

Outlook for Iran's economy in 2025



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ANALYSIS EXCLUSIVE

Iran's economy has faced numerous challenges in recent decades, ranging from international sanctions to fluctuations in oil prices and instability in economic policies. The present article analyzes the state of Iran's economy at the start of 2025, especially in relation to global and regional trends. Moreover, it addresses existing challenges, proposes solutions, and provides forecasts for the future of Iran's economy, supported by statistics and charts.

Current state of Iran's economy

In recent years, Iran's economy has experienced negative growth, influenced by factors such as economic sanctions and ineffective domestic policies. In 2023, the inflation rate averaged over 40%, and the national currency underwent a significant devaluation. According to a report by the Central Bank of Iran, the country's GDP grew modestly by 1.5% in 2024, which is considerably lower than the global average of 3.2% and the Middle East regional average of 4.8%.

Shortages in infrastructure, energy

• Electricity shortages

In 2024, Iran faced a 25-gigawatt electricity deficit, leading to widespread outages across various industrial and residential sectors. This situation not only disrupted industrial production but also imposed significant stress on the daily lives of citizens.

• Gas shortages

A decline in gas production from shared fields, combined with increasing domestic consumption, has created challenges in meeting the country's energy needs. This issue has directly impacted gas-dependent industries, resulting in reduced production and higher product prices.

• Aging infrastructure

Many of Iran's infrastructures, including railways, the electricity grid, and oil and gas facilities, are in a critical state due to insufficient investment and lack of major repairs. Estimates indicate that over 40% of Iran's oil and gas facilities require immediate modernization.

Comparison with global, regional economies in 2025

While many countries are leveraging technological transformations and opportunities in the digital economy, Iran's economy continues to rely heavily on traditional industries such as oil and gas. For instance:

• Global perspective

China, with a 5% GDP growth rate, and India, with 6% growth, are advancing steadily. In contrast, forecasts suggest that Iran's economy will experience growth of less than 2%.

• Regional perspective

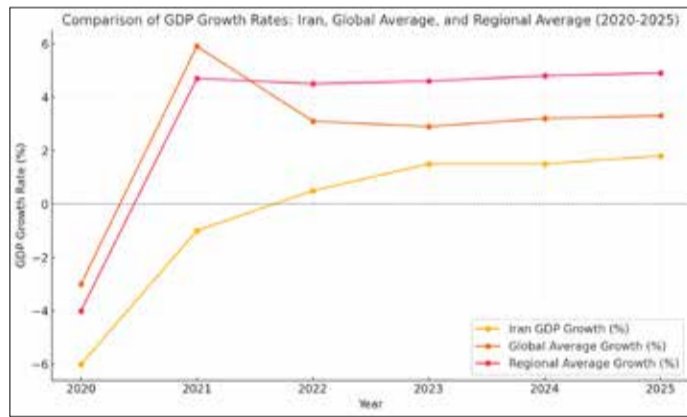
In the Middle East, Saudi Arabia, with \$328 billion in oil revenue in 2024, and Iraq, with \$120 billion, are significantly ahead of Iran, which generat-



ed only \$40 billion in the same year. Furthermore, regional countries such as the UAE have diversified their economies, capturing a larger share of global markets.

3. Dependency on oil, gas

Over 50% of the Iranian government's revenue still comes from oil exports. Declining global demand for fossil fuels and intense competition in the



The chart compares the GDP growth rates of Iran with the global average and regional average (2020-2025), highlighting the significant gap during this period.

Challenges facing Iran's economy

1. International sanctions, non-membership in FATF

Iran remains on the FATF blacklist, which severely restricts access to the international banking network. The lack of membership in this organization has increased trade transaction costs and reduced Iran's attractiveness for foreign investment.

2. Inflation, currency devaluation

According to reports, Iran's inflation rate reached 45% in 2024, and the value of the Rial depreciated by over 30% against the dollar. This has led to a decline in the purchasing power of Iranians and increased pressure on lower-income segments of society.

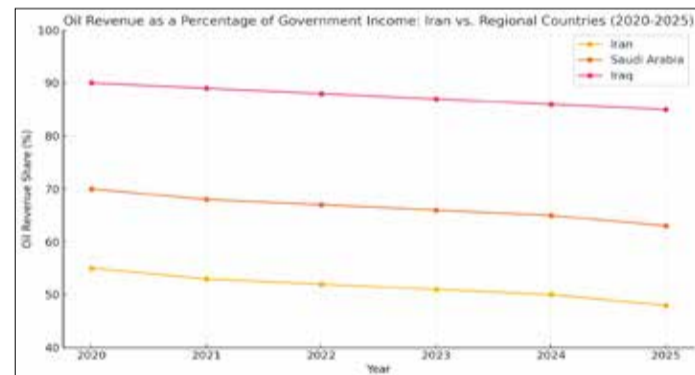
global market have created uncertainty about Iran's economic future.

4. Inefficient management

The lack of coordination in economic policies, including the failure to reform banking structures and the absence of financial transparency, has eroded public trust in the government. Inefficient management has also led to resource wastage and reduced productivity across various economic sectors.

5. Brain drain

Statistics show that over 70,000 scientific and professional elites left the country in 2024, reducing human capital and innovation potential. Advanced regional countries such as Qatar and the UAE have taken advantage of this opportunity to attract skilled professionals.



The chart compares oil revenue as a percentage of government income in Iran compared to two regional countries (2020-2025), illustrating the share of oil in Iran's government revenue compared to Saudi Arabia and Iraq.

Solutions for improving current situation

1. Enhancing financial transparency, structural reforms

Increasing the transparency in the economic policies of the country and implementing banking structure reforms can boost public and investor confidence. Enacting anti-corruption laws and improving regulatory performance will also play a key role.

2. FATF membership

Exiting the FATF blacklist and striving to establish international banking relations can improve Iran's access to foreign financial resources. This step will lower trade costs and enhance Iran's attractiveness to foreign investors.

3. Investment in renewable energy

Reducing dependency on oil and gas through the development of renewable energy sources will diversify Iran's economy. For instance, investing in solar and wind projects can increase the capacity for clean energy production.

4. Development of knowledge-based industries

Supporting startups and technology-driven companies can steer the economy toward sustainability. Advancing modern technologies can increase economic productivity and create new job opportunities.

5. Infrastructure improvement

Investing in the modernization of critical facilities such as the electricity grid, railways, and gas transmission lines can enhance Iran's economic productivity. A comprehensive plan for infrastructure renovation is essential.

Forecast for Iran's economy in 2025

Assuming the current situation persists, the outlook for Iran's economy in 2025 remains bleak. According to forecasts:

• Inflation

The inflation rate is expected to exceed 50%, further intensifying the financial burden on the population.

• Economic growth

GDP growth is predicted to remain below 2%, indicating Iran's inability to compete with regional countries.

• Inequality

The economic inequality index is projected to rise, deepening social crises.

Possible scenarios

• Optimistic scenario

If sanctions are eased and structural reforms are implemented, economic growth could reach 4%. Reforming economic structures could reduce inequality and attract foreign investment.

• Pessimistic scenario

If the current situation continues, inflation and unemployment rates will rise, and social inequality will deepen. Reduced oil production and declining exports could further exacerbate the economic crisis.

• Stable scenario

With the implementation of limited reforms and better resource management, Iran's economic growth could reach approximately 2.5%. However, this figure would still remain below the regional average.

Iran's economy in 2025 will face structural, political, and international challenges that, if not addressed urgently, will lead to a continuation of stagnation and inflation. Comparisons indicate that Iran has not sufficiently utilized its economic opportunities compared to regional countries like Saudi Arabia and Iraq.

Ultimately, proposed solutions such as enhancing transparency, joining the FATF, and developing the infrastructure could pave the way for improving the country's economy. However, achieving these goals requires political will and fundamental reforms. Strengthening international relations, reducing dependency on oil, and investing in modern technologies are crucial steps to place Iran on the path to sustainable growth.