

CBI: GoldQuest Activities Illegal

TEHRAN, May 25--Governor of the Central Bank of Iran (CBI) said here on Wednesday that the activities of GoldQuest and EBL companies in Iran are illegal and against Islamic laws.

Ebrahim Sheibani told Fars news agency that the CBI has repeatedly announced that these companies cannot operate in Iran. "I personally wrote to several sources of emulation and asked them to announce that these companies are doing illegal activities here," he added without specifying whether he received any response or not.

The CBI governor said the bank has issued several communications against the activities of such companies in Iran and they have been aired on the broadcast media.

Also speaking to Fars news agency a lawmaker said on Wednesday that the Parliament is determined to prohibit the activities of companies operating like GoldQuest.

Seyyed Mahmood Abtahi said 50 lawmakers are planning to table the motion.

The Central Headquarters for Fighting Smuggling of Goods and Foreign Currency spokesman said earlier that two consignments of Goldquest gifts have been seized recently.

Mohsen Bahrami told reporters that no official organization has authorized its activities in Iran, saying GoldQuest gifts are regarded as contraband.

Single Bank Rate Initiative Needs Rls.1.7 Trillion

TEHRAN, May 25--A top Management and Planning Organization (MPO) official said here on Wednesday that the government will have to pay 1.7 trillion rials in subsidies to the agricultural and industrial sectors following the decision by Monetary and Credit Council to unify bank rates.

Gholamreza Tajgardoost, deputy MPO chief for economic affairs, told the Persian daily Sharq that financial facilities rendered to the agriculture sector has to increase by 30 percent in the wake of the initiative.

The official said, however, that the government would have no difficulty providing the funds, underlining that some criticisms are rooted in the lack of knowledge about its objectives.

"It is possible to make the initiative operational in a week, only if economic officials follow up the issue seriously," he said, adding that the implementation of the single bank rate scheme would depend much on cooperation among the various state organizations and officials.

The issue of multi-tier bank rates has always been a heated topic of debate among monetary and banking circles in Iran.

Experts blame multiple bank rates for a remarkable portion of financial wranglings in the banking sector.

In an attempt to put an end to such controversies, the Monetary and Credit Council decided recently to unify bank rates.

Under the new ratification, the council has set the uniform rate at 16 percent.

This means the agro sector is in trouble as it used to receive loans at profit rates ranging from 13 percent.

While the initiative took effect a few weeks ago, economic experts are still uncertain about whether the move would help the banking system.

They argue that in a country like Iran, where economic stability has been affected largely by poor customs regulations and low international trade, a single bank rate cannot act as a remedy for the country's economic ailments.

Some of them contend that a single bank rate would have more negative consequences than positive.

Trade Deal With Switzerland

VIENNA, Austria, May 25--Iran and Switzerland on Tuesday signed a non-preferential trade agreement to boost economic cooperation.

Iran's Minister of Commerce Mohammad Shariatmadari and Swiss Economics Minister Joseph Deiss signed the agreement in Bern, the Swiss capital.

Under the agreement, the first between the two countries, Iran and Switzerland are obliged to protect intellectual property.

Politicization, Rent-Seeking Haunts Economy

TEHRAN, May 25--Iran's economy is one of politics and rent-seeking, observed a senior economic official here on Wednesday, calling for greater transparency of the economic structures.

Farshad Momeni, who is also a university professor, told ISNA that it is not possible to improve the national economy without creating transparency and preparing the ground for the participa-

tion of specialists in market supervisory affairs.

He said market economy and democracy are the leading models for economic and political development in today's world.

The status quo of market economy and democracy in a given society would determine the level of progress or backwardness in that society," he said, adding that market economy is a prerequisite for achieving political free-

doms and upholding social rights.

The expert further noted that the time has come for Iran's management system to evaluate the level of success in efforts to liberalize the economy.

Momeni said that while Iran's economy is blessed with huge untapped financial and human resources on the one hand, it also suffers from 'terrible waste of resources', on the other.

US Mulling Latest Stance On Iran's WTO Bid

WASHINGTON, May 25--The United States has not decided whether it will again block Iran's application to join the World Trade Organization, a top US trade official said on the eve of high-level nuclear talks between Iran and the European Union's three biggest powers.

"We're still looking at that," Deputy US Trade Representative Peter Allgeier told Reuters.

"Tune in on Thursday" when the WTO General Council again considers Tehran's application to begin membership talks, he said.

The United States has long blocked Iran's bid to become a WTO mem-

ber, including most recently in December.

Washington has imposed extensive sanctions against Iran, which it has accused of wanting to develop a nuclear weapons program and supporting terrorist groups--claims that are strongly rejected by Iran.

The United States shifted policy in March and agreed to support European Union efforts to entice Tehran to give up its nuclear ambitions through a package of economic incentives that included support for membership in the WTO.

The WTO General Council meeting in Geneva on Thursday is

the first opportunity the US and the other 147 WTO members will have to review Iran's application since March.

It will come one day after another meeting in Geneva on Wednesday between the foreign ministers of France, Britain and Germany and Tehran's top nuclear negotiator.

The EU trio warned Iran earlier this month that resuming any activities related to uranium enrichment--a process of purifying fuel for nuclear power plants or weapons--would prompt them to refer the case to the UN Security Council for possible economic sanctions. Washington backed that warning.

Tehran Mushroom Exchange Open

TEHRAN, May 25--Tehran Mushroom Exchange was inaugurated here on

Tahmasbi, deputy minister of agriculture Jihad for horticultural affairs, said at the inaugural cer-

emony that the ministry's

12,000 tons in the past couple of years.



Average annual mushroom production has reached 12,000 tons in the past couple of years.

Wednesday. According to ISNA, Mohammad Ali

estimates suggest production would hit a record 20,000 tons by

March 2006.

Textile Industry Hit By Strong Euro



In Iran, production costs in the textile sector are 30 percent higher than global standards.

TEHRAN, May 25--A textile industry official said here on Wednesday that the government has turned the industry into a scrap yard for imported machinery as the huge gap between the value of the euro and the greenback has added to the challenges facing the already troubled sector, which receives loans in dollar and pays for machinery in euro.

Ali Reza Haeri, a member of the board of directors of Iran Textile Industries Association, told Moj news agency that the 60-percent increase in the value of the euro against the greenback has turned textile industry into a loss-making business.

He said the banking system has demanded the repayment of the loans in the current value of euro.

The official said the national textile industry is hard hit by high inflation rate, which has lowered the people's purchasing power, debts to banks and dilapidated machinery.

"The newly-established textile mills are incapable of repaying their debts under the present circumstances," he added.

Experts believe that government officials have not yet realized that prices must come down if textile products were to compete with foreign-made goods.

Euro has lowered the prices of its textile products in the past 10 years

whereas prices have doubled in Iran due to lack of competition.

In Iran, production costs in the textile sector are 30 percent higher than global standards.

Experts say, in addition to poor competition, the numerous legal and administrative constraints to production are to blame for the exorbitant prices.

More importantly, China's rapidly growing garment industry has become the No.1 threat to Iranian textile and garment industries.

National textile industries are increasingly concerned about the prospect of the domestic markets coming completely under Chinese domination in the coming years.

Poor Marketing Blamed For Low Agro Exports

TEHRAN, May 25--Poor marketing has led to a decline in the number of international customers for Iran's strategic agro products such as caviar and pistachios, said an economic expert here on Wednesday.

Ali Asadi told ISNA that Iran has had to sell its products at low prices on the international markets.

"International purchasers of Iranian products are suspicious about the quality of these goods due to



Global demand for pistachios currently stand at several million tons while Iran could export 150,000-200,000 tons of pistachios per annum.

their low prices," he said, pointing out that the quality of Iranian is the best in the world.

He said Iranian pistachios are not marketed properly, which is why they are not exported to some international markets.

"Some countries, such as the United Arab Emirates, have created obstacles to direct pistachio exports from Iran by playing the role of the main re-exporter of Iranian products to international markets," he said, adding that Iranian pistachios are packaged in the UAE and re-exported to global markets.

Global demand for pistachios currently stand at several million tons while Iran could export 150,000-200,000 tons of pistachios per annum.

Experts believe that the large publicity campaign by the United States, which has turned into a major pistachio producing country in recent years, has helped Iran take advantage of growing international market for the nut.

However, pistachio production could decline by over 60 percent in the year to March 2006 due to unseasonably hot weather in March and frosts in April that hit almost all parts of the country's pistachio growing region in the southern province of Kerman.

Iranian farmers sell pistachios to cooperative companies for \$4.1 per kilo. Iran produced 240,000 tons of pistachios in 2003.

Khorrabad Oilfield Exploration Bids Under Review

TEHRAN, May 25--National Iranian Oil Company (NIOC) has announced that it has started reviewing proposals submitted by eight international oil companies for exploration and development of Khorrabad oil block in Lorestan province, the press reported here on Wednesday.

IRNA quoted the Persian-language daily Eqtesad-e Poya as reporting that the NIOC has opened financial envelopes of

Khorrabad tender and that the contract for exploration and development of the block will be signed within the next few months.

The report quoted Hossein Roshandel, director for exploration blocks at the NIOC Department of Exploration Affairs, as saying that the company is also negotiating with the bidders for exploration and development tenders of three more blocks--Kouhdasht, Gamsar and Raz.

He stressed that the contracts for four or five blocks from a total of 16 blocks that Iran put on international tenders in 2003 will be signed before President Mohammad Khatami leaves office.

The official further announced that the NIOC has defined 12 oil blocks in sedimentary regions of the country and that it would soon hold an international tender for simultaneous exploration and development as well.