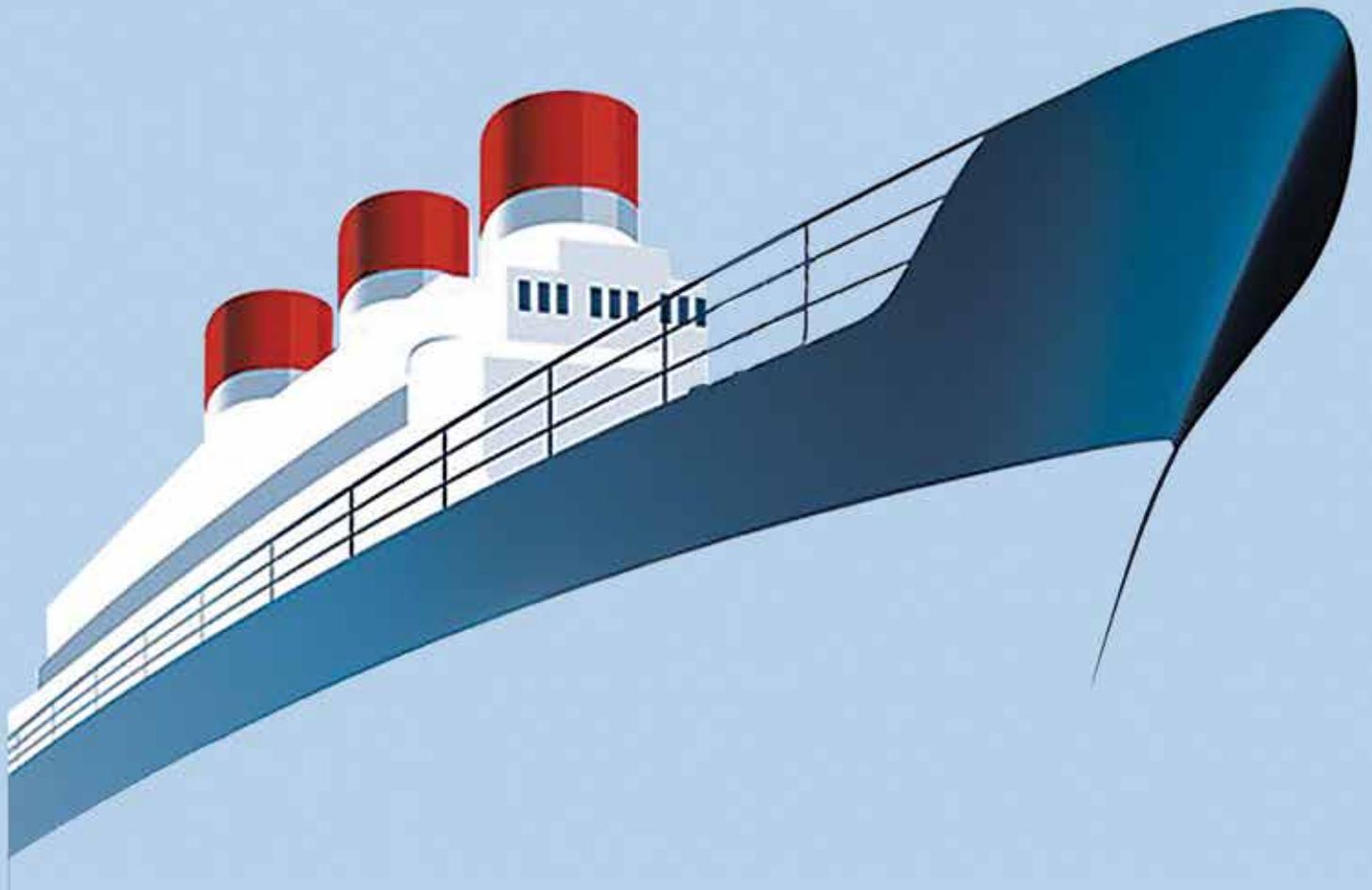




No.2, Summer 2016

**Maritime Achievements
in Post-Sanciton Era**

**Iranian Petrochemical
Investment Opportunities**



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Mr. Ong Seow Leong, PSA's Vice President,
receiving IRISL's symbol of friendship
(Sept. 2016)



From left to right:
Mr. Sadeghi - IRISL, Mr. Leong - PSA,
Capt. Amini - Managing Director of
IRISL's Office in Singapore
(Sept. 2016)



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"Payam-e-Darya " in September 2016

(Islamic Republic of Iran Shipping Lines)

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Iran, an Investment Opportunity

By : Mehri Azizi

Iran was specifically highlighted in global scene after JCPOA through which open door policy was born and the country started to experience the state of transition accordingly. Iran enjoys specific qualifications that cannot be ignored especially compared to other developing countries including rich oil and gas reservoir, hungry transportation system, generous mines, considerable knowledge production, craving car industry and construction business which needs reconstruction.

In line with Iran's open door approach and to fulfil sixth plan of development which demands 8% growth in economy, Iranian authorities applied specific policies to facilitate the process of investing for foreign parties. In fact, as mentioned above, many realms in Iran are passing through transition and to move forward with it successfully, foreign investor can come into the picture in a win-win situation. In this regard, transportation system including shipping aims for renovation to compete with its international counterparts. Furthermore, the existing ships demand insurance which seldom can be carried out by Iranian insurance companies.

On the other hand, we witnessed new IPC models of oil contracts which are so attractive for foreign investors.

To pave the way for foreign investors, Iranian authorities reduced government's share by 43%. These are a few examples of the policies which indicate that Iranian authorities are aim for development in Iran through cooperation with foreign parties.

IRISL'S Managing Director's message for the International World Maritime Day:

Increasing Shipping Dynamics Indebted to Maritime Activists' Efforts

Backed by Iranian shipping industry activists, the shipping industry in Iran passed different stages throughout history and now stands at an excellent point. In fact, the industry is globally well-known thanks to Iranian maritime activists' endeavor, diligence and concern which illustrate national pride in Iran.

It goes without saying that unique success for shipping industry in Iran is indicative of growth and development which is in fact the result of strong sense of responsibility in any Iranian maritime activist.

Taking advantage of sagacity and creativity of maritime activists, shipping industry in Iran is now considered a strong arm of maritime economy. Furthermore, preserving the achievements not only in Iran but beyond the borders depicted efficiency of IRISL.

To pay tribute to maritime society, I would like to thank the activists' efforts for increasing shipping dynamics.

Iran never forgets the maritime society's efforts to expand and strengthen Iranian shipping industry during the eight-year-war and the recent sanctions against Iran.

I am writing this message as the representative of Islamic Republic of Iran Shipping Lines (IRISL) to congratulate World Maritime Day to all the seafarers who elevated the flag of Islamic Republic of Iran all over the world through great seriousness and faithful serving.

Finally, I assure that there is a promising atmosphere in post sanction era which set the scene for the shipping industry to flourish and we need to follow resilience economy in Iran to create golden future.

Mohammad Saedi



Says the Iranian President in a Live TV Program:

Facilitation of Shipping Activities, Substantial Achievement of JCPOA”



In a live televised program last night, the Iranian President, Hassan Rouhani, addressed the Iranian nation: “Facilitation of shipping activities is a substantial achievement of the Joint Comprehensive Plan of Action (JCPOA); and during post-sanctions era, a good opportunity has been established not only with respect to selling oil and retrieving our property, but also regarding the insurance issue and shipping activities.” Referring to the speech delivered by the Minister of Petroleum concerning the fact that the Iranian oil is sold to Euro and the income of oil sales shall be deposited in the account assigned by the Ministry of Petroleum, Dr. Hassan Rouhani stated: “Today, more than 400 foreign banks have financial communications with Iran and this number is continuously being increased. Thus, during the post-sanctions era, a good opportunity has been established not only with respect to selling oil and retrieving our property, but also regarding the insurance issue and shipping activities.” He further stated: “Formerly, we were under sanctions with respect to shipping areas, leading to a situation in which large vessels did not call at Iranian ports and thus we were inevitably forced to ship the respective goods to our ports by dhows, which imposed enormous expenses on Iran.” Asserting the execution of JCPOA in the realms of insurance and shipping activities, Dr. Rouhani

remarked: “JCPOA has been executed very well in some areas such as exporting oil and gas, insurance, shipping activities, and money transfer; however, there are still some problems with respect to some issues such as non-presence of large foreign banks and their refusal of commencing banking activities with Iran (which is resulted from their continuous excuses or the pressures imposed on them from behind the curtain) as well as some issues related to transferring or changing foreign-exchange reserves. In spite of the mentioned problems, the procedure of

JCPOA is in such a way that the more we advance, the more achievements we get; and it is hoped that we can pave this way by unity, alliance and solidarity.”

Ships Traffic with Iranian Flag on International Waters is Our Pride

“It is our pride when our ships sail on the international waters with Iranian flag,” said the Iranian president, Dr. Hassan Rouhani.

Mentioning this statement at the final ceremony of the Meetings of the Directors and Managers of IRI Education Organization held at the Leaders’ Summit Hall, Dr. Hassan Rouhani stated: “Last year, there was no possibility for ship traffic and presence of insurance companies in Iran; however, today, our ships sail on international waters with Iranian flag and transport the containers, which is our pride.” He added: “It would be our honor, wherever we can, to take a step to show our enemies that their conspiracies are ineffective on Iranian nation.” He further stated that: “It is our right to have ship traffic on international waters. Therefore, our status regarding the mentioned issue in this year is different from that of the last year, as the next year, our status will be different from that of the current year.”

IRISL

with Saeedi at the Helm



“

MANY RENOWNED SHIPYARDS IN CHINA AND SOUTH KOREA AS WELL AS IN EUROPE INDICATED THEIR INTEREST TO COOPERATE WITH US

”

IRISL With Saeedi at the Helm

Could you make a brief introduction on history of IRISL and explain the effects of sanctions on this company?

As you would appreciate, IRISL with almost half a century history in marine transportation field has always had its own traditional clients, who enjoy a professional service and pleasant experience in working with the company, and hence the root of slogan of “Global Partner” to define this correlation has come into being.

Because of the sanctions, derogation from the standard proceedings of the company was inevitable. It was more pronounced in our financial transaction with our clients and those who chose IRISL for its services.

As a remedy, in extenuating circumstances, the management of the company decided to use layers to enhance this relation by introducing third parties, which obviously caused the cost of services to go higher than that of our competitors.

By lifting sanctions, the company met the criteria tactfully and could establish a direct relation with its clients and consequently a lower service cost was guaranteed.

Removing third parties persuaded the shippers to resume their cooperation with the company.

We have adopted a well-defined and significant policy in our strategic planning to reduce the service cost even further.

Establishing joint venture companies in Europe and other target markets, is one of those mechanisms to serve the interests of the company in meeting its customers orientation.

I hasten to add that IRISL cargo carrying capacity consists of a container carrying capacity of above 120,000 TEU, and our capacity in dry bulk sector is over 2,000,000 tones dead weight.

In wet bulk sector, the total carrying capacity is over 1,000,000 tones dead weight.

What are the plans and prospects in IRISL?

I can see a bright future prospect for IRISL.

On the basis of all relevant information and global analysis of the market , fleet expansion plan has been set up and presently our Technical and Commercial Team are working hard to verify the suitability of proposed candidates in different scopes of the operation.

A constructive negotiation was made with lending banks in this respect and their positive response was an implication on their attitude and readiness to extend their services to IRISL.

All these steps were taken, mindful of a drastic promotion in the present global ranking of IRISL.

Training is one of those areas which I am going to focus on and for a definitive result, my plans are based on short and medium time spell to meet the requirements.

I am definitely have the view that, IRISL with its skillful staff merits its distinguished position in global ranking.

What are the fleet expansion plans?

A multitude of reasons, mainly, the effect of sanctions and world economic recession, and the combined effect of both, caused the company to lag behind its fleet expansion plans.

Lifting sanctions from the early days of the current year, provided a good opportunity to concentrate on scrutinizing fleet available tonnage as well as type and size, to meet our client’s needs and orientation.

Though, the economic recession with its shadow on the shipping sector is still a menace determining concern.

In other words, where some shipping companies consider it as a threat, we count it as an opportunity, where the price of vessels is in its bottom line.

Many renowned shipyards in China and South Korea as well as in Europe indicated their interest to cooperate with us in this respect.

Attractive finance packages are offered by major lending banks and our team is seriously studying the cases to verify the most suitable package for the company, either in commercial and technical aspects.

Also, a constructive dialogue is going on with Iranian ship builders.

As you are probably aware, Iran has thousands of kilometers of coastlines in the north and south put together.

In the south, there is heavy traffic of ships and cargo which provides ideal conditions for a shipbuilding/repair industry to develop. Traditional shipbuilding was confined to wooden ships, down to late 19th century. The 20th century witnessed a long line of increasingly more sophisticated ships emerging one after another, and traditional shipbuilders lost the technological competition.

Iran Shipbuilding & Offshore Industries Complex Co (ISOICO), the biggest company in Middle East, is an Iranian shipyard, located in B.Abbas, active as a shipbuilder and ship-repairer of different types of vessels and offshore structures.

The first IRISL order, a large ocean-going vessel, Iran-Arak, was launched to the high seas, on 20 August 2009.

“

EXCELLENT OPPORTUNITY TO MAKE A FORTUNE IN OIL BUNKERING IN THE PERSIAN GULF, STRAIT OF HORMUZ AND THE GULF OF OMAN

”

IRISL sustained substantial losses in view of delay in delivery as well as change in market demand for the type and size of the vessels in compliance with customers' needs and orientation.

If we are to promote our position in global ranking, there is no option but to step in the market with the appropriate type and size of vessels to fulfill the requirements in different trade patterns.

For instance, modern mega size container vessels for employment in our East –West routes can be constructed only by a few major shipyards in the world.

Having a competitive advantage in petrochemical industry compared to many other countries in the world as one of the existing potentials in Iran has been highlighted whenever the need has arisen. Availability of rich resources of gas and gas condensate at suitable competitive prices and access to international waters has made it more convenient to export petrochemical products to big international markets like China and India.

This is the market targeted by IRISL and following the lifting of sanctions, no limitation exists to step up in, and we shall readily establish our routes to European markets.

What are the strategic plans in IRISL?

Lifting sanctions has provided an excellent opportunity to make a fortune in oil bunkering in the Persian Gulf, Strait of Hormuz and the Gulf of Oman.

Presently, UAE is our main rival in bunkering fuel to tankers and IRISL is planning to claim a bigger stake in the region's bunkering business by offering exceptionally high-quality heavy oil at competitive prices.

IRISL strategic plans in this respect consists of:

- Bunkering and offering demanded marine services for vessels in the Persian Gulf and southern Iranian ports

- Establishing bunkering stations in strategic points in the world and bunkering heavy oil and, gas oil

and supplying fresh water in major ports
-Worldwide transportation of crude oil and oil products.

In this respect we are planning to establish joint venture with international bunkering companies, mindful of developing the business in Asian countries, especially in Singapore and Europe. Presently, we have invested in necessary bunkering infrastructure in B.Abbas and Qeshm including tank farms and storage facilities by our affiliated company active in this sector.



IRISL and Norwegian DNV GL Signed an MOU



A memorandum of understanding was signed between Islamic Republic of Iran Shipping Line (IRISL) and the Norwegian classification institute of DNV GL at IRISL headquarters in Tehran.

Among the main objectives of this MoU was, performing legal audits for issuing international certificates for ships to enable them to transport to European Ports and other paramount international ports. In the signing ceremony of this MOU, the Director and the Chairman of the Board at

IRISL, Dr. Mohammad Saedi, referred to the new atmosphere that the lifting of the sanctions has created, and hoped that the MOU accelerates the collaborations between IRISL and DNV GL. The signatory to the MOU, DNV GL director expressed his happiness and emphasized the necessity of building new capacities and grounds for mutual collaboration between the two organizations. He added that DNV GL classifies the world's largest fleets, and has the capacity to offer high-quality services to the whole IRISL fleet.



Antwerp Port and IRISL Directors Meet



Islamic Republic of Iran's Shipping Line (IRISL) director and board chairman sat with the C.E.O. of the Belgian Antwerp Port at the IRISL headquarters in Tehran.

In this meeting, Dr. Mohammad Saeedi, IRISL director, asserted that Iran and Belgium are enjoying close and productive ties after the lifting of the sanctions and with the emergence of a new post-JCPOA, Dr. Saeedi added, Iran intends to expand its commercial relationships with Euro-Zone countries in the near future. Currently, Saeedi further stated, IRISL fleet is frequently traveling to various European ports, including Antwerp Port. Dr. Saeedi clarified that at present, there are no restrictions on the expansion of Iran-Europe trades, particularly in case of exporting petrochemical products and general cargos to European suppliers. Later in this meeting, IRISL director deemed the Belgian Port of Antwerp as a major transportation center and the core port of Europe, and stated that IRISL would warmly welcome any increase

in the number of services it receives from this port. Further in this meeting, Eddy Bruyninckx, the C.E.O. of Antwerp Port, stated that Iran and Belgium have had good economic ties in the past years and confirmed that his organization would do their part in eliminating banking sanctions and turning transaction conditions to their normal state. Bruyninckx also added that Islamic Republic of Iran and Europe have great potential to expand their economic collaborations and hoped that IRI and Europe' commercial, economic and banking ties get promoted in the upcoming future. Expressing his interest in establishing a joint venture with the IRISL as well as offering better services to this shipping line, Bruyninckx added that exchanging more information would further ease and facilitate economic ties between the two nations; hence, Antwerp Port authorities and executives are looking into different means via which the collaboration opportunities between this port and IRISL are increased.

IRISL, Norwegian SKULD Club Sign MoU for Shipping Insurance



A Memorandum of Understanding was signed between the Islamic Republic of Iran Shipping Lines (IRISL) and the Norwegian SKULD P&I Club for shipping insurance cooperation. According to MANA reporter, by virtue of this MoU, different cooperation grounds between the Islamic Republic of Iran Shipping Lines (IRISL) and the Norwegian SKULD P&I Club including providing different types of maritime insurances, considering and pursuing complaints regarding maritime insurances coverage, training personnel

and promoting the knowledge and competency of the Iranian experts were discussed and the respective mutually agreed issues were signed by both parties. Other sub-firms of this company include SKULD Offshore and SKULD Hull which provide insurance services related to Hull-Machineries and depending on the type of insurance of the respective float, these latter firms shall compensate for the respective body damage and further provide offshore insurance services for shipping companies.





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Best wishes to IRISL Chairman and Managing Director, Board of Directors and staff members on The Happy Occasion of 50th anniversary of IRISL Foundation as well as 25th anniversary of publishing IRISL English Magazine

"Payam-e-Darya " in September 2016

Islamic Republic of Iran Shipping Lines

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IRISL

Director Meets with Norway's State Secretary of Trade, Industry & Fisheries

Accompanied by a high-held delegation, Norway's state secretary of Trade, Industry and Fisheries sat down in a meeting with IRISL director and head of the board at IRISL headquarter.





In this meeting, PD reported, Dr. Mohammad Saeedi, IRISL director and head of the board, met with Dilek Ayhan, Norway's state secretary of Industry, Trade and Fisheries ministry, and stated that the two countries have had a long and prosperous history of cooperation in terms of insurance and classification. Thanks to the lifting of the sanctions, Dr. Saeedi added, IRISL managed to reach constructive agreements with two eminent Norwegian companies of DVN GL and SKUL.

Dr. Saeedi further hoped that the volume and the depth of IRISL's cooperation with the two aforementioned corporations be growingly promoted. Later in this meeting, Dr. Saeedi asserted that Norwegian companies enjoy cutting-edge technology and are pioneer in various fields and hoped that the mutual cooperation of these companies and IRISL brings about new commercial opportunities. He added that in the new post-JCPOA era, a new atmosphere has



shadowed Iran-Europe relationships, and this is an excellent cue for deeper further collaboration between the two countries.

Emphasizing the importance of close ties between the two countries' ship owners' associations, Dr. Saeedi expressed his interest in the joint collaboration of Iran and Norway in ship building and repairs.

Norway's state secretary of Industry, Trade and Fisheries, also, expressed his consent with the lifting of the sanctions and the execution of JCPOA. He stressed that currently, everything is ready for the ties of the two countries to return to its normal routines, as it was in the pre-sanctions era.

She then referred to Iran's remarkable maritime potentials and promising market, as well as the

reopening of Norway's regional office in Iran. Finally, he hoped that the new post-JCPOA atmosphere leads to extensive collaboration between the two countries, particularly in case of maritime industries.



IRISL

Launched 24th Conference on Coordination of Iranian Maritime Organs

Islamic Republic of Iran Shipping Line (IRISL) hosted the 24th conference of coordinating Iran's maritime organizations in Tehran simultaneous with Iran's National Maritime Day.



The conference was held on September 27th and 28th 2016 in Niroo Research Center by IRISL's public relation office with the attendance of Abbas Akhundi, minister of housing and urban development, Mohammad Saeednejad, managing director of Ports and Maritime Organization (PMO), Mohammad Saeedi, IRISL managing director, Ali Akbar Safayi, NITC managing director, Parvin Farshchi, Deputy for Marine Environment Marine Environment Division and marine activists from navy force and private sector. In this conference, maritime and shipping issues, maritime-oriented development,



resistance economy and other maritime related issues were discussed.

The director and the head of the board at Islamic Republic of Iran Shipping Line (IRISL) in this conference stated that currently we are dwelling at a bright point in Iran's history thanks to the government's tact, negotiation team's sophistication and the strategic management of grand leader and the president.

Making effective use of domestic, regional and international capacities is a necessity, Dr. Saeedi asserted, and currently, we have managed to access the 600-million-people market of Commonwealth of Independent States (CIS) countries, thanks to the activation of North-South Transport Corridor. Dr. Saeedi, also, considered the revival of the Silk Road to be a significant bridge between the East and the West, and proposed that Iran could be the main channel of this transportation route. Making a reference to the post-JCPOA opportunities, the IRISL director stressed that currently, the tactfulness of the executive system, the smartness of the nuclear negotiations team and the president's and grand leader's strategic management skills have led Iran to flourish and experience a shining point of its history. Utilizing this opportunity, he added IRISL managed to not only sign memoranda of collaboration with 5 eminent international shipping lines but also to commence joint operational activities with them. At the moment, IRISL is in pursuit of the cooperation with high-ranking international corporations to develop Iran's operation terminals and make up for where it has fallen behind. IRISL director emphasized that the policies of Ministry of Roads & Urban Development in Rouhani's administration have been precise and thorough, and they have well managed to make the best out of domestic and foreign opportunities. He promised that IRISL will also continue utilizing these opportunities





and promote its international position to 20 or higher. Dr. Saeedi asserted that reviving IRISL’s relationships with prominent international classification firms was one of the most paramount achievements of JCPOA. We have made it clear to these institutes, he added, that their alignment with Iranian companies is an absolutely necessary condition for them if they wish to expand their activities in Iran. Another significant post-JCPOA, in Dr. Saeedi’s view, was the revival of reinsurance coverage for ships. He stated that his organization was able to attain a 580-million-dollar multi-faceted insurance coverage for Iran’s national fleet. As a result of these measures, he further asserted, IRISL ships commute to ports in every corner of the world with no restrictions. Promising that in the upcoming month will witness the announcement of good news in the maritime sector, Iran’s national fleet director strongly stressed that 95 % of the problems with IRISL fleet had already been solved, negotiations are in progress to solve the remaining 5%, as well. Dr. Saeedi regarded the reopening of IRISL foreign representative networks as an achievement of post-JCPOA era, and reminded us that at the sanctions’ era, IRISL was only active in East Aisa line; yet, he added that not only have IRISL already revived almost all its representatives around the world, but it has opened some new representatives in different ports. In order to expand its services, Dr. Saeedi submitted,

IRISL has established international joint-venture companies in the ports of Italy, Hamburg, Singapore and China. Moreover, IRISL has recently started collaboration with the largest Turkish line. This collaboration, he added, aims at expanding IRISL’s activities in the Mediterranean and Southern Europe. Dr. Saeedi counted the revival of IRISL representative in South Africa and expanding its activities in the southern ports of Persian Gulf as the other plans of his organization for the future. Referring to his recent trip to South America with Iranian state secretary, Dr. Saeedi asserted that IRISL fleet commutes freely to and from the eastern ports of this continent. He added that IRISL is currently performing negotiations to activate its travel routes to the western ports of this continent through Chili-China line. Proposing that the development of bunkering industry is a significant IRISL policy in the post-JCPOA era, Dr. Saeedi stressed that his organization is attempting to meet the needs of both Iran and the region, thanks to its coordination with Qeshm Free Zone. “IRISL Managing Director: 95 % of the problems with IRISL fleet had already been solved, negotiations are in progress to solve the remaining 5%, as well”



Best wishes to IRISL Chairman and Managing Director, Board of Directors and staff members on The Happy Occasion of 50th anniversary of IRISL foundation as well as 25th anniversary of publishing IRISL English Magazine "Payam-e-Darya " in September 2016

-Jiangsu Ocean Shipping Supply Corp.

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BUSINESS SCOPE:

SHIPPING SUPPLY ----- INCLUDING SHIP SPARE PARTS, SHIP STORE, CHEMICAL & GAS (UNITOR , NALFLEET), PAINT(HEMPEL,PPG,CHUGOKU), LASHING MATERIAL, PROVISION, FRESH WATER, MEDICAL, PUBLICATION ,ETC.

P & I Club in Iran



Mohammad Reza Mohammadi Banaei is currently Managing Director at Afra Marine Kish (IRISL In House Insurance Brokers). Taking advantage of Bsc in Maritime Studies and as a master mariner, he managed to govern Kish P&I club and H&M and P&I claims executive at IRISL legal & Insurance dept. in previous years. 17 years of Sea going experience on IRISL vessels along with being Associate member of Association of Average Adjusters and holding post graduate diploma in Marine Insurance from World Maritime University have enabled him to turn out to be a maritime insurance expert.

Payame Darya managed to instruct an interview with him and elaborate on the P&I importance in Iran, the process of working with P&I club in Iran, and the capacities of Iranian insurance firms.

PD: How effective is the role of Protection and indemnity clubs on international business environment?

Shipping industry stands as a connecting medium in the international trade. To secure capital flows and engage with the parties involved in the industry; the shipping companies rely heavily on protection and

indemnity they are receiving from P&I clubs. During past decade; due to some restrictions imposed unrightfully on IRISL group through unjustified sanctions; the group's activities were mainly concentrated on Asian; local and niche markets. There are number of reasons which could be named in this regard but the role of international group of P&I clubs and ter-

mination of their cover is definitely outstanding.

The International group of P&I clubs are the main service providers to worldwide shipping within the scope of P&I insurance and corresponding services. In the recent decades; the concentration of the protection and indemnity services in the so called “IG Group”; the group comprising of 13 biggest international P&I clubs; have turned the industry into a cartel where enjoying insurance cover from any P&I club within the group; is considered as the key to enter the international trade.

The P&I clubs’ roles and influence on shipping business environment have been considerably increased during recent years due to the obligations under International conventions on wreck removal, bunker oil pollution and Civil liability convention for the ship –owners to obtain a financial security in respect of its liabilities under above conventions from a financial institute or an Insurer.

The Port safety officials are also concerned about vessel P&I insurers. The reason is the claim management methods which have been performing by the IG clubs in different jurisdictions and their ability to respond to all types of claims financially as well as technically. Having the latter considered the port authorities would consider the P&I Insurers of the vessels as a means of loss control and risk mitigation.

As an IRISL employee, I hope that by obtaining P&I cover from International group P&I clubs the IRISL fleet vessels could easily trade worldwide.

The fact is that, having an internationally recognized P&I cover would pave the way for IRISL to reclaim its share from International shipping market.

Moreover, the IRISL policies towards expansion or renovation of fleet necessitates smooth access to financial markets and Mortgagee banks who would require vessel Insurers with a good solvency margin, reputation and track record to be named in the mortgage contracts in order to be able to issue undertakings to subject banks.

PD: How do you evaluate the capacities of Iranian insurance firms in providing IRISL requirements?

I have to put an emphasis on the importance of Iranian insurance companies’ investment on marine risk assessment and identification.

It’s worth noting that in the process of evaluating the

Iranian Insurance Market capacity in responding to IRISL and in wider terms to other Iranian shipping companies risk management requirements, one has to consider several factors besides Market capacity. These factors include but are not limited to the Insurers’ solvency standards, their ability to identify the risks they are exposed to and their capabilities in spreading or transferring the risks to regional as well as international markets.

PD: What are the advantages of cooperation with foreign insurance firms in the post-sanctions era?

The Iranian Insurers shall be able to enter into co-insurance and re-insurance contracts with International Insurers and reinsurers

Engagement of Iranian insurance entities with international Insurance market is something that our Insurance industry is definitely in urgent need of. This requirement along with their ability to distribute the risks internationally would enable the local insurers to utilize the capacities available in International insurance market for placing their accepted risks. The connection between the local insurance markets with the foreign companies is a key factor in development of Iranian Insurance Industry insofar as the quantity and the quality of services are concerned.

PD: How is the situation of Iranian insurance companies rating process? Do we have any rating agency in Iran? And how we can check the foreign Insurance companies’ rating process?

By referring to the ranking of any insurance company, one can easily recognize how reliable the insurance company is in responding to its liabilities towards its clients. There are number of well-known financial rating agencies such as AM Best, Standard & Poor’s, Moody’s and Fitch and several others who are involved in ranking of the insurance companies based on their financial strength and stability. None of above agencies has been active in Iranian market up to now. There have been recently some negotiations between Iranian side and the Fitch agency on rating the Iranian Insurance companies. Although, Central Insurance of Iran; as the regulatory and supervisory authority in Iran; has been in charge of ranking the insurance companies as per solvency standards as described in bylaws issued by the Insurance high council.



NITC on the Move

By : Vahid Basereh

International market development, the main target of NITC, one of the biggest fleets worldwide, has been considered a pillar of power for Iran and has managed to successfully move forward in the realm of oil tankers despite the numerous rivals and tough competition in energy market. Although the company was highly affected by international sanctions against Iran and successfully survived it, NITC managed to assist Iranian economy during the sanctions. In post sanction era when Iran's international interactions resume to normal and the oil production hikes, the company again is considered an axis of power for Iran. Now the question is what plans this company composed for post sanction era. The question was asked from Ali Akbar Safayi, NITC managing director and Ali Akbar Jebeli, the technical and operational manager of NITC. To answer this question, Safayi touched upon of the increase in maritime transportation of oil by NITC, fleet expansion and increase of oil exports in post sanction era and informed that: the oil carried by NITC fleet recorded 84m tonnes in 2012 while it reached 133m tonnes in 2015.

He continued that through JCPOA, P&I club could manage NITC fleet which set the scene for the fleet to operate internationally. He also informed that the first tanker ship was insured under P&I club on 21 May 2016.



Safayi remarked freedom of IRI flag in international waters as another fruit of JCPOA and asserted that the Iranian flag is now credible to operate under Paris MoU and the fleet can enjoy IACS services to which along with the flag are the two requirements of international marketing in shipping.

NITC managing director announced that following the policy to attract new customers, 10 tanker ships have been chartered by foreign companies. He also added that NITC is now again an official member in international associations and unions including INTERTANCO and has managed to recruit over 300 Iranian seafarers while it aims to increase it by 700 by the end of the year.



Jebel Ameli also laid emphasis on utilizing the ultimate capacity of the company and explained: while the majority of the fleet is operating to carry Iranian oil, to move

but to play an active role it used to play during the 8-year-war against Iraq and the recent sanctions on the Iranian industry.

Aiming to renovate the fleet, NITC targets to replace old tankers with hi-tech vessels. Furthermore, the respective managing director informed of the development of the activities of this company to the realms of FPSO, FLNG, LNG, LPG and that the initial steps have been taken through the negotiations with foreign companies.

Finally, Jebel Ameli assured that NITC intends to resume its operation on international markets strongly and move forward with exporting oil and petrochemical products on global scene.

“ RENOVATING THE FLEET, RETAKING MARKET SHARE AND WORKING ON NEW REALMS ARE THE MAIN TARGETS IN NITC IN POST SANCTION ERA ”

forward with JCPOA, some tankers have been chartered by the foreign clients which translate into practically operating in international markets.

Emphasizing the efficient presence of NITC in international markets and working in various realms, Jebel Ameli elaborated that NITC aims to operate in logistics and different marine transportations too.

“Retaking the oil market share on international scene is another target for NITC” Jebeli Ameli said. He also asserted that NITC is considered as one of the main exporting arms in Iran and the respective fleet exported the whole Iranian oil during the sanctions to avoid any challenge in the absence of foreign fleet.

Jebel Ameli also continued: the company is not only ready to once again operate in international markets,



Roundtable of Advantages of Iran's Petrochemicals Products Exports

Maritime Shipping, an Example of Iranian Post Sanction Movement



JCPOA, not only draw new features in international relations but also affected the economy of Iran. One of the areas which was heavily affected by JCPOA was shipping which accordingly spoiled Iranian trading to some extent.

Sanctions against Iran caused many sections including classification societies, P&I club, banking system, overseas offices and so on in shipping industry in Iran to face problems. Sanctions were also carefully designed to damage Iranian shipping in particular mainly because it is an international task which deals globally. On the other hand, foreign incoming ships also encountered insurance difficulties to anchor in Iranian waters

Through sanctions removals, Iranian ships could operate under Iranian flag with no restrictions after four years and step into international trade. The shipping industry moved forward so successfully that Hasan Rouhani, the Iranian president, recalled it as the example of the satisfying movements in post sanction era. In fact, while 5+1 talks were still ongoing, Islamic Republic of Iran Shipping Lines (IRISL) projected resolutions including updated market studies, fleet expansion and the like for post sanction era.

IRISL in this regard managed a roundtable to evaluate the practical results of JCPOA through the comments from Mr. Rastad, deputy of Iran's Ports and Maritime Organization (PMO), Capt. Amirsaman Torabizade, the technical and trading manager in IRISL, Aliakbar Qonji, managing director of Khazar Shipping Company, Mohammad Reza Qaderi, managing director of Bulk Shipping Company, Ahmad Tafazoli, managing director of Container Shipping Company, Seyedreza Seyedalizade, managing director of IRISL Ship Management Company, Hussein Abbasnejad, the deputy of director general in maritime affairs in PMO.

PD: what are the fruits of post sanction era for Iranian shipping industry?



Rastad: one of the main handiworks of JCPOA is facilitated trading which accordingly affected shipping industry positively. In next stage, we also operated with Iranian flag in international waters and intend to resume our share in global market.

It is worth noting that despite the absence of international classification societies during the sanction; Iranian ships could meet the required standards and anchor in European port right after implementation of JCPOA.

Classification societies and international association of classification society (IACS) returned to Iran and their service is now available to all the Iranian ships. In other words, by the removal of restrictions on classification and insurance, the shipping cycle including ship repair and spare parts supplies which were mostly provided by private sector are accordingly revived.

Furthermore, various shipping services from all over the world resumed operation in Iranian ports and for the time being, there is no boundary for the liners to commute to Iran. I hasten to add that the Iranian classification societies delivered suitable services during the sanctions and now that there is no restriction on their international counterparts to step in Iran market, we have planned to pave the way for the international parties to cooperate with their Iranian counterparts in post sanctions era and finally be able to be a member of international societies.



Torabizadeh: through JCPOA, the sanctions were removed gradually. As mentioned before, classification societies were one of the first sections to work freely after JCPOA and now we are cooperating with these classification societies under supervision of Ports and Maritime Organization (PMO). We have managed to start information transfer and several training sessions through these classification societies in a short time after JCPOA.

Furthermore, P&I club is supported by secondary P&I clubs which are mostly American and this made some hurdles to work

with. However, the P&I clubs staged to insure Iranian fleet and this automatically forced the secondary American companies to follow them or stop cooperating by the end of the fiscal year. Although there are some minor problems in banking systems which are being resolved, Iranian fleet is operating properly. Today our ships commute to European ports with no restriction and two new services to South Korea and Japan have been settled. We could not operate in South America thanks to LC problems and today the service started working. It translates to the fact that although during the sanctions against Iran the only active services were South East Asia and Africa, we are now settling new services all over the world including Japan and India to Iraq.



Qaderi: since technology and knowledge advances fast especially when the size, speed and fuel of the new ships are in the picture, we need to undergo drastic changes. For instance, before the sanctions against Iran, we used to purchase and operate 50.000 tones which were considered modern while these ships are nowadays outdated in shipping industry and were replaced with ships with capacity of 62.000 tones. This fact requires tough competition with the rivals. However, we managed to import 1.5m tones of basic bulk including soybean and corn in 5 months after the sanctions removals without any restriction and immediately update the rates to global standards.

Moreover, general cargo services are now regularly operating and the network of overseas offices is expanding to elevate our position in international ranking and retake our share in global market.



Seyedalizade: we faced problems regarding ship repair during the sanction against Iran. For instance, Shell and Total companies stepped out of Iran through the sanctions and we faced problems providing lubricants although part of the demand was supplied by Iranian firms. However, the international companies

are able to cooperate with Iranian powers and provide the required supplies. The cooperation includes classification and technical support along with technology transfer and fortunately the cooperation has attracted the foreign parties greatly.



Abbasnejad: I hasten to add that before the sanctions against Iran, seven classification societies functioned in Iran while this mounted to 12 in post sanction era which are regularly providing service to Iranian ships through cooperation with their Iranian counterparts.



Tafazoli: we are moving forward so fast in post sanction era to settle regular services to Europe and resume South Korea service. I hasten to add we operate the only active service in Middle East to Incheon port. We are active in

the shipping services to East of Africa directly and to West of Africa indirectly through Europe. Settling Iraq (Umm Qasr port) to India service also was one of the fruits of JCPOA and we hope to overcome the tough competition in this area and especially in lucrative Iraq market. We intend to start services to Tunisia and Al Jazeera and resume operations in Mediterranean region including Lebanon, Syria and Turkey, increase operations in Germany and Italy through active offices. Furthermore, despite the political hurdles the service to Egypt was activated and it is currently functioning.



Ghonji: we intend to focus on CIS region in post sanction era through working on shared services and take suitable share in the respective market. Italy and Germany are our main targets in Europe to work in post sanction era.

PD: What are the plans in the realm of ports in post sanction era?

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**NEW SERVICES IN IRISL:
INDIA, IRAQ, SOUTH
KOREA, AL JAZEERA,
TUNISIA, LEBANON,
SYRIA AND TURKEY**

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Rastad: development plans in PMO never stopped to be conducted during the sanctions and after sanctions removals, thanks to more interactions the implementation of the plans were accelerated. For example, we project to develop phase 2 and 3 in Shahid Rajaei port. In addition, we intend to compete strongly with our counterparts in the realm of port operations and deliver satisfactory services in a short time. Makran hinterlands and Chabahar port are also our main targets. To work on bunkering, we set a conference and evaluated the potentials and capacities and staged to pave the way for the private sector to enter.



Seyed Alizadeh: the average age of our fleet is estimated to be 15 years which is not satisfactory with regards to international standards and we need to renovate the fleet



Tafazoli: it is worth noting that IRISL is considered one of the most well-known Iranian brands beyond the borders. In other words, IRISL is considered an Iranian McDonald's and therefore, we intend to renovate and develop it through native and non-native capacities.

Araghchi Announced:

All IRISL Sanctions Lifted in the Light of JCPOA

Iran's Deputy Secretary of the Ministry of Foreign affairs announced that today, no sanction is blocking Islamic Republic of Iran Shipping Line's (IRISL) activities.

In the Iran-Japan Friendship Association last night, Seyyed Abbas Araghchi gave a speech on the two nation's cultural and economic ties. Making a reference to the historical ties, Araghchi called Iran and Japan as two old pals and asserted that the ties between the two nations was based on culture and friendship far earlier than the time they commenced economic relationships. As the history testifies, the cultural give and take between the two nations go as far back as the era of Sassanid Dynasty. As a senior member of Iran's Nuclear Negotiation Team, Araghchi pointed out the chances of extending international ties after JCPOA, and stressed that Iran and Japan's economic ties have a 5-decade history given the energy trade and technology transfer. Announcing that Japan has allocated a 10-billion dollar connection line for its economic exchanges



with Iran, Araghchi submitted that the credits would be activated once Japanese companies fulfill the investment conditions and the economic ties of the two countries would flourish and thrive. Asserting that vessels could sail on the international waters with Iran's holy flag, he added: all insurance problems have been resolved. Expressing his hope to promote cultural, social and economic ties with Japan, Araghchi stated: the new post-sanctions era could be regarded as a golden opportunity for reviving ties between the two nations.

Japanese ambassador Asserted:

Facilitating Relationships between Iran –Japan, Thanks to the Implementation of JCPOA

In the Iran-Japan Friendship Association last night, Japanese ambassador put emphasis on promoting friendship and mutual ties between the two nations. Expressing his happiness for being present in this congregation, Hiroyasu Kobayashi stated: given the lifting of sanctions against Iran and implementing Joint Comprehensive Plan of Action, it is hoped that we would be witness to more cooperation in various fields of economic, political, historical and cultural between the two countries. Reaffirming the speeches of Araghchi with regards to the cultural and social similarities as well as existing potentials between Iran –Japan, Kobayashi remarked: we warmly welcome any attempt to enhance cooperation between the two countries. Extending his gratitude to Dr. Adeli, the head of Iran-



Japan Friendship Association, Japanese ambassador demanded more effort to pave the way for enhancing mutual ties in different political, economic, transportation and shipping sectors between the two countries.



Antwerp in Competition With Hamburg

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CONTAINER AND PETROCHEMICAL AREA ARE OUR MAIN TARGETS FOR GROWTH

”

PD managed an interview with Antwerp authorities including Eddy Bruyninckx and Wilm Dillen, the chief executive officer and head of business development of Antwerp port respectively. Established in eight centuries and located in Scheldt River, port of Antwerp has come to be an international hub in Europe. Taking advantage of 150.000 players along with 7 locks, 26 bridges, 48 docks, 86 terminals and 867 quays and 14 fictitious berths in an area as big as 12.068 hectares, Antwerp is the biggest port in the world. The port with 80 kilometers inland within Europe, offers the fastest connection with the European hinterland. Furthermore, 208m tonnes of maritime freight volume in Antwerp port have made it the second-largest port in Europe after Rotterdam port. Finally yet importantly, it is possible for the ships to sail upriver with a maximum draught of 16 meters and downriver with a maximum of 15.2 meters

The market is contracted and there are many companies in shipping industry which face bankruptcy or loss. However, the ports seem to have a narrow escape from this situation. What is the position of Antwerp in this regard?

Exactly, we are the exception at this situation according to the last year statistics which showed growth of 5%. In container the growth reached 7.5% while the other ports located in northwest faced negative figures. In fact, we could improve our position in competitive area regarding the overseas business. In this regard, we tried to develop working on petrochemical business which is also important for the trade lanes especially between Iran and Europe. We could attract new

investments in storage and we have local as well as international companies while we are open to any kind of partnerships. Besides the growth in container and petrochemical area, we would like to emphasize that Antwerp port is number one in the realm of general cargo in Europe for Iran and any conventional general cargo and project cargo.

What are your shares in the market in different realms of general cargo, container and the like?

We are number one in general cargo while Antwerp became the second best container port. According to the statistics, over 200 m tonnes of cargo was operated in this port and it is expected to hike up to 250m tonnes by the end of 2016.

Traditionally, Antwerp is the destination of Iranian cargo. On the other hand, Hamburg port is competing well in that area. What are your strategies to win Iran again?

First, I would like to draw your attention to the geographical location of Antwerp port which has made it an easy and the most accessible port even to the industrial area of Germany. Furthermore, our business development team is working hard on the strategies in next coming weeks for cooperating with Iran. The IRISL agency in Hamburg plays a role in this case. We have started the process and it requires interactions.

We have done over four or five year studies to better know the customers and the factors that attract the shippers and also adapt ourselves to the requirements of shippers. By doing so, we have attracted more cargo.

Empowerment, Inevitable in Today's Shipping

By: Mehrdad Amanollahi

New attitudes toward shipping have changed the role of employees from the tools for success for the management to capitals which play a fundamental role as partners in every shipping company. Hence, apart from management skills, the employees need to be equipped with self-directed policies and to do so, empowering the human resource is a must. In fact, shipping companies have come to the term that the driving force need to be created inside the human resource rather than coming to them as an external element. In other words, empowering human resource comes to meaning when the employees have the ability to solve their problems and go through the process of decision making and take management responsibilities which give them enough self-confidence in a system.



Perhaps, one of the biggest challenges in any shipping company is failing to take advantage of human resource's mind power, creativity, and potentials. The companies need to pave the way for the employees to demonstrate their abilities especially creativity. Today, the shipping companies are supposed to equip themselves with extra advantages such as customer orientation and flexibility, transparency, sustainable improvement and so on. to survive in the existing shipping world. In fact, to advance the mentioned advantages, empowering the human resource as the competition tool with the counterparts is a must. In line with this policy, Islamic Republic of Iran Shipping Lines (IRISL) has taken human resource empowerment as an effective strategy to improve human resource's turnover and keep up with today's management requirements which is the change. Empowering the human resource and getting equipped with the above-mentioned advantages results in taking advantage of various sources of gaining information, growth, counting on personnel rather than sole managers, less distance between managers and employees, increasing organization affiliation and high usage of information technology.

Today's workplace requires employees to provide the management with solutions and be responsive to their operations in the system. On the other hand, in this atmosphere, the employees hold higher expectations and demand to do the jobs with the defined policies behind. Therefore, aiming to fulfill employees' expectations and organization's goals, managers need to follow specific policies in which empowering the human resource is high on the agenda. As a result, employees' commitment to the organization along with compatibility and equity are fostered.

Empowering human resource is an organizational strategy to deliver further responsibility and power of decision making to the employees accordingly.

Empowering human resource definition:

Strengthening to make changes and instructing an organizational place.

Salarz believes that empowering the human resource is an approach which results in content employees and higher efficiency. Shirt & Grer also argue that empowering human resource is in fact the opportunities which are granted to the employees to determine, take responsibilities and participate in decision making process in the organizations.

Psychological aspects of empowering:

Aspects	Description
Feeling of efficacy	Enough self-confidence to conduct the assigned responsibilities
Self-regulation	Enough trust to self-regulate when starting the work and making a personal schedule to carry out the responsibilities
Meaningfulness	The knowledge that the employee is following specific goals in an organization through doing certain jobs
The feeling of efficiency	The feeling to affect the strategic results of the job
Trust	Belief in the fair behavior between managers and subordinates

Companies' possible attitudes toward empowering human resource:

Attitude	Description	Strategy
Manual	Empowering as delegation of authority	Delegating authority to subordinate employees
Motivational	Empowering as creation of motivations	Fostering the feeling of efficacy
Cognitive	Empowering as freeing human's internal powers	Fostering eligibility, authority, trust and efficiency

Conclusion:

It is worth noting that empowering human resource is inevitable in any shipping company and if applied as a strategy in a system, it results in decreasing excessive and costly controls, on-time and accurate decisions, sustainable improvement, meaningful jobs, and accordingly bigger share in the market as a well-known brand.

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DNV GL Classifies IRISL

**“MANY SHIPS
ARE GOING TO
BE SCRAPPED
YOUNG IN
FUTURE DUE TO
TECHNOLOGY
CHANGE
”**



PD managed to run an interview with a DNV GL team including Tor Egil Svensen, the group executive vice president, Andrew Westwood, senior vice president, Trond Hodne, the business director and Geir Fuglerud as the area manager, Middle East. The discussion rolls over the future of shipping, DNV GL capacity, DNV GL is an international classification body with its headquarter in Oslo, Norway. Taking advantage of 4702 employees and 2309 surveyors, the company operates in over 100 countries through 167 offices and as of June the company works on 12,490 vessels translating into 272.5 million GT which comprises 20.2% of the global market share.

What was the reason for merging DNV with GL in 2013? Is it due to contracted market or the intention to move forward with wider knowledge?

Well, the decision for the merging dates back to before the world market was contracted and we had tried to merge with GL three times before but it was never really successful. This time it worked and the main reason was combining efforts. In fact DNV and GL are very complementary. DNV works on offshore, oil tankers, car carriers and many similar sectors while GL is a hot shot on MPVs and container ships, therefore we were looking for completion out of combination. Secondly, it moved us from the fourth and fifth in the world ranking to the largest and most influential classification society. The size causes us to work wider in regards with competency. Merging together gave us the opportunity to work on higher synergy and cost efficiency and it played an important role when the market followed a downward trend.

What capacity is DNV GL working on?

The average vessel size in this company is 21,700 GT with various types of the vessels including, container ships, bulkers, tankers, multi-purpose and so on. however, the size itself has never been the goal for the company. What really matters to us is quality and winning the competition over our rivals on professional operations we deliver to the customers.

What sectors are you more active in?

We try to be active in all sectors. However, looking at the market, tanker and chemical sectors are quite ok. LNG market is down, bulk and container carriage are also down along with off-shore market. However, cruise is doing extremely well. Nowadays, the market is getting more challenging because technology is changing fast and we have a commitment to reinvest 5% of the revenue back into the company for research and development. The philosophy of the company is

to keep up with the technology and forecast it for the next 10 years and be able to provide advice. In fact, many ships are going to be scrapped young due to technology change mainly because they have not been able to keep pace with technology.

For the time being, we are studying 2025 technology changes especially in the realms of digital technology and environment. However, IMO rules in this regard lag the technology through the lengthy and complex process of decision making in this organization. In fact, the regulations to affirm a rule postpone the technology to be applied in the industry.

True classification let the companies consider the real facts about each ship and plan on them according to the facts.

What are your prospects about working with Iran?

There is a long history between Iran and IRISL. We have worked on Iranian fleet for so long. I think most of IRISL ships have run efficiently despite the sanctions. In fact, any company requires classification thanks to the technology and it is not only the matter of sanctions against Iran. Basically the IRISL ships were away for only four years.

I see Iranian managers in your team.

What is your idea about taking advantage of Iranians?

We have many Iranian specialists working at DNV GL. It actually follows the policy of global perspective and local presence. Some of the Iranians had the opportunity to come back to Tehran and build the local team and we provide the support they need. Long-term presence is built on local resources even if the sanctions were there in the pictures. We took care of the offices because we wanted to win the competitions in post sanction era in Iran mainly because we look long-term.



A Review of Iran's Exports Potentials:

Iran Produces World's Flagship Products

Iran enjoys real and potential exports talents in comparison with other countries. Iran's exported goods including industrial, agricultural and marine productions have attracted many enthusiasts from all around the world. Currently, many European, Asian and even American homes and walls are decorated with Persian Carpet as well as beautiful Persian carpet tableaux. Iran Saffron is so famous that Spain supplies large amount of it under its name. Despite different countries' competition with Iran, they couldn't produce goods to be substitute for Iranian original and traditional products. Recent statistics show that more than 20 thousand units are produced and exported to foreign countries. Data released by Islamic Republic of Iran Customs demonstrates that Iranian exporters could supply 27,708,2000 tons of goods worth \$10.500 billion to international markets in the spring, 2016 which presents significant growth when compared to the same period last year. China, Emirate, Iraq, South Korea and India are supposed to be the host of Iran exported goods as well as Europe, Africa and Asia.

Exported goods having excellent quality include: handicrafts, carpets, nuts, shrimp, caviar, home appliances, honey, furniture, white cement, petrochemical goods, steel products, automobiles, engineering and technical services, juice and detergents.

Trade Promotion Organization of Iran supports the exported goods through allocating \$3.400 billion of bank facilities. Considering this fact, exported goods of highest quality are introduced in this piece of writing. It is worth mentioning that 90 percent of exported goods are transported through shipping lines.



Saffron

Saffron is one of the most expensive spices derived from the flower of *Crocus Sativus*, commonly known as the Saffron. Use of saffron, one of the valuable agricultural goods, spans more than 3000 years. Saffron is an indigenous plant of Iranian plateau which has been transferred to other countries. Consumable Saffron is dried stigmas of flowers that have two to four branches and two to four centimeters. Today, the main countries which plant this product are Iran and Spain. Saffron is grown in arid and semi arid areas of southern Khorasan and other parts of the country. Great economic value of Saffron in the global markets, employment and considerable earnings, make Saffron's economic efficiency to be justified.

Researches on the quality of Saffron from Greece, Spain and Iran show that Iran saffron is not comparable to those produced in other countries. Saffron is used in countries that have high annual income. Emirate, Spain and other European countries are those which are considered as the target ones.

Presently, 90 percent of Saffron is produced in Iran out of which 80 percent is exported. The annual production of Saffron in Iran reaches approximately 300 tons worth about \$450 per kg.

Date

Iran is one of the leading producers and exporters of date in the world in which more than one million ton is produced per annum. Prominent date producer provinces of Iran include Kerman, Khuzestan, Sistan and Baluchestan, Hormozgan, Bushehr and Fars. Date is one of the agricultural products which accounts for high volume of exported agricultural goods. 18 types of date are produced in Iran among which Mazafati, Shahany, Dayri, Zahedi, Rabby, Barhi, Khazravi

stand out. It is worth mentioning that Mazafati date is top on the list of exported products. Other exporters of date along with Iran are India, Turkey, Emirate, Pakistan, Afghanistan and Malaysia.

Fishery Products

Fish farming and exports of farmed shrimp, fish (particularly trout) and canned tuna can be seen in some countries. Fish from south of the country, farmed common crab and farmed shrimp are the highest volume of exported fishery products, respectively. Target countries are China and Southeast Asia. Thanks to the lifting of the sanctions Iran is trying to export this product to five continents of the world (Europe, North and South America, Russia and African countries). At the moment, canned tuna is exported to neighboring countries such as Afghanistan and Iraq.

Handicrafts

Iran's various and well-known handicrafts including artwork of signet, enamel, turquoise, marquetry, jewelry, glasswork, kilim (flat-woven carpet), potteries and ceramics are exported to many countries. Furniture can be referred to as handicrafts as well. The first quarter of 2016 witnessed the exports of \$3.6 million which showed growth of 33 percent when compared to the corresponding period last year. Iran is a leading country in this field which has not got any competitors around the world. Its products are exported to European, Asian, American and Arabic countries as well as China and Canada. One of the most significant and valuable handicrafts of Iran is kilim. It is woven with wool and cotton in general and by goat, sheep, horse and camel's wool in particular. Different colors and effective compounds are considered as crucial factors which enhance the



beauty and quality of this product. The colors are derived from natural elements and can also be helpful in identifying its origin and antiquity. Kilim is found in different areas of Iran such as Varamin, Garmsar, Bakhtiari region, Fars and Kurdistan among which Qashqai, Bakhtiari and Shahsavan stand out. Two-sided druggets are exported to America, Germany and Italy along with Norway and Japan.

Honey

Honey is a unique sweet food made by bees’ foraging for nectar from flowers. Iran Honey is different on the basis of the existing hives such as Ghoochan, Firoozkooch and Damavand’s honey. This product is exported to some neighboring countries including Turkey and Dubai.

Fruits and Vegetables

Iran fruit exports have flourished during the post-sanctions era. Iran’s fresh vegetables and fruits such as apple, orange, kiwi, citrus, pomegranate, tropical and cold fruits are exported to different countries. Meanwhile, fruit and vegetables exports are dispatched to Russia from the beginning of 2016. Turkish goods are replaced by Iranians due to the sanctions imposed by Russia on Ankara. At present, kiwi, fresh vegetables and broccoli are top on the units exported to Russia which are not only supplied in local markets but also in large chain stores that are located in many cities of this country and have agencies all over the world. It should be noted that Tehran and Moscow signed a customs clearance contract to provide daily needs of Russia’s fruit, vegetables, dairies, white meat and fish by simplifying customs regulations for Iranian exporters. In addition, CIS markets including Russia, Azerbaijan, Armenia, Uzbekistan, Belarus, Tajikistan, Kyrgyzstan, Kazakhstan, and Moldova as

well as observer status of Turkmenistan like Eurasia economical union are another opportunity for Iranian exporters of fruit, vegetables and various types of juices.

Iran: The first one in pottery industry in the history

Lalejin is a city in Hamadan Province and is known as the production center of pottery and ceramics in The Middle East. Considering the soil of this city, it is considered as one of the major production centers of pottery and ceramics in the world. Lalejin soil is clay and most potteries of this region are designed without patterns. Pottery glaze colors which are made in Hamadan are usually ultramarine, blue, navy blue, russet, yellow, green, cyan and brown.

Mybod, Yazd

In this region, white clay is used. The potteries found in Meybod are decorated with women on them or ornated with flowers, fish and birds.

Nuts

Considering high quality of Iran’s nuts, many countries all around the world are the customers of this product. In line with this, more than \$1 billion of nuts including walnut, almonds, pistachios, hazelnut and raisins are exported to 50 countries of the world annually. Emirate, Kuwait, Bahrain, Ukraine, China, Hindustan, England, Russia, Uzbekistan, France and Turkey are the target countries.

Jewelry

The long history of Iran’s gold results in the world’s attraction. In line with this, Iran’s jewelry market turnover is \$42 billion per year. At this time, Iran produces 2.5 tons of gold but it is well-known for its jewelry. Head of Jewelry Employers Association said



in a report that Iran's exports capacity in this field is recorded at \$5 billion. Accordingly, \$2 billion of jewelry is exported to foreign countries. Meanwhile, 10 thousand production units are active in jewelry industry in Iran. Experts believe that Iran's target markets include Russia, Eastern bloc countries and Arab states of the Persian Gulf.

Flowers and Plants

Iran has been ranked seven among the 10 producers of flowers and ornamental plants in the world. At this time, 4,600 hectares of the country's land cultivate 3 billion and 850 million flowers annually. Spring is the best season to travel due to the freshness of the fields which makes the possibilities of growing colorful flowers. Iran has significant share in ornamental plant exports in a way that some foreign companies are cooperating in central and northern areas of the country. For example, a Dutch company has devoted a big garden in Esfahan to produce ornamental flowers such as Dutch tulips to be exported to other countries.

Since cultivation of ornamental flowers and plants has great potentials in Iran, more than 50 and 100 thousand of people have active role directly and indirectly in the production process, respectively. Iran has the capacity of ornamental flowers, trees and shrubs exports to \$500 million per annum. Common customers of Iran's flowers and plants are Iraq, Azerbaijan, Ukraine, Russia, Georgia and Tajikistan. Gladiolus, Rose, Clove, Maryam, Anthurium, Tulip, Nargis, Lily, Marguerite, Strelitzia reginae, Gerbera Jamesonii hybrid and Alstroemeria are the top exported flowers.

Provinces in which flowers and plants' cultivation is known as people's occupation include: Tehran, Markazi, Mazandaran, Esfahan, Khuzestan, Fars,

Chaharmahal and Bakhtiari and Gilan.

Persian Carpet

Carpet is known in the world by the brand of Iran. No historian has any doubts about handmade carpet's belonging to Iran. When Russian archaeologist discovered Iran handmade carpet in Pazyryk, this product was known to Iran. Persian carpet was exported to European countries during Renaissance. Presently, as mentioned earlier floor and wall of the homes and embassies are decorated with this ancient and antique product.

Caviar

Caviar, the most expensive food in the world, is the egg of sturgeons. Caspian Sea is considered as the main and the largest source of caviar in the world. Sturgeons are classified into 27 species among which most of them live in the Caspian Sea. Worth of these types of fish is rooted in their eggs.

Some species of sturgeons which are the most prominent in the world and they can be found in the Caspian Sea include: Beluga, Ossetra, and Starry sturgeon.

Caviar comes in a variety of colors, including shades of red, gold and black among which the black one stands out. Beluga is the largest domestic fish of Iran which is the first in the Middle East in terms of quality.

The target countries are Japan, Germany, England, Italy and Norway.

It is worth mentioning that at this time, Iran provides sturgeon farming in order to protect this specific kind of fish.

Roundtable talks on Advantages of Iran's Petrochemicals Products Exports

NO Restriction For Foreign Investors

Petrochemical products as the largest section of country's non-petroleum exports have given rise to foreign currency reinforcement. Significant advances in these products which are considered as a part of downstream oil and gas industry of the country meet the required measurements of attractions for foreign investors.

Considering the short amount of time that passes from the lifting of the sanctions and having access to inexpensive and guaranteed feedstock as well as the presence of supply chain in the country, acceptable number of foreign investors have been attracted. Accordingly, a roundtable was held due to the topic's importance to discuss the opportunities of petrochemical industry in general and advantages of Iranian petrochemical products exports in particular.

Members participated in the roundtable:

- *Seyyed Hamid Hoseini: member of both Oil, Gas & Petrochemical Product Exporters Association and Iran Competition Commission of Chamber of Commerce*
- *Abdolhosein Bayat: former managing director of National Petrochemical Company and the current advisor to the managing director of the company*
- *Ahmad Sarami: Inspector of Oil, Gas & Petrochemical Product Exporters Association*
- *Ali-Ashraf Ahmadi: managing director of Petrochemical Commercial Company International (PCCI)*
- *Captain Farhad Ardeshiri: member of Pars Petrochemical Company*



PD: If you want to discuss the attractions of Iran's petrochemical industry to foreign investors, which rubrics do you prefer?



Hoseini, H.: Iran has comparative advantages and power of competition in different sections which bring about significant advances for the country among which petrochemical industry stands out. The fact that Iran has both comparative and competitive advantages in oil, gas and petrochemical section is crystal clear.

As Iran has access to the largest gas reservoirs of the world and as most of petrochemicals' feedstock is gas, this field is considered to be more economical to the country to meet the significant advances.

Having the largest gas reservoirs which plays the stimulant role in petrochemical industry, Iran meets specific conditions in a way that it can be said decisively that other competing countries in the area such as Arabia and Qatar lack this accessibility. Despite the fact that Arabia stands in the fourth place of petrochemicals production goods in the world with sales of \$53 billion, it faces several problems in supplying feedstock due to lack of sufficient gas reservoir and using gas along with the oil in the oil well.

It is worth noting that petrochemical industry in the world has a turnover of some \$3700 billion among which Iran's share is recorded \$25 billion which shows 0.8 percent of global sales volume. Considering Iran as having access to the largest source of inexpensive feedstock coupled with the professional manpower, the amount of the volume of exports need to be expanded which appeals to the foreign investors is high on the agenda as well. In the light of price competition, Europe does not seem a good choice; however, Iran has appeared greatly in the Asia market which is the most advantageous factor to be considered. Counting the number of factors which pave the way for the entrance of foreign investors to the industry, we referred to the large and inexpensive source of feedstock, professional manpower, having gained the Asian consumer market and water. The latter factor is highly significant due to the fact that petrochemical industry needs this element. Another advantage of Iran is that it has the largest share of providing water in the North and South.

These four advantages show the outstanding role of Iran in the area with the purpose of development in

this section compared to Qatar and Saudi Arabia. It should be added that Iran is capable of mixing energy and mine. In other words, we can convert gas to the final product through petrochemical industry which is the prominent feature in this field.



Bayat, A.: In the light of owning variable gas and oil reservoirs as well as a thorough oil cycle, Iran gas and petrochemical industry seem a lucrative market attractions for the

foreign investors. Iran has a significant advantage in which its variable feedstock will lead to variety of products and eventually to the diversity on exports. In addition, due to consolidation and supplying the required feedstock, petrochemical complexes of the country create circumstances for the investor which makes her/him to set a schema for each developmental plan. In this way for example Razi Petrochemical Company is connected to the main gas reservoir and it doesn't make any difficulties regarding the quality and the amount of required feedstock before and after the Islamic Revolution which is indicative of production security.

On the other side of the coin, security should be considered in this field. Considering Iran's position in the Middle-East which struggle with terrorism and war, this country has high security that provides the most important factor in consolidation and maintaining of the capitals. It is worth mentioning that Iran differs from its position when compared to 20 years ago. It has developed in technical sectors as well as tools which show a good capacity for a foreign investor.

As Mr. Hoseini referred to professional manpower in Iran, Iranian industrialists and engineers in petrochemical section are paid less in spite of their great capabilities and efficiency in comparison with their counterparts in the world.

Regarding the guaranteed feedstock which is long-lasting in Iran, the government and politicians are overcoming the defects and assimilating the feedstock. We do not differentiate between foreign and domestic investors due to the fact that a good profit margin is available in petrochemical industry. Accordingly, feedstock price is the same for all the investors and every support which is given to the domestic investors and producers is extended to the foreign ones as well. Meanwhile, the domestic investor has the commitment to provide the internal needs which is not the same for the

foreign investors. They can sell their products in their chosen markets which is definitely favorable. Moreover, I should refer to the fact that Iran has never broken a promise in feedstock deliveries to the complexes since the required feedstock in the process of production is crucial.

Existence of technical and developmental knowledge is still another factor which shows the advantage of investment in Iran petrochemical industry. Considering sufficient and required gas with the possibility of diverse feedstock and the condition of having access to the water, we can start operational acts and reach a set of Olefin (or ethylene which is the main product in petrochemical industry and the required element of the complexes as well as being known as the major feedstock) which lead to the production of a variety of secondary products.



Hoseini. H.: Regarding the advantages of attraction of Iran's capital, it should be mentioned that we have satisfying and updated regulations about foreign investors. In the case of guarantees

toward the investment, they are highly advanced which both guarantee the capital and the gained revenue. Moreover, compensations have been presented in the case of disorders and the country's positive performance with foreign partners proves this claim.

PD: considering the new circumstances with the lifting of the sanctions, is there any specific pattern in foreign investor attraction in petrochemical sector?



Bayat. A.: Every valid contract in petrochemical section which is presented in the international perspective is valid in Iran as well.

In the light of clear regulations in the constitution, there wouldn't be any problems in investment by the side of foreign investors. The legislator has considered the share as a preferred one which is specified to the staff. Otherwise, without this regulation every investor and employer has to meet any requirements to increase motivation and productivity. Meanwhile, national petrochemical company which can play the role of a regulator could support the foreign investors. A crucial point in investment affairs which should be taken into

consideration is that the type of the contract is determined by the investors and the flexibility in this field is high. Last but not least, it is necessary to create a comprehensive database in order to collect the past experiences to be introduced to the investors in a way that it explains the condition and preferred items.



Hoseini. H.: Regarding the contracts, it should be mentioned that Iran commits to its obligations and never breaches the contracts. In the case of problems, Iran considered the benefit payment

delays along with its obligations. In addition, this country does not have any foreign debt in its records. At the time, Iran's foreign debt is about \$4-5 billion. However, some countries' foreign debt is two times higher than the GDP. Considering the mentioned point, it will be a positive spot for foreign investors to be attracted.

PD: considering the comparative advantage of Iran in Oil, gas and petrochemical section, it seems difficult to identify export markets. If the idea is correct, how will this shortcoming be fixed?



Sarami. A.: The comparative advantage toward the absolute end of the continuum is the oil, gas and petrochemical section which paves the way for Iranian and foreign investors.

Since the private sector has been active, I do not agree that identifying the market faces difficulties. It managed the productions toward the target market. If the existing shortcomings are the case, it should be mentioned that it had been resulted from the sanctions and its limitations. Meanwhile, the need for a market analyzer is crucial and I believe that as there are economic advisors in embassies, analyzer networks should be formed as well. But what makes the mandated need for foreign investment is providing financials which leads to the improvement of technology and development of skills as well as an increase in production standards and market reinforcement.

Furthermore, considering Iran's advantage in this section to develop the market after the foreign investment, we will reach economic freedom which is top on the agenda in the case of commercial exchange. Moreover, as others referred to, Iran

was known by the bitumen in the past. At the time, fortunately we could introduce our products to the target markets with the aid we have received from private sector which finally results in rising exports.



Ahmadi, A.: I believe that the shortcoming arises from exports management and the constraints after the sanctions era. SABIC Chemical Manufacturing Company for example is triggering attractions due to the lack of restrictions in a way that it makes 90 units of usance LC per day.

We should gain the benefit of opportunities provided by the post- sanctions era and we shouldn't forget that our competitors are all around the market. It is worth mentioning that HDPE exports by the side of Iran are two times higher than SABIC. Iran is the world's largest polymer manufacturer which produces five million tons of polymers per annum.

PD: what are the facing challenges of developing and productivity of petrochemical industry and what measurements have to be taken?



Hoseini, H.: There are some challenges in this section which are being solved among which regulatory issues stand out. Second, the guarantee which is related to the foreign investment is being made clear. Third, guaranteed feedstock which is provided by solving the first challenge. We are using a 10-year-plan set by the Oil Ministry to supply the feedstock and determine the price of methane. We are consulting to eliminate the ambiguity in methane to provide the competition while resolving liquid feedstock. In line with creating optimized situations for investing, we gave a proposal plan to the Oil Ministry in order to hasten the development in this sector by considering the capital reduction in the rate of petrochemical feedstock. Of course we believe that the government could facilitate domestic investment by creating incentives, maintaining internal manpower and considering the current achievements. One of the prominent factors created with the lifting of the sanction was overcoming Iran-phobia. It had a good impact on the minds of foreign investors.

Thanks to the post-sanctions era, all the sanctions have been eliminated. However, the reason behind the lack of cooperation of leading banks of the

world with Iran is due to their commitments to America's prosecutor.



Ahmadi, A.: Downstream petrochemical industry has a lot of variables to be developed. Considering internal potentials, Iran has been progressed in many sections and it is still moving forward.

PD: since the importance of transportation in exports as well as the existing marine transport fleet in Iran as a tool for petrochemical exports, how do you see the shortened process of production to consumption?



Bayat, A.: The final step in production is completed when the products reach the consumers. Iran is the most prominent country having the largest transportation fleet to achieve the mentioned goal. During the sanctions era, IRISL could enjoy the advantages of its capabilities and give valuable aid in petrochemical exports.



Ardeshiri, F.: Pars Petrochemical Company which is one of IRISL's subsidiaries is providing services to petrochemical companies to improve its existing fleet.

Considering pressures during the sanctions, IRISL provided some tankers to overcome exports difficulties at a high price to make the process of petrochemical exports to be on the track. Since the connection with petrochemical complexes has been created through constant efforts, this company continues its regular activity in petrochemical exports.

It's worth mentioning that exports of liquid chemical and gas products recorded 6.4 and 3.7 million tons in 2015, respectively.

Existing fleet of carrying petrochemical products and LPG lead to more power of the company and makes it be the first in the area.

Social Security Investment (SSIC) Holding Company



Reza Norooz Zadeh
SSIC (Shasta) Holding Managing Director

Fatemeh Monesan

Tamin Petroleum ,Gas and Petrochemical Investment Co. (TAPPICO)

TAPPICO is Iran's largest and leading investment holding in the fields of gas, petroleum and petrochemical material. This holding owns 34 management companies and subsidiaries in the fields of oil industries, gas, and petrochemical material; and thanks to this, it bears a large burden of production and employment in Iran. Currently, this holding is home to over 20,000 job occupants, for whom the holding and its subsidiaries has provided careers directly. Moreover, this holding has managed to place itself as a leading world-class enterprise with high product diversity since it manufactures 10 out of 12 products in the global index of petrochemical products (IPEX).

While deciding to make investments in oil, gas and petrochemical industries, TAPPICO tends to take into account factors such as vicinity to the coasts and export ports, concentration on gas feedstock, the large scale of the project, enjoying top production technology and the participation of high-profile domestic or international companies. Overall, TAPPICO is in pursuit of investments which could raise high appeal in the chain of value.

TAPPICO's priority axis revolves around performing economic activities by being committed to principles



such a being law-abiding, clarity in performance, accountability, commitment to social responsibilities, supplying the highest value for beneficiaries, and maintaining stable and steady development.

It is worth noting that TAPPICO holding itself and all its subsidiaries are being traded in Tehran Stock Exchange Market.

Investment Areas:

1. Petrochemical Industries Investment
2. Tire Industries Investment and Development

Area of Petrochemisty:

1. Fanavaran Petrochemical Company
2. Amirkabir Petrochemical Company
3. Khorasan Petrochemical Company
4. Abadan Petrochemical Company
5. Ghadir Petrochemical Company
6. Maroun Petrochemical Company
7. Jam Petrochemical Company
8. Nouri Petrochemical Company
9. Kharg Petrochemical Company
10. Shazand Petrochemical Company
11. Marjan Petrochemical Company
12. Morvarid Petrochemical Company
13. Shiraz Petrochemical Company
14. Tabriz Petrochemical Company
15. Bakhtar Petrochemical Company
16. Ilam Petrochemical Company
17. Farabi Petrochemical Company

Area of Oil and Gas:

1. Iranol Oil Company
2. Passargad Oil Company
3. Persi Iran Gaz Company
4. Anahita Oil Refining Company
5. Esfahan Oil Refining Company
6. Persian Gulf Star Oil Company
7. Qeshm Naft-e-Nik Company (Private Joint Stock)
8. North Drilling Company
9. Arya Oil and Gas Development Company

The Area of Tire:

1. Barez Industrial Group
2. Iran Yasa Tire and Rubber Company
3. Yazd Tire Company

Others:

1. Petrosina Petrochemical Industries Company
2. Nirouchlor Company

3. Parvaneh Electronic Industries (APCO)

Tamin Pharmaceutical Investment Company (TPICO2)

Producing over 70% of Iran's pharmaceutical raw material, 30% of Iran's final pharmaceutical products and distributing over 40% of Iran's pharmaceutical products, TPICO is definitely Iran's largest pharmaceutical holding, and as well, it is known as one of the leading pharmaceutical holdings all throughout the Middle East. This holding has managed to achieve the highest rank in Iran's pharmaceutical export by exporting to over 50 countries in 5 different continents.

Currently, TPICO manages 30 pharmaceutical companies with over 10,000 employees. Holding on to its current position in the domestic and international markets and promoting this position to achieve maximum profit are the two top priorities of TPICO; and thanks to these prospects, this holding has managed to create an innovative atmosphere in strategic management, investment, and portfolio of Iran's pharmaceutical industry and its relevant fields. Along with the proper advancement of Iran's pharmaceutical industry, TPICO and its subsidiaries are also known for its utilizing advanced technologies in pharmaceutical productions. Currently, this holding is responsible for 32% of the production, 9% of the import, 70% of the export and 40% of the distribution of pharmaceutical products in Iran.

Laying increased emphasis on vast global collaboration, TPICO has managed to maintain frequent give and take internationally, and create value. In the course of the past 50 years, TPICO and its subsidiaries have had successful interactions with over 50 knowledge-based pharmaceutical firms in Asia, Europe, and America in diverse fields – namely technology transfer, under-license production, contract-based production, importing products, consultation, installation, reengineering and production.

It is worth noting that TPICO holding itself and all its subsidiaries are being traded in Tehran Stock Exchange Market.

DarouPakhsh

Introduction



Area of Drug production

1. Exir pharmaceutical company
2. FARABI pharmaceutical company
3. Zahravi pharmaceutical company
4. Aburaihan pharmaceutical company
5. Daana pharmaceutical company
6. Razak pharmaceutical company
7. Caspian Tamin Pharmaceutical Company
8. Parsdarou
9. Shahid Ghazi Pharmaceutical Company

Area of Raw Material Production

1. Tamin Pharmaceutical Investment Company
2. Darou Pakhsh Pharma Chem Company
3. Chlor Pars
4. Rahavard Tamin Chemical Company
5. Shirin Darou Company
6. ARTA pharmaceutical company

Area of Distribution:

1. DarouPakhsh Holding Company
2. Hejrat Pakhsh Holding Company
3. Exir Pakhsh company

SABA TAMIN CO., A Financial Holding

By offering services in financial markets at national and international levels, Saba Tamin Co. is a financial holding which meets the needs of Shasta Group, its subsidiary holdings, and other organizations in large scales.

The most significant two goals of this company are active and effective presence in financial markets and earning the largest possible output while considering the risks and environmental requirement, as well as acting as a financial contributor to Shasta Group. For this purpose, within the next 5 years, Saba Tamin is going to be actively present in financial and capital markets in line with Shasta prospects. Taking this approach, Saba Tamin aims at absorbing and managing the monetary funds needed for Shasta Development Plans, and at promoting its status to the

top 5 holdings in the Middle East.

Currently, Saba Tamin is relying on its funds, experienced and capable human resources, active executive agents in the financial markets, extensive external connections and agility in decision-making to absorb foreign investors, and as well, it is striving to turn into a valid and unique brand among financial holdings in the Middle East. Growing into a professional counselor in the field of portfolio management is another goal which this company intends to accomplish.

Area of Bank

1. Refah-Bank
2. Mellat Bank
3. Tejarat Bank
4. karafarin bank

Area of Insurance

1. Mihan Insurance
2. Mellat Insurance
3. Dana Insurance
4. Alborz insurance
5. Amin Reinsurance Company

Area Tamin investment

Amin Tamin investment

Area of Brokerage

Bahonar brokerage

Saba Tamin brokerage

Tamin Ayandeh Insurance Brokerage

Tamin General Industries Investment Holding

Tamin General Industries (TGI) Investment Holding is one of the subsidiary holdings of the social security investment companies (Shasta), and it is in charge of managing the companies that do not have specialized holdings. The main areas of focus in this holding are organization, optimization, investment if necessary, and development for the purpose of preserving and establishing value added tax in line with the transfer of companies' possessions and stocks.





It should be added that participation in various fields of activities, access to updated information from subsidiary units and the availability of social credit in utilizing resources and facilities have brought about a special competitive advantage for TGI. The company is endeavoring to reach its goals by developing its capabilities, smartness, agility, and its internal organizational abilities in financial, legal and investment fields. For this purpose, TGI fulfills its responsibilities and holds itself accountable within the boundaries of law by protecting stock holders' possessions and rights as well as by being committed to a stable development.

1. Irancarton Company
2. Alborzic carton Company
3. kaveh Paper Industries Company
4. Iran Wood & Paper Industries Company (CHOUKA)

5. Mazandaran Wood & Paper Industries Company
6. khazarchoob Company
7. Asalemwood Company

1. Parsappliance Company
2. Parselectric Company
3. Arjc Company

Other

1. Saba Tamin Management Service Company
2. Iran Touring & Tourism Investment Company

Tamin Construction and Transportation Investment Company

This company is a multi-faceted holding that has been established in 2008 to earn noticeable profit from the execution of massive construction projects. Besides, TCTI is active in the area of construction and it accepts fully comprehensive contract projects on large scales from A to Z, preferably by offering engineering, procurement, construction and finance (EPCF). Another area of focus of this company is transportation, which it performs in large scale

through railway, forwarders and road transportation management. The priority of this firm is offering its services to the peer companies.

Three significant companies, where Tamin Construction and Transportation Investment Company is a stock owner, are IRISL, NIOC and RAJA Rail Transportation Company. Within Iran, TCTI has a market share of over 70% in rail transportation 60%, in petroleum productions transportation and 2% in construction service.

Preserving, reinforcing and enhancing the value of Social Security Investment Company's storages, possessions and capitals in the field of buildings, construction and transportation is the top mission of Tamin Construction and Transportation Investment Company.

Enjoying the full support of Social Security Organization and Shasta Group, this holding makes serious efforts to make the best out of its qualified human resources and its access to the grand market of services and products needed by Shasta subsidiaries. Trying to utilize economic opportunities, this firm has created an effective organizational management system, utilized state-of-the-art science, positively impacted the business atmosphere, gained the ability to execute development plans, obtained experiences on international scale and got access to up-to-date information; and in doing so, it has enhanced the production of creative and innovative ideas.

Moreover, Tamin Construction and Transportation Investment Company enjoys the ability of utilizing proper samples in planning and bulk goods transportation management within Tamin Group. Thanks to all these privileges, this company has managed to accomplish its high-held goals.

Area of Transportation

1. Islamic Republic of Iran Shipping Lines (IRISL)
2. National Iranian Tanker Company (NITC)
3. Raja Rail Transportation Company





4. Abadan Maritime Transportation Company
 5. IRISL -Multimodal-Transport-Company
 6. Niroorail Transportation Company
- Area of Construction

1. Sabir Company (Dam,
2. Iransaze Company
3. Tamin Parssazeh Company
4. Dural Company
5. Abadgaran Iran Tourism and Welfare Complexes
6. Dehkadehsaheli

Other Related Areas

1. International Goods Inspection Company
2. Arvandan Shipbuilding Company

Sadr Tamin Investment Company

Sadr Tamin Investment Company was established in 1999 with the registered capital of 1 billion Rials. Being recognized as a subsidiary of Social Security Investment Company (Shasta Group), Sadr Tamin was founded as a private-equity holding specializing in tiles and ceramic industries.

Currently, it is a special holding in the field of mineral and metal industries, whose list of duties are as follows:

- Creating value for all its beneficiaries
- Promoting the long-term possessions of the stock holders via managing the companies which are active in the fields of mineral, metal and non-metal industries.
- Creating and holding the ownership of companies which have great potentials in creating values in fields such as tracking, reconnaissance, exploration, extraction and the processing of metal and non-metal minerals
- Utilizing all the facilities and capabilities of the holding to enhance the status of the companies in the relevant industries

Together with petrochemical industries, mineral industries are two strategic industries of Iran, and given the volume of storage as well as the proportional privileges, mineral industries are among the superior and pioneer industries in Iran's national economy.

Mines and the related industries always bring about larger profit margins than other businesses; hence, the steady trend of mineral industries development in Iran has always been noticeable.

Sadr Tamin Investment Co. authorities believe that they are able to hunt economic opportunities, they have access to qualified human resources, and they enjoy sophisticated leadership and efficient management. Relying on these capacities, the company is making countless efforts to accomplish its current mission, which is to promote its financial and technical capabilities in order to execute or participate in new projects, particularly international development plans.

Area of Metal Mineral

1. Foolad Khuzestan
2. Esfahan Mobarakeh Steel Company
3. Khuzestan Oxinsteel
4. National Iranian Copper Industries Company
5. Shahid Bahonar Copper Industries Company
6. Mine and Metal Development Investment Company
7. Sadid Industrial Group
8. Ahwaz Pipe Mills Company
9. Mahshahr Pipe Mill Company
10. Esfahan Steel Company

Area of Non-Metal mineral

1. Iran China Clay Industries Company
2. Iran Mineral Salts Company
3. Iran Glass Wool



OCEANLINK MARINE



Company History

Established in 2003, has more than ten years ship-repairs and store/spare supply experiences, covering all kinds of fields along Chinese major ports, as well as all major Chinese shipyards, under the guidance of Quality Management System of DNV ISO9001: 2008.

Professional Field

- Ship repair & service at all major Chinese ports and shipyards
- Store & spare supply at all major Chinese ports and shipyards
- High tensile steel renewal, approved WPS & Welder by DNV-GL & LR
- Aluminum welding, approved WPS & Welder by DNV-GL
- Stainless welding, approved WPS & Welder by DNV-GL & LR
- Cast steel welding, approved WPS & Welder by ABS, DNV-GL & LR
- Lifeboat inspection, approved by ABS, BV, DNV-GL, KR, LR, NK, RINA & RS
- Fire fighting service, approved by ABS, BV, CCS, DNV-GL, KR, LR, NK, RINA & RS
- Underwater inspection, approved by ABS, BV, DNV-GL, KR, LR, NK, RINA & RS
- Thickness measurement, approved by ABS, BV, DNV-GL, IRS, KR, LR, NK, RINA & RS
- Propeller repair, approved WPS & Welder by ABS, BV, DNV-GL, KR & LR
- Boiler repair, approved WPS & Welder by ABS, BV, DNV-GL, LR & NK, and workshop approval from DNV-GL & LR
- Hydraulic system trouble shooting, health check, equipments overhauling

Resource Advantage

All of our engineers are provided with refined professional expertise since all of them have got many years working experiences in this field. Furthermore, we are closely connected to all major Chinese shipyards through various cooperative approaches and we are capable of managing any required repairs during vessels' dry-docking at their premises.

Company Mission

Customer First, Service Foremost

Contact Us

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山海关船舶重工有限责任公司
Shanhaiguan Shipbuilding
Industry Co., Ltd.



Best wishes to IRISL Chairman and
Managing Director, Board of Directors and
staff members on The Happy Occasion of 50th
anniversary of IRISL foundation as well as 25th
anniversary of publishing IRISL English Magazine
"Payam-e-Darya " in September 2016
(Islamic Republic of Iran Shipping Lines)





Shipping in S2017

Bjørn Kj. Haugland is Executive Vice President and Chief Sustainability Officer in DNV GL Group. In his capacity as CSO for DNV GL group Mr. Haugland oversee DNV GL's sustainability performance and drive company-wide sustainability initiatives. Mr. Haugland has extensive experience assisting multinational companies in areas such as sustainability, climate change and corporate sustainability and his job is to ensure ethical and sustainable performance within complex global supply chains. Mr. Haugland is board member in StormGeo, WWF, Forum for Environmental Technology, Germanischer Lloyd SE and in SUSTAINIA.

Mr. Haugland started his career in DNV in 1991 and has held various management positions in Norway and abroad. He worked in Korea in the period 1995 to 1997. From 2004 to 2008 he was country chair and responsible for DNV's operation in Greater China. Mr. Haugland has a M.Sc. in Naval Architecture – Marine Structures and Hydrodynamics – from The Norwegian Institute of Technology in Trondheim and he attended the “Strategic International Leadership” programme at International Institute for Management Development (IMD).

SEAWORD managed to run an interview with him with questions ranging from shipping in 2017 and Chinese economy to the changes in shipping framework merging the shipping lines.

What is the outlook of shipping in 2017? / When do you think there will be a robust in shipping?

While many ships-in-operation segments are struggling – especially offshore vessels, bulk carriers and container ships –, some sectors are still doing fairly well, such as gas carriers, complex multi-purpose vessels, and most notably the cruise industry.

We foresee challenging conditions to persist for at least the next two years, including slower global economic growth, a relatively low oil price and overcapacity of shipping tonnage. However, in light of the slower order activity which we are seeing currently, this overcapacity should slowly go down. Already in 2015 we saw a decrease of newbuilding orders by 35% (counted in the number of ships) – and this trend has continued in 2016.

The future cover of contracts is very short, with the majority of ships due to be delivered in the coming 18 months. Massive slippage and postponements of deliveries reaching 30–45% per annum are also being observed. The lack of new orders could force many smaller shipyards out of the market. We are also expecting major shipbuilders to consolidate in the near future.

Another negative factor for the newbuilding market is limited access to capital. Traditional lenders have become very reluctant to invest into shipping. Only large companies, which can demonstrate strong cash flows, may obtain financing from the banks.

But tough market conditions also present opportunities for DNV GL to assist customers to innovate, standardize and reduce complexity. There is also little doubt that financial, regulatory, and societal pressures will continue to be exerted to encourage shipping to lower its environmental impact. This will result in growing numbers of vessels being designed to offer superior energy efficiency through measures such as improved hydrodynamics, use of lightweight materials, and advanced hybrid power generation systems. New, increasingly effective solutions to reduce water and air pollution will become available. Diversification of the fuel mix should also be expected, with an increasing share of distillate fuels as well as scrubbers for compliance with upcoming low-sulphur requirements. Alternative fuels like LNG have the potential to play a more important role, and grid electricity becoming standard for cold ironing in ports.

When do you think China's economic downfall will end?

When we look at the world economy and trade, we see still overall growth, but at lower levels. The former powerhouse China is slowing down and imports less goods compared to recent years. This slower activity will most likely continue in the near future. Nevertheless, we are committed to China and will underline this commitment in the future. Our vision is to have a global impact for a safe and sustainable future. To achieve this, we need a global collaboration, including China.

Coming back to the big picture, we expect that worldwide seaborne trade will grow in the long run, but uncertainties due to geopolitics and turbulences on financial markets are high.

Do you think merge plans are the result of downward trend in shipping?

Looking at the recent mergers and alliances especially in the global liner industry, it is obvious that this development is triggered by the persisting downward trend in shipping. As we have seen in many industries before, internationalization and



consolidation are normal elements of a maturing process. This is nothing negative.

Do you think mergers are successful in long term?

We would not comment on other companies' mergers but can only talk about our own merger between DNV and GL in 2013. Looking back, for us the merger was very positive as it allowed us to look at our organization from top to bottom and base the new structure of DNV GL on those projections. We had some restructuring that resulted from having two organizations and could win significant synergies because of that, for example removing functions that were doubled and reducing the number of offices globally.

At the end of this process we have now created more value to customers in terms of a denser and wider network of skilled technical experts and a broader and better set of services. Most notably, we have expanded the responsibilities of our eight maritime regions, with technical support units now based in the regions and enhanced R&D capabilities. While globally we have introduced smart and responsive customer centric services, for example our new customer portal My DNV

GL – a single sign-on to all online interactions with DNV GL and DATE (Direct Access to Technical Experts). Located in five support hubs worldwide, DATE experts are reachable 24/7 and are authorized to make decisions within a six hour response time.

Overall, both the slowdown and the merger have really sharpened our focus on our core classification activities. What could be improved? Where could we make changes to structures and processes? How are our customers reacting and where are the markets and sectors we need to emphasise going forward? The results are obvious to see, like our new DNV GL rule set, the introduction of new digital services, new pricing and contracting models

Despite challenging market conditions, we also continue our commitment to invest 5% of our annual revenue in research and innovation projects to help customers become safer, smarter and greener. We are focusing half of these investments on digital innovations and one fifth is dedicated to long-term strategic research.



Best wishes to IRISL Chairman, Managing Director, Board of Directors and staff members on the happy occasion of the 50th anniversary of the IRISL Foundation and to the 25th anniversary of IRISL's "Payam-e-Darya" English magazine in September 2016.

(Islamic Republic of Iran Shipping Lines)



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By: Parnaz Talebi rendi

58th US presidential elections, due on November 8, 2016 would definitely be a landmark in political arena in international scenes having Donald Trump as the Republicans' nominee and Hillary Clinton as the nominee of Democrats. Elections, in particular the ones without the chance of reelection, are expected to bring about great changes.

President Barack Obama's second term is concluding and massive changes are underway as the country is moving towards electing a new president, one-third of the Senate, and the entire House of Representatives this November.

However, many believe that economy is the most important issue and would decide the results.

The United States have been suffering from economic problems following the financial crisis of 2008 and economic plans of the nominees, therefore, are highly regarded.

The issue is also internationally concerned as US economy, whatever that would be, would in turn affect the global market and economy as the largest in the world in terms of nominal GDP.

The United States dominance over the international economy is threatened by rivals like China and the other BRICS countries, yet US still has the ability to influence global economic issues.

This is where the Presidential Elections nominees and their economic plans became a matter of concern.

Democrats, leading this election by former Secretary of State Hillary Clinton,



generally adopt a Keynesian approach, which promotes the idea that government spending and tax cuts boost economic growth by increasing demand. Republicans, however, promote supply-side economics; the theory offers that reducing business, trade, and investment costs are the best way to increase growth. This is while Trump has a somehow neo-classic approach, or better say post-Keynesian approach, which means putting emphasis

Hillary Clinton's economic outlook

Hillary Clinton's 2016 economic plan focuses on increasing middle-class incomes proposing three policies:

1- Boosting Economic Growth. Hillary plans to offer tax cuts to the middle class and small businesses, establish an infrastructure bank, and fund more scientific research. She would help women enter the workforce by requiring companies to pay for family leave. The College Affordability Plan would spend \$35 billion a year to refinance student debt and pay states to guarantee tuition. The National

Infrastructure Plan would allocate \$27.5 billion annually to improve roads, bridges, public transit, rail, airports, the Internet, and water systems. The Expanded Childcare Plan and the Early Education Plan would spend \$27.5 billion a year for states to make preschool available to all 4-year-olds and expand Early Head Start. Expanded Funding for IDEA would spend \$16.6 billion a year to identify and treat children with disabilities. The Energy Plan would pay \$9 billion annually to repair oil pipelines, reduce carbon emissions, and fund health and retirements for coal workers. (GOP Research, 2016)

2- Creating Fair Growth. Clinton's program includes raising the US minimum wage to \$15 an hour, increasing workers' benefits, expanding overtime, and encouraging businesses to share profits with employees. Investing in students and teachers, supporting unions and collective bargaining, strengthening the Affordable Care Act, expanding job training, lowering college and healthcare costs, and fighting wage theft are also considered in her plans. (Clinton, 2016)

3- Supporting Long-Term Growth. Hillary would combat "quarterly capitalism" by raising short-term capital gains taxes for those earning \$400,000 or more a year, the top 0.5% of taxpayers. Investments held between one and two years would be taxed at the maximum income-tax rate of 39.6%. Assets held for longer would be taxed on a sliding scale, such as 36% for those held 2-3 years, 32% for those held three to four years, and 20% (the current rate) for those held for six years or more. (Prial, 2015)

Tax Proposals

To pay for these initiatives, Clinton would raise some income taxes. She would raise income taxes by 10% on incomes greater than \$5 million a year. She would mandate a minimum 30% tax rate for earning \$1 million a year. The additional 4% tax would raise \$15 billion a year, and affect 34,000 households.

She also proposes a risk fee levied on all banks with more than \$50 billion in assets, high debt levels, or too much reliance on short-term funding. (WSJ, 2015)

Clinton further would tax high-frequency traders. She proposed an "exit tax" on companies that attempt a so-called "tax inversion." They would pay American taxes on any deferred foreign earnings. These Wall

Street tax increases would raise \$80 billion a year. (WSJ, 2015/Piegza, 2015)

Foreign Relations and Defense

Clinton, who was a supporter of Trans-Pacific Partnership, now opposes the treaty. She said it should go further to produce new jobs, raise wages, and protect national security. She remains a NAFTA supporter, and does not oppose the Transatlantic Trade and Investment Partnership. (WSJ, 2015)

Clinton would combat terrorism with improved intelligence instead of troops. Visa applications would require full screenings for those who had traveled to terrorist countries. Operations officers and linguists would be added to US intelligence agencies. (Ibid)

Trump and economy

Donald Trump's 2016 economic plan focuses on "making America great again." However, his economic ideas are considered dangerous and are expected to change American leadership in liberalization of trade regarding huge tariffs he proposes to impose on foreign imports.

Trump believes in "smart trade, not stupid trade" and has urged US officials to do a better job of negotiating trade and trade agreements; "China taxes our exports, but we don't tax its exports." China, actually, requires American companies to set up factories to hire and train local workers before they can sell to its market.

GOP nominee has also called for renegotiating NAFTA and the Trans-Pacific Partnership "with smart and cunning people". However, experts assume that If Trump re-opens negotiations on NAFTA, the Mexican government would immediately require that the United States allow Mexican trucks on its roads.

That was promised in the first NAFTA agreement but withdrawn by Congress. Mexico is in much better economic shape now than when NAFTA was first negotiated and a new agreement would probably be worse for the United States. (AP, 2015)

Imposing countervailing duties on all imports from China is also on Trump's agenda for economy and trade. The United States imports \$481.9 billion in consumer electronics, clothing, and machinery from China. A lot of those "imports" are from US companies that ship raw materials to China, and ship them back when they are completed. Once executed, Trump's tariffs would reduce profits for the American companies and raise prices for US consumers. China, presumably, might retaliate and raise tariffs on imports from US companies.

Trump also has in mind to hit Mexican imports with a 35% tariff. The United States imports \$294.7 billion from Mexico, nearly as much as from China. Trump's tariffs would raise prices of the manufactured products, fruits, vegetables, coffee, and cotton imported from Mexico. Tariffs would benefit US oil companies by raising prices on imported Mexican oil. (USNews, 2016/ CNN Money.)

Trump seeks being "the greatest job-producing president in US history" and to gain the title, he would have to create at least 21.5 million jobs. He would try to create jobs by eliminating outsourcing and bringing jobs back from Japan, China, and



Mexico. The US has lost 34% of its manufacturing jobs between 1998 and 2010. Many were outsourced by US companies to save money. Others were eliminated by new technology, including robotics, artificial intelligence, and bioengineering.

“Cut Government Spending”

Republican nominee seems to have the typical warmongering characteristic of his party. His plans include cutting government spending and increase military spending of GNP to 6.5%.

Cut defense spending, but 3% of GNP for military spending is too low, it should be 6.5%. US military spending is almost \$800 billion a year. It's larger than any other government expenditure except Social Security at \$967 billion.

Trump's economic policies, overall, advocate a kind of protectionism that does not work in today's globally integrated economy. Other countries would retaliate, reducing American exports. It would also raise prices for American consumers. One reason for slow US growth since the recession is that international trade hasn't rebounded. Tariffs and a trade war would only worsen that. This makes US companies less competitive in international trade.

Post-elections trade and economy

At the moment, no certain argument could be made on how the trade and global economy would change after the US presidential elections of November 2016, or if it would change at all. Yet, generally speaking, regarding the Democrat campaign and its front-runner Hillary Clinton, no such a great shift is expected. Her policies seemingly do not convey any strong opposition towards general US policies of international trade and the reason could be her political background as a senior diplomat. Her priority seems to be domestic economic issues as her plans proposes.

Trump's story, however, looks totally different. He has clearly expressed his opposition against

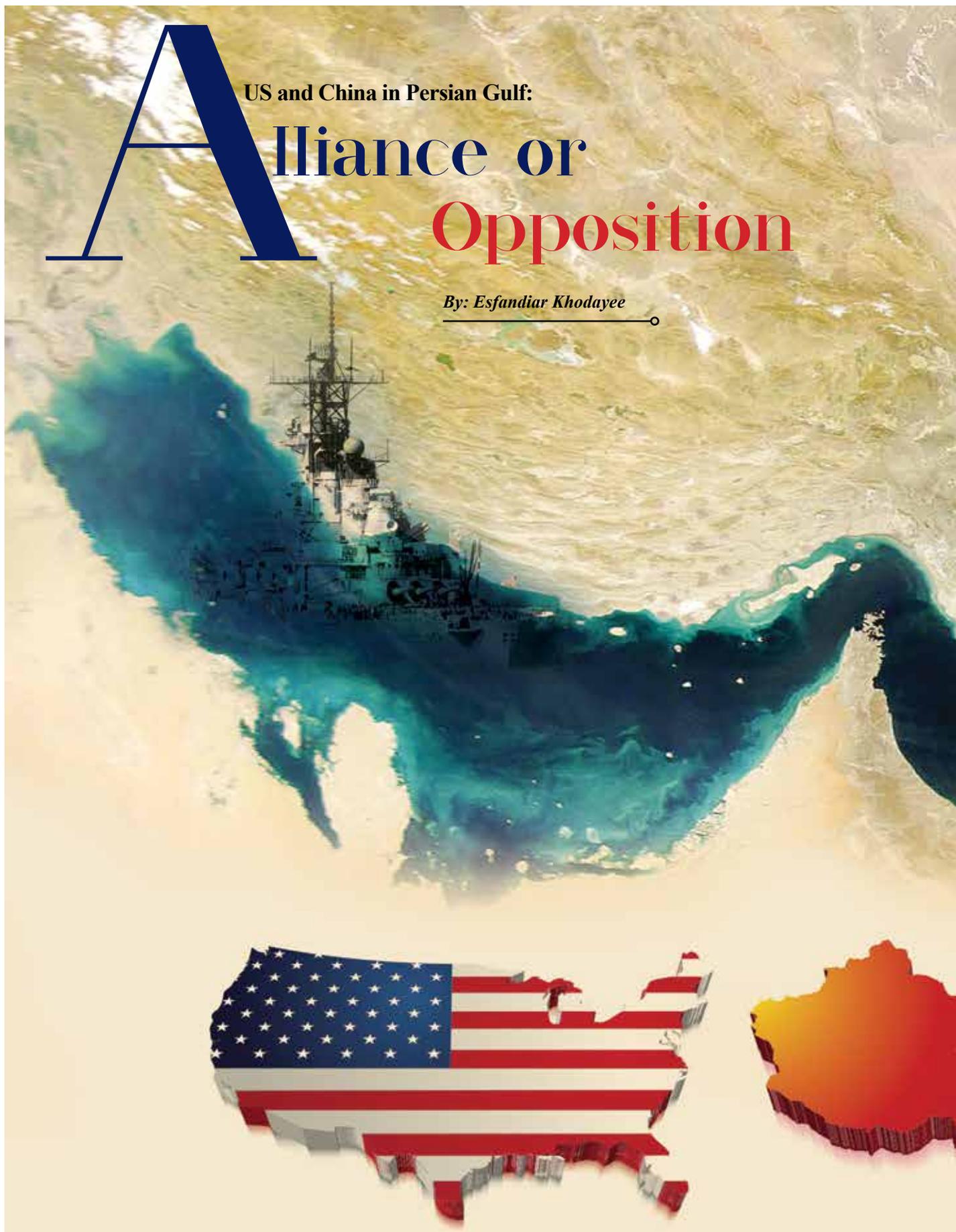
great economic agreements like the North American Free Trade Agreement (NAFTA) and The Trans-Pacific Partnership (TPP), which seems enough to affect US economy as well as a large number of its trade partners. By exiting NAFTA, US would miss low-cost labor of Mexico and tariff-free gas and oil import from Canada. This would in turn affect Mexican and Canadian economies, but much more the emerging market of the former. TPP, on the other hand, has been signed between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. Although not ratified yet, TPP is currently the world's largest trade area bigger than the North American Free Trade Agreement (NAFTA). The countries involved produce 40% of the world's total GDP of \$107.5 trillion, 26% of its trade, and 793 million of its consumers. TPP would help increase US exports by \$123.5 billion, focusing on machinery, especially electrical, autos, plastics and agriculture industries. The agreement, meanwhile, was designed to balance the trade dominance of both China and India in East Asia. It also provides a trade alliance that gives the United States an excuse to intervene in trade disputes in the oil-rich South China Sea. All these advantages would be missed once next American president withdraw from the pact.

Iran, China and Russia are also among the countries whose economic future is somehow tied with the US presidential elections. Iran, an emerging regional power, is monitoring the elections as the implementation of agreement sealed with P5+1, dubbed Joint Comprehensive Plan of Action (JCPOA), needs further cooperation of western side and the elected president and his/her political approach and foreign policies could affect the deal which is of high importance for Iran regarding the removal of anti-Iran sanctions and country's economic development.

Russia, under sanctions from EU and the US, is experiencing economic problems after the fall of oil prices. Next American president and President Vladimir Putin's international policies would be influential for its economy as well.

China, has been targeted by anti trade policies of both nominees, however, Trump has been stricter. China is suffering a downward trending economy and the process would get faster if US decides to change its trade rules with the Asian country.





US and China in Persian Gulf:

Alliance or Opposition

By: Esfandiar Khodayee

This paper studies strategy of the U.S. toward China in the Persian Gulf region and finds out the U.S. policies as the superpower in reply to Chinese increasing demand for Gulf oil? Is it a liberal strategy or the U.S. intends to restrain China in the region? Case studies along with taking advantage of two versions of hegemonic stability (liberal and realism) led to the conclusion that the U.S. strategy is a guarded engagement. Although the U.S. did not restrain China economically in the Persian Gulf, its strategies toward China in Post-9/11 has changed including Iraq and Syria ups and downs along with Iran's nuclear programs lies on liberal theories in which the U.S. tried to make China in line with Washington's strategies indirectly. However, the

task turns out to be more difficult in terms of time when China is strengthening its relations with Gulf States.

Introduction

The Gulf States hold about half of global oil resources and 40% of gas reservoir in the world (BP, 2015). Furthermore, 17 million barrels of oil pass through Hormuz Strait in a daily routine which translates into 40% of total oil shipping (EIA, 2014).

Today, many of the Gulf States including Saudi Arabia, Kuwait, United Arab Emirates, Qatar and Bahrain are considered allies with the U.S. and in fact, they require this superpower to set security. On the other hand, many of the main oil importers in the world such as Japan, South Korea, China, India and countries in European zone rely on the U.S. to secure the energy they require. In this regard, China is the only state which is not considered an alliance with the U.S. while it demands Persian Gulf oil for its economic development plans. China consumes 10.8 mb/d of which 4 million barrel is produced domestically and the rest (7 million barrel) is imported (Reuters, March 8, 2016) mainly from Persian Gulf states including Iran, Iraq, Kuwait and Oman (EIA, 2015). Forecasts indicate 70% increase of Chinese oil dependency and hence, Persian Gulf in this regard plays a fundamental role (Rivlin, 2014; Chen, 2014).

The question is that considering the increasing demand of oil in China, what strategies the U.S. follows toward this state. In other words, the U.S. enjoys numerous military bases and alliances in the Persian Gulf while China not only does not enjoy the above-mentioned advantages, but also is facing an increasing demand on oil.

Many scholars mark the relations between the U.S. and China as the most important international issue in 21st century mainly because it will shape many other relations on international scene (Layne, 1998; Ikenberry, 2008; Christensen, 2015).

As mentioned above, the relation between the U.S. with China and other states is vertical mainly because the states need the U.S. as the hegemonic power. Therefore, hegemonic stability theory is applied in this study. In fact, although the theory lies on realism, some liberal scholars have generated a liberal version of the theory and approved the role of the U.S. as the international leader (and not a hegemon) (Flemes, 2015).

Realism version of hegemonic stability argues that to set stability on international scene, existence of a hegemon is a must and if only the hegemon loses

its superiority, the global stability and balance fades away (Kindleberger, 1978:15). Gilpin In the latter situation, hegemon war nominates the super power. in case, the hegemon power wins the war and stand powerful, the international balance is created and that is how the U.S. set stability after World War II (Gilpin, 1981:186).

Robert Keohane, the liberalism scholar issued a new version of hegemonic stability in which the role of the hegemon for settling the security and establishing economic relations is approved. However, despite other realism scholars, Keohane does not consider hegemon war between conventional and emerging powers as inevitable. He argued that the states follow their interest and they can reach their interests through international cooperation rather than war (Keohane, 1984:243).

In this regard, the study investigates which version of the strategy of hegemonic stability is applied by the US toward: Gilpin's realism or Keohane's liberalism.

The U.S. in Persian Gulf

Persian Gulf was the center of focus for the U.S. in 1970s for the following reasons: 1- competition with

the Soviet Union and opposition with communism in the region 2- easy access to energy resources 3- Israel security. After the Islamic revolution in Iran, the U.S. lost its major ally in the region and attempted to focus more in Persian Gulf (Taylor, 2008:17-18).

However, Barack Obama projected the strategy of Pivot to Asia to relocate the U.S. focus from the Middle East to East Asia. Despite his attempts, retracting in Iraq and Afghanistan, ISIS in Syria and Iraq, Iran's Nukes and the conflict between Israel and Qaza cause the U.S. to stay focused in this region (Zakaria, 2015). Analyzing the policies followed by the U.S. in past few decades, we come to the conclusion that this state has tended to stay as a hegemon and keep the balance in the Middle East for itself and its allies.

China in Persian Gulf

Trading is the most important issue in the relation between China and the Persian Gulf states. China demands the energy in this region while the Persian Gulf states enjoy a stable and big market for energy export called China.

Despite the U.S., China avoids intervening in the





domestic affairs of the Persian Gulf states and is not interested in political competitions in this region. Therefore, China enjoys a good record in the memory of the Muslim countries in this region.

Domestic changes in China paved the way for this country to rush forward with economic growth and sustain it as much as 10% annually. The growth however, demanded raw material, foreign markets and energy in particular.

Oil in this regard is considered as the second source of energy and since 1993, the Chinese scarce oil reservoir did not afford the oil demand in China. for instance, China imported 2.5 mb/d in 2005 and this increased to 6 mb/d in 2014 (EIA, March 24, 2014). Therefore, to secure the required energy which is mainly from Persian Gulf to this country, China is dependent on its biggest rival, the U.S., as the hegemonic power in the Persian Gulf (Alterman, 2011:34).

To reduce the dependency on Persian Gulf oil, China applied various policies including focusing on renewable energy along with natural gas. China also constructed oil pipes from Central Asia and Russia to lessen the risk of oil shipping in strategic locations of Malacca Strait and Persian Gulf.

China and US in Persian Gulf; Alliance or Opposition

Realism and liberalism approach two different theories to perceive and analyze the relation between the U.S. and China. Realism approaches consider the intact economic relation between Iran and China as working against US policies regarding imposed sanctions on Iran and conclude that the approach results in the opposition between the two powers, the U.S. and China. On

the other hand, liberalism mark reduction of oil import from Iran to China as the Chinese support for international resolutions against Iran and consider it a friendly relation between China and the US (Khodaei, 2013: 137).

Liberalism Approach

The US and China are considered as the biggest energy consumers in the world. The US consumes 20mb/d while this amount for China is 10mb/d (EIA, Oct 2015). Persian Gulf, in this regard holds the biggest oil and gas reservoir and even if the two states gain the required energy from other resources than the Persian Gulf, this region still comes to play an important role through affecting global energy markets. However, the two states despite the shared interests have followed different strategies to secure the region. While the US approached internal affairs in the Persian Gulf states to secure the region, China decided to respect the internal affairs of the states in this region (Garver, 2013: 72).

The US and China are considered big trade partners and the trading turnover between the two states surpasses 600 b \$. In this regard, after Canada, China is considered the major trading partner for the US (U.S. Census Bureau, 2016). On the other hand, the US is considered a secured market for Chinese goods and in 2015 the exported goods from China to the US amounted to 480b \$ (Statista, 2016).

Chinese cheap goods in American markets result in less inflation in the US. Although during the American presidential elections, the candidates apply offensive speeches toward China, the president avoid any negative interaction between the US and China (Palley, 2011). In fact, the inflation which is resulted from lack of Chinese goods in American markets, cause less affiliation toward the respective American president and hence, the American presidents have always tried to keep the economic doors open to Chinese goods and avoid critical political friction with China (Francis, 2016).

In addition, to reach their interest, China and the US try to lessen tension and avoid any radical policy toward each other in Persian Gulf in particular.

Realism Approach

China as the biggest economic power after

the US and the major rival of this country has challenged the hegemonic moves of the US in the world in the realm of economy in particular. China not only intervenes in the conflicts, but also has settled an intact relation with both sides of the conflicts.

Realism defines that the US and China follow different strategic interests in a way that the US aims American hegemonic stability and energy security in the region while China's interests demand to challenge the American hegemon in the region and lessen dependency on the US. Kissinger calls the control on energy as the crucial game between the powers in twenty-first century (Kissinger, June 2, 2005). According to realism, the US military presence in Persian Gulf is an attempt to control the energy reservoir while China follows the similar interest through supporting Iran, Syria and Russia as the states which stand against the US hegemon.

The sanctions against Iran demonstrates the Chinese policy in which China not only did not left the trading game with Iran but treasured the opportunity to penetrate in Iran's big market in the absence of its rivals including Asian and European countries (Garver, 2011). Despite the sanctions against Iran, China continued importing oil from Iran. However, China always faced American punitive policies when it attempted to drive against strategic interests of the US.

The study shows that if the US and China's relations goes melancholy, the US will not be the sole hegemonic power in the oil market while exporting poles of Russia, Iran and Venezuela as the opposing ones to America's policies are in the picture.

Conclusion

In reply to the question whether the US applies liberal or realism strategy toward China, the study finds out that the US follows amalgamation of liberal and realism strategies with an imperious interaction perspective toward China. The US has applied realism approach to restrict the presence of China in Persian Gulf to an economic framework.

The US attempts to drive China within its red lines especially in the issues such as Iran's nuclear power. In other words, the US strategy toward China in Persian Gulf is a mixture of macro policies in Persian Gulf and macro strategy toward China.

Today, the macro decision makers do not restrict themselves to a certain policies (realism or liberalism) and borrow the required elements from each strategy.



China is not friend or foe of the US. However, China and the US are considered allies or the rivals in different cases. Despite Japan, South Korea, India and European powers, China does not necessitate itself to follow the US's policies. On the other hand, China does not oppose the US directly.

Studies on the US policies toward China in Persian Gulf demonstrate that the American foreign affairs' decision makers have followed imperious interaction to achieve the best results. Although the US has reached its short term goals in Persian Gulf through the above-mentioned strategy, it is highly doubted if the strategy will work well in long term to secure the American hegemony mainly because China will gradually strengthen its ties with the Persian Gulf states and will gain the power, required to stand against the US in the region not only economically but politically.

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Assessment of the Competitiveness Attributes

Influencing the Selection of a Bunkering Port

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Figure 1. Distribution of 22 responding bunkering ports all over the world (Benito, 2014)



Bunkering, that is, supplying ships with fuel, has gained strategic importance in port and shipping businesses. Whereas, 90 percent of world trade is carried by sea and the increasing sea transportation requirement, world bunker demand is increasing. Ports position in bunkering cycle has triggered a competition between them to improve their role in the logistics chain of transport. This review study aims to determine main attributes influencing port competitiveness as a bunkering hub. Ten major attributes for the selection of a bunkering port were identified. Case studies of ports of the Gibraltar Strait, Singapore and Shanghai have been investigated and Singapore port was rated a better performer based on these factors.

With increasing attention on green shipping, how to choose optimal bunkering ports to save total operating costs and minimize fuel emissions are research issues arising in the liner shipping companies. The price of LNG as marine fuel has also provided impetus for the growth of LNG bunkering. Natural gas has generally been cheaper than prevalent bunker fuels. This has not changed despite the oil price collapse that began in mid-2014 (Shipping Law News, 2016). Table 1 shows LNG price forecasts in comparison to MGO price forecasts (WPCI, 2014).

Figure 1 shows 22 responding bunkering ports all over the world and their distribution in three continents. Bunker fuel is used by international seagoing ships. Given that 90 percent of world trade is carried by sea and the increasing international

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sea transportation requirement, the bunker demand of the world is increasing. In recent years, fuel costs form more than half of a liner shipping company's total running costs. In addition, the appeared environmental policy is another difficulty for the operation of liner shipping companies. Since the high bunker price and the attention of green shipping, what should liner shipping companies do to save fuel through some operational adjustments including: (1) redeployment of ships, (2) consolidating services, (3) speed adjustment, (4) reducing resistance, (5) bunkering ports selection. Among these methods, optimal bunkering ports selection is of significance for saving total running cost and minimizing fuel emissions.

Bunkering port selection is a fundamental issue for liner shipping companies and also it is a major problem since bunkering port selection is typically a multi-criteria group decision problem which has two types of uncertainties: (1) weighting values to proxy key performance factors and (2) crisp input data. The first type of uncertainty may arise during decision making under stakeholders with different interests. The second type can result after transferring data to crisp values (Wang *et al.*, 2014)

Most Important Drivers for a Port to Provide LNG Bunkers

Benito (2014) mentioned LNG demand, location, pricing, public opinion, port significance, traffic, infrastructure and competition as eight major drivers for a port to provide LNG bunkers. According to his surveys, LNG "Infrastructure" turns into "Availability" as the newly emerged key driver. Figure 2 shows this trend.

Competitiveness Assessment Framework

Several studies conclude that users are willing to accept higher costs in exchange for a higher quality of services. Murphy and Hall (1995) emphasized that quality is more important than the cost of the service; these authors see three dominant trends in the decisions of shippers and transport operators to select a port: the reliability of the port remains the most important factor, followed by the speedy delivery of goods and, thirdly, the considerations or preferences of transport operators. Wong *et al.* (2008) confirm the importance of reliability as a factor in the selection of a port and highlight three aspects that differ from earlier literature: first, the level of sophistication of assessment methods



Figure 2. Prioritization of key performance factors at bunkering ports, 2011 and 2014 (Benito, 2014)

used to select transport operators; second, the determinants of port selection have been reclassified with respect to the previous literature; and finally, the vital importance of cost has decreased.

Chang *et al.* (2008) agree on the existence of qualitative and quantitative factors, but they argue that the major shipping lines are more sensitive to costs than are the feeders. Recently Notteboom and Vernimmen (2009) argue that specifically bunker costs constitute a considerable expense to container shipping lines and they have a significant impact on the costs per TEU, even when using large vessels. There is also a new legislation of International Maritime Organization on the use of more expensive low sulphur fuels.

In summary, factors related to costs and quality of services are the main factors determining port selection. Furthermore, in the past few years, studies on port choices have shown that quality of services is becoming increasingly important; the integration of ports as simple nodes within a larger logistics chain is one of the circumstances that have influenced this change.

The next important factor that affects the cost and time is type of bunkering. There are two main types of bunkering: at anchorage and dockside. For further discussion on this important factor consider this example in Gibraltar strait. At PAB (Port of Algeciras Bay), fuel supply is done both at anchorage and dockside. It is important to highlight a solution used by PAB to reduce costs of fuel victualing operations, which consists of using the concept of "Areas of water", or zones where a ship can be anchored for a number of hours in order to perform different operations (mainly fuel supply)

Table 1. Future price scenarios for shipping fuels (2020-2030)

scenario name	MGO price level	relative MGO price compared to HFO	absolute MGO price (\$/tonne)	LNG price level	relative LNG price compared to HFO	Base LNG price (\$/mmBTU)
low LNG_central MGO	central	1.6	1105	low	0.5	7.6
central LNG_central MGO	central	1.6	1105	central	0.7	10.6
high LNG_central MGO	central	1.6	1105	high	0.9	13.8
low LNG_high MGO	high	2.2	1516	low	0.5	7.6
central LNG_high MGO	high	2.2	1516	central	0.7	10.6
high LNG_high MGO	high	2.2	1516	high	0.9	13.8

Categories	Attributes
Quality	1. Bunker quality 2. Availability of low-sulphur bunkers 3. Transparency (corruption-free)
Delivery	4. Reliability and punctuality of bunker suppliers 5. Location of port
Price/cost	6. Bunker price competitiveness 3. Transparency (corruption-free)
Service	7. Bunkering facilities (adequacy and efficacy) 8. Quality of bunkering services (efficiency)
Management	3. Transparency (corruption-free) 9. Government policies and incentives 10. Stability of political environment

with a reduction of port fees. “Areas of water” are administrative concessions of approximately 40,000 square meters of water that the Bay of Algeciras Port Authorities bestow, according to availability, to shipping agents who apply for it to perform operations at different anchorages. Fuel victualing services at PAB are supplied mainly to regular Maersk Line vessels. These ships require quick turnaround, and prefer to be supplied at the same location where they load and unload. For liner ships, maintaining a timetable is essential, so they prefer to pay extra for fuel rather than paying the travelling





Table 3. Attributes Score and Ranking in Selecting a Bunkering Port

Ranking	Attribute	Average Score
1	Bunker quality	4.85
2	Transparency (corruption-free)	4.60
3	Bunker price competitiveness	4.58
4	Reliability and punctuality of bunker suppliers	4.55
5	Bunkering facilities (adequacy and efficacy)	4.23
6	Location of port	4.18
7	Quality of bunkering services (efficiency e.g. pumping rates)	4.15
8	Government policies (e.g. quality control) and incentives	4.00
9	Availability of low-sulphur bunkers	3.88
10	Stability of political environment	3.80

deviation and the possible waiting time at PG (Port of Gibraltar), (obviously, this will only hold as long as the extra price paid at PAB compensates for the loss of time for moving to PG). At PAB, the victualing process of Maersk Line vessels is carried out while loading and unloading (as stated before) using barges; supply at anchorage is exceptional. The bunkering volumes supplied to these vessels are usually near to 100% because this service is planned in the Maersk Line logistic chain. So in this factor, competition at PAB is stronger than PG (Acosta *et al.*, 2011).

Because of the limited research available regarding the field of bunkering port and their competitiveness, primary data of this study have been gathered in three stages (Lam *et al.*, 2011): 1. Interviews with industry experts, 2. Sending questionnaires out to ship operators and managers and 3. Conduction of interviews with a leading global shipping company, a barge operator, and a bunker broker to validate and obtain further insights from different perspectives of the market on the

survey findings. Ten attributes regarding bunkering ports competitiveness are listed in Table 2. Table 2. Ten Main Attributes and their Categories Based on respondents score (minima of 1 and maxima of 5), attributes were ranked as Table 3. According to these scores, bunker quality, market transparency, and bunker price competitiveness are the top three attributes considered by ship operators and managers. Reliability and punctuality of bunker suppliers as well as adequacy and efficacy of bunkering facilities are also major concerns of the respondents.

Case Study of the ports of Singapore and Shanghai

Based on these ten attributes, performance evaluation of the ports of Singapore and Shanghai, is shown in tables 4 and 5, respectively. In these tables, index number is the ranking of that specific attribute in Table 4.

Based on this assessment, Port of Singapore is a better bunkering performer than Port of Shanghai. One of the most fundamental superiority reasons of



Table 4. Performance Appraisal of Port of Singapore

1. Attribute Ranking	2. Attribute Score	3. Attribute	4. Average Score (Minima of -2 and Maxima of 2)	5. Weighted Average Score [= (2)*(4)]
6	4.18	Location of port	1.58	6.6
10	3.80	Stability of political environment	1.58	6.00
3	4.58	Bunker price competitiveness	1.21	5.54
5	4.23	Bunkering facilities (adequacy and efficacy)	1.16	4.91
8	4.00	Government policies (e.g. quality control) and incentives	1.18	4.72
1	4.85	Bunker quality	0.92	4.46
2	4.60	Transparency (corruption-free)	0.89	4.09
7	4.15	Quality of bunkering services (efficiency e.g. pumping rates)	0.82	3.40
4	4.55	Reliability and punctuality of bunker suppliers	0.74	3.37
9	3.88	Availability of low-sulphur bunkers	0.37	1.44
Total Weighted Score for Port of Singapore				44.53

this port is the liberal market structure, which results in attractive pricing and efficient practices. Other aspects of its excellence are, its naturally strategic location and opening up of its bunker market.

Iran's strengths in Bunkering

Iran can be a very important player in the regional bunkering market because of geographical location and oil reserves. This country has more than 3000 kilometers coastal line in the north of Persian Gulf and Arabian Sea. Strength points of Iran in this industry:

- Shorter distance compared to Fujairah (40 nautical miles in the nearest point)
- Far better quality of Iran's fuel compared with Fujairah.
- Strong oil industry infrastructure
- Deeper water that can allow bigger ships for berthing or navigating in Iran's waters

It seems that like Singapore, the major three attributes in Iran are also location of port, stability of political environment and bunker

price competitiveness. But, exact assessments and judgments need interviews and questionnaires along with field data.

6. Conclusion

This competitiveness assessment framework can be applied to other bunkering ports, because of the generic nature of the ten attributes. Stakeholders of such studies are researchers, practitioners, policy makers and port businesses, such as shipping companies, port operators, port authorities, and various parties in the bunker supply chain.

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Table 5. Performance Appraisal of Port of Shanghai

1. Attribute Ranking	2. Attribute Score	3. Attribute	4. Average Score (Minima of -2 and Maxima of 2)	5. Weighted Average Score [= (2)*(4)]
10	3.80	Stability of political environment	0.68	6.6
1	4.85	Bunker quality	0.48	6.00
4	4.55	Reliability and punctuality of bunker suppliers	0.48	5.54
5	4.23	Bunkering facilities (adequacy and efficacy)	0.48	4.91
7	4.15	Quality of bunkering services (efficiency e.g. pumping rates)	0.44	4.72
8	4.00	Government policies (e.g. quality control and incentives)	0.40	4.46
6	4.18	Location of port	0.36	4.09
2	4.60	Transparency (corruption-free)	0.12	3.40
9	3.88	Availability of low-sulphur bunkers	-0.04	3.37
3	4.58	Bunker price competitiveness	-0.08	1.44
Total Weighted Score for Port of Singapore				14.07

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Migrants; An Opportunity or A Threat?

By: Amir Falah

Migration phenomenon is not new in the world but its acceleration process in which it renamed to a crisis is the product of events that accrued in the last decade in the world of politics.

One of the events is Arab Spring sequences which hastened in Western Middle East countries and North Africa in a manner that domino of a change in political and economical structures along with the emergence of insecurity caused citizens of these countries to expatriate and build a bright future while thinking about a new refuge.

Another resulting factor was the emersion of an ominous phenomenon of ISIS (Islamic State of Iraq and the Levant) as if it woke up the sleeping giant. This led to mass exodus to survive not on voluntary basis but by force.

Political conflicts in the countries and the presence of violent terrorisms such as ISIS in Syria made the world be the witness of increasing asylum seekers to the extent that one of the world's crisis of 2015 was the issue of migration. In line with this, the latest UN figures show 70 million of people who are seeking a second country to be sheltered.

Hopeless people in the Middle East and North Africa dreaming of a good life headed for the West and Europe. These areas have been long identified by their glamour pattern to be a certain superior model.





Meanwhile, European and American countries which are struggling with financial crisis which happened in 2008 and are rebuilding ruins of these global issues have not got the ability to accept more and more migrants. However, events such as the sinking of migrants' ship in which Alan Kurdi's died, a three-year-old Syrian boy of Kurdish ethnic background, named the most tragic one, has led to the fact that people of the world are fighting not to live but to remain alive.

Misty shadow of financial crisis in the world made southern governments of EU which are of their feet due to the international loan aid, not respond to people from the East. As a result, they blocked the borders against these deprived people in the first step. Extreme right movements became active across Europe justifying the facts that "why European taxes should be spent on foreigners in the critical situation as well as "loss of job opportunities for local citizens", Europe overcame migration and demagogy to the extent that Great Britain couldn't succeed in dealing with this superficial challenge and "being elected" was the final step which results in the Britain exit from the European Union!

Is migration really expensive and unproductive?

European countries which faced capital flow from the West to the East during financial crisis of 2008, are dealing with the question of why China could affect the economic ties more than Germany and EU.

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**TENET FOUNDATION:
ONE EURO INVESTED IN
REFUGEE ADMISSIONS
LEADS TO TWO EURO
PROFIT WITHIN FIVE
YEARS**

”

Economics scholars received one point for the correct answer and it was cheap labor!

Migration Advantage

Latest reports and investigations show, asylum seekers who arrived in Europe last year can return twice the costs to Europe's economy within five years.

Statistics show that obligatory homelessness has affected the life of 65 million people who lived in developing countries in 2015. This figure includes refugees, war victims, migrants and all those who are homeless in the borders of their own country and forced to move.

War and economic inequality resulted from the global economy, added the number of asylum seekers who are leaving their settlement to arrive a country for a better life. In line with this, governments' reactions differ in which it ranges from repression in Australia to economic transactions in Europe or donations. Public opinion is often influenced by prevailing interpretations which rely less on the facts. Considering bad economic conditions and the cost that is carried by the migrants to the host countries for example, why countries should accept the migrants? Deceptions and ignorance of the public opinion could set these kinds of slogans in the campaign of Brexit. Guardian presented the facts in a report in which hardliners would prefer to ignore it. The report said if you do not believe in humanity, think about economic calculation which shows refugee admissions in the favor of Europe.

Philip Green, former economic adviser to the European Commission believes that the presence of refugees creates more jobs, increases supply and production, and resolves the lack of manpower in Europe.

Green believed that it would help the government to invest less in unemployment insurance and public services. He said that it is very unlikely that the refugees reduce workers' salaries and increase unemployment of indigenous workers.

Considering the calculations, the refugee absorption increases public debt by 69 billion Euros between 2015 and 2020. In line with this, economic activity of the refugees will result in the growth of GDP to 126 billion Euros: twice of the incurred costs.

Tenet Foundation- a nongovernmental organization- that aims to help displaced people and create economic networks announced in its recent report that "one euro invested in refugee admissions leads to two euro profit within five years."

Common Misconceptions

Many believed that Green's enlightenment about statistics and predictions regarding the refugees led to an increase in public awareness of the issue. The most important misconception of the public opinion is that the refugees are barriers and this is common among those who believe that refugees should be allowed to enter.

They consider the entrance of refugees to the western countries to be expensive but accept it because of morality. While refugee absorption creates short-term pressure on public costs, it increases economic



demand at the same time which is a good monetary stimulus for the low level of supply and production. Meanwhile, the presence of the refugees in a long-term period is an aid to make money through taxation and job creation.

Green believed that there are not a limited number of enterprises in the market, but they are scattered in the society. Refugees who work have created the jobs themselves. Spending their own wages lead to an increase in their required supply and production. In the same way, they can create jobs for other groups. The refugees, who are for example construction workers, create jobs for supervisors of construction workers or for the housing market.

Green also noted the important role of refugees on Europe's imminent demographic challenge: "demographic change in Germany is crystal clear. The country's population who are ready for a job by 2030 will reach a sixth of today's 8.7 million without the refugees, while the elderly population will rise over 1/4 percent and increase to 4.7 million". He therefore suggested that the admission of young refugees can help the country's growing resource payments for the elderly population.

To support his argument, Green points to the examples of leading organizing of refugees in history. Specifically, managing 800 thousand refugees in America after the Vietnam War was one of the largest organizing actions in the history. Although Vietnamese refugees incurred costs for the government at first, Vietnamese-Americans' income and their employment rates showed better statistics when compared to the natives in America after the passage of decades.

However, it should be notified that the positive economic impact of refugees on host countries will



be stopped if their absorption is not accompanied by the workplace. Asylum seekers should be allowed to work as long as their request is under investigation. They need to go to the language classes as soon as possible. Meanwhile, they have to dwell in the places with high job opportunities.

Officials have to quicken the process of receiving documents and educational certificates of the refugees in order to benefit the existing advantage of young and cheap manpower. Quick access to the labor market reduces reliance on public assistance for refugees, leads to their presence in the field of economy through working and paying taxes, helps them to fit rapidly in the host country and finally reduces the risk of their marginalization in the labor market and society.

Use of Cheap Labor

The particular situation which results from cheap labor for the industry and Western economy responds to the above mentioned point.

Chinese economic paradigm which is rapidly converted to developing countries' economic model includes use of cheap labor and capital turnover. The latter makes these countries powerful and causes decline of the Western economy. So, the West can make use of free market capacity which leads to the countries' development during consecutive decades to be integrated with Chinese model in order to take advantage of cheap labor migrant not only to make it more efficient in their cultural process but also to make their industry active.

In addition to this advantage and optimal use of cheap labor, it should be noted that migrants' dispersion differs in jobs and ranges from high-level jobs that requires knowledge and technology to low-level ones that natives refuse to do.

People who have recently migrated to the United States of America for example, showed 22% of total labor market input for specific jobs. Meanwhile, migrants hold 15% share of Europe labor markets. The question arises from the fact that what kinds of jobs are migrants to America and Europe are likely to choose? It is enough to look at the list of jobs which are open to migrants. Most jobs relate to health and medical professions, as well as high-level careers in science, technology, engineering and mathematics. The other side of the coin shows that migrants seized about a quarter of low-level jobs in Europe (24%) and America (28%). A comprehensive look at the Europe represents manual labor, working with various machineries and assembly lines are top



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MANPOWER IN EUROPE**



choices by the migrants. Meanwhile, work in process manufacturing, installation, maintenance, and repair occupations are the main occupational areas in America. In other words, migrants choose the jobs which are not preferred by the natives.

Regardless of the West trying to disturb the Chinese economic paradigm, it uses cheap and productive manpower to cover its vacuity, the same statistics showed.

It is worth mentioning that Jonathan Henry Sacks- a British rabbi- wrote: "it is through exchange that differences become a blessing, not a curse." Such a statement is true about the West facing with the migration phenomenon which can turn crisis into opportunity by making optimum use of it.

To Be Integrated or Not to Be Integrated: That's the Question Raised by Brexit

During recent weeks, mass media were shocked by the result of 2016 referendum on the withdrawal of the United Kingdom (UK) from the European Union (EU), known as Brexit. UK's 52% vote to leave sparked the debate over the origins and consequences of the withdrawal. In this regard, the main question raised by Brexit was its impact on the fate of European Union. The answer to this question lies in a regional integration's function.

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Regional Integration

Regional Integration refers to a process that brings together sovereign states located in a certain geopolitical region under an agreement in order to enhance their cooperation through building common institutions and setting agreed rules. The aims taken by a regional integration could vary within a range from economic to political, social, cultural and even environmental. However, a regional integration is widely understood as a political economic plan in which economic interests are determinant factor for realizing related socio-political objectives. The main agents of a regional integration include intergovernmental organizations or supranational institutions which put in force the rules, regulations and decisions made by member states under the arrangement.

To explain more, the emergence of regionalism can be explained in a broader historical perspective, including three types of regionalism during the twentieth century. First type known as old regionalism was characterized by aggressive nationalism and imperial regionalism. In this period, UK declining position as the hegemonic power in the international system and the world's tragic experiences during World Wars led to the resurgence of first multilateral political and economic institutions like the International Monetary Fund, the World Bank, the GATT, the United Nations and so on. The second type of regionalism, known as an economic regionalism, was set up during



the 1950s and 1960s and was compatible with such American-centered hegemonic stability and its vision of multilateralism. In this period, the regional integration of the European Community, under the huge impact of American hegemony, was very important. Anyway, the end of the Bretton Wood Gold Standard system (1971) and the two oil crises of the 1970s, led to the plans for a European regional monetary union (the ‘Werner Plan’) (Telò, 2013). In continuation, the scientific and public debate of the 1980s on the declining role of the US resulted in a new type of regional integration (also called “new regionalism”) that still continues. Nowadays, this new wave of political initiatives is supporting the regional integrations which took place worldwide during the last two decades and is accelerating the process called economic globalization (Preusse, 2004).

This history shows that the progress of regionalism during centuries traces its origins in the prominence of liberalism and neo-liberalism that celebrate the desirability of market-based institutions, although with the retreat of the state from prominence in economic affairs. Strictly speaking, a regional integration can be defined as a means of enhancing capital and capitalism that uses regional integrations (based on liberalism) in order to achieve its market-based interests (Breslin, 2003). Consequently, given the emergence of *inter-regional* and *trans-regional* arrangements in the age of globalization, many scholars explain the practical consequences of these ideological stances and talk about different driving forces behind a regional integration. They agree that there must be motives that attract different governments to enter an arrangement as a regional partnership, including

economic cooperation and confidence building, ease of negotiation and implementation of agreements, protection of sectors that would not survive in global competition, larger markets and increased foreign investment, etc. (Gill, 1988).

European Union as the Best Known Regional Integration

As mentioned earlier, the concept of regional economic integration has usually been associated with an arrangement between three or more geographically neighboring states in order to enhance cooperation and capital. The European Union (EU) is the best known of such an arrangement.

From historical point of view, regional integration in Europe was consolidated in the Treaty on the European Union (the Maastricht Treaty), which came into force in November 1993 and formally established the European Union. Clearly, EU took root in the European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC) in 1958. These communities have grown in size and in power by the accession of new member states.

Nowadays, the EU as an interconnected system of supranational and intergovernmental bodies secures the free movement of goods, services, capital, and people, within its single internal market; makes common policies on trade and regional development; and includes a monetary union which is composed of 19 EU member states and uses the euro currency. Obviously, in recent years, the EU has also been pursuing an increasing number of trade agreements and fostering economic ties to export its regulatory approach beyond tariff and non-tariff barriers.

Nevertheless, while the European Union (EU) has long been the most developed model of regional integration, it was severely shaken by the recent economic crisis (Cameron, 2010). In other words, the severe crises affecting Europe since 2008 have caused difficulties that call European states to re-examine the Europe’s project and rethink about European integration based on their capitalist interests and liberalist stances. Some scholars believe that European integration traces its origins in a moment of exception in the history of capitalism, when inequalities were at a historical low –in sharp contrast with the present era of globalized “neoliberal” capitalism and record inequalities (HEIRS-RICHIE, 2016).

Indeed, these doubts along with changes in the global economic order including the relative decline of the EU and United States and the rise of Asia, threatened (and are threatening) capitalist interests and liberal

stances (i.e. driving forces behind social cohesion and political stability) in Europe. Obviously, these difficulties are gradually weakening the EU’s status as a model for regional integration, showing that during recent years EU has not been able to realize political and economic expectations of its member states and has failed to coordinate their capitalist interests with their liberalist ideals.

United Kingdom’s Mixed Record in the European Union

United Kingdom, as one of important members of the EU, has always been cautious in pursuing its capitalist interests within the European Union. Naturally, EU’s failure and success in accomplishing its function as the coordinator of capitalist interests and liberalist ideals, is one of the main causes of UK mixed record in the EU. Finally, the EU’s recent problems in accomplishing its function provided UK with a good excuse for stopping resistance against disintegrating voices and respecting nationalist interests,



while preserving its liberalist ideals in the form of limited cooperation with EU.

It can be concluded that during recent years of crisis, European Union has gradually lost its prominent position in protecting the capitalist interests of its member states. Therefore, in spite of preserving its liberalist ideals under nationalist shadows, UK chose to leave its legal commitments to its neighboring states in order to protect its capitalist interests. Additionally, although Brexit has raised many issues associated with a regional integration, the survival of European Union as a remarkable economic integration depends on the capitalist motivations of its member for continuing their cooperation under an economic agreement bound by legal and political obligations. In this regard, the outcome of competition between political motivations (such as preserving national identity and sovereignty) and economic motivations (such as protecting the interests of capitalists) within and between member states is a determinant factor for the future of this integration. In sum, the consequences of Brex-



it go beyond the theories and real world events could reveal whether similar disintegrating trend would be pursued or contained by other member states.

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Investment Advantages in Iran's Capital Market

By: Amir Fallah

2008 economic crisis is considered a turning point at which the investment trend was changed and the investors left the conventional investing systems.

In fact, the crisis resulted in deterioration of American capitalism system and the global capitalism accordingly which made some industries unprofitable. In fact, the capital circulates where there is profit in return and results in much core capital and hence, the circulation of capital gradually enters into the realms in which low risk for the capital and cheap labor force are brothers. Therefore, China turned out to be a perfect destination for the actual capitals mainly because of the Chinese big consuming market and cheap labor force. Cost-effectiveness and satisfactory turnover of the capital caused the investors to rush into China for more profit.

Iran's virgin market

14 July 2015 was a memorable date for investment life in Iran.

One of the most significant international issues in post -World War II, in which Iran came to an agreement with 5+1 on its nuclear program, terminated and the sanctions against Iran were removed internationally.

During the sanctions any financial or trading transaction was prohibited and breaking this law would result in considerable international forfeit. However, JCPOA provided Iran with a



virgin market, enriched with huge energy reservoir and abundant financial sources to step in global market. Iran, a country with 80 m population, reentered the international market even more interested to develop than before and hence, it necessitated reconstruction and development plans. This necessity is double highlighted when the subject of energy is in the picture since Iran is the fifth country in international ranking for its oil and gas reservoir.

The number of corporations which entered Iran in post sanction era to sign agreements and contracts indicates the great opportunities for the investors in Iran; the contracts covered almost all the industries including oil, gas, mines, car along with knowledge-based industries. While the above-mentioned industries made a great house for global undecided capitals, Iranian capital market stayed neglected.

Capital Market

Iran's economy is divided into major sections and finance market is one the sections which is divided into two categories of monetary and capital market. The monetary section includes insurance and banks while the capital market comprises of stock exchange, goods and energy.

Tehran stock exchange's value is estimated to be 150b \$ approximately and the turnover in this market is recognized to be abundant.

Tehran stock exchange which was established 50 years ago includes various industries and is considered as one of the most prestigious and confirmed stock exchanges in the region. Today, the petrochemical industry is the biggest corporation in Tehran stock exchange along with industries including banks, transportation and precious metals.

Liquidity is one of the most important challenges in the new stock exchanges and those in the region. However, liquidity in Tehran stock exchange is easily attainable. Moreover, the value of transactions follows an upward trend in Tehran stock exchange in which approximately 30% annual growth is officially registered.

Although foreign investors support abundant liquidity, Tehran exchange managed to register about 30% growth in past three years despite the absence of foreign investors thanks to the sanctions.

Furthermore, transparency and information circulation are the other traits of this stock exchange. The laws approved in these cases follow the international rules. The circulation of information is performed by CODAL system in which the companies and corporations are bound to upload



their information directly. Additionally, the financial statements used to be uploaded are in Persian while they are going to be in English in near future.

There have been great advances to settle corporation leadership system since five years ago and as this has been of great importance for foreign investors, the stock exchange authorities have put it high on their agenda. Moreover, the ranking of the corporations is within the directives and pass the final stages including the final confirmations by the relative institutions before being accomplished.

It is worth noting 319 companies' stocks along with various bonds are bargained. Furthermore, the bonds in Tehran stock exchange will be traded for stocks in near future.

Iranian stock exchange authorities aim to set a foreign currency table to facilitate the transactions and trading for foreign investors in particular.

However, the biggest advantage of Iran's stock exchange is the quite inexpensive stocks. Globally, Tehran stock exchange is considered to trade the cheapest stocks compared to the profit, received by the investors.

To secure the investing environment for the foreign investors, Islamic Republic of Iran considered foreign currency stock exchange.

To calculate the profits and assess risk management, the exchange rate has always been one of the concerns for foreign investors and hence, the Iranian government established foreign currency stock exchange to pave the way for investors and financial

activists to forecast their financial future.

Since 2014, and after the international nuclear conflicts in Iran and considering the good records in gold coin stock exchange, Iranian government placed foreign currency stock exchange on its agenda. Additionally, the government also attempts to avoid the foreign currency's fluctuations, channelling promissory note dealers and lessening the risks for the foreign investors in the stock exchange in Iran.

On the other hand, Hamed Soltaninejad assumes that one of the solutions to foster and encourage currency stock in Iran is to exempt the investors of the turmoil in the foreign currency market in Iran.

"In fact, to consider facilitated entrance of foreign investors and attract their trust and to achieve the goal of 8% economic growth, providing them with required infrastructures to reduce exchange rate fluctuations and establish a stock exchange according to international standards is a must.

The strategies mentioned above are government's attempts to facilitate investing in line with risk management in Iran.

In addition, fiscal discipline, inflation control in the past three years, employing interactive approach apart from politics and high security in Iran compared to other states in the region have made Iran a prime destination for foreign investment.

In fact, investment advantages which have been the major global approach since 2008, is provided in Iran.



*Best wishes to IRISL Chairman and
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and staff members on The Happy Occasion
of 50th anniversary of IRISL foundation as
well as 25th anniversary of publishing IRISL
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Resolutions for Foreign Investment Disputes

Arezoo Toni
Jafar Jamali (Ph.D.)
Davod Hermidas Bavand (Ph.D.)

Introduction

Providing investors with direct access to international bodies to settle disputes against states is one of the requirements for attracting foreign investment. Whenever states act on behalf of investors to handle legal disputes through diplomatic means or imposition of sanctions against another state, the process tends to take a political turn. This traditional mechanism for dispute resolution is ineffective for two reasons: first, as an individual whose interests have directly been affected, the investor does not enjoy enough power or authority to protect his rights and interests from the host state without the intervention of his respective state. Second, even if the investor receives diplomatic support, his interests will be of secondary importance and may be victimized for the sake of political ties between the two states. Therefore, the traditional mechanism that international law uses to support foreign investors reflects a tangible gap in substantive laws designed to support investment. Hence, a mechanism to settle state-investor disputes embedded in international investment agreements eliminated the need for the intervention of the respective states of parties to the agreement, which could give a political turn to the events. Today, all domestic laws concerning foreign investment and bilateral and multilateral investment agreements include terms for dispute resolution. Foreign investors mostly prefer to refer investment disputes to international organizations since they do not trust the domestic bodies of the host state. (Amiri, 2011. 9)

This paper discusses the most important international arrangements for dispute resolution and examines the ICSID Convention in detail. Iran is not a signatory to the ICSID Convention, but it is recommended to join it.



Mechanisms to Settle Foreign Investment Disputes

Dispute resolution takes place in two ways in the international system: 1) the political or non-legal method which includes mechanisms such as negotiation, mediation and conciliation; and 2) the legal method which includes mechanisms such as arbitration and referral to the court.

International arbitration is the best dispute resolution mechanism that can build the trust of foreign investors and contribute to the further attraction of foreign investment. The reason is clear: foreigners do not trust national courts in the host state as well as jurisdiction and rights recognized as applicable in form and substance by them. They find their interest by referring to international arbitration. (Piran, 2010, 32) Many organizations and institutions have been established with regard to international commerce and foreign investment. We briefly introduce them along with a summary explanation of Iranian laws.

The International Chamber of Commerce

The International Chamber of Commerce (ICC) is the biggest international organization devoted to economic development across the world. Hundreds of thousands of private companies operating in 130 countries around the world constitute the members of this Paris-based non-profit organization, which was established in 1919. ICC echoes the viewpoints of the global business community and has indicated that the “global economy” is an instrument for

creating and maintaining peace and welfare for humanity. ICC plays a role in accelerating and facilitating international trade by standardizing policies and regulations – including Incoterms and international banking regulations such as LCs, letters of guarantee, etc. – and running the biggest center for international arbitration in the field of commerce. (Shiravi, 2015, 173)

In addition to formulating and proposing competition-based policies and regulating commercial transactions, ICC plays an international role in creating a link between industrial and mineral merchants and entrepreneurs from around the world and paving the way for further interaction among employers’ associations across the world. (Mohammadi Dinani, 2008, 56) International commerce arbitration is one of the instruments used by ICC to support and advance global economy. In this respect, an arbitration body called the International Court of Arbitration was created in 1923, which is affiliated to ICC.

International Court of Arbitration

The International Court of Arbitration (ICA) is affiliated to ICC and has been created to contribute to the resolution of international investment disputes through arbitration. ICA is the oldest international body for the resolution of disputes between states. It has dealt with over 16 thousand cases since its establishment. Most of the cases referred to ICA involve various states with different legal and cultural



systems. It has always taken the leader to promote arbitration as a selected mechanism for resolving disputes and lawsuits concerning international commerce, from disputes over small transactions to disputes over large infrastructure projects funded by states. ICA has addressed approximately 14000 cases in over 100 countries which involved parties from nearly 150 countries. This great performance has turned ICA into the most credible, prominent, and experienced arbitration body at the international level. However, the role of ICA has not been fully recognized yet, especially by newly-joined members. A chief reason is that ICA enjoys unique characteristics different from any other arbitration bodies. Besides, ICA's activity, structure, and qualifications are completely confidential. (Haddadi, 2000, 63)

UNCITRAL

The United Nations Commission on International Trade Law (UNCITRAL) was established on December 17, 1966 to unify international trade law. It fulfills its duties mainly through conventions, Model Laws, internationally-recognized rules, legal and legislative advices and practical recommendations, contributing to amending existing laws, and holding seminars on unified international trade law. Composed of 36 developed and developing countries including Iran, the members of this commission are selected by the United Nations General Assembly for a 6-year period, the terms of half of the members expiring after every three years. Membership is structured so as to be representative of the world's various geographic regions and its principal economic and legal systems. The secretariat of UNCITRAL is based in Vienna, Austria. The commission carries out its duties at annual sessions held in alternate years in Vienna and

New York. (Ghanbari jahromi, 2014, 179)

International Commercial Arbitration Act

Since the regulations of the Iranian Civil Procedure on arbitration were outdated and insufficient, especially for resolving international commercial disputes, Iran's parliament passed the International Commercial Arbitration Act (ICAA) on September 7, 1997, which the country's Guardian Council approved, on October 1 of the same year. ICAA is based on UNCITRAL Model Law (1985) and enjoys strong scientific and expert support as a result. ICAA is consisted of 36 articles and 9 chapters with the following titles: general laws, arbitration agreement, jury composition, arbitrator's qualifications, arbitration procedure, and end of trial & issuance of decision, objection to decisions, implementation of decisions, and other regulations.

ICAA contains important rules and regulations that correspond to modern trends in international commercial arbitration and are unprecedented in Iranian laws. However, it also has shortcomings mainly because of unnecessary deviation from UNCITRAL Model Law. (Seyfi ardebili and Fathi nejad, 2005, 86).

ICSID Convention

ICSID Convention is one of the most important treaties in international commercial law that recognizes individuals as subjects of international law and enables them to take their lawsuit to international bodies directly without the intervention of their respective states. ICSID is settlement of investment disputes between states and nationals of other states. Therefore, if a person is recognized as a subject of international law for a specific purpose, this recognition includes both natural and legal persons. Article 1 of the European Convention on Human

Rights has made no distinction between natural and legal persons. (Hohenveldern, 2012, 49) Lawsuits referred to ICSID arbitration could be associated with general international laws, although one of the parties is a state in those lawsuits. Access to ICSID arbitration means access to general international laws and grants to private parties, referring to it, and the state of being a subject of international law. ICSID arbitration owes its existence to a convention that has made it possible to seek this kind of arbitration without resorting to domestic remedies. A state cannot exercise diplomatic protection rights regarding disputes which a foreign national as defendant has agreed to refer to ICSID arbitration. (Hohenveldern, 2012, 51) Decisions issued through ICSID arbitration could not be appealed at domestic courts and could be nullified only by ICSID's special committee. Hence, although natural and legal persons are considered subjects to international law within the framework of ICSID Convention, such a status may collapse based on a different treaty signed by the same parties. (Hohenveldern, 2012, 52) In fact, persons seeking ICSID arbitration may become subjects to international law thanks to a treaty signed by the contracting parties. Therefore, persons affected by the termination of that treaty can no longer enjoy the support of ICSID – which had been provided by the treaty. (Hohenveldern, 2012, 53)

ICSID Convention has been signed by 158 countries and passed by 150 countries so far. Iran has not joined the convention yet and foreign investors cannot file complaints against Iran before ICSID.

Iran and ICSID Convention

Iran has initiated many structural developments in social, economic, and political spheres over the past decade and has explicitly showed interest in promoting and supporting foreign investment since investment can play a critical role in sustainable development. It has subsequently signed agreements with other countries to encourage and support bilateral investment, most of which are related to investment in oil, gas, and petrochemical sections. Although being a member of the World Bank, Iran has so far failed to sign and pass ICSID Convention in spite of the need to do so. Therefore, the country is not committed to implement the convention's terms and cannot benefit from its privileges and rights. (Hatami and karimiyan, 2014, 89).

Iran, for a long time, has referred to UNCITRAL arbitration to settle disputes with the United States and benefited from the International Chamber of

Commerce (ICC) and its unified procedures for many years. For example, almost all Iranian banks carry out their banking transactions based on the unified rules and regulations of ICC concerning letters of credit (LCs) while neither UNCITRAL rules nor the rules governing ICC are different from the framework of ICSID in substance. ICSID arbitration even enjoys more expertise in dealing with investment disputes compared with UNCITRAL arbitration and ICC. Based on article 70 and article 75, clause D, of ICSID Convention, Iran can accept the convention but exclude certain cases from authority of UNCITRAL arbitration; that is, using “reservation right”. Also, any contracting state can accept the convention as trial according to Article 71 and denounce the convention if it finds out that the convention has negative impacts on its foreign investment. (Jalali, 2004, 124)

Article 26 of the convention provides member states with another privilege as it enables a contracting state to require the exhaustion of local administrative or judicial remedies as a condition of its consent to arbitration under the convention. According to article 55, which relates to the immunity of states arising from their sovereignty, an award rendered pursuant to ICSID convention may not be enforceable if it violates the sovereignty of that state. Given the aforementioned arguments, it seems that Iran's delay to join ICSID Convention has no legal justification. Iran has sought to settle thousands of disputes with the United States in a peaceful manner through arbitration, and both states have renounced their sovereign immunity in order to execute awards issued through the relevant courts. Therefore, there is no reason for Iran to refuse to join ICSID Convention. (Jalali, 2004, 125)

Conclusion

A characteristic of contemporary international law is that it erodes the absolute sovereignty of states. It is true for the imposition of both sovereignty and jurisdiction, although it is more explicit with regard to the latter. It is especially observed when it comes to law and bodies in charge of dispute resolution, including ICSID. The ICSID Convention has set a group of regulations concerning investment between states and nationals of other states to support investment. Referring to ICSID Convention is not compulsory, but parties seeking ICSID arbitration are obliged to execute any award issued as a result of this process. To absorb foreign investment, states have to respect all rights of investors inevitably and, among



other things, create a platform for dispute resolution, because investment is beyond the exclusive national jurisdiction of states. Gone are the days when states recognized their domestic laws and courts as the only system to handle international disputes. Global trends are inclined toward international arbitration through which it is possible to settle disputes impartially and without the prejudice of domestic courts. Internationalization of law has taken the issue of investment out of the traditional realm of domestic law, depriving host states of the exclusive right to handle investment disputes in their domestic courts. Accepting a system for dispute resolution through ICSID arbitration could contribute to the promotion of foreign investment in Iran. Nowadays, joining international unions and expanding bilateral, regional, and international cooperation is a priority for states. Iran can take an effective step toward expanding foreign investment by avoiding adoption of a passive stance toward many of international conventions, starting the process of joining ICSID Convention, and accepting its arbitration system.

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in September 2016

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How Did Germany Become Germany?

A Time to be Born, and a Time to Die

By: Amir Falah

“But again and again there comes a time in history when the man who dares to say that two and two make four is punished with death. And the question is not one of knowing what punishment or reward attends the making of this calculation. The question is one of knowing whether two and two do make four”. This is a prominent description by famous French author -Albert Camus- which is conceptualized by the German in reality instead of novel and imagination.

Hitler, the machine of war and violence, changed the concept behind this sentence in a way that not only no one could say two and two make four at the end of World War, but also mathematics regulations had been changed. As the era’s press of the day reported, land of moralistic and famous philosophers and scholars were subject to change to a certain extent that at the time World War II finished, there was not even a three meter length wall all around Germany. Moreover, the people living there were comparable with plague victims who were bewildered like the simple sentences of the novel “The Plague”. However, Germany rises from the ashes as a phoenix does and gains the power over economy and policy in the world. Adam Smith told us: “Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things”, German men and women did the same and created the story of German economic miracle.



Starting Point

After World War II, German economy was ruined. The War and Hitler's scorched earth policy made 20 percent of residential areas to be destroyed. The country's per capita food production in 1947, two years after the War, was reduced to 51 percent of its level in 1938. Meanwhile, food ration which was directed by occupying powers was approximately between 1040/50 calories per day. Industrial output was one-third its 1938 level. Moreover, most Germany's working-age men had lost their lives. At the time, observers thought that West Germany would have to be the largest single customer of the welfare state of the U.S. Yet, twenty years later its economy was envied by most of the world. And less than ten years after the war people already were talking about the German economic miracle.

How did the so-called miracle come out? The two main factors were currency reform and the elimination of price controls, both of which happened over a period of weeks in 1948. Also, reduction of marginal tax rates later in 1948 and in 1949 could be considered as the third factor.

Before

By 1948 the German people had lived under price controls and rationing for twelve and nine years, respectively. Adolf Hitler had imposed price controls on the German people in 1936 in order for his government to buy war materials at artificially low prices. Later, in 1939, one of Hitler's top Nazi deputies, Hermann Goering, imposed rationing (Roosevelt and Churchill also imposed price controls and rationing, as governments tend to do during all-out wars). During the war, the Nazis made flagrant violations of the price controls subject to capital punishment. The Allied Control Authority which was formed under the

governments' surveillance of the United States, Britain, France, and the Soviet Union, agreed to keep Hitler's and Goering's price controls and rationing in place in November 1945. They also continued the Nazi conscription of resources.

Each of the Allied governments controlled a "zone" of German territory. In the U.S. zone, a cost-of-living index in May 1948, computed at the controlled prices, was only 31 percent above its level in 1938. Yet in 1947, the amount of money in the German economy—currency plus demand deposits—was five times its 1936 level. Since the money reached its multiple level and controlled prices were witness to only a fraction higher, shortages had to come out inevitably and there were.

Price controls on food made the shortages so severe that some people started growing their own food, and others made weekend treks to the countryside to barter for food. Yale University economist (and later Federal Reserve governor) Henry Wallich, in his 1955 book, *Mainsprings of the German Revival*, wrote:

"Each day, and particularly on weekends, vast hordes of people trekked out to the country to barter food from the farmers. In dilapidated railway carriages from which everything pilferable had long disappeared, on the roofs and on the running boards, hungry people traveled sometimes hundreds of miles at snail's pace to where they hoped to find something to eat. They took their wares—personal effects, old clothes, sticks of furniture, whatever bombed-out remnants they had—and came back with grain or potatoes for a week or two."

Barter also was so widespread in business-to-business transactions that many firms hired a "compensator," a specialist who bartered his firm's output for needed inputs and often had to engage in multiple transactions to do so. In September 1947 U.S. military experts estimated that one-third to one-half of all business



transactions in the bizonal area (the U.S. and British zones) were in the form of “compensation trade”. Barter was very inefficient compared with straight purchase of goods and services for money. German economist Walter Eucken wrote that barter and self-sufficiency were opposed to an extensive division of labor and that the economic system had been “reduced to a primitive condition”. The numbers support his claim. In March 1948 bizonal production was only 51 percent of its level in 1936.

The Debate

Eucken was the leader of a school of economic thought, called “social free market,” based at Germany’s University of Freiburg. Members of this school hated totalitarianism and had put forward their attitudes despite some risk during Hitler’s regime. “During the Nazi period,” wrote Henry Wallich, “the school represented a kind of intellectual resistance movement, requiring great personal courage as well as independence of mind”. The school’s members believed in free markets, along with some slight degree of progression in the income tax system and government action to limit

monopoly (Cartels in Germany had been explicitly legal before the war). The social free market very much followed the Chicago school, whose members Milton Friedman and George Stigler also believed in a heavy dose of free markets, slight government redistribution through the tax system, and antitrust laws to hinder monopoly.

Among the members of the German school were Wilhelm Röpke and Ludwig Erhard. To clean up the postwar mess, Röpke advocated currency reform in order for the amount of currency to be in line with the amount of goods, and the abolition of price controls. He thought that both were necessary to end repressed inflation. The currency reform and price decontrol would end inflation and repression, respectively.

Ludwig Erhard agreed with Röpke. Erhard himself had written a memorandum during the War laying out his vision of a market economy. His memorandum made clear that he wanted the Nazis to be defeated.

Conversely, the Social Democratic Party (SPD) wanted to keep government control. The SPD’s main economic ideologue, Dr. Kreyssig, argued in June 1948 that decontrol of prices and currency reform

would be ineffective and instead supported central government direction. Labor union leaders, the British authorities, most West German manufacturing interests, and some of the American authorities were all supporter of the SPD were.

The Change

Ludwig Erhard was the winner of the debate. Because the Allies wanted non-Nazis in the new German government, Erhard, whose anti-Nazi views were clear (he had refused to join the Nazi Association of University Professors), was appointed as Bavarian minister of finance in 1945. In 1947 he became the director of the bizonal Office of Economic Opportunity following advised U.S. General Lucius D. Clay, military governor of the U.S. zone. After the Soviets withdrew from the Allied Control Authority, Clay, along with his French and British counterparts, undertook a currency reform on Sunday, June 20, 1948. The main purpose was to replace a much smaller number of deutsche marks (DM), the new legal currency, to reichsmarks. Thus, the money supply would contract substantially so that even at the controlled prices, now stated in deutsche marks, there would be fewer shortages. The currency reform was highly complex, with many people taking a substantial reduction in their net wealth. The net result was about a 93 percent contraction in the money supply.

On that same Sunday the German Bizonal Economic Council adopted, at the urging of Ludwig Erhard and against the opposition of its Social Democratic members, a price decontrol ordinance that allowed and encouraged Erhard to eliminate price controls.

Erhard spent the summer de-Nazifying the West German economy. Fred Klopstock, an economist at the Federal Reserve Bank of New York wrote that From June through August 1948, “directive followed directive removing price, allocation, and rationing regulations”. Vegetables, fruit, eggs, and almost all manufactured goods were freed from controls. Ceiling prices on many other goods were raised to a great extent, and many remaining controls were no longer enforced. Erhard’s motto could have been: “Don’t just sit there; undo something.”

Journalist Edwin Hartrich tells the following story about Erhard and Clay. In July 1948, after Erhard, on his own initiative, abolished rationing of food and ended all price controls, Clay confronted him:

Clay:“Herr Erhard, my advisers tell me what you

have done is a terrible mistake. What do you say to that?”

Erhard:“Herr General, pay no attention to them! My advisers tell me the same thing.”

Hartrich also tells of Erhard’s confrontation with a U.S. Army colonel the same month:

Colonel:“How dare you relax our rationing system, when there is a widespread food shortage?”

Erhard:“But, Herr Oberst. I have not relaxed rationing; I have abolished it! Henceforth, the only rationing ticket the people will need will be the deutschemark. And they will work hard to get these deutschemarks, just wait and see.”

Of course, Erhard’s prediction was on target. Decontrol of prices allowed buyers to transmit their demands to sellers, without a rationing system getting in the way, and the higher prices gave sellers an incentive to supply more.

Along with currency reform and decontrol of prices, the government also cut tax rates. A young economist named Walter Heller, who was the member of the U.S. Office of Military Government in Germany and was later to be the chairman of President John F. Kennedy’s Council of Economic Advisers, explained the reforms in an article in 1949. Heller wrote “To remove the repressive effect of extremely high rates, Military Government Law No. 64 cut a wide swath across the German tax system at the time of the currency reform”. The corporate income tax rate, which had ranged from 35 percent to 65 percent, was made a flat 50 percent. Even though the top rate on individual income remained at 95 percent, it applied only to income above the level of DM250,000 annually. In 1946, by contrast, the Allies had taxed all income above 60,000 reichsmarks (which translated into about DM6,000) at 95 percent. For the median-income German in 1950, with an annual income of a little less than DM2,400, the marginal tax rate was 18 percent. That same person, had earned the reichsmark equivalent in 1948, would have been in an 85 percent tax bracket.

After

The impact of the reforms on the West German economy was electric. “The spirit of the country changed overnight. The gray, hungry, dead-looking figures wandering about the streets in their everlasting search for food came to life,” Wallich wrote.

Shops on Monday, June 21, were filled with goods

as people comprehended that the money they sold them for would be worth much more than the old money. Walter Heller wrote that the reforms “quickly reestablished money as the preferred medium of exchange and monetary incentives as the prime mover of economic activity”.

Absenteeism also dropped sharply. In May 1948 workers had stayed away from their jobs for an average of 9.5 hours per week, partly because the money they worked for was not worth much and partly because they were out foraging or bartering for money. Five months later, average absenteeism was down to 4.2 hours per week. In June 1948 the bizonal index of industrial production was at only 51 percent of its 1936 level; by December the index had increased to 78 percent. Put it differently, industrial production had increased by more than 50 percent.

Output of economy continued to grow by leaps and bounds after 1948. By 1958, industrial production was more than four times its annual rate for the six months in 1948 preceding currency reform. Industrial production per capita was more than three times as high. East Germany’s communist economy, by contrast, stagnated.

Because Erhard’s thoughts had worked, the first chancellor of the new Federal Republic of Germany, Konrad Adenauer, appointed him Germany’s first minister of economic affairs. He held that post until 1963 when he became chancellor himself, a post he held until 1966.

The Marshall Plan

This piece of writing has not referred to the Marshall Plan. Can West Germany’s revival be attributed mainly to that? The answer is no. The reason is simple: Marshall Plan’s benefit was not that large to West Germany. Cumulative aid from the Marshall Plan and other aid programs totaled only \$2 billion through October 1954. Even in 1948 and 1949, when aid was at its peak, Marshall Plan aid was less than 5 percent of German national income. Other countries that received substantial Marshall Plan aid exhibited lower growth than Germany.

In addition, while West Germany was receiving aid, it was also making reparations and restitution payments well in excess of \$1 billion. Last but not least, the Allies charged the Germans DM7.2 billion annually (\$2.4 billion) for their costs of occupying Germany. (Of course, these occupation costs also meant that Germany did not need to pay for its own

defense.) Moreover, as economist Tyler Cowen believed, Belgium recovered the fastest from the war and placed a greater reliance on free markets than the other war-torn European countries did, and Belgium’s convalescence predated the Marshall Plan.

Conclusion

What looked like a miracle to many observers was really not a miracle. It was predicted by Ludwig Erhard and by others of the Freiburg school who conceptualized the damage that can be done by inflation coupled with price controls and high tax rates, and the large productivity gains that can be unleashed by ending inflation, removing controls, and cutting high marginal tax rates.

People of this land who were struggling with death in a way that it had been changed to a daily business, gained the power to a certain extent that not only gave new meaning to life but also they altered to a support for saving Europe and World economy.

Time has changed and German returned from its inexistence ashes to life due to machinery discipline and working.

Considering the fact, it is worth mentioning Kant famous quote:

“Two things fill the mind with ever new and increasing admiration and awe: the starry heavens above me and the moral law within me.”

And if he were still alive, he would add efforts and regular working along with establishing the best foundation of destroyed German to his awe.



Marine Festival

On the last day of National Maritime Week a marine festival was held with the attendance of Ports and Maritime Organization, IRISL, Marine Environment Division to foster marine culture within the Iranian families.



Head of Iran Fisheries Organization:

European and Asian Countries Interested in Caviar Cultivation in Iran

By: *Fatemeh Monesan*

Caviar is one of the world's most expensive foods and comes with an exquisite taste and aromatic scent. This brilliant food, which is extracted from the Sturgeon fishes, is rich in protein and various types of vitamins and minerals. In the olden days, caviar was brought to the market from the Sturgeon fishes that fishermen caught in the Caspian Sea; yet the catching of these fishes was prohibited due to environmental reasons and the protection of the Caspian Sea Sturgeon reserves. Hence, all the countries surrounding the Caspian Sea are highly required to abide by the related regulations and conventions.

With catching the Sturgeon fishes off the table, the majority of the caviar producing countries has tended to cultivate these fishes in fish farms, and Iran is one of the pioneer countries in this regard. In a 5-year plan, Iran is supposed to increase its annual export from 1 ton to 10 tons, and this move would certainly inject foreign fund to Iran's economy.

In an interview with Payam-E-Darya magazine, Dr. Hassan Salehi, Deputy Minister of Agricultural Jihad and Head of Iran Fisheries Organization, delved into the issue of Caviar and its future prospects in Iran. You will find a summary account of this interview in the following.



Could you please brief us on the status of catching Sturgeon fishes in the Caspian Sea?

In the golden days, when 90 % of the global caviar production happened here in the Caspian Sea, Iran was the world's leading caviar exporter. Subsequent to the decommission of USSR and overly catching of Sturgeon fish, along with other destructive factors in the Caspian Sea, the number of these fishes began to shrink. In order to protect the Sturgeon fish reserves in the Caspian Sea, the presidents of the 5 countries surrounding the Caspian Sea put a ban on catching these fishes in Baku convention in 2010.

With the prohibition of catching Sturgeon fishes in the Caspian Sea and Iran's serious commitment to it, what plans have Iran's Fisheries Organization put into action in order to supply caviar from alternative resources?

Immediately after the prohibition was launched, Iran's Fisheries Organization placed a caviar cultivation plan on its agenda, and so far, it

has reached excellent results. Last year, Iran's cultivated caviar export managed to find its way in the market, and it managed to export 1 ton of caviar worth 1 million and 700 thousand US dollars. We aim at exporting approximately 2 tons of cultivated caviar in 2016. We do hope that we could retrieve our position in the caviar market with the plans we have devised, particularly with joint investments with caviar consuming countries.

How much is Iran's share from the world market?

As we discussed before, natural caviar could not be supplied from the Caspian Sea any longer, and the cultivated caviar market is led by several countries such as Iran, China, France, Italy and the United States. Iran's cultivated caviar is extracted from Beluga fish, which is a delicate and exclusive type of caviar and it is worth at least 6 times as much as the caviar cultivated in other countries.

What are the privileges of investing in Caviar business?

The Southern Caspian Sea caviar has a unique position in the caviar consuming countries. The caviar produced in Italy is worth 250 to 700 Euros per kilogram, but the Iranian cultivated caviar is worth between 1500 and 2000 Euros per kilogram. Caviar market activists are much more interested in investing in Iran's market; for this reason, we have started negotiations as to the investments in Iran's caviar cultivation with France, Italy, Norway and South Korea. Climatic conditions, minerals and the species of fish in the Caspian Sea are unique and spectacular for caviar cultivation,

“

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and these factors are tempting enough for foreign caviar market investors.

How much funds have been speculated for these investments?

We do prognosticate that by the end of the 6th Five-Year Development Plan (by 2020), we will have absorbed 290 million dollars worth of investment in Iran’s caviar cultivation sector. Fortunately, the capacities for the implementation of these investments have successfully been created.

What facilities would you put at the private investors’ disposal?

In order to commence its investment, the private sector initially needs baby fish, and we would place these baby fish at its disposal until the investor is up and running and can produce baby fish of its own. We would also offer private investors low-interest bank loans. It is worth mentioning that private investors could benefit from foreign currency monetary loans provided by National Fund. Moreover, fisheries experts would share their knowledge, technology and experiences in the field of caviar fish cultivation with all the private investors.

What countries have you set as the main destinations for the export of Iranian cultivated caviar?

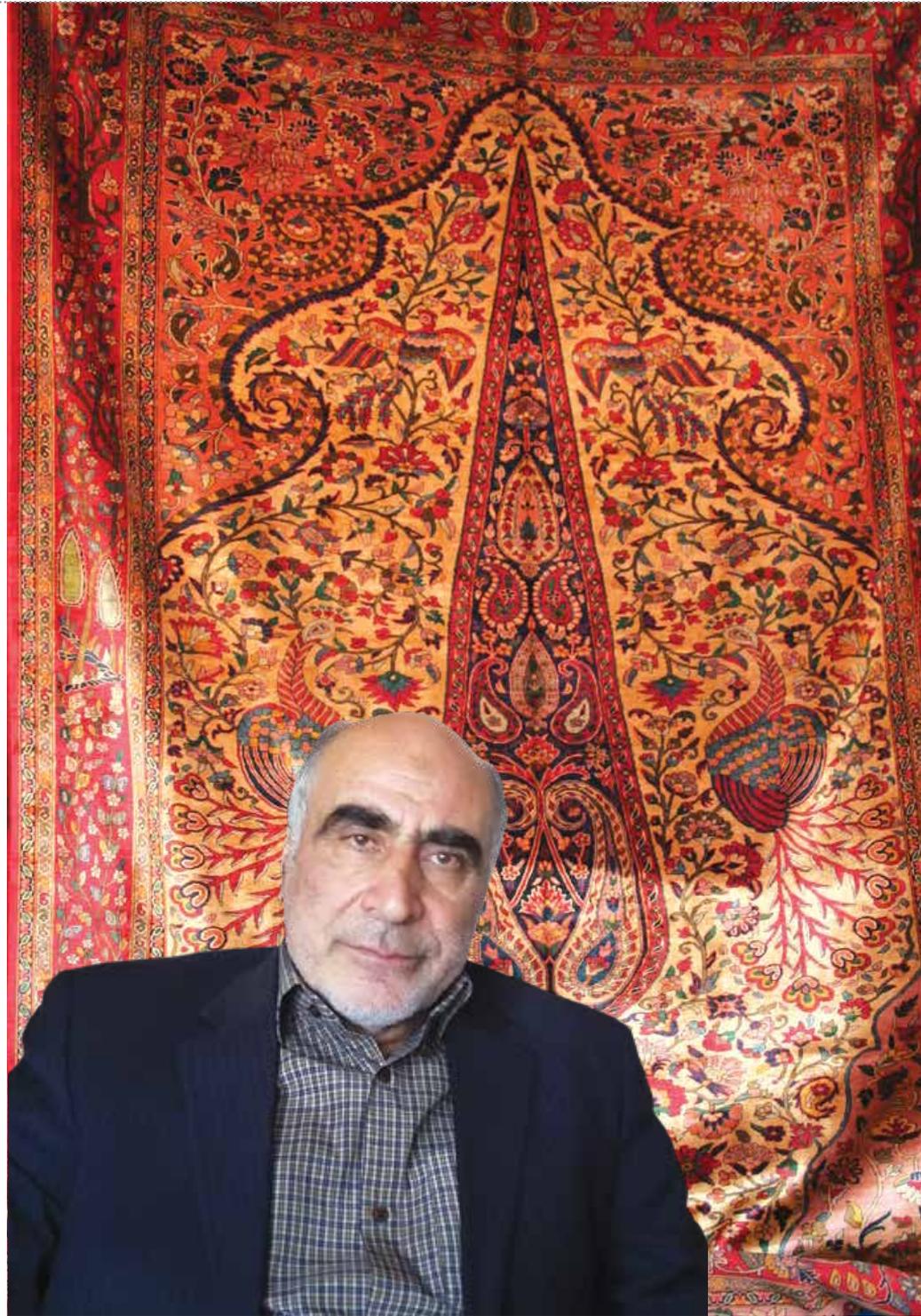
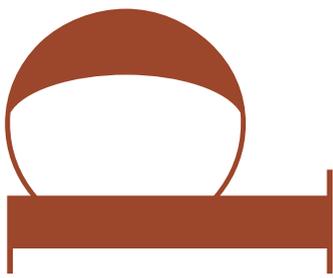
Currently, our main exports targets are European,

South East Asia and Middle Eastern countries, and we do intend to add North American nations, particularly Canada, to our exports destinations. If proper conditions are met, we would also like to export caviar to the United States as well.

With the prohibition of catching Sturgeon fishes in the Caspian Sea, have other countries begun cultivating these fishes?

In October 2014, the presidents of 5 countries surrounding the Caspian Sea signed an agreement for the protection and optimized use of live marine resources in this sea; and later on, in March 2015, the authorities of the 5 countries placed a strong emphasis on practicing the clauses of this agreement. One of the paramount clauses of this agreement was devising solutions and plans to protect, revive and increase Caspian Sea’s marine resources. In this regard, the Russian Federation recommended holding training workshops, which was accepted by the other 4 nations. The first round of workshops were held on innovative methods of reviving and increasing Sturgeon fishes resources. Besides, Turkmenistan recommended the collaboration of sea protection institutes and organizations, and we are hoping that a congregation for this purpose be held in Turkmenistan in the near future. I must add that Iran, also, proposed several fruitful suggestions, which are currently under investigation and research.

Persian Handmade Carpet a Global Brand



By: Bahareh Ghahramani

Several countries are engaged in producing and supplying handmade carpet, although they have failed so far to substitute for Persian handmade carpet. Persian handmade manufacture reaches approximately two millions m2 per annum which makes the possibility of more than five millions job opportunities.

Furthermore, most provinces of Islamic Iran are known as carpet manufacture hubs of the Persian handmade carpet among which Isfahan, Qom, Markazi, Hamadan, East and West Azerbaijan, Khorasan, Kermanshah stand out.

First and the foremost advantage of Persian carpet is that it is known as an art in the world. Meanwhile, the factor which makes it different from other arts and exported goods is that 90 percent of Persian carpet's materials are manufactured in Iran. In

addition, the government doesn't shoulder any burden regarding the Persian carpet manufacture. Last but not least, carpet weaving is most preferred by farmers as their second occupation.

Considering these facts, Mr. Ahmad Karimi Esfahani, head of Iranian Carpet Exporters and Producers Association in an interview with Payam Darya Quarterly magazine elaborated on Persian carpet's exports and production status.

Ahmad Karimi Esfahani in reply to how many of Persian manufactured carpets are exported explained that: to a large extent, Persian handmade carpets are manufactured with the purpose of exports. Before the sanctions era, approximately \$2 millions of carpets exported per year. Currently and with the lifting of the sanctions this number has reached \$300m. Considering the conditions in the post sanctions era, it is expected that exports of Persian carpet rebound again.

He also remarked the target countries for this industry and asserted that: traditionally as an antique item, Persian carpet is popular all over the world and most foreign citizens are proud of having Persian handmade carpet in order to ornate the wall and floor of their home. Persian carpet generally and antique Persian carpet tableaus in particular are exported to European and Asian countries along with America, Russia, China and Japan in which the latter is one of the specific buyers of silk Persian carpet.

Karimi Esfahani also named the countries that have recently manufactured handmade carpet and explained that at the moment, countries such as Pakistan, India, Turkey, China and Nepal manufacture handmade carpet. Despite their efforts, they could not compete with Persian handmade carpet due to its popularity and reputation all around the world.

Accomplishment of the JOCPA Carpet Industry

Regarding the accomplishment of the JCPOA and carpet industry in Iran, Karimi Esfahani believes that Persian carpet should not have been sanctioned due to its production by the private sector. However, it had been sanctioned by U.S.A among other things. He continued that now, we haven't got any problems in exporting Persian carpet to U.S.A. After the removal of the sanctions, representatives from U.S.A, EU, Japan and other countries came and entered into negotiations with us.

Rising exports of Persian carpet

Rarimi Esfahani believes that Iranian goods have the

“ IRAN IS PIONEER OF THE GLOBAL BRAND OF HANDMADE CARPET ”

”

highest popularity in the world in a way that it seems an independent Ministry under the name of Ministry of Iran's exports should be established in order to organize the issues related to exports such as Persian carpet exports. If the ministry of exports is set up, the export of Iran carpet will rebound again. Moreover, it has been suggested to the government to provide the requirements of dispatching technical experts of this field to foreign countries.

Darning services of Persian carpet in foreign countries

In general, darning and carpet cleaning are at second and third place for creating occupations, respectively. Naturally a carpet should be returned to the country it has come from in order to be repaired and after that it can again return to the target country. Unfortunately, during the sanctions era the carpets have been transferred to other countries for the mentioned purpose. Recently, negotiations have been done with Islamic Republic of Iran Customs in order to provide the requirements and facilities to revive the darning industry of Iran. Considering the favorable promise of the head of Islamic Republic of Iran Customs, we assure that we will reach the desired conclusion. It is worth mentioning that, Iran darning industry is active in foreign countries through the efforts of private firms and young adults.

Kinds of exported carpets

Karimi Esfahani asserted that: usually first and second-hand carpets are exported to foreign countries but the desire toward used and antique carpets is significant; the older the more valuable. In the past, 80 percent of exported carpets were old and the remainder were new. Now, the proportion has been changed in a way that new and old carpets are exported to foreign countries by 60 and 40 percent, respectively.

I ranian Pistachio; Over the Top Worldwide



By: *Fatemeh Monesan*

Iranian dry nuts are of top-notch quality, and in the past decades, they have well managed to make a name for themselves throughout the world. Meanwhile, the excellence of Iranian pistachio is at an outstanding level, so much that it has managed to stand in the first rank among Iranian non-petroleum export goods. This product is well-recognized and extensively purchased all over the globe, and accordingly, it is exported to almost every country worldwide. Hence, this product is a great source of income for Iran.

In order to discuss the status of this unique Iranian product, Payam-E-Darya magazine has conducted an interview with Mohammad hassan Shamsfard, the director of Iranian dry nuts exporters union. He hoped that Iran finds more chances to export its pistachio in the light of the new post-JCPOA era. A brief account of this interview is available in the following.

1) What is the size of Iran's annual pistachio production?

The volume of production depends on many factors including the weather and climatic conditions; that is to say, in one certain year, we may witness a huge amount of production, in another, we might harvest not as much. On average, nevertheless, Iran produces over 200 thousand tons of pistachio annually. We do prognosticate that the current year experiences a far greater rate of production, though.

2. How much of the total pistachio production is allocated to exports?

Of all the Iranian dry nuts, pistachio holds the top ranking position in the exports section, in a way that only 10 % of the produced pistachio is purchased and consumed by the domestic market, and over 90 % of it is exported to the four corners of the world.

that this year, thanks to the execution of JCPOA and the elimination of banking deterrents, this product could give rise to even more income.

5. To what extent are the state-of-the-art machines and cutting-edge technology utilized in the processing, packing and exporting of pistachio in Iran?

The traditional and old methods of processing and packing pistachio have long been outdated in Iran, and we are benefiting from the machines that enjoy the most recent technology and are built locally. These machines are mostly designed and manufactured in Kerman. Thanks to these machines, we have managed to noticeably decrease the time needed for the pistachio to dry up. Not only do we manage to save a large amount of time via new technologies, but we are also able to offer more hygienic products.



IRAN PRODUCES OVER 200 THOUSAND TONS OF PISTACHIO ANNUALLY



3. What are the most popular destinations for Iranian pistachio? What plans do you have to expand pistachio's export rate?

Iran currently holds the top world rank in the export of pistachio, and exports a large volume of pistachio to European and Asian countries. Thanks to the warm welcome of our customers, export is our top priority; and we do hope that with the elimination of water deficiency problems, we witness a growth in the annual production rate of pistachio, and a growth in the export. As you know, Kerman and Rafsanjan are two poles of pistachio production in Iran, but currently, we are growing pistachio in Ghom, Saveh, and Azarbaijan so that we could promote our annual production rate and each our final goal, which is enhancing exports. It is worth noting that exporting pistachio in a larger volume to Russia is another plan of ours for the future.

4. How much income does pistachio export fetch for the country?

Of all the dry nuts, pistachio brings in the largest income to the country. Pistachio injects an annual income of over 2 billion dollars, and it is predicted

6. What impacts have the execution of JCPOA and the lifting of the sanctions had on Iran's pistachio export?

Fortunately, with the execution of JCPOA and the lifting of the unfairly-imposed sanctions on Iran, IRISL fleet is able to dock at ports in every corner of the world and pursue its international activities without any limitations. Thanks to the new conditions, pistachio export is carried out through ships, whose major privilege over other types of transportation is its lower costs.

7. What special merit does Iran's pistachio have over the pistachio cultivated in other countries?

Considering Iran's climate and soil, which is specially geared to the pistachio cultivation, Iranian pistachio has a pleasant taste and desirable flavor, and this has made Iranian pistachio popular throughout the globe. Even Americans are far eager to buy Iranian pistachio, even though the United States itself is a large producer and exporter of pistachio.

IRAN

Sea Expo 2016



4th edition of the International Maritime Exhibition of Iran, known as Iran Sea Expo 2016 was held on September 24-26.

This event showcases products like shipping products, marine construction based services, hydro graphic, surveying services, to that of ship management services and products associated with this field.

Tens of foreign companies including Lloyd's Register, Bureau Veritas (B.V), NK Classification from Italy, Oman, Germany, Japan, France, England, South Korea, Kazakhstan, and China will showcase their recent products in this event.

It is noteworthy that the main approach of the aforementioned exhibition will be the introduction of investment chances in various maritime fields in Iran as well as paving the way for the establishment of connections between Iranian maritime organizations and their foreign counterparts.





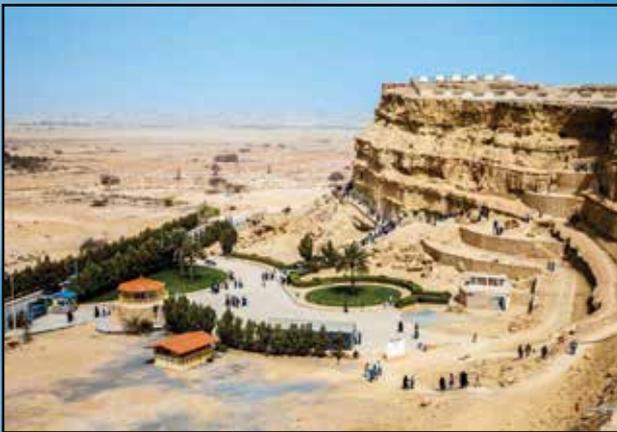
Qeshm Island in Persian Gulf

By: Sara Zeinal zadeh

Qeshm Island is located a few kilometers off the southern coast of Iran, opposite the port cities of Bandar Abbas and Bandar Khamir. The island, which hosts a 300 square kilometer free zone jurisdiction, is 135 km long. It also has a surface area of 1491 square kilometers. The city, located at the easternmost point of the island, is 22 kilometers from Bandar Abbas while the closest point of the island is but two kilometers from the mainland. Plans have also been made to build a bridge to connect Qeshm with the mainland.

Qeshm Attractions

Qeshm's ecological condition, tourism value and investment attractions are not unknown to anyone. Qeshm is famous for its wide range of ecotourism attractions such as the Hara marine forests.



According to environmentalists, about 1.5% of the world birds and 25% of Iran's native birds annually migrate to the forests, which are the first national geo park. Several domes, salty caves, the preserved area in Shib-Deraz Village where Hawksbill turtles hatch, as well as numerous ports and wharfs are among the tourist potentials of the island.

Qeshm's strategic location, its excellent free zone commercial and legal environment, its well-developed infrastructure, and the advantageous access to the lucrative Iranian oil and gas market, provide an unrivaled platform from which to conduct regional business. Qeshm Free Zone Organization offers a new investment package, to lure industrial investment to this region.

Considering the importance of Qeshm Island's tourism industry and investment possibilities, we intend to provide a brief explanation about each one.

Hara

The Hara Forests in dominated by the species *Avicennia Marina* Qeshm an important ecological resource in southern Iran. The Hara Forests is the

common name for mangrove forests on the Iranian island of Qeshm in the Persian Gulf.

Geo-park

Geo-parks have significant scientific and geological value, apart from being a natural and cultural heritage. The Global Geo-park Network, established by UNESCO, not only registers such parks but also pursues three other objectives: Geo-park protection, raising awareness and setting standards for green tourism.

Qeshm Geo-park will be registered on the list of UNESCO's Global Geo-park Network once it obtains a green card from UN cultural body due to its appropriate infrastructure and adequate accommodation for tourists, having environmental standards while protecting the natural landscape. The results will be announced at the Seventh International Conference on Global Geo-park 2016, in Torquay on the English Riviera which is scheduled for Sept. 27-30.

Qeshm Industrials

Marine industries include floating vessels in

luxury boats, passenger boats, sport and training boats. Fishery industry begins from larva production, breeding, fishing, packing and marketing. Downstream steel and aluminum industry contractors and downstream oil, gas and petrochemical contractors are considered as another possibility for the foreign investors as well as transportation production, including land, air and rail transportation.

The Persian Gulf Bridge

Iran is building its longest cross-sea bridge, linking Qeshm Island in the Persian Gulf to its coast in Bandar Abbas to join a main transit corridor which stretches all the way up to the Caspian Sea and the Central Asia.

The Persian Gulf Bridge, being constructed has a length of 2.4 kilometers and a width of 32 meters, includes a two-lane causeway and a rail line and is equipped with six main foundations with four anchor pillars. The rail section will be used to ship 7 million metric tons of iron ore a year to produce 3.5 million tons of steel on the island.

The Persian Gulf Bridge is a strategy for the realization of the 2025 Vision Plan in the country and necessary for acceleration of economic development of the zone. The official touched on UAE's investment in the Kazakh port of Aktau, saying the Iranian transit corridor will play a strategic role in boosting regional trade.

Oil

Free Trade Zone Organization is planning to produce 170,000 barrels of heavy oil per day. The amount will be added to the extraction of 125,000 barrels of oil through four oil projects underway on the island. The Qeshm FTZ is assigned to produce minimum 35 and maximum 60 million cubic liters of gas on daily basis during the new Iranian year. The organization has also plans to produce 84,000 tons of cage-cultured fish.

Oil installations on the island, too, will become a major oil terminal in the Persian Gulf. They are being built to export and import various types of crude oil, gas condensate and various laboratory products to pave the way for the establishment of a big, modern oil center in the Persian Gulf, which would become a major oil products bourse. The plan for building oil installations on Qeshm Island includes installing tanks for storing refined products including gasoline, diesel, fuel oil and kerosene, establishing docks and marine loading facilities to import gasoline and diesel as well as

bunkering installations in the Persian Gulf.

Qeshm Star Bunkering and Shipping Company

Qeshm Island and Bandar Abbas enjoy a strategic location and can serve as bunkering hubs for the vessels passing through the Strait of Hormuz.

Qeshm Star Bunkering and Shipping Company was established in 2008 to set up bunkering facilities including a refinery on Qeshm Island which is located in the Persian Gulf. Qeshm Island and Salakh area in particular is on the route of the vessels passing through the Strait of Hormuz.

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. The first phase is to become operational within the next three months. The facilities have been installed and we need to make sure they are working properly. The second phase is to open to investors. the 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 blended products.

Investment Incentives in the Industrial Section

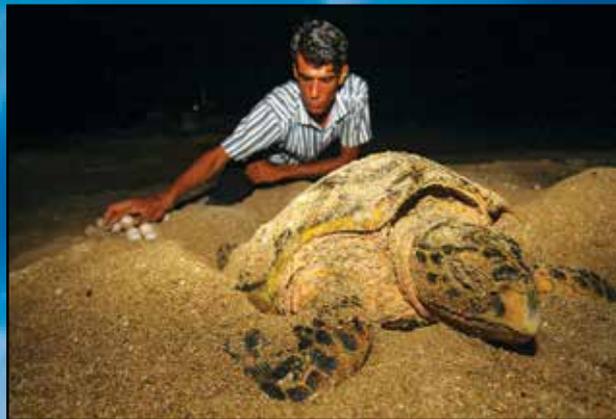
The special and exceptional status of Qeshm Island in the south of the mainland and in the warm waters of the Persian Gulf with the possibility of transferring raw material and freight



from and to Iran in large volumes through the land and transferring them from Pahl Wharf and also through the sea, being close to the Persian Gulf states, proximity to the big ports such as Shahid Rajaei Port, possibility of transferring oil and gas pipelines from the Island to the other Islands and the mainland and vice-versa have opened up great opportunities for investment in the Island. To this end, the plans and the incentives of the organization are domestic incentives including legal facilities such as a twenty-year tax exemption for the investors, freedom of foreign investment participation, visa-free entrance for foreign tourists and investors for a fortnight, the possibility of allocating lands to initiatives as well as touristic and industrial projects by the organization, procuring cheap raw materials in large volume, the possibility of re-exporting, and also support made by the organization for investment in the industrial section. The rich natural gas reserve of the Island, refined in Gavazin Refinery, provides all the gas used in the area. In addition, other oil and gas reserves have been explored around the Island. The Island's deep coast enables the construction of quays for high tonnage vessels.

Investment Potentials

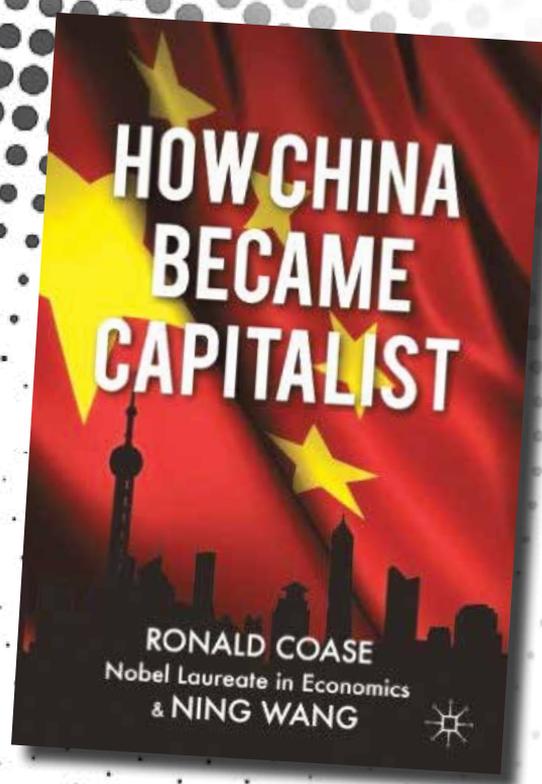
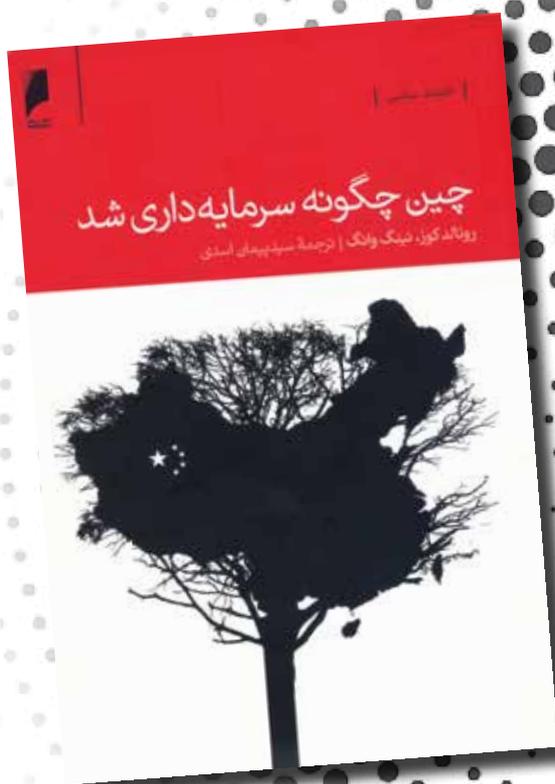
The following potentials provide opportunities for the investment in Qeshm; existing infrastructures such as airports, Kaveh Wharf with the capacity for 100000 DWT bunkers to moor, enormous natural gas resources on the Island, existence of oil fields around the Island such as Hengam oil field, proximity to the Persian Gulf



states, closeness to the mainland, existence of roads and highways, benefiting from facilities such as running water, electricity, communication systems, optical fiber covering most part of the Island, existence of industrial towns, touristic attractions, spectacular beaches and potentialities for natural tourism, and sufficient depth of water for bulk carriers to moor.



How China Became Capitalist



By : Vahid Basereh

Writers: Ronald Coase
Ning Wang

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In the first years of 1960s, Mao Tse-tung (1892-1976), the charismatic leader of communism announced a resolution called “Great Leap Forward” which stemmed from the wishes he fostered in his head by the 20th century against colonization and exploitation. However, the resolution not only did not lead China into an industrial- agricultural power but also caused millions of Chinese into object poverty. This is not the end of the story and Chinese still nurtured the wish to resume “the divine dynasty”. Mao died in 1976 and that was the time for reformation which later made China the second biggest economy with recorded GDP of \$10.000b in 2014.

This is one of the most astonishing jumps in our contemporary world. In fact, China experienced economic upheaval unrest which resulted in the 1989 rebellion in Tiananmen Square and it worried Chinese authorities and prompted them to react. The worry resulted in China to be a superpower in global economy after the US.

Today, the US, Europe and other economic powers cooperate with this ancient country to reach goals in the economy although there are many other diverse interests for these powers.

The question is how China became such a power in global equation. Many scholars in different countries studied China to evaluate and analyze the mechanism of development in this China. In this regard, Ronald Harry Coase (1910-2013), one of the most distinguished economists in the world¹ and one of the major scholars in the Chicago school along with his student, Ning Wang (1971) answered this question through a book called *How China Became Capitalist*. Coase in this book explains how China which was established through Marxism-Maoism ideology, applied a policy that contradicted founding ideologies in China.

Coase and Ning start from Mao and explain his contradicting deeds to develop China. Mao is depicted differently in this book in which he tries

to take China out of poverty. It is not ignored that millions of Chinese lost their life under Mao’s communism plans; however, the book clarifies that such plans including anti-centralism helps Mao’s posterities to implement reforms throughout China. Mao intended to make China an industrial country and such an intention was internalized into any Chinese officials’ minds to urge for development. In fact, although the pure Marxism approaches could not move forward successfully in China, it gave birth to Chinese perceptions that craved to develop China. After Mao died, his heirs tried to follow his way but were stopped by those communist authorities who were repressed by Mao. Finally one of those, Hua Guofeng, took control in China and Deng Xiaoping, the former consultant of Mao and a new defiant of him and the one who became China’s big architect later, accompanied Guofeng. Guofeng in his first speech emphasized the importance of people’s welfare and contrary to his Russian counterparts who vituperated Stalin after his death, not only did the same but also complimented Mao to foster the charisma he needed in Chinese society.

“Four Modernization” plan was revived by Guofeng and Xiaoping. China followed the policy of Open Door and later fostered the culture of socialist renovations. Furthermore, since it was crystal clear that the previous policies of pure communism could not work any longer, decentralization turned out to be the target and paid a lot in the process of trial and error to fortify their economy. The book presents statistics about China’s development and explains that selecting cast-away villages as the agricultural hubs let them work in free local markets and this paved the way to gain the knowledge about the mechanism of free market and free zones in different parts of China. Writers in this book play a neutral role to let the reader think about ups and downs of such a unique transition in China and it seems they have been successful in this case.

1- He was praised across the political spectrum, with *Slate* magazine calling him “one of the most distinguished economists in the world”.and *Forbes* magazine calling him “the greatest of the many great University of Chicago economists”.The *Washington Post* called his work over eight decades “impossible to summarize” while recommending five of his papers to read.



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Shanghai Chipol Huili Marine & Trading Co., Ltd wish to congratulate IRISL Managing Director, and all staff members on The Happy Occasion of 50th anniversary of IRISL foundation.



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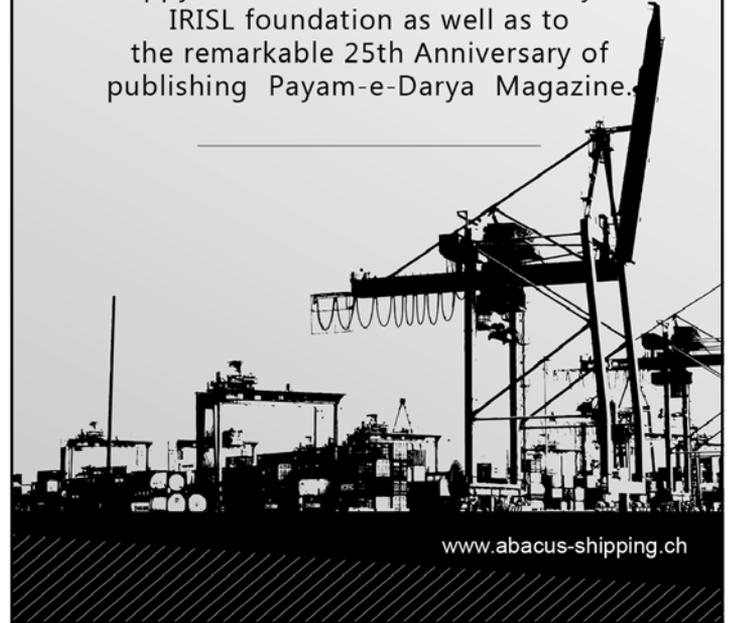
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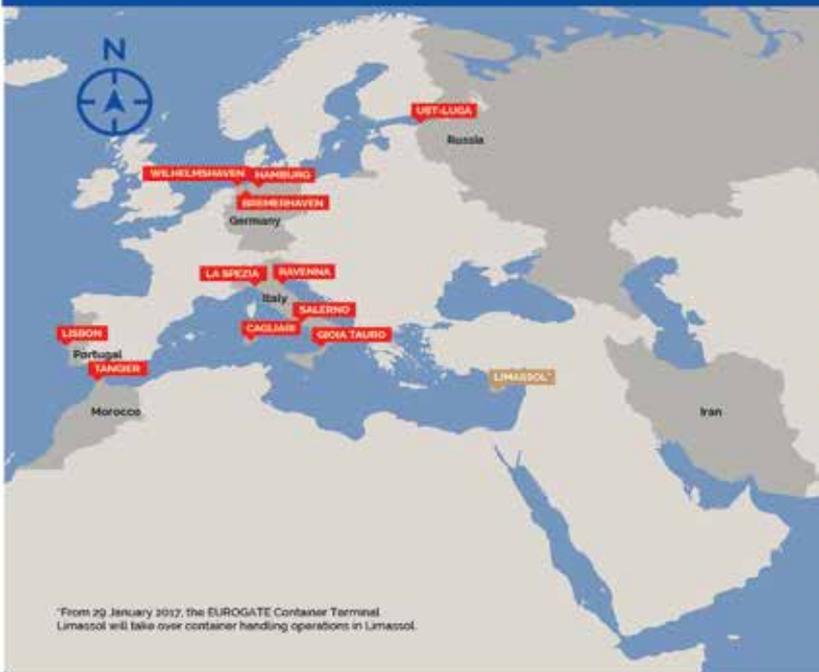
The whole Team of ABACUS Shipping Ltd. Switzerland wishes to congratulate IRISL Managing Director and all staff members on The Happy Occasion of 50th anniversary of IRISL foundation as well as to the remarkable 25th Anniversary of publishing Payam-e-Darya Magazine.



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*From 29 January 2017, the EUROGATE Container Terminal Limassol will take over container handling operations in Limassol.



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www.eurogate.eu



Best wishes to IRISL Chairman and Managing Director, Board of Directors and staff members on The Happy Occasion of 50th anniversary of IRISL foundation as well as 25th anniversary of publishing IRISL English Magazine "Payam-e-Darya" in September 2016.



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We congratulate IRISL Group Chairman and Managing Director for the resumption of IRISL shipping worldwide.



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Best wishes to IRISL Chairman and Managing Director, Board of Directors and staff members on The Happy Occasion of 50th anniversary of IRISL foundation as well as 25th anniversary of publishing IRISL English Magazine "Payam-e-Darya" in September 2016 Seaquest Marine Systems Pte Ltd

Seaquest Marine Systems Pte Ltd wish to congratulate IRISL Managing Director and all staff members on The Happy Occasion of 50th anniversary of IRISL foundation.

The Directorate and Personnel of Seaquest Marine Systems Pte Ltd Extend their greetings to the Managing Director and All IRISL Publication Teams on the happy occasion of 25th Anniversary of publishing Payam-e-Darya Magazine.

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- *Tel: +98 26 100 368*



Best wishes to IRISL Chairman and
Managing Director, Board of Directors and
staff members on The Happy Occasion of 50th
anniversary of IRISL foundation as well as 25th
anniversary of publishing IRISL English Magazine
"Payam-e-Darya " in September 2016
(Islamic Republic of Iran Shipping Lines)



Zhoushan Xinya Shipyard Co., Ltd was founded in August 2002, owning two vessel-repair bases, 5 dry docks and 8 wharves, covering an area of 730,000m². The overall investment is over RMB2.7billion. 1300 shipyard staff and 3000 outsourcing workers, shipyard can undertake around 400 large-size ocean vessels' repair and conversion annually. The geographic locations of the two vessel-repair bases are E 122°06'50" N 29°47'25", and E 112°09'30" N 29°48'18" respectively.

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On behalf of our entire organization, we extend our heartfelt congratulations to IRISL ChairMan and Managing Director, Board of Directors and staff Members on the Happy Occasion of 50th anniversary of IRISL foundation as well as 25th anniversary of publishing of English Magazine "PayaM-e-Darya".

Thanking you.

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