



# The British-Iranian Chamber of Commerce

## Economic Headlines: 13 March – 23 April 2009

**Oil & Gas exploration and production.** There were 450 foreign and 853 domestic exhibitors at the Tehran International Oil Show. Foreign exhibitors were from 31 countries, which included five exhibitors from the USA. Shell and Repsol are given until the end of May to announce operational plans for south Pars and Persian LNG projects or face being replaced.

**Oil & Gas sales.** There is a US\$57 billion difference between the oil revenues in the first four years of the fourth FYDP published by the Ministry of Economy and the CBI. The Majlis Speaker reported the Government to the Head of the Judiciary for signing international oil and gas contracts without Majlis approval. At an average US\$45 per barrel during the last six months, Iranian crude was 43% lower than for the same period last year.

**Regional Energy Relationships.** Kuwait has agreed to buy 300MCF per day of Iranian gas and to jointly build the pipeline to transport it. Iran and Turkmenistan are meeting to resolve difficulties with the contract to supply gas to Iran. Iraq and Iran have agreed an exchange—Iraqi crude oil for Iranian kerosene and gas-oil.

**Trade.** Despite the levels of US – Iran trade, the Iran Chamber of Commerce has declined to form an Iran-US joint council. Although petrol is imported from 10 countries, 76% of the imports are from the UAE.

**Economy.** The CBI reported recession in the economy, citing a reduction in new industrial plants being established and a 33% decrease in construction. Liquidity was 16.1% in March.

**Inflation.** Inflation last year was 24%, but is expected to decline this year.

**Unemployment.** Unemployment rose slightly to 12.5% in the March quarter – it was 11.9% in the same period last year.

**Real Estate.** In the first nine 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 forecast a 2.6 times increase in the budget deficit this year to US\$42.7 billion.

**Banking.** Bank interest rates will be held at 12% this year. Banks may not lend for real estate transactions but are asked by the CBI to allocate 20% of all loans to construction and housing development.

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