

# Analysis of the Legality of Unilateral Sanctions

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**Abstract:** According to the nature of international law, sanctions implemented by a state or collective of states can be divided into "multilateral sanctions" authorized by the United Nations and "unilateral sanctions". Unlike multilateral sanctions, unilateral sanctions cannot obtain legitimacy from Security Council resolutions, and their legality is subject to significant controversy. International law does not generally prohibit unilateral sanctions, but this does not mean that every unilateral sanctions measure complies with existing principles of international law and international treaties. Unilateral sanctions may potentially violate specific treaty obligations under the WTO system, as well as the principle of non-interference in the domestic affairs of other countries. However, the illegality of such sanctions can be excluded when these actions meet the requirements of exception clauses or comply with the substantive and procedural requirements for "countermeasures". In reality, the specific content of sanctions varies, making it impossible to directly determine the legality or illegality of unilateral sanctions. Instead, a systematic analysis should be conducted in conjunction with specific circumstances.

**Keywords:** Unilateral sanctions; Countermeasures; General exceptions; Security exceptions

## 1. Introduction

Currently, it has become increasingly common for sovereign states to unilaterally impose sanctions without authorization from the United Nations or other international organizations and relevant international law, and there is a growing trend of excessive proliferation. The United States and the European Union are the main enforcers of sanctions in today's international system. As of the writing of this article, there are 34 international entities that have been included in the sanctions list by the European Union. The Office of Foreign Assets Control (OFAC) under the U.S. Department of the Treasury alone has taken 100 sanction actions in 2022, involving 82 countries and regions, and targeting 2204 individuals and entities. Countries such as the United Kingdom, Canada, and Australia have also adopted unilateral sanction measures, frequently using them as a means to implement their foreign policies. [1] While sanctions are frequently employed, the lack of clear legal boundaries for unilateral sanctions in international law has become increasingly apparent, making the situation more complex. Until today, sanctions do not fall within the strict definition of international law and have not been given a precise definition by any authoritative document. Therefore, some scholars point out that the extreme ambiguity in this legal field poses a serious threat to international peace and security. [2]

In light of this, this article will start from the perspective of United Nations Security Council sanctions resolutions and then systematically examine the legality of unilateral sanctions from the perspectives of international treaties and customary international law. The aim is to define the legal boundaries of unilateral sanctions in contemporary international law.

## 2. Differentiating between Multilateral Sanctions and Unilateral Sanctions and Analyzing their Legality.

The issue of the legality of sanctions starts with whether the sanctioning action is implemented under the auspices of the United Nations or carried out autonomously by a single country or group of countries. [3]

According to its international legal nature, sanctions implemented by a country or group of countries can be divided into "multilateral sanctions" authorized by the United Nations and "unilateral sanctions". [4]

In order to address acts of threat, disruption of peace, or aggression, Chapter VII of the United Nations Charter grants the Security Council the authority to take non-military "measures" to maintain or restore international peace and security when such acts are determined to exist. Article 41 of the Charter

is widely regarded as the legal basis for Security Council sanctions. Although the Charter itself does not use the term "sanctions" but opts for the more neutral expression of "measures," these measures are universally understood to be sanctions. Security Council resolutions have also directly referred to these measures as "sanctions." In Resolution 661 (1990), the Security Council explicitly stated that it decided to impose economic sanctions in accordance with Chapter VII of the UN Charter. Furthermore, in Resolution 1929, it made it clear that it did not intend to compel any country to take actions beyond the scope of the resolution. Therefore, multilateral sanctions are non-military coercive measures taken by a country or group of countries within the explicit authorization of the United Nations, limited to the scope of the relevant sanction resolutions, to compel a member state to change its policies. On the other hand, unilateral sanctions, also known as "autonomous sanctions," are non-military coercive measures taken .[5]

In contemporary international legal mechanisms, the legal basis of multilateral sanctions is Security Council resolutions, and due to the reflection of the autonomous will of both the imposing and targeted countries, their overall legality is generally undisputed. However, when it comes to unilateral sanctions frequently adopted by sovereign states, their legality remains highly debated, and the boundaries of their legitimacy are relatively ambiguous.

The distinction between multilateral sanctions and unilateral sanctions is not based on the literal number of countries involved in the sanctioning action but rather on whether they have received explicit authorization from the Security Council. Even if implemented by a group of countries or a country coalition without authorization, such measures are considered unilateral actions in nature. They are fundamentally different from multilateral sanctions implemented by the Security Council on behalf of the international community, and their legitimacy may be significantly diminished. [6]

### **3. Analysis of the International Legality of Unilateral Sanctions**

Given that unilateral sanctions cannot gain legality from Security Council resolutions, the issue of their legality needs further review and analysis. International law does not generally prohibit unilateral sanctions.

Currently, there are no explicit provisions in the codified international legal documents that prohibit unilateral sanctions, and no international customary law prohibiting unilateral sanctions has yet been formed. [7]This provides a certain basis for the legality of unilateral sanctions under international law. Article 2, paragraph 4 of the United Nations Charter prohibits its member states from using "threat or force" in international relations. "Force" can be understood as "military force", but it can also be interpreted as "coercion", which can easily cause controversy. In 1945, the Brazilian representative suggested at the United Nations Charter conference that "economic coercion" be explicitly included in the scope of the United Nations Charter's prohibition, but this proposal was rejected. [8]

Translation to English: Since then, this legal provision has been explicitly interpreted as prohibiting states from using threats or force, but it does not include sanctions. In 1970, the Special Committee on the Declaration of Principles of International Law encountered the issue of whether "economic coercion" should be prohibited when drafting legal principles. Some representatives suggested that "economic coercion" should be included in the first principle of prohibition of force, but the committee did not include it in the scope of the prohibition of legal principles. [9]From this, it can be seen that both the United Nations Charter and the Declaration of Principles of International Law only prohibit "military force", and do not prohibit "economic coercion". The WTO adopts a restrictive rather than prohibitive attitude towards unilateral sanctions. The exceptions under the WTO rules reserve certain legal space for unilateral sanctions. In a sense, it seems to have become an international consensus that unilateral sanctions are not prohibited.

The International Court of Justice explicitly pointed out in its judgment in the "Lotus case": "...a wide measure of discretion, which is only limited in certain circumstances by prohibitive rules; as regards other cases, every state remains free to adopt the principles which it regards as best and most suitable...". The "Lotus case" established the so-called principle of international law "what is not prohibited is allowed", which has had a profound impact on the evolution of international law. Therefore, in the absence of prohibition by international treaties and customary international law, states have the right to exercise any sovereign power. [10] The International Court of Justice also demonstrated a similar attitude in its judgment in the "Military and Paramilitary Activities case": "...In the absence of treaty commitments or other specific legal obligations, a state is not obliged to continue a particular trade relationship beyond the time it deems appropriate;...The cessation of economic aid is more unilateral and

voluntary in nature, and can only be seen as a violation under special circumstances". Under general international law, a country indeed has no obligation to maintain economic relations with other countries. In other words, when unilateral sanctions are not within the scope of international law prohibition, a country does theoretically have the right to impose sanctions against other countries and entities based on its domestic law, and to use this as a diplomatic tool to achieve policy objectives. [11]

Translation to English: In conclusion, unilateral sanctions have a certain legitimacy under international law, but this does not mean that every unilateral sanction necessarily conforms to existing principles of international law and international treaties. Whether they are legal requires further exploration.

#### **4. Legality Analysis Based on International Treaties**

"Treaties must be obeyed" is an important principle recognized by the international community. This principle is also the cornerstone of credit in international cooperation between nations. Treaties stipulate the rights and obligations of the contracting parties, thereby restricting the sovereignty of the contracting parties and their exercise of sovereignty, as well as narrowing the free space for national action. This may call into question the legality of unilateral sanctions under the treaty framework.

##### ***4.1 Treaties Possibly Violated by Unilateral Sanctions***

The main sanction measures currently implemented by a country or group of countries include trade sanctions, asset freezes, financial transaction restrictions, etc. The rules that may be violated can be divided into treatment clauses that indirectly grant rights to contracting parties, such as most-favored-nation treatment; and right clauses that directly grant specific rights to other contracting parties, such as the obligation for all countries to eliminate quantity restrictions on import and export goods.

The World Trade Organization ("WTO") is one of the most important international economic organizations today, with its members accounting for 98% of global trade. The multilateral constraint mechanism centered on the WTO system provides important legal protection for economic globalization and aims to protect free trade. Thus, WTO trade rules can be said to be the international treaties most closely related to unilateral sanctions and most likely to impose limitations or even prohibitions on them. This is especially evident in the field of trade sanctions.

The field of trade sanctions often involves many WTO trade rules. Considering the diverse international trade situations in reality and the differences in the sanction policies implemented by various countries, it is difficult to fully list the WTO rules that trade sanctions may violate. The WTO rules that are easily violated in the trade field include the elimination of quantity restrictions, most-favored-nation treatment, non-discriminatory treatment, and market access, among others.

According to Article XI:1 of the General Agreement on Tariffs and Trade ("GATT"), WTO member countries are prohibited from imposing quantity restrictions on the import and export of products through "quotas, import or export licenses, or other measures", i.e., each member country has a general obligation to eliminate quantity restrictions on imports and exports.

This obligation includes all measures that prohibit or restrict the import and export of goods. When the sanctioning country refuses to export goods to the sanctioned country or prohibits the import of any goods related to the sanctioned country, the sanction restricts the free flow of goods between countries, constituting a quantity restriction, thereby violating Article XI of the GATT. Under the General Agreement on Trade in Services ("GATS"), member countries have an obligation to open market access. Sanctions that render the goods of the sanctioned country nearly "zero quota" in the sanctioning country should be regarded as violating the market access commitment, constituting a violation of Article XVI of the GATS.

Agreements such as the GATT and GATS also stipulate most-favored-nation treatment. According to the agreement, member countries should unconditionally give all contracting parties the most-favored-nation treatment for the import and export of "like goods and services". The traditional method for determining "like products" is based on (1) the characteristics, nature, and quality of the product; (2) the end use of the product; (3) consumer tastes and preferences; and (4) the tariff classification of the product. However, once there is discrimination based on origin or a situation where comparison of like products is impossible, such as when imports are prohibited, it is assumed to meet the

product similarity hypothesis. Trade sanctions usually target only the sanctioned country without imposing similar restrictions on other countries. In this case, the products or services of the sanctioned country are discriminated against and treated differently, which often constitutes a violation of the requirement for most-favored-nation treatment.

Besides, asset freeze measures can easily constitute illegal expropriation and violate the private property rights of the nationals of the other country, unless they meet specific conditions such as consideration for public interest. Transportation restrictions may also likely violate Article 5 of the GATT, which guarantees transit transportation. In short, whether a violation of the relevant agreement rules has occurred can only be analyzed and judged after comparing the specific sanctions implemented by the sanctioning country with the treaty obligations or commitments it has undertaken.

#### ***4.2 The defenses that the sanctioning country may invoke — exceptions to the treaty***

The core of unilateral sanctions is trade and economic sanctions, and most of the economic and trade treaties that might impose constraints or limitations on the sanctioning country are based on the WTO agreement, or the sanctioning and sanctioned countries themselves are members of the WTO. Therefore, this article focuses on examining the WTO clauses. As mentioned earlier, the WTO only takes a restrictive attitude towards unilateral sanctions, and the WTO rules allow member countries to take unilateral measures when exceptional circumstances are met. These rules are referred to as exception clauses, divided into "general exceptions" and "security exceptions," providing possible defenses that the sanctioning country could invoke.

##### ***4.2.1 General Exceptions***

Article XX of the General Agreement on Tariffs and Trade ("GATT") and Article XIV of the General Agreement on Trade in Services ("GATS") enumerate several general exceptions that permit member states to take corresponding measures. Despite different provisions listed in both, they share common grounds. Namely, they both stipulate that member states have the right to take necessary measures (1) for the protection of public morals; and (2) for the protection of human, animal, or plant life or health in specific circumstances.

If the sanctioning state wishes to invoke general exceptions as the legal basis for its sanctions, it must meet necessary restrictions. Measures that satisfy the general exceptions must pass the necessity test, that is, the measures can only be "necessary." According to the panel's past reports, measures implemented in the absence of reasonable alternative measures that do not violate GATT or that restrict imports to a lesser extent can be deemed "necessary". This necessity test method is known as the "less restrictive alternative test". [12] Improved by the Appellate Body, the judicial weighing-and-balancing approach was introduced and eventually formed the necessity test method composed of both the less restrictive alternative test and the judicial weighing-and-balancing approach, that is, considering all variables and assessing the impact on non-trade values.

In addition to the requirement of necessity, the prerequisite for invoking general exceptions is that the implementation of such measures does not constitute an "arbitrary or unjustifiable discrimination" between countries in "like circumstances", or a disguised restriction on trade in services. As unilateral sanctions are centered on economic and trade sanctions, which by nature are disguised restrictions on trade in services, the sanctioning country can only possibly successfully invoke this if its measures do not constitute "arbitrary or unjustifiable discrimination" between countries in "like circumstances".

Translation to English: "Between countries in like circumstances" is usually based on national treatment and most-favored-nation treatment, comparing the importing country of the sanctioning act with all exporting countries of the product. According to the judgment in the "US Shrimp-Turtle case", the criteria for determining arbitrary or unjustifiable discrimination can refer to the following points: (1) Flexibility of execution standards; (2) Equal treatment of all countries or individuals; (3) Prior inter-country consultations; (4) Fair and transparent process. [13] The quoted part does not expound specific content, but imposes restrictions on the way measures are implemented, aiming to prevent the abuse of general exceptions. Considering that terms like "like circumstances" and "arbitrary or unjustifiable discrimination" are still relatively vague and lack a clear definition, they need to be judged according to the specifics of each case.

##### ***4.2.2 Security Exceptions***

WTO has given member states the right to take measures to maintain their "essential security interests" through security exceptions, such as Article 21 of GATT and Article 14 bis of GATS, all of

which stipulate security exceptions. The content of security exceptions stipulated in each of the aforementioned articles is extremely similar, indicating a certain consensus internationally. Item (a) relates to the disclosure of information related to essential security interests, which is not strongly linked to unilateral sanctions. Item (c) relates to the obligations under the United Nations Charter to maintain international peace and security. But as previously stated, unilateral sanctions are fundamentally unrelated to the resolutions of the Security Council and cannot derive their legality from them. Therefore, sanctioning countries naturally cannot use item (c) as a basis for defense. Consequently, the crux of the problem falls on item (b) of each article, that is, member states have the right to take "any action" they "consider necessary" to protect their "essential security interests".

Although item (b) contains strong subjective wording such as "it considers", allowing for a large interpretative space, the circumstances in which member states can enjoy security exceptions are relatively clear. In terms of content, the security exception item (b) only includes three situations: (1) Actions related to military trade or military services; (2) Actions related to fissionable and fusible materials, or materials derived from such materials, i.e., actions related to nuclear materials; (3) Actions taken in wartime or other emergencies in international relations. The scopes of (i) and (ii) are relatively clear and less controversial. For instance, most countries support or acquiesce in the financial sanctions imposed by the United States on Iran due to nuclear issues. As for (3), the use of "or" to connect "other emergencies in international relations" and "wartime" indicates a similar relationship between the two, i.e., "other emergencies" refers to situations close to a state of war, such as potential armed conflicts, tense situations, or crises where a country is occupied or besieged.

In terms of restrictions, the security exception can only be invoked if the measure is 'necessary' to maintain 'essential security interests'. This involves interpreting the meaning of 'essential security interests' and determining who and how 'necessary' is determined. According to a WTO panel report, 'essential security interests' can be interpreted as defense or military interests and interests in maintaining law and public order. The interpretation of 'it considers' is highly controversial. The International Court of Justice once indicated in the 'Nicaragua case' that the Court has jurisdiction to determine whether the measures taken by one party fall within the scope of the security exception, on the grounds that the text of the clause involved in the case does not use 'it considers'. This suggests that the security exception under the WTO Agreement seems to grant states ample self-judging rights. But can self-judging exclude the review and intervention of the court?

The relationship between unilateral measures and the essential national security interests should at least meet the minimum requirement of plausibility; otherwise, many countries may use this to evade their trade obligations, and even reject third-party reviews, leading to the abuse of discretionary powers.

Therefore, when unilateral sanctions have a strong relevance to security exceptions and meet the necessary restrictions, the sanctioning country can invoke the security exceptions as its defense. Although the security exceptions clause is seldom successfully invoked in practice, it doesn't prevent the sanctioning country from having the right to use it as a defense.

## **5. Elimination of the Illegality of Unilateral Sanctions: Countermeasures.**

At the international law level, a state harmed by an internationally wrongful act can resort to proportionate, temporary, and reversible countermeasures against the wrongful act. In this case, countermeasures are a right of self-protection for the victim state, and the illegality of the action can be excluded. The 'Articles on State Responsibility' stipulate a series of substantive and procedural requirements for countermeasures.

### **5.1 Substantive Requirements for Countermeasures**

From a substantive perspective, countermeasures should satisfy the following conditions: (1) the implementing country is a victimized nation whose legitimate rights have been infringed upon by the illegal actions of another country; (2) the measure is only implemented against the country responsible for the international unlawful act; (3) the effect of the countermeasures should be proportional to the damage suffered by the state; (4) the purpose of the countermeasures is to induce the wrong-doing country to comply with its obligations, therefore, such measures should be temporary and reversible.

The damage suffered by a country includes any material or mental harm caused by the international unlawful acts of another country. The determination and attribution of international unlawful acts have been detailed in the second chapter of the "Draft Articles on State Responsibility", which will not be

elaborated further here. The proportionality and reversibility requirements of countermeasures are difficult to judge as there are currently no clear unified standards. According to the arbitration of the "Air Services Agreement" case, countermeasures must have a certain degree of equivalence to the alleged breach of contract, determined through approximate judgment. In disputes between countries, not only should the damage suffered by the relevant countries be taken into account, but also the importance of the principle issues raised by the alleged breach of conduct. Despite the ambiguous standards, the arbitral tribunal believes that the requirement of proportionality is violated only in cases of obvious disproportion, suggesting that the determination of proportionality is relatively lenient. It is because of the requirement of proportionality that countermeasures are not punitive measures and do not grant a country the right to impose punishment on another. As the European Community once emphasized, "It should be clear that the arbitrator cannot increase the amount of countermeasures to make them punitive." Despite this, unilateral sanctions that exceed a certain extent can still constitute countermeasures, but the implementing country must bear the corresponding legal responsibility for the excess part.

According to Article 49 of the "Draft Articles on State Responsibility", the purpose of countermeasures is to induce the state engaging in unlawful actions to stop its illegal activities and to continue to fulfill its international obligations. Therefore, the state implementing the countermeasures is only allowed to temporarily suspend its international obligations, and should adopt measures that could lead to the resumption of relevant obligations by the state committing the unlawful act, as far as possible. It should be noted that only the measures must be reversible, not necessarily the effects. This is because it is impossible to guarantee that all effects of the countermeasures can be reversed after stopping the countermeasures. The phrase "as far as possible" in paragraph 3 indicates that if the victimized state can choose among several lawful and effective countermeasures, it should select the one that allows the obligation, which has been suspended due to the countermeasures, to be resumed.

## **6. Procedural Requirements for Countermeasures**

According to Article 52, paragraph 1 of the "Draft Articles on State Responsibility", a country should, before taking countermeasures, (a) call upon the state responsible for the unlawful act to continue fulfilling its international obligations, cease its illegal activities, and fulfill its obligation to compensate; (b) notify the responsible state of the decision to take countermeasures and offer to negotiate with it. The main reason why the "Draft Articles on State Responsibility" establishes a series of procedural obligations is that countermeasures are likely to have potential serious consequences for the target country. They should attract the attention of the responsible state and give it the opportunity to reconsider its position before it responds. Therefore, the procedural obligations of countermeasures usually require implementation before resorting to countermeasures. Besides, the stipulations for procedural obligations are relatively lenient; it even allows for simultaneous fulfillment of these obligations in terms of timing, and it is not necessarily required to be in written form. In practice, before reaching the point of considering taking countermeasures, the two countries usually have already had detailed negotiations on the dispute. This situation is considered as the victimized state having already notified the responsible state according to Article 43 of the "Draft Articles on State Responsibility", fulfilling its procedural obligations, and therefore there is no need to notify again for compliance with 1(a).

At the same time, the procedural requirements are not absolute obligations. According to Article 52, paragraph 2 of the "Draft Articles on State Responsibility", the victimized state may take necessary urgent countermeasures in emergency situations for the purpose of safeguarding its national rights. Urgent countermeasures are interpreted as measures that must be taken immediately, otherwise, they would not be feasible at all. When emergency situations arise in international relations, often involving the maintenance of public order interests, case-specific analysis is needed based on the individual circumstances.

Therefore, unilateral sanctions can only constitute legitimate and effective countermeasures, thereby eliminating their illegality under international law, if they meet the aforementioned substantive obligations and procedural obligations, or if they conform to the conditions of emergency situations.

## **7. Conclusion**

As can be seen from the above, the legality of unilateral sanctions leaves a large room for dispute. The specific contents of sanctions in reality vary greatly, and cannot be directly adjudged as legal or illegal. Rather, they should be systematically and progressively analyzed and explored as outlined above.

Clarifying the legal boundaries of unilateral sanctions not only provides a legal basis for dealing with the unilateral sanctions of other countries, but also contributes to taking legal and effective countermeasures at the level of international rule of law.

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