment of strategic interests of the key sender states on the other side led to a successful nuclear accord.

This stands in contrast with North Korea - also an authoritarian regime, but one that feels it must defend its national sovereignty by defending itself with a nuclear arsenal. North Korea acceded to the Non Proliferation Treaty in 1985, but withdrew in 2003. North Korea and South Korea are still officially at war. The North Korean regime views the sanctions as an attempt to trigger regime change and as an infringement on its right to defend itself against its enemies. These principles are non-negotiable for the regime and therefore materially impact the efficacy of the sanctions.

Moreover, and very importantly, North Korea is a regime that has known isolation for many years, regardless of sanctions. China has a different strategic interest in North Korea than the other super powers. China wants to preserve a buffer state between itself and US supported South Korea. The sanction busting aid of China has made the effectiveness of sanctions difficult, for it has been shown that China has provided up to 84% of North Korea's trade. Had China not acted as a black knight, the sanctions might have worked.

Iran's nuclear deal is a benchmark that demonstrates the effect that sanctions have had. President Rouhani's election in 2013 brought a shift in Iran's nuclear policy and has since worked towards compliance and sanctions relief. This way, the economy and Iran's trade will be able to rebuild its ravaged economy in the coming years. Though the UAE has busted sanctions for Iran, the economic and humanitarian suffering did not outweigh the benefits of continuing its nuclear proliferation.

North Korea, on the other hand, has shown little compliance. The geopolitical peninsula has not been isolated as a result of sanctions, thus the imposition of sanctions can be seen as almost redundant.

When considering the factors that contribute to the success of sanctions, the duration of sanctions, regime-type and institutional sanctions shared similarities between the cases and so could not contribute to the differing outcomes of success. The differences lie in the type of sanctions, the target costs and black knights. Also, it is important to take the role and the strategic interests of the superpowers –the likely black knights - into account as well: the US stepped forward with Iran and China is unlikely to change its support for North

Korea. North Korea's heavy reliance on the aid of third-parties has given it the strength to resist sanctions.

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