



Iran's Minister of Roads and Urban Development Farzaneh Sadeq (R) and Turkey's Minister of Trade Omer Bolat sign cooperation documents in Tehran, Iran, on December 11, 2024. The Turkish minister noted that they want to revive the preferential trade agreement signed with Iran in 2015. ● HURRIYET DAILY NEWS

global trade; for Iran, which have already confronted financial limitations, this situation may lead to a deepening of financial isolation. Although alternative mechanisms such as bilateral currency agreements or non-dollar payment systems may mitigate some of these restrictions, doubts persist regarding the efficiency and costs of these instruments. Rather than causing a complete cessation of trade, wars redirect commerce toward alternative routes. However, this redirection seldom occurs without cost. Increased transportation distances, diminished transparency, and alterations in the balance of power among trading parties all represent consequences of this process. War exerts multilayered effects not only upon the supply side but also upon the structure and dynamics of global demand. Under such conditions, political preferences, geopolitical alignments, and considerations related to risk management increasingly participate in redefining demand patterns and thereby subject traditional trade routes to transformation. On this basis, the present conflict may be analyzed within a broader and more systematic framework as an instance of the gradual transition from a relatively integrated trading system toward a fragmented, networked order predicated upon political and economic coalitions. During this transition process, international trade neither disappears nor merely experiences a quantitative reduction; rather, it is reproduced and reorganized in novel forms, albeit with higher transaction costs and diminished efficiency. These developments appear to confirm that international trade is inseparably shaped within the context of geopolitical transformations, and war may be regarded as one of the most significant forces reconstructing and directing its structure and function.

**Iran's trade during, after war**

Under conditions of military conflict and intensified geopolitical uncertainties, the foreign trade structure of nations undergoes fundamental disruption and necessitates rapid rearrangement at the levels of routes, partners, and financial mechanisms. The Iranian economy, as an economy possessing significant dependence upon the importation of essential commodities and production inputs, confronts multifaceted challenges in the foreign trade domain under such circumstances. An examination of Iran's current trade situation reveals that approximately \$15 billion of the nation's annual imports (approximately 20.5% of total imports) is allocated to

essential commodities, including production inputs for protein products (red meat, poultry, and eggs), rice, sugar, cooking oil, and legumes. This degree of dependence heightens the necessity of adopting alternative strategies to sustain procurement under wartime conditions. Within this framework, one of the most important short-term measures constitutes the readjustment of import routes in accordance with war-induced logistical constraints. Specifically, in the domain of rice imports, which amount to approximately 1 million tons annually and are supplied predominantly from India and Pakistan, disruption to the country's southern ports, especially key ports like Shahid Rajaei Port and Imam Khomeini Port, necessitates the utilization of alternative land-based and combined land-sea routes. In this regard, imports from Pakistan via land borders may be used as an immediate and operational route, whereas imports from India may also be redesigned through transit across Pakistan or through the utilization of port capacities in the country's southeast (Chabahar). Similarly, concerning other essential commodities, such as red meat and legumes, the utilization of Central Asian countries' capacities, including Uzbekistan and Kyrgyzstan, together with nations such as Turkey, may be proposed as an effective strategy under wartime conditions. This approach not only reduces dependence upon maritime routes but also enables geographical diversification of import origins. In the domain of cooking oil imports, particularly sunflower oil, focusing upon northern countries' capacities, especially Russia, and utilizing the country's northern ports in the Caspian Sea assumes

particular importance. These ports possess, from operational and hinterland perspectives, the potential capacity to receive several million tons of goods; however, effective exploitation of this capacity necessitates simultaneous reinforcement of maritime and rail transport infrastructure. In this context, the development of the maritime transport fleet on the Caspian Sea and the activation



File photo shows a man inspecting bags of rice in stacks inside a warehouse in Iran. ● PRESS TV

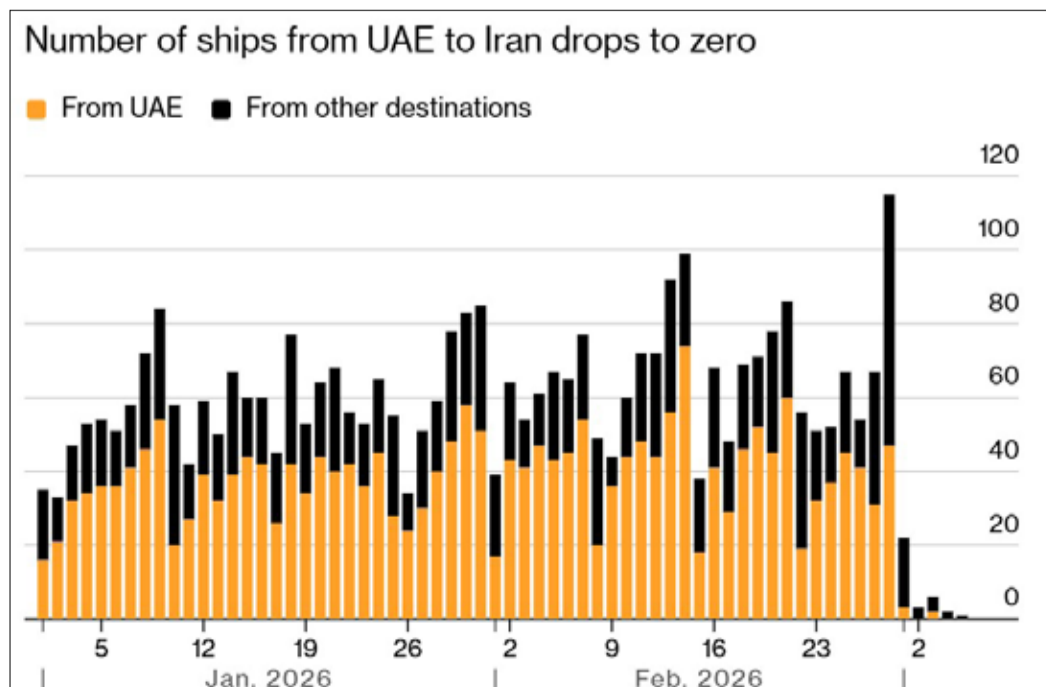
and upgrading of associated rail corridors, especially the Incheh Borun and Sarakhs routes, must be placed high on the agenda of policymakers. Beyond short-term measures, wartime conditions necessitate a fundamental reorientation of the country's foreign trade geographical direction. Traditionally, a substantial portion of Iran's trade was conducted via southern routes and, particularly, through intermediaries, such as the United Arab Emirates. However, recent geopolitical developments and that country's stance in the present conflict underscore the necessity of transitioning from a southern,

sea-based trade paradigm. This shift in approach requires focusing upon the development of alternative corridors, including the International North-South Corridor and the reinforcement of transit routes through nations such as the Republic of Azerbaijan, Russia, Iraq, and Turkey. Within this framework, the development of land-based trade prioritizing commodities such as foodstuffs, construction materials, and light industrial products can play an important role in sustaining trade flows. The reinforcement of border infrastructures, the facilitation of customs processes, and the reduction of non-tariff barriers along these routes constitute among the requirements for achieving this objective. From an institutional and policy perspective, one of the key instruments for rearranging foreign trade is the utilization of bilateral and multilateral trade agreements. Under wartime and post-war conditions, these agreements can play a decisive role in altering the country's trade map and creating incentives for economic actors. In this regard, accelerating the implementation and updating of the preferential trade agreement with Turkey, with the active participation of the private sector, and moving toward the conclusion of

a free trade agreement with that country assume great importance. Furthermore, the serious pursuit of concluding and implementing a free trade agreement with Pakistan may be proposed as one of the policy priorities in this domain. In the financial and banking sphere, given the former role of the United Arab Emirates in facilitating Iran's trade financial transfers, the new conditions necessitate the definition of alternative routes for conducting these operations. Within this framework, the utilization of capacities from aligned countries' banks, especially Russia (including VTB



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The chart shows that Iran's import from UAE, which was previously one of Iran's top trading partners, dropped to zero shortly after the US-Israeli war on Iran began on February 28, 2026. ● AL BANYAN TREE RESEARCH

Bank), may be considered as an operational route for executing financial transfers. Although the design and groundwork of this mechanism were completed in the Persian calendar year 1402 (2023–2024), its extensive use has not yet occurred, and it is necessary that, during the post-war period, the development and operationalization of this route be placed seriously upon the agenda. At the executive level, the reform and facilitation of customs processes assume particular importance. In this regard, the Customs Administration of the Islamic Republic of Iran, within less than one week following the conflict's commencement, announced a set of 11 measures aimed at accelerating and facilitating the clearance of imported goods. The continuation of these measures' implementation until the war's end, together with the reduction of the threshold for applying foreign exchange obligation restrictions, the utilization of percentage-based clearance mechanisms, and the possibility of 100% clearance of essential commodities, can play a decisive role in sustaining the flow of goods procurement under wartime conditions.

Achieving this objective requires complete coordination among the Central Bank of Iran, the Trade Promotion Organization, the Islamic Republic of Iran Customs Administration, and other relevant authorities until the conclusion of the wartime period. Moreover, the use of the green channel capacity and the definition of common customs standards with aligned countries can contribute to improving the efficiency of the country's trade system. Moreover, targeted governmental support for the export sector, including the provision of transportation subsidies and export insurance under high-risk conditions, plays an important role in preserving and strengthening the country's export capacity. On the long-term horizon and during the post-war period, the reconstruction and reform of Iran's foreign trade structure must be placed on the agenda. This necessitates targeted attraction of foreign investment and active participation in global value chains. Such an approach can contribute to enhancing the competitiveness of Iran's economy and reducing its vulnerability to external shocks. To deepen the analysis of Iran's foreign trade situation during and after the war, an examination of the structure and composition of the country's trade partners assumes particular importance. From this perspective, evaluating the position and role of countries that, for political reasons under wartime conditions, become excluded or restricted from Iran's trade cycle can contribute to a more precise understanding of vulnerability dimensions and also to the identification of alternative capacities.

Within this framework, given the current circumstances of the war and the stances adopted by regional countries, it appears that the majority of member states of the Persian Gulf Cooperation Council, including Saudi Arabia, Qatar, Kuwait, Oman, the United Arab Emirates, and Bahrain, will gradually exit the list of Iran's primary trade destinations and origins during the wartime period and even on the post-war horizon, or their role shall diminish significantly. This development underscores the necessity of a precise examination of each of these countries' shares in Iran's foreign trade structure.

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