One challenge is the relative concentration upon large-scale power plants and national grids, which, if damaged, affect a substantial portion of the load. Although Iran possesses better dispersion than some countries, the dependence of the consumption and industrial structure upon the national grid remains high.
Another significant challenge is the reliance of vital infrastructures upon these grids. Although appropriate measures have been undertaken in recent years, and for many sensitive centers, alternative energy supply systems have been designated so that service provision does not cease upon disconnection from the grid, this process must be rendered deeper and more complete.
From a managerial perspective, in many domains, the passive defense approach to the siting, design, and operation of power plants and water installations has not yet been systematically institutionalized. Dependence upon a few limited technologies and weaknesses in the indigenous development of certain sensitive equipment constitute additional challenges.

In the current situation, what role do you ascribe to novel technologies, demand-side management, and renewable energies in enhancing the country's energy and water security?
In the domain of novel electricity generation technologies, no extraordinary leap has occurred in the country during recent years. This matter represents a double-edged sword: on one hand, technological backwardness may generate risks, but on the other hand, rushed entry into certain technologies without localization and without passive defense considerations can itself constitute a point of vulnerability.

A textile vendor works in his shop during a power outage in Tehran, Iran, on August 5, 2025.
VAHID SALEMI/AP

Renewable energies, particularly solar power, are undergoing development in the country and can play an important role in peak management and fluctuation mitigation, especially given that the daily consumption peak and solar irradiation partially overlap. However, one must note that renewable energies are costly and, at times, do not deliver stable load to the grid.

Drawing inspiration from the experiences of the current war, what changes in approach or policymaking are necessary to fortify the energy front and the security of its infrastructures?
The experience of war and sanctions has demonstrated that dependence upon large, centralized power plants must be reduced, and passive defense in energy production and supply must be pursued more seriously. In recent years, appropriate measures have been taken, and for many sensitive points, alternative energy supply systems have been provided so that, in the event of grid disconnection, vital services do not cease.
In my view, policymaking must, more than ever before, concentrate upon the development of distributed generation (DG), Combined Heat and Power (CHP) and Combined Cooling, Heat, and Power (CCHP) systems, diesel generators, and other local and regional energy supply solutions, particularly for sensitive centers and vital infrastructures.
The overarching approach must be a transition from "sole dependence upon the national grid" toward a "hybrid of the national grid plus emergency and sustainable local generation". This approach elevates the cost of attacking infrastructures for the enemy and augments the nation's resilience.

> In a world wherein the term "energy poverty" has become increasingly tangible, specifically in European nations, attacks upon installations and infrastructures must impose economic and social costs upon the entire world. If this matter carries no cost, then effectively, preventing attacks will not be very feasible.

Upon which factors does the compensation for damages inflicted upon energy and water infrastructures depend in the short term, medium term, and long term, and what actions must officials undertake in each phase?
In the short term, focus must be placed upon maintaining service continuity and preventing grid collapse. Here, the role of emergency generation, demand-side management, load shifting, and the utilization of reserve capacities is paramount. The employment of diesel generators, DG units, and existing capacities, alongside consumption management, constitutes the principal toolkit.
In the medium term, the reconstruction of damaged equipment, the replacement of lost units with new and more resilient ones, and the diversification of resources and siting configurations must be placed on the agenda. At this stage, the experience of attacks must be leveraged, and design and siting weaknesses must be rectified.
In the long term, the approach must move toward the partial redesign of the energy and water system's structure. This means that policies must be calibrated such that they simultaneously fulfill the nation's developmental needs (a minimum of 120,000 megawatts of new capacity over the next 10 years) and reduce dependence upon sensitive and vulnerable points. Over this horizon, the nature of war damage compensation contracts also assumes importance, and, as I have indicated, the provision of new turbines and power plant units by the countries that served as the origins of attacks must be among the central pillars of negotiation and agreement.

The full article was published in Persian by Iran Think Tanks.

Impact of US/Israel-Iran crisis on Asia

At the peak of the crisis, oil surged to $110–116/bbl. But it remains volatile at $90–100 after cease-fire pause. Liquefied natural gas (LNG) took an even harder hit. Oil price surged more than 50%, but LNG soared as much as 143% — a 3-year high.
In Asia, supply risk is significant because 20% of global oil and major LNG flows via Hormuz to the region. Here's the difference between the two sources of the shock. LNG is the binding constraint; oil is volatile but more substitutable.
By April 12, the region is overshadowed by LNG tightness, shipping frictions, foreign exchange pressure and already-locked second quarter damage.

Inflation, industrial slowdown, bottlenecks

In energy crises, inflation has always been a dominant transmission channel. A shortage of fuel, electricity and fertilizers means that increased costs for businesses (higher wages, rising shipping costs, higher prices for raw materials) are passed on to consumers across a wide variety of goods and services.
LNG shock tends to result in an industrial slowdown. As prices soar for petrochemicals, plastics, and fertilizers, a major disruption has ensued in Asia, the "world factory". In this regard, the gas-reliant Japan, Korea and Vietnam are the most exposed.
In shipping and logistics, the Hormuz disruption means higher freight plus insurance expenses, which have resulted in supply chain bottlenecks across Asia.
With foreign exchange and capital flows, oil importers have suffered currency depreciation. As central banks delay rate cuts, tight financial conditions ensue.
Nor is tourism immune to airfare spikes and Middle East airspace disruptions. For now, the impact is moderate. But that could change if the crisis lingers.

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Systemic shock

The Iran crisis is primarily an oil/LNG and supply chain shock. In East Asia, it is manifested as industrial squeeze. In Southeast Asia, it is reflected by inflation and the foreign exchange squeeze.
Cease-fire relief does not mean normalization. Due to uncertainty, risk premium persists even if prices dip.
The status quo has deteriorated faster than consensus estimates suggest, as evidenced by the Philippines. Not so long ago, the Marcos Jr. government still suggested that the stage was set for 5–6% growth. Now some multilateral institutions have downgraded the country's GDP growth to 3.6–4.4%.
Across Asia, growth estimates are being recalibrated. Even the IMF signals broad global downgrade and "permanent scarring". This crisis is a systemic energy shock.

Why the revisions?

First of all, the LNG shock was underestimated. The foreign exchange and inflation feedback loop has proved more challenging than anticipated. Third, the inventory illusion is fading. Finally, March data still reflected pre-shock inventories but demand compression will ensue in April–May.

Downgrades after downgrades

In Japan and South Korea, the status quo is worse than earlier assumed, due to vulnerability to LNG, petrochemicals and exports.
In Japan, inflation and weak yen have adverse implications. The central bank is reassessing the rate trajectory. South Korea's GDP growth is likely closer to 1% or below, not 1.5–2%.
As a trade, shipping and refining hub, Singapore remains highly sensitive to freight costs and energy flows. It is facing a large downgrade in percentage terms.
Ever since the first Trump administration, China has been buffered by multiple US-led penalties. But it benefits from Russian energy and diverse policy tools. Though resilient, Beijing must cope with weakening export and industrial demand.
Vietnam is trying to manage its rising supply chain exposure, particularly manufacturing input costs (plastics, chemicals). With lagged effect, the damage is accelerating.
With its very high oil dependence and scarce reserves, Philippines is already facing energy emergency, a currency shock and transport disruptions — amid the greatest corruption debacle and political polarization in decades.

Risk trajectory if war persists

So, what if the cease-fire fails and the war persists another month?
Oil prices would rebound toward $105–120 as risk premium returns. If the crisis intensifies, they would surge to the $150 territory.
LNG prices would stay elevated and spike further with tight supply. Inflation would surge with a lag in the second and third quarters.

Economy	Energy exposure	Tourism impact	Currency impact	Market impact	Supply chain impact	Inflation impact	GDP growth 2026
China	M (diversified)	Mild ↓	Stable/slight ↓	Mixed	Moderate–High ↑	Moderate ↑	3.7–4.3%
Japan	H (LNG-heavy)	Mild ↓(improved)	JPY weak	↓ (energy drag)	Severe ↑↑	High ↑↑	0.2–0.7%
South Korea	H	Mild ↓	KRW weak	↓	Severe ↑↑	High ↑	0.7–1.3%
Singapore	H (hub)	Mild/Moderate ↓	Slight ↓	Volatile	High ↑↑ (shipping)	Moderate ↑	0.8–1.5%
Malaysia	M (export buffer)	Mild ↓	Resilient	Mixed/neutral	Moderate ↑	Moderate ↑	3.3–4.0%
Indonesia	M–H	Mild ↓	IDR weak	↓	Moderate ↑	High ↑	3.9–4.6%
Philippines	H (oil importer)	Mild/down ↓	PHP weak	↓	Moderate ↑	High ↑↑	3.6–4.0%
Vietnam	M	Mild ↓	Slight ↓	↓ (exports)	High ↑↑	Moderate ↑	4.8–5.5%

Impact table: East & Southeast Asia
Exposure: H = high vulnerability, M = medium, L = lower

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Foreign exchange would suffer further depreciation, especially in Korea (KRW), Philippines (PHP) and Indonesia (IDR). At the same time, supply chains would crumble further with inventories depleted.
Key escalation triggers feature a renewed Hormuz disruption, Qatar LNG outages and crisis expansion to Bab el-Mandeb, which would serve as a trade shock multiplier.
According to the IMF, the Iran shock is already affecting 80% of countries. In developing Asia, the crisis could shave off -1.3 percentage points of the GDP growth.

Persistent supply shock

For now, the energy shock remains the largest on record. Downside risks dominate. Growth distributions continue to shift lower. And there are no meaningful upgrades.
As the regional stabilizer, China's growth hovers around 4.0%, but it is being challenged by weakening exports and softer global demand. Korea and Japan are deteriorating further.
In Southeast Asia, Singapore is taking a hard hit. Malaysia and Indonesia are somewhat buffered. Southeast Asia's importers are now in a 3–4% growth zone. Philippines is already in emergency.
What the region must cope with now is a persistent supply shock with partial financial relief. Although markets can bounce, the real economy won't rebound in parallel. Global growth prospects are shifting lower to 2.0–2.4%.
What happens in Asia won't stay in Asia — neither Europe nor North America is immune to the impending tsunami.

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