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Abbreviations

CREA	The Centre for Research on Energy and Clean Air
ECJ	European Court of Justice
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNI	Gross National Income
GSP	General System of Preferences
ICC	International Criminal Court
ICJ	International Court of Justice
ICRC	International Committee of the Red Cross
ILC	International Law Commission
JWT	Just War Theory
MFN	Most Favoured Nation
NATO	North Atlantic Treaty Organisation
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TFEU	Treaty of the Functioning of Europe
UK	United Kingdom
UN	United Nations
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
US	United States of America
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organisation

Abstract

English:

This paper examines the impact that sanctions have on non-target States. The ineffectiveness of sanctions at achieving their foreign policy goals and the human rights consequences from sanction-use are generally recognised in scholarly writing. Yet, the international community remains largely silent about the impact that sanctions have on non-target States. This thesis attempts to address that gap. The international law justifications and controversy surrounding unilateral sanctions are discussed. A case study of the sanctions against Russia and the consequences that these pose for the Cuban economy provides a contemporary example of the issue. The close economic relations between the two countries has caused Cuba's dependency on the Russian Federation. Other factors including the US embargo imposed on Cuba, Cuba's economic instability and its trade deficit make it particularly vulnerable to external factors. Limited data is available on Cuba and Russia, with both governmental data being unreliable or inaccessible. Using available data and scholarly writing, the sanctions are shown to represent hurdles to the Russia-Cuban relations, hindering Cuban economic growth long-term. Many areas will likely be impacted, including trade, banking, tourism, energy, foreign investment, and foreign aid. The ineffectiveness of sanctions and their global implications requires sanctions to be reconsidered. Finally, suggestions are proposed to make sanctions safer and more effective in order to prevent more non-target States from becoming collateral damage.

Deutsch:

In dieser Arbeit werden die Auswirkungen von Sanktionen auf Nicht-Zielstaaten untersucht. Die Wirkungslosigkeit von Sanktionen bei der Erreichung ihrer außenpolitischen Ziele und die menschenrechtlichen Folgen ihrer Anwendung sind in der Wissenschaft allgemein anerkannt. Dennoch schweigt die internationale Gemeinschaft weitgehend über die Auswirkungen von Sanktionen auf Nicht-Zielstaaten. Die vorliegende Arbeit versucht, diese Lücke zu schließen. Die völkerrechtlichen Rechtfertigungen und Kontroversen im Zusammenhang mit unilateralen Sanktionen werden erörtert. Eine Fallstudie über die Sanktionen gegen

Russland und die Folgen, die diese für die kubanische Wirtschaft haben, liefert ein aktuelles Beispiel zu diesem Thema. Die engen wirtschaftlichen Beziehungen zwischen den beiden Ländern haben zu einer starken Abhängigkeit Kubas von Russland geführt. Andere Faktoren, wie das gegen Kuba verhängte US-Embargo, die wirtschaftliche Instabilität Kubas und sein Handelsdefizit, machen das Land besonders verwundbar durch externe Einflüsse. Es stehen nur begrenzte Daten zu Kuba und Russland zur Verfügung, da beide Regierungen unzuverlässige oder schwer zugängliche Informationen bereitstellen. Anhand verfügbarer Daten und wissenschaftlicher Arbeiten soll gezeigt werden, dass die Sanktionen die Beziehungen zwischen Russland und Kuba beeinträchtigen und das kubanische Wirtschaftswachstum langfristig behindern. Es ist davon auszugehen, dass viele Bereiche betroffen sein werden, darunter Handel, Bankwesen, Tourismus, Energie, ausländische Investitionen und ausländische Hilfe. Die Ineffektivität von Sanktionen und ihre globalen Auswirkungen machen es erforderlich, diese zu überdenken. Abschließend werden Vorschläge unterbreitet, wie Sanktionen sicherer und wirksamer gestaltet werden können, um zu verhindern, dass mehr Nicht-Zielstaaten zu Kollateralschäden werden.

I. Introduction

'Sanctions' refer to restrictive measures against a target State or entity in attempts to coerce them into or refrain from certain behaviour.¹ This usually involves influencing political change. Sanctions come in many forms, including diplomatic, military or economic measures. They involve restricting the State being sanctioned from accessing specific goods or services. For example, economic sanctions often come in the form of import and export restrictions. This prevents the State being sanctioned from initiating trade deals with the country that has applied the sanctions to them. Effectively, the aim of sanctions is to reduce a State's ability to continue engaging in the wrongful behaviour.

Trade sanctions are costly economically on a country imposing the sanctions (the 'sanctioning State') and the country which the sanctions have been imposed on (the 'target State'). This is because previous profitable trading relationships are halted with the sanctions. The economic burden that sanctions impose is often felt by civilian populations. Scholarship tends to focus on the negative consequences that sanctions pose for civilian populations of *target* States.² However, the impact on a third nation (the 'non-target State') is often overlooked. Sanctioning States apply the sanctions with the *intention* to hurt the target State in some way. They also recognise the sacrifices this involves for their own economy. Yet, countries which hold no responsibility for the behaviour being sanctioned often suffer the most. This is seldom considered.

The Russian Federation is currently heavily sanctioned by Western States because of its war of aggression against Ukraine.³ The sanctions seek to reduce

¹ European Commission, 'Frequently asked questions: Restrictive measures (sanctions)' (26 February 2022) <https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_1401> accessed 20 March 2023.

² E.g., Nicholas Mulder, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War* (Yale University Press 2022); Idriss Jazairy, 'Unilateral Economic Sanctions, International Law, and Human Rights' (2019) 33(3) *Ethics & International Affairs* 291; Susan Hannah Allen and David J Lektzian, 'Economic sanctions: A blunt instrument' (2012) 50(1) *Journal of Peace Research* 121.

³ General Secretariat of the Council, 'EU Sanctions against Russia explained' (*European Council and Council of the European Union*, last reviewed 15 March 2023) <<https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/sanctions-against-russia-explained/>> accessed 20 March 2023.

Russia's capabilities of continuing the war.⁴ Sanctioning the world's 11th largest economy has consequences.⁵ This is especially the case considering Russia was a leading exporter of essential goods, including oil and grain, prior to the sanctions.⁶ The long-term implications of the sanctions are yet to come into fruition. Yet, the short-term impacts already visible show the seriousness of sanctioning Russia. The sanctions have contributed to a cost-of-living crisis globally. The global gross domestic product (GDP) growth is expected to continue to decline.⁷ The issue with sanctions is not that they are weak tools. Rather, it is "their considerable but unpredictable strength".⁸ Often, the unpredictable consequences of sanctions have a spill-over effect on non-target economies. This thesis seeks to discuss the consequences that sanctions have on non-target States, using Cuba as a case study.

Chapter II will discuss sanctions as a mechanism of international law generally. It will firstly explain the international laws which Russia has violated. Although Russia justified its invasion of Ukraine under the United Nations (UN) Charter, it will be shown that Russia has breached international law. By beginning a war with Ukraine, it has threatened international peace and security. This provides the legal justification for the sanctions applied to the Russian Federation. They serve a corrective purpose on Russia, in response to its international law breaches. States have applied unilateral sanctions as third-party countermeasures. Case law and secondary law sources, including the *Barcelona Traction* case and International Law Commission (ILC) commentary, will show States are permitted to apply these sanctions to restore the international legal order. It will be shown that the concept of third-party countermeasures is problematic in itself, with no mechanisms in place to monitor their implementation and they are not *explicitly* permitted under international

⁴ Ibid.

⁵ Nicholas Mulder, 'The Sanctions Weapon' (*International Monetary Fund*, June 2022) <<https://www.imf.org/en/Publications/fandd/issues/2022/06/the-sanctions-weapon-mulder>> accessed 6 June 2023.

⁶ Ibid.

⁷ The World Bank, 'The Global Economy's "Speed Limit" Set to Fall to Three-Decade Low' (27 March 2023) <<https://www.worldbank.org/en/news/press-release/2023/03/27/global-economy-s-speed-limit-set-to-fall-to-three-decade-low#:~:text=As%20a%20result%2C%20between%202022,—to%202.2%25%20a%20year.>> accessed 6 June 2023.

⁸ Mulder (n 2) 180.

law. The legality of the Russian sanctions under public international law will therefore be discussed.

The sanctions against Russia will then be explained. The six main sanction categories include: asset freezes, financial system sanctions, energy sector sanctions, trade restrictions, transportation sanctions, and professional service sanctions. Although the sanctions cover many more industries, these categories are most relevant to discuss the indirect consequences that they will likely cause for non-target States. These categories will be thoroughly explored, assessing the threat they pose for the Russian and global economy. However, flaws with the sanctions will also be considered to highlight that their effect on Russia may not be as significant as intended. Understanding the sanctions that have been applied to Russia provides a foundation to consider how these sanctions hurt non-target States, including Cuba.

Chapter III explains the long-term impacts that the sanctions against Russia pose for Cuba. This case study provides a current example of a non-target State that is impacted by sanctions. After visiting Cuba and speaking to local people, I learned of the hardship that Cubans have faced since the war outbreak and sanctions applied to Russia. They explained the frequent blackouts, essential food shortages and many other issues that they experienced. This inspired the thesis topic. Cuba and Russia have a history of trading relations since the beginning of the Cold War. It will be shown that Cuba has depended on Russia to provide them with essential commodities and aid for decades now. Despite Cuba's economic health indicators suggesting that the economy is relatively healthy, inaccuracies in the data will be shown to contradict this. This economic weakness and Cuba's dependency on Russia makes it particularly vulnerable to issues arising from the Russian sanctions. It is important to consider throughout this chapter, and this thesis generally, that Cuba is a socialist government and therefore government statistics are rarely published. This makes it difficult to investigate the current economic situation of Cuba and the risks that the Russian sanctions pose to it. Despite this, the available statistics will attempt to show the likely issues arising from the Russian sanctions for Cuba.

The Cuban banking industry was already flawed prior to the Russian sanctions because of the long-term embargo Cuba has been under by the United States (US). This chapter will also show that the banking industry sanctions leave Cuba with fewer foreign currency options to rely on and prevent Cuba from using Russian banks as intermediaries to trade with other nations. Moreover, the Cuban economy greatly relies on tourism. The reduction in Russian tourists because of the transportation sanctions can already be seen to impact the Cuban economy. The energy sector sanctions are problematic for Cuba since it uses Russian imported fuel for its electricity supply. Barriers to receiving this oil threaten the Cuban economy since businesses are hindered from operating with no energy supply. Other issues, including foreign direct investment (FDI) and foreign aid, are also shown to be impacted because of the sanctions against Russia. Cuba's dependency on Russia will be shown to likely impact many sectors, and ultimately, impact the Cuban economy long-term. Essentially, Cuba will become collateral damage to the Russian sanctions.

Chapter IV discusses ways to make sanctions safer and more effective. It will firstly be shown that sanctions are rarely effective at achieving their foreign policy goals. They are often viewed as the 'safer' option when compared to military intervention. Yet, it will be shown that this understanding is flawed since sanctions regimes often breed long-term, deadly consequences. Also, rather than achieving the popular goal of 'changing regimes', sanctions are shown to have the paradoxical effect of enforcing authoritarian regimes. Sanctions have the ability to cripple an economy, and this may reduce the nation's ability to further threaten the international community. However, often the target States adapt to the sanctions and strengthen their trading relations with other non-sanctioning States. This will challenge the argument that sanctions cripple an economy, and therefore prevent the target State from continuing their unlawful behaviour. The argument that sanctions are a morally correct retaliation tool raises concerns that States apply sanctions to *signal* their commitment to international peace and security, rather than with the intention of actually attempting to *restore* international peace and security. It is also questionable since sanctions may be argued to be immoral in themselves, because they often have dramatic negative consequences.

These consequences will be investigated. Previous sanctions regimes will be shown to have had severe human rights consequences. Those that are responsible for the behaviour being sanctioned, the political elite, are often unharmed by the sanctions. The civilian population, who are politically powerless, suffer. They become victims to their own government and the international community because of these sanctions. Moreover, the impact of sanctions on non-target economies will be discussed. Weaker economies are more susceptible to global issues, and this is particularly problematic in the present case because lower-income economies are attempting to recover from COVID-19 and now must suffer the consequences of Russia being sanctioned. The consequences that sanctions have on corroding globalisation through global supply chains will then be explained. Considering supply chains' role in growing lower-income economies will further show that sanctions disproportionately impact the Global South.

It will be recognised that there is no 'silver bullet' to achieve foreign policy goals. However, improvements will be suggested to ensure that sanctions are made more effective and safer. Preassessment measures to scrutinise the consequences that proposed sanctions regimes could pose for civilians and non-target economies is suggested. Assistance should also be considered for non-target States which have been disproportionately impacted by the sanctions. Rights to bring proceedings to the sanctioning authority are suggested to be extended to allow non-target States to challenge the sanctions. Compensation may also be considered to reduce the impact that the sanctions have on these struggling economies. Finally, just war theory is proposed to be applied to sanctions regimes. Under this theory, sanctions can be properly analysed prior, during and after their application. Being held to a higher standard may reduce the risk that sanctions regimes cause further collateral damage and ensures that reparation measures are in place to help innocent civilians and non-target States recover.

Sanctions are powerful tools often yielded without scrutinising the impact that they may have on non-target States. It will be shown that sanctions are fundamentally hindering lower-income economies. This supports the notion that Western States apply the sanctions, whilst the Global South must pay the consequences. The Russian sanctions are particularly problematic for non-target

States because Russia is one of the most powerful countries worldwide and is a major exporter of commodities. Cuba's dependency on Russia means that it is likely to become collateral damage to the sanctions. The lack of success of previous sanctions regimes questions why sanctions are often resorted to, despite the fact they breed significant negative consequences. A crucial, contemporary question is therefore raised: are the Russian sanctions worth it when they are unlikely to achieve the desired foreign policy goals and have the potential to hurt non-target economies? This thesis will show that the likely answer is no, referencing the impact that the Russian sanctions may have on the Cuban economy.

II. Sanctions as a mechanism of International Law

The legal justification for sanctions is usually grounded in attempting to restore international peace and security. It is not a new concept, with exerting economic pressure to achieve political goals dating back to the time period of ancient Greece (700-480 B.C.).⁹ The League of Nations codified economic sanctions into our present-day understanding of the notion.¹⁰ However, the legal grounding of sanctions remains highly controversial. It remains underdeveloped and legal scholars have polarising opinions on the topic. This chapter will discuss this. It will also discuss the international laws which Russia has violated, and therefore the legal grounding of the present sanctions against Russia. Finally, it will explore the sanctions imposed on Russia by category and their effectiveness or lack of effectiveness.

II.I. International Laws Russia has Violated

Putin signed Executive Orders recognising Donetsk and Luhansk as independent from Ukraine.¹¹ He also announced the deployment of “peacekeeping” forces in these areas, which transpired into a full-scale invasion of Ukraine.¹² Russia justified the invasion under Article 51 of the UN Charter, providing States a right of individual or collective self-defence.¹³ It provides an exception to the customary international rule prohibiting the use of force against another State, as enshrined in Article 2(4) of the UN Charter.¹⁴ However, there is no evidence that Ukraine was using force against Russia to justify this argument under international law. The UN Secretary General showed concern over the conflict, stating Russia’s justification was a “perversion of the concept of peacekeeping”.¹⁵ *Jus ad bellum*, which considers

⁹ Iryna Bogdanova, *Unilateral Sanctions in International Law and the Enforcement of Human Rights: The Impact of the Principle of Common Concern of Humankind* (Brill 2022) 15.

¹⁰ The Covenant of the League of Nations (signed 28 June 1919) art 16.

¹¹ Elizabeth Wilmshurst, ‘Ukraine: Debunking Russia’s legal justifications’ (*Chatham House*, 24 February 2022) <<https://www.chathamhouse.org/2022/02/ukraine-debunking-russias-legal-justifications>> accessed 22 March 2023.

¹² UN, ‘Secretary-General’s press encounter on Ukraine’ (22 February 2022) <<https://www.un.org/sg/en/content/sg/press-encounter/2022-02-22/secretary-generals-press-encounter-ukraine>> accessed 22 March 2023; Charter of the United Nations ‘UN Charter’ (signed 26 June 1945) 1 UNTS XVI art 51.

¹³ Wilmshurst (n 11).

¹⁴ UN Charter (n 12) art 2(4).

¹⁵ *Ibid.*

the legitimacy where States may resort to warfare, has been breached by Russia since the invasion lacks logical legal grounding.

Russia stated that military action was deployed to help the people in the regions of Donetsk and Luhansk. Russia's argument is further flawed when considering the fact that Article 51 solely provides States a right to self-defence, rather than providing the right to intervene on other States affairs for humanitarian issues.¹⁶ It is generally accepted that humanitarian intervention not authorised by the United Nations Security Council (UNSC) has no legal basis under the UN Charter. No UNSC authorisation was given, but rather Russia began the supposed 'humanitarian intervention' on its own accord. Moreover, the two regions are not recognised as sovereign States on a global scale. Russia's allegations that Ukraine is suppressing the people of the 'sovereign' regions lacks legal grounding.

Despite its flawed attempts to justify the military action, Russia has breached international law. But what rules have *exactly* been breached? This is important for the purposes of understanding the legal grounding of the sanctions imposed. Firstly, the principle of non-intervention has been breached by Russia. By intervening in the internal affairs of Ukraine, Russia has undermined their State sovereignty. This means that they have failed to respect the right of other States to regulate their own political affairs, without foreign intervention, as underlined in Article 1 of the UN Charter.¹⁷ They have moreover breached the prohibition of the use of force against other States, as previously referred to, and have failed to show their invasion falls under the exemptions found within international law. Many customary international rules developed to encourage international peace can therefore be said to be incompatible with Russia's actions.

The Geneva Conventions of 1949 have been ratified by all UN recognised States and are therefore universally applicable.¹⁸ These conventions govern the treatment of enemy civilians and forces, to minimise the brutality of war. Russia

¹⁶ Wilmshurst (n 11).

¹⁷ UN Charter (n 12) art 1.

¹⁸ ICRC, 'The Geneva Conventions of 1949 and their Additional Protocols' (1 January 2014) <<https://www.icrc.org/en/document/geneva-conventions-1949-additional-protocols>> accessed 10 May 2023.

therefore has obligations to protect people falling under these categories. Russia withdrew from Protocol I to the Geneva Conventions in 2019, following accusations of its crimes in Syria and Ukraine, which protects victims of international armed conflicts.¹⁹ This prevented the international commission from investigating Russian crimes in these regions.²⁰ However, this partial withdrawal does not absolve Russia from their laws of war obligations. It remains bound to the Geneva Conventions and the other protocols governing warfare. Breaching these obligations would mean that they are breaching international law.

The most apparent international humanitarian rule Russia has breached is that found within the Fourth Geneva Convention, protecting civilians during war.²¹ Reports of Russia shelling cities in Ukraine, obstructing the humanitarian corridors of civilians attempting to flee war zones and killing unarmed civilians, among many other atrocities, shows Russia's disregard of the laws of war.²² The Third Geneva Convention, granting protection to prisoners of war, obliges parties to grant the International Committee of the Red Cross (ICRC) access to these individuals.²³ The ICRC reported that they have been denied access to Russian prisoner of war camps.²⁴ Russia has therefore breached many of its obligations under the Geneva Conventions.

The Rome Statute establishes the jurisdiction of the International Criminal Court (ICC) to investigate international crimes, including genocide, crimes against humanity, war crimes, and crimes of aggression.²⁵ Russia withdrew from the Rome

¹⁹ Reuters, 'Russia's Putin revokes Geneva convention protocol on war crimes victims' (London, 17 October 2019) <<https://www.reuters.com/article/us-russia-warcrimes-convention-idUSKBN1WW2IN>> accessed 12 February 2023.

²⁰ Ibid.

²¹ The Geneva Conventions of 1949 and their Additional Protocols (n 18).

²² Sarah Rainsford, 'Ukraine conflict: Russian soldiers seen killing unarmed civilians' *BBC* (London, 12 May 2022) <<https://www.bbc.co.uk/news/world-europe-61425025>> accessed 10 May 2023; Matthew Luxmoore, 'Ukraine says Russia Obstructing Humanitarian Corridors for Residents Fleeing War' *The Wall Street Journal* (New York City, 13 April 2022) <<https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-04-13/card/ukraine-says-russia-obstructing-humanitarian-corridors-for-residents-fleeing-war-yHpWAOUJqRrSf2GEj8X>> accessed 10 May 2023.

²³ The Geneva Conventions of 1949 and their Additional Protocols (n 18).

²⁴ Daniel Boffey, 'Red Cross frustrated by lack of access to PoWs in Russian-occupied Donetsk' *The Guardian* (London, 14 October 2022) <<https://www.theguardian.com/world/2022/oct/14/ukraine-red-cross-frustrated-lack-of-access-pow-russian-occupied-donetsk>> accessed 10 June 2023.

²⁵ Rome Statute of the International Criminal Court (adopted by 120 States on 17 July 1998, entered into force on 1 July 2002).

Statute in 2016, after the ICC issued a report underlining that Russia's invasion of Crimea is a "crime".²⁶ The ICC does not have jurisdiction to investigate crimes if the States involved have not accepted its jurisdiction. Russia is essentially inaccessible for the ICC. Although Ukraine has not ratified the Rome Statute, it has accepted ICC jurisdiction to investigate crimes committed on Ukrainian territory, pursuant to its rights under art 12(3) of the Statute.²⁷ This gives the ICC power to investigate the crimes, even if the perpetrator or victims' State has not ratified the Rome Statute. This means that the ICC are able to investigate Russian crimes that occurred on Ukrainian territory. The investigations have concluded that the current situation in Ukraine may fall under the categories of war crimes, crimes against humanity and perhaps genocide.²⁸ Russia has violated a multitude of international customary and treaty law.

II.II. Legal Justifications of Sanctions

Sanctions must be legally justified under international law. The legality differs depending on whether the sanctions on a target country are imposed by the UN or taken by an individual State or collective group of States. The UN may apply sanctions to a target State under Chapter VII of the UN Charter, entitling them to take measures to restore international peace and security.²⁹ The UNSC has applied 30 sanctions regimes since 1966.³⁰ They have involved many different measures, ranging from trade sanctions to arms embargoes, depending on what the UNSC believed may support the restoration of international peace.

II.II.I. Legality of Unilateral Sanctions

Individual State or collective group of State sanctions are referred to as 'autonomous' or 'unilateral' sanctions. It is debated whether 'sanctions' may

²⁶ ICC 'Report on Preliminary Examination Activities' (14 November 2016) [11].

²⁷ ICC, 'Situation in Ukraine' (ICC-01/22) <<https://www.icc-cpi.int/situations/ukraine>> accessed 20 March 2023.

²⁸ ICC, 'Information for victims' <<https://www.icc-cpi.int/victims/ukraine>> accessed 20 March 2023.

²⁹ UN Charter (n 12) Chapter VII.

³⁰ UNSC, 'Sanctions' (UN) <<https://www.un.org/securitycouncil/sanctions/information>> accessed 20 March 2023.

encompass unilateral, State-imposed restrictive measures. Some legal scholars understand 'sanctions' to solely refer to UNSC authorised sanctions.³¹ The legality of unilateral sanctions has therefore been questioned. Some argue that they violate Article 2(4) of the UN Charter, which prohibits the use of force, whilst others argue they violate the principle of non-intervention found within customary international law and the UN Charter.³² This is because there is a risk that unilateral sanctions become a 'method of coercion' to influence the 'political, economic, social [or] cultural system' of another State.³³ Sanctions applied for these purposes could be problematic, with countries applying sanctions for cultural or political differences rather than addressing international security concerns. The legality of unilateral sanctions remains debatable.

Although there remains no definitive answer as to whether unilateral sanctions are lawful, growing use of them suggests that the international community have started to accept their legality. It may be said that a norm has formed that accepts their use. Moreover, the threshold for sanctions to be considered incompatible with international law is very high. The *Nicaragua vs US* judgement showed this, with the International Court of Justice (ICJ) finding that even comprehensive sanctions against a target State do not breach customary international law.³⁴ The court refused to agree with Nicaragua that economic coercion is incompatible with the concept of non-intervention.³⁵ The wide-reaching legality of sanctions is clear when considering that the sanctions against Nicaragua covered significant parts of its economy. Applying this understanding to the Russian sanctions suggests that the ICJ would also find them compatible with customary international law concepts. Yet, although the sanctions against Russia are generally accepted to be lawful, other international obligations may be breached by States through comprehensive sanctions. This will be further discussed in chapter IV.

³¹ Bogdanova (n 9) 67.

³² Iryna Bogdanova, 'Targeted Economic Sanctions and WTO Law: Examining the Adequacy of the National Security Exception' (2021) *Legal Issues of Economic Integration* 171, 175.

³³ *Case Concerning the Military and Parliamentary Activities in and Against Nicaragua (Nicaragua v. United States of America)* [1986] ICJ 14 [205].

³⁴ *Ibid.*

³⁵ *Ibid* [245].

As part of the Common Foreign and Security Policy, the European Union (EU) may utilise 'restrictive measures' as a tool to achieve its aims of promoting international peace and security.³⁶ Therefore, rather than EU Member States implementing their own sanctions, the EU has collective sanctioning competence. Article 215 of the Treaty of the Functioning of Europe (TFEU) provides the legal basis for procedures that cause the 'interruption or reduction...of economic and financial relations with one or more third countries'.³⁷ This is referring to sanctions. A qualified majority is required under this Article to adopt an EU legislative act outlining the decision made. Despite the EU being a collection of Member States, the sanctions applied are considered 'unilateral'.

Only unilateral sanctions will be considered for the purpose of this thesis, since UN sanctions against Russia have been prevented because of Russia's position as a permanent UNSC member. This is because the UNSC decides measures of this effect and each of the five permanent members are given a right to veto against UNSC procedural matters.³⁸ No UN sanctions have therefore been imposed on Russia. A broad perspective is thus taken when discussing the term 'sanction', including unilateral sanctions. The main authorities or States which have sanctioned Russia include the EU, US, United Kingdom (UK), Switzerland, Canada, Australia and Japan.³⁹ Although Japan and Australia are not located in the Global West, they align with Western-style ideals. The sanctioning authorities are therefore referred to as 'Western States' or 'Western powers' throughout this thesis.

There are many different international law justifications for unilateral sanctions. Bogdanova understands the justifications to be under the following categories: retorsion, reprisals, countermeasures, third-party countermeasures and sanctions.⁴⁰ Lawful unilateral sanctions should serve a corrective purpose on the target State, by attempting to remedy their behaviour to align with their treaty or

³⁶ Treaty of Lisbon amending the Treaty of the European Union and the Treaty Establishing the European Community [2007] OJ C306/1, art 2.

³⁷ Consolidated version of the Treaty on the Functioning of the European Union [2012] OJ C326/37, art 215(1) (TFEU).

³⁸ UN Charter (n 12) art 27.

³⁹ Maia Nikoladze and Kimberly Donovan, 'Russia Sanctions Database' (*Atlantic Council*, 17 April 2023) <<https://www.atlanticcouncil.org/blogs/econographics/russia-sanctions-database/>> accessed 6 June 2023.

⁴⁰ Bogdanova (n 9) 60.

customary international law obligations.⁴¹ Unlawful sanctions would therefore involve coercing a State to follow an action it is not required to do under international law. As previously mentioned, this may be in the form of attempting to influence the culture or politics of a State which has not breached any international law obligations.

II.II.II. Legality of Sanctions against Russia

Russia having breached its obligations to the international community, by engaging in illegal warfare and disrupting the legal order, provides the legal basis for the current sanctions imposed. The sanctions serve a corrective purpose on Russia. They are all forms of countermeasures. Several requirements must be met for a countermeasure to be deemed lawful. This includes that the target State has committed an international wrongful act, there have been demands that the target State fulfils its obligations owed, and international legal rules, including proportionality and the prohibition of the use of force, are followed.⁴² It may therefore be concluded that the 'countermeasures' applied to Russia are entirely lawful because of its illegal invasion of Ukraine.

Ukrainian sanctions against Russia may thus be considered direct 'countermeasures'. Only an injured State is entitled to grant countermeasures under the draft articles on responsibility of States in international law and the enforcement of human rights.⁴³ This is because, under Article 42, a State is considered 'injured' if another State has breached its obligations owed to it.⁴⁴ By committing an act of aggression, Russia has breached its obligations outlined in treaty and customary law to Ukraine. There is therefore very limited literature debate regarding the lawfulness of Ukraine's sanctions against Russia since it clearly falls under the category of 'injured State'.

⁴¹ Devika Hovell, 'Symposium on unilateral targeted sanctions unfinished business of international law: The questionable legality of autonomous sanctions' (2019) *AJIL Unbound* 140, 144.

⁴² Masahiko Asada, *Economic Sanctions in International Law and Practice* (first published 2020, 1st edn, Routledge 2021) 11.

⁴³ Draft Articles on Responsibility of States for Internationally Wrongful Acts (adopted 2001) UN Doc A/56/10 art 42.

⁴⁴ *Ibid.*

Considering most other sanctions imposed against Russia are from States not involved in the conflict, these fall under third-party countermeasures. The legal justification is that, reflected in Article 48 of the Draft articles, a non-injured State may invoke State responsibility to protect community interests.⁴⁵ This means that States can take action against a State engaging in unlawful behaviour, even when they are not victim to this behaviour. The ILC Commentary shows that Article 48 covers a breach of an obligation *erga omnes partes*.⁴⁶ The *Barcelona Traction* case interprets this to mean “obligations of a State towards the international community as a whole”.⁴⁷ Therefore, States whom are not directly involved in the issue may impose sanctions to protect the interests of all States and to restore the international legal order.

The doctrine of third-party countermeasures is highly problematic. This means that the sanctions against Russia have been widely criticised for violating public international law. This is because firstly, they have not been authorised by the UN Charter. Secondly, they do not fall under the security exceptions of the General Agreement on Tariffs and Trade (GATT).⁴⁸ Finally, the Draft Articles on Responsibility of States for Internationally Wrongful Acts does not provide sufficient legal justification to impose the sanctions. Article 54 provides that non-injured States may take ‘lawful measures’ against a State to encourage the end of the breach and reparation for the injured State.⁴⁹ It therefore *suggests*, rather than explicitly details, the right of States to impose countermeasures in the form of sanctions. They may be described as a form of ‘private justice’.⁵⁰ This is because the individual State, or collection of States with the case of the EU, may decide themselves what States are deserving of countermeasures. By States taking international legal order questions into their own hands, there is potential to cause significant damage worldwide. Therefore, the sanctions may be argued to fail to respect Russia’s State sovereignty.

⁴⁵ Bogdanova (n 9) 82-83.

⁴⁶ Asada (n 42) 15.

⁴⁷ *Case Concerning Barcelona Traction, Light, and Power Company, Ltd (Belgium v. Spain)* [1970] ICJ 1 [33].

⁴⁸ General Agreement on Tariffs and Trade (came into force 1 January 1948) art XXI (GATT).

⁴⁹ Draft Articles on Responsibility of States for Internationally Wrongful Acts (n 43) art 54.

⁵⁰ Nigel D White, ‘Autonomous and Collective Sanctions in the International Legal Order’ (2018) *The Italian Yearbook of International Law* 27(1) 1, 7.

Another issue with unilateral sanctions is that there is no UNSC resolution regulating the sanctions or a committee to monitor their implementation.⁵¹ The potential issues arising from the lack of regulation was highlighted at a United Nations General Assembly (UNGA) session, when it called on States to abstain from implementing economic sanctions not authorised by the UNSC.⁵² Despite this, Western States have applied a huge, unprecedented, amount of economic sanctions on Russia. On the other hand, Russia's role as permanent member of the UNSC would mean that Russia would go unpunished if States followed this recommendation. This shows the potential issues which may arise from the current unilateral sanctions applied to Russia.

The EU Commission does, however, monitor Member States' enforcement of the measures. Failure to comply with a Member State obligation means that the Commission may commence infringement proceedings under Art 258 of the TFEU.⁵³ However, no infringement procedure has ever been launched against a Member State concerning failure to follow EU sanctions.⁵⁴ Therefore, even though the EU sanctions do have safeguards to ensure the implementation and enforcement of the measures, it is questionable whether the procedure actually serves an important purpose since it is never actually used. Lack of regulation and monitoring of sanctions means that sanctions regimes which cause significant harm are left unquestioned. The precise harms that may arise will be explored in chapter IV.

II.II.III. Restrictions on Sanction Use

States' use of sanctions, in theory, should be restricted by customary international law concepts. Non-intervention involves respecting other States sovereignty and not interfering with its internal affairs. However, rather than

⁵¹ Asada (n 42) 223.

⁵² UNGA 'Proceedings of the workshop on the various aspects relating to the impact of the application of unilateral coercive measures on the enjoyment of human rights by the affected populations in the States targeted: Report of the Office of the United Nations High Commissioner for Human Rights' (24 June 2013) 24th Session UN Doc A/HRC/24/20, para 11.

⁵³ TFEU (n 37) art 258.

⁵⁴ 'Frequently asked questions: Restrictive measures (sanctions)' (n 1).

intervening on Russian policy, the countries imposing the sanctions have done so in response to Russia's unlawful attempts of claiming rights over another sovereign State – Ukraine. The sanctions are therefore in *response* to Russia violating international law. It is therefore argued that the sanctions remain compatible with customary law concepts. The sanctions do not interfere with the internal affairs of Russia, but are rather in place *because* of Russia's breach of customary international law rules.

Moreover, international treaties may limit the use of sanctions against States, but they are generally worded to permit economic sanctions. Sanctioning States announced their ending of the most favoured nation (MFN) treatment towards the Russian Federation along with the sanctions.⁵⁵ This World Trade Organisation (WTO) principle ensures that countries do not discriminate between WTO Members for trade purposes. The security exemptions of the General Agreement on Tariffs and Trade (GATT), allow exemptions to WTO obligations in time of war or in an international emergency.⁵⁶ Many States therefore discriminate against Russian trade through trade sanctions, but the exemptions permit this action.

After Ukraine and Russia both applied unilateral sanctions on each other, both actions were challenged before the WTO. The panel report, *Russia – Traffic in Transit*, outlined that Russia had not acted inconsistently with any of its obligations under the GATT, which Ukraine had claimed it had breached by applying the sanctions.⁵⁷ After the adoption of the report in 2019, both States withdrew from further questioning the sanctions incompatibility with WTO agreements.⁵⁸ Relying on international treaties to question the legality of sanctions regimes is therefore limited. The broad discretion to adopt security measures it considers necessary therefore means that the current sanctions would be unlikely to be found incompatible with WTO law.

⁵⁵ 'EU sanctions against Russia explained' (n 3).

⁵⁶ *Ibid.*

⁵⁷ WTO, *Russia – Measures Concerning Traffic in Transit* (26 April 2019) WT/DS512/R and WT/DS512/R/Add.1.

⁵⁸ 'Targeted Economic Sanctions and WTO Law' (n 32) 176.

It is clear that the legality of unilateral sanctions generally and the current sanctions applied to Russia are highly controversial topics. However, it is argued that customary, treaty, and case law provide wide scope for the legality of unilateral sanctions, and the Russian sanctions are generally considered lawful under this basis. This does not mean that sanctions regimes are flawless. It remains a hugely underdeveloped area of international law, and the issues that arise must be addressed. In order to examine the impact that the sanctions imposed on Russia have on Cuba, it is important to firstly examine some of the most pertinent restrictions imposed by Western powers.

II.III. Sanctions imposed on Russia

Sanctions began being imposed on Russia concurrent to its illegal annexation of Crimea in 2014. It was mainly the defence and energy sector, and select businesses and individuals linked to the Russian government, that were targeted through these sanctions.⁵⁹ Russia imposed counter-sanctions on sanctioning authorities or States in retaliation. Yet, it has been suggested that the sanctions imposed in this time period had limited impact on the global economy.⁶⁰ A downward trend of imports into Russia was detected, suggesting that the sanctions did have the desired effect.⁶¹ However, this may be owed more so to the declining oil prices causing the Russian rouble to weaken, and therefore it was too costly for Russian importers to import the goods.⁶² This thesis will therefore focus on the sanctions imposed after this period, beginning in 2022. This is because these sanctions have had the most damaging impact on the global economy and non-target States.

Russia launched a full-scale invasion of Ukraine on 24 February 2022. Western allies of Ukraine announced new sanctions on Russia shortly after this. Most sanctioning countries have used selective exemptions to avoid unnecessary

⁵⁹ Jan Hanousek and Matěj Bělín, 'Making sanctions bite: The EU-Russian sanctions of 2014' (*CEPR*, 29 April 2019) <<https://cepr.org/voxeu/columns/making-sanctions-bite-eu-russian-sanctions-2014>> accessed 20 March 2023.

⁶⁰ *Ibid.*

⁶¹ *Ibid.*

⁶² *Ibid.*

collateral damage.⁶³ The ‘Sanctions Decade’ was a term coined for the period in the 1990s, when an unprecedented amount of sanctions regimes were established by the UN.⁶⁴ For example, comprehensive trade sanctions were applied to Iraq concurrent to its invasion of Kuwait.⁶⁵ This had disastrous implications for the civilian population of Iraq, including widespread malnutrition and lack of essential healthcare.⁶⁶ The international legal order re-examined the sanctions application after this. Sanctions have therefore evolved to target specific industries or individuals, rather than extensive restrictions which have long-term impacts on the population of the target country. Although targeted sanctions have become the norm, sanctions to this effect are unprecedented.⁶⁷ They target every area of the Russian economy. It is estimated that Russia’s GDP shrunk by between 2.2 and 3.9% in 2022.⁶⁸ It is expected to continue shrinking. The current sanctions may be divided into six main categories. These will be discussed in detail.

II.III.I. Asset Freezes

Firstly, the foreign assets of Russian leaders and elites have been frozen.⁶⁹ Asset freezes have been carried out against the Russian President, Vladimir Putin, and many oligarchs. The latter are individuals who profited greatly from Russian privatisation after the dissolution of the Soviet Union in 1991. The result is that these individuals cannot access their funds in the sanctioning State and averts civilians of that State from dealing with the person. The sanctioned individuals are believed to

⁶³ LexisNexis, ‘The Price of Putin’s War: How Sanctions Exemption Are Issued to Avoid Collateral Damage’ (20 June 2022) <<https://www.lexisnexis.com/community/insights/legal/b/thought-leadership/posts/the-price-of-putin-s-war-how-sanctions-exemptions-are-issued-to-avoid-collateral-damage>> accessed 20 March 2023.

⁶⁴ David Cortright and George A Lopez, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (Lynne Rienner Publishers 2000).

⁶⁵ Asada (n 42) 3.

⁶⁶ Ibid.

⁶⁷ ‘EU sanctions against Russia explained’ (n 3).

⁶⁸ The General Secretariat of the Council, ‘Infographic – Impact of sanctions on the Russian economy’ (*European Council and Council of the European Union*, last reviewed 17 March 2023) <<https://www.consilium.europa.eu/en/infographics/impact-sanctions-russian-economy/>> accessed 20 March 2023.

⁶⁹ Elena Chachko and J Benton Heath, ‘A Watershed Moment for Sanctions? Russia, Ukraine and the Economic Battlefield’ (2022) *AJIL Unbound* <<https://doi.org/10.1017/aju.2022.21>> Vol 116, 135.

fund the motives of the Russian Federation.⁷⁰ The sanctions therefore prevent the repatriation of funds to Russia and being used to further pursue the war.

It was reported in November 2022 that the UK had frozen over £18 billion (around €20.5 billion) worth of Russian assets.⁷¹ This includes, for example, yachts and real estate. Alisher Usmanov was one of the oligarchs targeted through these sanctions because of his financial ties to Putin.⁷² A superyacht connected to him, valued to be worth around €600 million, and around €75 million worth of his real estate and vehicles in Italy, have been seized.⁷³ With this being one of the many individuals sanctioned, the asset freeze sanctions play a critical role in crippling Russia's ability to fund the war.

The European Commission set up the 'Freeze and Seize' Task force to ensure that EU Member States are co-operating to implement the sanctions against the targeted individuals.⁷⁴ This task force collaborates with the 'Russian Elites, Proxies, and Oligarchs' Task Force.⁷⁵ This provides that the EU works alongside G7 countries to ensure that the asset freeze sanctions are effective. The G7 consists of Canada, France, Germany, Italy, Japan, the UK and the US. However, tracking down the individuals' assets can prove extremely difficult, especially when money laundering may be involved. The exact value of assets owned by these sanctioned individuals is therefore imprecise.

II.III.II. Financial System Sanctions

Secondly, the Russian financial system has been targeted through sanctions. This includes major Russian banks and financial institutions. For example, the

⁷⁰ 'EU sanctions against Russia explained' (n 3).

⁷¹ Rupert Neate, 'UK sanctions now cover over £18bn of Russian-owned assets' *The Guardian* (London, 10 November 2022) <<https://www.theguardian.com/world/2022/nov/10/uk-sanctions-18bn-russian-owned-assets-ukraine>> accessed 20 March 2023.

⁷² Tal Yellin, 'From yachts to lavish eStates, tracking Russian assets seized so far' *CNN Business* (Atlanta, 13 April 2022) <<https://edition.cnn.com/interactive/business/russian-oligarchs-yachts-real-eState-seizures/index.html>> accessed 20 March 2023.

⁷³ *Ibid.*

⁷⁴ European Commission, 'Freeze and Seize Task Force': Almost €30 billion of assets of Russian and Belarusian oligarchs and entities frozen by the EU so far' (8 April 2022)

<https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2373> accessed 10 May 2023.

⁷⁵ *Ibid.*

National Central Bank of Russia is unable to access its assets stored in banks or institutions in jurisdictions that have imposed these sanctions.⁷⁶ It is estimated that Russia holds around €579 billion outside of Russia.⁷⁷ This is mainly because holding reserves in foreign currencies allows States' own currency to be more stable. When expecting a devaluation in the local currency, the country may increase their interest rates by exchanging foreign currency to the local currency. Also, the sanctions prevent Russia from paying its international debts using foreign currency.⁷⁸ This category of sanction therefore serves to hurt the Russian economy significantly.

These are the first sanctions ever imposed on a central bank of a major global economy.⁷⁹ The impact they have on Russia's economy has a knock-on effect on countries which conduct regular trade with Russia. The impact on particularly Cuba will be discussed in the next chapter. The Russian government did put laws into place to prevent the impact of the sanctions on the rouble, including banning foreigners from selling their Russian assets.⁸⁰ Despite this, the value of the rouble is suffering. The Russian rouble lost 20% of its value from December 2022 until March 2023 alone.⁸¹ Therefore, the banking sanctions are evidently proving to have the desired effect on the Russian economy.

Another major financial system sanction against Russia prevents many Russian banks from using the Society for Worldwide Interbank Financial Telecommunications (SWIFT) to make or receive cross-border payments. SWIFT is the world's leading financial messaging system. Over 11,000 financial institutions

⁷⁶ 'EU Sanctions against Russia explained' (n 3).

⁷⁷ Ibid.

⁷⁸ Chachko and Heath (n 69) 136.

⁷⁹ Erica Moret, 'Sanctions and the cost of Russia's War in Ukraine' (2022) Global Observatory <<https://theglobalobservatory.org/2022/05/sanctions-and-the-costs-of-russias-war-in-ukraine/>> accessed 2 October 2022.

⁸⁰ The Economist, 'Western sanctions have rocked Russia's financial system' (London, 5 March 2022) <https://www.economist.com/graphic-detail/2022/03/05/western-sanctions-have-rocked-russias-financial-system?utm_medium=cpc.adword.pd&utm_source=google&ppccampaignID=18151738051&ppcadID=&utm_campaign=a.22brand_pmax&utm_content=conversion.direct-response.anonymous&gclid=CjwKCAjwolqhBhAGEiwArXT7Kw4Vun1KNEuC_xqwxe-G-izZPf97hmY8RLGrRyO-_3QTTkK4cia7RoCJvUQAvD_BwE&gclidsrc=aw.ds> accessed 10 March 2023.

⁸¹ Anastasia Stognei, 'Rouble slides to 10-month low as falling energy prices bite' *Financial Times* (London, 1 March 2023) <<https://www.ft.com/content/2feb14af-bd59-4d22-9731-ab90f73eee93>> accessed 20 March 2023.

across 200 countries globally use SWIFT for international transactions.⁸² This means that the sanctioned Russian banks cannot receive foreign currency or transfer assets abroad. This has had, and will continue to have, a major impact on Russian trade. However, it should be noted that a Russian-led alternative financial messaging system, the Financial Messaging System of the Bank of Russia, has seen rapid growth in the number of users in 2022.⁸³ This suggests that many foreign entities have found a system to continue doing business with Russia, whilst avoiding the SWIFT sanction.

II.III.III. Energy Sector Sanctions

Thirdly, the energy sector has been sanctioned. Russia is the third largest oil producer in the world and the largest oil exporter globally.⁸⁴ It therefore contributes to Russia's main source of revenue, funding its invasion of Ukraine. This area was the most widely debated to be sanctioned, since the impact on the countries imposing the sanctions was expected to be devastating. Eventually, from 5 December 2022, the EU and UK agreed to ban the seaborne imports of Russian crude oil.⁸⁵ Imports of refined oil products from Russia were later banned from 5 February 2023. As these sanctions are relatively new, the extent they will harm the Russian and global economy is unforeseeable.

As well as complete bans on energy imports, the Price Cap Coalition of the G7, the EU and Australia became effective from 5 February 2023.⁸⁶ This set a limit for the amount which Russia may sell their crude and petroleum oil for globally. At the time of writing, the established price cap for crude oil was set at \$60 (around

⁸² Swift, 'Swift Traffic Highlights' <<https://www.swift.com/about-us/swift-traffic-highlights>> accessed 20 March 2023.

⁸³ Alexander Marrow, 'Russia's SWIFT alternative expanding quickly this year, central bank says' (*Reuters*, 23 September 2022) <<https://www.reuters.com/business/finance/russias-swift-alternative-expanding-quickly-this-year-says-cbank-2022-09-23/>> accessed 20 March 2023.

⁸⁴ IEA, 'Oil Market and Russian Supply' <<https://www.iea.org/reports/russian-supplies-to-global-energy-markets/oil-market-and-russian-supply-2>> accessed 20 March 2023.

⁸⁵ Lauri Myllyvirta, 'Tracking the impacts of EU's oil ban and oil price cap' (*Centre for Research on Energy and Clean Air*, 5 December 2022) <<https://energyandcleanair.org/eu-ban-on-russian-oil-why-it-matters-and-whats-next/>> accessed 20 March 2023.

⁸⁶ Council Decision (CFSP) 2022/2369 of 3 December 2022 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine [2022] OJ L311/8.

57€) per barrel.⁸⁷ Further caps were implemented, with high-value Russian exports, including diesel and gasoline, being capped at \$100 (around 92€), and lower-value Russian products, including fuel oil, being capped at \$45 (around 41€).⁸⁸ This is subject to regular review by the involved countries, with the EU Council reviewing the price cap mechanism for crude oil every two months from mid-March onwards. Again, the impacts that this will have globally remains unknown.

The Centre for Research on Energy and Clean Air (CREA) has stated that the oil price cap is the most important measure to limit Russia's ability to fund the war.⁸⁹ The Russian government taxes the difference between the cost of production and transportation of the oil and the price the oil is sold for.⁹⁰ A lower price cap, closer to that of the cost of production, ensures Russia would be significantly deprived of oil revenue. However, contrarily to the current set price cap, the CREA recommends a \$25 to \$30 (around €23 to 28€) price cap of crude oil.⁹¹ They argue this amount would still cover the cost of production and transportation, enabling supply to continue, whilst significantly limiting Russia's profits. This brings into question whether the current price cap, which is set much higher than the recommendation, is able to greatly reduce Russia's oil revenue which is funding its invasion of Ukraine.

Also, whilst the West debated on applying these sanctions, Russian oil and gas revenues grew by 28% in 2022, despite the oil exports only growing by 7%.⁹² This is due to the Russian government increasing their price of oil dramatically, to account for the loss in profits in other sectors of their economy because of the sanctions. Many countries went on a 'last-minute shopping spree' to purchase Russian oil and gas before the import ban sanctions went into place.⁹³ The argument that the sanctions are to cripple Russia's ability to fund the war by targeting the main

⁸⁷ Ibid.

⁸⁸ UK Government, 'UK and coalition partners announce price caps on Russian oil products' (*Gov.UK*, 3 February 2023) <<https://www.gov.uk/government/news/uk-and-coalition-partners-announce-price-caps-on-russian-oil-products>> accessed 20 March 2023.

⁸⁹ Myllyvirta (n 85).

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Enerdata, 'Russia's oil and gas budget revenues grew by 28% in 2022' (17 January 2023) <<https://www.enerdata.net/publications/daily-energy-news/russian-oil-gas-revenues-increase.html>> accessed 22 March 2023.

⁹³ Myllyvirta (n 85).

source of their income suddenly becomes flawed with these facts. With this logic, by buying a record amount of oil and gas from Russia whilst the war was occurring and before the sanctions came into place, Western States were in fact indirectly funding the war. This hypocrisy reduced the sanctions effectiveness.

II.III.IV. Trade Restrictions

Fourthly, there have been a significant number of restrictions on trade with Russia. The EU has a list of sanctioned products which are prohibited from being exported to Russia from EU Member States. This includes technology, army material and luxury goods.⁹⁴ There is also a list of goods which cannot be imported *from* Russia into the EU, including coal, steel and gold.⁹⁵ These sanctions are permitted because, as aforementioned, the sanctioning countries no longer follow the MFN principle and therefore are not obligated to treat trading with Russia indiscriminately. They are designed to impact Russia's ability to access necessary products, in attempts to encourage the end of the Ukraine invasion.

Russia has played a critical role in global trade. It is a major exporter of commodities, which are raw materials that are used to produce essential goods and services. Examples of commodities include oil, grains, fertiliser and metals. Russia was a leading exporter in *all* of the aforementioned examples.⁹⁶ In 2020, 37.9% of the Russian exports went to EU Member States.⁹⁷ The impact of the sanctions can therefore be felt in many States globally, including the sanctioning States and other non-target States. A reduction of commodity imports can hugely impact an economy. Businesses cannot function properly without access to commodities, since it prevents them from running their offices or manufacturing goods. The trade restrictions against Russia therefore threaten the global economy.

⁹⁴ 'EU Sanctions against Russia explained' (n 3).

⁹⁵ Ibid.

⁹⁶ Douglas Broom, 'What else does Russia export, beyond oil and gas?' (*World Economic Forum*, 18 March 2022) <<https://www.weforum.org/agenda/2022/03/russia-gas-oil-exports-sanctions/>> accessed 20 June 2023.

⁹⁷ Directorate-General for Trade, 'Russia: EU trade relations with Russia. Facts, figures and latest developments' (*European Commission*) <https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/russia_en> accessed 20 March 2023.

Trade sanctions have also played a major role in affecting other sectors. For example, banning electrical components ultimately impacts the banking sector. Visa and Mastercard's suspension of operations in Russia meant that Russian banks had to reissue bank cards.⁹⁸ Lack of available resources because of sanctions meant that Russia was lacking enough chips to create new banking cards for the entire population.⁹⁹ Much of the world has become accustomed to using banking cards, rather than cash. No banking cards means no ability to spend money for many. The sanctions therefore contributed to a decline in economic activity across the Russian economy.¹⁰⁰ This shows that the extent to which the sanctions can impact the daily life of Russian civilians.

II.III.V. Transportation Sanctions

Fifthly, sanctions have been imposed on Russian transportation. Russian and Belarusian road transport operators have been banned from entering the EU.¹⁰¹ This includes goods in transit, where the final destination is out-with EU Member States. Russian maritime transport has also been heavily sanctioned. Russia's merchant fleet of over 2,800 vessels, are therefore prohibited from entering the ports of the sanctioning countries.¹⁰² Russia is thereby prevented from acquiring goods from the EU and further restricts their ability to trade. There are exceptions for goods which may be transported, including for the purposes of humanitarian aid.¹⁰³ This has had the impact of limiting the options for Russia to obtain certain products that it would normally obtain from the EU.

The aviation sector has also been sanctioned, with airplanes registered in Russia, leased by Russia, or rented by a Russian citizen being prohibited from flying over sanctioning countries airspace or landing at their airports. The sanctioning entities of the Russian aviation sector include the EU, the US, Canada and the UK.

⁹⁸ BBC, 'Visa and Mastercard suspend Russian operations' (London, 6 March 2022) <<https://www.bbc.com/news/business-60637429>> accessed 23 June 2023.

⁹⁹ Natalia Shapran and others, 'The impact of sanctions on the economy of the Russian Federation' (2022) VUZF Review 7(3), 16.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² 'EU Sanctions against Russia explained' (n 3).

¹⁰³ Ibid.

There is also an EU ban on the export of goods and technology in the aviation and space industry.¹⁰⁴ The vast majority of Russia's current aircrafts were produced in countries applying these sanctions.¹⁰⁵ Russia is therefore severely limited in obtaining spare parts for maintenance of their aircrafts. This is in addition to aerospace groups suspending their operations, and therefore maintenance support, in Russia.¹⁰⁶ Although international travel has significantly dropped for Russia, domestic flights increased by 4% between 2019 and 2022.¹⁰⁷ As fewer parts to repair the planes are available because of sanctions, the safety of the fleet is called into question.

II.III.VI. Professional Services Sanctions

Finally, many Western governments have prohibited providing certain professional services to Russian. Whilst the EU sanctions only prohibit providing these services to the Russian government and legal persons, entities or bodies established in Russia, the UK sanctions also cover providing the services to natural persons.¹⁰⁸ The sanctioned services include accounting, business and management consulting, legal advice and IT consultancy. The Russian economy is particularly dependent on importing these services from companies in the EU and UK.¹⁰⁹ They therefore serve to hurt the Russian Federation and Russian companies, ultimately negatively impacting its economy.

However, this set of sanctions caused controversy among many businesses providing these services in States applying the sanctions. Their argument was that they provide services to Russian entities for the purpose of meeting legal

¹⁰⁴ Ibid.

¹⁰⁵ 'EU Sanctions against Russia explained' (n 3).

¹⁰⁶ Sylvia Pfeifer, 'Russia's aviation industry defies sanctions to remain airborne' *Financial Times* (London, 7 November 2022) <<https://www.ft.com/content/0adc01f3-f87e-4ab2-9dc6-96a472f09435>> accessed 20 March 2023.

¹⁰⁷ Ibid.

¹⁰⁸ Sue Millar and Stephen Ashley, 'UK sanctions: professional and business services to Russian clients' (*Stephenson Harwood*, 22 July 2022) <<https://www.shlegal.com/news/uk-sanctions-professional-and-business-services-to-russian-clients>> accessed 22 March 2023.

¹⁰⁹ 'EU Sanctions against Russia explained' (n 3).

requirements.¹¹⁰ For example, it may put Russian companies at risk of not meeting their tax requirements in sanctioning States. With the international pressure to cut ties with Russian entities, businesses in the countries applying the sanctions have suffered from loss of revenue from their long-standing Russian clients. These sanctions have an impact on many economies globally and not just Russia.

There are many sanctions, other than the ones described above, which have been applied to Russia by Western powers. For example, Russian media outlets have been heavily sanctioned and prohibited from being broadcasted in sanctioning States because of their role in spreading disinformation and propaganda.¹¹¹ The main sanctions which ultimately have global impact, and particularly disastrous implications for Cuba, have been explained. Exactly *why* these sanctions have short-term and long-term effects on Cuba, and other non-target States generally, will be considered in the following chapter.

¹¹⁰ Michael O'Dwyer and Daniel Thomas, 'UK professional services firms seek exemptions to ban on Russia work' *Financial Times* (London, 24 May 2022) <<https://www.ft.com/content/3f74c9d7-d945-4a77-b0d5-81fdf5b7b23f>> 25 March 2023.

¹¹¹ 'EU sanctions against Russia explained' (n 3); William James, 'Britain sanctions Russian media, targeting disinformation' *Reuters* (London, 31 March 2022) <<https://www.reuters.com/world/uk/uk-makes-14-additions-russia-sanctions-list-2022-03-31/>> accessed 10 May 2023.

III. Long-term Impacts for Cuba

The purpose of the current Western sanctions is to coerce Russia into stopping its illegal warfare in Ukraine. It is undeniable that the target country suffers from sanctions, as was emphasised in the previous chapter with Russia's declining GDP. The sanctioning countries have also suffered in the case of sanctioning Russia because of Russia's role in global trade, with it being a major exporter of commodities. This is clear when considering that the sanctions imposed on Russia threaten to slow any recovery of the global economy after COVID-19 and contribute to countries currently experiencing a cost-of-living crisis.¹¹² It is therefore relatively accepted that sanctions carry consequences for the target State and sanctioning State.

The impact that these sanctions have on non-target States, referring to States which are not involved in the warfare and have not applied sanctions against Russia themselves, is seldom discussed. Often the powerful Western countries which impose the sanctions suffer short-term and their economies are strong enough to adapt and recover. However, the global impact of sanctions means that countries with lower-incomes suffer the most. The impact on their economy tends to be prolonged and often leads to a sanction-induced recession.¹¹³ This chapter seeks to discuss these effects on a country which is likely to be particularly harmed by the current sanctions on Russia - Cuba. It will explain the history of Cuban-Russian relations and the general condition of the Cuban economy to show that Cuba is particularly vulnerable to the impacts caused by the Russian sanctions. It will then explore the specific consequences that the sanctions pose for different sectors of the Cuban economy.

¹¹² Pierre-Olivier Gourinchas, 'Global Economy to Slow Further Amid Signs of Resilience and China Re-opening' (*IMF*, 30 January 2023) <<https://www.imf.org/en/Blogs/Articles/2023/01/30/global-economy-to-slow-further-amid-signs-of-resilience-and-china-re-opening>> accessed 1 May 2023.

¹¹³ Chachko and Heath (n 69) 138.

III.I. History of Cuban-Russian Relations

Cuba has had a long-standing relationship with Russia, and previously the Union of Soviet Socialist Republics (USSR). During the Cuban revolution from 1953 to 1959, led by Che Guevara and Fidel Castro, the USSR provided Cuba with a loan of \$100 million (around €91 million) at a 2.5% interest rate.¹¹⁴ This was essentially to fund the industrialisation of Cuba. The reason for the USSR doing so was to show support for a fellow State following the Marxist-Leninism ideology. This provided that a single communist party would run the State through imperialism, with a focus on industrialisation and spreading the economic benefits that arises from this to workers willing to accept the system.¹¹⁵ The USSR therefore played a critical role in transforming Cuba into the socialist country that it remains today. The Cuban debt to the USSR was gradually building to a significant amount, whilst Cuban society was becoming intrinsically linked with the USSR.

Cuba is one of the main countries considered when the topic of economic sanctions arises. Cuba has been subjected to US embargoes because of political disagreement with their 'Sino-Soviet Communism' government since 1962.¹¹⁶ This is the longest that a set of unilateral sanctions, as we know them, have ever been applied to a State. This raises a critical point to this thesis: Cuba is a nation which has been fundamentally hurt by the sanctions imposed directly upon them. Being sanctioned by the largest economy globally has had significant implications for Cuba's economy and development. This places Cuba in a more vulnerable position, compared with non-sanctioned States, since it already has fewer trading opportunities. This thesis does not seek to suggest that the sanctions against Russia have a *more* damaging impact on the Cuban economy than the US sanctions

¹¹⁴ Leroy A Binns, 'The Demise of the Soviet Empire and Its Effects on Cuba' (1996) 42(1) *Caribbean Quarterly* 41, 41.

¹¹⁵ Christopher Riches and Jan Palmowski, *A Dictionary of Contemporary World History* (5th edn, OUP 2019).

¹¹⁶ David Adler, 'Cuba has been under US embargo for 60 years. It's time for that to end.' *The Guardian* (London, 3 February 2022) <[32](https://www.theguardian.com/commentisfree/2022/feb/03/cuba-us-embargo-must-end#:~:text=It%27s%20time%20for%20that%20to%20end,-This%20article%20is&text=%20There%20is%20no%20embargo,support%20in%20the%20Cuban%20dia spora.> accessed 10 June 2023.</p></div><div data-bbox=)

against Cuba itself. Rather, it is to highlight that sanctions are often imposed nowadays without considering the damage they have on non-target States.

Cuba and the US are very close in proximity to each other. This promoted a trading relationship between the countries prior to the US sanctions. The US provided a significant amount of capital, technology and industrial products to Cuba and was a major purchaser of Cuban sugar.¹¹⁷ The loss of the US as a trading partner meant that Cuba had to find other States to trade with, particularly because it relies on imports. This was also combined with the fact that Che Guevara's 'First Five-Year Plan' to industrialise the nation and therefore increase Cuba's economic growth rate failed.¹¹⁸ The combination of many factors, including those mentioned, triggered Cuba's dependency on the USSR.

A long-term trade agreement was negotiated with the USSR in January 1964.¹¹⁹ The USSR agreed to bring Cuba back into the world economy by capitalising on its sugar industry and industrialisation, with the exportation of nickel and stainless steel.¹²⁰ In return, Cuba imported essential supplies from the USSR, including raw materials and industrial goods.¹²¹ The goods exchanged shows the imbalance of the relationship. Whilst Cuba relied on Russian imports that were essential for their development, USSR could have imported its sugar from elsewhere. Cuba was largely prevented from sourcing the supplies from elsewhere because of US sanctions, creating a huge trade deficit in the country. This means that it imported significantly more goods than it exported. They also had limited sugar to export elsewhere because their productions only covered enough to meet USSR demands.¹²² This meant that Cuba was further restricted in exporting goods to other States. The country, thus, became increasingly reliant on the USSR as a trade partner.

¹¹⁷ Kosmos Tsokhas, 'The Political Economy of Cuban Dependence on the Soviet Union' (1980) 9 *Theory and Society* 319, 321.

¹¹⁸ *Ibid* 332.

¹¹⁹ Oscar Sanchez-Sibony, 'Cuba, Soviet Oil, and the Sanctions that Never Were: An Archival Investigation of Socialist Relations' (2022) 54 *Journal of Latin American Studies* 593, 601.

¹²⁰ *Ibid*.

¹²¹ Tsokhas (n 117) 325.

¹²² *Ibid*.

The collapse of the Soviet Union in 1991 had major implications for Cuba because of the nature of their relationship. The GDP of Cuba suffered between a 35% and 50% drop between 1989 and 1993 after its collapse.¹²³ When the Russian Federation was founded, Cuba experienced a significant decrease in its trade. Essential commodity imports drastically dropped, with the oil received from Russia falling from 13.3 million tons in 1989 to only 1.8 million tons in 1992.¹²⁴ Exports of sugar and nickel also fell dramatically.¹²⁵ The Cuban economy was on the brink of collapse. It took many years for the Cuban economy to slowly recover, showing the extent of its dependence on the USSR.

Although Cuban trade relationships have extended to include more countries, it remains largely dependent on Russia. Cuba has remained a close ally of Russia throughout its invasion of Ukraine. This was emphasised when it abstained from the UNGA vote on 2nd March 2022 condemning the invasion of Ukraine.¹²⁶ The Russian Federation being condemned and sanctioned by major global superpowers will inevitably impact its economy. As a result of Cuba's continued dependency on Russia, Cuba too will suffer. However, Russia has vast resources and does not depend on imports the same way as Cuba. The consequences of the sanctions may therefore have longer-lasting effects than that had directly on Russia. The precise ways in which the Cuban economy will suffer will be explored in a further section.

III.II. The Cuban Economy

Cuba has what is known as a 'mixed economy'. This means that although it remains socialist and dominated by State-owned enterprises, it includes free-market principles. For example, steps have been taken in recent years to provide greater economic freedom to private actors.¹²⁷ However, reforms of the Cuban economy

¹²³ William M Leogrande and Julie M Thomas, 'Cuba's Quest for Economic Independence' (2002) 34 *Journal of Latin American Studies* 325, 343.

¹²⁴ Binns (n 114) 48.

¹²⁵ *Ibid.*

¹²⁶ Marc Frank, "Now it will only get worse': Cuba grapples with impact of Ukraine war' *Financial Times* (London, 13 May 2022) <<https://www.ft.com/content/1f3bbd52-4ef9-4c6f-88fa-e9f06a235114>> accessed 10 June 2023.

¹²⁷ José Antonio Alonso and Pavel Vidal, 'The difficulties of Institutional Change in Cuba' in Bert Hoffmann (eds), *Social Policies and Institutional Reform in Post-COVID Cuba* (Verlag Barbara Budrich 2021) 137.

have largely failed. Alonso and Vidal attribute the failure to the government's "persistent failure to define the precise goal to which the reform should lead the Cuban economy".¹²⁸ Attempted changes to promote the recovery of the economy seem to be weak or subject to reversal. This is mostly likely due to those that benefit from the status quo, and are politically influential, being reluctant to changes.¹²⁹ It is therefore important to consider that the Cuban economy is weak on the global scale. Arguably, this weakness is what makes it more vulnerable to issues arising from the sanctions against Russia.

Cuba is listed as an 'upper middle income' economy by the World Bank.¹³⁰ Its classification changed from low-income in 2007, once the Gross National Income (GNI) of the country reached the threshold for the higher category.¹³¹ GNI represents the value that is produced by a nation and its residents' income, including income sourced from abroad.¹³² The change of GNI classification is likely to have negatively impacted the economy because the EU market previously gave Cuba preferential treatment for trading. This is because the generalised system of preferences (GSP) under EU Law aims to promote trade with low-income nations by providing them with preferential access to the EU market.¹³³ It provides an exception to the MFN principle, explained in the previous chapter. Studies reveal that there is a link between withdrawal from the GSP and a reduction of exports to EU Member States.¹³⁴ Therefore, Cuba becoming an 'upper middle income' economy likely impacted exports and the general economy.

¹²⁸ Ibid 138.

¹²⁹ Ibid 140.

¹³⁰ The World Bank, 'Data for Cuba, Upper middle income' <<https://data.worldbank.org/?locations=CU-XT>> accessed 26 April 2023.

¹³¹ The World Bank, 'World Bank Country and Lending Groups' <<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>> accessed 28 April 2023.

¹³² JB Maverick, 'Measuring Economic Conditions: GNI or GDP?' (*Investopedia*, 26 November 2022) <<https://www.investopedia.com/ask/answers/062315/gross-national-income-gni-or-gross-domestic-product-gdp-better-measure-economic-condition-country.asp>> accessed 26 April 2023.

¹³³ Directorate-General for Taxation and Customs Union, 'Generalised System of Preferences' (*European Commission*) <https://taxation-customs.ec.europa.eu/generalised-system-preferences_en> accessed 26 April 2023.

¹³⁴ Hinnerk Gnutzmann and Arevik Gnutzmann-Mkrtchyan, 'The impact of trade preferences removal: Evidence from the Belarus Generalized System of Preferences withdrawal' (2022) 45(9) *The World Economy* 2977, 2994; Shushanik Hakobyan, 'GSP expiration and declining exports from developing countries' (2020) 53(3) *Canadian Journal of Economics* 1132, 1156.

An indicator for economic health is the unemployment rate of a country. The National Office of Statistics for Cuba presents the unemployment rate as remarkably low, with only 2.8% being unemployed in 2021.¹³⁵ However, further research shows that the typically defined ‘unemployment rate’ provides an inaccurate picture of the Cuban labour market because both ‘disguised unemployment’ and ‘discouraged workers’ are not considered within this statistic.¹³⁶ The former refers to the situation where too many workers are in too few jobs, causing a lack of productivity. The disguised unemployment rate is often extremely high in Cuba because Socialist States tend to provide State jobs, even when they are not required.¹³⁷ Discouraged workers are those that have recently stopped the search for work after attempting to find employment and are not considered in unemployment statistics because they are not actively seeking employment. Although the unemployment rate was 2.4% in 2015, Hernández-Catá estimated that when considering disguised unemployment and discouraged workers, an additional 18.3% of the population not in the labour market may be accounted for.¹³⁸ It is therefore important to consider that the official unemployment statistics, and other indicators of economic health, are inaccurate for Cuba. It is only when delving into further research that the reality of Cuba’s declining economy is shown.

The slow GNI growth rate of Cuba also suggests that the economy is suffering. Figure 1 (below) provides a GNI growth rate comparison of Cuba, upper middle-income countries average and the global average. The Cuban GNI growth rate has only been 2.16% on average from 2010 to 2019.¹³⁹ In the same time period, the global average growth rate was 3.22%, whilst the upper middle income countries average was 4.83%.¹⁴⁰ This shows that although the Cuban economy seems to be

¹³⁵ Trading Economics, ‘Unemployment Rate in Cuba increased to 2.80 percent in 2021 from 2.60 percent in 2020’ (2022) <<https://tradingeconomics.com/cuba/unemployment-rate>> accessed 27 April 2023.

¹³⁶ Ernesto Hernández-Catá, ‘Why is Cuba’s unemployment rate so low? Or is it really that low’ (2019) 29 ASCE: Cuba in Transition 141, 141.

¹³⁷ Ibid.

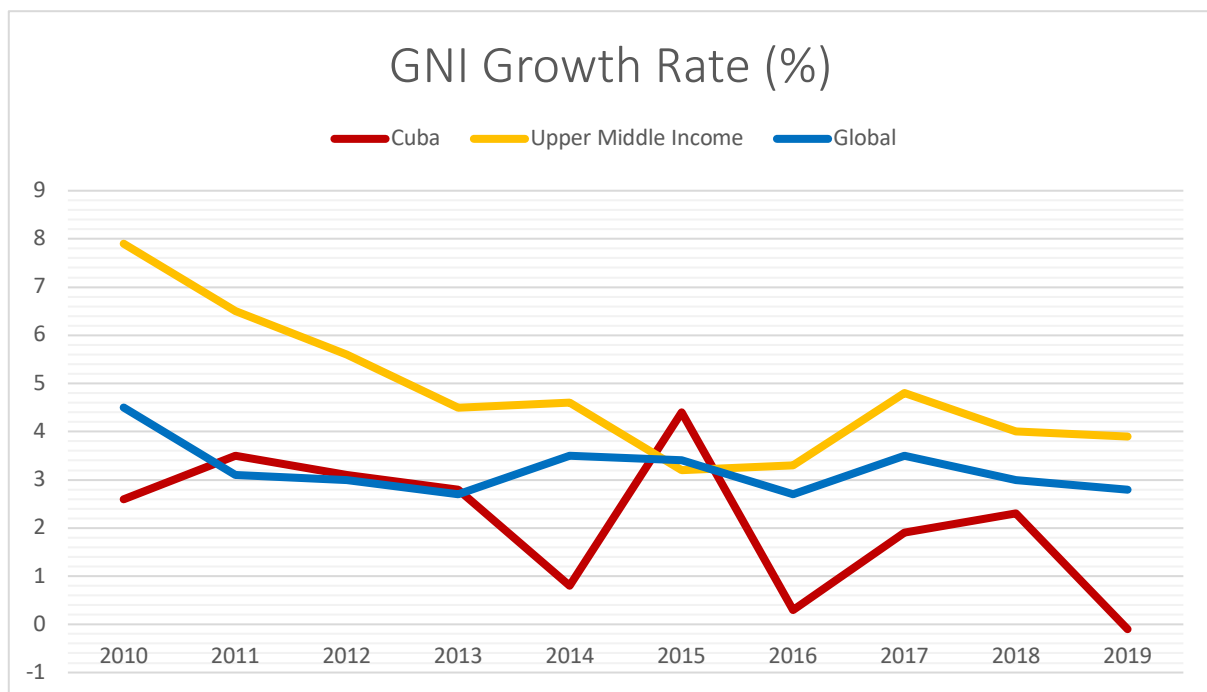
¹³⁸ Ibid 143.

¹³⁹ The World Bank, ‘GNI per capital growth (annual %) – Cuba’ <<https://data.worldbank.org/indicator/NY.GNP.PCAP.KD.ZG?locations=CU&start=2010>> accessed 27 April 2023.

¹⁴⁰ The World Bank, ‘GNI growth (annual %)’ <<https://data.worldbank.org/indicator/NY.GNP.MKTP.KD.ZG?end=2019&start=2010>> accessed 27 April 2023; The World Bank, ‘GNI per capital growth (annual %) – Upper middle income’

comparable to stronger economies in its size because of its upper middle income classification, it is more unstable and grows slower than the average global economy. More importantly, it shows that it is one of the weakest economies within the upper middle income category. The weakness of the Cuban economy means that it has less resources to protect itself against external issues. It is therefore more vulnerable to be harmed by global problems, including COVID-19 and the sanctions against Russia. This factor, as well as Cuba's dependency on Russia, is critical in understanding that Cuba will be more dramatically impacted by the sanctions against Russia in comparison to other nations.

Figure 1:¹⁴¹



Cuba is currently experiencing its worst economic crisis in decades. It experienced its first recession since 1993, which was the year that the Soviet Union fell, in 2016.¹⁴² This was caused by the international situation, because the prices of Cuba's main exports were weak and a main trading partner of Cuba, Venezuela's,

<<https://data.worldbank.org/indicator/NY.GNP.PCAP.KD.ZG?end=2019&locations=XT&start=2010>> accessed 27 April 2023.

¹⁴¹ Figure 1: Graph made by author, with data obtained from 'GNI per capital growth (annual %) – Cuba' (n 139); 'GNI growth (annual %)' (n 140); 'GNI per capital growth (annual %) – Upper middle income' (n 140).

¹⁴² Ricardo Torres Pérez, 'Updating the Cuban Economy: The First 10 Years' (2017) *Social Research: An International Quarterly* 84(2) 255, 268.

economic situation worsened.¹⁴³ After this, COVID-19 had a particularly devastating impact on the world's poorer and more vulnerable countries.¹⁴⁴ This explains why the Cuban GDP fell by 10.9% in 2020, whilst the global GDP only dropped by 3.4%.¹⁴⁵ It also supports the argument explored previously that Cuba is more impacted by global external factors, compared with other States. As Cuba tries to recover, threats such as the sanctions against Russia exposes Cuba to major economic problems. The sanctions are particularly problematic for Cuba because of the long-standing Cuban-Russian alliance. This dependency covers far-ranging areas, which ultimately are impacted because of the sanctions. This includes the following areas: trade, banking, tourism, energy, foreign investment and foreign aid. The next section will investigate this further.

III.III. The Impact of the Current Sanctions on Cuba

III.III.I. Trade

Cuba has a huge trade deficit. It is dependent on importing goods because it does not produce enough domestic products for their people or its economy to function. This has been heightened in recent years with hurricanes and other diverse conditions in Cuba reducing its production capability for foodstuffs.¹⁴⁶ Cuba therefore imported around 70 to 80 percent of its food in 2015.¹⁴⁷ Cuba's dependency on imports makes it particularly vulnerable to external factors impacting trade. Mesa-

¹⁴³ Ibid.

¹⁴⁴ Akihiko Nishio, 'COVID-19 is hitting poor countries the hardest. Here's how World Bank's IDA is stepping up support' (*World Bank Blogs*, 28 January 2021) <<https://blogs.worldbank.org/voices/covid-19-hitting-poor-countries-hardest-heres-how-world-banks-ida-stepping-support>> accessed 29 March 2023.

¹⁴⁵ Carmelo Mesa-Lago, 'Cuba's Economy in Times of Crisis: 2020-2022 and Prospects for 2023' (2023) Occasional Paper, Cuban Research Institute, Florida International University, 5 <<https://cri.fiu.edu/research/commissioned-reports/cuba-economic-crisis.pdf>> accessed 27 April 2023; Statista Research Department, 'Impact of the coronavirus pandemic on the global economy – Statistics & Facts' (*Statista*, 17 January 2023) <<https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy/#topicOverview>> accessed 27 April 2023.

¹⁴⁶ Wilhelm Schöllmann, 'At a glance: Cuba's international trade' (February 2015) European Parliamentary Research Service PE 548.984, 1 <[https://www.europarl.europa.eu/RegData/etudes/ATAG/2015/548984/EPRS_ATA\(2015\)548984_RE V1_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2015/548984/EPRS_ATA(2015)548984_RE V1_EN.pdf)> accessed 1 May 2023.

¹⁴⁷ World Food Programme, 'WFP Cuba Country Brief' (March 2023) <https://docs.wfp.org/api/documents/WFP-0000148412/download/?_ga=2.156888123.1805709159.1682588306-989287746.1681389529> accessed 27 April 2023.

Lago and Vidal-Alejandro emphasised this, by concluding that the Cuban economy was particularly impacted by the 2008 global financial crisis because of its reliance on imports for the “day-to-day running of the economy”.¹⁴⁸ Similarly to the 2008 crisis, the Russian sanctions have had global impact. The WTO predicts that global trade will ‘slow sharply’ in 2023, which has been contributed significantly to the Ukraine-Russia war and sanctions against Russia.¹⁴⁹ The effects on Cuba can already be seen, as a 40% reduction of Cuban imports from 2019 to 2022 was reported.¹⁵⁰ As most countries experience a reduction of imports because of the sanctions and Russia’s role as a major exporter of commodities, Cuba will particularly suffer because of its dependency on imported goods.

The Cuba-Russia trade relations continue today. The sanctions against Russia may strain this relationship. Despite Cuba having imported around \$285 million (around €260 million) worth of goods from Russia, only \$18.4 million (around €16.8 million) were exported from Cuba to Russia in 2019.¹⁵¹ It is apparent that Cuba’s dependency on Russia, and formerly the USSR, is still prevalent. Cuba’s main imported items include machinery, oil and manufactured goods.¹⁵² This is problematic when considering Russia has been heavily sanctioned in many of these areas. Even if the good itself has not been sanctioned, other sanctions against Russia hinder the ability for the product to enter Cuba. This is because the route for the Russian goods to be transported to Cuba is restricted since many States have sanctioned Russian transportation or Russian planes from flying over their airspace. Moreover, the above-mentioned goods are critical for the functioning of a modern economy. For example, most businesses or factories would be unable to function without oil. Overall, the sanctions against Russia threaten the Russia-Cuba trading relations. This ultimately has long-term implications for the Cuban economy because it relies on Russia for essential commodities and the daily functioning of its economy.

¹⁴⁸ Carmelo Mesa-Lago and Pavel Vidal-Alejandro, ‘The Impact of the Global Crisis on Cuba’s Economy and Social Welfare’ (2010) 42 *Journal of Latin American Studies* 689, 691.

¹⁴⁹ WTO, ‘Trade growth to slow sharply in 2023 as global economy faces strong headwinds’ (2022) Press/909 <https://www.wto.org/english/news_e/pres22_e/pr909_e.htm> accessed 27 April 2023.

¹⁵⁰ Frank (n 126).

¹⁵¹ OEC, ‘Russia/Cuba’ (December 2021) <<https://oec.world/en/profile/bilateral-country/rus/partner/cub>> accessed 27 April 2023.

¹⁵² Schöllmann (n 146).

On the other hand, it may be argued that a reduction in imports from Russia provides Cuba with the opportunity to expand its trade relationships with third countries. Although this may be the case with other countries, Cuba is unique since it has been subject to extensive US sanctions also. Cuba's trading relationships with other countries is therefore restricted. Many States may fear fines imposed by the US or value their trading relationship more with the US than Cuba to take the risk of conducting business with the country.¹⁵³ Moreover, the reputational risk of trading with Cuba may have impact when considering its close relations with Russia. For example, as Cuba has clearly sided with Russia, many EU merchants may be hesitant to be involved or associated with Cuba. However, it should be noted that Cuban-EU trade relations may have already become strained prior to the war. This is because of the unjust treatment and sentences of prisoners following the anti-government protests in Cuba in 2021.¹⁵⁴ Therefore, Cuba is limited to expand its trading relations with other nations. As Russia is a critical trading partner with Cuba, the economy will likely suffer long-term implications because of the reduction of imports caused by the sanctions.

III.III.II. Banking

The Russian banking industry has been heavily sanctioned. The problem this has for the Cuban banking industry is the limited international transactions that Cuba can conduct already. US sanctions against Cuba prohibit many financial transactions between the two countries, as well as using the US as an intermediary bank to transact with other third countries.¹⁵⁵ This ultimately prevents Cuban banks and businesses from using the dollar in international transactions. This impacts Cuba when considering that the dollar remains the globally most used currency for trade. In fact, 88% of international transactions involved the US dollar in 2019.¹⁵⁶ Cuba is

¹⁵³ US Department of the Treasury, 'Treasury Announces Civil Penalties for Cuba Travel Violations' (15 April 1999) <<https://home.treasury.gov/news/press-releases/rr3083>> accessed 1 May 2023.

¹⁵⁴ Council of the EU, 'Cuba: Declaration by the High Representative on behalf of the EU on the trials and sentences related to the demonstrations of 11 and 12 July 2021' (European Council and Council of the European Union, 30 March 2022) <<https://www.consilium.europa.eu/en/press/press-releases/2022/03/30/cuba-declaration-by-the-high-representative-on-behalf-of-the-eu-on-the-trials-and-sentences-related-to-the-demonstrations-of-11-and-12-july-2021/>> accessed 1 May 2023.

¹⁵⁵ Cuban Assets Control Regulations [9 July 1963] 28 FR 6974 §515.201.

¹⁵⁶ Helen Yaffe, 'The US Blockade, and the "1 Cent 4 Cuba" Campaign to Challenge it' (2022) 14(2) *International Journal of Cuban Studies* 207, 210.

therefore prevented in most cases from transacting with foreign businesses in the dollar. Moreover, the Cuban peso has no value outside of Cuba and so it must rely on other currencies to conduct international transactions.¹⁵⁷ Considering much of Cuban trade is conducted directly with Russia, it is likely that the Russian rouble is one of the currencies Cuba transacts in. This is supported by Russia having made significant moves since 2019 to promote national currency for bilateral trade agreements, as part of the de-dollarization of the Russian economy.¹⁵⁸ Therefore, with the rouble being instable since the war, Cuba has been left with fewer foreign currency options that are reliable.

Another issue is that Cuba uses Russian banks to trade with other nations. For example, it was reported that Cuba relies on Russian banks to receive or make payments with many European traders.¹⁵⁹ Considering most international deals are conducted in the dollar, US banks tend to act as the intermediary for cross-border transactions. The Cuban sanctions preventing this for Cuba's case provides an understanding of the involvement of Russian banks as intermediaries for Cuban trade with other States. The Russian banking sector sanctions further hinder Cuban trade by preventing businesses and persons in sanctioning States from conducting business through many Russian banks. Russian banks have therefore been prevented from acting as an intermediary for Cuba to pay their foreign merchants in sanctioning States. The sanctions therefore threaten Cuba's ability to import many products. This is devastating when considering that the island depends on imports. The sanctions on Russian banks therefore have wide-ranging impacts on Cuba's trading ability.

However, it is important to also consider the other factors which have contributed to the issues with the Cuban banking industry. Although solely the US has sanctioned Cuba, most banks and payment systems globally consider Cuba as

¹⁵⁷ UK Government, 'Foreign travel advice: Cuba - Money' (*GOV.UK*) <[https://www.gov.uk/foreign-travel-advice/cuba/money#:~:text=The%20Cuban%20National%20Peso%20\(CUP,payments%20in%20dollars%20or%20euros.>](https://www.gov.uk/foreign-travel-advice/cuba/money#:~:text=The%20Cuban%20National%20Peso%20(CUP,payments%20in%20dollars%20or%20euros.>) accessed 2 May 2023.

¹⁵⁸ Xu Wenhong, 'Dedollarization as a Direction of Russia's Financial Policy in Current Condition' (2023) 34(1) *Studies on Russian Economic Development* 9, 15.

¹⁵⁹ Frank (n 126).

a sanctioned country.¹⁶⁰ The Trump administration put Cuba on the list of sponsors of terrorism list once again.¹⁶¹ This means that the US may impose fines on banks, companies or individuals wishing to transact with Cuba. Cuba has effectively become a 'black-listed' nation, which companies and individuals are deterred from getting involved with. Therefore, the US sanctions against Cuba have arguably had a more devastating impact on the Cuban banking system for an extended period of time. This does not deny, however, the problem that the current sanctions on Russia impose for the Cuban banking sector.

III.III.III. Tourism

Cuba's economy greatly relies on tourism. It contributes to around 10% of Cuba's GDP.¹⁶² A significant proportion of these tourists, bringing capital into the country, are Russian. In 2021, Russians accounted for 40% of the total tourists entering Cuba.¹⁶³ As most nations, the island's tourism industry was dramatically impacted by COVID-19 travel restrictions.¹⁶⁴ It was reported in February 2022, prior to Russia's full-scale invasion of Ukraine, that the number of Russian tourists were returning to the same number as pre-pandemic level.¹⁶⁵ This was whilst the number of tourists from other regions remained only a fragment of the number which Cuba had pre-pandemic.¹⁶⁶ This progress was likely demolished with the sanctions against Russia. Russia experienced a 20-year high inflation rate of 17.8% in April after it invaded Ukraine.¹⁶⁷ Moreover, official figures show Russia's consumer prices rising

¹⁶⁰ Yaffe (n 156) 207.

¹⁶¹ Ibid.

¹⁶² Marc Frank, 'Cuban tourism industry flounders as sunseekers look elsewhere' *Reuters* (London, 18 February 2022) <<https://www.reuters.com/world/americas/cuban-tourism-industry-flounders-sunseekers-look-elsewhere-2022-02-18/#:~:text=Empty%20beaches%20and%20hotels%20could,medicine%20on%20the%20global%20market.>> accessed 27 April 2023.

¹⁶³ Reuters, 'Russians disappear from Cuba beaches, casting doubt on tourism recovery' *NBC News* (New York City, 11 March 2022) <<https://www.nbcnews.com/news/latino/russians-disappear-cuba-beaches-casting-doubt-tourism-recovery-rcna19668#>> accessed 3 May 2023.

¹⁶⁴ 'Cuban tourism industry flounders as sunseekers look elsewhere' (n 162).

¹⁶⁵ Patrick Springer, 'Empty Beaches, Empty Stomachs: Cuba's Tourism Dilemma' (*Global Americas*, 4 February 2022) <<https://theglobalamericans.org/2022/02/empty-beaches-empty-stomachs-cubas-tourism-dilemma/>> accessed 17 April 2023.

¹⁶⁶ Ibid.

¹⁶⁷ Audrey Ostroukh, 'Six months into the war, what is the State of Russia's economy' (*World Economic Forum*, 30 August 2022) <<https://www.weforum.org/agenda/2022/08/russia-economy-meltdown-inflation-money>> accessed 2 May 2023.

10.7% in 2022, whilst other reports suggest that products have increased in price by 30%.¹⁶⁸ It can thus be assumed that with these staggering domestic prices, the usual level of Russian tourists cannot afford to holiday in Cuba. The sanctions disrupting the Russian economy have therefore indirectly harmed Cuban tourism. Just as the Cuban tourism industry was beginning to recover from COVID-19, the sanctions therefore present another setback for Cuba.

The aviation sector sanctions mean that Russian airlines are prohibited from flying over European airspace. As a flight from Russia to Cuba usually requires flying over EU Member States, this has also hugely impacted the Cuban tourism industry. In fact, almost 200,000 Russians holidaying in Cuba are unable to come yearly.¹⁶⁹ An international tourism fair in Cuba, where Russia was intended to be the guest of honour, was meant to attract thousands of Russians in May 2022.¹⁷⁰ The sanctions meant that Cuba lost a substantial profit from this fair because Russians were unable to cross Western airspace. However, it seems that Russian airlines have begun operating flights to Cuba again by taking a route which avoids the sanctions.¹⁷¹ Nonetheless, the intended four flights per week to Cuba is meagre compared to the 17 weekly flights which took place in January 2022, before the outbreak of the war.¹⁷² The reduction of operating flights impacts the amount of tourists able to enter Cuba. Russians previously comprised of two-fifths of the total tourist numbers, leaving Cuba with significantly less tourism revenue. Therefore, even when Russian tourists can afford to holiday in Cuba, aviation sector sanctions present an additional barrier for them to access the country.

The impact that the sanctions have on the Cuban tourism industry is catastrophic for the country's economy. This is because Cuba uses much of its tourism revenue for many necessities, including managing the value of its currency

¹⁶⁸ Ibid.

¹⁶⁹ Tim Padgett, 'Will sanctions suffering for Russia mean more pain for Cuba, Venezuela and Nicaragua' (*WLRN*, 8 March 2022) <<https://www.wlrn.org/news/2022-03-08/will-sanctions-suffering-for-russia-mean-more-pain-for-cuba-venezuela-and-nicaragua>> accessed 27 April 2023.

¹⁷⁰ Frank (n 126).

¹⁷¹ Daniel Martínez Garbuno, 'Russian Airlines Set to Resume Flights to Cuba' (*Simple Flying*, 14 September 2022) <<https://simpleflying.com/russian-airlines-resume-cuba-flights/>> accessed 27 April 2023.

¹⁷² Ibid.

and subsidizing food production.¹⁷³ President Díaz-Canel supported this understanding, stating that Cuban imports, including raw materials, are paid from tourist industry revenues.¹⁷⁴ The entire Cuban economy is therefore dependent on the tourism industry recovering. With the sanctions ultimately preventing a large proportion of tourists from flying to Cuba, it is unlikely that the tourism industry will see a recovery to pre-pandemic levels. However, reports suggest that the Cuban government have been taking steps to reduce its reliance on tourism. For example, the Cuban National Development Plan aims to have 37% of Cuba's energy supply coming from renewables.¹⁷⁵ This would mean that Cuba does not need to rely on tourism revenues to the same extent as now to pay for imported oil, since it would produce much of its own energy supply. Although this does show the Cuban government's attempt to reduce its reliance on tourism and invest in other profitable industries, projects like this are timely. It is questionable whether this suffices to prevent the economic downfall of the country in due time.

III.III.IV. Energy

The energy sector sanctions on Russia have undeniably had a dramatic impact worldwide. As previously explained, Russia increased their oil price to account for other areas of the economy which are suffering because of sanctions. This is problematic for Cuba because it relies on Venezuelan and Russian oil for its electricity supply.¹⁷⁶ Venezuela is also a Russian ally. However, Cuban oil imports from Venezuela have been greatly impacted as the country is amid a major economic crisis. Venezuela is also under vast international sanctions. Both of Cuba's main sources of oil imports are therefore under strain. Around half of Cuba's electric power is generated through imported fuel.¹⁷⁷ Although the country does produce some of its own oil supply, it is 'high sulphur crude' oil.¹⁷⁸ This oil causes increased

¹⁷³ Springer (n 165).

¹⁷⁴ Ibid.

¹⁷⁵ Government of Canada, 'Renewable Energy Sector Profile – Havana, Cuba' (2022) <<https://www.tradecommissioner.gc.ca/cuba/market-reports-etudes-de-marches/0006689.aspx?lang=eng>> accessed 1 May 2023.

¹⁷⁶ George Steer, 'How does Cuba pay for its Russian oil?' *Financial Times* (London, 27 September 2022) <<https://www.ft.com/content/ac559709-f5c5-4f0d-b9e1-04f10d7dc562>> accessed 19 April 2023.

¹⁷⁷ Michael Panfil, Daniel Whittle and Korey Silverman-Roati, 'The Cuban Electric Grid: Lessons and Recommendations for Cuba's Electric Sector' (Environmental Defense Fund, October 2017) 5.

¹⁷⁸ Ibid.

failures in power plants and is known for causing health issues when burned.¹⁷⁹ As both of Cuba's main oil importers are under economic strain because of sanctions, Cuba has been left with solely unreliable allies. When their energy sector depends so heavily on these allies, it becomes clear why Cuba's fuel deficit is leading to a major energy crisis.

The effects of the limited oil supply have already revealed themselves. Cuba has experienced frequent blackouts, often lasting over eight hours.¹⁸⁰ Businesses are unable to function effectively during this period, ultimately disrupting the economy. The impact of the energy sanctions was also worsened by a fire which broke out at Cuba's largest port for oil imports, Matanzas port, in August 2022.¹⁸¹ Hurricane Ian also tore through western Cuba in September 2022, causing further disruption and damage to the energy system of the country.¹⁸² The damage caused to the port hindered Cuba's ability to import oil, and therefore the already existing issue of lacking fuel availability. The sanctions against Russia, as well as other factors worsening the crisis, are clearly hindering the daily life of Cuban society. When the indirect effects of the sanctions on Cuba are already visible on this scale, a sense of foreboding of the long-term impacts on the Cuban economy is present.

Contrarily, it may be argued that the sanctions against Russia have placed Cuba in a more favourable position to import Russian oil. As Russia struggles to sell its oil because of international sanctions on their energy sector, it has to find other States which will purchase it. In July 2022, Cuba received around \$70 million (around €64 million) worth of fuel oil from Russia.¹⁸³ This made Cuba one of the main importers in Latin America of Russian fuel in 2022.¹⁸⁴ However, with Cuba experiencing an economic downfall, it is questionable whether it can afford to

¹⁷⁹ Ibid.

¹⁸⁰ Steer (n 176).

¹⁸¹ Ibid.

¹⁸² Patrick Oppmann, Aya Elamroussi and Heather Chen, 'Hurricane Ian killed at least 2 people in Cuba and wiped out power to the entire island' *CNN* (Atlanta, 28 September 2022) <<https://edition.cnn.com/2022/09/27/americas/hurricane-ian-cuba-blackout-intl-hnk/index.html>> accessed 1 May 2023.

¹⁸³ Reuters, 'Russian fuel oil cargo arrives in Cuba as the island ramps up imports' (London, 14 July 2022) <<https://www.reuters.com/business/energy/russian-fuel-oil-cargo-arrives-cuba-island-ramps-up-imports-2022-07-14/>> accessed 1 May 2023.

¹⁸⁴ Ibid.

purchase enough Russian oil to remedy its energy crisis. An oil expert suggests that either Russia has extended Cuba's extra credit or Russia and Venezuela have entered an exchange whereby Venezuela funds the export of Russian oil to Cuba, and they will later provide an equivalent amount of oil back to Russia.¹⁸⁵ Although this may be speculation, the likely situation is that Cuba is falling short on its oil demands and accumulating further debt owed to Russia. Both situations ultimately contribute to further economic downfall. Businesses are hindered from operating, whilst Cuba will become increasingly dependent on an instable government.

III.III.V. Foreign Investment

The sanctions against Russia are also likely to be deterring in the Cuban economy. FDI is defined by the World Bank as investments made for a "lasting interest in or management control over an enterprise operating in an economy other than that of the investor".¹⁸⁶ It is established in scholarly writing that FDI plays a critical role in accelerating the growth of an economy.¹⁸⁷ Moreover, it has been shown to have a particularly positive impact on the Cuban economy, since the government permitted FDI from 1994.¹⁸⁸ FDI is interlinked with globalisation because it essentially allows investors to access foreign economies, and therefore promotes economic integration globally. Globalisation is critical for Cuba when considering the fact that it heavily depends on imports for the functioning of its economy. A threat to the level of FDI which Cuba receives may hinder its economy's ability to grow. It was reported that Cuba received around \$1.7 billion (around €1.56 billion) in FDI in 2019.¹⁸⁹ This level was reached despite the fact that the US enforced a stricter trade embargo on Cuba itself.¹⁹⁰ It was reported that Cuba received \$400 million (€366

¹⁸⁵ Steer (n 176).

¹⁸⁶ The World Bank, 'DataBank: Metadata Glossary' <<https://databank.worldbank.org/metadataglossary/international-debt-statistics/series/BX.KLT.DINV.CD.DT>> accessed 1 May 2023.

¹⁸⁷ Badar Alam Iqbal and Bhawana Rawat, 'Role of India's and China's FDI trade and ODA in the development of African Region' (2013) 14(3) *The Journal of World Investment & Trade* 556; Robert E Lipsey and others, 'The Role of Foreign Direct Investment in International Capital Flows' in Martin Feldstein (ed), *International Capital Flows* (Chicago University Press 1999).

¹⁸⁸ Juan Carlos Palacios Cívico, 'External constraints on the Cuban economy in the current environment of uncertainty' (2019) 127 *CEPAL Review* 154, 158.

¹⁸⁹ Reuters, 'Cuba attracts \$1.7 billion in foreign investment despite US sanctions' (London, 7 November 2019) <<https://www.reuters.com/article/us-cuba-economy-idUKKBN1XH02L>> accessed 1 May 2023.

¹⁹⁰ *Ibid.*

million) in 2022.¹⁹¹ This dramatic drop in FDI is likely because of a combination of many factors. COVID-19 has had a negative impact on FDI globally.¹⁹² However, it is likely that the Russian sanctions also greatly impacted the level of FDI that Cuba received following the Ukraine-Russia war.

The sanctions against Russia pose as a threat for the level of FDI entering Cuba. Although Cuba does not publish figures on FDI, economists estimated in 2014 the level to be in the region of “several hundred million dollars a year *at most*”.¹⁹³ Moreover, a study shows that the Central Bank of the Russian Federation’s last recorded investments of FDI in Cuba, in 2013, exceeded \$100 million.¹⁹⁴ It also concluded that Cuba and Venezuela were the main receivers of Russian FDI.¹⁹⁵ This shows that a significant proportion of FDI entering Cuba is likely to originate in Russia. Referring to the previous chapter, the banking sector sanctions prevent many Russians from accessing their finances or from making cross-border payments. FDI to Cuba may ultimately be hindered because of this. There has also been reports that Russian internet is ‘isolated’ after sanctions prohibited many online servers in Russia and the Russian government has limited its population’s access to the internet.¹⁹⁶ This is likely to have the effect of obstructing Russian investors’ ability to research FDI opportunities in Cuba, which is significant when sources speculate that Russia contributes greatly to Cuban FDI levels. A drop in FDI, likely to be worsened by the sanctions against Russia, may be disastrous for Cuba’s growth.

The Cuban government seemingly recognised the impact that the drop in FDI may have on their economy. Cuba attempted to recover its economy by widening its

¹⁹¹ Marc Frank, ‘Cuba seeks to drum up foreign investment despite crisis’ *Reuters* (London, 16 November 2022) <<https://www.reuters.com/markets/cuba-seeks-drum-up-foreign-investment-despite-crisis-2022-11-15/>> accessed 1 May 2023.

¹⁹² Imad A Moosa and Ebrahim Merza, ‘The effect of COVID-19 on foreign direct investment inflows: stylised facts and some explanations’ (2022) 8(20) *Future Business Journal* <<https://fbj.springeropen.com/articles/10.1186/s43093-022-00129-5>> accessed 1 May 2023.

¹⁹³ Daniel Trotta, ‘Cuba approves law aimed at attracting foreign investment’ *Reuters* (London, 29 March 2014) <<https://www.reuters.com/article/us-cuba-investment-idUSBREA2S0EJ20140329>> accessed 3 May 2023.

¹⁹⁴ A V Kuznetsov, ‘Russian Direct Investment in Countries of Latin America’ (2022) 92(9) *Herald of the Russian Academy of Sciences* 859, 860.

¹⁹⁵ *Ibid* 861.

¹⁹⁶ David Ingram, ‘Russia is nearly isolated online. What does this mean for the internet’s future?’ *NBC News* (New York City, 15 March 2022) <<https://www.nbcnews.com/tech/internet/russia-nearly-isolated-online-mean-internets-future-rcna19389>> accessed 26 April 2023.

FDI laws. As of 2022, foreign-owned entities are now permitted to own local wholesalers and trade in Cuba if through a joint venture.¹⁹⁷ Therefore, the Cuban government have clearly taken steps to encourage foreign investment. As previously explained, many Russian investors may be prevented from investing in the Cuban economy. However, investing in Cuba currently carries a reputational risk for investors globally. A huge proportion of investors divested their operations in Russia following the announcement of the sanctions.¹⁹⁸ This may be owed to the instability of the Russian economy and the reputational risks of being associated with a sanctioned country. Russia's allies, including Cuba, may also be impacted by this. Cuba has clearly shown support towards Russia during its invasion of Ukraine. Western businesses that are required to apply the sanctions may be deferred from supporting a country with such a polarising stance. Moreover, the sanctions indirectly contributing to the instability of the Cuban economy makes it far riskier for investors. The associated risks of investing in Cuba currently may be too high for investors to gamble. Thus, despite Cuba's efforts to attract more FDI, the island may be hampered because of its relations with Russia.

III.III.VI. Aid

The sanctions likely detriment the level of foreign aid which Cuba receives. Foreign aid may be defined as the international transfer of capital, goods, or services from one country to another, particularly to improve the lives of the latter's' population.¹⁹⁹ Studies have revealed the positive impact that aid has on growing economies and contribution to poverty reduction.²⁰⁰ Although statistics of the exact amount of foreign aid from Russia to Cuba are unavailable, it is clear that Russia has supported Cuba throughout many difficult economic periods. For example, significant

¹⁹⁷ Mark Frank, 'Cuba cracks open door to foreign investment' *Reuters* (London, 16 August 2022) <<https://www.reuters.com/world/americas/cuba-cracks-open-door-foreign-investment-domestic-trade-2022-08-16/>> accessed 20 April 2023.

¹⁹⁸ OECD, 'International investment implications of Russia's war against Ukraine' (4 May 2022) <<https://www.oecd.org/ukraine-hub/policy-responses/international-investment-implications-of-russia-s-war-against-ukraine-abridged-version-6224dc77/>> accessed 1 May 2023.

¹⁹⁹ Victoria Williams, 'Foreign Aid' (*Britannica*, 9 December 2022) <<https://www.britannica.com/topic/foreign-aid>> accessed 27 April 2023.

²⁰⁰ Mark McGillivray, 'Is Aid Effective?' (2005) OECD, 5 <<https://www.oecd.org/dev/34353462.pdf>> accessed 1 May 2023.

humanitarian assistance was given to Cuba as the island suffered with COVID-19.²⁰¹ As a result of the sanctions, the Russian economy is shrinking. Therefore, the Russian government is likely to have a reduced ability to provide Cuba with aid, especially when considering that funding the invasion of Ukraine is costly. Russia's military spending in 2022 accounted for 24% of the federal budget and is expected to increase to around 33% in 2023.²⁰² As Russia increases its budget on the war, the budget from other areas, including aid, will likely have to be reduced. This may reduce the level of aid Cuba receives from Russia.

Contrarily to the above paragraph, there have been reports of Russia providing Cuba with foreign aid. In February 2023, Russia provided Cuba with an emergency donation of 25,000 tons of wheat.²⁰³ This was in response to the bread shortages across the island. This suggests that Russia has continued to account for foreign aid to Cuba even during the Ukraine invasion. Moreover, Council Regulation (EU) No 833/2014 ensures that exports for humanitarian purposes are exempted from sanctions.²⁰⁴ Nevertheless, this does not negate that foreign aid has been prevented or delayed because of the sanctions on Russian banks and transport. For example, Art 3d of the regulation permits a derogation from the EU airspace ban for Russian air carriers *only* when the relevant competent authority has authorised it for humanitarian purposes.²⁰⁵ The wording makes it clear that the sanctions require the extra step of authorising airspace use for aid purposes. This may be a timely process. Although Cuba is still technically able to receive aid from Russia, the sanctions represent hurdles to get aid into the country.

Debt relief or postponement may be considered another form of foreign aid. This is because they essentially aim to reduce the debt burden of a country, to

²⁰¹ Reuters, 'Russia sends COVID-19 aid to Cuba – defence ministry' (London, 24 July 2021) <<https://www.reuters.com/world/americas/russia-sends-covid-19-aid-cuba-defence-ministry-2021-07-24/>> accessed 27 April 2023.

²⁰² Boris Grazovski, 'Putin's War Costs: Shifting the Burden to the Population' (*Wilson Center*, 18 January 2023) <<https://www.wilsoncenter.org/blog-post/putins-war-costs-shifting-burden-population>> accessed 27 April 2023.

²⁰³ Mario Fuentes and Nelson Acosta, 'Russia donates 25,000 tonnes of wheat to ally Cuba as ties deepen' *Reuters* (London, 15 February 2023) <<https://www.reuters.com/markets/commodities/russia-donates-25000-tonnes-wheat-ally-cuba-ties-deepen-2023-02-15/>> accessed 1 May 2023.

²⁰⁴ Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine [2014] OJ L229/1, art 2(3)(a).

²⁰⁵ *Ibid* art 3d(3).

encourage its economic and social welfare. In 2022, Russia agreed to postpone Cuban debt payments amounting to \$2.3 billion (around €2.08 billion) until 2027.²⁰⁶ This was agreed only days prior to the Russian invasion of Ukraine. The timing perhaps suggests that Russia was deepening its political ties with Cuba, to ensure that the island remained an ally to Russia during the invasion. Although the debt postponement may have alleviated the economic issues in Cuba partially, it does not provide a long-term solution to Cuba's problems. A higher interest rate is often attached to debt postponement. As debt and interest build, so too does Cuba's dependency on Russia. It also means that Cuba will be financially dependent on Russia for a longer period. This may be catastrophic for the Cuban economy, particularly when considering that the impact of sanctions on Russia itself are yet to be seen. Cuba is relying on a government which is currently instable, and its future stability remains unknown. Therefore, although the debt postponement may prove beneficial to Cuba momentarily, it may have long-term consequences for its economic growth by making it dependent on an instable government for longer.

²⁰⁶ Polina Devitt and Dave Sherwood, 'Russia postpones Cuba debt payments amid warming relations' *Reuters* (London, 23 February 2022) <<https://www.reuters.com/markets/europe/russia-postpones-cuba-debt-payments-amid-warming-relations-2022-02-23/>> accessed 27 April 2023.

IV. Reconsidering Sanctions

As previously explained, sanctions to this effect are unprecedented. They are clearly in place in attempts to coerce Russia to stop warfare in Ukraine. The war is yet to see an end even one year after the initial full-scale invasion by Russia. An important question therefore arises: are the sanctions worth it on the long-term, global scale? The likely answer to this question is no. Firstly, it will be shown that sanctions often fail to achieve their stated policy goal and therefore lack effectiveness. Secondly, the negative consequences that arise from sanctions, particularly on non-target countries, will be highlighted. Although the humanitarian implications of sanctions can be dramatic, their economic impact will be focussed on in this chapter. This is because the thesis focuses on the impact of sanctions from an economic perspective. Finally, recommendations to improve unilateral sanctions will be suggested to prevent more countries becoming collateral damage.

IV.I. Effectiveness of Sanctions

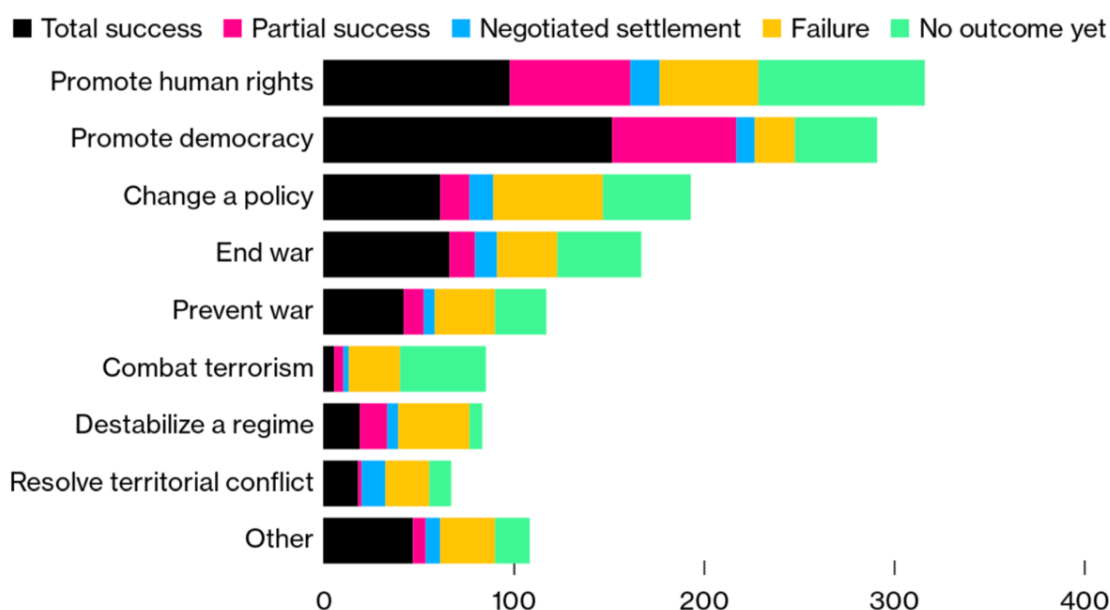
To consider improvements for sanctions regimes, an important question must be answered – do sanctions work? This is a contentious question because different criteria can be used to assess the effectiveness of sanctions. A high threshold would render sanctions regimes successful if the target State has entirely complied with the pressure imposed by the sanctions. A lower threshold would consider sanctions effective even if the target country has experienced *partial* policy change, aligning with the sanctions goals. Mulder used the latter understanding, analysing sanctions regimes throughout the 20th century, and came to the conclusion that only one-third of uses of sanctions were “at least *partially* successful”.²⁰⁷ Figure 2 (below) provides a visual understanding of the effectiveness of sanctions. Even with a lower threshold applied, sanctions rarely achieve their goals. There are many reasons for a State to apply sanctions. This includes that they are a ‘safer’ alternative to armed conflict, to change regimes, to cripple an economy or condemn the breaching of international law. This section will explore these justifications.

²⁰⁷ Mulder (n 2) 295.

Figure 2:²⁰⁸

Measuring the Effectiveness of Sanctions

Assessed outcome of 1,100 sets of sanctions from 1949 to 2019 based on stated goals, with some measures having more than one aim



IV.1.1. 'Safer' Option?

Sanctions are frequently compared to armed conflict. They grew in use post-1945 legal order, to promote a 'laissez faire' approach to international relations.²⁰⁹ This is because they were viewed as a less-disruptive option, using minimal government interference, when compared with warfare. Often, they are considered a more 'humane coercive policy' tool than military intervention.²¹⁰ For example, an empirical analysis found that military conflict had a greater impact on public health than sanctions.²¹¹ Sanctions had less impact on food supplies, life expectancies and cause less deaths in the target State than military conflict.²¹² This argument is convincing, especially when considering that the average economy takes 22 years to

²⁰⁸ Daniel Flatley and Saleha Mohsin, 'Do Sanctions Work? Financial Alternatives to War Explained' *Bloomberg* (New York, 29 April 2022) <<https://www.bloomberg.com/news/articles/2022-04-29/the-evolution-of-sanctions-as-financial-warfare-quicktake#xj4y7vzkg>> accessed 20 June 2023.

²⁰⁹ Chachko and Heath (n 69) 137.

²¹⁰ Allen and Lektzian (n 2) 121.

²¹¹ *Ibid* 133.

²¹² *Ibid*.

recover from war.²¹³ The short-term and long-term consequences of war are undeniably devastating for States. It is therefore understandable that alternatives, including sanctions, which may pose a lesser threat than warfare to the involved States are often reverted to.

However, it is questionable whether the idea that sanctions yield less harmful results than armed conflict is true. Although war may cause more direct casualties, the long-term indirect implications for States can be far more extensive with sanctions. Often, when considering the indirect costs, sanctions cause more harm than military attacks.²¹⁴ Mulder also contradicted the understanding that sanctions are 'safer' than warfare when he compared the effects on civilians of air power, gas warfare and economic blockade during the interwar period (from 1918 to 1939).²¹⁵ He concluded that economic blockade was "by far the deadliest", and highly problematic since its effects are often invisible and harder to condemn those responsible.²¹⁶ It is therefore problematic to view sanctions as a 'humane' or peaceful tool, since the negative consequences arising from their use are often far from this. This enables the understanding that sanctions are harmful in themselves and not the 'lesser of two evils'.

Moreover, the 'safer option' argument uses the presumption that sanctions are an *alternative* option to war. With this logic, it may be surmised that Western countries would have deployed armed forces to defend Ukraine, had they not imposed sanctions. Yet, it has been made clear by Western leaders and NATO that none of their troops will be sent to fight for Ukraine because of fears that it would escalate the war.²¹⁷ Moreover, sanctions regimes applied to Iraq, Haiti and

²¹³ Anke Hoeffler, 'Growth, aid and policies in countries recovering from war' (2012) OECD Development Co-operation Working Papers WP 1/2012, 7 <<https://www.oecd.org/dac/conflict-fragility-resilience/docs/WP1%20Growth%20Aid%20and%20Policies.pdf>> accessed 19 May 2023.

²¹⁴ Marcus Schluzke, 'Still Unjust, Just in Different Ways: How Targeted Sanctions Fall Short of Just War Theory's Principles' (2019) 21 *International Studies Review* 58, 60.

²¹⁵ Mulder (n 2) 5.

²¹⁶ *Ibid.*

²¹⁷ Zachary B Wolf, 'Here's what Biden has said about sending US troops to Ukraine' *CNN* (Atlanta, 24 February 2022) <<https://edition.cnn.com/2022/02/24/politics/us-troops-ukraine-russia-nato/index.html>> accessed 28 May 2023; NATO, 'NATO's response to Russia's invasion of Ukraine' (4 April 2023) <https://www.nato.int/cps/en/natohq/topics_192648.htm#:~:text=Why%20isn%27t%20NATO%20sending,even%20more%20devastating%20and%20dangerous> accessed 28 May 2023.

Yugoslavia in the 1990s were then *followed* by military force.²¹⁸ Often, it is not an either/or option when considering military intervention or sanctions. The rationale behind sanctions being more humane than military intervention is therefore flawed. Sanctions should be viewed as a standalone tool deployed by nations, rather than an alternative to the destructive route of military action.

IV.I.II. Changing Regimes

As chapter II explored, a main justification for the present sanctions is to influence political change in the Russian Federation, and therefore trigger the war to end. Sanctions seem to be more effective when they have less ambitious policy goals, such as releasing a political prisoner.²¹⁹ Yet, the present sanctions involve a major policy goal. It follows the reasoning that the economic impact on citizens in a sanctioned country will lead them to push for government change.²²⁰ However, this rationale is flawed. This is because sanctions are often applied to oppressive regimes, restricting their citizens' rights, and these individuals therefore lack the means to influence government policy change.²²¹ Although sanctions may have inconvenienced the Russian elite, there is nothing to suggest that Putin will be removed from power anytime soon.²²² Sanctions have had minute impact on changing Russia's behaviour. As previously Stated, the first sanctions were imposed in 2014. Since then, Russia has further impeded on Ukraine's sovereignty, causing the largest war in Europe since World War II. The Russian Federation seems more willing to breach international law and adapt to sanctions, than change their political ideology. With this understanding, this reasoning for applying sanctions becomes flawed.

Major policy goals for sanctions may even be counterproductive. Evidence has shown that sanctions often reinforce authoritarianism. For example, the 1935

²¹⁸ Cortright and Lopez (n 64) 6.

²¹⁹ Dursun Peksen, 'When Do Imposed Economic Sanctions Work? A Critical Review of the Sanctions Effectives Literature' (2019) 30(6) Defence and Peace Economics 635, 638.

²²⁰ Cortright and Lopez (n 64) 19.

²²¹ Ibid 20.

²²² Jana Ilieva, Aleksander Dashtevski and Filip Kokotovic, 'Economic Sanctions in International Law' (2018) 9(2) UTMS Journal of Economics 201, 207.

sanctions regime against Mussolini's Italy caused three-quarters of the world to end commercial ties with Italy.²²³ Despite this, the sanctions failed to stop Italy's invasion and occupation of Ethiopia.²²⁴ This may be owed to many reasons. Sanctions give the political elites more control over goods made scarce by sanctions. Former UN Secretary-General, Kofi Annan, highlighted this by explaining that those in power often benefit from sanctions because they can "control and profit from black market activity" by exploiting and controlling the fewer resources available.²²⁵ Civilians become more dependent on a government that is the very reason for the limited essential goods available. Sanctions may also reduce regime opposition since the government can limit resources going to these groups or individuals.²²⁶ As the economic hardship of the target State's civilians worsens, so too would opposition groups. The regime is then in a position to direct resources away from these groups.²²⁷ The pressure for governmental change in the sanctioned State is thereby reduced with the declining economic welfare of its citizens. The paradoxical effect which sanctions have in enforcing authoritarian regimes, rather than changing them, shows the potential ineffectiveness of sanctions in achieving their policy goals.

IV.I.III. Crippling Economies

Sanctions are often argued to be effective at crippling an economy, and therefore reduce the countries' capability to continue their unlawful or immoral behaviour. An example of this is the UNSC sanctions regime against Iraq from 1990.²²⁸ Iraq's significant oil wealth made the world fear that Saddam Hussein's threats of producing and utilizing weapons of mass destruction could come into fruition.²²⁹ Sanctions could be argued to have had a role in preventing this, by crippling the Iraqi economy. Sanctions on Iraq resulted in a loss of over \$130 billion

²²³ Mulder (n 5) 11.

²²⁴ Ibid.

²²⁵ UN, 'Secretary-General Reviews Lessons Learned During "Sanctions Decade" in Remarks to International Peace Academy Seminar' SG/SM/7260 (17 April 2000) <<https://press.un.org/en/2000/20000417.sgsm7360.doc.html>> accessed 4 May 2023.

²²⁶ Dursun Peksen and A Cooper Drury, 'Coercive or Corrosive: The Negative Impact of Economic Sanctions on Democracy' (2010) 36 *International Interactions* 240, 245.

²²⁷ Ibid.

²²⁸ George A Lopez and David Cortright, 'Containing Iraq: Sanctions Worked' (2004) 83(4) *Council of Foreign Relations* 90, 91.

²²⁹ Ibid 97.

(around €119 billion) in oil revenues.²³⁰ This severely limited the nation's military capability.²³¹ Iraq had no funds available to develop their chemical, nuclear or biological weapon programmes.²³² This shows that sanctions *can* play a role in crippling an economy and thereby reduce the nation's ability to further threaten international peace and security.

Similarly to Iraq, oil is Russia's main source of revenue. The ban on Russian crude oil and the price cap may deteriorate the government's ability to fund the war. However, the sanctions against Iraq were UNSC measures and all Member States were required to comply with them, as under the UN Charter.²³³ The Russian sanctions, on the other hand, are unilateral and therefore not applied by many countries. Countries, including Cuba, have continued purchasing Russian oil.²³⁴ Moreover, there has been a significant amount of hypocrisy within EU Member States regarding Russian oil. As previously mentioned, before the Russian oil import ban came into place, it was reported that Germany and Italy went on a 'last-minute shopping spree' to purchase Russian oil, causing the Russian oil revenue to increase.²³⁵ Whilst sanctioning Russia, States hypocritically continued to indirectly fund the war by purchasing its oil. Clear differences are therefore visible between the Russian and Iraqi sanctions regimes. This puts into question whether sanctions can have the same impact on Russia's economy, and thereby reduce its military capability, to the same extent that they had on Iraq.

In theory, sanctions should be more effective at crippling the target State's economy if they have a higher level of trade and economic dependency on the sanctioning State. Contrarily, many studies have revealed that the target's dependency on the sanctioning State did not play a critical role in changing their behaviour in response to sanctions.²³⁶ Rather, sanctioned States develop deeper or

²³⁰ Cortright and Lopez (n 64) 52.

²³¹ Ibid.

²³² 'Containing Iraq: Sanctions Worked' (n 228) 98.

²³³ UN Charter (n 12) art 25, 48 and 49.

²³⁴ Myllyvirta (n 85).

²³⁵ Ibid.

²³⁶ Jaleh Dashti-Gibson, Patricia Davis and Benjamin Radcliff, 'On the Determinants of the Success of Economic Sanctions: An Empirical Analysis' (1997) 41(2) *American Journal of Political Science* 608; A Cooper Drury, 'Revisiting Economic Sanctions Reconsidered' (1998) 35(4) *Journal of Peace*

new economic relationships with other, non-sanctioning, countries.²³⁷ An example of this can be seen with the present case. As Russian relations with major trading partners have deteriorated because of sanctions, it has formed a tighter alliance with China. Reports show that Chinese-Russian trade has surged dramatically since the war outbreak.²³⁸ This suggests that States adapt to sanctions, rather than allow the sanctions to cripple their economy entirely. An example to support this is the rapid growth of the Russian-led alternative financial messaging system after many Russian banks were prohibited from using SWIFT. Adaptions such as this may provide a reason why the Russian economy was expected to shrink by 10% in 2022 when the sanctions were applied after the Ukraine invasion, but in reality only shrank 2.1%.²³⁹ Although sanctions may theoretically cripple the target economy, impacting their ability to continue acting unlawfully, it is more likely that States adapt to sanctions.

IV.I.IV. Moral Grounds

A counter for the ineffectiveness of sanctions is that they remain a morally correct retaliation tool for States which breach international law. Some have even argued that the ethical and national security grounds for imposing sanctions are more important than the impact they may have on the efficiency of the global economy.²⁴⁰ The sanctions themselves represent more than a tool to influence foreign politics. They also represent the principles of non-recognition (meaning refusing to accept annexations or de facto States created through international law breaches) and *ex injuria non oritur jus* (meaning illegal acts do not create law).²⁴¹

Research 497; Jin Mun Jeong and Dursun Peksen, 'Domestic Institutional Constraints, Veto Players, and Sanction Effectiveness' (2019) 63(1) *Journal of Conflict Resolution* 194.

²³⁷ Peksen (n 219) 637.

²³⁸ Reuters, 'China's trade with Russia surges at double-digit pace in Jan-Feb' (London, 7 March 2023) <<https://www.reuters.com/business/chinas-trade-with-russia-surges-double-digit-pace-jan-feb-2023-03-07/>> accessed 15 May 2023.

²³⁹ Alexander Marrow, 'Analysis: Russian economy holding up but the road back to prosperity may be long' *Reuters* (London, 23 February 2023) <<https://www.reuters.com/markets/europe/russian-economy-holding-up-road-back-prosperity-may-be-long-2023-02-23/>> accessed 12 March 2023.

²⁴⁰ Adam S Posen, 'The End of Globalization: What Russia's War in Ukraine Means for the World Economy' *Foreign Affairs* (New York, 17 March 2022) <<https://www.foreignaffairs.com/articles/world/2022-03-17/end-globalization>> accessed 20 May 2023.

²⁴¹ Mika Hayashi, 'Russia: The Crimea question and autonomous sanctions' in Masahiko Asada (ed), *Economic Sanctions in International Law and Practice* (Routledge 2019) 236.

This means that, in the present case, States apply the sanctions to condemn the illegal actions of Russia. The sanctions against South Africa in the 1980s provide an example of this.²⁴² Whilst the sanctions undeniably worsened the economic situation of the black population, they are praised as an effective tool contributing to end the apartheid.²⁴³ The goals the sanctions sought to achieve were considered to outweigh the negative consequences arising from the sanctions. Perhaps upholding the basic principles of international law is more important than the potential negative consequences arising from sanctions.

A utilitarian justification is often used to promote sanction use. This follows the Kantian principle that human beings are “ends in themselves” and law should aim to promote the greatest amount of happiness for the most amount of people.²⁴⁴ It recognises that target State civilians will be hurt by sanctions, but the harm that the sanctions prevent makes them worthwhile.²⁴⁵ This is understandable when considering that sanctions aim to stop unlawful behaviour, that is ultimately hurting innocent civilians. Perhaps the benefits of sanctions outweigh the consequences that they breed. However, it has been established that sanctions are rarely effective at achieving their foreign policy goals. The logic that the benefits of sanctions outweigh their impacts is therefore flawed. It also fails to recognise the harm that sanctions cause for non-target States. Rather than promoting the greater good of society, sanctions are destructive tools which indiscriminately harm societies.

Despite scholarship showing that sanctions are rarely effective, the use of sanctions has increased. In fact, sanction use doubled in the 2010s compared with the 1990s and 2000s, whilst their success rate plummeted to below 20% by 2016.²⁴⁶ A reason for this may be that sanctions have become a tool for States to show morality. Compared to armed conflict or broad embargoes, targeted sanctions are often cheaper.²⁴⁷ Imposing sanctions therefore allows States to give the appearance that they are taking action against an oppressive State, whilst having less financial

²⁴² Joy Gordon, ‘Smart Sanctions Revisited’ (2011) 25(3) *Ethics & International Affairs* 315, 316.

²⁴³ *Ibid.*

²⁴⁴ Joy Gordon, ‘Peaceful, Silent, Deadly Remedy: The Ethics of Economic Sanctions’ (1999) *Ethics & International Affairs* 123, 124

²⁴⁵ *Ibid* 133.

²⁴⁶ Mulder (n 2) 296.

²⁴⁷ Schluzke (n 214).

consequences for themselves.²⁴⁸ Doxey agrees, suggesting that the real reason for States applying sanctions is for them to show their commitment to peace and condemn aggression among the international community.²⁴⁹ They have perhaps become a signalling tool in international relations, rather than one guaranteed to achieve the stated goals of the sanctions. As the next section will show, sanctions have extensive negative impacts on economies and the human rights of individuals. Paradoxically, something which is intended to signal morality, may be argued to be immoral in itself. The argument that despite sanctions being ineffective, they are an important tool to condemn international law violations is weakened when considering this.

IV.II. Negative Consequences of Sanctions

The main issue with sanctions is that their unpredictable strength and long-term impacts can be devastating on economies. Scholarship tends to focus on the consequences of sanctions on target States. Chapter III emphasised the consequences that the Russian sanctions will likely have on the Cuban economy. Therefore, for the purposes of this thesis, the indirect consequences on non-target countries will be concentrated on. The human rights implications will also be mentioned to emphasise the extent of sanctions harm. This will show that sanctions have broad implications, spreading to other States, and therefore must be reconsidered.

IV.II.I. Human Rights Consequences

Previous sanctions regimes show the human rights implications arising from sanctions. The 'Sanctions Decade' had devastating humanitarian and economic impacts on sanctioned countries. Sanctions resulted in one of the worst seen humanitarian crises in Iraq, causing hundreds of thousands of people to perish because of mass starvation and disease.²⁵⁰ The economic problems caused by

²⁴⁸ Ibid.

²⁴⁹ Margaret Doxey, *Economic Sanctions and International Enforcement* (Oxford University Press 1971) 93.

²⁵⁰ Cortright and Lopez (n 64) 45-46.

sanctions often have a generational impact. Sanctions have been attributed to permanently damage the ‘social and economic fabric’ of Iraq.²⁵¹ Sanctions now often have humanitarian exemptions because of the harm caused in the 1990s. For example, the EU transport sanctions on Russia do not apply to goods being transported for humanitarian aid purposes.²⁵² However, these exceptions are relatively ineffective when the sanctioned country is also banned from SWIFT, as is the case with Russia.²⁵³ This is because humanitarian organisations in the sanctioned State have virtually no route to pay for imports.²⁵⁴ Although some lessons may have been learned from the sanctions decade, human rights concerns remain attached to sanction use.

Sanctions target the wrong individuals. The former UN Secretary-General, Kofi Annan, described sanctions as a “blunt instrument, which hurt large numbers of people who are not their primary targets”.²⁵⁵ Those responsible for the State being sanctioned, the most powerful or those in government positions, can often afford or divert the hardship that sanctions bring. The poorer, less powerful citizens suffer at their hands. Many scholars agree, arguing that sanctions harm average civilians, whilst political elites are protected.²⁵⁶ For example, the right to life, the right to health, the right to education, and the right to an adequate standard of living, may be compromised for people in sanctioned States.²⁵⁷ This is because the sanctions often deprive citizens from accessing essential goods and services, and thereby hinder them from exercising their inherent rights. This impact may also extend to citizens of non-target States because of their reliance on the sanctioned State. Chapter III provided examples of this, including Cuba experiencing a drop in imports and its reliance on commodities from Russia. Civilians in sanctioned States, and impacted non-target States, not only become victims to their own government, but also to the international community.

²⁵¹ Mulder (n 2) 293.

²⁵² ‘EU sanctions against Russia explained’ (n 3).

²⁵³ Jazairy (n 2) 297.

²⁵⁴ Ibid.

²⁵⁵ Secretary-General Reviews Lessons Learned During “Sanctions Decade” in Remarks to International Peace Academy Seminar (n 225).

²⁵⁶ Peksen and Drury (n 226) 243; Elizabeth D Gibbons, *Sanctions in Haiti: Human Rights and Democracy under Assault* (Praeger 1999); Peter Andreas, ‘Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy’ (2005) 49(2) *International Studies Quarterly* 335.

²⁵⁷ Jazairy (n 2) 294-295.

The damage caused during the ‘Sanctions Decade’ resulted in the push for targeted or ‘smart’ sanctions.²⁵⁸ This means more specific sanctions, which target sectors and individuals, rather than comprehensive sanctions that impact the entire targeted society. Sanctioning entities have consistently referred to the Russian sanctions as ‘targeted’.²⁵⁹ Firstly, it is questionable how targeted they are when extensive parts of the Russian economy has been attacked by them. Secondly, it is questioned whether targeted sanctions are more successful than wider sanctions. Gordon investigated the success of individual targeted sanctions by category, including arms embargoes and financial sanctions.²⁶⁰ She concluded that logistical and implementation problems mean that targeted sanctions are no more effective than comprehensive sanctions.²⁶¹ Lopez disagrees, arguing that Gordon uses a narrow view by examining solely the strengths and weaknesses of targeted sanctions generally.²⁶² By analysing targeted sanctions in relation to the international law violations they attempt to address, he concludes that smart sanctions have been largely successful.²⁶³ However, this seems to be a unique opinion since other scholars even show that targeted sanctions are *less* successful in achieving their primary goal than comprehensive sanctions.²⁶⁴ Refinements made to sanctions regimes, learning from past experiences, have failed to address the human rights consequences sanctions bring.

IV.II.II. Impact on Non-Target Economies

As was previously discussed, the sanctions have hurt Russia to a lesser extent than what was initially predicted. Russia is clearly adapting to Western sanctions. Likewise, Western States *applying* the sanctions have sufficient resources to adapt to the changes which sanctions bring. Weaker, non-target economies do not

²⁵⁸ Cortright and Lopez (n 64) 4-5.

²⁵⁹ ‘EU Sanctions against Russia explained’ (n 3); Claire Mills, ‘Sanctions against Russia’ (23 May 2023) House of Commons Research Briefing No 9481 <<https://commonslibrary.parliament.uk/research-briefings/cbp-9481/>> accessed 1 June 2023.

²⁶⁰ Gordon (n 242).

²⁶¹ *Ibid* 331.

²⁶² George A Lopez, ‘In Defense of Smart Sanctions: A Response to Joy Gordon’ (2012) 26(1) *Ethics & International Affairs* 135, 137.

²⁶³ *Ibid* 140.

²⁶⁴ Peksen (n 219) 639.

have this privilege. Mulder argues that the consequences of sanctions will be borne mostly by weaker economies in the global south.²⁶⁵ States that lack ‘buffers’, including commodity reserves, liquidity, or trade surpluses, are particularly vulnerable to become collateral damage.²⁶⁶ Various sources show that Cuba suffers from lower commodity reserves compared to other countries,²⁶⁷ recently endured a liquidity crisis,²⁶⁸ and has a trade deficit.²⁶⁹ It can therefore be deduced that Cuba lacks the necessary ‘buffers’ required to avoid falling victim to the Russian sanctions. An example is the global energy crisis caused, partly, by the sanctions. Western States stocked up on gas, buying most of the global supply.²⁷⁰ Weaker economies, including Cuba, were forced to impose blackouts to save on their gas supply.²⁷¹ The contrast shows the impact that sanctions have on the more powerful, sanctioning States compared to weaker, non-sanctioning States. The West applies the sanctions, whilst lower-income economies suffer the consequences.

Sanctions can fundamentally hinder the development of nations. The inalienable right to development is provided under UNGA resolution 41/128, stating that all persons are entitled to economic, social, cultural, and political development.²⁷² Although UNGA resolutions are not binding on Member States, they are persuasive. Sanctions threaten the achievement of this right. The Russian sanctions particularly show this. Removing Russian commodities from the global market has consequences worldwide. Western States, that have applied the sanctions, have the resources to mitigate the negative consequences of sanctions on their economies. Lower-income States do not. The Human Rights Council recognised this in 2017, by describing sanctions as “major obstacles to the

²⁶⁵ Nicholas Mulder, ‘The Collateral Damage of a Long Economic War’ *Foreign Affairs* (New York, 26 September 2022) <<https://www.foreignaffairs.com/russian-federation/collateral-damage-long-economic-war>> accessed 20 May 2023.

²⁶⁶ *Ibid.*

²⁶⁷ Worldometer, ‘Oil Reserves by Country’ <<https://www.worldometers.info/oil/oil-reserves-by-country/>> accessed 23 May 2023.

²⁶⁸ The Millennial Source, ‘Cuba sells used cars for first time amid liquidity crisis’ (Hong Kong, 26 February 2020) <<https://themilsources.com/2020/02/26/cuba-sells-used-cars-first-time-liquidity-crisis-2020/>> accessed 23 May 2023.

²⁶⁹ Aaron O’Neill, ‘Trade balance of goods of Cuba 2021’ (*Statista*, 26 October 2022) <<https://www.statista.com/statistics/388991/trade-balance-of-cuba/#:~:text=A%20positive%20trade%20balance%20signifies,around%206.99%20billion%20U.S.%20dollars>> accessed 20 May 2023.

²⁷⁰ *Ibid.*

²⁷¹ *Ibid.*

²⁷² Declaration on the Right to Development, UNGA Res 41/128 (adopted 4 December 1986).

implementation of the Declaration on the Right to Development.”²⁷³ The international community seems to recognise the role that sanctions have in hindering the development of nations. Yet, comprehensive unilateral sanctions continue to be applied at an unprecedented rate. Sanctions threaten the development of the world’s lowest-income economies.

Considering sanctions have been vastly utilised and their effectiveness analysed by scholars for decades, it is assumed that governments consider the impact on lower-income economies before applying them. This raises an important question: do Western States *intend* to hurt poorer economies with the sanctions? The senior advisor for Latin America, Juan González, for the president of the US, stated in an interview that the sanctions against Russia will “by design” harm other countries, including Cuba.²⁷⁴ The strained relationship between the US and Cuba perhaps suggests a reason why Cuba becoming collateral damage is an added benefit to the Russian sanctions for the US. Moreover, after further sanctioning Iran, the Secretary of State of the US, Mike Pompeo, stated that Iran would “be battling to keep its economy alive.”²⁷⁵ This contradicts US claims that sanctions are not intended to hurt civilians of a target State.²⁷⁶ Even the UNSC has been accused of using sanctions as a tool to meet their foreign policy objectives, which often do not reflect the wishes of most UN Member States.²⁷⁷ Even if it is not the intention of sanctioning States to hurt ordinary civilians or non-target States, the reality is that they do. Western countries impose the sanctions, whilst causing the economies and people of Central and South America, Africa and most of Asia to suffer the most.²⁷⁸ Sanctions inevitably hurt those not responsible for the very behaviour being sanctioned – non-target States and innocent civilians. Western States seemingly ignore this and continue to make weaker, non-target States their collateral damage.

²⁷³ UNGA, ‘Human rights and unilateral coercive measures: resolution/adopted by the General Assembly’ A/HRC/RES/34/13 (1999).

²⁷⁴ Jorge Agobian, ‘Sanciones de EE.UU. a Rusia impactarán a Venezuela, Nicaragua y Cuba, estima la Casa Blanca’ *Voz de America* (Washington DC, 25 February 2022) <<https://www.vozdeamerica.com/a/sanciones-de-eeuu-a-rusia-impactaran-a-venezuela-nicaragua-cuba-/6459876.html>> accessed 20 May 2023.

²⁷⁵ Jazairy (n 2) 295-296.

²⁷⁶ *Ibid* 296.

²⁷⁷ Cortright and Lopez (n 64) 6.

²⁷⁸ Chachko and Heath (n 69) 138.

IV.II.III. Globalisation

As the world economy attempts to recover from COVID-19, the downward trend of globalisation will be further corroded by the sanctions against Russia. Global supply chains will inevitably be impacted. Sanctions mean that companies will be forced to source materials from alternative locations to complete their supply chains. The contagion effect explains that incidents impacting one network of the supply chain will have a knock-on, or 'contagious', impact on the entire supply chain.²⁷⁹ An empirical study investigated the impact of the contagion effect on non-targeted firms when one firm in the supply chain had been sanctioned.²⁸⁰ It concluded that sanctions reduce the performance of non-sanctioned entities when it is involved in a supply chain with one network that has been sanctioned, compared with ordinary non-sanctioned firms.²⁸¹ Ultimately, innocent businesses are hindered when a component of the supply chain is sanctioned. This shows the indirect impact that sanctions have on non-target entities. Just as Cuba is blameless for the actions of the Russian Federation yet still has to suffer because of the sanctions, there are many other innocent States and entities that are also harmed.

The above study is critical for the present case when considering Russia's role in global supply chains. Russia produces metals which are critical to supply chains of modern manufacturing.²⁸² Also, Russia is a major exporter of potash, an essential ingredient for producing fertiliser.²⁸³ This has impacted supply chains producing many different plants and crops. Businesses globally are forced to scramble to replace their Russian suppliers which completed the supply chain. This will be a direct cost and fail to bring immediate economic return.²⁸⁴ The domestic economy of the non-targeted entities involved in the supply chain will also be impacted. The above study showed that the performance reduction experienced by

²⁷⁹ Jin Sun and others, 'Economic sanctions and shared supply chains: A firm-level study of the contagion effect of smart sanctions on the performance of nontargeted firms' (2022) 19 *European Management Review* 92, 95.

²⁸⁰ *Ibid.*

²⁸¹ *Ibid* 104.

²⁸² OECD, 'The supply of critical raw materials endangered by Russia's war on Ukraine' (4 August 2022) <<https://www.oecd.org/ukraine-hub/policy-responses/the-supply-of-critical-raw-materials-endangered-by-russia-s-war-on-ukraine-e01ac7be/>> accessed 20 May 2023.

²⁸³ *Ibid.*

²⁸⁴ Posen (n 240).

the non-sanctioned entity greatly impacted the growth of their national economy, through increased unemployment and a reduction of potential tax revenue.²⁸⁵ This is problematic when realising that global supply chains have been critical for lower-income countries. For example, they have been proved to increase the growth and incomes of Bangladesh, China and Vietnam since the 1990s.²⁸⁶ Issues disrupting supply chains, including sanctions, pose hurdles to this growth. Yet again, lower-income countries fall victim to sanctions because they threaten globalisation and global supply chains.

IV.III. Improvements

Unfortunately, there is no ‘silver bullet’ to achieve foreign policy goals. However, improving the application of sanctions is critical to making them more effective and to prevent more lower-income economies from becoming collateral damage. There is a relative lack of legal constraints protecting sanction use internationally. Preassessment measures before the sanctions are applied would ensure that the risks that they pose will be considered, and perhaps the sanctions adapted in response to these risks. Assistance, through compensation and judicial review mechanisms, to non-target States will prevent uninvolved countries from becoming collateral damage to the sanctions regimes. Finally, just war theory may be considered to be applied to sanctions to promote their safety and prevent their damaging impacts.

IV.III.I. Preassessment Measures

Sanctions are often imposed without scrutinising the potential negative consequences they may have on civilians and economies. On 21st February 2022, Russian forces crossed into Russian-controlled separatist regions of Ukraine, with

²⁸⁵ Ibid.

²⁸⁶ Jenny Larsen, ‘Supply chain governance is changing. What’s at stake for developing countries?’ (UNIDO, 22 December 2022) <<https://www.unido.org/stories/supply-chain-governance-changing-whats-stake-developing-countries>> accessed 22 May 2023.

the full-scale invasion beginning 24th February 2022.²⁸⁷ The US and EU began imposing their sanctions in response to this on 21st February.²⁸⁸ Does a matter of hours suffice to understand the potential harms the sanctions will cause, before they are implemented? It is unlikely that the full extent of their consequences can be realised in this limited amount of time. Scholars recognise this issue, stating that sanctions are “often wielded without full consideration of the impact” that they pose.²⁸⁹ The threats that sanctions pose to lower-income economies and innocent civilians make them powerful tools. The rapid speed with which sanctions are imposed is contributing to a ‘sanctions-culture’ in international relations, whilst overlooking their destructiveness. Rather than being viewed as a ‘solve-all’ tool, sanctions must be considered on a case-by-case basis. If alternative international law tools are available which likely cause less collateral damage, they should be considered more. For example, if experts analyse that a potential sanctions regime would actually push regimes into being more authoritarian, then clearly alternatives should be considered. Preassessment measures to evaluate their potential harms would prevent this damaging culture from continuing.

There seems to be a lack of consideration for non-target States when applying sanctions. The Articles on the Responsibility of States for Internationally Wrongful Acts outlines that a State may take countermeasures solely against the responsible State.²⁹⁰ The commentary of the articles show that when a party has not breached any obligation owed to third parties, any “indirect or consequential effects of countermeasures” had on these parties does not mean that the act will fall outside the scope of lawful countermeasures.²⁹¹ This recognises that States may become collateral damage from the countermeasures. Yet, no protection for these States is provided for. The commentary clarifies that non-target States which have been indirectly impacted by the sanctions do not have a claim if “they have no individual rights in the matter” because “such indirect or collateral effects cannot be entirely

²⁸⁷ Helen Regan and others, ‘The latest on the Ukraine-Russia crisis’ *CNN World* (Atlanta, 22 February 2022) <<https://edition.cnn.com/europe/live-news/ukraine-russia-news-02-21-22/index.html>> accessed 15 May 2023.

²⁸⁸ Chad P Bown, ‘Russia’s war on Ukraine: A sanctions timeline’ (*PIIE*, 8 May 2023) <<https://www.piie.com/blogs/realtime-economics/russias-war-ukraine-sanctions-timeline>> accessed 25 May 2023.

²⁸⁹ Allen and Lektzian (n 2) 121.

²⁹⁰ ‘Draft Articles on Responsibility of States for Internationally Wrongful Acts’ (n 43) 31.

²⁹¹ *Ibid* art 22 [4].

avoided”.²⁹² The latter point may be true because of the clear destructive nature of sanctions. However, this gives way to States inflicting indirect harm on third parties without first assessing the potential impact that sanctions may have on these States. Mulder agrees, arguing that ‘greater macroeconomic foresight’ is required before applying further sanctions against Russia, in order to avoid making Africa, Asia, and Latin America collateral damage.²⁹³ Assessing the risks on non-target States before taking the drastic action of sanctioning a State may prevent lower-income economies from suffering unnecessarily.

Preassessment reports are one way to prevent the collateral damage of sanctions. These preassessment reports should include detailed assessments of the likely consequences of the sanctions. Obligatory human rights impact assessments should be conducted by the State which is considering applying sanctions.²⁹⁴ A study of neighbouring States and countries which particularly rely on the target States for trade should also be conducted. If the benefits of applying the sanctions against the target State outweigh the damage they are likely to cause to third countries, assistance mechanisms to relieve non-target States of this impact can be considered. If the preassessment report reveals that the social and economic consequences of the sanctions would be drastic, and the sanctions ineffective, then alternative measures should be considered. Preassessment reports for UNSC sanctions have been suggested to even have a political signalling effect of showing the target State that serious coercive pressure may be applied to them.²⁹⁵ This would show the State that their actions have drastic consequences. On the other hand, published preassessment reports may allow the target State to prepare for the sanctions. This would ultimately make the sanctions less effective since the State can prepare their economy to some extent. For example, alternative trading partners to replace the States threatening sanction use may be looked for. A long enough time frame after publishing the report for target States to realise the extent of the proposed sanctions, whilst short enough to prevent their economy from becoming sanction-proof may tackle this issue. Overall, preassessment reports would allow

²⁹² Ibid art 49 [5].

²⁹³ ‘The Collateral Damage of a Long Economic War’ (n 265).

²⁹⁴ Jazairy (n 2) 296.

²⁹⁵ Cortright and Lopez (n 64) 226.

States to fully consider the extent of the proposed sanctions, before impulsively resorting to such drastic measures.

IV.III.II. Assistance to Non-Target States

Assessments should be regularly conducted to measure the impact that the sanctions have on non-target States. EU sanctions are regularly reviewed to assess their impact and effectiveness.²⁹⁶ However, there seems to be a lack of focus of the impact that the sanctions have on non-target States. Non-target State consultations should therefore be made mandatory for all unilateral sanctions regimes. This would allow the non-target State to voice their concerns about the sanctions. Art 263 TFEU, providing the right to bring proceedings before the EU General Court or the ECJ, seems to be available to non-EU Member States, provided the sanction is of “direct concern” to the State.²⁹⁷ Yet, this procedure is not available for third States which have not been directly sanctioned. Procedures such as this should be extended to allow non-target States to challenge the sanctions on human rights or economic development grounds. This would widen the scope of analysis of the sanctions. By assessing the impact that the sanctions pose for non-target States and providing these States with an option to challenge the sanctions, less collateral damage is likely.

Compensation for non-target States particularly affected by the sanctions must be considered. Special donor conferences, bringing together economic powers and international financial institutions, including the World Bank and International Monetary Fund, have been suggested.²⁹⁸ These conferences may consider forms of financial support and assistance to non-target States that have been impacted by sanctions.²⁹⁹ It is recognised that many non-target States may have been impacted by the sanctions, particularly in the present case with Russian sanctions. Restricting the compensation and support measures to those disproportionately impacted would mean that the countries suffering the most are prioritised. Providing assistance to

²⁹⁶ The Diplomatic Service of the European Union, ‘European Union sanctions’ (7 October 2021) <https://www.eeas.europa.eu/eeas/european-union-sanctions_en> accessed 10 June 2023.

²⁹⁷ Asada (n 42) 51.

²⁹⁸ Cortright and Lopez (n 64) 230.

²⁹⁹ Ibid.

non-target States may even benefit the application of sanctions. For example, if aid was provided to Cuba in the form of gas, they would not be relying on Russia oil and then indirectly funding the war. Non-target States would be given more attractive offers, rather than being forced to deepen economic relations with the target State. This will ensure that non-target States are less likely to become collateral damage, whilst potentially making the sanctions more effective.

IV.III.III. Just War Theory

Just war theory (JWT) outlines that war should only be resorted to if it is morally defensible.³⁰⁰ The move towards 'smart sanctions' was partly to make the measures more consistent with this.³⁰¹ The main principles under this theory are *jus ad bellum* (just causes of war), *jus in bello* (justice during war), and more recently scholars have included *jus post bellum* (justice after war).³⁰² Although JWT mainly applies to armed warfare, scholars have applied the same reasoning to sanctions.³⁰³ *Jus ad bellum* and *jus ad bello* are comprised of the core principles of discrimination and proportionality.³⁰⁴ Discrimination prevents innocent civilians from being harmed recklessly, whilst proportionality requires that the harm caused by the attacks is in balance to the objective sought to be achieved. It is questionable whether sanctions are indiscriminate. As previously discussed, the most impacted by sanctions are often the most deprived, with little political influence. For example, the banking systems sanctions impact *all* Russian citizens, not solely the political elite. Proportionality is linked to the probability of success.³⁰⁵ Essentially, a cost and benefits analysis should be undertaken by policymakers prior to applying sanctions. Using this logic, sanctions would rarely be considered 'proportionate'. The low success rate in achieving their policy objectives means that the costs on the target society and other impacted countries would heavily outweigh the benefits of sanctioning a State. Therefore, it can rarely be argued that sanctions are a 'just war'.

³⁰⁰ Scott A Silverstone, 'Just War Theory' (*Oxford Bibliographies*, 2 March 2011) <<https://www.oxfordbibliographies.com/display/document/obo-9780199743292/obo-9780199743292-0050.xml>> accessed 24 May 2023.

³⁰¹ Schluzke (n 214) 58.

³⁰² *Ibid.*

³⁰³ *Ibid* 59.

³⁰⁴ *Ibid* 59.

³⁰⁵ *Ibid* 59.

It is argued that sanctions should always be held to JWT principles. This would allow sanctions to be held to a higher standard, ultimately preventing sanctions regimes which do not align with the basic principles from causing economic and social harm.

Moreover, sanctions regimes must continue to be scrutinised after the sanctions have been lifted. Sanction policymakers seem to ignore *jus post bellum* considerations.³⁰⁶ This is intended to promote reparation and peace after conflict, or in this case, sanctions.³⁰⁷ An example may be by providing foreign aid. Failing to consider this principle perhaps provides justifications as to why sanctions regimes often cause long-term implications for target and non-target States. Refusing to provide the impacted States with reparation also prevents preserving the long-term outcomes of the sanctions.³⁰⁸ If any success has been had with the sanctions regimes, all will be lost if the target States are not provided sufficient support to rebuild their economies. It has clearly been emphasised throughout this thesis that sanctions are not a 'solve-all' tool. The removal of sanctions brings changes to an economy, and the issues that these changes bring can be eased with *jus post bellum* procedures. Reparation tools may ease the issues which States face after sanctions have been lifted, ultimately easing the long-term implications of sanctions. Extending this mechanism to include non-target States would also ensure that those not responsible for the behaviour that was sanctioned do not have to suffer long-term.

The counter to applying JWT to sanctions is that war and sanctions are different. Ellis argues that whilst war involves the physical direct threat of lives, economic sanctions mainly involve refusing to trade with the target State.³⁰⁹ There is a clear duty not to 'bomb, shoot or stab individuals', but this duty does not exist for trade.³¹⁰ JWT rules out preventive war, meaning an attack which is not yet imminent.³¹¹ Despite this, preventive sanctions are clearly permitted, as was shown by the fact that Russia was sanctioned before it began its full-scale invasion of Ukraine. Ellis provides a reason why JWT should not be applied to economic

³⁰⁶ Ibid 58.

³⁰⁷ Ibid 61.

³⁰⁸ Ibid 75.

³⁰⁹ Elizabeth Ellis, 'The Ethics of Economic Sanctions: Why Just War Theory is Not the Answer' (2020) 27 Springer 409, 410.

³¹⁰ Ibid.

³¹¹ Ibid 424.

sanctions, since the appropriate analogy of preventive sanctions is not ‘shooting someone before she shoots you’, but rather refusing to sell the weapon she plans to shoot you with.³¹² Although this argument is logical, it is flawed in two ways. Firstly, it downgrades the impact of sanctions. War may have direct, visible impacts, but sanctions often have indirect, long-term consequences. Secondly, it suggests that sanctions are usually successful at preventing the target State from further breaching international law by preventing them from accessing this ‘weapon’. As was shown in the previous section, this is seldom the reality. Target States can rely on other non-sanctioning States for resources when the case involves unilateral sanctions. Russia being sanctioned by most Western powers has strengthened its trade relationship with China. Although the differences between war and sanctions remain, it is argued that JWT may also be applied to sanctions to make them safer and more effective.

³¹² Ibid.

V. Conclusion

This thesis sought to examine the often overlooked impact that sanctions have on non-target States. The example of the sanctions against Russia and the consequences that this may have for the Cuban economy showed their potential harms.

The legal grounding of unilateral sanctions was shown to be argumentative in itself. This clarified that sanctions is a highly controversial topic, generally. However, the current sanctions against Russia were in response to Russia violating its international law obligations. This provided the legal grounding for the sanctions regimes. Although the doctrine of third-party countermeasures was shown to be problematic, international case law, treaty law and secondary law showed a legal norm developing that accepts their use. This means that there is a very high threshold for sanctions to be considered incompatible with international law. It was therefore concluded that the current sanctions against Russia are likely considered lawful. Nevertheless, simply because something is lawful does not mean that it is just. The different categories of sanctions, including asset freezes, financial system sanctions, energy sector sanctions, trade restrictions, transportation sanctions and professional services sanctions showed that every facet of the Russian economy has been confronted. However, issues with their application or gaps in the sanctions showed that they may not be as effective as hoped to cripple the Russian economy, and therefore stop its invasion of Ukraine.

The consequences that the sanctions against Russia pose for Cuba provided a contemporary example of the thesis topic. The long-standing history of Cuban-Russian relations showed that Cuba was, and remains, largely dependent on Russia. The Cuban economy was also shown to be weak on the global scale. These factors make Cuba particularly vulnerable to impacts caused by the Russian sanctions. It was concluded that many Cuban sectors are likely to be impacted. Cuban trade is likely to continue to suffer because of its trade deficit and the consequences that the Russian sanctions have on global trade. The Russian sanctions leave Cuba with even fewer currency options to conduct business

internationally. The aviation sanctions and the financial impact that sanctions have had on Russian citizens means that Cuba's tourism industry is likely to suffer, which is problematic considering the country depends on this industry. Moreover, the energy sector sanctions against Russia were shown to have contributed to Cuba's fuel deficit. This shortage has consequences for the daily functioning of Cuba's society because businesses are unable to properly operate. The impact that the sanctions have on FDI will presumably impact Cuba's economic growth as Russian investors have been hindered in investing. There are also reputational risks in investing in Cuba because of its current economic situation and associations with Russia. Cuba previously received a significant proportion of foreign aid from Russia and this was suggested to decrease because of the sanctions. Although evidence contradicted the hypothesis that Russia will prioritise funding the war over providing aid to Cuba, additional barriers caused by the sanctions make it more difficult for Cuba to receive aid. Overall, it was shown that the Cuban economy is likely to be negatively impacted by the sanctions against Russia.

Scholarship and investigating previous sanctions regimes showed the ineffectiveness of sanctions in achieving their foreign policy goals. The theory that sanctions are a 'safer' option compared to military intervention was questioned and emphasised that sanctions are rarely the 'lesser of two evils'. Rather than changing regimes, sanctions paradoxically often reinforce authoritarianism. Target States were shown to often adapt to sanctions, rather than succumb to the demands of the sanctioning authority. Although sanctions have been shown to be effective at crippling economies when looking at previous sanctions regimes, differences with these and the current Russian sanctions showed that the Russian economy is unlikely to be impacted in the same way. The morality argument, that sanctions should be applied to uphold the principles of international law even when they may not achieve stated goals, was questioned. Sanctions were indicated to have become a signalling tool for States to show their morality to the international community, rather than a mechanism to help States or civilians suffering at the hands of the target State. Also, sanctions were argued to be immoral in themselves because of the negative impacts that they have. The consequences can be extensive. The human rights implications of sanctions shows the power that they have to destroy civilian populations. They were also shown to hurt non-target economies, perhaps

intentionally. This is because of the reduction of resources caused by the sanctions and the impact this has on lower-income nations. These nations will also be hurt by sanctions because of the corroding impact that sanctions have on globalisation. As target State entities are removed from global supply chains, it will ultimately be lower-income economies relying on these supply chains for economic growth which suffer. Improvements were suggested to make sanctions safer and cause less collateral damage. Preassessment measures were shown to allow sanctioning States to properly evaluate the potential harms of sanctions, particularly to non-target economies. Assistance to non-target States was also suggested to provide support to non-target economies so that they can withstand the consequences that the sanctions bring. JWT was argued to hold sanctions regimes to a higher standard. This would allow the negative impacts of sanctions to be scrutinised prior, during and after adoption.

Sanctions are a powerful tool, causing devastating impacts to States which are not responsible for the unlawful behaviour. Western States apply the sanctions, as lower-income countries suffer the consequences. The 'sanctions-culture' must be changed to address global inequality and allow lower-income economies to grow. In order to make them safer and more effective, mechanisms must be put in place to avoid more non-target States from becoming collateral damage.

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