



Economy Policy of Iran Against Financial Sanctions

Mali Yaptırımlara Karşı İran'ın Ekonomi Politikası

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Öz

Yaptırımlar, devletlerin dış politikalarında kullandığı, köklerini tarihin derinliklerinden alan araçlardan biridir. Bu araç, bir devletin kendi dış politika hedeflerine ulaşmak veya bir aktörün davranışını kendi istediği yönde değişmesini sağlamak için bir veya daha fazla uluslararası aktör tarafından, belirli bir ülkenin kurumları, bireyleri veya özel şirketleri ve diğer uluslararası aktörlerinin faaliyetlerini kısıtlamak üzere kullanılır. Bu uygulama aracı, politik, ekonomik, mali kısıtlamalar veya bunların bir kısmının birlikte uygulanması şeklinde olabilir.

Mali yaptırımlar, diğer türlere göre nispeten daha yeni araçlar olup hedefe ulaşmak için diğer ekonomik yaptırımlara ek olarak kullanılırlar. Bununla beraber mali yaptırımlardan etkilenmemek için geleneksel yöntemlerin yanı sıra mevcut küresel finansal mekanizma kapsamında dönüşüm süreci kullanılabilir. Bu makalede, mali yaptırımların etkinliği, yeni geliştirilen kaçınma yöntemleri ve değişen küresel mali ortam göz önünde bulundurularak 2010'lu yıllardan itibaren İran yaptırımları örneğinde ele alınmaktadır.

Anahtar Kelimeler: İran'a Yaptırımlar, Finansal Yaptırımlar, Yaptırımlardan Kaçınma, Yaptırımların Etkinliği, SWIFT Alternatifleri

Abstract

Sanctions are one of the foreign policy instrument of states taking its roots from the depth of the history. This instrument restricts activities utilized by one or more international actors, upon any other international actor-like certain institutions, individuals or private companies of a certain country- in order to achieve foreign policy goals or for making that actor change its behaviour. These restrictive activities may be in the form of political, economic, financial restrictions or some of them together.

Financial sanctions are relatively younger tools than the other kinds and they are used as supplementary to economic sanctions to increase their forcefulness. But, as well as conventional methods to evade financial sanctions, there is also a transformation process about the existing global financial mechanism. In this article, efficiency of the financial sanctions will be analysed by the Iran sanctions case during the 2010's, taking into consideration newly developed evasion methods and the changing global financial environment.

Key Words: Iran Sanctions, Financial Sanctions, Sanctions Efficiency, Sanction Evasion, SWIFT Alternatives.

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INTRODUCTION

As well as being costly, usually war utilization is not approved by the international community. Sanctions as a midway foreign policy tools in between wars and diplomacy, are relatively cheaper and less risky than the wars. For this reason they are frequently preferred by powerful states against inferior ones. So, the first principle for sanctions success is that, they should be utilized by powerful states.

In modern sense sanctions take its roots from city siege, an old kind of war tactic (Simon, 1995: 203) This kind of tactics have two main objects in principle; one of them is only punishing or the other is providing the target actor to adopt the norms of executor state (Galtung, 1967: 379). The reasons behind the utilisation of sanctions are usually land occupation, nuclearisation, supporting terrorist activities, human rights violations, or aim of preventing civil wars and any undesirable war between countries. USA is by far the leading country using the sanctions during the 20th century and within the first 20 years of the 21th century so far.

There is a huge literature about sanctions, especially after the World War II. And also very different approaches to the issue. Some common views about sanctions are presented here:

- Sanctions are lifted when the objects of sanctions realised or the executor state changes its policy, but generally targets don't change their behaviours (Petrescu, 2010: 1).
- Sanctions programs having limited objectives are relatively more successful comparing to ones that desire big political changes.
- And the success rates of unilateral sanctions programs are minor than that of the multilateral programs. So, it is very important gathering the international support, but for providing the support of the international society there should be a valid reason for utilisation of the sanctions.
- The success of sanctions on a certain country depends on its regime; for example if the target country is administrated by democracy, the probability of sanctions success is more likely rather than an authoritarian state.(Galtung, 1967: 409-416)

The reasons behind the sanctions programs may change in due course. Iran case is a very good example of this argument. After the 1979 revolution, sanctions had been started to be applied on Iran by the United States due to the hostage crisis of the US diplomats in Tehran, and then it continued for several and changing reasons; during the 1980's they were implemented due to Iran-Iraq war; in 1990's because of sponsoring terrorism and then during the 2000's for nuclear armament.

Sanctions against Iran appears in the forms of political, economical and financial restrictions. Financial sanction may be seen as a type of economic ones at first glance. However, it has different aspects in many respects. Although the aims of economic sanctions and financial ones are similiar, there are important differences in terms of scope and applications (Farrall, 2007: 107). This study mainly deals with financial sanctions, and related economic sanctions will also be addressed. In this context, Iran's policies to minimize the negative effects of sanctions are discussed.

1. ECONOMIC AND FINANCIAL SANCTIONS HISTORY OF IRAN

Although Iran's sanctions history starts with the nationalisation of the petroleum companies by the Mosaddik Regime in the 1950's, this article will specifically focus on the Iran Islamic Republic Era, and especially sanctions about the nuclear armament (Gordon, 2021). After the 1979 Iran Revolution, the most distinctive factor defining the US-Iran relations has been the economic and financial sanctions.

After Iran's nuclear facilities became evident in 2002, western countries followed two strategies to restrict Iran's nuclear programme. The first strategy has been to pursue diplomacy and dialogs on the one hand, while pressing the country by sanctions on the other hand. During the Hatemi's presidency (1997-2005) the nuclear issue was carried out by diplomatic consultations between the E-3 countries consisting of England, France and Germany. But after Hatemi, it got hard to compromise because of the challenging tongue of new president Ahmedinejad (2005-2013). Since the diplomacy couldn't bring any desired results, the severity of the sanctions programmes had been increased gradually.

At the beginning of 2006, the E-3 countries brought the nuclear issue to the United Nations. So, it meant that Iran sanctions case had been internationalised. Another important development in September 2006, Iran Freedom Support Act (IFSA) was issued by the American Congress (US Congress Rept.H.R. 109-417). The most distinctive feature of this act was, for the first time the financial sanctions were incorporated as complementary to the economic sanctions. By IFSA, huge Iranian banks had been put into black list and banned from making US dollar transactions. Since the oil trade was conducting by US dollar, Iran's oil trade had been targeted with this blockade. By 2009, USA had started to pressure the UN Security Council to take action about Iran nuclear activities.

And in 2010, Comprehensive Iran Sanctions, Accountability and Divestment Act (CISADA) was issued by American congress (US Congress, H.R.2194). With CISADA financial restrictions had been increased on Iran. Including Central Bank of Iran, all the Iranian banks were subjected to financial sanctions. Additionally, other countries's banks involving in transactions with the Iranian banks would be the subject of US secondary sanctions.

In the year 2012 another legislation, National Defense Authorisation Act (NDAA) was issued by the Congress (U.S. Congress, H.R.1540). Foreign banks were forbidden to make oil payment to the Iranian Central Bank. And also, it was announced that third countries making oil and petroleum products trade were being exposed to secondary sanctions. In August 2012, with the Iran Sanctions Contained in the Iran Threat Reduction and Syria Human Rights Act (ITRSHRA), US government prohibited Iran's accession to the global financial channels by exempting all Iranian banks from the SWIFT mechanism (US Congress, H.R.1905). This was the apex of the financial sanctions for Iran.

SWIFT is the Society for Worldwide Interbank Financial Telecommunication founded in 1973 in Brussels. More than 200 countries and over 11,000 financial institutions are the member of it. SWIFT is a reliable messaging network for making interbank money transfers all around the world. So it is very important for the parties making financial transactions through this network. As a result, Iran was severely cut off from the international payment system, and foreign trade was affected negatively (Ghodsai and Karamelikli, 2020:3).

By 2013 presidency elections Hasan Ruhani came into power, and due to his warm manner, diplomatic talks started again. After a two year period, in July 2015 the Joint Comprehensive Plan of Action (JCPOA) was signed between P5+1 and Iran (U.N. Resolution 2231, 2015). P5 includes the UN Security Council member countries, USA, Russia, China, UK, France, and +1 is Germany. After the approval of the JCPOA, economic and financial sanctions about nuclear issue were lifted in exchange for restricting the nuclear activities of Iran.

But when Donald Trump won the November 2016 elections in the US, and because his electioneering discourse was negative about the nuclear agreement, labeling it as the worst deal, the atmosphere between the US and Iran has been started to be stretching again. In May 2018, as it was expected, Donald Trump declared the US

withdrawal from the JCPOA. And by November 2018, along with many other economic sanctions Iran was excluded from the SWIFT mechanism again.

2. SANCTIONS EVASION PRACTICE OF IRAN

Upon the increasing pressure of nuclear related multilateral sanctions, Iranian government and leadership adopted the slogan of the resistance economy policy, since the beginning of the 2010's. This resistance policy meant to self-sufficiency, import substitution and promoting the export activities through sanctions while retrenching the imports.

Being a subject of economic sanctions for more than forty years, Iran seems to be an expert of sanctions evasion policies, like Iranian officials admit many times at the first hand. For example upon the last US sanctions regime by 2018 Cevad Zarif, the foreign minister of Iran said, "*Trump's maximum pressure policy will fail, since we have made doctorate degree in the field of sanctions evasions*" in an interview.

For using its hegemony on the global financial system and its currency "dollar" as a weapon especially during the 2010's –and with the exaggeration of Trump's sanctions policies- US gets reactions not only from Iran, but also many other countries in the world. So, in maintaining international trade, Iran has never been left lonely by its partners. Even further an increasing collaboration –especially on the regional basis of the Asian continent- with Iran is observed against the US policy. And after the imposition of the financial sanctions, some big international banks had been charged to over 14 billion dollars of financial penalties by the US treasury for involving in cooperation to evade Iran sanctions.

There are various kinds of tools and methods for circumventing economic and financial sanctions. And they are being developed and diversified in due time. The main tools and methods are front companies, local currency utilization in international trade, bartering, gold payment and exchange offices which are handled below as subtitles.

2.1. Front Companies

Front companies have been one of the conventional methods of Iranian sanctions evasion policy for long years. But it is seen that, their number had been increased especially after the multilateral sanctions by 2010. As US Treasury officials report, Iran has a complex and layered network of front companies all over the World.

Front companies in the third countries conduct trade activities of Iran about sanctioned industries. If the activities and names of any front company are detected by USA, they are closed quickly and the new ones with different names are founded by almost the same shareholders immediately. Lots of countries all over the world are hosting for these kind of companies; the most extensive front company networks are in UAE, China, Hong-Kong, Malaysia, Panama, Belize, Malta, India, Iraq, Qatar, Turkey, European countries –especially Germany- as well as the United States (Frantzman, 2019). There are dozens of Iranian shipping companies in especially Panama and Belize –two of the middle American countries- since they provide tax advantages to the foreigners. And Iran often uses Panama flag for its vessels while making petroleum trade overseas (Szakola, 2020).

Their numbers increase during the sanctions periods. For example according to the Turkey Union of Chambers and Commodity Exchanges (TOBB), in Turkey, while there had been zero registration in the first five months of 2018, by June 2018, upon the Trump's declaration of withdrawal from the nuclear agreement, 546 company registration is observed until the end of the year, then it continues with 970 and 725 registrations in total during the years 2019 and 2020. Of course some of them belong to independent Iranian enterprises, while others might be linked to aforementioned network.



Table: Company numbers founded in Turkey by Iranian capital

	January	February	March	April	May	June	July	August	September	October	November	December
2018	-	-	-	-	-	105	-	-	130	139	99	73
2019	104	96	80	73	75	85	72	75	74	87	67	82
2020	83	110	51	11	15	47	58	64	63	66	50	77

Source: TOBB

While running trade facilities, Iran is also able to get new technologies of foreign companies and know-how through these shell companies, especially for the aviation and automotive industries. For the financial restrictions there are other solutions other than the SWIFT mechanism.

2.2. Local Currency Utilization in International Trade

As another counter measure to the US sanctions policy, Iran and some other trade partners -mostly neighbours- of it agreed to maintain their trade by using local currencies. Firstly in 2009, Chairman of the Iranian Trade Promotion Organisation Mohammad Ali Zeyghami declared that, the payments of trade between Iran and Turkey would be made by Turkish Liras and Iranian Rial through Bank Mellat which has branches also in Turkey’s main cities (Bank Mellat, 2019). And after 2012, Turkey has paid the import price of sanctioned Iranian oil in both Turkish Liras and in the form of gold. Abdolnasser Hemmati, the chairman of the Central Bank of Iran expressed that, 34 percent of the trade volume between Turkey and Iran was done through the local currencies in 2019.

In 2012, Iran and India have made an agreement for using Indian rupee for their import and export (Dash et.al, 2019). The %45 of Iran’s export was put as Indian rupee in UCO Bank in India, and Iran has made its import by using that rupee account. The exceeding amount of Indian imports had been paid in Euros through Turkish payment channels (Cheema, 2012: 4). During 2012-2015 period the trade relations between Iran and India had continued without deduction while the trade volume was increasing at the same time.

After January 2012, trade between Iran and Russia started to be realised by Iranian Rial and Russian Ruble. Financial sanctions threat against Russia from the western countries had been an important motivation for this deal (Banks in Iran, 2019). Due to the expression of an Iranian official, the use of American dollar decreased seriously between the two countries, and if it becomes very necessary then they use euros, but to a great extent local currencies are being used in their trade relations. According to Iranian parliament speaker Ghalibaf, Iran’s export volume to Russia increased by 40% in 2020, despite the pandemic. In 2018, Russian president Vladimir Putin, as the leader of the Eurasian Economic Union, instructed to the members of the union, to refrain from using US dollar in their trade (Bruno, 2018). So, as being an observer member since 2005 and a signatory of the Preferential Trade Agreement with the union by 2019, Iran benefits from this policy.

A similar trade policy is maintained with Iraq, another neighbour and ally of Iran after the administration change by the US invasion. In 2018, chairman of the Iran-Iraq Joint Chamber of Trade Yahya Al-Ishak announced the agreement between them to make trade payments by local currencies, and again if needed by Euros. Iraq also serves as a mediary country of Iran for trading with the third countries.

As being the biggest trade partner of Iran, trade relations with China again has been pursued by local currencies especially by Yuan for a long time. China has remained to be the biggest oil customer of Iran still during the sanctions periods. In this context two countries signed a major 25-year agreement in April 2021 (Wenting, 2021).

2.3. Bartering

Another useful method to circumvent sanctions is bartering. And it is another old method in Iran's practices, too. But, especially during the 2010's it has been started to be used widely. At first, the bartering companies were designed under the guarantee of the Central Bank of Iran. With this solution there is no need to make any money transfer for importing and exporting. Since the import and export amounts are set-off in between.

Iran utilized this method quite often in maintaining trade relations with China and India for exporting its oil after 2012 multilateral sanctions regime. In exchange for the oil payment, Iran imported consuming products from these countries. For example India paid almost half of its oil import to Iran through bartering. The same method had been facilitated with Russia and Pakistan, too. With an agreement signed in 2014 between Iran and Russia, Russia undertook the role of the intermediary for the sales of Iranian oil to the third parties. And Russia paid the price of oil by selling other commodities to Iran (Dorsey, 2018. 6-9).

Interestingly, during the EU and UN multilateral sanctions period, Iran maintained its relations also with the European companies through utilizing barter trade. For example, depending upon a barter agreement done in 2011, two giant Swiss commodity companies -in the sanctioned steel and metals industries - Glenco Xstrada and Trafigura continued trading with Iranian companies without disruption (Charbonneau, 2019). The Swiss company's officials defended the trade process saying that they were not circumventing the sanctions regime technically, because no money transfer had been made between the parties. Later, expressing that they couldn't find any evidence for sanctions evasion, Swiss authorities corrected and supported this argument, too. In this context, the fact that there is no legal obstacle to the UN Security Council's imposition of sanctions on a country has also encouraged this Swiss decision (Akkutay, 2014: 442).

After May 2018, upon the snapback sanctions of US, along with Afghanistan, Pakistan has been one of the partners of Iran which its exports made the most progress. And, in September 2020 Iran and Pakistan has reached to a new agreement for improving barter trade (Iran Points, 2020). Barter trade has been used also in Turkey and Iran's trade relations. Through a barter bourse founded by the System Barter Company, almost 3,000 member company has pursued mutual trade in between. Turkish companies were buying petrochemistry products in exchange for construction products to Iranian companies. After JCPAO by accessing to the SWIFT system, barter trade hasn't been finalized but Iran and its trade partners have kept bartering. During the new sanctions term, Iran uses barter system with many countries.

2.3.1. INSTEX

European designated Instrument in Support of Trade Exchanges (INSTEX) mechanism or in other words Special Purpose Vehicle (SPV) is the institutional form of the barter system. Just after updating the European Blocking Statute (EU Regulation: 2018/1100) in order to protect the European countries against the secondary sanctions of US, INSTEX was designed immediately after the withdrawal of US government from the JCPOA in 2018. In the beginning, the E-3 countries as being parties to the Nuclear Agreement took the initiative, and in the meantime some other EU countries like Belgium, Denmark, Finland, Netherlands, Norway and Sweden joined to the corporation. As a mirror to INSTEX, on the Iranian side Special Trade and Finance Instrument (STFI) was generated by the Iranian government (Sayre, 2019).

INSTEX system was designed as an intermediary channel, that is to say; if a European company makes export to an Iranian company, this amount would be matched by the price of export that is done by any Iranian company to a European company. So, there is no need for transferring money between Iran and Europe. Money transfers are just made within the Iranian or European companies themselves. In other words the SWIFT is useless for these transactions. In spite of being very useful, INSTEX mechanism couldn't be so successful

because only humanitarian trade was allowed. But, at the beginning the intention was doing all kinds of trade including oil and petroleum products. The mechanism was used firstly in April 2020, in order to sell some medical equipments and medications in the early times of the pandemic.

2.4. Gold Payment

Upon multilateral sanctions, Iran has announced that he would accept collecting its export proceeds as gold payments. By 2012, taking the advantage of legal loopholes within the existing sanctions regimes, Turkey and India widely used this payment method for importing oil from Iran (Reuters Staff, 2012). Turkey and India continued to make Iranian oil import and in exchange for payment, it seemed as Turkey was exporting gold to Iran. So, Turkey's gold export had risen from 1,5 billion dolar in 2011, to 13,3 billion dolar -its ninefold- in 2012. At that time, Turkey not only made its own payment, but had also posed a mediary role in transferring India's refineries' oil payments by the same tool. China and India, the biggest two oil customers of Iran, had declared to continue their imports in spite of the sanctions. China, through the channels provided by Switzerland, used the same method for paying oil imports during the 2012-2015 sanctions period (Koning, 2018).

Due to these former experiences, Iran again put the gold payment system as an alternative to the table, during the new sanctions period after May 2018. Chairman of Iran-Africa Economic Corporation Council proposed to utilize gold and barter system to overcome new sanctions. South Africa and Gana are the first and second biggest gold producers and exporters of the African continent, who import oil and a wide range of petroleum products from Iran. In December 2019 by criticising the US sanctions Turkey, Malaysia, Qatar and Iran, in Kuala Lumpur Summit of Economic Alliance jointly declared to pursue their trade relations through facilitating both gold payment and barter trade solutions (Jamasmie, 2013).

2.5. Exchange Offices

Exchange offices are being used conventionally by Iran to evade sanctions, especially after 2010. There is coordination between some exchange offices operating in UAE, Lebanon, Jordan, Turkey, China and of course Iran. These exchange offices carry out jobs like a bank branch to make money transfers, and support the Iranian banking system and companies' businesses subjected to sanctions. One puts the money to any exchange bureau in any country, and the other one in another country pays that amount. Again, there is no need to use the SWIFT system. So, US can not control the money flow done through this way. Iran is capable of reaching to US dollar through these exchange offices, too.

The share holders of these exchange offices are almost similar to each other. And because their partnership structures are almost the same, there is no safety problem between them. Just two examples are those; Atlas Exchange operates both in Iran, UAE and Turkey, like Ansar Exchange. And these Exchange offices are also examples of Iranian front companies (Press Releases, 2019).

3. NEW DEVELOPMENTS IN THE WORLD'S FINANCIAL SYSTEM

There is a dynamic financial environment and winds of change, especially since 2010, threatening the traditional system of Bretton Woods. One important reason for this is the over use of financial sanctions and abuse of the fiat currencies by western countries. By the year 2020, thirty-two sanctions regimes have been in operation by United States and almost thirty countries and other international actors in total are being sanctioned by EU. For

this reason, there arise a reaction and opposition from the rivals and oppresseds. In this section newly developed financial tools are analysed in subtitles.

3.1. Crypto Currencies

Crypto currencies have been the most popular financial developments of the last ten year period in between 2010 and 2020. They utilize a radically different transfer system called as blockchain and peer-to-peer technology unique to their own, out of the traditional banking channels. So there is no SWIFT or other messaging mechanisms under any state or institutional control. Crypto currencies' usage and transfers are done freely from regulators. And Iranian people use it widely in transferring money out of Iran or buying something from other countries. According to the 2019-2020 statistics, Iran has been the second country after Turkey in the Middle East region mostly using the crypto currencies (Chain Analysis, 2020).

But this time Iran had been so slow to catch on the benefits of the crypto currencies, but tries hardly to close the gap. Because, within the early periods of new sanctions regime of US, lots of Iranians have transferred their cash investments -an amount of almost 2,5 billion US dollars- by the way of crypto currency. Iranian government had been afraid of its use since it couldn't controlled the money flow. However, after making some legal regulations, Iran had been the first country accepting the crypto currency as an official medium of exchange at the state level, in 2019. In the same year again, Iran launched its own gold backed crypto currency called PayMon. It is backed by gold, because gold was thought to stabilise its value (Margit, 2019).

During 2020, Iran started to give importance to crypto currency mining activites by founding farms. There are also mining farms in Iran in collaboration with Chinese experts and joint enterprises with Chinese companies. These mining firms work very productively. Having rich energy resources, Iran is a very convenient arena for this kind of mining activities which requires a huge amount of electricity consumption.

Crypto currencies supplied through mining operations have to be submitted to the Central Bank of Iran, according to regulations. Central Bank holds these crypto currencies provided by mining activities, for its reserves in order to use in trade. And if any company demands crypto currency for evading US financial sanctions in making import, CBI supplies the demanded amount of crypto currency through a some kind of secondary Foreign Exchange market to those companies. Running joint crypto currency mining farms with China, it is inevitable using those currencies as a medium of change for their bilateral trade. And, Iran is working very motivatedly in expanding its mining capacity, as its officials from Industrial Ministry expressed (Wildau, 2015).

3.2. SWIFT Alternatives

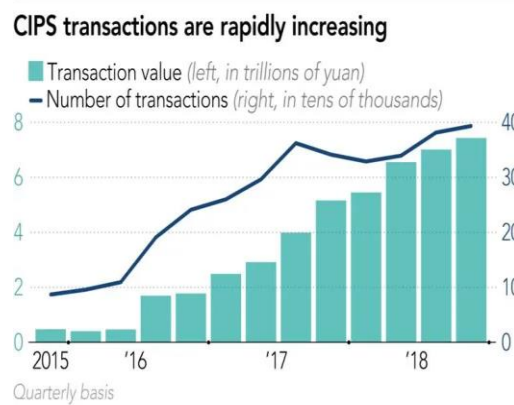
As a counter measure against the over use of santions by US administration, along with Iran, Russia and China, too, have created their own alternatives to the SWIFT messaging system. Iran's Financial Telecommunication System (SEPAM) was designed in September 2019. Russia and China, both being under the US economic sanctions and threat of financial sanctions, behaving proactively have brought into action the System for Transfer of Financial Messages (SPFS) and Customer Idendification Policy (CIP) mechanisms. Encountering by the threat of financial sanctions upon Ukraine crisis in 2014, Russia immediately founded its own money transfer system, and effectively uses it since 2017.

In September 2019 Iranian SEPAM, and accordingly Iranian banks integrated with the Russian SPFS system. And the two countries officials stated that, money transfer would be done through these mechanisms. A Russian official Yury Ushakov said "*for avoiding the interference of third countries, we will provide our bilateral trade under protection through these sytems.*" There is also a tendency from the Euresian Economic Union member

countries -who realizes 70% of mutual trades by local currencies- for using this technical infrastructure (Naderi, 2019).

As another rival of US, China founded its Cross-Border Interbank Payment System (CIPS) mechanism in October 2015. It had been labeled as a “game changer” by the globally important banks, like Standard Chartered. With almost 1,000 members, the transaction volume of CIPS is increasing year by year. For example, while it was 19,4 billion dollar per day in 2019, in spite of the decrease in the world trade due to the pandemic, the volume of CIPS use has risen to 45,3 Yuan in 2020. The intention is to integrate SPFS and CIPS systems.

Table: CIPS transaction trend



Source: Nikkei Asia, 2019

In 2019 BRICS summit in Shanghai, the member states have reached to a consensus about using a new system between them, other than the SWIFT since it was outdated and remained expensive. That is to say, it seems there is an increasing trend for creating a new financial architecture by escaping from the centralized control of the global financial system, under the western especially US supremacy.

CONCLUSION

There is no clear evidence about the utilisation amounts of the each of these financial tools separately in Iran’s trade. There are just statements of the officials on the media about the trade volumes in some certain areas and states. And if there is an economic shrinkage, it cannot be said it was just due to the economic and financial sanctions. Because, also the pandemic conditions have created negative effects on the world trade as a whole, during 2020. But, in addition to all these negative factors, it is seen that Iran’s economy is far away from being on the edge of an economic collapse. Especially in the second half of 2020, the economic data sign an improvement in the trade performance of Iran, including the increase in the sanctioned oil sales, too. Particularly China -the top trade partner- seems to have increased its imports from Iran to the pre-sanction levels. On the other side, Iranian government’s tax revenue has shown an increase by 37% in 2020-2021 fiscal year (Fiscal, 2021).

There are also dealt bilateral and multilateral trade agreements by the Iranian government, some of them are free zone or preferential trade agreements, many of them are with the neighbour countries and Asian countries

and also with some Asian blocs like Eurasian economic Union and ASEAN. By means of alliances Iran tries to develop its trade relations.

And the changing structure of the global financial system strengthens Iran's hand. Preventing Iran's accession to US dollar and the SWIFT system is not meaningful for while now. It is explicitly seen that, a radically new financial architecture is existing especially on the east of the world, limiting the effects of financial sanctions. Most probably relying on these developments Iran asserts conditions to meet with US for the nuclear issue (Gordon, 2021). And increases its uranium enrichment steadily. Lastly, in April 2021, its enrichment level was declared as 60%, tripling 20% the previous level.

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