



JOURNAL FOR IRANIAN STUDIES

Specialized Studies

A Peer-Reviewed Biannual Periodical Journal

Year 5, Issue 13, April 2021

ISSUED BY



RASANA
المعهد الدولي للدراسات الإيرانية
International Institute for Iranian Studies

THE ECONOMIC AND STRATEGIC SIGNIFICANCE OF IRANIAN PORTS: JASK PORT AS A CASE STUDY

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Abstract

From Iran's point of view, Iranian ports are not only economically important but also strategically significant, given the Iranian government's vision. This study attempts to shed light on the different aspects of these ports and their importance. It also presents Jask port as a model which Iranian decision-makers take into consideration when thinking of how to benefit from Iran's other ports. The study includes the following: the importance of Iran's sea ports, the map of the northern ports overlooking the Caspian Sea, the southern ports overlooking the Arabian Gulf, Iran's goals for developing its ports, Jask port as a model, the challenges of developing Iranian ports, and the problems facing the Jask port project.

Keywords: *Jask Port, Caspian Sea, Arabian Gulf, seaports.*

Introduction

Maritime navigation plays a significant role in Iran's economy because it contributes to approximately 95 percent of all Iranian commercial activities. The southern ports on the Arabian Gulf and the northern Caspian Sea ports are the main corridors for Iranian oil and non-oil exports to all parts of the world. A large number of Iranian ports help in this respect. These ports number about 300 and they are mostly small ports. Some of them belong to local organizations, municipalities, and governorates, and others to the Iranian Navigation Authority.

Iran seeks to develop these ports to promote its ambitions, especially since its geographical position means that these seaports are of great economic significance to Iran and the world. The southern port of Jask which is located on the Gulf of Oman is one of the important ports that has attracted the attention of Iran's government. There is a project to provide it with a 1,100-kilometer oil pipeline to serve its various economic, strategic and security goals.

This study argues that despite the great economic importance of Iran's various ports, some of these ports, such as Jask port, are not only important from an economic angle but are also significant from a strategic perspective. The study also argues that there are challenges and difficulties that impede Iran's ability to fully take advantage of these ports, most importantly the sanctions which Iran has had to face for decades.

1. The Importance of Iran's Seaports

Iran has a long coastline exceeding 5,800 kilometers stretching across seven Iranian provinces bordering both the Caspian Sea and the Arabian Gulf: Gilan, Mazandaran, Golestan, Bushehr, Khuzestan, Sistan and Balochistan and Hormozgan. These seven provinces are inhabited by about 18 million people, more than 22 percent of Iran's population. Nevertheless, these provinces lack sufficient development. Therefore, in recent years, Iran has endeavored to develop its ports to promote its economy, to distribute its population along its coast and to reduce internal migration to Tehran. The management of some of these ports was handed over to the private sector, such as the ports of Fereydunkenar and Astara on the coast of the Caspian Sea, and the ports of Delyam, Kangan, Ganaveh and Choobdeh on the coast of the Arabian Gulf.⁽¹⁾

The northern ports on the Caspian Sea have several benefits and are of great economic importance. Some of these ports are tourist destinations such as Bandar-e Gaz port or support international trade such as Anzali (also known as Bander Anzali port). Other ports are used to transport natural gas, food and grain such as Fereydunkenar port. Some of these ports are considered central points for exporting caviar such as Turkmen port, or transporting

oil, commercial trade and food items such as Bushehr port, or linking Iran industrially with Central Asia such as Amirabad port.

The southern ports on the Arabian Gulf are of great economic importance to Iran because they are open passages to the world's oceans through which it imports most of its needs, such as the port of Shahid Rajai. From the ports of Imam Khomeini, Bahonar and Khorramshahr, Iran exports its most important products such as oil, petrochemicals and minerals. Bushehr port is used to transport goods between Iran and the countries in the Arabian Gulf. Abadan port is used for fishing, tourism and transporting passengers between Iran and the Gulf states. Chabahar port is used as an international trade transit corridor to Central Asian markets in collaboration with India. However, this joint project has been suspended many times due to successive economic sanctions on Iran.

This geographical distribution of Iran's ports keeps its maritime lines of communication open with the world, especially if any conflict breaks out in the Arabian Gulf, and the Strait of Hormuz, or if this strait is closed or maritime traffic is threatened in it. This diversification is not limited to Iran, but some Gulf states have made similar plans to secure their oil exports.

Generally, Iranian ports serve Iran's geopolitical interests. Iran has an important position in the middle of the world, where international trade lines and several global competing projects are geographically intersecting. Some of these Iranian ports are included in these competing projects, such as the Belt and Road Initiative, and other initiatives that shorten the time for transporting goods. Some Iranian ports could potentially be logistical centers and provide much-needed support for shipping lines between the East and the West. This service would generate enormous revenues for Iran.

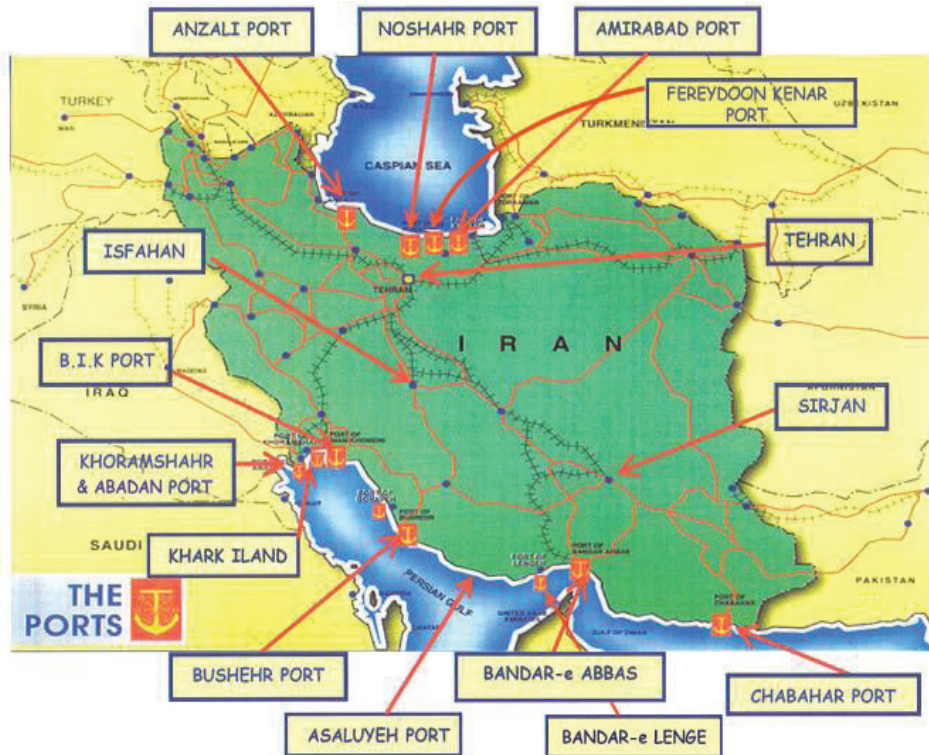
Iranian ports are the main points to export Iran's oil to the world. They are also the main points for exporting non-oil goods, such as minerals, raw materials and agricultural items; these items also make an important contribution to Iran's annual budget. In addition, these ports are part of the Iranian government's plans to develop some regions and governorates, and attain a developmental equilibrium to limit migration to major cities.

Iranian ports are militarily and strategically significant for the IRGC and the Iranian army. There are many military bases located around Iranian ports. They provide various navigation options for Iran's navy, either to the Arabian Gulf, the Indian Ocean, or to Central Asia. This allows weapons to be delivered to Iran's militias, as well as oil to allied countries such as Syria and Venezuela. Finally, Iranian ports are considered as centers for smuggling goods and IRGC illegal operations; the latter is spearheading Iran's strategy to counter US pressure.

The Iranian government perceives its ports as a platform to support its

policies of economic resistance, (see Map 1). They diversify the government's options when it comes to dealing with US sanctions. These ports are important exit points for Iran's oil and smuggled goods. They also offer options to diversify Iran's oil export terminals. This increases Iran's ability to export oil as well as non-oil goods which are of strategic significance to the economy.

Map 1: Iran's Most Significant Ports



Source: "US Shipping Lines to Return to Iranian Ports," *Sea News*, April 6, 2015, accessed April 28, 2021, <https://bit.ly/3tiDh55>

2. The Northern Ports Bordering the Caspian Sea

The Caspian Sea region is in northern Iran and is one of the most important economic and tourist destinations in the country. Due to the vast Caspian Sea space, five countries border it: Russia, Iran, Azerbaijan, Turkmenistan and Kazakhstan. Along the Caspian Sea's coast, there are a number of ports that are important in trade and tourism between Iran and the Caspian Sea bordering countries such as the following:

2.1 Anzali Port

Anzali port is one of the most important Iranian ports on the Caspian Sea. It is located in Anzali, which is the second largest city by population in Gilan Province after the provincial capital Rasht. This port is the first and largest port in Iran on the shores of the Caspian Sea. It is of economic significance to this region. Anzali is a tourist destination that attracts many tourists from inside and outside Iran.⁽²⁾

The port's importance has increased with the signing of the Memorandum of Understanding (MoU) between the Free Zone Organization in Anzali and the Economic Cooperation and Investment Association of China in 2018. The transport of goods along the Sino-Iranian Corridor are among the most important items of the MoU. It is known that this corridor starts from Urumqi in China, leading to Aktau port in Kazakhstan, and to Anzali port in Iran. The MoU aims to establish new joint routes between Iran and China with a focus on the Free Zone in Anzali, and to increase shipment capacity in the Caspian Sea.⁽³⁾

This port is of strategic significance because it is an alternative to the Suez Canal, especially for shipments heading from India to northern Europe. The corridor's objective is to transport goods from the Nava Sheva port in India to Chabahar port in southeastern Iran, and then to ship them by land to Bandar Anzali port on the coast of the Caspian Sea, and finally to transport them by sea to Astrakhan, Russia. The goods will be transported from there to northern Russia or Europe by rail. This corridor aims to reduce the long distances and the time to transport goods from 38 days to 14 or 16 days.⁽⁴⁾

2.2 Nowshahr Port

Nowshahr (Noshahr) port was built between 1930 and 1939 by two Dutch and Belgian companies and is considered one of the most important economic and commercial ports in Iran. Large quantities of goods are exchanged annually through Nowshahr port. It is the closest port to the Iranian capital, Tehran. The distance between this port and Tehran is 200 kilometers. It has nine terminals; one of these terminals is for transporting oil, and the others are for importing and exporting commercial goods.⁽⁵⁾

Another advantage of this port is its proximity to important production and industrial centers in Iran: Tehran, Semnan, Khorasan, and Markazi Province. In addition, the area where the port is located enjoys favorable climatic conditions to export food items to the Central Asian and Caucasus countries. There is an airport for domestic trips near the port. It reduces the distance and time for European and Central Asian countries.⁽⁶⁾

2.3 Amirabad Port

This port was converted from being a fishing center to a trade and economic harbor 17 years ago. With an area of about 1,600 hectares, it is expected to increase to 2,000 hectares. This port is one of Iran's most crowded and active ports, and it is

officially named the Special Economic Zone. The activities at this port, including the export, import and transit of goods, are undertaken at a faster pace compared to other Iranian ports (see Map 2).⁽⁷⁾

This port was named after Amirabad village, located 10 kilometers from the port. It is one of the multipurpose ports in Mazandaran Province. The region where this port is located is one of the most important economic and industrial areas in Iran. It is the fourth most important port after the ports of Shahid Rajaei, Imam Khomeini and Qeshm. This port is the main free zone in Mazandaran Governorate, which connects Iran with the Central Asian countries via the Caspian Sea.⁽⁸⁾

2.4 The Port of Fereydunkenar

This port is located 8 kilometers from Fereydunkenar on the coast of Mazandaran Governorate, with an area of 73 hectares. In 1990, this port was approved by the Iranian Parliament. Its current dock was built between 1995 and 2002.⁽⁹⁾ Given its significance to Iran because of its location and role in maritime and commercial transport, this port was added to the list of Iran's best ports. In 2007, the management of this port was handed over to the private sector for 40 years. The port is multipurpose, and has a number of terminals: a general cargo terminal with a warehouse area of 36,000 square meters, and a container, as well as grain, oil, and liquefied gas terminals.⁽¹⁰⁾

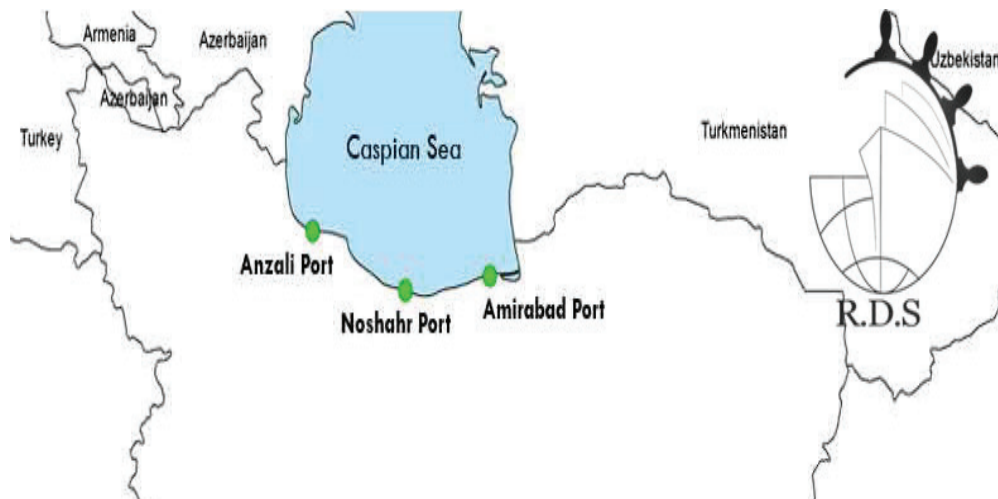
2.5 Turkmen Port

This port is one of the oldest Iranian strategic ports on the Caspian Sea. It was established in 1927. During the Pahlavi state, it was called "the Port of the Shah," it is located 10 kilometers from the Turkmen desert and has multiple areas which are tourist attractions. It is one of the oldest ports to be linked by railway.⁽¹¹⁾ Interestingly, it is the caviar capital of the world. 40 percent of the caviar in Iran is acquired from this region. It also exports caviar and cotton. The region where Turkmen port is located is famous for its fair weather, handicrafts, horse breeding, and scarf industry. The port is one of the main tourist attractions and destinations in the region, and overlooks other tourist destinations such as Sofikom Reserve, Dushanbe Bazaar, and Qarah Qashli village.⁽¹²⁾

2.6 Bandar-e Gaz Port

It is in western Golestan Province, about 44 kilometers from Gorgan city. It is characterized by a temperate climate as it is adjacent to the Caspian Sea. These climatic conditions, greenery, forests and waterfalls make the port and its surrounding areas an attractive tourist destination.⁽¹³⁾

Map 2: Most Significant Ports on the Caspian Sea



Sources: RDS (RAHIAN DARYAYE SAADAT) shipping company, (n.d), accessed April 28, 2021, <https://bit.ly/2YCu7Ck>

3. The Southern Ports Overlooking the Arabian Gulf and the Indian Ocean

There are more ports in southern Iran than in the north. They even have greater importance because most of Iran's imports and exports are done via these ports. The most important ports are the following:

3.1 Shahid Rajai Port

This port is located 23 kilometers west of Bandar Abbas, north of Qeshm Island and the Strait of Hormuz. The commercial significance of this port is its privileged geographical location, easy access to international waters across the Arabian Gulf, connection to international railway networks and the Silk Road, and its proximity to the free zone of the Kish and Qeshm islands and the Arabian Gulf ports.⁽¹⁴⁾ It has an area of 2,400 hectares with wide maritime borders. This port plays the most important role in the international transport and trade industry; it contributes to the exchange of goods with more than 80 other world-famous ports and the 35 best container lines in the world.⁽¹⁵⁾

3.2 Bahner Port

This port was the only major port of Bandar Abbas. However, after establishing Shahid Rajai port, it became the city's second port. It is in southern Iran and the northern Arabian Gulf, and it ranks third among the ports that export Iranian goods, especially non-oil goods. Due to its location in the Bandar Abbas region, it receives many tourists and travelers. Over the past years, it

has played an important role in the economic prosperity of this region.⁽¹⁶⁾

3.3 The Port of Imam Khomeini

It was called “the Port of Shahpur.” After the Iranian revolution, its name was changed to the Port of Imam Khomeini. It is one of the largest Iranian ports. It is located northwest of the Arabian Gulf with an area of 11,044 hectares, near the petrochemical industrial area and the Arvand commercial area. At this port, all kinds of goods are loaded and dispatched quickly. This makes it one of the most important commercial ports on the Arabian Gulf.⁽¹⁷⁾

This port is 927 kilometers from the capital Tehran. It is also one of the most important ports because it specializes in exports and imports. It also has the most important oil refineries, the largest petrochemical assemblies in Iran and two commercial areas.⁽¹⁸⁾ The commercial area of this port is about 11,000 hectares. Therefore, it is one of the largest commercial zones in Iran. Over the past few years, and after the movement towards more privatization, this port was able to attract capital from the private sector, amounting to more than 12,000 billion Iranian riyals, or more than \$285.7 million.⁽¹⁹⁾

3.4 Bushehr Port

Bushehr Province has a land area of 23,167 square kilometers, and a coastline of 937 kilometers on the Arabian Gulf. It has many small and large ports. The most important and largest port in regard to commercial goods is Bushehr port, which receives about 8 million tons of goods, and has the capacity to offer container and passenger services, and goods and petroleum items can also be stored there.⁽²⁰⁾ Bushehr port, located 1,228 kilometers from Tehran, has a number of public and private berths. It is used in particular to transport public goods between Iran and the countries bordering the Arabian Gulf.⁽²¹⁾

3.5 The Port of Khorramshahr

This port, which is the largest free trade port in Iran, is located in the northwest of the Arabian Gulf and southwest of Iran, at the junction of the Arvand, Shatt al-Arab, and Karun rivers in Khuzestan, Ahvaz. This port has a long maritime history. It was one of the largest Iranian ports even before the Iranian revolution with 20 berths.⁽²²⁾

The economic importance of this port is its area, which amounts to 320 hectares, its proximity to Iraq, and the location near the Arvand commercial area. Its proximity to the Abadan refinery, the steel plants in Khuzestan, and its access to internal railway lines that link it with the country's railway network have increased this port's commercial significance.⁽²³⁾

3.6 The Port of Abadan

This port is located on the banks of the Arvand River, Shatt al-Arab. It has five berths and a breakwater with a depth of 5.5 meters. The total area of the port

is 6.5 hectares, and the covered reservoir area is 2,000 square meters. The port of Abadan is multipurpose, and used to transport passengers and travelers to neighboring countries, where about 300 passengers are transported by boat every day.⁽²⁴⁾

3.7 Chabahar Port

Chabahar port is in Sistan and Balochistan, southeast Iran. It connects Iran with the Indian Ocean via the Gulf of Aden and the Arabian Sea. This large port consists of two terminals: Al-Shahid Beheshti and Al-Shahid Kalantari. Each terminal has five berths.⁽²⁵⁾ Over the past few years, Iran has taken major steps to develop this port. It increased its capacity from 2.5 million tons to 8.5 million tons. In 2018, a port with 1,800 square meters was built.⁽²⁶⁾ This port is pivotal to India's ambition to establish a transport corridor to Central Asia and Afghanistan to avoid passing through Pakistan, its rival.

The development of Chabahar port is an Iranian-Indian project serving political and security goals, such as activating direct trade between the two countries, and between both countries and Afghanistan and the Central Asian countries, by linking the port with a road and railway network that extends to Afghanistan. In 2003, the two countries decided to expand Chabahar port and to connect land routes from the port in southern Iran on the Indian Ocean to Afghanistan's borders in northeastern Iran.⁽²⁷⁾

Table 1 illustrates the location and the length of Iran's most significant ports along the Arabian Gulf and the Caspian Sea.

Table 1: Iranian Ports on the Caspian Sea and the Arabian Gulf

Port	Province	City	Distance from Tehran (km)	Harbor length (m)	Location
Anzali Port	Gilan	Anzali	365	1,578	Caspian Sea
Amirabad	Mazandaran	Behshahr	300	1,800	Caspian Sea
Nowshahr	Mazandaran	Nowshahr	215	1,430	Caspian Sea
Shahid Rajaei	Hormozgan	Shahid Rajaei	1,350	8,245	Arabian Gulf
Imam Khomeini	Khuzestan	Mahshahr	1,000	7,765	Arabian Gulf
Bushehr	Bushehr	Bushehr	1,100	2,272	Arabian Gulf

Port	Province	City	Distance from Tehran (km)	Harbor length (m)	Location
Chabahar	Sistan and Balochistan	Chabahar	1,961	1,280	Gulf of Oman
Khorramshahr	Khuzestan	Khorramshahr	997	2,471	Arabian Gulf
Linka	Hormozgan	Badar Linka	1,700	475	Arabian Gulf
Shahid Bahonar	Hormozgan	Banadar Abbas	1,500	1,447	Arabian Gulf
Abadan	Khuzestan	Abadan	1,000	416	Arabian Gulf
Jask	Hormozgan	Jask	1,602	520	Gulf of Oman

Sources: Iranian Port and Maritime Organization (PMO), (n.d.) , accessed April 28, 2021, <https://bit.ly/2ZsPR4L> and Behrah (n.d.) accessed April 28, 2021, <https://bit.ly/30TnWLB>.

4. Iran's Motivations for Developing Its Ports: Jask Port as a Model

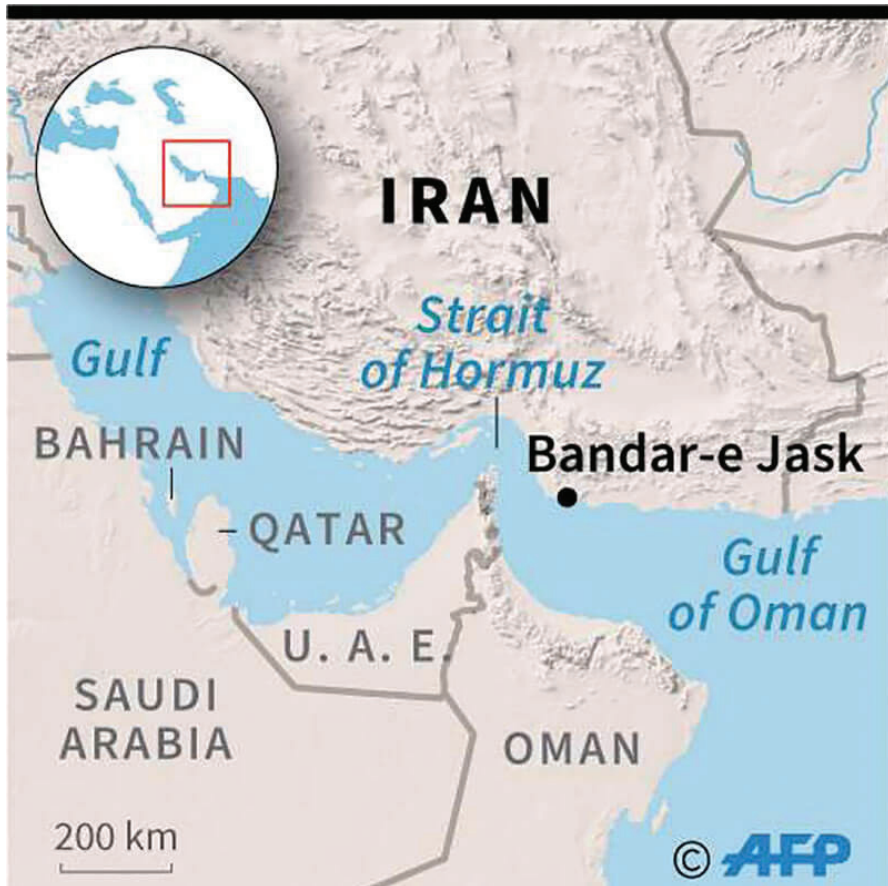
The significance of Jask port increased remarkably after Rouhani's government decided to initiate a large project to construct an oil pipeline to the port in mid-2020. This port is treated as a model because of its important role in serving Iranian policy:

4.1 Jask Port – Location and Significance

Jask is located 320 kilometers east of Bandar Abbas in Hormozgan Province, southern Iran (see Map 3), and it has been of special importance since ancient times. The port, which is located in this region, has multiple economic purposes and tourist attractions. It has deep water, waterways for ships, docking for large ships and provides easy access to international waters. Jask Port is of great economic advantage to Iran due to its strategic location and its ability to generate significant revenues from the transit and shipment of goods. Therefore, it is one of Iran's main sources of income after oil and gas.

On the other hand, the strategic location of Jask is of special importance to Iran because it is located among three important straits: Hormuz, Bab al-Mandab, and Malacca. This region accounts for one third of world trade. The enormous capacity and potential of this port made it an appropriate center for developing the coast of Makran by linking it with oil pipelines, and establishing Iran's second terminal for storing and exporting oil after the Khark terminal which is located in the northeastern corner of the Arabian Gulf, off Bushehr.

Map 3: Jask Port on the Gulf of Oman



Source: Atalayar citing AFP, May 11, 2020, accessed April 28, 2021, <https://bit.ly/3dve9Cq>.

Concerns regarding regional tensions leading to a potential disruption of navigation in the Strait of Hormuz and oil bottlenecks prompted oil-producing countries to seek alternatives to this strait in order to export crude oil to other countries. Accordingly, a 1,200-kilometer pipeline west of Saudi Arabia from Abqaiq to the port of Yanbu on the Red Sea was constructed. The 380 kilometer Habshan-Fujairah pipeline in the UAE was established. In addition, three other pipelines (Kirkuk-Ceyhan and Kirkuk-Baniyas) were established. In Iran, Supreme Leader Ali Khamenei recommended that oil storage and export terminal diversification must be considered.⁽²⁸⁾ This recommendation was motivated by the need to find an alternative to the Strait of Hormuz as well as an additional option to allow Iran to circumvent US sanctions imposed

by the Trump administration. Therefore, the focus was placed on Jask port to develop it into Iran's second oil export terminal after Khark island's main terminal.

Accordingly, President Hassan Rouhani inaugurated a project on June 25, 2020 to lay oil pipelines from Ghora in Bushehr, southwestern Iran, to Jask Province, southeastern Iran, which overlooks the Sea of Oman away from the Strait of Hormuz (see Map 4). The pipelines extend to approximately 1,100 kilometers. A huge oil storage unit was established. The project is due to be completed in March 2021, according to Iran's Oil Minister Bijan Zanganeh.⁽²⁹⁾ The Jask port project is estimated to cost \$1.8 billion.⁽³⁰⁾

Map 4: The Route of Oil Pipelines From the Ghora Region to Jask Port



Source: "Gore-Jask Pipeline; Eliminating Energy Security Threats," *Ettela'at* (n.d.), accessed April 28, 2021 <https://bit.ly/3tnfArw> [Persian].

4.2 Economic Objectives of Developing Jask Port

By developing Jask port, Iran intends to attain several economic benefits, mainly:

■ Hastening oil exports and expanding its export terminals: Iran established its first port to export oil beyond the narrow Strait of Hormuz, which is congested with tankers transiting to and from all the countries bordering the Arabian Gulf. This port started to export oil. Jask port will join Iran's main oil export ports after Khark was considered as the country's main terminal.⁽³¹⁾ Iran exports more than 80 percent of its crude oil through the Khark terminal. It has sought to develop the Makran coast where Jask port has been located for decades, albeit at a slow pace. After Khark island faced intense shelling during the eight year war with Iraq, Iran has considered diversifying its oil export terminals ever since.

■ Aiming to increase export and storage capacities: Iran will be able to export an additional 1 million barrels per day when US sanctions are lifted, and increase its storage capacity by 30 million barrels, after it constructed 20 large storage units.⁽³²⁾ It is noteworthy that total Iranian oil exports plummeted due to US sanctions to about 200,000 barrels per day only in mid-2020, after it reached more than 2.5 million barrels per day in 2017.⁽³³⁾

■ Increasing petrochemical exports to double the rate of these exports: car and aircraft fuel, propylene, and other petroleum products by using Jask port to transport supplies of crude oil to petroleum refineries and petrochemical plants. In so doing, Iran intends to increase its petrochemical export revenue to \$25 billion annually, instead of \$12 billion, as it also focuses on the Asian market.⁽³⁴⁾

■ Revitalizing some stagnant local industries: Iran seeks to revive some of its local industries, especially those that are under sanctions, such as the iron and steel industries, so that they can manufacture pipes. The development of Jask port needs 1,100 kilometers of pipelines to transport oil. Parts for these pipes were manufactured locally. There is a desire to revive some secondary and complementary industries, such as the manufacture of pumps, technical equipment, and valves.

4.3 The Strategic and Security Objectives of Developing Jask Port

On the strategic and security side, Iran intends to achieve the following:

■ Export oil amid crises: Iran can only meet this aim by finding an alternative to the Strait of Hormuz. This is an aim that Iran has been trying to achieve on the ground for years although it has never closed the international chokepoint, even during the Iran-Iraq War.⁽³⁵⁾ However, Tehran is keen to ensure the flow of cash revenues to the government via alternative routes in case the dispute with the international community escalates. It will probably use its repeated threats to close the Strait of Hormuz as a pressure card to place more pressure on the international community. These threats have always been questionable because there is no alternative for exporting Iranian oil. Regarding this matter, Rouhani said at the inauguration of the Jask project: “The strategic dimension of this project lies in the fact that many countries in the region have been able to find other alternatives to export their oil. If something serious took place in the Strait of Hormuz, Iran will be the only country whose oil exports will cease.”⁽³⁶⁾

■ Assure its clients especially China of the availability of oil supplies in light of various prospective natural or exceptional circumstances. Iran wants to send a message that it can ensure the supply of oil even if navigation in the Strait of Hormuz is disrupted.

■ Reconstruct the Makran coast and the western region of Iran which lacks urban and human development. Chief of General Staff of the Iranian Armed

Forces Mohammad Bagheri believes that the Iranian defense strategy aims to “develop the Makran beaches and complete the project.”⁽³⁷⁾

■ Exploit the port to circumvent US sanctions and serve Iran’s policies towards regional states, supported by IRGC military bases deployed along the Makran coast near the port of Jask. These aims will be met via the following:⁽³⁸⁾

1. Transporting smuggled oil, especially to China and for sale on the black market. Beijing has not ruled out providing engineering support in developing Jask port.
2. Shipping smuggled goods, especially weapons and oil, to the Yemeni Houthis and pro-Iranian forces in Somalia and Kenya.
3. Threatening the security of the Kingdom of Saudi Arabia from the south: the Gulf of Aden.
4. Expanding the IRGC naval presence near Indian-Pakistani soil, which is strategically important to Iran.

Accordingly, Iran does not need a new terminal to export its oil given the high export potential of Khark port.⁽³⁹⁾ Practically, no country constantly threatens to close the Strait of Hormuz except Iran. This supports the notion that there are no economic goals behind Iran’s determination to develop Jask port.

5. The Challenges of Developing Iranian Ports and the Problems Facing the Jask Project

Maritime navigation and ports are of considerable importance to the Iranian economy, especially for the transportation of oil and various goods to and from Iran. Therefore, there are many ports north of the Caspian Sea, and in the south on the Arabian Gulf and the Sea of Oman. Their economic importance ranges from being tourist attractions to commercial hubs for transporting gas, oil, grain, and other unique Iranian products such as caviar and nuts. These ports are also strategically significant for their role in logistics, connecting Iran — and some neighboring countries such as India— with the Central Asian countries.

The Iranian government has attached the utmost importance to the development of some ports, including the strategic Jask port since mid-2020, and the construction of long pipelines to transport oil to it from the Ghora region, for 1,100 kilometers. Iran seeks to reposition its oil export terminals away from the Strait of Hormuz, and to achieve other non-economic goals by possibly using the port to circumvent sanctions and conduct smuggling operations to serve the government’s foreign policy objectives in the region, supported by the IRGC military bases deployed near this vital port.

However, there are many challenges and weaknesses regarding the infrastructure of some Iranian ports, which makes them incapable of receiving large ships and containers because of difficulties in accessing these ports. In

addition, they lack container terminals and container storage areas, and have low performance indicators when compared to competing ports.

US sanctions have impacted the development of Iranian ports and maritime transport in general. Iran faces a financial deficit and several economic difficulties due to the US sanctions imposed on it, and its inability to access its frozen assets in several countries such as South Korea, Japan, and China. As a result of these difficulties, the Jask project is currently facing a shortage of construction materials and equipment, and a lack of finances to complete it on time.

Iran has been facing challenges preventing it from benefiting from its ports since 2010, especially after it faced severe sanctions, which greatly impacted the Iranian economy and the daily lives of Iranians. The United Nations imposed sanctions on Iran's maritime activities in 2010 under resolutions 1803 and 1929, allowing Iranian ships to be inspected in international waters. In the same year, the European Union (EU) froze the financial assets owned by Iranian Shipping Lines (IRISL) and banned EU-based insurance and reinsurance companies from dealing with Iranian companies. These EU decisions remained in effect for five years before they were reversed under the nuclear agreement that was signed in 2015.⁽⁴⁰⁾

The sanctions also froze the assets and properties of IRISL and all its subsidiaries on US soil, as of July 2005 under US Department of the Treasury Resolution No. 13382.⁽⁴¹⁾ In November 2018, US sanctions stifled Iranian port activities such as transport, shipping and insurance. They caused severe economic damage⁽⁴²⁾ such as a decline in Iranian trade with the world during 2019. Imports of Iranian goods and services decreased by almost 40 percent, and all Iranian exports by 30 percent.⁽⁴³⁾ This contributed to Iran importing less food items and medicines in particular because payment mechanisms were disrupted and transport ships were forced to queue in front of major ports such as Imam Khomeini and Bandar Abbas, and they refused to unload goods before receiving payment.

The sanctions also prevented Iran from completing the development of some ports and international trade lines, hindering it from making full use of its partnership with major countries. For example, Chabahar port has been suspended more than once due to successive economic sanctions on Iran, although Iran established land routes within its territory. India pledged to complete the remainder of the project inside Afghanistan. However, cooperation between both countries remained limited due to the escalation of Western sanctions against Iran in 2012 and India's concern about being subjected to sanctions. This project was revived after sanctions against Iran were lifted in 2016.⁽⁴⁴⁾

The project was soon disrupted once again due to the sanctions imposed by

the Trump administration in mid-2018, and the concern that this project would impact Indian-American interests, although it was exempted from sanctions. Therefore, in July 2020, Iran decided to exclude India from the project because it had not been serious and to continue alone to complete the infrastructure and establish the railway line.⁽⁴⁵⁾ Once Joe Biden won the US presidency, India again hinted its desire to continue its investments in Chabahar port.

The Jask project requires investments worth \$1.8 billion. By mid-2020, Iran had already spent \$300 million, according to the country's Oil Minister Bijan Zanganeh. He indicated that the rest will be financed via the investment market.⁽⁴⁶⁾ Russian companies will cover a portion of the funding through investment partnerships.⁽⁴⁷⁾ Russia may clash again with US sanctions imposed on Iran, which have hindered the import of equipment and building materials needed to complete the project.

As a result of US sanctions, the Iranian government has tasked some Iranian companies: Mobarakeh Steel Company in Isfahan, Khuzestan Auxin Steel Company, Ahvaz Pipes Factory, Mahshahr Pipes Factory, Al-Safa Pipes Factory, to manufacture 1,100 kilometers of steel pipes to be used in the project. However, these factories may face difficulties because of the sanctions. In addition, some of these companies were added to the sanctions list because of their collaboration with the IRGC which is accused of financing terrorism.⁽⁴⁸⁾

Conclusion

Iran enjoys a significant location, controlling several strategic ports that are crucial to trade movement. This location grants Iran with opportunities enabling it to achieve vital economic and strategic gains. However, the Iranian government's foreign policy and the isolation and international sanctions Iran has been facing since the 1979 revolution prevented it from reaping the maximum benefit from these tremendous opportunities afforded by its unique location. Sanctions have restricted Iran's trade movement through its own ports and obstructed the flow of essential equipment needed for developing its ports and increasing their capability and effectiveness in international trade movements.

These constraints remain. The development project of Jask port is an example of these challenges that are related to sanctions and poor funding, although President Rouhani had planned to complete and inaugurate this project before the end of his second presidential term so it can be counted as one of his achievements during his presidency. However, it seems that the calls to focus on quality, and not to quickly inaugurate the project, US sanctions, financial difficulties, and the government's inability to conclude agreements with international companies that specialize in building oil transmission lines and fuel storage terminals may impede Rouhani's plan, and the project will take more time to be completed.

Endnotes

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