Iran-Oman preferential trade agreement sent to Parliament for final review

Economy Desk

Iran's preferential trade agreement with Oman has been finalized after completing the required administrative procedures and has been sent to the parliament for final review.

Abdolamir Rabihavi, director general of the West Asia Office at the Trade Promotion Organization of Iran (TPO), said the agreement is expected to be placed on the parliament's agenda next month.

If approved and implemented, the agreement, which aims to remove tariff and non-tariff barriers, could serve as a catalyst for the growth of trade and investment and help diversify Iran's economy amid sweeping western sanctions.

Rabihavi also said preliminary work and initial negotiations have been carried out to update Iran's preferential trade agreement with Turkey, expressing hope that tangible results will be achieved in the coming months.

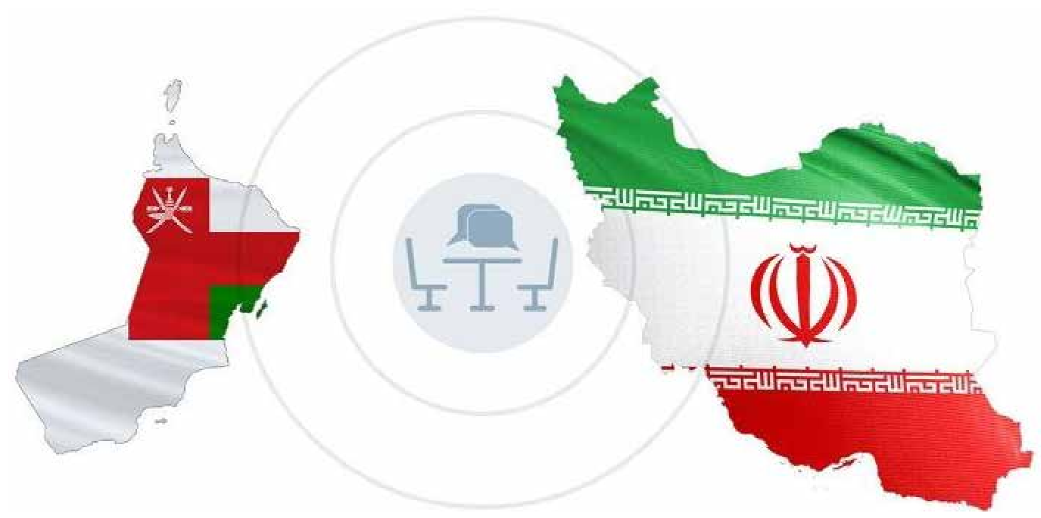
Iran and Turkey have a preferential trade agreement that took effect in 2015. However, the agreement is now outdated, and officials from both countries believe its provisions can be revised to expand the scope of preferential trade.

Rabihavi also identified the organization of border markets with Iraq and Turkey as another priority for the TPO.

"Working with border provinces, including West Azarbaijan, Kermanshah, Kurdestan, Ilam and Khuzestan, we have reopened inactive border markets," he said. "In addition, by approving and submitting lists of goods and coordinating the allocation of import codes and customs procedures, effective steps have been taken to expand trade with these western neighbors."

He added that good progress had also been made in using the capacity of Iran's southern ports to expand trade with neighboring countries such as Qatar and Oman.

Among the measures, removing obstacles related to temporary import procedures at Jask Port has increased the port's capacity to develop trade with regional countries. Similar efforts are also under way at other customs offices and have produced positive results, he said.



"These measures demonstrate the Trade Promotion Organization's comprehensive approach to making use of regional capacities and removing legal and infrastructural barriers to strengthening Iran's position in global trade."

100m cubic meters of war-hit gas capacity expected to return by October

Economy Desk

Iran expects around 100 million cubic meters of lost gas production capacity to be restored to the national grid by October as war-damaged gas refineries return to operation, an official with the National Iranian Gas Company said Wednesday.

Houshang Seydali Seifabad, director of gas supply coordination at the National Iranian Gas Company, said four major gas refineries were targeted by US and Israeli attacks on March 17 during the 40-day war, taking 230 million cubic meters of gas production capacity offline.

NIGC specialists, however, managed to take control of the crisis within less than four hours and prevented the country's gas network from collapsing, he said.

Houshang Seydali Seifabad
ISNA

Even before the war, Iran's gas industry was facing a daily shortfall of around 300 million cubic meters.

The remaining 130 million cubic meters of lost capacity has now been added to the existing deficit, making it more important than ever to curb consumption, Seydali said.

He pointed to a target of cutting gas consumption by 15%, saying achieving it would require all government agencies to play their part and the public to cooperate.

Seydali expressed hope that intensified efforts by NIGC employees and consumers' adherence to consumption guidelines would allow Iran to get through the coming winter without disruptions and with a stable gas supply.

Iran's persistent gas imbalance has prompted the government in recent years to introduce measures to promote energy conservation and improve consumption efficiency, while also prioritizing gas supplies during the winter.

One such measure has been cutting gas supplies to major industrial consumers, including cement, petrochemical and steel plants, and redirecting gas to households.

Iran has around 32-34 trillion cubic meters, of proven natural gas reserves, making it the world's second-largest holder of gas reserves after Russia. The country accounts for about 17% of global proven gas reserves.

Despite its vast reserves, a significant portion of Iran's gas potential remains undeveloped due to sanctions-related constraints and insufficient investment.

Iran-EU trade falls 26% to €952m in H1 2026, Eurostat data shows

Economy Desk

Trade between Iran and the European Union's 27 member states fell 26% year-on-year to €952 million in the first half of 2026, according to data released by Eurostat, the statistical office of the European Commission, cited by Tasnim.

The figure compares with €1.287 billion in trade recorded between the two sides during the same period last year.

EU exports to Iran dropped 26% in January-June 2026, falling from €1.025 billion in the first half of 2025 to €754 million this year.

EU imports from Iran also declined, dropping 24% to €198 million during the first six months of 2026, compared with €262 million in the same period a year earlier.

Germany was Iran's largest trading partner among EU member states in the first half of 2026, accounting for 32% of Iran's total trade with the bloc.

Trade between Iran and Germany fell 36% year-on-year to €304 million during the period. German exports to Iran declined 41% to €212 million, while imports from Iran fell 18% to €92 million.

TASNIM

Despite tensions stemming from the US-Israeli war against Iran, the decline in trade does not appear to have been significantly linked to the conflict.

Eurostat data show that Iran-EU trade fell 27% following the US-Israeli attack on Iran in late February, reaching €574 million in March-June 2026, compared with €786 million in the same period a year earlier.

However, bilateral trade had already declined by around 24% during the first two months of 2026, before the conflict began. This suggests that the escalation of tensions, including those surrounding the Strait of Hormuz, did not significantly alter the existing trade trend.

Economic sanctions have been the main factor behind the decline, gradually weakening trade relations between Iran and the EU.

Economic pressure cannot ...

How much room does Iran have to withstand this pressure, particularly if Washington targets its trading partners and financial channels?

Page 1

Iran's room for maneuver can become narrower when the United States threatens countries and companies that continue doing business with Tehran. Secondary sanctions can raise the cost of trade. The financial side is particularly important because restrictions on payments, foreign-exchange transactions and banking relationships can affect trade even when goods themselves remain available.

At the same time, Iran is not economically isolated from the world. China remains an important economic partner, including as a major buyer of Iranian oil and supplier of industrial goods and machinery. Iran also maintains commercial relations with neighboring countries. Its geographic position creates opportunities to redirect some trade when traditional routes become more difficult.

The UAE is an important example. It has long served as a major commercial gateway for Iran, so restrictions affecting financial activity through the country could increase costs and complicate access to imports and foreign exchange. But the impact would also depend on how quickly Iranian traders can use other partners and routes. Iran's geography and years of sanctions experience make a complete closure of external trade difficult.

The same applies to maritime commerce. Shipping disruptions can be damaging because maritime routes cannot easily be replaced by land routes, especially for oil and industrial goods. A sustained reduction in exports would put pressure on foreign-exchange earnings and make financing imports, investment and public spending harder. Alternative routes and partners mean that pressure is likely to produce adjustment as well as damage.

Can Trump turn this economic pressure into political concessions, or could the new campaign ultimately strengthen Iran's determination to preserve its economic and strategic options?

Sanctions can restrict Iran's choices and increase the cost of confrontation, but they cannot by themselves determine how a sovereign state responds. Washington has already imposed extensive sanctions, and Iran has developed ways to adapt. The more Washington tries to close one channel, the greater the incentive for Iran and its trading partners to develop another.

That does not mean the new measures will be harmless. Lower oil revenues, higher transaction costs and weaker business activity could intensify fiscal pressures. If these pressures are accompanied by faster monetary or liquidity growth, inflation could become even harder to control. For ordinary households, especially wage earners and renters, another major shock would be difficult to absorb. Businesses would also face higher costs and greater uncertainty.

However, economic pressure does not necessarily create the political outcome Washington expects. Iran has little incentive to make major concessions while facing direct economic and military pressure, particularly if it believes that one concession could simply lead to additional demands. Tehran is therefore likely to preserve its diplomatic and economic options, strengthen alternative channels and manage the costs while waiting for conditions to change.

Trump's "Economic D-Day" may create pressure, but pressure is not the same as strategic victory. The real test is whether Washington can convert its financial leverage into political concessions without encouraging deeper economic adaptation, stronger resistance or wider regional tensions. For Iran, the challenge is to limit economic damage, protect trade and essential imports, maintain foreign-exchange channels and preserve strategic autonomy. For Washington, the challenge is to demonstrate that a more severe version of a strategy used for years can achieve an outcome that previous rounds of sanctions have failed to deliver.

Banking hurdles cleared for Iran to access funds in Iraq

Economy Desk

Iranian Central Bank Governor Abdolnasser Hemmati said recent talks with Iraqi officials have removed obstacles to banking transactions between the two countries, paving the way for Iran to access its funds in the coming weeks.

He said during a televised speech on Wednesday evening that during a meeting with the Iraqi prime minister Ali al-Zaidi, the collection of outstanding payments and efforts to accelerate economic ties were among the key issues discussed.

One of the main outcomes of the talks was the Iraqi prime minister's agreement to issue guarantees for Iranian contractors backed by Iranian assets held in Iraqi banks, Hemmati said, adding that implementation orders have already been issued.

"Given the positive approach and readiness of Iraq's new management team, new opportunities have opened up for expanding economic ties and strengthening trade cooperation between the two countries," he added.

Iran is owed around $12 billion by Iraq for gas and electricity exports as well as contracting services. US sanctions have blocked Iran's access to its foreign-currency assets held in Iraqi banks.

In recent years, part of Iran's outstanding claims on Iraq has been used through various mechanisms to finance imports of essential goods and meet Iran's foreign-currency needs.

Iraq, however, has faced an additional constraint in recent months. A sharp decline in oil revenues, attributed to the closure of the Strait of Hormuz and disruptions to oil exports, has limited Baghdad's ability to make direct payments to Iran.