

Major Rice Purchase In June



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Iran, one of Thailand's major rice buyers, is likely to start buying Thai rice in June when prices are expected to drop, a senior Thai trade official said on Thursday.

"Iranian officials told me that they would start buying Thai rice in June, when the country's second crop has been completely harvested and prices should ease, Thai Minister Counselor (Commercial) to Tehran Wanchai Varavithya told Reuters in a telephone interview.

Iran imports around 1 million tons of rice each year, of which around 600,000 tons usually come from Thailand, but the country has yet to buy any Thai rice this year because of high prices, he said.

"There is constant rice demand in Iran. It should buy Thai rice not less than what it used to buy, but it is waiting for an appropriate time and price," he said.

Thai rice prices have surged to a historic high this year, with benchmark 100 percent B grade white rice jumping above \$1,000 a ton in April, from the \$383 a ton quoted in January.

Prices of the benchmark grade fell to \$920 a

ton on Thursday. Traders expect easing prices to lure buyers back to the market and resume buying.

Asian rice prices have almost trebled this year and prices on the Chicago Board of Trade have risen more than 80 percent to hit successive record highs as export curbs by leading suppliers such as India and Vietnam fanned

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fears about food supplies. The restrictions come at a time when global rice stocks have halved since hitting a record high in 2001.

In May, prices eased due to waning demand as the sky-high levels forced buyers to hold back their orders just as supply in Thailand, the world's biggest rice exporter, was increasing.

And Thai rice is expected to slip further in June when the country's second smaller crop is harvested, he said.

Thailand is forecast to produce 4.2 million tons from the second smaller crop. It is also expected to produce an extra 1 million tons rice from a rare third crop, grown mostly in well-irrigated areas in the central part of the country.

Iran slashed its rice import tariff to 4 percent in April, down from 150 percent, allowing private importers to buy rice freely for the first time in a decade, Varavithya said.

"Iran always buys rice through the government channels only. Now, it is clear that Iran is opening another channel to buy rice which reflects strong demand," he said.

But Varavithya said the government importing channel still existed as Iranian officials were due to visit Southeast Asian countries, such as Thailand and Vietnam, to buy rice later this year, even though no dates had yet been scheduled.

The price of some local rice varieties in Iran has more than doubled over the past two weeks. Rice is the food staple for Iran's 70 million people.

News in Brief

MRPL to Sign Diesel Deal

Indian refiner MRPL will soon conclude a deal to sell 250,000 tons of diesel to Iran over the next eight months, replacing Reliance Industries as a major supplier to the OPEC member.

MRPL sold its first spot cargo to Iran last month as the Iranian National Oil Company sought new suppliers after India's Reliance halted sales.

"It is being finalized, in the next couple of days we have to inform them that we have agreed," MRPL managing Director R. Rajamani told Reuters. "We will be supplying one consignment each month."

A source told Reuters a month ago that MRPL was in talks with Iran, and that the Indian refiner would be able to sidestep the payment problems that Reliance faced by settling its deals through the government-run State Bank of India.



\$200 Oil Likely

Iran's Oil Minister Gholamhossein Nozari on Thursday said it would be possible to see a price of \$200 per barrel for crude if the existing conditions in the market persisted.

"If the current conditions continue, reaching a period when oil is supplied at \$200 a barrel is not out of reach," Nozari told IRNA.

Nozari said the reasons behind the surge in oil prices, which last week hit a record high above \$123 a barrel, were the weak US dollar and supply concerns from Nigeria.

Iran and other members of the Organization of Petroleum Exporting Countries, the source of two in every five barrels of oil in the world, have blamed factors other than supply and demand for oil's record high prices.

"In fact, the US dollar has weakened. Another reason is related to problems in Nigeria's crude production," Nozari said.

New Insurance Report Available

Research and Markets has announced the addition of "Iran Insurance Report Q1 2008" to their offering.

According to Researchandmarkets.com, the "Iran Insurance Report" provides independent forecasts and competitive intelligence on Iran's insurance industry.

This report differs from its predecessors in that it includes Bimeh Markazi Iran's Insurance Business Environment Rating (IBER). The rating brings together a number of pieces of relevant quantitative data, together with BMI's Country Risk Rating (CRR).

It is now much easier to consider the business environment for the insurance sector in any country relative to the business environment for other industries in that country that are surveyed by BMI, and the business environment for the insurance sector in other countries.

Iran's IBER is 35.2. Relative to other countries in the Middle East and Africa survey region, the report claims, it is a rather unattractive insurance market for foreign insurers. Within the region, Iran stands out being effectively closed to foreign insurers due to illegal US-led sanctions.

Government policies are likely to remain constant over the long term. However, the IBER is held back by the underdevelopment of the life segment and the financial infrastructure. It is also held back by the legal framework and bureaucracy in Iran.

The report goes on to state that the strengths of Iran's insurance sector are non-life segment that is starting from a reasonable size base, has good growth prospects and a level of penetration that leaves room for expansion.

India Air Pact Revised

Iran and India have revised their air services agreement that would allow both countries to fly more aircraft.

The agreement would also allow Iran to operate more flight services to Mumbai, Delhi, Cochin and Amritsar, an official statement said today, Fars News Agency wrote.

According to the new agreement, signed by aviation officials from the two countries, the designated airlines of the countries will be entitled to operate a total of 23 passenger or combination services per week in each direction, with each aircraft not exceeding the capacity of B-747.

While India has agreed to offer Iranian airlines Mumbai, Delhi, Cochin and Amritsar as points of call, Iran has offered Tehran and Bandar Abbas as destinations for Indian carriers.

Under the agreement, the designated airlines of India would be able to exercise intermediate Fifth Freedom Rights to Iran via any two points of their choice.



Pakistan to Discuss Power Import

Pakistan's Water and Power Minister Raja Pervez Ashraf said that his country would begin talks with Iran this month to import 1,000 MW of electricity.

Speaking to reporters in Islamabad after attending an energy conservation walk on Monday, he said that Iranian energy minister would visit Pakistan on May 13 to discuss the technicalities and other aspects of power import by Pakistan.

According to Fars News Agency, he said that the issue was also discussed during Iranian President Mahmoud Ahmadinejad's recent visit to Pakistan, and that the two sides agreed to wrap up negotiations as soon as possible to enable the rapid implementation of the project.

We are also planning to buy electricity from Central Asian states through Afghanistan to overcome the increasing gap between demand and supply."

He said several other proposals are also under consideration to improve the country's power situation.

Shipping Link With Venezuela, Cuba

The Islamic Republic of Iran's Shipping Lines (IRISL) plans to initiate a weekly shipping line to Venezuelan and Cuban ports, the IRISL Europe Department Manager, Saeed Meqdad said Thursday.

"This line was initiated in accordance with the general policies of the Islamic Republic of Iran for supporting and expanding non-oil exports and in response to the numerous requests made by merchants," he told MNA.

The first shipment in this line will be from Bandar Abbas Port to Venezuela and Cuba on May 16. Seven containers will be shipped from Iran's Bandar Abbas via Malta (Malta), Barcelona (Spain), to Havana (Cuba) and Puerto Cabello (Venezuela).

Meanwhile, Shipping Corporation of India (SCI) has a joint venture with the Iranian national shipping carrier IRISL where SCI owns 49 percent and IRISL owns 51 percent.



Subway Lines Awaiting Fund

Tehran's Islamic City Council has approved a single-urgency plan based on which Tehran Urban and Suburban Railway Company (TUSRC) will receive money from the Oil Stabilization Fund to construct lines three, six and seven of the metro, ISNA reported.

Managing director of TUSRC, Mohsen Hashemi said that a sum of about three billion dollars was to be made available in the finance mode for the construction of the said lines, but the company failed to receive the facility due to liquidity shortage.

Currently, the construction of the three lines is underway using funds allocated by the municipality and the government, he explained. All subway projects have been approved by the city council, he said, adding the government has also endorsed them.

The official disclosed that the company has sent its application to the Interior Ministry. On approval, it will be sent to the Oil Stabilization Fund's Board of Trustees and then to Central Bank of Iran, he pointed out.