

Paknejad: Draft budget sets 'achievable' oil revenue targets to curb inflation

Economy Desk

Iran's Oil Minister Mohsen Paknejad said oil revenue assumptions in the country's next-year budget have been set at achievable levels and could help reduce inflationary pressure if managed within defined mechanisms.

"The figures related to oil revenues in the draft budget for the next year (starting March 21, 2026) have been set in a way that is realistic and achievable, and alongside specific mechanisms, they can help improve people's livelihoods," Paknejad said on Saturday, according to the Oil Ministry's news agency Shana.

public. "There is no doubt in this regard," he said.

He added that the objective is pursued within clear frameworks and mechanisms that are being carefully reviewed in expert-level meetings. "Once discussions and decisions are finalized, details related to oil revenues and their impact on the budget and people's livelihoods will be communicated transparently," he said.

Iran's next solar-year budget forecasts a significant drop in oil-related revenues, even as the oil minister has described the current state of oil sales as "satisfactory."

According to the budget figures, under government revenues from capital asset transfers, Iran's income is projected to fall to about 275 trillion rials (\$199 million) in the year ahead from around 930 trillion rials (\$674 million) in the current year ending March 2026. Based on such estimates, the government has

cut projected revenues from oil sales, bond issuance and oil-for-product swaps by up to 70%. The oil minister has recently said "the export trend is on a favorable path."

On Friday, journalists asked Hamid Pourmohammadi, head of Iran's Plan and Budget Organization (PBO), about what they described as a contradiction between the oil minister's remarks and the forecast decline in oil revenues. He said oil exports might increase in one month compared with the previous month, but annual oil sales are assessed on a yearly basis.

"We examine the total volume of oil sales over a full year and calculate prices using data from all international references, markets and reputable journals to determine the price of Iran's oil for the coming year," Pourmohammadi said.

Iran does not release detailed crude export figures, citing US

sanctions that it says require confidentiality. Data from the International Energy Agency (IEA) show Iran has significantly increased oil production over the past year despite continued US sanctions aimed at curbing its output and exports. According to the IEA, Iran's oil production reached 3.5 million barrels per day in November, unchanged from October but up 110,000 bpd from December 2024 levels. Explaining the mechanism of oil sales and the return of proceeds, Paknejad has also stressed that "the duty of the Oil Ministry is solely marketing and selling oil," while monitoring and supervising the transfer of foreign currency revenues falls entirely under the authority and responsibility of the Central Bank of Iran (CBI). In an interview with IRIB on Friday, Paknejad said the oil sales process can be divided into two parts: marketing, negotiation and selling oil, and the return of reve-



Mohsen Paknejad
SHANA

nues from sold oil.

"Under existing laws, revenues from oil sales must be deposited into accounts approved by the Central Bank," he said. "These accounts are designated by the central bank, and it has been stipulated that oil sale proceeds be deposited into them at maturity."

"Our job is marketing and selling oil, and we enter specialized areas related to marketing," he said. "But how much revenue is generated, when it is deposited, and whether it has been deposited at all are matters the Central Bank must monitor and control within

the country's banking system." He added that the CBI has the ability to verify whether funds have been deposited on time, in the specified amounts, and into approved agent bank accounts, and, if necessary, provide feedback to the Oil Ministry.

"The Oil Ministry essentially has no role in the banking domain to examine how SWIFT messages are issued or how foreign exchange transfers are carried out, as all accounts and banking processes are under the control and supervision of the Central Bank," Paknejad said.

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Iran's installed wind power capacity has exceeded 370 megawatts, with major projects underway that could lift total capacity beyond 1,000 megawatts by the end of next calendar year (March 2027), a senior Energy Ministry official said on Saturday.

Hamidreza Azimi, deputy head of Iran's Renewable Energy and Energy Efficiency Organization (SATBA), made the remarks on the sidelines of a visit to clean energy projects in the southeastern province of Sistan and Baluchestan.

He said extensive plans were in place to further expand wind power generation across the country.

Azimi said construction officially began on Saturday on a 100-megawatt wind power plant in the province, calling it an important step in the development of Iran's wind energy sector.

"Additionally, the 625-megawatt wind power project of the Methanol Complex, whose preparatory phase began several months ago, is expected to enter the construction phase by next week," he said.

"With the continuation of these projects and the realization of



planned programs, it is expected that by the end of next year the

SATBA expands clean energy push as investment incentives grow

country's wind power capacity will exceed 1,000 megawatts, marking a turning point in the development of clean power and the reduction of electricity imbalance," Azimi said.

President Masoud Pezeshkian's government has set a goal of installing 30,000 megawatts of non-fossil power capacity over the next three years to help ease daily electricity shortages, which stood at around 12,000 megawatts last summer.

On Saturday, Pezeshkian said reforming energy consumption behavior in Iran requires scientific and cultural support, stressing the need for evidence-based policy-making to address the country's energy imbalance, president.ir reported.

Speaking at a meeting reviewing university-led projects on energy subsidy targeting in Tehran, Pezeshkian said policies aimed at correcting energy consumption must be designed based on scientific studies and social awareness. The meeting focused on energy

subsidy targeting in the real estate sector, improving energy efficiency in education, and boosting energy productivity in the petrochemical industry.

Meanwhile, SATBA head Mohsen Tarzalab said electricity tariffs for green power had risen by 40% over the past year, increasing the attractiveness of investment in clean power plants.

He said the same tariff applies to industries with electricity consumption exceeding one megawatt that have failed to supply 3% of their energy needs from clean sources. The tariff is announced on a monthly basis and calculated based on the average guaranteed power purchase bills from clean energy plants.

In central Iran, Isfahan Province is planning a sharp expansion of solar and wind capacity, according to Davoud Qasemi, spokesperson for the province's power industry, IRNA reported.

Qasemi said solar power capacity

in Isfahan will reach 600 megawatts by the end of this year and rise to 5,300 megawatts by March 2029.

"Isfahan, as the leading province with the highest clean energy production capacity at around 350 megawatts, ranks first nationwide," he said, attributing the achievement to the launch of a solar investment attraction office at the Isfahan Regional Electricity Company about nine months ago.

He said the investment office is operating at full capacity and has so far signed memoranda of understanding totaling more than 8,000 megawatts with various industries. According to SATBA, 318 clean power plants are currently active in Iran's electricity market.

Within Iran's clean energy mix, solar power accounts for 66%, grid-connected distributed generation plants represent 15%, and wind farms make up 14%. Small hydroelectric plants contribute 4%, while biomass and expansion turbine plants each account for 1%. Despite the recent growth, clean energy sources still account for only 3.2% of Iran's total electricity generation capacity of around 97,909 megawatts.

Minister says rail corridor projects gaining speed to link Asia to Europe

Economy Desk

Iran's transport minister said the pace of rail corridor development has accelerated significantly compared with previous years and could soon position the country as a key rail hub connecting Asian and regional countries to open waters and Europe.

Minister of Roads and Urban Development Farzaneh Sadeq Malvajerd made the remarks while outlining the latest progress on rail corridor projects and their implementation status, IRNA reported.

"This process has gained re-

markable momentum compared with past years and will soon turn Iran into one of the main rail axes linking many Asian and regional countries to open seas and Europe," she said.

Referring to government policies on transport diplomacy and expanding regional cooperation, Sadeq Malvajerd said major rail projects across the country have recorded notable progress. She said that along the Khash-Chabahar route in the southeastern Iran, only rail-laying on the 120-kilometer Iranshahr-Nikshahr section remains, adding that it will be

completed by the end of the current year ending in March 2026. "This route is part of an important corridor that countries including India, Pakistan, Uzbekistan, Tajikistan, Russia and China are seeking to connect to Iran's national rail network," she said.

Sadeq Malvajerd also said the Mianeh-Ardabil railway project in the northwestern Iran, which began more than two decades ago, will be put into operation by the end of the year. "Final inspections of this route are underway, and once completed, it will be fully operational," she said.

International projects

Turning to international rail projects, Sadeq Malvajerd said the Shalamcheh-Basra railway is being pursued with secured financing.

She added that consultations are ongoing for the Sarakhs-Cheshmeh Thari route, including the approximately 170-kilometer Tabriz-Marand-Cheshmeh Thari section, noting that with the selection of a contractor, the project will enter the execution phase within less than two years. Sadeq Malvajerd said land acquisition for the Rasht-Astara railway route will be completed



by the end of the year, and that with financing from Russia, construction is expected to begin over the next three years. "This project is the missing link of the North-South corridor, stretching from India to Bandar Abbas, Rasht-Astara, Azerbaijan, Russia and Finland," she said. She added that more than 110 kilometers of land along the