

MAKE RUSSIA SANCTIONS EFFECTIVE AGAIN

EDWARD FISHMAN
COMMENTARY

OCTOBER 23, 2020



All effective sanctions programs are alike. Each ineffective sanctions program is ineffective in its own way. Effective sanctions programs seek to achieve clearly articulated aims through a combination of economic pressure and a credible offer of relief. Ineffective sanctions suffer from a **boundless range of maladies**, from convoluted goals to overpoliticization. Their only commonality is that they satisfy U.S. officials' urge to do *something* without necessarily advancing American interests.

Today, U.S. sanctions against Russia are ineffective. The sanctions created by the administration of President Barack Obama — which presented Russia with a united U.S.-European front, knocked several points off the country's gross domestic product, and may have deterred Moscow from more aggressive action in Ukraine — remain on the books. But Russia's economy has adapted, and the Kremlin now subscribes to a narrative that the United States will "never" lift sanctions, reducing its incentive to satisfy U.S. demands. The result is a feckless sanctions program that no longer exerts meaningful pressure on Moscow — and affords Washington minimal diplomatic leverage.

BECOME A MEMBER

The most important cause of this slide into futility resides in the White House. President Donald Trump, eager to curry favor with Russian President Vladimir Putin yet legally constrained from lifting sanctions, has so muddled his administration's Russia policy that sanctions have come to resemble a relic — a remnant of a bygone strategy, no longer impactful but impossible to throw away.

If Trump is re-elected, Russia sanctions will likely ossify into something akin to the Cuba sanctions, which have remained in place for decades despite lacking any viable policy objectives. But even if former Vice President Joe Biden prevails in next month's presidential election, going back to the status quo ante Trump is unfeasible. A Biden administration would need to rethink Russia sanctions, embedding them into a new and cohesive strategy toward Russia. And it should do so while being mindful of both short- and long-term goals, accepting that sanctions have become a centerpiece of America's Russia policy and cognizant of the fact that, to be successful, the new framework should be built to last across multiple administrations.

A Purpose for Every Sanction

The first step to repairing Russia sanctions is delineating objectives that the program can realistically advance. “Sanctions” is a convenient catchall term, but in reality it describes various forms of economic action that share little in common. Sanctions against an individual who has committed human rights abuses, such as those mandated by the [Magnitsky Act](#), are precisely targeted and intended to stigmatize egregious behavior rather than to change it. On the flip side, sanctions against major sectors of an economy, such as those on [Russia’s next generation of oil projects](#), are far broader and aim to influence the Kremlin’s policy calculus.

American policymakers would achieve greater success if they envisioned Russia sanctions as falling into four categories: deterrent sanctions, focused on discouraging future malfeasance; coercive sanctions, aimed at building leverage that can be traded for proactive Russian concessions; normative sanctions, intended to “name and shame” bad actors and signal that their behavior is unacceptable by imposing punishments on them; and attritional sanctions, designed to advance long-term goals such as frustrating Russia’s integration with Crimea or curtailing Russian military modernization and malign influence. Even before the Trump administration, drawing such clear demarcations has not been typical for U.S. policymakers. But the sanctions regime levied against Russia is America’s most complex. Unlike the usual targets of U.S. sanctions, such as Iran and North Korea, Russia’s economy is large and globally interconnected. Sanctions against Russian firms can produce substantial ripple effects, as the Trump administration learned the hard way after sanctioning the aluminum giant Rusal, only to quickly back down when aluminum prices [spiked by 10 percent](#). Moreover, as Russia remains an important power broker with [increasingly capable military forces](#) and the [world’s largest nuclear arsenal](#), U.S.-Russian relations should never be strictly adversarial. Dividing sanctions objectives in a disciplined manner is therefore a necessity.

Deterrent sanctions represent the most pressing need, as they cover a number of immediate threats to U.S. national security and will require significant policy innovation. Sanctions in this category include those meant to deter Russia from interfering in U.S. elections or launching military interventions into neighboring countries. Ordinarily, U.S. policymakers only come together to consider sanctions options after a provocation has already occurred. The problem with this approach, as I saw time and again during my tenure at the State Department, is that it creates a very high bar for success — “digging out” the adversary from an entrenched position. A better use of sanctions is as a threat that can influence the target’s behavior prospectively.

In 2014, the United States and the European Union did just that. After invading the Donbas, Russia was preparing to conquer roughly half of Ukraine’s territory, a project that Kremlin officials called *Novorossiya*, or “New Russia.” America and the European Union drew a line in the sand, indicating that Russia would face severe economic sanctions if it attempted such a land grab — a threat made credible by waves of coordinated transatlantic sanctions in the spring and summer of 2014, and by an active diplomatic process in which U.S. and E.U. officials convened to align on new sanctions options. While it is impossible to prove a counterfactual — and other factors, including the rapid mobilization of Ukrainians into volunteer battalions, also played a major role — it stands to reason that Moscow would have been emboldened to follow through on its vision of *Novorossiya* had it assessed that it could do so without incurring significant costs. From my vantage point as an official involved in the policy at the time, our deepest concerns of what Russia might do in Ukraine never materialized.

Unfortunately, however, this example of sanctions-based deterrence proved to be more of a one-off than a new paradigm. The United States still lacks a robust legal, institutional, and diplomatic framework that can give sanctions a chance at reliably achieving deterrence over the long term.

The next U.S. administration should start this process by working with Congress to pass a law that creates a standard procedure for reviewing foreign interference in American elections. After each federal election, the government should be required by law to expeditiously produce an assessment of whether Russia or any other country interfered, using a relatively high standard for interference — think leaking sensitive information about candidates or modifying voter rolls, not [run-of-the-mill online trolling](#). If the assessment deems that Russia interfered, Washington should impose sanctions on sovereign debt issuances and economically consequential state-owned enterprises — the only types of measures that can inflict [palpable damage](#) on Russia's economy. The sanctions should remain in place for five years: through one midterm and one presidential election. If Russia refrains from interfering in those two intervening elections, the sanctions should automatically lapse.

Such a process could achieve deterrence because it combines clear intentions with the threat of severe consequences — which will be credible, as they will be mandated by U.S. law. The process would impose real penalties for interference in U.S. elections while encouraging Moscow to alter its policies in the future by holding out hope that the penalties will be lifted. If it so chose, the next U.S. administration could enact this procedure by executive order on day one. But as demonstrated by the last four years, in which the U.S. government has refrained from pushing back against electoral interference on account of Trump's political calculations, there is no substitute for federal code. The [Defending Elections from Threats by Establishing Redlines Act](#), first introduced in January 2018, already contains elements of this framework, so the next administration should have a clear path to making it a reality.

After creating this process domestically, the United States should seek to internationalize it. It could do so by working with democratic allies to sign a declaration that foreign interference in any of the signatories' elections would be treated as an attack against all and result in strong multilateral sanctions. Such a declaration would function as a non-military companion to NATO's Article 5. The

simplest way to launch it might be through a [joint initiative](#) between NATO and the European Union. But for maximum impact it should include a regionally diverse group of democracies such as those in the [nascent D-10](#).

The second category is coercive sanctions, which entail using existing economic pressure to incentivize proactive Russian actions. Coercive sanctions are what deterrent sanctions become once an adversary crosses a tripwire — instead of leveraging the threat of fresh sanctions to achieve an outcome, they dangle the prospect of relief from current sanctions. All sanctions presently in place against Russia could be used for this purpose, but in practice only sanctions that are causing significant economic pressure are likely to move the Kremlin.

Just as deterrent sanctions depend on clear communication of intentions, coercive sanctions require careful diplomacy — no government, least of all Moscow, would be willing to trade away its reputation in exchange for sanctions relief.

Consequently, for coercive sanctions to hold any chance of success, the next U.S. administration will need to embed them into a thoughtful diplomatic process.

To that end, Washington should limit its asks of Moscow to a discrete set of issues. As the failure of the Trump administration's "maximum pressure" campaign against Iran illustrates, [long lists of demands](#) are a nonstarter. While sanctions can be powerful, they are no magic bullet — and they are certainly not equipped to deliver [regime change](#), as the Trump administration has learned in Venezuela.

Existing economic sanctions against Russia are modest. No major Russian state-owned enterprise is under a full asset freeze — the United States and the European Union have limited themselves to prohibiting large firms such as Rosneft and Sberbank from issuing certain types of debt on U.S. and European markets. Gazprom, Russia's gas giant, is virtually untouched. The most significant impact of the current sanctions is that they limit the development and modernization of Russia's energy sector, prohibiting Western companies from investing in next-generation oil projects in the Russian Arctic as well as in

deepwater and shale fields. This is an important point of leverage — Moscow knows that, absent root-and-branch domestic reform, its economic future hinges on developing those oil resources. Nevertheless, compared with sanctions against Iran or Venezuela, Russia sanctions are light-touch.

The next U.S. administration, working in concert with the European Union, should thus be precise in what it aims to achieve with the existing sanctions: Russia's full implementation of the Minsk agreements and restoration of Ukraine's control over the Donbas. Washington and Brussels should create a package of temporary sanctions relief, akin to the [2013 Joint Plan of Action](#) with Iran, and offer it to Russia in exchange for tangible steps to fulfill its Minsk commitments, such as an enduring ceasefire, complete access to the occupied territory for the Organization for Security and Co-operation in Europe, and the deployment of a United Nations peacekeeping mission. Temporary relief will demonstrate to Moscow that the United States and the European Union are credible in their readiness to ease sanctions in exchange for implementation of the Minsk agreements. Once Ukraine verifies that it has regained and maintained control over the Donbas for at least a year, Washington and Brussels should be prepared to deliver more lasting sanctions relief.

The third category is normative sanctions. Although U.S. officials are often [reluctant to call sanctions a form of "punishment,"](#) that's partly what normative sanctions are: They penalize individuals who commit particularly odious acts, signaling that such behavior violates basic norms and leads to serious consequences. Russia's litany of egregious human rights abuses, including the recent [poisoning of Alexei Navalny](#), should not go unpunished. The best way to respond is to do the necessary detective work to identify the individuals responsible, and then impose full blocking sanctions on them — freezing their assets and denying them access to the U.S. financial system. And to ensure these sanctions send a strong signal, Washington also should seek to multilateralize them, enlisting the European Union, Japan, and other allies to act in lockstep.

For these sanctions to achieve their desired impact — enforcing norms — they should come with time limits, similar to a criminal sentence. These time limits should be long enough to hurt but not so long that there's no incentive for the sanctioned individuals to improve their behavior: say, five to 20 years, depending on the severity of the offense. The long sentence would send a message that such actions result in serious penalties, while the time limit could encourage sanctioned individuals to refrain from additional abuses in the future, as they could still dream of retirement on the French Riviera.

In addition to their punitive effect, these sanctions would also have the benefit of decoupling the U.S. financial system from illicit activities. It's reasonable for Americans to question whether kleptocrats should be allowed to stash their ill-gotten gains in the United States, [inflating real estate prices](#) in major U.S. cities. By leveraging normative sanctions, the next administration can put an end to these practices and defend the integrity of the American financial system.

The final category is attritional sanctions. Unlike the other types of sanctions, these would not aim to influence Moscow's policies at all. Instead, they would strive to constrain Russia's ability to achieve certain goals by increasing economic costs and raising practical hurdles. [Executive Order 13685](#), which imposes sweeping prohibitions on economic activity with Crimea, falls into this category. The goal of these sanctions isn't to persuade Moscow to relinquish its claims on Crimea — that is unviable in the foreseeable future. The goal is to make it harder and costlier for the Kremlin to integrate the territory into the Russian Federation, adding teeth to a long-term policy of diplomatic non-recognition and demonstrating the pitfalls of annexing territory.

Another objective of attritional sanctions is to frustrate Russia's efforts to modernize its military forces and spread malign influence. Much of Russia's defense and intelligence industries are already under sanctions, and it's probably not in American interests to lift those measures unless U.S.-Russian relations fundamentally change for the better. Furthermore, [Section 231 of the Countering](#)

[America's Adversaries Through Sanctions Act](#) mandates secondary sanctions against anyone who makes a significant acquisition of Russian military equipment, while providing a waiver for countries that substantially reduce their purchases over time. The design of these sanctions is similar to those that aim to curb Iran's oil exports. The United States should use the full force of this legislation, coupled with offers of alternative equipment made in America and allied countries, to reduce the world's reliance on Russian military exports.

Additionally, the next U.S. administration should more proactively impose sanctions on individuals involved in electoral interference, such as officials associated with the Internet Research Agency. These individuals are unlikely to hold significant, if any, assets in the United States. As a result, the goal of imposing sanctions on them is not primarily to influence their behavior, but rather to make it practically difficult and legally risky for Americans to collaborate with them. For instance, had the Russian intelligence agent Andrii Derkach been under U.S. sanctions before Rudy Giuliani, Trump's personal attorney, [met with him](#) in 2019, Giuliani may have thought twice before engaging with him. It thus makes good sense to impose sanctions on every individual whom the U.S. government believes is involved in Russia's efforts to undermine American democracy.

America's Asymmetric Edge

When Trump entered office, his instinct was to [ease sanctions](#) on Russia without receiving anything in return — effectively giving Moscow a free pass for invading Ukraine, swallowing Crimea, and interfering in the 2016 U.S. presidential election. Congress reined Trump in by passing the Countering America's Adversaries Through Sanctions Act with a [veto-proof majority](#) in the summer of 2017. Ever since, Russia sanctions have existed in a sort of no man's land — Trump couldn't get rid of them, but his lack of interest [rendered them ineffectual](#).

Looking ahead to a potential new administration, two camps have arisen on the future of Russia sanctions. One camp, made up of experts who favor closer U.S.-Russian ties, calls for a more judicious use of sanctions. While well intentioned, this camp advocates for something that just doesn't exist — narrowly targeted sanctions that can affect Russia's calculus. In truth, the only types of sanctions that can achieve that end are ones that target major sectors of Russia's economy, such as banking, energy, mining, and defense. Sanctions involve tradeoffs — there are downsides to imposing sanctions on economically significant industries, including the possibility of upsetting certain European governments and business interests. But absent targeting those sectors, sanctions simply will not be forceful enough to influence the Kremlin's policies.

The second camp, made up of Russia hawks, champions a spasm of sanctions, indiscriminately targeting Russia with economic pain in response to the Kremlin's various misdeeds. The problem with this approach is that it would be no more effective than the Trump administration's "maximum pressure" campaign against Iran: It may produce economic damage, but it's unlikely to change Moscow's behavior for the better. More probably, it will persuade Russia that the United States has no interest in relieving any sanctions, and that the only purpose of the measures is to weaken Russia.

But the next U.S. administration need not choose between waving the white flag and battering Russia with every last sanction it can muster. Sanctions can and should serve as a critical source of U.S. leverage in its relations with Russia. As U.S.-Russian competition transpires primarily outside the military domain, using other instruments of power shrewdly is essential. In areas such as information operations, Russia possesses an edge over the United States by virtue of its state-run media apparatus and closed society — attributes that America should never seek to emulate.

In the economic domain, however, the United States holds a massive asymmetric advantage. It is thus essential to use that advantage to good effect, which will

require identifying U.S. objectives in a disciplined manner and properly calibrating means with ends. This exercise should be a top U.S. priority: For the foreseeable future, there can be no effective Russia policy without an effective Russia sanctions policy.

BECOME A MEMBER

[Edward Fishman](#) is a former member of the secretary of state's Policy Planning Staff at the U.S. State Department and served on the negotiating team that designed U.S.-E.U. sanctions in response to Russia's invasion of Ukraine. He is a nonresident senior fellow at the Atlantic Council and an adjunct fellow at the Center for a New American Security.

Image: [Flickr \(Photo by Tom Bullock\)](#)

COMMENTARY

SIGN UP FOR OUR NEWSLETTER

SUBMIT

GET MORE WAR ON THE ROCKS

SUPPORT OUR MISSION AND GET EXCLUSIVE CONTENT