



Behnam Khatami
Managing Partner

+98 21 2240 0434
behnam.khatami@namiassociates.com



Mansour Vesali
Senior Associate

+98 21 2240 0434
mansour.vesali@namiassociates.com

Iran at War: Trade Disruption, Government Responses and Business Continuity

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Background

While geopolitical tensions involving Iran in the Middle East intensified during February 2026, they reached a peak in late February, culminating in a US–Israeli military operation against Iran on 28 February. More than two weeks have now passed with no ceasefire in sight, and the situation continues to evolve into a sustained and complex regional confrontation.

As the conflict escalates, its repercussions for international trade are becoming increasingly apparent, primarily through the spillover of geopolitical and military tensions into the Strait of Hormuz. The situation in this vital chokepoint for global oil trade has impacted not only international commerce and maritime transport of commodities but also marine insurance rates. Moreover, it has undermined energy security by halting oil and LNG shipments alongside petroleum extraction activities.

These regional tensions and disruptions in the Strait of Hormuz complicated the already precarious state of Iran’s foreign trade regime. Iran’s foreign trade was already strained by expansive US sanctions, followed by the UN Security Council’s reinstatement of measures in late September 2025, which was also accompanied by unilateral sanctions from the European Union and certain other countries.

This article provides a concise overview of the evolving situation, focusing on the key commercial challenges and the principal legal and regulatory considerations arising from the ongoing conflict. It also examines how relevant governmental authorities responsible for business and trade are responding to current developments, and outlines what businesses may expect when navigating this environment under the prevailing circumstances.

Challenges and Disruptions

From the outset of the conflicts, the internet is shutdown in Iran which makes communication impossible for the foreign players with their team in Iran and their counterparties.

Iran remains heavily dependent on imports, particularly for essential goods such as grains and pharmaceuticals, while its exports are primarily concentrated in crude oil, minerals, petrochemicals, and certain agricultural products. This structural imbalance makes the country highly sensitive to disruptions in trade routes.

The effective closure or disruption of the Strait of Hormuz has created significant logistical and commercial challenges for shipments to and from Iran. These include constraints on the availability of vessels, heightened security risks along maritime routes, and the practical unavailability or prohibitive cost of war-risk insurance coverage. As a result, both suppliers and buyers have been forced to explore alternative logistics solutions.

To the extent feasible, some trade flows have been redirected through overland routes via Turkey, while, in the case of grain imports, there has been a noticeable shift toward the Caspian Sea corridor in place of the Persian Gulf. However, these alternatives offer limited capacity and throughput relative to market demand and are unlikely to provide a sustainable long-term solution, particularly if disruptions persist.

On the other hand, the payment channels, especially through neighboring countries, have become limited and subject to stricter compliance procedures.

Finally, the increasing incidence of defaults by Iranian counterparties (particularly in relation to payment and delivery obligations) has prompted foreign counterparties to adopt more cautious and risk-mitigated approaches in their commercial dealings, especially in light of the heightened risk of insolvency or bankruptcy.

Government Responses for Business Continuity

The ongoing armed conflict involving Iran has to some extent disrupted business operations across the country, particularly in Tehran and some other cities impacted by US-Israeli military operations. A critical factor is the near-total digital blackout imposed a few hours after hostilities commenced. This blackout has rendered websites and applications hosted on data centres outside Iran largely inaccessible. While domestic servers have remained operational, with intermittent disruptions, online communications have been reduced to a minimum, forcing some businesses to suspend or reduce activities. However, certain manufacturing and production facilities have resumed operations after a brief halt at the war's outset, helping to sustain essential supply chains.

Despite these challenges and the broader effects of the war, core government services pertinent to the business environment have persisted, subject to certain limitations, such as maintenance of operations with a reduced number of staff. The following provides an overview of how certain aspects of the business and foreign trade environment have adapted to the prevailing conditions:

(b) Facilitation of customs procedures

The heightened geopolitical tensions and ensuing armed conflict against Iran raise critical questions about the state of importation and foreign trade. This is particularly pertinent given recent significant updates to foreign exchange (**FX**) regulations and rules governing the financing of essential goods imports. Iran has maintained stringent FX regulations and import financing controls, especially due to constraints from intensifying US sanctions in recent years. In the current wartime circumstances, complexities in transportation and customs clearance procedures further compound the challenges of Iran's foreign trade.

To address these complexities and facilitate foreign trade, particularly for essential goods, during these challenging times, Iran's Customs Administration (**IRICA**) has introduced measures to expedite clearance procedures. Notably, a few days before the outbreak of war, IRICA had announced a regulation stipulating that all government bodies responsible for licences and permits related to essential goods imports (such as the Iran National Standards Organisation, Iran Food and Drug Administration, etc.) must, in principle, issue the required permits and licences for clearance within a maximum of five days from the declaration of goods at customs.

Beyond the above-mentioned measure, customs officials have stated that major customs across the country are operating in shifts under current conditions to ensure uninterrupted clearance processes. In addition, certain supplementary measures have now been announced to further accelerate and facilitate customs clearance. Although these measures are intended to remain in force until a few days before the end of the current Persian year, they appear open to extension if necessary. Among the measures announced are the following:

- Importers who have not utilised CBI FX resources may clear goods without a SATA code upon submitting a commitment that they will not apply for FX from the CBI after clearance. The SATA code primarily serves as an identifier for the origin of FX used in importation.
- Order registrations (with the Ministry of Industry, Mine and Trade) and import licences that expire during this period will be automatically extended by three months.
- Goods with valid warehouse receipts may be cleared despite suspended or cancelled order registrations.
- In cases of discrepancies in production year, country of origin, import duties, or value between the order registration, customs declaration, and customs assessment, goods may be transferred to warehouses under the supervision of customs offices within the country.
- Paper-based permits may be issued by all banks and government authorities involved in foreign trade procedures during system interruptions.

- Customs offices may accept bank guarantees with a due date of 21 May 2026 for import duties and value-added tax.
- Full clearance of essential goods and 90% clearance (subject to conditions) of other priority imports will be permitted.
- The requirement for the import registration date to precede the shipment date will be waived for goods already entered into customs offices or to be imported within the next two months.
- Inspections and testing for essential goods and pharmaceutical items, which are normally conducted by various organs, will be centralised at the discretion of the relevant ministry.

In line with the measures outlined above, media reports quote government officials stating that 6 million tons of essential goods have been distributed from the start of the ongoing war to various regions of the country. Government officials have also stated that FX allocation totalling USD 500 million was made within the first week of the war to support the importation of essential goods.

Moreover, regarding the air carriage of essential goods during wartime, media reports indicate discussions and proposals between the Iran Civil Aviation Authority and the International Civil Aviation Authority regional office to designate certain Iranian airports as safe hubs for humanitarian flights and the provision of essential goods, such as medicines and medical devices. Further updates on this matter are awaited.

(b) Foreign investment services

The Organisation for Investment, Economic and Technical Assistance of Iran (**OIETAI**), an affiliate of the Ministry of Economy, handles foreign investment licences and related matters for foreign investors in Iran. Remarkably, OIETAI continues to provide services to foreign investors even amid the ongoing war.

While issuing investment licences, processing repatriation requests, and handling other matters still require following standard procedures, these processes are fully operational, and OIETAI is actively reviewing applications though experiencing delays. In particular, for repatriation, foreign investors holding valid licences can apply. Once approvals are secured from OIETAI and aligned with the Central Bank of Iran (**CBI**), they may repatriate capital and associated proceeds at the rate set at the Iran Centre for Exchange of Currency and Gold (**ICE**), a rate closely aligned with the free market.

(c) Practice of courts and judicial bodies

The courts and judicial enforcement bodies have not fully suspended operations. However, most staff are working remotely due to the prevailing conditions. In-person services and

physical court attendance have been largely curtailed, limited mainly to emergency cases and those involving detained individuals, to ensure the security of people and staff. The online judicial services portal, for registering applications, petitions, and submissions, remains mostly active, especially during working hours, allowing parties to proceedings to file documents and submissions. Electronic judicial services offices are operating as they would under normal conditions. That said, delays in processing and handling submissions are to be expected.

Given the current challenges, it is anticipated that certain proceedings will be adjourned, and associated judicial deadlines and hearing session dates will be renewed to safeguard parties' rights.

(d) Corporate registry services

The Company Registration Office (**CRO**) in Tehran remained partially operational during the war. Services are being provided by a reduced staff complement rather than full capacity, and the online portal for registering corporate minutes, such as shareholders' and board meetings, has stayed active, despite some interruptions in the conflict's first week.

Although the CRO is currently accepting requests, companies should anticipate delays under these wartime conditions.

Final Remarks

Based on current developments, the conflict is likely to persist in the near term, and businesses should prepare accordingly. This requires a comprehensive reassessment of contractual positions (including rights, obligations, risk allocation mechanisms, and the availability of force majeure relief) combined with short- and medium-term scenario planning, to ensure operational resilience and mitigate exposure, particularly in relation to credit and delivery defaults and the heightened risk of insolvency or bankruptcy.

Wartime conditions inevitably result in disruptions to business operations, as well as to governmental and regulatory processes. Notwithstanding these challenges, Iran (having long navigated significant foreign trade constraints, primarily due to US sanctions) has taken steps to mitigate the impact of the current situation on foreign trade. In particular, efforts have been made to preserve the importation of essential goods through alternative logistical routes and to streamline customs clearance procedures.

While such measures provide a degree of continuity, they are not without limitations. Businesses should proactively assess and, where appropriate, utilise available alternatives, while remaining mindful of the operational, legal, and commercial risks associated with a prolonged disruption.

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Nami Associates Law Firm

37 Asef (Ejazi) Street, Unit 4 South
Zafaraniyeh, Tehran 1988893433, Iran

+98 21 2240 0434 +98 21 2241 8899

info@namiassociates.com

www.namiassociates.com

¹ Central Bar Association licence number 26300099, registration number 53221 and national identification number 14010847783.