

# **Den Nye Silkevej og Irans rolle: Afskrift af Hr. Abbas Rasoulis tale til Schiller Instituttets of EIR's seminar på Frederiksberg den 18. april 2016**

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## **THE SILK ROAD AND THE IRAN FACTOR**

ABBAS RASOULI: In 2013 China proposed to build an "economic belt along the Silk Road," a trans-Eurasian project spanning from the Pacific Ocean to the Central Asian countries all the way to Europe.

The New Silk Road already have momentum. In early 2015 China announced \$62 billion of its foreign exchange reserves will be made available to the three state-owned policy banks that will finance the expansion of the new Silk Road.

Beyond Central Asia the economic belt along the Silk Road can also provide the vehicle for China's expansion of its trade

relations with both the Middle East and Europe. And here is when

the Iran link comes into the equation.

In February 2016 a freight train from Yiwu in China's eastern Zhejiang province arrived in Tehran. The China-Iran "Silk

Road train" is a part of the overland component of China's One Belt, One Road (OBOR) initiative.

The train used the existing rail links from China through Kazakhstan and Turkmenistan before entering Iran. It took the train just 14 days to cover the roughly 10,399 km long journey to

Tehran whereas ferrying cargo via the sea from Shanghai, which lies 300 km north of Yiwu, to the Iranian port of Bandar Abbas takes 45 days in comparison.

It is expected that construction of new high-speed rail links through Central Asia will enable trains carrying goods to

run further on to European markets. Besides facilitating Sino-Iran trade, these railway lines will contribute to Iran's emergence as an important Eurasian trade hub. Iran will thus be

integrated more into the economies of East and Central Asia as well as Europe.

Bilateral trade between Iran and China grew from \$4 billion in 2003 to \$53 billion in 2013. In January 2016, during the visit

of Chinese President Xi Jinping to Iran, the two sides agreed to

increase trade to \$600 billion over the coming decade. So the operation of this railway link will prove an important factor in

the development of trade between Iran and the countries along this economic belt.

The important thing about the Iran corridor is that existing road and rail links between China, Central Asia and Iran only needs to be modernized whereas some parts or all of the other corridors have to be constructed from scratch, each with their own security and geographical challenges.

The Yiwu-Tehran railway is just one of the many projects that enhance regional connectivity, bringing together China, Central Asia, the Persian Gulf and West Asia.

India, has also been eyeing overland access via Iran to Central Asian and European markets too. In this connection the North-South Transport Corridor (NSTC), a multi-modal trade transport network that includes sea and rail transport from India

via Iranian ports on the Persian Gulf to as far as the Baltic Sea

via Russia, was initiated by Russia, India and Iran in September

2000 to establish transportation networks among the member states

and to enhance connectivity with the land-locked region of Central Asia. Among the few routes in this corridor the Mumbai-Chahbahar or Bandar Abbas (Persian Gulf)-Anzali-Astara (Iran Caspian Sea)-Astara (Azerbaijan)-Baku-Russia-Kazakhstan is

receiving much attention. With the completion of this route Iran

will emerge as another important transit hub in the Asia-Europe

trade giving India overland access to Europe as well.

Of the 1500 km Bandar Abbas-Bandar-Anzali railway link only 50 km remains to be completed, but the 164 km Anzali-Astara link

is still at negotiation stage. A working group made up of India,

Iran, Azerbaijan and Russia has been formed to look into raising

finance to construct the Anzali-Astara (Iran)-Astara

(Azerbaijan)

railway connection. All parties appreciate the urgency of moving

this project forward and as recently as last week, Russia, Azerbaijan and Iran agreed to speed up the project.

The North-South corridor, when completed, is expected to significantly reduce the time of cargo transport from India to Central Asia and Russia. At present, it takes about 40 days to ship goods from Mumbai in India to Moscow. The new route will be

able to cut this time to 14 days.

The primary objective of the NSTC project is to reduce costs in terms of time and money over the traditional route currently

being used between Russia, Central Asia, Iran and India. With improved transport connectivity their respective bilateral trade

volumes are most likely to increase tremendously. According to various studies the route, once fully operational, will be at least 30% cheaper and 40% shorter than the current traditional route.

Though every country is important in any transport chain, Iran, neighbor with 15 countries, is not only a hub for distribution to the neighboring countries of about 400 million but has the added advantage of being a strong economy between giants at each end of these corridors namely China, India, Russia and Europe.

Some of the economic advantages of Iran are:

- \* The 18th largest economy in the world by purchasing power parity (ppp);
- \* A diversified economy with a broad industrial base;
- \* Resource-rich economy;
- \* Labor-rich economy;
- \* Young and educated population;
- \* Large domestic market;
- \* An increasingly sophisticated infrastructure and human

capital base providing the foundation for an emerging knowledge-based economy.

\* A market of 80 million with easy access to another market of 400 million.

In a global world where international trade is taking on greater significance, transport costs and delivery time are two of the most important factors in the choice of the mode and route of transporting goods.

The completion and modernization of the North-South and East-West Transport corridors will cut transport costs and delivery time thereby enhancing trade between East Asia, South Asia, Central Asia, Middle East and Europe.