**Journal of Novel Applied Sciences**
Available online at www.jnasci.org
©2014 JNAS Journal-2014-3-10/1163-1166
ISSN 2322-5149 ©2014 JNAS

# The Effect of the Strategy of the USA Sanctions over the Oil Interest of Iran after the Islamic Revolution

**Alireza Kochakzaee* and Ahmadreza Taheri**

Department of political sciences , Faculty of Law and Political Science, Islamic Azad University, Zahedan Branch, Zahedan, Iran

***Corresponding author***: Alireza Kochakzaee

**ABSTRACT:** Oil in new foreign policy of Iran after the Islamic Revolution was a special place, so that the Iranian oil policies that were influenced by Foreign Policy. In addition, the powers of the West and the East to avoid repeating the experience in the bipolar system, their efforts were all for it**,** one of confrontational politics, in way they treat Iran as OPEC oil was manifested most important financial source. Also during the years after the Glorious Revolution Muslim world, especially America arrogant attempt to harm the Islamic Republic of Iran in this regard, various tools have been used. One of the most important tools that an oil embargo, Iran has long been under sanctions. This article has been attempted in the United States of America sanctions strategy and its impact on oil interests be addressed. The results showed that petroleum policy in the national level, according to the international oil situation and based on an accurate understanding of economic, political, cultural and historical country. Set of patterns petroleum policy for protecting national interests, requires the cooperation of a wide range of experts in various fields.

***Keywords*****:** strategy, oil interests, the United States of America, Iran.

## INTRODUCTION

U.S. sanctions against Iran span more than thirty years and reflect several unique stages in the troubled history of U.S.–Iran relations, as well as several shifts in the nature of U.S. government concerns about Iran.1 Over time, different sanctions have been imposed with different objectives. One contribution this paper seeks to make is to disaggregate these multiple layers of sanctions, thereby providing a clearer context within which to weigh the benefits and costs of existing and possible future sanctions against Iran.

The United States and the international community have traditionally used sanctions to influence the behavior of nations that might represent a threat to peace, in cases where the use of military force is not called for (or not yet called for) and where diplomatic solutions have proved difficult to achieve. The regime of sanctions against Iran that has evolved over nearly three decades is designed to pressure Iran to adopt different foreign and domestic policies.

Sanctions against Iran have been perceived in different ways by different policy makers and legislators: as bargaining chips in negotiations over Iran's nuclear program; as a strategy for getting Iran to the bargaining table; as a signal of the United States' seriousness about halting the proliferation of nuclear weapons and a warning to other states that might aspire to develop such weapons; as a counterterrorism measure designed to constrain Iran's support of organizations such as Hezbollah and Hamas; as a means of forcing Iran to change domestic policies that violate the human rights of its citizens; even (unofficially) as a tool for forcing regime change in Iran.

### *Sanctions against Iran's Support for International Terrorism and Regional Activities*

The United States began imposing sanctions again Iran again in the mid-1980s. The Secretary of State designated Iran a "state sponsor of terrorism" on January 23, 1984, following the October 1983 bombing of the U.S. Marine barracks in Lebanon perpetrated by elements that later became Hezbollah. This designation triggers substantial sanctions on any nation so designated.

***FOUR PHASES OF SANCTIONS***

We identify four major phases of U.S. sanctions against Iran since 1979, all of which remain in place today. These four periods are summarized below.

**1.1 The first phase, dating from 1979 through 1995**

Was largely unilateral on the part of the United States. Initially imposed in response to the hostage crisis of 1979, sanctions were increased in 1984, when Iran was placed on the U.S. list of "state sponsors of terrorism" because of suspected Iranian involvement in the 1983 terrorist attack on U.S. Marine barracks in Lebanon. Additional sanctions were put in place during the eight-year Iran–Iraq war, to curb Iran's military capability and procurement efforts such that Iran would not gain military supremacy in the region. U.S. sanctions were increased again in the mid-1990s in response to Iran's support for Hamas' campaign of suicide bombings in Israel, and—given growing concerns about Iran's nuclear intentions—in response to Iran signing a contract with Russia to build a civilian nuclear power reactor at Bushehr. Overall, these sanctions were designed to reduce Iran's support for militant proxy groups; limit Iran's conventional military capability; and restrict Iran's ability to develop nuclear weapons. The sanctions were structured in such a way as to give the American President the power to alter or repeal the terms of the sanctions at any time (for example, by removing Iran from the state sponsors of terrorism list, or lifting the trade ban on arms and oil).

**1.2 The second phase, from 1996 to 2006**

Was designed to reduce the revenues—including from oil and natural gas—upon which Iran presumably drew to fund militant groups. Legislation passed in 1996 (the Iran–Libya Sanctions Act, or ILSA, later amended to become the Iran Sanctions Act, or ISA) provided for sanctions against foreign companies that make major investments in Iran's energy sector. Although one intention of this legislation was to persuade key U.S. allies to join the United States in imposing sanctions on Iran, allies chose instead to pursue a "critical dialogue" with Iranian diplomats at this point. A second phase of these sanctions was enacted immediately after the terrorist attacks of September 11, 2001, with the goal of preventing any U.S. citizen from conducting business transactions with entities (including the government of Iran) that have been judged to provide support for terrorist organizations. The President has some discretion in the application of these sanctions.

***1.3 in the third phase, from 2006 through 2010***

Tthe United States gained enough support from allies and other countries, with the important inclusion of China and Russia, to pass three United Nations Security Council (UNSC) resolutions (1737, 1747, and 1803) that impose targeted sanctions on Iran. These resolutions were intended to persuade Iran to suspend indefinitely its enrichment of uranium; to sign the "Additional Protocol" to the Nuclear Non-Proliferation Treaty of 1966, which would permit expanded inspection of Iran's nuclear facilities by the International Atomic Energy Agency (IAEA); and to reach a negotiated agreement with the "EU3" (Britain, France, and Germany) regarding the future of Iran's nuclear program. The resolutions also prohibited all member states from selling Iran any equipment or goods that could be used for the development of its nuclear or missile programs. These sanctions can only be altered by the passage of new UNSC resolutions that would terminate or supersede the previous resolutions.

***1.4 The fourth phase of sanctions began in 2010***

And has continued through the present. These sanctions are more comprehensive than any imposed before, in that they have been designed to cause severe damage to Iran's overall economy. They are also more complex, involving diverse mechanisms for implementation and varied objectives, which range from pressing Iran to negotiate a nuclear deal to ending human rights abuses, and promoting civil liberties within Iran's borders. Some of these sanctions have been supported and embraced by the U.S. Congress, core U.S. allies, and the United Nations Security Council (including Britain, France, Germany, Russia, and China). The sanctions are embodied in UNSC resolution 1929, passed in 2010, which bans companies from working with Iran's energy industry, providing shipping insurance or trade credits, and conducting financial transactions with Iranian banks. The U.S. Congress took UNSC resolution 1929 a step further by enacting the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA), which aimed at preventing foreign firms from selling gasoline to Iran and blacklisted several Iranian banks. Additional sanctions were put in place by Executive Order and by the U.S. Congress, in light of the Iranian regime's repression of the Green Movement protesting the elections of June 12, 2009, and the worsening conditions in Syria (where Iran is assisting the Assad government). These sanctions freeze the U.S.-based assets of Iranian officials suspected of committing human rights abuses, and place direct sanctions on the Iranian Central Bank. Revoking or amending this set of sanctions would require the passage of new UNSC resolutions, action by the U.S. Congress, and the repeal or overriding of an Executive Order.

For a more detailed analysis of the sanctions regime, including potential future sanctions and provisions for lifting the sanctions, please see the last section of this paper, *A Primer on Sanctions Against Iran.*

***Iranian Nukes and Global Oil***

The Obama Administration's dual track pressure-and-negotiate strategy has been crafted with the risk of oil price spikes in mind. But its calculations pull up short by considering only the relatively short term. Administration analysts know that a complete embargo on Iranian oil would take 4.6 percent of traded oil off the market at a time when OPEC's spare capacity is tight, contributing to a bias toward rising oil prices. Washington thus designed oil sanctions so as to keep Iran's oil flowing into the tight global market while at the same time reducing Iran's revenues. The plan called on some importers of Iranian oil to reduce or stop Iranian imports and others to demand large discounts as the list of Iran's customers diminished. Unfortunately, the plan has not worked as intended. Instead of dropping prices, Iran dropped production. The unexpected production drop is due partly to unforeseen constraints on exports arising from problems with tanker insurance, a reduction in foreign investment in Iran's oil fields, and a policy decision by Tehran to choose lower output over big discounts as the lesser of evils. The U.S. Energy Information Administration has noted that unexpected loss of Iranian supply, among other factors, has contributed to the recent upward pressure on global crude prices. Some of the lost Iranian supply may take many years to return to production, if ever, due to the nature of Iran's fields. This unexpected loss of supply has made Washington skittish about taking additional steps that could cut Iranian exports still further.

***Oil Disruptions and Economic Stability***

It is difficult to overstate how much modern civilization depends on continuous access to the substantial flow of fossil fuels from producers to consumers. Concentrated and abundant energy stores of coal, gas and oil power virtually all we do at the current state of technological development. Technology changes, of course, and the prospect of radically reducing dependence on fossil fuels is no pipe dream; but it is a prospect that cannot materialize overnight. Transportation, which is critical to food supply chains and other core systems society needs, today runs almost entirely on oil. Electrical generation is more diverse in its energy sources, but much of it is fossil-fuel powered. Any sudden withdrawal of oil supply and rise in prices would tip our complex, globalized and interdependent economies into a sharp downturn and, if sustained, a systemic crisis.

Not surprisingly, then, history shows that oil price spikes almost always contribute to economic downturns. James Hamilton, an economics professor at the UC San Diego, has noted that all but one of eleven recessions since World War II were associated with oil price shocks that raised production costs, hurt productivity and dampened consumer spending.[3] Most postwar oil price shocks were associated with supply disruptions due to geopolitical instability in the Middle East. The Iranian Revolution in November 1978, for example, caused a collapse in Iranian production of more than six mb/d, triggering a large supply disruption by historical standards, and a 57 percent spike in oil prices.[4] The revolution was followed quickly by the nearly eight-year-long Iran-Iraq War, which caused major and protracted oil interruptions and contributed to the sharp economic recession of the early 1980s. So if a conflict involving Iran led to an increase in oil prices and subsequent widespread economic turmoil, it would hardly be unprecedented. The difference in the case of a nuclear Iran is that future supply disruptions could be much larger and far more protracted.

***Conclusion***

Strict sanctions on Iran that primarily targeted Iran's key energy sector and its access to the international financial system harmed Iran's economy to the point where Iran's leaders, on November 24, 2013, accepted an interim agreement ("Joint Plan of Action," JPA). The agreement halts expansion of Iran's nuclear program in exchange for temporary and modest sanctions relief.

The June 14, 2013, election of the relatively moderate Hassan Rouhani as Iran's president, whose appointed team negotiated the interim agreement, was an indication of the growing public pressure on the regime to achieve an easing of sanctions.

• Oil exports fund nearly half of Iran's government expenditures and, by late 2013, sanctions had reduced Iran's oil exports to about 1 million barrels per day—farbelow the 2.5 million barrels per day Iran exported during 2011.

• During 2012-2013, the loss of revenues from oil, coupled with the cut-off of Iran from the international banking system, caused a sharp drop in the value of Iran's currency, the rial; raised inflation to over 50%; and reduced Iran's accumulation of and access to reserves of foreign exchange. Iran's economy shrank by about 5% in 2013 as many Iranian firms reduced operations and as loans became delinquent.

To some experts, the JPA validated the strategy of increasing sanctions on Iran. The agreement, including the approximately $7 billion in sanctions relief during the interim period, began implementation on January 20, 2014, and provisions of several laws and executive orders were waived or suspended that day. Citing some improvements in Iran's economy and renewed international business contacts with Iran, some in Congress believe that economic pressure on Iran needs to increase to shape a final nuclear deal and ensure that the Iran sanctions architecture does not collapse. On the other hand, many economic assessments indicate that the sanctions relief of the JPA might have halted further deterioration in Iran's economy but has not caused dramatic economic improvement.

Sanctions have, to some extent, slowed Iran's nuclear and missile programs and reduced its military power by hampering its acquisition of foreign technology and weaponry. However, the sanctions have not halted Iran's provision of arms to the Assad government in Syria or to pro-Iranian factions in the Middle East, nor have sanctions altered Iran's repression of dissent or Monitoring of the Internet.

## REFERENCES

Institute of Economics tact. 2006. smarter sanctions, a series of check ¬ sanctions (No. 2): Tehran.

Institute of Economics tact. 2006. Sanctions, and consequences of the policies and strategies Tehran.

Mirtraby SA. 2006. Iranian oil issues, publishing Ghomes Tehran.

Mighty Nasri BC. 1999. Code of strategic national interest of Iran and America, Research, Science and Education Landscape: Tehran.

Mohammadi's. 2008. Oil and foreign policy in the first decade of the Islamic Revolution of Iran, Islamic Revolution Documents Center: Tehran.

Mousavi M. 2003. Global political economy of oil, ¬ Democratic People's Publishing Tehran.

Naserpour C. 2005. Understanding America's economic warfare strategy against the Islamic Republic of Iran, Deputy Political Center ideological - political police Tehra

Norouzi M. 2012. Public discourses regarding Iran, Islamic Students Association of Publishing and Management, University of Imam Sadeq - Tehran.

Norouzi M. 2011. Public speech in Iran's oil issues, Press Association Student, Faculty of Islamic Studies and Management Imam Sadeq University in Tehran.

Shams M. 2013. Oil Challenge war, Research, Science and Education, Tehran.
Norouzi, M.. (2011). Public discourses regarding Iran, Islamic Students Association publications and management Imam Sadeq University in Tehran.

Valnstyn C. 2004. Effectiveness of targeted sanctions, ¬: Executive Strategies ¬ policy options Nations, translated by M. Azari, publications, contraption Institute of Economics Tehran.

Yazdan M. 2003. Iranian Studies: International sanctions and the National Security of the Islamic Republic of Iran, Journal of Political Science, "Strategic Studies" Winter 1385 - Issue 34, Pages 789 to 820sssvsssss

Zahrani M. 2010. Sanctions against Iran, replacing the main components of the conflict or inhibition, Journal of Foreign Affairs, Year 2, No. 4, pp. 47-78.

Zahrani M. 2006. Theoretical economic sanctions against the Islamic Republic of Iran: Iranian Oil obstacles and challenges, Journal of Economics "issues energy economy" - No. 2, pages 4 to 23.

Zahrani M. 1996. The theory of economic sanctions, the State Department publication, Tehran.