

# Iran floats idea of using UAE dirhams in oil trade

DUBAI: Iran may seek payment for its oil exports to Europe in Emirati dirhams rather than euros because tougher European Union (EU) sanctions could block Iranian transactions in the single European currency, an Iranian official said on Sunday. But the United Arab Emirates (UAE), a US ally and major oil exporter, whose ties with Iran are already strained, is likely to resist such a change given its wish to avoid being sucked deeper into the dispute over Iran's nuclear ambitions.

"This matter of changing over to UAE dirham is under discussion among Iranian officials at the moment but has not been implemented yet," the official from the Iranian Embassy in the United Arab Emirates told Reuters on condition of anonymity. "The weak position of the euro and the dollar, in addition to the fear of blocking transactions if these currencies are used in trade, is what led Iran to consider the switch."

The dollar is the standard currency for oil trade, but Iran had shifted to the euro for European deals in response to many years of US sanctions against the Islamic Republic. Last month Europe also toughened its sanctions against Iran in a stepped-up international effort to make Tehran suspend a nuclear program which the West suspects is

secretly designed to develop atomic bombs. Iran says it seeks only civilian energy from its uranium enrichment process. The Iranian official said talks were internal at this stage, and that Tehran had not yet broached the subject with Abu Dhabi. UAE officials at the Central Bank, economy ministry, foreign ministry and finance ministry had no immediate comment. Oil transactions, in theory, can be carried out in whatever currency the parties involved decide. Industry sources have said Iran and China, one of Iran's main trading partners, were also discussing possible payments in Chinese yuan.

#### Lack of logic

In commercial terms, a shift to dirhams would be illogical, some analysts said, since the currency is pegged to the dollar and has limited use on international markets. "It does not make much sense. It's not an international trading currency in the way the dollar is. What transaction can you do in dirhams? You have to convert it back into dollars," said one analyst who asked not to be named. A switch could still be a way of taking a swipe at the United Arab Emirates, whose relations with Iran have deteriorated and which has told its financial institutions to freeze the accounts of dozens of Iranian

firms. Thousands of Iranian companies and businessmen operate in Dubai, many of them involved in multi-billion dollar re-export trade with the Islamic Republic across the Gulf. "The parent country, be it the UAE or China, will find themselves in an interesting situation if the Iranians begin to hold large amounts of their currency," said John Sfakianakis of Banque Saudi Fransi (BSFR) in Riyadh. "The UAE is trying to tighten restrictions on trade with Iran and if the dirham is used as the main currency, Iran selling its oil in it would place an interesting dimension to the relationship."

The national currency is a matter of pride in the UAE. "They were very careful not to be part of the GCC (Gulf Cooperation Council) currency because they are keen to protect their own currency," said Mustafa Alani, analyst at Gulf Research Centre in Dubai.

"They are very sensitive to their currency and they think that the dirham is a national currency and they are not ready either to give it away or let it be used by other countries," Alani doubted that Iran would be able to use dirhams for oil trade unless the UAE gave its consent, and said he thought Iran was just trying at this time to sound out reaction. -Reuters

# Occidental, Pertamina mull Sonangol's Iraq deals

BAGHDAD: US oil major Occidental Petroleum Corporation and Indonesian state oil firm Pertamina have shown an interest in taking a stake in Sonangol's two Iraqi oilfield development projects, a company official said Sunday.

"Our proposal will be for Sonangol to have a percentage of 45 percent in Najmah and Qayara," Sonangol Executive J. da Graca Luis told Reuters in Baghdad on the sidelines of a meeting between oil companies and the Oil Ministry.

"The rest will be for Occidental or Pertamina or whoever," said Luis, who is the Angolan state oil firm's Asset Manager for Najmah and Qayara.

Sonangol currently has a 75 percent stake in the oilfield projects, with the Iraqi state oil company holding 25 percent.

The fields are among a series awarded to companies last year which could catapult Iraq into the top ranks of global oil powers, potentially rivaling Saudi Arabia with a production capacity of 12 million barrels per day (bpd) within seven years.

The Qayara field, with an estimated 800 million barrels, and Najmah with 900 million are in Nineveh province in Iraq's north, where Sunni Islamist insurgents including Al-Qaeda remain active. -Reuters

It remains one of the most dangerous areas of the country despite a sharp fall in overall violence elsewhere.

Luis said the aim of enticing other international partners into the ventures was to spread the risk and investment costs.

The company clinched the deals with an offer of a six US dollars a barrel remuneration fee and a plateau production target of 110,000 bpd for Najmah, and a fee of \$5 a barrel and output target of 120,000 bpd for Qayara.

The fees were among the highest paid to any of the oil firms that won 20-year oilfield service contracts tendered, reflecting the risks and relatively low quality of oil at the two sites.

Sonangol has said it will invest \$2 billion in Qayara. It has also said it would welcome the building of a small refinery nearby that would help it refine the heavy oil in the reservoirs that it is developing, but Luis said building the refinery was not a condition. Luis said Sonangol would hold the first meetings next month with potential partners.

An initial development plan for the fields was likely to be ready next month, as well, he said. Angola emerged from an almost three-decade long civil war in 2002 to rival Nigeria as Africa's top oil producer. -Reuters

# Small, medium businesses, surviving the summer heat

Ghenwah Jabouri  
Staff Writer

KUWAIT: Small Medium Enterprises (SMEs) need to survive and thrive all year long but summer can sometimes offer certain challenges as a result of increased, outbound travel. Businesses, however, are keener than ever to prevent the heat from coming in the way of business and seek to ensure their businesses will remain robustly booming during the summer period.

AlWatan Daily spoke to various businesses to hear how they plan to keep their businesses up and running during the summer, all businesses expressed sheer confidence that business like any time of the year has to remain active.

Eman Al-Obaid is the proud owner of two home furnishing branches called Artizana, one located in Awdah Al-Muhuna Complex, Hawally, and the second branch located in the Free Trade Zone area. Al-Obaid spoke zealously of her businesses and explained that summer was a good time for her business, in particular Ramadan due to the eclectic items which cater to the Ramadan ambience. Al-Obaid has unique items on display in her shops, which she imports from Spain and Morocco, all which are handmade including tea cups, candle holders, trays, carpets and curtains to name just a few. Furthermore, Al-Obaid personally selects items from Spain and Morocco taking into consideration what inspires the local market.

Al-Obaid established her business in 1998 after she was impressed with the rich ornaments and home accessories which she discovered while living in Morocco with her family in the mid 80's. Her passion for uniqueness and elegant furnishing items was at first a personal issue but then, she successfully turned her interest into a thriving business.

Business during the summer season according to Al-Obaid can sometimes slow-down, mainly around the month of June when customers are engaged in travel. Al-Obaid explaining the advantages of her business said, "However, the business quickly picks up in July as customers are keen to boost their homes with various ornaments in preparation for Ramadan," she noted. She adds that there is no need to resort to any marketing campaigns this summer due to the high demand that she is witnessing from customers, who are preparing for the Ramadan season.

"There is currently a high in-flow of customers, who are returning from their vacations wanting to renew and accessorize their homes," she explained.

Al-Obaid elaborated, "This Ramadan in particular is good for my business because customers purchase items such as silver plates, tea sets, table cloths, lamps, carpets, and ornaments that are exquisitely engraved with the Quran in addition to other miscellaneous home items. Therefore, I do not need to advertise during this specific season as it is a high-peak time for my business," she remarked.

Ahham Mahmud owns a rewarding women's fashion boutique named 'Ahlam Couture' in Laila Gallery which she established in 2006 and continues to witness a lot of success. According to Ahlam, previous summers in Kuwait slightly stall her business because of the high number of travelers leaving Kuwait; hence she learned the value of marketing. "When I first established my business it was during the high peak season and I did not pay attention to the fact that business activities lessen during certain seasons. However, to become a successful business owner, one has to fall before they can rise and that is what happened in my circumstance," Mahmud explained.

Following the success of the first store, Ahlam established a latter branch 'Ahlam Couture, 2' and she proudly continues to dedicate her time towards the fashion industry as a result of realizing her passion.

"I do not believe that any business should suffer, due to the season. As long as one pours their heart into what it is that they do, the results should be impressive," she remarked.

Mahmud caters to a wide market in Kuwait since her line of clothing is women's formal wear, including wedding gowns. Ahlam, clearly is in sync with women's needs in Kuwait, noted that formal wear is not as outward as some might perceive it to be.

"On the contrary, women's fashion is something personal and private and this kind of business can either break or make you. Women in Kuwait take so much pride in the way they dress and the summer season thrives more than any other season if one is astute enough to what women want in regards to fashion," Ahlam remarked.

Ahham commented that some people believe that summer is a slow period and therefore by instinct people begin to neglect their businesses. "This is a wrong notion. The attitude towards summer in Kuwait has been misunderstood and what has happened is that because there is this notion that business slows down in Kuwait due to the summer, people are paralleling that attitude and businesses do therefore



A store front view of Artizana, a home furnishing business in Free Trade Zone.



A women's fashion boutique 'Ahlam Couture' located Laila Gallery.

Photos by Farah Yacoub

slowdown," she pointed out.

Ahham concluded her point of view by stating that small medium enterprises are beginning to realize that the summer season, is by all means not a time to neglect business because the summer can be just as active as any other season.

Ahmed Al-Gharabally, who is the Chief Executive Officer (CEO) of Masahati, a real estate establishment explained that businesses should always be approached with motivation and determination during all seasons. Al-Gharabally's unique and fruitful business is perceptibly a business that is flourishing all year long and the summer is no exception. Al-Gharabally explained his point of view concerning how one should maintain a robust business. At Masahati, they approach the summer with the same drive as the rest of the year since online businesses have a competitive advantage to others.

"Property listings on our site expire after thirty days

and the owner or agent will receive an email alert immediately. The great thing about Web sites is even if the users are on holidays, they can re-list their properties with just a few clicks from anywhere in the world with internet access, so luckily our business can thrive regardless of the season," he remarked. Al-Gharabally went on to emphasize that the summer period is as flourishing as ever and noted, "So far the summer season has not affected our business since we are still continuing to get new clients that add their properties to the site. So, we have no reason to change our strategy since it is working despite the summer season."

Al-Gharabally went on to enthusiastically and succinctly explain the following in regards to his growing business, "We just launched three months ago so it would not be accurate to call out any trends at this point. So far, the summer has not affected our business and we continue to create new accounts for clients and maintain a steady flow of traffic on Masahati.com. And even if business were to slow down,

there would always be work to do, such as improving different aspects of the site to better the experience of our users," he added.

Al-Gharabally further praised the youth of Kuwait for bringing many new concepts and services to the economy and stated, "Creativity and hard work will take you a long way and we wish them success in all of their aspirations. I believe with great ideas and ambitious entrepreneurs, our economy will change for the better, which, in turn, will have a broader and positive impact on Kuwait as a whole," Al-Gharabally concluded.

The final small medium enterprise venture herein belongs to Nasser Al-Haddad and Ayman Al-Arbid. Al-Arbid and Al-Haddad began a women's gym named 'Celebrito' that caters to both women who are physically active and women who possess less fitness abilities but are keen to maintain a healthy physique. The gym naturally offers women physical well-being and so like all the above businesses the gym is well acknowledged by women who know that indulges have a price and who have acknowledged that physical well-being is something that should be attended to.

Al-Arbid and Al-Haddad both in sync with each other regarding business during the summer explained that summer is a good time for them for various reasons. The most obvious reason being that the summer involves long hot days; therefore women tend to resort to the gym to pass time, remain in cool areas but most importantly to stay in shape.

Al-Arbid stated that the gym has been dedicated to improving women's lives through fitness, weight loss and exercise, since its opening.

"The gym's facilities are quite holistic and women can avail from the cutting-edge equipment that is available and then there is the swimming pool, aerobic classes, dancing lessons and so forth," Al-Arbid noted.

He also pointed out some of the services in the gym, stressing that the gym provides women with an atmosphere that is calming and soothing. "We (the management) at the gym endeavored to make the gym comfortable for women and not make them feel that it has a vigorous environment but rather a place of recreation, and relaxation. Furthermore, the ambience allows women to rejuvenate and recuperate and perhaps this is the reason that attracts customers," he explained. Al-Arbid concluded by stating that summer no longer is seen as a slow time for businesses, "On the contrary, summer allows business owners to focus on real business issues, it allows them to further their personal relationships with customers and receive feedback on some of the existing blunders and some of the perfections," Al-Arbid concluded.



A grab image from Masahati.com, a real estate establishment's Web site.