



Unilateral Sanctions and Contracts for the Supply of Medicines and Medical Equipment: Challenges of Force Majeure and International Commercial Arbitration with a Comparative Study of Iran and Russia

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ABSTRACT

Access to medicine is a natural right of every human being. Unilateral sanctions have become one of the most significant factors disrupting the implementation of international contracts for the supply of medicine and medical equipment in sanctioned countries. Although medicine and medical equipment are exempt from many sanctions' regimes under humanitarian exemptions, banking, insurance, and transportation restrictions have seriously hampered the practical execution of these contracts. The present study aims to examine unilateral sanctions and contracts for the supply of medicine and medical equipment, focusing on the challenges of force majeure and international commercial arbitration. This research conducted using a descriptive-analytical method with a comparative-legal approach, based on a documentary study. Research data were collected and analyzed from the United Nations Convention on Contracts for the International Sale of Goods (CISG), the UNIDROIT Principles of International Commercial Contracts, the rules of the International Chamber of Commerce (ICC), the New York Convention of 1958, reports from international institutions, and the specialized literature on commercial arbitration. The findings of the study indicate that unilateral sanctions alone are not sufficient to establish force majeure, and proving such a claim requires demonstrating three conditions: being beyond control, foreseeability, and unavoidability. A comparative study of Iran and Russia showed that in concluded contracts, the element of foreseeability is easier to establish in Russian cases, whereas in Iran, due to the long history of sanctions, arbitrators place greater emphasis on proving the ineffectiveness of humanitarian exemptions. Furthermore, the main obstacle to contract performance arises not so much from a direct prohibition on drug exports, but rather from the cautious behavior of banks, insurers, and shipping companies when facing sanctions risk. The results indicate that although choosing arbitration and transnational rules can provide greater impartiality in dispute resolution, banking restrictions, fund transfers, and recourse to public policy continue to render the enforcement of arbitral awards difficult. Accordingly, the study recommends that sanctions risk management begin at the contract drafting stage, and that by including specific sanctions clauses, renegotiation provisions, alternative payment mechanisms, and an appropriate arbitral tribunal, the likelihood of disputes and non-performance can be reduced.

Introduction

The global supply chain for medicine and medical equipment is one of the most sensitive links in the international economy.

Disruption in this chain, unlike disruption in other commercial sectors, is directly tied to the right to health and human life.

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Over the past two decades, the expansion of unilateral sanctions by the United States and the European Union against countries such as Iran and Russia have greatly complicated the implementation of international contracts for the supply of medicine and medical equipment. Although humanitarian exemptions are provided for pharmaceutical and medical goods, the practical application of these exemptions faces serious obstacles at the implementation level. Reports indicate that despite the official OFAC exemption for drug imports into Iran, the caution of banks and Western pharmaceutical companies so-called "over-compliance" has been a decisive factor in depriving Iran of vital medicines (1).

One example documented in these reports is the refusal of a European company to sell specialized bandages for patients with epidermolysis bullosa (EB), even though the transaction was covered by the humanitarian exemption (1,2).

In such circumstances, the unable party invokes the force majeure clause in the contract or the general rules of contract law to be relieved of liability for non-performance or delay (3).

The concept of force majeure, whether in written legal systems or in international instruments such as the 1980 Vienna Convention (CISG) and the UNIDROIT Principles, rests on three pillars: the event must be beyond control, unforeseeable at the time of contract conclusion, and its effects must be unavoidable or irremediable. Unilateral sanctions particularly in the case of Iran, which has a four-decade history of sanctions, and in the case of Russia, which has become increasingly predictable after 2022 pose challenges to these pillars (4,5). Sanctions may be considered a force majeure event from the perspective of contract law, but this alone does not create a right of access to the market or the ability to purchase medicine; because in many cases, the main obstacle lies in the practical effects of sanctions on payment, insurance, transportation, and the enforcement of arbitral awards (3,5,6). The research question is: under what conditions can unilateral sanctions in international contracts for the supply of medicine and medical equipment be considered force majeure, and what pattern does the practice of international commercial arbitration, with a focus on the comparative experience of Iran and Russia, show in dealing with such claims?

Our hypothesis is that unilateral sanctions can constitute force majeure, but international arbitrators accept this only if a direct causal link between the sanctions and the impossibility of performance is established. In fact, international arbitrators do not readily accept force majeure in many cases. On the other hand, in the pharmaceutical industry, the real problem is the cautious behavior of banks, insurance companies, and shipping lines. Unilateral sanctions, unlike natural disasters or war, are a deliberate and targeted action by governments. The present study

aims to assess the inclusion of unilateral sanctions within the traditional framework of force majeure and seeks to identify the approach of international commercial arbitration bodies to such claims in the event of disputes.

Theoretical Foundations

Unilateral sanctions refer to measures imposed by a state or a group of states against another state, natural persons, or legal entities without the direct authorization of the United Nations Security Council. The practical effect of these sanctions on international trade extends beyond the territorial jurisdiction of the sanctioning state, due to the dominant role of the US dollar and the SWIFT banking system in settling global transactions.

International contracts for the supply of medicine and medical equipment possess specific characteristics, including high time sensitivity, dependence on multi-layered supply chains (active pharmaceutical ingredients, packaging, cold chain), the need for parallel regulatory approvals, and the particular sensitivity of the banking system toward these transactions even when formal exemptions exist due to the risk of association with sanctioned persons or entities. According to Article 79 of the United Nations Convention on Contracts for the International Sale of Goods (CISG), force majeure exempts a party from liability only if it proves that the non-performance was caused by an impediment beyond its control that it could not reasonably have foreseen or overcome at the time of contract conclusion (2).

The UNIDROIT Principles (2016), in Article 7.1.7, provide a criterion similar to the CISG, but additionally, Articles 6.2.2 and 6.2.3 provide for the institution of hardship. These articles apply to situations where performance has not become impossible but has become fundamentally unbalanced for one of the parties (3). On the other hand, the ICC Force Majeure Clause (2020) explicitly states that non-performance by a third party (supplier or intermediary bank) does not itself constitute force majeure, unless the claiming party proves that the same impediment also existed for that third party (4,5). This point is particularly significant in sanctions-related disputes, as the real impediment is often not the obligor itself, but rather the bank or insurance company that refuses to process the transaction. Findings indicate that international arbitrators have long adopted a restrictive interpretation of force majeure and hardship an approach aligned with the principle of *pacta sunt servanda* (sanctity of contracts) which, regardless of the governing law of the contract, is observed almost uniformly in published ICC awards (6).

Research Methodology

This research is fundamental in nature and employs a qualitative approach, using a descriptive-analytical method and a comparative study within the framework of comparative law. Data collection was conducted through library research, based on the study of documents and authoritative legal sources. Research data include international conventions and instruments such as the United Nations Convention on Contracts for the International Sale of Goods (CISG), the UNIDROIT Principles of International Commercial Contracts, the New York Convention of 1958, the ICC Force Majeure Clauses, scientific works published in reputable journals, specialized books, and the practices and published awards of arbitral and judicial bodies related to sanctions and international commercial contracts.

In the comparative section, the effects of unilateral sanctions on the performance of contracts for the supply of medicine and medical equipment in the two case studies of Iran and Russia are examined from four main perspectives: 1) the impact of sanctions on contractual performance, 2) the possibility of invoking force majeure, 3) the role of international commercial arbitration and the choice of transnational rules in dispute resolution, and 4) the challenges of enforcing arbitral awards in light of sanctions. Data analysis was conducted using legal and comparative analysis methods, aiming to identify commonalities and differences in legal approaches, assess the effectiveness of contractual and arbitral mechanisms, and provide solutions to mitigate the effects of sanctions on contracts for the supply of medicine and medical equipment.

Effects of Sanctions on Pharmaceutical Supply Contracts

Practical experience shows that unilateral sanctions rarely directly prohibit the performance of pharmaceutical supply contracts. Their primary effect is indirect and can be discussed through several challenges. The first challenge is banking difficulties in exporting medicine and medical equipment to Iran. Despite the US Treasury Department's (OFAC) general license for the medical sector, this exemption does not cover transactions that are directly or indirectly connected to sanctioned Iranian banks. Consequently, in many cases, the formal exemption remains practically ineffective because the Central Bank or sanctioned banks are unavoidably involved in the payment process (7).

The effect on transportation has manifested with the widespread withdrawal of international shipping companies from routes connected to Russia after 2022. This has meant that many shipments of medical equipment can only be sent via intermediary countries a process that has noticeably increased costs and delivery times (8). Regarding insurance, international insurance companies refuse to cover

shipments or vessels associated with sanctioned countries. However, in the case of medical equipment, some major manufacturing companies have so far benefited from special exemptions in the Russian market (9).

Concerning payment, restrictions on currency transfers and the requirement to use alternative mechanisms have had limited effectiveness. The Swiss Humanitarian Trade Arrangement (SHTA) channel with Iran, after a pilot phase, completed its first official transaction (including cancer drugs) with the participation of a Swiss bank and pharmaceutical company in 2020 an event that, despite its symbolic significance, demonstrates the severe limitations in volume and speed of permitted transactions compared to Iran's actual market needs (10).

The denial of export licenses for certain goods is another negative effect of sanctions. The US Treasury has over time expanded the list of medical goods covered by the general export license to Iran, but this requires continuous monitoring of list changes by the contracting parties (11). In the case of Russia, the Russian government, as a countermeasure, has banned the export of over 200 essential goods to "unfriendly" countries (12). In many cases, delays in performance lead to contract termination. The combination of these factors often results in prolonged delivery delays, which can either be justified through the force majeure clause of the contract or, if the delay exceeds a reasonable duration, lead to the right of termination for the aggrieved party.

The Possibility of Invoking Force Majeure

To establish force majeure in a sanctions-related case, the prevailing arbitral practice, in line with the structure of Article 79 of the CISG (2) and the UNIDROIT Principles (3), raises three questions, and affirmative answers to these can confirm force majeure.

- ✓ The first question is: Is the sanction an event beyond the obligor's control? There is a dual answer to this, as the contractual obligor plays no role in the imposition of sanctions by a third state. However, this answer becomes more complex when the actual impediment is not the sanction itself, but rather the cautious internal decision of a bank or insurer. In such cases, arbitrators must examine whether this decision was a reasonable reaction to the sanctions or an excessive and unnecessary precaution.
- ✓ The second question is foreseeability. This element is the main point of distinction between Iranian and Russian cases. In the case of Iran, given the long history of sanctions and their intensification from 2018 onward, arbitrators are increasingly inclined to consider the gradual intensification of sanctions as foreseeable at least for contracts concluded after 2018. In the

case of Russia, the series of US executive orders issued shortly after 2022 (13) more strongly satisfy the foreseeability criterion for prior contracts. However, for contracts concluded after that date, the same reasoning of gradual foreseeability may apply.

✓ The third question is: Is it unavoidable? This is the most stringent criterion in arbitral practice. Arbitrators require the obligor to prove that it has considered and rejected reasonable alternative solutions, and not merely refrained from performance due to increased costs.

Table 1. Force Majeure in Sanctions against Iran and Russia

Comparative Conclusion	Russia	Iran	Legal Analysis	Establishment Criteria
In both countries, the principle of being beyond control is ascertainable, but the actual source of the impediment must be examined separately in each case.	In addition to foreign sanctions, Russia's countermeasures and the voluntary withdrawal of some companies also affect the assessment of this criterion.	Financial and banking sanctions have led to widespread refusal by banks and insurers to cooperate, and establishing causation requires a case-by-case examination.	Unilateral sanctions are fundamentally beyond the will and control of the obligor. If the impediment to contract performance arises from the independent decision of a bank or insurance company, the arbitrator must examine whether this decision is a direct result of the sanctions or stems from over-compliance.	(Beyond Control)
The most significant difference between Iran and Russia lies in the likelihood of establishing foreseeability, which is higher in Russian cases (prior to 2022).	For contracts concluded before February 2022, the extensive sanctions imposed after the Ukraine war are generally considered unforeseeable. However, for subsequent contracts, this argument is weaker.	For contracts concluded after the reposition of US sanctions, the likelihood of this condition being accepted decreases.	The arbitrator examines whether, at the time of concluding the contract, the sanctions were reasonably foreseeable.	(Unforeseeability)
This is the most stringent criterion in both countries, and the heaviest burden of proof lies with the obligor.	The possibility of using alternative routes through third countries or humanitarian exceptions must also be examined, although transportation and banking restrictions may render these solutions practically ineffective.	The existence of humanitarian channels or licenses may challenge a claim of unavailability, unless their practical ineffectiveness is proven.	The obligor must prove that it has considered all reasonable alternative solutions, such as using intermediary banks, and that despite them, performance of the contract has remained impossible. A mere increase in cost or difficulty of performance is not sufficient.	(Unavailability)

International Commercial Arbitration and the Choice of Transnational Rules

The share of sanctions-related disputes in international commercial arbitration cases has increased noticeably in recent years. According to a report by the International Bar Association (IBA), many cases before the International Chamber of Commerce (ICC) have been in some way connected to sanctions issues (11,14). Well-known examples such as the *GAIL v. SEFE* case before the London Court of International Arbitration (LCIA) and the *RWE v. Gazprom* case before the ICC are among recent cases in which the parties invoked the force majeure clause of their contracts for relief from performance. According to the same report, the success of such a claim ultimately depends on the precise wording of the contractual clause and the specific circumstances of each case (15,14).

According to the ICC, its model force majeure clause specifically addresses the issue of government action and the matter of non-performance by third parties (4). The historical practice of ICC arbitrators, in the classical analysis of the evaluation of awards from this institution, also indicates a restrictive and narrow interpretation of force majeure and hardship, regardless of the legal system governing the contract (6). According to the LCIA, in cases such as *GAIL v. SEFE*, the main focus of the dispute was the precise interpretation of the wording of the force majeure clause in the contract. This practice further emphasizes the importance of carefully drafting the contractual clause (14).

On the other hand, beyond substantive analysis, procedural challenges also arise: sanctions affect the arbitration process itself. In several cases involving Iranian or Russian parties after 2014, banking restrictions have made it difficult to transfer arbitration costs or pay arbitrators' fees, and institutions such as the ICC and LCIA have been compelled to implement compliance screening measures. According to analysts, the lack of uniform practice among different institutions in this regard has led to uncertainty and reduced efficiency of arbitration in this category of cases (15,16,17).

Overall, reports indicate that the prevailing approach of arbitrators toward sanctions is not a complete denial of their potential as force majeure, but rather a requirement for precise and case-specific proof of the causal relationship between the sanctions and the impossibility of performance. This places a heavy burden of proof on the party seeking relief. From a substantive perspective, analysts in this field distinguish among three legal bases: supervening illegality, force majeure, and ordinary commercial risk, and the choice among these three depends mainly on the law governing the contract (15,17).

The Role of Lex Mercatoria in Sanctions-Related Disputes:

In international commercial contracts, unilateral sanctions have increased conflicts among national legal systems. In such circumstances, relying solely on national law is not always considered an appropriate solution. Hence, in many international contracts, there has been a growing tendency to use transnational rules or the *Lex Mercatoria* (12). Moving away from national law is done to reduce the likelihood of applying mandatory regulations of a single state to contractual relations. In disputes involving Iran and Russia, the choice of national law has subjected the dispute to the influence of sanctions regulations or mandatory rules of third states. As a result, rules are chosen that offer greater neutrality and allow for dispute resolution without direct dependence on a single national legal system (18,19).

Among these, the UNIDROIT Principles of International Commercial Contracts have been widely invoked. These principles are a set of non-national rules formulated for regulating international contractual relations. Flexibility, neutrality, and broad acceptance in arbitral practice are among the most important reasons for choosing these principles. Furthermore, in cases where the governing law of the contract has not been determined or where the parties have referred to transnational rules, it becomes possible to invoke these principles.

The principle of good faith also holds an important place in the *Lex Mercatoria*. Under this principle, parties are expected to act honestly and cooperatively at all stages of contract performance. In sanctions-related disputes, it is important to identify reasonable solutions for continuing contract performance or not (18,20). Using alternative banks, other transportation routes, or humanitarian licenses are among the measures that may be considered in assessing good faith. Conversely, refusing to perform the contract without attempting to find an appropriate solution may be found inconsistent with the principle of good faith (12,18).

In many cases, sanctions pose an obstacle to contract performance, making it significantly difficult or costly. In such a situation, the institution of hardship comes into consideration (21,22). According to reports, when the economic equilibrium of the contract is fundamentally upset, and performance remains possible, hardship is established (17,22). In such circumstances, renegotiation between the parties is recommended, and in the absence of agreement, the possibility of adaptation or termination of the contract by the arbitral tribunal is provided (12,23). According to reports, the *Lex Mercatoria* and the UNIDROIT Principles provide a flexible framework for resolving disputes arising from unilateral sanctions. In this framework, rather than focusing solely on domestic legal rules,

emphasis is placed on principles such as good faith, contractual cooperation, preserving the economic balance of the contract, and continuity of commercial relations. For this reason, in recent years, the role of these rules has become more prominent in international commercial arbitrations involving Iran and Russia (7,24).

The Challenge of Enforcing Arbitral Awards under Sanctions:

The issuance of an arbitral award does not mark the end of the dispute. In many sanctions-related cases, the most significant challenge arises at the enforcement stage of the award. Although arbitral awards are recognizable and enforceable in many countries under the New York Convention, unilateral sanctions can impose considerable practical restrictions on enforcement.

One of the most important obstacles is banking sanctions. In many cases, after an award is issued, transferring funds through international banks is not possible or faces extensive restrictions. Even in cases where enforcement of the award is legally permissible, intermediary banks refuse to process the transaction due to concerns about violating sanctions regulations. As a result, effective enforcement of the award faces a practical barrier (25). Fund transfer is another fundamental challenge. Payment of the awarded amount is carried out through the international banking network. Under sanctions, access to this network is restricted, and the use of alternative routes carries increased costs and legal risks. Hence, full enforcement of the award may be accomplished only with great

difficulty (26). Asset seizure also affects enforcement. In some cases, assets of states or affiliated companies have been frozen or seized under sanctions regulations prior to enforcement. In such a situation, the possibility of enforcing the award against these assets is limited. Additionally, in some legal systems, assets with public or sovereign functions are immune from seizure and enforcement (24,27).

On the other hand, public policy is one of the most important grounds for refusing enforcement of an arbitral award. Under the New York Convention, if enforcement of the award conflicts with the public policy of the country where enforcement is sought, the court may refuse to recognize or enforce it. In sanctions-related disputes, it is sometimes argued that enforcement of the award may violate sanctions regulations or fundamental policies of the enforcing state. However, in prevailing practice, the public policy exception is interpreted narrowly, and the mere existence of sanctions is not considered sufficient to refuse enforcement (28,29). Finally, the New York Convention of 1958 remains the most important basis for the recognition and enforcement of foreign arbitral awards. The principle is in favor of enforcing arbitral awards, and the grounds for refusal are limited and exhaustively listed in the Convention. Nevertheless, unilateral sanctions can reduce the practical effectiveness of this mechanism through banking, financial, and executive restrictions. Therefore, success in arbitration does not necessarily mean swift and full enforcement of the award (22,30). The conceptual model of this research is presented in Figure 1.



Figure 1. Conceptual model of the present research

The experience of Iran and Russia shows that sanctions affect the enforcement stage of the award more than the arbitration hearing stage (31, 32). For this reason, the assessment of the enforceability of the award must be considered simultaneously with

the drafting of the contract and the choice of governing law, arbitral tribunal, and the place of enforcement.

Table 2. Axes and legal consequences of the conceptual model of the research

Legal Consequence	Brief Description	Description Axis	Stage
Arbitration is chosen instead of national courts.	With the expansion of unilateral sanctions, contractual disputes have increased, and referral of disputes to international arbitration has become more frequent.	Increase in arbitration disputes	Unilateral sanctions
Exemption from liability is assessed on a case-by-case basis.	In ICC and LCIA cases, sanctions are examined as a potential basis for force majeure. Their acceptance is conditional upon proving causation and the specific terms of the contract.	Invocation of force majeure	Choosing arbitration instead of national courts (International commercial arbitration)
The mere existence of sanctions is not sufficient for exemption.	The ICC force majeure clause covers government action and non-performance by a third party. The interpretation of force majeure and hardship is generally restrictive.	ICC practice	
The quality of contract drafting has a direct effect on the outcome of the dispute.	The focus is on the precise interpretation of the force majeure clause in the contract.	practice LCIA	
Increased cost, delay, and complexity of proceedings.	Banking restrictions, payment of arbitration costs, and sanctions screening make the proceedings difficult.	Procedural challenges of arbitration	
The governing law determines the basis of the arbitrator's decision.	A distinction is made between force majeure, supervening illegality, and ordinary commercial risk.	Distinction of legal bases	
Greater impartiality is provided in dispute resolution	To reduce the impact of mandatory rules and national sanctions, the use of transnational rules has increased.	Tendency toward Lex Mercatorian	Lex Mercatorian
It enables dispute resolution without direct dependence on domestic law.	The UNIDROIT Principles are used in arbitration due to their flexibility, neutrality, and broad acceptance.	Choice of the UNIDROIT Principles	
Efforts to find an alternative bank, insurer, or shipping route are assessed.	The parties are expected to examine all reasonable solutions for performing the contract.	Principle of good faith	
Renegotiation, adaptation, or termination of the contract may occur.	If performance of the contract becomes difficult without becoming impossible,	Hardship	

	the economic equilibrium of the contract is examined.		
Enforcement of the award faces a practical obstacle.	International banks refuse to transfer funds.	Banking sanctions	Challenge of enforcing arbitral awards
Full enforcement of the award is accompanied by delay or increased cost.	Financial and currency restrictions make payment of the awarded amount difficult.	Fund transfer	
Collection of the awarded amount faces limitations.	Assets of the state or sanctioned companies may be frozen or immune from enforcement.	Asset seizure	
The public policy exception is interpreted narrowly.	The court of the place of enforcement may refuse to enforce the award on the grounds of public policy.	Public policy	
Sanctions reduce the practical effectiveness of enforcement, not the validity of the Convention	The principle is in favor of recognition and enforcement of foreign arbitral awards, and the grounds for refusal are limited.	New York Convention 1958.	
The enforceability of the award must be assessed simultaneously with the drafting of the contract and the choice of governing law, arbitral tribunal, and place of enforcement.	The assessment of Iran and Russia shows that sanctions affect the enforcement stage of the award more than the hearing stage.		Final conclusion

Comparative Analysis of Iran and Russia and the Behavior of Institutions

Studies indicate that in relation to Iran, long-term sanctions have weakened the condition of foreseeability in many contracts. Despite humanitarian exemptions, banking, insurance, and transportation restrictions continue to constitute the main obstacle to the supply of medicine and medical equipment. Furthermore, the ineffectiveness of mechanisms such as INSTEX and the Swiss humanitarian channel demonstrates the persistence of problems in currency transfer and contract performance (12,33).

In relation to Russia, the extensive sanctions imposed after 2022 were introduced suddenly and, in many pre-existing contracts, have strengthened the condition of foreseeability. Export restrictions, the reduced activity of foreign companies, high dependence on imports of medical equipment, and disruption in transportation have seriously challenged contract performance. In addition, Russia's countermeasures have added to the complexity of implementing international contracts (34,35).

Table 3. Comparative analysis of Iran and Russia and the behavior of institutions

Variables	Iran	Russia	Explanation
History of sanctions	Long-standing	Long-standing	Iran has gone through a long period of sanctions
Predictability	High	High	Establishing force majeure is easier in Russia
Banking	Severe	Severe	Banks refuse any transaction with the sanctioned country to avoid penalties
Transportation	Gradual	Gradual	Institutions avoid loading goods at ports of the sanctioned country
Insurance	Problematic	Problematic	Institutions refuse to send pharmaceutical shipments to Iran or Russia
Force majeure	Harder	Easier	Force majeure is easier to establish in the case of Russia
Enforcement of award	Difficult	Difficult	Countermeasures taken by Russia

In international contracts for the supply of medicine and medical equipment, the main obstacle to contract performance is often not the sanctions themselves. However, banks, insurance companies, and shipping companies refuse to cooperate with sanctioned countries in order to avoid the risk of legal liability. This behavior disrupts fund transfers, cargo insurance, and transportation, rendering performance practically impossible or extremely difficult (19,36). In the event of a dispute, international commercial arbitration becomes the most important dispute resolution forum. Nevertheless, the very same banking and financial restrictions can also hinder the enforcement of the arbitral award (22,37). Therefore, the cautious behavior of third-party institutions constitutes the connecting link between sanctions, force majeure, arbitration, and enforcement of the award. According to reports, sanctions risk management must begin at the contract drafting stage (7,37). It has been reported that including specific sanctions clauses, force majeure, hardship, and renegotiation provisions, together with providing alternative mechanisms for payment, insurance, and transportation, can reduce the likelihood of disruption in contract performance and problems in enforcing the arbitral award (18,31).

Outlook

Although the *Lex Mercatoria* and the UNIDROIT Principles allow for more neutral solutions in sanctions-related disputes, challenges such as the absence of a unified legislative body, differing reactions of national legal systems, and ambiguity in the enforcement of arbitral awards remain. Therefore, the development of arbitral practices and increasing the transparency of transnational rules can play an important role in mitigating the legal effects of sanctions on international trade (12,38).

Conclusion

Unilateral sanctions alone do not constitute force majeure, and establishing such a claim requires proving that the impediment was beyond control, unforeseeable, and unavoidable. The comparative study of Iran and Russia also showed that the element of foreseeability is easier to establish in contracts concluded in Russia, whereas in Iran, due to the long history of sanctions, the main focus is on proving the ineffectiveness of humanitarian exemptions and the practical effects of the cautious behavior of banks, insurers, and shipping companies. The analytical framework of this research addresses the relationship between sanctions, disruption of contract performance, invocation of force majeure, choice of arbitration, and ultimately enforcement of the arbitral award, through a legal chain. In this chain, the main obstacle to the performance of contracts for the supply of medicine and medical equipment, in many cases, is

not the prohibition of drug exports, but rather the refusal of banks and companies to cooperate due to concerns over the effects of sanctions. This situation increases contractual disputes and provides grounds for referring them to international commercial arbitration. Accordingly, the choice of international commercial arbitration and transnational rules alone does not guarantee effective performance of the contract or enforcement of the award. Therefore, sanctions risk management must begin at the contract drafting stage. Including specific sanctions clauses, force majeure, hardship, and renegotiation provisions, together with providing alternative mechanisms for payment, insurance, and transportation, can reduce the likelihood of disruption in contract performance and problems in enforcing the arbitral award. Overall, the tendency of sanctioned parties to use transnational rules can contribute to the development of international commercial arbitration practices. The research recommends that sanctions risk management begin at the contract drafting stage, and that by including specific sanctions and force majeure clauses, the possibility of unforeseeable circumstances be taken into account. It is also advised that through renegotiation, the provision of alternative payment and transportation mechanisms, and the choice of an appropriate arbitral tribunal, the likelihood of disputes and non-performance be reduced.

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Authors' Contributions

All authors contributed to data analysis, drafting, and revising of the paper and agreed to be responsible for all the aspects of this work.

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