



The British-Iranian Chamber of Commerce

Sector Headlines: 8 April –23 April 2009

Oil & gas exploration and production

- The fourteenth International Oil Show in Tehran was opened on 22 April with 450 foreign exhibitors, from 31 countries, and 853 domestic companies. There were five US and 90 German amongst the foreign exhibitors.
- NIOC announced that Shell and Repsol have until the end of May to announce operational plans for South Pars and Persian LNG projects or face being replaced by others.

Oil & Gas sales

- Oil revenues of the first four years of the fourth FYDP (at March 2009) announced by the Ministry of Economy were US\$212 billion, whereas CBI reports oil revenues at US\$269.2 billion. The former figure is reported to have been applied: 71.6% to the general budget; 26.7% for credits to the Government and the settlement of energy subsidies and debts to NIOC and Tavanir; and 1.7% was added to the OSF.
- Larinjani, Majlis Speaker, wrote to Jannati, Head of the Judiciary, reporting that the Government had signed a number of international oil and gas contracts without Majlis approval, which is required under Article 77 of the Law.
- Mehr News quoted Cambridge Energy Research Association as saying that Iran will be the sole gas supplier for the Nabucco pipeline project in the long run.
- OPEC statistics for the past six months show that the average selling price of Iranian crude was US\$45 per barrel, 43% lower than for the same period last year.

Regional Energy Relationships

- A mission of Kuwaiti oil companies visited Iran and agreed to purchase 300 MCF of natural gas per day by pipeline. NIGC and Kuwait will jointly build the required 320 km pipeline – 260 km, of which will be laid under the sea.
- Deputy Oil Minister says there are new discussions to resolve difficulties in the Iran-Turkmenistan 25-year contract to deliver 8 bcm of gas per annum to Iran.
- Deputy Oil Minister said Iran will import crude oil from Iraq and, in exchange, will export kerosene and gas-oil to Iraq.

Trade

- Minister of Commerce says that the Iran Chamber of Commerce has declined to form an Iran-US joint council.
- Customs Office statistics show that Iran imported US\$628 million of goods from US in 2008-2009 and exported US\$563 million to the US.
- Petrol was imported from 10 countries (UAE, India, France, the Netherlands, Turkey, Turkmenistan, Azerbaijan, Taiwan, Croatia and Algeria) in 2008 – 76% of which was imported from the UAE.

Economy

- A CBI report indicates recession in the economy: showing a 40% reduction in the establishment of new industrial units and a 33% decrease in construction generally.
- Bahmani, CBI Governor, says liquidity growth in March was 16.1%.

Inflation

- Bahmani says the March inflation rate was 11.7% and the average last year was 24%. Inflation is expected to fall further by September.

Unemployment

- Jahromi, Minister of Labour, reported unemployment, as calculated by the Statistics Centre of Iran, to be 12.5% in the quarter to March, compared with 11.9% in the same period last year.

Real Estate

- In the first 9 months of 2008, the private sector invested US\$24.5 billion in urban construction, a 64.5% real growth over 2007.

Government Budgeting

- Business Monitor has predicated a 2.6 times increase in the budget deficit this year. A deficit of US\$16.1 billion last year is forecast to rise to US\$42.7 billion this year

Banking

- The Government approved the CBI supervisory policy proposals for the year. Bank interest rates will be held at 12%. Banks may not lend for real estate transactions but are asked to allocate 20% of all loans to construction and housing development. Legal banking reserves will be required to be held at between 10% and 30%

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