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IRISL Rushing Forward



By : *Mehri Azizi*

JCPOA has turned out to be common word in Iranian newspapers and magazines, TV programs and news and many speeches all over the country. In fact, the word made its way to various realms in Iran ranging from the breakfast table to budgeting discussions in the Iranian parliament. Nonetheless, the implementation day did not really translate into implementing the JCPOA and like any other overwhelming agreement; it took almost six months (in accordance with experts' forecast) for the JCPOA to take effect in Iran. Despite the slow trend of the implementation of JCPOA, IRISL, hunger for doing the international business, prepared its team prior to the implementation day in January and hosted the first

foreign groups in October. By the implementation day, IRISL group had set to sail out its first vessel to Europe and it was finally materialized on 2 April. The ship was heavily inspected by European host ports for any missing standard and fortunately it met all the requirements to anchor in Malta as its first European destination. The successful anchorage in Malta narrated the story of IRISL during the eight-year-old sanctions.

However, now IRISL and Mohammad Saeedi as the CEO, aim to follow three major plans in post-sanction era which are expanding the fleet, training experts and providing the clients with a complete chain of services.

IRISL also established new shipping routes to Europe, America and Africa during past months to retake its share in the global market. Moreover, the company set the scene to set up joint venture companies with European partners in particular and signed several MoUs not only to expand its network to more ports all over the world but also translate IRISL into a reliable brand worldwide. All these are to place IRISL within the key players once again in shipping world; this time with Dr. Saeedi with his unique qualifications in economics and foreign affairs at the helm.



A Year of Loss

“The world’s economy is growing at a slower pace than the International Monetary Fund and other large forecasters are predicting”

Nils Smedegaard Andersen, Maersk CEO

Significant increases in fuel costs during the past decade drove global carriers into a race to build and operate the largest, most-fuel-efficient vessels in order to drive down slot costs. As a result, carriers have taken on huge debt to match the similarly sized price tags of these assets. The market has seen a significant influx of supply as these mega vessels came online, but demand has languished, causing a significant imbalance that has plagued carriers looking to right their balance sheets. In 2015, the world witnessed many changes including low oil price and china trade policy each of which resulted into abundance in the VLCC carriers market and simultaneously a sharp halt in dry bulk shipping. Statistics show that many of the shipping players faced loss in 2015 including CSCL, HMM, COSCO, Yang Ming and Wan Hai, while the top ones encountered less profit in this year including Maersk, NYK. Meanwhile few companies including OOCL, Hanjin and MSC gained profit in 2015.

Applying diversification and making a balance between shipping and non-shipping businesses, Japanese NYK was one of the companies which could take advantage of logistics and tanker operations

to assist bulk shipping and stay firmly in the black. Moreover, Chinese OOCL recorded 5% increase in profit which is indebted by the first half of the year 2015. The company report remarked lower fuel costs returns in momentum in the US recovery as the two major reasons of the profit. On the other hand, Hanjin announced “implementing agile lane optimization” and “cost initiatives” as the two factors to reach \$29.81m profit. Chinese COSCO, one of the world’s leading providers of integrated container shipping service, faced a considerable loss due to global economic growth while the slowdown in the global offshore market.

In the meanwhile, despite sanctions, Islamic Republic of Iran Shipping Lines fleet as the 22nd top shipping line in the world reached 151 and 159 ships in 2014 and 2015 and this translates into 5.138.002 DWT and 120.079 TEU.

IRISL holding recorded \$28.9m after-tax profit in 2014-2015, 2.4 the level a year ago. The main income in IRISL was reported to be from shipping, port operating and bunkering.



IRISL CEO in an interview with Payam-E-Darya Magazine

IRISL is a Far Valid and Authentic Brand





Considering the developments achieved in the Joint Comprehensive Plan of Action (JCPOA), the Islamic Republic of Iran Shipping Line (IRISL) is strongly determined to emerge in the international markets again. For this purpose, IRISL has set proper goals for the new era including a promotion in existing ranking among world renowned companies and gain its share from the market.

In December 2015, IRISL director, Dr. Mohammad Saeedi, publicly announced the directed prospects of IRISL, and since then, an account of years' experience in managing international affairs, he managed to inspire desired changes in the group. The following is the transcript of an interview with Dr. Mohammad Saeedi in respect to the prospects ahead of the IRISL, the reforming of the procedures, and IRISL's short-term and long-term strategic plans.

Since your tenure in IRISL, the revival of the IRISL brand has been a top priority for you. Could you please elaborate on this?

A: In the recent years, international benchmark of business and transportation has witnessed a tremendous change, and what determines success and prosperity is branding. The revival of the IRISL brand at the international level and turning it into an authentic and reliable global trademark in future markets is a short-term goal for the mega-fleet of IRISL. To achieve this, all IRISL affiliated companies as well as the holding company have received a directive to use IRISL brand in all the contracts and memoranda of understanding they sign with international and prominent holdings and shipping companies. Of course I should emphasize that IRISL brand is a far valid and authentic brand, which was affected by the shadow of sanctions. Now, with the lifting of the sanctions and the execution of JCPOA, it is the time for IRISL to return to its glory. Immediately after lifting sanctions, at the IRISL, we witnessed myriad requests and offers from huge international shipping companies. Moreover, I should stress that in such a short period, we have had negotiations and agreements with world's top 10 shipping lines, for collaboration in the international markets. Right now, no confinements for international



transportation exists, and IRISL could continue its activities everywhere just like any other shipping line. We intend to regain our lost markets and step in new markets where we had no presence earlier. IRISL is capable of promoting its ranking in international ranking level.

Could you provide a brief account of your plans for the renovation and expansion of your fleet? Besides, where do you stand on the application of advanced technology?

A: Our first step in achieving the determined goals in the upcoming years is equipping IRISL fleet with advanced software and hardware systems. It is the advanced software and hardware systems that we are after, and as far as the promotion of the capacity of the IRISL is concerned, we intend to utilize world's leading shipyards. We are currently negotiating with shipyards from Europe, South Korea, and China engaged in the construction of the ships we need. However, South Asian shipbuildings are more preferable regarding the competitive prices they offer compared to their European counterparts. Nevertheless, I estimate that for the next six or seven years the Iranian shipyards are upgraded enough to accept the orders from IRISL.

Which sections do you think will get the most attention regarding the renovation plan?

A: We assess and prioritize the sections according to the demands and therefore, right now the major attention is paid to chemical vessels along with general cargo. In fact, many European customers voiced their interest on Iranian petrochemical products which were exported to Europe through Turkey during the sanctions against Iran. I hasten to add that the amount of exported petrochemical products to Asian countries was about \$40b and the good point is that after sanctions removals, the amount will hike to \$60b through working with our the customers directly.

What type of commodities do you think play an important role in import and export in Iran?

Exporting Iranian carpet, nuts and petrochemicals to other countries is of great importance. Iran produces the best quality carpet and the export of this product was stopped thanks to the sanction. However, the US and Canada along with Switzerland, France, UK, and Germany are considered great destinations for the Iranian carpet



and IRISL targets to fulfill this with its fleet. Moreover, LPG is one of our main exported products in future and the project attracts many Iranian producers.

Furthermore, there is a wide range of demands for importing cars to Iran. In fact, Iranian companies have run negotiations with the European and further negotiations are planned by parties in both parties. IRISL in the regard will handle the import as well.

In terms of agriculture, soybeans, wheat and other grains from Latin America will be imported to Iran by IRISL vessels.

The Iranian factories also demand raw materials to be transported to the country as well.

Training skillful human resources and establishing ties with world's leading universities have always been a serious concern for you. What is your plan in this regard?

A: Promoting the special-technical knowledge



and skills of human resources in IRISL has always been a top priority, both in terms of technology and commerce. Even though, IRISL training institute has been well managed to train our human resources in maritime education sector, we intend to keep our ties with world's leading colleges and universities to hold advanced training courses for IRISL staff. Initial negotiations have already started to promote the training courses, and we intend to introduce young staff into these courses.

What plans have you put into action regarding your collaboration with Central Asia countries and expanding your activities in the Caspian Sea?

A: With regards to establishing a direct import-export transportation line between Central Asia and the free international waters, Iran is the key route. Given the construction of Inche Boroon railway, Iran is well capable of connecting Commonwealth of Independent States (CIS) to the free international waters. This could be put into practice via a

shipping joint-venture. Furthermore, I do believe IRISL needs to be actively and effectively present in the international markets of South America, North America, and Africa. Initially, we need to establish ties with world's prominent holdings and ports through joint venture agreements and collaborations. This way, we would utilize their terminals and ports in a joint style, and they will be able to use our joint terminals in the Persian Gulf and the Caspian Sea.

On the other hand, Chabahar port is going to be the most important port in Iran and Oman Sea mainly due to its strategic location. The Indian and Pakistani companies can transfer their cargos to Afghanistan and CIS countries through Chabahar port.

How does IRISL plan to act in the bunkering industry?

A: One of the most effective ways of earning profit in international shipping is the bunkering

and fueling industry, and since IRISL had already entered the industry, it owns 50,000-ton tankers in Bandar Abbas and taking advantage of two huge storages in Qeshm and Bandar Abbas, we plan to enter the new areas such as gas and petroleum products inside Iran as well as overseas. In this field, we have great opportunities ahead of us with respect to dealing with European and South Asian customers directly in post-sanction era. My colleagues in bulk-sales department are currently studying several plans to enter Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) transportation. Furthermore establishing facilities in Singapore as one of the major bunkering hubs in the world along with finding a proper European partner are within the plans. A significant project is under operation in Qeshm region, and it will be inaugurated in the next few months. With the launching of this project, the bunkering capacity of IRISL will reach 100 thousand tons.

After the execution of JCPOA, negotiations with foreign delegations about collaboration and participation entered a new level. Would you elaborate on this please?

In a meeting with the 12-member delegation of Danish Ship-owners' Association, IRISL signed a memorandum of understanding with the Danish Maersk Group. Based on this MoU, collaborations between Iran's Ship-owners' Association and Danish shipping lines will be enhanced, and we do hope to expand our cooperation with them in fields such as maritime transportation, off-shore

industries, and exporting gas products and non-petroleum goods.

On the other hand, a collaboration document for shipping and logistic affairs was signed between IRISL and the French CMA CGM. Based on that, the two parties will collaborate in exchanging container spaces, creating common services in different international routes, and exchanging containers slots in places which benefit both parties.

Moreover, IRISL managed to establish a shipping joint-venture company with Germany, and hence, get full advantage of all the available capacities. We also launched collaboration with Italy and France through MoUs and signed agreements with an Italian shipping line and an Italian port administration company. Simultaneously, we signed two remarkable agreements in France to jointly collaborate with French holdings, which are among the top-ranking companies in international rankings. One of these French companies holds the 3rd top shipping line ranking worldwide.

In addition, IRISL signed an MoU with Kazakhstan and another MoU with the Turkish Arkas Holding a while ago. We also have negotiated with Indian companies. IRISL plans to expand its ties with major IACS member classification societies, as well.

Moreover, after the implementation day we successfully set up new lines from the Persian Gulf to European north and south ports. In northern Europe, Rotterdam and in the south Hamburg





IRISL'S AGENDA: TRAINING EXPERTS, SETTING UP NEW LINES AND J.V. COMPNIES



(Germany). The lines also cover Genova in Italy and Malta too.

We also managed to project a new line from Persian Gulf to Latin America which started to be operational about two months ago and cover Argentina and Uruguay to reach Brazil.

The other new line which is to operate in four or five months' time will be launched from Persian Gulf to Vancouver, Canada. The latter is aided by the positive atmosphere the Canadian officials created for economic relation and expanding business with Iran.

Finally, where do you see the company in near future and what are the main plans for the period?

IRISL projects three priorities in near future which are fleet expansion, training experts and establishing JV companies.

We intend to handle Iranian commodities all over the world and the plan demands an increase in the number of vessels.

Furthermore, we have an institute to educate qualified young experts who will assist IRISL to move forward with its international plans.

The JV companies facilitate bank transaction and the process of import and export in the respective country for IRISL which aims to deliver and reach any Iranian commodities in all ports around the world. In fact, the majority of IRISL income is from transportation in international lines and services and it is quite essential for IRISL to transfer any money easily and cut the number of banks in between. Furthermore, establishing JV companies is another IRISL priority.

IRISL Group

Islamic Republic of Iran Shipping Lines was established in 1967 and commenced its commercial operation by employing two home trade and 4 larger ocean-going vessels.

Presently, IRISL Group on the threshold of its golden anniversary having gained valuable experience in worldwide marine transportation field. Employing a reliable international network is well-known to its clients as their global partner, capable of performing a wide spectrum of services and steps up beyond expectation of customers. The company manages 37 companies as subsidiaries in Iran and other countries in various activities ranging from container, bulk and general cargoes, passenger and multi-modal transportation to bunkering, agency services, ship management, manning and recruiting services, maritime education and training services, port operations, supply of stores and spares, dry docking and voyages repairing, carriage of chemicals, finance and investment services, trade and carriage of bitumen, maritime insurance services and maritime information technology. In fact, IRISL provides the clients with A to Z in a complete chain of services inside and outside Iran.



IRISL manages bulk shipping through SAPID Company, container shipping through Hafez Darya Arya, ship management via Rahbaran Omid Darya, manning through Kish Shipping Lines Manning Company and ship repair through Persia Hormoz Company.

IRISL provides a variety of services to its ships and foreign clients through overseas offices in China, South Korea, Germany, India, UAE, and regional office of Asia. The offices handle the whole process of shipping in the five continents.

It is need less say that the company was one of the main targets of sanctions against Iran mainly because it plays a fundamental role in Iran's economy and evidently, after sanctions removals it is expanding the fleet, training local experts and presenting a comprehensive chain of services the same as before so as to widen its network in post sanction era in Iran. In this regard, IRISL have signed several agreements and MoUs with key players in the shipping world from Denmark, South Korea, Germany, Italy, France, Turkey, Singapore,

Kazakhstan, Norway, and Greece.

Furthermore, IRISL cooperates with well-known marine universities to keep the personnel up-to-date and present IRISL brand to the world through best services and the first and the best shipping service provider in Iran and the region.

Finally yet importantly, IRISL with 4000 marine staff and 3000 personnel aims to be present in each and every port around the world.

Company Profile			
	No.	DWT	TEU
Container ships:	31	147.306	94.379
Bulkers	36	2.183.660	-
Multi-purpose ships	38	442.415	17.539
Tanker	13	1.036.174	-
Chemical tankers	4	86.870	-
Ro-ro	2	1.446	72
Landing Craft	8	1591	-
barge	5	3.500	-
offshore	6	5710	-
Serv.	7	314	-
Total	155	5.138.002	120.079



IRISL and France



The cooperation document in the field of shipping and logistics was signed between IRISL and CMA CGM. According to this MoU which was signed between Dr. Saeedi as IRISL managing director and CEO and Jaques R. Saddde (Respected chairman of the board and C.E.O. of CMA CGM group) the two companies are ready to have extensive cooperation in exchanging slots (for con-

tainers) among ships and active lines, to make joint services in various international routes, to exchange containers in the spots which provide mutual interests and to cooperate in terminal and port activities in the worldwide. This document was signed on Thursday in Eliza palace and in the presence of France and Iran presidents.

IRISL and Denmark

A 12-member delegation of Denmark ship owners' union sat with the director of Islamic Republic of Iran Shipping lines ,chief of Iran's ship owner 's union, and the board member of this association to negotiate and exchange ideas over the bilateral collaboration axes.

Danish companies including Maersk Group expressed their interest in cooperating with IRISL as Iran's national fleet as well as with Iran's Ship Owners' Association. On the other hand, given that Maersk Group is currently in business in some of Iran's off-shore and off-shore jack-up, it announced its willingness to extend its cooperation with Iran's National Oil Company in off-shore projects. In this meeting, moreover, Iran's National Oil Company, Gas Export, Maritime



Installations, NITC and the Association of Ship Owners expressed their perspectives as to their cooperation with Danish companies.

IRISL and Italy

The governor, the ambassador, and the port authorities of Italy including Zeno D'Agostino, the head of Italy's ports and shipping organization who stated that the volume of Iran-Italy trade will increase, and Trieste port will play a paramount role in Iran-Italy trade announced that Trieste Port transported 75 million tons of cargo and 0.5 million TEU containers in 2015. On the other hand, Dr. Mohammad Saeedi announced that IRISL fleet is fully prepared to transport import and export goods to and from European ports directly. Moreover, he

referred to the fact that IRISL possesses the largest bulk fleet, and stressed that currently, IRI exports various petroleum products to Europe, through re-exporting from Turkey. He speculated that Iran-Europe cooperation in the post-sanction era will reach an approximate turnover of 10 billion Euros. In the course of this meeting, both parties emphasized the capabilities of joint activities in the fields of container transportation and fuel with the lifting of the sanctions.

IRISL and Kazakhstan

Cooperation protocol including nine MoUs and agreements was signed between IRISL and Kazakhstan Railroad JSC National Company in the presence of presidents of the two countries in Iran. In a joint meeting which was held between Dr. Mohammad Saeedi, the director and the Head of the Board at Islamic Republic of Iran Shipping Lines (IRISL) and the Head of Khazakestan National Transportation Company, both sides reached an agreement for establishing a Joint-Venture company in Anzali Port. Based on this agreement, port of Aktau, Bandar Abbas



and Incheon Terminal would be under the supervision of this Joint-Venture company.

IRISL and Germany

IRISL and the German Company of PWL signed an MoU to establish a joint-venture shipping company while the chairman of the board and the C.E.O. of IRISL travelled to Hamburg to visit Hamburg officials through an official invitation from Hamburg Economic Affairs and Logistics minister and Olaf Scholz as the Hamburg Mayor. A variety of representative services will be offered to IRISL and its subsidiaries' fleets in ports of North European countries, including Germany, the Netherlands, and Belgium through the MoU. Assessing the existing capacities, the possibilities for the trade cooperation and specifically logistics services and shipping cooperation through joint venture agreements



and shared companies in post sanction era were discussed with the attendance of Hamburg port authorities, Hamburg port operators along with other European terminal operators as well as ship owners, shipping companies and managing director of Iran-Europe bank.

IRISL and Singapore

During a visit by Singapore's secretary of industry, mine and trade accompanied by a high-ranking delegation, an MoU was signed between Islamic Republic of Iran Shipping Line (IRISL) and Pacific Shipping Line (PIL).

In his meeting with Iran's secretary of cooperatives, labor and social welfare, Dr. Ali Rabiei, a number of issues were raised. While Mr. Rabiei elaborated the qualifications of Iran's cooperatives, labor and social welfare department, and explained the activities of the department's subsidiaries in various fields namely transportation, mines, tourism, hotel management and transportation holdings such as IRISL and National Iranian Tanker Company (NITC) and expressed his department's interests in interactions with PIL and collaborations in terms of technology transfer, communications between the vocational

training centers of the two countries, and aid to the promotion of privatization and insurance coverage procedures, the Singapore's secretary of industry, mine and trade having welcomed the idea of the two countries collaborating, went on to say that Iran enjoys a strong potential in the fields of transportation, particularly maritime transportation, shipping and tourism industry and that Singapore is well interested in expanding its collaborations with Iran in the mentioned areas.

In the signed MoU different subjects were emphasized namely the establishment of feeder lines in South East Asia, Southern Asia, the Middle East, the Black Sea and other regions, offering shipping services to container ships and Bulk carriers along with cooperation regarding ship construction.

IRISL and Norway

The Iran and Norway trade opportunities conference was held in DNV-GL Co. headquarters in Oslo. This gathering was coordinated by the Islamic Republic of Iran's embassy and Norway's State Department.

As part of this conference, the report added, Norwegian companies that operate in various transportation and maritime sectors sat with IRISL's President and exchanged opinions regarding mutual collaboration in diverse areas such as transferring science and technology, chartering ships, constructing vessels, off-shore services and logis-

tics. Dr. Saeedi was officially invited by the president of Norway's Ship Owners' association and the Norwegian Ulstein Design & Solutions Co. to visit its facilities, its second-to-none designs and its innovation technology on its company premises in Ulstein.

It is worth noting that DNV-GL, as the largest IACS-member classification institute, announced the reopening of its office in Tehran, and as well, expressed its interest in offering its services to Iranian companies while voicing its interest to visit Persia Hormoz Ship Repair Yard.

IRISL and Turkey



A memorandum of understanding was signed between Islamic Republic of Iran Shipping Lines (IRISL) and Turkish Arkas shipping.

In a ceremony in IRISL's headquarters, IRISL and Turkish Arkas shipping inked a memorandum of understanding for collaboration in the Mediterranean and Turkish region

Iranian Maritime Court

Good News for the International Lines



Seyed Alaedin Sadat Rasul
IRISL law office manager



Today, the maritime realm like other technical and professional realms is considered legally complicated. In response to the complication of different cases, the courts are accordingly moving toward specialization and maritime world along with other technical sectors require professional courts as well. The need also gives birth to new faculties and sets of laws to be composed and the courts to implement them.

Different cases raise the need to specialize the courts in various realms including maritime, economy and information technology. Therefore, establishing the courts and related academic faculties is inevitable.

In this regard, maritime cases are considered technical and complicated issues in international affairs and need to be addressed in separate professional courts. Considering the complicity and long Iranian water borders in north and south, Iran requires professional judges in marine issues. The maritime cases also require professional maritime judges as well. Extracted from the Hague Act and ratified in 1964 in Iran, the Iranian maritime laws require comprehensive revision and afterwards establishing

maritime courts to enforce them fairly and correctly is a must. On this point, IRISL, Ports and Maritime Organization and a few relevant organizations and companies have presented the plans so as to pave the way for establishing the first maritime court in Iran.

It goes without saying that being familiar with international conventions, maritime contracts and liner transactions along with good command of English, sound knowledge of charter party, bill of lading etc. is a prerequisite for the interested judges and the IRISL law office has announced that the company is ready to educate the judges for the above-mentioned qualities.

The maritime court without a doubt is good news for the international shipping lines mainly because they can easily refer to this court in any case and in fact, the court is a sort of guarantee for these liners to work in Iran safely. The court also addresses the existing maritime cases as well.

Revising the maritime laws demands negotiations, consultancy and strong reasoning with Iranian maritime authorities and we hope to see this court working in near future.

IRISL Group in New Era

*By: Reza Razavi Sayad
& Marzieh Shahrezaei*

IRISL group is an active player in almost all shipping and maritime markets including dry bulk, container, general cargo, tanker, chemical, offshore, passenger, logistics sectors and port services. Over the years, IRISL has achieved a well-known regional and global position, particularly in the Middle East and the Indian subcontinent. The company fleet currently consists of about 160 merchant ships with a total capacity of 5.2 million Dwt.

From 2008 to January this year (2016), IRISL was under crippling sanctions of the UN Security Council, the US, Europe and some other countries. After successful implementation of JCPOA in January and as a big result of this achievement, IRISL now can freely communicate and cooperate with all major shipping lines and ports around the globe and its ships have access to all around the world. In the meantime access to a wide range of maritime services including marine insurance, international classification societies, repairing and newbuilding shipyards and financial institutes and banks is available as promising consequences of this great deal.

All these firms and many others with credible international presence are eager to work again with this company.

One of the most important issues for IRISL (which stalled by the sanctions for many years) should be the process of renewal and development of its fleet by ordering new ships and financing them so the company would be able to get back on its feet its position and take fair share of global market.

At present, the market for maritime transport is in poor condition. The liner industry continues to plough through a period of incredible change. As it stands, carriers are unable to make money and

commercial ill-discipline means that some have resorted to offering zero freight rates just to hang on to market share.

The dry bulk market has been living through some of the worst times in its history in the recent past. The Baltic Dry Index also kept falling during recent months, marking a new low every other day (in February BDI crashed to 290). It is also probably one of the toughest times for dry bulk shipping companies as many have filed for bankruptcy over the past two years, and, with no sign of any recovery in sight, many more could follow suit. We can see newbuilding prices at low and attractive levels. Fortunately by lifting the sanctions, and at this critical stage, access to financial markets is getting much easier and investment opportunities are almost in hand.

In this respect, the following should be considered as potential opportunities for IRISL.

As mentioned with the sanctions being lifted, IRISL can operate in all global trade routes comprising East Asia, northern China, Europe, Africa, North and South America.

Also in near future, Iran would be among main exporters of oil, petrochemical products and gas condensates. Among main plans of the company should be entering the market for transportation of these kinds of cargoes so as to direct exports of these products to the European and East Asian countries.

IRISL should plan to expand its direct lines of East Asian countries and North China to the Persian Gulf ports and reestablish its Europe- Asia and the Persian Gulf, as well as North and South America services.

Marine insurance has an important role in the maritime industry. Lifting sanctions allows owner



members of Kish Mutual Insurance Institute and consequently the institute itself to be able to trade in Europe.

In the field of money transfer and financing, access to the world finance network is possible after JCPOA deal. Financing major development projects that had stalled for years as mentioned before should be a top priority for IRISL.

To ensure to ensure the implementation of international related to safety and doing business, commercial vessels need to possess necessary certificates that are issued from internationally recognized classification societies. Classification societies are categorized in two groups: IACS members and non-IACSs . Now, IACS member institutions including DNV-GL, LR, BV and domestic institutions can class IRISL ships either in the form of dual class or independently.

IRISL has been always in the process of phasing out its old ships and replacing them with new more efficient ships almost before sanctions. But during the period of sanctions the process of ordering new ships to world-class shipyards and so fleet renewal stopped.

But now as mentioned above, the possibility of ordering ships to the yards and access to international finance firms is available. Therefore, the process of determining numbers, types and characteristics of the ships and following negotiations with the banks, credit and financial institutions and shipyards should be pursued by IRISL and hopefully in next couple of years the company would be able to take delivery of new ships.

Expected increases in Iran's foreign trade and PMO's plans for expansion of ports terminals and infrastructures will lead to significant rise in import and export of the country and this will give IRISL the opportunity to carry these cargoes and fully establish itself in port operation activities. In this regard, the company should be looking for JV and partnership agreements with terminals and ports and joint exploitation of existing resources.

So while IRISL intends to re-enter new market segments, a good opportunity is available for achieving this goal and the main driver behind this move in a mostly rock-bottomed shipping market is low price for newbuildings and easy financial services fees and additionally expected increase in export of chemical and petrochemical products generally foreign trade by Iran.



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Roundtable of Investing in Marine Economy: How and Why?

Foreign Investors Marine





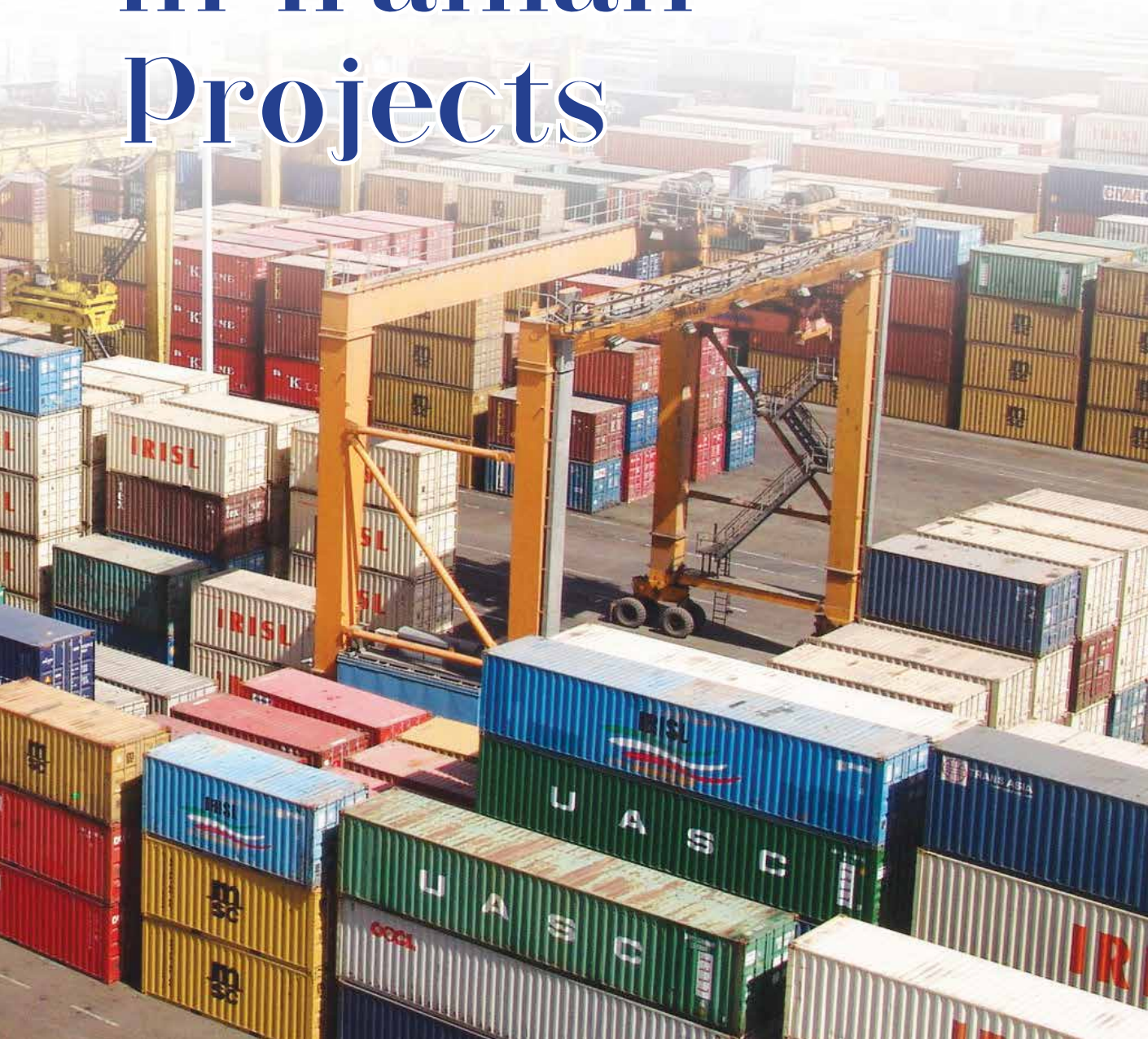
Masoud Daneshmand

Hassan Reza Safari

Javad Fallah

Homayoun Darabi

in Iranian Projects



Iran's sea trade is several thousand years old. Historically, utilization of seas for the sake of trading has been common for many years among Iranian people. Enjoyment of three thousand sea borders, extensiveness of the north and south coast, linkage between Iran and Hindi Ocean through Persian Gulf, Oman Sea and the most influential exporting and importing ports, all set up specific geopolitical situation for Iran. Therefore, none of the economic activities and important occurrences in sea part should be forgotten.

Although it cannot be declared definitely which country is pioneer in marine economy, America, China, South Korea and Japan have the largest capacity in this field.

Economic experts believe marine economy have resulted in China's advancement. Islamic Republic of Iran a potential talent in coastal strip of north and south in which it has played an important role in some parts. It can be referred to marine transport in passenger, bunkering industry arena, marine insurance, offshore industries, and subsidiary industries dependent on marine industry, shipbuilding, port management, ship repair, fisheries, defense industry and marine tourism as effective factors in developing marine economy.

Overall, Islamic Republic of Iran has a positive, influential and defendable advances in marine transport. It will achieve best perspectives in the near future with the help of shipping lines, marine industries, related associations, organizations and institutions. The above-mentioned was an introduction to a roundtable held recently named "investing in marine economy: how and why". This roundtable sat to different aspects of investing in marine economy with the focus on the following factors:

- What is investing?
- How is the position of marine economy companies in the stock market?
- What do transport companies expect from the stock market?
- What does the stock market expect from transport companies?
- What tools can be introduced to invest in marine economy?
- Dose IRISL intend to be considered as the investee and define the advantages of investing to investors?
- What priorities do investors consider when investing and what performance should IRISL have in the arena?
- How does IRISL encourage others to invest in marine economy and what kind of facilities will it provide regarding this issue?

The members of Payame Darya's roundtable focused on the lack of marine-based strategy as well as shortage in conducting research to assess the strengths and weaknesses of investment demand in marine economy. Also, they referred to the codification of strategy and an investing package as a necessity in order for foreign and domestic investors to invest.

Members participated in the roundtable:

MD of Ayandeh Bank's Brokerage Firm, Dr. Fardin Aghabozorgi; Rapid Commodity Firm, Eng. Mehrshad Moin Ansari; MD of Iranian Classification Society, Eng. Hassan Reza Safari; Chairman of the Board of International Transport Companies Association of Iran, Masoud Daneshmand; Deputy Secretary-General of the Iranian Committee of the International Chamber of Commerce, Malak Reza Malakpour; Deputy MD of National Investment Company of Iran, Eng. Reza Bakhtiari; Director of Bureau of Studies and Risk Assessment of Iranian Mercantile Exchange firm, Dr. Javad Fallah; former director of Accounting and Stock Management of IRISL, Esmail Ghomi Javadi; MD of Investment Company of IRISL, Ahmad Javidi; Director of Ayandeh Bank's Brokerage Firm, Homayoun Darabi.

Investment Definition

PD: *what is the definition of investment in marine economy? And what is the difference between investing in marine economy and other sections? In other words, why investment in marine economy has not yet been appreciated?*

Malakpour. R.: Iran is an outstanding country in aviation, marine and road traffic and it is considered as a Golden Cross. During JCPOA in which diplomacy activists played a crucial role, all economic experts of 5+1 countries believed that Iran must use its investing potentials as the major act. Marine economy includes investing in shipping, shipbuilding, ship repair, training, port and aquatic, mineral and marine resources. Therefore, they should be considered to achieve the covert

potentials. In fact, after Soviet Union ceased to exist, all central Asian countries were dependent on Iran. Moreover, they believed to trade through a country which was not a communist and had access to free-waters.

The concession of Iran is rooted in the depth of Persian Gulf and Oman Sea which is deepest near Iran, while Emirates Sea is constructing an island in the region due to its lower depth. Iran's international shipping takes place through coasts and it is in the depth of 18 meter in Qeshm and 20 meter in Emam Khomeini Port.

Regarding marine tourism attraction arena, he said, Iran has natural potentials and geographical situation. It is noteworthy that we need domestic and foreign investors and there shouldn't be any discrimination between domestic and foreign investors in which both parties can compete in a proper way.

Catch Opportunities

PD: *How do you evaluate IRISL potentials as an investee company? Is it going to cooperate with other companies in different section of marine economy or to cooperate just in the case of financials?*

Ghomi J. E.: there are different investment fields in domestic and foreign arena. Referring to shipbuilding, he said, it has various branches of investing which must be introduced to investors. Hinterlands are special locations for development in this area. Although IRISL trains its manpower, it needs the private sector in this part too. Therefore, different branches of marine economy should be investigated and investors should be encouraged to invest in these different branches. IRISL has never considered any discrimination between



domestic and foreign investors. He referred to the lifting of the sanctions to emphasize the fact that IRISL has represented its companies in European countries and several MoUs have been signed recently. Also, IRISL ships have entered South Korean and European ports. There are major plans in finance issues for the next five years. Financial section of IRISL is acting to provide resources by domestic or foreign investors. It is important to note that return of asset in the field of marine economy is more long-term in comparison with other investments and it is suggested that investors start their activity with a long-term perspective.

Excellent Yield of IRISL

PD: What expectations does

Iranian national investment players have from shipping companies in the investment realm?

Bakhtiari, R.: companies need more effort in investing market in order to finance. To achieve this goal, it is the first step for profitable companies to be distinguished in investing market. The second step is clarifying the information and the third one relates to the understanding of yield and risk in the shipping industry. If a plan or a project enters the realm of the shipping industry, it is considered as base in which investing can take place. Investing markets should operate to gain the greatest amount of GDP. IRISL provides an excellent yield to stakeholders at the beginning of their entrance to investing



market. Short-term stakeholders have to be present in this market. Moreover, marine transport should have clarity in a way that its risk and yield to be calculable in the next five years. Then, many companies will be prepared to enter the investing market. Investors intend to understand the advantage of investing in the LNG industry and to see if there is the possibility to invest in this field or not.

Marine industry is a combined one. We export iron ore and petrochemicals. In fact, the topics regarding docks and other industries are important in marine industry because they are willing to use shipbuilding industry. There are investing grounds in expanding of Oman Coastal area and efficient docks will be constructed in Chabahar of which all investors should be aware.

IRISL Potentials to Be Presented

PD: *How do you evaluate the logical increase of IRISL in stock exchange market?*

Fardin Aqa Bozorgi: In order to attract domestic and foreign investors first we have to display our strengths. Some parts of them relate to the prediction of numbers and statistics on a paper and the other parts relate to the features of IRISL directly. IRISL has many investee firms which may wish to make them enter the stock or OTC market and this is a prosperous point to start to show IRISL potentials and finally to be considered as a help



in the investing market. It is not appreciated to determine a policy for investors. One may consider a long-term, medium-term or short-term period for the returns of his investment.

Entrance of foreign investors is dependent on the satisfaction of domestic investors in the market. The level of information presented by the company is an important factor. Visiting private sector, banks, institutional investors etc., will inform investors to invest in different departments of IRISL.

Required information should be presented in the field of post-sanctions era's effect to provide a good ground for investors to invest in IRISL.

Iran Marine Advantages

Javidi. A.: Iran's advantages in marine industry are crystal clear. Becoming familiar with the strengths of IRISL is of utmost importance. Marine economy is not only defined in terms of marine transport but Marine transport is one of the subjects of

marine economy. Development plans of ports and bunkering should be determined because they will help us to determine investment, yield and attractions that an investor should know. Satellite states had models for their development. According to Iran's Supreme Leader's statements, we can attract foreign investors as well as marine tourism. Codification of an appropriate strategy and installation of a policy by legislative authorities are the necessary steps.

Investors concentrate on long-term investment. If s/he knows the yield is at top in this industry, s/he will definitely invest. We should use codified policies to reach our goal. Since the important factor for an investor is the power of prediction, we have to reinforce this factor. A fundamental leap after lifting of the sanctions should be taken. Market surveys should be investigated. We are facing a global recession in which up to 95 percent of global trade is devoted to marine transport

industry. At present, the quantity of global trade has decreased, the market is getting smaller and this means competition in the market. Fortunately, IRISL has major opportunities in the field of investing and it is our task to introduce the company to the world. Meanwhile, attractions of foreign investors should be created. Since IRISL is a far valid brand of industry, IRISL, providing financials for IRISL is simpler than other industries in the country. To define investment in simple words, one can infer when someone's properties can be used in a company's activities; his or her properties will be increased. We have to define the amount of increase in properties as well as the amount of value added specified to an investor in marine economy.

Difference of Iran's conditions and other countries

PD: How does the transportation commission of the chamber of commerce monitor attraction of foreign investor in the market? What's domestic investor's idea regarding the market? Studies Institute of Religion and Economy showed that out of 850 foreign companies, 680 companies invested in the field of credit financial institutions, banks and financials. These companies paid less attention to transport industry and they preferred to invest in momentary market. Could you please explain the reason behind it?



Daneshmand. M.: first of all we have to determine the attractions for experts of investing market in order for them to help foreign investors to invest in marine transport industry. For instance, Singapore is a country as big as Tehran with 5.5m population which is located in Malaca Strait and records about annual income of \$156.000.000 mainly through the shipping industry. We have to announce that investing in transport trade is profitable. Transportation commission of the chamber of commerce suggested Ports and Maritime Organization (PMO) to charter some part of its port to IRISL annually in order for IRISL to gain its own market. In fact, port operators should compete with each other.

We have to understand the fact that what the facing problems are in sea and what approaches are available to overcome them? "The best approach is privatization of the sea". Some sovereign discussions should be considered by PMO unless marine activists try to act competitively. If we are going to develop marine economy, we have to provide loads and the required facilities as well as profitability.

Investing is not limited to money

PD: Reputable classification societies of the world which left Iran had agencies before the sanctions in this country. How do you evaluate their presence with the lifting of sanctions? Are they up-to-date in Iran?

Safari. H. R.: the most difficult sanctions have been observed in marine section due to governed standards, norms and international regime. International standards have been defined in national dealings in some countries. For instance, India and South Korea intended to create classification societies and finally they become pioneers in this field. We think about marine economy in terms of shipping and shipbuilding but we should consider marine industry as one package. If marine industry limits to shipbuilding, it will not be profitable. For example, Korean shipbuilding companies assemble vessel's engines in their own companies. Shipbuilding companies can invest in new building, ship repair and contracting services. Marine economy is not only limited to money. We should investigate entrepreneur models. Investing in marine economy is specialized. If we act professionally in this field, we could win. Since the advent of shipping companies, international shipbuilding companies, international fisheries, marine tourism, and luxury cruises, marine section is profitable. Marine section is profitable for countries which have national models to compete. Investing in marine economy can be divided into two parts: investing in creating new jobs and endogenous investment in manpower or establishing new firms. IRISL was alone at the time of establishing but now it has different subsidiary firms.

At present, Iranian classification societies are international and balanced with international classification societies in a way that PMO present in an announcement that in order for foreign classification societies to enter Iran, they must enter through Iranian classification societies to compete with each other. The purpose of Iranian classification societies is to be the member of IACS and constitute an international classification society.

PD: Mr. Ansari how do you predict the capacities of investing as an active port investor and what is the feedback?

Ansari. M.: economic activities should be done by people. Investing market will be meaningful when people move the economy forward. Banks can be influential when the economy is in people's hands. Bank and the investing market should find investor, not the investor to find the bank. When this process is formed we can explain investing in road, aviation and marine economy. The economy should be controlled by private sector. When sovereignty enters the realm of economy it has to utilize its country's potentials. As an investor or the private sector I love competition because it helps me to improve. The ministry of Roads and Urban Development or PMO should recognize all different sections of marine economy and devise investing packages to present them to



domestic and foreign investors. I've started investing in port since 2003, and I was interested to do it professionally. We have to change our perspective; we should increase the fleet of IRISL as a private organization. National shipping has to move forward. The potential of those who work in governmental divisions is more than the private sector.

Evolution Expectations in Marine Economy

PD: *Stock Exchange Organization and OTC market should create tools to provide a decrease in the needs of companies who are active in the stock market in cash flow and dependency on bank systems. What does commodity exchange have done in this field?*

Fallah. J.: certificate of deposit product started by commodity exchange. Certificate of deposit product and warehouse receipt transactions helped improve in different countries. Considering

the development in warehouse networking in marine field, we can have a good capacity. Certificate of deposit product means that one has a commodity and delivers it to a warehouse which is registered in stock. Then the stock produces a security through this warehouse under the name of certificate of deposit product. This security is the same as others. Some products that have entered Iran Mercantile Exchange, gradually become the reference price and help discovery mechanism of better price. Another possibility of certificate of deposit product is securitized bonds. One can use these securities to gain bank facilities as well as providing financial needs from investing market. Commodity funds gather split investments to invest in the commodity. Supreme council of stock securities has accepted certificate of deposit product as security in our country. Some countries have created channels for those who are unable to repay the loans s/ he obtained, another person

who has received the certificate of deposit product as collateral can easily sell securities in investing market or out of stock. Commodity exchange in Iran is new. Draft of commodity exchange rule is getting to be gained for financial institutions to accept new securities in a way that judicial institutions can provide required supports as well. These new securities will facilitate activities in commodity market. Considering warehouses in marine field, we are pioneer and this can help us to make evolution in marine economy.

Economic Democracy

PD: *The government prepares incentives in housing market, how should incentives be transport industry?*

Darabi. H.: some basic factors should be considered in marine economy. First of all, related studies should be done. Generally, governments hope to achieve the results of investing in a short- term period but it is out of reach and will be gained after 15-25 years. Second, consulting studies should not be forgotten. One who decides to invest in marine economy should pay more for the studies to be conducted. If a German or a Japanese wants to invest in an amount of \$100 million, s/ he will pay at least \$10 million for consulting. Overall, there is one marine field in global market so it needs strong international studies. When IRISL entered the stock market, Baltic index as an international index of

carrying goods, was about 11.500. Now it turns to 635.000. In this situation, investing should provide attractions. According to Article 44 of the constitution, privatization and providing open atmosphere for investing should be done in order for a foreign investor to move forward with investing in Iran. IRISL has scores of subsidiaries which have to enter investing market. If two factors of long-term investing and the investing itself are studied and deregulation carried out, investors will be encouraged to invest. Those who participate in stock are grounding a type of economic democracy.

Challenge in Maritime Economy

PD: *IRISL have been able to be more active during the post-sanctions era and started its operations strongly due to the advantages it has in supply chain. Mr. Ghomi could you please explain the reason for that?*

Ghomi.j. E.: it is appreciable if more professional sessions held in maritime economy field. In fact, hinterland is more profitable. Assaluyeh Port is equipping and we hope to use foreign investment aid in this part. In ship repair field, we invested heavily. Persia Hormoz ship repair yard has been successful in this section in a way that it attracted foreign investors. IRISL share had an appropriate increase during the post-sanctions era. Therefore, it



grew enough and provided the best profit to a stakeholder.

Javidi. A: considering good relations of the Managing Director of IRISL, Dr. Saeedi, with domestic and foreign investors, he can solve many economic problems and results will be announced when finalized. Planning team, strategic studies and codification of executive plans in IRISL are all well-organized. According to global economy and the present recession, combination is one of the policies in strategic planning. If capabilities combine, competitions and prices can be controlled, market division will be done in a proper way and ships will have high level of efficiency.

Malakpour. M. R.: there is an important principle in investment. Whenever Baltic index decreases, most of ship-owners develop their companies because of thinking in a long-term period. Central Asian market constitutes 400 million people and IRISL can easily use market planning to address the required needs.

We need commercial intelligence. 72 countries have joined TFA. Turkey and Yemen have joined in our region and if 120 countries join the agreement, it will be implemented. Another topic which is proposed in international trading is Safe Harbor which paves the way for an integrated port operations.

Ghomi. J. E.: having international nature, IRISL obtained financial statements based on international standards since 2005 and delivered them to international banks. We have access to improved international financial and trading systems based on international standards due to the fact that, the main partner of IRISL was international banks in previous years. IRISL has more than 140 forwarders in Iran which receive cargos across the country. Therefore, when a cargo carrying request is made up to the time that the fee is paid; the process is recorded in the system. IRISL has about 4,000 shareholders and is active in the stock market. Therefore, it provides an open atmosphere to the private sector.



IRISL in Europe

IRISL Europe GmbH was established and registered in Hamburg, Germany in 2001 for the purpose of operating, managing, providing services to vessels calling at European ports including Germany where the highest level of marine technology is within easy reach. Since its establishment, the Company has been assigned with a wide range of activities, duties and is acting as the IRISL's regional Office across Europe as well as in the North/South American Continent.

Dr. Bateni, the managing director asserts the core aims of establishing IRISL Europe to provide quick quality response to the day to day numerous queries, concerning cargo bookings, sales & marketing, commercial & operation duties, depots, ports & terminal services, equipment distributions, logistics supports, haulage service arrangements, technical & husbandry services, documentations, accounting & disbursements, business consulting & providing market reports, vessel acquisitions & financing, brokering & chartering and the administration of trust accounts.

The organizational structure of IRISL Europe is influenced by following departments:

- Ship-management Division
- General Agency Division

Ship management Division Services

Relying on its qualified and motivated staffs, expertise, IT network, maker and suppliers, the company offers the full range of services such as supplying spare-parts, supervision, technical and commercial management services, and disbursement along with accounting

services. The technical division supported by effective safety and quality manuals offers a high level of experience and expertise with the challenge of enforcing the highest safety and quality standards and cost control across the fleet. Cost awareness, integrated technical condition monitoring services are always high on the agenda when vessels of IRISL Group are calling at any European port/s and while staying in the region IRISL Europe Regional Office ensures safety, competitive operating with costs effective and improved service levels. By maintaining high quality standards and local awareness, the company is able to reduce maintenance and operating costs of the vessels managed by IRISL and IRISL associated companies. Best practice in supervision and maintenance of the vessel guarantees a trouble free operation. Unforeseen repairs are arranged and remedied, economically and at short notice through the office.

IRISL Europe has gained considerable purchasing power with experienced and worldwide reliable suppliers by incorporating in a procurement pool of its worldwide partners. This results in cost effective procurement and immediate availability of genuine spare parts and services to the fleet, directly or via its subcontractors and service providers.

General Agency Division

The office offers a full commercial and operation services to the bulk, breakbulk and container lines, meeting up with local trading partners, terminal operators, depots, trading houses and looking after



sales and marketing activities by adopting local touch approach policy through its network of agencies. PRODUKTELEBENSZYKLUS EV. MATRIX DER PRODUKTE (QUESTIONMARKS, CATS, CASH COWS, DOGS)

IRISL Europe in addition to being IRISL Regional Office in Europe, also provides General Agency Services for a number of the world's leading ocean carriers, e.g., SAPID Shipping Company (concentrating on bulk and breakbulk and tanker), and HDASCo Lines (Container Shipping Company) and handling Agency Services for tens of other various singly purpose companies registered across Europe.

Logistics and equipment management are carried out through its network of agencies in the region and the company maintains its control on the equipment and containers by tracking all sectors and making sure that, timely services and customers' container requirements are met at places of needs.

Regarding marketing, Dr. Bateni stated that: Unlike many other competitors, with full support of top

management, IRISL Europe offers competitive freights and will support its loyal customers in containers carriage, conventional shipments and bulk cargoes, in best possible terms.

Furthermore, IRISL Europe provides professional accounting, treasury and financial reporting services, collecting freights and other earnings from customers, agencies and other contracting parties. Supervising on the operational costs and disbursements entries made by various vendors, service providers and agencies and making sure cost control monitoring are attended to in an effective way and optimizing the financial performance of each vessel.

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Office profile

Established: 2001

President: Dr. Naser Bateni

Activities: Shipping agency, Container and bulk shipping, Logistics and equipment management, Booking and marketing, Finance, Regional agency services

Operating ports: Hamburg, Antwerp, Barcelona, Genova, Istanbul, Rotterdam, Le Havre, Felixstowe, Liverpool, Southampton, Lisbon, Bilbao, Valencia, Trieste, St. Petersburg, Malta



IRISL in China

IRISL office in China succeeded in getting operation license from Ministry of Communications in 1993 and the company gradually managed to control the shipping operations from north to south China, in main ports and all river ports, Taiwan and Hong Kong.

In 2004, IRISL founded a company and registered IRISL China Ltd. in China Commerce and Industry Bureau, and successfully received the “Business License” and functioned as general agent for all IRISL Group of companies.

IRISL China Ltd. on behalf of IRISL Group of companies has signed contracts with appropriate Chinese companies to facilitate the operation, receive the required services and purchase required spare parts and ship stores. Taking advantage of 41 staff in financial, commercial and technical departments, and an extra office in Shenzhen, the company operates in mother vessels berthing & unearthing, husbandry, draft survey, cargo inspection, lashing, bunker survey, bunkering, container

terminal handlings, connecting shipments from feeder to mother vessels (river ports), pilotage, tugs, bulk & container depot handlings, container repairs, warehouse and land haulage. The company also manages marketing for all type of cargoes including containers, bulk, break bulk, liquid cargo, petrochemical and LPG cargo, destined worldwide along with issuance of Bill of Ladings, telex release, manifest issuance and corrections, custom clearance & declaration for inbound and outbound cargoes and documentation. Preparing weekly market report and finding new customers.

Online freight collection under the treasury system, settlement of expenses, fund support on behalf of IRISL Group of companies and management of overseas offshore and domestic payments in all types of currencies along with preparation of annual budget and financial monitoring are carried out through this company. Moreover, the company prepares financial statement of account on quarterly basis along with auditing reports.



Apart from mother ports mentioned below, the company works with the following feeder and river ports in a wider network: Taicang - Nanjing - Nantong - Yangzhou - Zhenjiang - Zhangjiagang - Changzhou - Changshu - Wuhu - Hefei - Wuhan - Jiujiang - Chongqing - Yueyang - Changsha - Nanchang - Yichang - Wenzhou - Zhapu - Yiwu - Jinzhou - Bayuquan - Rizhao - Busan - Tai Ping - Sha Tian - Gaoming - Jiujiang - Lanshi - Foshan New Port - Sanshan - Sanshui - Qingzhou - Mawei - Beihai - Fang Cheng - Guigang - Qinzhou - Wuzhou - Huangpu - Haikou - Gaosha - Waihai

- Xinhui - Shantou - Beijiao - Leliu - Rongqi - Haitian - Xiangyu - Xiamen - Yunfu New Port - JiSi - Gaoyao - Mafang - Sihui, Mafang Port - Waimao - Xiaolan - Hongwan - Hongkong

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Managing Director: Capt. Farshad Shahbaz

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Email: md@e-sail.cn

Office profile

Established: 1993

President: Capt. Farshad Shahbaz

Activities: Container and bulk shipping, bunkering, tugs, container repairs, warehouse, land haulage, marketing, ship repair, overseas offshore and domestic payments

Operating ports: Shanghai - Ningbo - Tianjin - Qingdao - Lianyungang - Dalian - Chiwan - Xiamen - Kaohsiung



IRISL in Middle East

IRISL regional office in the Middle East was established in 1987 in UAE and since that time, is providing full range of shipping agency services to IRISL fleet vessels and the group's companies. The office provides direct shipping agency services in all UAE ports like Jebel Ali, Ras al Khaimah, Fujairah, Khurfakan, Shrhah and Hamriah. IRISL ME acts as IRISL Group general agent over a wide area of the world extended to Sri Lanka, Indian, Pakistan, Persian Gulf and African countries controlling local agents in all ports within the mentioned area.

Due to the strategic location of UAE for commercial and shipping activities, UAE ports have been a very frequent destination of fleet vessels and this regional office is serving all requirements of national fleet regarding operation, commercial, technical, bunkering, supply and financial needs by the help of its skilled and capable staff.

Major activities of IRISL Middle East are carried out by four departments.

Operation Department

The department's activities range from arranging berthing and un-berthing of the vessels, coordination/

supervising loading and discharging containerized, bulk/break bulk and other shipments, ticket selling and passenger services to supervising local agencies in countries under the control of this regional office, necessary coordination with port authorities and terminals, arranging crew sign on/off, repatriation, medical and other required services to fleet personnel, coordination for feeding services and supply of fuel and fresh water to vessels at ports and anchorage. Operation department email:

Operations@glshpg.com

Commercial Department

The department activities include marketing and sales for container lines, time/voyage chartering of bulk/ break bulk vessels, cargo documentation, delivery order services, custom clearance, market study, customer services.

Commercial department emails:

sales@glshpg.com

chartering@glshpg.com

documentation@glshpg.com

Technical Department

The department focuses on arranging technical services and fleet vessels repair, dry docking of vessels in DUBAI DD/ JADDAF/DMC,



coordination for periodic /annual surveys , issuing /renewing of vessel certificates , TOC (Transfer of class) and required coordination with IACS member classes , arranging hull cleaning and supplying spare /store / lube oil to the vessel.

Technical department email:
tech@glshpg.com

Financial Department

The financial department manages processes of all invoices for port/ repair/ fuel, disbursement of CTM for fleet vessels, controlling of all invoices for local agencies under this office territory, providing periodic and annual reports, follow up with sub-agents collecting outstanding freights, arranging outside UAE ports agency payments,

collecting freights from all the customers.

Financial department email:
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Office profile

Established: 1987

President: Capt. Majid Mosakhan Bakhtiari

Activities: Shipping agency, Container and break bulk shipping, Marketing, Tanker,

Operating ports (in UAE): Jebel Ali, Ras al Khaimah, Fujairah, Khorfakkan, Shrhah, Hamriyah Port Rashid, Al Hamriya Port, Khalid Port , Khalifa Port, Zayed Port, Ruwais

Operating Countries: Sri Lanka, India, Pakistan, Qatar, Bahrain, Kuwait, Saudi Arabia, Iraq, Yemen, Jordan, Egypt, Sudan, Kenya, Tanzania, Lebanon, Syria, Turkey, Libya, Algeria, Tunisia



IRISL in Malaysia & Singapore

The offices aim to revive IRISL brand in Asia and especially in Malaysia and Singapore and handle shipping in South East Asia including Singapore, Malaysia, Thailand, Indonesia,

Vietnam, Bangladesh, Myanmar, the Philippines, and Japan.

Taking advantage of technical, operational and commercial departments the offices handle



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overseas offshore and domestic payments along with marketing container, general cargo, and bulk from South East Asia to any existing port throughout the world. Moreover, providing technical support and spare parts along with bunkering and container repair are within the office's responsibilities.

The offices manage shipping in Malaysian ports of Port Klang – Pasir Gudang- Penang and Thai ports of Laem Chabang – Bangkok – Phuket along with Indonesian Jakarta – Surabaya – Belawan – Semarang – Palembang ports, Ho Chi Minh City – Haiphong in Vietnam, Yngon in Myanmar, Chittagong in Bangladesh, Manilla, Cebu and

Davao in the Philippine and finally yet importantly, Singapore port.

Reminding the new economic opportunities in Europe, Japan, S.Korea, and Iraq in post sanction era, Capt. Reza Amini as the managing director of the offices targets the expansion of the business in new countries such as Cambodia and taking a big share of shipping the South Asian cargos to Europe and the Middle East.

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Office profile

Established: 2002

President: Capt. Reza Amini

Activities: Shipping Agency, Container and bulk shipping, Marketing, Bunkering

Operating ports: Port Klang – Pasir Gudang- Penang, Laem Chabang – Bangkok – Phuket, Jakarta – Surabaya – Belawan – Semarang – Palembang, Ho Chi Minh City – Haiphong, Singapore Port, Yangon, Chittagong



IRISL in South Korea

IRISL established two offices in South Korea in 2004 and achieved Shipping Agency Business and International Forwarding Business Licenses in 2009 and 2010 respectively. The offices provide Container cargo service to HDASCO. , B. Bulk cargo service and Project cargo service to SAPID Shipping Company, a subsidiary of IRISL. Located in Seoul and Busan, the two offices operate ships in the container terminals of Busan and Kwangyang ports in South Korea. Moreover, Bulk cargo is handled by this office through Masan, Incheon, Pyangtaek, Mukho, Daesan, Ulsan, Pohang, Yeosoo, Gunsan, Mokpo ports throughout South Korea. Capt. Zahmatkesh as the president and CEO of the office in response to the question whether he has a development plan for the office stated that: we are now accelerating our marketing activities to get back to our golden time before the sanctions through reestablishing close relations with each valuable customer including all cooperative companies for well-timed vessel management in each terminal.

Also, we are strengthening our sales activities to receive orders for such a wide range of cargoes as electronics, CKD, auto parts and steel goods for containers, various construction equipment and bulk and raw materials including steel goods for break bulk. Moreover, through adequate investment into manpower and any advanced IT along with consistent marketing activities, we will stay put not to miss any small opportunities to enlarge our sales scope and enter into new business like forwarding issues. In addition, we have renewed all contract with appropriate companies such as port service, transportation, container repair, stevedoring & bunker supply etc. Finally, South Korea is geographically near the huge Chinese, Japanese & Russian market & Busan port is considered a hub with network of over 500 sea ports in 100 countries and the office aims to advance its activities beyond northeast Asia.



Apart from the intention to resume the cooperation with big Korean companies including LGE, SAMSUNG, and SAPCO and win their entire container shipping to Iran, IRISL office in Korea projects to secure customers and make contracts with forwarding agents in other countries.

Seoul Office Address: 18th Floor, Sebang Building(Yeoksam-dong), Seolleung-ro 433, Kangnam-gu, Seoul, Korea

Busan Office Address: Room no. 802, Yuchang Building (Jungang-dong 4ga) 72, Jungang-daero, Jung-gu Busan, Korea

Managing Director: Capt. Ghasem Ghayour Zahmatkesh
 Tel: 82-2-2185-2330
 Cel: 82-10-4120-6162
 Email:ceo@compassco.kr

Office profile

Established: 2004

President: Capt. Ghasem Ghayour Zahmatkesh

Activities: Container and bulk shipping, port service, transportation, container repair, stevedoring & bunker supply

Operating Ports: Busan, Kwangyang, Masan, Incheon, Pyangtaek, Mukho, Daesan, Ulsan, Pohang, Yeosoo, Gunsan, Mokpo



IRISL in India

The office earlier known as IRISL INDIA PVT. LTD was incorporated in 2006 and obtained its license from Registrar of Companies, Maharashtra, and Mumbai.

The office on behalf of IRISL Group of companies has signed contracts with several CFS and vendors to facilitate the operation, container repairs and to receive the required services.

IRISL has been present in India since the past 40 years and is currently functioning under the name of Pan India Shipping Pvt.Ltd. as the regional office. Pan India Shipping is ably guided and led by Mr. Mahmoud Pishbin who spearheads three verticals of IRISL in India under the brand names Hafez Darya Arya Shipping Company (HDASCO)/SAPID SHIPPING CO/CREWING & MANNING. HDASCO Lines along with its General Agents Prudential Global Logistics Pvt.Ltd. Operating a regular liner service Ex-West Coast India to the Persian Gulf, East and West Africa. These services are further expanded from the West Coast of India as well. In addition, HDASCO is expanding its services to Europe, Umm Qasr and Colombo.

HDASCO also brings in Petroleum and Oil Products from Iran to India to facilitate the trade between the two countries and thus plays a pivotal role in bringing the two countries closer in terms of energy and trade.

The second vertical in Pan India Shipping (IRISL INDIA) is SAPID Shipping which is the Break bulk arm of the IRISL group. J M Baxi and Company is the general agents in India for their Bulk/Break bulk/Tanker vessels calling at all Indian ports. SAPID shipping calls West Coast India regularly and facilitates the movement of industrial and agro and chemicals which is the principal export commodity between India and Iran.

In addition, the last vertical coming under the supervision of Pan India Shipping (IRISL INDIA) is the recruitment and crewing side whose agents in India are the Deep Sea Group who offer their services to IRISL for their dry fleet and Chemical tankers.

Mr. Mahmoud Pishbin as the managing director of the office projects to carry on all or any of the



business of manufacturers, sellers, importers, exporters, distributors, dealers, suppliers, constructors, builders, developers, promoters, financiers, concessionaires, brokers or agents of all in all or any goods, products, plants, machinery, equipment, articles, property, chattels, services or concept of any nature or description whatsoever and in all or any part of the world.

In accordance with the instruction of honorable chairman of IRISL who mentioned during 2016 India summit, Mr. Mahmoud Pishbin targets to establish a joint venture company with capable Indian companies to expand the business in India sub continental.

Mr. Mahmoud Pishbin is committed to ensure that

IRISL's flag continues to fly high even to greater heights in the Indian sub-continent in the coming years.

Office Address: Pan India Shipping Pvt.Ltd.
312, Solitaire Corporate Park,
Chakala , Andheri east.
Mumbai-400093.

Managing Director: Mahmoud Pishbin
Tel: +91-28206011/12
Fax : +91-22 28234043.
Cel: +91-9920600012
Email : md@panindiashipping.com

Office profile

Established: 2006

President: Mahmoud Pishbin

Activities: Container and bulk shipping, Manning, Marketing, Tanker

Operating ports: Calcutta, Chennai, Cochin, Vizag, Tuticorin, Nhava Sheva, Mundra, Kandla, Hazira, manglur, and the dry ports: Ludhiana, Loni, Delhi, Daderi



Container Shipping in IRISL

HAFEZ DARYA ARYA COMPANY



Employing 250,000 TEU containers under its ownership and supervision and offering four operational lines, Hafez Darya Aria container shipping company performs one of the major activities in IRISL. The company operates 24

ocean-going ships translating to 91000 TEU in HDM, SCP, SAS and ECL service lines which cover East Asia, East Africa, the Mediterranean Sea, and South America. The company operates through five departments and division of Financial Department,, Planning & Development Department, Operation & Capacity Management Division, Container Operation Department, Marketing and Customer Service Division to provide service in the lines as follows:

HDM service line:

There are 9 ships comprising 5 vessels, each of 6500 TEU and 4 vessels of 5100 TEU capacity in this run, covering all ports and routes of Far East to the Persian Gulf region and offering the

fastest transit times with direct sailings from Dubai, B. Abbas and Assalouyeh to Qingdao, Tianjin, Lianyungang, Shanghai and Ningbo on the East-bound leg as well as from these Chinese ports the Persian Gulf on the West bound passage altogether in 49 days. Other ports of this route have been covered by feeder vessels to the mentioned main ports.

SCP Service Line:

The line holds 6 vessels altogether, 3 of which have a capacity of 3300 TEU each, 2 have a capacity of 2700 TEU and one enjoys a capacity of 2500 TEU, connecting the ports: Kaohsiung, Xiamen, chiwan and Shenzhen, Singapore, Malaysia, Thailand, Vietnam, Indonesia, Myanmar,

Bangladesh, the Philippines, Sri Lanka and India to Bandar Abbas, Assalouyeh and Dubai in the Persian Gulf and vice versa in 35 days.

SAS Service Line:

The Eastern Africa states like Tanzania and Kenya are linked

to India and Pakistan and eventually to Iran by 2 vessels running in this route, with a capacity of 1000 and 2200 TEU respectively in 35 days.

ECL service:

The service is performed with 8 fully containerized ships of 2500 & 2700, 3300 TEU capacities.

It is a fixed day weekly service covering shipments from Persian Gulf, Indian Sub-continent, Gulf of Aden, Red Sea to Mediterranean Sea & North Europe and exports from Europe and Mediterranean Sea to these areas. It will act as the main corridor connecting Iranian exports to Europe and vice versa.

DEPT	FAX	TEL	EMAIL
MD Office	+98 (21) 23843701	+98 (21) 23843136	md-office@hdasco.com , md@hdasco.com
Financial Dept.	+98 (21) 23843707	+98 (21) 23842660	financegm@hdasco.com
Planning & Development Dept.	+98 (21) 23843706	+98 (21) 23843246	sys.plan@hdasco.com (customers' complaints) Ag.plan@hdasco.com (Agents' Performances)
Operation & Capacity Management Division	+98 21 26100469	+98 (21) 23843182	Gm.operation@hdasco.com Dgm.operation@hdasco.com
Container Operation Dept.	+98 (21) 23843705	+98 (21) 23843156	gm.cs@hdasco.com csl@hdasco.com
Marketing and Customer Service Dept.	+98 (21) 26100740-41	+98 (21) 23843199	<p>nc.marketing@hdasco.com for any rate enquiries from Central & North China , Shanghai, Dalian , Ningbo ,Qingdao , Tianjin , Lianyungang & all Yangtze river ports to all destinations in Hafez Darya Arya network of service.</p> <p>Sc.marketing@hdasco.com for any rate enquiries from South China , Taiwan , Hong Kong , Shenzhen , Xiamen , Kaohsiung & all Pearl river ports to all destinations in Hafez Darya Arya network of services .</p> <p>Sa.marketing@hdasco.com for any rate enquiries from South East Asia and East Africa & Persian Gulf ports to all destinations in Hafez Darya Arya network of services .</p> <p>ljm.marketing@hdasco.com for any rate enquiries from Indian sub-continent, Sri Lanka ,Pakistan & South Korea , Japan to all destinations in HDS Lines network of services .</p> <p>Eu.marketing@hdasco.com For any rate inquiries from Europe , Mediterranean countries , Black Sea & Red Sea to all destinations in Hafez Darya Arya network of services .</p> <p>crm.marketing@hdasco.com The section takes the task of receiving feedbacks from customers after their cargoes have been carried, while attending to their needs and any comments or suggestions they may have concerning transportation of their goods.</p> <p>The experts at Marketing and customer Service division are always ready to respond to respected customers through the following contact numbers: Gm.marketing@hdasco.com</p>



Bulk Shipping in IRISL

SAFIRAN PAYAM DARYA
(SAPID) P.J.S



Safirán Payam Darya (SAPID) as an IRISL subsidiary offers bulk and general cargo shipping services in five ranges of food, chemical, industrial cargos, crude oil, petroleum and other liquids cargo. Taking advantage of Handymax & Handysize, Supramax, Panamax, General cargo ship, Oil tanker and chemical vessels with a total capacity of 3,142,598 DWT, the company tries to do its best in the realm of tramp bulk and liner operations in a wide range of ports all over the world especially in post-sanction era in Iran.

The company offers a variety of services including sea carriage

and ships operations, chartering and shipbroking.

After lifting the sanctions, SAPID shipping company seriously intends to expand its activities all over the world and in connection with the stated plans, has recently restarted its liner activities in European ports and expresses to be ready to offer timely and standard services which live up to our customers' expectation and satisfaction, Mohammad Reza Ghaderi, the Managing Director said.

The tramp bulk carriers with different capacities and sizes are deployed for shipping food, chemical and industrial cargos, crude oil and petroleum and



other liquids between different ports in different regions while Liner operations, utilizing multi-purpose vessels, suitable for carrying general and other types of cargo (machinery, bagged and project cargos, steel products, etc.) are serving customers in different ports in Asia, Europe, the Persian Gulf region, Black sea, Mediterranean sea, Africa and South America.

In the realm of chartering, expert and veteran members of chartering department are performing both charter-in and charter-out for different vessel sizes and types including bulkers and multi-purpose vessels in this company. Mohammad Reza Ghaderi stated that the company benefits three special privileges over its rivals:

- Having a long

commercial relation with top class world charterers, shippers; both internal & external in the shipping markets.

- Easy and full accessibility of the customers to the dedicated and responsible experts for obtaining the latest and full

information regarding their cargoes position and status.

- Privilege of enjoying the 10% flag due exemption for the customers who carry their goods on the Iranian flag vessels according to the present regulations.

DEPT	FAX	TEL	EMAIL
MD Office	+98 21 26100340	+98 21 26100334	MD@SAPIDSHPG.COM
DMD Office	+98 21 26100330	+98 21 26100726	DMD@SAPIDSHPG.COM
Bulk Industrial Dept	+98 21 26100403	+98 21 26100402	BULKINDUSTOPS@SAPIDSHPG.COM BULKINDUSTMARKTG@SAPIDSHPG.COM BULKINDUSTCOST@SAPIDSHPG.COM
Chemical Bulk Dept	+98 21 26100461	+98 21 26100460	BULKCHEMOPS@SAPIDSHPG.COM BULKCHEMMARKTG@SAPIDSHPG.COM BULKCHEMCOST@SAPIDSHPG.COM
Food Bulk Dept	+98 21 26100401	+98 21 26100333	BULKFOODOPS@SAPIDSHPG.COM BULKFOODMARKTG@SAPIDSHPG.COM BULKFOODCOST@SAPIDSHPG.COM
General Cargo Dept Asia/Euro Liners	+98 21 26100478 +98 21 26100477 +98 21 26100482	+98 21 26100475 +98 21 26100474 +98 21 26100483	EUROCARGO@SAPIDSHPG.COM ASIACARGO@SAPIDSHPG.COM
Chartering Dept	+98 21 26100465	+98 21 26100729	CHARTERING@SAPIDSHPG.COM
Planning & Development Dept	+98 21 26100545	+98 21 26100473	P&DINFO@SAPIDSHPG.COM P&DGM@SAPIDSHPG.COM
Finance Dept	+98 21 26100411	+98 21 26100410	FINCHARTACCT@SAPIDSHPG.COM FINOPSCOST@SAPIDSHPG.COM FINACCT@SAPIDSHPG.COM
TANKER Dept	+98 21 23843762	+98 21 26100456	COST-TANKER@SAPIDSHPG.COM OP-TANKER@SAPIDSHPG.COM COM-TANKER@SAPIDSHPG.COM

Ship Management in IRISL

RAHBARAN OMID DARYA
(ROD)



Rahbaran Omid Darya (ROD) Ship Management Company is an IRISL subsidiary with well-established organization and qualified employees of nearly 50 years experience and is a global third party ship manager, providing a complete range of integrated marine services.

The company offers management services for shipping and off-shore industries on a worldwide basis as follows:

- Ship's Technical management
- Spare and Store supply management
- General repairs & Dry docking projects management
- Technical supervisions & voyage repairs management
- Technical inspection with classification approval
- Technical management and supervision of new building & conversion projects

The Technical Department is responsible for maintaining the company's safety standards on vessels, and for coordinating, assisting and encouraging the master on the implementation and maintenance of the company's shipboard Safety and Environment Protection management system.

ROD has a strong and professional vessel's

management team. The operation management team consist of 71 senior superintendents with an average of 10 years experience at sea. This dedicated team provides all the necessary logistical support to achieve smooth operations on the ships. The superintendent team consists of 53 technical, 12 electronic and 6 marine superintendents. Other supporting departments such as R&D, technical supply affair, HSQE with professional and expert staves are organized in the ROD ship management company to provide best services to the customers. With nearly five decades of experience, ROD has risen to become a leading force in its field by adhering to an unequivocal commitment to quality and efficiency. The company is respected for its pioneering efforts in the implementation of safety of life at sea and safe ship and cargo operations as well as being a leading proponent in the fight against pollution and other environmental hazards especially in the Middle East.

The regional fleet management offices under the company's control are structured to provide

global service to the vessels in their immediate geographic area. A combination of traditional marine skills combined with cutting edge information technology makes ROD a world leader in third party ship management.

ROD presently manages 96 vessels of IRISL Group fleet with total capacity of more than five million tons.

ROD's global ship operations and management team brings a wealth of experience to all aspects of the technical, crew, and project management of a truly diverse and specialized fleet of managed vessels.

The type of vessels under ROD management included as handysize, handymax, Panamaxbulk carriers, chemical tankers, Bunker vessels, oil tankers, VLCCs, container carriers and general cargo ships. The operation of ROD ship management is based on safety, quality, and accuracy and cost efficiency and these are the advantages that make this company reliable and distinguished from other competitors in the world.

The policies and procedures reflected in every aspect of the management system in this company are based on recognized ISO and ISM standards to ensure regulatory compliance. The company also implemented the most advanced stage of SOLAS and IMO regulations on energy efficiency, SOx & NOx emission control and BWM system onboard the supervised vessels.



Ship Repair in IRISL

PERSIA HORMOZ SHIPYARD



Persia Hormoz, one of the subsidiary companies of IRISL, is known as the largest and the best equipped ship repair yard in Iran, and is one of the first ranking shipyards in the Persian Gulf Region.

Taking advantage of dry docking and general repair facilities and floating dock as big as 240x42m with 28000 MT Lifting Capacity, Persia Hormoz handles ship repair for the vessels of 80000DWT and manages 10 small vessels and 5 large ships simultaneously under repair. The ship yard takes advantage of the ships lift (Synchrolift) as big as 170x30m with 11000MT Lifting Capacity, suitable for vessels of 25000DWT.

Repair Jetty of 2x180m, 2x172m and 1x340m along with a 40T Crane and dry berth of 3x200m equipped with 2x40t Cranes have enabled Persia Hormoz ship yard to perform dry docking, and major repairs of all types of vessels including but not limited to tug boats, fishing vessels, barges, dredgers, offshore vessel, bunker supply vessels, chemic tankers, product carries, container ships, multipurpose carriers from the smallest to panamax size.

Yard Specialized Workshops are equipped with 6x648m² steel work, diesel engines, mechanical, shafting, hydraulics, piping and valves, electrical and automation, carpentry and

insulation, part machining and fabrication, etc.

Production Quality

Hamid Jamal Abad as the managing director and CEO of Persia Hormoz Shipyard targets to take advantage of educated and skilled workforces of the company to perform the operations in accordance with International Ship Repair Standards and Classification Requirements in a professional and safe manner through international certificates of ISO 9001, ISO 14001, and ISO 18001.

Quality of services, level of safety in work places and protection of environment in Persia Hormoz is well

understood by all as a company value and vigilantly monitored and controlled by concerned departments.

Branch Offices

Persia Hormoz Voyage repair department arranges and manages all kinds of afloat repairs by a well-organized group of competent sub-contractors

branch offices in major Iranian commercial ports in the Persian Gulf. These offices have been established to be ready to take action on short notice and round the clock on any days of the week.

Expansion plan

Finally, Hamid Jamal Jamal Abad in response to what plans he has for expansion of the yard, asserted that his team aims to increase the capacity of dry berth by %60 within the next 2 years.

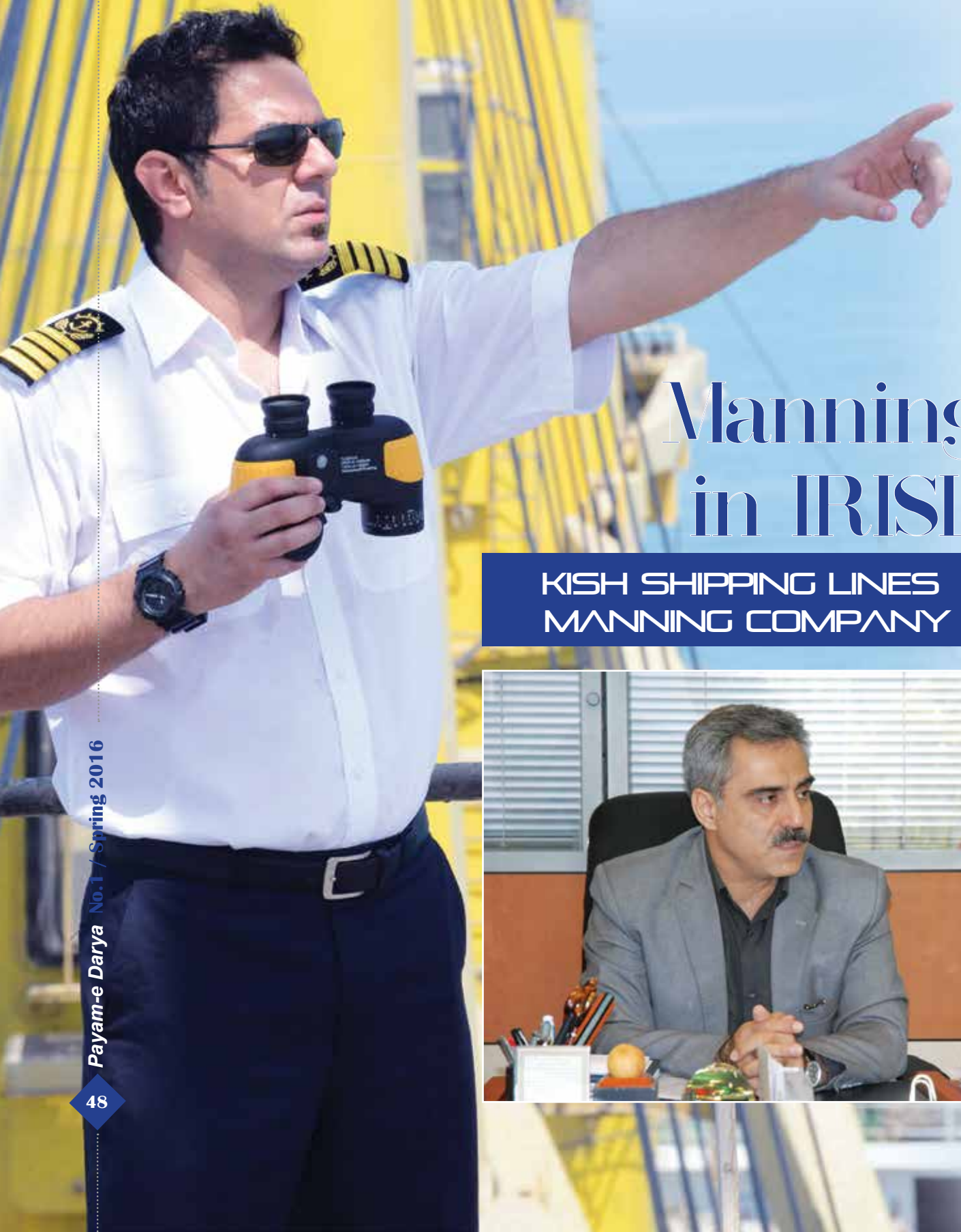
Contact Details:

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Tel: +98 76 32571194

Fax: +98 76 3257 1204





Manning in IRISL

KISH SHIPPING LINES
MANNING COMPANY



Name	Email
Managing Director :Capt.Reza Aghaei	md@krc-co.net
Deputy Managing Director: Mr.Amin Sameri	dmd@krc-co.net
Operation General Manager: Capt. Alireza Ebrahimizadeh	opgm@krc-co.net
Administration General Manager:	adgm@krc-co.net
Planning & Training General Manager: Mr. Aliasghar Eslampasand	trgm@krc-co.net
Accounting General Manager: Mr.Hamidreza Hassani	acgm@krc-co.net

Kish Shipping Lines Manning Company (KSLM-Co) manages manning for IRISL fleet and particularly ROD ship management, Dadban Marine Company, Khazar Shipping Lines, and Valfajr shipping Lines.

Functioning through one domestic company and seven companies abroad, KSLM-Co provides seafarers and marine staves for over 92 vessels under various flags in various types including bulker carriers, container ships, product tankers, chemical tankers and bitumen tankers.

The company has a pool of approximately 4000 seafarers in different capacities, mainly Iranian nationals.

Capt. Reza Aqayi as the managing director targets to ensure all the clients are satisfied with the services provided, and to step-forward never turning back. And furthermore to build long-term relationships with our customers and clients and provide exceptional customer services by pursuing business through innovation and advanced technology.

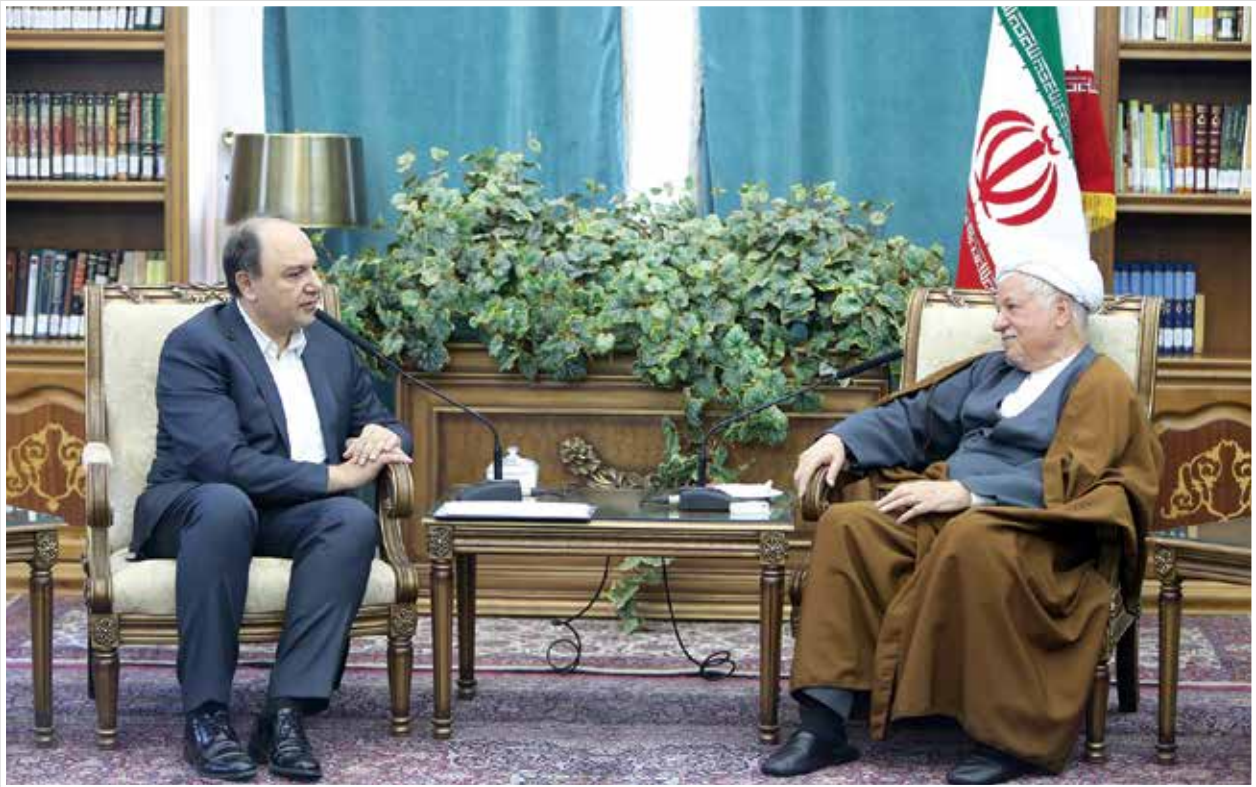
The company establishment has been supported by an elite and qualified group of crewing managers having high motivation and experience in their respective sectors and the company tries to follow two main goals: Expansion in the field of ship's manning in the region and beyond and to build a good reputation in the field of ship's manning.

Contacts:

Tel: +98 21 23842026 & +98 21 23842038

Fax: +98 21 26100523.





Extending IRISL's Success to Other Economic Sectors

In a meeting with the director and the senior executives of Islamic Republic of Iran Shipping Line (IRISL), Ayatollah Hashemi Rafsanjani expressed his happiness with the lifting of the sanctions, particularly with the international activities of the Iranian fleet. He considered using international interactions to move toward social welfare and conquering the peaks of prosperity; a

legitimate right for the Iranian people. Criticizing those who are implying the failure of Joint Comprehensive Plan of Action (JOCPA), the Chairman of the Expediency Discernment Council remarked that currently, important countries, organizations and international holdings worldwide are competing with each other to invest in Iran and collaborate with us.

PD reported, Ayatollah Hashemi Rafsanjani elaborated on Iran's geographical position in the Middle East, and pointed out to the rises and falls of political events. With reference to the narrow-mindedness of Persian Gulf Southern States authorities, Hashemi Rafsanjani stressed that facts of life and man's history highlight that political narrow-mindedness of this type is only temporary, and when rationality returns to some countries, neighboring nations will start cooperating with us. Recounting the statements of some European authorities who have visited Iran in the recent years, Hashemi asserted that any figure he had met had expressed his interest in building economic, scientific, cultural and social ties with Iran. Ayatollah Hashemi Rafsanjai deemed intense propaganda of Iran's government opposition to disappoint people as an act against the national interests, and further stated that political and faction-based approaches to national and public interests and unfair criticism of general state-related issues is in no way justified while the whole

supreme leader's political-religious fatwa clearly considered building nuclear bombs haram. This science is now localized in Iran, and it is irreversible. Referring to Iran's macro-policies, he added what Iran wants in its peaceful nuclear activities has strong roots in Islamic culture and Iranian civilization. Counting various benefits of nuclear energy and its significance in agriculture, hygiene and medical matters, Ayatollah Hashemi Rafsanjani emphasized there is no rational justification to deprive a nation from the countless merits of nuclear technology, by just accusing them of moving toward nuclear bomb. Pointing out the differences between the foreign political indices of the current administration and IRI's previous government, the Expediency Discernment Council chairman stated that the wise and sensible vision of the current administration and negation team's emphasis on logic and reasoning has helped improve Iran's international picture to what it is today, enabling Iranian ships to sail to any destination in any corner in the world. Expressing his satisfaction with the activities



of IRISL and Dr. Saeedi himself, Ayatollah Hashemi Rafsanjai asserted that IRISL's business booming indicates the progress of Iran's economy, and attempts must be made that such booming in economy is also created in non-petroleum exports.

At the opening of this meeting, Dr. Mohammad Saeedi, IRISL director and the chairman of the board, introduced this organization's executives and submitted a report on IRISL activities and

world is acknowledging Iran's success in nuclear negotiations. The Chairman of the Expediency Discernment Council considered JCPOA achievements to be mutual; and analyzing the why and the how of some countries' concerns regarding Iran's nuclear activities, he stated that their real concerns were the scientific growth of Iranian youth, otherwise Iran's

plans in the recent years as well. Delineating the constructive impacts of post-JCPOA in the shipping industry, Dr. Saeedi asserted that currently, Iranian ships, flying Iran's holy flag, are not facing any restrictions in entering international waters and docking at ports worldwide. This is, he added, a result of JCPOA.



Larijani:

IRISL Plays Leading Role on Iran's Economy

Parliament Speaker Ali Larijani said that Islamic Republic of Iran Shipping Lines (IRISL) should use its economic capacities for joint venture foreign investment.

“We hope the current year to be full of prosperities for Iranian people and to be active in new economic and political atmospheres”, Larijani made the remarks in a meeting with Managing Director and head of Board of Directors of Islamic Republic of Iran Shipping Lines (IRISL) Mohammad Saeedi.

IRISL to Renovate Its Fleet

The speaker, referring to post sanctions era, declared that the sanctions created problems for economic atmosphere of IRISL's fleet. However, at a time Iran opted to renovate the naval fleet and upgrade the national shipping industry. He believed that IRISL experienced the worst effects of sanctions and emphasized that all should know the value of IRISL.

He stated that IRISL used its whole capacity during sanctions and this should be registered in Iran's

resistance history.

The speaker said that the nuclear deal was the success of the Iranian diplomacy and that a new situation has taken shape by national aspirations and guidelines of the Supreme Leader, although certain issues remained unresolved yet.

Larijani further added that foreign countries are keen to use Iran capacities and accepted the fact that without Iran's help, they wouldn't reach their goals now that the sanctions have been lifted.

Advancement of Iran rooted in Marine Transport

Larijani referred to marine transport as the most effective factor in advancement of the country and said that Majlis will support IRISL by adopting legal provisions.

He believed that financing and foreign investment will help IRISL's fleet to be improved. He referred to creative mind of Dr. Saeedi and said we hope IRISL to create a great evolution.

Moreover, Larijani announced that IRISL has the most important and influential function in Iran's economy.

At the opening of the meeting, Managing Director and head of Board of Directors of IRISL represented a report on IRISL marine transport and development plan to achieve the best ranking among competitive companies of the world and asked Majlis to support them.

Larijani, referring to the position of IRISL as having the biggest fleet in the region, announced that IRISL with the capacity of over five million DWT is standing at place 22 in international ranking.

IRISL Competes Strongly in International Arena

Managing Director and head of Board of Directors of IRISL, said that during the post sanctions era IRISL's fleet didn't advance significantly, but now we have to compete strongly in the international arena.

He pointed out to the operation of East Asian line during sanctions and declared that the capacity of transportation, fleet and manpower are all of high importance now and we should do our best to preserve all the lines.

He said that during JOCPA, the first vessel of IRISL fleet started its voyage at the beginning of Norooz to North of Europe and referred to the cooperation of IRISL with one Italian company to support the Mediterranean Sea and south of Europe.

Another proceeding of IRISL relates to launching Latin American shipping line. The first vessel of IRISL fleet recently returned from Brazil through this line. He emphasized on promoting East Asia line and the first vessel's travel to South Korea through this line.

He continued: "revival of Japan shipping line is on the government's agenda as well as consultation regarding the restoration of the Vancouver line".

He, referring to the problems of ship's reinsurance, declared that two more basic problems about class and classification of ships have been solved during the post sanctions era.

He added: "fortunately, IRISL is equipped with professional manpower that is familiar with international markets".

He referred to the problems facing renovation of the fleet and said: "due to the limitation of interior resources, we intend to use foreign resources".

Ports & Maritime Organization will auction the terminals in the near future because giving the authority of a terminal to a foreign company will result in problems strategically. So, it is preferred to join an outstanding interior company with a foreign company to overcome probable difficulties, he said regarding the assignments of terminals to foreign companies.



The Dragon Awakens?



By : Amir Fallah

The news broke sometimes ago by IMF stating that Chinese purchasing power is by far, exceeding the American people . Chinese who have greatly developed in economic affairs are trying hard to outdistance other countries in the world under their national coordinated Management System. Chinese high officials have been prioritizing economic affairs, and not cultural and political affairs internationally for years in order to proceed with such plans, and it may be due to the fact that their economic development will also be able to draw global attention towards their cultural & political development patterns. China was used to be run based on a dominating and centralized economy before the year 1979, when Mao ruled over this country. The economy sector was mostly governmental and the government was responsible for devoting resources, producing goods, as well



as determining prices. During the year 1950 all private farms were dispossessed and a communist government started handling them. The government made enormous investments both in restructuring and human resources sectors in a bid to turn into an industrial country soon, and the result was that over 75% of the products were manufactured by the central government. During the period, private sectors as well as the international transactions were stagnant. The Chinese government was seriously determined to turn China into an absolutely self-sufficient country at the time. The importing was only limited to the products which could not be manufactured inside. Devoting resources did not bear any efficiency and none of the mechanisms used in the free market was available. The workers and farmers had no motivation to produce more qualitative products and enhance productivity. The average economic development through the years 1950-1978, based on figures issued by the Communist state, stood at 6.6% that was considered to be miscalculated by most of the statisticians and they attribute that to some of political orientations and disputes, while they believe that the figures having been assessed should actually have been standing at nearly 4.4%. Following Mao's death in the year 1978, Chinese government decided to start reforming measures based on free market procedures, open doors policy and establishing economical relations with western countries. Deng Zhiao Ping, the Chinese economic reformist has a well-known phrase saying: "what does it matter whether the cats are black or white, when they can hunt mice"? Based on this principle, China started reforming measures in 1979 in order to achieve their intended goal that is providing leisure for the people who will be living in the first half of 21st century. Thus Peoples of China National Congress set the following goals as its ideal plans:

- Providing the pricing and proprietary incentives for the farmers, enabling them to sell part of their products in the free markets.
- Developing four special economical regions across the sea banks in this country for

attracting foreign investments as well as expanding the export and import of hi-tech products.

- Making reforms with the purpose of decentralization such as transferring many of the companies to the local states that could compete in the region.
- Encouraging the citizens to start a business
- Developing free zones with tax-exemption incentives to attract foreign investments
- Gradual removing of pre-determined pricing system

Setting all these procedures ahead and working round the clock in harsh conditions gradually made China a country with an enormous population in the world enjoy the highest economic growth as well and start an industrial activity, considering that it wielded a great workforce.

The peoples of China National Congress started enforcing the one-child regulation , based on these procedures , in order to make the workforce concentrate their capabilities and time on more activities and create higher productivity , so that it would be able to control its population growth and provide more time for the citizens in various jobs as well.

China that used to enjoy a digital growth or sometime more than expectation through planning, and even received the slightest blow during the economic crisis which occurred in the year 2008 globally suddenly lost its cadence of growth in the third stage of economic planning which was aimed at conquering the whole world , and in 2015 experienced the least scale of economic growth during the past 25 years , i.e. since the year 1990.

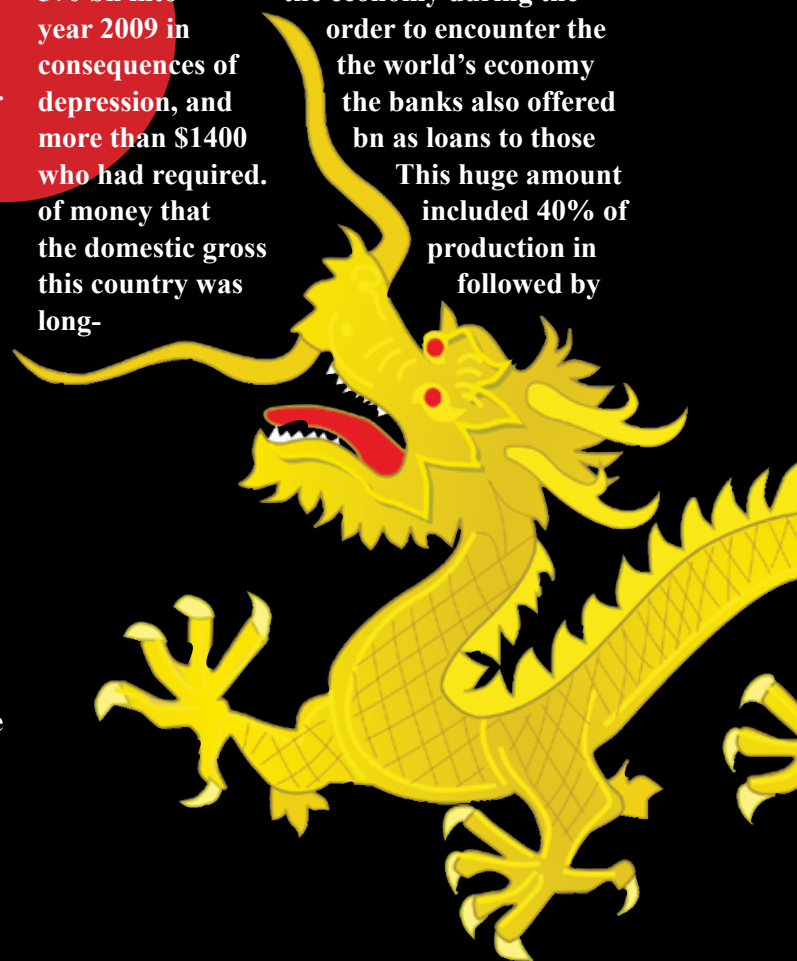
How the yellow dragon's growth declined?

China is presently considered as a major consuming market for South Korea and Japan. The country is also possessing over \$ 900bn of US debentures as well as holding the second rank in gross production, but some of the policies adopted by Chinese high officials made some analysts hesitate and fall into suspicion due to economic conditions in this country. In the year 2009 when there were economic pressures all over the world, China made huge investments in the housing sector and the banks

were ordered by the government to offer hefty loans to those involved in building and housing affairs. These huge investments in housing sector caused housing prices to rise increasingly, to such an extent that analysts presumed the prices would bubble up soon.

Prices in housing sector rose increasingly, making the situation more intimidating, but it should be noted that presently 60% of domestic gross production in China is gained from building and housing sectors. That was why Chinese government increased the rates of banks' legal deposits with the Central Bank three times in order to prevent the decline of housing prices bubbling up system and decreasing the number of loans offered by the banks in this country in April 2010 . During the same year, Shanghai synthetic index was decreased by 12% and the main concern of high officials in Beijing was how to bubble up prices in property market.

Chinese officials had infused a liquidity of \$ 570 bn into the economy during the year 2009 in order to encounter the consequences of the world's economy depression, and the banks also offered more than \$1400 bn as loans to those who had required. This huge amount included 40% of the domestic gross production in this country was followed by long-



term consequences such as growth of inflation and bubbling up of prices in various markets, particularly the property market. Chinese high officials looked upon this issue with concern and were trying to manage and control this sector with some mechanics, since they knew quite well that if bubbling up of prices goes out of control and vanishes, the market will fall and not only the economy level will seriously suffer in China, but also the banks would face numerous problems in collecting installments of loans having already been offered to their clients. In fact, flourishing of the housing and building sectors had been the result of an increase in offering loans by the banks during the past years, and did not have any natural procedure. However, what shouldn't have happened, occurred and the expression "bubbling up" left an impression on Chinese economic system and continued until this country that was an economic tycoon, and the most major importer and manufacturer of steel in the world seriously decreased imports and production of its minerals and steel and even made its own unprecedented decision during the last few years, that is, downsizing 12 million workers in the mines and steel works in order to make up for the problems having occurred in this sector. The giant volume of liquidity prompted the global analysts to give warnings on this issue, and Wall Street journalist predicted that this volume of liquidity would damage Chinese



housing markets and bring about bubbling up prices system in every sector, while the next volume of this liquidity would target the capital market as its next goal, of course this came true in a surprising event, so the Chinese stock market encountered terrible bubbling up prices. This made Chinese government stop daily exchanges at this market after many years at the end of the year 2015.

But this was not the whole problem China faced in decreasing its economic growth. There are also two other main reasons that are by chance, not related to the economy; decrease of childbirth and the slackening of pace in the trend of urbanization. Although drop in childbirth contributed the economic growth during the 1970s, (Those parents having fewer children had more time to work), the same working people would be retiring after 40 years, but these old parents will not have more children to take care of them now.

In fact a drop in childbirth rate will give the poverty-stricken countries the chance of growth only for once, and China has managed to take advantage of this privilege completely. The country's workforce started to decrease since the year 2012 and the trend is expected to continue in the next decades.

Even if we presume that the childbirth will start to increase as of tomorrow, it will take some decades until these children reach the working age. Therefore, the Chinese government made decision to make some amendments in the one-child regulation, enabling young couples to have two children from now on.

The slackening of pace in the trend of urbanization will also disturb the rate of population growth in China. In 1980, less than one-fifth of Chinese population lived in urban regions. Some of the experts as well as high officials, including the Chinese Prime Minister state that there are still enough vacancies in China for increasing the rate of urbanization. But not only the number of new buildings have not increased in this country, but also they have been decreasing considerably as well. The number of unoccupied houses in the Chinese big cities that increase by day suggests that

urbanization has actually reached the full extent in this country.

China acted according to some disciplined procedures such as making variations in the Yuan exchange rate against the Dollar several times in order to evade such a situation and that its predictions would come true so it would be able to increase the trend of exports by devaluing the national national currency, but the special conditions in China which had brought about main changes in consuming markets and a steep downturn in prices of material such as oil, are more extensive than they leave any remarkable impression as a result of such changes.

Also the decrease in bulk index rates through global shipping lines, which are the major destinations and markets for bulk materials, particularly minerals in China is somehow related to a drop in its demands for raw materials as well as decrease of population growth in this country. Therefore, after many years the economic growth in China could only stand at the scale of 6.9 per cent, which is the least scale in the past 25 years, against to Chinese high officials' prediction who had already proclaimed that it would be 7 per cent in the year 2015.

At the end of the year 2015, Chinese National Statistics Bureau announced in a statement that the services section constituted 50.5 per cent of the whole domestic gross production in this country and this is actually the first time that services and not production sector accounts for more than half of Chinese economic system.

China in the Year 2016

What was mentioned above indicated the ups and downs in the world's second economy. However, the New Year started in China with some amendments being slightly made to its economical trend, while developing special conditions for the economy to recover once again.

Following the improvement of housing sector as well as the increase in the new credits offered, Chinese economy managed to stabilize during the first three months of the year 2016. During this period, the domestic gross production enjoyed a growth of 6.7 per cent

which was actually between 6.5 to 7 per cent at the end of the year as had been predicted by the economists, while being directed towards developing the government as well. During March 2016, the new credits, industrial products, fixed investments, and retailing prices in China rose and developed much more than what analysts had predicted. The industrial products in China indicated a growth of 6.8 per cent during March while the retailing figures showed a growth of 10.5 per cent at the same time. The unemployment rate also which had slightly increased, managed to stand at 5.2 per cent during this period. These caused signs of stability to be seen in the world's second greatest economy system,



despite the slacking of pace in US congested policy, recent increase in oil and metal prices as well as the global stock markets to affect such a stability as well.

Of course once the credits were increased in March, some concerns were raised again regarding durability of such an improvement. Although IMF didn't make any positive prediction for China for the years 2016 and 2017 as compared to 2015 at the start of the New Christian year , and the rate 6.3 and 6 had been predicted for the current year and 2017 respectively, of course in the best conditions, and also had advised Chinese high officials to make provisions in order to increase demand and consumption and enhance public confidence

as well, so that these short activities would bear fruit in the long term, IMF chief , Christian Lagard publicly announced that China economical growth would be expected to stand at 6.5 per cent for the current year, on 18th of April, during an interview with B.B.C Network. Also in spite of some optimisms gained from Chinese economy situation as well as transformations having been made in the country's economy in the first semester, Organization of Economic Cooperation and Development (OECD) has declined its predicted rate for economic growth in the world during the year 2016, from 3.6 to 3.3 per cent accordingly. BERD organization has also predicted the economic growth more pessimistically to be 2.8 per cent during the current year, and China having the second great economy in the world has been one main reason for this reconsideration and pessimistic predictions. Considering all these conditions and the present situation of the global economic, China, having the second great economic system is expected to be able to go through the year 2016 better than the previous year and with more stability and we may take the increase in oil prices and imports of this valuable material by China in the first months of the year 2016 as a good omen , but we should bear in mind that the special economic situation in East Asia, particularly Japan as the greatest importer of Chinese materials would have great influence on the continuation of economic growth in the region. The special situation of Japan as well as huge debts this country is faced with and their impacts on Chinese economy and the economical situation in the world are the main points which should be kept in mind as well. What is vital nowadays for the Yellow Dragon to rise again is taking steps towards stabilization and pursuing the global economical system more than ever before. What is also concealed in IMF advice is creating a competitive market and developing welfare at all the social levels.

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Oil and Economy in Upanddown



By : *Fatemeh Moonesan*

Today, the global economy encounters several ups and downs including oil price, Chinese economic policies, civil unrests, Russian political policies and American presidential election. In other words, these factors make economic forecast a difficult task. However, Jerry Gilmore as the president and CEO of Elm Grove Resources, a private and independent oil and gas exploration and production company, could manage to overcome the vague global situation and come to a clear

picture of world economy in 2016. PD managed an interview with him about the oil market and world economy in 2016

How do you evaluate oil economy in 2016?

When we talk about the oil economy in any one year, keep in mind that there are many layers to this discussion; domestic, international, upstream, midstream, downstream. They are all connected but with convoluted relationships that also depend on other non-oil

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economic factors in the world. The oil economy as a whole has changed dramatically in the last decade. New technologies have allowed the biggest consuming nation once again to compete as a top three producer, causing a shift in market share away from OPEC. The loss of near absolute control of the market by that group resulted in an abrupt and intense response to maintain market share. Ultimately, the group will lose this battle to the free market laws of supply

and demand, but the markets will continue to see volatility through 2016 until balance is achieved. I do not see that balance occurring until sometime in 2017. Additionally, many believe that the Saudi decision against acting as ‘swing producer’ was a strategic attempt to destabilize the Russian economy.

Considering a reduction in oil price, do you think we will experience a developing

economy in 2016?

Robust developing economies have historically been somewhat counter-cyclical to oil busts and booms. Energy prices are one of the largest expenses to growing economies. Therefore, a drop in energy prices frees capital and facilitates faster growth within developing countries. I expect that the depressed commodity prices are already helping economies worldwide, but because there is a lag, we will not see all the ways consuming

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CHINA WILL BE THE LARGEST CONSUMING NATION IN 2016

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**TRUMP:
TRADE DEALS WITH CHINA ARE
UNACCEPTABLE**

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nations have benefited until sometime in the future.

What is your prediction about the world economy situation in 2016?

In 2016, there will be continued turmoil worldwide. Countries dependent upon higher oil prices, such as South America, will continue to suffer dramatically creating much civil unrest. The relaxation of sanctions against Iran will further deteriorate relations in the Middle East as each producer attempts to maintain and grow market share. Russia is likely to react in ways that we cannot predict, possibly even militarily. Their loss in revenue will further depress their domestic economy and create internal strife and tensions. Countries that rely heavily on oil imports should say farewell with the lower prices.

How do you evaluate the chinese economy?

China's economy has benefited from robust growth for a number

of years, but that growth rate is slowing as has been expected. Labor force, productivity, trade agreements and a favorable political climate are all factors that have attracted substantial foreign direct investment (FDI) dollars. That influx of capital has had substantial positive impact on development, but continued growth at such high rates is likely unsustainable in the long term. The reported numbers are misleading because much of what is made public is controlled by the government. Relative to other nations, China has provided substantial subsidies targeting specific industries to control markets worldwide, whether the businesses are profitable or not. It is an attempt to eliminate competition in those markets utilizing monopolistic tactics on an international level.

How does the chinese economy affect the world trade?

I believe that China is a huge factor in world trade. They

are expected to surpass the U.S. this year as the largest consuming nation in the world. Their consumption rate has been growing at a rapid rate. On the other side of the trade equation, the exporting of goods and services, China is already the leader, above both the US and the European Union. It is such an important factor in the United States that it has become a top issue in the 2016 presidential campaign for Donald Trump. He has made it clear that their trade deals with China are unacceptable. China is benefiting to the tune of billions of dollars because of poor trade bills signed by American politicians (per Trump). Without trade, the growth of an economy is hindered, whether that trade is on a micro scale (with your next door neighbor) or on a macro scale (with a burgeoning nation). If the economy of China contracts, or slows in growth, the impact on world trade will be substantial.

2016

Upward Trend in Oil Price

The Perspective of the Oil Price in the Fluctuating Market

By : Amir Fallah

It is about two years that the oil producer countries in the world have been placed in an inactive position. They do not have the capability to determine the market's conditions nor find an appropriate solution and just are seeking someone from heaven to change the oil world market and the equation in favor of them.





The rising of oil price which was something to be proud of, has been decreasing since spring of 2014. Consequently, the point of \$140 oil is unattainable for the giant producers and exporters who are observing the price decrease day by day.

In this period of time, most of the oil-rich countries believed that the price of the oil is not going to go below \$50, but at the beginning of the year 2016 the range of the price was from \$20 to \$30, which was record low in the past 13 years. Among the others, some factors are more imperative: Oversupply in worldwide markets, implementation of JCPOA and the return of Iran to the oil trade scene to reach the amount of pre-sanction era, widespread activities of America to extract and produce unconventional oil and a low demand for energy.

The OPEC summit on 4 December to determine the ceiling of production and decrease the oil supply ended unfruitful and provoked the unsettled market and consequently led to further decline in oil prices at the end of 2015 and the beginning of 2016.

However, the decision of Saudi Arabia and Russia for holding the Doha meeting and implementation of the oil freeze plan and maintaining the price of their oil brought the hope to the market to give rise to an increasing price at a gentle pace. And now in the fifth month of 2016, we can find little

improvement in prices which has reached \$40pb. After the inconclusive meeting of Doha and despite the oil market being fluctuated again, no negative reaction was found and the price did not fall.

Evidently, we can say the political decisions and factors of producer and consumer countries affect the global market of the black gold and have made its future unanticipated and ambiguous.

Considering the fact that the economic indices are forwarding at a low tone, we automatically expected the oil market to increase continually in a gentle trend.

Resistance against Rising of the Oil Price

Most of experts believe that returning the prices to \$20 is unexpected, since with approaching the price to under \$30, the countries whose production cost has been more than this number, will reduce their production and this will cause low supply and ultimately a hike in the prices.

Although the economists do not forecast the oil price to reach \$20pb, they do not forecast it to go beyond 60\$ mainly because different countries resist to increase the price more than \$60 for each barrel of oil.

Countries such as China continually intend to keep the production high using low energy price and enhance their economy, so they prefer the price



to be far less than \$100. They are seeking for a moderate price in the trading markets. Also Saudi Arabia and its confederates in OPEC believe that the high price of oil is not in favor of oil producers inasmuch as the expensive oil is an appropriate economical reasoning for unconventional oil production at a high fixed price. They need many financial resources to extract for the production and therefore, they produce it only if the oil price is high.

Saudi Arabia believes that in such conditions which there is extra supply, the oil should not be permitted into the global market unless there is a reasonable demand for it and it is better to keep the prices within the \$50-60 range.

On the other hand, the US supports the moderate price for each barrel and the low oil prices are against its policies and it is because although this country is the biggest petroleum producer in the world, it is also the biggest consumer as well. This has set as a suitable opportunity for the oil producers because the American economy demands low price energy to recover after economic recession of the years 2007 and 2008

Meanwhile, the US filled its petroleum reservoirs in the years before 2014 with the higher than \$100 oil and evidently now with the decline in prices and consumption of stored expensive oil, the country

desires to back a high but balanced price while their strategic reservoirs are filled with \$30 oil. Although low price oil has favored the economy of some countries such as the US, it has caused a tough situation for the economy of the other countries and specifically for the exporters. Christine Lagarde, the Chief of International Monetary Fund, also believes that falling of oil price which has been in accordance with the growing economy of US, has strictly troubled the global economy. This is in the situation that US could rapidly adjust to it, while the improvement of the global economy moves forward slowly and erratically and the economic growth is not strong enough. Therefore, the US still may want to keep the price low to fill its economic gap with the other parts of the world.

This price drop is undesirable for the USA and the country is seeking to follow the balanced prices. The analysis from America's Energy Information Administration demonstrates that the oil production of this country will drop off 640,000 barrels per day from the first three-month to the last three-month.

The International Energy Agency also has anticipated that the whole supply of the non-member countries of OPEC is going to decrease 600,000 barrels per day during this year. This may

pave the way to price restoration.

On the other hand thanks to the price drop, the investments in the oil production have strongly been reduced and presented a reduction in investments to help to manage the increasing level of oil supply; however, adding Iran's oil resources to the global market may complicate the prediction of the oil market.

Oil-rich countries' pessimism for budgeting

At a glance on the budget of oil-rich countries for the year 2016, we can come to this conclusion that these countries also do not hope the price pace development to occur although they believe that the oil transactions is going to rise during the current year.

Most of the countries presume \$40 to \$50 for oil price for this year's budget. Indeed the average oil price in the budget for the most exporter countries is \$42.6 for each barrel. This number is so low for financing the budget of the all oil countries and in this regard the oil exporters must decrease their costs strongly to fit into the plans in 2016 and prevent a budget deficit.

Saudi Arabia presumes \$29 to make its budgeting plan for 2016 which is the lowest rate ever considered in the budget. They appeal to sell the governmental organization stocks and decrease subsidies to compensate the oil price reduction. Probably they face 87 \$billion deficit in this year but they do not want to accept the risk of the high oil price and producing mass reduction.

Russia also as the greatest exporter of the oil in the world has recognized the price of 30 \$ for each barrel appropriate to the budget of the year 2016. Of course, the dependence of Russia on oil incomes is so lower than other oil producers.

In this regard, Oman can be considered as the

second country, which is a pessimist to improve the oil market. This country has applied \$35 for each barrel in the year 2016 in its economy resolution. Iran has also decreased the risk of budgeting for Iranian financial year 1395 (2016-17) and has managed the budget in the next year according to \$40 per barrel. Oil price reductions as well as prediction of slight growth in the oil price in global market have caused Iran to consider this price for each barrel. Some critics consider this price very optimistic.

Planning to fight against terrorism and reconstruct the country, Iraq has allocated \$45 for the oil purchase in the annual budgets.

With regards to this decline, Kuwait has closed its budget forcefully. This country has considered the amount of \$47 for each barrel to the budget of this year and this is in the situation that dependence of this country on the oil incomes is very high and the fluctuation of the oil price has an enormous effect on its economy.

Qatar and the United Arab Emirate have closed their budget regarding 48 \$ for each barrel of oil.

The rest of the oil-rich and petroleum exporter countries have estimated the oil price about \$50 in the next year and accordingly have budgeted.

The oil price in the global market will be changed due to the political and economic conditions and prediction is almost not possible; therefore, the countries have been made to manage the budget of the next year in regard to the financial need of their countries and current prices.

International organizations and oil price predictions

On the other hand, anticipations of the international organization indicate that the price of each barrel of Brent petroleum in the year 2016 will be in the range of \$37 to 50. In 2016 the worse prediction is about \$37 for the oil price and the highest about \$50.4.

At first, many institutes expected the increasing trend of the oil price. However, the lack of interaction between the OPEC's members has caused the predictions to slightly decrease. The International Monetary Fund estimated the average of Brent oil price for the year 2016 higher than other institutes and about \$50.4. This fund had previously forecasted \$56.42 for each barrel. Although IMF has anticipated a high price for each





barrel of oil, it should be considered that this fund had determined the lowest price as much as \$20 to \$30 in the year 2016 and the forecast came true at the beginning of the current year.

Goldman Sachs who also had predicted the average of \$49.5 for the Brent oil price, has modified his prediction to \$39. By virtue of this matter that nothing has occurred in recent months, Goldman Sachs has emphasized that oil price increase is not expected in such conditions. The most important reason is lack of decision making specifically for producing oil in the recent meetings in OPEC. According to Goldman Sachs the accumulation of the oil is in a way that supplies are approaching their operational capacity, so it is necessary to decrease the price more in order to reduce the production mass. US Energy Information Administration also has announced \$38 as probable price for each barrel of the Brent oil in the year 2016. This organization had estimated that the Brent oil is going to be dealt \$40 each barrel. The World Bank which had declared \$51 as the average for Brent transactions in the past, decreased its prediction to \$37 each barrel which is the lowest rate within the international predictions. Also Moody's Rating Agency announced %4 decrease in its forecasting of the Brent oil price to in the year 2016. This agency's prediction of

Brent oil index and America petroleum index in the next year is now \$53 and \$48 for each barrel respectively. Moody's has declared that the decrease in production of oil occurs no sooner than the end of 2016.

In conclusion, taking the above-mentioned points into consideration, one may come to the conclusion that the price of oil will increase more than \$15 which is an equivalent of 50% by the end of the year. This number indicates that the price of petroleum in the US will reach \$46 in the last quarter and the Brent oil price will be \$48 in the same period of time.

Almost all of the international predictors and institutes believe that the oil price tends to increase at a slow pace. Of course, this will happen when the external factors such as political decisions, war in the oil-rich areas of the world, decrease or increase in the number of the drilling rigs, unconventional oil production, do not intervene the oil market.

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Khazar Shipping Director:

Caspian Sea is Our Top Priority



As the largest body of water in the world, the Caspian Sea has the potential to play a great role in maritime transportation. Even though the economic development of its surrounding countries in the past 25 years has undergone striking rise and fall in the light of the collapse of the Soviet Union, it seems that the economic necessities of the region has brought these nations closer together; better put, the collaboration among the Caspian Sea neighbors is getting more and more colorful in the hope that someday, the Caspian Sea could finally play its share in the region's economy. Lifting sanctions on Iran and imposing new sanctions on Russia closed one door and opened another; and made the shipping in this region more important than ever. Meanwhile, Islamic Republic of Iran Shipping Line (IRISL), which has been actively present in the Caspian Sea since the decommissioning of the Soviet Union, is attempting to turn into a key player in the Caspian Sea transportation, and facilitate the trade in this region.

Ali Akbar Ghonji, the director of Khazar Shipping and the Chief of the Staff to the IRISL director has answered our questions in this regard:

Owing to its geographical and geopolitical nature, the Caspian Sea is always in need of full collaboration among all its surrounding and beneficiary countries. How do you evaluate the status of this collaboration currently? Is there full multifaceted collaboration going on among these countries at the moment?

The majority of the countries surrounding the Caspian Sea are former Commonwealth of Independent States, and even though over 3 decades has passed since USSR was

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**ENTERING OIL
TRANSPORTATION; MAIN
GOAL FOR KHAZAR SEA
SHIPPING**

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decommissioned, these independent states still stage some traces of USSR behavior. Of course, these countries opted for free economic policies immediately after their independence, yet centralization has remained in its general governing policies. In addition, the tendency toward Russia as the main part and the main leader of the USSR has still strongly stayed among them, in a way that CIS economic-political union has been established among them since 1990 in order to preserve their collaboration and benefits. In liberating their economy and opening their trade doors to the world, these countries take far more precautions than countries like China or other newly-emerging economies. It seems that security issues are still a priority for them just like it used to be in USSR. Therefore, they have always been concerned about mutual collaborations and the processes of collaboration always goes ahead far more slowly with them than with other countries. Basically, some of the rules and regulations (e.g. customs rules) have still remained in these countries from the communism era, and they are still practiced widely in these CIS states.

Which rules have remained the same since the decommissioning of the Soviet Union?

As far as transit of goods to Russia is concerned, Astrakhan Port in Russia has many terminals for the embarkation and disembarkation of goods, and ships have to go to these terminals one by one to disembark their cargo. In other words, the whole cargo of a ship is not disembarked fully once, and hence they cannot be consolidated on the deck. In fact, the standards in former Soviet Union republics are local standards and exclusive to them, which are far from the international standards. These factors make it more difficult to us to collaborate with them compared to other countries. Besides, Iran's interactions with its northern neighbors have always had ups and downs in the course of history. I should also add that our communications and travels to the west and our long-term relationships with western countries have given us Iranians some sort of implicit fear from the Commonwealth of Independent States (CIS). I believe this fear is not a realistic one, and it will fade away provided we establish communications and collaborations with them.

Which measures have been taken regarding the removing of these problems?





The General Governors of Iran Northern Provinces and also the managers of Iranian corporations have established a good relationship with their counterparts in the Caspian Sea Region. But to facilitate the commercial transactions, these relationships should be stronger. For instance, in spite of that we are well aware that Russia owing to experiencing a lot of political problems in the region is in need of our fruit products, the export process to this country is facing some obstacles, while the process of export to other Persian Gulf countries is taking place at a rapid pace.

What plans does IRISL have in mind to facilitate its activities in the Caspian Sea?

Since the past two decades, the Caspian Sea has been the high priority for the management of Islamic Republic of Iran Shipping Lines (IRISL). the establishment of Khazar Sea Shipping could be regarded as a good example in this regard. It is a fortunate; this company has experienced a remarkable growth in its activities during the past years. Moreover the presence of Khazar Sea Shipping in Russian Ports and making plans for investments in these ports are among the significant activities of this company to facilitate and develop its performance in the Caspian Sea.

Our railroad and ports can be at the service of CIS countries so as to transfer the cargos to or from free waters. In fact, considering Russia with the imposed sanctions against it, CIS countries in east of the Caspian Sea have problems transporting their commodities to Europe and without any doubt the problem can be solved through Iranian railroad and ports.

Is there any action accomplished in this case?

IRISL recently signed an MoU with Kazakhstan national railroad company in the presence of presidents form both countries. The MoU is in fact the initial step to expand collaboration in this realm.

According to the MoU, a joint venture company will be established to operate in Aktau and Inche Borun Ports in Kazakhstan along with Anzali port and Bandar Abbas in north and south of Iran. The action indicates that IRISL lays emphasis on expanding the trade with CIS countries. We intend to pave the way for exporting the products from CIS countries to any destination and importing any required product from South Asia and Indian sub-continent and even Europe to the region and set up mutual cooperation.

One of the major IRISL plans is cross trading in

the Caspian Sea in a way to commerce in east-west and north-south routes. Supplying Turkmenistan market through IRISL multi-modal transportation is of great importance. To accomplish this, an MoU was signed between the state rail roads of the countries Azerbaijan, Iran, Georgia, Kazakhstan, Turkmenistan, and Ukraine. The MoU is planned to expand the trade and supply the demands in Caspian Sea states and Ukraine and connect Ukraine to Turkmenistan and consequently fill the trade gaps in the absence of Russia.

How ready is IRISL to accomplish the articles in the MoU?

IRISL is entirely ready to stage the plan. IRISL South fleet and the multi-modal transportation company as the subsidiary of IRISL are in good shape to materialize the plan. In other words, we are ready hardware-wise. However, the software section moves forward at a slower pace and I think there is no reason for such a delay especially after sanctions removals. Nonetheless, we are optimistic about the joint venture company I mentioned earlier and suppose the company should speed up the trend and remove the delay.

I hasten to add that there is a competition between the Caspian Sea states for the CIS region and recently Pakistan and Afghanistan also joined the competition and are planning new routes to the region. However, entrance of India to Chabahar port accelerates the accomplishment of IRISL plan and we hope to supply the market in this region

with proper speed and quality as well.

What is your perspective of IRISL to turn out to be the most important hub for transit and transship in the region?

We are highly optimistic in this case and IRISL team has activated fully its potentials to move forward with the project.

I can strongly claim that it was us who reminded domestic and foreign authorities of the importance of the route and the related market in CIS. The main agreement in this case was signed between the two important countries in this case, Iran and Kazakhstan, and this demonstrates the importance of the case and is considered a message to the authorities to take active steps as soon as possible.

IRISL recently announced to become involved in oil issues in the Caspian Sea. Is this a new policy in IRISL? What are the major plans to follow the policy?

Khazar Shipping Company as one of the subsidiaries of IRISL aims to mount its share from 35% to 50 % in the next two years. To work on oil issues is a one of our short-term targets. The plan to increase Khazar shipping company's asset was recently ratified and consequently we aim to go through fleet expansion and renovation along with increase in port operation.

We need to surpass the railroad options in east of the Caspian Sea through creating merits in the company and the plans we offer.





QMSENG CO. Managing Director:

Bunker High Quality and Cheap Fuel with No Delay

Iran is the fifth producer of oil in the world and is considered to return to oil market strongly in post sanction era. Taking advantage of crude oil reserves as much as 157,530m barrels, the value of petroleum export in this country mounted to \$53,652m in 2015. Furthermore, OPEC statistics demonstrate that the annual refinery capacity of Iran reached 1,781 (1,000 b/cd) in 2015.

Without a doubt, oil production encourages the producers to proceed for the associated areas including bunkering, petrochemicals, bitumen etc.

In this regard, PD managed to run an interview with the first bunkering company in Iran to study the current situation of bunkering and the perspectives that Iranian authorities draw in this industry.



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**REASONABLE
FUEL PRICE
PAIRED WITH
HIGH QUALITY
AND LESS DELAY
ARE OUR MAJOR
ADVANTAGES**

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Could you introduce the company and the capabilities?

The company as an IRISL subsidiary was established in 1988 with the purpose of providing provisions and spare parts along with other ship requirements including fresh water and crew services. However, the company expanded through the course of time and focused on bunkering in Iran. In fact, QMESNG Co. was the first bunkering company in Iran. It actually established bunkering industry in Iran and other companies found the business lucrative and entered the market accordingly.

The company as an IRISL affiliated company started buying the oil and provided the IRISL fleet with bunkering. However, during the sanctions the liabilities of the company underwent changes. It actually started carrying required petroleum to Iran and turned out to be specialized in the bunkering industry.

How big are the fleet and the region to operate within?

We operate 14 vessels ranging from 300 MT to 150000 MT

The fleet operates in Persian Gulf, Oman Sea, China, and Mediterranean. We can deliver services

wherever there is a business opportunity.

What is your advantage compared to your counterparts in the region?

We manage tanker storages with capacity of 50.000 CBM which are fed directly from Bandar Abbas refinery. Furthermore, as you are aware of, Qeshm Island and Bandar Abbas enjoy a strategic location and can serve as bunkering hubs for the vessels passing through the Strait of Hormuz.

In fact, there was propaganda against Iran regarding the security of Iranian water. This led to the development of Fujairah which is fed by Iranian fuel. We need to bunker the vessels in Iran with Iranian fuel.

Furthermore, Iranian refineries' products are straight run and we do not blend; therefore supplied fuel contains minimum water and other sediments. The quality of the fuel is high compared to what is bunkered in Fujairah.

What is the development plan in QMSENG Co.?

We are going to absorb the market and start bunkering the vessels in transit as well as vessels calling Iranian ports along with providing them with other supplies such as, fresh water, and gas oil in near future. All other bunker related businesses like spare parts, medical assistance, recruiting ,etc. will be available as well.

This is what Singapore is performing for the vessels. The country enjoys through traffic transit and provides the passing ships with the variety of services.

The Iranian bunkering project creates job opportunities for the cheap labor force in the region and takes advantage of a better climate compared to its counterpart in UAE.

We are also setting up a J.V. company with a European partner to pair their potential and capabilities along with our experience and excellent geographical location . In fact, IRISL fleet already demand considerable amount of bunkering and adding it to the new foreign customer make the project boom in the region.

The mission of the company is to bunker vessels with high quality fuel, with less delay and compatible price in compared to our regional rivals.

We target 200.000 ton per month which is easily reached through the above-mentioned J.V. company in a month.

New Fleet to Carry Oil to European Ports

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**THE FIRST IRANIAN TANKER FROM
NITC TO EUROPE WILL SAIL OUT IN
NEAR FUTURE**

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The JCPOA has recently been placed in Iranian literature and has been important since the implementation day especially regarding the economic issues in post-sanction era.

After the implementation day, Iran sought to resume its economic activities and started interacting with international partners particularly in respect with technology transfer.

On the other hand, evaluating Iran's potentials and capabilities, many countries headed into this country to cooperate with it as a business partner. In fact, oil and gas reservoirs, mineral and industrial sources, high population and the need for technology transfer and upgrading the infrastructure in post-sanction era, have made Iran a great destination for countries all over the world to cooperate with. In the meanwhile, oil and gas along with shipping were the title of most of the negotiations between Iran and other countries and it was due to the

importance of shipping network and its wide span in different realms.

The shipping industry is considered as one of main parts of global trade. In other words, logistic incomes along with the control of distribution from the manufacturer to the end user embody about 9.7% to 11.3% of price of the product. The amount for the case of Iran is about 19.4 % which is indicative of the potentials of shipping and logistics industry in Iran.

Expanding the shipping network in Iran results in wider business activities and fostering the east-west shipping corridor in Iran. Among this, shipping oil after sanctions removals and in the middle of oil glut is of high importance. To accomplish this, National Iranian Tanker Company as the biggest tanker line in Iran and the Middle East, is expected to increase its activities and take full advantage of its potentials so as to respond to the higher demand in post-sanction era properly.

The company has held negotiations with South Korean and Chinese parties and come to agreements to provide the required finance for investments.

Dr. Ali Safayi as the managing director of NITC in an interview with Payame Darya emphasized that: the ultimate goal is to expand the tanker fleet in this company through Iranian ship yards and to fulfill this, we need to start from ship repairing. He reminded that: we have 500 mega ships and we can turn out to be a professional shipbuilder by carrying out the repairing of them in the Iranian ship yards. He also urged IRISL, IDRO and NITC to support the plan.

Regarding the sanctions removals against NITC, Dr. Safayi stated that: sanctions including insurance, flag and classifications against shipping have been removed and the only matter to consider is a few bank transactions which are under reconstruction and will let the NITC to resume its international activities and defrost its accounts in international banks.

He also pointed out that the first Iranian tanker from this company to Europe will sail out in near future. Safayi believes that NITC has managed to meet the demands during the sanctions against Iran and now the company will project to expand the fleet to address new demands in near future.

Finally, he commented that NITC will expand the fleet in accordance with the demands and the market as soon as possible.



Salakh; Win Time and High Quality Fuel



Anually, 55000 vessels pass through the Strait of Hormuz and according to the statistics, they demand 16-17m ton of fuel in this region to continue the voyage. Therefore, it inevitably encourages the Persian Gulf states to enter the related markets. It goes without saying that located in Iran and Qeshm Island in particular; enjoy a unique and strategic location. However, to present a transparent image of the Qeshm bunkering opportunities, PD run an interview with Mr. Ahmad Sarkandi, the managing director of Qeshm Star Bunkering and Shipping Company which is a subsidiary of IRISL and is supposed to operate a bunkering site and a refinery in Qeshm Island in near future.



Could you give a brief history of your company and the main purpose of establishing the company?

It was established in 2008 to set up bunkering facilities including a refinery in Qeshm Island which is located in Persian Gulf. Qeshm Island and Salakh area in particular is on the route of the vessels passing through the Strait of Hormuz. The vessels normally divert to Fujairah to receive bunkering services and it takes 18 hours for the ships to get to Fujairah. Hence, IRISL top management projected to establish bunkering facilities in Salakh area as a strategic location and save the time for the vessels and provide them with good services.

In fact, it takes only two or three miles away in Strait of Hormuz to reach Salakh area in Qeshm Island and considering the fact that reaching Fujairah needs diversion and 18 hours of time, Salakh bunkering is quite economical. Therefore, the decision was made to move forward with the project.

When is Salakh project complete?

The first phase is to become operational within next



three months. The facilities have been installed and we need to make sure they are working properly. The second phase is open to investors. Land is ready and the refinery is supposed to produce 50.000bpd.

The refinery is to produce the fuel that is necessary for the process of bunkering. For the first phase, we constructed 10 storages tanker with the capacity of 5600 MT each. This translates into total capacity of 56000 ton of storage tank for the heavy oil, gas oil and heavier oils and belended products.

Any other facilities to provide services?

We have had meetings with Khaybar Company which is specialized in bunkering associated services ranging from spares, provisions to marine oils and lubrications etc. we have come on an agreement in which Kahybar company is supposed to provide the ships with the above-,mentioned services. We allocated space for the company to build up a sufficient space for the provisions any spare parts along with other requirements to be stored and deliver service to the vessels through bunkering. In other word, we intend to present the vessels with a full chain of services to save time for them. We are also negotiating with Qeshm Island Free Zone Organizations for hoteling the crews and provide flight for them to their destinations from Qeshm Island with no visa requirement. The studies have been conducted and the land is allocated to this project too. In fact there is a good opportunity for the foreign investors to enter in this realm too. We have already negotiated with many of them and have

been studying the offered conditions. Some of them have shown great interest; however, we are open to any new foreign investor to participate in the plan.

What are the development plans?

We have constructed a berthing possibilities with 2 main break waters and another side one forming a calm basin in which vessels receive bunkering services directly from shore facilities and I hasten to add that 90 % of the job is done.

The length of the main break water is 1620m and at the moment, 1200m of the break water is completed. The side break waters are as lengthy as 690m and 400m is completed. There is going to be 7 berths inside the basin while six of them can receive the vessels with capacity of 10.000 MT and one can serve the vessels with 35000 MT of capacity. The basins are 12m deep which enable them to accept 35.000 MT vessels. There are also pillars to facilitate anchorage for ships and receive bunkering services safely.

As I said, on the shore side we operate 10 storage tanks with total capacity of 56.000 which is going to increase to 500.000 MT. We gradually increase the capacity of the tank according to the demands. However, in the starting point, we can offer services to five ships.

The refinery provides fuel directly to the ships. It also can produce bitumen and other relevant oil products to be exported.

As you know, by 2017 IMO law demands low-Sulphur fuel and this refinery is planned to lessen Sulphur in the fuel for the vessels in accordance with the law.



Financial and Investment Markets Rubik in 2016

By : Amir Fallah

The year 2015 ended with the majority of the markets undergoing a downward trend due to various factors. The oversupply in goods markets, specifically petroleum, led to a 30-percent fall in oil prices and caused oil market to go through one of its longest slumps. Given the Federal Reserve's rise in interest rates for the first time in the past decade, an increase in the US dollar value intensified the increase in goods prices. Therefore, in a rare record, gold ounce experienced a 10.3-percent drop, and underwent a downfall in its price for the third consecutive year. Due to the large shares of goods-dependent corporations, international stock markets experienced a downfall trend, and the stronger dependence of newly-emerging economies on these markets caused them to experience sharper falls.



The markets in 2015 closed while diminishing trends ruled over the majority of the world stock markets. It was a year full of ambiguities and crucial events and it witnessed the breaking of many records. Bloomberg Consumer Goods indices (BMCONSG) falling to their lowest since 1999, an increase in U.S. federal interest rates after a decade, China's economic growth reaching its lowest in the past 24 years, and Iran's nuclear case being finalized after 12 years of negotiations were among the most paramount and influential events on the records of stock markets. Besides, geopolitical unrests which followed ISIS' terrorist attacks, immigrants' crisis in Europe and Greece's debts were among the other factors that created unpredictable situations in many international markets. Now in 2016, many ambiguities are still in place. Concerns about China's future economy and newly-emerged markets, the rising trend of U.S. federal interest rate, and the U.S. 2016 presidential elections are among the most significant issues which, according to experts and authorities, will hammer out a hard year for world economy and markets.

Perhaps, the most important event in 2015 (commencing halfway through 2014 and going on into 2015) that greatly influenced world economy was the increase in the value of U.S. dollar, which occurred simultaneously as Chinese economy slowed down and international goods prices increased. These three events were three angles of a triangle whose impacts and operation were closely tied. It is approximately one decade that goods market has boomed in a super-cycle, since the Chinese economy was considered the dragon of goods consumers with its approach to develop infrastructure. Thus, except for a short period of fall in international process in 2008-2009 recession, the price of basic commodities soared at a rapid pace. Experts proposed that the main drive for this increase in goods prices was the increasingly demand of China. However, since the second half of 2014, the Chinese economy began to



stage some weaknesses in its growth, and concerns about the undeniable problems in economic growth of this country (as an economic model based on developing infrastructure) shadowed their influence on world markets. Concurrent with the signs of decrease in decrease, the supply sector began to accelerate and get stronger. The clash of these two parties resulted in oversupply and a downward trend for commodities markets.

Other than these fundamental affairs, another factor that accelerated the fall in goods prices was the growth of U.S. dollar value in comparison with other currencies. Since the majority of commodities are valued based on U.S. dollars, the growth in U.S. dollar value reduced the prices of commodities. That is to say, if we intend to receive dollars in exchange for a certain amount of goods that we have, the higher dollar value gets, the fewer dollars we earn for that certain amount of goods. Hence, it is no surprise that the increase in U.S. dollar value results in a fall in the international prices of goods. Looking into the reasons of rise in the value of dollar, we must seek the answer in the years the world experienced crisis; crisis years; by this, I mean the time when the U.S. Central Bank pioneered quantitative easing policies and injected money supplies to its economy. Following the U.S., many economies opted for this approach; nonetheless, it was partially altered since signs of economic revival were observed in U.S. economy.

economies (e.g. Europe, China and Japan) had adopted quantitative easing policies, Federal Reserve did not see any point in continuing these policies seeing that U.S. economy had already revived. As the world largest economy began to take steps into austerity policies, dollar value began to rise: a factor that not only led to a decrease in goods prices, but also fortified pressure on all the economies that depend on exporting raw material. Alongside the mentioned factors, three issues that caused uncertainty in the 2015 markets resulted in fluctuations in financial markets. First, it was the crisis of Greece's debts, which had caused grave concerns about the future of European Union. With the leftists taking power in Greece and their mottos as to not accepting austerity reforms, the possibility of this country's exit from the EU increased noticeably. Given the poor economic situations in some Euro-Zone countries such as Spain and Italy, the exit of Greece might have resulted in other country's domino-style exit from the EU. Therefore, a dramatic fall in Euro's value (i.e., the rise of dollar's value in some way) and as well a dramatic fall in the region's stock markets ensued. Even though the disputes between the Greeks and the loan givers were settled up to a large extent, the provisional impact of this matter and the unreliability that it created in the Euro-Zone, influenced many markets.

The second issue was the unrests that ISIS created in various parts of the world and impacted the markets as a geopolitical factor. When the terrorist acts engagements heated up, like the time when the Paris massacre occurred, commodities prices increased while stock markets hit the slump. It seemed that the markets were vaccinated against ISIS, which had heavily influenced them since early 2014. However, unless this unrest is settled seriously, markets will be intensely influenced and harmed by the terrorist acts of this group.

One other significant issue in world markets was the historical agreement between Iran and 5+1 over nuclear issues. This agreement had two different impacts on financial markets. First, the possibility for Iranian oil to flow into world markets caused a remarkable decrease in oil prices. Second, reducing concerns over the geopolitical issues in the Middle East because of Iran's gaining power. The second impact was less bold, though. Nonetheless, Iran and 5+1 agreement managed to lead stock markets

toward thriving for a period of time. Ambiguities about the pace of Iran's oil production and its manner of interactions with other countries are potential to have more impacts on the market in the longer run.

In a nutshell, an integration of the aforementioned factor shadowed all markets. The majority of the currencies and basic commodities underwent a downfall, and in the light of the more colorful role of commodities corporations, stock markets suffered losses. In the currencies markets, downfalls up to 50 % were witnessed, whereas the currencies which grew experienced percentages of less than 20. This way, Somali shilling, Seychelles Rupees and Gambian Dalasi grew 17 %, 10 %





and 8 %, respectively and recorded the largest growth in national currency value. On the contrary, Azerbaijani Manat, Kazakh Tenge, Zambia kwacha, Belarusian ruble and Argentine Peso experienced falls of 50 %, 46 %, 42 %, 41 % and 35 %, respectively and had the weakest currency market performance.

In the area of commodities, the largest falls were observed in the field of energy. Fuel oil, Brent Crude oil, and West Texas Intermediate (WTI) crude oil experienced the largest falls with price reduction of 40 %, 35 %, and 30 %, respectively. Growth in dollar index, a drop in China's demand, Oil shale producers' not reducing their production, larger production of OPEC members, competition

for larger market share and expectations for more Iranian oil in the world market could be counted as the most significant reasons for a reduction in oil prices. In the metal market, Palladium and Platinum staged poor performance by downfalls of 31 % and 28 %, respectively. The scandal of Volkswagen Corporation should be partly blamed for this downfall since this company is one of the world's largest customers of Palladium and Platinum for its diesel engine's catalysts. Copper, with 25 % fall, was ranked third in the list of metals with poor economy. For three consecutive years, gold ounce witnessed a downward trend price-wise, falling 10 % in 2015. In the agriculture sector, however, cotton was one of the few goods to see growth, with 6 % of rise. Meanwhile, coffee underwent a downfall of 26 % and had the poorest economic performance among agricultural products. As the largest stock market in the world, U.S. market experienced a downfall of 0.8 % after three years growing at two-digit percentages. This is considered the poorest performance of this country since 2008. While S&P and Dow Jones indices were falling, Nasdaq index grew 5.5 % thanks to the support of prominent IT businesses (except Apple) and biotechnology companies. In 2015, U.S. experienced the smallest rate of first releases since 2009. Besides, junk bond witnessed a falling trend for the first time since 2008: an issue which intensifies the concerns of future risky investments (e.g. investment in petroleum market).

European stock markets did not stage monotonous trends: some had partially acceptable growth and some had huge losses. With a growth rate of 28 %, Ireland staged the greatest performance among European markets whereas the worst performance belonged to Greece with 58 % decrease. This massive drop, though, stemmed from its debt crisis. Overall, European stock markets achieved an overall growth of 2 % and Euro Zone recorded a total growth of 8 %. The aforementioned nominal growth occurred due to the downfall of Euro value versus dollar value, in a way that European market experienced an overall loss of 5 % compared to the American market. To prevent the downfall in economic growth and deflation, EU central bank started quantitative easing from early 2015. Based on the plan of EU central bank, a monthly sum of 60 billion Euros (total of 1100 billion Euros) will be injected to the EU in the

spirit the quantitative easing. This policy came in contrast to U.S. austerity policies and resulted in a drop in Euro value. Moreover, a brisk look into active stocks in European economy depicts that commodity-dependent companies had a key role in the reduction of stock indices. As a case in point, there was a 75 %, 70 %, and 65 % fall in the stocks of Anglo American, Glencore and Sea Drill mineral companies, respectively.

A comparison of performance in European stock markets demonstrates the downfall of Euro value in comparison with dollar value, and as a result, there was a huge difference between the variations of stock market indices based on local currencies and U.S. dollars. However, countries whose currencies had little downfall versus U.S. dollar (e.g. Switzerland) did not experience much change in their stocks index.

On the other side of the story lay the newly-emerging economies that had a terrible year of losses and downfalls. Not only did the national currencies of these countries drop significantly, but their stock markets also witnessed severe downfalls. None of the indices of newly-emerging markets could achieve growth based on U.S. dollar. Brazil had a downfall of 33 % (based on its market value in U.S. dollar) and hence recorded the worst performance among newly-emerging markets. Russia, on the other hand, had the best performance. The large dependence of newly-emerging economies on raw material exports and their high dollar debts were the most crucial reasons for the clash of their stocks. That is to say, the fall in the international commodities price and the rise in the value of dollars have raised concerns as to the future profitability of these economies' enterprises.

For the second consecutive year, Tehran stock exchange kept its falling trend, which was a rare phenomenon. Studies highlight that the difference between Rial-based and Dollar-based Index downfall in Tehran exchange is minor, and this demonstrates that exchange rate in Iranian free market was not fully adjusted while international prices were sharply falling. Hence, not even proper nominal profit was raised for Tehran market stock owners. Of course, the conditions changed after the historical agreement of Iran and 5+1. The execution of Joint Comprehensive Plan of Action (JCPOA) promoted the efficiency of Iranian market to be the top market in the world in the first three

months of 2016 with the profit of over 26 %. Thus, this signals a booming year for Tehran market. Overall, based on the reports released by World Federation of Exchanges (WFE), the volume of exchanges in international markets in 2015 staged a 55 % growth compared to 2014. The values of these exchanges, as well, grew 40 % in 2015 compared to the previous year, owing mainly to the growth of activities in Asia-Oceania exchanges – namely that of China. The total value of exchanges in international markets in 2015 reached 114 trillion dollars, while it was only 81 trillion dollars in 2014. The shares of Asia-Oceania exchanges in 2015 reached 54 trillion dollars that demonstrates a 127 % rise compared to the same figure in 2014. The total value of bonds and securities did not depict a major change in 2015, and reached 67 trillion dollars with a downfall of approximately 1 %. U.S. markets had the largest share in this downfall. Moreover, the total amount of new releases in 2015 ascended 10 % compared to 2014, but the flow of fund from them decreased 17 %, reaching 202 billion dollars. The fund resources from these releases grew 41 % and reached 914 billion dollars. Finally, the share of exchange derivatives grew 11 % in 2015, which was mainly caused by commodities and currency derivatives.

Vague Future of Stocks in 2016

The survey on the stock exchange markets in 2016 from 250 analysts highlights that only half of the 20 grand indices worldwide have the power to grow.

This survey, which was conducted on 250 analysts of stock market and executives worldwide in the first quarter of 2016 depicts that the majority do not picture a positive horizon for the future of stock markets in this year, seeing that they believe U.S. central bank's decision on



interest rates is a huge risk.

Based on this report, while many analyses and predictions had already pictured growth opportunity for all 20 important indices worldwide earlier, the most recent survey highlighted that only 10 indices have the capability of growth this year. The main reason for this negative prediction is the big shock from the fall in Chinese Yuan's value and the concerns about a slow-down in the growth of world economy.

Falling Commodity Prices and continuity of concerns about weak consuming inflation rates even after extensive financial policies have caused many investors to take defensive position; hence January and February 2016 passed on with full fear in the markets. Yet, March turned into a positive spot for exchange markets and thanks to the optimization in oil prices and the new financial policies of EU central bank, big indices started to grow. Despite all these, the output of government bonds in the first quarter of 2016 decreased.



The fact that only few analysts speculate the output of bonds will increase depicts that investors are yet to be convinced that world economy will be growing any time soon. Hence, the future prospect of exchange markets is blanketed by a haze of ambiguity. Meanwhile, the executives of large investment funds have recommended their customers to reduce their investments in stocks to the smallest they have had in the past 5 years.

The massive sales in S&P 500 index has ended; however Reuters' survey on the situation of big stock markets highlights concerns over poor incomes and the stability of dollar's high value do not picture a desirable year for markets in 2016. But, up to the end of 2016, it is predicted that European stock markets grow 8 %. In addition, despite massive exit of funds, the prospects of newly-emerging markets have slightly improved. For the big indices of Latin America and Asian markets, as well, a 6 % growth up to the end of the year is predicted. Indices of the developed markets are predicted to grow only 5 %, though.

Overall, 2016 is a difficult year for the world economy. Although some experts believe the performance of the stock markets in the previous year would pave the way for the growth of stock price in 2016, too many ambiguities threaten this view. Of these ambiguities, concerns over the future of Chinese economy and dollar-based debts of newly-emerging markets seem to be the most significant ones. If China fails to improve its economic growth, the low price of raw material imposes more pressure on newly-emerging markets, a new shock in world economy would not be surprising.

On the other hand, U.S. Federal Reserve's increasing of the interest rates has raised a lot of concerns. If U.S. central bank raises the interest rates at a high speed, world demand or in other words, world liquidity will decrease; and given the current weakness of the world economy, this matter is prone to create a crisis. The next U.S. presidential election is also another political risk factor ahead of stock markets. The commander in chief of the world's largest economy does definitely have an impact on world's exchange markets.

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Development capacities of Iran's shipping lines

Foreign Investment in Iran



By: Majid Yousefi

The arrival of tens of foreign delegations for establishing economic and trade relations during the last year provided Iran with an important resume and background, which would help the country to use its potential and real advantages in a proper and optimized manner. Part of these relations is the legacy of ties that Iran has had for decades with top countries of the world, particularly the ones enjoying reputation in trade and business. Iran's vitality for most of the countries all around the world, specifically neighboring states of Central Asia, Persian Gulf littoral states and the main neighbors is obvious. The prominence of Islamic Republic is not only rooted in position and reputation Iran has gained during centuries, but also it partly stems from the capacity created in past decades.





Economic analysts and experts often consider Iran as an important country due to its past position in Silk Road or due to its natural resources particularly oil fields, however the global geopolitical developments and the new economic arrangement of the region along with political developments of some neighboring states during last decades has converted Iran's position offering it great importance in some dimensions. Part of these developments are the result of political changes of Iran's northern neighbors, which have established a new political and economic system called "Commonwealth of Independent States" (CIS) after declaring independence from the Soviet Union about two decades ago. CIS has created a vast market for Iran making the Islamic Republic concerned about the position of its member states. In other words, the countries once considered a threat to Iran, have turned to states regarded as opportunities for further economic ties in recent years making the ties clearly beneficial to both sides. On the other hand, economic investment both in Central Asia and Iran could create a great market for other countries of the region. Economic ties of Iran and Central Asian countries have provided new horizons in the field but the fact is that the potential has remained untouched in parts of these countries geography. Central Asian states, have to be taken into consideration highly not only due to their

particular geography and marine territories, but for the geographical role they could play in transiting goods to northern and central Europe. Besides Iran's northern neighbors and the benefits of littoral states of Caspian Sea, Iran's southeastern coastlines possess great capacity as well. Two corridors of world's three main corridors pass through Iran's southeastern seashores and Sistan and Baluchistan province proposes Makran region as the transit road of southeast developmental plan. Makran coasts are considered geopolitically, geo-strategically and geo-economically highly important due to their strategic location and features including access to rich energy resources, dominance on the most important corridor of the world for energy and goods transit, strategic location to provide access to high seas for land-surrounded Central Asian countries, Caucasus and Afghanistan, great capability for establishing ports and trade terminals and becoming a hub for import and export through north-south, east-south and south-west corridors from Chabahar Port to Central Asia, Caucasus, Russia and parts of Europe. Makran intact coastlines are ready for thousands of kilometers of investment and some countries including China and Pakistan have announced readiness to invest in petrochemical fields in Makran. At the same time the existing harbors have the capacity to attract investments to develop their



hinterlands. Although the investment in maritime transport is concentrated mostly on sea and coastlines, but the hinterlands value for investment should not be neglected. Countries investing in Makran hinterlands would see its benefits in maritime transportation lines directly. This would be a clear criterion for deepening the investments regarding further guarantee and security in volume of the investing.

On the other hand, thanks to government's heavy and maintaining investment in implementation of the first and second phases of Shahid Beheshti Port and Chabahar Free Trade Zone, strong infrastructure has been established for foreign investments. Accordingly, India's participation in installing strategic equipment in order to use the existing potential is among the priorities of the government. Investment and activating a network of foreign investors like India, Oman, China and Pakistan, aside from government's strategic plans, is also part of the sixth economic development plan of Iran. The plan includes a legal article which aims at establishing an organization to meet this end; "the establishment of Makran Development Organization as a developmental body with corporative nature in charge of planning, execution and supervising the process in Makran coastlines has been proposed; the organization would shoulder authority and duties of executive bodies, public institutions except the ones related to defense, security, judiciary and foreign affairs, all governmental properties and assets as well as all projects in Makran."

Once operated properly, Iran would be able to establish new ties with countries like Oman, Afghanistan and Central Asian countries as a result of cooperation in Chabahar. Though there would be possible rivalry with Pakistan's Gwadar, yet

the new capacities of the region would introduce Chabahar Port as the optimized hub.

The plan indicates Iran's will to establish trade relations with India, Oman, Pakistan and particularly Central Asia and Caucasus in near future. This is because Chabahar Port is considered as one of the main junctures of southern corridor of global trade and has a special position in trade between Iran and regional countries due to its strategic location and access to international waters.

Given the importance of the Caspian Sea and Sea of Oman, activation and standardization of ports like Anzali, Amir Abad, Astara and Shahid Beheshti would serve connecting the transportation lines including railroad, road and maritime and could help improve foreign investment. Factors involved in creating such a capacity and attracting foreign investors are numerous, efficient human resources, easy access to abundant and inexpensive energy, geographical superiority, possession of proper port and shipping infrastructure ready to develop, great domestic consumption market and coverage of a 400-million market in Central Asia. However, the discussed issues are mostly related to capacities of the Caspian Sea, Sea of Oman and Makran coastlines and their hinterlands.

Iran has postponed a great deal of activities and plans for activating the full capacity of its ports for any reason. Regarding the unique capacity of Hormozgan province specially Lengeh ports and Qeshm Island which have an acceptable drought as well as part of Imam Khomeini Port which has a positive record of its real position, there is hope that in near future Shahid Rajaei Port would turn into a helping arm for the ports newly launched. On the other hand, the position of Iran's shipping lines provides a golden opportunity for foreign investment as it is tied to a vast market inside Iran and in neighboring countries. The access to 80-million domestic market along with expansive markets of Afghanistan, Central Asian countries and Persian Gulf littoral states could make the foreign investment a launch pad for any country. One of the most important and most efficient sectors for investment in shipping is the export of mineral stones and bulk mineral products of Iran. CIS countries' annual import of bulk mineral products is equal to 200 million tones, which could be taken into consideration with more strategic depth if welcomed by foreign investment. Besides,

little is known about Iran's rich resources and their discovery would be promising.

Investing in the shipping industry has always been based on two elements: boosting Iran's share first in international trade and then in ship-building industry, which Iran owns a great capacity for. The share of ship-building industry in Iran is considerable as the country receives several orders in different levels annually. The orders have often been followed by certain deal of distorts. During the last 50 years Iran has tried hard to initiate and apply the ship building industry but the industry has not reached its proper position due to several obstacles. It is certain that if pioneer countries of the ship building industry have the intention to establish the industry in Iran, they would be able to create bilateral ties by investing in Iran. Technical resources along with background of such an industry and providing some needed guarantees by related organizations could help set the ground for these kinds of investment.

Iran's maritime transportation industry, like any other country, would find meaning along with other transportation lines, country's infrastructure and the easing of current rules.

Iran's government, in a new era of history after the Islamic Revolution, is determined to make use of all its efforts in attracting foreign investors.

Iran's minister of road and urbanization has recently noted the investing opportunities in field

of maritime transportation underlining that during last year many foreign liners have started direct berthing at Iranian ports. This is while previously foreign ships used to berth at ports located in south of Persian Gulf and dispatch the goods via feeder vessels to Iranian ports. But at the moment 16 liner ships are directly berthing at Iranian ports, which reduce the expenses of Iran's maritime transportation.

Therefore, according to his viewpoint, in order to provide a rivalry atmosphere between Iranian and foreign shipping firms considering the financial power of the other party, Iran, instead of granting any facilities to Iranian liners, has announced that the condition for foreign liners' presence in Iranian ports is transportation of 50% Iranian goods and 50% foreign goods to be transited to destinations in the region. This is the only means Iran would support foreign liners and grant them windows. However this is the domestic dimension of such advantages. The external dimension is that Iran, due to its specific geographical location, has the ability to establish transit lines for most of these liners, which could benefit from transiting goods in these lines.

So, the noteworthy point about Iran is that its market is still open to goods and services broadly. This is why the will of foreign economic delegations for participation in Iran's market has soared during the post-JCPOA era.



China's New Silk Road and US Economic Hegemony in Latin America



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Contemporary world economic order is experiencing a phenomenon called new-emerging economies. The rise of the BRIC's countries (Brazil, Russia, India and China) not only has changed the map of the global economic order, but also has introduced new issues in terms of projecting hegemonic power. China as one of the fastest growing economies of the world is extending its trade routes across different regions of the world including Latin America where is long involved with US hegemonic presence, both politically and economically.

China's New Silk Road and its Extension to Latin America

China under One Belt, One Road (OBOR) initiative, proposed by Chinese leader Xi Jinping and composed of two arms: land-based "Silk Road Economic Belt" (SREB) and oceangoing "Maritime Silk Road" (MSR), aims to promote partnership and cooperation among different countries of the world. In fact, this project is planned to bolster China's strategic and economic interests around the globe and offer opportunities like reducing transportation costs and

securing access to key markets and commodities in order to undertake a determining role in global affairs (Schuman, 2015).

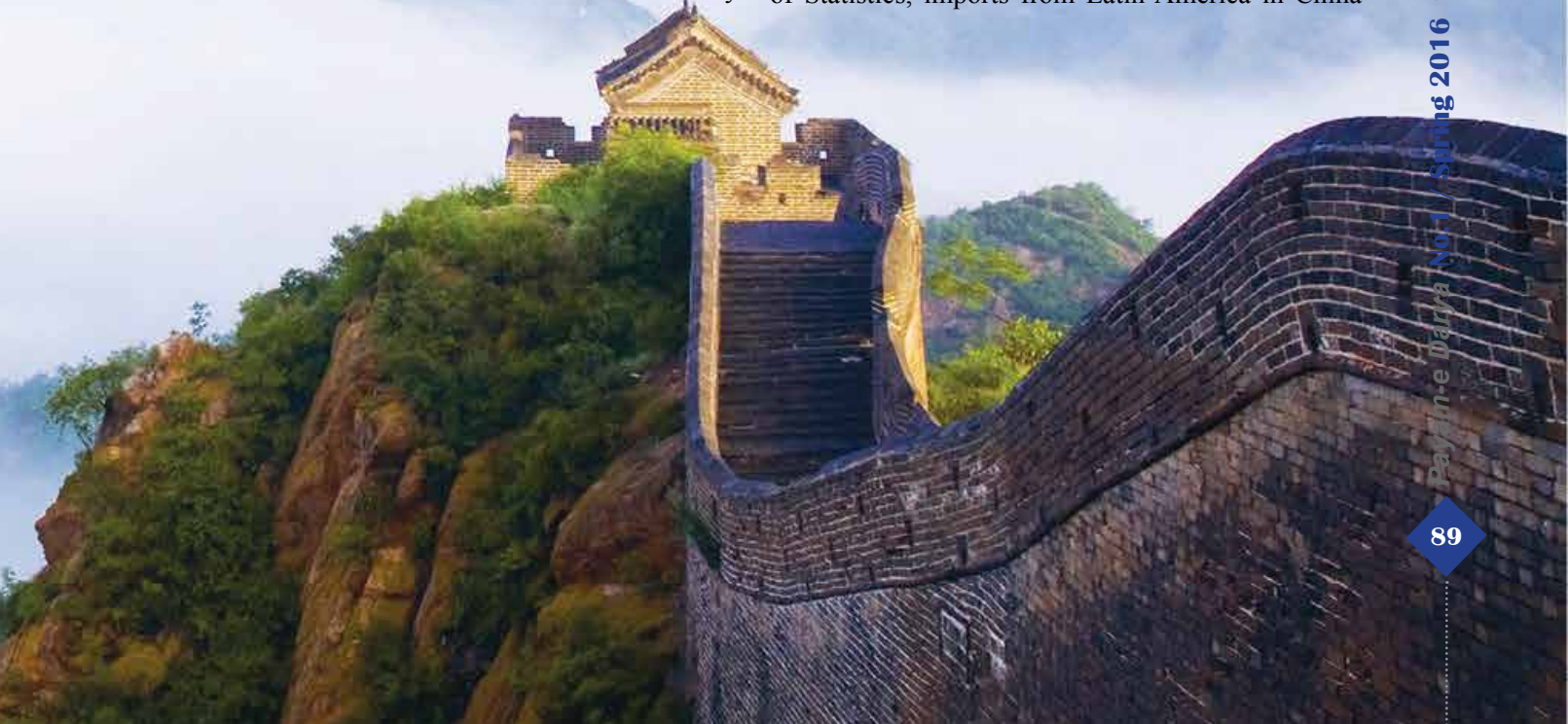
In spite of being initially established to reinforce the links with rest of the Asian Pacific, China's new Silk Road is extending its links to Latin America. For instance, the Tinaco-Anaco railway line in Central Venezuela was launched in 2009 by China Railway Engineering Corporation with a \$7.5bn (Tinaco-Anaco Railway Line, Venezuela, 2007). Moreover, in mid-2014 when the China South Railway won the tender for modernizing the metre-gauge Belgrano Cargas network in Argentina, the two countries signed a \$2.1bn loan agreement during the visit of Chinese president Xi Jinping to Buenos Aires (Barrow, 2014). This investment in physical infrastructure is still continuing, as China is trying to realize the old dream of Brazil and Peru for joining their Atlantic and Pacific coasts (Ortiz, 2014). In other words, in an effort to extend its links with Latin America, China has planned to construct a 5300 km railway infrastructure between Brazil and Peru throughout the Amazonia and the Andes Mountains. Estimates suggest that this inter-oceanic project will cost between 10 and 30 billion US dollars and will be inaugurated by 2020 (Rodríguez, 2015).

The trade and commercial transactions between China and Latin America provide more details about China's new Silk Road. Indeed, China has been active in financial sector and Sino-Latin American trade relations between 2000 and 2009 increased from \$10 to \$130 billion (Koleski, 2011). Additionally, in response to the China's rising demand, between 2000 and 2013 Latin America's trade with the country

rose 27 percent per annum, while the region's trade with the world increased just 9 percent annually. According to the Latin American Economic Outlook 2016, since 2000 Latin America-China partnership has multiplied 22 times; compared to a 3 fold increase with the world at large (Latin American Economic Outlook, 2016).

Brazil, Mexico, Argentina, Chile, and Venezuela are the top five nations trading with China (China's trade with Latin America grew in 2011, 2012). China's largest trade partner in Latin America is Brazil which accounts for over 40 percent of the Brazilian trade transactions. Brazil exports primarily soybeans and iron ore, which comprise 70 percent of its exports to China. Moreover, Argentina exports soybeans; Chile, copper; Venezuela, oil; and Peru copper and fishmeal. Similarly, Mexico's third biggest export market in 2015 was China and the aggregate value of their transactions amounted to \$7.89bn (Latin American Economic Outlook, 2016). China's trading base in Latin America is principally located in South America, not Central America or the Caribbean, which is the outcome of geographical resource distribution in the region (Onis, 2014). Besides, the bulk of Chinese export to Latin America consists mainly of industrial and manufactured goods, particularly high-tech ones (Berger, 2012). Chinese commodities are popular because of their low costs and Chinese firms are trying to establish themselves as brands among the new middle class, for example, in Brazil.

However, the coin of China-Latin America relations has another face. According to the National Bureau of Statistics, imports from Latin America in China





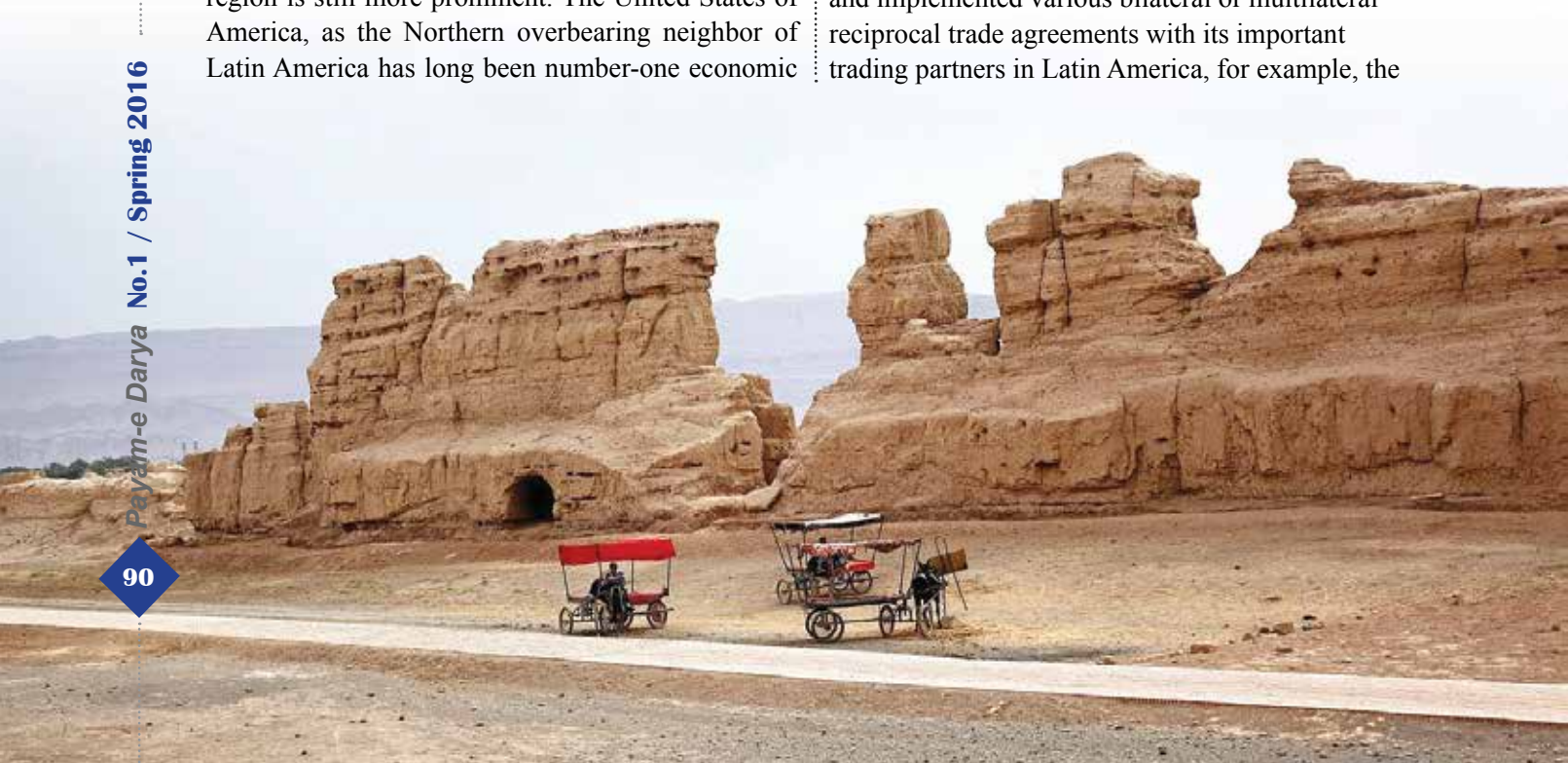
averaged 9708250.47 USD THO from 2014 until 2015 and in 2014 Latin America supplied 8.92 percent of China's imports, up from 1.11 percent in 2000 (Latin America & Caribbean Exports by Country and Region, 2000). Although there is a dramatic increase in the China's import from Latin America, these figures show that there is an asymmetry in Sino-Latin America relations: China is of significant importance for Latin America, but the reverse is not true. This point has led to the debates that argue that Latin America is re-becoming a raw material exporter to the newly industrializing China. Based on the classic dependency theory, Latin America sends raw materials to China, and China exports finished products, ranging from laptops, cell phones, textiles, footwear, to various low-tech, low-cost manufactured items, to the region.

US Economic Hegemony in Latin America

Irrespective of the question how much win-win is the China-Latin America relation, it should be considered while China's trade and commercial transaction with Latin America has increased, the U.S. presence in the region is still more prominent. The United States of America, as the Northern overbearing neighbor of Latin America has long been number-one economic

partner of the countries of the region. This partnership has its roots in history; since the US independence in 1776, an "inferior Latin American" mentality led to different doctrines, policies, and approaches of US government towards the people who live beneath its southern borders. This hegemonic strategy that began with Territorial Expansionism continued through economic policies like Dollar Diplomacy in the early decades of twentieth century to provide the actual economic map of the US-Latin America relations.

It is clear that in Western hemispheric affairs, trade is one of the more noticeable issues in U.S.-Latin America relations. Latin America is not only the largest U.S. regional trade partner, but also is the fastest growing one. According to Congressional Research Service, between 1998 and 2009, total U.S. merchandise trade (exports plus imports) with Latin America grew by 82% compared to 72% for Asia (driven largely by China), 51% for the European Union, 21% for Africa, and 64% for the world. Mexico, as the largest Latin American trade partner, accounts for 11.7% of total U.S. merchandise trade in 2009 (58% of the region's trade with the United States) which is the result of a long history of economic integration between the two countries (Hornbeck, 2011). In 2014 the U.S. received 42.91 percent of Latin America's exports; China 8.92 percent (Latin America & Caribbean Exports by Country and Region, 2014). In 2014 the U.S. supplied 31.83 percent of Latin America's imports; China, 16.62 percent (Latin America & Caribbean Imports by Country and Region, 2014). Additionally, the United States has signed and implemented various bilateral or multilateral reciprocal trade agreements with its important trading partners in Latin America, for example, the



North American Free Trade Agreement (NAFTA), the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), and bilateral FTAs with Chile and Peru (Hornbeck, 2011). All these statistics indicate that although anti-imperialist and leftist ideologies of Latin America are continuing their struggle against US capitalism (even by appealing to emerging economies like China), US maintains its economic superiority.

US Hegemony Challenged by China?

However, the main question remains can China's new Silk Road eclipse US economic hegemony in Latin America. This question should be analyzed taking into account different factors. From political economic perspective, all these Sino-Latin America interactions have been taking place under US prominent presence. Strictly speaking, every bilateral relation between China and countries of Latin America fails to that with the United States of America (Locatelli, 2011). China is Latin America's second largest export market, after the United States (Hearn & León-Manríquez, 2011). Similarly, the arguments such that China is trading more with Latin America and the resulted decreasing share of US trade is making the United States not feel longer at home in its well-known "backyard", are driving from globalization-induced fears and hopes. The US still continues to be the largest source of FDI into Latin America. In spite of economic globalization and emergence of various regional and global economic clusters, the US is preserving its superior economic position in the region. As a result, the anxiety is not based on the reality, but on a hypothetical future which provides China with sufficient leverage to control the behavior of Latin American countries against US hegemonic ambitions. Furthermore, as Rhys Jenkins indicated, "China's exports to the USA, Europe and the rest of Asia are far more significant than its exports to Latin America" (Bárcena, Prado, Rosales, & Pérez, 2015). So, US-China relationship is another critical factor that can be discussed in another paper. Finally, US prominent position in Latin America cannot be easily replaced by China's emerging power. Sino-Latin America relations are taking place along with China's economic foreign policy aimed at promoting strategic and economic interests in different regions of the globe. However, the issue of US economic hegemony in the region that

goes beyond the economic calculations is closely bound up with the Washington powerful foreign policy toward its Southern neighbors. Furthermore, there are a lot of barriers including social and cultural ones (e.g. language) that China is required to overcome in order to be considered as a threat to US economic hegemony. In sum, China's new Silk Road has a long way to go to challenge the US economic hegemony in its well-known backyard.

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Why Silk Road?



By : Vahid Basereh

In recent decades, China along with other South Asian countries experienced economic growth which accordingly demanded economical and efficient transportations. In fact, the need gave rebirth to so-called Silk Road which used to be the most important route to connect east and west for over 17 centuries. However, the new version is equipped by railroad and modern trains along with safe and fast highways.

Rebirthing the Silk Road is important mainly because the route lowers the costs and simultaneously keeps the East Asian products to west at competitive prices. Iran always played a key role in this route and was considered the gate

to Europe. The country aims to resume its historical role in this route and it seems there are some issues to consider. That is why Payame Darya went to the relevant experts.

Easy regulations and investment, the primary needs



Behzad Seifollahi as one of the best experts in the realm of ports and maritime remarked Iran's location as strategic and unique and stated: to revive the trade routes such as the Silk Road, special software is required. The software evidently

demands huge investment and part of such investment has been accomplished while the rest demands the government to play a role.

Seifollahi also divided the Silk Road to three sections of road, railroad and air transportation and continued: the sections need reformations including widening the roads as well as providing special facilities for the trucks to commute in east-west route through Iran to reach Turkey and east of the Caspian Sea. He believes that the Iranian railroads in the east-



west route needs attention and can be easily upgraded through investment. He also stated that: easy regulations and foreign investment are the two key factors to expand Iran railroad and consequently speed up the transportation in the region. Seifollahi asserted that air transportation suffers from lack of attention and stated that:

Imam Khomeini airport is 1000 high from the sea level which has made it incomparable to its counterparts in the region such as Dubai airport. He subscribes to the opinion that Iran is one of the best air corridors from Europe to Asia and Australia. He also added that establishing such a corridor does not require a huge investment and setting up the required software and imposing easy regulations can make it happen.

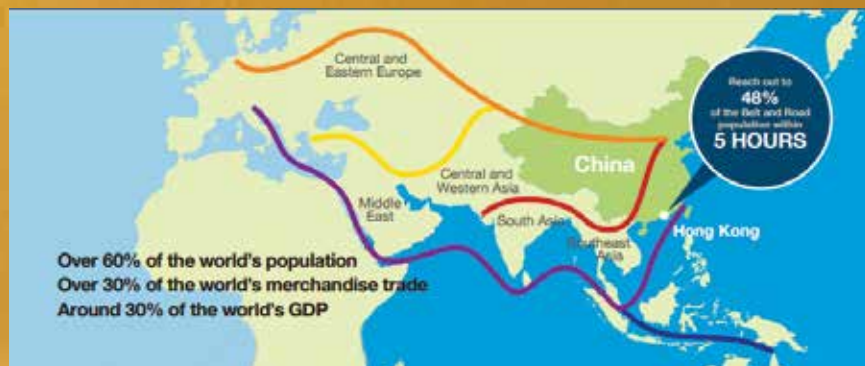
Silk Road to Change Global Transportation Game



MalekReza Malekpur as a transportation expert and the former port manager reminded the recent entrance of Chinese train to Iran which was indicative of Chinese officials' desire to revive the Silk Road and pointed out that: Iran is

one of the main parts of the route and we need to speed up the transportation in the Silk Road in Iranian part by upgrading railroads. He also reminded a parallel route which connects Auktao Port in Kazakhstan and Turkmenbashi port in Turkmenistan to Baku port in Azerbaijan and finally Europe and called the route quite costly compared to the Silk Road.

Malekpur commented that the Chinese showed their interest on operating through Iran by dispatching the train to Iran and transferred the message that they are eager to work through Iran rather than other routes if only the railroads are upgraded.



Malekpur called the Silk Road a great opportunity for Iran to interact with international partners and resume its role in global trade through attracting foreign investment especially in post-sanction era. Despite Seifollahi, Malekpur does not recognize the road part of the Silk Road economical and emphasized that: the Silk Road is economical if only the railroads are upgraded and facilitated for mass transportation. He also remarked that maritime shipping is a more economical way of transportation compared to worn out railroads. He predicted that upgrading the infrastructure in Iran will make handsome money to Iran through fees. However, the money is not comparable to the logistic opportunities regarding international transportation.

Malekpur as the former manager of Shahid Rajaei Port asserted that: global network of distribution is considered one of the most lucrative parts of any economy and Iran can take advantage of its strategic location and infrastructure capabilities. Malekpur claims that Iran is the most available and natural way for trade transportation for CIS countries and suggested that: CIS companies can establish joint venture companies with their Iranian counterparts and operate in Makran virgin seashores through the investments and eventually reform the global supply chain pattern. In fact, taking advantage of wise management and resuming the role of Iran in world trade, CIS trade will be highly affected and consequently, BRICS countries head into Iran to deal with CIS markets and that is how the global transportation pattern will undergo changes.

New Suez Canal 'One Belt One Road' & an opened up Iran

The new deeper Suez Canal will be a beneficiary of the 'One Belt One Road' initiative taken by China's leader Mr Xi Jinping, especially when it comes to the opening up of the Iranian market following the lifting of international sanctions and the moving into importance of the Indian refinery markets, according to Mr Denis Petropoulos, President of Braemar Shipping Services Asia.

Speaking at the 1st Suez Canal Global Conference in Cairo, Mr. Petropoulos said 'One Belt One Road' was not just about China but reached into around 60 countries: "many with increasing energy needs, and the Suez Canal playing its very essential part."



Iran is probably the most notable frontier for new business within 'One Belt One Road', delegates were told. "Its trading alliances in Asia remain strong but with the lifting of sanctions the opportunities for Iran are opened further, with long-standing historical trading partners in Southern Europe and their demand for Iranian crude oil, all likely to be transported through the Suez Canal and the Sumed pipeline," said Mr Petropoulos. The new Suez Canal will be able to handle almost twice the traffic, delegates heard. "And providing it remains commercially viable, this will lead to greater numbers of vessels navigating at both Suez and Port Said. In any environment where there is increased traffic there is increased risk of incident," he warned.

Mr Jeff Wilson, Director of Marine Consulting (Europe) at Braemar Salvage Association, told delegates that the planned increase in traffic that will come from the development of the 'One Belt One Road' "will inevitably result in more vessels transiting and awaiting transit of the Canal at either end, and this will require careful planning and handling to mitigate the risk of increased traffic."

He said: «It may be useful at this point to remind ourselves of the most common types of marine casualty and consider how that feeds into a discussion on mitigating that risk. We've been gathering data on casualties since the business started, and we still maintain a casualty database that allows our friends and clients to accurately identify the risks that are relevant to their work or their projects. And our most recent set of data indicates that the top five casualty types across the insurance market remain the same as we would expect, with engine room machinery damage, groundings, fire/explosion and collisions and allisions all in the top four of all casualty types.»

«One notable feature of the data is that the cost

of collisions has risen dramatically over time, and now comprises almost 20 per cent of the total.

If we assume that the number of collisions has a relationship to the number of traffic movements and the proximity of vessels in a given area, then it's reasonable to assume that there would be an increase in collisions if the volume of traffic in a given location was to increase over time.

Machinery damage and fire or explosion are not traffic dependent, but it's reasonable to assume that collision and grounding incidents are and, consequently, there may be an economic impact on shipowners' costs if they trade through an area of changing, increased and more densely packed traffic on a regular basis," he said.

The economic impacts of collision and grounding are varied, but there are common issues for shipowners following these incidents such as the cost of dealing with the incident, which can be considerable depending on the specifics of the incident, its location, the availability of support and repair services, the availability of technical expertise to recover the situation and the wider network of support available to the owner.

Mr Wilson again: "Owners prefer not to have casualties because they take up significant management time and resources and can result in lost opportunities in addition to reputational damage. However, if an owner could choose to have a casualty he would prefer to have one in a location where there was a well-organised network of emergency response and possible pollution control, where there was access to quality repair yards with high quality labour at a reasonable cost and where movement of goods and services could be done rapidly and at low cost. Not all of those conditions exist in all locations, but even two out of three will reduce the immediate cost of the incident and, consequently, reduce long term costs.

B.V. Classification Society and Iran

Bureau Veritas Company was founded in 1828 and taking advantage of 66,000 employees and 1,400 offices and laboratories in 140 countries, the company managed to record €4.6 billion in 2015.

PD managed an interview with Ms. Paillette Palaiologou, the marine marketing and sales director within the marine and offshore operating group in Bureau Veritas (B.V.)

Holding Master of Science in Marine Engineering from the University of Newcastle upon Tyne, Ms. Paillette Palaiologou defines and leads Bureau Veritas business development strategy and priorities in the maritime market.

She started her professional career in a Shipping company based in Athens (Ocean bulk Maritime S.A), as Technical Superintendent and then Head of Hull & Classification Department.

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Could you explain the place of classification in the shipping world?

In shipping world, we are dealing with an environment governed by new regulations. In B.V. we quickly identify the current market's needs and provide the clients with the right services.

Furthermore, high quality services and responsiveness are quite important. In this context, we have established a dedicated and consistent network of over 2,600 marine technical staff including naval architects, marine engineers and marine surveyors backed by 16 local technical centers and plan approval offices. This high qualified staff, specialized in the implementation of rules and standards, is operating in 180 survey stations located in 90 countries.

On this expanded network B.V. applies a decentralization model allowing prompt responsiveness unaffected by time zone differences and adjusting the services provided by our Marine offices to each country clients' needs.

In fact, class societies evaluate ship owner's ships and their technical and regulatory requirements, and deliver the right service at the time and place needed.

Could you give a brief history about your company?

Founded in 1828 in Antwerp, Belgium, to serve the



marine industry, Bureau Veritas is a world leader in conformity assessment and certification services. It helps its clients to improve their performances by offering services and foster innovative solutions in order to ensure that their assets, products, infrastructure and processes meet standards and regulations in terms of quality, health and safety, environmental protection and social responsibility are truly followed. B.V. is among the leading IACS Classification Societies and with a fleet totaling over 11,330 ships is ranked no.2 in terms of number of vessels.

B.V. has created a set of modern user friendly tools using information technologies, like the VeriSTAR family products, able to provide timely and cost-effective solutions for ship owners and ship operators.

B.V. develops R&D programs and technical studies with a high level of expertise in safety and quality in order to facilitate the decision making process and to optimize costs.

We are honored on our international outlook and our very responsive global network, so we can provide ship owners anywhere in the world with quick action and local knowledge.

In the maritime and offshore fields, its missions are as follows:

Classification: we assess ships for conformity with

specific sets of rules, mainly through determining structural soundness and reliability of machinery on board. B.V. is active in the classification of all types of ships and offshore units.

Certification and issuance of statutory certificates on behalf of over 150 government and flag authorities and in accordance with the rules standards developed by IMO and ILO.

Advisory services and consulting including training services in the technical and regulatory field.

How can B.V. cooperate with IRISL in post-sanction era?

B.V. had a long lasting relationship and cooperation with IRISL. We are happy that we can again enhance and develop this cooperation further in the new era of the Iranian shipping.

Bureau Veritas has a leading position on container and bulk shipping and a strongly diversified experience with all ship types. We class ships for biggest shipping companies in the world. For instance, we provide services for all the top containership operators.

We would like to expand our collaboration to other sectors like tankers, gas carriers and offshore units as we developed strong expertise and knowledge which can benefit IRISL.

Bitumen Industry in Iran

Iran is the fourth and seventh amongst top ten producer and exporter countries of bitumen, respectively. Iran provides 3.8 percent of more than 100 million bitumen's demand in the world. Moreover, Iran is one of the major suppliers of bitumen in the Gulf region in a way that it produces approximately 5 million tons bitumen annually, half of which is consumed in Iran and the rest amount is exported to the Middle East countries, south of Asia, east and south-east of Asia, Africa and Europe. The highest amount of Iran's bitumen is exported to United Arab Emirates in which half of it is consumed in UAE and the other half is exported to other countries.

Iran's bitumen was produced by National Iranian Oil Refining & Distribution Company (NIORDC) up to 2005. It has been produced by Jey Oil Refin-





ing Company and Pasargad Oil Company (POC) since 2006. Jey Oil Refining Company and Pasargad Oil Company with the nominal capacity of 1.8 and 3.4 million tons yearly; have been considered as the main producers of bitumen in Iran, respectively. Additionally, besides these two companies, 100 private companies act in bitumen industry in the field of production, packaging and sales.

Bitumen's Transportation

Bitumen transportation is a complex process. Considering the fact that it is produced in a few countries; multi-modal transportation and choosing the best and most appropriate one according to exporting and consumer countries should be regarded as the most important factor. Bitumen is economical, so its transportation takes place through sea routes. However, it is exported to some countries such as Armenia, Georgia, Turkey, Afghanistan and Pakistan through tankers and trucks because that have not got sea borders with Iran. Bitumen is packaged in steel barrels and in bulk. It is carried through bulk carrier ships in different sizes and the packages are carried in poly bags through Bitutainer and storage containers.

Asia Gostar Qeshm Company was established in 2013 with the cooperation of IRISL and Jey Oil Refining Company for the sake of sales, export and transportation of bitumen from Iran to other Asian and African countries in order to pave the way in this field. This company has exported more than 150 thousand tons of bitumen in bulk and barrel packaging on board IRISL fleet all over the world since its establishment.

Cement Industry in Iran



By: Sarah Zeynal Zadeh

Iran with the production capacity of more than 80 million tons annually, is the fourth cement producer of the world (China, India and America ranked 1st, 2nd and 3rd respectively), the first producer in the Middle East and the third in Asia.



During the last year, Iran exported more than 19 million tons of cement to the world and it was called the biggest exporter country.

The growth trend in cement production and setting up new production units in Iran give rise to the fact that production of Iran's cement will hit the amount of 88 million tons by the end of 2016. Regarding cement's price, it is sold at \$30 per ton at the most expensive rate in Iran which is lower than half of the prices in other markets.

The continuing growth in consumption worldwide and rapid rise in consumption in neighboring countries of Iran due to an increase in global growth as well as an increase in oil and gas prices will result in more consumption and more demands from the neighbors. Moreover, considering high prices of fuel in Africa (Egypt and Mozambique), it will cause an increase in number of demands in the near future.

Considering the fact that the high cost of carrying cement which is more expensive than the cement itself, has made neighboring countries prefer to buy Iran's cement as the best choice.



Iraq, Egypt, Tajikistan, Afghanistan, Turkmenistan and Azerbaijan are all the most important destinations for Iran's cement. Considering the fact that cement is used in areas with high sulfate ions particularly in ports, it needs high resistance against pressure. Production and supply of anti-sulfate cement of M500 by Shahroud Cement Company is high on the agenda. This cement with high resistance of about 550 (kg/cm²) is referred to as the best type in construction plans.



Marine Tourism Policies in Iran



By : Narges Ehsandar

Today, tourism industry is considered a very lucrative sector of any economy and five percent of the global economy is indebted to this industry.

Global tourism and its turnover was reported to be high on the agenda for 1500b \$ in 2015 and despite placing at 15th in the realm of economic, cultural

and social relations with other countries. Marine tourism can secure a surge in related industries such as shipbuilding, passenger transportation, hospitality and handicrafts and paves the way for a guaranteed situation for ports and seas.

Today, many states have invested in marine infrastructure and try their utmost to acquire a bigger share in tourism industry and compete with their counterparts through their water borders.

On the other hand, Iran enjoys an exotic shoreline in the Persian Gulf located in equatorial region of four provinces of Bushehr, Hormozgan, Sistan Baluchestan and Khuzestan.

Considering 1500b \$ turnover in the tourism 15th rank in the tourist attraction sites, Iran's share in





global tourism didn't exceed 0.5 %. According to the reports, 1,250 b tourists traveled all over the world and Iran is going to host 20 m with the revenue of 30 b through a 20-year resolution. The marine industry includes management services, training, marketing, tourism, transportation, customs service, insurance, advertisement and the facilities to commute in Iran and it is supposed that the industry allows marine trade development nationally, regionally and internationally along with service export, handsome foreign exchange earnings, facilitated technology transfer. yet importantly, tight economic, cultural and social relations and employment with other countries. The geographical advantage of this region has made a secure nest for migrating birds along with



unique marine species and coral reefs. However, these potentials have been rarely applied and the only manifestation of using the marine potentials exists on Kish and Qeshm islands which are considered as the free zones. On the other hand, there are wonderful marine scenes in North of Iran including Gilan and Manzadaran and the question is how to attract tourists to this part of the world. The experts, however, introduced different ways to deal with the issue.

Parviz Bavarsad as the dean of Bushehr Marine Science and Technology university stated that: Marine tourism is a new industry which is developed in many countries and follows visible and hidden goals. Therefore, considering the fact that the industry creates new jobs and a handsome turnover, marine tourism can be more lucrative for us than maritime transportation.

Parvin Farshchi as the deputy of Department of Environment Organization remarked marine tourism as one of the most important issues in Iran's 6th development plan which paves the way for better utilization of the Iranian seashores and islands. Manuchehr Tatina as Mazandaran Ports and Shipping managing director commented that marine voyages to Iran is completely secured due to the Ports and Maritime organization's strategies so much that the number of passengers in this realm mounted from 4.5m in 2006 to more than 18m in 2015. He continued that if only the marine tourism authorities in Iran and neighboring countries' counterparts hold negotiations in this regard, mayors, related organization and offices' managing directors can move forward and make a drastic change in the industry. He also noted that marine tourism industry can play a fundamental role in Iran's economy and reported that there are 25 industries dependent on marine tourism.

Abdolkarim Razazan as the secretary of Ports and Maritime Organization's commission reported that: PMO aims to operate new vessels in 2016 in the Caspian Sea and establish floating restaurants to follow what have been done in the south seashores. Finally, he demanded the Ministry of Foreign Affairs to set the required agreements which gives Iran the opportunities to work and exchange passengers similar to what other neighboring countries do.



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