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## NEWS ABOUT IRAN

### INFORMATION FOR BUSINESS SECTION



MARCH, 2013

### Iranian presidential election, 2013

The election of the President of Iran is scheduled to be held on 14 June 2013 to elect the seventh President, successor of Mahmoud Ahmadinejad, who is barred from standing for a third term. The elections will take place on the same day as local council elections.

The President of Iran is the highest official elected by direct popular vote, and does control foreign policy and the armed forces. Candidates have to be vetted by the Guardian Council, a twelve member body consisting of six clerics (selected by Iran's Supreme Leader) and six lawyers (proposed by the head of Iran's judicial system and voted in by the Parliament).<sup>[2]</sup> In December 2012 new legislation sets a minimum age of 40 and a maximum of 75, which disqualifies former President Akbar Hashemi Rafsanjani from seeking the office again. It demands a candidate have at least a doctoral degree or its seminary equivalent, which eliminates many midranking clerics. It restricts the definition of "political personage" -- someone who seeks nomination under that rubric must now attain recognition as such by either 150 individuals who have served as a minister, deputy minister, or governor since the Revolution or a majority of the Majles. For most nominees, it requires at least eight years of service as a minister, or a Majles deputy, or at an "equivalent rank" in the judiciary or military. A nominee can also register with the approval of 400 individuals with experience as a minister, deputy minister, or governor; or two thirds of the Majles; or 30 faculty members from across the country; or 30 high-ranking members of the clergy; or 20 members of the Assembly of Experts.

### Iran to issue \$570m of bonds to finance transport infrastructure projects

**TEHRAN -20.3.2013**

Iran will start selling 7 trillion Rials (about \$570 million) bonds on Friday for expanding its roads and transportation infrastructures, IRNA quoted Construction and Development of Transportation Infrastructure



Company of Iran Managing Director Ahmad Sadeqi as saying. The earnings will be spent to expand railways, freeways, highways, and main roads across the country, he added. Last year, 54 railway, freeway, and highway projects were implemented at a cost of 30 trillion Rials (about \$2.4 billion) using revenues earned through selling bonds, he noted. He pointed out to financing 50 percent of projects through selling bonds, and added that 23 trillion Rials (about \$1.8 billion) is needed annually to implement road transportation expansion projects in the country. In October 2012, the Fars News Agency quoted Iranian Deputy Roads and Urban Development Minister Shahryar Afandizadeh as saying that the volume of transited goods via Iran has increased by 75 percent compared to four years ago.

Afandizadeh told IRNA that over 5.8 million tons of goods were transited via Iran in the first half of the current Iranian calendar year, which began on March 20, showing 25 percent growth year on year. He added that 2.4 million tons of the transited goods were oil products and the rest were non-oil products. The highest volume of the transited goods was related to transiting 1.8 million tons of goods from Iraq to the UAE. Afandizadeh said that more than 100 countries are currently transiting their goods via Iran.

### **Iran economy far from collapse as sanctions tighten: analysis**

**TEHRAN 21.02.2013**

In an analysis published on Wednesday, Reuters said that Iran's economy is far from collapse a year after U.S. sanctions largely froze Iran out of the global banking system. Shops in the Iranian capital are crowded. Finding a seat at good restaurants can be difficult. And the ski resorts in the mountains north of Tehran continue to attract Tehran's glamorous and well-heeled. »The economy has problems with the sanctions, yes. But it's still working," Hossein Ahmad, an Iranian who runs a jeweler shop in wealthy Dubai, says. "It isn't as bad as people outside the country think." Sanctions are clearly having an impact; the country's oil revenue has been slashed and other trade disrupted; a weak currency has sent the prices of some imports soaring. But they are not close to having the "crippling" effect envisaged by Washington. The Iranian government has found ways to soften the impact, and Iran's economy is large and diverse enough to absorb a lot of pressure. So at talks next week with the world's major powers in Almaty, Kazakhstan, Iran seems unlikely to feel under overwhelming pressure to back down on its nuclear program. The government had a long time to prepare for economic war," said a political analyst based in London. "If you're talking about collapse, that is not happening."



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## FOREIGN RESERVES

Iran's oil and gas exports, which previously accounted for three-quarters of total exports, plunged last year because of international sanctions, and they may fall further as Washington makes it even harder for Tehran to obtain payment for them. The International Energy Agency estimated last week that Iran's oil exports may have dropped below 1 million barrels per day in January from 2.2 million bpd in late 2011, costing the country over \$40 billion in lost revenues last year. That loss is manageable, however, for a nearly \$500 billion economy, and Iran has taken steps in the past year to put the economy on an emergency footing, partially offsetting the drop in inflows of wealth with a reduction of outflows. Imports of luxury goods including foreign cars and mobile phones were banned, state media said, while the government cut subsidies for students studying abroad. Gold exports were controlled to make capital flight from the country harder. Most importantly, the government presided late last year over a slide in the Iranian rial, which lost about two-thirds of its value against the U.S. dollar in the free market before stabilizing in its current range around 36,500. It is not clear whether authorities deliberately engineered the slide, which caused panic among businessmen and brief street protests in Tehran, but the end result suits a government that is hunkering down to resist more years of sanctions.

Since the state controls the oil sector, it can divert most of Iran's remaining hard currency supplies where it wishes. It is using special exchange centers to sell dollars at cheap rates to importers of basic foods, medicines and other essentials. Meanwhile, the mass of Iranians who want dollars for other purposes - to import luxuries, travel overseas or move their savings abroad - must buy them at the expensive market rate. This cuts demand to send money out of the country. The outcome, analysts say, is that Iran may avoid an external payments crisis even if oil exports fall further. Its foreign reserves are estimated by private economists to have dropped to around \$70-80 billion from just above \$100 billion at the end of 2011; the fall may slow and eventually halt as the currency depreciation and other emergency policies take hold. Iranian-born economist Mehrdad Emadi, of the Betamatrix consultancy in London, said statements by officials in Iran suggested they had identified \$60 billion as a safe minimum level for reserves, and would take further steps to restrain imports if necessary to protect that level.

"We are not even in the neighborhood of a critical situation for the balance of payments," he said.

Oil used to provide about two-thirds of government revenues, so the sanctions have hit state finances hard. But once again, the weak rial has come to the government's aid, letting it make money by selling some of its petrodollars to the private sector at much higher prices than a year ago. The International Monetary Fund estimated in October that Iran would post a general state budget deficit of 3.9 percent of gross domestic product this year - easily bearable for a government with gross debt of only about 9 percent of GDP.

## LIVING STANDARDS

The sanctions are, however, sapping Iranians' living standards as the weak rial pushes up inflation through higher import costs. Chicken prices, for example, nearly tripled in a year as the cost of buying feed from abroad jumped. The official inflation rate hit 27.4 percent at the end of 2012. Including imported goods, actual inflation is believed to be roughly twice as high. A small jar of Nescafe now costs about 230,000 rials (\$6.30 at the free market rate) in a Tehran store, up from 120,000 rials a few months ago. Higher import costs, as well as inefficient management, have made it hard to obtain some medicines. Hospitals have reported shortages of drugs to treat cancer, diabetes and other diseases. The auto sector, which built over 1.6 million vehicles in 2010, has been devastated by more expensive imported parts. Output roughly halved in the past year, and thousands of people lost their jobs as some parts plants closed, local media said. But the picture is more nuanced. Some companies such as home appliance makers, which were being undercut by cheap imports, are now growing strongly because the rial's drop has made them more competitive, Shabani said. Iranians seeking to escape inflation and unable to move their money out of the country are building new homes, boosting the construction and carpentry industries. These mini-booms are reflected in flashy new cars cruising Tehran's streets and luxury apartments going up in its affluent neighborhoods. The stock market hit a record high this week. Emadi estimated that while some of Iran's top industrial centers could hemorrhage jobs because of the sagging oil and auto industries, overall the economy was unlikely to shrink more than around 2 or 3 percent this year. Meanwhile, government subsidies and handouts are expected to continue softening the impact of inflation on Iran's poorer families by keeping staple foods such as bread, rice, sugar and edible oil affordable for them. Parliament agreed last month to allocate a further \$2 billion to support low-income families. The rial's depreciation has halved the savings of the middle class and destroyed some of their businesses, but "those at the top and bottom of the pyramid haven't seen a dramatic amount of change", said Emad Mostaque, a strategist who follows Iran at London-based NOAH Capital Markets. This uneven distribution of the pain of sanctions is why, for Washington, they could prove counter-productive: they are doing most damage to a group that might be expected to push for political change in Iran.

## [World News 2013 - Car Industry in Iran - YouTube](#)

( press on web site address to watch video about Iran khodro and saipa company )

### **Iran's automotive industry**

Is the second most active industry of the country, after its oil and gas industry, accounting for 10% of Iran's GDP. Iran developed a significant automotive industry with up to 200 thousands annual production under Shah's regime. But after the Islamic revolution of 1979 it drastically decreased. Since the early 2000, automobile production in Iran grew exponentially. Iran's automobile production crossed the 1 million mark in 2007/2008. Today, Iran is the 13th largest automaker in the world and one of the largest in Asia, with annual production of more than 1.6 million (that is more than in such old and new auto makers as Belgium, United Kingdom, Italy, Czech Republic and Turkey). In 2009 Iran ranked fifth in car production growth standing next to China, Taiwan, Romania and India. As at 2001, there were 13 public and privately owned automakers in Iran, of which two - Iran Khodro and Saipa - accounted for 94% of the total domestic production. Iran Khodro, which produced the most prevalent car brand in the country - the Paykan, which has been replaced in 2005 by the Samand -, was still the larger with 61% of the market in 2001, while Saipa contributed 33% of Iran's total production in the same year. Iran Khodro is one of the largest car manufacturers in Asia. It has established joint-ventures with foreign partners on 4 continents. The Iranian manufacturers currently produce six different types of vehicle, including passenger cars, 4WD, trucks, buses, minibuses, and pickup trucks. The sector directly employs about 500,000 people (roughly 2.3% of the workforce), and many more in related industries. About 75% of local output is passenger cars, with pick-ups the next largest category, accounting for around 15%.

### **Iran to increase gasoline production capacity**

25 January 2013, 13:13 (GMT+04:00)



Seven oil refining projects are underway in Iran, with the goal of boosting gasoline production capacity to 110 million liters per day, IRNA news agency quoted deputy oil minister Alireza Zeighami as saying, Trend news agency reported.

The projects will be inaugurated maximum by the end of the first half of the next Iranian calendar year (September 21, 2013), he added.

The projects include Arak, Lavan, Tabriz, Esfahan, Bandar Abbas, Tehran, and Persian Gulf Star refineries. Iranian refiners have been obliged to supply gasoline meeting Euro-4 standards since the beginning of the next Iranian calendar year (March 21, 2013), Mehr news agency quoted Iranian Standards Organization's Deputy Director Bahador Kazemi as saying on January 12.

The produced gasoline currently meets Euro-2 standards, he said, adding that newly established refineries are able to produce gasoline which meets both Euro-4 and Euro-5 standards.

Iran exported over 132,000 tons of gasoline, worth around \$134 million, last year.

According to Customs Administration data, the gasoline exports rose by 127 percent in value and 108.5 percent in volume, respectively, compared to the year before.

Armenia, Afghanistan, the UAE, Iraq and Oman were the destinations for Iranian gasoline.

In December 2012, IRNA quoted Ali-Mohammad Sha'eri, the Iranian environment protection department's deputy director, as saying that some 50 million liters of gasoline and diesel, meeting Euro-4 and Euro-5 standards, will be produced in Iran by the end of the current Iranian calendar year.

The amount of fuel will be produced by Shazand, Tondgouyan, Abadan, and Lavan refineries, he added.

In October 2012, ISNA quoted Zeighami as saying that Iran is currently producing 25 million liters of premium gasoline per day, meeting Euro-4 and Euro-5 standards.

The country's gasoline output is projected to hit 70 million liters per day by the end of the next Iranian calendar year, he added.

He also said that diesel oil output will reach 95 million liters per day by the end of the current Iranian year, of which 25 million liters meet Euro-4 and Euro-5 standards

Iran's Economy Faces Grim 2013

January 3, 2013 | 12:01pm

**Kevan Harris**

**What is the state of Iran's economy in 2013 compared to a year ago?**

Iran's economy enters 2013 significantly worse than a year ago, particularly with higher inflation and unemployment than at the beginning of 2012. The rial also plunged from around 11,000 to the dollar at the beginning of 2012 down to between 22,500 and 31,000 at the beginning of 2013, depending on the type of transaction. The past year was probably the most tumultuous economically for Iran since 1994, when an external debt crisis triggered a serious inflationary shock and a recession.

At the outset of 2012, many Iranians expected another economic shock due to the growing array of sanctions on Tehran's oil sales and financial transactions led by the United States and European Union. In 2013, many now expect the international economic cordon to be further tightened. The 2012 squeeze did not produce a hyperinflationary spiral, but annual overall inflation in 2012 was estimated to hit between 40 percent and 60 percent, according to Iran's business media. Tehran was forced to limit foreign exchange transactions and the export of strategic goods in response to the effect of sanctions on Iran's currency market.



Due to sanctions, Iran's oil exports were also basically cut in half in 2012, from 2.3 million barrels a day at the beginning of 2012 down to around 1 million barrels a day at year's end, according to the International Energy Agency. The accumulated impact of revenue declines is likely to produce two additional problems in 2013. First, the national budget deficit is expected to increase to around 30 percent of the current budget (in the Persian year ending in March 2013), which means that President Mahmoud Ahmadinejad will be forced next year to cut spending, raise revenue, and prop up state banks with new cash injections. Iran's parliament wants to put as much control over the government budget as it can, since many members of parliament contend that Ahmadinejad's use of revenue is opaque at best. Second, further changes in subsidies for basic commodities—which date back to hardships during the eight-year Iran-Iraq war in the 1980s—are on hold. Ahmadinejad introduced changes to this subsidy program over 2011-2012, including liberalization of some prices combined with monthly stipends for the entire Iranian population. But he only got through one round of subsidy cuts before Iran's parliament halted further increases in fuel prices as well as higher stipends. Inflation had whittled away the benefits of both, although the idea is not dead. Iranian economists are divided about subsidy reforms. Some think the subsidy cutbacks generated an inflationary shock at a time that the domestic economy—both the manufacturing and agricultural sectors—were unprepared for higher production and raw material costs that they then either had to absorb or pass along to consumers. So sanctions were not the only driver of inflation in 2012. Other economists are more sanguine about the reforms, given the difficulties of enacting any economic policy changes in Iran. The ill-effects are temporary, they contend, and many other developing countries use stipends as part of their welfare programs. A diplomatic solution about Iran's controversial nuclear program over the next year, they say, would lessen the pain and other subsidies could then be removed.

### **Iran's inflation rate hits 28.7 pct**

**English.news.cn 2013-02-04 21:30:55**

TEHRAN, Feb. 4 (Xinhua) -- Iran's inflation rate in the 12-month period ended on the tenth Iranian calendar month (from Dec. 21, 2012 to Jan. 19, 2013) hit 28.7 percent, Tehran Times daily reported on Monday. Earlier, the Central Bank of Iran announced that the inflation rate was 27.4 percent in Iran's ninth Azar month (from Nov. 20 to Dec. 20, 2012). In December 2012, Iranian Minister of Economic Affairs and Finance Shamseddin Hosseini said that the Iranian administration had special plans to curb a probable surge in inflation during the final months of the current Iranian calendar year, ending on March 20, 2013, according to the daily. "Since recent rises in prices of goods are in close relation with rises in foreign currency rates, so we should rein in foreign currency shocks," Hosseini was quoted as saying. Due to the Western sanctions on Iran's energy sector and financial system, the local currency depreciated sharply against foreign currencies in the past year. On Monday, one U.S. dollar was sold for about 38,000 rials in Tehran's street market, while it was sold for 13,000 rials in October 2011. Semi-official Mehr news agency reported on Jan. 24 that the Iranian government and parliament agreed to distribute staple food coupons to some 17 million Iranians in a move to assist the low-income families. In a joint meeting, the government and the Majlis (parliament) agreed to give out rice, sugar and cooking oil to poor people and allocate 2 billion dollars to support low-income families in light of shortages of basic commodities and high inflation rate, according to Mehr. Further, the Iranian administration and the parliament recently decided to pay cash assistance to 60 million Iranians on the eve of the new Iranian calendar year starting on March 21, 2013, Tehran Times reported on Monday.

Based on the decision, around 1 million rials (26.3 dollars based on Monday market currency rates) will be paid to every individual. The money will be drawn out of Iran's National Development Fund and will be deposited to banking accounts of breadwinners of the families by Feb. 28, said the daily.

### **Iran will create over 1.1m jobs by March 2013official**

**TEHRAN** - Iranian Cooperatives, Labor, and Social Welfare Minister Abdolreza Sheikholeslami has said that 1.115 million new jobs will be created in the current calendar year, which ends on March 20, 2013.

The unemployment rate is planned to be cut to seven percent by the end of the fifth socio-economic development plan (March 2016), he added, the IRNA news agency reported.

To this end, 5.5 million new jobs should be created, he noted.

Iran's High Council of Employment has approved allocating 45 trillion rials (some \$37 billion) to job creation plans in the current calendar year, the deputy cooperatives, labor, and social welfare minister said on July 24. The Mehr news agency quoted Mohammad-Hossein Forouzanmehr as saying that some 1.6 million jobs were created last year. The unemployment rate in Iran stood at 12.3 percent in the past calendar year, showing 1.2 percent fall compared to its preceding year, according to the Statistical Center of Iran.

### **March, 01.2013, Tehran Top Stories**

**NYT:** "Talks between Iran and six world powers over its nuclear program ended on Wednesday with an agreement to convene technical experts in Istanbul on March 18 and return to Almaty for full negotiations among the delegations on April 5 and 6, a senior Western diplomat said. Iran's chief negotiator, Saeed Jalili, said that modest progress had been achieved. The participants 'had come back with more realistic proposals that come a little closer to Iran's position,' he said. 'Their proposals seem more realistic and positive.' He added that there have been 'some changes in their viewpoint.' The two days of talks here had been convened to get a clear response from Tehran to an offer of step-by-step sanctions relief in return for confidence-building measures from Iran, Western diplomats said... On Wednesday, a senior American official called the talks 'useful' rather than positive or negative and said, 'What matters are concrete results on the most urgent issues, on 20 percent enrichment and on Fordo.' Western diplomats cautioned that there was little substantive progress other than Iran's willingness to study the proposals delivered here and added that the technical meeting in Istanbul is to explain the proposals in detail before returning to Almaty to hear Iran's response."

<http://t.uani.com/13jAQ2J>

**Daily Telegraph:** "Iran is developing a second path to a nuclear weapons capability by operating a plant that could produce plutonium, satellite images show for the first time. The Telegraph can disclose details of activity at a heavily-guarded Iranian facility from which international inspectors have been barred for 18 months. The images, taken earlier this month, show that Iran has activated the Arak heavy-water production plant. Heavy water is needed to operate a nuclear reactor that can produce plutonium, which could then be used to make a bomb. The images show signs of activity at the Arak plant, including a cloud of steam that indicates heavy-water production. Inspectors from the International Atomic Energy Agency have been unable to visit the facility since August 2011 and Iran has refused repeated requests for information about the site, which is 150 miles south-west of the capital, Tehran. Western governments and the IAEA have held

information about activity at Arak for some time. But today's exclusive images are the first to put evidence of that activity into the public domain." <http://t.uani.com/13hYTz8>

**Reuters:** "U.S. lawmakers will introduce a bill on Wednesday that expands economic penalties against Iran and is designed to force countries like China to buy less Iranian crude oil, according to a copy of the legislation obtained by Reuters on Tuesday... The legislation by House Foreign Affairs Committee Chairman Republican Ed Royce of California and the panel's top Democrat Eliot Engel of New York builds on existing U.S. sanctions that have so far led to the devaluation of Iran's currency and slashed the country's main source of funding - oil revenues. The bill would give U.S. President Barack Obama additional authorities to impose financial penalties on foreign companies and entities that provide Iran with goods that are critical to its economy. The legislation would also make it harder for Iran to get the resources needed to develop its nuclear program, by cutting off Tehran's access to hard currencies such as the euro. Under the legislation, pressure would be applied on European authorities to stop the Iranian government from using the European Central Bank's payment system to circumvent U.S. and European sanctions. 'The bill tightens the screws on Iran by several more turns,' said one person familiar with the legislation... The House bill would close what lawmakers deem as loopholes in the law and force countries to reduce their Iranian oil purchases over a shorter time period. As well, the legislation would prohibit countries from purchasing Iranian oil from third parties." <http://t.uani.com/WfWCTd>

### Inflation rate rises 1.1% in Iran, hits

29.8%

Economic desk – 02. March2013

**TEHRAN** - The Central Bank of Iran has announced that the inflation rate in the 12-month period ended the eleventh Iranian calendar month of Bahman (February 18) hit 29.8 percent.

The figure rose 1.1 percent compared to the 12-month period ended on January 19, according to the Fars News Agency.

The Central Bank of Iran has announced that the inflation rate in the current Iranian current calendar year 1391, which ends on March 20, will hit 31.5 percent, ISNA reported.

The inflation rate had been projected to hit 32 percent, but measures have been taken to curb the rate at 31.5 percent, ISNA quoted Central Bank governor Mahmoud Bajmani as saying.

In December 2012, IRNA quoted Finance and Economic Affairs Minister Shamseddin Hosseini as saying that the Iranian administration has special plans to curb a probable surge in inflation during the final months of the current Iranian calendar year, ending on March 20, 2013.

Wish you good time during reading the news from Iran. If any additional question please do not hesitate to contact us.

Regrds,

Franc Lenhart  
Proming group ltd.