

UNIVERSITY OF TARTU

Faculty of Social Sciences

Johan Skytte Institute of Political Studies

Johannes Vahe

**Sanctions as a Foreign Policy Tool: Comparing EU and US Sanctions on  
the Russian Federation for Ukraine related activities**

MA thesis

Supervisor: Piret Ehin

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I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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## **Abstract**

Through the past decade, sanction literature has looked into different sides of this political tool, bringing a vast number of new insights to aspects such as sanction effectiveness, influence on the target by outlining numerous case studies. However, the literature has put only a small amount of attention to the initial sanction cooperation aspect, as well as sanction cohesion and complimentary rating. At the same time, the popularity of cooperation sanctions as well as implementing sanctions collaborate with two or more countries has spiked, leaving the possible effects of working coherently and together somewhat unknown. This study seeks to contribute to the sanction literature by analysing US and EU sanction formulation process and sanction regimes cohesion on case study Russia.

The main aim of the thesis is to examine US and EU sanction formulation process from decision-making to enforcement and to compare sanction regimes which are imposed on Russia for Ukraine related activities from 2014. Author uses document analysis method for conducting detailed and comprehensive analysis with the set of developed indicators inspired by analytical framework of Christopher Hill. This thesis focuses on sanction formulation, implementation timing, measures and goals in order to evaluate and explain US and EU sanction-making process, sanction regimes cohesion and complementarity on Russia.

The findings of this work suggest that sanction formulation process of US and EU are different in every level of sanction making process which in return affects the sanction regimes complementarity and cohesion. In the case study Russia sanctions implementation timing, measures, specific targeted entities and sanction goals do not match with one another, therefore causing disturbances in coherence of sanction regimes which in return has an effect on the purpose of sanction imposition in the first place. The author suggests that with the raising sanctioning activities and multilateral sanctions outside of the international organization's framework, more attention should be put on sanction cohesion and complementarity in order to achieve desired outcomes of the regimes. More specifically common framework for sanction imposition should be developed and more attention should be paid to the various aspects related to the cohesion and effectiveness of the sanction regime.

**Keywords:** Sanctions, sanction regimes, sanctions formulation, United States of America, European Union, Russia, Ukraine, coherence, cooperation, timing.

## **List of abbreviations**

EU- European Union

US- The United States of America

UK- The United Kingdom

NATO- North Atlantic Treaty Organisation

IEEPA- International Emergency Economic Powers Act

CAATSA- Countering America's Adversaries Through Sanctions Act

OFAC- Office of Foreign Assets Control

finCEN- Financial Crimes Enforcement Network

TFEU- Treaty on the Functioning of the European Union

TEU- Treaty on European Union

EO- Executive order

GAO- Government Accountability Office

OIA- Treasury's Office of Intelligence and Analysis

INR- State's Bureau of Intelligence and Research

COREPER- The Committee of Permanent Representatives

EEAS- European External Action Service

AFR- American Foreign Relations

UNSC- United Nations Security Council

ESI- Economic Sanctions Initiative

BIS- Bureau of Industry and Security

EE- Export Enforcement Unit

CRS- Congressional Research Service

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## Introduction

Global actors are actively shaping the landscape of international politics and relations. Each country, regional and international actor in the modern world pursues a foreign policy in order to promote and protect its interests. Foreign policy in its nature is a direct reflection of the actor's traditions, values, aspirations and wishes which are also constantly changing (Ahmed 2020, 789). Interactions on the international arena usually offer a diversity of strategies, methods, guidelines, and agreements which sometimes end up in foreign policy disputes. (ibid.). Attempting to solve disputes, actors utilize a range of foreign policy tools using diplomacy, political and economic coercion, covert actions, and military measures (Hufbauer et al. 1990, 35-45).

The choice of measures which are adopted in a foreign policy dispute depends on a range of factors from internal politics to disputed topics and structures of institutions and organizations. (Simon 1976). While diplomatic approaches can be very cost-beneficial and peaceful, these measures may not be enough to alter the outcome or bring intended results for the actors. Given that soft measures like diplomatic notes have limited effects and strict measures like military intervention may have dangerous unintended results (Pape 1997, 90), sanctions can be considered as somewhere in the middle. (*Ibid*) Supposedly Al Capone once said: "You can get further with a gun and a smile than you can with just a smile" (Helmer 2021). In recent years, there has been a significant rise in using restrictive measures/international sanctions as a "gun" while responding to international challenges (Felbermayr et al. 2020; Barber 1979)

Sanctions in their essence are defined as: chosen measures directed to political objectives (Barber 1979, 367). Sanctions have proven to be preferred tools in attempt to change target country policies (Nelson 2015, 7). Sanctions have been used throughout 20th century and is still one of the primary tools for many countries as well as regional and international organizations (Coates 2020). The meaning and use of sanctions have changed and evolved over time. The change has been caused by evolving actorness of global actors in international politics, regional and global integration, changing terminology and comprehensive studies about the effectiveness of sanctions. For example, sanction regimes have shifted focus from

embargos and comprehensive approaches to more focused and personalized restrictive measures. (Portela 2014).

The EU and the US have been using sanctions as a prominent tool for solving domestic or international disputes (Nelson 2015, 1–7). As of today, the US has sanctions or embargoes on 30 different countries, while the EU has placed sanctions on 46 countries (EU Sanctions Map 2020; US treasury .. 2021). Examination of sanction policies is necessary for several reasons. Firstly, the use of sanctions has increased drastically and is becoming a very widely used tool. Secondly, sanctions cause significant changes in international relations. They change countries' domestic and foreign policies (Gilsinan 2019).

In addition, sanction regimes are in constant change and evaluation of effectiveness can be improved. (UNSC, 2021) Therefore, this topic is not exhaustive and has not been sufficiently researched. US and EU sanction regimes formulation and cohesion is a relevant research topic that contributes to both practical and theoretical fields. This work seeks to contribute to the sanction literature by analysing the formulation and harmonization of sanctions in order to achieve better results.

Sanction literature, together with sanction systems, has been evolving from the 1960s with rapid pace. Sanction research has been mainly focused on the effectiveness, impact and collateral damage (Schmitt 2012, 3). Some scholars have, more specifically, focused on clarity, civil impact, domestic coherence, and support of sanctions (Smith 2018; Ellison 2001; Portela 2014). Researchers have been mostly interested in their effectiveness, especially using single-case examples like Iran or North-Korea (Katzman 2009; Frank 2006).

We do not have a comprehensive overview of many aspects regarding sanctions and the results of the previous researches vary widely. On the other hand, sanction use is growing with every year and the characteristics, considerations and formulation process of the sanction regimes change rapidly (Giumelli 2020). The change has been caused by factors like economic interdependence (Alexander 2009), stronger supranational institutions (Giumelli 2013), changing rivalries between international actors or trade deals and internal politics (Lindsay 1986). Sanction cohesion in the case of many different sanction imposers on one or another entity have been overlooked. In addition to that most of the sanction formulation processes are different, having their own characteristics depending broadly on international relations, objectives, reasons and participant willingness which all affect the outcome of the sanction

regimes (Ibid). Therefore, the sanction formulation process and cohesion of different international actor's sanction regimes has not received enough attention.

The objective of this thesis is two-fold. The first objective is to ascertain how sanctions are conceived, proposed, and adopted in the United States of America and the European Union. The second objective is to determine how cohesive US and EU sanction regimes are –i.e., whether the sanctions imposed by the EU and the USA on a particular actor can be deemed to be complementary and mutually reinforcing. The empirical analysis focuses on sanctions that the EU and the US imposed on the Russian Federation regarding Ukraine.

To achieve the first objective, the thesis will map and describe the sanction formulation process of the United States of America and the European Union, identifying key steps, principles and the roles of the actors involved. This will be done by looking at both actors at three separate levels of sanction formulation process. These are: Decision, Composition, Deployment. The thesis describes specifically how sanctions are composed and which actors are responsible for the sanction regimes. First part offers a detailed description of sanction formulation procedure and answers the research question: **“How are sanctions formulated in the US and EU?”**

To achieve the second objective, the thesis will systematically compare US and EU sanctions implemented on Russia for Ukraine related activities. With the elaboration of previous literature this work detects three main principles of sanction coherence: shared intentions, uniform implementation and compatible with the objectives (Hill 1993). From there author develops the set of indicators considering previously mentioned broader objectives. These indicators are: implementation timing, sanction measures and comprehensiveness, sanction goals. By systematically comparing three indicators, it is possible to evaluate approximate coherence of the sanction regimes on Russia. Second part of the thesis answers to the research question: **“How coherent and mutually reinforcing are US and EU sanction regimes imposed on Russia?”**

This research is designed to be a small comparative study with two different cases and objectives. The method that is most suitable to conduct this study is document analysis. Theory of the research covers previous sanction literature on important aspects of the sanction policy and serves as a basis for conducting this research. After that thesis tackles the US and EU sanction formulation process in details. Final part takes author chosen indicators and compares EU and US sanctions which are imposed on Russia for Ukraine related activities.



# **1. Conceptual Framework: Sanctions as foreign policy instruments**

The first section of this thesis explains the phenomenon of sanctions. It is important to give an overview of the terminology and definitions used in this work, through that portraying the phenomenon of broad range of different understandings. Author explains how global politics and disputes lead to the actor's foreign policy toolkit which has a range of options also including sanctioning. From there the thesis expounds the growing popularity of the use of sanctions and identifies some of the most prominent users of this tool. In addition to that, the conceptual framework clarifies the main goals that sanction regimes are trying to achieve and types of restrictive measures that have been or can be used in practice. As the evaluation of effectiveness is not a separate goal in the work, in terms of theory, the study of effectiveness is intertwined with all the above-mentioned topics, being part of the relevant literature reviews.

## **1.1 Definition**

As a first task, this work elaborates on the definitions that can be found in the following paragraphs. Broadly put, sanctions are chosen measures directed to political objectives. Different sanctions form sanction regimes. Sanction regimes are including many different restrictions. These restrictions are imposed by the "sending" actor against the "target". Sender refers to the actor that forms and uses sanctions against one or another entity which in this work is considered as the "target". Actor is used as a more appropriate terminology as sanctions can be formed either by countries or by regional and international organizations. Sanctions and restrictive measures are used as synonyms because they do not differ in substance (EEAS 2021). Restrictive measures are an unofficial name for sanctions developed by EU. In the next three pages This chapter elaborates more on sanctions definition and differences of understanding by using previous scholarly literature and understanding from United Nations, EU and US institutions.

Through the time sanctions definition and their use have been in constant change. Whether sanctions are a stand-alone tool or part of a "war" is not understood by many. Winston Churchill for example thought that sanctions meant war simply by other means. (Barber 1979, 367). Today, we have moved beyond that and realized that sanctions do not necessarily mean war.

Sanctions can lead to war between countries yet are not considered a war in its own right (Drury 2005, 13; Barber 1979, 367). In the contemporary context, implementing sanctions does not imply the start of a warfare, rather than the opposite, it is treated as a tool of prevention strategies (ibid.).

Sanctioning regimes are extremely complex, covering several sectors and sharing responsibilities between institutions. In the broadest way we can understand sanction regimes as one form of policy tools that can be applied by states, regional- and international organizations to alter other actors' behavior (Felbermayr et al. 2020). Similar definitions have been adopted by several researchers while considering some specific type of sanctions. James Barber wrote in 1979 when talking about economic sanctions: “Economic sanctions are economic measures directed to political objectives”. To adapt the same definition to the sanction regime's the “economic” must be replaced with “chosen measures” directed to political objectives (Barber 1979, 367).

Many authors talking about sanction regimes and sanctions defines sanctions as economic measures (Woo and Verdier 2020). It is true that economic measures are overwhelmingly used in sanction regimes but talking about sanction regimes as focusing only on economic factors can undermine all other measures that may be included in the sanction's package/regime. For example, classical authors from the 1990s have been considering economic sanctions but defining “sanctions” as mostly economic incentives with some political and military penalties to alter actors political or military activities (Haass 1998; Kaempfer et al. 1999, 40).

General definition for sanctions is hard to find. Some sanction regimes are mandated by the United Nations therefore categorized as international sanctions but others adopted by the EU and US on the regional level (UNSC; European Sanction map). To make it even more complicated, international sanctions are anarchical and decentralized, which means that even the sanctions mandated by the UN are in practice operated by members of this organization, as international organizations do not have the law-making and enforcing mechanisms (Doxey 1987, 2-4). Therefore, even sanctions mandated by multilateral frameworks are in practice applied by regional actors (states) whose definitions on sanctions must be considered.

UN definition states that sanctions are measures used for protecting international peace and solving serious security issues. It is safe to claim that to implement a new sanction, some basic ground principles need to be pursued, such as retention of peace, human rights and

safeguarding national security (UN, 2021). Even if the objectives of sanctions may be divergent, it can be agreed upon that sanctions are mostly being utilized as a method of punishment (Nossal 1989, 302).

The regional and national idea of sanctioning can include a larger variety of factors and interpretations. Sanctions and restrictive measures can be applied for advancing national security and foreign policy agendas. Meaning that sanctions can be applied also for many additional reasons like supporting allied states or not agreeing with targeted countries internal actions (OFAC 2016). Sanctions can have an economic and political dimension in the form of comprehensive economic and trade restrictions, financial or commodity restrictions or travel bans and arms embargoes. Sanctions can be mandated for “supporting peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation” (UNSC 2021).

As we previously mentioned that sanctions can be implied for threatening the interests of sanctioning actors. EU commission defines restrictive measures as tools only used to prevent or respond to emerging or active crises. European Commission emphasizes that these measures are not punitive and adds that the goal of restrictive measures is to bring change in policy or activity (European Commission on "Restrictive measures": 2021). On the other hand, European External Action Service gives a much broader definition: “*Restrictive measures, or sanctions, are one of the EU's tools to promote the objectives of the Common Foreign and Security Policy (CFSP)*”. Among other things, EEAS definition allows restrictive measures to be used to protect interests as well (EEAS 2021). It shows that even the sanction makers have not established common ground while it comes to sanctions.

The United States Office of foreign Assets Control under US Department of the Treasury which is one of the main actors in composing financial and economic sanctions regimes, goes even further with the sanction’s definition. OFAC mentions that their sanction regimes are based on US foreign policy and national security goals. Their main objective is to target any threat related to: “national security, foreign policy or economy of the United States”. US enlarge the definition by adding economic dimension. The US not only imposes sanctions on foreign policy or security threats but can do so even if it feels its economy is at risk (Treasury programs 2021).

The use of restrictive measures obscures the definition of sanction regimes, causing the traditional approaches and definitions of sanctions inconsistent. Sanctions have become such a broad concept over time that the definition has also become almost comprehensive used when felt appropriate. It therefore means that the definition is also constantly changing. The modern definition, which fits with the previous elaboration of different actors and broad range of understandings has been proposed by five scientists, compiling the Global Sanctions Data Base. Sanctions are, according to their definition a “*Form of foreign policy tools aimed at altering the behaviour of governments or political actors in targeted nations who violate international norms and treaties or threaten the interests of sanctioning countries.*” (Felbermayr et al. 2020). This definition has been using recent developments in sanction practice together with evolving scholarly literature. This definition is broad enough to cover most of the sanction practise in the past and involve sanction imposing states definitions. At the same time, it gives a reader satisfactory understanding of restrictive measures targets and reasons. Therefore, it is well suited for conducting this research and cover all aspects of the empirical part.

## **1.2 Why are sanctions used?**

The increase of globalization as well as interconnected relations throughout the international institutions and interdependent economies can be considered one of the main reasons for the increase of sanctions use (Haass 1998). While economies are more connected, countries are more vulnerable to the effects of sanctions. This is also one of the primary reasons why most of the sanction regimes are overwhelmingly using economic restrictions for achieving desired goals. Sanctions are especially popular among actors that have an influential role in international politics and strong economic influence (Alexander 2009). However, this does not always have to be the case as usually it all comes down to cost-benefit calculations. If some actors do not have a global reach in the economy or great power in international politics, sanctions may still be imposed to the targets where sender plays a major role (Ibid.)

Sanction’s popularity can be explained with many other factors. In the following paragraphs I am going to clarify important reasons for the use of sanctions in the world and their growing popularity.

With the combination of multilateral pressures from external and internal actors, sanctions are chosen as an alternative to military action. Sanctions can be less costly compared to military intervention (Baldwin 1999, 94-96). Sanctioning regimes are an aspiration for the desired change or fulfilment of national agenda without using unpopular alternatives such as the military. War can be an extremely costly and unpredictable alternative proven to be quite unreliable for achieving desired change (Alexander 2009, 40-41). In addition to that restrictive measures are mostly pacifistic in terms of destruction and bloodshed which benefits many countries self-image and actorness (Giumelli 2013, 391-392). Restrictive measures therefore have many covert and indirect effects on people which is more elaborated in the later paragraphs.

Sanctions can also be politically more stable for sending countries as they rarely bring up internal conflicts (Whang 2011, 799). First of all, the sender countries will suffer rather hidden harm that will complicate the converging of public attention. Secondly, the economic damages will not, ordinarily, cause emotional association and personal approach to it, which for example war can lead to. Therefore, it can be said that the political stability aspect revolves mostly around public attention and the political cycle. If this situation were to be scrutinized through an inner political combat, then belligerence and infirm reaction to aggressive politics have both been used to undermine the political opponent (ibid., 789-791). As said before, sanctions offer a middling solution that responds to a situation but is not a militant action in its classical definition.

Restrictive measures can be hidden from the intensive public attention but at the same time indicate that the actions have consequences showing the public that the situation has been handled (Ibid). Public attention and opinion on things around the globe may influence and sometimes force policymakers to act according to values and countries actorness. Which, in the absence of an imminent threat, usually means imposing sanctions. It is especially the case with Western countries, as negative experience in the past have raised opposition to military actions (Ortega 2001)

In addition to that sanctions have become more popular measures after diplomatic tools to show allies that they are doing something wrong or not according to one interest (Fry 1993). These cases can be seen with the Suez crisis (1956) (Ibid.) and Nord Stream 2 (State Nord Stream 2021). Sanctions provide an opportunity to respond more harshly to Allied actions that may

conflict with national plans, security considerations, or some other aspect of the actor's interests.

As we now established some primary reasons for sanction popularity, we should briefly look at the research subjects and their intensive use of sanctions and increasing popularity. The EU considers sanctions as “an essential tool” in the foreign policy toolbox (Council 2020) while the US has made an increase from 13 sanction actions in 2002 to 82 sanction programs in 2019 (Gibson Dunn 2020). Both actors are considered as economical giants and most integrated parts of the world economy (European Commission 2020). EU and US are using economic and diplomatic influence extensively as their economic and global power lets them achieve results more effectively. They have influential role in world politics which may make them feel more responsible to solve disputes, mediate conflicts and defend values which they stand for.

Some critics have even said that practicing sanction gives wealthy western countries the advantage to manipulate with the world economy to “exert hegemonic influence” over sanctioned states (Alexander, 2009, 40). This can be true to some extent while not considering the loss that sanctions bring to the sending country. Both the EU and US are usually losing tremendous amounts of money and jobs while accessing sanctions. To give an example European Parliament estimated that only in 2015 European Union lost approximately 40-50 billion euros while sanctioning Russia in addition to countless jobs (European Parliament 2015). Hence, policymakers are usually putting private sector in the front lines of the sanctions, restricting their usual trade and exchange (Nasulea et al. 2015).

### **1.3 Objectives of sanctions**

This chapter considers the range of different strategies and goals that sanction regimes are attempting to pursue. With the brief overview into the broader understanding of “goals”, this chapter elaborates more about the specific strategies that have been under scholarly attention. We are prominently using James Lindsay (1989, 155-156) categorization about sanction regimes goals and expanding it with the more recent research.

In the sanctions context we can understand “goals” part of the larger strategy for tackling the problems that were the reasons for the sanction’s establishment in the first place. While composing sanction regimes sending actors choose the strategies that can be most effective in resolving the particular problem (Mintrom 2016, 3-5). There are many forms of strategies that have been used on different occasions, depending on factors related to target governments, economics, global relations, and many other aspects. To understand it better we must create an example. Is it better to use long-term and strong measures to destabilize the government and bring a change or just to use short term quite weak economic measures to signal that this kind of behaviour is not tolerated? If the case is about human right abuses for example both cases may lead to the same outcome. It can also very well be that sanctions are imposed for domestic purposes (Whang 2011).

Many authors have tried to look at sanction regimes from different angles. While Richard Stuard Olson (1979) was studying the effectiveness of economic coercion from the United States perspective using Latin American countries, he concluded that the limited effect of economic sanctions on Brazil for example must come from the fact that they are domestically driven and do not even intend to be significantly effective (Olson 1979, 492-494). Without using the approach that tries to understand behavioural change in target countries caused by sanction regimes, classical sanction researcher James Lindsay (1986, 155) started categorization of strategic goals of sanctions.

Lindsay looks specifically at what changes were specific to the goals using 19 sanction regimes. As an important conceptual advancement Lindsay introduces five possible goals sanctions may have: “compliance, subversion, deterrence, international symbolism and domestic symbolism” (Drury 2005, 24; Lindsay 1986, 155-156). In addition to that, sanction regimes may have more than one of these goals in sight.. Sanctions were previously seen and evaluated according to the change in behaviour of the targeted party, but it is not always the case (ibid.). From here we would elaborate more on these 5 strategies.

One of the main goals that sanctioning actors may try to achieve is the target compliance. Compliance tries to change the ongoing or already finished behaviour to prevent similar things happening in the future. While composing sanctions, regime senders are trying to demand some scale of action from the target, for instance stopping military activity. Coercion strategy tries to influence the cost-benefit analysis of the targeted state in the way that suits the sending actor (Hofer 2019, 164-165; Lindsay 1968, 155). It is very relevant with the targets that have

aggressive and unpredictable foreign policy, which makes senders doubt on targets next intentions.

To make compliance goals more effective the cost of cooperation must be lower than the continued defiance. The overall terms demand, and nuances must be clearly stated, achievable and should not be existential for current leaders. Sanctions should aim to be legitimate and supported as many actors as possible. Otherwise, targeted states may not comply as they see the steps taken imperialistic or unfair (ibid.). It can be an effective strategy, but it also comes with complications. Compliance can fail for a few reasons. Targeted actors may not have necessary resources or information to evaluate the overall damage in the long period of time. In addition to that sanctions may lead to unpredictable consequences in internal politics, possibly turning moderate leaders to more radical ones (Pape 1997, 123-126).

The next strategy that has been used by many actors is destabilization (subversion). When actors try to “resolve the issue” they usually focus on the “issue maker”, hence they attempt to either affect the internal politics, public opinion or attempt to change the current government (Lindsay 1986, 155). Through restrictive measures, targeted actors are falling under intense pressure from external and internal perspectives. Nikolay Marinov elaborates more on destabilization aspects using 136 as case studies and concludes that: “The leader of a government who comes under economic pressure in a given year is more likely to lose office than leader who does not” (Marinov 2005, 565). Destabilization strategy and focused sanctions has been adopted by the European Union for example in the case of Belarus. It has been argued that European Union has been using a destabilization strategy a lot in the Eastern parts and neighbourhood to change current leaders and governments with more European friendly and democratic ones (Gawrich 2010). Method of destabilization has proven to be quite effective with some cases and especially when its used-on members from the same coalition. It can be a long systematic approach that may have some results or may fail due to the sanctioned leader’s effective reorganization of economic factors or propaganda that directs internal problems to the foreign enemy image. (ibid.)

Deterrence, commonly known terminology in criminal justice, is another frequently mentioned goal of sanctions. As Hufbauer (1990, 11) writes, deterrence sanction goals are trying to prevent further objectionable policies by using or threatening to use as severe as possible sanctions and therefore increasing associated costs. This goal is associated with “signalling” as the sender tries to show the willingness and capabilities to inflict damage. This approach should



restrict actors to repeat or advance with the undesirable action (Lindsay 1986, 155). In the US context this strategy has been used with the attempt of restricting others participating in activities of the targeted states. For example, US legislation states that countries that are continuing cooperation with that on Cuba, Iran and Libya may get punishment similar to the ones already imposed on these three states (Haass 1998). Some scholars argue that the deterrence rarely works and is usually used to buy time before armed conflict. Comprehensive work on economic sanctions and deterring effects on further wrong doings found that only if the deterring actor is large, it will lower the chance of further escalation by 8 percent (Petrescu 2010, 19). Critics of deterrence point out that the deterrence strategies alone usually fail. This strategy needs reassurance and positive inducements in addition to be more effective, even then it may have limited effects on targets activities (Harvey 1997, 60)

Symbolism poses international and domestic phenomena and strategy that is very often underlined with most of the sanction regimes. Sanctions are very often imposed solely with the symbolic goal. Symbolic sanctions are not imposed because of the harm and change they bring to the target's actions, but the goal is to either send the message to the domestic public or to make international actors understand the situation, the seriousness or outline the issue. Foreign policy problems and especially actorness may influence many political factors in nation states. Therefore, leaders may lift or impose new sanctions to get elected, raise public opinion or show disapproval of some regime or its activities. (Lindsay 1986, 156; Whang 2011, 799) Latest scientific research on sanctions symbolism made by Taehee Whang brought out that the policymakers reliably benefit from imposing sanctions. In addition, that they also use sanctions as "do-something" in the middle of foreign policy dispute to show their leadership (Whang 2011, 799).

Sanctions are means that fulfil political objectives. They have various goals and strategies that have an influence on sanction regimes overall. As this work looks at the sanction's regimes, this section of the thesis elaborated more about the goals of these measures as they directly affect the sanctions formulation process.

## 1.4 Types and measures of sanctions

Sanction regimes usually combine forms of sanction types like arms embargoes, diplomatic corps withdrawals, travel bans and ban of import/export (Felbermayr et al. 2020). The combining of sanction regimes can be very flexible according to needs. The imposition of sanctions depends, firstly, on what works against the targeted country, i.e., what puts enough pressure internally and externally to bring about the changes desired by the sender. Secondly, the one that would do the least harm to the sender's own internal affairs, businesses, and interests. Thirdly, it may also mean the development of some practices and habits, where sanctions are imposed in very similar packages, changing only a few details. (Barber 1979, 368-371)

Even though governments have established routines in internal governance for implementing sanction regimes, it leaves sanction sending countries with open hands. It means that all possible kinds of measures that governments and organizations possess can be used against the target with the little exception of obligations coming from the international law. International law that indicates the use of sanctions are written under the United Nations Charter Article 41 (UNSC 2021) European council for example says: “All restrictive measures adopted by the EU are fully compliant with obligations under international law” (Council 2020). While countries follow the international law, policymakers have many important decisions to make about the measures they are going to use the sanctions to alter their behaviour.

This thesis will describe the main types of sanctions as well as their applications in the following paragraphs. In addition, the ensuing chapters will outline some of collaboration details of scientists, policy makers and diplomats' and the sanction forms that have grown out of it. In the more general frame, we can categorize sanctions according to their initiatives, participants count and extent (Jeong 2019). Furthermore, these various types of sanction regimes use many different methods that will be applied in a corresponding situation.

*Table 1. Types of sanctions and examples (Author)*

<b>Types</b>	<b>Example</b>	<b>Measures</b>	<b>Example</b>
Initiatives	Positive vs Negative	Diplomatic	Expulsion of diplomates

Number of participants	Unilateral vs Multilateral	Communication	Ending diplomatic relations
Scope	Comprehensive vs Focused	Economic	Export and import restrictions

Negative and positive sanctions handle various types of sanctions based on their initiatives. Positive sanctions accommodate various “awards”, that are expected to alternate the actions of the country towards approved manners. These positive outcomes may be expressed in loans, humanitarian aid, involving an organisation or intensifying collaboration. Negative sanctions are expressed more habitually through menacing. It will be made clear to the country that pursuing the same course will lead to numerous restrictions and punishments. The question is whether the negative restrictions are sufficient when solving a concern or there is also a need for the positive type of initiatives as well to see a satisfactory outcome (Woo and Verdier 2020).

In the European Union, the sanctions with positive as well as negative initiatives have been described as “carrot-sticks methods” (Malmer et al. 2017). The preceding research about the effectiveness of sanctions have formed the sanction regime formation processes today. In 1988 Kaempfer and Lowenberg already suggested that sanction regimes should focus negative initiatives towards the ones in the role of power, in order to achieve better results. (Kaempfer and Lowenberg 1989).

Additionally, Bueno de Mesquita (1999) has stated in his research, that the influence sanctions possess is closely related to the state order and form. It is crucial to implement different sanction principles in authoritarian and democratic countries (de Mesquita et al. 1999). According to the updated “aid literature” and sanction literature, democratic countries respond well to negative pressure and initiatives, as their authority is heavily relying on the welfare of the people. However, for the authoritarian regimes, the “carrots and sticks” method and focused sanctions have received more support, as the residents' prosperity is not that much of a focus as personal gain and wealth of those in power (Marinov 2005, 565). Applying only negative initiatives may have a low impact on authoritarian regimes and their wrongdoings as population that suffers through the sanction lack the capacity to make decisions. For this reason, a strategic and focused approach has been used on countries such as Russia and Belarus (Portela 2014). In terms of positive initiatives, some critics have declared that by offering a country aid, such as financial support, for its own wrong acts, it could lead to the recurrence of these actions to

gain from them. Most specialists, however, agree that using a combination of both negative and positive initiatives further maximise the effect of sanctions. (Haass et al. 2010)

Depending on whether sanctions are applied by several parties or by only one, sanctions can also be classified as unilateral and multilateral. After the decline of American influence and hegemony the use and importance of the unilateral sanctions has declined. (Hufbauer et al. 1990, 111). Today, most of the sanctions are not applied by the single state but rather taken as a group decision, usually in the multilateral institutional framework (Biersteker and Bergeijk, 2015). Countries with the veto rights in the international organization such as the UN may disturb the negotiation and cooperation on sanctions imposing process, hence many sanction regimes are imposed unilaterally or with coalitions outside the multilateral framework (Coates 2020). Huge benefit of the sanction appliance through the international organization comes from the clear process of communication and monitoring, as it is done using institutional factors (Biersteker and Bergeijk, 2015, 25). Scholars have argued that the many of the multilateral sanctions fail outside of the international framework, since there is no clear communication between the primary and secondary senders (Drezner 2011; Drury 2005, 37-40).

However, some authors have argued that the unilateral sanction can fill political goals more effectively when sender and target have more cultural and historical aspects in common. (Kaempfer and Lowenberg 1989)

The topic of unilateral and multilateral sanction has been under intense scholarly debates. Multilateral sanctions have been argued to be more effective by many classical scholars, arguing that cooperation in sanctions application leaves less opportunities for the target to communicate, trade or to hold any cooperation (Kaempfer and Lowenberg 1989). This argument is correct if the sanctions surprise the target, for example when the sanctioned country needs to reorient its markets and find new partners (Bimbetove et al. 2019). Statistics furthermore strengthen this argument since, for example, when sanctions were imposed on Russia for the annexation of Crimea, it had a very negative effect on the country's economy and image, but at the moment, when sanctions have been tightened and are even more influential, the Russian economy is on the rise because there is less consideration in the field of economy and cooperation when it comes to "sender" like European Union (WoodrowWilsonCenter 2019). Cooperation in alliance has been a problematic topic in the case of Iran for example. When the US reinstated sanction in 2018, they also forced other allies

in Europe to do the same. In result European Union was threatened with economic sanctions and many private sector companies that did not obey were fined (Borak and Gaouette 2018).

All possible kinds of measures that governments and organizations possess can be used against the target. The foregoing suggests that, in theory, any sending actor can use the tools that are likely to work best in that particular case. Classical approaches to the categorization follow three types of restrictive measures: diplomatic, communication and economic sanctions (Galtung 1967, 382). However, aspects like individual restrictions and telecommunication interruption can be considered as parts of economic measures because they are parts of economic measures (ibid.).

Diplomatic sanctions have not changed much throughout the time. By diplomatic sanctions we mean official notes, expulsion, recalling of ambassadors, temporary closing embassies or ending diplomatic relations. Diplomatic sanctions are still a relevant form of showing disapproval with the targets activities and indicator for possible further actions in case targets policies will not be changed (Krain 2014). For example US and Russia have both expelled diplomats from their countries (Maynes 2021), while Iran and US have had no diplomatic relations since 1980 (U.S Department of State, Iran, 2021).

Economic sanctions are the most applied and influential form of sanctions. Economic sanctions are well researched, and their application and range of measures have expanded significantly in the 20st and 21st century (Masters 2019). Economic sanctions can be defined by their extensiveness. For a long time, countries prominently used comprehensive economic sanctions trying to restrict most of the trade, export, import and especially these economic sectors that were vital to the well-being of the population or the countries proper functioning (AFR n.d). Sanction's formulation process was mainly focusing on making economic damage to the target (Drezner 2003; Hufbauer 1990; Barber 1979). In the 1990s many scholars started arguing against the comprehensive approach, because of the humanitarian damage inflicted to the population. Most of the population who were directly affected by the comprehensive sanctions did not cause the problem nor chose the policy course that triggered sanctions. It was especially relevant with the authoritarian regimes where the weaker and poorer part of society suffered due to the decisions made by a small group of people. (Moret 2015, 123; Drezner 2011, 97)

Critics of the comprehensive approach spoke in favour of a more focused restrictive approach called targeted sanctions. This kind of focused measures and restrictions are placed on the

ruling group, decision makers and their supporters. This sanction type got attention and positive feedback from scholars, as they argued that focused sanctions are an effective and more humane way to penalize those responsible. For policymakers it was cheaper to apply, easier to control and morally more acceptable, as it did not affect the larger population. Collaboration between scholars and policymakers made targeted sanctions so popular that now EU, US and UN all categorized targeted sanctions as “best practice”. (Drezner 2011, 96). EU considered targeted sanctions as “restrictive measures”. Restrictive measures/targeted sanctions include:

- Arms embargoes placed against aggressive foreign policy and military activity to suppress possible military activity. It is possible that the sender wants to end all kinds of military cooperation and strategic information flow. It is also possible that some exceptions about items that usually qualify as military equipment can be omitted as they help to broadcast the situation or benefit the sender.
- Travel bans and restrictions on admission are trying to isolate the group of people associated with unwanted policies, therefore bringing disturbances in their daily lives. (European Commission 2008)
- Asset freezes are trying to inflict economic damage with the hope for policy change. Many of the influential and corrupted leaders and their support groups are having large amounts of assets outside of their home country. (European Commission 2008)
- Export and import restrictions are the classic economic sanctions with new dimensions. They try to inflict economic damage to the people supporting the target regime. Nowadays the export and import restrictions are also more targeted focusing on specific people and restricting their income revenues. Many additional measures have been and will be implemented by the sanctioning regimes but here, I brought out some more used and officially stated sanction aspects. (European Commission 2008; EEAS 2021; Drezner 2011)

Lately some researchers are also focusing on the popularity of different sanctions. Research done by 5 scholars about sanctions first found that the use of sanctions has been increasing over the 65 years. Governments have been using financial and arms sanctions more frequently, which may indicate that they have more effect. There has been an increase in travel restrictions and restrictions on military assistance. From the statistics we see that targeted sanctions are

playing a much bigger role in the overall sanctions policies and their formulation (Felbermayr et al. 2020).

### **1.5 Cohesion and effectiveness of sanctions**

The first part of this subchapter offers a range of opinions on sanction effectiveness. These assessments vary partly depending on how authors define effectiveness. Some early authors as well as policymakers used inflicted damage (Aguda 2017) as a scale for evaluating sanctions effectiveness while others concentrated on the impact of sanctions in pursuit of policy objectives (see Baldwin et al. 1998;). By combining these two ideas we can say broadly that sanctions are effective when they inflict more damage to the target than to the sender actor causing the latter to comply with demands. (Drury 2005)

Therefore, it would be efficient to look at the sanctions goals and compare it to the results. For example, if the goal were to take time the current government we should ask: Did the pressure inflicted by sanctions took down the government?”. Some have argued that this kind of linear approach to the problem states some of the perceptions but is not accurate enough because it is very hard to evaluate sanction regimes effectiveness only by looking at their results (Drury 2005, 32; Pape 1997). Changes can be caused by wide range of other activities which are non-related to the sanctions. Some authors see only threatening with sanctions as a positive outcome to the sanction policy. (Drezner 2011, 655) In addition to that there might be hypothetically a situation where most of the sanction measures imposed to the target do not work, but one small restriction may have brought the desired result. Nevertheless, in the following paragraphs we are summing up some necessary understandings of sanction effectiveness for this research.

As previously mentioned, sanctions literature has approached the question of sanction effectiveness from countless angles. Some studies have looked at specific cases for example US sanctions on Rhodesia. Others have been collecting multiple cases to evaluate their effectiveness on political objectives. For example, Hufbauer (Hufbauer et al. 1990) developed the dataset for analysing sanctions effectiveness therefore collecting almost every possible case into one study. Later, researchers like Clifton Morgan (1997) elaborated it into more specific analysis concerning the question “when” rather than if sanctions work (Morgan et al. 1997).

From multiple angles, case studies and methods various authors reached different results. Thus, it is wiser to point out research that is important for doing and understanding this work. As evaluating effectiveness is not the purpose of this work, I consider this approach to be correct.

We have three types of ideas from different authors on sanction effectiveness. Some consider sanctions as an effective tool for achieving results. It means that they have at least some kinds of effects on target internal or foreign politics even without achieving the primary goals. For example, Hufbauer (1990, 93) states that 34% of his studied sanctions succeeded, which he considered quite a high number as he stated that on some occasion's sanctions were not meant to succeed. James Barber (1979, 384) for example concludes that even though many of the sanctions have not achieved the primary goals, they have had an influence on target activities.

Other researchers take more sceptical approach to sanctions and criticise their intentions and use. For example, researcher Robert Pape (1997, 93) named his work: "Why Economic Sanctions Do Not Work" and stated that approximately 95% of the sanction regimes have been a failure. Similarly, to the Pape, Taehee Whang (2011, 799) concluded about sanctions effectiveness: "The evidence of past years shows that sanctions mostly fail to extract political concessions from target states". He tries to argue that most of the restrictive measures are implemented solely for symbolic or instrumental purposes. However, later done study but Drury states that many researchers are usually explaining sanction failure with arguments like "do something" and "never meant to work" but his research concluded that it not always the case (Drury 2005, 185). The strategic goal for sanctions can include symbolic reasons but most of the time sanctions are also trying to achieve something.

Third branch of authors count in range of factors "like threatening with sanctions" or "some kind of change happened" as a positive outcome to the sanction policy which makes the effectiveness evaluation almost impossible (Drezner 2003). Considering countless possible details in sanction regimes may diffuse the understanding of effectiveness but at the same time may add some valuable microdata to the sanction literature. Let us take for example technology. Even though sanction may have limited effects on targets economy, it may have much more impact on technological advancement. Many of the new technologies are worked out in western countries that may help countless sectors, but due to the sanctions these technologies are unavailable for the target. It may indirectly influence targets competitiveness and advancement. Nonetheless these indirect effects cannot be evaluated very precisely. (European Commission dual use 2020)



The majority considered sanctions to be an effective tool in case of correct implementation. This means a hypothetically faultless understanding of the inner politics, government, weaknesses and many other factors of the target. Therefore, sanctions literature has started considering many different aspects for observation. Some authors have even mapped out the so called main and more universal factors that should be taken into account when creating sanction policies (Haass 1998; Esfandiary 2013, 6-7) . These are important to bring out, as they bring input value for this research paper as well.

Sanctions goals must be modest and more limited. This argument has been tested by many of the researchers with quite the same results. Sanction regimes that try to achieve large policy goals with strict measures very often does not achieve results. Sanctions can have a great impact in case they are coordinated, aim the main frailties and use the help from the necessary allies. (ibid.)

Goals must be clearly identified and in the timeframe. For the goals part, much research recommends identifying reachable goals even for the targeted entity. This way it starts open communication where target can understand what is expected from them. Timeframe must be understood especially in the case of multilateral sanction regimes, as it helps to create cohesion between actors. Therefore, it is also important to consider time period, which cannot be too long, as the sanctioned entities can succeed in reorienting the markets and all sectors to other partners not associated with the sanctioners and if it is too short, the sanctions will not be able to have the necessary effect to bring about change. (ibid.)

Some authors argue that the “one size fits all” approach is bound to fail therefore as many times previously argued, sanctions regimes formulation must happen case-by-case and consider specificities of the situation. The introduction of similarly established sanctioning regimes for all different situations is of little use. When sanctions target the weakest sectors of a target and use the necessary Allied assistance and coordination, sanctions generally have a large impact. (Haass 1998)

Cohesion can be considered as the last important factor for prosperous sanction implementation (ibid.). Both unilateral and multilateral sanctions can be cohesive. For multilateral sanctions, the cooperation between unities is of high importance that can be especially amplified when the sanction regimes have been agreed upon in terms of multilateral framework. Unilateral sanctions need a web of allies, as well as tight cooperation during sanction making and

monitoring. Therefore, it is important that sanctions are implemented together, sectors and measures are the same and goals are complimentary. On the large scale it could be said: The more similar the sanction regimes and the procedures surrounding them, the more effective and cohesive the sanctions are. (Ivan 2018)

Secondary sanction, meaning sanction regime implementation on third countries who firmly cooperate with target countries, is of no significant use. Richard Haass who researched sanctions effectiveness from US perspective wrote: *“Trying to compel others to join a sanctions effort by threatening secondary sanctions against third parties unwilling to sanction the target can cause serious harm to a variety of U.S. foreign policy interests.”* (Haass 1998)

Sanction’s scholarship has not focused enough on the interactions between “sending” actors. Some research on cooperation between senders has been conducted by Martin (1993) and Clara Portela (2014) but these are merely introductions to the cohesion as these works are more concentrated on mapping and analyzing sanction cooperation as sanction regimes implementation on same targets. More effort has been put on causes, effectiveness and improvements of sanction research. One exception is the research done by two professors Inken von Borzyskowski and Clara Portela (2016) and their work: *“The Rise of Sanctions Cooperation between Regional Organizations, the United States, and the EU”* concentrate mainly on the cooperation aspect of the sanction regimes by looking at the sanctioning by multiple entities same targets and their implementation timing based on what they evaluate their cooperation. (Borzyskowski et al. 2016)

The empirical part of this work investigates cohesion of sanctions and sanction regimes imposed by different senders outside of the multilateral framework, focusing on sanctions imposed by the European Union and the United States of America on the Russian Federation for the latter’s actions in Ukraine. The empirical part will also focus on the sanction formulation process from the standpoint of the USA as well as EU. The empirical analysis will be guided by three theoretically informed expectations:

- 1) The EU’s unique character as a composite actor makes it difficult to reach an agreement on sanctions: as a result, EU sanctions are weaker and slower than those imposed by the United States.
- 2) The US sanction formulation is faster, more comprehensive and more results oriented, compared to that of the EU.

The second part of this work will focus on viewing the cohesion with the example of Russia regarding activities in Ukraine and looks for the accuracy of the two named expectations:

- 3) The complexity of the EU sanction formulation process affects the sanction regime outcome; EU sanctions tend to be softer than those imposed by the US;
- 4) Although the US and EU sanctions regimes differ, the sanctions imposed by the two actors on Russia can be regarded as complementary – this, in turn, increases the likelihood that sanctions are effective.

Following parts of the thesis will check the validity of expectations by using theoretical chapter as a base for empirical analysis of EU and US sanction formulation process and sanction regimes on Russia.

## **2. Methodology**

This study uses a small n comparative research design, comparing the sanctions regimes and sanction formulation process of the EU and US, with particular attention to the sanctions that the two actors have imposed on Russia for Ukraine related activities from 2014. The research focus is quite unique – previous studies have rarely focused on the internal processes of “sending” actors. The first subchapter explains the research design, case selection, and data and methods of this study. It explains the necessity to use document analysis as a primary method for this research and elaborates more on specific documentation available to use different parts of this work. As the empirical sections of this thesis will focus on the cohesion of sanctions imposed by the EU and US on Russia, this chapter also explains what kind of broad goals and specific indicators are used to evaluate the cohesion of sanction regimes.

### **2.1 Research design, case selection, data and methods**

This research is designed to be a small comparative study with two cases: EU and US sanctions regimes on the Russian Federation for Ukraine related activities from 2014. Focusing on just two cases allows the researcher to examine, compare and contrast the US and EU sanction making processes and their results in detail. Considering this study’s focus on the process of sanction formulation, which is often complex and intricate, the comparison of two actors seemed preferable to a large n design that would examine a larger number of senders. The other element of the justification for a two-case design is that both senders are large and influential global actors whose sanctions carry great weight. Considering this, it is surprising that the existing literature has paid very limited attention to the sanction cooperation, cohesion and complementarity aspects when it comes to more than one sender.

These particular cases have been chosen, as the US and EU are using sanctions as one of the primary methods for influencing foreign policy (Euractive 2020). US had 82 sanction programs in 2019 (Gibson Dunn 2020) and EU has placed sanctions on 46 countries. (EU Sanctions Map 2020; United States Department of State 2014) In addition, the US and EU are two among the

most important international actors in world politics. They founded many highly important multilateral frameworks and are held of high power for many defence systems, economic and foreign politics of many countries. The allied relation is strong, also including defence politics, for example NATO. At the same time, they can be considered the largest economical partners for one another as they also hold many similar values in terms of foreign politics. Similar values and beliefs are an important support structure for this allied relationship, as well as in all previously mentioned activities and organizations.

At the same time, US and EU have many internal differences such as institutional systems, legal constraints, economic factors, and moral obligations. They are important allies in every sense, yet they sometimes may have incoherent political decisions, norms, and objectives. For this reason, the EU and US offer this work a lot of matters to probe. This will look into whether the sanction formulation and coordination practices align, given that many understandings are homogeneous in several domains.

The two of them are also suitable for investigation, as they often cooperate on their sanction processes. Therefore, it is easier to acquire information for the objectives set up for this research, as the US and EU are both actively informing the public, releasing documents, policy papers and legal acts with most of the decisions. For example, if we take the Russian and US sanctioning regimes, it would be complicated to compare them by analyzing their coherence as they are so different in many ways.

The case study of Russia is chosen because it seeks to be a practical and theoretical work at once. In 2014 Russia annexed Crimean Peninsula, supported separatist groups and participated in the Eastern-Ukrainian destabilization. For these actions EU, US and many other nations established sanction regimes in response to Russian actions. Crimea is still annexed and situation in eastern parts of Ukraine has not solved. On the contrary, tensions have risen again. (European Council timeline, 2021) Therefore, it is a highly relevant topic to research from many different angles. In this research we are looking more into sanctions sending actors as the examination of internal actions and the consistency in sanctions has been somewhat neglected. It would be beneficial for all the EU member states and US as they may improve cooperation part of sanction regimes which are made outside of the multilateral framework.

Russian sanctions on Ukraine were chosen because they make a large majority of the sanctions that EU and US have imposed on Russia. Therefore, it would look at the sanction regimes

imposed on Russia as well as its coherence in a more concentrated way. To give an example, EU and US sanction regimes target 782 individuals and legal entities related to the Ukraine activities, meanwhile only 26 Russian individuals and legal entities are related to Venezuela, North-Korea, Iran and Syria combined (Statista 2021).

In order to answer the first research question (How are sanction formulated in the US and EU?) this study will focus mainly on the document analysis, using the official documents published by the EU and the US. In doing so, I highlight the responsibilities of the various institutions, the specific characteristics of the sanction process, the problematic factors and the positive aspects. In the first part of this work the author has stated two expectations:

- 1) The EU's unique character as a composite actor makes it difficult to reach agreement on sanctions: as a result, EU sanctions are weaker and slower than those imposed by the US.
- 2) The US sanction formulation is faster, more comprehensive and better suited for using sanctions as a foreign policy tool.

The author uses document analysis as a primary method, as the documentation is easily accessible and mostly public information. The author also uses reports and statistical analyses done by the private sector, who are actively engaged in analysing sanctions to help the private sector navigate. A lot of information for specific details of the restrictive measures are also analysed by private companies like a law firm ReedSmith, insurance companies like Skuld, independent research centres like Wilson Center, private sanction databases like SanctionsAlert and europeansanctions.

Conducting singular interviews would not encourage this work process, as it would give the work some expert opinion value, but would be of too subjective manner, influenced by politics and allied relations. The people suitable to comment on this topic are mostly unreachable and have no time to give interviews or answer any questions. In addition to that, constructing sanctions is a fragmented process, which deals with many organisations and institutions of which the interviewees likely have no professional overview of.

Information about the EU sanctions programs will be collected from the official sources such as European Council 2020 documents "Sanctions: How and When the EU Adopts Restrictive Measures.", "Guidelines on the implementation and evaluation of restrictive measures (sanctions)", "Basic principles on the use of restrictive measures (sanctions). (Council how and

when 2020) Also, from the European Commission database about “restrictive measures” (Commission restrictive measures 2021). To access legal acts, formulation process, specific information about the individual or focused measures and guidelines, it is necessary to use the “EUR-lex” as a database for data and original information. In addition to official data some additional research and European member states documents will be used.

Information about the US sanctions and formulation with legal acts can be found from the database presented by the U.S department of the Treasury, U.S Department of State and US Congress database. In addition to that, documents prepared for Congress, or for auditing government activities will be used. For example, United States government Accountability Office documents and overviews on sanctions.

To achieve the second objective, the thesis will systematically compare US and EU sanctions imposed on Russia related to activities in Ukraine and evaluating sanction regimes coherence. EU internal coherence has been theorized by the Christopher Hill (1993) in his work: “The Capability-Expectations Gap or Conceptualizing Europe’s International Role” where he describes internal coherence of sanctions with three goals: shared intentions, uniform implementation and compatibility with the objectives. These objectives are also well suited for sanction coherence evaluation in foreign policy. Therefore, it can serve as basis for evaluating coherence between EU and US in this work. The problem raising from these three broader understandings of cohesion is that they are way too subjective and extensive. Shared intentions, for example, can be understood differently by number of actors and many sectors. Hence, to evaluate cohesion more precisely, this work collected indicators from previous literature and expert opinions after considering three broader indicators of cohesion. As these three broader understandings are too subjective and general for using it on case study Russia, this thesis offers three indicators which are directly in correlation with the previously mentioned goals. These indicators are: implementation timing, sanctions measures and comprehensiveness, and sanction goals. These indicators are chosen because information is possible obtain and evaluate by using document analysis as a method of this work.

By answering these questions this work offers a comparative analysis of the sanction regimes differences, similarities and irregularities. The second part of the thesis tests the accuracy of the following expectations:

1) EU sanction formulation process is so complicated that it affects the sanction regime outcome; EU sanctions tend to be softer than those imposed by the US;

2) Even though the US and EU sanctions regimes differ, the sanctions imposed by the two actors on Russia can be regarded as complementary – this, in turn, increases the likelihood that sanctions are effective.

For analysing cohesion this thesis will be using the example of the case study on Russia, that is going to be done with carefully chosen literature, for example: „U.S. Sanctions on Russia: Economic Implications“ or “Overview of the U.S. and EU Sanctions on Russia.” (ReedSmith 2021) and for example specific EU member states databases like UK: “consolidated list of financial sanctions targets in the UK” (Office of Finance 2021). As this work is mostly concerned with the sanction formulation and cohesion it would evaluate effectiveness only as much as found necessary to understand cohesion between the two actors. The evaluation of effectiveness is not the goal of this research and would be difficult to evaluate, as sanction regimes are still operational.



### **3. US and EU sanction formulation process**

#### **3.1 US sanction formulation process**

The US and EU have a decades long history with the sanctions and their formulation process. US has used sanctions intensively to promote and defend its interests abroad. In 1948, US started campaign of sanctions primary against the Soviet Union which would last more than fifty years. In addition to that, sanctions were rarely imposed to the allies. Especially during the 1958 Suez crises where unexpectedly influential and one of the most successful sanctions were established against Great Britain, Israel, and France. Almost all the 20-th century, most of the sanctions were economic and with comprehensive approach. To this day US has multifaceted programs around the world for wide range of reasons (AFR n.d.) Some authors argue that US sanctions affect at least 1/3 of the world population with 8000 measures imposed to 39 countries (Sanctionskill, n.d.).

To control, operate and monitor this extensive web of sanction regimes, US has a tremendous institutional and private sector setup which includes thousands of specialists, officials, and workers. The U.S. Departments of the Treasury, more specifically its financial intelligence and enforcement agency Office of Foreign Assets Control (Treasury programs 2021) with the budget around 31 million dollars, State, Commerce and countless other actors coordinate and implement sanction regimes and programs (US Government Accountability Office 2019).

Author is explaining the US and EU sanction formulation process according to the following scheme: First looking at the decision-making process, then moving to the next stage about sanction regimes composition process and finally elaborating more about releasing, deploying sanction regimes.

### 3.1.1 Decision

US allows sanctions to be imposed by Congress and President (Nelson 2015, 1). This subchapter explains both processes in detail, including an explanation of the legal grounds for these actions. It also clarifies the role of both actors, as well as specificities that have arisen in practice. Onwards, it will be described how sanctions are composed and which actors are responsible for the sanction regimes. The following subchapter covers the formulation process in a more detailed way, elaborating the drafting of presidential executive order, federal regulation implied by the institutions and law passed by congress.

Sanction formulation process usually starts with the event/crisis that triggers the wish to respond to the situation (ESI 2021, 1-4). There can, however, be irregularities in the response process. The reaction to the situation does not have to happen immediately after the event. For example, it can be caused by the public pressure. An example to highlight is the South African sanctions against apartheid (Drury 2005, 6). It can be caused by alliance lobbying and security aspects. For example, US sanctions on Nord Stream 2 (Blinken 2021). It can also be a part of policy debate and a political agenda which may happen only after election of new president. Good example on this case can be found from the Trump's administration sanctions on China (Bown et al. 2021). Therefore, it is important to acknowledge that sanction senders' political landscape is a changing environment with many different agendas and objectives, which may change in time and bring the discussion about the use of sanctions.

The US sanctions system is complex and multifaceted. Foreign political direction and sanctions can be set by both the president and the congress. They both also have the opportunity to influence each other's decision-making. (Nelson 2015)

The presidential sanctions process provides for sanctions to be proposed by the security council, along with many other solutions, to the president, who decides to choose sanctions as a foreign policy direction (Weber et al. 2020, 2-3). After that, the president announces the "International emergency economic powers" (IEEPA) which allows to regulate economic exchange with the respective target country (USC Ch.35, §1701). This will create a possibility to implement sanctions rapidly and unexpectedly. The congress can terminate a national emergency, if deemed necessary, yet the process is difficult and has never been performed (Tama 2019, 399-402).

The following will be describing the president's sanction implementation process. Initially, the US national security council will convene an interagency discussion, in order to address specific foreign and national security problems, as well as possible solutions. At this point, sanctions are just one of the many measures that can be used. Some measures other than sanctions can be diplomatic, military response, legal assistance, economic support etc. It is also important to highlight that not all measures serve a purpose of punishment. (ESI 2021, 1-2) The US national security council consists of six agencies of great importance to the US external-and internal politics. It consists of Department of Treasury, Department of Defense, Department of Commerce, Department of State, Intelligence community, Law enforcement. (GAO 2019, 4-5) Composition subchapter elaborates more on their role on sanctions and bureaus responsible.

Once each department has provided an output and the analysing process has reached an action plan, the information will be forwarded to the higher officials of the departments, as well as the president of the US. (ESI 2021, 1-2). From there on, the president will be deciding on the direction that the US will pursue. This direction is usually chosen under considerable pressure, with the president having to consider a number of different issues. National issues, the views of the Allies, the opinions of international organizations and much more will become important. Sanctions can become a very ineffective solution, for example, if the allies do not plan on taking the same position. (Drury, 2005) It must be borne in mind that the final choice is made by the president, but all the necessary information and recommendations on measures, cost-benefit considerations and much more have been made by the same extremely large institutions at the Security Council meeting.

It should also be emphasized that such a rapid decision-making process is extremely useful in establishing sanctions policies and it also gives US sanctions the often-needed goodwill and surprise effect. The US's own documents also point out the fact that allied relations, as well as their swift action, are necessary for sanctions (CRS 2020, 2). Therefore, the sanction implementation process is directly linked to the assessment of the cohesion and effectiveness of sanction regimes. Coordination is equally important, which in US documents "slows down" the sanction process, it still is a necessary step, since multilateral sanctions are more effective than those imposed unilaterally (ibid., 2-3). On the other hand, foreign policy can be formed and the sanction process can be initiated by the Congress, who holds the legislative power.

Secondly, foreign policy can be shaped and the sanctions process can also be initiated by Congress, which has legislative power (Bhatiya 2019).

This process stipulates that the congress imposes as a law that has passed through the legislative process in the congress, having the President sign it. Congress has three main responsibilities in relation to sanctions:

1. Congress can create new legislations and its role is to maintain it.
2. Congress has a supervising role to all departments who participate in the sanction processes, while also tackling the weaker domains or handling the financial issues.
3. Since 2017, the Congress has tighter responsibility in participating in the sanction process, for example lifting of sanctions on Russia has to be agreed in Congress. (ibid.)

Routinely, there is also close work with the President, and the role of Congress is mainly to support him and make legislation that compliments and strengthens the President's decisions. A relevant example of congressional legislation enacted in 2017 is the Countering America's Adversaries Through Sanctions Act, CAATSA, which includes "An Act to provide congressional review and to counter aggression by the Governments of Iran, the Russian Federation, and North Korea, and for other purposes" (Treasury CAATSA). In 2014, the Obama administration introduced sanctions against Russia on the basis of the IEEPA (USC Ch.35, §1701) and CAATSA act from 2017 strengthened the sanctions with the legislation and the participation of Congress in this process. (Treasury CAATSA 2021).

Disagreements can sometimes arise between the Congress and the President. At this point, the President has the opportunity to use the right of veto in order to suspend legislation. Various presidents have done the same, as it often happens that the President and the Congress have very different views on the course of foreign policy that the state should take. Members of Congress are generally held accountable to their constituents, but less responsible for policy outcomes. The President, on the other hand, is responsible for the results of politics, the welfare of the state and the economy, which often brings out different perceptions of, for example, the use of sanctions. The President's veto right becomes invalid if both democrats and republicans, by a large majority, decide in favor of certain legislation. (Tama 2019, 399) This was the case, for example, with the sanctions imposed on the Republic of South Africa, where the

president tried to veto them, but a majority in congress voted in favor and the President was forced to sign it (Levy 1999, 7).

Some major think tanks and policy observers, such as the Center for New American Studies, believe that the role of Congress in adopting sanctions is increasing (Bhatiya 2019). However, this may also be related to various issues and the number of their supporters. According to the author, these are simply such consensual issues that we can find common ground and push through legislation. Another reason may be due to tensions among Republicans within the party, leading to fewer votes and decisions based on the party's views. Once the decision-making process has chosen sanctions in order to address the situation, we move on to putting together possible and appropriate types of sanctions for sanctioning regimes. This will be described in the next chapter.

### **3.1.2 Composition**

The composition of sanction comes down to the goals. Most addressed and used sanction goals are brought out in the theory therefore they can have a range of objectives. The composition process is mainly based on finding and deploying tools that can alter the behavior of the “target”. As mentioned before, a lot of information on what measures could possibly be used is being discussed at a meeting of the security committee, however, there is generally no specific sanction regime that will be proposed at the meeting (ESI, 2021, 2-3). The elaboration of a more detailed action plan will then begin only by order of the President or Congress. Thus, this subsection outlines the internal implications of the planning process.

One of the very first steps in "triple-checking" the sanctions regime is to determine its scope. Scope means whether it is planned to introduce a comprehensive sanction, a form of targeted sanctions or a possible form of “sectoral sanctions” in the US and EU sanctions system (Sayre 2016). Sectoral sanctions remain between a targeted and comprehensive approach and literally focus on blocking certain specific target sectors (Torres Law n.d.) For example, US residents are prohibited from making financial transactions with the Russian financial, defense and energy sectors and the people who work in them (Federal Register 13662/2014).

The allies' understanding and attitude, which then establishes the format of multilateral or unilateral sanctions, becomes important here. Comprehensive approach, as described in theory, is a rather outdated and uncommon form today, usually as a result of very long-lasting negative relationships (GAO 2019, 4). For example, Iran and Cuba have a comprehensive approach to sanctions currently under way (Treasury programs 2021). Theoretically, the scope of sanctions may also increase to a comprehensive approach in the event of further aggressive actions by Russia and the continued cooling of relations. Most of the time, however, sanctions are chosen as a more targeted approach, targeting specific companies and financial mechanisms (Drezner 2011).

It is also important to point out here that in the form of a comprehensive sanction, the author is referring to the complete cessation of diplomatic, military and economic relations. This is important precisely because countries may also have different understandings of the scope of sanctions. For example, US sanctions against Russia are against about 428 organizations and companies, while the EU's sanctions are against 49 entities (EUR-lex 145/2014; Treasury SDN). However, both sanctions regimes are categorized as targeted and sectoral sanctions, as there is no complete freeze on relations (ibid.)

Once the scope of the sanction's regime has been established, further steps will be taken. Measures are generally chosen based on a number of considerations. First, the cost-benefit relationship is reviewed to assess which measures are least harmful internally and at the same time estimated to have the greatest impact on achieving results (ESI 2021, 3-4). Thus, in the future, senior policymakers' policy directions and expectations together determine the desired impact. The measures that have the greatest impact and meet the set criteria are then selected. This is done in collaboration with all agencies and researchers also have an important role to play in providing input to this process (GAO 2019, 7-12). It is much more difficult to find and influence among people of al-Qaeda than in Russia, for example. The free flow of information between agencies and the right considerations are extremely important here. This is where agencies can also use the "conveyor belt" solution and use the tools of previous sanctions regimes, which may not be appropriate (Haass 1998). Therefore, it is also important to choose the measures based on the capacity, financial situation and number of responsibilities of the different departments and their offices.

Here, I would like to highlight the departments dealing with sanctions and their offices as well as the role they play in sanctioning regimes. To describe their work in full detail would take up too much of the content of this research:

**Department of Treasury**, which deals mainly with economic and financial matters and is the main authority responsible for and dealing with economic sanctions. The departments directly responsible for sanctions are the Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (finCEN) (Sayre treasury 2016). OFAC's role is to administer and enforce US sanctions programs. This department has a large mandate, but often depends on the work of other departments. OFAC sets a goal, for example, to restrict the financial activities of sanctioned parties and to freeze assets. The FinCEN office supports coordination and monitoring of sanctions and collects information on activities and transactions in the US to detect potential violations. (Treasury sanctions 2021; Sayre treasury 2016)

**Department of Defense**, which, as the name suggests, deals with national defence policy and is an important agency in formulating sanctions categorized specifically in the military sector, which together with security provides information on companies, armaments and strategies to establish, for example, effective arms margins. (US Dept of Defense 2020; GAO 2019, 10)

**Department of Commerce** trade issues and economic development. This department has an "office" to deal with sanction enforcement procedures and also assists in the formulation of sanctions. The responsible unit is the Export Enforcement (EE) Unit of the Bureau of Industry and Security (BIS). This office is responsible for providing and limiting technologies that may hinder the development of the target. (Sayre commerce 2016; GAO 2019, 11-13) The Department of State deals with US foreign policy and therefore has the greatest role in formulating and using sanctions. Under the Counter Threat Finance and Sanctions (TFS) bureau, several offices are directly involved in sanctioning regimes (Sayre commerce 2016). In general, this office is responsible for the creation, modification, and termination of sanction regimes. In addition, the department of state is permanently linked to all other sanctioners and is very often the department responsible for enforcing a particular sanctions regime. For example, the Office of Economic Sanctions Policy and Implementation (SPI) whose role is to: *"SPI is responsible for developing and implementing foreign policy-related sanctions adopted to counter threats to national security posed by particular activities and countries"* (Sayre commerce 2016).

**Intelligence community** is composed of numerous different agencies. They are providing valuable information and to some extent deal with the monitoring and implementation process. In addition, the Treasury and State department have their own intelligence officials to support integrated collaboration: Treasury's Office of Intelligence and Analysis (OIA) and State's Bureau of Intelligence and Research (INR). (ESI 2019, 1-3; Treasury OIA; US Dept of State INR)

This list of responsible departments is, however, not complete, as other agencies can actually be recruited for the US. If, for example, legal assistance is needed, the Department of Justice will be involved in the process (GAO 2019, 10; Sayre justice 2016) and if the output of The Department of Energy is needed, for example on nuclear proliferation, it can also be used. Therefore, mentioned specific entities exist in almost all US sanctioning regimes, but other parties in the state structure can also be requested as needed (Federal Register 13660/2014). Such an institutional whole is difficult to coordinate already internally, and multilateral sanctions are also not expected to have much coordination and cohesion.

Once the strategy and scope are in place, a sanctions executive order (EO) will be developed. Legally, the relevant departments can implement sanctions in two ways. Either by an executive order issued by the president and authorizing them to carry out this process, and often by the responsible entity, or by an interagency process in which the responsible entities and the processors are agreed (ESI 2019, 3-4). An executive order is a document issued by the president that sets out a number of different sanctions. For example, since 2014, 6 executive orders with different contents have been imposed on Russia (Treasury Ukraine related sanctions). For example, Executive Order 13661 is a six-page document issued in 2014 with the content: "Blocking Property of Additional Persons Contributing to the Situation in Ukraine" (Federal Register 13661/2014). The documents can be found on OFAC's website and, over time, informing the public and private companies has become their task. The document outlines the activities and units responsible: "persons determined by the Secretary of the Treasury, in consultation with the Secretary of State" (Federal Register 13660/2014; Federal Register 13661/2014).

The executive order is executed by lawyers appointed by OFAC. The executive order is also a document that is prepared with particular precision and several reviews, because although it is quite general, it nevertheless determines the limits and preconditions of a specific sanction program. In order to make sanctions flexible and to meet future needs, very general guidelines will be set. For example, the purpose of sanctions is to penalize anyone who tries to endanger



"target" decor. Usually, an executive order is hierarchically distributed. There is a designated primary agency that is responsible for all activities and also supports agencies. Most executive orders have the Treasury in charge and the Secretary of State supportive (Sayre State 2016; Treasury sanctions 2021). The draft is first reviewed by the legal teams of the State Department, then usually by the legal team of the Department of Justice (DOJ) to ensure that the entire order is legal and defensible to legal challenges (ESI 2019, 3-4). Finally, it is signed by the President, who also has the power to add goals and suggest changes (Drury 2005, 178-181).

The US also has an extremely complex system for enforcing sanctions. It has been complicated by the fact that a large number of different agencies dealing with specific areas within the sanction's regime are used to keep the whole sanction process running and used, depending on what measures have been agreed in advance. Agencies, in turn, have a office within their institutional framework that is responsible for sanctions (GAO 2019). In this way, certain key responsibilities are also divided into sanctioning regimes by areas. Those responsible for sanctioning regimes may vary from case to case. It is the responsibility of those responsible to coordinate the whole sanctioning process (Federal Register 13662/2014). Firstly, sanctions can overlap with certain companies and individuals in certain areas. Secondly, the same sanctions can be dealt with in several institutions (Federal Register / Vol. 79, No 89).

The US sanction formulation process is characterized by speed, an institutionalized process, and flexibility. Sanctions have been made quick and intense, as they can be imposed by both the Congress and the President. It is also common for these parties to negotiate and correct each other. However, the composition of sanctions is the responsibility of a large number of different institutions, which have been established by a presidential decision. The areas of activity of each party and the impact on sanctioning regimes are also clearly defined. The sanctions process is also so flexible, that there are quick solutions to take a decision according to the situation. All this makes the formulation of US sanctions an effective and favored foreign policy tool.

### **3.2 EU sanction making process**

As for the EU, sanctions are a newer phenomenon. Cooperation on foreign policy issues was sensitive and slowly developing topic until 1970 when the European Political Cooperation was established. Before that countries managed their foreign policy generally relation to each other but independently. In 80-s and 90-s some instances of sanctions were imposed by the European Economic Community. Only with the Maastricht treaty and establishment of the Common Foreign and Security Policy framework EU got the legitimate authority to impose sanctions (Giumelli et al. 2020).

EU sanction formulation process has been researched by numerous scholars throughout the years with many different objectives like actorness (Giumelli EU research 2013), internal cohesion (Hill 1993), foreign policy objectives (Portela 2014) and they all mention the complicated nature of the EU sanction making. In this subchapter we are opening the whole process of EU sanction formulation process from the idea to the decision-making till the implementing process.

In total, the Council has imposed Common Foreign and Security Policy (CFSP) sanctions targeting countries, economic sectors, groups, individuals and entities on 27 different occasions (Guimelli ISS 2013). Despite the fact that the effectiveness of sanctions has been much debated, the EU has developed a sanctioning policy and intensified its adoption of sanctions. The institutional capacities of the EU in imposing restrictive measures have developed from loose cooperation in the foreign and security policy sphere to a complex and well-developed mechanism that regulates how the 27 members can reach binding decisions in the security domain within the boundaries of the EU legal framework (ibid.).

### 3.2.1 Decision

EU sanction making process is even more comprehensive and harder than the US one. Decision making process once again starts with the conflict/event that needs a response. Sanction imposition is a Common Foreign and Security Policy responsibility regulated by the TEU articles 30 and 31. Right to initiate sanction proposal lies any individual member state and on High Representative of the Union for Foreign Affairs and Security Policy (HR/VP) and is usually made by latter (Giumelli EU research 2013, 397). In practice most of the sanction plans are already discussed and worked out in many different subgroups/working groups beforehand (Vries et al. 2014, 2). The executing decision for “official” sanction formulation process must be introduced, discussed and agreed on the Council of Ministers, mostly in the Foreign Affairs Council which is a configuration of Council of European Union and to confirm and elaborate more on member states individual efforts and additions it requires additionally EU Heads of State meeting with unanimous support to confirm the action. (Giumelli et al. 2020, 6-7)

Meeting groups like Committee of Permanent Representatives (Coreper) are preparing meeting questions like the use of sanctions beforehand with the input from many other working groups like the Political and security Committee, sometimes even some regional subgroups from member states give necessary input to questions discussed during the council of ministers (European Commission restrictive measures).

What already slows down the sanction decision making process, is that even though the president of the Council of Ministers can call up an extraordinary meeting when needed, it is still quite a slow process which extends the sanction formulation process for quite some time (European Council timeline). The other even larger problem comes from the fact that sanction decision making must be accepted with the qualified majority voting meaning that at least 55% from the 27 current members of the council plus they must form 65% of the EU total population, must agree with the decision of imposing sanctions (European Commission adopting EU law). Sometimes when it is as sensitive topic as a sanction, it can be decided by the unanimous voting system, but still, the meeting plus agreeing usually takes the valuable time and necessary sharpness away only with the decision part of the sanction formulation process (ibid.). For example, Russian military was involved into Ukrainian internal process in March 1. 2014, Extraordinary meeting of the Foreign Affairs Council on the situation in Ukraine happened in 3 March, EU Heads of States meeting in March 6. and only in 17 March 17. a small pack of measures against 21 officials related to the Ukrainian crisis were sanctioned

(European Council timeline). Additional measures were agreed in May 12 and introduced on June 23 (ibid.). Even though a whole range of additional measures were introduced in the following month and years, it shows that EU lacks the decision-making apparatus and introduces sanctions slowly with small packages. It took European Union more than two months before minor individual sanctions got addition with economic measures.

Rough and consensus-based decision-making process has also an effect on cooperation and coherence of the sanctions. It comes from the fact that council of ministers have 27-member state represented and when 4 of them “block the decision” of sanction making 35% of the EU population, then sanctions will not be implemented (European Commission adopting EU law). And when Council has hundreds of decisions to make and member states may have different security agendas, limited resources or insufficient knowledge on the matter, it may be that decisions need extra explanation and time. (Keukeleire et al. 2014, 64-68). In addition to that sanctions very often have a “sunset clause” which means that sanctions are lifted after 12 months when Council do not decide to extend or further them (Guimelli et al. 2020, 6).

EU member states decision making on sanction cases are extremely complicated because there are so many different factors influencing the Council voting process. It is caused by the multi-level governance system which includes European Union but also all individual 27 member states. Member states decisions can be influenced by the cycle of democratic elections, economic factors, information available during the voting process and countless other internal aspects (Keukeleire et al. 2014, 66-68). Therefore, finding agreement can be complicated and time-consuming bargaining process. For example, Cyprus blocked EU additional measures on Belarus just because Cyprus government wanted them to be tied to additional measures against Turkey. Member states very often have different agendas and security aspects to consider (Rankin 2020).

Measures that are agreed on the decision-making process are regulated by two European Union base document. Some measures in the sanction regimes are implemented according to the Treaty of the Functioning of European Union (TFEU) and some by Treaty of European Union (TEU). For example, security and military measures can be found under TEU chapter 2 but economic and financial measures should be regulated according to TFEU Article 215. (Guimelli et al. 2020, 6)

There are also possibilities where sanctions are not initiated by the EU but more like a cooperation project with the alliance. Therefore, we can find many sanction regimes like EU has on North-Korea which are originally agreed and imposed by the United Nations but joined by the EU (EU sanctions map 2020). Therefore, EU imposes sanction mandated by the Security Council of the United Nations. In addition to that sanction implementation in terms of joint activities even without coordination is moderately high between US and EU. It is especially the case with sanctions in the middle east and Africa where both entities are pursuing similar foreign policy objectives (Borzyskowski et al., 23-24).

### **3.2.2 Composition**

Once the use of sanctions has been agreed on by the foreign affairs council and approved by the EU Head of states meeting, legal act regulation will be issued. Regulations in the EU are entirely applied and directly applicable (EU 2021). Sanctions have been adopted in accordance with Article 29 of the treaty on EU (TEU) which regulates setting up sanction regimes (EUR-Lex 326/2012, Article 29). Economic and financial measures under the sanctions regime affect the common market and are implemented in accordance with Article 215 of the treaty on the functioning of the EU (TFEU) (EUR-Lex 326/2012, Article 215).

Thus, all member states must make the necessary changes to their national legislation, as set out in the regulations. These are also binding on all citizens, entities and companies of the member states of the EU (EU 2021). As has already been said, in the EU, the member states are responsible for adopting and implementing sanctions. At national level, the institutions responsible for possible action are set out in the law of each member state, and the whole process is generally coordinated by the member state's Ministry of Foreign Affairs. Other ministries initiate the procedure of legislation necessary for the implementation of an international sanction in their area of government and must ensure the necessary conditions for the implementation and application of an international sanction in their area of government. In addition, there is a lot of inter-agency communication, sometimes overlapping, and the responsible institutions may also change slightly depending on the situation. (Estonian Foreign Ministry 2021; EEAS 2021)

The documents of the EU commission and Council also describe a bit the possible composition of sanctions. First, most tools are going to be selected according to need and suitability. The composition process must also ensure that the EU only adopts a targeted and differentiated approach to formulating its sanctions. In other words, EU sanctions must be proportionate to the objectives and reduce as many unintended consequences as possible. (Commission 2008)

While in the case of the US we described a comprehensive approach as a possible composition option, the EU does not have such an option when drawing up its own sanctions. Nevertheless, the council's documents indicate that the EU may also introduce sectoral sanctions if necessary. More specifically, it can only be done: "to prevent the misuse of equipment, technology or software for monitoring and interception of the Internet or of other forms of communication" (Council guidelines 5664/2018, 8).

The slightly different legal system, capabilities and other characteristics of each country make the implementation of sanctions a complex process. Therefore, it is coordinated by the European Commission, adopted documents that discipline the use of sanctions and to some extent by other institutions such as The European External Action Service (EEAS). The role of all of them is to prepare this regulation already in council before it is adopted (EEAS 2021).

The Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission is responsible for implementation and enforcement procedures in response to any questions that may be raised regarding the understanding and adoption of regulations by both member state authorities and private sector actors (European Commission sanctions). From 2020, with the adoption of the EU's blocking statute, the commission will also be responsible for minimizing the impact of possible sanctions by third parties on the EU and, where necessary, assisting members with greater negative effects (European Commission Blocking statute).

With political pressure and the growing popularity of sanctions, the EU has also issued a number of documents to help all parties successfully design, impose and make sanctions more effective.

In 2003. European Union introduced "Guidelines on implementation and evaluation of restrictive measures (sanctions)". Guideline's document is a comprehensive code of conduct for: "*standardise implementation and to strengthen methods of implementation*" (Council guidelines 5664/2018). It was a response to the slow adaption of the legislation which was

caused by the lack of consensus and will to uniformly understand and adapt such points like “funds”, “economic measures”. It was also required for addressing common misunderstandings, issues and also for standardizing the whole sanction process from design, to adaption to monitoring, also explaining the roles of actors and previous practices. It is necessary to reduce the risk of wrong legal adaption because it can be used against the member state by unwanted parties, reduce a chance that sanction bring a change in “targeted” action or help the EU as whole against possible legal challenges. It is reviewed regularly and last amendments were made in the document in 2018. (ibid.)

If the time between council decision and implementation in specific EU member state is too long, it would give many sanction targets valuable information and time to move or take out their assets before the actual jurisdiction starts to work. If we add here that most EU sanctions qualify as targeted, targeted very precisely at companies and individuals, then, in practice, restrictive measures only became detrimental to the EU's own member states.

In 2004 the document “Basic principles on the use of restrictive measures (sanctions)” was introduced, which includes 10 main principles written in very broad sense. It is overviewing document that can be compared to the Treaty of European Union and therefore it helps to set course of action and some kind of boundaries to the activities related to sanction regimes. Nevertheless, seen as a fundamental document for sanction formulation process. (Council basic principles 2004)

“Best practices for the effective implementation of restrictive measures” in addition to guidelines, are detailed resource in the form of non-exhaustive recommendations. When guidelines were more about: “how sanctions must be formulated”, the best practises give a non-legally binding recommendations for effective implementation regarding many aspects like legal challenges, data protection, union- and national laws. This document is comprehensive, detailed and constantly updated to make sanction implementation for member states more effective especially in the case of growing sanction use and member states increasing political motivation on using sanctions. (Council best practices 2018)

In addition to these “main documents”, some additional specifying documents have been released. To harmonise member states understanding of “arms”, “goods” etc, European Union has some additional documents and regulations like “List of Dual-Use Items” adopted as a regulation in 2009 and updated many times after that or “restrictive measures against serious

human rights violations and abuses” which was introduced in 2020. (European Commission dual-use trade controls).

Latest developments of the integrated sanction regimes considered shortening the decision-making and implementation process for entities who violate human rights. On November 17, 2020, the council agreed on a regulation called: “global human rights sanctions regime” which lets the EU target individuals, entities and bodies that are related to the serious human rights violations worldwide. It would make individual targeting faster as the EU is able to target and sanction responsible individuals on behalf of European Union and according to the regulation. (Council regulation 1998/2020)

The European External Action Service (EEAS) also plays an important role in coordinating sanctioning processes and generally cooperates with member states' Ministries of Foreign Affairs, as well as the Commission. Smaller EEAS working groups are also preparing sanctions, such as the Division of sanction policy led by Sandra De Waele. (EU Publications Office 2021). In addition to that, EEAS is responsible for maintaining the sanction regimes, analysing data and coordinating with other institutions in the European Union. In addition to all that EEAS is reviewing sanction regimes. As a conclusion, EEAS is an important institution that has multiple tasks in the decision-making and composition process. (EEAS 2021)

The Court of Justice of the European Union (CJEU) as a legal institution has a role to assist member states with legal issues and provides comprehensive advice. This institution is also considered to be an important reviewer in the sense of the law, so that the sanction regimes would not be in conflict with, for example, the core principles of the EU. In addition, the European Court of Justice solves issues of both states and civilians, for example, arising from sanctions. Sanctions have forced the European Court to be involved in a case on several occasions, and their most famous ruling is certainly the Kadi judgment in 2008 (Giumelli EU research 2013, 398-399). Mr Kadi, who lives in Saudi Arabia with assets in Sweden, and the Somali refugee charity Al Barakaat claimed it was illegal to freeze his assets. Their property was seized without a trial, right to compensation or offense. The judgment culminated in a CJEU ruling stating that international law does not take precedence over European Union law if it violates the principles on which the European Union is based. The Kadi case raised awareness of possible human rights violations in sanctions policy and raised the importance of the CJEU as a reviewer of sanctions regimes. (ibid.)



The sanction process starts with the initiative from member states or high representative of the EU after previous discussion and preparations by numerous different working groups. Decision to use sanctions comes from the Council of Foreign affairs, which is expanded and confirmed by the EU Head of States meeting. After that legal act “regulation” which is binding immediately in the EU, member states are responsible for successful adaption, implementation and monitoring of the sanction regimes. Sanction implementation process is coordinated and supported by different national and union actors in addition to many important documents. Sanction lifting or additional measures are agreed in the Council of the European Union meetings. EU sanction making process is time consuming, multi governance process which lacks decision making, formulation and uniformed monitoring apparatus which makes sanction internally and externally incohesive and reduces the effectiveness to deliver necessary change to the “target”.

Many European institutions and base documents also state that communication with and cooperation with allies is important. At the same time, there is no mention of coordinated units in the activities of either the EU or the US institutions, nor, in particular, material on how cooperation takes place and who is responsible for it (Congress 2020; EEAS 2021). It appears from some third-party documents that some specific additional financial and military measures have been created as a result of close coordination, but it remains unclear who is involved in the coordination (Berard et al. 2018). For example, in the US congress documents there has been mentioned that the US authorities helped to formulate the EU sectoral sanctions against the Russia which in the following analysis are coherent in terms of sectors and methods therefore can be reassured that it was a coordinated sanctions regime (CRS 2020).

#### **4. Analysis: Assessing the cohesion of EU and US sanctions against Russia regarding Ukraine related activities**

The US and EU collaborate with the United Nation regarding many sanction regimes, nevertheless, their individually implemented sanction regimes are less coordinated than could be assumed, offering abundant research material on the case study of Russia. Poorly coordinated sanctions should, in presumption, have a negative effect on achieving sanction goals.

2014 was an eventful time for the world, especially for Ukraine. Sanctions by the US and the EU were a response to gradual events that began in Ukraine's internal affairs but ended up involving the EU, the US, Russia and many other countries (McMahon 2014). These events changed the situation of international politics, the effects of which still exist and the situation remains alarming.

In early March 2014, Russia annexed the Crimean Peninsula and pro-Russian separatists, along with the Russian army and special services, began a war in Donbass. EU called an extraordinary meeting of council of foreign affairs on March 3 and agreed on first set of sanctions which were released on March 17 following the annexation of Crimean and war in Donbass. Over the time EU has introduced at least 7 sets of new restrictive measures on Russia, separatists and Crimea plus extended and intensified already established sanction measures (European Council timeline, 2021).. The US on the other hand released series of executive orders in March 6, 17, 20 against Russia in order to stop threatening “Ukraine peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets.” To this day EU and US have sanction regimes placed on Russia which are gradually extended, broadened and are mainly based on 3 sanction regimes from EU and 4 executive orders from the US side. Some extensions for individuals and entities are also applied by responsible institutions like OFAC (European Council, 20-21 March 2014).

EU and US are continually sanctioning Russia for activities in Ukraine, European countries and internally. EU sanctions are reviewed before 31.07.2021 and the US has a more flexible institutional sanction lifting process, which means that these sanctions are in position until decided otherwise. This thesis includes the sanctions imposed on Russia for Ukraine related activities like intervention, espionage, propaganda etc.) From all of the EU sanctions, it does

not include the 3 Chechen human rights violators that were added in 22. march 2021 as they do not fit in the timeframe and have limited effect on cohesion evaluation process (European Council timeline, 2021). From US sanction regime two addition sets of sanctions are not included in the analysis, these are: “Sanctions on Russian Entity and a Vessel Engaging in the Construction of Nord Stream 2” imposed in 19.01.21 and “Sanctioning Russia-linked Disinformation Network for its Involvement in Attempts to Influence U.S. Election” imposed in 11.01.21 (OFAC 2016). These two sets of sanctions are out of the timeframe and not imposed together with the EU.

This part of the analysis compares US and EU sanction regimes and their formulation process on Russia from 2014-2020 in terms of coherence. Looking at three main categories: shared intentions, uniform implementation and compatible with the objectives. For that every subsection has a specific indicator to analyze: implementation timing, sanctions measures and comprehensiveness, sanction goals, duration, coordination. These indicators will be finally given an evaluation which comes from the analysis.

We have to look at the events that triggered EU and US sanctions together. The first step is to take out the sanction packages which are state with the similar or same reason for applying. The second step is to evaluate implementation time. For the US it is mostly President Executive order which is effective immediately even though the implementation time in the institution and private level may take some more time (Nelson 2015). For EU, the implementation time will be from the event up until the release of the decisions and regulations of the Council of European Union. This process is equal to the US president executive order. It must be considered that the sanction package may take some time for member states to implement. Some events like Crimea annexation may have multiple sanction packages imposed by both actors.

## 4.1 Implementation timing

Implementation time is necessary to evaluate as it is a large part of the cohesion, especially because different timings of sanctions may not benefit the side which imposes sanctions first. First, when the timing of sanctions is not coordinated, sanctions imposed by one sender do not affect the Russian economy and elite as much, since they are still able to conduct business. Secondly because first sanctions may indicate additional measures from other countries but as long as they do not come uniformly, target individuals and companies have time to react to the situation. Thirdly because very different timing on sanction regimes may indicate less coherence and cooperation in their formulation by sanctioning entities which affects the overall coherence of sanction regimes.

Sanctions against Russia based mainly on EU Council regulations and decisions and for the US president executive orders, institutions extensions and Congress bills. As mentioned in the formulation process of both entities, these main sanction regime documents are giving broad goals and boundaries to the institutions implementing sanction regimes. As the Russian activities in Eastern Ukraine and Crimea expanded, the EEAS and foreign affairs council together with the Council of EU expanded the Council regulations and gave out decisions which indicated specific targets or addressed entities. For example, one of the first EU sanction regimes on Russia: Council regulation 269/2014 has been amended after the release on March 17, 2014 for 41 times and corrected after that 7 times (EUR-Lex 269/2014). It is usually the case when some entities are added and sanction regime have been expanded.

For the US, until new sanction measures fit into the boundaries of executive order, the Treasury in coordination with other institutions can extend them accordingly, when additional measures are found necessary, then President has to release another executive order as an extension. In addition to that, the Congress can add additional measures as a legislative branch, composing “bills” that expands the sanction boundaries similarly to the US President executive order.

A large majority of the US sanctions on Russia were imposed in response to Russia’s 2014 invasion and occupation of Ukraine’s Crimea region and parts of eastern Ukraine. The US sanction regimes related to the Ukraine are mainly based on 4 executive orders, 3 bills signed by congress (OFAC 2016). In the following events in Ukraine, the Obama administration declared two national emergency acts: “the International Emergency Economic Powers Act

(50 U.S.C. §§ 1701 et seq.) (IEEPA) and the National Emergencies Act (50 U.S.C. §§ 1601 et seq.) (NEA) which gave the president sanction-making authority. Obama signed the first executive order (EO) 13660 in 6 of March 2014 (Federal Register 13660/2014) and expanded it with two additional EO-s 13661 in March 16 Federal Register 13661/2014) and 13662 in 20 of March (Federal Register 13662/2014). In 19 of December Obama issued another executive order 13685 mainly against the illegal occupation of Crimea and broadened the measures against Crimea officials and economic sector (Federal Register 13685/2014).

In 2014, Congress passed and President signed two acts that established specific additional sanctions on Russian entities and US aid to Ukraine: First in 17 March 2014 the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act and very similar act in 18 of December 2014: “the Ukraine Freedom Support Act of 2014. Only in 2 of August 2017 Congress passed another Russia and Ukraine related act Countering Russian Influence in Europe and Eurasia Act to target cyber related entities, strengthen sanction authorities and involve Congress more in the Russian sanction question. Last point was a consequence of Donald Trump talks about lifting sanctions on Russia (US Dept of State 2014).

In 2017, Congress passed and President Trump signed the Countering Russian Influence in Europe and Eurasia Act of 2017 (Congress 2017-2018). This legislation codified Ukraine related and cyber-related executive orders, strengthened sanctions authorities initiated in Ukraine-related executive orders and legislation, identifying several new targets for sanctions. It also established congressional review of any action the President takes to ease or lift a variety of sanctions. In addition to that Treasury, Commerce and other institutions have their extensions on the sanction regimes. For example, Treasury bureau OFAC added federal regulation in 8 of May 2014 and 16 of July 2015 to the executive orders: “With a more comprehensive set of regulations” against individuals and economic entities (Oxenstierna and Olsson 2015).

EU has progressively imposed restrictive measures against Russia. Broadly, there are three different sanction regimes implemented regarding Russian activities in Ukraine. These Council regulations have been expanded with new individuals, additional decisions and regulations cumulatively and according to the Russian activities. First of march official resolution to use military on territory of Ukraine was signed. The first EU sanction regime concerning individual sanction on 21 Russian officials was introduced in 17 of March with the Council regulation 269/2014 and Council Decision 2014/145. It has been expanded constantly and now including 177 people and 48 entities (EUR-Lex 269/2014).

After United Nation adopted resolution 68/262 which stated that the Crimea referendum was not valid. EU adopted additional measures on Sevastopol and Crimea (Zeldin 2014). These measures were adopted in June 23 with the Council Regulation 692/2014 and expanded two times with 30 July Council Regulation 825/2014 and 18 December Council Regulation 1351/2014 (EUR-Lex 825/2014; EUR-Lex 692/2014; EUR-Lex 1351/2014). These measures had economic and financial instruments included and applied only against Crimea.

The largest “sectoral” sanction regime which EU characterized as “...package of significant additional restrictive measures targeting sectoral cooperation and exchanges with the Russian Federation” (Council 2014) was adopted after the intensifying war in Donbass and shooting down of the Malaysia Airlines flight MH-17 in 17 July 2014. Council regulation 833 was released in 31 of July (EUR-Lex 833/2014). 12 of September with Council resolution 960/2014 the sectoral sanction was extended after the 25 of August Russian Federation army invasion into the Ukraine territory (EUR-Lex 810/2014).

After that EU has mainly dealt with conflict resolution (Minsk agreement, humanitarian aid renewed the sanctions or added extensions on economic measures, also including individuals under Council Decision 2014/145 (EUR-Lex 145/2014). Therefore, this work includes all of the extensions under appendices, but as it would make this analysis way to comprehensive do not include all of the individual additions to the sanction’s coherence analysis.

The first objective is to define the events chronological order with exact and approximate timeframe. In august 2013 Russia changed its customs laws for imports that were coming from Ukraine with intention to start the trade war against possible signing of EU-Ukraine trade agreement (Sawka 2016).

Second larger Russian disturbance of internal sovereignty was the annexation of Crimea. In the end of February 2014, “green man” or Russian military without insignias were used in Sevastopol and other places even though the official resolution to use military on territory of Ukraine was signed on 1 of march 2014 (Russia government council 2014). The annexation of Crimean happened in 18. march 2014 when Russia formally incorporated Crimea as a federal subject of the Russian Federation.

Third involvement that disturbed Ukraine sovereignty and security was Russian involvement in Donbass after 5 months of war in Donbass that started in April 2014. In this analysis we are taking the March 1, 2014 as a point were sanctioning entities US and EU started their sanction

formulation process. This date was chosen as it was the basis for the first European Union Foreign affairs council meeting: "the clear violation of Ukraine's sovereignty and territorial integrity by acts of aggression by the Russian armed forces..."(Council 2014) and from the US side with the first Executive Order 13660 released in 6 of March 2014: "...actions and policies of persons including persons who have asserted governmental authority in the Crimean region without the authorization of the Government of Ukraine...". (Federal Register 13660/2014)

Respectively the first executive order was ready and implied by the US long before the Crimea annexation by Russian forces. For the US it took 5 days to imply the very first sanction set against Russia (ibid.). In this case we must consider the fact that even though the US executive order is effective immediately it may take some time to implement by the authorized institutions depending on the scale of sanctions. There is no information about the internal institutional implementation time but as the OFAC and secretary of state departments are the ones that compose the sanction programs we can definitely say that it takes less time than the EU sanction implementation. In the case of EU Council regulation, it must be adopted by the member states first: "on the date stipulated or, failing this, on the twentieth day following their publication in the Official Journal of the European Union" (Bux 2021). For the EU, it took 16 days to imply the first very narrows set of individual sanctions for the same event and as long as 20 days to adopt regulation on member state level (ibid.).

Against Crimea, both US and EU applied sanction regimes on very different times. US President's executive order that issued sanctions mostly focused against Crimea was issued in 19 of December executive order 13685 (Federal Register 13685/2014). Equal Council decision on using sanctions against Sevastopol and Crimea came much earlier already in 23 of June with regulation 692/2014 (EUR-Lex 692/2014) and was expanded in 30 July with regulation 825/2014 (EUR-Lex 825/2014). Therefore, here it would be the case of priorities and relations with Russia. Either way these sanction timings are very different and therefore less coherent.

Direct sanctions against Russian economic sector came with the US president EO 13662 in March 20 (Federal Register 13662/2014). These were comprehensive sanctions with sectoral approach having lot of different sanction measures. Similar sectoral sanctions from the EU side were implemented after 31 of July Council decision 833/2014 (EUR-Lex 833/2014) and extended in 8 September with regulation 960/2014 (EUR-Lex 960/2014) and regulation 1351/2014 in 18 December(EUR-Lex 1351/2014).

Implementation timing indicator was mostly incoherent, even though the sanction regimes are implemented with quite the same objectives and similar measures. The US sanction formulation and implementation has been faster and most of the president executive orders are released in the small timeframe with quite comprehensive approach. For economic sanction regimes to have a significant impact it would be beneficial for both entities to impose them on the same time otherwise the first reactor may lose sanction influence (Lumen 2018). Therefore, the implementation timing in the case of Ukraine affects the coherence of the EU and US sanction regimes and the coherence with the implementation timing is low. It also indicates that there is less cooperation and inclusiveness from both actors when formulating sanction regimes. Confounding factors might be that the EU is closer to the Russia, having more economic relations and energy dependency on Russian resources which makes the sanction formulation and decision more careful. Many member states of the EU may have national security implications taken into account on decision-making process therefore it takes more time to agree on sanctions and their extensions. In addition to that it is caused by the difference in institutional build-up, decision-making and implementation process.

Sanction regimes on the EU and US side were covered in this analysis. To make it even more comprehensive it is possible to take every extension of the same sanction regime and look at the implementing timing but in the case of this work it is not necessary for mainly two reasons. First because it would be too much works and would exceed the limitations of this research. Secondly it is not necessary because extensions of measures are based on the described sanction regimes which are giving us a sufficient enough understanding and comparison of implementation timing between two actors without making this work complicated.

## **4.2 Sanction measures and comprehensiveness**

This subchapter of the work looks at what kind of measures were imposed to the Russia regarding activities in Ukraine by the US and EU. Additionally, it is equally important to have insight to the comprehensiveness of the measures. To analyze coherence, we must first understand how similar were the sanction regimes by looking at the instruments applied. Then we are looking at the comprehensiveness of the sanctions by looking at how many different



entities are pursued. Finally going more specific and looking at the individual and economic sanctions and sanction targets to see are they mostly sanctioned by both US and EU.

By doing that this subsection does not intend to look at the timing of the sanctions but rather the measures still placed on Russia. There is a slight risk that some entities have been taken out from the sanction regimes from the 2014-2020 but it has no effect on the overall sanction's coherence analysis.

The US have sanctioned Russia for Ukraine related activities from numerous fields. Sanctions against Russia largely fit into three categories:

- Prohibiting sanctions against individuals and entities

This involves asset freezes of specific individuals and entities stated by the president EO. For individuals US has a "List of Specially Designated Nationals" and "Blocked Persons". There are very detailed determinations how to get into that list more elaborated in the goal's subsection. Any kind of financial transactions between US and Russia entities in that list are prohibited. Even entities which are owned by more than 50 percent by the persons in these two lists are also blocked (OFAC 2016). As of march 23 2020, these lists involve 253 individuals and 193 entities related to the activities in Ukraine (CRS 2020).

- Sectoral sanction against Russian economy and entities

The sectoral sanctions are quite the same as previous measures including list of entities and prohibition of any kind of transactions. Sectoral sanctions are applied to the listed entities in Russian financial, energy and defense sector. Asset freezes are also adjusted for Russian energy companies, state-owned banks and weaponry producers. Restrictions have been placed on exports of oil-related technology, dual-use technology and arms. According to the government documents some entities under sectoral sanctions are also related to the development of Russian Deepwater, Arctic activities and oil projects, listed under Ukraine related sanctions but seemingly for pursuing US and allies' interests in the Arctic region. About 290 Entities are listed in the OFAC Sectoral Sanctions Identification List (SSI)(ibid.)

- Specific investment bans and import/export prohibitions against the services, technology and goods to or from the Crimea region of Ukraine

These measures include restricting investments, trade and overall transactions with the annexed Crimea region of Ukraine. US citizens are not allowed to invest in any of the entities located in Crimea region neither import or export anything from the region. (OFAC 2016; Congress 2020)

EU has four larger categories of sanction measures against Russia:

- Individual and entities restrictions

EU has frozen assets of 188 individuals and 49 entities together with travel bans which were not included in the US sanctions. The individuals and entities list has been expanded from the 2014 and it can be followed under Council Decision 2014/145/CFSP (EUR-Lax 145/2014).

- Sectoral economic sanctions

Sectoral economic sanctions have been made with the assistance of the US and therefore have the same measures. These restrictions are made against finance, defense, energy sector and dual-use technologies. On the other hand, these sanctions are not as comprehensive as US ones. With the finance sector EU limits the Russian banks and companies' access to EU capital markets. With defense sector EU has an export/import ban on arms and export restrictions with dual-use goods. EU has also attempted to restrict Russian access to sensitive technologies and services as they can be used for oil industry (Council restrictive measures 2014).

- Restriction on business in Crimea and Sevastopol

The EU restrictions on Crimea are very similar to the US sanction regimes with small exception. While these measures mainly combine export and import restrictions and investment bans, EU has also restricted tourism services which are oriented from European member states to Crimea.

- Diplomatic measures

Diplomatic measures in the form of sanctions are not included in the US sanction regimes. EU has stopped annual meetings with Russia and do not include them in the meetings of G8 group. In addition to that, EU has stopped some cooperation project, for example providing developing aid by prohibiting "European Investment Bank" and "European Bank for Reconstruction and

Development” to offer any kind of assistance towards Russia (McDonald-Gibson; Tadeo 2014).

From the information collected, it is possible to make three broad generalizations about sanctions coherence:

In the broad sense we can see that US sanction regimes are more comprehensive involving more names in the individual and entity lists. The difference between EU and US comes from the cooperation and diplomatic measures that EU has placed on Russia. The difference does not affect the coherence of sanction regimes because it is impossible for US to take similar diplomatic and cooperation restrictive measures in use as they have not had them in the first place.

Sanction regimes are composed similarly and therefore show high coherence and cooperation. It comes from the fact that sectoral economic sanctions target same sectors: finance, defense and energy. The individuals and entities measures are broadly the same: asset freezes. Both sanction senders have also strict sanction regimes on Crimea which are composed on the same basis: export/import ban. Therefore, the sanction regimes are complimentary and coherent from the measures.

The problem with sanction regimes established can be found in sanctioned entities. Even though the US and EU have targeted same sectors, it does not have to immediately mean that the same financial, defense or energy institutions or individuals are listed in sanction regimes. Author took the data from OFAC sanctions search list (OFAC sanctions list.. 2021) and European individual sanction list to compare these by using similar word finding system to find same individuals in both list with the objective to evaluate sanction lists coherence. If individuals were listed in both sanction regimes, it should indicate more coherence and communication in both sanction regimes towards individuals. From EU list 188 individuals were compared with the available 253 individuals in the SDN list. EU list of sanctioned individuals consisted approximately 60 names that were not included in the US registers. Nearly 100-120 names were sanctioned by both US and EU. This specific indicator shows low coherence when it comes to both measures and targets of the sanction regime. In the case of sanction effectiveness, it can mean that some entities are able to conduct business with one of the sanction regimes even though they are sanctioned by other, lowering the possibility of effective behavioral change and coherence.(Treasury SSI; Treasury SDN; EUR-Lex 145/2014)

Author did the same thing with entities listed in the OFAC database and EUR-Lex list of sanctioned individuals and entities. EU had 49 entities sanctioned while US had 193 entities in the list. From 49 of EU sanctioned entities 21 of them were not listed in the US sanction regimes. From these 21 targeted only by the European sanctions 14 of them were different volunteer militias operating in the separatist zones. For example: “Sparta battalion, Zarya battalion”. “Why EU has sanctions against volunteer militias?” or “Why US has not sanctioned these groups?” gives input for further research. The coherence between lists of entities is extremely low and somewhat worrying. From small list of EU sanctions against Russian activities in Ukraine, a large number consists of separatist military units which are now half or fully integrated into the Russian 9th Army and whose existence can be questioned today (Klapper and Dilanian 2015). On the other hand, we have Russian Federation army which is untouched by the sanctions even when the NATO, OECD have proven Russian regular forces invasion in Ukraine.

#### **4.3 Sanction goals**

This subsection first looks at the documents describing the reasons for the sanction and then the objectives of the sanction. The evaluation of sanctions regimes is a complex process because neither the US nor the EU has explicitly set out the length or objectives of sanctions. In such circumstances, the integrity of sanctions regimes and measures need to be monitored in order to analyze in relative terms the possible objectives of sanctions. The last part of this chapter focuses on the indicators that have emerged from the sanctioning regimes and analyzes the trends that may indicate the “nature” or objectives of the sanctioning regimes on the basis of the information found there. The theory base in this chapter derives from the aims of the various sanctioning regimes, which the author describes in more detail under the conceptual framework. It is important to look at the objectives of sanctions because they relate more closely to the criterion of “shared intentions”, which is an important part of the assessment of the complementarity and cohesion of sanctions.

Sanctions against Russia have been imposed by both actors as a crisis management tool. By looking at the sanctions timing and measures it is possible to give an assessment that sanctions have two kinds of goals. The first goal is to deterrence Russia and especially Kremlin from

going further with the aggressive foreign policy against Ukraine. US executive orders and EU Council summaries, documents and regulations state that the sanctions were imposed against Russia for pursuing aggressive foreign policy and undermining Ukrainian Sovereignty.

Secondly pursuing international symbolism to indicate other countries that use of military, undermining democracy and freedom is not tolerated. The symbolism could be either domestic or international. International symbolism is very typical of all sanctioning regimes that violate international law, human rights and many other fundamental values. Their aim is to get like-minded countries to join the sanctions and to signal the problem to the whole world. In the case of the EU, domestic symbolism is still documenting Ukraine's sanctions. As the EU had strong trade ties with Russia as well as a dependence on energy supplies, sanctions were extremely cautious. For example, the first sanctions were imposed on only 21 individuals (CRS 2020). Understandably, so minimal restrictive measures have little effect on changes in Russia's foreign policy or on pressure from the existing government. Subsequent sanctions were also very moderate in weight and could be considered symbolic. The first slightly stronger economic sanctions did not come until September 2014, and since Russia's ties with the EU in the field of energy and finance were quite strong, it can be assumed that these were the first sanctions aimed at deterrence.

EU sanctions are generally too small-scale to have a far-reaching impact on Russia's actions. The EU's sanctions are mainly characterized not by causing damage but by disrupting and punishing the entities directly involved in the events. Sanctions follow the line that if, for example, a bridge is built between Crimea and Russia, entities involved in the construction of the bridge will be sanctioned. If the ceasefire in eastern Ukraine is violated, the separatist units there, for example, will be sanctioned. There are only two possible reasons for this: One possibility is that the EU's sanctions do not have a particularly long-term timeframe and strategy, but rather are based on the current situation. Another possibility is that the EU's sanctions strategy is based on its symbolism and is not intended to have much of an impact, otherwise it could be too damaging to the EU itself.

While we look at cohesion, US President executive orders are sending the clear message that the Russian further activities and destabilization of international actors will result in more strategic and economic costs to their country (Federal Register 13662). The overall sanction regimes are also focused on inflicting the economic cost on the whole of Russia, not just against the elite therefore being comprehensive. The progressive enlargement of sanction regimes on

Russia indicates that through the time, US sanctions goals may also overlap with the goals of subversion. This means that the aim of the sanctions has also been to overthrow the existing power by causing economic damage and thus directing public outrage against the existing power (Kusa 2020). Congressional documents and the nature of the sanctions also point to the fact that large-scale economic measures are aimed at putting pressure on the Russian government to prevent their further aggressive foreign policy and to influence those in power. US sanction regimes are designed in the way to bring as much as possible economic loss to the country (NATO 2014). Different gold companies, gas and oil producers and very far related entities are under sanctions for the Ukraine situation.

The sanction against Crimea that was imposed by the US (Federal Register 13685/2014) and the EU against Crimea have a comprehensive approach in an attempt to achieve compliance. Crimean sanctions has been drafted to such an extent that their aim is to isolate the region from the EU and the US and to make Crimea directly dependent on Russia. This is an attempt to make Crimea too expensive for Russia to maintain, which would affect the Kremlin's cost-benefit ratio and force them to comply with the demands of those who sent the sanctions. These demands would be the return of Crimea to Ukraine and cause the withdrawal of the army. This argument is supported by extensive export / import and investment bans, which in the case of the US, for example, have been extended so far that, regardless of the list of sanctioned people and entities, these conditions apply to the entire peninsula and the companies there. Although there are cosmetic differences between the two sanctioners in these sanctions, if the goal and strategy are the same, they are therefore highly cohesive.

The problematic aspect about both EU and US is that they do not have a set timeframe and objectives that would be understandable for Russia. In the contrary, Russia has been cut out from meeting forums like G7 and development fund of the European bank and World bank (Lee et al 2014). The approximately set timeframe in the case of EU is quite necessary addition as Council looks up the sanction measures every 6 months and respectively decides to lift or extend the sanctions. This can lead to the unstable sanction regimes because every 6 months there is a slight probability of lifting sanctions on Russia and therefore affecting every other entity including US sanction regimes negatively (Ivan 2014).

On US side, the decision of sanction lifting has on the contrary made things harder. While it was previously done by the White House it now requires the Congress' approval. The reliance therefore is part of the shared intentions and has an effect on sanction cohesion analysis.

EU and US sanction broader goals against Russian activities in Ukraine are to some extent opposing. US sanction regimes are designed in the way to bring as much as possible economic loss to the country. Different gold companies, gas and oil producers and very far related entities are under sanctions for the Ukraine situation (SKULD 2021). EU sanction regime goals are related with the international and domestic symbolism which is indicated in their sanction comprehensiveness and more specifically sanctioned entities. EU sanction regimes can be concluded with the characteristics of “punishment for wrong-doings” as they tend to sanction entities which are directly related to the event or conflict.

One place where we see mutually reinforcing and cohesive sanction regimes by both actors is sanctions imposed on Crimea. The goal of these sanctions is compliance, which means that comprehensive sanctions are placed on Crimea to make Moscow take into account cost-benefit relation and therefore comply with the sanction sender’s demand.

The sanction regimes are not mutually reinforcing in the terms of reliance. There is no timeframe and milestones set for the sanction regimes which means that EU sanctions can be lifted in every 6 months and US sanction when President and Congress decide so (Ivan 2016). What makes it worrying is that there is no specific milestone/goal when it can or will do it. This is why this part analysis relies on sanction regimes characteristics for the which may change in time.

## 5. Conclusions

This thesis had two aims: (1) to describe and map the sanction-making process of EU and US, and to (2) analyze the coherence and complimentary of US and EU sanctions regimes based on the example of sanctions imposed on the Russian Federation for its Ukraine related activities.

In order to achieve these goals, the thesis examined US and EU sanction formulation processes from three different stages: Decision-making, composition, enforcement. Describing the internal process of sanctions was necessary to understand the EU and US internal considerations and, secondly, the factors arising therefrom that may affect the coherence of sanctioning regimes. Second, the author analyzed the EU and US sanctions imposed on Russia in relation to Ukraine.

In doing so, the author used three main indicators to assess the cohesion and complementarity of sanctioning regimes. These indicators were: sanction implementation timing, sanction regime measures/comprehensiveness and sanction goals. The data collection strategy relies on the document analysis method. The documents analyzed included legislative acts, resolutions, Presidential decrees, other EU and US government documents, policy papers, private sector composed databased and previous researches. All four theoretical expectations that informed this study was strongly supported in the empirical analysis. These theoretical expectations are summed up in two larger results stemming from this thesis.

This analysis pointed out two main findings:

- EU and US have fundamental differences in sanction formulation process which affects the sanction regime characteristics and complementarity.

First, the sanction formulation process is different in every step of the sanction formulation process. The US sanction formulation process is characterized by speed, institutionalization, and flexibility while the EU sanction making process is a time consuming, multi governance process which has complications in decision-making and enforcing mechanisms. Due to the internal specificities of the formulation process, they also affect the timing, comprehensiveness and cohesion of sanctions.



- Sanction regimes imposed on Russia for Ukraine related activities are only partly cohesive as they are formulated by using similar types of sanctions but tend to differ in terms of implementation timing, sanctions goals, comprehensiveness and specific targeted entities.

Second, the EU and US sanctions regimes imposed on Russia since the beginning of the conflict in Ukraine since 2014 are not very consistent, in the term of all three indicators. The US sanctioning regimes were mainly based on four US presidential executive orders and the European Union's three regulatory sanctions regimes, which were comparable for specific reasons. The implementation timing varied in all three cases, ranging from fifteen days to six months. There were also different levels of sanctions. It is a characteristic of the US that the sanctions regime is established after a short period of time, immediately using extensive measures. In the case of the EU, there are long-term gradual additions and modifications of sanctions. Nevertheless, US sanctions have consistently been many times more extensive than EU sanctions.

Sanction regimes measures mostly overlap between EU and US sanction regimes on Russia. Measures like asset freezing, economic sanctioning against energy, finance and military sector plus export / import / investments bans on Crimea are cohesive. The problem stems from a list of directly sanctioned individuals and entities that do not overlap to a large extent and are characteristically directed against different entities. This leads to a situation where sanctions are similar in nature, but are largely targeted at different entities and thus have little support for each other.

There are also differences in sanctioning regimes for their purposes. While the overall goal for opposing Russia's aggressive foreign policy and events in Ukraine may be the same, the goal of sanctions regimes may be different. Namely, US sanctions are designed directly for inflicting the economic cost on the whole of Russia with comprehensive measures even against entities that are not related to the situation in Ukraine. Therefore, US sanctions are more of a subversion and deterrence strategy. The EU sanction regimes, however, are generally small-scaled consisting so few individuals and entities in their lists that their strategy is compatible with international and domestic symbolism. By their nature, EU sanctions are "event-and-effect" logic-oriented, targeting mainly those directly involved in an event. The features of the common strategy can only be seen in the sanctions on the Crimean Peninsula, which has similar

measures and scope. The strategy for these sanctions is compliance, which aims to unite Crimea and Ukraine by making Russia re-evaluate the cost-benefit ratio.

An analysis of US and EU sanctions on Russia suggests that both the formulation of sanctions and their implementation would benefit from greater coordination, complementarity and cooperation between the two senders. In the present case, the sanctions imposed on Russia differ in many ways and thus may affect their effectiveness and disrupt the purpose of the sanctions. This research helps draw attention to the minimally studied aspects of sender cooperation and sanction cohesion – information that could be used to harmonize sanction regimes against Russia.

This analysis of sanction formulation and cohesion offers a range of recommendations for both future researches, as well as for policy-making. First, future studies could expand on the scope of this work by adding more observable indicators and examining them by adding data that also focuses on the changes that have taken place in sanctioning regimes. Such research should pay attention to how sanctions have been modified in the course of implementation. In terms of sanction-making, the results of this research could help establish a common system for drawing up lists of sanctioned persons. Secondly, this work also provides a basis for sanction senders to advance the cooperation framework of multilateral sanctions and to develop specific criteria for assessing compliance and cohesion. This would be a practical step towards improving cooperation and cohesion in sanctions. Thirdly, the thesis established criteria for sanction cohesion evaluation provides an opportunity to examine the coherence of sanctions against other "targets". For example, with the same model, it is possible to examine the consistency of sanctions for all case studies where there are several senders of sanctions.

The evaluation of sanctions cooperation and cohesion, which has so far lagged behind, provides a lot of research material for similar research. This particular work was a pioneering effort to assess the work and the growing coherence that will help joint contributors to achieve results more effectively.

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## Appendices

### Appendix 1. EU sanctioned entities (Serves as example of data, same thing was done with individuals)

(Blue: Sanctioned only by EU Red: Sanctioned by EU and US)

1. 'Army of the Southeast'
2. 'Donbas People's Militia'
3. 'Luhansk Guard'
4. 'Vostok battalion'
5. AO "Institute Giprostroymost – Saint-Petersburg"
6. Cossack National Guard
7. Crimean Republican Enterprise 'Azov distillery plant'
8. Death battalion
9. DOBROLET a.k.a. DOBROLYOT
10. Donetsk People's Republic'
11. Donetsk Republic
12. Federal state budget institution for science and research 'All- Russia national scientific research institute for wine growing and wine making 'Magarach' Russian Academy of Sciences'
13. Federal State Budgetary Enterprise "Sanatorium 'Nizhnyaya Oreanda'" of the Administration of the President of the Russian Federation (formerly known as Resort "Nizhnyaya Oreanda" Санаторий "Нижняя Ореанда")
14. Federal State Budgetary Enterprise 'Production-Agrarian Union "Massandra"' of the Administration of the President of the Russian Federation
15. Federal State of Novorossiya"
16. Federal State Unitary Enterprise 'Crimea Railway' (Федеральное государственное унитарное предприятие 'Крымская железная дорога')
17. First Crimean Insurance Company
18. Free Donbass (a.k.a. 'Free Donbas', 'Svobodny Donbass')
19. International Union of Public Associations 'Great Don Army'
20. Joint-stock company "Production-Agrarian Union 'Massandra'"

21. Joint-stock company 'Lenpromtransproyekt' (АО 'Ленпромтранспроект')
22. Joint-stock company 'The Berkakit-Tommot-Yakutsk Railway Line's Construction Directorate' (АО 'Дирекция по строительству железной дороги Беркакит-Томмот-Якутск')
23. Joint-stock company Almaz-Antey air and space defence corporation
24. Joint-stock company 'Sparkling wine plant 'Novy Svet''
25. JSC Zaliv Shipyard
26. Kalmius battalion
27. Lugansk People's Republic'
28. Luhansk Economic Union (Luganskiy Ekonomicheskiy Soyuz)
29. Movement 'Novorossiya' of Igor STRELKOV
30. OAO 'VO Technopromexport' (OAO 'VO TPE')
31. Oplot battalion
32. Peace to Luhansk Region (Mir Luganschine) Мир Луганщине
33. People's Union (Narodny Soyuz)
34. PJSC Mostotrest
35. Prizrak brigade
36. Public Joint Stock Company "Russian National Commercial Bank"
37. 'Sobol'
38. Somali battalion
39. Sparta battalion
40. State concern "National Association of producers 'Massandra'"
41. State Unitary Enterprise of the "Republic of Crimea" "Universal-Avia"
42. State Unitary Enterprise of the City of Sevastopol, 'Sevastopol seaport'
43. 'State Unitary Enterprise of the Crimean Republic 'Crimean Sea Ports''
44. State Unitary Enterprise of the 'Republic of Crimea' 'Chernomorneftegaz'
45. STROYGAZMONTAZH Corporation (SGM Group)
46. STROYGAZMONTAZH Joint Stock Company
47. Stroygazmontazh-Most OOO (SGM-Most OOO)
48. ZAO Interavtomatika (IA)
49. Zarya battalion



Sources: EUR-Lex (Council Decision 2014/145/CFSP)

<https://eurlex.europa.eu/legalcontent/EN/TXT/?uri=CELEX%3A02014D014520210316&qid=1619986218055#M34-26>

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<https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>

## Appendix 2. Sanction regimes and documents

EU			
Date	Decision (s) Regulation(s)	Content	Source
17.03. 2014	D 2014/145 /CFSP	Original individuals /entities list	<a href="https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0016:0021:EN:PDF">https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0016:0021:EN:PDF</a>
17.03. 2014	R 269/2014	Confirming the 21 persons/entities listed in D 2014/145/CFSP.	<a href="https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0006:0015:EN:PDF">https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0006:0015:EN:PDF</a>
23.06. 2014	D 2014/386 /CFSP	Original Crimea sanctions (restricting imports)	<a href="https://eurlex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32014D0386&amp;from=EN">https://eurlex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32014D0386&amp;from=EN</a>
23.06. 2014	R 692/2014	Confirming the	<a href="https://eurlex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32014R0692&amp;from=SV">https://eurlex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32014R0692&amp;from=SV</a>

		restrictions on Crimea	
31.07. 2014	D 2014/512 /CFSP	Sectoral sanctions on Russia (Finance, energy, military, dual-use technology )	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0512&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0512&amp;from=EN</a>
31.07. 2014	R 833/2014	Confirming Sectoral sanctions on Russia	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0833&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0833&amp;from=EN</a>

US			
Date	President EO	Content	Source
06.03.2014	E.O. 13660	Original sanctions against individuals and entities	<a href="https://www.govinfo.gov/content/pkg/FR-2014-03-10/pdf/2014-05323.pdf">https://www.govinfo.gov/content/pkg/FR-2014-03-10/pdf/2014-05323.pdf</a>
16.03.2014	E.O. 13661	Extension of sanctions on entities and individuals	<a href="https://www.govinfo.gov/content/pkg/FR-2014-03-19/pdf/2014-06141.pdf">https://www.govinfo.gov/content/pkg/FR-2014-03-19/pdf/2014-06141.pdf</a>
20.03.2014	E.O. 13662	Extension of sanctions on entities and individuals	<a href="https://home.treasury.gov/system/files/126/ukraine_eo3.pdf">https://home.treasury.gov/system/files/126/ukraine_eo3.pdf</a>

19.12.20 14	E.O 13685	Sanctions on Crimea (export/impo rt)	<a href="https://home.treasury.gov/system/files/126/ukraine_eo4.pdf">https://home.treasury.gov/system/files/126/ukraine_eo4.pdf</a>
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*Sources: European Council (Timeline-EU restrictive measures in response to the crisis in Ukraine)*

<https://www.consilium.europa.eu/en/policies/sanctions/ukraine-crisis/history-ukraine-crisis/>

*U.S. Department of the Treasury (Ukraine-/Russia-related Sanctions)*

<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>

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