



The British-Iranian Chamber of Commerce

Economic Headlines

15 February 2007/15 March 2007

Oil exploration and production. Iran's oil production fell by 50,000 barrels to 3.8 million barrels per day in February.

Oil & Gas sales. Work continues on establishing an oil bourse on Kish Island, but the start date is not announced. Iran's oil price fell in January. Iran and Iraq have agreed to build an oil pipeline between Basra and Abadan.

Other projects. The Majlis has allocated a budget to study the feasibility of a new nuclear power plant. The purchase of 15 new airliners by Iran Air has been approved.

Trade. Kish FTZ and Iraqi Kurdistan have signed an economic co-operation agreement to allow Iraqi investment in Kish and the transit of goods through Kish to Iraqi Kurdistan. Iranian carpets exports have reached US\$700 million this year, about 70% of carpet production.

Tariffs. Airfares will be liberalised this year and will be set by market mechanisms.

Sanctions. The IMF rejected Iran's claim that US sanctions violated IMF regulations.

Economy. External reserves are strong: CBI reports that reserves were US\$58.8 billion in November- a 38% increase on last year. Only 30% of an issue of Participation Bonds, intended to reduce liquidity in the economy, was taken up.

Inflation and price increases. Water and electricity charges will increase next year. Fruit prices have increased 20-30% in Tehran in the last month.

Rationing and domestic shortages. Gasoline rationing will commence on 21st May according to the Majlis Vice Speaker. Excess demand will be satisfied by imports sold at market prices.

Subsidies. In the 10 months to January, subsidies on gasoline were US\$3.98 billion and on medicine and basic commodities were US\$5.56 billion; increases of 187% and 37.5% respectively on the same period last year.

Government budget and spending. OSF withdrawals have been authorised for: private sector power projects, improvements in the power transfer networks, the development and renovation of the rail and air sectors, the engineering service sector and to finance Iranian contractors in international projects.

Privatisation. 5% of shares in Mobarak Steel were sold through the TSE. Iralco, Esfahan Steel and IRISL are being readied for privatisation.

Finance. CBI Governor says that the share of US\$ in Iran's forex reserves has fallen to 30%

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