

Rasht-Astara railway project proceeding with full force: Roads minister

‘Indians will not leave Chabahar’



Iranian Minister of Roads and Urban Development Farzaneh Sadeq-Malvajerd outlines her ministry's priorities in a press conference in Tehran on March 4, 2025.
● FARS

Economy Desk

Roads and Urban Development Minister Farzaneh Sadeq-Malvajerd stated that numerous meetings have over the past six months been held with Russian and Azerbaijani officials to advance the International North-South Transport Corridor (INSTC), a key component of which is the completion of the Rasht-Astara railway project. During her first press conference on Tuesday, Sadeq-Malvajerd outlined the

ministry's priorities, emphasizing the need to adhere to constitutional laws, the Seventh Development Plan, and annual budget regulations. She highlighted the importance of transparency in operations, ensuring accurate information is shared with the public and oversight bodies. Sadeq-Malvajerd also stressed the significance of justice in various sectors, including access to rural roads, flights, housing—particularly for the underprivileged—and diverse housing pro-

grams. Regarding the INSTC, she noted that legal concerns over contracts had been raised, and ambiguities were communicated to the Russian side as the Russians insisted on completing land acquisition before proceeding with technical studies. Sadeq-Malvajerd confirmed that land acquisition along the route will be finalized by the end of next Iranian year (March 20, 2026), and Russia has agreed to conduct technical studies simultane-

ously. She assured that funding for the railway fleet and infrastructure remains intact, and the project is progressing with increased momentum. "Azerbaijani Deputy Prime Minister Shahin Mustafayev has also emphasized the project's importance, securing a guarantee of 5 million tons of transit from Russia, with expectations to increase this to 15 million tons annually." A 2025 transportation cooperation roadmap with Russia has been approved, which includes expanding existing capacities and completing additional corridors.

Warning on overcharging airline ticket prices

Sadeq-Malvajerd warned airlines against selling tickets above approved rates, stating that violators will have their licenses revoked. The Civil Aviation Organization of Iran (CAOI) has been instructed to monitor ticket prices and take action against offenders. She attributed most flight delays during the Nowruz holidays to weather, safety, and security issues, emphasizing that passenger rights must be upheld in all other cases. Airlines failing to meet obligations may face license cancellations.

Tehran-Isfahan high-speed rail project

Sadeq-Malvajerd pointed to the Tehran-Isfahan high-speed rail project, noting that while Chinese financing was initially at risk of being canceled and reallocated, the ministry's efforts have secured the funding. She said the ministry is now working to activate post-financing resources and is optimistic about leveraging asset productivity.

Chabahar Port

In response to questions about India's presence in Chabahar, Sadeq-Malvajerd confirmed that India will not leave the port, and operations will continue as usual. Sadeq-Malvajerd also acknowledged the unpredictability of housing project costs due to inflation and rising material prices, noting that the ministry does not regulate utility rates. However, support packages are being developed to assist citizens. She mentioned efforts to expedite banking facilities, particularly through the Housing Bank, which has accelerated payments in recent months. The ministry is working to connect eligible individuals—over 1.7 million people—to the banking system for housing loans. The minister acknowledged an imbalance in the rail fleet and stressed the need to address it promptly, with private sector involvement playing a key role.

GDP improved under Pezeshkian gov't, CBI subsidiary finds

Economy Desk

The growth of Iran's gross domestic product (GDP) in the three months leading to Dey 1403 (September 22-December 20, 2024), the early months of President Masoud Pezeshkian's administration, reached 1.7% compared to the same period last year, which marks an increase from the estimated growth of 1.2% in the fall, according to a report by IRNA. Despite inflationary pressures, international sanctions, political turbulence, and energy sector shortages, the government's efforts to sustain economic growth and investment are evident. However, achieving the targeted 8% annual growth outlined in the Seventh Development Plan (2024-28) remains a long-term challenge. While Iran's economy remains heavily reliant on oil revenues, other sectors also play a significant role in economic growth. Addressing energy imbalances, injecting liquidity into production units, finding export markets for domestic products, and improving macroeconomic indicators such as reducing inflation, maintaining monetary discipline, and cutting budget deficits could mitigate some of the challenges posed by sanctions on Iran's oil industry. Accurate and timely statistical data are crucial for economic decision-making and policy formulation. The Monetary and Banking Research Institute recently published a report on Iran's economic growth in the three months leading to Dey 1403, analyzing the impact of the Pezeshkian administration's economic policies on GDP

growth. The report indicates that despite political and economic challenges, the government has managed to stabilize the economy to some extent. The report utilized monthly transaction data from 281 industries, Iran's foreign trade data, and road transportation data. Oil sector activity was estimated using data on crude oil and petroleum product production. The nominal value of retail and wholesale transactions grew by 35% in the three months leading to Dey 1403 compared to the same period last year. Adjusted for inflation, real transaction values increased roughly in line with price growth. However, growth in Dey was 39% compared to the same period last year, higher than in previous months.

Transportation and real estate

The value of transportation transactions grew by 17.6% in the three months leading to Dey, indicating reduced activity in this subsector. Heavy vehicle traffic on roads, which grew by 3.1% in the first half of the year, turned negative in the fall, reaching -3.2%. By Dey, this decline worsened to -5.7%. The nominal value of transactions in real estate sales, management, and leasing grew by 62% in the summer of 1403, up from 6% in the first three months of the year. Growth in the fall was 55%, but it declined to 39% in Dey. Despite a 40% inflation rate in the housing sector, the positive growth in real estate activities contributed to overall service sector growth, though the trend is declining.



Financial, industry and oil sector

The nominal value of financial sector transactions grew by 1.2% in the first three months of the year compared to the same period last year. By the second quarter of 1403, growth surged to over 60%. In the fall, transaction values more than doubled compared to the same period last year, showing significant growth alongside the real estate sector. The industry and mining sector's activity index declined by 1.7% in the three months leading to Dey 1403 compared to the same period last year, unchanged from the fall. The Central Bank of Iran reported 1.7% value-added growth in the summer, lower than in the spring. The negative growth trend is expected to continue into the winter. The oil sector's activity index grew by 4.3% in the three months leading to Dey, down from 11.8% in the summer, indicating a declining trend. The Central Bank reported 8.8% value-added growth in the oil sector in the summer of 1403. According to the US Energy In-

formation Administration (EIA), Iran's crude oil production grew by 6.7% in the last quarter of 2024 compared to the same period last year. Growth in the first nine months of 2024 was 18.8%, showing a slowdown. OPEC data indicates a 3.3% growth in Iran's oil production in January 2025 compared to the same period last year.

Other indices

Agricultural production grew by 2.1% in the three months leading to Dey 1403, up from 1.9% in the summer. The Central Bank reported 2.8% growth in the summer, showing an upward trend compared to the spring. Unlike the previous water year (ending in Shahrivar 1403), rainfall in the first four months of the new water year (Mehr to Azar) was below the same period last year. If this trend continues, agricultural growth in 1403 may remain positive, but it could decline in the following year due to reduced rainfall. Based on growth estimates across sectors, GDP growth in the three months leading to Dey 1403 is estimated at 1.7%, slightly higher than the 1.2% growth in the fall.

Oil minister: Energy shortages linked to 8% rise in household consumption

Economy Desk

Oil Minister Mohsen Paknejad attributed the current energy sector shortages to an 8% increase in household consumption and past imbalances. He emphasized the need for proper management of power plants' fuel mix to compensate for reduced gas supply. Speaking at Tuesday's public session of Parliament, Paknejad responded to questions from Qom representative Mohammad-Manan Raeisi and 59 other lawmakers regarding fuel deficits and negligence in power plants, IRNA reported. He stated that the energy imbalance is not the result of decisions made in the past three months, three years, or even six years, but rather the outcome of policies and actions taken by relevant energy institutions over the past three decades. Paknejad cited limitations and structural issues in the oil sector as contributing factors. He referenced a letter from former oil minister Javad Owji to the Secretary of the Supreme National Security Council (SNSC) on May 1, 2024, which highlighted fuel supply challenges. While the letter's contents are classified, Paknejad revealed that it emphasized the need to compensate for gas shortages by increasing mazut consumption in power plants. The minister noted that the letter outlined a plan and request-



Oil Minister Mohsen Paknejad speaks at a public session of Parliament, responding to questions regarding fuel storage on March 4, 2025.
● SHANA

ed the SNSC's approval for mazut usage in power plants. He stressed that the gas shortage was evident early in the year, and the previous administration's oil sector had proposed solutions, including mazut consumption. Paknejad explained that in 1402, gas exports to Turkey were halted for four months, freeing up 3.6 billion cubic meters of gas for domestic use, including power plants. However, in the current Iranian year, household, commercial, and industrial gas consumption increased by 8% compared to the previous year. To address the gas supply shortfall, Paknejad called for better management of power plants' fuel mix, which includes gas, diesel, and mazut. He noted that mazut usage should be increased up to a specified limit, as outlined by the Supreme National Security Council.