

More than 400 years of common history between Iran and Germany

by Peter Schmitz

Based on more than 400 years of common history, Iranian-German relations have always been sound, despite of ups and downs which are always part of a long lasting partnership. Following mutual visits at the end of the 16th century, Emperor Rudolph II. sent an ambassador to Tehran in 1602, promoting further exchange between the two countries.

H.E. Dr. Mehdi Safari, Deputy Minister of Foreign Affairs of the Islamic Republic of Iran and in charge of European Affairs, visited Germany in the middle of April 2008. At a dinner with representatives from the German business community that took place in Berlin, H.E. Dr. Safari expressed his wish to further cultivate the relations between the two countries, which had always taken place on a political, economic and cultural level. NUMOV has been part of these relations, since NUMOV founded the German-Iranian Chamber of Commerce more than 70 years ago.

Iran's population of more than 70 million, 36% of them under 15 years, provides both challenges as well as potential for the country's future development. In the next years, the strong oil and gas sector will continue to be the focus of economic activities, but at the same time the government is seeking to diversify the economy and is therefore promoting liberalization and privatization, especially in cooperation with foreign investors. Prospects are positive for foreign companies, irrespective of all political conflicts.

The need for know-how and technical expertise – for example in the field of mechanical engineering or the chemical industry – are important components on Iran's way to further satisfying

the needs of its young, growing population.

An example for challenges is the growing need for electricity. Iran, the country that possesses the second largest gas and the third largest oil reserves in the world, still needs to import energy and fuel. Therefore, efforts in this sector do not only concentrate on the exploration of new gas fields. The completion of on-going projects like the South Pars Gas Field, the Salman Oil and Gas Field and the Dharkhovein Field have higher priority. However, the expansion of the refining



f.l.r.: H.E. Mohammad Mehdi Akhondzadeh Bastii, Ambassador of the Islamic Republic of Iran and H.E. Dr. Mehdi Safari, Deputy Minister of Foreign Affairs of the Islamic Republic of Iran

capacity and the implementation of new petrochemical plants is also vital. Additionally, efforts to diversify Iran's energy mix through increased energy production in the water and solar sector provide opportunities for foreign companies. The construction of several dams is under way in connection with hydroelectric power plants, for example in Roudbar and Siah Bishen.

The automobile and ancillary sector has been increasing steadily in recent years, making Iran the largest automobile producer in the Middle East. However, the rate of personal car ownership is low and the average age of cars is high, which makes it clear that new cars as well as spare parts are needed.

Currently, extensive development and modernization programs are under way to accommodate the growing volume of traffic in Iran. These will cover the construction of express highways, rural roads and railroad tracks, as well as the upgrade of the existing structures. The expansion of the main road network and the Metro in Tehran, Mashhad and Esfahan will hopefully help to ease the tense traffic situation in these cities.

Iran is trying to encourage local investors, but international engagement seems indispensable. Examples of successful cooperation are the South Pars Field, which is an extension of Qatar's North Field and developed in cooperation between Iran and the State of Qatar. A delivery treaty between the Swiss EGL and the Iranian Gas Export Company NIGEC was signed in March 2008. Starting in 2011, NIGEC will deliver 5.5 billion cubic meters of gas per year to the EGL over a period of 25 years. Among the top priorities of the oil ministry for the coming months is the cooperation with neighbouring countries, such as Kazakhstan and Kyrgyzstan.

In order to modernize the industrial sector and to increase productivity significant investments combined with privatisation are required in the coming years, but rank lower than the development of the oil and gas sector. Nevertheless the Iranian Privatisation Organisation (IPO) aims to privatize some 240 companies, among them 47 energy firms, 92 companies in the petrochemical sector as well as several banks and the Telecommunication Company of Iran (TCI). ●