

# Iran revamps forex policy to address livelihood woes

Pezeshkian says new policy to maintain support, not to cut subsidies

**Economy Desk**

The Iranian government's Information Council said in a statement on Sunday that the administration will henceforth supply foreign currency to basic goods and production inputs through a secondary market platform, known as the Second Hall, operated via the Central Bank (CBI). Under the plan, which will be implemented within the framework of next year's budget law starting on March 21, 2026, foreign currency for basic goods and inputs will be prioritized through the so-called market platform and the Central Bank's dedicated gateway.

"From now on, foreign currency for inputs and basic goods will be supplied from the Second Hall and through the Central Bank's dedicated portal, with priority given to currency supply," said the statement carried by Mehr News Agency.

The core of the policy is a shift from allocating foreign currency at the beginning of the supply chain to transferring subsidies to the end of the chain and final consumers. The government said the redesign aims to eliminate rent-seeking caused by multiple exchange rates, reduce uncertainty for economic actors and create lasting stability in the market.

Despite significant foreign currency resources being allocated in recent years, the statement said problems such as volatility in allocations, failure to achieve target prices and the exposure of inputs to the free market have persisted, underscoring the need for structural reform and for removing price dependence on unstable currency mechanisms.

Under the new mechanism, in addition to

streamlining currency supply channels, some institutions and companies will be allowed to use their own foreign currency resources directly to import basic goods without standing in long queues.

The government said implementation of the policy began on December 22 and that any potential price changes will be gradual, managed and closely supervised to prevent sudden market shocks and to ensure the benefits of reform are fully passed on to the public.

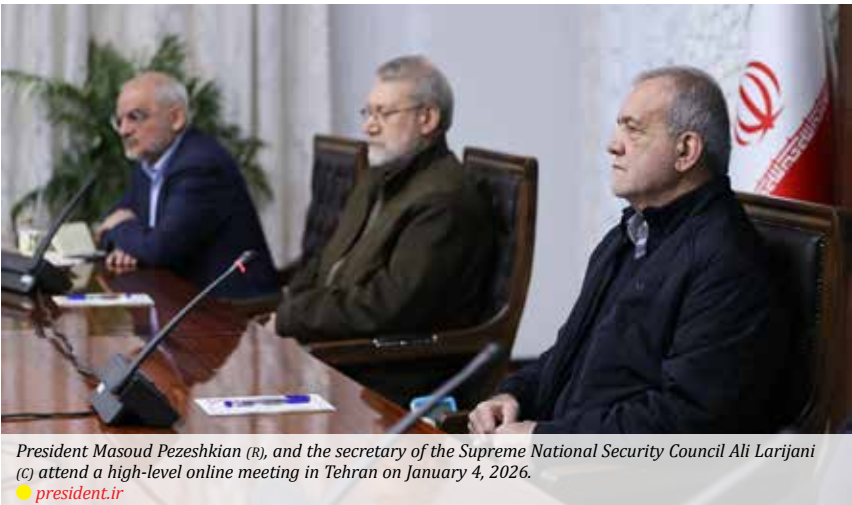
Separately, the presidency's website said that amid continued economic pressures and with the aim of ensuring food security, improving livelihoods and increasing stability and predictability in the economy, a comprehensive government support plan comprising 15 articles has formally entered the implementation phase.

The plan's executive bylaw was finalized on Sunday in a high-level online meeting attended by President Masoud Pezeshkian, the first vice president, the secretary of the Supreme National Security Council, ministers and economic cabinet members, representatives of relevant executive bodies and provincial governors nationwide, after which its implementation was officially launched.

In the first phase, and on an interim basis, the plan will allocate 10 million rials per month (approximately \$7) in purchasing credit per person for 80 million Iranian citizens for a period of four months.

Addressing the meeting, Pezeshkian said the government has prioritized protecting people's livelihoods and providing effective support for producers, shopkeepers and guilds.

"Accordingly, the demands, concerns



President Masoud Pezeshkian (R), and the secretary of the Supreme National Security Council Ali Larijani (C) attend a high-level online meeting in Tehran on January 4, 2026.

and issues of actors across the production-to-consumption chain will be examined carefully and pursued and resolved through regular provincial meetings with governors, county officials and process owners, and the plan's implementation must be monitored and reported on a daily basis," he said.

"The government's policy in this plan is not to remove or reduce subsidies, but to transfer subsidies from the beginning of the chain to the final consumer, so that any potential price increases are fully compensated and households' purchasing power is preserved," Pezeshkian said.

"Under no circumstances should the prices of other goods and services increase, and oversight in this regard will be applied seriously, decisively and on the ground," he added.

The plan, with a focus on stabilizing markets, strengthening production, boosting purchasing power and closely supervising the supply chain, has been placed high on the government's economic agenda for the coming months.

Meanwhile, the minister of cooperatives, labor and social welfare said on Saturday that the government would also continue paying cash handouts to more than 70 million people, who currently receive an average of 4 million rials (approximately \$2.90) per month.

He added that the government had originally planned to launch the expanded food coupon program in October, noting that individuals will receive a total credit of 40 million rials (approximately \$29) for their January allocation to compensate for the four-month delay.

Iran's steel output up 9.2% y/y to 3.4 million mt in November



Iran ramped up its steel output in November to maintain its position as a leading global steel producer despite foreign sanctions that have affected the country's energy supply and distribution systems.

Figures from the World Steel Association (Worldsteel), cited in a Saturday report by IRIB News, showed that Iranian steel mills produced about 3.4 million metric tons (mt) of steel in November, up 9.2% from the same month last year.

The output allowed Iran to retain its position as the world's tenth-largest steel producer in November and register one of the highest monthly growth rates in steel production globally, the figures showed, Press TV reported.

The data indicated that among the world's 10 leading steel producers, only India, the United States, Brazil, and Iran reported growth in production in November, while top producer China recorded a second consecutive monthly decline, with output falling by 10.9%.

Total steel output by the 70 producing countries surveyed by Worldsteel fell by 4.6% year-on-year to 140.1 million mt in November and declined by 2% to more than 1.622 billion mt in the first 11 months of the year.

Iran's steel production over the 11-month period reached 28.8 million mt, up 0.1% compared with the same period a year earlier, the figures showed.

The data also showed that Iran accounted for around 62% of total steel production in the West Asia region, which includes producers such as Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, and Yemen.

Iran has maintained its position as a major steel producer this year despite facing acute energy supply constraints and rising costs, which many analysts attribute to foreign sanctions as well as broader global supply-and-demand challenges.

Steel mills in the country reported natural gas supply disruptions during colder months and electricity shortages during the summer, when higher household demand prompted authorities to impose restrictions on industrial energy consumption.

## Iran-Japan Joint Chamber of Commerce: JETRO's revival offers 'realistic bridge' for Tehran-Tokyo trade ties

**Economy Desk**

Even under unilateral sanctions, Iran and Japan can strengthen the infrastructure for future cooperation, said Bahram Shakouri, vice chairman of the Iran-Japan Joint Chamber of Commerce, two weeks after the signing of a cooperation agreement between the Tehran Chamber of Commerce and the Japan External Trade Organization (JETRO) in Tehran.

"The reopening of JETRO in Iran should not be seen merely as an administrative or symbolic step," Shakouri told Tasnim News Agency. "JETRO's reactivation can create a realistic bridge between Iranian and Japanese businesses."

On December 22, the Tehran Chamber of Commerce and JETRO signed a memorandum of understanding during a high-level meeting in Tehran, where Japanese Ambassador Tamaki Tsukada announced the revival of the economic section of his embassy.

The agreement commits both sides to sustained collaboration in non-sanctioned and emerging sectors, with a focus on maintaining the presence of Japanese firms in Iran, strengthening economic di-

plomacy, and building institutional frameworks for future expansion of trade relations. It includes plans for reciprocal trade delegations, joint training programs, and business matchmaking events.

The vice chairman of the Iran-Japan Joint Chamber of Commerce told Tasnim that even under ongoing US sanctions, the two countries can strengthen the infrastructure for future cooperation. He noted that Iran's economy remains under pressure from unilateral sanctions, financial constraints, and reduced diversification of trade partners, while Japan — despite its cautious stance — has maintained a long-term perspective in international engagement. JETRO plays a key role in guiding and supporting Japanese companies, particularly small and medium-sized enterprises that are less dependent on the US market and more flexible in entering markets like Iran.

He emphasized that current trade volumes fall far short of the two countries' real potential. "Even if JETRO's revival does not immediately produce numerical leaps, it can upgrade the quality of trade relations — from intermediary-based to institutional and sustainable."

**Areas of cooperation**

Shakouri highlighted overlooked opportunities in industry, mining, machinery, agriculture, tourism, and healthcare. "Japan's cooperation model is based on value-chain integration," he said. "Iran can supply raw materials, agricultural and food products, while Japan contributes technology, machinery, and technical know-how."

Beyond traditional sectors, tourism and health offer "significant yet neglected potential" to complement economic ties.

In mining, he pointed to opportunities for boosting productivity and efficiency through advanced technologies, including hydrogen-powered engines and hydrogen fuel systems for machinery — areas where Japan holds valuable experience. "This can pave the way for green production and carbon reduction," he said.

Regarding industrial and mining machinery, he noted that reputable Japanese brands possess strong capacity to assist in equipment rehabilitation, modernization, technology transfer, and workforce training. "This cooperation need not mean direct imports and can be pursued through lower-risk channels," Shakouri explained.

Iran currently operates more than 15,000

mining machines, the majority from Komatsu, he added. "With Japanese cooperation, this equipment can be overhauled and upgraded."

**Shadow of unilateral sanctions**

The vice chairman of the joint chamber acknowledged that unilateral sanctions will continue to limit the scope of cooperation. "However, activating institutional, academic, and technical infrastructure can prepare the ground for faster relationship growth in the future."

When asked whether Japan could assume a special role among Iran's potential trade partners — given Iran's current reliance almost exclusively on China — Shakouri responded, "Japan can serve as a complementary, high-quality, technology-oriented partner alongside Iran's other trading allies, and JETRO's reactivation can be a cornerstone of this path."

He stressed the century-long history of Iran-Japan commercial ties and Japan's technological parity with advanced Western nations. "Japan has strong potential to meet part of Iran's technological and industrial needs and could serve as a substitute for current partners in certain sectors," he said.

## When Washington wavers ...

In such an environment, the Middle East is rarely approached through a coherent, forward-looking strategy. Instead, it is often addressed through ad hoc responses, symbolic shows of resolve, or policy shifts designed primarily to resonate with domestic audiences. The result is a pattern of inconsistent and sometimes contradictory policies, ill-suited to managing the region's complex and interconnected crises.

The costs of this approach are tangible. Fluctuations in security commitments, abrupt changes in priorities, and repeated recalibrations of engagement

or withdrawal all contribute to an atmosphere of strategic ambiguity. Even in the absence of a major regional crisis, this chronic uncertainty can raise security costs, intensify rivalries, and undermine diplomatic initiatives. For regional actors, the challenge is not merely responding to specific US policies, but navigating an environment in which those policies themselves are subject to sudden and unpredictable change.

What makes this situation particularly consequential is that the warning signs are increasingly visible within American media discourse itself. Coverage in

newspapers like the Washington Post does more than report daily political developments; it reflects a deeper concern about the weakening link between domestic governance and coherent foreign policy. When decision-making in Washington becomes gridlocked or fragmented, foreign policy coherence is often the first casualty—and regions such as the Middle East bear the consequences.

From a regional perspective, the message is unmistakable. Excessive reliance on a global actor struggling with internal political turbulence carries significant risks. As US domestic instability

deepens, the likelihood that American foreign policy will oscillate between engagement and retrenchment increases. This reality is pushing Middle Eastern actors to reconsider long-standing assumptions, diversify their external partnerships, and place greater emphasis on regional agency and locally grounded security arrangements.

This shift does not necessarily signal the retreat of the United States from the Middle East, but rather a transformation in how its role is perceived and managed. A United States constrained by domestic divisions is less capable of sustaining consistent commitments

abroad. In response, regional actors are increasingly compelled to hedge against uncertainty, adapt to policy swings, and seek greater strategic autonomy.

Ultimately, instability in Washington is no longer a distant or abstract variable for the Middle East. It is a structural factor shaping the region's security calculations, diplomatic choices, and long-term outlook. In a Middle East where uncertainty has become the norm, tremors in the heart of American decision-making are not just foreign news—they are part of the region's everyday strategic equation.