

# AHK Iran Newsletter



Deutsch-Iranische  
Industrie- und Handelskammer  
اتاق بازرگانی و صنایع  
ایران و آلمان



## Business News

### Iran Plans First Tender to Draw \$12 Billion Green Investment Source: [Bloomberg](#)

*Iran is planning its first tender for utility-scale renewable-energy projects by year end as it begins a green power build out that could draw \$12 billion of investment by the time it's complete.*

The nation wants to install 5 gigawatts of renewable energy in the next five years and an additional 2.5 gigawatts by 2030, Iran's energy minister Hamid Chitchian said Thursday in an interview in London. The Persian Gulf nation, re-opened to investors following last year's

## AHK News

اتاق بازرگانی ایران و آلمان  
با همکاری آکادمی مدیریت نیدرزاکسن  
برگزار می کند:

### کارگاه مدیریت پروژه

AHK Iran | ۲۶.۵ جولای ۲۰۱۶

از سال ۱۹۸۹ آکادمی مدیریت نیدرزاکسن مشغول تعلیم مدیران برجسته از سراسر دنیا می باشد. برنامه های آموزشی این آکادمی بر اساس معلومات تخصصی مدیریتی به شوه های استاندارد روز دنیا برگزار می شوند. همزمان از طریق آکادمی شرکت کنندگان می توانند با شرکت های آلمانی آشنا شده و ارتباطات جدید تجاری برقرار نمایند.  
گروه هدف: مدیران پروژه در کسبه ها، که مایل اند اهداف پروژه های خود را موفق تر عملی سازند.

- اعطای مدرک آکادمی مدیریت نیدرزاکسن
- هزینه کارگاه: ۲۵۰ یورو برای اعضای اتاق: ۲۰۰ یورو
- کارگاه به زبان فارسی برگزار می شود
- اتاقی کلاسی و پروژکتور، سیستم صوتی و تصویری، اینترنت رایگان و پذیرایی رایگان در تمام طول کارگاه

برای کسب اطلاعات بیشتر به وبسایت اتاق به نشانی: <http://iran.ahk.de> مراجعه نموده و جهت ثبت نام با تلفن: +۳۱۸۳۳۱۵۰۲ و ایمیل: [5\\_moshir@dihk.co.ir](mailto:5_moshir@dihk.co.ir) تماس حاصل فرمایید.

Please find below the link to the flyer for our upcoming "Project Management" seminar, which will take place on July 26-28, 2016 at AHK Iran. The seminar is organized in collaboration with Deutsche

nuclear deal, has been courted by international green power investors at the same time it boosts oil production for export.

“We’re not going to use the money from oil in that sector at all,” Chitchian said. “All the investment will be done by the private sector, including local and foreign companies.”

At least 150 trade delegations from around the globe have visited Tehran in the six months since economic sanctions were dropped. While businesses and diplomats have clamored to tap the market of 78 million people, deals have been slow to materialize as banks and financial institutions exert caution to ensure the nuclear accord sticks. Western powers accused Iran of seeking nuclear weapons, a charge Iran always denied.

Tehran’s government is seeking commerce with countries and companies offering the best financial terms rather than prioritizing political and historical ties. The energy ministry is already in talks with some of the world’s largest renewable-energy players including Vestas Wind Systems A/S and Siemens Wind Power Ltd., Chitchian said.

Vestas’ chief sales officer, Juan Aratuce, said last month that Iran could be an important new market for wind energy. Automaker Iran

Management Akademie Niedersachsen (DMAN). During this 3-day intensive training, attendees will learn to correctly initiate, pragmatically plan, actively execute, and skillfully close out their projects. The participants are taught modern methods and techniques (german standards) enabling them to easily master their projects.

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Senior Experten Service (SES) – the Foundation of German Industry for International Cooperation – is the largest German volunteer placement organisation for retired skilled and management professionals. It is a non-profit organisation providing help for self-help since 1983, mainly in developing, newly industrialised and transition countries, but also within Germany. SES is supported by the main associations representing German business: the Federation of German Industry (BDI), the

Khodro Co. is negotiating with South Korea's LG International Corp. to jointly develop electric vehicles. "Foreign direct investment dried up during the sanctions but it is already starting to flow," said Mohammad Hassan Habibollahzadeh, Iran's charge d'affaires in U.K. "Many companies have signed agreements during the last few months. Electricity is considered to be one of the most important sectors."

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## 7 Provincial Steel Projects Go on Stream by Yearend

**Source:** [Financial Tribune](#)

*After nearly 10 years, sponge iron production plants of the so-called "Seven Provincial Steel Projects" will become operational by the end of the Iranian year (March 2017), announced the head of Iranian Mines and Mining Industries Development and Renovation Organization.*

"The inauguration of the sponge iron plant of Sepiddasht Steel Complex, located in Chaharmahal-Bakhtiari Province, is only pending the construction of a 60-kilometer-long water pumping route from the Chaghakhour Dam to the plant," Mehdi Karbasian said, adding that provincial officials are working to

Confederation of German Employers' Associations (BDA), the Association of Chambers of Industry and Commerce (DIHK) and the German Confederation of Skilled Crafts (ZDH). The activities of SES abroad are funded partly by the Federal Ministry for Economic Cooperation and Development (BMZ). Projects in Germany are supported by the Federal Ministry of Education and Research (BMBF).

### Senior Experts

SES Experts can draw on many years of professional experience. They pass on their knowledge on a voluntary basis and train fellow workers in their subject fields all over the world. They come equipped with knowhow from around 50 branches of industry, along with good social skills, readiness to adapt to the conditions prevailing in the assignment country, and, in many cases, good foreign language skills. No costs are incurred to them through working for SES. Insurance is also taken care of.

### Clients

The services of SES are mainly aimed at small and medium-sized enterprises, public authorities, professional bodies and business associations, social and medical institutions as well as training institutions. Close collaboration with other development organizations is well established. In Germany, SES

resolve the issue.

Furthermore, the sponge iron plant of Khuzestan Province's Shadegan steel project will come on stream by the end of September, and East Azarbaijan Province's Mianeh plant, Fars Province's Neyriz plant, Khorasan Razavi Province's Sabzevar plant, Kerman Province's Baft plant and South Khorasan's Qaenat plant will start producing sponge iron by the yearend.

The sponge iron plants are being equipped with European and Chinese production machinery. "The inappropriate location of the plants, underdeveloped water, electricity, gas and transportation infrastructure and lack of funding were the primary causes of the delay of projects," Karbasian, who is also deputy minister of industries, mining and trade, was quoted as saying by IMIDRO's news portal.

According to IMIDRO, the seven plants will add at least 6 million tons to Iran's annual crude steel output, while creating 7,000 direct and 35,000 indirect jobs. The seven projects date back to 2006 when the government decided to implement eight steel projects in the provinces of Chaharmahal-Bakhtiari, Fars, Khuzestan, Yazd, Kerman, East Azarbaijan, South Khorasan and Khorasan Razavi.

also champions schools, schoolchildren and trainees.

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The screenshot shows a website interface with a header for AHK (Deutsch-iranische Industrie- und Handelskammer) and a main content area with multiple columns of text and logos. The text is in Persian and lists various companies and services. The footer contains contact information for the website.

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# Advertisements

After only one of the projects was taken over by the private sector, the rest were not well received due to their inappropriate locations and undesirable physical progresses. Therefore, IMIDRO took over 65% of the projects' shares and undertook the task of attracting the required investment.

## Single Digit Inflation After 26 Years

**Source:** [Marin Consult](#)

*Reducing inflation has been a primary goal of the government of President Hassan Rouhani whose efforts are paying off. This is the first time in 26 years that average inflation has fallen to a single digit, according to sources in the CBI. The last time was in 1990, when Iran was emerging from the carnage of the Iraq-imposed war.*

The goods and services Consumer Price Index for urban areas reached 9,7% in the 12-month period ending June 20th, which marks the third month of the Iranian year, compared with last year's corresponding period, according to the Central Bank of Iran. CBI put the preceding month's inflation rate at 10.4%. The overall consumer price index (using 2011 as the base year) stood at 240.9 in Khordad, indicating a 1.2% increase compared with the previous



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month and a year-on-year increase of 6.8 % compared with last year's similar month.

The government's efforts to get its finances in order and the CBI's monetary policy have been instrumental in curbing inflationary pressures. But some economists say near zero global inflation, coupled with recession in the Iranian economy that has hammered consumer spending, are the main reasons for the drop in CPI.

## 6 Wastewater Treatment Units Planned for Tehran

**Source:** [Financial Tribune](#)

*Plans have been devised to launch six new wastewater treatment facilities in Tehran Province by January 2017, said the CEO of Tehran's Water and Wastewater Company.*

"New wastewater units are expected to go on stream every two months in Shahriyar, Parand, Pardis, Maygoun and Pishva," Khabaronline quoted Mohammad Parvaresh as saying. According to the official, Tehran's wastewater or sewage collection network covers 70% of the households. Moreover, the whole grid can be fully developed by the end of 2017 unless the lack of much-

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needed financial resources impedes the progress.

Pointing to the fact that nearly \$100 million are spent annually to utilize, maintain and upgrade water facilities in the capital city, Parvaresh noted that ground and underground waters cost \$100 million per year to be treated, transferred, stored and supplied as drinking water.

According to the official, currently 1.35 billion cubic meters of water in Tehran are processed in water treatment facilities, underscoring the pivotal role of capacity management before water consumption hits peak demand.

Expansion of the wastewater network development project is one of the most important urban projects underway in Tehran since four decades, but the lack of funding for the major undertaking plus the fast development of urban areas have impeded completion.

Nearly 3,000 water and wastewater projects nationwide are incomplete due to a lack of funds, according to energy officials. In addition, a total of 121 water supply projects across the country require a minimum of \$3.5 billion, which call for a greater private sector participation in national projects.

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# German exports plunge: 'Performance not champion-like'

**Source:** [Reuters](#)

*German exports fell unexpectedly in May, posting their steepest monthly decline in nine months, and imports rose less than expected, data showed on Friday, in a further sign that weak global demand is curbing growth in Europe's largest economy.*

The disappointing trade figures fleshed out a picture of economic weakness in Germany after data released earlier this week showed industrial output posted its biggest monthly drop in nearly two years and orders also came in weaker than expected.

"Another indicator signaling that Germany's performance is currently not champion-like," ING Bank economist Carsten Brzeski said, adding that the only region to which German companies had exported significantly more than last year was the euro zone.

He pointed out that the German trade surplus with the single currency bloc was widening again, suggesting that buoyant domestic demand in Germany was not necessarily benefiting the rest of the euro zone.

Overall, seasonally adjusted exports dropped 1.8 percent on the month, data from the Federal Statistics Office showed. This was the biggest monthly fall since August 2015 and below the consensus forecast in a Reuters poll for a 0.25 percent rise.

Seasonally adjusted imports inched up 0.1 percent on the month, the data showed, short of market expectations for an increase of 0.4 percent.

The plunge in exports narrowed the seasonally adjusted trade surplus to 22.2 billion euros (\$24.6 billion) from a revised 24.1 billion euros in April which was the highest monthly value so far.

"German export development is sluggish so far this year," DIHK foreign trade director Volker Treier said. Trade with European Union countries was the only reason unadjusted exports rose 1.6 percent on the year in May, he said.

## Iran's imports fall 27% in spring

**Source:** [Marin Consult](#)

According to Iran's Customs Administration, the value of Iran's non-oil trade fell to \$19.473 billion (-20%) in spring 2016, which corresponds to the first quarter of the current Iranian calendar year (March 20-June 20), from \$24.245 billion in spring 2015, IRIB reported.

The Customs Administration put the worth of Iran's non-oil exports and non-oil imports at \$10.472 billion (-12%) and \$9.001 billion (-27%), respectively, during the first quarter of this year. The figures were \$11.859 billion and \$12.386 billion for the exports and imports in the same quarter of the last year.

The top five export destinations for Iranian products in the first quarter of the Iranian year 1395 were China (21%), the UAE (17%), Iraq (14%), South Korea (8%) and India (7%). Germany is placed 16th of the Iranian export destinations.

The main imports were corn for livestock, soy bean, soy press cake, rice and semi knocked down auto parts which were valued at 272 Mio. USD, 221 Mio. USD, 215 Mio USD, 197 Mio. USD and 160 Mio USD respectively. China (23%), the UAE (17%), South Korea (7%), Turkey (7%) and Russia (6%) were the main exporters during the period, followed by India (5%) and Germany (5%).

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## OECD Upgrades Iran Risk Rating

**Source:** [Financial Tribune](#)

*The Organization for Economic Cooperation and Development (OECD) has upgraded Iran's rating in the country risk classifications of the Participants to the Arrangement on Officially Supported Export Credits (CRE).*

According to the international body's latest risk classification table updated on Friday, Iran's ranking improved one notch, moving from 7 to 6. As the OECD puts it, the country risk classifications are meant to reflect country risk, which is composed of transfer and convertibility risk (i.e. the risk a government imposes capital or exchange controls that prevent an entity from converting local currency into foreign currency and/or transferring funds to creditors located outside the country) and cases of force majeure (e.g. war, expropriation,

revolution, civil disturbance, floods, earthquakes). Iran has been expecting the improvement since the lifting of the sanctions early this year. The country hit nadir in the CRE ratings in 2012 when sanctions against its nuclear program were tightened. Tehran, however, is aiming at a rating of 4 that it held before 2007, on grounds that it has proved its ability to make good on its commitments even during the sanctions years, according to Export Guarantee Fund of Iran's deputy CEO, Arash Shahraini.

### **Waiting for Next Meeting**

"We were expecting to be upgraded to 4 at OECD's latest meeting," Shahraini told the Financial Tribune. "But, Iran's risk classification is likely to be further upgraded at the body's next meeting in October, if members call for a revision."

The country risk classifications of the Participants to the Arrangement on Officially Supported Export Credits are one of the most fundamental building blocks of the arrangement rules on minimum premium rates for credit risk, according to OECD. They are produced for the purpose of setting minimum premium rates for transactions supported according to the arrangement and they are made public so that any country that is not an OECD member or a participant to the arrangement may observe the rules of the arrangement.

"Upgrades in risk classification will pave the way for foreign finance to flow into the country," Shahraini said. He pointed to the ongoing talks between EGFI and major credit rating agencies and said, "This could help us tap global financial markets for issuing bonds at lower yields."

The country risk classifications are not sovereign risk classifications and should not, therefore, be compared with the sovereign risk classifications of private credit rating agencies (CRAs). Conceptually, they are more similar to the "country ceilings" that are produced by some of the major CRAs.

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