

What Are Sanctions?

Sanctions

Sanctions are penalties or other means of enforcement used to provide incentives for obedience to the law, rules, and regulations. Sanctions can be used by one country or a group of countries against another country, organization, or individual. The implementation of sanctions is meant to encourage a change in behavior, punish non-compliance with international norms or laws, or achieve specific policy objectives. There are various types of sanctions, including economic or financial, diplomatic, military, or environmental. Sanctions can also take on several forms, such as penalties, fines, or restrictions.

The U.S., UK, and EU have in effect sanctions regulations that target a specific territory or nation, certain persons or organizations—such as drug traffickers or terrorists, or specific sectors of certain economies with which business transactions are prohibited. In the U.S., these sanctions are administered and enforced by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and the U.S. Department of State. Such sanctions regulations may impact cross-border transactions, [international trade](#), and [compliance](#) issues.

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