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Studying the Impact of Joint Plan of Action (November 2013) on Iran Economic Sanctions

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ABSTRACT: With the Islamic Revolution in Iran in 1979, America has repeatedly used the instrument of sanctions against Iran. The Security Council also applied four Courses of sanctions against Iran in the background of nuclear program. However, following the successive negotiations, Iran and the (5+1) finally reached agreement on the Iranian nuclear program in November 2013 after approximately ten years of nuclear negotiations. Signing the joint plan of action between Iran and the (5+1) is considered as an important and strong step in order to cancel sanctions against Iran. But the question that arises here is whether the agreement really impacts on economic sanctions against Iran? Does the agreement have legal burden? Surely the answer to this question is not negative, whatever it is. The aim of this study is to examine the impact of sanctions on the Iranian economy partially and examine the impact of the Geneva agreement on sanctions against Iran in detail. Findings of the study show that joint plan of action can open the way to better economic relations for Iran.

KEYWORDS: 2013 Geneva Agreement, Joint Plan of Action, Economic Sanctions, The P5 + 1, Iran's Nuclear Program.

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1. INTRODUCTION

Iran sanctions were formed by Western countries in order to stop the progress of Iran's nuclear program. The sanctions on Iran's nuclear program have not been effective, but have negative effects on the economy. The sanctions are in economic, scientific, political and sale of weapons and ammunition fields (Omidvar, 2010). Sanction against Iranian oil exports and Iran's central bank may be noted as the most effective one whereby Iran mono product (oil) economy would suffer an irrecoverable hit and according to both of these sanctions, the Iranian economy is in serious trouble (Mohammadi, 2013). Food and Drug sanction applies while the America's tobacco exports are exempt from the sanctions list and Iran is the third largest importer of American cigarettes in the world.

The first comprehensive global sanctions against Iran in the modern era was the Britain sanctions against Iran in response to the selected doctor Mohammed Mossadegh as minister who pursued nationalization of the oil industry (Ferrier, 1982). The first Security Council resolution against Iran was issued at the time of Prime Minister Mohammad Mossadegh as a reaction against nationalized Iran's oil industry. America levied also broad economic sanctions against Iran in 1980 in response to the America Embassy occupation in Tehran (Baker & Reisman, 1992). In 1995, President Bill Clinton attempted to impose sanctions whereby the US oil companies were barred from investing in oil and gas projects in Iran. Trade relations with Iran were also severed unilaterally.

Following Iran nuclear program and consecutive Iran and west countries negotiations, a 6 months extendable agreement have been signed on Iran's nuclear program between the Islamic Republic of Iran and (P5 + 1) on (24 November 2013). According to the agreement which was signed to "reach a mutually agreed and long-term solution" and to "guarantee the peaceful nature of Iran's nuclear program", the parties "voluntarily" undertake to provide reciprocity as a first step of a comprehensive solution. According to the agreement, Iran's nuclear program and uranium enrichment will be continued in a limited way, and Iran will facilitate the IAEA monitor on its installation. Instead, the opponent will suspend a part of the sanctions imposed against Iran and will avoid imposition of new sanctions including international, multilateral and unilateral. The problem here is that basically what is the impact of this agreement on Iran sanctions naturally and structurally which are formed over many years and to what extent these effects are typically tangible. In this context, some politicians and analysts have theorized briefly which unfortunately do not have sufficient cohesion and are not analyzed technically and scientifically. In other words, much of the analysis was based more on political interests rather than scientific development. Hence, in this study we have attempted on scientific principles and facts in our analysis and avoid the unscientific bias.

in this study, at first Generalities about international economic sanctions, including the definition and purpose of economic sanctions, economic sanctions history, types of economic sanctions, the effectiveness or impact of economic sanctions in various sectors (agriculture, banking, industry, foreign investment, oil and gas, commercial and manufacturing costs), time domain and time constraints associated with economic sanctions will be expressed. Then the legal aspects of unilateral sanctions based on the principles of international law will be considered. After that the legal basis of UN Security Council economic sanctions will be studied. In the fourth step an introduction about 2013 Geneva agreement will be noted and after that the effect of Geneva agreement on Iran's banking and monetary affairs, transport and energy sector will be discussed separately.

2. GENERALITIES ON ECONOMIC SANCTIONS

2.1. Definition of Economic Sanctions and its Purpose

The term "economic sanctions" is called actions with economic character against diplomatic or military character which governments adopt in order to express an opposition toward actions of the target country, so that the government change a policy or procedure or even the structure of

the government. Although the boundaries are not always accurate and sometimes there are mixed motivations, economic sanctions are usually adopted without economic benefits and impose mostly commercial losses to the government involved in sanction program (Andreas. F. Lowenfeld, 1983). In better words, economic sanction is a set of actions which a state or set of states or an international organization adopt and impose against a government has violated the obligation for violating a commitment to achieve specific goals (Seyed Ali Mohammad Hosseini, 2012). There are two other concept close to economic sanction; embargo and blockade. Embargo has a broader concept than economic sanction and is partial or complete isolation by imposing trade restrictions on the given country. Henry Benin and Robert Gilpin described sanctions as manipulating economic relations in order to achieve political objectives which threat a society to economic punishment in order to coerce it to change its policy or government (Zahrani, 1997). Michael Malloy believes the sanction is a series of actions against the desired or target country without using threat force (Malloy, 1990). Margaret Doxycycline one of the renowned researchers in the field of economic sanctions defines international sanctions as follow: punishment, which was run or applied as the consequences of target failing to comply with the international standards or requirements (Doxey 1996).

The purpose of sanctions is to exclude an economy from making benefit from global goods, services and capital markets. In fact the sanction creates a situation for the violated country that puts it in a self-sufficiency state and also forces the country to accept a low level of life in an isolated economy. One of the goals of economic sanctions is to change the behaviour of sanctioned country for the improvement of foreign relations. Economic sanctions are commonly used as a tool in the pursuit of foreign policy. It is argued that the purpose of economic war is to damage the enemy's economy as far as possible. (*3) Doxey proposed that economic sanctions are considered to be negative actions that seek to influence state behaviour through threatening and, if necessary, imposing penalties for failure to comply with the law. Destabilizing the country through economic pressures can be noted as another goal of economic sanctions. Investigating Sanctions history indicates that in most cases, economic sanctions have had a considerable economic impact but their political success was not too noticeable. In term of aim, sanctions are divided generally into: Coercive and Manipulative. In coercive sanctions the assumption is that a particular class of society, the state elites, is the aim and the main purpose of these sanctions is to change behaviour. But the main goal in manipulative sanction is to change political regime and instability (Mostafa Zahrani, 2008).

However, economic sanctions are two types in terms of target. First, the economic sanctions that aims to destabilize the country's political regime which in fact, originated from the conflict in the strategic interests of the country and target country. This type of sanction aims at changing regime in the target country.

Second, sanctions aim at changing political or economic behaviour of the country. This type of sanction is much moderate than the first one.

Although research on the economic sanctions is often about relationship and international politics but the economic punishment issue can also be investigated from more perspectives include legal, moral, political, economic and risk management.

2.2. History of Economic Sanctions

The equivalent English word of sanction is "boycott" which refers to the fate of the "Captain Charles Boycott," an English landowner in Famine Ridden of Ireland in the late 1870. The captain was isolated economically and socially because of his cruel behaviour with farmers from Ireland Landowners Assembly. By the beginning of this century, the term was transferred from its common application in labour relations law to international scope; then, it was changed and developed. Until 1918, the economic sanctions were supplement to military action, because before the League of Nations and United Nations war was an inevitable phenomenon (Lawrence, 1923; Westlake, 1913). It was only after the First World War that the use of sanctions was considered rather than military action that the use of economic weapons as a non-

military weapon was included in the Covenant of the League of Nations to establish the peace (Article 16 of League of Nations Covenant).

After the foundation of the United Nations in 1945 and ratifying the Charter of the United Nations, sanctions regime took on a new style. Security Council used only two sanctions during the Cold War until 1990. The first time was in 1966 against Southern Rhodesia (Sands and Klein, 2001) and the second time was applied against South Africa in the apartheid policy in 1977 (Reisman and Stevick, 1998). After the end of the Cold War, the Security Council activated largely sanction mechanisms. From 1990 to the present Iraq, Yugoslavia, Somalia, Liberia, Libya, Haiti, Iran, Rwanda, Afghanistan, etc. have been sanctioned.

2.3. Types of Sanctions

Economic sanctions are generally applied in two ways: Trade sanction and financial sanction.

Trade sanctions that cause to restrict or stop the import and export of different types of goods and services. Also, countries promise to avoid buying exported goods from the country and to sell their goods and services to the country. They even go a step further and ban the investments of or in violating country. In financial sanctions some limitations and restrictions and pressures exerted on target country. In other words, investment, capital operation, financing and financial transactions will be pressured. For example avoid investing offending country in other countries and preventing other country to invest in offending country namely the sale of assets in offending country. Economic sanction is seeking to any circumstance to exclude the offending country of doing international trade.

Other divisions can also be considered include the "origin" of sanctions:

First, unilateral sanctions; in this type of sanction a country imposes sanctions based on its unilateral decision.

Second, multilateral sanctions; which is applied from some countries against target country.

Third, United Nations sanctions; which is imposed by the Security Council.

Since in the unilateral sanctions only one country limits its trade and financial ties with the target country, finally this type of sanctions will have fewer adverse effects. The magnitude of this impact depends on economic influence of sanction sender country in target country. For example if a country like America sanction a country like Canada which nearly 80 percent of its trade ties is dependent on America, Canada will be undoubtedly severely affected. But if America's economic transactions with a country are for example about 15%, the unilateral sanctions will not take action (Aadeli, 2009).

2.4. The Effectiveness or Impact of Sanctions

Each time the economic sanction is spoken, it follows this question that what is the effectiveness of economic sanctions imposed on the world? Basically sanction in the viewpoint of international economic make a distortion in the normal direction of international trade. Naturally trade between countries is in such a way that the buyer is seeking the best and highest quality product at the lowest price and the seller produces the best products. When the sanction began, the artificial diversion of trade relations between the sender and recipient of sanction will be made and cause to rise economic costs for both sides. International economic relations generally will be damaged. But in sanctioned country the magnitude of increased costs depends on its dependence to sender of sanction.

In a study that was conducted on the effectiveness of economic sanctions it has been revealed that 176 cases of economic sanctions imposed from 1914 to 1990, which about 66% were successful and 34 percent were only partially successful. These statistics show that the sanctions have not been successful in its essence. Since 1973, the 24% of economic sanctions have been evaluated relatively successful. Only those sanctions which are referred as successful examples were Sanctions against the racist regime of South Africa and Rhodesia (in Zimbabwe)⁴.

⁴ <http://tnews.ir/news/C53817820799.html>

Apart from these two cases in the history of economic sanctions, Iraq has recently cited. In South Africa the economic sanctions did not cause to rule black government but a lot of pressures were applied on regime of the country.

Another important point about the sanctions is the imposition steps of economic sanctions. There are generally four steps before beginning sanctions. First, the sender country of potential sanctions starts negotiation with target country privately to encourage it to change its way. In the next step the sanction declared publicly. In the third stage the sender county consults with its allies and fourth stage includes start of sanction with non-economic cases.

There are also several non-economic sanctions include revoking multilateral meetings in the target country, avoid issuing visa for a group of people, recalling ambassadors and reduce the level of relations, prevent it from adhering to the conventions and international organizations, Opposition to any political meeting in the country as a host, Cutting aid including loans, investments and financial supports and finally cutting off communications, including radio, telephone, transportation, and post and telegraph.

With this background in economic sanctions, facing Iran with economic sanction can be discussed. The first question that comes to mind is whether Iran has placed yet in economic sanctions? The answer is yes. Iran has been sanctioned economically during 36 years after revolution. Most of Iran sanctions are unilateral and have been imposed from America. Moreover, in some goods Iran has been sanctioned multilateral from Candidate Countries. Among most important examples, dual-purpose good can be noted. Moreover, in some dual-purpose goods Iran has been also sanctioned multilaterally. For example, lists of dual-purpose goods are not exported to Iran from the Australia Group. However, the dual-purpose goods are become so vast that almost many electronic devices are included⁵.

2.4.1. Consequences of Economic Sanctions on the Agriculture Sector

Possible effects of economic sanctions are in different sectors of Iran's economy. Since the agricultural sector is of very sensitive areas that deals directly with the food security of the people, naturally, in case of such an event, its consequences will shadow on this area more than any other part. Consequences and impacts of sanctions on the agricultural sector are concerned. In such circumstances, the agricultural production may be increased because of the importance and more government support but many problems will emerge in long term. In the first and second year the government would be forced to subsidize and increase the area under cultivation in order to fix the strategic goods partly for consumers. But some products prices gradually increase due to their low production. Thus the area under their cultivation increase and as a result strategic goods production decrease. In fact a sinusoidal movement will be emerged in production that fixing this movement would be difficult without utilizing products unless the government eliminates free production. Our agricultural economy would be also quite introspection due to economic sanctions which this economy would be non-competitive and in non-competitive economy supply is limited and demand is in a high level⁶.

Oil sanctions cause to remove the power of investment in agriculture. Because the government cannot even meet its expenses, as oil revenues are blocked, factories shut down and the production decreases. Thus people do not pay taxes and hence there is no income for the government and so the government will be on the brink of bankruptcy.

Increasing corruption is another result of sanctions; corruption causes large disparities in the society and overnight billionaires. According to analysts the economic ravages of our country cause agricultural sector to suffer the stress against economic sanctions. Due to the fact that according to statistics, nearly 82 percent of the food is produced in the country and the amount of agriculture production has increased during recent years, what will threaten agricultural sector is not external risk but internal. Due to the presence of brokers and intermediaries in the agricultural sector, some individuals and organizations involved in the gap between production

⁵ <http://www.taraznews.com/link/127>

⁶ <http://kurdeconomic.blogfa.com/1391/01>

and distribution which increase the commodity prices artificially using their investments in property in sanctions and thus deprive a large category of people from having access to the least Level of food and endanger the food security⁷.

Hoarding expansion and unsanitary agricultural commodities smuggling are of other consequences of sanctions. Increasing agricultural production to offset shortages caused by the cessation of imports regardless the relationships govern the production, distribution and consumption is insufficient. In our country, the production, distribution and consumption are considered separately and production is considered without adequate attention to the distribution and consumption, while these three cycles are completely united and the failure of one of these steps can cause crisis in another one. Iran economic system is chaotic, disorganized, with no map and no network of relations between the sectors of mining, industry, agriculture and finance; while developed countries have a complex network of relationships between the sectors that economists know it and the import, export and production are done based on materials and facilities lied in that internal network. Agricultural sector in Iran is vulnerable due to the absence of this network against the sanction. However, the third and fourth development plans ,accordingly, are not dependent on a detailed analysis of the economy and what is reflected is less in accordance with the society data, and therefore, the program has not been yet effective. Agricultural production will not hurt so much due to its low dependence on foreign technology and foreign exchange earnings. Agriculture and livestock and poultry status is not evaluated favourable in terms of machinery, seeds, seedlings, pesticides and food additives. Most of the needs of these sectors are produced in country by public and private sectors. The procedure of non-oil exporting even supplementary and processing industries and agro-based industries such as carpet will be impaired in case of sanction⁸.

Experts have multiple and sometimes same views in answer to the question that which agricultural sector have become more challenging in case of sanction. Urban consumers realize most damage in short-term and villagers in long-term because lack of fuel disturb transportation system and cause to increase production costs. The greatest losses in agriculture is also horticultural sector and the most advantages are in the farming sector, because The garden is not like farming to have a crop this year and another next year and an orchardist may invest 10 to 30 years for his garden. Horticulture sector, particularly manufacturing and export of flowers, will hurt so much in sanctions. A large part of livestock sector needs such as corn for animal feed supply is imported and increasing the prices of these inputs cause to increase the price of milk and meat. A part of cultivation is also dependent on imports of modified seeds. If farmers don't receive desirable seeds such as corn and potato there will be a problem in producing these corps. Some horticultural products are convertible. But in dried products particularly in pistachio we will be faced with serious threat, since the investment horizon in nuts particularly pistachio is export horizon and we have cultivated this crop more for external export than internal consumption⁹.

2.4.2. Damage to the Banking System

Banking system is considered as an arm for the state's economy in Iran after the Islamic Revolution. Today perhaps it can be undoubtedly an acknowledged that the bulk of the country's economic development programs, particularly the Fourth program of economic, social and Cultural Development is influenced by the strength of the banking system.

By the end of the 86 Sepah and Saderat banks are sanctioned by Security Council and the Banks Saderat, Mellat and Melli were sanctioned by America. Sanctions from America have a very large scale unlike what is seen at first glance, because European banks contracted by US banks, are not willing to cut their ties with America.

⁷ <http://kurdeconomic.blogfa.com/post/10>

⁸ <http://farshadshirali.persianblog.ir/post/14>

⁹ <http://abdifarshid.blogfa.com/post/8>

- 1) On the day of resolutions and international sanctions on Sepah Bank all opened and active credits were affected by the sanction regard to centrality of London Sepah Bank account payment of exchange currency reserve and Vendors avoided to supply due to the impossibility to payment transaction and trade documents. As a result all the important capital goods related to opening account of the foreign currency reserve is remained undecided and the central bank could not manage to set the bank or banks replace to pay the remaining funds.
- 2) From resolutions 1737 and following 1774, the credit risk and insurance coverage of exports to Iran is increasing.
- 3) In 2007, the price of capital goods (machinery and equipment) raised between 7 to 10 percent (by European retailers), while the rate of inflation in these countries was between 1 to 3 percent
- 4) With sanction of the oldest Iranian bank (Sepah Bank) and Saderat Bank, international vendors trust to Iranian banks has greatly reduced so that they emphasize not to deal with these banks and broadcast it widely to whole bank system will have detrimental effects.
- 5) Thousands of foreign currency expertise of sanctioned banks and their international and their foreign branches are highly vulnerable and its long-term continuation is irrecoverable for them.
- 6) The major factor that affects all banks, one after another, and its economic and social harmful effects spread to other sectors of economy is possible decrease of public confidence in the banking system in the country and more money out of the country because of increased bureaucracy and financial inhibiting factors in the manufacturing sector¹⁰.

Damage to the industry:

1) Disturbance in the supply of raw materials and spare parts, equipment and technical know-how and technology: regarding to political issues, a group of foreign companies including buyer and seller cut ties with Iranian companies. This disconnection caused to stop the supply.

The Process of raw materials, machinery and spare parts, resulted in a sharp decline in exports. On the pretext of some equipment associated with the military or nuclear industry providing industry necessities has been also very difficult. Meanwhile, the technology and technical knowledge of some world industries are not transferred.

2) Imposing international sanctions for some internal banks

Due to international sanctions for some domestic banks, doing banking operations in the form of foreign currency is limited to a handful of domestic active banks that regarding to the strict rules of the banking system, it cause to reduce capabilities and maneuverability of domestic manufacturers in the strict global market.

After sanction of Sepah Bank and Saderat Bank and given that Mellat Bank and Melli Bank are going to be sanctioned, nowadays we are facing with problem for banks of Sepah, Saderat, Mellat and Melli. To get rid of this problem, some of the solutions (e.g. import or export via a third country and with special connections) are used which leads to an increase in the cost of raw materials and product.

3) Rejection of Iranian documentary credits

According to the world poisoned atmosphere due to negative publicity from certain countries and international organizations pursuant to the first and second resolutions, now the trust of some companies and need suppliers to Iran's banking system has been withdrawn so much so that in some cases the C / L Iranian banks (even those are not sanctioned) will not be accepted and foreign vendors demand cash payments.

4) Imposing internal government restrictions:

¹⁰ <http://farshadshirali.persianblog.ir/post/14/>

Imposing governmental restrictions related to impossibility of imports from some countries cause to lose opportunities and gained credit in different intervals during past collaboration and cause to abuse other vendors.

5) Restrictions on foreign currency:

Restrictions on foreign currency and impossibility to open documentary credit in dollar and severe fluctuations in the exchange rate of other currencies versus Rial like Euro which has increased more than 10% during current year, cause to irreversible damages to the economy and industry, in such a way that for example in credit openings which is done in euro, the Euro rate increases after the expiration of the period (say 6 months) unpredictably. Nowadays some countries like East Asian countries do not collaborate with Iranian companies and do not also with a currency other than dollar. This problem causes the monopoly of some European vendors and also causes to impose unreasonable conditions by foreign suppliers and emerge problem for domestic manufactures. In addition to the planned constant dollars rate, transactions in other currencies, is followed by lack of proper planning and desired decision making and economic stability threatened severely¹¹.

7) Problems of business trips:

Business issues are done hardly due to imposing additional restrictions on issuing foreign visas especially European countries and sometimes a visa for European countries will take about two or three months and finally it is issued with short and limited times. Similarly, the external side is reluctant to have a trip to Iran due to restrictions imposed by third countries (because of Iran visa in the passenger passport). The country industry is faced with the following problem due to recent effects of recent resolutions of the UN Security Council and the resulting adverse consequences arising from the issuance of these resolutions:

- difficult Survival for majority of industries due to problems with the supply of raw materials, technology transfer and providing spare parts and new production equipment which in some industries is led to completely stop production and bankruptcy. Meanwhile, the industrial development in this condition is not possible.

- About the few industries that continue to survive with difficulty and unconventional ways we observe increased cost from 10 per cent to 30 per cent which naturally leads to a lack of global competitiveness and deny access to global markets and economic prosperity.

- In addition to previous cases, other side effects are the following:

- giving the toll to the intermediary countries like China, Russia, UAE, Turkey, India and to meet industry needs.

2.4.3. Reduced Foreign Investment

Despite the adoption of the Law of Attraction and Protection of Foreign Investment in the Sixth Parliament and resolve legal uncertainties which should cause to accelerate the attraction of foreign investments, 84 and in particular 85 sharp declines in LOCO monitor of foreign investment are showed. International Institute for attracting foreign investment declared the foreign investment in Iran in 2003, 2004, 2005 and 2006; respectively 803,1150,4260,2990 millions of dollars and apparently, it is declined to less than one hundred million dollars in 2007 followed by triple resolutions issued.

While Iran has begun negotiations with Europe and America, the economic sanctions against Iran added problems over the country. Among the various sectors of the economy, the oil and gas sectors suffered most damages. The parts which are pulse of Iran economy and can have a significant impact on the structure and economic performance of the country¹².

Oil and gas sector:

¹¹ <http://kurdeconomic.blogfa.com/1391/01>

¹² <http://cbiran.blogspot.com>

Iran has an oil-dependent economy and a large share of the country's revenue comes from oil and gas exports every year. Studies show that the West's economic sanctions against Iran which has targeted in the early stages the oil industry has imposed the most damage to economic pulse of Iran and continuing this process can cause irreversible damages.

Iran's oil and gas industry needs huge foreign investments and presence of companies has access to the world modern technologies. With the implementation of economic sanctions and the withdrawal of Western companies of Iran, utilizing the world modern technologies has been cancelled and Iran couldn't also pay to develop new oil and gas fields in order to replace the old fields in the coming years. According to recent research by America Congress, the vulnerability of Iran oil and gas industry to economic sanctions is obvious and inevitable. This is while the economic actors believe that Iran can deal with this problem with the help of high oil prices, as in the past year Iran could face sanctions with minimal difficulty thanks to this huge income.

Energy Information Agency declared Iran revenue from oil exports in the first half of 2008 to 54 billion dollars; while last year's total export revenues from oil sales were only \$ 60 billion. Undoubtedly the growth of Iran export revenues is not due to increased production volumes in this country but it is because of the oil price increase from 70 dollars in last year to more than 120 dollars and even experienced 140 dollars¹³.

Studies show that in 1990, revenues of Iran's oil export to global market were 17 billion dollars. From that time until 2000 the price fluctuated between 10 and 22 billion dollars and then suddenly grew. Studies show that in 2005, the country's oil export revenue was 48 billion dollars and in 2006 this revenue was 54 billion dollars and finally in the last year it reached to 60 billion dollars¹⁴.

During the last year Iran has produced more than 5 million oil barrels daily and according to present studies there is no power to increase output because the current areas are old and enough investment has not been done in order to develop new areas. Iran plans more investment in the oil and gas industry and does not require the Europeans and Americans for these investments. In recent months, news of replacement of the Asian countries, especially China, has been heard¹⁵.

At the same time, negotiations between Iran and Russia are done which strengthened the possibility of contracts between two countries. These two countries, which can replace the western countries to a large extent, are seeking to enter the Iran by major investments and projects in order to receive a great benefit from Iran potentials instead of the European countries and on the other hand, Iran could gain much benefit from this cooperation and reduce the pressure of West economic sanctions. The Russia oil national company plans in 2008 to \$ 16 billion invest in oil and gas projects and this is while Iran has invested only \$ 12 billion per year over the past three years¹⁶.

Iran plans to make benefit of internal capacities rather than global investment in the development of the oil industry. Iran currently does not have the possibility of the use of foreign capital and therefore has replaced foreign investment by internal capacity. Now Iran production capacity is 4.3 million barrels of oil per day which this production capacity will reach to 4.7 million barrels per day up to two next years. It is noteworthy that before the Islamic Revolution, Iran was able to produce more than 6 million barrels of oil a day, and now the problem is the lack of access to new technologies.

We have seen a gradual exit of Western companies in the past years. US companies were excluded from working in Iran because of economic sanctions and great European companies like British Petroleum, Royal Dutch Shell and Total which stayed in Iran economic scene, believed continuing cooperation with Iran as very risky action in the Economic and political conditions ruled the world. However, the need to invest in Iran's oil and gas industry is more

¹³ <http://irdiplomacy.ir>

¹⁴ <http://irdiplomacy.ir>

¹⁵ <http://www.donya-e-eqtesad.com>

¹⁶ <http://cbiran.blogspot.com>

than any other sector. Because this industry has a key role in Iran economy and has suffered a lot of damages during the Islamic Revolution and the war.

On the other hand, the oil fields of Iran are among the world's oldest oil fields and use of these areas caused to reduce amount of oil in wells. In these circumstances, with no investment and no new drilling it cannot be hoped¹⁷.

Increased costs of manufacturing and trading as a result of sanctions:

Under the sanctions, which performed for the first time in 2006 by the United Nations and exacerbated by America in the last year, Iran's access to international capital markets became less and a major obstacle were created to its use of advanced technologies in America and Europe. Sanctions against Iran created many problems for Iran business. Increased costs for Iran business forced many companies to exit of Iran projects. For example, finding private companies to finance large projects and also finding companies which export required components of projects to Iran were very difficult as a result of intensifying the economic sanctions and this problem caused more costs.

Economic advisers of Iran Offshore Engineering and Construction Company anticipate that sanctions increase the cost of company to more than 30 percent. Undoubtedly this growth will be in this year and if sanctions continue in the coming years the costs will be increased more and more¹⁸.

2.5. Time Domain and Constraints Associated With Economic Sanctions

For the period of sanctions under Article 41 of the UN Charter or resolutions start or expand the sanctions, there is no prediction about the sanctions expiration after a certain period of time or the occurrence of a specified event. So it can be believed that the economic sanction program in implementation of Security Council resolution might be just ended with another resolution according to ordinary voting procedures, such as the possibility of veto. It can be also seen in the case of sanctions on South Rhodesia.

In April 1979, in the mood of so-called "internal settlement" in Rhodesia / Zimbabwe and open elections about the black and white which were sanctioned by the guerrilla organization, "Front homeland", the Security Council passed a resolution and it reiterated its call upon all States to refrain from identifying or so-called elections and observe mandatory sanctions against Southern Rhodesia carefully.

In autumn 1979 the British government formed a long conference between all parties in London, with the goal of orderly transfer of power to the elected government of the majority blacks. In December 3, before all parties sign the necessary documents, the British government announced the ruling on the Southern Rhodesia for an interim period, until the elections are held under its supervision. On December 12, the British government announced the end of the conference, and said that UN Security Council sanctions against Southern Rhodesia will not run. On December 15, United States of America announced that the rules relating to sanctions against Rhodesia which should run on the next day will be cancelled. On 18 December, the United Nations General Assembly adopted a resolution and expressed displeasure with the move of some governments to remove unilateral sanctions and announced that the Resolution 253 (1968) of Security Council can only be cancel by Security Council decision and any unilateral action related would be the breach of the obligation of Member States under Article 25 of the Charter. On December 21, the day of signing ceasefire by domestic front in London, Britain proposed a resolution to the Security Council stating the sanctions would expire, although Britain believed that the resolution is not necessary since the commitment to apply sanction were cancel automatically with returning the Colony to the rule, but anyway a resolution adopted in order to cancel sanctions.

¹⁷ <http://kurdeconomic.blogfa.com/post/10>

¹⁸ <http://farshadshirali.persianblog.ir/post/14>

But about the constraints facing sanctions or general exemptions from sanctions Note that Article 41 of the UN Charter doesn't apply restrictions on sanction imposed by Security Council. With the increasing use of sanctions, entering a number of exemptions has become customary. The most common exemptions are supply materials which follow exactly medical aims. Other common exemptions include: training equipment, publications, news and food, and this is if the supply is controlled by the Red Cross to ensure that groups supported by target government do not receive them. Other exemptions, for example, are propane gas for cooking in Haiti despite a ban on the supply of petroleum products, and allow flying to Iraq and from this country for people who go for Hajj to Mecca. Altogether with gaining experience by UN sanctions it seems that prohibitions and specific exemptions are negotiable in somewhat apparent contradiction between tend to punish the target State and support of the suppressed population.

3. STUDYING LEGAL ASPECTS OF UNILATERAL SANCTIONS BASED ON THE PRINCIPLES OF INTERNATIONAL LAW

3.1. Unilateral Sanctions Are In Violation of the Security Council

According to the principles of the UN Charter, the conflicts of unilateral sanctions with the United Nations goals can be found.

When the Charter of the United Nations was prepared in San Francisco Conference, The United Nations decided to assign the coercive action authority to the Security Council to avoid unilateralism which was the cause of World War. Article 39 of the Charter of the United Nations assigned responsibility for maintaining international peace and security to the Council. If needed act to adopt recommendation or make the appropriate decision and for example impose communication or economic sanctions according Article 41. Unilateral breach of international peace and security by countries is firstly return to the pre-Charter of United Nation and secondly, cause ignoring the authority of the Security Council. In other words, the authority granting of the primary responsibility for maintaining international peace and security from the countries to the UN Security Council cause to deprive the option of UN members. More interesting is that the unilateral sanctions originators are permanent members of the Security Council that their actions could mean the failure of the pillar from the permanent members of this pillar¹⁹.

3.2. Deviation of Unilateral Sanctions from the Resolutions Guidelines of the United Nations

Declaration of Principles of International Law concerning Friendly Relations and Cooperation Among Nations, dated 1970 (Resolution 2625), proposes the principle of non-interference basis and states that no country has the right to use economic pressure, political or any other pressure to force other countries to follow the rule of the contrary country. Many resolutions of international organizations have been mentioned the illegitimacy of unilateral sanctions or in general or only those that have cross-country properties. United Nations General Assembly Resolution 1991 want from all States to revoke unilateral economic pressures that are intended to intervene in the decisions. Resolution A / RES / 51/22 of United Nations General Assembly dated 1996 under the title of "elimination measures of economic pressure as a means of political and economic coercion" while knowing the unilateral sanctions with extra-territorial feature as illegal, knows these rules against the law right of states to determine their economic fate. Paragraph 2 of the resolution forces appliers of these rules to remove these unilateral laws with extra-territorial feature which impose sanctions against companies and individual. The

¹⁹ <http://iranbazgoo.persianblog.ir/post/416>

paragraph 3 asks all States not to recognize unilateral economic policies with extra-territorial characteristic²⁰.

3.3. Individual and Collective Positions of States

Declaration on the prohibition of military, political or economic Compulsion in concluding agreements attached to the Convention of the Law of Treaties 1969 which was adopted by the conference participants, condemned economic pressures at the conclusion of treaties and some of these countries were of the opinion that economic pressure could lead to the invalidity of a treaty. It should be noted that many countries have been declared or positioned against unilateral US sanctions.

3.4. Unilateral Sanctions Incompatible with Human Rights

Commission on Human Rights (now Human Rights Council) has always been positioned against the UN sanctions committee. Based on report of the minorities subcommittee, Security Council sanctions committee doesn't have sufficient information for quick suspending of sanctions when sanctions injure people. Unilateral sanctions violations of human rights, paragraph 1 of Article 25, paragraph 1 of Article 11 of the Universal Declaration of Human Rights and the Covenant on Economic, Social and Cultural Rights have been mentioned fundamental rights of human well-being and health and access to medicines and Paragraph 2 of mentioned covenant implies that people should not be deprived of the right to subsistence in any way. This subject approved by the Declaration on the Elimination of hunger and malnutrition in the World Food Conference in 1974. According to the Vienna Declaration, June 25, 1993, the Right to Development is recognized as integral human rights, therefore sectional actions are as a violation of these fundamental human rights. Security Council resolutions based on collective sanctions imposed in recent years, have also predicted rules to exclusion of vital supplies such as food and drug for people. So we can say that the unilateral sanctions without observing Subtleties of human rights will have no legitimacy²¹.

4. THE LEGAL BASIS OF UN SECURITY COUNCIL ECONOMIC SANCTIONS

The United Nations was formed with the purpose of preserving international peace and security, articles 24 and 26 of the Charter of the Organization has expressed the Security Council tasks. Based on mentioned articles the main task of maintaining international peace and security has been put on the Security Council and members of the organization have agreed that the Security Council is responsible for carrying out the duties under this responsibility. In addition to the above main task, the Council is required to operate within the framework of the objectives and principles of the organization, in other word actions and decisions of the Security Council should be in accordance with the content of Charter and activities should not be arbitrary. In this case, according Article 25 of the Charter, members also agree to accept and carry out the decisions of the Security Council in accordance with the provisions of the Charter. Given that maintaining international peace and security is the primary responsibility of Security Council, The use of coercive measures must be considered the most important tool for maintaining world peace. In fact the purposes of United Nations Charter will be realized by implementing the provisions of Chapter 7 of this charter (Articles 39 to 51), and in particular Articles 40 and 41. Before the Security Council decides on Articles 41 and 42, it should be established According to Article 39 whether "threat to peace", "breach of the peace" or "act of aggression" has taken place. In other words, the decisions of the Security Council under Chapter 7 should be obtained just by taking one of the concepts contained in Article 39. UN Security Council takes action according to Article 41 which is not to use force. Under the anticipated provisions of Chapter VII, the UN Security Council may show its response to threat international peace and security,

²⁰ <http://yaserziace.blogfa.com/post-278.aspx>

²¹ <http://iranbazgoo.persianblog.ir/post/416>

by apply sanctions. In these efforts, the UN Security Council can ask the members to take action such as cutting all or part of their economic relations, rail, sea, air, postal, telegraphic, radio, and other means of communication, or to sever diplomatic relations²².

5. AN INTRODUCTION TO THE GENEVA AGREEMENT (NOVEMBER 24, 2013)

After nearly 10 years of debate about the nuclear negotiations and reaching a comprehensive settlement agreed by the parties, a contract finally signed on November 24, 2013 accordance with the November 24, 2013 as Joint Plan of Action between the P5 + 1 and Iran. In fact, over the years, all the diplomatic efforts of the parties were in order to reach a mutually agreed framework to be the basis for future actions. This matter occurred in the contract and it is clear that the hereinafter any discussion will not be about collaboration framework anymore but further discussions takes place to define the operational guidelines of the agreement. That is why the content of this agreement is very important and effective. This agreement serves as a rail that will determine the future direction of the negotiations train.

This agreement is formed with an introduction and 3 steps called the first step, the second step, the final step and a final section called the next step (Following successful implementation of the final step). Of course, there are different titles for these steps that will be addressed in turn. Introduction begins with (The goal for) and ends with (nuclear program). After introduction, second step starts. The second step begins with (There would) and continues up to (of this matter). After that the first step begins and ends in two and a half pages later with words (Elements of a first step). After that the final step begins with words (Elements of) and continues up to (R & D practices). At the end, the next step (Following) is mentioned. The first step starts on 1st January 2013 and determined up to 6 months in which extensibility is anticipated. There is no measure for extensions. In other words, its extensibility is indefinite. So the end of the first step is unclear. The beginning and end of the second step is not mentioned in the text unknown end like first step. The beginning of the third step is about the late November 2014 but has not specified end time, so it can be a long time, say 20 years. Results given the lack of time steps:

1. The general time of agreement is unknown. In other when all results will be made.
2. The time to act the contrary to the provisions of the Agreement will not be clear and it would be able to evade doing it.
3. There is a possibility of interference commitments. For example, it is not declared whether the first step is finished or not, its commitment can be extended and continued up to the next steps.
4. Steps are not defined mutually and simultaneously but it is proposed that the studies for our action will begin after agency verification. Hence the obligations of the other party can be delayed and even it is possible not to implement practically. Text words are able to multiple interpretations. One of the most important features of a legal text is application of explicit words with clear meaning. The words from which there is no possibility to multiple interpretations. The strength of a legal text depends on precision in the technical and accurate use of words. But this Agreement contains the terms ambiguous, interpretable and sometimes several semantic, the words that everyone can have an interpretation from them. These figures in best situation represent the unfamiliarity of agreement writers with international written contracts because the lexical composition may be limited executively. On the other hand, in a pessimistic approach it has been based on a program or detail from the other party which has planned to gain most unwritten benefits when implementing the agreement and imposing most commitments to the other party using words with unclear meaning and finally consider it as its interpretation²³.

²² <http://nividar.com/news/52817de57dd7083851d4a0b5>

²³ <http://www.afsaran.ir/link/501288>

6. THE IMPACT OF THE GENEVA AGREEMENT (24 NOVEMBER 2013) ON IRAN'S BANKING AND MONETARY AFFAIRS

Iranian banks before the Geneva agreement

Evaluation of the Geneva agreement on the status of Iranian banks needs considering the condition of these banks before the agreement. In this context it is necessary to consider UN sanctions, the United States of America and the Union of Europe separately. United Nations has passed several resolutions against Iran's nuclear program and has noted the names of several companies and individuals subject to sanctions in this regard. However, Iranian banks and financial and credit institutions have not been subject to serious sanctions. There are only two banks - Sepah and Saderate Shargh- in UN sanctions list. However, in its Resolution 1929, the Central Bank of Iran is named without being subject the central bank to sanctions. It has been pointed out in the Resolution that the government should observe precautions regarding relation of the Central Bank with Iran's oil revenues, which ultimately can be used in nuclear program. The largest bank sanctions against Iran have been applied by the United States of America. Since 1979, United States of America stopped its banking relations with the Islamic Republic of Iran and since 1995, imposed gradually sanctions against Iran's energy sector and accordingly the banks and foreign financial institutions that offer services related to energy projects in Iran. Between the years 2006 to 2011 United States of America sanctioned several banks according Executive Orders 13382 and 13224 with the accusation that they support the Iranian nuclear program or international terrorism. Finally, the Defence Authorization Act for Fiscal Year 2012 of US banned all foreign banks from any relationship with the banks that somehow interact with the Central Bank of Iran. Thus, virtually the entire Iranian banking system was subject to sanctions. Union Council of Europe has imposed other sanctions in order to pressure Iran to stop other actions of its nuclear program, in addition to the implement sanctions imposed by the UN Security Council. Iranian banks and credit institutions are a part subjected to the sanctions. In addition to the banks that have been sanctioned in Security Council resolutions, the banks Mellat, Sina, Saderat, Melli, Post Bank, PIB, Mehr, Ansar, Tejarat, Iran and Europe, Refah, Kargoshayi, and Central Bank of Islamic Republic of Iran are also sanctioned and no payment may benefit them and their assets have also been seized in Europe. Moreover in March 2012 Swift Institute which is headquartered in Brussels and all financial messaging of Iranian banks are established in that bank, stopped service to all Iranian banks²⁴.

The impact of Geneva Agreement on Iranian banks sanctions:

It is mentioned in Geneva Agreement that P1+5 accept to provide a financial channel through which Transfer of funds for humanitarian purposes, the payment of Iran obligations to the United Nations and paying education costs of Iranian students is done. The financial channel is in fact composed of a number of European banks which Iranian banks do related transactions by opening a brokerage account with them or activating existent accounts have been disabled as a result of Sanctions. It can cause to restore the relationships of European banks with Iranian banks, although such a relationship would be defined for a limited certain banks and for specified purposes. However, it should be considered that The Geneva agreement has no obligation to exit the Iranian banks from sanctions list and it has not been undertaken by the P5 + 1. It means that these banks are still subject to sanctions. The banks with lawsuit in General Court of Europe Union against sanctions and no final verdict has issued yet on cancellation of sanctions imposed will be also remained subject to sanctions. So this financial channel only includes the banks that are not in the EU sanctions list. Nevertheless, the question is that what is the practical benefit of the Geneva agreement? This question therefore is to be construed that the purchase of humanitarian supplies and paying former obligations may also be permitted in the context of existing sanctions and was possible obtaining some permits. In this regard it

²⁴ <http://www.donya-e-eqtesad.com/news/781363>

should be noted that not sanctioned Iranian banks are in practice forced to buy foreign currency from the Central Bank of the Islamic Republic of Iran for payments on their foreign currencies. While the Central Bank of Iran should be subject to sanctions, providing foreign currency for payments for these banks is not possible. Geneva agreement actually creates the possibility that revenues from the sale of petroleum and petrochemical products deposit in not sanctioned Iranian bank accounts and ensure European broker banks not to face with punitive measures of European officials for aforementioned exchanges.

Another effect of the Geneva Agreement on Iranian banks activities is increasing the maximum level of funds transfer by individuals under sanctions. Accordingly, Iranian banks or the banks associated with them in the territory of the Europe Union can do transfers of less than 100 thousand euro or the equivalent in other currencies which can be associated with the Iranian people without previous notification to the competent authorities of the Member States and less than one million euro transfer for humanitarian purposes will not also need to obtain permission from the Union officials and just informing to make such a transfer is enough. Although these amounts of money may not fully cover the country business needs, it could be expected to do a number of transactions relating to medicinal or special medical products in the same way and there is no need to obtain licenses from Europe Union officials. It does not also need to obtain permission from the Europe Union for payments of personal use of Iranian individuals if less than 400 thousand euro or the equivalent in other currencies. It seems that the expansion of this amount actually fully resolve the problems of individuals. Not sanctioned Iranian banks can utilize maximum level extending for transfers.

Another subject that has been mentioned in the Geneva agreement, from which Iranian banks can utilize it, is banning cancellation of the purchase of gold and precious metals. Given that this is explicitly mentioned in the Geneva agreement and amended Europe Union sanctions regulations, not sanctioned Iranian banks in Europe Union can buy gold and precious metals in the country and enter them to Iran if they need. Finally, with regard to the overturned sanctions imposed against Iran's petrochemical industry and cars on the basis of the Geneva Agreement, all payments and transfer of resources in relation to these matters will be done by not sanctioned Iranian banks. In this context the sanctioned banks can ask specified European banks to receive services in context of funds transfer related to petrochemical and automotive industry as well as humanitarian purposes.

Despite all the above opening, Iranian banks are still faced with many problems Due to the sanctions, which still are remained and it is necessary to consider in order to remove these sanctions in future negotiations. A significant part of Iranian banks are still in the Europe Union's sanctions list and documentation of the sanctions is association with Iran's nuclear program while the reasons for such a claim in the case of any bank is not expressed explicitly and transparently. The Central Bank of the Islamic Republic of Iran Banks is at the head of the mentioned banks which the removal of its sanction is a major step towards solving many existing problems.

7. THE IMPACT OF THE GENEVA AGREEMENT (24 NOVEMBER 2013) IN THE FIELD OF TRANSPORTATION.

In the official translation of agreement between Iran and the 5 + 1, there are some cases dedicated to transport especially in the field of aviation as follows:

America and EU sanctions suspension and Europe in the supply certification and installing spare parts for safety of flight of Iran civil aircraft and related service, suspending certification issue of safety-related inspections and repairs in Iran, as well as related services. In this agreement there is also a paragraph in which there are some explanations that unfortunately they are not mentioned in the translation of the Ministry of Foreign Affairs. This paragraph is as

follow: Related services sanctions means any kind of services subject to sanctions of America or Europe Union, such as insurance, transportation, or financial. These services can include not sanctioned Iranian entities. Removing sanctions may include any Iranian airline and also Iran Air. On the other hand ISNA quoted by Bloomberg that according to the agreement, Iran can have access to parts for passenger aircrafts. In the maritime sector, although there is no direct reference in this Agreement, but some points are expressed about insurance and transportation of oil; stop trying to reduce the purchase of Iranian oil so that existing customers can continue to purchase the current amount of crude oil from Iran; returning specified amounts of Iranian oil sales abroad revenues to Iran. In the case of oil trading, sanctions of Europe and America will be suspended on insurance and related transport services. However, although the nuclear agreement with the P5 + 1 talk about removing the oil and petrochemical products sanction, it is not clear whether their delivery has been released. Therefore, we hope to remove the Islamic Republic shipping sanction to carry oil and petrochemical transportation. Agreement between Iran and the 5 + 1, although will cause an increased volume of import and export and hence the volume of transportation in the country will increase, but the shipping is still subject to sanctions and foreign countries cannot enter the Iran. Anyway reducing Iranian air lines costs and returning foreign airlines to our country are among the major results of Geneva Agreement.

8. THE IMPACT OF THE GENEVA AGREEMENT (24 NOVEMBER 2013) IN THE FIELD OF ENERGY

Energy security includes those that deal directly with the government in political units. Although, the largest international oil and gas companies have their own concerns in this field, however, energy supply has been the constant concerns of state and governments. Stability of systems related to energy carriers, such as electricity grid of any country is one of the major concerns of any government. Like any other economic good, energy resources are scarce and also evolve over time, especially exhaustible energy resources such as oil, gas and coal reserves which it seems undoubtedly is declining. This leads to increased competition in the market and raising the prices of these energies. The geopolitics of oil and gas resources is very important. Major global crude oil reserves focused in the Middle East, particularly in Saudi Arabia, Iran, Iraq, and Kuwait, while the two main centers of consumption in the past and currently are mainly industrial West European countries, North America and East Asia. Dipole of the production and consumption of natural gas is clear. Russia and Iran are two countries which have 40% of proven natural gas reserves lonely. And this is while many countries in the world are turning to use natural gas in order to less environmental consequences. According to the BP Statistics, Iranian crude oil, with 157 billion barrels of proven reserves has 9.4% of the world's reserves. If the reserves of unconventional oils are also taken into account Iran is the fourth largest holder country of crude oil after Venezuela, Saudi Arabia and Canada. In terms of production in 2012 with 3/68 million barrels per day and 1/97 million barrels consumption in per day, Iran exports has been about 1.5 million barrels per day. Of course, the average crude oil exports in 2013 declined to one million barrels per day. With only two percent of the world's refining capacity, Iran has to purchase amount of substantial products from outside the country. On the other hand, Iran's crude oil production is cheaper than similar countries. While a barrel of crude oil produced from mineral exploration rocks fee equal to \$ 55 for Canada, Oil production in the country has a cost of \$ 4 per barrel. If we compare proven reserves of natural gas of producing countries with each other, we will conclude that Iran is the first country in terms of the sum of proven gas reserves in the world. Iran has 18 percent share of the world in terms of accessibility, with 33/6 trillion cubic meters proven gas reserves. Given the current production level of the average amount of 160 billion cubic meters in 2012, Iran produces 4.8 percent of the world production. In contrast, consumption of natural gas in 1.156 billion cubic meters in 2012. This is 4.7% of global consumption. In 2012 Natural gas exports to Turkey, Nakhjavan and Armenia is 5.7 billion cubic meters and 900 billion cubic meters respectively. In

contrast, the import natural gas from Azerbaijan and Turkmenistan has been 0.4 and 7.5 billion cubic meters respectively. The total proven oil and gas reserves make Iran as the first country in the fossil reserves. Joint plan of action that is the interim Geneva agreement for a six month period and extension of Iran's nuclear program on November 24, 2013 agreed between Iran and the so-called "5 + 1" namely the permanent members of the UN Security Council plus Germany. Under the agreement that was signed to achieve a long-term and mutually agreed solution with the aim of ensuring the peaceful nature of Iran's nuclear program, the parties voluntarily undertake to reciprocal actions as a first step towards a comprehensive solution. According to the agreement, Iran's nuclear program and uranium enrichment will continue in a limited form and Iran will facilitate the International Atomic Energy Agency monitoring facilities. Instead, the front part will suspend a part of imposed sanctions against Iran and avoid to the imposition of new sanctions, including international, multilateral and unilateral sanctions. Platts magazine reported that America has delayed the restrictive measures against oil imports from Iran by six countries: China, India, Turkey, Japan, Taiwan and South Korea on a six-month. That is these countries can import oil from Iran in the coming months as much as the last volume of import. EU has also cancelled insurance prohibition of Iranian oil tankers from January 20, 2014. Some experts have called the agreement as a ceasefire. If this is correct, then the consequences of the ceasefire would be initially analysis of the situation and also temporal planning for the ceasefire period. Hence, for any policy on energy in Iran it should be considered that for using investment, advanced technology and management of international oil companies it is first needed to act quickly and second it should be done for a limited transitional period. A transitional period is the first six months and after six months, the joint plan of action will be extended with the high probability. It seems that it is not wisely to have any confidence in the international oil companies, especially in the western oil companies for a long-term period. The fact is that the West interpretation of Geneva agreement is different from the interpretation of Iranian decision-makers. Americans speak of reducing the number of centrifuges from 19 thousand to five thousand. Americans speak stopping heavy water activities completely. Its sign is the US Treasury Department's statements and interviews which stresses daily that any sanction has not been revoked. Everyone knows that David Cohen, Deputy Secretary of the Treasury of America has been contacted with companies that trade Iran with as much as \$ 500 in recent years and warned them. Major oil companies have a position as vice president of government affairs that he is responsible for coordinating with the US government decision. Energy policy planners can be advised to seek more profits this time from international companies in the oil and gas sector. Development of the gas sector will be accountable for domestic demand and will free crude oil production for export. Second, the risk-taking of such projects is less if they stop the work again for Iranian oil companies. Third, the regional gas market has more certainty in finding markets to sell gas for Iran if sanctions are not fully resolved. In contrast, any participation and integration with other countries like Iran is a strategic subject. Iran while is negotiating with companies such as Shell or Total, can do joint projects in the oil and gas sectors in countries such as Iraq, Turkey, Russia, Saudi Arabia, Turkmenistan and Pakistan. In this regard, the opinion of Mr. Zangane was somewhat strange to insist for Iran production ceiling in OPEC even if the price of oil declined to \$ 20 per barrel. This shows a lack of attention to fundamental changes in countries approaches such as Iraq. Iraq suffers from a geopolitical point and Iran can exploit from a variety of access points to the high seas for the transfer of Iraqi oil. If Iran continues its production of three million barrels per day in the next few years, Iran will be able to remain one of the exporters of crude oil in the world for 87 years. The number for the United States of America is 12, Russia 22, Saudi Arabia 66, and United Arab Emirates 90 years. In the gas context with maintaining the current production, Iran will be able to export 250 years of natural gas to the world²⁵.

²⁵ <http://www.csr.ir/>

9. CONCLUSIONS

As we mentioned above, sanction in the face of economic sanctions as an act with economic characteristic in contrast to diplomatic or military, is a method employed by governments to express opposition toward actions of target government, or to force the target government to change a policy or procedure or even the government structure often cause to enter the trade and economic lose to that government. sanctions have different impacts in addition to objectives such as economic exclude from gaining benefit of global goods markets and services or to destabilize the target countries through economic pressures or changing politic or economic approaches of country, which often ends with damages to target country and Fundamentally no change in political or economic behaviour is seen or no particular policy is observed in sanctions result and in some cases even tougher stances.

As we saw in a study on the effectiveness of economic sanctions taken between 1914 and 1990, nearly 66% of them failed and the rest has been successful only in certain parts. Since 1973 Also only 24% of the sanctions have gained their intended purpose. The impact of the sanctions is very evident on various sectors of the economy. As a result different sectors of the target economy suffered sometimes heavy damages. For example, in agriculture that is a very sensitive area and deals directly with the populace food security. In terms of sanctions the agricultural production may be increased primarily due to government support, but in the long term cause to failure. In the first and second years the government forced to subsidize and increase the area under cultivation, thus somewhat maintain a constant price of strategic commodities for the consumer but the price of some products gradually increases due to the low price. And in this way the area under cultivation increases and as a result the production of strategic goods will be decreased or for example in the banking systems, since the resolutions and International sanctions on Sepah Bank, vendors avoided sending commodities regarding to centrality of London Sepah Bank because of impossibility of documents trade. The economic effects of the mentioned subject has been irreparable in this short term and if the continuity it is unpredictable.

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Authenticity of the texts, honesty and fidelity has been observed.

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