

# OPEC Emergency Meet Unnecessary

Market Well-Supplied



OPEC, which produces 40 percent of the world's oil, says there is no shortage of oil in the market.

Iran does not expect the Organization of the Petroleum Exporting Countries to hold an emergency meeting before September, a senior Iranian oil official said.

"No, I don't think so," Iran's OPEC governor, Hossein Kazempour Ardebili, told Reuters when asked if Tehran expected the organization to meet before its next scheduled meeting in September.

He declined to elaborate, but officials from the world's fourth-largest oil producer have repeatedly said the market was well-supplied with crude and blamed record high prices on the weak dollar and other factors outside OPEC's control.

An OPEC source had said the producer group might consult on whether it needs to boost oil output before its regular September meeting should crude oil prices keep rising.

Crude oil rose on Monday to \$126.14 a barrel, holding close to a record high of \$126.27 hit on Friday. Publicly, ministers and officials from the Organization of the Petroleum Exporting Countries insist that supply is ade-

quate despite pressure from the United States and other major consumer countries for more oil to lower the price.

Oil Minister Gholamhossein Nozari said last week that it would be possible to see a price of \$200 per barrel for crude if existing conditions in the market continued.

Another senior Iranian energy official, Mohammad Ali Khatibi, said on Saturday that the weak US dollar was the main reason behind record oil prices, not demand or supply factors.

"We must be aware that it is not the price of crude oil that has risen but the dollar value that has weakened," said Khatibi, deputy director of international affairs at the National Iranian Oil Company (NIOC).

"Currently the prices of crude oil do not follow supply and demand and they will gain moderation in the event of improvement in (the value of) the dollar," he said.

The steady rise in crude oil prices has turned the spotlight on the OPEC, which for months has insisted it has no control over the

factors it blames for pushing up the price of oil, including speculation and the weak US dollar.

Iran is the world's fourth-largest oil producer and OPEC's second largest exporter.

"I believe there is a direct relationship between the drop in the value of the dollar and hike in the price of oil," Khatibi said, adding oil prices rose 8 percent in the first quarter of 2008 after the dollar fell as much in the previous quarter.

On Thursday, Nozari said it would be possible to see a price of \$200 per barrel for crude if existing conditions in the market continued.

He said that the reasons behind the surge in oil prices were the weak US dollar and supply concerns from Nigeria.

Abdalla Salem El-Badri, secretary-general of OPEC—which produces 40 percent of the world's oil—also said on Thursday, "There is no shortage of oil in the market."

OPEC's current output is around 32 million barrels per day, compared with global production of 85 million barrels.

## Rice Imports Up

Iran has increased rice imports to control surging prices in domestic markets, an informed source in the Ministry of Commerce said.

Rice imports from countries such as Pakistan and Thailand have increased to help regulate prices and stabilize the domestic market, a Ministry of Commerce official told Fars News Agency on condition of anonymity. The remarks come at a time the price of rice, which has already hit all-time highs, continues to rise.

The price of US long-grain rice—the global benchmark—has increased by almost two-thirds since the start of this year. The price for the benchmark Thai variety of rice, a food staple across most of Asia, is also going up by similar amounts.

Prices of wheat and other basic foodstuffs such as maize and soya have also gone up sharply, as demand has steadily increased with population growth.



## Africa Mining Explorations to Expand

Iran will expand exploration activities in African countries, said director of exploitation affairs at the National Geology and Mineral Exploration Organization.

The initiative was taken in view of Africa's mining potentials and Iran's experience and capabilities in exploring mineral reserves, technical know-how and en-

gineering services, Behrouz Borna explained, according to the Persian daily 'Sobh-e



Egtesad'. National Geology and Mineral Exploration Organ-

ization is already operating in a number of Latin American countries such as Venezuela and Ecuador as well as in African states of Chad and Sudan, he pointed out.

Other African countries such as Zimbabwe, Ghana, Kenya and Tanzania have also shown interest in benefiting from Iran's experience in the mining sector, the official underlined.

## CNG Confab Scheduled

The first national conference on CNG (compressed natural gas) and an exhibition of allied industries will be held in Tehran on August 2-3.

According to IRNA, the aim of the conference and exhibition is to create further interaction among employ-

ers, producers and suppliers of equipment and services related to the CNG.

Acquaintance with the latest technical and technological achievements in the CNG industry, promotion of qualification of domestic producers, promotion of culture and dissemination of information on appropriate use of CNG in the auto industry are among the main objectives of the event.

The conference will also discuss the future of CNG and determine priorities of public and service vehicles for CNG use.

## News in Brief

### Iran Economic Growth Robust

The International Monetary Fund (IMF) sees inflation as the most important challenge facing Iran's economy, which has been robust in recent years.

In a statement released by a mission from the Washington-based organization on Monday, the IMF recommended that the Iranian government strengthen its fiscal stance, increase interest rates and allow greater exchange rate flexibility to tame runaway inflation in the oil-rich country.

"Iran's economic growth has been robust and its external position has strengthened in recent years on the back of rising oil prices. Real GDP growth averaged 6.2 percent a year during 2005-7 and gross official reserves reached \$82 billion by end-2007/08. Inflation, however, has risen markedly, owing to strong growth in domestic demand," the mission team led by Vitali Kramarenko said after visiting Iran during April 28-May 11.

The international organization suggested to the government to prioritize further strengthening of the public finances and improving the overall efficiency of the economy, including by phasing out the large subsidies on energy products and replacing them with targeted social assistance, over the medium term.

It added the deepening of financial intermediation and improving the business climate would enhance faster economic growth and employment generation.

On structural reforms, the fund said implicit energy subsidies have been reduced, the preparatory work for implementing the value added tax (VAT) is close to completion, and tax collection agencies have been upgraded with new information technology.

### Tajik Ties to Expand

Iranian ambassador to Tajikistan has announced that economic, cultural, industrial and scientific cooperation between Iran and Tajikistan will expand further.

Ali Asghar Sherdoust also told IRNA that the seventh meeting of Iran-Tajikistan Economic and Cultural Commission was held in Tehran last week in which an important document incorporating all earlier agreements was signed.

He underlined that based on the agreement, Iran will participate in projects such as construction of dams, roads, power transmission lines, small and large power plants and cement factories.

He added that Iran will also be involved in mining, weaving, setting up shoe factory and manufacturing construction materials, paints, detergents and pharmacology plants. Tajik officials, he said, will inform Iranian investors of their priorities.

On investment security for private investors of both countries, he said that the joint commission discussed the issue and the Tajik side agreed to remove obstacles.

Also based on the agreement, Iran will export 2,000 Samand sedans to Tajikistan and the Iranian car manufacturing company Iran Khodro will consider setting up a production line of the car in the Central Asian state.

He said that the establishment of joint factories and an Iranian trade center in Dushanbe, construction of residential complex by Iranian companies, and tax exemption for machineries exported from Iran are among the other provisions of the agreement.

### Heavy Crude Prices Down

Iran has cut the June official selling price (OSP) of its heavy crudes to all regions, with Iran Heavy and Forouzan cut the most in the Mediterranean, where their differentials were slashed by \$2.10 a barrel, a source with the National Iranian Oil Co. (NIOC) told Fars News Agency.

The steep fall in differentials for heavy crudes came as fuel oil has been struggling in Europe and in Asia.

The fuel oil crack has fallen to record-lows in Asia this month, and was last assessed at around a \$26 a barrel discount to Dubai swaps on Friday, as demand has frozen amid surging prices.

The only rise was for June. Iran's Light crude to Asia, which NIOC increased by 40 cents a barrel to a premium of \$2.25 a barrel to the average of Oman and Dubai prices, hit the highest level since November, according to Reuters data.

The rise follows a similar 40-cent increase in Saudi Arabia's price for June Arab Light to Asia to a \$1.85 premium.

### Shipping Deal With Azerbaijan

Iran and Azerbaijan signed a protocol on cooperation in shipping and marine transportation sectors, announced deputy head of Ports and Shipping Organization for ports and special zones affairs.

According to MNA, Alireza Satei said that officials from the two countries, who met to discuss shipping cooperation, underlined the need to expand transportation ties, particularly in the field of shipping.

The MoU called for controlling and inspecting ships and preventing Caspian Sea pollution.

Azeri delegation inspected the facilities of Imam Khomeini Port and discussed joint investment with representatives of Tidewater and Kaveh companies.