Sanctions rarely achieve their goals – here's why they failed in Russia and Myanmar

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Sanctions are, according to research, effective less than 10% of the time if success is defined as the complete compliance of a sanctioned regime with the imposed external pressure. Taking a more lenient view, which includes partial concessions or negotiated settlements, the success rate rises to 35% at most.

The idea that sanctions can completely restrict trade to sanctioned countries is largely flawed. Iranian residents, for example, can still access many western products despite sanctions through intermediaries in countries like Turkey and the Gulf states.

To better understand why sanctions fail, consider the cases of Russia and Myanmar. The sanctions imposed on Russia following its full-scale invasion of Ukraine in 2022 have undoubtedly caused some economic disruption, including inflation, labour shortages and a devaluation of the Russian rouble. But they have had a limited impact overall.

In April 2024, the International Monetary Fund predicted that Russia's economy would grow faster than all of the world's advanced economies that year, including the US.

Many countries have not participated in the west's sanctions regime, which has created enforcement gaps. These gaps have largely enabled Russia to maintain access to sanctioned goods and continue its economic activities.

In January 2023, a US thinktank called Silverado reported that some former Soviet states had increased their "transshipment" of goods produced by multinational firms that no longer export to Russia directly.

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Transshipment is a process where cargo is unloaded from one vessel and reloaded into another while in transit. Armenia and Uzbekistan, as well as China and Turkey, are the countries commonly used as "transshipment points" to Russia.

Indeed, research of our own into how sanctioned goods continue to reach Russia reveals that companies often reroute their supply chains through politically allied intermediary nations. These rerouted imports can, however, drive up product prices for ordinary citizens.

Russia has also reduced its dependency on imports by increasing production in sectors such as agriculture and manufacturing. In August 2023, for example, India and Russia signed the biggest ever grain deal between the two countries.

And the Russian government implemented fiscal and monetary measures, including currency controls and subsidies, to stabilise the economy and support key industries.

Russia's large, diverse economy and abundant natural resources make it more resilient to sanctions compared to some smaller and less diversified nations. Much of the world is reliant on Russian gas and, since the imposition of western sanctions, countries like China and India have increased the amount they buy.

Even the EU is still spending billions of US dollars on Russian gas. In the first 15 days of 2025, after an agreement allowing Russia to pump gas to the EU via pipelines running across Ukraine ended, the EU's 27 countries imported Russian gas at a record rate.

Sanctioning Myanmar's military

Targeted western sanctions have tried to undermine the financial interests of Myanmar's military junta, which has been battling armed opposition to its rule since a coup in 2021. But these sanctions have only been partially effective, too.

China, India, Japan and neighbouring south-east Asian countries continue to engage in business with Myanmar. In Myanmar's lucrative gas export sector, the vacuum left by departing western companies has been swiftly filled by Asian partners. This has ensured the junta's income streams remain largely intact.

Brands that have ostensibly exited the market due to sanctions or activist pressure also remain accessible through the country's porous border trade. And there have been cases where a significant delay between a company's declared exit and its actual departure inadvertently allowed operations to continue as usual for some time.

In 2024, we conducted a study with our colleague Anna Grosman, an expert on innovation and entrepreneurship at Loughborough University, on multinational firms operating in Myanmar. Our findings highlight the dilemma foreign businesses face in sanctioned countries over whether to stay or leave.

This decision is shaped by formal pressure, such as home and host government restrictions. For instance, a multinational firm's home government may penalise companies that continue to operate in a sanctioned country, while the host government may impose policies or financial barriers to prevent or delay their exit.

However, informal pressure from activists, diaspora groups and international advocacy organisations also plays a role. Staying can help businesses avoid financial losses and the complexities of exit, but it also exposes them to reputational damage and ethical dilemmas.

Some of the junta's financial channels, such as revenue from the jade mining industry, are out of reach for sanctions. In 2021, the US treasury department sanctioned Myanmar's state-owned gemstone company, Myanmar Gem Enterprise, describing it as "a key economic resource" for the military.

However, sanctions on Myanmar Gem Enterprise have not been completely effective. Myanmar's gemstone mining industry is mostly an informal sector, with data on mining income and distribution underreported and opaque. Continued revenue from this sector will almost certainly have further cushioned the impact of western sanctions.

The sanctions have only partially stopped the flow of income to the junta. But they have contributed to the hardships facing ordinary citizens. Myanmar's currency has cratered, while imported goods including pharmaceuticals and fuel are in short supply. Power outages are now common and there are soaring levels of unemployment.

Some western governments have now imposed sanctions on state-owned banks in Myanmar in an attempt to stop revenue from reaching the junta. This move will only worsen the situation facing Myanmar's people.

Sanctions drive nations towards building domestic industries to replace imported goods and strengthening alliances with supportive countries. Far from achieving their intended political objectives, sanctions can exacerbate an already volatile geopolitical landscape, while driving up prices for ordinary people.

But at the same time, governments and businesses have a duty to exit a country when they are no long able to adhere to their own human rights commitments.