

## News in Brief

## Shell, Repsol Renegotiating Deals

Spain's Repsol and Royal Dutch/Shell are negotiating with Iran over their participation in the giant South Pars gas field development project.

Spain's biggest oil group and its British-Dutch peer are interested in exchanging their stakes in Phase 13 of the offshore gas field with projects in phases 20 or 21, a Repsol source told AFP Monday.

"Repsol and Shell are currently negotiating with the government for a change" in their participation in the development project of Iran's huge South Pars gas field, she said.

The unnamed Repsol spokeswoman rejected reports that US pressure played a role in the decision. "If this was the case, we would not be in talks to exchange one Iranian bloc for another," she argued, adding that the renegotiation is linked with "the increase in development costs".

On Sunday, the Financial Times reported the withdrawal of the two firms from a 10-billion-dollar project on developing Phase 13 of South Pars since they "could not meet the Iranian requirements to develop the block quickly".

"Shell and Repsol are understood to be considering developing phases 20 and 21 of South Pars instead, but these blocks would take at least a decade to become operational," the newspaper said. French oil major Total is still keen on developing Iran's South Pars oilfield, despite Royal Dutch/Shell's withdrawal from the project.

"In the short-term it will be difficult to find a win-win situation," Total Chief Executive Christophe de Margerie said Monday. "We have told them (Iranians) we are interested in the long-term."

## OMV Under Pressure

World Jewish Congress has demanded shareholders of OMV to twist the Austrian oil and gas major's arm to suspend deals with Iran.

"It is wrong for any western company to sign business deals of such a magnitude with the regime in Tehran," World Jewish Congress (WJC) President Ronald S. Lauder said in a statement Monday.

According to Presstv, he claimed that Austria has a "moral responsibility" to combat "the Iranian threat".

Ahead of OMV's Wednesday general meeting, Lauder called on the Austrian government to pressure group to suspend projects in the oil-rich country.

The Austrian government has a 30-percent stake in OMV, the biggest oil and gas group in Central Europe. "Let's hope that OMV decides to pursue alternative options instead of giving Iran the international recognition," said WJC chief.

OMV has been involved in exploration operations in oilfields in southwest Iran since 2001. Under a cooperation agreement signed with Iran in April 2007, the Austrian major would participate in the development of Iranian gas and oil fields along the Persian Gulf to produce liquefied natural gas.

The OMV chief said in February that his company would not quit its project in Iran's South Pars gas field. Wolfgang Ruttenstorfer noted that the negotiations were going on between Iranian and Austrian sides on the development of the field.

Austrian politicians have so far supported OMV deals with Iran. A spokesman for Austrian Chancellor Alfred Gusenbauer said that the government "will not actively intervene" in the economic activities of a private company.

## Iran-Bulgaria Commission Meets

The 16th Iran-Bulgaria Economic Commission's meeting began in Tehran on Monday with the participation of the transport ministers of the two countries.

During the four-day session, the two sides will study ways of further promoting economic relations, cooperation in the oil and gas, transportation, tourism, information technology (IT), industries, agriculture, trade, and commerce sectors, reported IRNA.

Speaking at the morning session, Iran's Minister of Roads and Transportation, Mohammad Rahmati, said the country's foreign policy is based on mutual respect for and development of ties with other countries. He underlined that Bulgaria has a special status in Iran's foreign policy. Rahmati hoped that the joint economic commission sessions will have a fruitful outcome and boost bilateral economic relations.

Referring to the historical ties between Iran and Bulgaria, he called for further promotion of Tehran-Sofia ties in air, land and rail transportation. The Iranian minister further called for holding the session annually. For his part, the Bulgarian Minister of Transportation Peter Moutafchiev said the session will help the two countries achieve their joint objectives.

He added that bilateral trade has increased significantly since 2000.

Bulgaria's membership in the European Union has prepared grounds for further expansion of Tehran-Sofia relations, he added. The Bulgarian minister reiterated that his country considers Iran as a major Asian partner.

# Automakers In Debt



Automakers owe spare parts companies over \$1 billion.

Labor Minister Mohammad Jahromi had promised to remove the liquidity problems of automotive spare parts manufacturers in 2007-8 while the Society of Automotive Spare Parts Manufacturers still complain about the non-payment of automakers' debts.

According to the Persian daily 'Iran', the non-payment of debts owed by automakers to spare parts manufacturers drove some companies to the verge of bankruptcy last year. The situation still persists in the current Iranian year (started March 20) and measures by industrial officials to resolve this have not yet proved effective.

Payment of loans worth 1,300 billion rials to Sapco, Sazeh Gostar and Megamotor companies was one remedy pursued by officials, but no loan has been yet paid by the banks. This is while amid all the liquidity problems of spare parts manufacturers, President Mahmoud Ahmadinejad designated Jahromi as the point man for looking into the concerns of spare parts companies.

Asked about his plan of action to tackle the problem, Jahromi said, "Last year, when the financial problem of spare parts manufacturers came to the fore, I met the Managing Director of Iran Khodro Manouchehr Manteqi and former managing director of Saipa, Ahmad Qalehbani. It was decided that the two companies will settle the debts of automakers to spare parts manufacturers."

Jahromi made the comment at a time when automakers had not yet received the 1,300 billion-rial loan approved by the Money and Credit Council. But, now in addition to the non-payment of the loan, spare

parts manufacturers are grappling with the dilemma of non-payment of automakers' debts. This can create serious problems for spare parts manufacturers in purchasing raw materials and equipment.

Jahromi said, "In the meeting with the managing directors of the two auto manufacturing firms it was also decided that automakers settle their debts at the earliest. Before this meeting, the deadline was over eight months and after the meeting the deadline was brought forward."

This is while according to the Society of Automotive Spare Parts Manufacturers the deadline for payment of debts was three months. The society has announced that so far automakers owe spare parts companies over \$1 billion.

It seems that the bylaw approved by the Cabinet, which has been practically shelved, was another measure to tackle the problem. Jahromi contended that with the implementation of the bylaw, part of the liquidity problem has been resolved.

Based on the bylaw, industrialists could apply for banking loans without repaying earlier loans. The bylaw was passed when Ebrahim Sheibani was the Central Bank of Iran (CBI) governor. Due to the rise in liquidity, it faced opposition when Tahmasb Mazaheri took over. And now, it has been completely forgotten. At present, CBI has prohibited banks from granting loans to 98 industrial firms, including automakers. The problem that remains unsolved: Can spare parts manufacturers receive their arrears soon?

## Asia-Pacific Ministers Arrive for Confab

Minister of Housing and Urban Development Mohammad Saeedikia said on Monday housing ministers from Asia-Pacific countries will attend the Second Asia-Pacific Conference on Housing and Urban Development in Tehran.

Speaking on the sidelines of the expert meeting of the conference, he said some 14 ministers have so far arrived in Tehran and 19 to 20 other ministers are expected to come, according to IRNA.

The Second Asia-Pacific Ministerial Conference on Housing and Urban Development is to begin on May 14, he said.

The first conference, which was initiated by India with the assistance of United Nations, aimed to study urbanization, new problems of cities, suburban and illegal settlement, sanitation, water, sewage along with challenges facing urban lives, he said.

The expert meeting of the Second Asia-Pacific Conference on Housing and Urban Development opened in Tehran on Monday to draw up the agenda for the ministerial conference.



## Fars Oilfields on Agenda

The oil minister announced that the development of the two newly discovered oilfields of Sefidzakhor and Dei, in Fars province, is on the ministry's agenda in the year to March 2009.

In addition to the two new oilfields, Iran's Central OilFields Company will develop Khest, Sarvestan and Sa'adatabad gas fields, said Gholamhossein Nozari.

On completion of the project, Sarvestan and Sa'adatabad fields are expected to yield 15,000 barrels of oil per day, MNA quoted Nozari as saying.

According to the minister, the daily output from the Khest oilfield was projected at 25,000 barrels.

Currently, 122 million cubic meters of natural gas are being produced from the various fields in Fars province and this figure is expected to increase considerably once the said projects go on stream.

Construction of a refinery with a production capacity of 120,000 barrels a day is another ongoing project by the Oil Ministry in Fars province, Nozari added.

