

# ECONOMIC FOCUS



The 'Haft-seen' display at the IHF New Year Gala

## NOROUZ PIROUZ

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- A Report of the IHF Norouz Gala
- New Feature: Iran's Cultural News
- How Iran's Economy is Faring Today
- Iran's Gas Export Potential to Europe

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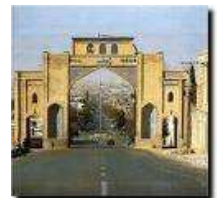
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*Cover showing the 'haft-seen' display at IHF Norouz Gala*

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# NOROUZ MUBARAK

**“ I hope 1390 brings with it good fortune, both professionally & personally”**



I send my best wishes for Norouz to all members. I hope the new year brings with it good fortune, both professionally and personally. We have seen a difficult year regarding the economic and political relationship between the UK and Iran and this may continue in the year ahead, but I admire the energy and perseverance of British and Iranian companies that are continuing to trade despite difficulty. The BICC is always looking at new ways to help its members in both countries continue trade, while staying within legal requirements.

We are introducing a new regular feature in our magazine, highlighting Iranian culture. It will be an opportunity to display the diversity and richness of this age-old culture and also report cultural news. Any recommendations are welcome.

In February the BICC held a Members meeting with Mark Fitzpatrick. Mr Fitzpatrick is the Director of Non-Proliferation and Disarmament at the International Institute for Strategic Studies in London and he gave an update on Iran's nuclear programme. As our Chairman The Rt. Hon. Lord Lamont mentioned during the meeting, although the BICC is a non-political organisation, economic relations are affected by this sensitive topic.

We are glad to have another insightful article on page 16 written by Dr M. Ala, who is an expert in the gas and oil industry. He writes about the Nabucco Pipeline project which could be potentially used to export Iran's gas to Europe.

Also in this issue, we have a look at 'How Iran's Economy is Faring Today' on page 8. This report has very kindly been compiled by Mr Ali Amini and shows some indicators of Iran's economic performance. Iran's economy will also be the topic of discussion at the next Members meeting on the 15th April, when David Butter, the Middle East Region Director of the *Economist and Intelligence Unit* will be guest speaker.

On a final note, I want to highlight the advantages of advertising in the *Focus*. We are distributed to over 1000 companies in the UK, Iran and other countries, so the opportunity to reach a specialised readership should not be under-rated. Please see page 15 of this issue to see the rates offered.

Y. Daneshvar OBE  
Editor-in-Chief, BICC Economic Focus  
Deputy Chairman, BICC



## NOROZ MESSAGES



*“I wish you a festive, peaceful and happy Norouz. Although 1389 was a difficult year for British exporters to Iran, I hope each of you will have success in 1390”*

The Rt. Hon Lord Lamont of Lerwick, BICC Chairman

*“I send my very best wishes to all members of the BICC at this season of new hope. The times are difficult, it is true, both as regards to international trade, and relations between the West generally.*

*I have great admiration for the resolution and ingenuity of members of the Chamber, and wish them well in this challenging environment. Trade, after all, is a means to mutual understanding, which has never been more needed”*

Lord Phillips of Sudbury, BICC President





# IHF NOROUZ GALA



The ever popular IHF Norouz Gala was held at Grosvenor House on Saturday 19th March. The evening was sold out with 750 guests in attendance. Entertainment was provided by Afshin Group with artwork donated for an auction. The evening was a resounding success filled with the spirit linked to the Norouz holiday.

During this joyous holiday family and friends come together and congratulate one another. A beautiful haft-seen table was displayed at the entrance of the venue (photo below). The haft-seen display is traditionally set with special foods and other items to symbolize beliefs and values. All of them begin with the sound of the letter "S". The goldfish in the photo below symbolises life.

To mark the holiday the IHF and the V & A Museum also organised a 'Norouz Study Day' at the V&A Museum on Friday 25th March. The study day celebrated art, music and poetry from Iran with a special connection to the customs and history of Norouz.



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# THE HISTORY OF NOROUZ

**Norouz** or “A New Day” is an ancient festival which celebrates the start of the Persian New Year and is commonly viewed as the “rebirth of nature”. Norouz is the start of the year in the Persian calendar and coincides with the vernal equinox - the first day of spring. In spite of the advent of Islam in the 7th century in Iran, this originally - Zoroastrian feast survived in the course of centuries and remains the most significant national celebration in the country.

## Regional and International Significance

**Norouz** is observed and celebrated not only in Iran but also in many other parts of the world, including parts of Central Asia, the Caucasus, the Crimea & Balkans, South Asia and North Western China. Acknowledging a global recognition of Norouz, the United Nations General Assembly passed a Resolution on 23 February 2010 to remark “21 March - the International Day of Norouz.” The draft for this Resolution had been proposed by Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey and Turkmenistan. Earlier on 30 September 2009 the UN’s Educational, Scientific and Cultural Organisation (UNESCO) inscribed Norouz on the “List of the Intangible Cultural Heritage of Humanity.”

The governments of three Persian-speaking countries: Afghanistan, Iran and Tajikistan, have decided to hold joint annual ceremonies on the occasion of Norouz, commencing in March 2011.

## Norouz in History - Documented History Vs Mythology

According to renowned historians of ancient times, Norouz was an important festival since the time of the founders of the Persian Empire, the *Achaemenids* (555-330 BC), where kings from different nations under the Persian rule used to bring gifts to the emperor, also called King of Kings (*Shahanshah*), of Persian on the occasion of Norouz. In the capital city of the Empire, Takht-e Jamshid, also known as Persepolis, this ceremony had been depicted on the walls and is still visible in its ruins.

In Ferdowsi’s *Shahnameh* the mythology of Norouz dates as far back as the reign of the legendary Iranian king, Jamshid, who in Zoroastrian lore saved mankind from a severe winter that was destined to kill every living creature. The *Shahnameh* commemorates and glorifies Jamshid as a saviour by describing the homage he was paid as one and all gathered about his throne on the ‘New Day’

## Rituals of Norouz

Customs of Norouz, practised during the New Year festival include traditional games, culinary observations, music, dance, oral expressions, crafts and a spread of a symbolic display (*Haft-sin*). Common practices on the eve of Norouz and through the two weeks after the New Day may also include: spring cleaning, purchasing new cloths, painting hard-boiled eggs, family reunions, exchanging presents and visiting friends and neighbours. On the New Year’s Day, families dress in their new clothes and start the twelve-day celebrations by visiting the elders of their family and friends and relatives. On the thirteenth day everyone goes on a picnic outdoors to start the year fresh.

# HOW IRAN'S ECONOMY IS FARING TODAY

*In order to understand how Iran is faring in the face of world economic conditions, rising oil prices and sanctions, we give below a selection of macro-economic indices, largely drawn for the Central Bank of Iran. The general conclusion must be that Iran's economy at the macro level is doing well in present circumstances.*

## Government's Income & Costs

(US\$ billions and %)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
405.1	341.2	284.0	298.8	258.8	207.2	173.9	Total National Budget
141.2	119.4	98.4	93.5	71.4	63.6	62.3	Public Sector Resources
18.3	33.3	6.5	42.1	8.8	3.1	9.8	Public Sector's Growth Rate (%)
76.3	66.4	63.5	61.2	52.7	44.7	42.4	Total Government's revenues
36.1	30.5	30.5	24.7	21.4	16.4	14.7	Government's Tax Incomes
21.8	19.8	16.6	22.2	19.3	19.7	20.3	Government's Oil Incomes
18.4	16.1	16.4	14.3	12.0	8.6	7.4	Other Government's Incomes
97.8	86.5	80.8	82.0	64.6	60.7	49.0	Total Government's expenditures
68.7	62.4	60.4	60.0	47.0	45.0	36.2	Government's Current Payments
29.1	24.1	20.4	22.0	17.5	15.7	12.8	Government's Development Expenditures
11.7	13.0	14.2	15.1	22.2	30.0	53.3	Government's banks & Companies Budget growth (%)
7.0	27.6	- 15.5	88.4	- 28.0	143.8	33.0	Budget Deficit Growth (%)
- 15.2	- 16.8	- 17.6	- 22.2	- 16.7	- 25.2	- 10.7	Public Budget Deficit to Public Sector's Budget (%)
- 4.6	- 4.9	- 4.3	- 5.0	- 3.7	- 6.6	- 3.3	Budget Deficit to GDP (%)

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'



- The Public Sector Budget Deficit was 4.3% of GDP in 2009/2010, less than the previous year and at average levels over recent years and as expected in the next two years
- Total government revenues were US\$ 63.5 billion, 48% of which were tax revenues and 26% oil revenues
- 75% of Government expenditures are current expenditures – the remainder being development expenditures

## Growth and Productivity

(% and US\$ billions)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
3.3	1.9	1.5	2.3	6.7	6.6	6.9	Economic Growth (%)
50.4	48.8	52.7	52.6	55.7	50.6	48.0	GDP (constant price year 1997)
449.4	403.1	394.5	381.5	308.9	245.0	205.6	GDP (current price)
362.0	315.0	296.6	268.3	232.9	178.2	145.8	Non-Oil GDP (current price)

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'

- Economic growth was 1.5% in 2009/2010, having slowed considerably over recent years: in the present year growth is expected to be at a similar rate, before stronger growth in 2011/2012
- GDP is US\$ 394 billion in current prices, of which 75% derives from the non-oil sector of the economy

## Inflation and Income Distribution

(% and US\$)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
16.8	14.2	10.8	25.4	18.4	11.9	10.4	Consumer Price Index (government assessment)
19.4	17.9	20.5	27.2	22.1	20.5	19.3	Consumer Price Index (independent assessment)
13.5	11.6	7.4	20.9	14.9	11.6	8.8	Production Inflation
0.392	0.388	0.387	0.386	0.405	0.400	0.402	Gini Index
329.7	280.6	268.0	226.1	204.4	162.3	138.6	Minimum labour wage
121.7	121.0	132.0	123.3	139.8	131.5	125.6	Minimum labour wage (constant price year 2004)

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'

- The assessment of inflation varies widely between government and independent calculations – the government reporting 10.8%, but others as much as 20.5% for 2009/2010

## Population, employment and productivity

(millions of persons and %)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
75.929	74.766	73.651	72.584	71532	70.496	69.390	Population
1.6	1.5	1.5	1.5	1.4	1.6	1.5	Population growth rate
39.9	39.8	38.9	38.0	39.8	40.4	41.0	Labour Force Participation Rate
15.5	14.6	11.9	10.4	10.5	11.3	11.5	Unemployment Rate (government assessment)
17.3	16.4	14.6	14.6	16.0	15.5	14.7	Unemployment Rate (independent assessment)
0.7	0.5	0.2	0.5	0.7	1.0	1.4	Labour Productivity Growth Rate
- 0.8	- 1.2	- 1.9	- 1.6	- 1.4	- 1.0	- 0.5	Capital Productivity Growth Rate
0.1	- 0.3	- 0.7	- 0.5	- 0.3	0.1	0.6	Total Productivity Growth Rate

Source: Statistical Center of Iran

\*: estimates by 'Iran monthly economic review bulletin'

- Iran's population is nearly 74 million and grows at about 1.5% per annum
- Unemployment is reported by government to be 11.6%, but independent assessments suggest it several percentage points higher
- Productivity is low or negative in labour and capital

## Export & Import

(US\$ billions)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
3730	3687	3557	3945	4057	4052	4106	Oil Production (000b/d)
2206	2168	2024	2309	2522	2486	2602	Crude Oil Export (000b/d)
82.0	78.6	74.7	80.4	78.0	59.6	53.1	Iran's Oil Price Average (US\$)
83.79	74.20	66.21	82.4	81.57	62.01	53.820	Oil & Gas Export
22.10	21.79	21.32	18.89	16.10	14.18	10.550	Non-Oil Export
105.896	95.994	87.534	101.289	97.668	76.190	64.365	Total export of Commodity
8.252	8.002	7.628	8.009	6.929	5.669	4.999	Export of Services
114.148	103.996	95.162	109.298	104.597	81.859	69.364	Total Export
71.263	61.710	66.598	70.199	85.240	49.987	43.381	Total Import (FOB)
34.634	34.284	20.936	31.090	39.428	26.204	21.143	Trade Balance (commodities)
19.568	14.972	10.282	22.903	32.594	20.585	15.392	Current Account Balance
- 14.894	- 13.547	- 13.529	- 9.958	- 13.597	- 6.306	- 0.162	Capital Account Balance

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'

- Oil production is 3.6 million barrels per day, a decline from 5 years ago and production will not rise much in the next two years.
- 57% of production is exported for which the average oil price was US\$74.7 in 2009/2010
- External trade is in surplus, with total exports being US\$95.1 billion and imports being US\$66.6 billion
- There is a surplus on the Current Account but a deficit on the Capital Account
- The leading buyers of Iranian oil are: China, Japan and India, taking nearly 30% of Iran's exports; followed by South Korea and Italy
- A third of Iran's imports are provided by the UAE, China and Germany. This is in striking contrast to 30 years ago when the leading providers of imports were: Germany, Japan and the UK.

### Oil and the Region

(millions of barrells)

Daily Export	Daily Production	Proved Reserves	Country
6.8	8.2	259,900	Saudi Arabia
<b>2.1</b>	<b>3.6</b>	<b>137,600</b>	<b>Iran</b>
1.6	2.4	115,000	Iraq
2.2	2.3	101,500	Kuwait
2.5	3.0	97,800	United Arab Emirates
1.0	1.4	30,000	Kazakhstan
0.6	0.8	27,190	Qatar
0.8	1.3	15,150	Alger
0.7	0.8	7,000	Azerbaijan
0.2	0.4	6,800	Sudan
0.7	0.8	4,980	Oman
0.1	0.6	4,400	Egypt
0.2	0.3	3,300	Yemen

Source: US Energy Information Administration

- Iran has both the second largest daily production and reserves (at 137.6 billion barrels) in the region after Saudi Arabia

## Reserves and Foreign Debt

(US\$ billions and %)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
11.097	8.596	7.274	13.175	23.175	9.555	10.686	Foreign Currency Reserve Fund
21.624	18.900	21.526	21.502	28.647	23.514	24.264	Due Foreign Debts
9.058	8.983	8.787	6.599	9.891	9.100	10.686	Short Term Foreign Debt
41.9	47.5	40.8	30.3	34.5	38.7	44.0	Short Term Foreign Debt to Total (%)
18.9	18.2	22.6	19.7	27.4	28.7	35.0	Foreign Debt to Total Export (%)
4.8	4.7	5.5	5.6	9.3	9.6	11.8	Foreign Debt to Total Production (%)

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'

- At US\$7.3 billion foreign currency reserves almost halved from the year before. This covers about one third of outstanding foreign debts, whilst exports cover foreign debt five times
- 40% of foreign debt is short-term a rise from 30% in the previous year

## Foreign Currencies and Interest Rates

(Iran Rials and %)

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
11256	10889	9979	9677	9357	9226	9023	US\$ to Rials (average)
18825	17711	16003	16909	18792	17437	16198	£ to Rials (annual average)
16133	15294	14108	13650	13096	11744	11017	€ To Rials (annual average)
5.0-10.0	11.0-8.0	13.0-10.0	16.0-10	16.0-8.0	7.0 – 16.0	9.0	Short Term Deposit Interest Rate (%)
13.0	14.0	14.5-15.5	15.0-16.0	12.0-16.0	7.0 – 16.0	13.0	1 Year Deposit Interest Rate (%)
16.0	17.0	17.5	17.0-19.0	16.0	16.0	17.0	5 Years Deposit Interest Rate (%)
16.0	16.0	16.0	18.0	15.5	15.5	15.5	Central Bank Bonds Rate (%)

Source: Central Bank of Iran

\*: estimates by 'Iran monthly economic review bulletin'



- The average Rial/US\$ exchange rate during 2009/2010 was R9,979:US\$1.
- Short term deposit rates were 10-13%
- The 1 Year deposit rates were 14.5-15.5%
- The 5 year deposit rate was 17.5%
- And the Central Bank bond rate was 16%

### Tehran Stock Exchange

1390 (March 2011 to March 2012)*	1389 (March 2010 to March 2011)*	1388 (March 2009 to March 2010)	1387 (March 2008 to March 2009)	1386 (March 2007 to March 2008)	1385 (March 2006 to March 2007)	1384 (March 2005 to March 2006)	Year
359	347	337	346	413	416	413	Number of companies
19203	18215	12537	7967	10082	9821	9459	Price Index
14435	14032	9630	6173	7967	7752	7427	Industrial Index
56383	54175	33642	20553	20883	20770	20941	Financial Index
849	826	549	291	559	695	697	Top 50 companies Weighted Index
27.5	25.5	18.7	14.1	8.1	6.0	6.2	Traded Shares Value US\$b
13.1	11.8	12.1	7.8	2.4	0.8	0.07	Privatized Shares Value US\$b
88.4	80.0	66.2	46.2	51.6	42.7	35.6	Market Value

Source: Tehran Stock Exchange

\*: estimates by 'Iran monthly economic review bulletin'

- Over 300 companies are traded on the TSE, having a total market capitalisation of US\$66 billion.
- The market price index increased over 50% during the year.
- US\$18.7 billion of shares were traded during the year
- US\$ 12.1 billion of shares were privatised through the TSE during the year

The above gives some of the indicators of Iran's economic performance. There will be a further opportunity to consider Iran's economy at the next BICC Members' meeting, on 15<sup>th</sup> April, when David Butter, the Middle East Region Director of the *Economista Intelligence Unit* will lead the discussion.

# UK/IRAN TRADE STATISTICS

## Trade in Goods

Bilateral trade figures: £ million

	2005	2006	2007	2008	2009	% Change 2008/2009	Jan- Dec 2009	Jan – Dec 2010	% Change 2009/2010
<b>UK Exports</b>	463.9	431.4	400.3	412.1	374.0	-9.2%	374.0	285.8	-24
<b>UK Imports</b>	38.8	71.7	66.4	66.6	195.2	+192.8%	195.2	188.9	-3
<b>Balance</b>	425.1	359.7	333.9	345.5	178.8	-48.2%	178.8	96.9	-46

Source: BIS analysis of data from HM Revenue & Customs

- In the year to December 2010, UK exports to Iran, at £285.8 million, were 24% lower than in 2009.
- The reasons for the fall in UK exports to Iran in 2009 may include: a fall in Iran's propensity to import, a loss of UK market share to other countries (particularly in the Far East) and the outreach affects of US sanctions. A loss of UK market share may have been compounded by the demonization of the UK by some in Iran for much of the year.
- UK imports from Iran in the period were £188.9 million, 3% lower than in 2009. This may be the result of greatly increased imports of petroleum products, as was seen towards the end of 2009. Detailed information is needed to confirm this
- The trade balance remains in the UK's favour, but at £96.9 million is 46% lower than in 2009.

## Trade in Services

£ Million

	2004	2005	2006	2007	2008	2009
<b>Exports / Credits</b>	234	204	209	163	261	214
<b>Imports / Debits</b>	61	44	61	44	38	65

Source: BIS analysis of data from Office of National Statistics

- In recent years, the UK has provided over £200 million of services to Iran per annum.
- However service exports to Iran in 2009 declined by 18% to £214 million from a high point in 2008
- Service imports from Iran in 2009 were slightly down at £38 million.

## BICC BOARD MEETING

The BICC Board held its latest meeting on 23rd February during which A. E. Lawrence tendered his resignation from the BICC Board. He said that by standing aside at this point he would allow new appointments to be made to the Board: this was needed from time-to-time to take forward the Chamber's work of improving commercial relations between the UK and Iran. He said he had enjoyed his time on the Board very much indeed. The Rt. Hon. Lord Lamont spoke for all the directors when he thanked Bert for his long years and hard work with the Chamber and - not only in practical matters but also in his observation and interpretation of events, which provided the basis for sound advice. The Rt. Hon. Lord Lamont invited Bert to come into the office as and when he wished and proposed he be appointed an Honorary Member of the Chamber - this was agreed by the acclaim of the Board.

Martin Johnston

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# THE NABUCCO PIPELINE PROJECT - A POTENTIAL OPPORTUNITY FOR THE EXPORT OF IRAN'S GAS TO EUROPE?

BY DR MOHAMMAD ALI ALA

*Our much valued contributor, Dr M. Ala writes about the Nabucco Pipeline project, which could potentially be used to export Iran's gas to Europe. Dr Ala has been closely associated with the oil and gas industry for the past 35 years both as an exploration geologist with an independent oil company and as a consultant.*



## INTRODUCTION

The Nabucco project was conceived in February 2002 as the result of discussions between [OMV](#) Aktiengesellschaft of Austria and the Petroleum Pipeline Corporation ([BOTAŞ](#)) of Turkey with the objective of linking the EU consuming countries to the natural gas sources in the Caspian region and the [Middle East](#). In June 2002, OMV and BOTAŞ were joined by the [MOL Group](#) of Hungary, [Bulgargaz](#) of Bulgaria, and [Transgaz](#) of Romania, forming a consortium of five companies which signed a protocol of intention to construct the Nabucco Pipeline. The project was supported by the [European Commission](#) which in December 2003 agreed to fund 50% of the estimated cost of the feasibility study, including market analysis, as well as technical, economic and financial aspects. In June 2005, the consortium members concluded a joint venture agreement and this was followed by the ministerial ratification of the project in June 2006 in Vienna. RWE of Germany became a shareholder of the Nabucco consortium in February 2008.

The consortium then set about identifying the potential sources of gas and Azerbaijan was the first country to sign in June 2008 the first contract to supply gas through the Nabucco Pipeline to [Bulgaria](#). This was followed by an announcement in January 2009 by Azerbaijan that it was planning to double its gas production over the next five years to supply the pipeline (see below). Further negotiations took place over the next 12 months and by March 2010 the joint venture agreement was ratified by the governments of Turkey, Romania, Bulgaria, Hungary and Austria. Significantly, the EU and US were represented at the ceremony by high ranking envoys, underscoring the strategic importance of the project.

Construction was scheduled to begin at the end of 2011 and the pipeline to enter service by the end of 2014. However, questions over its financing, gas prices, transit tariff rates and the availability of gas in the quantities



that the pipeline is designed to carry when operating at full capacity have created obstacles preventing the Nabucco Consortium from signing long term contracts with any of the potential supplier countries. Consequently, the start of the project will be delayed: construction is now not expected to commence until the end of 2012 and the pipeline to become operational before the end of 2015.

## ROUT AND COSTS



(Sanett, 2010)

Figure 1 The projected Nabucco Pipeline route

The pipeline, 56in in diameter, is to run from Ahiboz, just south of Ankara in Turkey, through Bulgaria, Romania, and Hungary to [Baumgarten an der March](#), a major natural gas hub in Austria, a distance of 3,350km (Figure 1). It would be supplied with gas by the South Caucasus and the Iraq Pipelines (the latter is to be built). It could also be supplied with Iranian gas via the existing 2,577km [Tabriz–Ankara Pipeline](#) (not shown in Figure 1) but this is an unlikely prospect due to the international tension surrounding Iran's controversial nuclear programme. In fact, under American pressure in particular, Iran has been ruled out as a potential source of gas for the pipeline.

Originally, the cost of construction was placed at \$10.7b. However, due to political pressure exerted by the US and EU against the involvement of Iran - or any asset wholly or partially owned or operated by Iran - in any aspect of the project, the consortium has been deterred from the use of the Turkish stretch of the [Tabriz–Ankara Pipeline](#) and plans instead to build a new line to northern Iraq where there are substantial gas reserves. This will add a further 550km section to the pipeline, increasing its total length to 3,900km.

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At current steel prices, an upward revision of the costs to \$19b has been made to reflect the increased length.

## **THE PROBLEMS OF SUPPLY**

As mentioned earlier, the aim of Nabucco is to transport gas from the Caspian and Middle East regions to Europe, which depends on Russia for about 25% of its gas requirements, all of which passes through Ukraine. Disputes over prices between Russia and Ukraine disrupted the supply in the winters of 2006 and 2008, bringing into question the security of this source of supply. The attraction of the Nabucco Pipeline lies in its offering a means of bypassing Russia and Ukraine, thereby reducing this large dependency and diversifying Europe's sources of supply. Accordingly, the EU Energy Commission is urging the consortium to press ahead and start building the pipeline.

In the early years after completion the deliveries are expected to be between 4.5 and 13 billion cubic meters (bcm) per year. The only source of supply realistically available would be the giant Shah Deniz gas field in Azerbaijan, even though Baku and Ankara are yet to resolve a long standing disagreement over transit fees. Shah Deniz is being developed in several phases and phase I is already producing around 7 bcm per year. A consortium that includes BP, Statoil and SOCAR, the State Oil Company of Azerbaijan, has agreed to develop phase II, with a view to supplying Europe with around 15bcm annually. However, this would be subject to Turkey and Azerbaijan reaching an agreement on the transit fee issue.

The pipeline is scheduled to reach its full operating capacity of 31bcm per year, of which up to 16bcm will go to Baumgarten an der March, by around 2020. Currently, the Azeri reserves are deemed insufficient to meet this demand and Nabucco must source additional gas from elsewhere. Turkmenistan and northern Iraq have been considered as potential sources but the former has already agreed to sell more gas to China than it actually produces. Even if it were able to produce enough to meet Nabucco's short fall, the gas would still need to be transported across the Caspian Sea, through territory in dispute between Russia and Iran and this is problematic. As for Iraq, its current hydrocarbon laws lack sufficient clarity as far as foreign investors are concerned, particularly in terms of the enforceability of certain provisions of contracts relating to the export of gas from Kirkuk.

## **CONCLUSION: AN OPPORTUNITY FOR IRAN?**

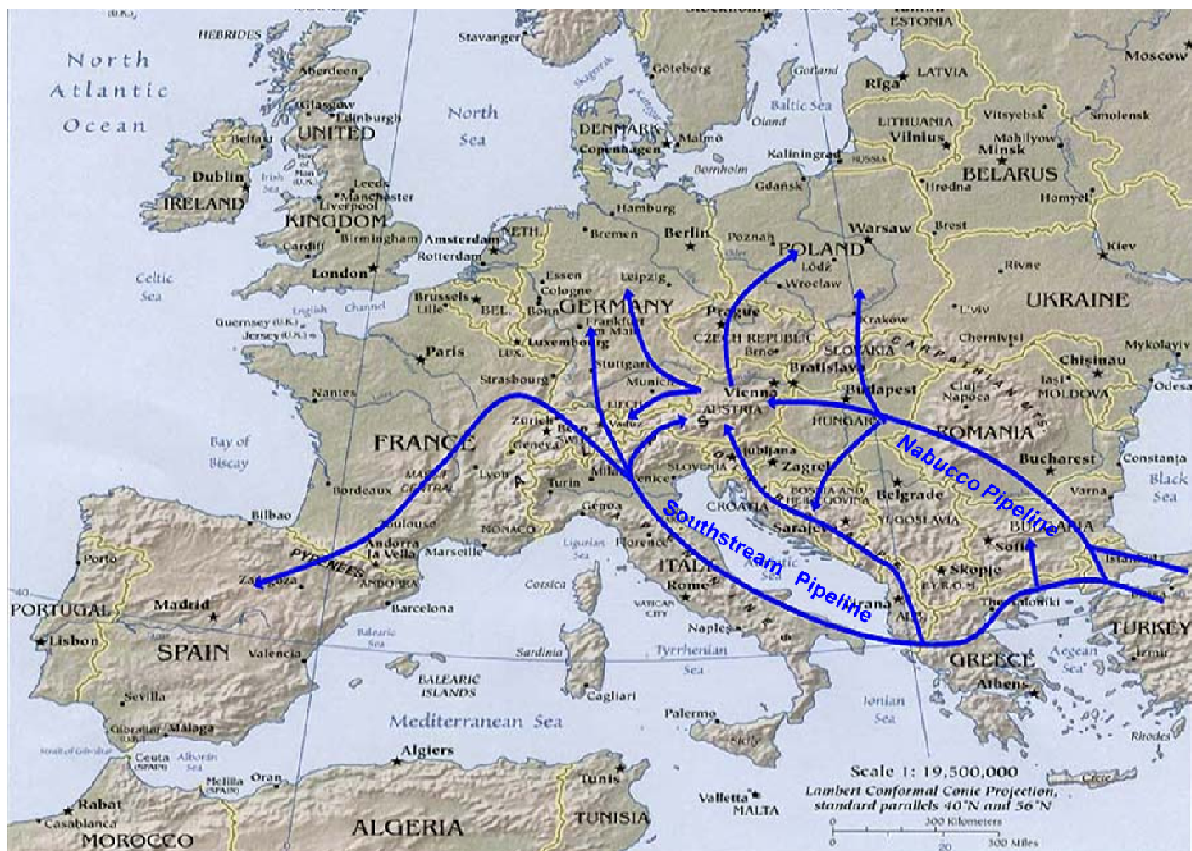
Herein lies Iran's opportunity. It has enormous underdeveloped and underutilised gas resources. Its gas reserves, the second largest in global terms, are estimated at 28.3 trillion cubic metres (*Oil & Gas Journal, as of 1 January 2011*), giving it a reserves-to-production ratio of 278 years (*ENI Oil & Gas Review, 2008*) at current levels of output. The country has no LNG industry and exports only a small amount of gas, around 6bcm annually, by pipeline to Turkey. This is less than one-twentieth and one-thirteenth of Russian and Norwegian

gas exports respectively. Furthermore, despite the size of its reserves, Iran is a net importer of gas: currently, it imports 8 million cubic metres per day by pipeline from Turkmenistan and discussions are underway to construct a second pipeline to increase this import capacity to 40 million cubic metres per day.

On account of the magnitude of its reserves, Iran could, with proper planning, investment and management, easily meet Nabucco's shortfall as the pipeline's gas deliveries build up to its full operational capacity of 31bcm per year. An additional advantage is that this could be achieved by using largely existing infrastructure, namely, the [Tabriz–Ankara Pipeline](#) and would generate substantial export earnings.

Accelerating the development of South Pars – and other recently discovered gas resources - by creating favourable commercial conditions to attract the necessary investment from the first tier international oil companies as well as efficient project execution and on schedule completion of the various phases of the project represent the key to the realisation of this opportunity. Currently, however, the unfavourable political climate arising from the stand-off over the nuclear issue and Iran's pursuit of confrontational foreign policies, UN and American sanctions and unattractive commercial and contractual terms act as a strong deterrent to Western investment in the country's oil and gas industry.

Under the present circumstances there is little prospect of Iranian gas exports to Europe via the Nabucco Pipeline. Only a sea change in the political and economic relations between Iran and the West can have a positive impact in this regard.



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## CULTURAL NEWS IN IRAN

***With a long-standing and proud civilization, Persian culture is among the richest in the world. Two and a half millennia of inspiring literature, thousands of poets and writers, magnificent and impressive architecture, live customs dating back to Zoroastrians over 3000 years ago, and other unique characteristics of the nation are rivalled by only a few countries. Throughout the history, this grand treasure of Persia was gradually transferred to eastern and western nations. Iran's significant contribution into world civilization in many respects is indispensable.***

***To celebrate the rich tapestry of culture in Iran, we are planning to print cultural news and also reports of specific areas of Iran as a regular feature of our magazine.***

### IMPORTED HANDICRAFTS HARMING IRANIANS

Isfahan, once known in the world as one of the most important centres for producing handicrafts, appears to be losing its fame, as more Chinese handicrafts are being sold in the historical city.

Whilst the craftsmen of Esfahan were skilled in producing silk work, brocade, tazhib (a type of Islamic painting), termeh (cashmere) and negargari (Persian miniature) for centuries and their products were exported worldwide; the youth are not showing interest in pursuing their ancestors' professions.

This lack of interest and abundance of Chinese products have been cited as the most important reasons behind the sidelining of Isfahan's handicrafts.



Many tourists to Isfahan and even other historical cities are not aware that the handicrafts they are buying as Persian have been produced in China, although those familiar with Persian art and culture can identify fake products. Many artisans in Esfahan province have lost motivation to create new artefacts and many are bankrupt, as cheap Chinese crafts have invaded almost all markets.

The government has recently approved that certain places be designated for selling domestic products. These places must be constantly supervised by related entities, such as Iran's Cultural Heritage, Handicrafts and Tourism Organisation, and Commerce Ministry, to ensure tourists about the originality of the products.

The Interior Ministry has been ordered to take measures to curb the smuggling of handicrafts too. Persian handicrafts are rooted in Iranian-Islamic beliefs and reflect the historical beliefs of Iranians. Handicrafts produced in Esfahan are among the most prestigious art- works in Iran. However, handicraft markets in Esfahan have experienced many ups and downs throughout history but could only survive extinction with the help of the true lovers of Iranian art.



## TWO HISTORICAL SITES SET FOR UNESCO LISTING

Iran's Cultural Heritage, Handicrafts and Tourism Organisation (ICHHTO) has submitted the dossiers of Golestan's Gonbad-e-Qabous and Isfahan's Jame' Mosque for registration on UNESCO's World Heritage List.

### JAME' MOSQUE - ISFAHAN

Isfahan's Jame' Mosque is a grand, congregational mosque that has undergone regular construction, reconstruction and renovations since 771 AD up to the end of the 20<sup>th</sup> century.



The Grand Bazaar of Isfahan is located towards the southeast wing of the mosque. It is one of the oldest mosques in Iran, which was built in the four-iwan architectural style, placing four gates face to face. An iwan is a vaulted open room. Construction under the Selijuga included the addition of two brick-dome chambers, for which the mosque is renowned. The south dome was built to house the mihrab in 1086/87 by Nizam Al-Molk, the famous vizier of Malik Shah, and was larger than any dome known at its time.

The origin of this mosque lies in the 8<sup>th</sup> century, but it was burnt down and rebuilt in the 11<sup>th</sup> century. It went through remodelling many times. As a result, it has rooms built in different architectural styles, such as that the mosque represents a condensed history of Iranian architecture.

Historians of architecture consider the Friday Mosque of Isfahan to be a masterpiece of brick architecture. While similar in magnitude to mosques found in Syria, it also presents new elements, highly esteemed for their structural ingenuity and complexity.

### GONBAD – E – QABOUS

Gonbad – e – Qabous or Gonbad – e – Kavous is a city in the province of Golestan in north eastern Iran which is dominated by Turkmen.



The city is famous for a historic brick tower by the same name. This tower has a height of 72 metres including the platform, which makes it the tallest pure brick tower in the world. Built with baked brick, the tower is an enormous decagonal building with a conic roof, which forms the golden ratio that Phi equals 1.618. The interiors contain the earliest examples of decorative styles. With its 3 metre thick wall divided into 10 sides, the tower has a diameter of 17 metres.

The tower was built on 1006 AD on the order of the Siyarid Ruler Shamsol Maali Qabous ibn Wushmgir. It is located 3km north of the ancient city of Jorgan, from where the Ziyarid dynasty ruled.

A Kufic inscription at the bottom of the tower reads (in Arabic): "This tall palace for the Prince Shamsol Maali Qabous ibn Wushmgir ordered during his lifetime, in the year 397 the lunar Hegira, and the year 375 the solar Hegira".

Robert Byron, the British travel writer and architectural critic, wrote that it was a photograph of the tower that motivated him to visit Persia. Seeing the tower, he maintained his high opinion of its qualities, writing in the Road to Oxiana, that "the Gumbad-e-Kambus ranks with the great buildings of the world".

Iran plans to submit the dossiers of the tower and Isfahan's Jame' Mosque to UNESCO for registration as World Heritage sites. The occasion marks the tower's upcoming 1000<sup>th</sup> anniversary.

# MEMBERS' MEETING: DEVELOPMENT OF IRAN'S NUCLEAR INDUSTRY

*In February's Members' meeting, Mark Fitzpatrick gave us an update on Iran's nuclear development programme. Mr Fitzpatrick is the Director of Non-Proliferation and Disarmament at the International Institute for Strategic Studies in London. Formerly he spent 26 years in the US State Department, during which he had postings in Vienna, Seoul, Tokyo and Wellington. Mr Fitzpatrick is a renowned speaker on this topic which is at the political centre of issues for trade with Iran. The speech was followed by an interesting Q&A session and a buffet lunch.*

The Rt. Hon. Lord Lamont began the meeting by welcoming Mr Fitzpatrick saying that at the November meeting, Peter Jenkins a former British Ambassador to the IAEA, gave a particular view about Iran's nuclear programme. Mark Fitzpatrick had been invited to this meeting to give a different take on it.

Although the BICC is a chamber of commerce and a non-political organisation, politics and the nuclear programme dominate the business environment so much, that it is necessary to know about the issues and hear the background for better understanding.

## Text of Mr Fitzpatrick's talk:

"Thank you Lord Lamont. As you mentioned I've been dealing with both Iran and North Korea quite a bit throughout my career but very much so over the last couple of years. I've been engrossed right now in producing a book-length report about the North Korea set of problems. I was doing that right up to coming here. So if I sometimes slip and say North Korea while meaning Iran, I hope you'll forgive me! I do think a lot about Iran. I just produced and published what we call a Strategic Dossier on Iran's nuclear, chemical and biological



The Rt. Hon. Lord Lamont introducing Mark Fitzpatrick to guests.

capabilities. We use the word 'capabilities' and not 'threats', because we want to base our analysis on facts, on what is known about the programmes that Iran has and to be wary of unfounded speculation. When people talk about the 'strategic weapons programmes', I think we have to be very careful; the Iraq experience cautioned us about drawing unfounded conclusions. Iran, of course, has a declared policy against nuclear, chemical and biological weapons. This policy is founded both in

religious *fatwa*'s and in Iran's signature to treaties outlawing these weapons. In the case of chemical and biological weapons, claims have been made about Iran violating its commitments and obligations in these treaties. In our study we could not find much that could demonstrate with much conclusiveness that Iran had in fact violated its obligations. Claims that Iran has used chemical weapons against Iraq in the Iran/Iraq war were made back then, but subsequent studies have not been able to verify that.

**B**ut in the nuclear field the evidence is much more clear. IAEA reporting documented 18 years of Iranian violations of its safeguards agreement, so we can on the basis of a pretty strong body of evidence draw the conclusion that we draw that Iran has an intention to have the capability to produce nuclear weapons. We don't claim that Iran has made a decision to produce nuclear weapons; what it wants is the capability to be able to do so and it has furthered its programme to get as close as it can to get to that point to be able to produce them. But it hasn't crossed that line yet. My emphasis and my work over the last couple of years has been on how to strengthen that line between capabilities and production because I think if we can hold that line there then we can get out of this mess without the worst case outcomes that I discussed in my book two years ago.

Iran's endeavour to have these capabilities has not been a crash effort akin to the American Manhattan project which in WW2 in the space of 3 and a half years produced two different kinds of nuclear weapons. Iran's programme has not been at the pace of Pakistan's, which 11 years after embarking on uranium enrichment brought Pakistan to the point of having a highly enriched-uranium-based nuclear weapon. Iran has been at it for 25 years now since starting its uranium programme in about 1985 during the Iran/Iraq war. One has to realise what motivated that programme: Iran was attacked by chemical weapons. We don't have evidence that they responded in kind, but they wanted some kind of a WMD option of their own, so they embarked on a uranium enrichment programme. Iran has not made the progress that Pakistan made, but it's made some progress. From what is known, Iran has 3,000 kilograms of low-enriched uranium which if further enriched -- and it's an important 'if' -- would be enough for 1 or 2 nuclear weapons.

**O**verall, I just want to reinforce the point that Iran, as you all know, has tried to keep its presumed weapons

intentions ambiguous. It has tried to at least adhere to some degree of legality to its programme, although it has violated its IAEA safeguards agreement. But to repeat, the purely peaceful justifications are not credible. Iran's uranium enrichment programme is not the same as Germany, the Netherlands or Japan. You mentioned Peter Jenkins speaking here. I've had the benefit of having a back and forth with Peter via email on this. I think we've come much closer in views. I've tried to persuade Peter, I don't know if he made this case here, but he has made it in some forums that other countries have enrichment programmes and why should we be more concerned about Iran's?

**I** think a point that should be clear is that other countries, including the three that I mentioned -- Germany, the Netherlands and Japan -- although possessing very advanced enrichment programmes, have not violated their safeguard agreements, have not tried to keep inspectors out, have not worked on nuclear weapon designs secretly, and have not built ballistic missiles that are capable of delivering nuclear weapons. To me the basis of evidence of intentions is very different to those set of countries than Iran's. Therefore I think there is a reason to be concerned about Iran's nuclear programme.

**I** don't think that if Iran produced a nuclear programme they would use it. It would be suicidal to use it against Israel, say. But I still think there is a strong reason to be concerned if Iran was to cross that line and produce a nuclear weapon. First of all, even before they got to that point, it would spur others in the region to seek their own options and there is already quite a bit of talk about this. It doesn't mean that Egypt or Saudi Arabia or Turkey would immediately go nuclear, but they would all want to have an option to keep pace with Iran -- not necessarily because they would all feel threatened. Turkey doesn't really have to feel threatened but they want to be on par with Iran. They don't want to lose the power balance game. I've talked to a number of former generals and statesmen in Turkey and they all say that if Iran gets the bomb, we're going to get it too. You hear the same in Egypt. Saudi Arabia has a more real sense of threat, so they talk about getting one too. It would take a lot longer for Saudi Arabia because they are starting from such a low level technologically. Could they buy one from Pakistan? I don't think that Pakistan would be so stupid. But there would be an impulse to do something. So that would be one danger with proliferation.



Another danger would be that when countries get nuclear weapons there is a possibility of the weapon being used, not necessarily through purposeful use, but by mistake or by mis-calculation. In the US/Soviet Cold War there were several times when we came close to a nuclear exchange. Likewise with India/Pakistan they came close a couple of times by mis-calculation, so there is a real danger. There is a danger that the nuclear weapons, were they to be produced, getting into the wrong hands. By this I mean somebody in Iran, not necessarily the government, letting the bomb out the back door. I don't think the government would purposefully give the nuclear weapon to a terrorist group or a group that employs terrorist methods, but you can imagine a disaffected revolutionary guard, or commander, or a scientist, somebody like Pakistan's Abdul Kadeer Khan based in Iran, selling technology, it's not beyond the realm of imagination. The nuclear weapon in Iran's hands would also strengthen Iran's regional role and what many of its neighbours regard as hegemonic impulses. It would give Iran in some ways blackmail leverage; it could take action and feel that its nuclear weapons protected it from any retaliation. There are a number of reasons why I think a bomb in their hands would not be in the interest of the international community.

Iran won't have a bomb tomorrow. It won't this year. In our estimate, it would take at least two years for Iran to be able to develop a bomb, if they decided to produce one -- and that's a big if. It doesn't mean that they would have one two years from now., But just looking at how long it would take if they decided to go for it, that's how long we think it would take based on what they are known to have today. It is possible that if Iran chose a different, untried method of uranium enrichment, they could possibly have a bomb in one year. So when William Hague said in parliament 'one year', it is possible depending on one's assumptions. Our assumption and our study is that Iran, if they wanted to do it would use the method perfected by Pakistan, sold on the international black market; and this would take about two years.

That's just for one bomb. Having one bomb would not be a credible deterrent if a country is going to take the risk of developing nuclear weapons. They wouldn't do it for just one bomb, they would want a handful like North Korea. So this would lengthen the time. So that's why I think there is a reason for concern but I don't think there's enough to give anyone the reason to take military action until there is evidence that Iran was actually seeking to cross that line between capability and production.



BICC Members and guests listening to the talk by Mr Fitzpatrick



There are other ways though, that Iran might try and get closer to that line. If Iran was not to use what is known at its declared facility at a hidden facility, maybe they could get closer without the world knowing. That's the real concern and Iran's willingness to construct nuclear facilities without informing the IAEA in advance as they are obliged to do under standard safe guards is a reason for concern. It is also reason for concern that Iran produced uranium enriched to 20% beginning last year. 20% gets one much closer to weapons grade. It reduces by a factor of five the amount of effort it takes to further reach weapons grade. If they continue at the pace they're on it would still be a year and a half before they would produce enough 20% enriched uranium that would be sufficient for a weapon. But if they expanded the 20% production then that would get them closer.

Now I contend that Iran does not have any legitimate reason to produce 20 %enriched uranium. It says it has to do so in order to produce fuel for the Tehran research reactor. I don't think Iran can safely produce fuel for the Tehran research reactor. Eight years ago Iran said the Tehran research reactor was nearing its safety limits for which it was designed. That was 8 years ago. In the meantime the Tehran research reactor has just about run out of the fuel that Argentina sold it. Now Iran does not produce fuel, though it is not beyond its capability to do so. If it does produce fuel, it needs to test that fuel and the only place to test it is in a reactor. You have to power up the reactor to test it, so it's going to have to power up the reactor with existing untested fuel. It's a catch 22: it can't safely test and certify the fuel. It's unsafe.

There are other unsafe aspects of the Iran programme. What is it producing enriched uranium for? Originally it said it was producing it in order to have a fuel for the Bushehr reactor which is supposed to come on line pretty soon. But Russia has promised fuel for the lifetime of Bushehr and it has already supplied the first load. It's contracted for ten years, which is longer than Russia usually contracts for. Iran doesn't talk about enrichment fuel for Bushehr anymore; it talks about some other plant they say they are going to build in Darkhovan. I don't think there's every going to be a nuclear plant in Darkhovan because it's going to be the world's most unsafe environmental disaster if they do build one. Iran can't build reactors on its own, it can't produce, to my knowledge the kind of large metal components for a reactor which have to be produced seamlessly in order to withstand the intense heat and radiation of the pressure vessel. They can't produce it themselves and they can't procure it because of the sanctions. If they tried to



Mr Mark Fitzpatrick talking to the guests

produce it themselves it would be a tremendously unsafe reactor. I don't think they are ever going to do it.

I don't think there is any other purpose to produce enriched uranium other than the weapons purpose. The evidence of Iran embarking on a weapons design programme is pretty substantial. Now it's not 100% confirmed. It's based on intelligence, mostly supplied by western intelligence agencies provided to the IAEA which says that it's all consistent with its own investigation on procurement and what they know about Iran's programme. This body of evidence suggests that in many ways Iran was working on nuclear weapons design work up until 2004 and maybe, the IAEA now says, currently.

The US intelligence agencies famously in 2007 put out a national intelligence estimate saying that their conclusions were that Iran had suspended its weapons design work in 2004 and probably not resumed it. By the way Britain, Germany, France intelligence never agreed with the US conclusions. The US intelligence agencies have now produced a new national intelligence estimate, which is not public, but from what has been reported about it in the press, it apparently has amended what they said in 2007. It sounds like what they're saying now is that Iran is again looking at nuclear weapons designs. It hasn't gone from design work to construction production. It's still two dimensional, not three dimensional. But there's reason to think that through design work Iran is trying to get closer to the stage of being able to produce.

Once you have enough highly enriched uranium for a bomb, you still need about six months to take that classified highly enriched uranium and convert it to metal and fashion a weapon out of it. Six months is a seat-of-pants estimate. I looked everywhere to get an estimate on how long it takes to build a bomb. It's highly classified; you can't find it. Six months is the minimum.

Because Iran would have to produce more than one weapon to make it feasible, I think the timeline is still long enough for a negotiated outcome, if both sides were to seek a negotiated outcome. I think that what was tabled by the Obama administration in 2009 was not a solution but was a good confidence-building measure to fuel swap low enriched uranium for fuel for the Tehran nuclear research reactor. It was unfortunate that Iran's domestic situation did not allow President Ahmadinejad to follow through on his inclination to accept that deal. It was a win-win for Iran: it would have gotten fuel for the Tehran research reactor and implicit recognition for the right to enrichment. The right to enrichment means so much -- they talk about it all the time and it would have been a real plus. They couldn't take the deal.

Six months later they struck a deal with Turkey and Brazil which inconveniently didn't talk about Iran's production of 20% enriched uranium, nor additional accumulation of low enriched uranium. If those two issues were addressed, I think there's still something to be said for the Brazil/Turkey deal. I think there's still a possibility there.

I understand that in the last two meetings in Geneva and Istanbul the US, GB, France, Russia, China and Germany had a worked out a deal to put on the table but Iran didn't want to talk about it. The meeting was a disaster. They walked away thinking 'what do we do now, there's no way forward', but Ahmadinejad said 'it was a good meeting, we had a good exchange'. So I don't know; there's a different sense of timelines in Iran about meetings and discussions. I'd be very interested in hearing from people who know Iran. So let's make this a two-way discussion. Thank you very much",



Guests after the meeting at the Buffet Lunch

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# MILLIONAIRE INVESTORS TO GET FAST TRACK SETTLEMENT VISA IN THE UK

***In an effort to attract more investment, Britain will offer fast track settlement to affluent foreign investors. Strict requirements on the length of time that people must spend in the country before they can settle permanently will be eased for those willing to invest more than 5 million pounds and foreign investors willing to invest between 5-10 million pounds will be eligible for permanent settlement after three years instead of the present 5 years.***

Those willing to invest more than 10 million pounds will be allowed to apply for settlement after two years. They will be allowed to be out of the country for up to six months a year and still qualify for settlement. Experts said today that the new visas would be attractive to wealthy foreigners from India, middle East and China. A spokesman for Berkeley Law in the West End of London said that many of its clients would welcome the changes as it would make Britain a more attractive destination compared with Canada and Singapore. "We expect the changes will increase the number of people using investor and entrepreneur visa routes into the UK. We have witnessed an increased interest from individuals who wish to enter," the firm said.

**A** new fast-track route for the super-rich was first suggested by Theresa May, the Home Secretary, last year when she made clear that she wanted many more wealth creators to head for Britain. May told the Commons in November: "I will make the application process quicker, more user-friendly, and I will not limit the numbers of these wealth creators who can come to Britain." Prime Minister David Cameron said that he wanted to create an "entrepreneur's visa" and "put out the red carpet" for people able to create wealth and jobs. Those with a "great business idea" and "serious investment" were welcome, the Prime Minister. Investors will have to lodge at least 1 million pounds in a British bank account before being given the new visa

[Please see <http://www.ukvisas.gov.uk> for further information](http://www.ukvisas.gov.uk)



 <span style="border: 1px solid red; border-radius: 50%; padding: 5px; display: inline-block;">10% Discount to all BICC Members</span> <span style="float: right; text-align: right;">Whale Rock Legal Ltd 4th Floor, 15 Basinghall Street London EC2V 5BR</span>							
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<b>LEGAL</b>	<table border="0"> <tr> <td style="vertical-align: top;">Outsourced in-House Support</td> <td> <ul style="list-style-type: none"> <li>■ Support during busy periods</li> <li>■ Transaction, project and litigation support</li> <li>■ Effective project management of external lawyers</li> </ul> </td> </tr> <tr> <td style="vertical-align: top;">Specialist Legal Services</td> <td> <ul style="list-style-type: none"> <li>■ Commodities, shipping &amp; trade finance</li> <li>■ Sanctions</li> <li>■ Derivatives and ISDAs</li> <li>■ FSA compliance</li> <li>■ Credit control</li> </ul> </td> </tr> <tr> <td style="vertical-align: top;">Traditional Services</td> <td> <ul style="list-style-type: none"> <li>■ Litigation</li> <li>■ Corporate/commercial</li> <li>■ HR/employment</li> <li>■ Property</li> </ul> </td> </tr> </table>	Outsourced in-House Support	<ul style="list-style-type: none"> <li>■ Support during busy periods</li> <li>■ Transaction, project and litigation support</li> <li>■ Effective project management of external lawyers</li> </ul>	Specialist Legal Services	<ul style="list-style-type: none"> <li>■ Commodities, shipping &amp; trade finance</li> <li>■ Sanctions</li> <li>■ Derivatives and ISDAs</li> <li>■ FSA compliance</li> <li>■ Credit control</li> </ul>	Traditional Services	<ul style="list-style-type: none"> <li>■ Litigation</li> <li>■ Corporate/commercial</li> <li>■ HR/employment</li> <li>■ Property</li> </ul>
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<b>ACCOUNTING</b>	<ul style="list-style-type: none"> <li>■ Preparation of financial statements and management of the audit process</li> <li>■ Operational control and financial management</li> <li>■ Financial modelling, budgeting and forecasting</li> <li>■ Bespoke financial databases and reporting systems</li> <li>■ Technical advisory and IFRS conversions from local GAAP</li> <li>■ In-house IPO project teams</li> <li>■ M&amp;A Integration management</li> <li>■ FSA regulatory and compliance</li> </ul>						
<b>COMPANY SECRETARIAL</b>	<ul style="list-style-type: none"> <li>■ Compliance packages, which cover:             <ul style="list-style-type: none"> <li>o Registered office</li> <li>o Holding and maintaining the statutory register</li> <li>o Preparing and filing the annual return</li> <li>o Filing the annual accounts</li> <li>o Filing of forms regarding notifiable changes</li> </ul> </li> <li>■ Accounts preparation and filing</li> <li>■ Corporate governance reviews pre-IPO and AIM</li> <li>■ Attendance at meetings and drafting minutes</li> <li>■ Company and partnership formations</li> <li>■ Drafting of shareholders and partnership agreements</li> </ul>						

# BICC DIARY 2011

- 23<sup>rd</sup> February**      Members' Meeting  
Speech given by Mark Fitzpatrick - "Development of Iran's nuclear industry"
- 15<sup>th</sup> April**            **Members' Meeting**  
**David Butter, Regional Director Middle East—"Iran's Economy Today"**
- 22<sup>nd</sup> June**            Members' meeting  
Ben Wallace MP—"The Future of UK/Iran Relations"
- 14<sup>th</sup> October**        Annual Dinner at the House of Commons
- 18<sup>th</sup> November**     Annual General Meeting

Members will receive invitations for meetings and events closer to the date. The next meeting is highlighted above if members have not received their invitations please contact the BICC office to register for places. An on-line diary of BICC events is also available at [www.bicc.org.uk](http://www.bicc.org.uk).

## IRANIAN OFFICIAL HOLIDAYS IN 2011 (Holidays & Anniversaries in 1389 (21 March 2010 – 20 March 2011) in Iran

Tuesday 25th January	Arbaeen
Wednesday 2nd February	Prophet Mohammad's death anniversary
Friday 4th February	Imam Reza's martyrdom anniversary
Friday 11th February	Anniversary of Islamic Revolution Victory
Monday 21st February	Prophet Mohammad's Birth anniversary
Sunday 20th March	Oil Nationalisation Day
Monday 21st March	Noruz
Tuesday 22nd March	Noruz
Wednesday 23rd March	Noruz
Thursday 24th March	Noruz
Friday 1st April	Islamic Republic Day
Saturday 2nd April	13th Day of Noruz (Nature Day)
Saturday 7th May	Martyrdom of Hazrat Fatemeh
Saturday 4th June	Imam Khomeini's Death
Sunday 5th June	15th Khordad Uprising
Thursday 16th June	Imam Ali's birth
Thursday 30th June	Prophet Mohammad's Call to Mission
Sunday 17th July	12th Imam's Birth
Sunday 21st August	Martyrdom of Imam Ali
Wednesday 31st August	Eid ul- Fitr (End of Ramadhan)
Saturday 24th September	Martyrdom of Imam Sadegh
Monday 7th November	Eid ul-Adha (Eid Ghorban)
Tuesday 15th November	Eid Ghadir Khom
Monday 5th December	Tassoua
Tuesday 6th December	Ashura



## IMMIGRATION PREMIUM LTD

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For many years we have been managing individual and corporate immigration affairs, such as:

- Investor and entrepreneur visas (investment of GBP 200,000.00 - rule change imminent)
- Entrepreneur visa (Business opportunities and Business plans)
- Permanent residence in the UK within 2 and 5 years as investor
- Company formation (also UK branch of Overseas Company)
- Property Investment/residence package in Europe
- Inter Company Transfer between overseas and UK operation
- Business visa/Visitor visa

Our qualified immigration advisors are authorized by the Office of Immigration Services Commissioner (OISC)

UKBA conditions and directives apply

### Contact us:

**Tel:** 0044 208 782 11 57 - **Fax:** 0044 208 782 11 59

**Email:** [info@immigrationpremium.co.uk](mailto:info@immigrationpremium.co.uk)

**Website:** [www.immigrationpremium.co.uk](http://www.immigrationpremium.co.uk)

**Address:** No.101, 1 Olympic Way, Wembley Park, Greater London HA9 0NP





## British Embassy in Tehran

### Holidays in 2011

Sunday, 2nd January	In Lieu of New Year's Day
Monday, 21st February	Prophet Mohammad's birth anniversary
Sunday, 20th March	Iranian Year End
Monday, 21st March	Norouz
Tuesday, 22nd March	Norouz
Thursday, 21st April	In Lieu of Good Friday
Sunday, 24th April	In Lieu of Easter Monday
Sunday, 1st May	Royal wedding
Thursday, 16th June	Imam Ali's birth anniversary
Sunday, 21st August	Martyrdom Anniversary of Imam Ali
Sunday, 25th September	In lieu of Imam Jafar Sadegh's martyrdom anniversary
Monday, 7th November	Eid Ghorban
Tuesday, 6th December	Ashoora
Sunday, 25th December	Christmas Day
Monday, 26th December	Boxing Day



**TURQUOISE  
FUND**

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The Professionally  
Managed **Investment Fund**  
for the Iranian Market

## **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.persianguardplc.com](http://www.persianguardplc.com).

**If you are interested in placing an advertorial or an advertisement in forthcoming issues of the Economic Focus, please contact Asmha at the Economic Focus on Tel: 020 7233 4441/020 8451 2924 or e-mail: [bulletin@bicc.org.uk](mailto:bulletin@bicc.org.uk) or [asmhah@aol.com](mailto:asmhah@aol.com) for current rates, (which are available to members at a discount).**

# INFORMA UK

Chartered Certified Accountants  
Registered Auditors

[saeed@informa-uk.co.uk](mailto:saeed@informa-uk.co.uk)

Established in 1998 we have provided a quality accountancy and tax service in the UK for more than ten years. Our head office is located in West London and we have additional offices in North London and Larnaca Cyprus. We have a broad range of clients, from small businesses to international groups of companies. Over the years we have established business associations with a wide network of support professionals which enable us to provide our clients with a full range of services which include:

1. Accountancy for companies, partnerships and sole traders
2. Company formation and branch office registrations
3. Company accounts and tax compliance requirements
4. Forecasting and preparation of business plans
5. Advice on corporate structuring for both trading companies and holding companies
6. UK tax advice, planning and business structuring
7. Cross border tax and VAT advice
8. Domicile issues and tax residence issues
9. Inheritance tax planning
10. Assistance with corporate funding and trade finance including Letters of Credit
11. Assistance with corporate restructuring
12. Assistance with Trade Mark and Patent registrations

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## Persian Gold plc. Middle East Gold Exploration

Persian Gold plc. is a Middle East gold explorer focused on Iran and listed on the London Stock Exchange (AIM:PNG).

Iran is a highly prospective and under explored country for natural resources. Persian Gold has an early mover advantage.

[www.persianguardplc.com](http://www.persianguardplc.com)  
[info@persianguardplc.com](mailto:info@persianguardplc.com)

**Persian Gold plc.**  
Middle East Gold Exploration