

## Short Economic News

### Iran-Persian Gulf Arab countries agree on free trade deal

Iran's foreign ministry spokesman welcomed Persian Gulf Arab countries agreement with Iran's offer to launch a free trade deal.

Mohammad Ali Hussein while calling this issue an important step in the way of cooperation between regional countries in the Persian Gulf expressed Iran's readiness to launch related talks on this subject.

He also regarding the stance taken by the (Persian) Gulf Cooperation Council foreign

ministers on Iran's nuclear issue stated that it was expected of regional countries to take a more lucid stance towards this issue considering the recent agreements reached between the Islamic Republic of Iran and the International Atomic Energy Agency.

Referring to the repeated statement made by this council concerning the three Iranian islands, he while expressing his regrets rejected all claims made.



### Malaysia Pleased to Expand Iran Business

While Western businesses are warned by the US to keep away from Iran, Malaysian companies have taken up the slack.

Malaysia, a member of the Organization of Islamic Confer-

ence (OIC), is to hold talks with Iran about strengthening ties.

The Malaysian government says it will work with its own private sector to explore possible ways to boost economic

and trade cooperation with the Islamic Republic.

Malaysian government economists say Iran has a very strong reputation for prompt payments to contractors who have done business in the past.

### Iran holds Africa trade opportunity conference

Iran will hold a conference on African countries trade opportunities in both private and governmental sections in Tehran.

This conference is aimed at introducing the African markets and multilateral trade opportu-

nities.

Iran's trade development organization marketing deputy announced that Iran was to study different projects for export of Iranian products to African countries due to the

government's policies to open international markets to Iranian goods.

Iran's trade negotiators are in African countries to improve Iran's target markets there.

## Iran repeats the proposal of OPEC bank

Iran restates the suggestion of founding a bank among OPEC members.

Iran economy minister Davoud Danesh Jafari said the proposal for establishing OPEC bank was made by

Iran previously and Venezuela repeated the idea in 2000 Caracas summit.

OPEC members' oil income reaches approximately 650 billion dollars a year and therefore establishing a bank on

this amount will have positive impacts on the members and world's economy.

Jafari predicted the final statement of Riyadh summit will appoint the economy ministers to pursue the idea.

## Iran to Privatize Airline, Banks

Iran is planning an ambitious privatization program of state-owned assets from March 2008, which will kick-off with initial public offerings in the aviation and banking sector.

Mohammad Rahmati, Iran's roads and transportation minister, announced that the first company to be privatized next year will be national airline, Iran Air.

Rahmati told Iran's Tehran Times that the parliament had approved the privatization of the airline, whose shares will be listed on Tehran Stock Exchange.

Ibrahim Zadeh, transport, tourism and banking officer at the Iranian Embassy in London, told Financial News that the Iranian government was also planning a series of flotations in the banking sector. «Our government has a plan to privatize most of our national entities. Next year we will see the privatization of Iran Air.»

«We also have a [privatization] program for four Iranian banks, including Bank Saderat, Bank Tejarat, Bank Refah, although

Bank Melli Iran will remain government owned.»

He was unable to name the fourth bank in the privatization plan and said no investment banks had yet been appointed to

Airlines and Aeroflot.

In May 2007, Tehran Stock Exchange chairman, Ali Rahmani, told a gathering of global exchanges in London of Iran's strategic privatization plans.



manage the flotations. «This is our government's plan but first it must be ratified by the parliament. After that we will have an action program and be able to appoint managers for the IPOs.

In June 2007 Iran Air, which was established in 1962, announced plans to purchase \$1bn worth of new aircraft and placed a \$200m order for five Tupolev 204s passenger planes from Russia in August. The airline currently has codeshare agreements with Malaysia Airlines, Austrian

«It is assigned to have 40% of the shares of these governmental companies to be transferred to the people of low income as the policy of the so called, Justice Stock Scheme. Another 20% will remain in the ownership of the government, and the remaining 40% will be transferred to the domestic and foreign investors. This transfer will be done, mainly, through the Tehran Stock Exchange Corporation.»

## Iran to put 18 oil, gas fields out to tender Tehran

National Iranian Central Oil Company (NICOC) Managing Director Alireza Zeighami announced that the development of 18 new oil and gas fields would be put out to international tender in the first phase.

Domestic companies would implement 75 percent of the first phase projects and the remaining part would be done by foreign companies, PIN reported Zeighami as saying.

He added that if American and European companies refused to take part in the tender, other foreign bidders would be signed.

«At present, NICOC is producing 300 million cubic meters of gas in nine provinces of Iran, 65 percent of the country's total output,» said the official.

He added the company was currently producing 145,000 barrels of oil per day, vowing the figure would soar to 165,000 bpd within the next two months.

«This is not the real production capacity of the company,» said Zeighami, adding its oil output would reach 320,000 bpd by 2011 and 395,000 bpd by 2016.

The NICOC head said the average gas production of the company would touch 335 million cubic meters and its gas condensates production would stand at 100 barrels a day in 2011.

He added NICOC's gas and gas condensates production would be 375 million cubic meters and 110,000 barrels daily in 2016 respectively.

«To attain the goals, the company needs to invest eight billion dollars,» Zeighami added.

He pointed to the second phase of Parsian 2 Refinery, South

Gashoo Refinery, and LNG 1300 project as three underway projects of the company, adding 75 percent of the operations would be carried out by local experts.

«The first phase of Parsian-No Refinery, the development plan of Homa, Varavi, and Shanol gas fields, and the 36- and 6-inch gas condensates transmission pipelines are also ready for inauguration,» added the NICOC chief.

The company's managing director announced that the development plan of Tangeh Bijar gas field was partly implemented and the field started production with a daily 7 million cubic meter capacity per day.

Zeighami added when Ilam Gas Refinery came on stream in the second phase, the capacity would rise to 10 million cubic meters daily.

He said five wells, Tangeh Bijar Central Facilities (TCF), and pipelines linking the wells to facilities were tested in the first phase and were ready for operation and the ISF was undergoing the last-stage test.

According to the official, power systems including UPS, MV, LV, and two power stations have been already put into operation.

Zeighami said the two 21- and 20-km-long lines that would transmit gas and gas liquids from the collection center to Ilam Refinery were undergoing last-stage test and would start work soon.

«Six wells work in the first phase of Tangeh Bijar gas field, three of which have been recently drilled and three have been repaired,» said the managing director, adding three more would

be drilled for the second phase.

He added wellhead equipment would be installed and pipelines would be constructed in the second phase.

Zeighami said 1.65 trillion rials (178.3 million dollars) had been so far spent for clearing the venue of mines, designing, purchasing equipment, drilling wells, installing systems, and building pipelines, power transmission lines, and telecommunications lines.

«About 40 percent of equipment required for the development plan has been provided by domestic manufacturers, and the remaining part, due to high level of sourness of gas and lack of Iranian-made equipment, has been supplied by overseas producers,» he said.

He added the value of his company's products would reach 23 billion dollars by the end of current Iranian calendar year (March 19, 2008).

Zeighami said the company would earn 23 billion dollars if a barrel of its oil were sold at 50 dollars and every 1,000 cubic meters of gas at 150 dollars.

Shifting to the exhibition held on the sidelines of the third OPEC summit in the Saudi capital Riyadh, Zeighami assessed it as good, underlining the importance of the presence of state-run and private companies in the exhibit.

Riyadh played host to the third summit on November 17 and 18 under three general themes: Providing Petroleum, Promoting Prosperity, and Protecting the Planet.

## Germany stays Iran's great trade partner

Germany has not reduced the rate of its exports volume to Iran though currently Dubai is the broker country in between, stated the German ambassador to Tehran.

Herbert Honsowitz interviewed by ISNA said according to the statistics over the past one

and a half year the major part of Germany exports to Iran, reaching about 4 billion dollars, has been taken place through Emirate.

The economy section of Germany embassy tries to restore and improve Iran-Germany private sections' exchanges, he

noted.

«The introduction of privatizing economy in Iran creates a constructive condition for bilateral barter, but unfortunately at the present situation political relations has influenced economy as well,» the German ambassadors said.

## India Likely to Mellow Stand on Transition Fees for Iran Gas Supplies

With Pakistan on the verge of signing the final agreement with Iran on the construction of a transnational natural gas pipeline, India may mellow down its stand on the transition fees demanded by Islamabad for the delivery of the gas supplies to the two countries' shared borders.

Pakistan has so far been received, but added that India might agree for talks with Pakistan either in Islamabad or on the sidelines of a steering committee meeting for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. The two-day meeting, likely to be attended by Indian petroleum

would be based on the actual cost calculated on commercial basis.

Deora had earlier asked for waiving off transit fee that is payable to Pakistan for allowing its territory to be used for gas meant for India.

India was banking on a joint stand with Pakistan on not agreeing to a price revision clause being insisted upon by Iran for the Iran-Pakistan-India (IPI) pipeline. Pakistan's going ahead with negotiations with Iran has forced India to have a rethink.

The proposed price formula for Iran pipeline, being linked to the Japanese Crude Cocktail, a benchmark for even the Qatari natural gas being shipped into India in liquefied form, will inherently reflect a price change reflective of global price movements. However, officials said India might be willingly to consider Iran's stand that natural gas prices globally were currently undervalued in comparison to crude oil.



Reports said that India is likely to accept a Pakistani invitation for bilateral talks at secretary level.

Senior officials told DNA Money that no formal invitation from

minister Murli Deora, is scheduled for November 28 and 29.

Stating that the issue of transit fee payable to Pakistan would be tackled at political level, an official said transportation cost

## Iranian official Sees OPEC Discussing Output in Dec

A senior Iranian oil official said OPEC would «most likely» discuss the issue of whether to increase output at its meeting in Abu Dhabi on Dec. 5.

«Most likely the issue of increasing production and other issues related to the crude oil market will be discussed at OPEC's emergency meeting ... in Abu Dhabi,» Mohammad Ali Khatibi, deputy director of international affairs at the state oil company National Iranian Oil Company (NIOC), told IRIB.

Officials from the Organization of the Petroleum Exporting Countries have made clear a summit of OPEC heads of state in Riyadh that ends would leave any decision on whether to raise output to the Abu Dhabi meeting.

«America's request for OPEC

to increase its production ceiling will not be answered in the ... meeting of heads of state,» Khatibi said.



The United States has urged OPEC to boost production because of shrinking oil inventory levels in developed economies and to help bring down prices

that have surged to record levels.

Iranian Oil Minister Gholam Hossein Nozari said international markets had sufficient crude supply, and increasing OPEC's output would not bring down prices.

Nozari said it was too early to predict what action OPEC might take when it meets in Abu Dhabi, leaving the door open for a possible production rise to cool prices.

Oil has risen nearly 40 percent since mid-August, hitting a record \$98.62 last week.

Nigeria's oil minister has also said a production rise could be discussed in Abu Dhabi, but Venezuelan oil minister Rafael Ramirez said there was no need for more oil.

## Iran Exports 3,000 Types of Goods, Products

Over 3,000 types of Iranian goods and products have found their way to the markets of 151 different world countries, an Azarbaijan provincial official said.

Sadeq Najafi, secretary of the non-oil exports development group of Eastern Azarbaijan province, further pointed to the

export potentials of his province, saying that Eastern Azarbaijan ranks the first among all Iranian provinces in exporting non-oil goods and commodities.

He further said that due to its rich resources, economic potentials, strategic position, high production potentials and adjacency to the markets of several

countries bordering Iran in the north and northeast, Eastern Azarbaijan has succeeded in taking long strides in increasing non-oil exports to foreign countries.

The official also added that his province is now exporting goods and products to 80 different world countries.

## Iran Hopeful about Endorsement of IPI Pipeline Contract by 3 Parties

Iranian caretaker Oil Minister Gholam Hossein Nozari expressed hope the peace pipeline contract would be signed by the three parties - Iran, Pakistan, and India.

He made the statement on the sidelines of a gathering on use of the retired oil industrialists' experiences.

«Recent negotiations aimed to settle some clauses of the contract,» said the caretaker, adding, «We set a date for the signing of the contract.»

He expressed hope that Pakistan and India would settle the transit fee problem and India would return to the negotiating table and the contract would be inked by the three sides.

Tehran and Islamabad signed the finalized text of a clause on revision of gas price every three years in the Pakistani capital.

Chief negotiator Ghanimifard and Pakistan's deputy minister for petroleum and natural resources agreed on the price formula the two sides had finalized in their meeting in Tehran.

Ghanimifard, also the international affairs head of the National Iranian Oil Company (NIOC), told PIN the price would be reviewed every three years when conditions of oil and gas markets were normal.

He, however, added, «If Japan's natural gas and crude oil markets or the furnace oil and gas oil markets in the Persian Gulf witness special and un-



precedented price fluctuations, the price revision will be made after two years for the first time and every year thereafter.

«So, all types of fluctuations - natural and exceptional - of the crude, natural gas, and oil products markets have been included in the price revision clause.»

According to him, the two sides' experts finalized 75 percent of the peace pipeline contract's text during the last round of bilateral talks and the remaining 25 percent will be finalized in the near future.

«Ministers of energy and senior officials of the two countries will study the contract before its text is legalized,» underlined the special representative.

Ghanimifard had already said the contract for building Iran-Pakistan-India (IPI) gas pipeline would be concluded according to a price formula and no set price would be introduced and only at the time of gas transfer

to the pipeline, the price would be determined.

He added the formula used for setting price of Iran's gas would be based on the price of natural gas in Japan because that country currently accounted for 50 percent of natural gas consumption of the world.

The official said the Japanese energy market had not been as fluctuating as markets of Britain and the United States and price had been relatively stable there.

With Pakistan bypassing India in talking to Iran for a transnational natural gas pipeline, India may mellow down its stand on the price revision clause being insisted by Iran. It is also likely to accept a Pakistani invitation for bilateral talks at secretary level.

Senior officials told DNA Money that no formal invitation from Pakistan has so far been received, but added that India might agree for talks with Pakistan either in Islamabad or on the sidelines of a steering committee meeting for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. The two-day meeting, likely to be attended by Indian petroleum minister Murli Deora, is scheduled for November 28 and 29.

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## Iran-Japan economic relations reach \$12.4 billion

Japan economic relations have reached 12.4 billion dollars.

«Currently we have 9.5 billion dollars worth of joint venture projects at hand which the most famous of them is the South Pars Phase 6, 7 and 8,» said Iran's ambassador to Japan, Mohsen Talaie.



This official also noted that

from the 2 million barrels of exported oil 40 percent equal to 650 thousand barrels goes to Japan.

«In addition we hope to increase our non-oil product export section with Japan through entering negotiations and expanding ties in all fields.»

## Chamber News

### IBCCIM News

#### Holding IBCCIM 's BOARD Meeting

In this autumn, the IBCCIM's board regularly held its meetings with the presence of the main and alternative members in the chamber. In these meetings, after exchanging the economic news, hearing the previous monthly report, also chamber's current

and daily affairs in regard to the problems of Iran and Britain's commercial development, they discussed in determining the holding time of the chamber's annual meeting,...

They also talked about the

economic embargo and its effects on the relations of Iran and European countries in detail.

At the end of the discussion they indicated to the inflation and the monetary policies and presented the expert opinions.

#### Holding Specialized Committees

According to the IBCCIM's secretariat report, the specialized committees of Education, Information and IT and the committee of Membership and Investing Facilities and Co-operation were held with the presence of all members. In these meetings each commit-

tee began its work reviewing its agenda. Owing to being in travel, some of the members apologized with prior notice.

In the meeting, 45 membership application forms of applicants and the acceptability of them were investigated.

In the commission of Education and Information the problems of the chamber's site was raised and also, for visiting of the next spring IT and ITC exhibitions in London decided.

The issue of embargo was discussed in the Investing Facilities Committee.