Book Review Symposium IV of Economic Sanctions from Havana to Baghdad: Sanctions' Impact on Strategic Priorities of African Economies

By:

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Governments in Africa have been active participants in the big global debates on sanctions, particularly at the United Nations. In recent years, however, the bigger debates seem to be receding into the background as governments get tied up tackling the immediate and practical implications of ever-expanding sanctions by global powers. The growing number and complexity of sanctions regimes impacts African states even when those states are not targeted. And admittedly the approach of championing broad-brush positions (e.g. 'illegality of unilateral coercive measures' through the UN General Assembly) is not producing the necessary shield from impact. Sophisticated sanctions regimes are producing sophisticated economic impacts that need to be countered with technical depth, exploiting exemptions, adjusting and sanctions-proofing trading systems, developing sanctions expertise, etc.

Firefighting sanctions' impacts at the retail level, however, should not take away from an ability to pause, from time to time, and reflect on sanctions' systemic impact on developing countries' strategic priorities and whether there is even a point in being faithful implementers of the global financial integrity rules if the system is not responsive enough to their policy concerns.

The edited collection offers several opportunities for such reflection. In this essay I will focus on two issues of particular importance to most African governments that are touched upon in multiple chapters of the book. One is the impact of sanctions on food security, and the other is the question of remittances.

Food Security

In the face of intensifying geoeconomic fragmentation and security shocks, achieving food self-sufficiency and establishing control over food supply chains has become critical for developing states. Food security, in other words, has become a national strategic security agenda. At a time when global powers have demonstrated the will and ability to instrumentalise food as a foreign policy instrument, developing states are learning that they cannot rely on the humanitarian self-constraints of powerful actors. Esfandyar Batmanghelidj's chapter assessing the Iran sanctions reveals what some suspected but hesitated to believe – i.e. food could also be in the cards as a tool of statecraft.

Sanctions laws routinely affirm that food and other basic services are not targeted – but this does not mean that it is in fact true. There are systematic ways through which sanctions do impact food supply, and that is not lost on the sanctioners. Batmanghelidj's piece goes deeper and asks the piercing questions: do sanctioning states really want to avoid the humanitarian consequences of sanctions? and do they not intend to use sanctions as instruments to create political instability in targeted societies? As the book editor in her concluding chapter alludes to, the ineffectiveness of humanitarian safeguards may not be incidental.

In the case of Iran, sanctions affected food and agricultural imports by disrupting commercial relationships between importers and exporters, banking interconnectedness, and logistics.

These impacts cumulatively render food and agricultural imports unreliable and unaffordable. Even in developing states that are not heavily dependent on food imports, attaining domestic food self-sufficiency requires access to fertilizers, chemicals, technology, energy, machinery and parts and supplies. Hazel Smith’s chapter demonstrates this challenge, even in a context like North Korea that is highly closed to global markets and a strong proponent of self-reliance. Most African states are, in fact, import-dependent for these essential ingredients of food security. Some are taking radical steps of import-substitution, such as Ethiopia’s recent strategy of wheat self-sufficiency (Senberta and Worku, 2023). Import dependence, however, remains the norm across Africa. That dependence is exacerbated by demographic shifts and climate pressures (Batmanghelidj, p60). Smith’s piece also shows that small-scale import-substitution projects fail to ‘make much of an inroad into the large problems facing the interrelated energy and agriculture sectors’ (Smith, p48).

An additional layer of vulnerability for African states is the fact that government agencies are the major purchasers and importers of essential goods, including food and agricultural products. This creates a soft spot for targeting. Sanctioners will be able to disrupt or distort the food market by targeting the few major importers. That was what happened in Iran, which led to the fragmentation of the food trade.

Food security is, therefore, a complex industrial problem that can easily be entangled in the web of economic sanctions that are increasingly targeting large swathes of economic sectors. At the very least, what this means is that African states should cast away the illusion of untouched humanitarian islands in the midst of intensifying global geoeconomic warfare. While never ceding ground on the debate of ethics in sanctions targeting, there should not be policy complacency that if only one can demonstrate the civilian and humanitarian character of an economic activity, the system will protect them.

Remittances as Monetary Policy

Another area that is impacted by sanctions, and financial integrity rules in general, is the flow of hard currency remittances to African economies. Currency control and foreign currency reserve are not only economic agendas for governments but also strategic domains of national interest. Similar to technology, energy, critical raw materials, or food supply chains, monetary control is a strategic pillar of geopolitical resilience. While it is common to speak of economic statecraft as a manoeuvre only powerful states deploy towards others, the concept also applies in reverse. Weaker states that are often at the receiving end of these manoeuvres are also engaged in constant economic statecraft to carve out a space of survival and agency for themselves. Monetary control is one of those critical spheres of economic statecraft that sanctions distort and deny to targeted governments. Some of the better-known mechanisms of distortion and denial include sanctions on central banks and foreign exchange reserves, isolation from the global financial system, and restrictions on a state's exports.

A less talked about dimension is the role of remittances in the monetary policy field. Remittances and restrictions on remittances are almost exclusively discussed as a humanitarian concern, financial inclusion tool, or development agenda. For several developing countries, remittances are all of that – but also increasingly subject-matters of monetary policy.

In recent years, some of the major African economies have undergone exchange-rate liberalisation – notably Nigeria, Egypt and Ethiopia. This followed the latest wave of structural reform coming on the heels of post-Covid economic stagnation that led to multiple African states defaulting on their sovereign debts (e.g. Ethiopia, Ghana, Zambia). As African economies struggle to gain stability following the floating of currencies, remittances come in as both forces of consolidation and reversal.

If effectively channelled, remittances in hard currencies significantly plug the gap in trade balance and decelerate the rate of currency devaluation. In reality, however, a significant portion of remittance flows reinforce the reverse current, mainly because the monetary flow (i) does not take place through formal channels and (ii) even when it does, the hard currency does not actually reach the destination economies.

Rachel Barnes' and Ryan Dowding's chapter shows that the push factor for the expansion of the informal remittance sector is the tightening financial integrity regime, including sanctions over-compliance, making formal channels of remittance costly or altogether unavailable. The other problem – i.e. hard currency not reaching destinations – is a tricky issue to deal with. Several money service businesses that operate in source states (typically in the West) are involved in transmission systems that channel hard currency towards a few middle-power global magnets of trade, sanctions evasion, and wealth stashing. The remittance does take place following formal procedures and money is deposited in beneficiary's bank account in Africa. However, only the local currency arrives in the receiver's account. The hard currency is hoarded in those middle-power destinations. The problem is tricky because it is hard to spot the illegality – hard currency is legitimately collected, transferred to a third party, then a different third party transfers the equivalent in local currency to beneficiary.

The complex problem of remittances is something that is partially created by global financial integrity rules (including sanctions over-compliance), and therefore it is something the same global regime should help mitigate. This means that global standard setting bodies such as the Financial Action Task Force (FATF) should engage with the problem of remittance on the terms of the affected developing states themselves. A concrete step would be to put the issue of currency deprivation on the agenda of the FATF. That is, remitted hard currency systematically not reaching African banks should be a financial integrity agenda, on par with other FATF agenda items such as environmental crime or cyber-enabled fraud. Another would be the proposal put forward in Barnes and Dowding's chapter for international regulators like the FATF to step in and leverage their power in the management of the risks arising from remittance flows so as to enable the formal remittance channels to flourish. In other words, creating conducive environment to channel remittances into the formal financial system should be a positive policy agenda in and of itself.

Food security and the flow of hard currency through remittances are two of the many issues of strategic importance to African economies that are impacted by sanctions. The vulnerability of these sectors to sanctions-driven disruptions should awaken African governments into bringing their collective efforts to bear both on building internal and continental economic resiliency, and shaping global norms against total economic warfare. The economic disruption that followed the eruption of conflict in the Gulf in February 2026, and its possible expansion to the Red Sea corridor, has already forced a conversation on resilience in the African Union and other African institutions. The momentum should be seized to chart a bold agenda of African economic resilience to sanctions, and to formulate common positions on the role of sanctions in global diplomacy.

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