



The British-Iranian Chamber of Commerce

Sector Headlines: 24 April –14 May 2009

Oil & Gas exploration and production

- Saadooni, the Managing Director of the National Iranian Oil Development and Engineering Company, said that the development of the Azadegan oil field is in negotiation with a number of companies: Petronas, Hinduja, ONGC and one from China. Negotiations are to be finalised in the next two months. Presently the development is shared between Nikoo (90%) and Inpex (10%), but, because of the limited resources of the local company, Nikoo might transfer 70% of its share to the selected international company.
- The Managing Director of Statoil Hydro says that no further investment in Iran is to be undertaken, but current projects will be completed. Also he referred to talks with NIOC about the development of the Azar and Changuleh fields within the Anaran block.
- Nouzari, Petroleum Minister, reported the discovery of two new oil and gas fields: Karkheh, which will raise total oil reserves to 4.5 billion barrels in Khuzestan province; and Sefid-baghun, in Fars, with a capacity of 6TCF.

Oil & Gas sales

- Iran's representative at OPEC asked for an increase in the oil price to US\$70-80 per barrel to encourage investment.

Economy and the Presidential Elections

- Moussavi criticised government policies on: inflation, fast-yield projects, the dissolution of decision-making councils (in particular, the Money and Credit Council, which, he claimed, had increased inflation).
- Rezaee criticised economic policy and management, arguing that a change of some people in government was required for improvements to be made.

- Ahmadinejad defended the economic situation and his provincial visits, calling the latter a successful initiative which is becoming a world model.
- The first quadrilateral debate between representatives of the four candidates took place at Tehran University with the representatives of Moussavi, Karroubi and Rezaee criticising the government performance on the economy, press freedom, foreign affairs and internal politics.
- In Mazandaran province, Moussavi referred to the "lost" US\$300 billion of oil revenues, saying that it would have to be accounted for.

Trade

- Imported dairy products increased 81% last year to US\$506.5 million.
- Last year Iran-Turkey trade increased to a level of US\$12 billion.

Economy

- The CBI announced that OSF Reserves in January were US\$22.6 billion.
- CBI reported that foreign debt had fallen to US\$22.7 billion in September 2008 – a decrease of 18% compared with a year earlier.

Inflation

- Former CBI Governor, Mazaheri, predicted an increase in inflation to about 40% this year.

Privatisation

- One month before the elections, the second round of Shares for Justice dividend distribution has begun in rural areas: some 5.5 million people will receive US\$80 each on average.

Government Budgeting

- In an attempt to balance the budget, which has a US\$8.5 billion deficit, the government announced cuts in the budgets of the Judiciary, the State Inspection Organisations, the Majlis, the Expediency Council, the Qom Seminary, the Special Disease Foundation and other organisations. These are organisations outside government control. The decision led to opposition to the budget from the Majlis, the Inspection Organisation and the Judiciary.
- Moussavi said that the revision of the budget would be one of the main challenges of the next government.

Banking

- There were press rumours that CBI Governor, Bahmani, had resigned due to differences with the cabinet over excessive withdrawals from the OSF and the non-establishment of the Money and Credit Council. These rumours were denied by Hosseini, the Economy Minister.

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