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## **Sanctions: South Africa, Iran, Israel**

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It is quite difficult to compare the international economic sanctions on Iran and South Africa (that lasted altogether about 40 year) to sanctions on Israel because of a very simple reason - Western sanctions of this kind were never applied against Israel. Israel was subject for over four decades to an intensive and strict Arab Boycott, but this came from a part of the world that had a very marginal impact on the Israeli economy to begin with.

However, assuming that measures against the Israeli occupation of the West Bank are around the corner (2017 will be the 50th year), it will very relevant to try and examine both precedences of South Africa and Iran and draw conclusions. We will do so from different aspects: the measures; their goals, their scope and most important their implications.

### ***South Africa***

Sanctions on South Africa's apartheid (officially launched at 1949) already started in the 1950's especially by third world countries led by India and several African countries. These sanctions were hardly noticed inside South Africa as the South African economy was not dependent on these parts of the world. During the 1970's the UN took over the battle against the South African apartheid and among other measures declared (in November 1977) an arms embargo on South Africa. Simultaneously Scandinavian civil society organizations started their own sanction. It was not before the summer of 1986 when the sanctions started to have a meaningful impact. This only after the 12 EU members (then still called EEC) applied their economic-cultural-sport sanctions on South Africa. America (that

already had partial measures by then) and Israel followed suit during 1987 to turn the sanctions global and overwhelming.

Former President De Klerk described the situation in his memoirs: “For the most part South Africa succeeded in circumventing sanctions, either through import substitution or the adoption of sophisticated sanctions-busting strategies. In many respects the sanctions appeared to achieve the opposite effect of their intention... the arms embargo led to South Africa establishing its own impressive armament industry... the oil embargo led to South Africa establishing the world’s largest oil-from-coal industry...and disinvestment by foreign multinational companies enabled white South Africans to buy out the local subsidiaries and become rich” (De Klerk, *The Last Trek*, page70).

On the arms embargo by the way, De Klerk fails to mention that these South African military industries were built with massive help of Israel, that did so by itself bypassing the 1977 UN arms embargo on South Africa...

On the damage side said De Klerk: “obviously sanctions also did serious damage to the country. Their general effects were to isolate the South African economy, to make us more inward looking and to create long term serious distortions. It is estimated that the sanctions cost us about 1.5 percent in our annual growth rate during the eighties and the early nineties”

De Klerk’s conclusions were: “Sanctions did more to delay the process of transformation than they did to advance it. They further isolated South Africans from the enormous change agents represented by Western culture...” (Ibid, page 71).

It is very interesting that in the same book (page 114) there is a very different description of the situation when you put the sanctions in a broader context: “during the mid-1980’s, fortnight after fortnight...briefing after briefing, the State Security Council underlined the very grave situation that confronted us. We were faced not only with a concerted campaign to make South Africa ungovernable...we also had to contend with extremely serious external threats. Seldom had such a

comprehensive international campaign been mounted against a single country so relentlessly for so long a period... the sanctions net was beginning to tighten around South Africa in almost every sphere of international relations.”

As a response a “total strategy” was developed against the military-economic threats and the civil society uprising. The total strategy (often described as response to the “the total onslaught”) posed a new kind of unconventional warfare, required to counter the “unconventional challenge”. The South African response was to authorize the security establishment to conduct the counter reaction. “The State Security Council became more powerful than the cabinet...the normal process of law seemed incapable of effectively dealing with this situation... these methods included information gathering projects, assistance to organizations opposed to revolutionary movements, and ...pressures on countries which harbored revolutionaries....actions which did lead to gross violations of human rights, including murder and torture” (there page 121).

This is a very interesting analysis and in fact a testimony by the then leader of South Africa, according to which the sanctions did not directly topple the apartheid regime, but the illegal reaction to the sanctions and the violent threats, further complicated the situation and brought about the collapse.

### ***Iran***

The American sanctions on Iran started immediately after the 1978 Islamic revolution and the capturing of the American Embassy in Teheran. It included mostly the prohibition of oil imports; the blocking of Iranian governmental accounts and a partial exports and loans embargo. In their article about the sanctions on Iran Ephraim Kam and Shmuel Even (INSS, January 2013) are describing the upgrading of these American sanctions in 1984 in order to stop Iranian terror activities. The sanctions expansion included an overall boycott of Iranian goods and an effort to block loans to Iran by international financial institutions.

During the mid-nineties these sanctions were further widened in an attempt to block the possibility of Iran developing nuclear arms. The goal was not to topple the Iranian regime but to create the necessary pressure on the regime to stop the nuclear race and curtail its efforts to strengthen the Iranian military abilities. American companies were not allowed to assist in developing Iran's energy market and sanctions were also applied at non-American companies that were doing so. These 1990's measures might have been more substantial and effective if Russia and China would not constantly work to soften them.

Only during the years 2006-2010 a wider consensus has been gradually built and both Russia and China started supporting the sanction (see Kam & Even, INSS, above). The European Union also added measures of its own but mostly of technical and financial nature. This growing international understanding enabled the inclusion of military sanctions aimed at technologies and materials that could assist in the development of mass destruction weapons.

All the anti-Iranian sanctions to this point, including the 2006-2010 additions, had no meaningful impact on Iran's economy or on its political and military behavior. This in a very similar way to the sanctions applied against South Africa until the mid-1980's.

The meaningful change was triggered by a more decisive European position – just like in the South African case. On the 23rd of January 2012 the European Union (by then 27 countries) decided on a European oil embargo on Iran. Together with the existing American energy sanctions, these moves soon became to be known as the "Biting Sanctions" (as Hilary Clinton used to describe them).

The EU also decided within the 2012 expanded sanctions, not to insure Iranians oil sales; to stop the gold and diamonds trade with Iran and to freeze Iranian Central Bank's assets. In retrospect these EU additional sanction-package can be seen as the turning point regarding Iran's economy and from there also its internal politics.

The Iranian economy, as the South African one, was solid and stable until the comprehensive European sanction were launched. It was based (like in South

Africa) on the export of its massive natural resources. As a result of the additional EU 2012 sanctions the Iranian economy started to feel the burden: Oil exports declined by 40%; international companies started to leave the country and limit their investments; the Iranian currency suffered a sharp decline and Iranians started to buy gold and foreign currencies and by doing so increased prices internally.

The Iranian government looked for alternative markets; reduced consumption and tried to boost local production, but the public was unhappy and reacted in the ballot box.

In the general elections that took place on June 14th 2013, Hassan Rouhani, who criticized the government for being responsible for the international sanctions, won the elections by receiving over 50% of the vote. Rouhani promised to push for an Iranian policy of peace and reconciliation. This internal political change was a major factor in the chain of events that brought about, within two years, an historic agreement between Iran the leading powers.

Hard to prove of course, at this early stage, that the sanctions on Iran were the critical factor in this chain of development. More time will have to pass and more research to be done in order to determine the impact of the sanctions on the Iranian behavior during the 2015 talks.

### ***Israel***

The Arab boycott on Israel started upon its creation. My generation, born shortly after Israel's independence in 1948, could not drink Coca Cola until our early twenties. It was not only a direct boycott by the Arab and Islamic countries, it was also applied indirectly by the Arab League against foreign and international companies trading with Israel, and Coca Cola was just one of them.

The Arab boycott gradually directed Israel's economy towards the West (that opened its arms) and is responsible in a way for the westernization and modernization of the Israeli economy. In the same way, the French arms embargo

applied against Israel as a result of the 1967 war, has pushed the country to build its own sophisticated military and aviation industries (to become today the 6th largest arms exporter in the world).

The Oslo Declaration of Principles signed between Israel and the Palestinians in 1993 brought about (as a result of American insistence) the cessation of the Arab Boycott on Israel, at least in its overt form. Egypt (that already had a peace agreement with Israel) and Jordan (that signed such an agreement with Israel in 1994) traded with Israel on a relatively small scale, but most of the Arab and Islamic countries still boycotted Israel, this time not as an Arab League declared policy, but on the bilateral level.

The gradual collapse of the Israeli-Palestinian peace process and the continuation of a massive settling process in the West Bank, caused a dramatic shift of European public opinion against Israel. This to the point that the European Union is discussing today measures against settlements products claiming that the West Bank is not sovereign Israeli territory. These very initial EU steps and private boycotts of companies in Europe, already forced few of the big settlements companies to turn inwards into Israel. Soda Stream and Ahava are the most known of them.

Parallel to it a Palestinian movement called BDS (Boycott Disinvestment Sanctions) is leaving its mark with human rights organization and peace activists in Europe and the United States, but not to the point of convincing individual governments to do the same.

Until this very moment the anti-Israeli measures did not leave their mark on the Israeli economy or change Israeli politics even a bit. It might even have served the opposite purpose as in the SA case during the 1970's. Israel has a vibrant and solid economy and the majority of the Israelis see the discriminatory moves by Western bodies and companies as nothing else than anti-Semitism and anti-Zionism.

Although today's Israeli economy (being extremely globalized) is more vulnerable to potential economic sanctions than those of South Africa and Iran, the political chance of such economic sanctions by countries that maintain diplomatic links with

Israel, is non-existent at the moment. The United States will not enable sanctions on the state of Israel and Europe is not considering them (unlike in the West Bank case). Only international organizations, global or regional, might be able to take substantial measures against Israel and these could mostly be of legal-cultural or sportive nature and not necessarily economic ones.

### ***Conclusions***

Like in the South African and in the Iranian case, post-World-War 2 Europe has turned to become the moral leader as well as the tie breaker in these complicated lasting conflicts. A determined Europe, coordinated with the United States, has enabled to build the critical coalition for massive changes in both the South African and the Iranian.

As in the two cases above, in the Israeli-Palestinian conflict nothing substantial can change in the near future without a determined European consensus. Such a consensus can be built at this stage only around the differentiation between Israel and the West Bank. EU determined measures (as labeling West Bank products that seems to be in the making) might send a powerful signal to both Israel and the Palestinians that the two- states idea is still alive. Such a determined European position might be able to counter strong existing trends, on both sides to the conflict, towards a bi-national Israeli-Palestinian state. Such a European consensus will still need at least latent US backing and we are still far from such an American position.

The international involvement in the Israeli-Palestinian conflict, in the form of sanctions or any type of measures, might look very different already in a year or two if the two-state idea will officially collapse. These measures will then be directed toward the granting of individual rights to the West Bank Palestinians living in Israel (and maybe Gazans in a later stage). The world demand in such case will probably be to grant the Palestinians full citizen rights in this joint Israeli-Palestinian state. If and when this moment comes a new article will have to be written...