

Nefarious Fallouts of Iran Sanctions

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The article demonstrates that on various grounds (socio-economic, politico-diplomatic, geopolitical and geo-economic) that the sanctions regime against Iran has been counterproductive. Crucially for Western policymakers and contrary to officially stated goals, the rapid escalation of economic sanctions during the past few years has been accompanied by the expansion of Iran's nuclear program. The article concludes by urging the sanctions imposers to prepare the political and institutional grounds for meaningful sanctions relief – a prospect the bulk of Iranians wish for and their new President Hassan Rohani is predestined to deliver if the West reciprocates with goodwill.

Iran's new President Hassan Rohani has promised to ease the tensions surrounding the international relations of his country. In line with the will of the majority of Iranians, the issue of economic sanctions – weighing heavily on the latter's [day-to-day life](#) – will be a key to that end.

In general, the purpose of sanctions is to force a political opponent to do what she would not do otherwise. In the case of the sanctions imposed on Iran – during the course of what is commonly but simplistically referred to as the “nuclear crisis” – the stated goal has been to force a reversal of Tehran's nuclear calculus toward slowing down or even halting its nuclear program. This goal has clearly not been met. Instead this period has witnessed ever more crippling sanctions – a form of “[structural violence](#)” exerted upon an entire country and its people.

On the politico-diplomatic level: Hardening the fronts

Economic sanctions are one of the most preferred instruments of Western foreign policy. The immediate Western reaction to the [Syrian crisis](#) is the most recent evidence of this. In the Iranian case, sanctions have been an integral part of the transatlantic strategy pursued against Tehran, code-named “coercive diplomacy” in Diplomatic Studies. There, sanctions are usually presented as a quasi-peaceful means and as such inherently part of a purely diplomatic approach geared towards avoiding a military confrontation. However, as the Iraqi case demonstrates, sanctions are the last step before military action. In other words, “smart sanctions” are [likely to be succeeded by](#) “smart bombs.”

Apart from this worst-case scenario, sanctions have not proven to facilitate the resolution of conflicts; on the contrary, they rather tend to harden the opposing fronts. Frequently, opposing sides view sanctions through [fundamentally different prisms](#). In this case, while the West conceives of sanctions in a cost-benefit framework – the heavier the costs imposed on the targeted country by way of sanctions, the more willing the sanctioned state will be to offer concessions. Iran on its part sees them as a means of illegitimate pressure against which she ought to resist. This explains why in the last couple of years the [escalation of sanctions was accompanied by that of the nuclear program](#). For example,

in 2006 – before the Iran sanctions were elevated to an undoubtedly crippling dimension by the United States and the European Union – Iran had a thousand centrifuges; the number today is much more than tenfold. This reality of the nuclear dynamics in the wake of sanctions remains largely ignored in Western capitals.

Moreover, it should be stressed that policymakers in the West have so far devoted much more time and energy to identifying which new set of sanctions to impose rather than to committedly and creatively finding a diplomatic solution of the decade-old stalemate.

On the socio-economic level: Widening the power gap between the state and society

The popular rhetoric of sanctions incorrectly characterizes the nature of the socio-economic effects imposed on the target country. Contrary to what is commonly claimed, sanctions actually [weaken the lower and middle classes](#), particularly affecting the most vulnerable in society – [workers](#), [women](#) and [the youth](#). As a result, the [power gap between the state and society widens](#). All this, as a matter of fact, actually dampens the prospect of popular uprising. A person struggling for economic survival barely has the luxury of engaging as a citizen in the struggle for democracy. This explains the firm renunciation of sanctions by Iran's civil society – voices that the West has largely chosen to ignore.

In political-economic terms, sanctions have largely paralyzed Iran's civilian economy while state and semi-state economic entities – especially those associated with the Revolutionary Guards – have been able to benefit inter alia by monopolizing imports of various goods via “black channels.” State resources have buoyed those companies that have access to them, leaving others to drown in the tide of rising costs. Sanctions have also prompted enormous growth in the volume of bilateral trade between Iran and China ([still about \\$ 40 billion](#) according to the Iran-China Chamber of Commerce and Industries which is closely related to the regime) – to the detriment of producers and jobs in Iran. The reality of sanctions is that they have cemented the politico-economic power configuration in Iran.

On the geopolitical and geo-economic levels: Putting a brake on Iran's development

Sanctions produce far-reaching effects at the geopolitical and geo-economic levels. Corresponding with the implicit geopolitical rationale for sanctions – that if you cannot control or influence a country, you will resort to weakening it – these restrictions have indeed stunted Iran's development trajectory. This inflicted damage has not, however, produced the ultimate goal of reversing Iran's nuclear and regional policies and has in fact damaged Western interests by boosting the clout of countries like China, Russia, and other regional states.

In the wake of the U.S.-pressured withdrawal of the Europeans from the Iranian market, Iran was virtually handed over to China on a silver plate – something Beijing is indeed quite appreciative of. China's economic presence in Iran can be witnessed all across the board: from the construction of the [Tehran Metro](#) to the exploration of Persian Gulf oil and gas fields.

Iran's technocrats – a prime victim of the sanctions – observe this development with great concern. Among other things, they have seen that a healthy competition between different foreign competitors is sorely missing, and that the lack of high-tech (formerly delivered by the West) has reduced the quality of domestic production. All of this has a negative impact (mid- and long-term) on Iran's economic and technological development. If the situation

remains unchanged, such damage can hardly be compensated. As another case in point, the sale of Iranian oil to large customers such as China or India has turned into barter – a de facto [“junk for oil” program](#) has emerged. In addition, during the past couple of years China has been given preferential rates by Iran for its oil imports.

Finally, some of Iran’s neighboring countries also benefit from the sanctions. Most significantly, due to the energy sanctions against Iran, Russia can safeguard its quasi-monopoly on Europe’s energy supply – a strategic interest held by Moscow which is unlikely to be reversed easily. To a much lesser degree but still noteworthy, Turkey – which has turned into the sole land trade corridor reaching Iran from the West – has seen its profits in its dealings with Iran risen sharply. Not surprisingly, its business press has been cheering the Iran sanctions as providing Ankara with a [competitive trade advantage](#). Also off the radar, Qatar which in the Persian Gulf is sharing the world’s largest gas field with Iran, has been able to exploit South Pars much more rapidly than Iran given the latter’s lack of access to advanced technologies. This has resulted in a tremendous gap of revenues between the two countries of many several billion dollars.

Conclusion

Ultimately, the policy of sanctions is counter-productive on multiple levels, most sensitively on diplomatic and socio-economic grounds. The sanctions – whether called “crippling” or “targeted” – disproportionately affect the civilian population. “Smart sanctions” are very much an oxymoron as “smart bombs” which allegedly function in surgical precision. And like their military counterparts, “targeted sanctions” inflict extensive [“collateral damage.”](#)

Despite the political need to seriously reconsider sanctions as a tool for a judicious and solution-oriented foreign policy, there are many political and institutional barriers to overcome before the extremely dense web of Iran sanctions can be dissolved – which remains not only a huge political challenge but also a moral one. The first step in this direction will be the sober realization among policymakers that while sanctions do have effects, these are not the ones officially proclaimed or desired – neither in socio-economic terms nor in the sphere of Realpolitik when it comes to altering Tehran’s nuclear calculation. Leaving the sanctions against Iran in place advances the specter of an Iraqization of Iran – with all its adverse effects internally (destruction of society) as well as externally (war and destabilization of an already too fragile regional balance).

To pave the way for a new chapter in Iran’s relations with the West, Rohani has already proved his wisdom by his choice of foreign minister. Mohammad-Javad Zarif, Iran’s former ambassador to the UN, has already been labeled as [“Tehran’s leading connoisseur of the U.S. political elite”](#). All this undoubtedly presents the most suited prerequisite towards the aim of alleviating the multi-level liability that sanctions constitute. But at the end, it is the responsibility of those who have imposed the sanctions to initiate the process of their removal. The ball is now in the West’s court. It would truly be the [“height of irresponsibility”](#) if one missed this opportunity offered by the Iranian people who have already paid dearly for an utterly miscalculated transatlantic “coercive diplomacy.”

This article is based on a talk the author gave at the first-ever expert [conference](#) on Iran sanctions to have taken place in Europe. Organized by the Paris Academy of Geopolitics (PAG) at the French Senate on 3 June 2013, the conference assembled legal and economic experts as well as three former European ambassadors to Iran and former UN Secretary General Boutros-Ghali. The passages on Iran’s new President Hassan Rohani have been

added in retrospect.

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