

Astara Port revives as first vessel docks after dredging

Economy Desk

The first commercial vessel in the new year, starting on March 21, docked at Iran's Astara Port after dredging operations restored access to the northern port, a development authorities said could help revive the region's trade and transit capacity. According to Fars news agency, Astara Port, one of Iran's key northern trade gateways and a strategic link in the International North-South Transport Corridor, plays an important role in expanding the country's economic exchanges with Caspian Sea nations.

Ali Darmani, governor of Astara, said the vessel carried 1,400 cubic meters of timber weighing about 800 metric tons and had sailed from Hovsan port in Azerbaijan.

Highlighting the border country's transit, export and import

potential, Darmani said the vessel's arrival demonstrated that maritime trade at the port could recover with the removal of technical obstacles, particularly sedimentation problems, and the continuation of dredging operations.

The port had faced challenges in recent years due to sediment buildup and restrictions on vessel traffic, resulting in a decline in commercial activity. In the months leading up to the dredging, clearing the port basin and access channel had become a major demand of businesses, traders and local officials.

Following the completion of the dredging work and the restoration of suitable navigation conditions, the first commercial vessel of the year arrived at Astara Port Complex carrying a cargo of timber from Azerbaijan and docked at the port's berth.

The revival of Astara comes as

Iran is seeking to diversify its logistics corridors to counter growing restrictions on its trade routes.

The country's southern ports in the Persian Gulf and the Sea of Oman remain under a naval blockade imposed by US President Donald Trump in mid-April. The blockade is aimed at pressuring Tehran into a peace agreement after a 40-day conflict launched by the United States and Israel against Iran on February 28.

According to reports presented by economic officials, coordination with neighboring countries has helped activate and expand capacity at several land border crossings and alternative transport corridors to facilitate imports of essential goods.

Iran also officially launched transit operations at the southern port of Jask with the arrival of the first vehicle shipments from



Oman on Sunday. Located on the Gulf of Oman outside the Strait of Hormuz, Jask has emerged as one of Iran's most strategi-

cally important ports. The facility serves as the terminus of the Goreh-Jask oil pipeline and forms part of the International

North-South Transport Corridor, the multimodal route linking the Indian Ocean with Russia and Northern Europe.

Annual inflation hits 53.9% in second month of calendar year: CBI



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Iran's annual inflation rate rose to 53.9% in the 12 months ending in the second month of the current Iranian year, compared with the corresponding period a year earlier, the Central Bank of Iran (CBI) said.

According to state news agency IRNA, the central bank said the consumer price index (CPI) for goods and services in Iran's urban areas reached 667.5 in the second month of the Iranian year, which ran from April 21 to May 21, up 8.5% from the previous month.

Also, point-to-point inflation, which measures changes in consumer prices compared with the same

month a year earlier, stood at 77.2%, the CBI said. The central bank had reported annual inflation at 50.6% in the first month of the year, while the Statistical Center of Iran (SCI) put the figure at 53.7%.

Iran's national currency has fallen to record lows amid mounting economic pressure. The rial traded between 1.75 million and 1.9 million per US dollar on the open market in recent weeks, compared with about 811,000 a year earlier.

The sharp depreciation has underscored growing strain on the economy, which is already grappling with high inflation and Western sanctions. The country remains under wartime conditions following a 40-day US-Israeli conflict. Tehran and Washington agreed to a temporary ceasefire on April 8 through Pakistani mediation, although tensions remain high.

Alloy steel sector warns of output cuts amid import curbs, war damage

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Iran's Alloy Steel Producers Association warned three senior economic officials that current policies could lead to a sharp decline in alloy steel production and potentially force some plants to halt operations.

According to ISNA, the association, in a letter addressed to the minister of industry, mines and trade, the governor of the Central Bank of Iran, and the head of Iran's Customs Administration, called for the "immediate removal of obstacles to imports financed through companies' own export revenues."

The association said steel producers were facing "exhausting bureaucracy" and "non-expert decisions." It said the main problem was that from mid-March until late May, the ability to register import orders through Iran's Integrated Trade System had been disabled for these companies. Even after extensive follow-up, the central bank had refused to issue permits for foreign exchange allocation using companies' own export earnings, it added.

The letter stressed that "steel plants have absolutely no need for foreign exchange resources from the central bank or other sectors of the economy and are only seeking to use their own currency resources, or in other words, the foreign exchange generated from their exports."

The association said the alloy steel industry is now struggling more with domestic obstacles and "self-sanctioning" than with external restrictions. Western sanctions on Iran, along with damage from recent military attacks on production infrastructure, have further intensified challenges facing the sector.

The association made three urgent requests; automated approval of orders and forex allocation from companies' own export earnings, removal of "excessive bureaucratic filters," immediate release of stranded equipment and raw materials at customs, and guaranteed stability of the trade system to prevent sudden restrictions on steel producers.

Two of Iran's largest steel producers – Mobarakeh Steel and Khuzestan Steel,

which account for nearly half of the country's steel output – were targeted in airstrikes during the US-Israeli war that began in late February, according to industry sources. The attacks in March struck storage silo facilities, the sources said. The strikes came after Israel's prime minister claimed that 70% of Iran's steel production capacity had been destroyed. However, analysts at Morgan Stanley have estimated that the attacks eliminated between 13 million and 15 million metric tons of Iran's annual steel production capacity. That loss is equivalent to 24% to 27% of the country's total installed capacity and roughly 41% to 47% of Iran's estimated 2025 steel output.

Vahid Yaghoubi, secretary of the Iranian Steel Producers Association (ISPA), said last month in a report on the industry's postwar outlook that the country's steel sector was expected to maintain its position as the world's 10th-largest producer despite losing about 30% of its capacity in the attacks.

"Estimates indicate that about 30% of



the country's steel capacity has been lost during these attacks and some major steel units have been damaged," Yaghoubi said. "However, reconstruction efforts have begun, and given Iran's roughly 10-million-ton gap with Vietnam – the 11th-largest producer globally – maintaining the country's global position remains possible."

The steel industry previously generated about 11% of Iran's foreign exchange revenues, equivalent to roughly \$8 billion, but that share is expected to decline by two percentage points to around 9% this year, he said in May. The sector accounts for 5.5% of Iran's gross domestic product and 11% of non-oil exports, equivalent to \$7.7 billion, underscoring its critical role in the economy, Yaghoubi added.

TPO calls EAEU trade pact a 'model' as exports rise 16%

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Iran's exports to the Eurasian Economic Union (EAEU) grew by about 16 percent over the past year despite numerous political and security challenges, a senior trade official said, calling the regional trade pact a "successful model" for expanding non-oil exports. Amir Roshanbakhsh Qanbari, deputy for international business promotion at Iran's Trade Promotion Organization (TPO), said in an interview with Mehr news agency that the growth demonstrates how effective regional trade agreements can be in developing the country's foreign trade amid

difficult conditions.

"Last year, the country faced numerous political and security events, but despite these conditions, Iran's exports to Eurasian member countries increased by about 16 percent," Qanbari was quoted as saying.

"This shows how much trade and regional agreements can be effective in developing the country's foreign trade. We must use all the capacities of regional and international agreements to expand non-oil exports."

Qanbari described the EAEU as a "successful and practical model of regional economic cooperation" that took shape under the current admin-

istration.

His comments come as the free trade agreement between Iran and the EAEU – comprising Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan – marks its first anniversary. The agreement, which took effect on May 15, 2025, replaced an interim preferential trade deal signed in 2018 and grants preferential tariff access for more than 7,500 categories of goods, covering 87 percent of traded items.

Qanbari said the anniversary provides an opportunity to assess the agreement's performance and achievements over the past year, particularly in connecting Iran's economy more

closely to regional economies and free markets.

According to official figures, total trade between Iran and EAEU member states has expanded more than 2.5-fold since the initial preferential agreement was implemented, rising from about \$2.5 billion to nearly \$6 billion in 2023.

The agreement also serves as a key component of Iran's broader strategy to diversify its trade partners and logistics corridors as southern ports remain under US naval blockade following the 40-day conflict with the United States and Israel that began on February 28.

Tehran sees wider ...

Can the clashes in southern Iran over the past days be linked to the intensification of Israeli military operations in Lebanon, or were they solely connected to developments in the Strait of Hormuz?

While there may not be a direct operational connection between the two incidents, they cannot be separated from one another from a strategic standpoint. The tension-generating policies pursued by the United States and Israel in the region have created a series of interconnected crises stretching from Lebanon to the Persian Gulf. Therefore, even if developments in southern Iran were directly

related to issues surrounding the Strait of Hormuz, they still unfolded within a broader climate of instability, a significant part of which stems from Israeli actions and US support for those actions.

If Israel continues to expand its military operations in Lebanon, how serious is the possibility of another large-scale confrontation involving Iran, the United States and Israel?

The broader the scope of Israeli operations in Lebanon becomes, the greater the risk that the crisis will spill over into other parts of the region. Experience in recent years has shown that Israel's ag-

gressive policies can lead to dangerous miscalculations. However, both the United States and Israel are well aware that entering a full-scale regional war would carry extremely heavy political, economic and security costs. For that reason, although the possibility of escalating tensions cannot be ruled out, significant deterrent factors remain in place against the outbreak of a wider conflict.

Can it be said that Israel is seeking to influence Iran-US negotiations and reignite the flames of war by expanding its operations in Lebanon?

Israel's recent attacks on Lebanon can be

viewed as part of a strategy that is based on generating new crises rather than addressing the root causes of existing ones. Expanding the scope of confrontations, increasing pressure on regional countries and creating an atmosphere of insecurity effectively place diplomatic efforts under strain. As a result, the question arises as to whether the real objective behind these actions is purely security-related, or whether certain actors are seeking to prevent the emergence of any process that could reduce tensions and alter regional dynamics.

Many regional analysts believe that the escalation of Israeli operations in Leb-

anon cannot be assessed in isolation from the region's political and diplomatic developments. Whenever signs of de-escalation or progress on diplomatic tracks begin to emerge, Israeli military actions can put negotiations under pressure and make dialogue more difficult. From this perspective, it is possible that the expansion of operations in Lebanon is intended to disrupt the diplomatic environment and push the region back into a cycle of tension and conflict, as the continuation of crisis and insecurity has long been regarded as one of the tools for preserving Israel's strategic advantage in the region.