

Former WTO Chief: Reforms More Important Than World Trade Organization Entry

TEHRAN, Dec. 19—Visiting former World Trade Organization (WTO) director general said economic reforms could help improve Iran's economy far more than the country's accession to WTO.

According to ISNA, Mike Moore said in his meeting with the Agriculture Jihad Ministry officials that although WTO entry is essential, it would be more beneficial for Asian economies to embark, first and foremost, on economic reforms.

"Southeast Asian economies, especially Japan, South Korea, Malaysia and China, managed to improve the lives of at least 200 million people through 10 years of extensive economic reforms," he said, adding that the rejection in the past eight years of Iran's WTO applications was purely politically-motivated.

He said countries which could join the WTO rapidly were those whose political leaders are resolved to traverse the path of membership.

WTO director-general from 1999 to 2002, Moore, who is also a former prime minister of New Zealand, said continued negotiations with WTO member-states could help Iran get its accession talks started.

He said the best thing about China's WTO membership is that it could no longer pay subsidies to its producers to dominate other countries' consumer markets, adding that it took the populous country some 15 years to join.

Experts believe the opposition by the US of Iran's 20th bid for talks on its WTO membership and the World Trade Organization's decision earlier this month to begin accession talks with Iraq and Afghanistan showed how crucial Tehran's political role in the region is in determining the fate of its applications for WTO membership.

Saeed Leylaz, a prominent economic commentator, told ISNA last week that at the outset the country

should not have been optimistic about its latest application 'essentially because the EU's pledges to support Iran's bid could only have an impact on the 21st request'.

He said the WTO decision to begin talks with Afghanistan and Iraq, whose economic and industrial capabilities are far below those of Iran, indicate the country's accession negotiations would not depend much on economic criteria.

The go-ahead for Iraq and Afghanistan at the world body came with no dissenting voice among the trade body's 148 member states, but Washington said it was still studying Iran's request—the same response it has given for the past three years.

Observers maintain while the door to the WTO is open for Kabul and Baghdad, entering the Geneva-based organization can be a lengthy process, with Russia and Saudi Arabia still in talks after a decade.

Gasoline Imports Impossible Due to Technical Problems

Gov't Fuel Decision In 2 Weeks

TEHRAN, Dec. 19—A senior Oil Ministry official said here on Sunday that even if the parliament gives the go-ahead for import of 30 million liters of gasoline per day, the government would not be able to purchase and then transport such a huge amount of fuel using existing facilities.

Mohammad Aqaei Tabrizi, deputy oil minister and head of the National Iranian Oil Products Distribution and Refining Company, told ISNA that the Management and Planning Organization (MPO) and the parliament are required to make the necessary coordination among other state bodies to optimize gasoline consumption.

He further said that given the growth in demand, gasoline will most probably be rationed as of July 2005.

"There are only three options, including allocation of \$475 million for petrol imports, domestic sale of imported fuel at international prices or rationing gasoline," he said, adding that the government's final decision on the sensitive issue will be announced within two weeks.

Oil Minister Bijan Namdar-Zanganeh said last week the government will require an extra \$500 million for gasoline imports to be able to meet growing demand in the next three months.

The government has already managed to persuade the Parliament to approve \$800,000 for the purpose. The Khatami administration had asked for \$1.3 billion.

Zanganeh told Fars news agency that the Oil Ministry is currently studying the possibility of submitting a new bill to the Parliament calling on the lawmakers to approve more funds for the much-needed fuel imports.

He further said that gasoline consumption presently stands at 62 million liters a day, stressing that more than \$1.5 billion worth of the product has been imported since March.

Economic Performance Satisfactory

TEHRAN, Dec. 19—Macroeconomic performance during March 2000-2004 indicated that the growth rate in gross domestic product has reached 5.6 percent, approximating the 5.7 percent rate anticipated in the Third Five-Year Development Plan (2000-2005), ISNA reported Sunday.

The Third Plan has placed special emphasis to creating proper conditions for economic growth to generate employment. It has targeted the creation of an average 762,000 jobs per annum.

If the target for job creation as stipulated in the Third Plan, is achieved, unemployment rate would drop from 16 percent in 2000 to 12.6 in 2005.

The performance of the economy during the fourth year of the Third Plan indicate that the average growth in supply and demand of the job market during 2000-2004 stood at 641,000 and 536,000 respectively.

According to the Statistics Center, unemployment rate has fallen from 14.25 percent in 2000 to 10.4 percent in the first three months of the current Iranian year (commenced March 20). Given the efforts made in this field, the country has achieved success in economic sector notwithstanding the fact that Middle East has been experiencing its most volatile and unstable situation in recent years.

Deputy governor of the Central Bank of Iran, Akbar Komeijani, observed that the country has started its current economic year while serious concerns about fresh military actions in the region and continued external threats against Iran existed.

The United States had earlier threatened to refer Iran's nuclear dossier to the United Nations Security Council to impose economic sanctions against Tehran.

However, new pressure spurred economic drive and the country could maintain its stability and maintain the economic boom which began in 2000.

According to Komeijani, improvement in production, reducing unemployment and containing runaway inflation were the main priorities of macroeconomic policies in the current Iranian year.

Credit Rating Upgraded by Fitch

TEHRAN, Dec. 19—British rating agency 'Fitch' lowered the risk rating on Iran long-term foreign obligations, government's short-term loans and credit ceilings from B+ to BB- in a report released last week, according to IRNA.

Central Bank of Iran (CBI) here Saturday said that the change in rating means that Fitch has lowered by one notch its credit risk assessment on Iran.

Iran's credit improvement stems from lowest level of government debt and foreign obligations among the countries, which it surveyed, the report further said.

It also singled out Iran as having one of the best standing in terms of liquidity in the list of countries under consideration.

Fitch said the high oil revenues provide a solid backing for the country's current assets and bode well for meeting the government's short-term obligations—a policy which is in line with instituting economic reforms, enjoys the full support of high-ranking officials.

Fitch estimated that oil revenues will stand at \$34 billion, while it expects the increase in state expenditures to outpace the growth in revenues.

It, however expressed concerns about the lack of fiscal discipline in expenditures, notably over the allocation of surplus oil revenues from the Foreign Exchange Reserves Fund as 'detrimental' in case of a drop in oil revenues. It said that the ramifications of lowering trade restrictions and implementing policies on determining foreign exchange rates will slowly be felt in the economy.

It lauded the Expediency Council's directive to expedite the privatization drive, including ceding several state-owned banks' shares to the public, as a crucial step in instituting economic reform.

The Expediency Council, the top policy making body, earlier this month approved a plan to cede to the cooperatives and private sectors some 65 percent of the shares of several state banks, state insurance companies, airlines, power generation and transmission firms and telecom networks.

The Expediency Council has modified Article 44 of the Constitution as a step towards economic reforms. The article stipulates state monopoly over the economy.

The Central Bank of Iran (CBI), Bank Melli Iran (BMI), The Industry and Mine Bank, the Agriculture Bank, the Maskan (Housing) Bank, the Export Development Bank of Iran (EDBI) and Sepah Bank were excluded from the provisions.

Some 65 percent of the state insurance companies and the power generation and transmission firms except for Central Insurance Company and the national power networks will be ceded to the private or cooperatives sectors.

Furthermore, 65 percent of the shares of post and telecom firms except for the main telecom networks, telecom frequency affairs and administration of the post affairs will also be ceded to the private and cooperatives sectors.

In addition, 65 percent of the shares of airlines and state shipping firm will be sold to the private and cooperatives except for the Civil Aviation Organization and the Ports and Shipping Organization.

Agro Output Reaches 64m Tons

TEHRAN, Dec. 19—Some 18.5 million hectares of the country's lands are arable, ILNA reported, adding that Iran's agricultural production stands at 64 million tons per annum.

Quoting statistics released by the Ministry of Agriculture Jihad, the news agency added that agriculture sector contributes to 11.6 percent of the gross domestic product (GDP), 21.4 percent of non-oil exports and 20.8 percent of the employment in Iran.

The sector is also has a share of 4.2 percent in the country's total investments and is responsible for 9.7 percent of its imports.

Pastures make up some 54 percent of the lands in Iran. Farmlands are 11.3 percent and the rest is forests and desert areas.

Literacy rate among Iranian farmers stands at 47 percent while 12 percent of them are above 65 years of age. Some 75 percent of precipitations fall at times plants do not require water.

Gold Deposits at 300 Tons

TEHRAN, Dec. 19—Iran's proven gold deposits stand at 300 tons, ISNA said Sunday quoting a report by Iran's Mining House.

According to the latest figures released by the State Mineral Exploration and Geology Organization, the hydrocarbon resource-rich country holds 300 tons of gold deposits against the previous estimate of 100 tons.

Several international companies have shown interest in or are already involved in gold exploration projects across Iran.

Last month, UK press said John Teeling, the entrepreneur who heads five quoted mineral exploration companies, was planning to prospect for gold in Iran through a company called Persian Gold.

The businessman recently raised 429,000 euro from more than 50 private investors to fund the first phase of the project. Teeling has secured a one-year license on a 1,250



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square mile field near the town of Takestan, northwest of the capital Tehran.

The company has used satellite technology to identify potential deposits and plans to use new technology to mine the site.

Iran is rich in natural resources although gold exploration has been

minimal over the past 25 years, due in part to sanctions imposed by the US. The country holds 10 percent of the world's proven oil deposits and also has the second-largest natural gas deposits after Russia. The Iranian government is now keen to attract western investment into other sectors.

However, gold trade is prohibited in the country as the Central Bank of Iran (CBI) insisted last month that the ban will continue to be enforced.

Under a 1991 bylaw regulating export, import and trade of gold, silver and platinum, exporters of gold products will have to obtain a permit from the CBI.

Foreign Investors Help Create Jobs

TEHRAN, Dec. 19—Some 19 industrial units have so far been set up on the Persian Gulf island of Kish in partnership with foreign investors, Fars news agency said, quoting a report by Secretariat of the High Council of Free Trade Zones.

It added that these units, once operational, could provide jobs for 1,080 people. The report further noted that some \$38 million plus 135 billion rials has

been invested in the projects.

Investors from Britain, Germany, Sweden, Singapore, France, Taiwan and United Arab Emirates are involved in several industrial projects on the island. Some Canada-based Iranian businesspersons have also joined in over the past few years.

Kish Island produces various oil and gas industry equipment such as those used in drilling

operations. Also manufactured on the island are sanitary products, streamer cables.

There are printing and packaging facilities on the island, too.

Kish has become a focus of attention for wealthy expatriate Iranians with some of them already involved in major tourist projects on the island.

Hossein Sabet, an Iranian who owns several businesses and hotels across Europe has built

a five-star hotel on Kish Island, Hotel Darius is, however, one of the few huge investments by Iranian expatriates given their increasing concerns over security issues and varying business rules in Iran.

This is while officials have repeatedly announced that the prevailing instabilities in economic laws of the mainland do not and should not apply to those in the free trade zones.

ICCI Meeting in Abu Dhabi

ABU DHABI, UAE, Dec. 19—The 42nd executive committee meeting of the Islamic Chamber of Commerce and Industry (ICCI) opened here on Sunday.

According to IRNA, representatives from Iran and 16 other Islamic states are attending the meeting.

Head of Iran's Chamber of Commerce, Industry and Mines Ali-Naqi Khamoushi is leading the Iranian delegation to the

meeting. The meeting will assess the situation of regional offices of Islamic chambers of industries in countries such as Saudi Arabia, Malaysia, Turkey and Egypt.

It will also seek to consolidate the activities of private sectors in those Islamic countries.

Delegations from Malaysia, Saudi Arabia, Azerbaijan, Egypt, Jordan, Kuwait, Oman, Pakistan, Qatar, Syria,

Tunisia, Togo, and United Arab Emirates and from the Organization of Islamic Conference are attending the meeting.

The ICCI is affiliated to the Organization of the Islamic Conference which groups 57 Islamic member countries.

It represents the private sector chambers, unions, and federations of chambers of commerce and industry of member countries.

Tehran to Host Advertising Exhibit

TEHRAN, Dec. 19—The First International Marketing and Advertising Exhibition will be held at Tehran's International Fairgrounds in late January, announced the head of the organizing committee of the exhibition.

According to a press release faxed to Iran Daily by the committee, Seyyed Ali Etedali said the exhibition aims chiefly to promote national advertising industry and introduce the latest technological

achievements in relevant fields.

He further said that advertising firms participating in the event would also become further familiar with the existing rules and regulations pertaining to their business.

"This exhibition will help pave the way for greater cooperation between Iranian and foreign advertising industries, which could lead to promotion of Iranian goods on the international target markets," he said,

adding that the exhibition could also help provide an accurate assessment of domestic potentials in advertising and marketing sectors.

He invited domestic and foreign companies as well as organizations and information dissemination centers to participate in the event.

For further information, please contact the exhibition's organizing committee at

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