

News in Brief

Trade Law Unfriendly To Private Enterprise

Majlis Research Center's Office for Economic Studies which has examined the effectiveness of the policies of Article 44 of the Constitution, has said that optimum implementation of the provisions of the article is only possible by amending trade laws.

Once the amendments are made, the private sector will be able to promote the country's global status and ensure success in international trade, the center contended, according to Fars news agency.

Studies have indicated that some regulations pertaining to customs, import-export and non-usury banking system are more in favor of the state sector rather than the private sector as they provide quotas, exemptions and subsidies. This has created an unfair atmosphere for competition between trading through legal channels and smuggling.

Plan to Develop, Productivity Entrepreneurship

The Labor Ministry will create employment and ensure job security in the Iranian year to March 2009, declared the Labor Minister Mohammad Jahromi.

He referred to plans drawn up by his ministry to develop entrepreneurship and improve productivity, adding the country's economic institutes should move toward producing goods with better quality and lower price, ISNA reported.

"The target would be materialized through innovation and productivity," he noted.

He hoped that banks would continue to grant loans to enterprises with quick returns in the current year.

"We recommend that provincial governorates general, employment and investment councils prioritize the new schemes before submitting them to banks," Jahromi said.

The minister noted that projects worth 600,000 billion rials are being studied by banks, of which 300,000 billion rials have been approved.

He added that banking facilities should be granted according to a well-defined system, adding liquidity should be managed and channeled toward production sector.

He hoped that the economically viable plans, approved by banks, would get good results in the current year under the supervision of banks, employment and investment councils as well as the people themselves.

No Ultimatum to Total, Shell

Iran has not issued any ultimatum to Total and Royal Shell oil companies on the development of South Pars gas field, said Oil Minister Gholamhossein Nozari.

"Iran has issued no ultimatum to Total and Shell on the development of offshore South Pars gas field," MNA quoted Nozari as saying on Friday.

"The presence of these companies in phases 11 and 13 of South Pars is continuing as per schedule," he said. "The West has been reporting that Iran was in the process of expelling Total and Shell. In fact, no ultimatum has been issued to them," he added.

South Pars is one of the world's biggest gas-fields, extending across an offshore area in the Persian Gulf shared by Iran and Qatar.

Oil Stored in Tankers Doubled



10 tankers hold at least 20 million barrels of oil, equal to about 5 days of Iran's output.

Iran, OPEC's second-largest oil producer, more than doubled the amount stored in tankers in the Persian Gulf, people familiar with the situation said.

The 10 tankers hold at least 20 million barrels of oil, equal to about five days of the country's output, said the people, who asked not to be identified because the information isn't public. Rates for tankers have more than tripled since April 8, based on data from the Baltic Exchange and ship-fuel prices.

While oil rose to a record \$119.93 a barrel on April 28, Iran has a glut of its sulfur-rich crude as refineries that can process the fuel shut down for maintenance. The discount on Iranian heavy crude compared with Oman and Dubai petroleum has more than doubled since the start of the year, according to data compiled by Bloomberg.

"There's not much demand for heavier crudes such as those from Iran," said Anthony Nunan, assistant general manager for risk management at Mitsubishi Corp. in Tokyo. "It's the peak of the refinery maintenance season in Asia, and Iran also sells oil to Europe and the Mediterranean, where some refineries are hav-

ing turnarounds," or seasonal shutdowns for repairs, he said.

Iran's use of ships for storage cut the supply of available supertankers, owned by companies including Hamilton, Bermuda-based Frontline Ltd. and Euronav NV, based in Antwerp, Belgium. The number of double-hull very large crude carriers (or VLCCs), available to rent within the next 30 days dropped to 28 from 56 a month ago, according to Paris-based broker Barry Rogliano Salles.

The benchmark tanker rental rate for voyages to Asia from the Middle East is \$148,000 a day, compared with \$44,300 on April 8, according to prices from the London-based Baltic Exchange and a formula from Oslo-based RS Platou Shipbrokers A/S.

Iran previously stored its Soroush and Norouz heavy crudes in state-owned tankers because the sulfur content made the fuel too difficult for refiners to process.

Previous buyers of the oil include SK Corp., South Korea's biggest refiner, and Reliance Industries Ltd., India's biggest company by market value.

Limited domestic processing capacity in Iran

requires the country to import about 40 percent of its gasoline because national refineries can't make enough. Lighter crude with less sulfur is costlier as it yields more profitable products such as gasoline.

Iran typically keeps two or three supertankers on standby to deliver crude, Per Mansson, a tanker broker at Nor Ocean Stockholm AB, said by phone.

"There's a lack of on-land storage and this enables quick supply" to buyers in Europe and Asia, he said.

Soroush and Norouz crudes contain about 3.5 percent sulfur. Syria's Souedieh, at 3.9 percent, is the only grade in the Middle East with more, according to data from New York-based Energy Intelligence Group.

The discount for Iranian heavy crude relative to lighter Omani and Dubai oil is at \$3.25 a barrel, compared with \$1.49 in December, data on Bloomberg show.

State-owned National Iranian Tanker Co. is also hiring vessels in the single-voyage, or spot, market for contracted shipments for the national oil company. Normally, the shipping line uses its own vessels.

Mahallat to Host Int'l Flora Exhibit

The Eighth International Flora and Ornamental Plants Exhibition will be held in Mahallat, Markazi province, from August 21-25.

Announcing this, Mahallat governor told IRNA that the exhibition aims to introduce the products of the province to domestic and foreign companies, increase exports and establish a proper venue for exchange of information.

"Some 168,000 people participated in last year's exhibition," Khodarahm Kiani said, expressing hope that the number of participants would increase in the upcoming event.

He noted that some 900 hectares have been devoted to cultivation of ornamental plants and growing flowers in Mahallat which exports flowers to all over the world, mostly Europe. Experts believe that Iran can turn into one of the leading exporters of flowers in the world provided that necessary infrastructure is available.



\$6b Invested In Petrochem Plants

Bakhtar Petrochemical Complex has announced that it has invested some \$5.9 billion in 12 affiliated plants so far.

The complex's managing director, Abbas She'ri-Moghaddam said that all 12 complexes as well as the West Ethylene Pipeline (WEP) will become operational within the next three years.

The West Ethylene Pipeline begins in Asalouyeh, Bushehr province and is linked to the petrochemical plants and provinces in western Iran. The aim of the pipeline is to expedite the development of deprived region, he said, according to PIN.

The official recalled that in November 2002, the government decided to establish the West Ethylene Pipeline to transfer ethylene gas from Asalouyeh to the southern and western provinces to compensate for the underdevelopment and to stimulate production in the region.

"Due to the huge amount of water needed by ethylene or ethane producing complexes, the plants have been set up in the southern part of the country near the Persian Gulf," he concluded.

Banks Blamed for High Housing Prices

Caretaker of the Ministry of Economic Affairs and Finance has said that some banks are responsible for the sharp rise in the price of houses.

Hossein Samsami told reporters that the failure to manage liquidity and market stimulation, created by a number of banks in the housing sector, are the main factors for the hike in prices, reported Fars news agency.

"A strong tax regime can help us support production and combat harmful activities," he noted, adding that such a move would stabilize the economy and help boost welfare.

Samsami said that implementation of Article 44 of the Constitution should be seriously pursued.

He called for further discussion on the issue of economic mafia, adding that undoubtedly a number of profit seeking groups are involved in importing certain commodities. "However, I do not have sufficient information on this," he noted.

He declared that new bank lending rates will be announced next week. Samsami said earlier that the ministry will adopt new strategies to improve economic indices.

Competition a Must For Social Justice

Former Supreme National Security Council secretary Ali Larijani said Friday that economic competition is a prerequisite for the establishment of social justice.

"There is no justice in a country where there is no competition for production," Larijani said in a pre-sermon address at the Friday prayers in Tehran, reported IRNA.

"There should be competition for generating wealth, not implementation of socialist views. Justice means all should be treated equally before the law and the economic system should be based on 'production and growth'," he stated.

From the Islamic viewpoint, a healthy society depends on a healthy economy, Larijani pointed out, adding that Majlis should become a symbol of unity.

Experts say competition gives incentives for self improvement. If two companies are competing for business, they will lower prices and improve quality to increase sales.