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Iran/Iraq: Trade Flow Increases, But Mostly From Tehran To Baghdad

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Iranian trucks must unload their cargoes at the border, for Iraqi trucks to take over
(AFP)

Since the collapse of the Saddam Hussein regime in 2003, Iraq has seen a large influx of goods from various countries, most prominently from Iran.

Iraq is Iran's second-largest, nonoil export market. Iraqis bought some \$1.3 billion worth of goods from Iran during 2006. And estimates for nonoil trade during 2007 are as high as \$2 billion -- but almost entirely one way -- from Iran to Iraq, according to a report by the U.S. Congressional Research Service issued in January.

Iraq imports a wide variety of goods from Iran, including air conditioners, construction material, office furniture, carpets, clothes, medicine, fish, spices, and fruit.

Hundreds of Iraqi trucks pass through border checkpoints every day. However, fuel trucks are the only Iranian vehicles that are allowed to enter Iraq. Iranian trucks that carry food or other products usually go to border "transloading" points where they are unloaded and their cargoes are transferred to empty Iraqi trucks.

A seller in the Iraqi city of Al-Kut, near the Iranian border, tells RFE/RL's Radio Free Iraq (RFI) that he regularly stocks Iranian produce that has passed through the transloading points.

"The imported goods from Iran stand out because of their low prices and good quality, which is the reason for their popularity," he says. "When you compare them with local [Iraqi] goods, you find that the local products are expensive and of lower quality compared to those being imported. Even vegetables are being imported from Iran -- as well as poultry, meat, canned foods, carbonated drinks, and dairy products. And they are all lower in price and better in quality."

Many Iraqi shoppers say they prefer Iranian food as a cheap alternative to products imported from other Persian Gulf countries. They say Iranian produce also is more competitive in terms of quality and durability than produce from China.

Shoddy Imports?

Majid Abd al-Husayn, from the predominantly Shi'ite city of Karbala in southern Iraq, says Iran has "excellent products that taste good and we buy them. For example, raw cream is good and we buy it. Regarding other dairy products, I find that the Iranian products are tastier than their Saudi equivalents."

Ties between the Shi'ite Iranian traders and sellers in Karbala have been on the rise since the ouster of Hussein's Sunni-dominated regime and the reemergence of Karbala as a pilgrimage destination for Shi'ite Muslims. Iranian merchants also have been trying to increase their presence in Karbala by organizing trade fairs in the city.

However, not everyone is happy about the growing amount of imports from Iran. "We have observed that the goods reaching Iraq are not of the quality level we desire for Iranian goods coming to Iraq. This is because the quality of the Iranian goods reaching Iraq is not the same as what we have seen of Iranian production," says Shakir Abd Odeh Shhayib, the head of the Karbala Chamber of Commerce.

"While it is true that the Iraqi and Iranian merchants may be responsible for this, some Iranian merchants are seeking to increase their profits by exporting cheap goods to Iraq," he says. "And some Iraqi merchants are driven by their desire for a quick profit to bring in below-standard goods."

Nowruz al-Khaffaf, head of the Kurdistan Contractors' Association in northern Iraq, agrees. He tells RFI that Iraq's dependence on imported goods has forced local producers and sellers in northern Iraq to suspend their work. Al-Khaffaf wants Iraqi authorities to protect local producers by limiting imports from Iran.

"In my personal opinion, the Kurdistan regional government should do nothing. It should not import. We don't want any water or anything else [from Iran]. Let them only provide electricity. The entire regional budget should be allocated to [providing] electricity," al-Khaffaf says.

"Is it reasonable for [Iraq], with its fertile lands, to import cucumbers and tomatoes from Iran and Turkey?" he asks. "We even import dates from there. We have date [groves] stretching from Ba'qubah all the way to Al-Basrah. If you go now to any shop selling fruit, you will find canned date products from Turkey and Iran. Is this reasonable?"

Religious Tourism On The Rise

During Iranian President Mahmud Ahmadinejad's historic visit to Iraq this week, Ahmadinejad and Iraqi President Jalal Talabani signed seven agreements on issues including industrial development, trade, and customs.



Sunnis in many Iraqi cities demonstrated against the Iranian leader's visit (epa)

Improved relations between the two countries are not limited to trade only. Tourism also has been on the rise in recent years.

Since the fall of the Hussein regime in 2003, Iranian pilgrims have been able to visit holy Shi'ite shrines in Karbala, Al-Najaf, and other sites in neighboring Iraq.

Despite a lack of security, Iranian pilgrims make their way to Iraq in large numbers, with 1,500 to 2,000 entering each day.

About 500,000 Iranian Shi'ite pilgrims visit Iraq every year, and hundreds of Iranian religious scholars head to Karbala and Al-Najaf to study every year. Iranian authorities say they hope the annual number of Iranians visiting Iraq eventually will increase to 3 million.

"The number of visitors differs in line with the occasions, but the average is between 100 to 150 per week," says Nasir al-Juburi, who owns a hotel in Karbala. "We receive Iranian visitors as well as those of other nationalities who come to Karbala to commemorate the memory of [Imam] al-Husayn and for other [occasions]. The ages of visitors varies. But a large portion of them are elderly -- between 70 and 80 years old."

Some Iraqis see the large number of Iranian visitors to their country as a key reason for the revival of the tourism industry that is now under way. Others, however, complain about rising prices and other inconveniences that they blame on the influx of foreigners.

Iraqis, for their part, visit Iran for similar reasons, with about 1 million Iraqis heading to holy sites in Iran each year. Tahsin Ali, the owner of a travel company in Al-Kut, says Iraqis also go to Iran for recreation and medical treatment.

"Tourism between Iraq and Iran has undergone major development since the fall of the [Hussein] regime," Ali says. "Most [Iraqi] travelers to Iran are in one of three categories: first, for a religious visit; second, for recreation; and third, for medical treatment -- because Iran has capable doctors, modern equipment, and lower prices for medical care than nearby Arab countries like the [United Arab] Emirates, Jordan, and Egypt."

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