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Title: Sanctions against Iran's petrochemical exports: Did they have an impact on international prices?

Abstract: During the years 2012-2016, Iran's energy and petrochemical exports were restricted by a series of international sanctions. This paper examines the impacts of these sanctions on the spatial integration of the Asian markets for methanol, a standardized petrochemical. The analyses are conducted under a parity bounds framework based on Negassa and Myers (2007). The model was applied to the main methanol importing markets to estimate the effects of the sanctions on the degree of spatial integration. The findings document the occurrence of a complete reconfiguration of the spatial extent of the methanol markets. Prior to the sanctions, a high degree of market integration was achieved among Asian markets. In contrast, we observe the emergence of two little integrated market areas when the sanction are imposed: on the one hand China and India and on the other hand Korea and South-East Asia.

Key words: Iran, sanctions, law of one price, market integration, methanol.