Unilateral Sanctions and Global Oil Markets

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Economic sanctions have always been manipulated to political and economic ends. The history of using economic sanctions goes back to the days before Christ. Before the World War I, economic sanctions were used as a supplementary measure to non-military actions. However, some member countries of League of Nations that had realized the impacts of such sanctions on Axis Countries during World War I, tried to include them in the League of Nations covenant as non-military and a diplomatic measures.

The USA has repeatedly used economic sanctions against Iran since its revolution in 1979, the most famous of which is known as ILSA. But, threats to penalize the European companies who invest in Iran to develop its oil and gas fields did not encourage them to move in line with the US policies. In fact, such sanctions exacerbated the existing conflicts between the interests of the nations on two sides of the Atlantic Ocean.

Limitations imposed by the US government on Iran (and until recently on Iraq and Libya) do not comply with its policies regarding diversification of energy resources and increasing global oil supply as well. Since, the main reason of diversifying the energy resources was originally to minimize the risk of the disturbed flow of oil.

Moreover, globalization and elimination of international trade barriers has considerably decreased the chance of success by unilateral sanctions.

The imposed sanctions do affect the economies of target countries as well as the economy of the world and even those countries who imposed the sanctions themselves.

Therefore, through imposing the sanctions on the target countries, the US government has not only disappointed its allies, but also has jeopardized the security of energy supply. As a matter of fact, it has put the sanctions into practice at the expense of losing profitable markets, and forgoing golden investment opportunities in some rich oil and gas reserves.

In return, Iran has incurred the sanctions successfully at the price of depreciation of the national currency, inaccessibility to American investment and technology, losing the US market and so on.

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