

Trade Wars and Peace: Analyzing the Geopolitical Consequences of Sanctions

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Abstract

Trade wars and sanctions have become pivotal tools in modern international relations, especially in an era marked by rising geopolitical tensions. While economic sanctions aim to coerce state behavior without military intervention, their effectiveness, ethical justification, and unintended consequences remain widely contested. This paper addresses the gap in understanding the dual-edged nature of sanctions—both as instruments of peace and as catalysts for conflict. The study's primary objective is to critically analyze the geopolitical, economic, and humanitarian consequences of sanctions on both target and sanctioning states. Employing a doctrinal legal research methodology combined with empirical analysis, the paper draws on legal statutes, case law, and real-world case studies—including U.S. sanctions on Russia, Iran, and Venezuela—to assess outcomes. Findings reveal that while multilateral sanctions can compel policy change under specific conditions, most sanctions yield limited success and often backfire. They may deepen authoritarianism, provoke retaliatory alliances, and cause civilian suffering, thus undermining their original purpose. The paper concludes that sanctions must evolve into “smart sanctions,” targeting specific entities rather than entire populations, and must be embedded within broader diplomatic frameworks to remain effective and ethical in a multipolar world.

Keywords: Trade Wars, Sanctions, International Conflicts, Global Economic System.

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1. Introduction

John A.C. Conybeare in his book ‘Trade wars: the theory and practice of international commercial rivalry’ defined trade war as ‘an intense international conflict where states interact, bargain, and retaliate primarily over economic objectives directly related to the traded goods or service sectors of their economies, and where the means used are restrictions on the free flow of goods and services’ (Mitchener and Others,2021:5). Trade wars have been a recurring feature of international relations throughout history. Protectionism, which refers to government policies and acts that impede international commerce, inevitably leads to trade war (Kumar and Others, 2025:832). This is because Protectionist measures often disrupt trade flows and redistribute economic gains among different domestic interest groups. For illustration, if country A raises tariffs on steel imports to protect its domestic steel industry, a major steel exporter, country B may retaliate by imposing tariffs on agricultural products from country A. When two countries strive to limit or raise taxes on one another's imports, it might lead to a trade war (Kumar and Others,2025:832).

Take the Great Depression as an example, protectionism was not the sole reason, but it deepened and prolonged the Great Depression (Eichengreen and Irwin,2010). Protectionist measures included tariffs, quotas, exchange controls, and domestic subsidies, all designed to shield national economies but ultimately worsened the global economic crisis by shrinking international trade. Identifying pure cases of trade wars in economic history is challenging, as economic goals often overlap with political and military objectives. To address this complexity, Conybeare adopts a working definition of a trade war as ‘any historical episode that involves at least one round of retaliatory action in response to an initial trade restriction’. He categorizes trade wars into three types: large country vs. large country; large country vs. small country; and small country vs. small country (Zeng and Liang,2022). In this context, a large country is one that can improve its national income by restricting imports, either through improved terms of trade, expanded domestic output, or other mechanisms, while reducing the income of its trading partner. In contrast, when a small country imposes import restrictions, it not only harms its trading partner but also reduces its own national income.

Generally, economic sanctions are understood as ‘the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations’ (Hufbauer and Others,2007:3). In simpler terms,

sanctions are ‘punitive measures’ that are meant to impose on a country or group of individuals who have violated international norms. These measures may be initiated by a single country, a group of countries, or a multilateral body (Krulikowski,2024). Since World War II, sanctions have become a standard non-military tool in coercive foreign policy. They are typically used when diplomacy is deemed too mild and military action too severe. Sanctions aim to restrict the target’s economic activities to compel changes in behaviour (Savage,2024).

There are 2 types of sanctions, primary or secondary. Primary sanctions directly target a country or entity and may involve trade bans, financial restrictions, such as asset freezes or denial of aid, or limits on economic transactions. On the other hand, secondary sanctions penalize third parties that deal with the target in ways that could bypass or weaken the primary sanctions (Krulikowski,2024). Sanctions may be selective in a way affecting specific sectors or activities or comprehensive that cut off all economic ties with the target. They can target entire countries or be narrowly focused on individuals or entities. Examples of secondary sanctions are the 2018 US sanctions on Iran that had deterred large Chinese investments in Iran’s infrastructure, which consisted of a fundamental part of the Belt and Road Initiative (BRI) and demotivate major entities from Europe from joining Iran in their BRI-related scheme (Chaziza,2020:168). On the other hand, Malaysia is also a partner to the BRI where China has been one of the most crucial trading partners for Malaysia (Althabhwawi,2024). In spite of the importance, and by comparing the Iran situation, if the US or any countries impose secondary sanctions on Chinese companies, Malaysia would be directly affected. Such sanctions would potentially result in complexities of project implementation and force Malaysia to navigate complex trade-offs between its BRI commitments and the ties to Western market. Therefore, this imaginary scenario shows that trade sanctions, primary or secondary, would cause major effects not only to the targeted countries, but other countries that are closely related in trade.

Various types of sanctions have been placed, ranging from travel bans to economic and trade sanctions (Kim,2023). For example, in 2024, the United States imposed a new wave of sanctions on Russia, primarily in response to its continued military aggression in Ukraine and alleged violations of international law. These included both primary and secondary sanctions (Savic,2024). The former is executed by the US Treasury’s Office of Foreign Assets Control (OFAC) that applies directly to all US persons, companies, and any transactions connected to the US, even if the parties are

outside the state. These sanctions freeze assets, put on travel bans and trade embargoes for the purpose of blocking exports of US technology to Russia (Savic,2024). The purpose is to directly cripple Russia's economy, limit its access to the US markets and financially isolate the country. To put it simpler, a US bank cannot process a transaction involving a Russian oil company under primary sanctions. Meanwhile the secondary sanctions aimed to pressure foreign companies to avoid dealings with sanctioned Russian entities. The goal is to force third-party actors to choose between doing business with the U.S. or with sanctioned Russian actors. For instance, if a Chinese company tries to sell technology to a Russian defence contractor, it could face penalties from the US, such as being blocked from using American banks or the dollar system.

The sanctions have had far-reaching geopolitical consequences, especially among large developing economies like China and India, which have adapted to and resisted U.S. secondary sanctions on Russia. Rather than isolating Russia, these sanctions have pushed key global players to build alternative systems to bypass the U.S.-led financial order. In particular, China responded by establishing alternative banking routes near its border with Russia, enabling cross-border payments through smaller financial institutions and cryptocurrencies. It promoted trade in rubles and yuan and is working with BRICS members to create a "BRICS bridge", a multi-currency payment system for intra-BRICS trade. While India allowed sanctioned countries to open special rupee accounts, enabling trade settlements in local currencies. It revived rupee-ruble arrangements, and Indian firms began creating Russia-focused operations to sidestep U.S. restrictions.

Therefore, to sum up, the geopolitical consequences of such US sanctions on Russia has resulted in the weakening effectiveness of US sanctions where major economies develop workarounds, weakening the enforcement power of U.S. sanctions. Secondly, the sanctions accelerated de-dollarization when they motivated countries to reduce reliance on the U.S. dollar, using local currencies and alternative financial channels instead. Hence, we could observe that US secondary sanctions are backfiring in some ways, by motivating developing powers to build parallel systems that bypass American control. This represents a key shift toward a more multipolar world order, with economic and political influence no longer concentrated in the West.

Besides, trade sanctions are justified under the social contract theory, which

refers to a set of principles and expectations that forms an agreement among individuals within a society to form a government or entities that safeguard their rights and to guarantee for order according to the common norms (Althabhwawi,2023). However, as mentioned in the article, different interpretations of social contract theory take place in different jurisdictions, nevertheless, the underlying concept by the thinkers like Hobbes, Locke and Rousseau have expressed that the base ground for a legitimate governance is the social contract (Kidd,2020). Relating it back to trade sanctions, they could be justified under the social contract theory as long as they serve the collective interests of the citizens. For example, an arms embargo imposed on a certain country for the purposes of preventing military weapons from importing into or exporting out of the country (Global Affairs Canada, n.d.). Next, sanctions differ from other foreign policy tools in that they are established through legal frameworks, making them clearly defined and enforceable by law. Non-compliance can result in criminal liability, as stipulated under the **Act on Certain International Sanctions**. In Malaysia, sanctions imposed through domestic legislation, such as the Strategic Trade Act 2010 (STA) and the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), are legally binding. These laws give effect to UN sanctions and regulate the export, transit, and brokering of strategic items, as well as financial dealings related to terrorism or prohibited entities. Failure to comply with these sanctions, including violating embargoes, export restrictions, or financial prohibitions, may amount to a criminal offence and lead to penalties such as fines, imprisonment, or asset forfeiture. Thus, Malaysian individuals and entities are legally obligated to adhere to these sanction measures (Eversheds Sutherland, n.d.).

2. Theoretical Debate and Frameworks

The frequent use of sanctions, especially economic sanctions in geopolitical conflicts has sparked theoretical debate between legal justification and ethical criticisms. Some argue that it is not effective in stopping alleged violations committed by a state within the framework of international law. A study found that at best only 35% of such enforcement achieved its intended purpose, resulting in partial concessions or negotiated settlements (Klarin and others,2025). Sanctions often being implemented as a symbol to alert the targeted states that their behavior is unethical and unacceptable (Boomen,2014).

Sanctions are allowed and legitimate under international law, as specified in

Article 41 of the UN Charter, for changing an unethical behavior of a state without military force. However, the United States has imposed unilateral sanctions on other countries via the Countering America's Adversaries Through Sanctions Act (CAATSA), bypassing the international law's procedure. By referring to the legal positivism that values formal authorization, sanctions must be formally authorized by the recognised international bodies, or else void procedurally. For instance, the UN Security Council under Chapter VII of the UN Charter. The Chapter aims to achieve international peace by allowing both non-military and military measures, but depends on consensus of the Member State through resolutions to create binding obligations.

Furthermore, the 5 permanent Security Council members are given veto power and such power has been criticized for being abused, and infringing the procedural correctness. Sanctions against Syria by the West through the UN in 2012 can demonstrate absolute power. The West has sought the UN's approval post facto for the unilateral actions over Syria, without consultation with Russia and China. Russia firmly opposed non-military actions, which is sanctions against Syria aiming to end President Bashar al-Assad's rule. Hence, Russia has exercised veto power and opposed the unilateral proposal (NEWS WIRES,2012).

In addition, the unilateral sanctions imposed by the sanctioned countries on the target countries by bypassing the UN Security Council also challenge the sovereignty of the countries. Article 2(1) of the UN Charter stipulates that all countries have equal rights to political and economic self-determination, which reflects the concept of sovereign equality. According to this concept, if the review is conducted outside the framework of international law, it may violate the principle of "non-interference" in internal affairs. This will effectively undermine the value of international rules and the de facto immunity of countries and their officials (Amnesty International). The International Court of Justice (ICJ) in **Nicaragua v United States** [1986] ICJ 14, ruled that the US could not avoid the ICJ's jurisdiction by retroactively withdrawing their consent. Nicaragua argued that the US had illegally involved and supported the rebels in their internal war. On the other hand, the US argued that its 1984 reservation has excluded Central American disputes, despite an earlier 1946 declaration of accepting the ICJ jurisdiction. As a result, ICJ held in favour of Nicaragua and said that the US could not suddenly change their mind to avoid the case. In short, tensions in the geopolitical sanctions exist on whether the

legitimacy can be derived from substantive justice or procedural correctness. While they often serve as a symbol to govern unlawful conduct, reformation needed to reduce the humanitarian costs and geopolitical weaponization. Until then, sanctions will remain a double-edged sword, on maintaining order in theory but a catalyst for division in practice.

3. Methodology

A doctrinal legal research methodology, also known as the black letter methodology, was used in writing this paper (Research Guides: Legal Dissertation: Research and Writing Guide: Home, n.d.). By doctrinal studies, the data and information can be collected and organised from primary sources, such as case laws, statutes and regulations with a detailed compilation of legal rules (Althabhwai, 2014). With a black letter analysis, legal rules, the historical roots and possible geopolitical consequences of trade sanctions have been identified. Besides, empirical research has been adopted in this study, namely quantitative and qualitative legal research. The former extracts significant parts in cases and puts them together into numbers for analysis with statistical tools. While the latter drew information and used it to determine the pattern. Secondary resources like LexisNexis and HeinOnline databases are used to understand the concept of trade sanctions.

4. Research Results

4-1. Consequences of Sanctions

4-1-1. Impact on Targeted States

Sanction is a non-military tool by the sanctioning states to pressure the governments committing 'unethical' action to change their policies, and if the situation worsened, only it will be developed into a military action under Article 41 of the UN Charter.

Firstly, from an economic perspective, sanctions can have significant impacts on a country's GDP growth, as economic sanctions often target key sectors of a country such as energy and global financing access (Sun and others, 2024). The energy sector of the targeted state is first to be taken action as it can ultimately affect the country's operations, either importing or exporting. The Russia-Ukraine conflict is one example. Western powers' sanctions against Russia are mainly targeted at the three main pillars of the Russian economy. Firstly, the Western countries, depending mainly on Russian energy, no longer accept its import. Oil and gas are the main source of the country's income. Russia initially has developed a "fiscal rule", using oil prices to stabilize their economy. The government would set a base price

that is lower than the market price (Fenton and others,2025). Hence, if the extra earnings would be accounted for in the National Wealth Fund (NWF), a special savings account is reserved for the bad times. Nevertheless, not only the western refused Russia's oil and gas importation, they have also sanctioned financially. Consequently, the foreign reserves including NWF are frozen, and the mechanism weakened.

Furthermore, sanctions may also lead to unintended political consequences. It will foster unity and support of leaders, known as the "rally-around-the-flag" effect. The effects typically happen during national security crises. In the article, "Rally around the flag" effects in the Russian-Ukrainian war" (Kizilova and others,2023), the authors explore whether the invasion of Putin in 2022 motivated partly to increase his domestic popularity. Polls were conducted in Russia, Ukraine and the European Union (EU). From the surveys, it has shown a significant increase in President Zelensky's support, from 32% (Dec 2021) to 93% (Feb 2022), with the existential threat posed by Russia. Support for Putin from the poll has also risen from 63% (Dec 2021) to 83% (Mar 2022). However, Russia's rally is due to media propaganda and authoritarian control. This is on the grounds that the media is state-controlled to promote patriotism and inhibit dissent. The authors believe that the responses of the poll may not be without stress, due to censorship and fear (Kizilova and others,2023).

Finally, sanctions, albeit indirectly, have caused unintended humanitarian violations that have harmed innocent civilians. Iraq was being imposed an almost full-scale of sanctions in modern history after their invasion of Kuwait in 1990, where almost all the imports and exports were banned, nearly trade-free within its borders (Sanandaji,2018). Although daily needs such as food and medicine were exempted from the sanction, they are subject to stringent approval processes, causing delay at the hands of the civilians. Not only that, but essential goods such as hospital equipment and water purification chemicals are often delayed or rejected for their potential for dual-use. Consequently, Iraq's infrastructure, healthcare, water and sanitation systems were destroyed, leading to rising malnutrition, disease and child mortality (Rubin,1998). The intended purpose to weaken Saddam Hussein's reign was unachieved, but triggered anti-Western emotion and violated international humanitarian norms. International human rights law, in particular Article 12 of the International Covenant on Economic, Social and Cultural Rights, which guarantees the right to health is also concerning. It has disproportionately harmed the states' populations compared to the

policy changes (Gorji,2014).

4-1-2. Impact on Sanctioning States

Sanctions are not without costs for the countries that impose them. Western countries sometimes impose unilateral sanctions on target countries without considering the consequences. Economic sanctions may effectively affect the economy of the sanctioned country, but the economic blow may also backfire on the sanctioning country (Sananji,2018). In the prolonged tensions between Russia and Ukraine, sanctions were imposed against Russia, aimed to isolate Russia economically. However, it has caused an energy crisis and indirectly triggered inflation. This is due to the high reliance on natural gas and fertilizers from Russia (Gross and others,2024). Although fertiliser was not directly affected by the sanction to ensure global food security, the application of sanctions in the finance and logistics sectors, such as the payment and transportation restrictions, has greatly restrained the export of Russian fertilizers. As such, the Western countries, especially Europe, have faced a critical rise in fertilizer and natural gas prices, which are transmitted to food prices, triggering inflation in the food and agricultural sectors (Morão,2025).

However, these challenges have also become a catalyst for innovation and structural reform. The EU has responded by taking measures to accelerate the green transition, diversify energy sources, and significantly reduce its dependence on Russian imports faster than expected (Ah-Voun and others, 2024). They have outlined a comprehensive strategy on the alternative energy sources, including expanding pipeline projects from alternative suppliers like Azerbaijan. A plan of banning Russian coal has also started in 2022, and actively investing in green hydrogen and biogas to replace natural gas in industry and heating (Corsoni-Husain and others,2025). The strategy focuses on sustainability and energy security, replacing traditional energy sources, and geopolitical resilience.

5. Analysis or Discussion

5-1. Effectiveness of Sanctions

As conflicts escalate around the world in 2024, including the Russia-Ukraine war, the Israel-Hamas conflict, and political unrest in the United States, economic and financial sanctions have once again become a primary tool of geopolitical coercion (Ian and others,2024). Similar to the Cold War, these non-military means are used to exert pressure without opening a war (Guttman and others,2023). However, the idea that sanctions are a less harmful alternative is deeply misleading. One of the most concerning ethical

dilemmas remains, “Do sanctions truly punish authoritarian governments, or do they place a disproportionate burden on civilians?”

It is undeniable that sanctions are an effective attempt to change a policy that is immoral under international law and will succeed in bringing about a negotiated solution to the issue. A successful example is the Iran nuclear deal in 2015. Sanctions were imposed on Iran by the United States, European Union and the United Nations to stop their nuclear activity. Iran's main source of revenue, oil exports, has been restricted; and access to the SWIFT banking system has been limited (Guttman and others,2023). Therefore, inflation happened and products such as pharmaceuticals and industrial parts cannot be easily obtained (Hirsch,2023). These pressures had made Iran to the negotiating table and come out with the Joint Comprehensive Plan of Action (JCPOA). Iran agreed to take a step back on their nuclear programs by accepting international inspections and requested for phased economic aid (Reza Farzanegan,2023). The immediate effects of taking a step back include increased oil exports and GDP growth. However, the United States later unilaterally withdrew from the agreement, alleging Iran's violations of the deal (Robinson,2023), which has made the situation in Iran has once again worsened. This has raised questions on the credibility and consistency of sanctions as a diplomatic tool.

Studies showed that only 20%-30% sanctions have succeeded in achieving the intended policy goals. The reason for success is either that the sanctions are multilateral and well coordinated, or that the target country has weak economic strength and is highly dependent on trade with the sanctioned country. The above-mentioned Iranian case reflects this point. Other than that, scholars have argued that sanctions are ineffective, fail to achieve the intended goals and cause significant humanitarian violation. It has failed to alter the behaviour of the states and the consequences are carried by the civilians. Sanctions rarely succeed in instigating major geopolitical reversals (Boomen,2014). Authoritarian regimes are often immune to pressure because elites shift the burden onto civilians, weakening public pressure on the leadership (Ahmed,2024). In the case of North Korea, a series of tough international sanctions have apparently failed to curb its nuclear ambitions (Bremmer,2024), instead provoking resistance and exacerbating the suffering of a desperately impoverished civilian population. Critics argue that such sanctions foster authoritarianism by allowing governments to frame external forces as foreign aggression, thereby strengthening domestic power (Ziemba,2023).

In addition, targeted countries often take reciprocal measures or create new strategic alliances. One crucial development is the establishment of the BRICS countries as a counterweight to the Western-dominated financial system (Danis,2025). In response to the G7 sanctions on Russia, BRICS members including China, India, and South Africa have proposed alternative trade settlement systems that bypass the dollar and SWIFT, known as “de-dollarization” (Danis,2025). BRICS aims to promote peace, security, and development among member states and to challenge the dominance of Western-led institutions such as the IMF, the World Bank, and SWIFT (Curtis, 2024). According to the latest data, the BRICS countries constitute 40% of the world population and nearly a quarter of global GDP (Feingold,2024). The move is intended to secure their economies from future sanctions and safeguard greater monetary sovereignty. In such a system, the dominance of Western financial instruments could gradually decrease, making international trade more fragmented.

Hence, sanctions might encourage new adaption on shaping alliances and countermeasures, rather than goals on policy changing. Smart sanction is a better approach to impose sanctions that targets specific organizations or individuals, protecting the innocent civilian from the geopolitical conflicts (Ahmed,2024). For instance, the US has imposed sanctions specifically on Russia's authorities by restricting their access to the Western financial system and luxury assets, pressuring the regimes directly, without shifting burden to the society (Ahmed,2024).

5-2. Path to Peace or Prolonged Conflict

A fundamental question often arises in geopolitical discussion, “Do sanctions promote peace or exacerbate conflict?” They are often considered a tool for maintaining international order and promoting peaceful resolution of disputes. However, the real-world consequences are much more complex than this.

Broad sanctions tend to reinforce rather than undermine authoritarian behavior. Without a clear diplomatic objective or solution, sanctions can be seen as punishment rather than correction, powering nationalism and resistance rather than reform. The case of Venezuela illustrates this risk. US sanctions against the government of Nicolas Maduro, targeting oil exports, financial institutions and government officials are intended to restore democratic governance. However, according to a 2019 report by the Center for Economic and Policy Research, these sanctions have resulted in the

deaths of over 40,000 Venezuelans by blocking imports of food, medicine and medical equipment. Rather than weakening the regime, the sanctions have exacerbated the economic collapse and humanitarian suffering (Weisbrot and others,2019).

Sanctions are never cost-free, while the tools enable a sovereign to achieve their policy targets in conflict settings with no weapons and bloods, there are downsides of sanctions that go against the initial purpose of its existence (Wolf,2024). The interviews with US officials and representatives from various civil societies as well as with those that have been involved in the situation of conflict inflicted by sanctions, has disclosed with the International Crisis Group, about the ways in how sanctions resulted in peace obstruction and hinder peace (International Crisis Group,2021). Firstly, sanctions could lead to the impeding of peace proceedings and post-conflict replenishment. Example is provided with the designation of the FARC (The Revolutionary Armed Forces of Columbia), as a Foreign Terrorist Organisation (FTO) by the US in 1997 (Florida House of Representatives,2023). The experts shed light on the fact that when a group is given the label of a terrorist organisation by the authorities or government, it restricts their ability to fully rejoin society.

Followed by the 1997 listing was the Colombia Peace Agreement with the FARC guerrilla group in 2016, which was fully supported by the EU (European External Action Service,2021). Though the peace accord stood as a positive approach to end one of the longest-running conflicts in the Western Hemisphere, there were persistent violence and slow implementations of the agreements, in which only 33% of the stipulations have been completely executed in 2024, with many concerning issues left behind (US-Colombia Advisory Group,2024). The peace processes were undermined by the delay in delisting immediately after the peace deal that resulted in slow reintegration of the former FARC fighters. Thus, these incidents show that sanctions are capable of directly or indirectly obstructing the implementation of peace agreement's objectives.

On the other hand, sanctions could cause a chilling effect on the economy. It was reported that the recent 2025 US tariffs has caused fear and concern to the businessmen and investors in the Middle East, who are hesitant to contribute or involve in trade or investment, eventually causing stagnant economy and flat growth (Cui,2025). Despite the fact that the tariffs are not targeting the Middle East, but China and Europe, mainly on steel and aluminium, global uncertainty was caused regarding the potential global

recession, decrease in oil demand and higher interest rates. Besides, even when a sanction was lifted, the negative implications could stay long. An example to illustrate would be the US sanctions on the Taliban that had been placed since 1999, as a consequence of the training of international terrorist groups (Stewards Litigate,2021). In 2021 when Taliban took over Afghanistan, the US Department of the Treasury posted general licenses which were meant to help businesses operate and allow for humanitarian commercial transactions without the concern of breaking the US laws because the US sanction still remains there (U.S. Department of the Treasury,2021). However, with the existence of sanctions, hesitancy was common around the financial institutions and companies because they were afraid of making a mistake that could be deadly, therefore ‘de-risk’ was the choice they made where avoiding commerce with Afghanistan would be safe. In response to this, experts are urging the US government to ‘clarify the parameters’ of the related sanctions in order to assist the economy in the countries (Runde,2024).

Moving forward, sanctions are said to have undercut negotiations that aim to create peace (International Crisis Group,2023). The arguments revolve around whether the negotiations could offer relief in a creditable way to serve the purpose of leverage by the sanctions. To illustrate, take 2015 Iran nuclear deal (JCPOA [Joint Comprehensive Plan of Action]) as example, Iran had reached consensus with the P5+1 world powers, namely the US, UK, France, China, Russia and Germany, to restrict sensitive activities on nuclear power and to allow for international inspectors in exchange for the lifting of sanctions (BBC News,2021). However, when Donald Trump became the president of the US in 2018, he made an announcement that unilaterally exited the deal and imposed new economic restrictions on Iran (Borger, 2018). Trump even warned other countries for not helping Iran in the quest for nuclear weapons for it would bring them strong sanctions (Landler,2018). Ironically, seven years later in 2025, Trump back again in his office sought negotiations over a new deal with Iran for the limitation of the nuclear programme (AI Jazeera,2025). Iran responded with a demand for the US to clarify ‘how and through what mechanism’ exactly would the sanction be lifted when the leader Ayatollah Ali Khamenei expressed strong disbelief in the US that such an offer of agreement is an attempt to deceive the global opinion (AI Jazeera,2025). In short, sanctions without plausible relief options create dead ends.

Based on these results, many policymakers and scholars have advocated for “smart sanctions”, a targeted measure that targets specific individuals,

companies, or industries rather than entire populations. For example, U.S. sanctions on Russian oligarchs restrict their access to the Western financial system and luxury assets, aiming to pressure the regime from within while minimizing harm to broader society. However, this more precise tool is not without limitations. Without strategic consistency, sanctions risk becoming symbolic gestures rather than effective measures of change.

Besides, Regional Trade Agreements (RTA) would have geopolitical implications, influence the use of trade sanctions and promote compliance of agreements or norms. For example, the USMCA, also known as the United States-Mexico-Canada Agreement, a trade agreement to promote free trade and reduce tariff, though does not contain specific provisions to impose trade sanctions, it offers a dispute resolution mechanism to solve disputes, which potentially reduces the likelihood of trade sanctions in pursuant to Chapter 31. Ultimately, sanctions work best when they are within a broader diplomatic framework. They should not replace diplomacy, development, or defense, but rather complement those efforts. If carefully combined with compliance incentives, sanctions can support the peaceful resolution of conflicts. But if they are too broad in scope, inconsistently used, or lack a diplomatic end goal, they risk deepening divisions, posing humanitarian risks, and undermining international credibility.

6. Conclusion

Sanctions, while remaining as one of the most powerful tools in international politics, evolution is needed. This means that sanctions must have clear objectives, minimize harm to civilians and serve as a bridge to peace rather than an instigator of conflict. Sanctions can act as a warning to express global rejection, at the same time cause economic damage, humanitarian violation, and long-term instability. Great powers like China and India have weakened the influences of Western-led sanctions by new alliances and financial systems reformation. Sanctions should constantly be used as a tool to enforce the international norms, to protect state's policy or to condemn one wrongful act.

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