

Trade Sanctions and International Spatial Integration: What is the Impact of Sanctioning Iran?

Dr. Olivier MASSOL

Associate Professor of Economics, Center for Energy Economics and Management at IFP School

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ESI Conference Room
29 Heng Mui Keng Terrace
Block A, #10-01, Singapore 119620**

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Abstract

During the years 2012-2016, Iran's energy and petrochemical exports were restricted by a series of international sanctions. In a forthcoming working paper, Olivier MASSOL (IFP School and City, U. of London), Emmanuel HACHE (IFPEN) and Albert BANAL-ESTANOL (City, U. of London and U. Pompeu Fabra, Barcelona) examine 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.

About the Speaker

Dr. Olivier MASSOL is Associate Professor of Economics, at the Center for Energy Economics and Management at IFP School, a graduate school of engineering located in Paris (France). Prior to joining academia in 2007, he has worked for 7 years in industry, as a research economist within ENGIE, a leading utility company in Europe.

Dr. Massol is the Executive Director of the **Chair "The Economics of Natural Gas"**, a joint research initiative associating IFP School, Mines ParisTech, Toulouse School of Economics, DIW Berlin and University Paris-Dauphine. Outside France, he is Honorary Research Fellow at the Department of Economics at City, University of London.

Dr Massol's main research interests are in energy economics, industrial organization and regulatory economics. He specializes in the application of quantitative techniques to analyze energy pricing, technology or infrastructure issues. He has published a variety of articles that have appeared in academic journals (including The Energy Journal, Energy Economics, Energy Policy and the European Journal of Operational Research).

Website : <https://sites.google.com/site/oliviermassolshomepage/>