

Flag carrier Iran Air resumes Karachi flights from Tehran, Mashhad



Economy Desk

Iran's national flag carrier, Iran Air, has resumed flights to Karachi from Tehran and Mashhad, with one weekly flight from each city under a new schedule, the airline's deputy for commercial affairs and branch operations said. Mahmoud Ansari said the first Mashhad-Karachi-Mashhad flight after a suspension operated on Tuesday, with the return flight landing at Mashhad airport early Wednesday. The route will operate every Tuesday, while the Tehran-Karachi-Tehran route will operate every Monday, he said. With the resumption of Karachi flights from Tehran and Mashhad, the route has been added to Iran Air's international flight schedule, Ansari said. Iran Air currently also operates

international flights between Tehran and Istanbul, Mashhad and Istanbul, Tehran and Najaf, and Isfahan and Najaf, he added. Iraq had previously closed Baghdad and Najaf airports to Iranian airlines following a new wave of US sanctions on Iran's aviation sector. Iran's Civil Aviation Organization chief Abouzar Shiroudi on Monday said, "Extensive diplomatic measures were taken, consultations were held, and eventually they led to the resumption of flights." He added that talks were also under way with Oman and Azerbaijan. Iraq's national carrier had said on Monday that it would resume direct flights to Iran from Thursday, with daily flights from Najaf to Tehran, Mashhad and Isfahan. Iraq's Transport Ministry said

the decision by Iraqi Airways' management would restore direct flights by the country's national fleet to Iran. Under the new schedule, daily and regular flights would operate from Najaf International Airport to airports in Tehran, Mashhad and Isfahan, the ministry said. The ministry said the program was aimed at facilitating passenger travel and providing regular air transport options between Iraq and Iranian cities. It said the resumption of direct flights to Iran was part of Baghdad's efforts to reactivate air traffic and strengthen Iraq's air links with countries in the region. Last week, the Iraqi prime minister's office said that, following a series of contacts and follow-ups by Prime Minister Ali al-Zaidi with relevant parties, an agree-

ment had been reached allowing Iranian airlines, except Mahan Air, to operate 40 daily flights to and from Najaf International Airport. Zaidi stressed that air travel was not merely movement between two airports but a bridge connecting peoples, noting that passengers include patients awaiting medical treatment, pilgrims traveling to holy sites and families seeking to reunite more easily. He also highlighted the importance of such travel for tourism, the economy and social ties. The prime minister's office said Zaidi would continue following up on cases directly affecting citizens and pilgrims and would work with all relevant parties to remove obstacles to transport and flights, serve Iraq's interests, protect passengers' interests and strengthen cooperation and human ties. Iraq joined several countries, including the United Arab Emirates, in enforcing US restrictions on Iranian airlines after Treasury Secretary Scott Bessent said Iranian airlines would be "shut down" from Sept. 16. The head of Iran's Civil Aviation Organization has filed a formal complaint with the International Civil Aviation Organization (ICAO) over the restrictions and was pursuing diplomatic efforts to restore suspended flight routes. According to Shiroudi, Iran has sent letters to countries where flights had been suspended, seeking explanations for the cancellations. Preventing flights amounted to a violation of bilateral agreements under which countries allow each other's airlines to use their airports, he said.

Ex-minister rejects Trump claim over Iran oil output, sales

Economy Desk

Former Iranian Oil Minister Mohsen Paknejad rejected US President Donald Trump's claim that he stepped down because Iran had "no economy" and "no oil," saying Iranian oil production and exports continued despite sanctions. "My resignation has nothing to do with Trump's claims last night," Paknejad said in a post on X on Wednesday, adding that he remains committed to Iran despite the pressure placed on the country's oil industry, Press TV reported. "I am a soldier of the homeland and one of the millions ready to sacrifice for beloved Iran," he said. Paknejad recounted that he was placed under US sanctions only

a few months after taking office but maintained that Iran's oil industry continued operating despite the restrictions. "Although I was sanctioned by the No. 1 enemy of the Iranian people only a few months after assuming the post of oil minister, by the grace of God, Iran's oil production and exports continued through the efforts of the dedicated employees of the oil industry, even under sanctions and siege," he said. Iran's Oil Ministry sold \$18 billion worth of oil during the war and the ceasefire that followed, according to the ministry's media outlet Shana in August. Shana said the figure accounted for more than 60% of the oil revenue forecast in the current fiscal year's budget. Paknejad also said Trump's

claims reflect the pressure facing those seeking to restrict Iran's oil sector. "They have suffered a hard blow; it is natural for them to resort to making such false claims," he said. His comments came after Trump told reporters outside the White House that Iran's economy is in very poor condition and in his typical delusional fabrication, claimed that Paknejad had said, "We have no economy. We have no oil. We have nothing." Trump also claimed that millions of barrels of oil had passed through the Strait of Hormuz in recent days. This is while other reports indicate that traffic through the strategic waterway remains well below pre-war levels. Paknejad led Iran's massive oil



and gas industry through two rounds of US and Israeli aggression and oversaw the reconstruction of some petrochemical plants damaged in Israeli aerial attacks. Pezeshkian accepted Paknejad's resignation on Sunday and appointed Hamid Bovard, chief executive of the state-run National Iranian Oil Company (NIOC), as caretaker oil minister until Parliament approves a new minister.

Iran, China has extensive satellite cooperation: Space agency

Economy Desk

Iran's space agency chief said Tehran has several international satellite projects and extensive cooperation with China in its satellite program, the semi-official Iranian Students' News Agency (ISNA) reported. "We have several international satellite projects, and in the satellite program, we have detailed and good cooperation with China," Hassan Salarieh, head of the Iranian Space Agency, told ISNA. He said Iran has various projects

in the field of satellite procurement and that joint satellite construction projects are also underway, without providing further details. Salarieh said the Iranian Space Agency, as the country's space governance body, carries out its projects through private companies, government institutions and research centers. He said international cooperation in technology development takes shape through these entities, and that in some cases the agency directly enters projects, including for satellite procurement or launch services.

The country is preparing to take a major step toward developing satellite constellations, with three satellites set to be unveiled and launched as part of the country's expanding space program, the minister of information and communications technology said last week. Sattar Hashemi said three of the 24 satellites in the country's Shahid Soleimani constellation are ready, which will be unveiled during the Islamic Revolution celebrations in February 2027 and placed into orbit before March 20, marking a shift toward satellite

constellations, according to IRNA. Hashemi called for space policymaking to move from a supply-driven approach toward demand-driven development. He said technology is more valuable when users and societal needs are considered. Separately, Salarieh said Iran uses astronomical instruments to determine and update satellite orbits. He said such tools are used particularly for orbit determination and position updates, and can be used to locate a satellite if a launch is disrupted or its orbit is unclear.

ECONOMIC LENS

Cost of proximity: Turkey's economy in US-Israeli war on Iran

Why Ankara's strategic flexibility is insurance, not income



By Golzar Aghaei
Economic policy specialist

Turkey's position in the Iran-Israel/US war is that of a high-exposure non-belligerent. The conflict transmits through energy prices, trade routes, and regional instability into an economy already navigating a fragile disinflation program.

Macroeconomic frame

The IMF's February 2026 Article IV consultation confirmed that Turkey's disinflation program reduced inflation from 49.4 percent in September 2024 to 30.9 percent in December 2025, with growth forecast at 4.1 percent for 2025. However, the IMF warned that "external risks remain elevated due to persistent global trade uncertainty and regional conflicts," and that an adverse shock such as an energy price increase could extend the period of still-high inflation. The IMF's April 2026 World Economic Outlook revised Turkey's 2026 growth down to 3.4 percent from 4.2 percent in January, citing weaker momentum and higher energy prices. The current account deficit is projected at 2.8% of GDP in 2026, narrowing to 2.5% in 2027, with inflation averaging 28.6% in 2026. The World Bank's April 2026 regional report lowered Turkey's 2026 growth forecast to 2.8% from 3.7%, attributing the downgrade directly to energy and food price shocks linked to Middle East tensions. Input-cost inflation is eroding household purchasing power while high interest rates — the Central Bank held its policy rate at 37% in March 2026 — constrain domestic demand. Turkey's energy import bill reached \$62 billion in 2025, and every \$1 increase in oil prices adds approximately \$400 million to that burden. Net energy imports amounted to \$47.2 billion in 2025, underscoring the structural vulnerability. Defense exports, NATO alignment

Security institutions, government

Domestically, the most plausible beneficiary is the security and defense establishment. Heightened external threat tends to reinforce the central role of security institutions in state management, expanding their budgetary claims and policy influence. The government may also gain politically if it can present itself as a stabilizing mediator — a role Ankara has actively pursued, conveying messages between Iran and the United

ANALYSIS EXCLUSIVE

States and participating in regional de-escalation formats. However, this diplomatic capital is fragile and conditional. Turkey's mediation is driven by strategic imperative: the assessment behind Ankara's push for de-escalation identifies direct threats to financial stability, including the prospect of trade collapse with Iran—bilateral trade reached \$5.68 billion in 2024 — and a refugee influx. Iran supplied approximately 7.7 billion cubic meters of gas to Turkey in 2025, about 13.2% of total gas imports, under a contract that expired in July 2026. Any disruption to these flows would overwhelm diplomatic or trade gains.

Sustained war: Conditional strategic gains

If the war continues, Turkey's potential gains remain indirect and conditional. The most significant is the acceleration of alternative trade corridors. Turkey is positioning itself as a relatively secure transit hub, turning connectivity into an instrument of strategic autonomy. Air connectivity reinforces this role: with northern routes over Russia restricted, Istanbul Airport has emerged as a key transit point linking Europe to Central and East Asia. A second conditional gain is the deepening of defense partnerships with Persian Gulf states. As Persian Gulf countries seek to diversify security partnerships away from over-dependence on the United States, Turkey has secured defense contracts with Qatar, Kuwait, and Saudi Arabia, positioning itself as a reliable regional arms supplier.

Bottom line

The political economy of Turkey's position in this war is one of asymmetric exposure. The beneficiaries are narrow and sectoral: defense exporters, security institutions, and a government that may gain short-term political capital from crisis management. The costs are broad and macroeconomic: higher energy import bills, elevated inflation, a wider current account deficit, and constrained fiscal space. Turkey's strategic value as a NATO member with ties across competing blocs is real, but it is insurance, not income. The war exposes the structural vulnerabilities — energy dependence, import-reliant production, and unanchored inflation expectations — that make Turkey one of the most exposed emerging markets to this crisis. Turkey's genuine gains lie in de-escalation, cheaper energy, and regional integration.

This paper is the third in a series on the political economy of the US-Israeli war against Iran. In the following issues, we will examine in detail the role of each beneficiary country. The next report will focus on the Persian Gulf countries and their sovereign wealth fund dynamics.