

Comparison of International Anti-Sanction Measures and Their Implications

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Abstract: As globalization advances, international economic and financial sanctions and counter-sanctions have become crucial tools in geopolitical and economic competition. This article examines countries such as Iraq, North Korea, Libya, and Venezuela from a national perspective, comparing and analyzing their counter-sanction measures in areas like economics and finance, politics and diplomacy, information and technology, military and security, and legislation and judiciary. It evaluates the effectiveness and limitations of these measures. Based on this, summarize the lessons learned from different countries' experiences in countering economic sanctions. Combine these with China's strategies for countering economic sanctions to provide insights for countermeasures. This will offer references for building an international counter-sanctions system.

Keywords: Counter-sanctions Measures; Country Studies; Revelation.

1. Introduction

As the effectiveness of sanctions becomes increasingly evident, the policy goals of economic sanctions have shifted from being merely instrumental to being both retaliatory and expressive. The areas where economic sanctions exert their effects have expanded from trade, tourism, and finance to influencing long-term strategic competitive factors such as technology and education. The targets of economic sanctions have become increasingly precise, moving from the vague national level to specific entities (such as enterprises, individuals, organizations, etc.).

At the same time, the impact of sanctions is also expanding. On a macro level, for the sanctioned country, economic sanctions will lead to a significant decline in the country's imports and exports, the withdrawal of foreign aid and financial grants, capital flight, and currency depreciation, along with high inflation. Foreign direct investment in the target country will be greatly reduced, leading to deteriorated financing conditions in the target country, exacerbating income inequality, causing economic decline and fluctuations; it will also undermine the regime of the target country and cause severe impacts on key industries such as energy and technology. Additionally, the economies of third countries (neighboring countries) will also be affected by sanctions. Economic sanctions will have a negative impact on trade between the target country and third countries. After the Ukraine crisis, the economic sanctions imposed by the EU on Russia exacerbated global energy price fluctuations, and the economies of third countries were damaged. At the micro level, economic sanctions significantly reduced the overseas sales revenue, patent applications, and patent licensing of listed companies, increased the financing costs of enterprises, causing economic losses and operational difficulties for enterprises. Frequent export controls by the United States will lead to an increase in the proportion of non-finished products in the inventories of controlled enterprises, and a prolonged inventory turnover period, thereby increasing management expenses for enterprises. The short-term U.S. technology blockade will hinder technological progress of enterprises, reduce the profitability and productivity of sanctioned

enterprises, cause economic losses and increase enterprise risks. Moreover, the economic chaos caused by economic sanctions may lead to humanitarian crises, undermine democracy, freedom, and human rights, cause unemployment and shortages of living materials.

In order to safeguard national sovereignty, ensure economic security, protect people's livelihood and social stability, and promote economic autonomy and innovation, the sanctioned countries have successively taken counter-sanction measures to mitigate the impact. Under the background of economic globalization, the economic ties among countries have become increasingly close, but they are also more vulnerable to external sanctions. Facing precise and diverse economic sanctions, understanding the counter-sanction measures of various countries, summarizing the counter-sanction strategies of different countries, and summarizing the experiences and lessons of counter-sanctions are of great significance for promptly identifying potential sanctions risks and promoting the establishment of a multi-polar international order.

2. Comparison of Anti-Sanctions Measures of Various Countries

(1) Anti-sanction Measures of North Korea

In response to the economic and financial sanctions imposed by the United States, to revitalize its economy, North Korea gradually established diverse political and economic relations, such as increasing overseas trade delegations; establishing trade offices in Sri Lanka, Togo, and Somalia; signing trade agreements with India, Cuba, North Vietnam, etc.; and establishing trade relations with Iraq, Kuwait, etc. In 1984, it promulgated the "Foreign Joint Venture Law", aiming to attract foreign capital and technology through joint ventures[1]. It carried out institutional reforms, established economic special zones (SEZs), and attracted foreign investment with preferential treatment and introduced new technologies. It utilized cryptocurrencies for "mixing and rolling" and based on network ransom to obtain cryptocurrencies. Additionally, North Korea had warned the United States militarily, and one month after the United States

enacted the "Sanctions Against North Korea Act", on September 3, 2017, North Korea conducted a nuclear test, and during the period of 2019-2020, it also launched short-range and medium-range ballistic missiles.

(2) Anti-sanction Measures of Iraq

To counter the huge impact of sanctions on its economy, Iraq took a series of countermeasures: through the media, it vigorously publicized the deep humanitarian disasters caused by UN sanctions to Iraq to gain international sympathy, thereby calling for "lifting sanctions against Iraq"; contrary to the norm, it disclosed details of its oil reserves and launched oil development cooperation with foreign countries; it carried out active economic diplomacy with neighboring countries and European countries, such as concluding free trade agreements with Algeria and the United Arab Emirates, and signing a free trade agreement with Syria, which had always been an adversary; to quickly end the sanctions situation, Iraq promised to return the large amount of debt owed to Moscow after resuming oil exports and strengthened cooperation with Russia; it fully utilized the legal channel of "oil for food" to formulate its own oil production and export policies based on the international oil market supply and demand situation, such as after the United Nations approved the "oil for food" agreement, Iraq gave priority to food import contracts to countries that supported the lifting of sanctions against it; at the same time, it used oil to impose sanctions on those countries that followed the United States; it insisted on using the euro instead of the US dollar as the unit for oil settlement; it implemented food rationing while developing its idle land and rewarding production to increase food self-sufficiency[2].

(3) Anti-sanction Measures of Libya

After the outbreak of the Libyan War and the increased sanctions by the United States against Libya, Libya also began to implement anti-sanction measures: promoting the oil strategy, breaking the Western blockade and actively improving relations with other countries, and establishing a good international image[3]. The United States imposed an oil embargo on Libya, so Libya strengthened its oil cooperation, trade, and investment with Europe; it actively carried out foreign investment by taking advantage of the loopholes in Western sanctions. For example, it specially established a large international investment network and increased foreign investment; when the US-Libya relationship deteriorated, Libya used global financial institutions to accelerate the transfer of assets in the US and reduce the possibility of being frozen; in response to some export product restrictions imposed by the United States, Libya sought substitutes from Europe and Asia[4]. To steadily improve its economy and further resist US sanctions, Libya also initiated the economic liberalization process and sought international sympathy by supporting the Non-Aligned Movement and condemning the inequality of the international system.

(4) Anti-sanction Measures of Cuba

To cope with the sanctions imposed by the United States and to escape the economic recession, Cuba, which had been under sanctions for 63 years, actively explored countermeasures.

Economically, Cuba actively developed tourism, using its rich culture and natural resources to attract tourists and increase foreign exchange income; it actively promoted agricultural autonomy to increase the country's self-sufficiency in agriculture and reduce reliance on food imports.

In terms of technology and diplomatic cooperation, Cuba

prioritized software engineering as a development priority and strengthened its connection and cooperation with the international community by providing relatively inexpensive programming and software development methods to international companies. To address the domestic transportation infrastructure deficiencies caused by the US blockade, Cuba and Brazil have reached a cooperation agreement. With the Brazilian Development Bank as the main financier, Cuba and Odebrecht Company have established a joint venture to jointly build and manage the Mariara Port. Additionally, to further accelerate economic reforms, Cuba has established the Mariara Economic Special Zone to attract foreign investment and promote economic growth[5]. Since 2003, Cuba has strengthened trade ties with other countries. The Cuban government has utilized its abundant resources in medicine, biotechnology, and information technology, through the "Doctors for Oil" program, to import oil from Venezuela and obtain up to 4 billion US dollars in credit and investment from Venezuela. Moreover, Cuba has increased trade cooperation with China, and both sides successfully signed investment agreements[6].

(5) Anti-sanctions Measures in Venezuela

In response to the economic sanctions imposed by the United States, Venezuela has actively strengthened cooperation with anti-American countries such as Russia and Cuba. After Chavez came to power, the two countries signed over 200 treaties, agreements, contracts, and memorandums of understanding, enhancing cooperation with Russia in areas such as energy, agriculture, and trade. To counter the sanctions imposed by the United States on state-owned oil companies in 2019, Venezuela informed its clients to transfer funds to Russian bank accounts to minimize losses as much as possible. After 2000, Venezuela and Cuba successively signed the "Overall Cooperation Agreement" and the "Integration Agreement". Despite the economic difficulties caused by the US sanctions, Venezuela still transports 50,000 barrels of oil to Cuba every day, although it is only half of the peak level; Cuba has also increased the number of medical and health personnel dispatched to Venezuela to deepen the people-to-people cooperation in areas such as free medical care and education.

To further stabilize the domestic economy and promote the prosperity of the oil industry, Venezuela has continuously promoted the nationalization of key enterprises in key industries such as oil and aluminum mining. In the context of declining oil production and a still sluggish economy, Venezuela seized the opportunity presented by blockchain technology and issued the "Oil Coin", which is collateralized by 5 billion barrels of crude oil from the Yacucho Block 1 oilfield.

(6) Russia's counter-sanction measures

In terms of financial counter-sanctions, Russia implements a policy of dollarization for foreign trade. It uses cryptocurrencies to transfer funds out of Russia, exchanges rubles for other legal currencies to receive payments and purchase; launches the "Gasoline Ruble" to avoid the freezing of payment funds; uses rubles to repay foreign debts and maintain national credit. It creates the Russian Central Bank's financial information transmission system to replace the use of SWIFT system.

Economic countermeasures include responding to the "price caps" imposed by the US and Europe, Russia rapidly changed trade flows in the short term, significantly increased oil exports to China and India and other Eastern countries;

lists "unfriendly" countries, regions, and enterprises, restricts imports, investments, and transactions; uses "parallel imports" to alleviate the shortage of market goods.

To counter the Western "technology decoupling", Russia accelerates domestic technological research and development. In 2019, it successfully completed the test of disconnecting the domestic network from the global Internet, achieving the goal of maintaining the normal operation of the domestic network without relying on external Internet; in 2021, it established the Russia-Africa Network University, aiming to strengthen cooperation between Russia and African countries in education, technology, and economic development.

Furthermore, Russia has taken measures such as raising key interest rates, implementing temporary capital controls, protecting livelihoods and saving enterprises, announcing the "Russian Contingent Share Delisting Order", and nationalizing foreign-funded enterprises to maintain domestic economic stability.

(7) The anti-sanctions measures of the European Union

The multiple rounds of secondary sanctions imposed by the United States on foreign countries for a long time have affected the economic interests of the European Union and its development strategy centered around energy. The European Union has begun to establish a stance against the US sanctions and gradually launched counter-sanction measures. Due to the wide scope and frequent occurrence of the sanctions implemented by the United States, there is opposition to the sanctions from all over the world. Therefore, the European Union first used the multilateral approach, leveraging the authority and binding force of multilateral rules, to prevent the United States from implementing secondary sanctions.

In order to oppose the "Helms-Burton Act" and "Dammato Law" issued by the United States to implement secondary sanctions, the European Union filed a complaint with the World Trade Organization Dispute Settlement Mechanism in 1996[7], accusing the act of infringing upon the rights of EU member states. After multiple negotiations, the United States eventually abandoned the relevant secondary sanctions clauses in the act, and the European Union also gave up the dispute settlement process.

Therefore, the European Union took the initiative through legislative, judicial, and law enforcement unilateral paths, targeting the economic sanctions laws imposed by the United States that attempt to impose on the international community, updated and activated the well-established and flexible "Blocking Regulation" to resist the negative impact of the US economic sanctions on EU countries. Utilizing the characteristics of the eurozone's monetary cooperation, on January 31, 2019, France, Germany, and the United Kingdom jointly established the "Trade Settlement Support Mechanism" as an alternative to the new payment system centered around the US dollar.

However, large European banks were unwilling to lose the US market due to participating in INSTEX, so INSTEX actually operated with difficulties[8].

During the establishment of the "Law to Counteract Russia's Influence in Europe and Eurasia Region in 2017", the European Union and its major member states used public criticism, threatening to file a complaint with the WTO, and diplomatic lobbying activities to force the United States to modify the relevant regulations in the act that "sanction foreign enterprises involved in Russian oil extraction and energy pipeline construction".

The European Union used the 2271 (1996) regulation to

help EU enterprises cope with US secondary sanctions by implementing the "Obstruction Method". However, in actual implementation, large enterprises that were subject to sanctions chose to comply with the US sanctions laws for the sake of minimizing risks.

3. Comparative Analysis of Counter-Sanction Measures

Economic counter-sanctions based on import substitution and trade diversion are common strategies adopted by various countries to counter economic sanctions. These measures aim to reduce reliance on external economies, enhance economic autonomy, and mitigate the negative impacts of sanctions through diversifying trading partners. Since the most commonly used sanctions by the United States are based on the Entity List under the Export Control Regulations, which restrict the acquisition of key technologies and products by target countries, breaking through technological blockades and market restrictions through import substitution and trade diversion often yields more significant results.

Due to the hegemonic position of the US dollar and the reliance of the SWIFT system on CHIPS, the anti-dollarization and establishment of independent payment systems by various countries have had relatively weak countermeasures. Although more and more sanctioned countries have begun to use digital currencies to respond to US financial sanctions, the "anti-counter-sanctions" implemented by the United States has followed closely, and due to the immature regulation and tracking of digital currencies, further exploration of financial counter-sanctions is still needed.

Counter-sanction measures at the political and diplomatic levels have their own advantages and limitations. Although the international dispute resolution mechanism provides legal and moral support to sanctioned countries, in actual implementation, as a superpower, the United States can often circumvent or ignore unfavorable rulings. Lobbying is an effective counter-sanction measure, but its effectiveness highly depends on the diplomatic resources and lobbying capabilities of the sanctioned countries, and it is not universally applicable. Equal counter-sanctions are a tough countermeasure that may exacerbate economic and political isolation. Suspension of diplomatic cooperation is an effective means of exerting pressure, but its effect depends on the position and influence of the sanctioned country in the international market. Regional cooperation does indeed enhance the economic resilience and diplomatic support of sanctioned countries, but it requires a significant investment of time and resources.

Domestic legislation, domestic court litigation, and international legal mechanisms implementing counter-sanction measures demonstrate the legal sovereignty and countermeasure determination of sanctioned countries, enhancing domestic public support and international support, and can to some extent alleviate the pressure of sanctions. However, the implementation effect is constrained by execution ability, international political environment, and the attitude of the sanctioning country.

In summary, due to the differences in economic resilience, economic autonomy, policy response capabilities, cultural traditions, the degree of impact of sanctions, and the level of international cooperation among sanctioned countries, their reactions to sanctions vary. By comparing the

countermeasures of various countries, it can be seen that sanctioned countries' responses present a significant "capability constraint" feature. Their counter-sanction measures are usually non-targeted measures based on their own strength. For small and medium-sized countries such as Iraq, Libya, and Cuba, due to the significant adverse impact of economic and financial sanctions on their economies, they have to take corresponding measures to revitalize their economies and maintain social stability. Their counter-sanction measures are not aimed at the sanctions themselves but rather more inclined towards the serious consequences caused by the sanctions. Countries with certain self-strength and international discourse power, such as Russia, have achieved phased success in implementing counter-sanctions.

4. Analysis of China's Anti-Economic Sanctions Strategy

Regarding China's anti-sanctions strategies, this article, based on the existing counter-sanction measures of sanctioned countries and combined with the viewpoints of existing scholars, conducts an analysis from both macro and micro perspectives.

(1) From a macro perspective:

Firstly, adhere to the national security concept and establish a Chinese anti-sanctions system against foreign economic sanctions. The report of the 20th National Congress of the Communist Party of China states: We must adhere to economic security as the foundation and improve the national security legal system. Under the new circumstances, the threats and challenges to China's national security and social stability have increased. Guided by the theory of the overall national security outlook, China is gradually improving its national security system and establishing mechanisms to counter sanctions, interference, and "long-arm jurisdiction", firmly defending national sovereignty, security, and development interests, and promoting breakthrough progress in the construction of the national security system and mechanism.

Secondly, break away from monetary hegemony and promote the reform of the international monetary system. The reason why the United States can implement sanctions is that the US dollar holds a dominant position in the international cross-border payment system. A country can effectively counter the sanctions measures imposed by the United States on the cross-border payment system only by expanding the global coverage of its own currency system. Currently, the internationalization of the RMB is the aspiration and development direction of China's monetary authorities. China should further promote the establishment of a diversified international monetary system, expand international payment settlement channels, continue to build the RMB cross-border payment system, continuously explore the cross-border use path of digital RMB, and break the financial information restrictions of SWIFT[9].

Thirdly, adhere to opening up to the outside world and resolve sanctions pressure through multilateral cooperation, jointly building an anti-sanctions alliance[10]. Mutual cooperation and the establishment of an anti-sanctions alliance are an important part of countermeasures. Therefore, China should further improve its trade structure, expand opening up in terms of both breadth and depth, strengthen multilateral cooperation, and improve an all-round, multi-level, and wide-ranging opening-up pattern. It should actively

promote international cooperation under the framework of the United Nations, maintain the uniformity of international rules. Actively participate in international economic cooperation and competition, accelerate the internationalization of the RMB, continue to promote the establishment of a peaceful, cooperative, and win-win new international relationship, further expand the "international circle of friends", and cooperate in various fields to prevent direct and secondary sanctions risks.

(2) From a micro perspective:

Firstly, enhance one's own compliance awareness and capabilities. Chinese overseas enterprises and financial institutions need to be familiar with and abide by the laws and regulations of the host country, improve the customer identification and due diligence processes, pay close attention to the identities of customers in high-risk regions, and strengthen overseas compliance management from aspects such as management mechanisms, business models, and risk prevention and control; at the same time, closely monitor the updates of the US sanctions list to avoid direct or indirect business dealings with individuals, enterprises, or organizations on the list, and prevent direct and secondary sanctions risks.

Secondly, enhance independent innovation capabilities, strengthen core technology research and development, and improve the domestic high-tech industrial chain system. Currently, Chinese enterprises have problems such as the lack of key core technologies, few original technologies, and low industrial levels[11]. Therefore, enterprises should attach importance to basic science and core technologies, and increase innovation investment with the support of the government, promote the coupling of technical resources among universities, research institutions, and enterprises, have core and indigenous intellectual property rooted in the country, and enhance the economic resilience of the industrial chain through independent innovation to prevent economic sanctions from the United States .

Thirdly, pay attention to the security of overseas assets. Both enterprises and individuals should pay attention to the security of their overseas assets and be cautious of the freezing of overseas assets.

5. Revelation

In the context of an increasingly complex global economic landscape, countering sanctions is an important strategy for countries to safeguard their own interests, address international challenges, enhance economic autonomy and resilience, reduce external dependence, maintain social stability, and gain greater influence and power in international affairs.

To enhance the effectiveness of countering sanctions, sanctioned countries need to focus on the following aspects:

First, pay attention to the diversity and adaptability of anti-sanction measures. From the research on anti-sanctions measures by different countries, it can be seen that when facing economic sanctions, each country should formulate flexible and diverse countermeasures based on its economic structure, resource endowment, and international relations, avoiding the sole reliance on a single strategy.

Second, enhance economic autonomy and resilience. Countries with strong economic autonomy demonstrate greater resilience in the face of economic sanctions. Each country should focus on enhancing economic autonomy, especially in key areas (such as energy, food, high-tech, etc.),

to strengthen self-sufficiency and enhance the resilience to sanctions.

Third, promote international cooperation and the establishment of multilateral mechanisms. International cooperation and multilateral mechanisms have played a significant role in countering economic sanctions. By strengthening cooperation with other countries, especially those that are also under sanctions or may be subject to sanctions, a counteraction alliance can be formed, enhancing the collective resilience.

Fourth, enhance the independence and stability of the financial system. Through "blocking orders", "freezing orders", "expulsion orders", and "cut-off orders", sanctioned countries can precisely target the targeted country, causing it to face severe economic losses. To address this risk, countries should accelerate the research and application of digital technologies, promote the construction of an independent financial system, and accelerate the internationalization of their own currencies, reducing reliance on a single currency system, thereby enhancing the financial resilience.

Fifth, build a complete high-tech industrial chain system. Technology blockades are one of the common means of economic sanctions, aiming to restrict the targeted country's access to key technologies and equipment. To address this challenge, the sanctioned country should increase investment in research and development, promote independent innovation, break through technical barriers, and gradually reduce its reliance on the sanctioned country's technologies, thereby enhancing technological autonomy and the integrity of the industrial chain.

Sixth, strengthen the strategic management of foreign exchange reserves. Foreign exchange reserves serve as the "ballast stone" for a country's economic and financial security, playing multiple key roles in ensuring international payment capabilities, enhancing financial resilience, promoting the internationalization of the domestic currency, and supporting sanctioned enterprises. Each country should systematically improve the management of foreign exchange reserves and effectively enhance its ability to withstand external sanctions, maintaining national economic and financial security.

Seventh, establish a sound anti-sanction legal system. The establishment of anti-sanction laws not only provides a powerful weapon for legal counteraction of external sanctions but also offers clear legal guidance for market entities to conduct international economic and trade activities, effectively safeguarding national sovereignty, security, and

development interests. To effectively respond to external sanction challenges and maintain national economic security and development interests, it is urgently necessary to build a systematic and complete anti-sanction legal framework.

The construction of the international anti-sanction system is an important measure to counter unilateralism and hegemonic behavior, and it is also a necessary choice to maintain multilateralism and international fairness and justice globally. In the future, countries need to continue to reach consensus and promote the continuous improvement of this system, contributing to the construction of a more just and reasonable international order.

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