

## Full Natural Gas Penetration 2021

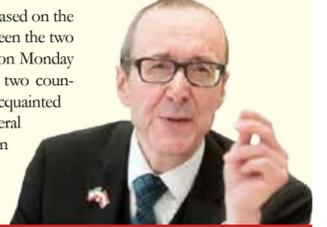


Iran's Oil Minister Bijan Namdar Zanganeh says the country will reach almost full natural gas penetration rate by next summer. More than 95 percent of all households in Iran would have access to natural gas by August 2021. Growing production has become possible thanks to massive development plans in the sprawling South Pars gas field, the world's largest gas reserve which is shared between Iran and Qatar in the Persian Gulf. Zanganeh said production at South Pars would reach 750 mcm by March 2021, adding that the figure would almost be a three-fold increase compared to 2012. Iran's total gas production is set to break through one billion cubic meters per day by next year.

## TSE Hits Over 2m Points

## Relations Remain Systematic

Austrian Ambassador to Iran Stefan Scholz said on Monday that based on the decision of the Iranian and Austrian authorities, the relations between the two countries will continue in a systematic manner. Talking to IRNA on Monday while touring Kohgiluyeh-Boyerahmad province, he hailed the two countries' close ties, saying that the main purpose of this trip is to get acquainted with the capacities of the province to be able to help boost bilateral relations. There are many natural and climatic similarities between Austria and Kohgiluyeh-Boyerahmad province, and the western Iranian province has been successful in terms of environment, forest and resource management, he said.



# Premier Finance

PREMIER FINANCE / 5 August 2020 / www.eghtesadbartar.com



## The Iran Iraq Trade | Part I

When the United States re-imposed secondary sanctions on Iran in November 2018, the Rouhani administration belatedly decided that ...

When the United States re-imposed secondary sanctions on Iran in November 2018, the Rouhani administration belatedly decided that increasing the country's non-oil exports, particularly to Iran's regional neighbors, would become a central aim of economic policy. In 2019, Hossein Modarres Kheyabani, currently the acting industry minister, stated that Iran's neighboring countries currently import USD 1.2 trillion worth of goods each year, of which Iran accounts for USD 24 billion, equivalent to a 2 percent share. The government aims to grow regional exports to USD 48 billion by the Iranian calendar year ending in March 2022.

Among these countries, Iraq has emerged as Iran's leading regional trade partner. Iran and Iraq share religious and cultural connections and a border nearly 1,500 kilometers long. But it is Iraq's large consumer market that makes it ideally suited to play a role in Iran's non-oil trade agenda. The quality of products produced in Iran is compatible with standards in the Iraqi market, which means a wider range of Iranian producers can target exports to Iraq. This also makes Iraq an arguably more important export destination than China. While exports to China totaled USD 9.5 billion in the Iranian calendar year ending in March 2020, exports to Iraq were a close second at USD 8.9 billion. Yahya

Ale-Es'haq, Chairman of the Iran-Iraq Joint Chamber of Commerce, notes that the composition of trade with China is dominated by raw materials, whereas trade with Iraq includes value-added goods that generate employment in Iran. "Iran and Iraq set a 5-year target to increase bilateral trade to \$20 billion per year in 2018. This has been hampered this year to some extent, partly due to the trade restrictions caused by the COVID-19 outbreak and partly because of Iraq's reduced purchasing power, a consequence of depleting global oil prices," Ale-Es'haq told reporters. In response to economic pressure at home, Ale-Es'haq explained, Iraq is trying to be more frugal and to address public demands to deal with rampant corruption. "In reopening Mandali border crossing earlier this month, Iraqi Prime Minister Mustafa Al-Kadhimi said he aims to launch a full-throttle battle against corruption in the borders and customs offices. This is because the central government is not being given its share of customs revenues." Officials at the Islamic Republic of Iran Customs Administration (IRICA) describe the Iraqi prime minister's vow to fight corruption as an internal matter. "Our customs offices and checkpoints are disciplined and every step and procedure is documented in our electronic system. The Iraqi PM was addressing a matter of national governance as

Iraq is a nation made up of different ethnic, religious, tribal and political groups. Each of these have their own regulations and practices which, of course, extend to economic activities of which all groups claim a share," a spokesperson for IRICA stated. But Iranian exporters feel that their own government should be doing more to support trade. Ali Hosseini Sakha is the owner of Nasle-Jonoub-e-Karoun Trading Company, based in the southern province of Khuzestan. The company maintains an office in the Iraqi city of Basra. Sakha has been trading in Iraq for over 25 years and last year exported nearly USD 22 million worth of foodstuff, construction material, and minerals across the border. Sakha also runs a research center under the auspices of the Trade Promotion Organization of Iran, an agency of the Ministry of Industry. He conducts market research and organizes trade forums to try to facilitate greater cooperation and trade on both sides of the border. "Based on our latest research, the share of Iranian commodities in the Iraqi market amounts to no more than 3 percent. You can hardly find Iranian goods when walking through supermarket aisles in Iraq and that's a shame," he said. Sakha points to a lack of coordination among government agencies. While the government provides a budget to wide range of agencies and to each Iranian province

for export promotion activities, the funds are largely squandered on forums and meetings or allocated to those with "special interests." Moreover, Sakha explained that Iranian exporters are increasingly reliant on unreliable middlemen in the hopes of getting their products into the Iraqi market without having to do the hard work of distribution themselves. "Iranian exporters take their goods to the border for sale and usually end up making deals with middlemen because that's how they think they can 'get ahead in the game.'" The unregulated middlemen then sell goods on to "the real Iraqi merchants." Sakha noted that it is not uncommon for middlemen to disappear without having made payment for the goods they have just taken across the border. He believes that customs officials and the joint Iran-Iraq chamber of commerce could do more to ensure exporters are engaging reliable Iraqi merchants and trading companies. "None of this takes place. The joint chamber is there and has no other business than to serve the interests of certain groups and individuals." Sakha's sentiments were echoed by Hemmat Shahbaz-Beigi, owner of Arshia Gostar Trading Company in Kermanshah province's Qasr-e-Shirin County. The company exports everything from construction materials, to home appliances, and even vegetables.

## + Exporting In High Volumes

### Iran's Premium Pistachios



Iran is exporting high volumes of its premium-quality pistachio despite trade restrictions imposed around the world to curb the spread of the coronavirus pandemic. A top Iranian trader said on Saturday that pistachio shipments from Iran had reached over 35,000 metric tons in the four months ending July 21, an increase of more than 235 percent compared to similar periods over the past five years. Hossein Rezayi, who is the secretary general of Iran Pistachio Association, said that exports of the nibble had hit a monthly high of over 14,000 tons between June and July. There were no details available about revenues earned over the four-month period. Pistachio is Iran's main export commodity outside the oil sector and normally accounts for over \$1 billion in revenues each year. An Iranian customs office (IRICA) spokesman had said in early July that exporters earned more than \$154 million for nearly 22,000 tons of pistachio shipments sent to other countries between March 19 and June 20. China was responsible for a bulk of pistachio purchases from Iran in the three-month period with around a fourth of all shipments. Germany, Iraq, Russia and Kazakhstan were other main buyers, according to IRICA figures published last months.

## + Iran International Hub

### Online System For Halal Food



Iran has launched an online system for monitoring and authorization of halal food which is a product permissible under the Islamic law. An official from the Iranian agriculture ministry said on Sunday that the Integrated Halal System is aimed at expediting and coordinating administrative processes related to halal food production, exports and imports. Peyman Falsafi said rolling out the new system is also in line with Iran's efforts to become a regional and international hub for exports of halal food. Falsafi added that the new system would cover all activities related to halal food in the country, including training people familiar with procedures and methods that ensure production of food is compliant with religious standards. Iran's agriculture ministry announced earlier this year that it had ordered slaughterhouses in Brazil, where meat is processed for exports to Iran, to install online cameras so that Iranian authorities could monitor their operations. Authorities said later that such cameras had been installed in at least seven other countries with exports of meat to Iran. The launch of the new halal system would allow Iranian exporters of food and agricultural products to obtain the required certificates for shipping halal food to countries where there is a high demand for such products. It comes amid increasing exports of agrifood from Iran as the country struggles to compensate for foreign currency losses suffered as a result of the American sanctions on its oil exports. A majority of Iran's exports of farming products are aimed at countries where there are strict regulations for halal food and where competition is growing between major Muslim countries to gain a better share of the halal market.

## + All-Time High

### Iran's Stock Market



The main stock market in Iran has risen to a new high as trade continues to boom despite economic problems the country faces over the spread of the new coronavirus and the continued American sanctions. Local media reports said that the Tehran Stock Exchange (TSE) had recorded an all-time high of over two million points for its main index TEDPIX in early trade on Sunday after the benchmark gained 46,844 points, a surge of 2.4 percent compared to the previous day of trade. A news website run by the TSE said later on Sunday that TEDPIX had closed at 2,008,049.16, up 2.37 percent compared to Saturday. More than

11 billion shares worth 211.24 trillion rials (nearly \$920 million) changed hands in more than 2.35 million times of trade in the TSE on Sunday, bringing the total value of the market to 75,131.2 trillion rials (over \$325 billion), according to figures provided by sena.ir. The TEDPIX had been expected to break through the 2 million point mark in mid-July. However, trade stumbled on news of the Central Bank of Iran's decision to slightly increase the interest rate on deposits while bloated currency prices also played a role. Shasta Investment, Persian Gulf Petrochemicals and Mobarakeh Steel led gains in TSE's Sunday trade. The worst performers, however, were Bandar Abbas Oil Refining, Parsian Bank and Khuzestan Steel, according to a report by IRNA news agency. The TSE has been rising at a historic pace since earlier this year despite warnings that the market is overheating. The government has rejected the claims about a bubble in the stock market as it has encouraged ordinary Iranians to buy shares in the TSE to ensure their savings would yield better on returns in the currency and gold markets.

## + Despite Covid-19

### Trade Surges Between Iran, Eurarsia



Within the past seven months, Iran and Eurasia have traded slightly less than 7 million tons of commodities, worth roughly 2.5 billion dollars. The head of Iran's Trade Promotion Organization says this is a 14-percent rise compared to the same period last year. Out of the total trade volume, Iran exported more than 860 million dollars' worth of goods to Eurasia, while the imports stood at over 1.7 billion dollars. By Eurasia, the Iranian official was referring to the Eurasian Trade Union, which comprises five member states of Russia, Armenia, Kyrgyzstan, Kazakhstan and Belarus. What makes this significant is its coincidence with the coronavirus pandemic,

which has dealt an unprecedented blow to global trade. The groundwork for this expansion of commercial ties was laid in 2018 when Iran and the Eurasian Economic Union signed a three-year provisional agreement in Astana, Kazakhstan, for the bloc to welcome Iran into the EEU. The arrangement was aimed at implementing free trade between Iran and the five members of the union by lowering or abolishing customs duties. In April and amid a peak in COVID-19 cases, the EEU totally removed tariffs on imports of 11 Iranian agricultural and food products. In addition to being a quick escape route from the US sanctions, stronger ties with the EEU are regarded by Iranian officials as an opportunity to take their first walking steps in free trade. A friend in need is a friend indeed. That's what Iran and the Eurasian Trade Union are truly manifesting, especially now that Iran badly needs a hand to untangle its economy from the US sanctions. For the very same reason, Iran and Eurasia will use their national currencies instead of the dollar to conduct all their transactions, in order to avoid any chances of the US using its greenback as a punishing tool.

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