

30% of Oil Revenues Invested In Development

TEHRAN, Feb. 13-- Some 70 percent of oil revenues is spent on current expenses while only 30 percent is invested in development projects, said a lawmaker here on Tuesday.

According to Fars, Hadi Haqshenas said that the proposed budget bill for the year to March 2008 would increase dependence on oil and aggravate liquidity.

"Some 28 years after the Islamic Revolution, the country has managed to develop higher education, industries and healthcare services even in remote areas," he said, stressing, however, that much work remains to be done and many capacities have yet to be utilized.

He said the government must implement privatization policies under

Article 44 of the Constitution, which allows large-scale privatizations, stressing that this is the only way through which the state-economy-related problems could be resolved.

The MP said the budget bill for the year to March 2008 is submitted to the parliament at a time when the country has already gone half way through the Fourth Plan (2005-2010), adding that the Fourth Plan has envisaged an eight-percent growth and a 20-percent decline in liquidity.

Economic officials in Iran have worked hard in recent years to reduce the country's dependence on oil revenues. In spite of this, oil continues to be the country's main foreign currency earner. In December, Central



Hadi Haqshenas

Bank of Iran (CBI) put the revenue from crude oil, derivatives and gas condensates at \$36.5 billion during the late March-November period.

According to Fars, the CBI report suggested that in the eight-month period, crude oil exports earned the country some \$31.9 billion, showing a 15.1-percent rise against the figure for the corresponding period the previous year. It said oil revenues exceeded budget target for this year by a remarkable 237 percent.

Revenues from export of oil derivatives and gas condensates, the report said, stood at \$4.6 billion in the period.

The ratio of the government's rial earnings from oil exports to its entire revenues stood at 34.3 percent in the March-November period compared to the 47.8 percent of the same period the previous year.

The report further stated the State Treasury had received 128 trillion rials out of the rial equivalent of \$25 billion (223.3 trillion rials) of oil revenues earned during March-August.

Iran holds the world's second largest oil and gas reserves.

Anti-Smuggling Body Mulling New Measures

TEHRAN, Feb. 13--A senior anti-smuggling official said here on Tuesday that state organizations which cooperate in the campaign against smuggling of goods and foreign exchange should be rewarded properly as one of the effective mechanisms to make the anti-corruption fight a success.

Hamid Reza Mohammad-Taqizadeh, secretary of Headquarters for Combating the Smuggling of Goods and Foreign Exchange, told ILNA that the headquarters will establish special working groups to tackle major smuggling cases.

"We will also reward state organizations which cooperate in major cases," he said.

The official further said that smuggling of goods via free trade zones (FTZ) is still continuing, stressing that customs bureaus must have a stronger presence in FTZs.

"We cannot fight import of goods into FTZs because this is quite legal, but the problem starts with the import into the mainland of the same goods," he said, adding that the smugglers are abusing FTZ laws.

He said the headquarters is planning to prevent smuggling of goods from the FTZs into the mainland.

Last month, Mohammad Reza Naqdi, who heads the Central Headquarters for Combating Smuggling of Goods and Foreign Exchange, said the campaign against financial crimes would contribute effectively to developing the national economy, stressing that some of those involved in major corruption cases are working hard to influence judicial procedures.

"We must also do our best to get justice done perfectly and quickly with respect to these cases," he said.

According to Mehr, the official further said that those who violate the people's rights and pocket illegal money through unfair economic competitions must be confronted.

"Why should business owners and merchants who are doing business through legal channels pay the price for the illegal activities of those who are earning illicit money," he asked.



The headquarters is planning to prevent smuggling of goods from the FTZs into the mainland.

Khamoushi in German Talks

BERLIN, Feb. 13--Head of Iran's Chamber of Commerce, Industries and Mines Ali-Naqi Khamoushi on Monday held talks with his German counterpart Martin Wansleben and the President of the Federation of Wholesale and Foreign Trade (BGFA) Anton Boerner in Berlin, Iranian embassy announced Tuesday.

Khamoushi called for boosting private German investments in Iran, in view of the recent decree by Supreme Leader Ayatollah Seyyed Ali Khamenei on Article 44 of the Iranian Constitution which has opened the door for foreign

investments, IRNA reported.

The Iranian official pointed to the benefits of the huge Iranian market, especially in the industrial and trade sector.

Khamoushi also took part in a panel discussion with German business and trade representatives, responding to questions about investment possibilities in Iran.

Khamoushi was due to take part later in the day in a seminar in Hamburg on privatization and investment opportunities in Iran.

Iran remains one of Germany's biggest trading partners in the Middle East.

Oil Bourse Near

KISH, Hormuzgan, Feb. 13--Oil Minister Kazem Vaziri Hamaneh said late Monday in this southern island that a stock market for trading shares of oil companies will be established in Iran's southern of Kish in the near future.

Speaking to IRNA while inspecting a local gas transfer operation, the minister said the stock market will be set up jointly by oil and economy ministries.

The stock market will be open to the public soon after the appointment of a managing director and members of a board of directors.

Earlier, a senior lawmaker said that the Majlis Energy Commission is planning to press for speeding up the implementation of the project to establish an oil bourse in Iran.

Kamal Daneshyar, who heads the commission, told Fars that the commissioners will refer to President Mahmoud Ahmadinejad on this effect.

"The commissioners will write to the president and demand the rapid implementation of the project," he said, adding that the oil minister and the minister of economic affairs and finance as well as the president are in favor of establishing an oil bourse.

The lawmaker, however, said that the oil mafia which operates outside the Oil Ministry and the traditional

approaches of some managers are the main stumbling blocks to the materialization of this objective.

It was announced in September that Iranian rials will be used as the main currency at the much-publicized oil bourse that the world's fourth largest oil producing country and the second biggest exporter within the Organization of Petroleum Exporting Countries (OPEC) is to establish on the Persian Gulf island of Kish. The euro and the US dollar will also be used concurrently at the bourse.

In June, articles of association of Iran's first oil bourse were ratified at a meeting of the Board of Directors of International Oil Bourse Company.

Fars said the articles of association of the projected oil bourse is the outcome of extensive studies using experiences of other countries and are based on Law on Bourses.

Experts say the success of an Iranian oil bourse would depend much on cooperation from other OPEC members and a much-needed consensus with Arab states of the Persian Gulf region.

Lawmakers insist that oil bourse must be established as soon as possible, stressing that the implementation of the protracted project has now become a necessity.

Car Imports Jump 132%

TEHRAN, Feb. 13--Import of luxury cars has increased by 132 percent since March 2006.

According to Fars, the government has cut car import tariffs from 100 percent in the year to March 2006 to 90 percent during March 2006-March 2007, prompting a significant increase in imports.

Some 21,174 cars worth \$373.1 million were imported in the same period.

Car imports stood at 9,117 units worth \$213 million in the corresponding period the previous year.

Despite the flood of latest-models of foreign cars, domestic car prices remain high with many Iran-assembled, 1990s models of the Citroen and the Nissan having price tags higher than 2006 models of the Toyota Corolla and Camry.

A lawmaker said earlier that domestic automakers are expected to improve productivity rate to stabilize prices.

Mohammad Hossein Estaki, a member of Majlis Industries and Mines Commission, told ISNA that

there have been fluctuations in car prices in recent years, stressing, however, that the prices would normally decline rather than rise.

"On the other hand, carmakers are putting pressure on auto part manufacturers to cut prices," he said, adding that car part makers are working under intense pressures due to higher labor and production costs.

The MP said car prices are "illogically high" in Iran. The country's automotive industry grew by 12 percent in the year to March 2006, when 1.07 million vehicles were manufactured in the country.

Vehicle production reached 902,751 units in the year to March 2005. The car industry has been growing faster than other industrial sectors.

Experts say merger of auto manufacturing companies is a must in Iran given that major mergers have taken place in the international auto industry in the last decade.

Based on Vision 2025, car industry exports will become a \$20 billion-per-annum business for Iran.

Expats Worth \$1.3 Trillion

TEHRAN, Feb. 13--Majlis Research Center has said that some three million Iranians living abroad hold a total of \$1.3 trillion in assets.

According to the Persian daily Aftab-e Yazd, the center further said in a report that many Iranian expatriates specialize in areas in which the country is badly in need of specialists. It said Iran cannot turn a blind eye to its invaluable human resources living in other countries.

The report also touched upon the identity and religious complications facing Iranian community abroad, stressing that many expatriates are worried about their children's future.

It called for greater efforts by Iran's diplomatic missions to establish closer contacts with the Iranian community and make use of all of their legal capacities to support the expatriates in accordance with the host countries' laws and international conventions.

Experts say the pace of economic development would have accelerated had a section of the \$1.3-trillion assets held by Iranian expatriates been invested back home. Mohammad Reza Safari Talar-Poshti, secretary of the Association of Iranian Scholars, told Fars earlier that latest estimates

suggest that almost half a million Iranian specialists reside outside the country.

"The association's estimates suggest that attracting a number of Iranian specialists who are currently residing in other countries could lead to great scientific and economic developments in the country," he said, adding that a major portion of Iranian specialists living in other countries are scientific, non-political figures.

He further noted that many Iranian scientists residing abroad are 'very much' willing to serve their motherland. "Investment in human resources is a kind of long-term investment," he said, adding that some scholars have left the country in recent years since the conditions for their stay were not met.

"In fact, the fruits of the Iranian society's investment in its human resources are being utilized (and enjoyed) by other countries," he said, adding that the association is following up plans for encouraging Iranian specialists to return home.

He said that top officials are supporting efforts to create greater interactions with Iranian scientists living in other countries and those who are running scientific institutions.

Cigarettes Will Cost More

TEHRAN, Feb. 13--The budget bill for the fiscal year March 2007-2008 authorizes the government to increase the price of domestically-produced cigarette by five percent and imported cigarette by ten percent, IRIB reported.

Revenue generated from the sales of cigarettes will be spent by the Ministry of Health and Medical Education on the campaign against smoking, renovation and completion of health network and assisting governmental and non-governmental organizations which work to control diseases such as cancer, tuberculosis and other lung diseases, the Management and Programming Organization reported.

Some of the funds will be used for developing sporting complexes.

Marine Accidents Down

TEHRAN, Feb. 13--Accidents in the marine industry have declined by 44 percent since March 2006, reported the Ports and Shipping Organization on Tuesday.

Iran has 3,000 kilometers of maritime borders, 150 islands and 11 major commercial ports with a total capacity of handling 110 million tons of cargo annually, the report said.

According to CHN.IR, the report further indicated that some 70 percent of the exports and 90 percent of imports are conducted via the ports. This is while marine accidents have declined sharply against a backdrop of growing imports and exports.

Meanwhile, the Third National Seminar on Safety in Ports opens in Tehran on Wednesday.

Mohammad Fam, who heads the scientific committee of the seminar, said some 297 abstracts have been sent to the seminar, out of which 30 papers have been chosen and will be presented.

He said that each year some 6.5 million tons of dangerous materials are moved by ships worldwide, adding that safety of cargo transportation is a key issue.

FRANKFURT, Germany, Feb. 13--DaimlerChrysler intends to divest its majority stake in the company that is its exclusive distributor for Mercedes-Benz vehicles in Iran, Germany's WirtschaftsWoche magazine reported on its website.

The No. 5 auto maker will divest its Mercedes distributor, reacting to pressure to not to do business in Iran, the magazine reports.

"The group is reacting to the growing pressure that the United States is applying on companies that do business in Iran," the magazine said Monday, without giving a source for its information. Reuters reported.

DaimlerChrysler to Leave

It said DaimlerChrysler would sell its 51 percent stake in marketing group Setareh in the next few weeks.

DaimlerChrysler, the world's fifth-biggest car maker thanks to the 1998 merger of Germany's Daimler-Benz with US automaker Chrysler, declined comment.

Washington has been stepping up pressure on Iran, which it accuses of harboring ambitions to develop nuclear weapons. Iran insists its nuclear energy program is for peaceful purposes.

Shares of DaimlerChrysler (down \$0.31 to \$63.78, Charts) fell less than one percent in midday trading on the

New York Stock Exchange. Shares of rival Toyota (down \$0.09 to \$131.97) were little \$0.13 to \$35.88, Charts), changed.

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