



## The British-Iranian Chamber of Commerce

# Economic Headlines

18 January – 14 February 2008

**Oil exploration and production.** Following the cut in gas supplies from Turkmenistan, two tenders for gas exploration in the north have been prepared and contractors selected. A new 11 trillion cubic feet gas field has been discovered in the Persian Gulf between the North Pars and Golshan fields. The Azadegan oil field in Khuzestan has commenced production.

**Oil & gas sales.** Total has expressed an interest in investing in the US\$2 billion Jask – Neka pipeline, which will transship Central Asian Oil to the Oman Sea. Although gas sales to Turkey were resumed in January, the buyer claims they were cut again in early February and will seek compensation.

**Trade.** The Dubai Chamber of Commerce announced that exports to Iran were US\$10 billion in 2007, 33.4% higher than in 2006.

**Tariffs.** Sugar import tariff has been doubled to 20% to protect domestic producers. Import duties on fruit have been reduced to zero for the New Year because of crop damage in the northern provinces. Duty on imported rice is to be lowered to reduce domestic rice prices.

**Economy.** Liquidity continues to rise; it was 37.3% in October. The Majlis Research Centre says the economy is suffering stagflation and recommends change in various government policies. External debt at the end of September was US\$24 billion, slightly less than at the end of March. 6.5 million tonnes of cement is to be imported during the first six months of the year to end shortages. Shrimp production has fallen 90% because of the many closures of shrimp farms in Bushehr.

**Government budgeting and spending.** The tussle between the government and the Majlis over the coming year's budget continues to such an extent that Ahmadinejad attended the Majlis to defend the budget.

**Inflation and price increases.** CBI announced annual inflation in December at 19.6%.

**Rationing.** More is being spent on importing gasoline than was budgeted. Extra gasoline will be permitted for the New Year. Diesel consumption increased by 5% in the last two weeks of January because of gas shortages.

**Gas and power shortages.** Although gas supplies to domestic consumers have been resumed, there may be further cuts due to technical failures and rationing through the cold weather period. Also widespread power cuts are inevitable because of shortage of fuel for power stations. Furthermore steel production has fallen by 40% and textile factories are on the verge of closure due to the halt in gas supplies to industry.

**Finance, banking and TSE.** CBI is selling gold coins on the market. The Islamic Lending Bank has commenced granting marriage loans.

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