Cargo handling in Iranian ports tops 53.5m tons

Economy Desk

A total of 53,582,107 tons of non-oil products were loaded and unloaded in Iranian ports during the first nine months of the current Iranian year (March 21-December 21, 2023), according to figures by the country's Ports and Maritime Organization (PMO).

The figures indicate 21.3 percent of growth compared to the corresponding period last year, IRNA reported.

Iran has been seeking the development of its ports and transit infrastructure in recent years. As a result, the country has seen a significant growth in its transit trade and economic prosperity.

The strategic location of Iran, as it sits at the crossroads of key shipping routes connecting Europe and Asia, has made it an important transit hub for trade in the region. The government's efforts to improve its ports and transit facilities have played a crucial role in further enhancing Iran's position as a key player in the global trade network.

The development of ports in Iran has been a top priority for the government, with significant investments being made to modernize and expand key ports across the country. The aim is to enhance the efficiency and capacity of these ports, thereby making Iran an attractive option for transit and trade.

In recent years, major ports such as Bandar Abbas, Bandar Imam Khomeini, and Chabahar have seen significant upgrades in terms of infrastructure and facilities. These ports are going to be equipped with state-of-the-art technology and machinery to handle shipments more efficiently. The capacity of these ports has also been expanded to accommodate larger vessels and greater volumes of cargo.

The upgrade of ports has not only benefited Iran's trade network but has also improved the country's economy. The increased efficiency and capacity of these ports have resulted in reduced transit times and costs for shipments passing through Iran. This has made Iran an attractive option for transit trade, with more companies and countries choosing to use Iranian ports as part of their trade routes.

The growth in transit trade has contributed positively to Iran's economy. The increased trade volume has led to a surge in revenue for the government, with the transit trade sector becoming a significant source of income for the country. In addition, the improved transit facilities have also led to the creation of job opportunities and economic development in port cities and surrounding areas.

One of the key factors contributing to the growth of transit trade in Iran is the country's strategic location. Iran's proximity to key markets in Europe and Asia makes it an ideal transit point for trade. This has made Iran an attractive option for companies looking to streamline their supply chains and reduce transit times for their shipments.

Iran's biggest seamless steel pipe plant opens

Economy Desk

Iranain Minister of Industry, Mine, and Trade Abbas Aliabadi inaugurated the country's biggest seamless steel pipe factory in Abhar, Zanjan Province, in northwestern Iran.

The factory is equipped with the most modern manufacturing technology for seamless steel pipe production, which has also created 1,000 jobs directly, as well as 3,000 jobs indirectly, IRNA reported.

Seamless steel pipes are perforated from whole round steel, and steel pipes without welds on the surface are called seamless steel pipes.

According to the production method, seamless steel pipes can be divided into hot-rolled seamless steel pipes, cold-rolled seamless steel pipes, cold-drawn seamless steel pipes, extruded seamless steel pipes, and top pipes.

According to the cross-sectional shape, seamless steel pipes are divided into two types: round and special-shaped. Special-shaped pipes include square, oval, triangular, hexagonal, melon seed, star, and finned pipes.

The maximum diameter is 900mm and the minimum diameter is 4mm. According to different purposes, there are thick-walled seamless steel pipes and thin-walled seamless steel pipes.

Seamless steel pipes are mainly used as petroleum geological drilling pipes, cracking pipes for petrochemical industry, boiler pipes, bearing pipes, and high-precision structural steel pipes for automobiles, tractors, and aviation.

Iran-Russia deal, BRICS expansion spell dollar demise

PERSPECTIVE

Last week, Iran and Russia announced to have finalized an agreement to trade in their local currencies instead of the US dollar. The agreement signed during a meeting between the governors of the two countries' central banks in Russia enables banks and economic actors to use infrastructures including non-SWIFT interbank systems to deal in local currencies.

Both Iran and Russia are subject to US sanctions, which have motivated the emerging allies to craft their own path in the global economy and break away from traditional monetary systems as countries around the world shift away from the greenback, Press TV wrote.

In recent years, Russia and Iran have stepped up oil sales in alternative currencies, and found buyers in China, India and elsewhere that are happy to buy these exports often at lower prices because paying in a domestic currency rather than dollars lowers transaction costs.

Last October, Royal Bank of Canada reported that 25% of Russia's trade with countries other than China was settled in the Chinese yuan.

The US dollar's dominant role in the international monetary system has enabled the country to act as the world's watchdog and use threats of exclusion from the dollar-based financial system as a political leverage against the nations which it does not see eye to eye.

Seeing a risk that Washington could act similarly against them in the future, other governments have also moved to reduce their dependence on dollar payments.

Brazil, the United Arab Emirates and Saudi Arabia have recently taken steps laying the groundwork for trade that sidesteps the dollar.

An Indian refiner took in a shipment of Emirati oil and paid for in Indian rupees after their governments signed a deal in the summer to trade in their own currencies. Brazil and China completed their first local-currency commodity transaction in the fall, involving a shipment of Brazilian pulp.

And in November, China and Saudi Arabia reached a currency swap agreement worth around $7 billion, marking another step in the dedollarization trend.

China imported $65 billion worth of Saudi crude oil in 2022, according to Chinese customs data. If Beijing can successfully develop a non-dollar oil trading architecture with Saudi Arabia, it will be able to withstand financial sanctions directed at China's oil imports.

China's leaders know that its dollar reserves, like Russia's, can be frozen, and the holdings and transactions of Chinese firms frozen and blocked. Such moves would place extraordinary stress on China's economy, which is more complexly intertwined with global trade than Russia's.

Oil is at the center of the shift. A JPMorgan report in September confirmed that more and more of the oil trade is taking place with currencies other than the dollar.

Russia has been selling in Chinese yuan, Russian rubles, Emirati dirhams and

Indian rupees, according to the Institute of International Finance. Iran, which mostly sells oil to China in yuan, also has stepped up exports.

Last year, Pakistan began paying for Russian oil shipments in the Chinese currency amid a dollar shortage in the South Asian country.

However, the most serious challenge to the dollar's dominance is coming from BRICS countries, thanks to the bloc's growing size and influence over global trade.

The group of emerging countries was formed in 2006 by Brazil, Russia, India and China, with South Africa joining in 2010. BRICS rang in 2024 by inducting five new countries including Saudi Arabia, the United Arab Emirates, Egypt, Iran, and Ethiopia.

However, more countries have submitted applications to join it and its de-dollarization mission, including as many as 16 new nations which may join BRICS in 2024.

Egypt, Ethiopia, and Saudi Arabia surround the Suez Canal, a key passage for goods to flow into international markets that gives BRICS influence over 12% of all global trade.

The group has now a combined population of about 3.5 billion people, with a combined economy worth over $28.5 trillion or about 28% of the global economy.

In August last year, Brazil's President Luiz Inacio Lula da Silva called for the BRICS nations to create a common currency for trade and investment between each other.

BRICS is also looking to create their own internet services and not depend on American technology for news and social media.

Last summer, 10 ASEAN countries agreed to stop trading in the US dollar and use native currencies for cross-border settlements.

The bloc compromises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam which are likely on the list of applicants to join BRICS.

In a recent op-ed for the Foreign Policy magazine, former White House economist Joe Sullivan warned that a BRICS currency could topple the dollar and put it in a similar position as the British pound, which slipped from international dominance in the 1800s.

Sullivan touched on major sway of the bloc in commodities markets where Saudi Arabia, Iran, and the UAE are among the world's top exporters of fossil fuels, while Brazil, China, and Russia are major exporters of precious metals.

Saudi Arabia, Sullivan said, owns over $100 billion in US bonds, which has helped bring BRICS' total holdings in US Treasury over $1 trillion.

If countries ditch the dollar, the currency will circulate back to the US and lead to inflation where the prices of housing, rent, and basic daily necessities will skyrocket and become unaffordable.

The remaining countries which have not removed the dollar from their economic cycle would have to share the burden with the United States.

De-dollarization would also neutralize US sanctions against countries such as Iran and Russia and ease up commercial exchanges among them.

Moreover, it would lead to economic pressure on Western countries, prompting Europe to carry out trade in euro and any currencies other than the dollar, sending the greenback further into a tailspin.