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*Policy Brief*

# ARE TARIFFS BECOMING THE NEW SANCTIONS?

*Inside Trump's Playbook of Economic Coercion*

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States are increasingly reverting to economic coercion in international politics. The sweeping use of sanctions and – particularly since President Trump's second term in office – tariffs to influence other states is evidence of its growing salience. Economic coercion refers to the use of economic tools – specifically economic restrictions – to coerce a foreign government, actor, or entity to change its policies. This toolbox encompasses a variety of instruments, with sanctions being one of the most frequently used. Sanctions have become established as the go-to tools for responding to international peace and security questions. Between 1990 and 2018, the world's leading sanctioners – namely the United States (US), European Union (EU), United Nations (UN), and regional organizations – imposed around 400 sanctions cases to address issues such as armed interventions, human rights abuses, democratic backsliding, and nuclear proliferation.[1] Sanctions have also been at the heart of international political debates in recent years. In the early days of the full-scale Russian invasion of Ukraine, the US and EU, together with other G7 partners, imposed sweeping sanctions on Russia. More recently, in September 2025, the UN Security Council reimposed sanctions on Iran over its nuclear program after France, Germany, and the United Kingdom invoked the snapback mechanism foreseen in the Iran Nuclear Deal (also known as the Joint Comprehensive Plan of Action, JCPOA). However, the increasing use of tariffs for ostensibly political purposes raises questions about the evolving nature of economic coercion.[*]

## BLURRING LINES IN ECONOMIC COERCION

Sanctions differ from other tools of economic coercion that affect economic relations with foreign countries, such as tariffs.[2] Although tariffs have been used for broader non-trade policy goals in some individual cases, the two instruments are generally treated as conceptually distinct.[3] Sanctions are economic restrictions that are primarily imposed to achieve political goals. They are not driven by trade remedies and are viewed as tools of diplomatic and economic coercion. By shutting down, even partially, economic relations through suspending trade, financial or military assistance, or by freezing financial assets, sanctions seek to influence the target's political behavior. Tariffs, by contrast, are traditionally imposed for economic purposes and mainly address terms of trade. They are applied to protect domestic industries from foreign competition and to raise revenue by taxing imports or enshrining trade barriers largely within the context of trade policy and trade negotiations. By imposing higher taxes on foreign imports, tariffs shift the demand away from imported goods toward relatively cheaper domestic substitutes.[4] The success of this protectionist strategy, however, largely depends on the coherence of the broader policy framework that accompanies them.

** N.B. This brief was written early December 2025 and does not reflect on current developments in US policy regarding Venezuela, Russia, Iran, and beyond.*

This rationale – clearly distinguishing sanctions from tariffs – is becoming increasingly blurry under the second Trump administration where tariffs are no longer confined to the realm of trade policy but are increasingly used as instruments of geopolitical leverage, wielded much like sanctions to extract political concessions. Consequently, the boundary between trade protection and political pressure is eroding under an administration that relies heavily on economic coercion in its dealings with other states.

## ECONOMIC COERCION UNDER TRUMP 2.0

During his first term, President Donald Trump made more than 5,000 sanctions-related designations. His second term appears set to follow a similar path, marked by a heavy reliance on sanctions to pursue policy changes from the countries targeted. However, it also features a stronger and more controversial use of tariffs to pursue political goals, blurring the ever-thinning line between these two economic instruments.

### *A sanctions presidency?*

Since taking office in January 2025, the Trump administration put a particular focus on its sanctions agenda, imposing sanctions against a large number of state and non-state actors. Among those targeted are Chinese actors for their cyber threats, Cuba and Venezuela to increase pressure on their governments, Iran for its nuclear program, and Russia for its full-scale invasion of Ukraine. The administration has also sanctioned the International Criminal Court over its preliminary investigations into US personnel and its arrest warrants for Israeli Prime Minister Benjamin Netanyahu and his former defense minister, Yoav Gallant. It has also designated several criminal organizations and cartels as Foreign Terrorist Organizations in response to broader US border security concerns. However, the administration has also taken steps towards sanctions relief, challenging the prevailing view that sanctions are never removed. The most notable example concerns the termination of a large number of sanctions against Syria, which has been under comprehensive US sanctions since 2011 that targeted the former regime of Bashar al-Assad for mass atrocities and human rights abuses committed during the civil war. In the following, this piece will discuss two specific sanctions regimes – those targeting Iran and Russia – that highlight the priorities of President Trump's second administration and demonstrate the key shifts from the sanctions policy of the previous administrations.

#### *'Maximum pressure' against Iran reloaded*

Two weeks after assuming office, President Trump signed a National Security Presidential Memorandum that restored 'maximum pressure' on the government of Iran. He ordered every US department to review its Iran policy, design sanctions against the country, and promised to work with allies to activate the snapback of sweeping UN sanctions that had been lifted under the JCPOA. The 'maximum pressure' campaign was originally designed by the first Trump administration, which had also withdrawn the US from the JCPOA in 2018, calling for a more comprehensive agreement that would address Iran's malign activities beyond its nuclear program.

Using the 'maximum pressure' framework as a guide, as of July 2025, around three-fourths of the second Trump administration's new sanctions designations since taking office have targeted Iran. The scope of these measures is broad, targeting dozens of entities and individuals involved in Iran's ballistic missile and military aircraft production, as well as third-party actors who have helped conceal the origin of Iranian oil or assisted the shipping of sanctioned oil exports. This controversial practice is widely known as 'secondary' sanctions, as the sanctioning country not only seeks to constrain or coerce political concessions from the primary target but also extends punishment to third-party actors who assist it. The 'maximum pressure' strategy goes against the notion of targeted sanctions that aim to minimize the humanitarian harm on the population in the targeted countries, as sanctions have been shown to affect poverty, inequality, public health, as well as repression.[5]

In addition to resuming the 'maximum pressure' sanctions campaign on Iran, President Trump also authorized airstrikes on three Iranian nuclear sites in June 2025 – a clear departure from previous administrations' reliance on sanctions and diplomacy.

*Sharp U-turn in Russia sanctions policy*

In contrast to Iran, the US sanctions regime against Russia did not see an immediate escalation following Trump's second inauguration. The Trump administration initially refrained from taking meaningful Russia-related designations or sanctions enforcement actions. It even dismantled a task force that had been established under the Biden administration to strengthen interagency coordination on Russia sanctions, including seizing the assets of sanctioned Russian oligarchs. The move reflected the administration's hope of negotiating a settlement to Russia's war of aggression in Ukraine. This stood in stark contrast to the Biden administration's approach, which issued over 1,500 discrete sanctioning actions targeting more than 800 individuals or entities in the first four months after the invasion, annually coordinated with European allies to tighten measures on the anniversary of the invasion, and invested heavily in enforcement capacity.

By mid-2025, however, the Trump administration's stance regarding Russia shifted significantly. As it became clear that a conciliatory approach toward Russian President Putin would not lead to a US-led settlement of the war, the administration began to increase pressure. By July, the Trump administration had announced five enforcement actions. In October, after declaring that little progress had been made toward a peaceful settlement, the administration imposed new sanctions targeting Russia's energy sector, freezing the assets of the country's two largest oil companies, Rosneft and Lukoil. The measures also banned US entities and individuals from dealing with these firms in an effort to constrain Russia's ability to finance its war machine.

***Tariffs – the preferred instrument of choice?***

Already during his presidential campaign, Trump declared tariffs "the most beautiful word in the dictionary", signaling what was to come. Indeed, in the first months of his second administration, President Trump imposed higher rates of duty on all countries, including major US trading partners, such as China, Canada, and the EU, as well as targeted duties on many specific products. He justified his decision by citing the urgency of the trade deficit, as well as economic and national security concerns. This approach was not surprising, given that his first administration had already featured higher tariffs, especially on Chinese imports.

In contrast, the most striking development under the second Trump administration is the growing use of tariffs to pursue objectives traditionally associated with sanctions. Rather than treating tariffs as standard trade policies or revenue-generating tools, Trump increasingly employs them as instruments for coercive diplomacy. As a result, tariffs are used for political purposes to directly punish and coerce foreign states over their actions. In response to Brazil's criminal prosecution of former President Jair Bolsonaro, an ally of Trump, he announced an additional 40% tariff on a wide range of imports from Brazil. This move accompanied individual sanctions imposed on the Supreme Court Justice overseeing Bolsonaro's case. Similarly, just one week after taking office, Trump announced 25% tariffs on all Colombian imports after the country refused to allow deportation flights from the US to land.

*The rise of 'secondary tariffs'*

Even more alarming is the rise of 'secondary tariffs', which largely resemble secondary sanctions, as these tariffs do not apply to the country that causes a threat to international peace and security but are directed towards those assisting or linked to it. For example, Trump raised tariffs on India to 50% in August 2025. These tariffs include a 25% penalty for transactions with Russia to coerce India to stop buying Russian oil and constrain Russia's ability to fund its war in Ukraine. Similarly, 'secondary' tariffs were announced on countries that purchase Venezuelan oil in an effort to steer countries into aligning with US foreign policy positions.

# IMPLICATIONS OF TRUMP'S ECONOMIC POLICIES

While Trump's economic coercion policies, particularly the application of non-trade-related tariffs, are being challenged in US courts and international institutions, this trend is likely to continue as Trump seeks quick and visible forms of economic leverage.

According to the White House, tariffs – unlike sanctions – allow the administration to avoid completely barring foreign markets to US investors and can be deployed and removed rapidly. Yet the administration appears to overlook the broader implications of its heavy reliance on tariffs and sanctions more generally. These include, first, the potential negative economic effects on global markets and the US dollar, and second, the political consequences of weakening multilateralism and diminishing US credibility as a reliable partner in international politics.

First, the extensive use of tariffs by Trump, which are rapidly applied, waived, and even removed, creates uncertainty and risks, leading investors and businesses to slow down economic investments but also factor in a high probability of the US backing down. Combined with the high level of sanctions activity, the Trump administration is intensifying the "weaponization" of economic interdependence and the US dollar to pursue its national interests.[6] As a consequence of this longer-standing dynamic, countries that are increasingly subject to these measures, such as China, Russia, Brazil, and India, have pursued alternative financial structures independent of the dollar and are increasingly using their own currencies to settle bilateral trade. While the US dollar continues to be dominant, this may reduce US economic leverage in the long run. Moreover, we are increasingly witnessing other adaptation strategies by targets of US economic coercion, such as imposing counter tariffs or counter sanctions. China imposed counter tariffs on US imports, particularly soybeans, which negatively affected US farmers and put them in the midst of a trade war. When Russia was first sanctioned in 2014, Moscow imposed counter sanctions against countries that had applied sanctions over Russia's annexation of Crimea. In sum, economic coercion is increasingly becoming a domain that is not only used by the West.

Second, the policies of the second Trump administration have severely undermined the mechanisms and principles of multilateralism. The announced tariffs are clearly incompatible with multilateral trading systems such as the World Trade Organization, which were established to reduce discrimination, discipline and regulate tariffs, and foster and regulate international trade for a stable international economic order. More broadly, Trump's unilateral approach to tariffs and sanctions has strained relations with US partners and allies, many of whom are subject to his tariff threats. Moreover, his initial refusal to strengthen sanctions against Russia, along with the dismantlement of agencies that are tasked with enforcing the Russia sanctions, has deepened the rift in transatlantic relations. This, in turn, undermines the effectiveness of sanctions against Russia as it allows for circumventions and weakens the very signal sanctions send regarding international norm violations.

# CONCLUSION

Ultimately, Trump's weaponization of trade relations through tariffs alongside sanctions form part of a broader pattern of disengagement from multilateralism, with the US ending funding to various UN agencies, withdrawing from international organizations such as the World Health Organization (WHO), and dismantling the US Agency for International Development (USAID) which had been running humanitarian and development assistance programs worldwide.

The Trump administration's expanding use of tariffs as tools of political coercion marks a significant shift in global economic coercion. This growing overlap between economic and geopolitical objectives can negatively affect global markets, confidence in the US dollar, and and most importantly the foundations of multilateral cooperation on economic issues and beyond.

## About the Author

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# ENDNOTES


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January 2026

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