

Economic sanctions

Economic sanctions are commercial and financial penalties applied by one or more countries against a targeted country, group, or individual. Economic sanctions may include various forms of trade barriers, tariffs, and restrictions on financial transactions. Economic sanctions are not necessarily imposed because of economic circumstances they may also be imposed for a variety of political, military, and social issues. Economic sanctions can be used for achieving domestic and international purposes.

Effectiveness of economic sanctions

Regime change is the most frequent foreign policy objective of economic sanctions. There is controversy over the effectiveness of economic sanctions in their ability to achieve the stated purpose. Haufbauer et al. claimed that in their studies 34 percent of the cases were successful. When Robert A. Pape reexamined their study, he claimed that only five of their forty so-called "successes" stood out, dropping their success rate to 4%.

It also affects the economy of the imposing country to some degree. If import restrictions were made, the consumers in the imposing country would have fewer choices of goods. If export restrictions were made or sanction prohibited businesses in the imposing country from doing business with the target country, the imposing country could lose markets and investment opportunities to competing countries.

Jeremy Greenstock suggests that the reason sanctions are popular is not that they are known to be effective, but "that there is nothing else between words and military action if you want to bring pressure upon a government".

US Sanctions

The core US sanctions that prohibit US persons and entities from engaging in most commercial transactions with Iran remain in place. The US has however lifted most secondary sanctions against Iran (i.e. supplementary sanctions regulations directed towards non-US persons).

Secondary Sanctions

Non-US persons are now no longer subject to US sanctions which had prohibited them from engaging in a wide range of activities with Iran. In particular, the US has lifted secondary sanctions on the following activities and sectors:

- Iran's oil and gas industry (including purchases of Iranian oil and liquefied natural gas; investments in oil exploration and production; and expansion of Iran's petrochemical sector)
- Iran's shipping and shipbuilding industry (including the provision of insurance, bunkering, and classification services to Iranian vessels)
- Provision of US banknotes to the government of Iran
- Trade in gold and other precious metals with Iran
- Trade in graphite and raw or semi-finished metals such as aluminium, steel, and coal with Iran
- Iran's automotive industry
- Purchase, subscription or facilitation of the issuance of Iranian sovereign debt
- In addition, the US has also removed more than 400 individuals and entities from the Specially Designated Nationals (SDN) list. These entities include Iranian companies and Iranian

financial institutions such as Iran Air, the Islamic Republic of Iran Shipping Lines, the National Iranian Oil Company and the National Iranian Tanker Company.

US Persons

Restrictions on US persons largely remain in place, except for the following changes:

- US persons may now seek specific licenses from Office of Foreign Asset Control (OFAC) to export and re-export commercial passenger aircrafts to Iran.
- Importations of Iranian carpets and foodstuff are now permitted.

US-owned or controlled foreign entities

Prior to 16 January 2016, US-owned or controlled foreign entities had been subject to the same sanctions as US persons. Since Implementation Day however, OFAC has issued the new General License H, which allows non-US entities that are “owned or controlled” by a US person to engage in certain transactions with Iran, provided US persons are not involved in and do not approve or facilitate such transactions. This new General License H effectively turns back time to the pre-2012 era, before primary sanctions were extended to include the activities of foreign subsidiaries of US companies.

General License H however does not permit the following:

- Direct or indirect export / re-export of any goods, technology or services from the US to Iran, with limited exceptions for certain items such as food, medicine and medical equipment specified under the Iranian Transactions and Sanctions Regulations.
- Transfer of funds to, from or through a US depository institution in connection with an Iran-related transaction.
- Engage in transactions with entities on the SDN list, the Iranian military or Iranian law enforcement agencies.

EU Sanctions

The EU has lifted the majority of the EU sanctions against Iran, including the oil embargo. However, proliferation-related sanctions and human rights violation-related sanctions, including the following, remain in place:

- The ban on the sale, supply, transfer or export to Iran, of all military goods and technology
- The ban on the sale, supply, transfer or export of equipment which might be used for internal repression
- The ban on the provision of technical assistance, brokering services and financial assistance related to the aforementioned categories of transactions and activities.

The EU has removed restrictions on the following sectors and activities:

- Transfer of funds between EU entities and Iran, including financial and credit institutions
- Banking activities, including new branches of Iranian banks opening in EU Member States, and EU entities opening new offices, subsidiaries, joint ventures and bank accounts in Iran
- Insurance and reinsurance for Iranian entities
- Import of Iranian oil, gas, and petrochemical products
- Investment in the export to Iran of equipment for oil, gas and petrochemical sectors

- Shipping, shipbuilding and transport sectors
- Export of gold, precious metals and diamonds
- The EU has also lifted the asset freeze on certain Iranian entities in the financial, energy, shipping and transport sectors, including the Central Bank of Iran. Iran has also been given access to financial messaging services such as SWIFT.

UN Sanctions

The UN sanctions against Iran primarily targeted transactions relating to Iran's nuclear programme and were narrower in scope than the US or EU sanctions. Most of these UN sanctions were lifted on Implementation Day pursuant to United Nations Security Council Resolution 2231. Previous Resolutions implementing sanctions against Iran were terminated and certain individuals and entities were removed from the United Nations Security Council Blacklist.