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Israel's Attacks on Iran's Nuclear Facilities: Goodbye to Economic Sanctions?

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Until the 1979 Revolution in Iran and the fall of the Shah, Israel and Iran maintained strong strategic cooperation. Both aligned closely with the United States during the Cold War, in contrast to the Soviet-aligned Arab League. During this period, Israel and Iran developed extensive ties in the economic, military, and intelligence spheres.¹ However, the Revolution radically altered Iran's orientation. By 1982, the Islamic Republic of Iran had played a central role in the formation of Hizballah² and, over time, formed and led the so-called "Axis of Resistance" to Israel and its allies—a network of non-state actors and militias that Iran has armed, trained, financed, and supported, especially in Lebanon, Iraq, Syria, Yemen, and the Palestinian territories.³ Still, despite Iran's central role in supporting anti-Israel proxy forces, it refrained from directly attacking Israel or openly claiming responsibility for hostile actions such as those by Hizballah in Lebanon and Syria or Hamas in Gaza. Likewise, Israel officially concentrated its military actions on these proxies—primarily in Lebanon, Syria, Iraq, and Gaza—without directly targeting Iranian territory or leadership. This situation sustained a tense but durable status quo for decades.⁴

This unwritten status quo persisted until April 2024, when, during Israel's Swords of Iron War (also referred to as the October 7 War or Gaza War), Iran launched over 300 drones and missiles at Israel

¹ Sohrab Sobhani, *The Pragmatic Entente: Israeli-Iranian Relations, 1948-1988* (New York : Praeger, 1989).

² Marc R. DeVore, "Exploring the Iran-Hezbollah Relationship: A Case Study of how State Sponsorship affects Terrorist Group Decision-Making," *Perspectives on Terrorism*, Vol. 6, No. 4/5 (October 2012), pp. 85-107.

³ Guido Steinberg, "The Axis of Resistance: Iran's expansion in the Middle East is hitting a wall," *SWP Research Papers* (by the German Institute for International and Security Affairs), 6/2021, pp. 7-35.

⁴ Gregory Aftandilian, "A Security Role for the United States in a Post-ISIS Syria? Challenges and Opportunities for U.S. Policy," *Strategic Studies Institute Working Papers*, Sep. 2018.

in retaliation for an Israeli airstrike on Iran’s Islamic Revolutionary Guard Corps (IRGC) operatives in Syria. Israel responded with targeted strikes, especially on Iran’s air defenses in Isfahan. A second, more intense exchange followed in October 2024, when Iran launched a barrage of ballistic missiles at Israel, prompting “Operation Days of Repentance”—a wide-scale Israeli offensive targeting sites in Iran, Iraq, and Syria, aimed especially at crippling Iran’s missile production and air defense systems.⁵

At the time of writing, a new and more extensive round of direct confrontation has begun. In “Operation Rising Lion,” Israel has launched its largest military operation to date against Iran, striking over 100 strategic targets, including nuclear facilities, missile installations, command centers, and assassinations of top military commanders and nuclear experts. The operation has reportedly resulted in the elimination of key Iranian military figures and nuclear scientists. Currently, Iran is retaliating against Israel and vice versa. This escalation has occurred against the backdrop of failed U.S. efforts to persuade Iran to halt uranium enrichment and dismantle its growing nuclear infrastructure, widely viewed as a pathway to nuclear weapons.⁶ For years, Israel not only supported, but actively led international efforts to impose and maintain economic sanctions on Iran, lobbying the United States, European powers, and the United Nations to exert pressure through diplomatic and financial means.⁷ The challenge to maintain unity and momentum among sender countries implementing economic sanctions is well known, and Bob and Evyatar suggest that Israel grew increasingly skeptical about their effectiveness around 2015, when the Joint Comprehensive Plan of Action (JCPOA) was signed and Iran received partial sanctions relief. In response, Israel expanded its activities into other spheres, aiming both to expose Iran’s nuclear ambitions—particularly to current and potential sanctioning states—and to disrupt the Iranians via a campaign that included sabotage, cyber attacks, high-profile intelligence operations such as the clandestine seizure of Iran’s nuclear archive, and targeted assassinations of key figures in Iran’s nuclear infrastructure. This “shadow war” aimed to delay Iran’s nuclear breakout and to degrade its capabilities without triggering full-scale war.⁸ Israel’s current direct assault thus signals a dramatic shift: a loss of faith in the broader strategy of containment through sanctions. In this context, the latest military operation may mark not only a new phase of open conflict, but also the effective end of the decades-long economic sanctions paradigm.

⁵ See, for example, “[Timeline – Operation Swords of Iron](#)” at the Israel Legal Advocacy Project.

⁶ Lana Lam, Sofia Ferreira Santos & Jaroslav Lukiv, “[What we know about Israel’s attacks on Iran’s nuclear sites and military commanders](#),” *BBC*, June 13, 2025.

⁷ There are many examples of these, e.g. in AP News: Bradley Klapper, “[Pro-Israel lobby seeks tougher Iran sanctions](#),” *AP News*, December 1, 2014.

⁸ Yonah Jeremy Bob and Ilan Evyatar, *Target Tehran: How Israel is Using Sabotage, Cyberwarfare, Assassination – and Secret Diplomacy – to Stop a Nuclear Iran and Create a New Middle East* (New York: Simon & Schuster, 2023).

The Continual Failure of Sanctions: Iran and Beyond

Economic sanctions are tools used by countries and international organizations to influence the economic condition of targeted entity/ies (hereafter the ‘receiver/s’),⁹ in the hope that the latter will change their behavior according to the demands of the imposing entity/ies (hereafter the ‘sender/s’), which are typically focused on non-economic areas such as security and human rights. In an attempt to achieve the receiver’s compliance, the sender may act to degrade the receiver’s economic position (negative sanctions – the leading type), elevate it (positive sanctions), or apply a mixture of both.

Those who believe in the effectiveness of negative sanctions typically rely on several theoretical assumptions: the view that the target regimes and their populations value economic prosperity; that sanctions can be enforced effectively without significant circumvention; and that reducing the economic welfare of the target regime through sanctions is likely to prompt compliance to avoid further suffering. If the regime does not comply with the economic hardships imposed by sanctions, it is assumed that domestic protest or moderate opposition will pressure that regime to adopt compliance policies. Should the regime still fail to comply, this pressure could most likely lead to the rise of a more moderate leadership within the targeted entity, which would potentially be more inclined to meet the demands of the sanctioning entity in order to alleviate economic distress. Hence, their hypothesis assumes that economic pain will incentivize compliance, or lead to regime change from extreme to a significantly moderate one.¹⁰

Remarkably, sanctions are intended to serve as alternatives to military force — tools of coercion short of war. Therefore, if extensive military action follows a prolonged sanctions campaign, it signals that the sanctions have failed to achieve their intended objective and have instead paved the way to war. Moreover, if military attacks are carried out concurrently with sanctions, the sanctions cease to function as planned – to be an international peaceful deterrent and/or indirect tool of regime change – and instead become part of the broader warfare. While warfare inherently includes the imposition of economic hardship on adversaries, it is not expected that economic measures alone would bring the sender’s desired change.

Hence, the Israeli attack on Iran’s nuclear facilities — publicly supported by official statements from the sanctioning countries, including the United States, the United Kingdom, Germany, and France¹¹

⁹ Sanctions on individuals, also discussed in some of the literature on economic sanctions, are excluded from this particular case study as they are less relevant.

¹⁰ G. C. Hufbauer, J. J. Schott, K. A. Elliott, and B. Oegg, *Economic Sanctions Reconsidered* (Peterson Institute for International Economics. Baldwin, D. A. 2007).

¹¹ Elise Vincent and Philippe Ricard, “[Europe's paradoxical support for Israel's attack against Iran](#),” *Le Monde*, June 14, 2025; Jonathan Karl, “[Trump tells ABC Israel strikes on Iran 'excellent' and warns 'more to come'](#),” *ABC News*, June 13, 2025.

— points to one clear conclusion: that economic sanctions on Iran have failed. This failure cannot be attributed to the sanctions being too lenient—on the contrary, they have been exceptionally harsh. Still, measuring the true impact of these sanctions remains difficult, as their economic effects are entangled with other factors such as Iran’s hidden economy, governmental mismanagement, institutional weaknesses, and corruption. While such complexities are inherent in any multifactor context, they complicate efforts to isolate and evaluate the sanctions' specific influence.¹² Overall, the anticipated political outcome — an end to Iran’s nuclear program or regime collapse — did not materialize.

Other than Iran, major experiences with economic sanctions in the Middle East have usually ended in failure. Notable examples include: Iraq (1980–2003), where sanctions ended with military occupation; Libya (1992–2003), where compliance stemmed from fear of invasion rather than from the sanctions themselves; the United States against Syria (1986–present), where sanctions coincided with civil war and jihadist control; Lebanon (1984-1997), where sanctions by the United States demanding that the government disarm Hizballah failed to weaken the group.¹³ Israel’s sanctions on the Palestinian Authority (2000–2006) also backfired, contributing to Hamas’s rise to power in Gaza. Similarly, a mix of positive and negative sanctions on Hamas from 2007 to 2023 failed to prevent escalation and culminated in Hamas’s October 2023 attack and the October 7 War.¹⁴ In all these cases – apart from the unique case of Libya – sanctions failed to foster peaceful or non-military outcomes; rather, they exacerbated tensions and contributed to the eruption of conflict. Overall, they failed.

The failure of sanctions is not limited to the Middle East, but is also evident in other regions as part of a broader global pattern. By the end of the last millennium, it was already evident that targeted regimes often resisted compliance with sanctions, prioritizing political, ideological, religious, and security concerns over economic losses. Additionally, it became apparent that sanctions could inadvertently work against the senders and strengthen the targeted regimes by rallying national sentiment against external pressure.¹⁵ Later, more research suggested reasons for failure such as that the informal economy and black markets often undermine the sanctions' intended impact, as economic actors find ways to circumvent restrictions.¹⁶ In addition, the humanitarian impact on civilian

¹² Mohammad Reza Farzanegan, and Esfandyar Batmanghelidj, “Understanding Economic Sanctions on Iran: A Survey,” *The Economists’ Voice*, vol. 20, no. 2, 2023, pp. 197-226.

¹³ Hufbauer et. al, *Economic Sanctions Reconsidered*.

¹⁴ World Bank, *Two Years of Intifada, Closures & Palestinian Economic Crisis* (March 5, 2003); Basel Saleh, “The Fragility of the Palestinian Authority: Economic Causes,” *The Economics of Peace and Security Journal*, 3, 2, 2008, pp. 48-56; ILO, International Labour Organization, “[The Situation of Workers of the Occupied Arab Territories: Report of the Director-General](#),” Presented at the International Labor Conference’s 111th Session, 2023.

¹⁵ R. A. Pape, “Why Economic Sanctions Do Not Work,” *International Security*, 22(2), 90-136; Peter Wallensteen, “A Century of Economic Sanctions: A Field Revisited,” *Uppsala Peace Research Papers*, no. 1, 2000, 23 pp.

¹⁶ P. Andreas, “Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy,” *International Studies Quarterly*, 49:2 (2005), 335-360.

populations caused ethical and practical concerns among senders about the unselective nature of sanctions.¹⁷ Furthermore, discussions of alternative supply routes by major third party powers, known as “Black Knights,”¹⁸ raised the question of reduced pressure on the receiver – e.g. Iran’s burgeoning trade with China and Russia, where the sanctions elevated the economic ties between these three countries.¹⁹

The End of the Economic Sanctions Era?

The current war is a living demonstration of the failure of economic sanctions. In Syria, Lebanon, the Gaza Strip, Yemen, and Iran, sanctions have, most likely, proven counterproductive, resulting in wars and, in some cases, even more complex conflicts, because militias and armies had time to further militarize. A key question is whether these outcomes will be meaningfully integrated into the thinking and practices of policymakers, given that the theory of sanctions as an effective tool has proven misleading in practice.

On the one hand, it is not uncommon for people to cling to theories they have used in the past, even as mounting evidence reveals their flaws.²⁰ On the other hand, sanctions may continue to be used for domestic political purposes within sender countries—serving primarily to signal that a leader is taking action on a given issue, even when there is little expectation of achieving compliance from the targeted state.

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¹⁷ Joy Gordon, *Invisible War: The United States and the Iraq Sanctions* (Cambridge, Mass.: Harvard University Press, 2010), pp. 61-85.

¹⁸ Bryan R. Early, “Unmasking the Black Knights: Sanctions Busters and Their Effects on the Success of Economic Sanctions,” *Foreign Policy Analysis* 7: 4 (2011), pp. 381-402.

¹⁹ “[How China, Russia and Iran are forging closer ties](#),” *The Economist*, March 18, 2024.

²⁰ David H. Freedman, *Wrong: Why Experts Keep Failing Us – And How to Know When Not to Trust Them* (New York: Little, Brown & Co., 2010).