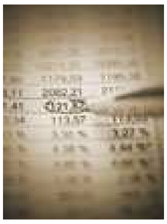
BICC BULLETIN

The Official Publication of the British-Iranian Chamber of Commerce Spring/Summer 2008

BICC Annual Reception at the House of Lords

Members Meeting with Dr Nahavandian

(RAPIER ADVERT)




CENTRAL BANK OF
THE ISLAMIC REPUBLIC OF IRAN
TEN THOUSAND RIALS


IRAN'S
ECONOMY

BICC Bulletin is the official publication of the British-Iranian Chamber of Commerce.

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Cover Illustration by Asmha Hussain . First photograph showing Crispin Blunt MP speaking to guests at BICC Annual Reception. Second photograph showing Dr Nahavandian giving a talk to members.

Message from the Editor-in-Chief

"Last year's reception at the House of Lords was a great success"

Welcome to Issue 5 of our Bulletin. I am sure many of our readers would have noticed that this issue has been put forward a few months, this has been due to circumstances beyond our control. I am, however, happy to report that this will be the first issue available on-line on our website. Please visit www.bicc.org.uk.

I am pleased to announce that the annual BICC Reception at the House of Lords was a great success in October 2007. The BICC was fortunate enough to have a speaker at the event, a first for our receptions at the House of Lords. The Speaker was Crispin Blunt MP, Chairman of the Conservative Middle East Council. Blunt explained that an understanding of Iran is an important prerequisite for government and that regular visits by Conservative MPs to Iran had commenced with the assistance of the Chamber. For a full report with photographs please see pages 12 & 13. This years Reception at the House of Lords will be held at the end of November. Members will be sent an invitation nearer to date.

We also had another prominent speaker at our Members meeting in February, Dr Nahavandian, Head of ICCIM spoke to Members. This was then followed by a Q&A Session in which Dr Nahavandian fielded questions raised by Members present. See pages 14-15.

Director General of the BICC, Martin Johnston has written an up-to-date view of the sanctions and their effect on UK/Iran business on pages 6-7. For the latest information in regard to sanctions please visit our website.

Finally, If you would like to place an advertisement in the Bulletin, which is circulated to over 500 companies both here in the UK and Iran, please email Asmhah@aol.com for further information. Members can place advertisements at a special discounted rate.

Yousef (Joe) Daneshvar OBE
Editor-in-Chief, BICC Bulletin
Deputy Chairman, BICC

ECONOMIC HEADLINES

Oil & Gas exploration and production. New oil reserves continue to be found: a new layer in the Azadegan field with 2.2 billion barrels of reserves. Production from new fields comes on stream: Azadegan at 20,000b/d in the first instance. However gas pressure in existing fields continues to fall and is not replenished sufficiently to avoid the decline in production according to OPEC and the CBI. The Majlis Energy Commission forecasts a loss of 2 million barrels production in 10 years because of reduced gas pressure. Oil production remains at 3.9 million b/d. Although NIOOC announced the joint development of the Resalat oil field with Amona, a Malaysian company, it has been denied by the company.

Oil & Gas sales. The Oil Bourse opened in Kish Island, but for oil product (not crude) transactions only at first. The average price of Iran's crude in January was US$ 86.3/b, 44% more than a year earlier. Crude sales to China have been agreed to increase from 60,00b/d to 160,000b/d staring in 2009. A Turkish delegation is expected in Tehran to discuss the development of South Pars Phases 22-24.

Regional energy relationships. Iran has decided to import 1 million cu meters of gas per day from Azerbaijan to diversify supplies: the effect will be to reduce dependency on supplies from Turkmenistan. Iran has agreed to sell 200MW of electricity to Turkey and will shortly commence supplies from Abadan to Basra. An Iran-Russia working party is considering joint ventures including: refineries in Armenia and northern Iran, the Neka-Jask pipeline and the construction of an LNG complex.

Trade. Non-oil exports increased 15.9% to US$18.8 billion in the first 11 months of this year. Imports rose 11.6% to US$41.4 billion. The cabinet approved a €150 million loan to Nicaragua for a dam and power plant project. The Chinese Ambassador announced that Iran/China trade had increased 59% so far in 2008 and is expected to maintain this growth by the end of the year.

Sanctions. India has been substituted as a diesel fuel supplier to Iran by Singapore: the difficulty of obtaining L/Cs for Indian contracts is blamed.

Economy. Iran's external reserves are expected to reach US$67 billion by the year-end. Unemployment will worsen to 12.5% by the end of 2008. CBI has stopped issuing Participation Bonds, where the interest rate is lower than inflation. An MP is calling for an investigation by the Court of Audit into the claimed non-deposit three years ago of some US$14 billion of oil income in treasury accounts.

Government budgeting and spending. This year's budget was approved by the Majlis after taking alterations required by the Expediency Council and the Council of Guardians. The head of the Majlis Economy Commission says OSF withdrawals of US$34 billion last year when the budget was US$14 billion. The Majlis has regained some initiative in controlling the budget: government agreed to the Majlis making direct budget allocations for an increased number of entities. The VAT bill is finally approved for implementation from September.

Inflation and price increases. Inflation increased to 25.3% in the year to May and health tariffs are to rise by 30-50% and egg prices by 25.6%. Prices of pasta and fruit have risen by 30% and 40% respectively this year.

Rationing and subsidies. Gasoline quotas are being reduced or eliminated, while the cost of importing gasoline and diesel this year is expected to by US$8 billion, when US$3.3 billion had been budgeted.

Privatisation. In the six months to October 2007, US$8.4 billion of government assets were privatised: 20.2% through the TSE, 40.5% through Shares for Justice and 39.3% in settlement of government debts to other entities. Another 531 enterprises are to be privatised the Cabinet has announced. Four future cedings will offer the 20% "management shares" for sale. The first complete privatisation to be purchased by a foreign investor has occurred, 95% of Razi Petrochemical Co was sold to a Turkish consortium for US$650 million. Blocks of Mobarakeh Steel shares continue to be sold through TSE. An airport in Ramsar, Mazandaran province is to be privatised. Nahavandian, President of the Iran Chamber of Commerce, has criticised the privatisation process for its inefficiency and the inability to measure its effectiveness.

Finance, Banking and TSE. TIPEX was at its highest point in three years. The argument between Mazaheri and the government over the level of interest rates continues with contradictory statements made regularly.

THE IMPACT OF SANCTIONS: A VIEW IN 2008

Martin Johnston, Director General at the BICC writes about how the UN sanctions have made an impact on trade between the UK and Iran.

This is an appropriate time to look at British trade with Iran, because there has been a dramatic change in the market since the New Year. Many British companies are unable now to make or receive payments from Iran directly through the British banking system.

Structure of UK's trade with Iran

At its high point in 2005, British exports of goods were £463 million. The Department for Business, Enterprise & Regulatory Reform *[DBERR]* believes that at least as much again is exported from the UK to Iran through Dubai. Iran is our 4th largest Middle Eastern market, after the UAE, Saudi Arabia and Israel.

However since 2005 there has been a drop in exports, nearly 7% in 2006 and 12.7% in the 9 months to September 2007 compared with the same period in 2006. When the figures are available we should expect to see that exports in 2007 as a whole will have fallen by well over 20% compared with 2005. This is due to restrictions on trade with Iran rather than a fall in the competitiveness of British exporters.

In addition to goods the UK exports services, £212 million in 2006. These are significantly "City" services, that is legal, banking and insurance services. Also BICC has a number of Members who wish to invest in Iran either as direct investors or indirectly through general investment funds. Generally the direct investors know they must time their investments to coincide with an improvement in the present political climate.

The UK's competitive advantage in doing business with Iran is: the British-Iranian community and skills in desired sectors for the development of Iran. The historical relationship can be helpful (although this can cut two ways).

Through the EU, the UK is a member of the historically largest supplier to Iran.

"At BICC we are helping Members to find specific satisfactory ways of completing their business with Iran"

UK trade in context

In 2006 the EU provided a third of Iran's imports and China 10%. There are many other country suppliers include the UAE, South Korea, Japan, Turkey, South Africa, Russia and Singapore. This diversity of suppliers may be one reason why Iran has been able to withstand the effect of unevenly applied sanctions thus far.

The leading EU supplier is Germany. Since 2005, exports from EU countries have been declining: for example, Germany's exports fell by 25.6% from its high point to € 3.2 billion in 2007.

Into the space created by the fall in EU exports stepped China, Russia, India and others to a lesser extent – representing a shift in Iran's trade towards Asia. Iran claims China to be its leading trade partner now; displacing Germany. Not only is there a shift in trade to Asia, but Asian companies are taking leading investment positions in the development of Iran's energy and mineral resources.

THE IMPACT OF SANCTIONS: A VIEW IN 2008

The present competitive advantage of Asia is political and in being a low cost supplier – this may prove to be an enduring advantage when EU companies are in a position to reverse the decline in their Iranian trade. As with the UK, this decline in trade is due to trade restrictions.

Trade Restrictions

There are three main trade restrictions which affect UK business with Iran – the export licensing regime of the UK, UN sanctions and US sanctions.

UK licensing is designed to prohibit the export of goods which could have a dual use including the manufacture of WMD. Companies we come across seem to well understand the law and abide by it.

To date there have been three UN Security Council Resolutions *[UNSCR 1737 in December 2006, UNSCR 1747 in March 2007 and UNSCR 1803 in March 2008 intended to prevent supplies to Iran of materials for nuclear enrichment and for weapon delivery systems, and to target Iran's arms exports, Bank Sepah and the Revolutionary Guards Organisations]*. These resolutions appeared to have a limited additional impact on the business of BICC Members, partly, I believe, because, their general purpose is the same as that of UK Export Licensing.

"The greatest impact of sanctions.. results from trade sanctions.. by the US Treasury Department"

The greatest impact of sanctions on British business results from trade sanctions administered by the US Treasury Department. The legislation prohibits virtually all trade and investment with Iran by US companies and persons, wherever they are located. Although US trade sanctions are not extra-territorial, they have an outreach effect on British trade.

During 2007, it is reported, US Treasury officials contacted banks with offices in the US to explain their potential liability under the legislation if their businesses outside the US dealt with Iran. This has persuaded the leading international banks to voluntarily close down their business with Iran. This is one of the consequences of globalisation, but it means that, in effect, the US has called on foreign banks to follow its policy on Iran. During 2007 this led to a withdrawal of Letter of Credit and other credit facilities from the market, but it remained possible to make and receive payments in currencies other than US dollars.

Developments in 2008

Since this New Year financial restrictions on Iran have increased. I have received dozens of calls from exporters to say that now they can't receive or make payments to Iran. This seems to apply to general commerce. As far as I can tell it doesn't apply to payments for Iranian oil or possibly such things as airline sector payments. This is also the case in other parts of Europe and elsewhere. So widespread and sudden is this withdrawal of payments services that it may be the result of a further push by US officials since Christmas.

In certain currency areas some small banks without a US presence will clear payments in their own currency. So for the time being we are advising our Members to open accounts with such banks, receive Iran payments into them and then make a transfer to their UK banks: in this way the UK banks would not know the origin of the payment.

It is one thing to know the theory of how to trade legally in these circumstances; it is another to know which banks to approach. At BICC we are helping Members to find specific satisfactory ways of completing their business transactions with Iran.

Please see the BICC website for up-to-date information on sanctions; www.bicc.org.uk

IRAN'S OIL &

Dr Mohammad Ali Ala writes about Iran's need to lead the market

Introduction

Current predictions suggest that the world's oil consumption is growing at an annual rate of 1.5-2% and will reach 100m b/d by 2020. With non-OPEC production having peaked and declining, OPEC is expected to produce 55% of this demand and the output from the Persian Gulf area is forecast to account for 40% of the world's total consumption.

This demand is expected to be met principally by Saudi Arabia, Iran, Iraq and Venezuela. To meet its share of this rising global demand for oil, Iran must increase its production capacity from the present official level of about 4 m b/d. This is essential if Iran wishes to play a prominent role as an exporter of crude oil, as well as meet its internal consumption needs, during the first three decades of the 21st century. In order to achieve these goals, it is clear that a revitalisation of Iran's flagging oil industry is necessary.

Recognising this and despite the country's troubled history of relations with the western oil companies, the Iranian petroleum industry emerged from a 20-year isolation in1998 and opened its upstream sector to foreign investment. A licensing round was announced and the international oil companies were invited to participate in exploration for new reserves and in the development/rehabilitation of existing oil and gas fields in Iran. Targets of raising production capacity to 5 m b/d by 2010 and to 7 m b/d by 2020 were set.

Since 1998, three further licensing rounds have been held and many European, South American and Far Eastern state and private oil companies have become involved in exploration and production activities in Iran. Yet, progress towards fulfilling the objectives set in 1998 has been slow and Iran has scaled back its production capacity increase to 4.5 m b/d by 2015. Undoubtedly, the American sanctions and the nuclear issue are important contributory factors, but they are not the sole cause of the difficulties faced by Iran's oil industry. To a significant extent, the obstacles are an inherent feature of the contracts and the terms and conditions imposed by the NIOC. In this context, therefore, it is useful to undertake a brief review of the past and current types of contracts in operation in Iran.

Concession Agreements

From the turn of the 20th century until the second world war, the licences awarded to foreign companies in the Middle East were usually of the concession type. Under the terms of a concession agreement, the mineral rights in the area covered by the licence were owned by the companies. The oil reserves in the ground therefore became the property of the companies which compensated the host states through the payment of royalties and taxes.

"Iran needs to stimulate the upstream sector of its oil and gas industry by revisions in the commercial and contractual terms governing its exploration and production ventures with foreign oil companies"

With the recession of colonialism and the rise in the levels of political consciousness as well as the emergence of nationalist sentiments in many countries after the second world war, concession agreements became politically unacceptable. The notion of the ownership of a strategically important resource such as oil by a foreign entity was resented and regarded as an insult to the national sovereignty. Also, it became evident that concession agreements favoured the interests of the licence holder rather than the host country. In Iran, the nationalisation of the Anglo-Iranian Oil Company in 1951 marked the end of the era of granting concessions and their replacement by production sharing agreements.

Gas Industry

the increasing demand on oil production and and meet the rising global demand.

Production Sharing Agreements (PSAs)

PSAs were introduced in the 1950s and are still in use in many parts of the world.

Under a PSA, the relations between the state and the companies are contractual and the state becomes the legal owner of the oil reserves in the ground. The licence holder becomes a contractor who bears the risk of the exploration venture as well as providing capital investment in field development, building production facilities and other infrastructure. In the event of a commercial discovery, the contractor recovers its capital expenditure and costs incurred through a share of the production. The first proportion of oil produced is allocated, over a specified period, to the company and is referred to as 'cost oil'. Once costs have been recovered, the remaining 'profit oil' is divided between state and company in agreed proportions. The company is usually taxed on its profit oil and may also be charged a royalty, but its share of the reserves is bookable in its accounts.

The arrangements by which an international consortium took over the operations of the Anglo-Iranian Oil Company in 1954 was a PSA.

Service Contracts

Foreign companies may be hired to carry out certain services, for a limited period of time, under a technical 'service contract'. Normally, this is a well-defined piece of work for which they receive a fixed fee, usually through the allocation of produced oil. As a service provider, the companies are not permitted book any reserves.

In 1973, the PSA established in 1954 was terminated and replaced by a service contract between Iran and the international consortium members through the formation of the Oil Services Company (OSCO). This contract remained in force until the Islamic Revolution in 1979, when the NIOC took over OSCO's operations.

Joint Venture Contracts

Sometimes the state also participates as a commercial partner in the contract, operating in joint venture with foreign oil companies as a member of the consortium. In this case, the state bears its share of the risk in the exploration stage of the venture as well as providing its percentage portion of development and production costs. It then directly receives the same percentage share of profits.

Prospecting Licence

This is the least complex type of contract between a state and a foreign company. It is also known as a 'seismic option', 'exploration' or a 'drill or drop' permit and carries no commitment initially to a heavy investment in exploration and drilling programme. The licence period is short and the company undertakes an evaluation of the oil and gas potential of the area concerned. Such evaluation involves the acquisition of a certain amount of seismic data, on the basis of which the licence holder decides whether or not to proceed to drilling. In the event of a negative decision, the permit is dropped without any entitlement to the recovery of any of the expenditure by the company. Should the licence holder be interested to proceed to drilling, it negotiates a new arrangement with state within the framework of a PSA, joint venture or a service contract.

Prospecting licences are in use in several parts of the world including offshore West Africa. They stimulate exploration activity in high risk areas where companies may be reluctant to commit initially to a large capital investment. The acquisition of new information is another positive factor and a useful addition to the database on such areas.

Iran could use this model when offering exploration blocks in high risk areas. Risk is a variable element and this is not adequately recognised in the terms and conditions governing the upstream contracts offered by the NIOC.

"There is an urgent need for Iran to address the issue of increasing its production"

The Buyback Contracts

The buyback formula was introduced in the early 1990s and the first buyback contract awarded to a foreign company was the development of the offshore Sirri A and Sirri E oil fields to TOTAL in 1995. Buy back schemes were essentially short service contracts, which include the following main features:

- The foreign companies act essentially as contractors and are required to provide all the risk and investment capital to finance a specified project.
- The exploration and development parts of a project are treated separately and the company making a commercial discovery is not guaranteed the development phase.
- The capital expenditures and the associated interest charges plus an agreed rate of remuneration are recoverable over a period of 5 years from the date of first production.
- Operatorship of the project reverts to the NIOC upon the commencement of production and the foreign company plays no further role in the management of the project.
- The foreign company does not have an equity stake in the venture and is not permitted to book any reserves in its accounts.

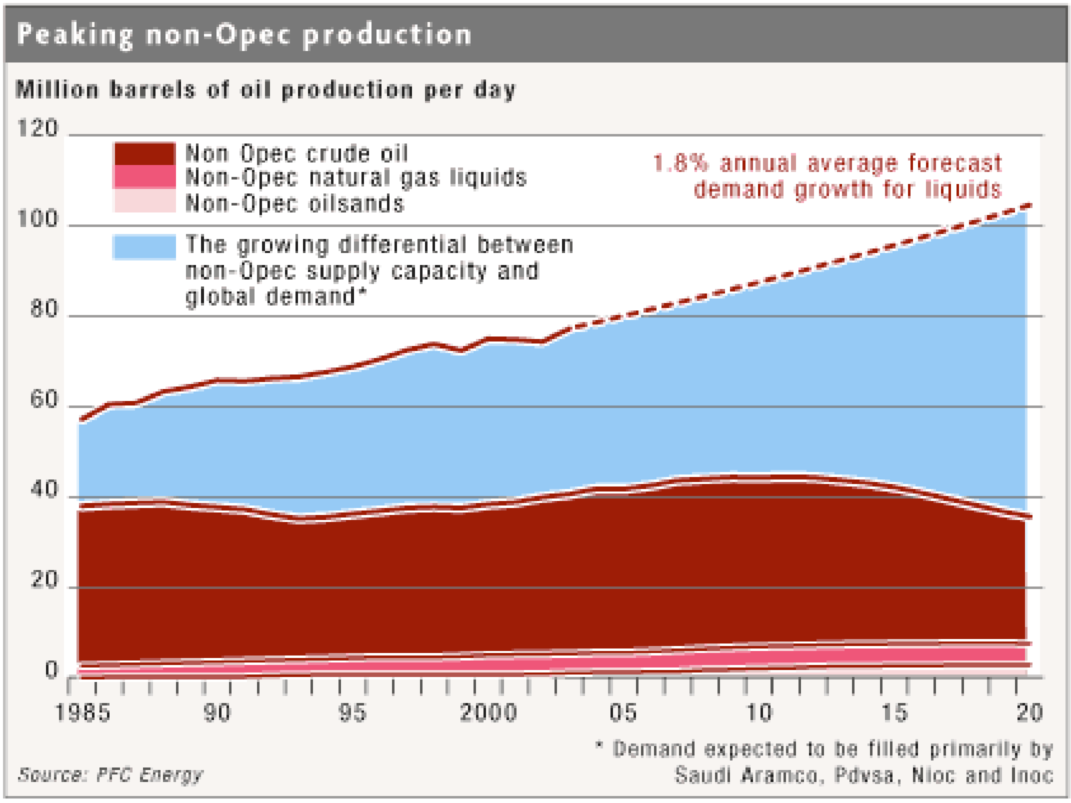
The buy back contracts proved unattractive due to a fixed and low rate of return on investment, short contract life, separation of the exploration and development phases of projects, inflexible terms and the lack of involvement of the foreign companies after the commencement of production. Consequently, they were replaced in 2005 by Exploration and Development Contracts (EDCs).

EDCs

The main differences between EDCs and buy backs are:

- The contractor is guaranteed development phase.
- Contract life is increased to a total of 20 years.
- Involvement of the contractor in the production phase.

Although these provide some advantages over the buy back formula, there is no change in terms of improvements in the rate of return on investment. This remains low and the company offering the lowest rate of return wins the contract. In practice, this means that contracts are not always won by the companies best qualified for the work.



Engineering, Procurement & Construction Contracts (EPCs)

In 2001, the NIOC introduced EPCs for some of its major field development projects. The EPC is essentially a fixed fee service contract and relates to the execution stage of the development projects. In terms of scope, EPCs are concerned with the installation of surface facilities and do not include upstream activities such as seismic data acquisition and interpretation, reservoir studies and drilling. The remuneration is either in the form of a lump sum payment which includes an agreed capital expenditure (capex) plus a profit element, or cost plus an agreed management fee. The contractor also has the option of financing an EPC.

Conclusions

There is an urgent need for Iran to address the issue of increasing its production capacity if it wishes to play a prominent role in meeting the rising global demand for oil and gas during the coming decades of the 21st century. Efficient project execution and meeting increased production targets are essential in this regard.

To maximise the benefits from its energy resources, Iran must give priority to the development of, and production from, the fields that extend across its maritime and terrestrial boundaries into the neighbouring countries. This applies particularly to gas resources.

Improvements, through the introduction of EDCs, in the terms and conditions governing its exploration and production contracts is a step in the right direction, but the system can benefit by offering more attractive commercial terms to foreign investors, further flexibility in contract terms and work commitments to reflect the element of risk in in relation to high risk areas, streamlining and shortening the negotiating process.

Article written by Dr Mohammad Ali Ala

Dr Mohammad Ali Ala has been closely associated with the oil industry for more than 30 years both as an exploration geologist with an independent oil company and as a consultant. He has a BSc in Oil Technology and an MSc, PhD and DIC in Petroleum Geology from Imperial College.

In 1972 he joined Seagull Exploration International and was involved in exploration studies and prospect evaluation in many parts of the world including Africa, northwest Europe, eastern Mediterranean, the Caribbean, South America and the Middle East. In 1976 he became the company’s General Manager in London, responsible for its north European and Middle Eastern operations.

Since 1981 he has been a member of the academic staff in the Earth Science Department of Imperial College, rising to the post of Director of the internationally recognized MSc Petroleum Geoscience Course in 1994. Dr Ala has published more than 50 research and review articles covering the Middle East and West Africa, focusing on the petroleum geology and oil industry of Iran and is on the Editorial Board of the international Journal of Petroleum Geology. He was also Editor in Chief of *Seventy-Five Years of Progress in Oil Field Science and Technology*, published in 1990. Since 1982 he has been organizing and presenting numerous industrial training programs in Europe, north Africa, west Africa and southeast Asia. Currently, Dr Ala is completing a textbook entitled *The Acquisition and Interpretation of Openhole Logs.*

He is co-founder (1988) and Director of *Hydrocarbons Venture Limited,* a UK based organisation involved in consultancy and participation in exploration projects. Currently, he is Chairman of *Azar Energy Qeshm*, a company he co-founded in 2003 with the aim of participating in the Iranian oil and gas sector projects. In 2007 he joined the board of Dominion Energy as a non-Executive Director. Dominion’s principal activity is the exploration and development of oil and gas fields in north Africa in general and in Tunisia specifically.

Reception at the House of Lords 2007

Crispin Blunt MP, Chairman of the Conservative Middle East Council, spoke to Members at the BICC annual reception at the House of Lords in October 2007.

Crispin Blunt MP addressing guests

CMEC promotes engagement and understanding between Conservative parliamentarians and Iran and the Arab world. Mr Blunt explained that an understanding of Iran is an important prerequisite for government. Regular visits by Conservative MPs to Iran had commenced with the assistance of the Chamber.

His own visits had helped him make contacts in the Majlis and with business and to understand something of the economic and political issues facing Iran. Furthermore he had increased his awareness of the impact of the catastrophe of the Iran-Iraq war for Iran. He looked forward to hosting visits to the UK by decision makers in Iran and he foresaw: increased cultural exchanges and trade and a mature security relationship. He suggested that whatever outsiders thought of the present Iranian regime, it was definitely a matter for the Iranian people: imposing western values by military force is an improbable recipe for success and would undermine western values in the eyes of the people of Iran.

There needed to be a better understanding of why the doctrine of interference, implying pre-emptive attacks and regime change, simply will drive Iran into unlikely alliances. He hoped that the work of CMEC and the Chamber would continue to break down the myths and de-bunk the stereotypes of Iran.

CMEC also seeks to build relationships with the British-Iranian community, which numbers several hundred thousand people, and is of vital national interest.

H.E. Movahedian - Iranian Ambassador with Rt. Hon. Lord Lamont, BICC Chairman

Reception at the House of Lords 2007

Rt. Hon. Lord Lamont with Crispin Blunt MP and Joe Daneshvar OBE

Ms Jaleh Chaplin, Ms Jamil Kharazi and Mrs Emamian with guest (R-L)

Rt. Hon Lord Lamont addressing guests.

Members Meeting - Dr Nahavandian

On the 21st February the BICC was pleased to welcome Dr Nahavandian, Head of ICCIM (Iran Chamber of Commerce, Industries & Mines) as the guest speaker at our Members meeting. The speech was followed by a lively Q&A session. A few key quotes are mentioned below.

"It's a pleasure to be here, amongst friends...thanks to Lord Lamont for all the good work that he has done.."

"The main point I would like to make in this friendly environment is; we all share this goal of increasing Iran/UK economic relations.."

"There should be information.. between BICC and Iran Chambers of Commerce, there should be action.. we need many delegations coming and going.."

MEMBERS MEETING - DR NAHAVANDIAN

"You cant find a country with many young people that are highly educated, (as Iran)….mostly female. We have dynamism in the future management of economy in different areas in Iran. For that I think BICC and anyone who wants to work for Iran/UK business can have an impact in industry."

"There are still restraints but the chambers of commerce is now in power to cut the restraints off and have a business friendly environment in terms of regulations in society.."

THE IRANIAN RICH LIST

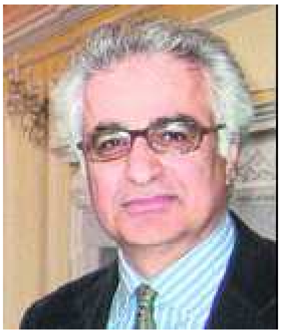
The Sunday Times published their annual 'Rich List' earlier this year. The list had five notable Iranians among 1000 other millionaires in the UK. The highest place taken by an Iranian belonged to David Khalili. Ranked at No. 21, Mr Khalili's vast fortune has been accumulated mainly through art and property.

Ranking: 21
Worth: £2,500m

Professor Nasser D Khalili KSS KCFO, was born in Iran in 1945. Professor Nasser David is a British-Iranian property developer, art collector, and philanthropist, based in London. A scholar, collector and benefactor of international standing, he was described by the former Foreign Minister and the Iranian Ambassador to London as 'a cultural ambassador of Islam'.

After completing his schooling and national service, he left in 1967 for the USA where he continued his education. In 1978 he settled in the United Kingdom. His Islamic art collection extends to 20,000 items and is the largest of its kind held privately in the world.

The Khalili Collections comprise some 25,000 objects and these are now being researched and presented to the public in a series of publications, published by The Khalili Family Trust, and exhibited worldwide. Since 1970 he has assembled, under the auspices of The Khalili Family Trust, a number of impressive art collections in a broad range of fields.



Ranking: 158
Worth: £500m

Mr Ardeshir Naghshineh and family are ranked at no. 158 in the list. Originally from Iran, Mr Naghshineh trained as a civil engineer, graduating in London and working on projects such as the Thames Barrier. He has lived in East Anglia since 1967.

Ardeshir Naghshineh's Norwich-based Targetfollow Group has gone from strength to strength from small beginnings in 1992 and now has a portfolio valued at more than £1bn, containing about 60 investments in office, industrial and retail buildings. It is also expanding into Europe.

Mr Naghshineh always attributes Targetfollow's successes to his "first-class and highly professional team" – pointing out that the property group is "far from a one-man operation". With a staff of more than 250, Mr Naghshineh's businesses also include serviced office provider Targetspace, national car parking firm RCP Parking, cycle security specialist Sekura-Byk, Norwich private members' club Reed's and an organic farm at Salle.

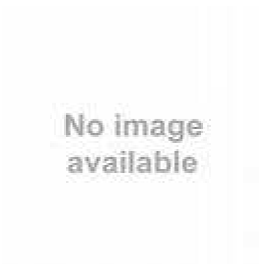
A shrewd business operator with a fast-growing profile in the commercial property world, he remains a modest, thoughtful man who discourages personal publicity and has developed an interest in 'green' issues and remains passionate about all things Norfolk.

THE IRANIAN RICH LIST

Lord Alliance of Manchester and family are at no. 235 on the list. Ranking at no. 150 in the list last year a14% rise in Christmas sales at N Brown, the Manchester-based home shopping group, failed to impress the City, which marked the shares down sharply. But Alliance, 76, the chairman, has seen many ups and downs in the sector.

Ranking:235
Worth: £380m

Lord Alliance serves on a number of committees including the Prince's Youth Business Trust, Council for Industry and Higher Education, and the University of Manchester Foundation, and the Wiseman Institute. A stake in N Brown is worth £284m while other wealth pushes the family to £380m.



Ranking: 525
Worth: £150m

Dr Kaveh Alamouti, age 53, is no 525 in the list. With past salaries, he is worth £150m.Arbitrage specialist Alamouti wrote his PhD thesis on the financial markets. He worked on complex trades for the Tokai He will continue to be based in London despite leaving hedge fund Moore Capital for the Chicago-based Citadel Investment Group. Bank, which paid him £9m in 1992 and £14.5m in 1993.

His 1994 salary fell to £2.35m. Since 1999, he has been running his own operation - Optimum Asset Management - which made a £591,000 profit on £1.1m sales in 2001-02. With his past salaries, Alamouti should easily be worth £25m, even after tax.

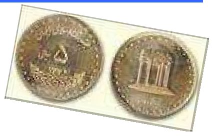
Vahid Alaghband and family are listed at number 597. The main source of wealth is steel and commodities. The Alaghband family, led by Vahid, 56, owns Balli Holdings, a steel and commodities trader, which produced a 5.5m profit on 961.7m sales in 2006. The Iranian family's extensive steel, textile and property interest were taken over in 1979 when the Shah fell. The family moved to Britain and under, Vahid Alaghband, rebuilt their businesses.

Ranking: 597
Worth: £130m

Mr Alaghband is also on the Board of Directors and one of the founder members of The Iran Heritage Foundation, which is a non-political UK registered charity founded in 1995, with the mission to increase awareness about, promote and preserve the history, languages and cultures of Iran.

The above information was sourced from www.wikepedia.org & www.khalili.org, business.timesonline.co.uk

THE IRANIAN BUDGET 2008-2009



The budget for 2008-2009 was negotiated and agreed between the government and the Majlis before Norouz. The comments of both the Expediency Council and the Council of Experts have been incorporated. In summary the numbers are as follows.

Items	**2007-08**	**Gov't Proposal**	**% Rise**	**Majlis Approval**	**%Rise**
Total Budget	$258 Billion	$306 billion	19%	$318 Billion	23%
1. General	$74 billion	$87 Billion	18%	$102 Billion	38%
-Current	*-$54.2 billion*	*-$64.4 billion*	*19%*	*-$75.5 billion*	*39%*
-Development	*-$19.8 billion*	*-$25.8 billion*	*31%*	*-$26.4*	*33%*
2. SOEs, Banks	$184.4 billion	$215 billion	17%	$215 billion	17%

Index	**2007-08 Plans**	**2007-08 Performance**	**2008-09**
GDP Growth rate	7%	6.6%	6.7%
Liquidity Growth rate	30%	35%	35%
Inflation rate	11%	15.7%	15.5%
Investment Rate	8%	4.2%	4.5%
Unemployment rate	10.6%	10.8%	10.5%

- The total budget at US$318 billion has increased 23%, split 32% for government expenditures and 68% for state owned enterprises.
- Within government expenditures, US$75.5 billion (74%) is current and is 39% higher than last year and US£26.4 billion is development expenditure. The latter has been criticised by some who believe there is insufficient economic capacity to absorb such spending without a considerable increase in inflation.
- AGDP growth, liquidity and inflation are intended to remain at 2007-2008 levels Revenues are expected to come from Oil and gas (58%), taxes (25%) and other sources (17%), including privatisation. Oil revenues are calculated at US$50 per barrel (US$1 = Rial 9,000): surplus oil revenues will be paid into the OSF. The government intends to reinvest 3% of oil and gas revenues in extraction and production facilities.
- The budget for fuel imports has fallen fromUS$6 billion last year to U$3.2 billion in 2008-2009 as the result of gasoline rationing which reduced consumption by approximately 20%.
- The budget is different from those of previous years in two main respects. Firstly it shows only a general breakdown of revenues and expenditures – the ministries will be responsible for allocating expenditures in more detail. Secondly responsibility for planning has been moved to the government from the Management & Planning Organisation, which the government has disbanded. Critics argue that these changes will reduce Majlis control and scrutiny of government expenditures.

IBCCIM Members Visit

The BICC welcomed members of our counterpart chamber in June this year. Led by Dr Amir Houshang Amini, Vice President & Secretary General of the Irano-British Chamber of Commerce, Industries & Mines (IBCCIM), the businessmen from Iran were joined by BICC Board Members for a lunch reception at the BICC offices.

During an interview with *The Bulletin* Dr Amini said "We (the IBCCIM) were due to lead a trade mission this month, but this has been postponed to November 2008, this will be a trade mission in tiles. There are also going to be two other incoming missions; one from the food sector and the other textiles later this year".

Dr Amini (stood on the right in the photo below) wanted to highlight that IBCCIM members had reported a slowing of trade between the UK and Iran during the past few years. His members were however optimistic that this situation would improve in the near future. "Some of the trade was being effected by the current sanctions" he said.

(L-R): Mr A. Sabersheikh, Martin Johnston, Dr Ali Sharghi, Mr Hamon, Mr Mohseni with son, Mr Amiri & Dr Amini

(L-R) Mr Ebrahimzadeh, First Secretary - Economic, Iranian Embassy, Y. Daneshvar & Dr Amini

Dr Amini was very pleased with the relationship between the two Chambers. He said "The relation between our two chambers is very good and the key to expanding the commercial relationship is to have more missions between the two countries".

For more information on the IBCCIM, visit www.ibchamber.org

Brief Iranian Economic Headlines

The IBCCIM (Irano-British Chamber of Commerce, Industries & Mines) Quarterly magazine reported the following news:

New appointments in Ministry of Industries & Mines

Minister of Industries & Mines Ali Akbar Mehrabian appointed several new deputies and advisors.

According to the report of Ministry's Public Relations Office, Mehrabian by issuing separate decrees appointed Hassan Sheikhnia as deputy in Human Resources development and logistical affairs, Mohammad Masoud Sami-Nejad as deputy minister in Mines Affairs and Mining Industry. The minister retained Ahmad Ai Harati-nik as his deputy and Chairman of Managing Board of Organization for Development and Renovation of Mines and Mining Industry. He also appointed four new members in the organization's managing board. Abdulhamid Samareh Hashemi and Mohammad Hossein Basiri were also appointed as the minister's advisors.

Iran to Privatise $90 bln of Energy Assets

Iran plans to privatise 47 firms in its energy sector worth $90 billion and set up a holding company for these assets which it will list on four international exchanges, a National Iranian Oil Company (NIOC) executive said. The plan would see the oil and gas companies put under an umbrella group to attract foreign investment, Hojatollah Ghanimi-fard, director of international affairs at NIOC told the London-based Middle East Economic Digest (MEED). He said the firms would also be listed in Tehran by 2014.

Iran, the world's fourth-largest crude exporter, tried to revive its stalled privatisation plan in 2006 by ordering the floating of 80 percent of several firms. But it said the upstream oil sector and key banks would remain in state hands.

Iran's gas likely to be sent to Europe

Iran could be among suppliers of the required gas for Nabucco pipeline but it is up to countries whether to buy Iran's gas or not, the head of Nabucco consortium declared.

This pipeline will deliver gas from Caspian Sea region to Europe. The foreign minister declared that the Nabucco Project can be one of the possible ways for Iran and EU to cooperate in energy-related fields.

The project is estimated to cost 6.14 billion dollars and is to connect the Caspian Sea region to Austria through Turkey by 2011.

The IBCCIM magazine is available to view on line at www.ibchamber.org

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Iranian Official Holidays for 2008

The following holidays are to be observed in Iran in 2008:

Friday 18th January, 2008	Tassoua
Saturday 19th January, 2008	Ashura
Monday 11th February, 2008	Anniversary of Islamic Revolution Victory
Thursday 28th February, 2008	Arbaeen
Friday 7th March, 2008	Prophet Mohammad's Death and Imam Hassan's Martyrdom
Saturday 8th March, 2008	Martyrdom of Imam Reza
Wednesday 19th March, 2008	Oil Nationalisation Day
Thursday 20th March, 2008	Noruz
Friday 21st March, 2008	Noruz
Saturday 22nd March, 2008	Noruz
Sunday 23rd March, 2008	Noruz
Tuesday 25th March, 2008	Prophet Mohammad's & Imam Sadegh's Births
Monday 31st March, 2008	Islamic Republic Day
Tuesday 1st April, 2008	13th Day of Noruz (Nature Day)
Tuesday 3rd June, 2008	Imam Khomeini's Death
Wednesday 4th June, 2008	15th Khordad Uprising
Saturday 7th June, 2008	Martyrdom of Hazrat Fatemeh
Wednesday 16th July, 2008	Imam Ali's Birth
Wednesday 30th July, 2008	Prophet Mohammad's Call to Mission
Sunday 17th August, 2008	12th Imam's Birth
Monday 22nd September, 2008	Martyrdom of Imam Ali
Wednesday 1st October, 2008	Eid Ul-Fitr (end of ramadhan)
Saturday 25th October, 2008	Martyrdom of Imam Sadegh

Persian Gold – First Mover Advantage in Gold Exploration in Iran

Persian Gold, which is listed on the London Stock Exchange (AIM: PNG), was created to take advantage of outstanding gold opportunities in Iran. Iran is a large geological province containing an array of world-class minerals that has been significantly under explored over the past 30 years. Not alone has there been little exploration, but almost none of the new exploration techniques developed in the past generation have been used in Iran. Very few international mining companies are working there creating a unique opportunity for an exploration company like Persian Gold. Persian Gold began operations in 2004 and is currently active in three areas of the country.

Chah-e-Zard near Yazd, is a late stage gold project where a 15 hole-drilling programme produced good results finding gold in 13 of 15 holes. The target is an open cast heap leachable deposit. A further detailed programme of trenching and drilling to define the ore body will get underway by September 2007. The project is a joint venture with the local license holder who holds 30%. Recent drilling on this project catapulted Persian Gold's share price to over 40p valuing the company at over USD$50m.

At Dalli South of Tehran, Persian Gold will shortly begin a drilling programme on a gold/copper porphyry project where soil sampling has shown significant gold values over a large area. The property has never been drilled. Persian Gold has an option to acquire 70% of the concession.

The Takestan area in Northwest Iran is the third area of focus. The Takestan area is particularly exciting. Modern gold exploration techniques have discovered gold associated with silica and alunite. Some of the largest gold mines in the world have been developed or are being developed in silica-alunite deposits in the Andes of South America. The Takestan area of Iran contains over 1 billion tonnes of alunite, the second largest deposit in the world. It has never been systematically prospected for gold. After sampling over 1800 sq km Persian Gold has zeroed in on 4 license areas the most advanced of which is Twin Hills near Qazvin.

The in country operations are over seen by Iranians with specialist support from external consultants. Persian Gold is currently looking to augment its commercial management team in Iran to support its increasing portfolio of projects. The board which has over 30 years experience in the Natural Resources industry and contains the founders of Petrel Resources plc, an Oil and Gas Company operating in Iraq, is privileged to have the technical advice of Monir Davoudzadeh and the board support of Manouchehr Takin to call on. As one of the very few international explorers working in Iran, Persian Gold sees a continuous flow of projects and is interested in discussing any opportunities to increase its operations in Iran. Over the coming years, Persian Gold expects to become a significant Iranian gold producer.

For more information please visit Persian Gold plc website – www.persiangoldplc.com.

If you are interested in placing an advertorial on this page or you would like to place an advertisement in the Bulletin, please contact Asmha at the BICC Bulletin on Tel: 020 7233 4441/020 8451 2924 or e-mail: bulletin@bicc.org.uk or asmhah@aol.com for current rates, (which are available to members at a discount).

(TURQUOISE FUND AD 1/2 PAGE)

Please see inside page for more information on Persian Gold Plc