Investigating the Effects of Intermediaries in Iran's Sanctions on International Trade Agreement

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Abstract: As the sanctions are increasingly replaced with military conflicts, some people consider it as one of ordinary facts in their life. Following the implementation of Islamic republic of Iran, it has been unilaterally sanctioned by US government and international community. Now, the most comprehensive sanctions have been imposed on Iran by international community over 30 years ago. This study is an applied research that aims to recognize the effects brokers on execution of international trade agreements under the terms of sanctions in Iran, using Delphi method. In tree stage a questionnaire was given to 30 international business experts to determine their viewpoints from 'unlikely' to 'likely'. Interpretive Structural Modelling (ISM) was used to analyze data. Then verified items by experts were rated and prioritized. However, conductance and dependence of factors were identified by MICMAC approach. After calculation, 10 likely consequences related to presence of brokers were classified at 7 levels. Results showed that the most important consequence related to presence of brokers was cautious in cooperation of countries whit countries who imposing sanctions. On the contrary, the consequence of disagreement had lesser impact.

Key words: Sanction, brokers, international trade agreements, levels, impact

INTRODUCTION

During the twentieth century increasingly international trade agreements as a foreign policy tool is ripped. Economic sanctions are usually a combination of restrictions on international trade and investment that in general, as a tool for specific changes in the target country are used (Mobin *et al.*, 2014). One of the goals of economic sanctions change the behavior sanctioned country for reasons related to foreign relations. Economic sanctions are usually used as a tool in pursuing Foreign policy. It is argued that economic war aim is to get as much as possible to wrecking the economy. Major world powers put pressure on sanctioned countries that it would reduce people's living standards, income and employment. The collapse of the country so that its consent or to cause the sanctioning organization. This can cause a change in strategy or even a change in the sanctions regime, the country with the most common sanctions regime change and the establishment of democracy. Other goals include economic sanctions aimed at destabilizing the country through economic pressures noted. However experiences and background checks sanctions proves that in most cases, economic sanctions had a great economic impact andpolitical

success is not significant and ineffective (Alikhani, 2005). After the Islamic Revolution in Iran in 1979, 16 presidential decree, 10 legislation passed by Congress and 6 Security Council resolutions have shaped frame sanctions against Iran and the tool has been used frequently against Iran by the United States after the first of America Embassy in Iran. America Sanctions originally called Iran and Libya Sanctions Act, in order to prevent the spread of Iran's nuclear program and support for terrorist organizations enacted but the broader objectives pursued (Hashi, 2015). One of the many sanctions against Iran is US Sanctions Act which was passed in 1996. After its initial run, great attention to supra-territorial sanctions attracted. The US Penal Code, most of them belongs to US allies against all companies. For more information on the Eleventh Congress passed a law that was approved by the ISA, various other types of activities, including services and equipment sales and production of gasoline to Iran, international relations, banking restrictions against Iran will be included. Although, there is quite clearly the effectiveness of sanctions against Iran but what is clear is the sanctions pressure on Iran as a means to achieve the ultimate goals of the United States. The nation's changing political behavior and the Islamic Republic and stop Iran's nuclear activities have not been successful

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and often provide a favorable environment for Iranian partners in East Asia, there has to seize the opportunity to benefit economically. On the other hand, some experts believe that a broad social base of the political system of the sanctioned country, affect the sanctions ultimate success. The US sanctions on Iran's political behavior changes that considered by West failed and the subject of extensive vast military base in Iran, large volumes and dilute the effect of sanctions on the Iranian economy as a pressure tool back into the 21st century (Sayadi and Barkshli, 2012). On the consequences of sanctions, the cost of sanctions on the Iranian economy activities could reduce the bargaining power of Iran because due to the presence of intermediaries in commercial trade agreement and Iran is being pressured in their dealings with business partners and their concessions to business transactions conducted over the fees be seen. Increased transactions cost increase-financing investment projects consequently increase the transaction costs of the sanction, international companies reduced investment security and an output of high-quality technicaland high technology projects, for example, oil and gas is one of the consequences of sanctions (Sayadi and Barkshli, 2012).

Katoozian believes that the most important impact of sanctions is manipulating the political relations and economic cooperation for the purposes of sanctions is imposed. Sanctions in terms of international trade is a deviation from the normal course of international trade. Trade sanctions outside the formal banking system and to the underground network through intermediaries, presence has shifted. As a result of the West economic sanctions, Iran inevitably to a market economy are taken into account has many negative consequences. Contracts for international business in terms of sanctions, the parties deal with that change transaction title for boycott of sanctions (Katoozian, 2014). In such a case the parties to circumvent sanctions as a contract of purchase and change sale title to another that is not sanctioned. Although, the Treasury Department and Institute of America export controls, left a loophole in this case and covers all contracts under any title. Contract that the parties or one of them to hide the truth, third party involved in the dayan obvious example is mediated contract or trade is called "commissioning" (Katoozian, 2014).

In addition, US economic sanctions cause constrictions in sale and import goods from abroad to Islamic Republic of Iran and the turmoil in the distribution system, hoarding and profiteering, the emergence of a black market for many goods and trade committee and a special revolutionary court, was the impetus for the bottlenecks.

In addition, US sanctions, was forced Iran to pay more for imported goods. In this regard, one of the effects of economic sanctions in the past decade led to a devaluation of the rial value. Devaluation of the rial is also seeking to reduce imports and lack of Iran access to Foreign capital and technology. In other words, sanctions on Iranian investment climate changed in the past decade, the technology transfer to Iran after it is done.At the same time, Iran was forced to part of the plans for the structural development of the economy after the war stopped (IBSR, 2002). Therefore, it seems that economic sanctions against Iran led to several consequences, especially in the field of international trade agreements that identify and ranking as the outcomes of this study were discussed.

MATERIALS AND METHODS

This study is a descriptive survey. In this study, to identify and rank the factors and the consequences of the presence of intermediaries in international trade sanctions on enforcing contracts, Delphi method is used. Delphi method is structured process depends on the number of participants but may also depend on the scientific validity of the participating experts. In this study, firstly to identify the consequences of intermediaries in terms of sanctions on Iran, a comprehensive review of the literature and research studies in this area was conducted and the results of five outcomes can be identified. Then to confirm the derived consequences as well as identify and prioritize other outcomes of the Delphi technique was used. The study population consisted of experts, specialists and university professors in the country's commercial contracts and the sample consisted of 30 professionals who were randomly selected non-judgmental method; these samples, priority areas of international business expertise and direct contact with and the use of intermediaries in terms of sanctions was considered.

In this study, the implementation of the Delphi method was conducted in three phases: in the first stage, preliminary data through library studies and research have been extracted in the past five primary outcome was achieved. In the second stage, coordinate the collection of experts and specialist in international trade accepted and by a questionnaire and based on coordination 100% of panel members, experts gathered in the first round and according to the semi-open questionnaire, experts have confirmed the whole questionnaire and 5 primary outcome

which suggests its validity. At the final stage results and comments first round along with the questionnaire given to the panel members and based on expert opinion five outcomes plus to primary other outcomes finally, 10 outcome examined and were analyzed by pairwise comparisons. There are differences in the Delphi method but generally agree is about 70% sign of achieving consensus (Hung and Lee, 2008). And, since the second round of the Delphi technique in this study, confirmed both groups outcomes so consensus in the Delphi process by pretty much approximate was achieved. The remarkable thing is that the results obtained by the Delphi panel in this study, the results of many other studies that showed that adds to the validity of the model. Therefore, after review and consensus by 30 experts and scholars to analyze the data subject, Delphi method by purposeful and necessary consensus achieved during the third stage and the result process led to the extraction of 10 outcomes. In the next stage, to rank factors Interpretive Structural Modeling (ISM) was used. For this purpose, a matrix questionnaire for interpretive techniques was designed and after reviewing and confirming the validity of the questionnaire, among the experts were distributed in this way, consequences affecting the implementation of international trade agreements were ranked.

RESULTS AND DISCUSSION

To identify the implications of intermediaries in terms of Iran's sanctions on the implementation of international trade agreements, according to studies, fifth consequence of the presence of intermediaries in terms of sanctions on the country's implementation of trade agreements have been extracted from the literature. Then, in a survey of teachers and experts were asked to comment on the consequences of the presence of the mediator, it is quite probable from the improbable with a score of 1-5 score identified. Comments higher than average relatively probable consequences (3) allocated, approval and other outcomes were eliminated. The fifth consequence of all extracted from the literature confirmed as well as five other outcome added by experts on the implications and consequences of 10 were identified. Specified outcomes identified here: Consequences of intermediaries in terms of sanctions on the implementation of country's trade agreements:

- Identified outcomes
- Rising costs
- Prolongation contracts

- Quality of work
- Increased uncertainty
- Failure to achieve the agreed objectives
- Reduce create new opportunities in contract commitment
- Obligation under the contract (e.g., purchase, etc.)
- Increasing roughness and risks involved in transferring money to the opposite side
- Limited number of global markets buying and selling goods and services
- The country act cautiously in cooperation with the countries imposing sanctions

After 10 consequence of the presence of intermediaries were identified in terms of sanctions on the country's implementation of trade agreements, in order to the structure of outcomes and determine the most effective outcomes, interpretive structural modeling questionnaire were given to specialists and asked according to the procedure mentioned in the method, determine the relationship between outcomes. By definition, experts to clarify the relationship between factors had four choice. First, factor A affects B factor. Second, B factor affects A factor. Third, both factors affect each other and fourth, there is not the relationship between two factors. Of each of the experts were asked to compare with each other as two factors. If a row is a prerequisite column of this relationship with V show, if a column row is a prerequisite for this relationship with A show cause, if they both need each other and the relationship with X and show the relationship with each other without the need for O (Azar *et al.*, 2013). Experts according to their knowledge and experience determine the relationship between the consequences of intermediaries in sanctions terms on implementation of country trade agreements. After collecting the questionnaires, expert's opinion was gathered. Cumulative comments were based on many comments. For this purpose, each of the 4 types of relationship was between 1 and 4. Number 1 related to no relationship (O), number 2 related to the needs and common relationship (X), number 3 related to the column relationship to row (A) and number 4 related to relationship rows and columns (V). Were then averaged. If the resulted number is between 1 and 2, no relationship, between 2 and 3 is also needed, the relationship between 3 and 4 columns to rows and rows to columns when the relationship is between 4 and 5 were considered. The resulting comments were calculated in the calculated result is presented here. Outcome debate about the relationship between outcomes:

–	10	9	8	7	6	5	4	3	2	1
1	A	A	A	O	A	V	A	V	A	–
2	O	O	A	A	O	V	A	V	–	–
3	A	A	O	O	A	V	A	–	–	–
4	O	A	A	O	O	V	–	–	–	–
5	A	A	A	A	O	–	–	–	–	–
6	A	A	A	V	–	–	–	–	–	–
7	A	A	A	–	–	–	–	–	–	–
8	A	A	–	–	–	–	–	–	–	–
9	A	–	–	–	–	–	–	–	–	–
10	–	–	–	–	–	–	–	–	–	–

Symbols of SSIM matrix relations with the numbers zero and one according to the following rules, the matrix was achieved. The rules are as follows: A) If the house (i, j) in the SSIM matrix is V symbol, the house is in the matrix to achieve the number 1 and its corresponding houses (j, i) is zero. If house (i, j) in the SSIM matrix is A symbol, the house is in the matrix to achieve zeroand its counterpart house (j, i) is the number 1.C) if the house (i, j) in the SSIM matrix is X symbol, the house is in the matrix to achieve the number 1 and its corresponding houses (j, i) is the number 1.D) If the house (i, j) in the SSIM matrix is the symbol O, the house is in the matrix to achieve zeroand its counterpart house (j, i) is number zero (Azar *et al.*, 2013). The resulting matrix was achieved in discussed here. Formed matrix given as:

–	1	2	3	4	5	6	7	8	8	10
1	1	1	0	1	0	1	0	0	0	0
2	1	1	1	0	1	0	0	0	0	0
3	0	0	1	1	0	0	0	0	0	0
4	1	1	1	1	1	0	0	0	0	0
5	0	0	0	0	1	0	0	0	0	0
6	1	0	1	0	0	1	1	0	0	0
7	0	1	0	0	1	0	1	0	0	0
8	1	1	0	1	1	1	1	1	0	0
9	1	0	1	1	1	1	1	1	1	0
10	1	0	1	0	1	1	1	1	1	1

After the initial matrix was achieved, should it be established internal consistency. For example, if variable 1 lead to the variable 2 and variable 2 lead to variable 3, 1 variable must also be conducive to variable 3 and if the matrix to achieve this was not the case then modified matrix and relationships that are missing should be replaced. Reforms in the final matrix is shown with *1. For example, 1 is prerequisite 6 and 6 is prerequisite 3 and 7, then 1 must be a prerequisite 3 and 7. But in the previous table at first, third and seventh rows were inserted zero. This relationship has been modified in the following table. Instead zero number 1* was recorded (Azar *et al.*, 2013). This respect for all the factors were calculated separately and wherever they need to be corrected, this correction was applied manually. Thus, the access matrix is drawn here. Ultimate access matrix given as:

Influence	1	2	3	4	5	6	7	8	9	10
7	1	1	1*	1	*1	1	1*	0	0	0
6	1	1	1	1*	1	1*	0	0	0	0
5	1*	1*	1	1	*1	0	0	0	0	0
6	1	1	1	1	1	1*	0	0	0	0
1	0	0	0	0	1	0	0	0	0	0
7	1	1*	1	1*	*1	1	1	0	0	0
5	1*	1	1*	0	1	0	1	0	0	0
8	1	1	1*	1	1	1	1	1	1	1
9	1	1*	1	1	1	1	1	1	1	0
10	1	1*	1	1	1	1	1	1	1	1
Dependence	9	9	9	8	10	7	6	3	2	1

After calculating the final access matrix, must be specified model levels. The set of inputs and outputs of each factor is determined and if the outputs and the same common set calculated,it is operating on the same level. How to calculate input and output, as mentioned in the third quarter was as follows to calculate output homes in the first column, the number 1 is written for them are identified. If all factors were related to the same level, it is single-level model, otherwise, you must go to the next level. At the next level, factors and their numbers are deleted. For example, if the first factor related to the level 1, the next step is to remove the number 1 to set incoming and outgoing eliminated. Following the results of the ranking factors are presented in Table 1-6. The first level factors are given in Table 1.

The results showed that the country act cautiously in collaboration with the sanctioning countries (10) is the most important and effective outcome in terms of sanctions is due to the presence of intermediaries. Eliminating this outcome and assign it to the first level, the calculation is resumed. The following calculations show that limiting the number of global markets buying and selling goods and services (9) is the next outcome and the impact on other outcomes are so dedicated to the
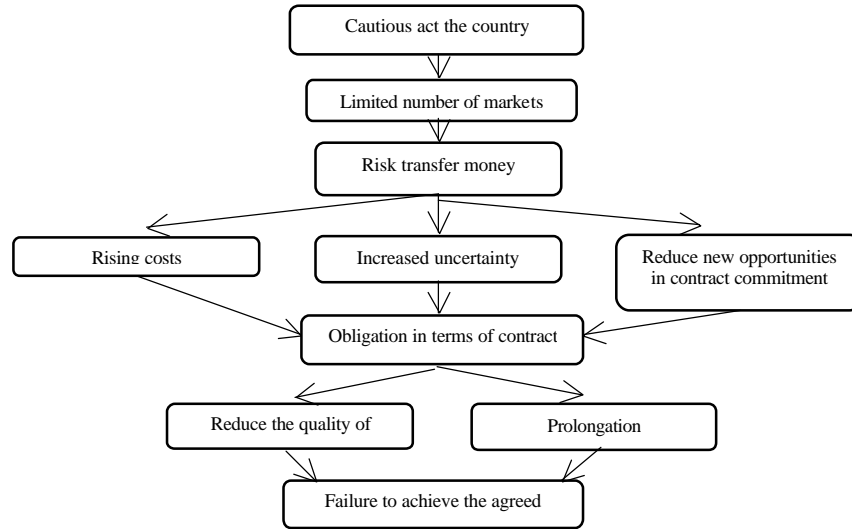
Fig. 1: Level of effectiveness in terms of sanctions by the consequences of the implementation of international agreements

Table 1: Determination of factors in the first level

Effectiveness	Influence	Common set	Level
1.2.3.4.6.7.8.9.10	1.2.3.4.5.6.7	1.2.3.4.6.7	
1.2.3.4.6.7.8.9.10	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.6.7.8.9.10	1.2.3.4.5	1.2.3.4	
1.2.3.4.6.8.9.10	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.5.6.7.8.9.10	5	5	
1.2.4.6.8.9.10	1.2.3.4.5.6.7	1.2.4.6	
1.6.7.8.9.10	1.2.3.5.7	1.7	
8.9.10	1.2.3.4.5.6.7.8	8	
9.10	1.2.3.4.5.6.7.8.9	9	
10	1.2.3.4.5.6.7.8.9.10	10	1

Table 2: Determination of factors in the second level

Effectiveness	Influence	Common set	Level
1.2.3.4.6.7.8.9	1.2.3.4.5.6.7	1.2.3.4.6.7	
1.2.3.4.6.7.8.9	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.6.7.8.9	1.2.3.4.5	1.2.3.4	
1.2.3.4.6.8.9	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.5.6.7.8.9	5	5	
1.2.4.6.8.9	1.2.3.4.5.6.7	1.2.4.6	
1.6.7.8.9	1.2.3.5.7	1.7	
8.9	1.2.3.4.5.6.7.8	8	
9	1.2.3.4.5.6.7.8.9	9	2

Table 3: Determination of factors in the third level

Effectiveness	Influence	Common set	Level
1.2.3.4.6.7.8	1.2.3.4.5.6.7	1.2.3.4.6.7	
1.2.3.4.6.7.8	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.6.7.8	1.2.3.4.5	1.2.3.4	
1.2.3.4.6.8	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.5.6.7.8	5	5	
1.2.4.6.8	1.2.3.4.5.6.7	1.2.4.6	
1.6.7.8	1.2.3.5.7	1.7	
8	1.2.3.4.5.6.7.8	8	3

Table 4: Determination of factors in the fourth level

Effectiveness	Influence	Common set	Level
1.2.3.4.6.7	1.2.3.4.5.6.7	1.2.3.4.6.7	4
1.2.3.4.6.7	1.2.3.4.5.6	1.2.3.4.6	
1.2.3.4.6.7	1.2.3.4.5	1.2.3.4	
1.2.3.4.6	1.2.3.4.5.6	1.2.3.4.6	4
1.2.3.4.5.6.7	5	5	
1.2.4.6	1.2.3.4.5.6.7	1.2.4.6	4
1.6.7	1.2.3.5.7	1.7	

Table 5: Determination of factors in the fifth level

Effectiveness	Influence	Common set	Level
2.3.7	2.3.5	2.3	
2.3.7	2.3.5	2.3	
2.3.5.7	5	5	
7	2.3.5.7	7	5

second level and then goes calculations. Factors level 3 are given in Table 3. The results show that the consequence of increasing the number 8 or ripples and the other risks involved in the transfer of money allocated to the third level of effectiveness. By removing these consequences, calculations can be resumed. Factors level 4 are given in Table 4.

Three consequence of rising costs (1), increased uncertainty (4) and reduce the creation of new opportunities in contract commitment (6) allocated to the fourth level. The numbers 1, 4 and 6 are removed from the calculations and determine level re-done. Factors level 5 are given in Table 5. Seventh consequence of having to contract terms (such as barter, etc.) will be assigned to level 5 and what about the three remaining factors continue to be determined. Factors level 6 and 7 are given in Table 6.

Two consequences prolong contracts (2) and reduce the quality of work (3) to the sixth level and the consequences of non-fulfillment of the agreed goals (5) also is assigned to the seventh level. The model was divided in seven levels and each level was a series of consequences in Fig. 1. The consequences of the impact of intermediaries in sanctions term on the implementation

Table 6: Determination of factors in the sixth and seventh level

Effectiveness	Influence	Common set	Level
2.3	2.3.5	2.3	6
2.3	2.3.5	2.3	6
2.3.5	5	5	7

of international agreements is provided. As seen in Figure 1, the country act cautiously at first impact, resulting in a limited number of markets in the second level is effective; this leads to an increase in the risk of transferring money as a result of the fourth level, new opportunities in contract declined commitment, increased uncertainty and increases costs. These factors lead to more coercive conditions of contract as a result, long-time contracts as well as the quality of the work may be reduced; as a result of all these factors, the challenges to achieve agreed objectives.

CONCLUSION

The main concern of study is identifying and structuring implications of the presence of intermediaries in sanctions terms on implementation of international trade agreements. Thus, using the Delphi technique, the consequences of intermediaries in the ten factors identified and approved. Therefore, the use of expert'spinion and questionnaires and assess the influence outcomes relationship as well as interpretive structural modeling, the final version of effectiveness outcomes at 7 levels of were defined. So, based on the results obtained by the presence of ten and three were grouped into seven levels. The first group is the consequences at high level. These outcomes occur when still contract has not established.In fact, the presence of intermediaries in trade and events have already occurred prior agreements as well as the situation occurs and causes the three outcomes include: the country act cautiously in cooperation with the countries imposing sanctions,limited number of global markets and increased sales of goods and services uneven and risks involved in transferring money into other party. These three issues that have been at the helm of the model, before signing a commercial contract occurred that is because of the conditions and the presence of intermediaries, contracting companies are very cautious and can logically conclude a contract and make sure that is done. As well as, how and the choice is very limited because many countries and companies are not willing to cooperate with intermediaries because the presence of intermediaries usually an aura of ambiguity in the law, may endanger the future business situation. As well as how to exchange money before the contract in terms of sanctions and the important thing is questionable. Because procurement and contracting

supplies or services is part of the fee paid as a down payment. The consequences in this section has great importance and their presence at the top reflects the very top of their effectiveness because if controlled properly to remedy the consequences of intermediaries occurred, It can also be very effective and positive effects because the consequences on other outcomes are effective model. The consequences of the second group are in the middle area of models, consequences that occur at the time of contract. These consequences include an increase in the cost of implementing trade agreements of the country, the uncertainty of the quantity of commercial contracts, the reduction of new opportunities in contract commitment and having contract terms (such as barter, etc.). These consequences are all occur at the time of contract. Increasing uncertainty towards the other party and an agreement between concave signed. Opportunities and new contracts may also include companies contracted how the contract, the quantity and quality of the contract, all overshadowed by the presence of intermediaries and consequences is the first group. In addition, the cost of contracts due to speculation parties increased. Foreign party considers that the other options are very limited choice and bargaining power are low. Intermediate aware that contracts under any circumstances for their profits will follow, so the cost rises contract. On the other hand forced under contract may also occur. Such as mandatory purchase, not money purchase goods and items, as well as the above-mentioned reasons. The group also has important consequences are the intermediaries and the management and control of international trade agreements be made to reduce impact and took the consequences and implications of low level and the third group will be extended accordingly. The third group consequences are consequences that occur after the conclusion of the contract. These consequences include long time to run its trade contracts, reducing the quality of the work and failure to achieve the objectives of the contracts. When the contract is conducted in the presence of intermediaries, the other party may now according to the contract and lack of follow-up contracts in international courts, time and project quality greatly changed in their favor. Similar to Chinese, Hindi, Russian companies acted on their contracts with Iran. Increase the amount of time and significantly reduce the quality of the project and ultimately failure to achieve the objectives of the contracts occurred. It should be noted now the situation is much improved in the period and high-level officials from ministries and businesses should try to reduce and eliminate the presence of intermediaries and review the adverse effects of sanctions, thus eliminating intermediaries as much as possible. The first group

implications in conditions change and its effect on other outcomes, conditions resulting from the implementation of international agreements facilitated.

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