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# The British-Iranian Chamber of Commerce

## Economic Headlines: 24 April – 14 May 2009

**Oil & Gas exploration and production.** The development of the Azadegan oil field will require foreign resource involvement and negotiations are continuing with Petronas, Hinduja, ONGC and others. Although Statoil will complete its existing projects, it doesn't anticipate further investment in Iran. Two new oil and gas fields have been discovered: Karkheh, in Khuzestan, and Sefid-baghun, in Fars.

**Oil & Gas sales.** Iran is pressing OPEC to seek an oil price in the range of US\$70-80 per barrel.

**Economy and the Presidential elections.** Presidential candidates have been criticising the government on the economy: for inflation, the failure of fast-yield projects and the dissolution of the decision-making councils (particularly the Money and Credit Council). Also the "lost" US\$300 billion of oil revenues is mentioned. One month before the election, the second round of distribution of Shares for Justice dividend has begun in rural areas: some 5.5 million people will receive US\$80 each on average.

**Trade.** There was an 81% increase in dairy products imports last year. Iran-Turkey trade was US\$12 billion last year.

**Economy.** In January, OSF reserves were US\$22.6 billion.

**Inflation.** Former CBI Governor, Mazaheri, forecasts that inflation will rise to 40% this year.

**Government Budgeting.** In an attempt to balance the budget (which has a US\$8.5 billion deficit) the government has announced cuts in the budgets of organisations outside government control, such as the Majlis and the Judiciary, provoking resistance to the budget from those organisations. Moussavi says revision of the budget will be one of the main challenges of the new government.

**Banking.** Press rumours that CBI Governor, Bahmani, had resigned were denied by Hosseini, the Economy Minister.

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