

Chabahar port

Economics, Trade



Chabahar Free Trade- Industrial Zone (CFZ) is an Iranian free trade zone on the coast of the Gulf of Oman in Sistan and Baluchestan Province. It is formed according to the law on the establishment and administration of free trade-industrial zones.

It was established in 1992 along with the two other free trade zones, Qeshm and Kish Island to use global expertise, mostly from South East Asia, as a tool for the development of the country, accelerating the accomplishment of infrastructures, creation of productive employment, and representation in the global markets. Chabahar free trade-industrial zone achieved its importance mainly from its geographical location as the shortest and the most secure route connecting Central Asian Independent States (CIS) and Afghanistan to warm waters and it's proximately to one of the largest oil, gas and mineral resources of the world and as the only ocean port of the country. It is the closest and best access point of Iran to the Indian Ocean. For this reason, Chabahar is the focal point of Iran for development of the east of the country through expansion and enhancement of transit routes among countries situated in the northern part of the Indian Ocean and Central Asia. The hope is that with the development of transit routes, and better security and transit services, the benefits will reach the area residents. Chabahar free trade-industrial zone has started its activities in 1995 focusing on these major activities; transit and urban development and education under the administration of public controlled Chabahar free trade-industrial zone organization. In 2002 Chabahar free trade-industrial zone organization established five specialized subsidiary bodies with the permission of the secretariat of high council of Iran free trade-industrial

zones, including four holding companies and one education center that is listed below: 1- Holding company of Transit and Development of Trading.

2- Holding company of Investment and Industrial Development.

3- Holding company of Social Welfare and Tourism Development.

4- Holding company of Professional Civil and Civic Development.

- International University of Chabahar. In 2007, Chabahar free zone canceled some of the subsidiary bodies and turned them into sections of Chabahar free zone organization. Its economic sectors are fishery industries and commercial sector, fishery sectors with largest amount of country's fish catch, mainly located out of the Chabahar free zone. Growing commercial sector located at free trade area with high potentiality to turn to a place that would connect business growth centers is South Asia (India) and Middle East (Dubai) to Central Asian and Afghanistan market.

Government plan to link Chabahar free trade area to Iran's main rail network which is connected to Central Asia and Afghanistan would provide more capability for Chabahar to faster logistics sector that is a basic to achieve better position comparing to its competitor (Pakistan port of Gwadar). Iran plans to use Chabahar for transshipment to Afghanistan and Central Asia while reserving the port of Bandar Abbas as a major hub mainly for trade with Russia and Europe. Along with Bandar Abbas, Chabahar is the Iranian entrepot on the North-South corridor. A strategic partnership between India, Iran and Russia to establish a multi-modal transport link connecting Mumbai with St. Petersburg. Providing Europe and the former Soviet republics of

Central Asia access to Asia and vice-versa. There are two jetties, Shahid Beheshti and Shahid Kalantari.

Shahid Beheshti jetty with 18, 000 square meters sheltered warehouse, comprehends the capacity of receiving the vessels of 100, 000 gross tonnages. Shahid Kalantari jetty with 42, 000 square meters sheltered warehouse is able to have the vessels berth. By a well developed road network, Chabahar has the access to the other neighboring countries as well as the Middle Asian states. The existence of transport terminal, with a capacity of receiving approximately 1, 000 trucks and lorries daily makes the transportation of different types of produced, imported or transited goods possible through the land roads. It can also open bank credit directly through the zone banks. According to statistics in Farvardin 1388(March-April 2009), 80, 660 tons of goods with value of \$41, 800, 000 were imported through Chabahar Custom, were mainly wheat, rubber ingredients, chemical fertilizers, mechanical and industrial machineries. The main exported goods were chocolate, biscuits, tear, solid petrol, solid paraffin and etc.

The total income of this custom was \$65 billion and 359 million Rial and shows 58 percent growth with comparison to the last year at the same period. The main privileges and legal facilities for investors Possibility of investment for foreign and domestic investors to any extent.

- Guarantee of foreign investment at the zone according to the inserted mechanism in the law of Free zone.
- Repatriation of capital and profit gained from the economic activities.
- Exemption of 30 years tax.
- Free to import machinery, spare parts, transport means, raw material

for construction. - Possibility in using the foreign well qualified man power at the zone to the extent of 10 percent of the unit staffs.

- Possibility in transit and re-export of goods without any limitation.
- Possibility of arrival of foreigners at the free zone without getting visa.
- Possibility in retail trade for foreign and domestic businessmen.
- Lack of limitation in giving the land for large industrial projects.
- Exemption from the payment of custom duties for those goods produced at the zone and exported to the mainland in proportion of the added values and the exploited domestic materials. - Release of the certificate of origin for those goods exported from the zone. The facilities and opportunities available for investment Construction of power plant, private international airport, refinery, petrochemical plant, heavy industries and relevant industries, car manufacturing and relevant industries, public warehouse, fishery and foodstuff industries, establishment of companies investing in and financing the construction of the units specialized in industry, trade, transit and services, tourism service, exploitation of information and communication technology, service industries related to transit of goods, establishment of transportation networks for transit of goods and creation of international shipping lines.

FTZs to Launch International Banks| Ministry of commerce together with Ministry of Economy are embarking on a project allowing Iranian free trade zones to team up with foreign partners for establishment of banks. The Mehr news agency quoted Commerce Ministry official Hossein Soltanian as saying so far six FTZs have agreed to get involved in the project in a bid to facilitate

foreign investment and rejuvenate development of those areas. Soltanian said “ the preliminary steps have been taken to establish the first such bank. ” “ According to plan, there will be similar initiatives in almost all 6 Iranian free trade zones,” Soltanian added. “ Bank Refah together with a number of foreign investors will have stakes in establishment of the bank,” Soltanian added. | Goods Transit Via Iran Reaches 6million Tons| According to a report by Iran Customs Administration the daily goods transit via Iran increased 5. 8 percent over the last year.

Daily, some 5 million and 861 thousand 450 tons various goods are transited via Iranian territories, the report said. Of the total figure, foodstuffs account for 11 percent, automobiles for 3. 5 percent and fuel for 12. 4 percent. Azerbaijan, Afghanistan, United Arab Emirates, Iraq and Turkmenistan were among the main destinations for the transited goods. Some 60. 8 percent of the goods were transited to the above mentioned countries via Iran’s various export terminals.

Afghan Investors Eye Iran’s Free Zone| The process of Iran-Afghanistan economic ties has been accelerated during the last two years, managing director of Chabahar Free Zone Organization said. Elaborating on a meeting held between Iranian and Afghan economic activists in Chabahar Free Zone, Mohammad T. Baqerizade said that the meeting was the fifth meeting held between the two countries’ economic officials during the last two years. The two sides discussed expansion of ties in various fields including trade, industries, education, construction, transit and tourism. He said that during the previous meetings Iran agreed to grant 50 hectares of Chabahar Free

Zone to Afghan investors who would interest to make investment in the zone's various economic sectors. The Afghan investors have announced interest in building silos and warehouses in zone as well as in making investment in the production of the goods the raw materials of which are produced in Afghanistan, he concluded. |