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New Opening Unique Opportunity

Iran-Turkey Trade Vision

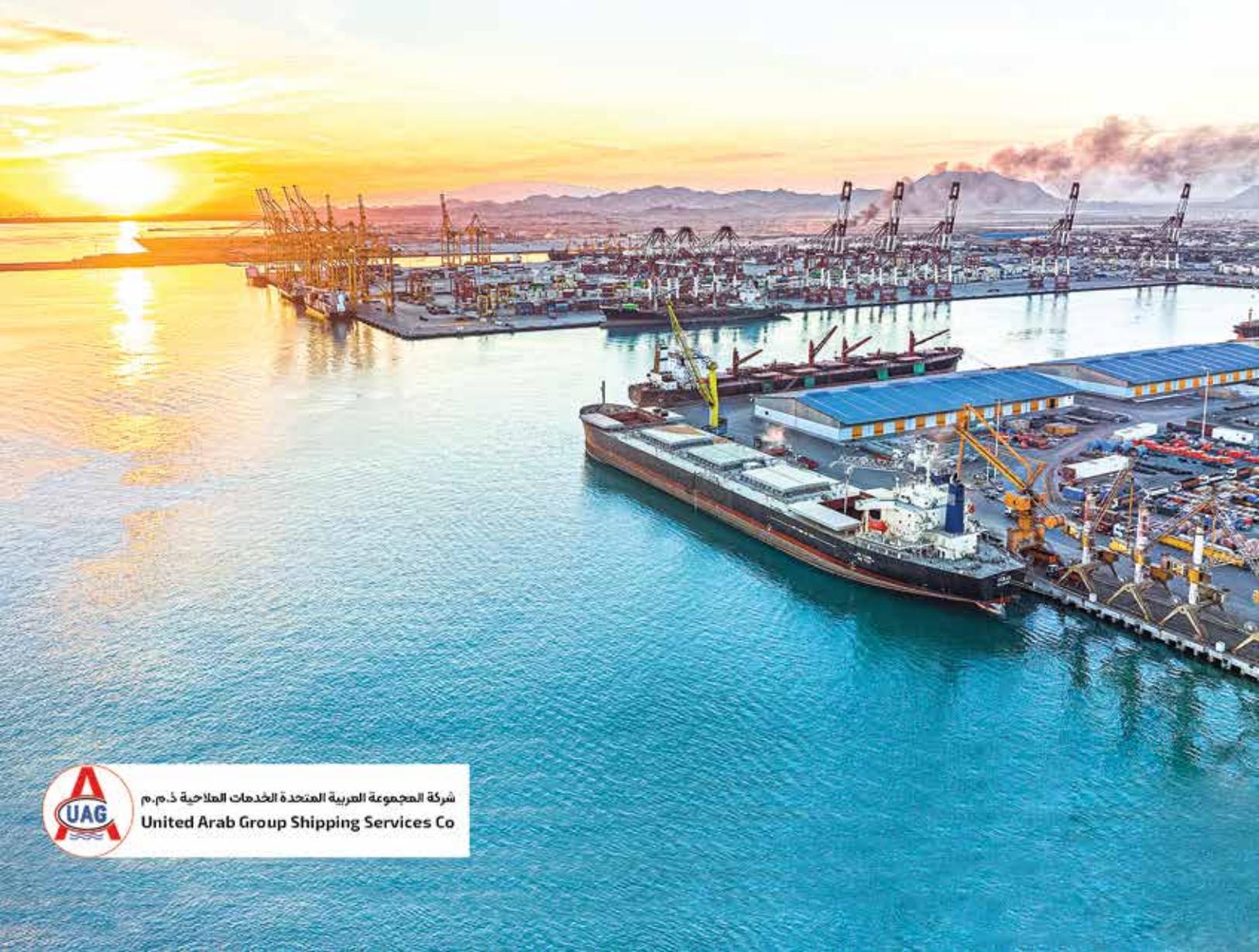
How Rail Can Cope with Transit Needs

Iran Transit Roads Welcoming Overseas Drivers

Expand Trade with Neighbors and Africa Is On the Agenda

Iran Attractions at a Glance

Ganjafa: A Treasure of Understanding



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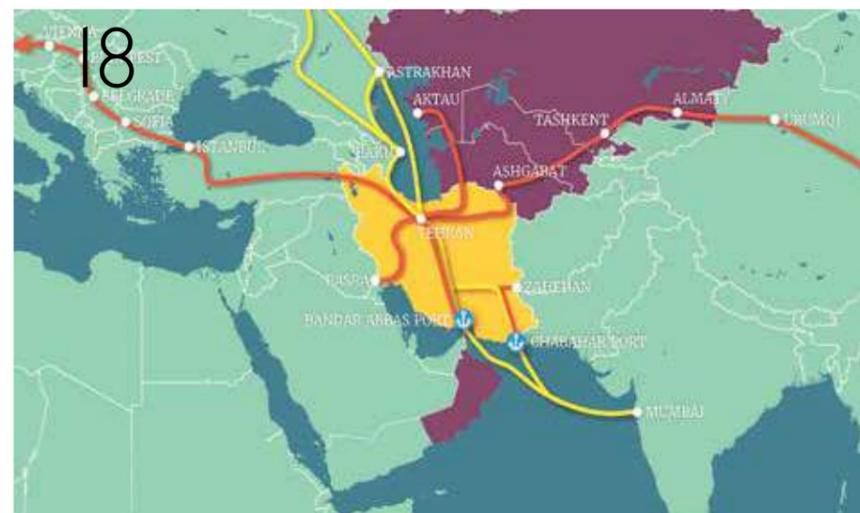
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The Iranian transport system and the second post-sanction era

On the Verge of Flourishing



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In August 2018 the United States under the presidency of D.Trump unilaterally withdrew from The Joint Comprehensive Plan of Action (JCPOA). This was a tragic act in terms of international diplomacy: by defying all of the accepted rules, norms, and laws of diplomacy in the international level, this turned a thoroughly negotiated and solid agreement between the five global powers and Islamic Republic of Iran into a null and void one, despite the full performance and compliance of Islamic Republic of Iran according to IAEA reports. Unfortunately, the other counterparts of JCPOA have been indifferent both towards the occurring misconduct of the United States, and the performance of their accepted duties in terms of JCPOA. These parties have preferred not to compromise their interests by confronting the defaulting party (i.e. US government).

This depicts that the commitments and promises of global powers are of no value when their interests are not satisfied in a way or another. After the presidency of D.Trump, the atmosphere changed and the United States and the other parties of JCPOA have indicated their interest in retaining the JCPOA

framework. Despite several arguments, it seems that JCPOA will return to its place and the imposed sanctions against the Iranian economy and trade will be lessened in a short while. These sanctions and their synergy with COVID-19 pandemics have made great harms to the Iranian nation and state. In this sense, the easing of these sanctions will bring a new momentum to the economy of Islamic Republic of Iran.

transport network

Iran has a very extensive transport network for cargo and passengers in all modes (i.e. air, road, rail, and maritime). The population of the Iran is more than 85 million people and more than half of it is under 33 years of age. This great young population not only establishes several great markets, but also consists of one of the most educated and skilled workforces in the region. The Iranian economy is a real powerhouse that can absorb and develop myriads of global supply chains in Middle East and Central Asia beside sustaining a mega-market in the national level. The opportunity for business and trade is not restricted to this; Iran borders 16 neighbor countries (the second country in terms of number of neighbors in the world) and it is a natural choice to develop a trade hub in the Middle East and Central Asia regions. Many of these countries (including Afghanistan, Azerbaijan, Turkmenistan, Kazakhstan) are among the landlocked states and they also border double-landlocked countries like Tajikistan and Kirgizstan; these countries are most in need of transport connectedness and access to sea in their economic development. Moreover, due to the brilliant geo-economic position and the outstanding transport development, Iran had

been included in several proposed transport corridors to facilitate the trade between East and West (e.g. NOSTRAC, the Silk Road, Tracceca, South Asian Rail corridor, etc.).

Iran is also the home of ancient civilizations, diverse cultures, and astonishing nature and it can play the role of the regional magnet in the tourism and travel industry. Unfortunately, all these golden opportunities for national and regional development have been neglected due to eccentric politics for years. These markets, and networks and corridors are capable of establishing thousands of global supply chains in the national and regional level, benefitting the states in the region and other parts of the world in many ways. In this sense this region and Iran in the heart of it, has the potential to both attract and generate astounding amounts of trade and transport, far much more than what is currently in place.

The Iranian transport system with its extensive infrastructure, fleet, and human resources is among the most developed ones in the region. As a system of systems, it includes the maritime, roads, railways, and civil aviation modes. Within the past four years, the shearing forces of re-imposed sanctions and COVID-19 pandemics have exerted staggering pressures to the Iranian transport system. Yet by relying on the industrious work and the capacities and capabilities of the national transport network, the system has been fully functioning and serving the markets throughout this period. It seems that by passing to the second post sanctions era and moving towards further containment of pandemics, the Iranian transport system is envisaging an enhancing outlook that can lead to fair winds and following seas. The maritime transport system of Iran consists of its merchant shipping network and its commercial and industrial ports system.

Maritime fleet

The merchant fleet consists of the IRISL fleet which includes the 14th containership fleet in the world along with tens of General cargo and bulk carrier ships, and the National Iranian Tanker Company (NITC) fleet which is one of the greatest tanker fleets in the world. The capacity of the IRISL fleet and the NITC fleet are estimated to be respectively 7.1 and 14 million tons. These two shipping giants are supported by great staff strengths which

consists of highly educated and skilled Iranian mariners and professionals. Moreover, before the sanctions were imposed in the early 2010s, nearly every significant Asian and European shipping line maintained a service to Iranian ports; these were all forced to stop their business activities in terms of Iranian maritime trade. In the post-sanction era all these shipping lines will queue up to re-establish their businesses in the Iranian maritime transport system.

Iranian ports

The Iranian ports system consists of 8 major commercial ports in Persian Gulf and the Oman Sea (namely Chabahar, Shahid Rajaei, Shahid Bahonar, Lengeh, Bushehr, Bandar Imam Khomeini (BIK) , Abadan, and Khorramshahr) and three major commercial ports in the Caspian Sea (i.e. Anzali, Nowshahr, and Amirabad ports). The nominal capacity of Iranian commercial ports network added up to 264 million tons in 2020 (IRFY 1399). The container capacity of this network summed up to 8 million TEUs in the same year. The passenger capacity of this network was estimated to be 24.8 million people per year. Moreover, there are several industrial ports in south and north of Iran, among which we can point to Neka, Kharg, Pars (Assaluyeh), and Mahshahr ports; major other industrial and commercial ports are under development in Jask and Mokran zones. The port system also includes around 40 small ports in southern and northern coasts of Iran. This colossal ecosystem is operated by the interplay of Iranian government and around 1517 maritime and marine companies from the private sector.

Although the sanctions were designed to exert ultimate pressure on Iranian national economy, the result was far from such expectations. Indeed the sanctions stirred more industrious work and assiduous endeavors throughout this system. The same was true in the Iranian maritime transport system: it is a fact that all of the maritime transport system functions were maintained fully despite the extreme synergy of the reimposed sanctions and the COVID-19 pandemics impacts within the past four years. This was very hard but the Iranians performed it tactfully. Furthermore, the Iranian maritime transport system has kept its development despite the harsh contextual conditions. The Iranian industries



have worked hard to supply and deliver the needs of Iranian maritime transport system domestically; these include the supply of ports and maritime equipment and appliances, and technical and operational services of different sectors and segments of Iranian maritime markets. Extensive work is done in terms of the development of ports and terminals and coastal industrial clusters throughout the country. The Shahid Rajaei port is already involved the 3rd phase of its development which includes 1400 meters of quays for berthing megaships and a yard with an area of 113 hectares. This will add 2.2 million TEUs to the capacity of the port. In 2021, one berth with 31 hectares of the yard were delivered and inaugurated by the officials. In Bushehr port, 450 hectares of land are reclaimed in terms of the Negin Island development project to construct container, bulk and general cargo terminals. The first phase of development of Chabahar port has been completed which raised the capacity of this port from 2.5 million tons to 8.5 million tons, and the second phase of development has already started that targets a nominal capacity of 30 million tons in this port. Also in tandem with the plans for the development of petrochemical and other industrial clusters in Mokran coasts, heavy investments are planned for development of the greatest commercial port of Iran in Jask with a nominal capacity of 200 million tons. The construction of this port will start within the coming five years and it will take between five to six years. These are all done in terms of the reimposed sanctions of United States and are mainly supported by Iranian resources and capabilities.

Road Transport

The Iranian road transport system is the other major part of this system that provides

great capacities in terms of transport fleet, human resources and infrastructure. In 2020 (IRFY-1399) the infrastructure consisted of 84802 Kilometers of road (including 2726 km of freeways, 19282 km of expressways, 25193 km of main roads, 349633 km of artery roads and 25329 km of transit roads), 81 haulier terminals, 309 passenger terminals, and 23 border terminals throughout the country. The road transport fleet consists of 360,000 prime movers, 14,000 buses, 24,000 minibuses, and 29,000 road taxis. The human resources includes 524,000 skilled drivers in the haulier segment and 108,000 qualified drivers in the passenger segment. This network is operated by 8,226 certified companies (with 4,662 and 2,559 active firms respectively in the domestic haulage and passenger segments, and 958 and 47 active firms respectively in the international haulage and passenger segments). The performance of this system is also outstanding: with a throughput of 545 million tons of cargo and 1,562 million passengers throughout the country, it produces a demand of 255,425-million ton-kilometers and 22,972-million person-kilometers in the segments.

Iranian Railways

The Iranian Railways system encompasses of 14,268 Kilometers of railways in service and 3,276 kilometers of railways under construction. This system have transported 50.6-million tons of cargo and 11,103,168 passengers in year 2020 (IFY 1399). The Iranian railways fleet consists of 954 locomotives, 24300 freight cars and 2200 passenger cars. The fleet is operated by 20 companies in the cargo segment and 11 companies in the passenger segment. The workforce in this mode of transport includes 7598 people in the governmental sector and an estimated figure of over 100,000 people in the private

sector. The Iranian transport system is targeting to shift the domestic traffic from the roads subsystem to the railways subsystem and increase the share of the railways mode to at least 30% of the total cargo traffic and 18% of passenger traffic. In the 2025 horizon, the Iranian Railways has planned to achieve a 25000 kilometers network with 6000 kilometers of double track lines to maintain a capacity for transport of 220 million tons of cargo and 160 million passengers. Moreover, many endeavors have been made to supply and maintain the network and the fleet by relying on the domestic facilities and potentials. The Iranian air transport system consists of 67 active airports and a fleet of 326 airplanes that is operated by 26 main Iranian airlines with a staff strength of near to 25,000 skilled workers and specialists. In 2020 (IRFY-1399), this sector have supplied 16,344,576,000 seat-kilometers and 3,559,796,000 ton-kilometers for cargo transport. This system has transported 12,716,315 passengers, 68,961 tons of air cargo, and 1406 tons of air mail in the mentioned year. As expected this mode of transport has been most affected by the sanctions.

By lifting of the imposed sanctions against Iran a great number of opportunities will emerge in terms of trade and business development and investment in the state. It is a fact that the synergy of the imposed sanctions and the COVID-19 pandemics has harmed the Iranian industries and markets. The lifting of sanctions will provide ample room for investment and business development in the Iranian markets. Moreover, the needs of Iranian industries and the societies for supplies, and import and export has formed a great potential demand for international trade and transport in them. In addition, the neighbor countries will be able to take advantage of the trade and

transport systems of Islamic Republic of Iran. This will foster a great rise in the demand for international trade in Islamic Republic of Iran. There is no doubt that the lifting of sanction will bring a double-digit growth to the traffic and throughput of Iranian transport systems. This will happen in short time and of course the Iranians are ready for it. In the second post-sanction era, a substantial rise in the Iranian maritime trade is expected to happen along with a major return of shipping lines to Iranian ports. The momentum will be also carried to the other mode of transport in the hinterland, and there will be additional boosts from the recuperation of domestic purchase power and new developments of trade (through transit, export, import, etc.) from the hinterland borders. If not hindered by the political games, the Iranian trade will provide a stable, bullish market that will keep its momentum for years. The Iranian transport system will be ready for this and to maintain this momentum, it will need supplying new technologies. The different modes of Iranian transport system will also need to adapt themselves with the emerging waves of technological transformation within the coming decades. This will provide very great opportunities in terms of foreign investment, supply chain development, finance, and supply of transformative technologies in the Iranian transport ecosystem.

Although the sanctions era has been a harsh period for the Iranian transport system, but it has also brought valuable opportunities for growing self-sufficiency in it. Iranians are determined and strong and the sanctions could not do much to them. There is no doubt that this resilient power and determination will result in the emergence of excellence of Iranian transport systems in the second post sanction era.