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## Iran, Iraq launch joint Shalamcheh market linking Arvand, Basra

A new chapter of economic and border cooperation between Iran and Iraq has begun with the signing of a memorandum of understanding to establish a joint border trade market in Shalamcheh. The initiative, led by Iran's Arvand Free Zone Organization in cooperation with Iraq's Basra Provincial Council and the General Authority for Free Zones, is expected—if infrastructure plans are fully implemented—to unlock the untapped potential of southwestern Iran and turn the Shalamcheh crossing into a key hub of regional trade.

According to the public relations and international affairs of the organization, Mostafa Khanzadi, the organization's managing director, explained, "the creation of the joint Shalamcheh trade market is a strategic project aimed at revitalizing border regions, cutting transaction costs, strengthening local enterprises, and facilitating the flow of goods between Iran and Iraq. This move will help promote formal trade, curb informal exchanges, and create sustainable employment on both sides of the border."

He added, "both parties have committed to providing the necessary infrastructure and establishing customs, administrative and logistics facilities. To enhance transparency and control over transactions, the installation of X-ray scanners at the Shalamcheh crossing has also been placed on the agenda."

### Arvand Free Zone's trade role

Due to its geographical proximity to Basra, the Arvand Free Zone has long been one of the main centers of trade between Iran and Iraq. Among Iran's free zones, Arvand maintains the highest level of direct interaction with Iraq, and the Shalamcheh border crossing gives it a strategic position in bilateral commerce.

Reza Masrou, Secretary of Iran's Supreme Council of Free and Special Economic Zones, stressed the importance of the plan, saying, "launching the Shalamcheh border market is one of our top priorities. The Arvand Free Zone can serve as the core for establishing a joint Iran-Iraq free zone—an initiative that will help balance trade, expand joint investments, and facilitate the two countries' economic relations."

He further noted, "among Iran's 18 free zones, Arvand is the most important in economic exchanges with Iraq. Our goal is to implement previous memoranda of understanding between Iran and Iraq to further



strengthen the foundations of economic cooperation."

### Infrastructure enhancement, operational coordination

The recent memorandum extends beyond goods trade, focusing significantly on customs and infrastructure coordination. Key elements include activating the electronic manifest system, publishing a list of prohibited goods prior to trade, synchronizing customs working hours, establishing 24-hour operations at the Shalamcheh crossing, launching the TIR system in Iraq, implementing the ATA carnet system for temporary admission of exhibition goods, and developing international transport services between Basra and the Arvand Free Zone.

Alongside these measures, the Shalamcheh-Basra railway project is advancing as a vital link connecting Iran's rail network to Iraq's ports. Seyyed Mohammadreza Mavalizadeh, the province's governor-general, said,

"the demining and bridge construction on the Iranian side have been fully completed, and the Spanish contractor on the Iraqi side has begun its work. The rail connection between the two countries will play a decisive role in expanding transit and reducing transportation costs."

He also underlined the importance of administrative coordination, stating, "the Shalamcheh-Basra railway is one of the strategic joint projects between Iran and Iraq, and its completion will transform trade exchanges."

### Economic opportunities, challenges ahead

The joint Shalamcheh trade market could create substantial economic opportunities for both sides of the border. Boosting local trade, attracting joint investment, increasing employment, curbing smuggling, and promoting medical tourism in Abadan and Khorramshahr are among the potential benefits.

Masrou highlighted the importance of stable border regulations, saying, "one of the main demands of economic actors is to avoid sudden bans on border exchanges. If any restrictions are to be applied, they should be announced at least one month in advance to prevent harm to traders and businesses."

### Shalamcheh set to be regional trade hub

If implemented coherently and managed effectively, the joint Shalamcheh market could become a successful model for other Iran-Iraq border crossings. This three-year project is expected to position Shalamcheh as a key node in the regional supply chain and lay the foundation for long-term, structured cooperation between the two countries. The agreement forms part of a broader strategy to develop border economies, deepen Iran-Iraq relations, and strengthen the Arvand Free Zone's role in the regional economic landscape.

