

News in Brief

Gov't Approves

Kuwait Investment Law

The Iranian government recently approved a law designed to promote mutual investment between Iran and Kuwait.

The Law of Agreement on Reciprocal Promotion and Protection of Investment between Iran and Kuwait was first passed on August 27, 2007. It was subsequently published on April 20, 2008 in the Official Gazette and came into force as of May 6, 2008, according to the law-dedicated website Nourlaw.com

The new legislation states in its preamble that the governments of Iran and Kuwait signed the agreement to create prime conditions for expansion of mutual economic investment for investors from each country.

The law notes that both governments acknowledge reciprocal promotion and protection of such investments would expedite commercial activities and increase the productivity of the contracting parties.

In Article 1 of the Agreement, the terms of investment include moveable and immovable properties, ownership rights such as leases, mortgages, liens, company shares and debentures, financial claims, intellectual property, etc.

Article 3 stipulates that the investments of nationals of either country in the territory of the other country shall enjoy fair and just treatment and full security. Articles 4 and 5 lay down the manner of compensating the damages suffered by investors.

Article 6 entitles investors to repatriate the profits and the principal investment. Other aspects and matters pertaining to reciprocal investments are also tackled in this 16-article Agreement.

Removal of Gasoline Quota Under Study

The parliament is studying a plan to supply gasoline at floating rates rather than allocating a certain quota for each car, said Head of Majlis Energy Commission Kamal Daneshyar, noting that gasoline quota for vehicles was scheduled to be removed by next March.

He further told reporters that a debate is currently underway in the parliament's Energy Commission to do away with the rationing system which has been in force since June 22, reported Mehr News Agency.

The lawmaker believed that the rationing plan has failed to achieve its declared objective of reducing gasoline consumption arguing that the reason for the failure was the addition of one million new cars each year to the existing seven million cars nationwide.

In the early stages of gasoline rationing, it was reported that gasoline consumption had reached 15 million liters per day from 35-36 million liters per day before the rationing plan came into effect. "That was temporary," said the MP adding that it continued only for a short period.

The problem of high gasoline consumption in Iran can be solved by gradually increasing gasoline price and by paying subsidies, Daneshyar added.

Based on the present rationing system each private car receives 120 liters per month at about 10 cents per liter. Currently, petrol price out of the quota system is 40 cents.

UAE Gas Talks Positive

Iran has said its latest talks with the United Arab Emirates' Crescent Petroleum on a long-running price dispute were "very positive".

According to Fars News Agency, Iran and privately-owned Crescent, based in Sharjah in the United Arab Emirates, have been in negotiations since 2006 about the price of gas exports from the Iranian offshore Salman field to the UAE.

Last month, Tehran threatened the UAE firm of channeling the gas it planned to sell Crescent to the domestic market if the price dispute was not resolved.

According to the National Iranian Gas Export Company, "the results have been very positive and in line with Iran's national interests".

The UAE needs gas from the \$1-billion project to meet growing domestic demand for industry and power plants, but the deal became controversial in Iran after some politicians said the export price should be higher.

Crescent has previously said the gas supply agreement signed with Iran was internationally binding.

Tehran's previous stance was that it would use the gas for its own domestic consumption if a deal was not reached. Crescent in February said it had made progress on talks to resolve the dispute about pricing and volume for gas imports from Iran but had yet to reach a final agreement.

Tehran has no pipeline from the offshore Salman field back to Iran and therefore limited options for domestic use. Crescent had expected first deliveries of the gas in mid-2006. The initial agreement was for the supply of 600 million cubic feet per day. Crescent's affiliate Dana Gas will process and transport the gas to utilities and industrial users in the UAE.

Iran Khodro Expanding Global Reach



Iran Khodro plans to double its exports to 600,000 cars by 2016.

Iran's largest vehicle manufacturer, Iran Khodro, continues to expand its regional and global reach by opening a plant in Syria in April and readying a new plant in Turkey for 2009.

As the largest automaker in the Middle-East, Central Asia and North Africa, Iran Khodro is also ramping up exports as it builds a global presence outside Iran which is one of the biggest auto markets in the Middle East.

According to Fars News Agency, the company builds more than half a million vehicles a year, and officials have said they want to boost annual production to more than a million vehicles and hike exports to more than 600,000 by 2016.

The Syrian plant has a modest annual capacity of 5,000 units. The Turkey plant will supply Russia and central Europe. IKCO in the past two years has also begun kit assemblies in Azerbaijan, Belarus, Venezuela and Argentina, with plans to add assembly in Egypt, Vietnam and China in the next year or two.

The vehicle of choice for most of these local assembly operations is the 'Samand', a compact sedan based heavily on the Peugeot 405 platform and with a price starting at about \$9,000. 'Samand' is the Persian name for a local breed of horse. Market observers believe that Samand, which is now registered as a trade name at the World Intellectual Property Organization (WIPO), could challenge future Chinese and Indian imports.

Iran-Khodro group, the manufacturer and owner of Samand, is the first Iranian company whose product is registered at the WIPO. The state will ensure against the fraudulent use of the name, industrial design and copying of the product manufactured by the company worldwide.

Many other world countries, including Turkey, Bangladesh and

Pakistan are considered as established importers of petrol and gas-powered Samand models with left and right-hand steering-wheels.

Marketing researches have shown that given the financial capability of European and South Asian markets and the competitive advantage that Iran enjoys, Iran-Khodro can gain a foothold in many world markets in a relatively short period.

The company has other automobile production ventures with foreign countries and companies in a bid to market share for increased exports to regional markets. Croatian Ambassador to Tehran said last year that the people of East Europe are waiting for the Iranian-made passenger car 'Samand'.

She also said that after the launch of operation of Samand assembly line in Azerbaijan and Belarus, Iran Khodro now has better chances for access to the CIS and East European markets.

Iran started export of the latest model of Samand to 32 countries in autumn 2007. These countries are among customers of Iran Khodro, which have imported Samand LX and GLX before. The company has planned to manufacture 8,000 Samand Suren till May, of which 1,200 will be exported.

Samand Suren, Iran's first passenger car to achieve Euro III emission standard, rolled off the assembly line several months ago. Aside from reducing exhaust gas pollutants, fuel consumption of the sedan has also been cut, and as a result of the modifications made to the new models of Samand, particularly its Engine Management System (EMS), the engine performance has been significantly enhanced. Better drive ability, knock reduction and improvement in the engine's power output are cited as other changes made to the earlier model, according to the company officials.

China, Russia Out of IPI Project

China and Russia will not be part of a proposed pipeline project to transfer Iran's gas to India via Pakistan, said deputy oil minister for international affairs.

"Countries such as China and Russia cannot take part in the IPI (Iran-Pakistan-India) gas pipeline project at the current stage," Hossein Noqrekar-Shirazi, told PressTV.

Construction of the 2,775-kilometer pipeline, also known as the 'Peace Pipeline', will start in 2009 and will be completed by 2012, before Iran starts exporting natural gas in 2013.

Iranian President Mahmoud Ahmadinejad said during a visit to India last month that all the agreements related to the IPI project would be finalized within 45 days.

Noqrekar-Shirazi also said that a consortium comprising of all the countries interested in the project may be formed. Once completed, the pipeline will have the capacity to transfer 2.46 billion cubic feet of natural gas from Iran's South Pars field to Pakistan and India.

Oil Price, Output Unrelated

Major crude oil producer Iran has said any output hike by OPEC as sought by the US would not affect skyrocketing prices.

Oil minister said the market was 'saturated' with crude and any output increase would not affect prices. "No, the market is saturated with oil and a hike in production does not have an impact on the price," Gholamhossein Nozari told Fars News Agency when asked whether OPEC would increase its output.

"This would only increase inventories," Nozari told reporters in reaction to US President George W. Bush pressing OPEC kingpin Saudi Arabia to raise oil output.

"The market is oversupplied and increasing production will not affect prices," the minister said when asked whether an OPEC output hike would lower prices, which hit nearly \$128 per barrel on Friday.

Saudi Arabia said that global supply was balanced with demand, but added that it had increased production by 300,000 barrels per day this month. Iran is OPEC's No. 2 and the world's fourth-largest exporter of oil. When prices reached \$115 a barrel last month, President Mahmoud Ahmadinejad said oil was priced too low and that the commodity 'should find its real value'.

