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A Legal Analysis of the Effects of Economic Sanctions on the Performance of International Commercial Contracts: With Emphasis on Force Majeure, Suspension, and Termination of Contract

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1. Round 1

1.1. Reviewer 1

Reviewer:

In the second paragraph of the Introduction, the sentence "In some cases, sanctions may render performance genuinely and unavoidably impossible and thereby provide grounds for invoking force majeure" requires a more precise articulation of the legal test for force majeure. The manuscript should specify whether the analysis is based primarily on Iranian contract law, comparative contract law, the UNIDROIT Principles, the CISG, or general international commercial practice. At present, the elements of externality, unforeseeability, unavoidability, causation, and impossibility are mentioned throughout the manuscript, but their doctrinal source and exact legal status remain unclear. A concise analytical framework identifying the cumulative requirements for force majeure would substantially strengthen the argument.

The third paragraph of the Introduction states that "the Iranian party may also be unable to perform its contractual obligations because of sanctions-related limitations." This proposition should be developed by distinguishing sanctions directly applicable to the Iranian party from sanctions that operate indirectly through foreign banks, insurers, shipping companies, correspondent institutions, and suppliers. The distinction is legally significant because direct legal prohibition may support an impossibility argument, whereas a third party's risk-averse commercial refusal may not necessarily establish legal impossibility. The manuscript should therefore analyze whether private-sector overcompliance, de-risking, or refusal to transact because of secondary-sanctions exposure can satisfy the causation and externality requirements traditionally associated with force majeure.

In the fourth paragraph of the Introduction, the sentence "the interpretation of force majeure clauses, identification of the governing law, and determination of the parties' common intention play an important role" identifies three central issues but does not explain their hierarchy or interaction. The article should clarify that an express sanctions or force majeure clause generally requires interpretation before recourse is made to supplementary rules of the governing law. It would also be useful to discuss whether contractual allocation of sanctions risk can displace or narrow general doctrines of force majeure and hardship. This is especially important where sophisticated commercial parties expressly allocate risks relating to sanctions, changes in law, banking restrictions, or governmental measures.

The Research Background section needs a more analytical synthesis rather than three primarily descriptive summaries of prior works. For example, after the paragraph beginning "Sepideh Razi and Hassan Badini (2023)," the manuscript should explain precisely how that study differs from the present research question. Razi and Badini focus on civil liability arising from the imposition of sanctions, whereas the current article concerns the consequences of sanctions within contractual performance. The literature review should therefore identify the doctrinal gap more explicitly: namely, the lack of an integrated analysis of sanctions as a contractual impediment in relation to force majeure, hardship, temporary suspension, termination, causation, and damages.

The paragraph beginning "Laya Joneidi and Sepideh Razi (2022)" cites a work that does not appear in the approved reference list used elsewhere in the manuscript. From an editorial and methodological standpoint, the author should ensure complete consistency between all studies discussed in the literature review and the final reference list. More importantly, because this work concerns the civil liability of foreign states rather than contractual liability between private commercial parties, the manuscript should explain its relevance to the present research instead of merely reporting its findings. Otherwise, the literature review risks drifting from the specific research problem.

The paragraph beginning "Sepideh Razi (2024), in the book Civil Liability Arising from the Imposition of Sanctions" similarly needs stronger integration with the article's research framework. The discussion of attribution of unlawful sanctions, diplomatic protection, and claims against sanctioning authorities belongs predominantly to the law of international responsibility, whereas the central article concerns the relationship between contracting parties. The author should explicitly distinguish "responsibility for imposing sanctions" from "contractual liability for failure to perform because of sanctions." These are analytically separate questions involving different actors, legal bases, causal inquiries, defenses, and remedies, and the manuscript should avoid allowing them to overlap conceptually.

In Section 4, the sentence "Where the contract expressly includes economic sanctions, banking restrictions, export and import prohibitions, or governmental measures among force majeure events, reliance on the clause may be facilitated" needs greater qualification. The mere inclusion of "sanctions" within a force majeure clause does not necessarily establish entitlement to relief if the clause also requires causation, notice, mitigation, or prevention of performance. The author should analyze the wording commonly used in force majeure clauses, particularly distinctions between events that "prevent," "hinder," or "delay" performance. These verbs impose materially different thresholds, and examining them would make the contractual analysis significantly more sophisticated.

In Section 4, the discussion of foreseeability—particularly the sentence "where, given existing political and commercial conditions, the parties could reasonably have anticipated the restrictions, reliance on force majeure may be limited"—requires further refinement for contracts involving Iran. Because sanctions affecting Iranian transactions have existed in varying forms for many years, the manuscript should address whether sanctions are categorically foreseeable or whether only the specific sanction, escalation, designation, regulatory change, or secondary restriction must be foreseeable. It should also examine the significance of contracts concluded after sanctions were already in force. Where an impediment existed or was highly foreseeable at the time of contracting, risk allocation and assumption of risk may be more relevant than force majeure.

Authors revised the manuscript and uploaded the document.

1.2. Reviewer 2

Reviewer:

In the Research Method section, the sentence "through legal and comparative analysis of the rules governing international commercial contracts" is insufficiently specific for a comparative legal study. The author should identify which legal systems, international instruments, model rules, or bodies of jurisprudence constitute the comparative framework. If the intended comparison is between Iranian law and transnational commercial principles, this should be stated explicitly. Likewise, the criteria for selecting legal sources should be explained. At present, the methodology describes the study as comparative without identifying the jurisdictions or normative regimes being compared, making the comparative component difficult to evaluate or reproduce.

In Section 1, the first paragraph states that "contractual liability must be distinguished from non-contractual civil liability." This distinction is correct but should be connected much more directly to the article's operative legal problem. The author should clarify that the principal liability at issue is liability between contracting parties for non-performance, whereas claims against states or third parties responsible for sanctions constitute separate forms of responsibility. The manuscript should also explain whether the impossibility caused by sanctions affects the existence of breach, attribution of breach, liability for damages, or all three. A more rigorous separation of breach, excuse, liability, and remedies would improve the doctrinal precision of the article.

In Section 1, the paragraph beginning "Economic sanctions comprise a set of restrictive measures" would benefit from a formal classification of sanctions relevant to contractual performance. The article should differentiate, at minimum, UN Security Council sanctions, unilateral state sanctions, primary sanctions, secondary sanctions, sectoral sanctions, asset freezes, financial restrictions, export controls, and prohibitions affecting designated persons. These categories can have materially different effects on contractual legality and performance. A party prohibited by law from making a payment presents a different legal problem from a party whose bank merely refuses to process the transaction because of internal compliance policy. Without this classification, subsequent conclusions about force majeure and impossibility remain too generalized.

In Section 2, the first paragraph discusses the "legitimacy of economic sanctions under international law," including necessity, proportionality, and humanitarian considerations. The author should clarify why the international legality of a sanction is relevant to the contractual consequences between private parties. An internationally unlawful sanction may nevertheless constitute a factual or legal impediment to contractual performance, while a lawful sanction may not necessarily render performance impossible. The manuscript should therefore avoid implying that the legality or illegality of a sanction automatically determines whether force majeure applies. The analysis should expressly distinguish the international-law validity of the sanction from its effect as an impediment under the governing contract law.

In Section 3, the paragraph beginning "The severity and nature of the sanctions-related effect are also relevant" distinguishes temporary impossibility, permanent impossibility, and hardship, but the thresholds remain undefined. The author should explain what converts a temporary impediment into one sufficiently prolonged to justify termination. Relevant considerations may include the contractual time frame, whether time is of the essence, the economic purpose of the transaction, the duration of the impediment relative to the contractual period, and whether delayed performance still substantially satisfies the obligee's contractual interest. Without identifying such criteria, the distinction between suspension and termination remains largely descriptive rather than legally operational.

Authors revised the manuscript and uploaded the document.

2. Revised

Editor's decision: Accepted.
Editor in Chief's decision: Accepted.