CBI pledges continued financial support to restore war-hit South Pars gas production

Economy Desk

Iran's central bank and banking network will continue to provide financial support for the reconstruction of gas facilities damaged during the 40-day US-Israeli war, Central Bank of Iran Governor Abdolnaser Hemmati said, as the country seeks to restore lost production capacity and ease gas supply shortages.

Speaking during a visit to Bushehr Province in southern Iran and a tour of the fourth refinery at the South Pars Gas Complex, Hemmati said attacks had taken about one-third of the country's gas production capacity offline.

He praised Iranian specialists and domestic contractors for their efforts to rebuild the damaged facilities, saying the work was being carried out without the need to import equipment from abroad.

Hemmati expressed hope that accelerating reconstruction and bringing gas production capacity back online would help ease supply problems in the coming months. He said the central bank and banking network would continue their support until gas production was fully restored.

According to the National Iranian Gas Company (NIGC), damage to gas industry facilities during the 40-day war launched in late February was extensive, with nearly 7,924 cases recorded. Attacks on four South Pars gas refineries in March initially knocked out about 230 million cubic meters of daily gas production capacity.

The fourth South Pars refinery, described as the largest sour gas refinery in the Middle East, was heavily targeted during the war. However, following the early start of reconstruction work, 70% of its production capacity has now been restored, according to IRNA.

In the latest update on the recovery of gas production across the South Pars Gas Complex, Farrokh Alikhani, acting head of the National Iranian Oil Company, said 100 million cubic meters of gas had been returned to the network after 20,000 tons of debris were cleared from the refineries hit by missiles. He added that some of the remaining capacity would also be restored before winter.

According to the NIGC, Iran was already facing a daily gas shortfall of about 300 million cubic meters before the war. With 100 million cubic meters of the initially lost production capacity restored, the remaining 130 million cubic meters of lost capacity has added to the country's existing supply constraints, underscoring the importance of efforts to curb consumption.



Central Bank of Iran Governor Abdolnaser Hemmati (C) is briefed on reconstruction work at the war-damaged fourth refinery of the South Pars Gas Complex during a visit to Bushehr Province on November 7, 2026.
IRNA

Iran holds about 34 trillion cubic meters of proven natural gas reserves, the world's second-largest after Russia, and accounts for about 17% of global proven gas reserves. Despite its vast reserves, a significant portion of the country's gas potential remains undeveloped because of sanctions-related constraints and insufficient investment.

Chabahar transit surges tenfold as rail link nearas operation

Economy Desk

Transit volumes through Iran's southeastern port of Chabahar have increased tenfold in recent months compared with the same period last year, the head of the Chabahar Free Trade-Industrial Zone said, as a railway linking the port to Iran's national rail network is expected to begin operating in the coming months.

Mohammad Saeed Arbabi said the planned opening of the Chabahar-Zahedan railway would strengthen Iran's position in the International North-South Transport Corridor (INSTC) and create new opportunities for trade, investment and access to markets in Central Asia and Russia.

Arbabi did not provide an absolute figure for the volume of transit cargo or specify the exact period covered by the comparison. Separately, data presented to India's parliament showed that total cargo handled at Chabahar port reached 2.23 million tonnes in the 2024-25 financial year, down from 2.84 million tonnes a year earlier. The figures cover overall cargo handling, rather than transit alone.

The 730-km railway will connect Chabahar port to Iran's national rail network. Its commissioning is expected within the next two to three months, Arbabi said.

The line is an important part of the INSTC, a transport network designed to improve trade links between Iran, India and Russia. It is also expected to facilitate the movement of goods from Chabahar to neighboring countries and



IRNA

markets in Central Asia. Connecting Iran's southern ports to regional transport networks and routes leading to the Caspian Sea could further improve access to Afghanistan, Central Asia and Russia.

The Chabahar route is estimated to be about 40% shorter and 30% cheaper than the route through the Suez Canal. The railway includes 39 tunnels, 201 bridges and 33 stations, and is designed to carry about 7 million tons of freight and 1 million passengers annually.

Arbabi said the railway would further increase transit volumes and open up opportunities for investment, production, exports and re-exports.

He also said India had not withdrawn from its project at Chabahar port despite military tensions with the United States and their impact on shipping activity, adding that New Delhi remained actively involved.

Iran remains in a state of war, with its southern ports also under a US blockade after a 40-day US-Israeli war began in late February. The naval restrictions have targeted Iran's oil exports and maritime trade.

Iran and India signed a 10-year agreement in May 2024 for the development and operation of the Shahid Beheshti terminal at Chabahar, as part of efforts to expand bilateral trade and economic ties. Under the agreement, India committed $120 million in investment and offered an additional $250 million credit line for infrastructure upgrades. India has also supplied equipment worth $25 million and shipped food supplies through the port.

US sanctions have complicated India's involvement in the project. After Washington withdrew an earlier sanctions exemption, it granted India a six-month waiver in October 2025. That waiver expired in April 2026, and New Delhi had since been seeking a way to maintain its role in the port project.

Arbabi said the Chabahar Free Trade-Industrial Zone welcomed investment from all countries, except those considered hostile, in port-related projects.

He said cooperation with Pakistan and Afghanistan remained strong, with trade and transit activity involving the two countries expanding beyond previous levels.

The completion of rail and logistics infrastructure at Chabahar is expected to strengthen Iran's trade links with India and countries in South and Central Asia, while expanding the port's access to regional markets, including Afghanistan and Russia. Increased foreign investment, exports and re-exports, and higher transit capacity are among the opportunities expected from the railway's commissioning.

Iran plans to attract $2b in new investment to electricity sector

Economy Desk

Iran plans to attract about $2 billion in new investment in its electricity industry, Energy Minister Abbas Aliabadi said on Saturday, adding that the government was working to remove barriers to investment and expand international cooperation.

Speaking at the opening of the 26th Iran International Electricity Industry Exhibition in Tehran, attended by 420 domestic and foreign companies, Aliabadi said the country was seeking to attract investment while facilitating technology transfers and cooperation with foreign partners, IRNA reported.

He said talks with Belarus had covered technology transfer and the provision of Iranian engineering services to the country. Negotiations were also under way with Russia, some European countries and regional states on cooperation and investment in the electricity sector.

Aliabadi said the Energy Ministry had focused in recent years on reducing electricity consumption and addressing some of the shortages and damage caused by the US-Israeli war began in late February.

He said electricity demand, previously projected to reach about 88,000 megawatts, had fallen to below 75,000 MW, marking the first decline in consumption. The minister did not provide a timeframe or supporting data for the figures.

Electricity demand from industries was currently being met, he said, adding that the amount of electricity supplied to industrial units was 3% higher than a year earlier.

Aliabadi also said more than 11% of the electricity needs of petrochemical companies had so far been met.

He said the government's aim was not to restrict electricity consumption but to promote more efficient use of energy in a way that supports production and economic growth, while discouraging consumption beyond standard levels.

Rising food prices ...

Some effects may become more pronounced during the 2027 and

Page 1 ›

2028 growing seasons, when markets could be operating under very different economic and climatic conditions.

The concept of compound risk, drawn from the study of complex systems, helps explain what is happening. Compound risk involves more than several hazards occurring at once. When those hazards interact, they can produce consequences greater than the sum of their individual effects. The scale of the damage does not always correspond to the size of the initial shock. Much depends on the system's condition beforehand, its ability to absorb pressure and its proximity to critical thresholds. This does not necessarily imply chaotic behavior. It reflects the nonlinear relationships through which accumulated vulnerabilities can turn an otherwise manageable disruption into a broader crisis.

The global food crisis of 2007 and 2008 illustrates the danger. Rising grain prices, combined with higher energy and agricultural input costs, placed enormous pressure on food-importing countries. Some governments imposed export restrictions to protect domestic consumers, further straining international markets and making conditions more difficult for other importing countries. Rising food prices also contributed to protests and social unrest in several developing countries.

What made that crisis especially revealing was the role of governments' own responses. Export restrictions may seem sensible to a country trying to contain domestic prices. But when several exporters act at once, global supplies tighten. Importers, fearing shortages, may increase precautionary purchases, pushing prices still higher. The result is a reinforcing feedback loop in which measures intended to contain a crisis help it spread.

The effects do not necessarily appear at once. Reserves, trade contracts and alternative suppliers can cushion the initial disruption, even as the underlying pressures intensify. Farmers may reduce fertilizer use, governments may draw down strategic reserves and households may begin sacrificing the nutritional quality of their diets. By the time the consequences become visible in harvests, public health or market conditions, much of the capacity to respond may already have been depleted.

For low-income households, sustained food inflation can mean cutting essential spending, taking on debt or selling assets needed to earn a living. These adjustments provide short-term relief at the cost of greater vulnerability later. When economic hardship coincides with perceptions of inequality, uncertainty about the future and declining public trust, a food-price shock can become more than a matter of household budgets.

The experience of 2008 demonstrated that food inflation can help trigger widespread protest, though the relationship is neither direct nor inevitable. Income levels, social protection, institutional legitimacy and government responses all shape the outcome. Many societies absorb even steep price increases without unrest. Where grievances have accumulated, however, another shock can prompt a sudden change in collective behavior. Families, community networks and public institutions can absorb economic pressure only up to a point.

Severe unrest can, in turn, disrupt economic activity and food distribution, raise transaction costs and make essential goods harder to obtain. Emergency government measures may introduce further distortions. Food insecurity and social instability can thus reinforce one another, prolonging a crisis beyond the disruption that set it off.

Even a return to normal grain trade or lower energy prices may not reverse the damage. Households can remain burdened by debt, producers may have lost capital, strategic reserves may be depleted and public trust may take years to recover. The end of the initial shock is not necessarily the end of its consequences.

For policymakers, the implications are clear. Food security cannot be managed solely by responding to price increases or shortages after they occur. Monitoring input costs, reserve levels, national trade decisions and household purchasing power can reveal early signs of accumulating risk. Protecting alternative supply routes, avoiding trade restrictions that amplify shortages and strengthening social protection can help prevent an economic disruption from becoming a broader crisis.

In this context, the continuing war against Iran also has consequences beyond the geographical boundaries of the conflict. Disruptions to energy markets, fertilizer supplies and global trade routes can interact with climate hazards and existing constraints within the food system.

International efforts to prevent the war from continuing therefore matter not only for humanitarian and security reasons but also for reducing compound risks to global food security. Ending the war would not eliminate every existing vulnerability, but it could prevent additional pressures from building on a system already struggling with multiple disruptions.

The World Bank's forecast for 2027 is therefore only part of the picture. Even if food prices rise less than expected, the erosion of production capacity, household resilience and public trust may already be underway. These pressures are harder to measure and often slower to reverse.

In complex systems, the critical moment may arrive before the economic indicators reach their peak. By the time the damage becomes unmistakable, policymakers may be confronting not simply a more expensive crisis, but a fundamentally different one.