

Reconfiguration of Iran's trade following conflict



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PERSPECTIVE

Wars have perpetually constituted one of the most significant causes of disruption within economic and commercial relations among nations. Nevertheless, when such conflicts transpire between major regional or global powers, their ramifications transcend the national level and affect the entirety of the international trade system.

Under ordinary circumstances, commerce among nations materializes upon a foundation of political stability, security of transport routes, access to international financial systems, and mutual trust; however, the eruption of war simultaneously destabilizes these components. Within such a milieu, transaction costs escalate, investment risk augments, and countries find themselves compelled to undertake an immediate reexamination of their respective trade policies.

Within this framework, the assault by the United States of America and the Zionist regime upon Iran on February 28, 2026, can be regarded as a clear example of war's impact upon a nation's trade architecture. This conflict, which arose following years of political tension, economic sanctions, and indirect hostilities, rapidly engendered extensive consequences for Iran's economy and its commercial relationships with the world. Following the commencement of this confrontation, geopolitical hazards within the region intensified dramatically, and numerous pivotal trade routes, particularly within the energy sector and maritime transportation, encountered direct threats.

One of the foremost consequences of this war is a severe disruption to logistical infrastructures and supply chains. Insecurity along maritime routes, heightened transportation insurance costs, and restricted access to

ports and commercial corridors have caused Iran's imports and exports to face serious operational challenges. This situation will impose additional pressure upon the nation's economy, especially concerning the procurement of essential commodities and raw materials for domestic industries. Thus, the war between Iran and the United States in 2026 demonstrated how a military conflict can, within a short period of time, fundamentally transform a country's trade structure.

According to an analysis published by the Iran Chamber of Commerce, this conflict shall not only diminish the volume of foreign trade and elevate its associated costs but shall also influence the long-term orientations of Iran's trade policy. A movement toward self-sufficiency, the substitution of trade partners, and the utilization of alternative exchange

methods represent among the efforts that shall become intensified as a result of this confrontation.

International commerce under warfare

Within the literature of international political economy, war is considered not merely an episodic disruption but rather a structural shock capable of redefining the logic governing the organization of global trade. Historical examinations demonstrate that major military conflicts, beyond causing interruptions in trade flows, have led to a fundamental rearrangement of the institutional, geographical, and sectoral architecture of the international exchange system.

From this perspective, war ought to be regarded not as a deviation from an equilibrium path but as an integral component of the internal dynamics of the inter-

national political-economic system, through which patterns of production, exchange networks, and the distribution of economic power are reconstructed. Within this analytical framework, the present conflict assumes particular significance for it permits the simultaneous examination of the interaction among natural resource dependence, geopolitical constraints, and institutional pressures.

The theoretical literature emphasizes the role of commerce in deterring conflict and considers increased economic interdependence as a factor that reduces the probability of confrontation. Nevertheless, this analytical framework confronts limitations when facing the complex realities of the contemporary global economy. Recent research indicates that the relationship between trade and military tension possesses a



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nonlinear character and is dependent upon the network structure of global commerce.

To state the matter with greater precision, whereas bilateral interdependence may elevate the costs of tension and exercise a deterrent function, the expansion of multilateral trade and the diversification of partners weaken this interdependence and, under certain circumstances, may even facilitate the occurrence of military tension. This observation indicates that the analysis of trade under current conditions necessitates moving beyond simplistic bilateral models and progressing toward a networked, multilayered comprehension of economic interactions.

From an analytical standpoint, the most significant consequence of war should be sought in the process of trade reconfiguration, not merely in the reduction of its aggregate volume. Empirical evidence drawn from recent global conflicts, particularly the Russia-Ukraine war, demonstrated that global trade responds to such shocks through mechanisms including substitution and route reconfiguration. This finding suggests that trade networks possess a degree of flexibility that enables adaptation to constraints, although such adaptation typically accompanies changes in cost and efficiency.

Consequently, war may be considered a factor that transforms not only the level but also the structure and quality of trade. The operation of this framework in the case of Iran indicates that the consequences of the present conflict should be analyzed at the intersection of three key factors: geopolitical position, a resource-based economic structure, and institutional constraints arising from sanctions.

The concentration of hydrocarbon resources, together with proximity to strategic chokepoints, such as the Strait of Hormuz, has rendered Iran a structural actor within the global energy market. However, these same characteristics elevate the degree of vulnerability to shocks of this nature.

In this context, one must note the fact that energy markets possess features that complicate their response to supply shocks. Low short-term supply elasticity and the vital role of energy as an intermediate good cause even limited disruptions to generate disproportionate consequences for price levels and economic stability.

On the other hand, a reduction in energy export volume does not necessarily entail a proportional decrease in revenues; rather, it may be partially compensated through price increases. Nevertheless, this situation accompanies heightened uncertainty and instability, which themselves emerge as deterrents to investment and economic planning.

One of the key dimensions in analyzing trade under wartime conditions is the role of trade costs and, especially, logistical costs. Increased security hazards, rising transportation insurance premiums, and disruptions to maritime routes effectively add to the economic distance between nations (when geographical distance remains constant). Within this framework, one may argue that war operates by redefining economic distance.

Furthermore, financial channels play a decisive role in transmitting the effects of war to international trade. Military tension, through its influence upon exchange rates, interest rates, and access to financial facilities, elevates transaction and commercial costs and restricts participation in



▲ Russian President Vladimir Putin (L), with a symbolic BRICS "banknote" in his hand, gestures to Indian Prime Minister Narendra Modi at the end of the extended format meeting of the BRICS summit in Kazan, Russia, on October 23, 2024.
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