

# From bitumen to North-South Corridor Prospects, hurdles in Iran-Oman trade

## INTERVIEW

The deputy chairman of the Iran-Oman Joint Chamber of Commerce Ahmad Shirzadian is deeply aware of the various dimensions of economic and trade relations between the two countries. Thus, the following interview with him sheds light on both the opportunities and challenges in Iran-Oman trade, especially in areas such as maritime transport, non-oil exports, health tourism, and educational cooperation.

### What's the current state of trade between Iran and Oman?

**SHIRZADIAN:** Sanctions and the lack of banking infrastructure stand out as the biggest hurdles on the road to expanding non-oil trade between the two countries. Because of sanctions, we can't make use of tools like LCs and other banking documents, which drives up the risk of trade. Naturally, when risk goes up, trade volume takes a hit.

Although over the past decade, trade between Iran and Oman has shot up from \$200 million in 2013 to about \$2.5 billion this year, this growth has now hit a plateau, and Iran's share remains negligible compared to Oman's total trade volume. In the past two years, our exports to Oman have outstripped imports by more than 80 to 90 percent.

**How can maritime transport costs between Iran and Oman be reduced? Are there alternatives to expensive ports?** Maritime transport between the two countries mostly goes through small ports like Suwaiq in Oman and Jask in Iran. While we also export from Bandar Abbas, that route to ports like Muscat or Suwaiq is pricey and not cost-effective. In ports operated by Oman's state-owned companies, such as Suwaiq or Sultan Qaboos, there's generally no issue, and Iranian goods move through easily.

### Do Iran's domestic economic structure and production issues affect the quality and price of exports?

The main issue in non-oil exports to Oman boils down to the domestic economic structure. Many of our products simply don't have an export edge and aren't competitive.

For example, in fruit and vegetable exports, Oman is an open market and imports from all over the globe. Sometimes, a product that's expensive in Tehran gets imported to Muscat at a lower price from elsewhere. This puts our exporters at a disadvantage in the Omani market.

### How can Iran expand energy-related exports to Oman based on market needs?

Bitumen is one of the few Iranian products Oman actually needs. Due to the unique structure of Iranian refineries, bitumen production in the region is cornered by a handful of countries, with Iran among them. That's why bitumen continues to be exported to Oman, but other energy-related products aren't in high demand, since Oman is a producer itself.

### With the arrival of low-cost competitors like Indian firms in Oman's market, how can Iranian companies stay competitive?

Looking back, Iran had a golden era in



Ahmad Shirzadian

Oman's engineering and technical services market. Before local Omani engineering firms got off the ground, Iranian companies snapped up major projects in power plants, road construction, and infrastructure, and they largely pulled them off successfully. But as joint Omani-foreign companies, especially cheaper Indian competitors, moved in, the space for Iran has narrowed. One of today's main stumbling blocks is bank guarantees, which Iranian firms struggle to secure for tenders.

### Given Oman's status as a major importer of food, building materials, and fossil fuels, what opportunities exist for Iran?

That is true. Still, we only have a comparative advantage in some areas, such as building materials, coal, bitumen, and steel products. Exporting building materials from Iran to Oman is a real opportunity. With Oman's construction sector on the rise and its focus on quality standards, Iran can carve out a solid share of this market.

### Does Iran have unique strengths in health tourism that could give it an edge over rivals?

Health tourism has long been a feature of Iran-Oman cooperation, especially with Omani patients coming to Fars Province, but we're still lagging behind competitors. Countries like India, Thailand, and Turkey set the bar high with transparent, high-standard services, from costs to treatment types and facilities. We, on the other hand, are still at a stage where patients don't know exactly what services they'll get, where, or at what price. If we can get a grip on the small-time brokers in health tourism and roll out services in a transparent, structured way, we could snap up a bigger slice of the market.

### What educational cooperation opportunities exist between Iran and Oman, and how can they be tapped?

There's strong potential for cooperation in education and maritime transport. Oman also stands out as a country with high capacity in maritime affairs. However, as long as sanctions stick around, expanding joint ventures in these areas would be limited. If political and economic conditions pick up, we could see a boom in bilateral cooperation.

### What investment opportunities are there in Oman for Iranian investors, and what are the main obstacles?

In fields like mining, high-tech manufacturing, pharmaceuticals, and fisheries, Oman welcomes Iranian investment. But

only investors familiar with international standards and able to put forward viable business plans can cash in on these opportunities.

A key obstacle is the lack of such investors in Iran. Many local businesspeople stick to traditional methods and aren't up to speed with international investment concepts. Oman won't let in projects that don't make economic sense.

Despite Oman's strong growth in mining and its top-notch fisheries and medical equipment sectors, Iran can only make the most of these opportunities by coming up with precise, economically sound proposals.

### How can Iran tap into Salalah Port under sanctions, and what opportunities would open up in the North-South Corridor if barriers are lifted?

Oman's geography is a game-changer. Sitting at the crossroads of East and West, its southern Salalah Port is a successful transshipment hub, acting as a bridge between the two regions and holding a key position in global trade routes.

Sanctions have kept us from fully accessing this port, but if obstacles are lifted, Salalah could play a vital role in the North-South Corridor, especially in tandem with Chabahar Port and Iran's expanding rail network. Reviving the Ashgabat Agreement among Iran, Oman, Turkmenistan, Uzbekistan, and Tajikistan would make Salalah a crucial link between South and North.

Iran's port infrastructure, like Caspian Port and the extension of rail lines toward Astara, allows trade with Oman to stretch from the south to the northwest and neighboring regions. Right now, the North-South Corridor is a major, obstacle-free, unrivaled route that we can take advantage of in dealings with Oman, with Salalah as its main gateway. Its transshipment nature gives it high capacity for distributing goods to Africa and even the Americas.

### How can logistics, legal, and banking infrastructure help turn Oman into an export hub for Africa and the subcontinent?

Turning Oman into an export hub for markets like Africa and the subcontinent hinges on having robust logistics, legal, and banking infrastructure at home. For example, over the past three decades, the UAE has built up Dubai and Jebel Ali Port

Iranian Minister of Industry, Mines, and Trade Mohammad Atabak (L) and his Omani counterpart, Qais bin Mohammed Al Yousef, attend the 21st session of Iran-Oman Joint Economic Cooperation Committee in Muscat, Oman, on January 24, 2025. The two sides reached an agreement to eliminate trade tariffs during the event.  
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The board of directors of the Iran-Oman Joint Chamber of Commerce met with Qais bin Mohammed Al Yousef (C), minister of Industry, Commerce, and Investment of Oman, on the sidelines of the 21st session of the Iran-Oman Joint Cooperation Committee in Muscat, Oman, in January 2025.  
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