

“Iran Economy” Weekly News

Compiled by: Economic Section, Iran Embassy, New Delhi

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22 June 2017

❖ Iran begins exporting natural gas to Iraq

According to the Deputy Petroleum Minister for International Affairs Amir Hossein Zamaninia, at the preliminary stage, volume of the natural gas exported to Iraq, stands at approximately seven million cubic meters per day, he said.

This is expected to ultimately increase to 35 million cubic meters per day, he added.

Iran has already inked two contracts to send its natural gas to the Iraqi capital Baghdad as well as Basra, south of the country.

Due to security problems in Iraq, natural gas exports from Iran to the war-torn country have been postponed several times.

21 June 2017

❖ Iran-Brazil Joint Chamber of Commerce to open in early July

The Iran-Brazil Joint Chamber of Commerce will be opened in Tehran on July 9, Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA) Chairman Gholam-Hossein Shafeie announced.

According to the ICCIMA's portal, the official made the announcement in a meeting with Brazilian Ambassador to Tehran Rodrigo de Azeredo Santos. During the meeting Shafeie mentioned the lack of a joint chamber of commerce as a hurdle in the way of the two countries' trade expansion saying "With the joint chamber opened this barrier is going to be removed from the path to a greater economic cooperation."

"Iran and Brazil have a long history in economic cooperation which goes back to 100 years," he added.

The Iranian official also emphasized some of the main issues in bilateral trade including facilitation of visa issuance, exchanging trade delegations and facilitation of banking relations between the two sides.

Santos for his part mentioned Iran-Brazil's trade turnover saying although there are great potentials for exports from Iran to Brazil, the trade between the two countries is tipped in favor of Brazil.

The ambassador further noted that many of Brazilian banks are eager to cooperate with Iranian banks but having ties with American banks makes it difficult for them to go through with it. "But they are making good efforts to make it happen," he said.

❖ **NIOC awards Eni oil, gas fields development study**

Italy's major oil company Eni signed a memorandum of understanding (MOU) with National Iranian Oil Company (NIOC) for carrying out development studies on two of Iran's oil and gas fields.

The MOU was signed by Gholam-Reza Manouchehri, the deputy managing director of NIOC for development and engineering, and Antonio Vella, the chief upstream officer at Eni SpA, in Tehran, Shana reported.

Based on the MOU, the Italian company will conduct development studies on the phase 3 of Darkhovin oil field in southwest Iran as well as Kish gas field in the Persian Gulf.

The company is to hand in its proposed master development plan (MDP) to NIOC after a six-month period.

Royal Dutch Shell, Russia's Gazprom and Iran's Ghadir Investment Group are also under contract with NIOC to perform development studies on the Kish gas field.

Philippine's PNOEC Exploration Corporation (PNOEC) and Ghadir Investment Group have reached agreements to conduct preliminary studies on phase 3 of Darkhovin field.

In August 2011, NIOC and a consortium of Iranian companies signed a \$1.6 billion deal to develop the third phase of the Darkhovin oilfield but due to the West imposed sanctions on Iran the project didn't witness any progress as planned.

Development plan of the Kish gas field started in 2007. The field holds around 66 trillion cubic feet of in-situ gas and 514 million barrels of condensate.

20 June 2017

❖ **Almaty to host Iran's exclusive expo in early October**

Kazakhstan's Almaty is to host an Islamic Republic of Iran's exclusive exhibition on October 5-8, according to the official website of Trade Promotion Organization of Iran (TPO).

The exhibition is supposed to be held focusing on exposition of Iranian products in various sectors such as constructional materials, oil, gas and petrochemicals, mines and mining machinery, food products and horticulture. Almaty, Kazakhstan's largest metropolises served as the country's capital until 1997 and remain Kazakhstan's trading and cultural hub.

❖ **Armenia call for more natural gas import from Iran**

Managing Director of Yerevan Thermal Power Plant Sassan Khachaturian said his country is ready to export more electricity to Iran in the summer, and called for more gas import from Iran in the cold months. The head of the National Iranian Gas Exports Company (NIGEC) Ali Amiraani said in the meeting that expanding gas collaboration with Armenia is Iran's will, too.

He expressed hope to sign a new contract with Armenia to start a multi-faceted collaboration with Yerevan.

The two sides hoped in the meeting that, with building the third electricity transmission line, the grounds for gas trade-off multiplies.

They also agreed to hold the next meeting in Tehran to discuss technical issues and sign related agreements.

According to the bilateral agreement, the third transmission line will be built by the end of 2018. The line will increase electricity transfer to Iran between 350 and 1,000 megawatts. The line also makes it possible for southern and central areas of Armenia to have better access to electricity.

This plan, which is worth \$107m, is part of the quadrilateral project between Iran, Armenia, Russia, and Georgia.

19 June 2017

❖ **Iran to dispatch businesswomen delegation to China in late-July**

Iran-China Joint Chamber of Commerce is going to send a trade delegation comprised of Iranian businesswomen and female entrepreneurs to China on July 25-29.

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❖ **Eni, NIOC to ink oil, gas MOUs**

Representatives of the Italian oil major Eni will arrive in Tehran on Tuesday to ink two memorandums of understanding (MOUs) with the National Iranian Oil Company (NIOC).

Based on the MOUs, Eni will conduct development studies on the phase 3 of Darkhovin oil field in southwest Iran as well as Kish gas field in the Persian Gulf, Tasnim news agency reported.

The Italian company is to hand in its proposed master development plan (MDP) to NIOC after a six-month period.

In August 2011, NIOC and a consortium of Iranian companies signed a \$1.6 billion deal to develop the third phase of the Darkhovin oilfield but due to the West imposed sanctions on Iran the project didn't witness any progress as planned. The project was aimed to produce 71,000 barrels of crude oil on a daily basis. The Darkhovin oilfield's in-place oil reserve is estimated at over five billion barrels. Development plan of the Kish gas field started in 2007. The field holds around 66 trillion cubic feet of in-situ gas and 514 million barrels of condensate.

❖ **Iran, South Korean Exim Bank agree to absorb €8b finance**

Minister of Economy and Finance Ali Tayebnia, who is in South Korea to attend second meeting of Asia Infrastructure Bank, met with president of Exim Bank.

In the meeting, negotiations were concentrated on supplying finance for development and infrastructure plans in the energy, petrochemical, oil and health sectors.

Officials and representatives from the Organization for Investment, Economic and Technical Assistance of Iran, Central Bank of Iran and directors from Banking system as well as officials from Exim Bank were present in the meeting.

The negotiations started since one year ago. The Korean side expressed interest to supply finance for the development and infrastructural plans in the aforementioned sectors and called for introducing related plans and preparing appropriate grounds for South Korean companies' activities in Iran.

During consultation process of visiting Korean delegation in Tehran following implementation of JCPOA, South Korea expressed its banks' readiness to allocate credit lines and finance plans in Iran.

Asian Infrastructure Investment Bank is an international financial institute, which was founded upon China proposal and Iran is one of its shareholders.

❖ **Indonesia able to link Iran to ASEAN countries**

ICCIMA Head Shafei, while pointing to age-old trade ties between Tehran and Jakarta, described Indonesia as a major destination for Iranian businessmen.

Head of Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA) Gholamhossein Shafei made the remarks at a meeting with Indonesian Ambassador to Iran Octavino Alimudin.

Iran's Shafei pointed to considerable economic growth made by the Southeast Asian country saying "volume of trade turnover between Iran and Indonesia,

which had reached a record high of two billion dollars in 2011, has declined to 500 million dollars due to sanctions.”

He however noted that implementation of the Joint Comprehensive Plan of Action (JCPOA) changed the image by creating a new positive atmosphere in economic transactions and bilateral investments.

“Iran attaches great significance to East Asian and Muslim countries especially Indonesia who enjoys excellent potentials for reinvigoration of economic ties.” The official touched upon good energy cooperation between the two parties and went on to say that Iran can act as a gateway to CIS countries for Indonesia while the Southeast country can link Iran to ASEAN in turn. ICCIMA head pointed to a gap in communications between economic activists of Iran and Indonesia calling for exchange of more delegations in a bid to identify venues for collaboration.

The Indonesian ambassador, for his part, said holding of frequent sessions between traders of the two countries was a sign of determination to advance economic targets. Octavino Alimudin said implementation of earlier agreements will lead to an upsurge in bilateral trade turnover between Tehran and Jakarta. “An Indonesian oil company purchased 88 million dollars of crude last year from Iran while the figure will climb to 220 million dollars in the present year,” highlighted the official pointing to the rise in oil trade between the two sides. He further called for improvement of trade tariffs between Iran and Indonesia saying “a delegation is slated to visit Tehran soon in order to spot and remove barriers to commercial transactions.”

Alimudin confirmed the remarks made by Shafei who described Iran as a regional hub however noting that the competitive atmosphere created by other countries like Qatar also needs to be taken into account.

At the end of his remarks, ambassador of Indonesia to Tehran deemed industry, agriculture and mining as possible fields of cooperation between Iran and Indonesia.

❖ **Iran to build first LNG complex in Qeshm Island**

Speaking to reporters, Advisor to Managing Director of Qeshm Free Zone for oil and energy affairs Mohammad Javad Dehqani said that the capacity for the first phase of the gas complex will be 2,000 tons with a 250-million-dollar investment.

Dehqani added that participation in launching the complex, to regulate, creation of needed infrastructures and comprehensive programming for this plan were among particles of the MoU.

LNG included more than 95 percent Methane, less Ethane and Propane and other heavy hydrocarbons, which it uses for heavy diesel cars.

18 June 2017

❖ Iran, EAEU discuss preferential tariffs on agricultural, industrial products

Attended by a 33-member delegation, the seventh round of Iran-Eurasian Economic Union (EAEU) meetings was held on the deputy level in Tehran, IRNA reported on Saturday.

In the meeting, deputy industry and agriculture ministers from five EAEU member countries discussed preferential tariff on agricultural and industrial products with their Iranian counterparts.

Iranian Deputy Industry Minister and Head of Trade Promotion Organization of Iran (TPO) Mojtaba Khosrotaj emphasized Iran's willingness for finalizing the free trade deal negotiations with EAEU on the basis of the union's frameworks. The Moscow-led Eurasian Economic Union aims to finalize a free-trade deal with Iran by the end of the year, in an attempt by Russia and its fellow members to deepen ties with Tehran.

❖ German companies ink co-op MOU on building solar farms in Iran

A group of German investors signed a memorandum of understanding for cooperation on the construction of solar farms in North Khorasan Province in northeast of Iran, the official website of Iranian Energy Ministry (known as PAVEN) reported.

A 12-member German delegation comprised of the managers and representatives of seven major German companies active in renewable energies area, travelled to the mentioned province for conducting the preliminary observations of the region.

According to Alireza Sabouri, the managing director of North Khorasan's Power Distribution Company, the companies will confirm the allocated lands for the projects after complementary studies are done in Germany.

17 June 2017

❖ Tehran seeks better banking ties with Seoul, New Delhi

Iranian Finance Minister Ali Tayyebnia met his South Korean and Indian counterparts in Seoul on Friday, discussing ways to improve banking cooperation between Iran and the two trade partners.

The meetings were held on the sidelines of the second annual meeting of the board of governors of Asian Infrastructure Investment Bank (AIIB), June 16. In a meeting with South Korean Finance Minister Yoo Il-ho, the two sides discussed opening credit lines by Iranian and South Korean banks and also establishing branches of Iranian banks in South Korea, IRNA reported on Saturday.

In a separate meeting with Indian Finance Minister Arun Jaitley the two sides stressed the need for facilitating the use of credit lines opened by the two countries' banking sectors.

South Korea's Exim Bank and Trade Insurance Corporation (K-SURE) are going to allocate €13 billion finance in total for Iranian projects.

India's EXIM bank has also promised \$150 million credit for the development of the port of Chabahar, southeast Iran, through which India can bypass Pakistan and transport goods to Afghanistan and central Asia.

❖ **7 German holdings to invest in North Khorasan province**

Seven large German investment holdings active in solar energy sector made a two-day visit to favorable areas of North Khorasan province.

The German delegation was accompanied by officials of North Khorasan Electricity Distribution Company.

On the second day of the visit, the German investment team visited designated lands for construction of renewable energy power plants and a joint memorandum of cooperation was inked between the two countries. The 12-strong German delegation, who made a visit to the northeast Iranian province of North Khorasan, comprised representatives of seven firms active in the field of renewable energy including Phoenix and Baywa. Upon their arrivals, the delegation made presence at lands designated for the project.

Suitable lands and areas for construction of solar and wind power stations were spotted and agreed upon during the two-day visit by Germans.

Recounting on the visit made by the seven German holdings, CEO of North Khorasan Electricity Distribution Company Alireza Sabouri said the German side holds a positive view towards the investigated lands.

“Initial talks with the German energy team indicate their tacit approval of land texture and sunshine quality,” underlined the official stressing that final results be will identified after conducting complementary experiments in Germany.

He further noted that cooperation with the German delegation could also lead to construction of small-scale power plants in governmental offices who have been urged to supply at least 20% of their required energy through renewable sources. Sabouri, while stating the German team will later meet and talk with members of Renewable Energy Department at the Iranian Energy Ministry in Tehran,

expressed hope that the visit by foreign investors to the province will lead to prosperity and achievement in various arenas like agriculture, handicrafts, cultural heritage as well as renewable energies.

❖ **Zangeneh: Iran, Total to ink energy contract soon**

Iran and Total are summing up and reviewing signing a contract on the development of Phase 11 of South Pars and they are in final stages of doing so,” Minister of Petroleum Bijan Zangeneh said.

He reiterated that signing the new oil contracts for the development of oil and gas fields by prioritizing the joint fields are among the most priorities of the oil industry in the current year.

In relevant remarks in late May, Chief Executive Officer (CEO) of Total said that his company is going to finalize its contract on South Pars 11 gas field development with Iran before this summer.

The US relief of sanctions has paved the way for signing of the finalized contract with Iran, added Patrick Pouyanne.

French Giant Oil Company Total had declared that the final decision on agreement with Iran depends on the extension of Iran’s sanctions relief by the US government.

Pouyanne also confirmed that he had talked with Iran’s Minister of Petroleum Bijan Zangeneh on the sidelines of the 172th session of Organization of Petroleum Exporting Countries (OPEC).

The National Iranian Oil Company (NIOC) signed the new model agreement-in-principle for South Pars oil field 11 with a consortium composed of France’s Total, China National Petroleum Corporation (CNPC) and Iran’s Petropars last November.

After implementation, the 4.8 billion contract will add 56 million cubic feet of gas to the country’s production capacity per day in the world biggest gas field that Iran shares it with Qatar in the Persian Gulf.

❖ **Iran, UNIDO ink MoU to cooperate on carbon sequestration**

The MoU signed by Forests, Range and Watershed Management Organization and The United Nations Industrial Development Organization (UNIDO) is expected to cover five regions in Yazd, North Khorasan, South Khorasan and Golestan Provinces.

Carbon sequestration is a biologic process to store carbon in plants and soil. The memorandum of understanding was signed by UNIDO Resident Representative in Tehran Gary Lewis and Forests, Range and Watershed Management Organization Khodakaram Jalali.

The project started from a single village in North Khorasan, and currently is being implemented in some 300 other villages, influencing the life of 120,000 inhabitants, added Lewis.

It is not a mere soil restoration plan, rather it can lead to a full development by engaging local communities through rural community development, he added. The international carbon precipitation is not only aimed at fighting desertification, but the plan will lead to saving energy, soil erosion prevention, economic development, and boosting employment in Iran, the UN resident coordinator in the country reiterated.

The project's benefit in just one of Golestan Province villages after being piloted was about nearly 1.8 million dollars (60 billion Rls), which is a significant figure, he added.

❖ **Iran, South Korea to cooperate on Mini LNG**

In case of acquiring the know-how, it will become possible to transfer LNG to remote areas,” Saeed Pakseresht said in a press conference on the details of Iran-South Korea Mini LNG agreement.

During the visit of Iranian delegation to South Korea, headed by Managing Director of NIGC Hamid Reza Araqi, the two sides agreed on cooperating in Mini LNG industry, he added.

South Korea meet all its need to gas through LNG, therefore the country has made significant progress in the field, according to the official.

As there would be no money transfer, the signed agreement means the end of negotiations and the start of the implementation, Pakseresht said, adding that each party to the agreement is expected to invest 10 million dollars in the joint plan.

The capacity of manufacturing Mini LNG units, 15 tons per day at the start of manufacturing, will gradually increase to 300 tons, said Pakseresh.

“Gas and LNG are highly demanded as the fossil fuels are increasingly criticized,” he added.

The agreement was signed in June 8 in Busan, South Korea.

16 June 2017

❖ **Iran, Germany set to expand trade in horticulture**

Iran and Germany are going to accelerate their trade cooperation in horticultural products and hybrid seeds, Iranian Agriculture Ministry's official portal reported.

The announcement was made during a meeting between Iranian Deputy Agriculture Minister Mohamd-Ali Tahmasebi and representatives of Germany's private sector held in Tehran.

In the meeting Tahmasebi emphasized Iran's willingness to expand its destination markets in Europe especially for fruits and medicinal plants.

Earlier in January in Berlin, Iranian Agricultural Minister Mahmoud Hojjati and German Agriculture Minister Christian Schmidt signed the MoU to enhance the two sides' cooperation in various spheres of agriculture, including research, education and agribusiness, IRNA reported.

Speaking to reporters after the meeting, Hojjati emphasized that during the past two years, Iran and Germany have paved the grounds for closer cooperation between public and private sectors of the two sides through "good planning". "Today, we can witness the two countries' extensive cooperation in diverse areas of agriculture ahead of the implementation of the JCPOA (Iran's nuclear deal with world powers)," the Iranian minister noted.