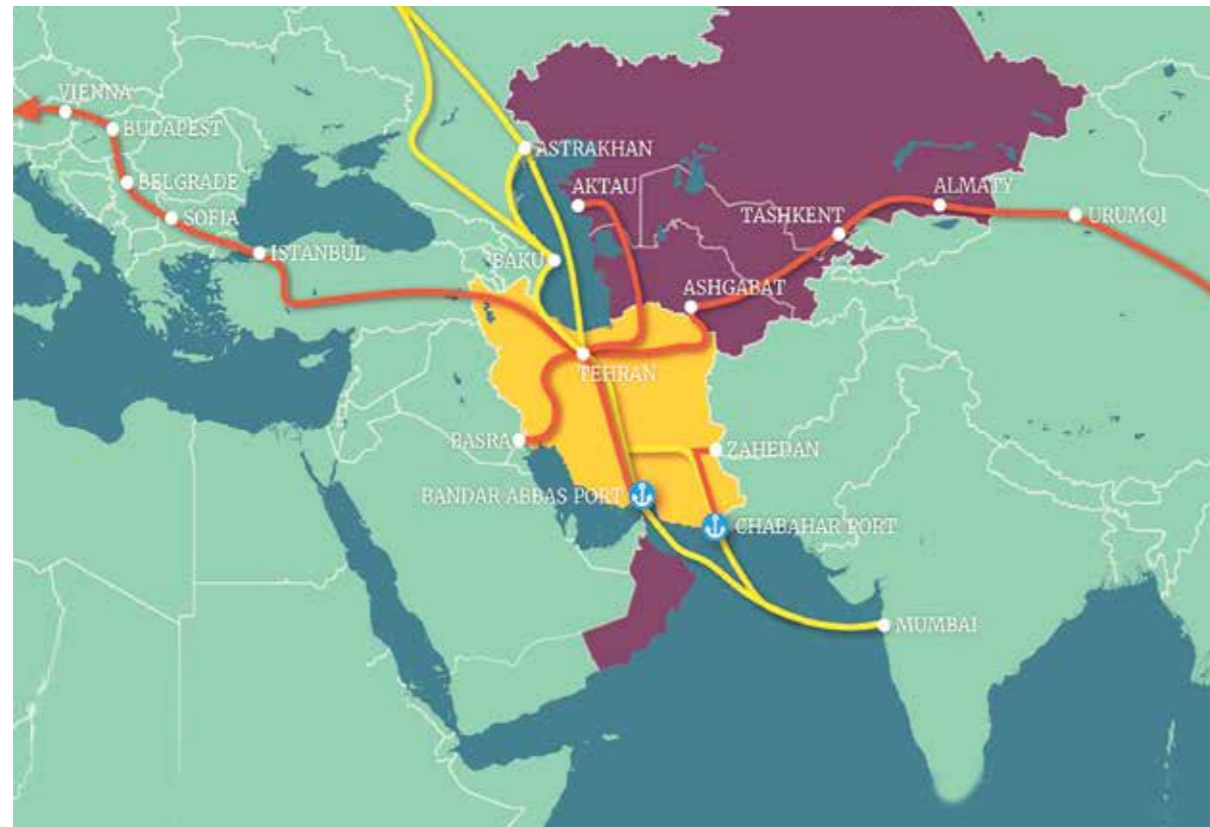


**Iran's strategic, geopolitical and geo-economics position justifies infrastructure investment for the development of transportation and logistics networks.**



# Development of International Corridors Vital for Iran and Region

Access to the long coasts in the Persian Gulf, the Mokran Sea "Oman" and the shores of the Caspian Sea in recent years, provide a proper advantage for foreign investment as well. Therefore, the Railways of the Islamic Republic of Iran (RAI) in the region and its connection with international waters have turned it to a transit route and an important linking bridge of rail transportation in the region.

If some of Iran's railways and roads are completed, the transit of goods through Iran territory will have a very clear vision with a prosperous future for logistics and transportation operations.

"Iran can be one of the most important countries in terms of transit, especially rail transit," said Amin Pourbarkhordari, Member of the board of director of Tarkib Trans Co., which is affiliated to the I.R.I Railways Personnel Saving Fund Institute (PSRAI) in an interview with 'explore Iran'. By solving the challenges ahead, and the prosperity of all corridors, where numerous international corridors cross the territory of the Islamic Republic of Iran, connecting the Middle East and Asia to Europe, both Iranian and regional beneficiaries will benefit from its advantages.

He stated that Rail connection with the neighboring countries provide a strategic situation where RAI has rail connection with the Persian Gulf and international waters through Bandar Abbas and Imam

Khomeini Ports; Turkmenistan and Central Asia, Russia (break of gauge 1435/1524 mm) and China from North-East of the country (Sarakh Border/ Incheh Borun Border/ Amir Abad port); Pakistan (break of gauge 1435/1676 mm) from South- East of the country (Mirjaveh Border); Turkey with the same gauge from west of the country (Razi Border) through which it is connected to Europe and there are several missing links with Azerbaijan (break of gauge 1435/1524 mm) from North- West of the country (Astara Border), Iraq (1435 mm) and Afghanistan (1435 mm). Further to his previous comments he also highlighted three main corridors and said "by having these exclusive and remarkable potentials, Iranian organizations who are in charge of transit and transportation should focus on building competitive advantage of using these corridors. "

### **INSTC: Waiting for the bottlenecks removed**

One of the most important transport corridors in the region established in 1993 in St. Petersburg by the Ministers of Transport of Iran, India and Russia, is the International North-South Corridor (INSTC).

This corridor connects the countries of Northern Europe and Russia through Iran and the Caspian Sea to the countries of the Indian Ocean, the Persian Gulf and South Asia.

Meanwhile, the connection of the Gulf of Oman and the port of Chabahar on the east coast of the Mokran Sea as a strategic port to this corridor will play an important role in



**Amin Pourbarkhordari, transit expert & CEO of Rasan Rail Pars Co., which is affiliated to the I.R.I Railways Personnel Saving Fund Institute (PSRAI) in an interview with 'explore Iran**

the exchange of goods to the east of the country and its eastern and central Asian neighbors.

If all the links in the logistics chain are activated, it will take about a month to transport the container from the port of Mumbai to Moscow, while the transit of the same container across the Baltic Sea will result in much higher shipping costs and transit time as well.

Pourbarkhordari mentioned of carrying 32 FEU containers on the north-south corridor for the first time: The shipment was originally from Helsinki in Finland to Nhava Sheva Port which is the largest container port in India with the cooperation of several logistics companies from Russia, Azerbaijan, India and Iran.

The operation was carried in Iran route from Astara to the final destination in





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India by using multimodal transportation in which from Astara to Rasht were done by truck and after transshipment the containers to the wagons at Rasht station, they moved to Shahid Rajaei port in Bandar Abbas by rail and then by vessel to Nava Sheva. Due to the lack of rail connection between the Astara-Rasht route and the complexities of multimodal transport, it is one of the measures that the Iranian Railway and Customs helped to shorten the transportation time.

#### **ITI Corridor: Islamabad- Tehran- Istanbul**

The Islamabad-Tehran-Istanbul railway (6566 KM) which connects the three main countries of Iran-

Pakistan and Turkey was inaugurated in late December 2021 after a gap of 10 years. Pourbarkhordari as the CEO of Rasan Rail Pars who is the forwarder of this project in Iran territory stated that this corridor also could serve to link South Asian countries to Central Asia, the Persian Gulf and Europe and contributes to reducing road traffic congestion, increase transport by the connection of Zahedan to Razi and then to Turkey.

Pourbarkhordari hailed the development as a vital step in promoting connectivity and enhancing trade among the regional states. Definitely, reviving the Islamabad-Tehran-Istanbul (ITI) corridor will generate revenue, enhancement of

trade, and improve economic cooperation among the ECO member states. ITI railway project was launched in 2009 to enhance trade between the three countries of the region, however, it was halted due to some technical obstacles.

#### **Asia-Europe International Corridor (Silk Road)**

It begins from East of China and by passing from Kazakhstan and Turkmenistan, connects to Iran from Sarakhs and Incheh- Borun borders and then to Turkey and the EU. This corridor, as one of the significant corridors, plays an exceptional and exclusive role in connecting Asia to Europe. In this regard Iran is strategically located in the Middle East, sharing

land borders with seven nations, and sea channels on its northern and southwestern parts. Therefore, China sees Iran as a country that can play a critical role in the New Silk Road initiative given its access to widespread delivery routes connecting to the Middle East and Eurasia. Without doubt rail corridors linking Asia to Europe have highlighted the role of land corridors due to considerable decrease in time and transportation costs as well as relatively long distances of the sea routes; accordingly, the strategic situation of the Iran rail network would play a major role in promoting trade between Asia with Europe through land and will cause appropriate services and promote the quality of international and transit transportation services.

As indicated previously, Pourbarkhordari emphasizes that due to the complex nature of transit in the above-mentioned corridors, many components are effective for success in relevant markets: "In the long term, with the utmost convergence from all regional stakeholders, these corridors will be able to show their efficiency. "

He noted that in terms of the potential of main corridors which are passing through Iran territory, the development of investment in these routes will lead to the following achievements:

- Shorter transit time than the traditional route.
- Reduce shipping costs



ITI corridor links South Asian countries to Central Asia, the Persian Gulf and Europe and contributes to reducing road traffic congestion, increase transport by the connection of Zahedan to Razi and then to Turkey.

compared to the traditional route.

- Facilitate the execution process for forwarders as well as the assurance of product owners.

Using well-known forwarders approved by the governments of the countries of the route, will increase the confidence of the owners of goods and safe transportation of cargo.

Some of the most important challenges in the success of the corridors are the following:

- Political conditions, especially the issue of sanctions, have made many foreign goods owners or international forwarders reluctant to use the Iranian route.
- The impossibility of conducting banking transactions with other countries creates restrictions
- Corridors are generally defined based on the carriage of container cargo. Since it is not always possible or very difficult and time-consuming to ensure the return load when the cargo and containers arrive at the destination, container supply is generally the biggest problem of these corridors. This problem can be solved only in the presence

of cargo flow and large container companies that have container terminals and representative offices at the origin and destination.

- It is necessary to strengthen the expert view in international decisions and agreements

In some cases, the impossibility of competing in fare and time of rail transportation with road transportation in Iran, causes the non-acceptance of railways in Iran.

- Lack of proper marketing, which, of course, due to the transit situation of Iran and the lack of direct access to the source of Iranian goods, can act as a marketing consultant for foreign parties by observing major international shipments and providing facilities or incentives to attract cargo.

However, due to the multiplicity of organizations influencing international corridors, specialized working groups must have a comprehensive study and while examining the reasons for other active and successful international corridors in the world, business models tailored to the existing needs.