ISSN Online: 3006-4708
ISSN Print: 3006-4694
SOCIAL SCIENCE REVIEW ARCHIVES
https://policyjournalofms.com

Economic Statecraft and Geopolitical Containment: Evaluating the Economic and Political Consequences of U.S. Sanctions on Iran (2006–2025)

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DOI: https://doi.org/10.70670/sra.v4i1.1911

Abstract
From 2006 to 2025, U.S. sanctions on Iran evolved from targeted multilateral measures to a unilateral "maximum pressure" campaign, leveraging the dollar's dominance to impose comprehensive economic isolation aimed at geopolitical containment of Tehran's nuclear program, regional influence, and ballistic missile development. This review evaluates the multifaceted economic and political consequences through a synthesis of macroeconomic indicators, trade rerouting patterns, proxy network resilience, domestic political dynamics, and global compliance trends. Economically, sanctions precipitated severe contraction (GDP per capita fell ~40–50% in real terms by 2020–2023), hyperinflation (peaking >50% annually), currency depreciation (>90% loss in rial value), collapse of oil exports (from 2.5 mb/d pre-2012 to <0.5 mb/d in peak enforcement periods), and institutionalization of a "resistance economy" reliant on barter, smuggling, and non-dollar trade. Politically, the measures strengthened hardline factions, accelerated nuclear breakout capability (enrichment to near-weapons-grade levels), expanded Iran's asymmetric "forward defense" via proxies (Hezbollah, Houthis, Iraqi militias), and deepened strategic alignment with China and Russia, evidenced by discounted oil sales and circumvention networks. While sanctions inflicted substantial short- to medium-term pain and constrained conventional military modernization, they failed to compel behavioral change on core U.S. objectives, instead entrenching a more resilient, autarkic, and confrontation-prone regime. The analysis highlights the limits of unilateral economic coercion in a fragmenting global financial order, the paradox of proxy empowerment through economic pressure, and the long-term blowback on U.S. credibility and dollar hegemony.

Keywords: U.S. Sanctions, Iran, Maximum Pressure, Economic Statecraft, Geopolitical Containment, Resistance Economy, Oil Export Disruption, Nuclear Program, Proxy Networks, Dollar Weaponization, China–Iran trade

1. Introduction
The application of economic statecraft as a primary instrument of American foreign policy has undergone a transformative evolution in the two decades spanning 2006 to 2025, reaching its zenith in the comprehensive isolation of the Iranian state (Kumar & Lehmann, 2025). This period represents a shift from targeted multilateral restrictions to an expansive, unilateral "maximum pressure" framework designed to leverage the global dominance of the U.S. dollar to achieve geopolitical containment (Twejer, 2025). As the international community observes the culmination of these efforts in late 2025, it becomes evident that while the tactical

objective of imposing significant economic "pain" has been achieved, the strategic outcomes remain deeply contested (Fiedler & Dehnavi, 2024). The systematic dismantling of the Iranian middle class, the institutionalization of a "resistance economy" controlled by security-aligned factions, and the acceleration of an Eastern-oriented strategic pivot suggest that economic coercion has generated complex, often counterproductive, second- and third-order effects (Majidpour, 2013).

2. The Architecture of Coercive Statecraft: A Legislative and Executive Evolution

The contemporary sanctions regime against Iran did not emerge in a vacuum but developed through a recursive process of escalation, negotiation, and re-imposition. Between 2006 and 2025, the legal and institutional architecture of these measures expanded from simple asset freezes to the total exclusion of Iran from the global financial system (U.S. Department of State, 2025). This trajectory is defined by a series of legislative milestones and executive mandates that progressively narrowed the space for Iranian economic activity (Beyer, 2025). As illustrated in Figure 1, U.S. sanctions on Iran evolved from multilateral resolutions to unilateral Maximum Pressure, culminating in the 2025 snapback mechanism.

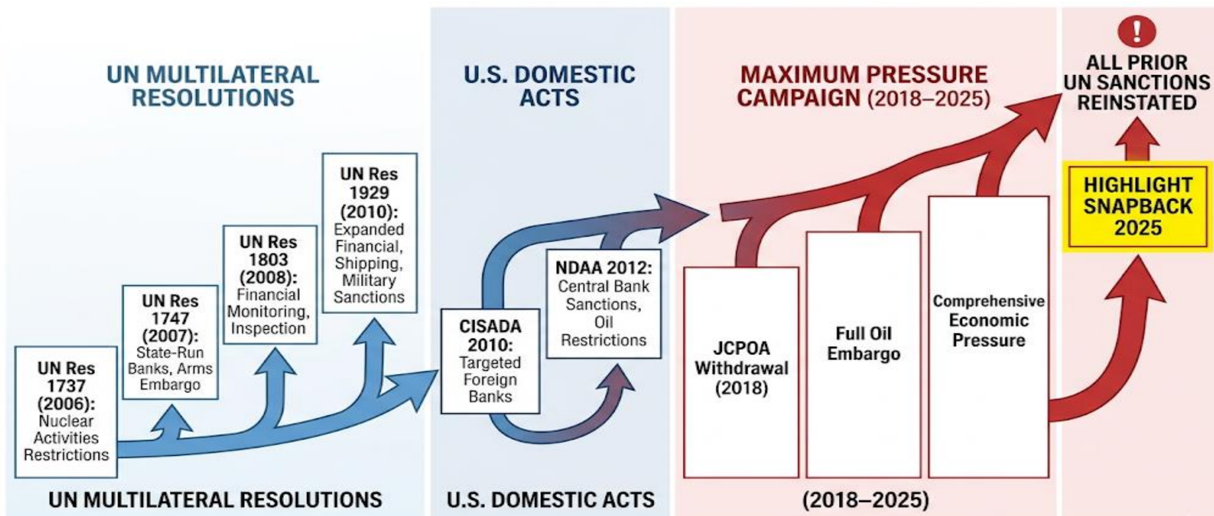

Figure 1: Evolution of U.S. Sanctions on Iran (2006–2025)

2.1 The Multilateral Foundation and the Emergence of Secondary Sanctions

The initial phase of the current crisis began in 2006, following the breakdown of nuclear negotiations between the E3 (France, Germany, the UK) and the administration of Mahmoud Ahmadinejad (Patterson, 2024). The resulting UN Security Council resolutions starting with Resolution 1737 established a baseline for global cooperation, focusing primarily on "supply-side" constraints targeting nuclear and missile-related technologies (Maloney, 2024). However, the perceived insufficiency of these measures led the United States to pioneer the use of secondary sanctions (Zarate, 2013). These measures did not merely prohibit U.S. persons from dealing with Iran but threatened to expel any foreign financial institution or corporation from the U.S. market if they continued to engage with sanctioned Iranian sectors (Nephew, 2017).

Table 1. UN Security Council Resolutions on Iran (2006-2010)

UN Security Council Resolution	Date of Adoption	Key Geopolitical and Economic Provisions
Resolution 1737	December	Imposed an embargo on sensitive nuclear/missile technology;

	23, 2006	mandated the freezing of assets for 22 individuals and entities (U.S. Department of State, 2025).
Resolution 1747	March 24, 2007	Broadened the scope to include a ban on Iranian arms exports and sanctioned IRGC-affiliated entities (U.S. Department of State, 2025).
Resolution 1803	March 3, 2008	Mandated inspections of Iranian ships and aircraft; urged monitoring of Iranian financial institutions (U.S. Department of State, 2025).
Resolution 1929	June 9, 2010	The most comprehensive multilateral resolution, banning heavy weaponry sales and nuclear investments while targeting the IRGC (U.S. Department of State, 2025).

The passage of the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) in 2010 represented a watershed moment. By amending the 1996 Iran Sanctions Act, CISADA targeted the entire supply chain of Iran's energy sector, particularly the importation of refined petroleum products (Clawson, 2024). This was followed by Section 1245 of the National Defense Authorization Act (NDAA) for Fiscal Year 2012, which specifically targeted the Central Bank of Iran (CBI) and mandated significant reductions in Iranian oil purchases by foreign countries under the threat of exclusion from the U.S. financial system (Katzman, 2025). These measures successfully reduced Iranian oil exports from 2.5 million barrels per day (bpd) to approximately 1.1 million bpd by 2013, creating the economic leverage necessary for the 2015 Joint Comprehensive Plan of Action (JCPOA) (Vatanka, 2025).

2.2 Maximum Pressure and the 2025 Snapback Mechanism

The withdrawal of the United States from the JCPOA in May 2018 initiated the "Maximum Pressure" campaign, characterized by the re-imposition of all lifted sanctions and the designation of the IRGC as a Foreign Terrorist Organization (Center for a New American Security, 2025). This phase was defined by an aggressive expansion of targets, including the construction, mining, and manufacturing sectors via Executive Order 13876 and E.O. 13902 (Columbia University, 2023). While the Biden administration maintained the legal framework of these sanctions, it initially faced criticism for a perceived lack of enforcement regarding Iranian oil exports to China (Crowell & Moring, 2025).

However, the return of Donald Trump to the presidency in early 2025 catalyzed a significant intensification of the regime. National Security Presidential Memorandum-2 (NSPM-2), issued on February 4, 2025, directed a "robust and continual sanctions enforcement campaign" targeting the "shadow fleet" of oil tankers and the "shadow banking" networks that facilitate Iranian trade (Knights, 2025). This was compounded by the triggering of the UN "snapback" mechanism in September 2025 by France, Germany, and the UK. The snapback effectively nullified the sanctions relief provisions of the JCPOA at the international level, mandating all UN member states to resume pre-2015 restrictions, including cargo inspections and nuclear-related asset freezes (Al Banna, 2023).

Table 2. Key Sanctions Milestones in 2025

Legislative or Executive Milestone (2025)	**Date**	**Primary Strategic Objective**
National Security Presidential Memorandum-2	February 4, 2025	Directed agencies to deny Iran all paths to a nuclear weapon and counter regional malign influence via "Maximum Pressure" (Crowell & Moring, 2025).
Shadow Banking Network Sanctions	June 6, 2025	Targeted money launderers and oil traders facilitating billions in revenue for the Iranian regime (U.S. Department of State, 2025).

Snapback of UN Sanctions	September 2025	Triggered by E3 countries to restore all international restrictions following Iran's nuclear escalation (Sindhushree et al., 2025).
Energy Export Sweeping Sanctions	October 9, 2025	Imposed total embargo on entities trading in Iranian petroleum and petrochemicals to collapse regime revenue (U.S. Department of State, 2025).
Shadow Fleet Crackdown	December 18, 2025	Targeted vessels and shipping networks engaged in illicit oil transport to evade US and UN oversight (U.S. Department of State, 2025).

3. Macroeconomic Decimation: The Structural Decay of the Iranian State

The cumulative effect of nearly two decades of sanctions has been the structural degradation of the Iranian macroeconomy. The Iranian state has transitioned from a period of robust, oil-fueled growth in the mid-2000s to a state of chronic stagflation and fiscal instability in late 2025. This decay is measurable through the collapse of the national currency, the stagnation of GDP, and the evaporation of foreign direct investment.

3.1 The Collapse of the Rial and Hyper-Inflationary Pressures

The Iranian Rial (IRR) has functioned as the primary casualty of economic statecraft. The systematic exclusion of the Central Bank of Iran from the SWIFT messaging system and the freezing of foreign reserves have stripped the state of its ability to stabilize the currency (Amuzegar, 2025). By late 2025, the Rial plummeted to record lows, trading well above one million Rials to the U.S. dollar on the open market a collapse that has fueled inflation rates exceeding 40% (Bozorgmehr, 2025).

The inflationary environment is not merely a product of currency devaluation but is also driven by the government's fiscal response to sanctions (Habibi, 2025). To cover massive budget deficits often amounting to one-third of total public spending, successive administrations have resorted to domestic borrowing and money printing, creating a self-reinforcing cycle of monetary instability (Pesaran, 2025). The IMF’s 2025 Regional Economic Outlook projected that Iran’s nominal GDP would fall from 401 billion in 2024 to 341 billion in 2025, a dramatic contraction primarily attributed to the currency’s failure (IMF, 2025).

Table 3. Macroeconomic Indicators and Projections (2005-2026)

Macroeconomic Indicator	2005–2006 (Baseline)	2019 (Max Pressure 1.0)	2024 (Baseline)	2025–2026 (Projected)
Real GDP Growth	5.5% (World Bank, 2025)	-2.4% (Wikipedia, 2025)	3.7% (IMF, 2025)	0.3% to 1.1% (Khatinoglu, 2025)
Nominal GDP (USD Billions)	approx 200 (Worldometers, 2025)	approx 250 (Wikipedia, 2025)	416.7 (IMF, 2025)	341.0 to 375.6 (Khatinoglu, 2025)
Inflation (CPI)	approx 12.1% (World Bank, 2025)	39.9% (Wikipedia, 2025)	32.5% (World Bank, 2025)	43.0% to 45.0% (Khatinoglu, 2025)
Oil Exports (Million bpd)	approx 2.5 (Beyer, 2025)	0.3 (CNAS, 2025)	1.85 (Khatinoglu, 2025)	1.1 (Khatinoglu, 2025)
Current Account Balance (% GDP)	approx 8.0% (IMF, 2025)	-0.1% (IMF, 2025)	2.5% (IMF, 2025)	2.0% (IMF, 2025)

3.2 The Revenue Crisis and the "Resistance Economy"

The targeting of oil exports the lifeblood of the Iranian economy has reached its most restrictive phase in 2025. While Iran managed to maintain exports to "teapot" refineries in China through a complex web of illicit traders, the re-imposition of Maximum Pressure has necessitated massive discounts, further eroding net revenue (Sariolghalam, 2025). The IMF estimates that Iran would require an oil price of $163 per barrel to balance its 2025 budget, more than double the global average (Khatinoglu, 2025). This fiscal gap has necessitated the adoption of a "defensive economy" policy, which prioritizes survival and security over development, leading to the decay of national infrastructure, including the power and water supply (Esfandiari, 2025).

The structural decay is further evidenced by capital flight. In the last nine months of 2024 alone, an estimated $14 billion exited the country, following $20 billion the year prior (Adibi, 2025). This flight reflects a total loss of confidence in the domestic market among private investors, leaving the state and the IRGC as the only viable economic actors, thus entrenching a command-style "resistance economy" that is less susceptible to foreign diplomatic pressure but highly inefficient and prone to corruption (Harris, 2025).

4. The Socio-Economic Sledgehammer: Dismantling the Iranian Middle Class

The most profound long-term consequence of U.S. sanctions is the systematic erosion of the Iranian middle class the segment of society that has traditionally functioned as a buffer against extremism and a catalyst for political moderation (Maljoo, 2025). Using "synthetic Iran" models counterfactual data-driven twins that simulate Iran's trajectory without sanctions researchers have demonstrated that the sanctions introduced in 2012 functioned as a sledgehammer rather than a surgical strike (Sajadi et al., 2024).

4.1 The Scale of Social Downgrading

Between 2012 and 2019, sanctions caused an average 17 percentage point gap between the potential and actual size of the middle class. By 2019, a year after the launch of the original Maximum Pressure campaign, the cumulative effect was devastating: the middle class was 28 percentage points smaller than it should have been (Farzanegan & Habibi, 2025).

The drivers of this decline are multi-faceted. First, sanctions starved the country of foreign investment, preventing the creation of high-skilled jobs. Second, trade restrictions bankrupted thousands of small and medium-sized businesses that relied on international supply chains (Al-Khatib, 2025). Third, the collapse of the Rial wiped out the life savings of families on fixed incomes. By early 2020, only 63.7% of Iranians self-identified as middle-income, compared to nearly 79% in 2005 before the intensification of international pressure (Salehi-Isfahani, 2025).

Table 4. Comparison of Social Metrics and Counterfactual Data

Social Metric	2005 (Pre-Sanction)	2019–2020 (Post-Max Pressure)	Counterfactual (Without Sanctions)
Middle Class Size (% of Pop)	approx 80% (Farzanegan & Habibi, 2025)	56.0% (Farzanegan & Habibi, 2025)	84.0% (Farzanegan & Habibi, 2025)
Self-Identified Middle Class	78.7% (Farzanegan & Habibi, 2025)	63.7% (Farzanegan & Habibi, 2025)	N/A
Per Capita Income Loss (USD)	Baseline	-3,000 USD annually (Farzanegan & Habibi, 2025)	Baseline
Vulnerable/Informal	Baseline	Significant increase	Baseline

Employment		(Farzanegan & Habibi, 2025)	
Poverty (% below 6.85 USD/day)	Baseline	22.0% (Wikipedia, 2025)	Baseline

4.2 The Political Economy of Desperation

The destruction of the middle class has fundamentally altered the domestic political landscape. Historically, this group provided the resource base and organizational capacity for reformist movements, such as the 1997 election of Mohammad Khatami and the 2009 Green Movement (Gheissari, 2025). By crushing this group, Western sanctions have effectively "cleared the field" for the very hardliners they were intended to undermine (Abrahamian, 2025). The regime has utilized its control over a crippled economy to deepen its patronage networks, making the survival of the population dependent on state-controlled resources (Alamdari, 2026).

Furthermore, as economic security evaporated, the population's concern shifted from political reform to basic subsistence (Salehi-Isfahani, 2026). This "misery multiplier" has empowered authoritarians who can plausibly blame all domestic suffering on foreign enemies, while simultaneously suppressing organized political movements that lack the resources to sustain themselves in a hyper-inflationary environment (Kadivar, 2025).

5. Humanitarian Consequences and the Erosion of the Right to Health

While U.S. and UN sanctions regimes almost always include "humanitarian exemptions" for food and medicine, empirical evidence from 2006 to 2025 suggests that these safeguards exist primarily in name (Ansari, 2026). The systematic targeting of the banking and shipping sectors has created a "silent killing" effect, whereby hospitals run out of essential supplies not because of an explicit ban, but because of the logistical and financial impossibilities of procurement (Mohammadshahi et al., 2025).

5.1 The Pharmaceutical Crisis and Specialized Care

The impact on public health is measurable in years of life lost. National analyses have shown that the imposition of UN sanctions is linked to a reduction of approximately 1.2 to 1.4 years in life expectancy, with women disproportionately affected (Gutmann et al., 2025). In late 2025, the removal of the subsidized exchange rate for drug imports led to a 70% surge in the price of medicines and medical equipment (Arouzi, 2025).The healthcare system's strain is most visible in the treatment of complex diseases. Six million Iranians suffering from hemophilia, multiple sclerosis (MS), thalassemia, and various cancers have faced critical shortages (Sarkandi, 2025). Operating theaters have reported running out of modern anesthetics, forcing a return to older, more dangerous types no longer in standard use (Zafarghandi, 2025).

Table 5. Humanitarian and Healthcare Impacts in 2025

Healthcare Commodity/Cost	Reported Surge (2025)	Impact on Patients and Systems
Overall Medical/Drug Prices	70.0% Increase (Iran International, 2025)	Failed "Daroyar" reform plan left costs to patients (Iran International, 2025).
Specialized Drug Doses	20 Million Rials per dose (Iran International, 2025)	Exceeds the monthly minimum wage for many (Iran International, 2025).
Antiepileptic Drugs	300.0% Price spike (Farzanegan et al., 2025)	Led to rationing and flooded market with counterfeits (Farzanegan et al., 2025).
Shipping/Insurance Costs	30.0% to 50.0% Increase (Iran International, 2025)	Doubled import timelines from 3 to 6 months (Iran International, 2025).
Active Pharma Ingredients (APIs)	40.0% Overall cost increase (Iran International, 2025)	99% of drugs local, but 100% of precursors imported (Iran International, 2025).

5.2 Infrastructure Decay and Environmental Health

The "shadow" consequences of sanctions extend to environmental health. The exclusion of Iran from global technology transfers has prevented the modernization of power plants and oil refineries, leading to catastrophic air quality (Beyer, 2025). In the year starting March 2024, air pollution killed an estimated 58,975 people approximately seven deaths per hour causing 17.2 billion USD in economic damage (Iran International, 2025).

Moreover, the state of "water bankruptcy" in Iran, characterized by nightly water cuts in major cities like Mashhad, is aggravated by the inability to import modern desalination and water management equipment (Hamidifar, 2024). While officials attribute these failures to foreign pressure, critics note that the sanctions act as a "multiplier" for pre-existing government mismanagement and corruption, leaving the most vulnerable populations with no recourse but to purchase home storage systems that have tripled in price (Sajadi et al., 2024).

6. Domestic Political Reconfiguration: The Death of Reformism and the Rise of the IRGC

The political consequences of two decades of economic statecraft have been the inverse of the intended outcome. Rather than stimulating a "bottom-up" demand for regime change or moderation, the sanctions have incentivized a "top-down" consolidation of power by the Islamic Revolutionary Guard Corps (IRGC) and the hardline "neo-Principalist" factions (CNAS, 2025).

6.1 Institutional Capture and the Resistance Economy

The IRGC has emerged as the primary beneficiary of the sanctions regime. As formal banking and trade channels closed, the IRGC utilized its organizational depth and security-based logistics to manage the "shadow" networks necessary for the state's survival (Arslanian, 2025). This has resulted in the institutional capture of the economy, whereby the IRGC controls major conglomerates in the construction, energy, and telecommunications sectors (Loft, 2026).

The 2025 escalation specifically the 12-day war with Israel in June further entrenched this dynamic. Military success and the perceived threat of "existential" war pushed moderates and reformists to the margins, pulling IRGC-aligned hardliners into the heart of the national security decision-making process (Londoño-Bedoya et al., 2025). The state’s narrative has shifted from one of development and global integration to one of "permanent anti-imperialist resistance," framing the U.S. as an "irredeemable" adversary (Fiedler & Dehnavi, 2024).

6.2 The Failure of the "Demand-Side" Pathway

Scholars identify two causal pathways through which sanctions affect nuclear proliferation: the "supply-side" (denying technology) and the "demand-side" (altering domestic political incentives). In the 2013–2015 period, the demand-side pathway was decisive, as the economic pain created a broad-based coalition that sidelined hardliners and pursued negotiation (IAI Publication, 2015).

However, by 2025, this pathway has been effectively blocked. The systematic erosion of the middle class and the suppression of the 2009 and 2022 protest movements have eliminated the domestic political leverage of the moderates (Tauheed, 2024). The current leadership, emboldened by the failure of the JCPOA to provide long-term security or prosperity, has concluded that negotiation offers no reliable path forward (Middle East Council, 2023). Instead, the regime has adopted a strategy of "strategic patience" and asymmetric resistance, viewing the sanctions not as a tool for negotiation but as a permanent feature of U.S. hostility (Jerkov et al., 2025).

7. Geopolitical Containment vs. Asymmetric Persistence: Regional Case Studies

A central objective of U.S. economic statecraft has been the containment of Iranian regional influence. Yet, the evidence from 2017 to 2025 suggests that while sanctions have diminished Iran's conventional military sway, they have failed to change its behavior in the Middle East (Soran University, 2025). Instead, Iran has doubled down on asymmetric warfare and the "Shiite Crescent" proxy network to offset its economic isolation (Chatham House, 2026). Figure 2 maps Iran’s asymmetric regional influence and the resilience of its proxy networks despite ongoing sanctions.

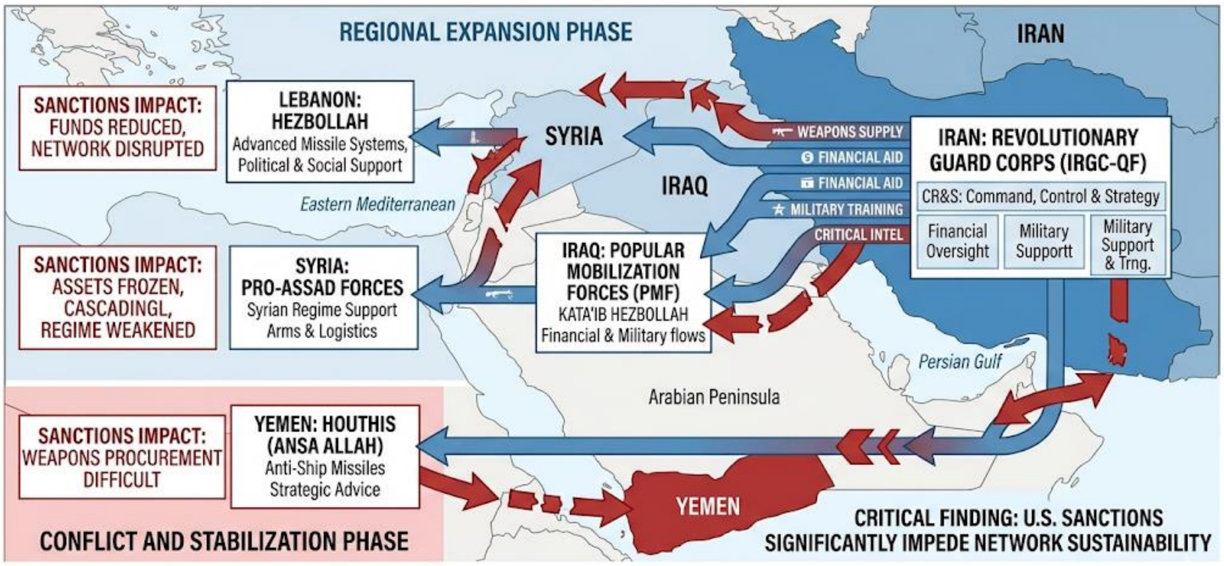

Figure 2: Iran’s Proxy Network and Regional Influence

7.1 Iraq: From Discrete Arena to Extension of the Iran Campaign

In Iraq, the U.S. has increasingly treated the country not as a discrete partner but as an extension of the maximum pressure campaign against Tehran. Washington has targeted Iraq-based financial networks and economic conglomerates, such as the Muhandis General Company, for facilitating the diversion of funds to the IRGC (Connable, 2020).

Despite these efforts, Iran-backed armed factions in Iraq have consolidated power. Following the withdrawal of Muqtada al-Sadr from politics, these factions have achieved unprecedented parliamentary weight and executive representation (Pollack, 2020). The institutional capture of the Iraqi state by these groups has fundamentally reshaped governance, making it nearly impossible for Washington to decouple the Iraqi economy from Iranian influence without triggering a bilateral crisis unseen since the Saddam era (Moore, 2024).

7.2 Syria and Yemen: Asymmetric Alliances and Resistance Economies

In Syria and Yemen, Iran has utilized its "Forward Defence" strategy to build a destabilizing network that projects influence while avoiding direct conventional conflict (Reisinezhad, 2026). Because Tehran cannot access modern conventional weapons due to sanctions, it has invested heavily in missiles, drones, and the support of allied militias like Hezbollah and the Houthis (Nagarwal, 2025).

Table 6. Iranian Strategic Regional Investments and Sanctions Impact

Regional Actor / Theatre	Iranian Strategic Investment	Impact of Sanctions (2017–2025)
Hezbollah (Lebanon)	Missiles, Drones, Financial Support	Functioned as the "spearhead" of deterrence despite economic strain (Chatham House, 2026).
PMF / Factions (Iraq)	Institutional Capture, Financial Hubs	Consolidated power; used Iraqi ministries to evade U.S. dollar restrictions (Gulf International Forum, 2026).
Houthis (Yemen)	Asymmetric Maritime Disruption	Continued to threaten the Red Sea, proving regional "veto power" (Chatham House, 2026).
Syrian Regime	Military Stabilization, Trade Routes	Established "resistance economies" to bypass Western trade barriers (CNAS, 2025; Chatham House, 2026).

Iran has adapted by establishing "resistance economies" with partners like Lebanon, Venezuela, and Syria, using oil exports and shadow banking to fund its regional activities even as its own domestic infrastructure decays (Şimşek, 2025).

8. The Strategic Pivot to the East: Ideals vs. Harsh Realities

The ultimate strategic consequence of two decades of Western isolation has been Iran's fundamental pivot toward the Eastern hemisphere. This "Look East" policy is no longer a tactical maneuver but the primary strategic choice of the Iranian leadership, rooted in a deep-seated mistrust of the West (Perry World House, 2025).

8.1 Institutional Integration: BRICS and the SCO

By 2025, Iran has solidified its membership in several Eastern-led institutions designed to neutralize Western sanctions and create a multipolar financial order.

- Shanghai Cooperation Organization (SCO): Full membership achieved in 2023, embedding Iran into a security and political architecture dominated by China and Russia (Middle East Council, 2023).
- BRICS: Full membership in 2024; President Masoud Pezeshkian has proposed a BRICS roadmap to "de-dollarize" energy trade and create a unified financial system for the "global south" (Kumar & Lehmann, 2025).
- Eurasian Economic Union (EAEU): Iran is set to enter a free trade agreement with this Russia-led union in May 2025, aiming to integrate its economy with the Russia-led trade bloc (Rezaei, 2024).

8.2 The Transactional Nature of Eastern Partnerships

However, the "Look East" strategy faces significant criticism within Iran due to the "harsh transactional realities" of its partners (Twejer, 2025). While Beijing and Moscow offer tactical support to counterbalance U.S. pressure, they have consistently demonstrated that they will not jeopardize their own core interests including their relations with the United States or the Gulf Arab states for Iran's sake (Maljoo, 2025).

China, while remaining Iran's primary oil customer, buys at a significant discount and avoids explicitly siding with Tehran in regional conflicts (Azad et al., 2023). Russia, despite signing a "Comprehensive Strategic Partnership Treaty" in January 2025, is viewed by many in Tehran as a "fair-weather partner" that uses Iran as a bargaining chip in its own negotiations with the West (Stasevich, 2024).

Table 7. Strategic Agreements and Institutional Integration (2025)

Agreement / Institutional Step	Year	Current Status (2025)	Limitations of the Partnership
China-Iran 25-Year	2021	Implementation ongoing; focused	China avoids angering the US or its

Strategic Agreement		on discounted oil (Perry World House, 2025).	Arab energy partners (Perry World House, 2025).
Russia-Iran Strategic Partnership	2025	Signed Jan 2025; covers defense, tech, and energy (Perry World House, 2025).	No mutual defense clause; Russia acts chiefly in its own interests (Perry World House, 2025).
Turkmenistan Logistics MoU	2025	Signed June 2025; boosts shipping to China (Avdaliani, 2025).	Infrastructure gaps limit actual trade volume to China (Avdaliani, 2025).
BRICS De-dollarization Roadmap	2025	Proposed by Pezeshkian for energy trade (Perry World House, 2025).	Members like India/Brazil prioritize balanced ties with the West (Perry World House, 2025).

9. Scholarly Assessment: Evaluating the Efficacy of Economic Coercion

Scholarly literature on the case of Iran (2006–2025) reveals a consensus that while sanctions are an effective tool for imposing "pain," they are a blunt instrument for achieving non-proliferation or regional stability (Soran University, 2025).

9.1 The Slowing vs. Stopping of Proliferation

Critical reviews argue that sanctions have "not forced Tehran to abandon nuclear research, but only slowed down the pace of development". By early 2023, following the U.S. withdrawal from the JCPOA, Iran had achieved "threshold level" capability, with the ability to produce fissile material for a nuclear device in as little as a few weeks if the political decision were made (Beyer, 2025). The transition from 2006 to 2025 has seen Iran's nuclear program advance dramatically despite the mounting economic pressure, suggesting that the "supply-side" constraints of economic statecraft have finite efficacy in the face of a determined state (Bobkin, 2023).

9.2 Institutional Inertia and Moral Narratives

Interdisciplinary scholarship argues that Washington's continued reliance on sanctions reflects "not just strategic concerns but also domestic politics, institutional inertia, and moral narratives" that frame Iran as a permanent adversary (Fiedler & Dehnavi, 2024). These narratives narrow the diplomatic space and make compromise politically risky for U.S. administrations. Consequently, sanctions function as symbols of political resolve rather than instruments of measurable change (Sajadi et al., 2024). This is evident in the 2025 re-imposition of Maximum Pressure, which occurred despite acknowledgment from some U.S. officials that the previous campaign had failed to bring Tehran to the bargaining table (CNAS, 2025).

10. Conclusion:

The two-decade arc of U.S. sanctions on Iran (2006–2025) illustrates both the potency and the profound limitations of economic statecraft as a tool of geopolitical containment. The campaign undeniably achieved tactical success in inflicting acute macroeconomic pain collapsing oil revenues, eroding living standards, triggering capital flight, and dismantling segments of the pre-sanctions middle class while constraining Iran's access to conventional arms and advanced technology. Yet strategically, the policy fell short of its core objectives: it neither halted the nuclear program (enrichment levels and centrifuge capacity reached unprecedented highs), nor curtailed regional influence (proxy forces expanded reach and lethality), nor produced regime change or meaningful concessions. Instead, sanctions catalyzed a more insular, hardline-dominated political economy, accelerated de-dollarization through barter and non-SWIFT channels, and entrenched durable alliances with China and Russia that partially offset isolation. The paradox is striking: maximum pressure strengthened the very "resistance economy" and asymmetric posture it sought to weaken, while simultaneously eroding U.S. leverage in a multipolar financial landscape where alternative payment systems and commodity-backed trade increasingly bypass dollar dominance. For policymakers, the Iran case serves as a cautionary lesson on the diminishing returns of unilateral coercion against adaptive, ideologically committed adversaries, the risk of accelerating adversary self-reliance and coalition-building, and the long-term reputational costs to the sanctioning power when economic weapons fail to deliver proportional political outcomes. Moving forward, any recalibration of Iran policy will require acknowledging these realities balancing coercive pressure with credible diplomatic offramps, multilateral coordination to close evasion pathways, and recognition that prolonged economic siege may ultimately fortify rather than fracture a determined regime's strategic posture.

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