

Iran to Join Investment Guarantee Agency Affiliated with WB.

Iran's Deputy Minister of Economy and Finance said the country has started its cooperation with the Multilateral Investments Guarantee Agency (MIGA) affiliated with the World Bank.

Mohammad Khazaie said that with Iran becoming a member of the agency, Iranian companies should not be concerned about the political risk of investment in the country because MIGA's cover can be tapped to protect their capital.

He said other countries under MIGA coverage include Afghanistan. Khazaie, who is also the head of Iran's Foreign Investment, Technical and Economic Assistance Organization, was speaking at a meeting with MIGA's deputy director, the director of Iran's Chamber of Commerce, Industries and Mines (ICCIM) and several industrialists.

He said another advantage in joining MIGA is access to technical assistance of its members as well as boosting Iranian investments abroad.

He said MIGA membership has the added benefit of facilitating the lowering of investment risk in Iran and resolving potential issue with the Organization for Economic Cooperation and Development (OECD).

Following membership, these countries cannot require Iran to provide foreign insurance coverage for their investments.

In July, the Guardians Council (GC) approved the law on Iran's membership to MIGA and passed on a directive for its implementation to the Ministry of Economy and Finance.

Under the law, Iran would become a member to the MIGA Convention after payment of the required fees.

The directive authorized the Ministry of Economic Affairs and Finance to take action in order for Iran to subscribe to 1,659 shares worth US\$17.5 million of the agency's capital stock. Of this, US\$1.8 million would be paid in cash.

The lowering of investment risk in Iran has been an objective of economy officials. Deputy Governor of Central Bank of Iran (CBI), Mohammad Jafar Mojarad, said the reduction of investment risk from six to four is among the positive gains of the Iranian economy.

"Hopefully, with the right diplomatic efforts and joint investments, the risk will be lowered to three."

He added that by reducing bureaucracy, Iranian exports will be in a more competitive position in international markets.

Observance of international standards and norms regarding trade and international issues, easing of restrictions on foreign investments, are all mandatory for establishing a good record in regional and international markets.

He further stressed the need to create sustainable conditions for growth in the Third Five-Year Socioeconomic Development Plan (March 2000-March 2005).

Despite an unstable condition in the world economy, the right financial and monetary policies led to a high growth rate of the economy and its stability, the CBI deputy governor said.