

## **Abstract**

The pursue of Iran's regional ambitions since the very existence of the Islamic republic has commonly collided with the interests of other regional players such as Saudi Arabia and Israel supported by the U.S. Consequently, Iran has been often a target of various U.S. sanctions. Later, after the continuing Iranian reluctance to abide by the international rules concerning its nuclear programme, the EU joined the U.S. in sanctioning Iran. In 2012, the oil embargo was imposed by the former which dramatically reduced the value of Iranian exports. In this thesis, we apply the synthetic control method to estimate the effect of international sanctions on the economy of Iran. We estimate the possible development of Iranian GDP per capita during the 2010-2015 period had it not been for the international sanctions. Our results show a steady growth of the GDP per capita in the absence of the sanctions. In 2015, the last year of the sanctions, the difference between our estimated GDP per capita and the actual one is 1,911 U.S. dollars.

## **Keywords**

synthetic control method, nuclear programme, GDP per capita, Iran, sanctions, trade, oil