

## News in Brief

## Pakistan Wants \$200m As IPI Transit Fee

Pakistan has asked India to pay a flat \$200 million annually as transit fee for the portion of the proposed Iran-Pakistan-India (IPI) gas pipeline traversing that country's territory carrying gas to the Indian border. The offer was conveyed to Indian Petroleum Minister Murlidhar Deora by his Pakistani counterpart during the former's visit to Islamabad late last month.

According to the Financial Express, a senior government official associated with bilateral talks on the IPI gas pipeline told FE that Pakistan has agreed to de-link the transit fee from the price of gas and has now asked India to pay \$200 million a year, which is at the rate of 42 cents per million British thermal unit (mmBtu).

The official, who was not named, said that efforts were on to narrow the wide difference between what the Indian side had offered to pay and what was demanded by Pakistan.

"As India had agreed to pay 15 cents, it has asked the Pakistani authorities to further reduce the fee and make it nominal, given that Pakistan would also be off-taking gas at 80 percent of the pipeline length. We expect India and Pakistan to be able to conclude an agreement soon on the transit fee along with the two other issues concerning transportation charges and the project structure," said the official.

## Domestic Funding Expected For SP Projects

The Oil Ministry, which is to make a decision on Foreign Direct Investment in South Pars (SP) gas field development project by June 20, has announced that it will use local funds to develop phases 13 and 14.

According to Fars news agency, Shell and Repsol companies will have to change their financiers to be able to continue their activities in the giant gas field.

Shell is to channel its finances through the UAE, Venezuela and Oman to implement phases 19 and 20 of the gas field.

Meanwhile Shell and Repsol companies are due to assist Iran in conducting the technical aspects of phases 13 and 14 of South Pars. Based on the report, Total of France which was unable to reach an agreement with Iranian officials, informed the Oil Ministry of its views through the Iranian ambassador to France, Ali Ahani.

The two sides are unlikely to reach an agreement on continued participation of Total in Iranian projects. Total has a 40-percent stake in phase 11 of South Pars.

South Pars is the largest offshore gas field in the world.

## Power Supply to Turkey May Increase

Energy Minister Parviz Fattah in a meeting with visiting Turkish Foreign Trade Minister Kurshad Tuzmen announced that Iran has agreed to deliver electricity to Turkey via Nakhichevan, an autonomous region of the Azerbaijan Republic.

Fattah also encouraged Turkish businessmen to invest in the construction of thermal and hydroelectric power plants in Iran and said that as a country with huge gas and energy reserves, Iran can play a key role in providing Turkish needs.

According to ISNA, trade between the two countries increased by \$2 billion from 2007 to 2008 and now stands at \$10 billion.

The two sides are expected to raise this amount to \$20 billion by 2011.

## Banks Urged to Assist Manufactures

The main feature of the policymaking-supervising package of the government for banks is to boost production to help breathe new life into the economy, said minister of industries and mines.

Ali-Akbar Mehrabian explained that the growth in commerce and exports depends on higher production. Therefore the ministry has given priority to supporting production, he added, according to Fars news agency.

The minister urged the Central Bank of Iran to expedite the process of allocating the 33-percent share of industries and mines sector in banking facilities in the year to March 2009 since the growth in production is effective in controlling inflation, he contended.

The banks' reluctance to grant credits to the industry and mines sector due to different excuses would impair production, Mehrabian said. And with a reduction in economic growth, inflation would intensify, he warned.

# Closer Ties With Persian-Speaking Nations

Iran is genuinely interested in trilateral cooperation deals among the three Persian-speaking nations of Iran, Afghanistan and Tajikistan. Such a union, if formed in the future, will definitely enhance Iran's regional status and create new links between Iran and Central Asia and beyond.

Forged by the common bonds of culture and language, this trilateral cooperation was recently given a 'big jump', to quote Iranian Foreign Minister Manouchehr Mottaki, who attended a meeting with his counterparts, Hamrokhon Zaripov and Rangin Dadfar Sepanta, in Dushanbe, the Tajik capital, in March.

The three men issued a lengthy joint communiqué, consisting of a prelude and 12 clauses that emphasized the need to expand economic, trade, transportation, energy and cultural exchanges among the three countries, according to Asia Times.

As member states of the regional organization, the Economic Cooperation Organization (ECO), Iran, Afghanistan and Tajikistan have framed their trilateral cooperation largely within the



Iranian Foreign Minister Manouchehr Mottaki and his Tajiki and Afghan counterparts, Hamrokhon Zaripov (c) and Rangin Dadfar Sepanta (r), in a meeting in Tajikistan in March.

## As member states of the ECO, Iran, Afghanistan and Tajikistan have boosted trilateral cooperation within the framework of the organization

framework of the ECO, as a sub-category of their broader, multilateral cooperation on a regional scale.

The recent breakthrough in the long sought after trilateral cooperation with Afghanistan and Tajikistan, if carried through with meaningful implementation, actually readies Iran for SCO membership, where it has observer status, as it signals a greater degree and level of Iran's integration in a region deemed important by the SCO.

Here, an important priority of Tehran is to create the necessary infrastructure for greater economic interaction with neighboring Afghanistan and 'near neighbor' Tajikistan, in light of the

relatively low level of trade with both countries—in 2006, Iran's net exports to Afghanistan were barely more than \$500 million, compared to \$7 million in imports.

Similarly, Iran's exports to Tajikistan for the same year stood at \$128.4 million compared to \$6.6 million imports from Tajikistan. This is not to mention Iran's economic assistance to both countries, for example, free shipment of oil to Tajikistan.

As part of its effort to enhance inter-regional trade, Iran has been an enthusiastic supporter of the ECO's vision for an ECO free-trade area by 2015, as well as ECO's trade agreement, that seeks to lower trade duties to 15 percent on 80 percent of goods traded within eight years.

At last November's meeting of the ECO's council of ministers in Herat, Afghanistan, specific attention was given to building new transportation linkages and to implementing the rail and road parts of the ECO's Transit Transport Framework Agreement.

This is an issue of interest to India as well, a participant in the project known as the North-South Corridor that aims to connect Iran's port city of Chahbahar to points in India via Afghani-

An important priority of Tehran is to create the necessary infrastructure for greater economic interaction with neighboring Afghanistan and 'near neighbor' Tajikistan, in light of the relatively low level of trade with both countries

stan. For now, however, significant security, financial, political and other hurdles have slowed considerably the implementation phase of most ECO projects and it remains to be seen if the new boost in trilateral cooperation mentioned above will also boost cooperation among the ECO states as a whole—the fate of this trilateral cooperation depends to a large extent on substantive improvements in bilateral relations.

## Drilling Industry Role Highlighted

Deputy oil minister and head of National Iranian Oil Company (NIOC) has underlined that the most important section of the oil industry's technical services export is the drilling sector.

Speaking at the First National Congress of Iran's Drilling Industry, Seifollah Jashnsaz said that compared to other NIOC subsidiaries, the drilling sector has the highest capacity for providing technical services, reported PIN.

Referring to drilling activities in Iran, he predicted that onshore drilling industry will expand by three percent while the offshore section will advance by nine percent in next few years.

Private sector involved in the drilling industry has been given incentives to take part in operations in the Middle East, particularly in Iraq, he said.

On training programs of the National Iranian Drilling Company, Jashnsaz said, it could meet the demands of the Persian Gulf states.

The two-day event in Ahvaz, Khuzestan province ended on Thursday.



## Iran Among Top Agro Producers

Iran is geographically suitable for the production of various agricultural products, and according to the World Food and Agriculture Organization (FAO), ranks among worlds' top 10, producing one-third of the world's agricultural crops.

According to IRNA, Head of Iran's Food Industries Union, Mohammad Hosseini, made the comment at Malaysia's 5th Halal Food Exhibition, adding, "Manufacturing Halal foodstuff in Iran has been increasing in recent decades."

He added, "Iran produces more than 83 million tons of agricultural products annually, including 64 million tons of beans, 13 million tons of lemons, limes and oranges, world's largest quantity of high quality saffron, as well as large amounts of pistachio, pomegranates, and various types of dates."

Support for agriculture and self-sufficiency in the sector is high on the government's agenda.

During the First Five-Year Economic Development Plan (1989-1994), \$4.2 billion were spent in the agriculture sector. Iran's agriculture sector grew by one percent in 1996 and 4.5 percent in 1997. The gross value of products in Iran's agricultural sector reached \$25 billion in 1997.

While 28 percent of the country's manpower is involved in agriculture, agricultural output makes up just about 30 percent of Iran's non-oil exports. A report of the Ministry of Industries and Mines said that more than 237 food processing industries with a capacity of 1.5 million tons a year will be commissioned in the coming years.

