

## Iran set to privatise US-\$ 90 billion of energy assets as part of larger privatisation plan



f.l.t.r.: H.E. Mohammad Mehdi Akhondzadeh Basti, Ambassador of Iran and H.E. Dr. Osama Shobokshi, Ambassador of the Kingdom of Saudi Arabia to the Federal Republic of Germany

### US-IRANIAN TRADE VOLUME GREW BY 31% IN 2007

The USA's Department of Commerce has announced that the US-Iranian trade volume amounted to US-\$ 318 million in 2007. That is 31% more than in 2006, when trade reached US-\$ 243 million. The increased trade volume is mainly due to the growth of US exports to Iran, which rose by 70% from US-\$ 86 million in 2006 to US-\$ 145 million in 2007. Iranian exports to the USA also increased in 2007, rising by 10% to US-\$ 173 million.

### IRAN'S EXPORTS TO JAPAN INCREASED BY 91%

The Japanese Ministry of Finance has announced that Japanese imports from Iran have remarkably increased in January 2008. In this time, Japan imported goods from Iran worth US-\$ 1.4 billion. This is an increase of more than 91% compared to the previous year. However, Japanese exports to Iran in January 2008 have dropped by 5.1% compared to January 2007, reaching US-\$ 109.5 million.

photo: Dr. Simon Harik

Iran plans to privatise 47 energy firms, valued jointly at US-\$ 90 billion, the National Iranian Oil Company announced in February. A holding company will be established for these assets, and shares will be listed on four international exchanges, before also being listed on the Teheran stock exchange in 2014. Iran is currently undergoing a process of large-scale planned privatisation, targeting state-owned companies from a wide range of sectors. The programme is run by the Iranian Privatisation Organisation (IPO) and has targeted some 240 companies. Among them are such big names as the

Telecommunications Company of Iran (TCI), oil and petrochemical businesses, as well as three banks – Bank Mellat, Bank Saderat and Tejerat Bank. The National Iranian Copper Industries Company and Mobarakeh Steel Company have already been floated on the Teheran Stock Exchange in 2007 and the shares of both have been successful. Since then, however, the ambitious privatisation programme has been hamstrung by domestic opposition, missed deadlines, the lack of interest from private investors and allegations that assets had been overvalued by the IPO.

The IPO is looking to privatise 92 companies in the oil and petrochemicals sector, but faces opposition from the Oil Ministry. Accordingly, the petrochemicals company Fanavaran, which controls the production capacity of an annual 1 million tonnes of methanol, was the only company already privatised in the current Iranian year. Now, however, a further 47 firms in the energy sector are to follow, with an estimated valuation of US-\$ 90 billion. If successful, their debut on the stock market will go a long way towards making Iran's large-scale privatisation efforts a success. ●

#### DATA AND FORECASTS OF IRAN

	2005	2006	2007e	2008f	2009f
Population, mn	69.52	70.15	70.79	71.43	72.08
Nominal GDP, US\$bn	188.30	222.27	269.94	333.61	405.85
GDP per capita, US\$	2,709	3,168	3,813	4,670	5,630
Real GDP growth, % change y-o-y	5.7	5.8	5.4	5.0	4.6
Budget balance, IRRbn	-60,853.0	-147,431.0	-130,604.0	-86,375.0	-134,186.0
Budget balance, % of GDP	-3.6	-7.2	-5.2	-2.7	-3.4
Consumer prices, % y-o-y, eop	11.3	11.8	20.0	22.0	18.0
Real Lending Rate, %, eop	2.52	2.18	-3.37	0.83	0.00
Exchange rate IRR/US\$, ave	8,963.96	9,170.94	9,225.02	9,480.07	9,781.79
Exchange rate IRR/US\$, eop	9,091.00	9,223.00	9,328.00	9,632.13	9,931.44
OPEC basket, US\$/bbl, ave [1]	50.64	60.87	69.00	81.50	71.50
Oil production, '000 b/d	4,267.8	4,343.2	4,285.0	4,300.0	4,340.0
Exports, US\$bn [2]	64.37	75.54	87.14	102.84	97.33
Imports, US\$bn [2]	43.09	49.29	51.20	54.70	57.00
Trade balance, US\$bn [2]	21.28	26.25	35.94	48.14	40.33
Current account, US\$bn [2]	16.64	20.65	31.06	43.05	35.08
Current account, % of GDP	8.84	9.29	11.51	12.90	8.64
Forex reserves (-gold), US\$bn	45.48	59.61	75.02	93.09	108.97
Import cover, months g&s	12.7	14.5	17.6	20.4	22.9
Foreign dept, US\$bn	24.3	23.5	24.0	26.3	28.1
Foreign dept, % of GDP	12.9	10.6	10.0	8.2	6.8
Foreign dept, % of exports	36.9	30.6	27.1	25.2	28.5
Short term foreign dept, % of total	44.0	38.7	46.8	47.8	48.2

Notes: e/f= BML estimate/forecast; 1: Global assumptions correct when forecasts generated; 2: Annual data IMF, Quarterly data CBI; Source: Business Monitor