



New Step for Investors in Mining Sector of Iran

Doors Are Open for Foreign Investment in Mining Sector

The 2nd International Conference on Mines and Mining Industries, Development and Investment was held in the presence of Ayatollah Akbar Hashemi Rafsanjani *(Chairman of the Expediency Council), Minister of Industry, Mine and Trade Mohammad Reza Nematzadeh and Dr. Mehdi Karbasian, Chief of the Executive Board of IMIDRO. The conference was held at IRIB Convention Center with an aim to underline the importance of the mines and mining industries in the economy and introduce present capacities in this sector to foreign investors.

Sale of Raw Minerals Must Be Halted

The EC chairman said: "IMIDRO should convey to the Expediency Council the issues required for facilitating foreign investment."

According to the Public Relations Office of the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO), Ayatollah Rafsanjani noted: "I asked Dr. Karbasian to convey to the (Expediency) Council points that are raised with foreign companies over elimination of the restrictions and facilitation of the conditions of foreign investment attraction in order to review them."

"We hold a collection of mines many of which have not been explored yet and some of those explored have not been activated and, above all, industries are needed that make efficiency of the mines practical," Rafsanjani said.

Pointing out that the field for presence in the mining sector is open to foreign investors, he said widespread studies have been conducted inside and outside and this point has been achieved that Iran is among countries possessing mines in the world. "We

hold a collection of mines many of which have not been explored yet and some of those explored have not been activated and, above all, industries are needed that make efficiency of the mines practical," he said.

He added: "Domestic and foreign companies as well as foreign governments that are interested in cooperating with us in this expanded field of 1.6 million square kms in the mine sector, the field is open."

Stressing that restrictions for development of relations with other countries have been removed, Rafsanjani pointed out: "General principles and policies that have been signed by the Leader, are our roadmap and cannot be changed. Among paragraphs of these principles, there is access to new technologies, improving educational level and training human resources and deepening research and expanding fundamental, economic, environmental and maritime geology for taking proper advantage of mineral deposits."

Doors of Cooperation Are Open

He continued by saying that promotion of the share of mines and mining industries in the gross national product (GNP) and giving priority to minerals and their processing, are other aspects that can be considered. "Now the field is open to reach our share in GNP to the desired level".

Rafsanjani stressed: "We did not stop export of mineral substances but we gave priority to the processing and in this respect it should be admitted that for foreign companies processing in Iran is much cheaper than elsewhere."

Pointing to the existing facilities in the country for the development of mining sector, head of the Expediency Council said that throughout the country, there is enough gas and electricity and investors can rely on these resources with full confidence. "Also, there is inexpensive workforce in Iran for the advanced countries and more important is that we have educated young and energetic forces."

He noted that proximity to the sea, existence of several ports in a span of over two thousand kms in the south and the north of the country, airports, easy transportation, energy, proximity to the shopping centers and power stations are all among these advantages. "Now we are completing the north-south corridor in order to provide a proper route for carrying goods and manpower in various parts of the country."

He said attraction and absorption of domestic and foreign knowhow, resources and facilities in the field of mining explorations and development of units for processing and conversion of mineral substances to intermediary and consumer substance, specifying priority of the areas having the capacity of mineral substances and creating areas for the growth of mineral and metal resources in the alloy sector, rare mineral elements and production of advanced materials are among other cases that the Islamic Republic of Iran has specified in the mining sector.

The EC chief referred to tar as one of the items that has been less used and noted that tar relates to various industries including steel from which five thousand products are produced and is a good field for investment at home and outside the country and can attract skilled forces.

With regard to the priority of knowledge-based development in the field of mining, Rafsanjani said in the past two years, 1000 knowledge-based companies have been established in the Islamic Azad University and researchers, students and instructors of the university are cooperating over projects of the companies which are commercialized after the experimental stage. In this context, 450 units of the Islamic Azad University are active throughout the country and along with the facilities (land, electricity, gas and advisor) loans are being paid for small activities.

As for the mine exploration, he said: "Development of explorations has priority and we invite the private sector independently or with foreign participation, enter into the activities in the mine sector. He further remarked: "With regard to the Vision Plan, we should stand in the first place in the region in 2025, although in terms of the raw material we hold such a position and in terms of efficiency, the field is open to obtain such an indicator."

He stressed: "In our main policy, selling raw material is in the second position but interaction with the world markets is important for us." According to him, the issue of protection of the environment with regard to the religious teachings and ancient civilization of Iran enjoys high importance. "On the other hand, for the protection of the environment, like other countries, we have signed the relevant agreements and we have been committed to them. In addition, with regard to the dust storm, we plan to stabilize it with biological system and eliminate this pollution."

Elimination of Remaining Barriers, Limitations

Minister of Industry, Mine and Trade also addressed the second international mines and mining industries conference. He said with the amendment in the law on mines which was recently forwarded to the government, some minor restrictions for the investors in the mine sector will be removed.

In the Iranian market, export growth of steel, aluminum, copper and other minerals, has faced welcome of investors to this sector which is visible in the mercantile exchange and the stock exchange.

Mohammad Reza Nematzadeh said: "With this step, some of the present restrictions will be removed on the way of the investors." He pointed to Iran's new economic conditions and said: "With the improvement of the international conditions, we invite the investors for talks and cooperation as well as presence in the explorations, engineering and mining exploitation."

Mutual Interests: Basis of Cooperation with Foreign Investors

Head of the Executive Board of IMIDRO, Dr. Mehdi Karbasian, was another speaker who said looking at the past, especially the recent 3.5 years, will show that the entire government has gone through a challenging period. Was it not for the cooperation of the people and the private sector, especially support of the Supreme Leader, it would not have been possible to take this course.

"In this challenging period, the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) could leave behind the past problems and take steps as a development organization towards realization of the government's mission.

According to the official, as of the second half of 1392 (2013/14) IMIDRO placed design, formulation and implementation of a new strategy on its agenda. On the basis of this strategy, first with the diagnosis of the past problems and those ahead, plans were implemented for the reform of affairs. In this field, provincial steel plans, despite severe shortage of financial resources, were reactivated with the participation of major non-governmental and private sector holdings. This was to an extent that in the month of Aban (October/November) this year, the sponge iron plant was inaugurated in Chaharmahal and Bakhtiari Province out of seven steel projects. According to the IMIDRO managing director, up to the end of this calendar year (March 20, 2017) three other steel projects of Shadegan, Mianeh and Neyriz will become operational.

The deputy minister of industry, mine and trade by referring to the fact that in terms of geology Iran possesses diverse and abundant mines, noted that exploration activities in pre-Revolution era were conducted mostly by foreign companies and these activities continued in the post-Revolution period but in total such operations were conducted only in 7% of the entire territory of the potential country which is rich in mines.

Dr. Karbasian stressed that since the beginning of the calendar year 1393 (2014/15), the grand exploration plan was implemented in 21 provinces of the country as a backup for mineral products and its chain. According to him, the plan covered 250 thousand square kms of the country as a result of which satisfactory reserves of coal, iron ore, copper, gold, etc. were discovered. Undoubtedly, he said, with the completion of the explorations, appropriate reserves will be discovered. It is good to know that the initial results of this project led to the identification and discovery of 50 tons of new gold reserves, 400 million tons of iron ore and 300 million tons of coal, he said.

Dr. Karbasian added that IMIDRO, on the basis of law and policies of the government, is ready to hold common participation with domestic and foreign partners for cooperation in the completion of explorations and final operation of the mines. In the meantime, activation of the stagnant projects is among the main priorities of IMIDRO. He also referred to mines and mining industries projects and said at the beginning of the 11th government 31 plans with a required capital of 24 thousand billion tomans resumed their activities. Karbasian believes that the remarkable point in financing the projects is that over 80% of the mentioned figure was financed by the non-governmental and private sector.

Pointing to other plans of IMIDRO, he said the organization this year up to the next spring has 42 plans in iron ore, steel, lead, zinc, copper, gold, and infrastructures in the process of operation. The value of the projects that are to be opened will amount to 1.6 billion dollars and the value of projects that are to enter operational activities will stand at 2.4 billion dollars. The interesting point is that some of the mines and mining industries projects which were not launched in the past due to the sanctions imposed on the country such as the Kahnooj titanium project, started a while ago with a budget of 500 billion tomans by the Iranian-European-Australian contractors.

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The IMIDRO chief, stressing that the economy has reached a state of tranquility, added that the rising credit risk of Iran imposed heavy economic and non-economic costs on the activities in the mines and mining industries. Iran's credit risk in 1383

(2004/05) suddenly reached 7 from 4 and led to a dramatic increase in the finished cost of money and capital.

Dr. Karbasian noted, another point is that IMIDRO in recent months has held tenders for the implementation of new projects such as the port of Parsian special zone and in calling for bids it has received foreign companies welcome. He added that growth in Chinese demand in 2016 and its continuation next year (injection of 1.5 trillion dollars in banking loan over the past 10 months) beside the growth in the US demand for 1000 billion dollars investment in infrastructures and improvement of the economy resulted from the growth of global price by concentrating on export markets are among indications of interest in the development of investment in this sector.

In the Iranian market, export growth of steel, aluminum, copper and other minerals, has faced welcome of investors to this sector which is visible in the mercantile exchange and the stock exchange. The growth of exports and domestic demand simultaneous with the price rise, has improved production situation in the mines and mining industries sector. But, among other points which IMIDRO managing director referred to was the topic of locating the industries about which he said establishment of mining industries in the southern coasts of Iran in such areas as Parsian special zone, Lamerd or the Persian Gulf special zone in Bandar Abbas and Chabahar Free Zone are among priorities because there is no problem of water, gas and transportation.

According to Karbasian, the conference provides a golden opportunity for the country and therefore after the Joint Comprehensive Plan of Action (JCPOA) the doors have been opened to the investors and all those interested in the development and progress of the country are being invited for cooperation. He continued: "We invite foreign investors whose valuable presence we enjoy in this conference for cooperation on the basis of observance of mutual interest. In this regard, adequate supportive rules and regulations together with national commitment have been provided for investment and with confidence we can start such cooperation."

He added that policies of the government in the field of support for investors, are transparent and economic structures have been modified. The necessary grounds for economic leaps have been provided, Karbasian said, adding that today's opportunities should be used for building a better tomorrow. According to IMIDRO chief, development of mining industry is among strategic targets of the government which aims at producing 55 million tons of steel, 1.5 million tons of cathode copper and 1.5 million tons of aluminum. Mines and mining industries are one of the main axes for the creation of competitive advantages in the country and a motive for the economy. The reason for paying special attention to the mine sector is the rich mine reserves and existence of development capacities in this sector.

*Ayatollah Akbar Hashemi Rafsanjani passed away of heart attack on Jan 8, 2017. This report was prepared before his demise.