

# Iran's Exports of Technical And Engineering Services Up by 40 Percent

TEHRAN (IRNA) – Iran's exports of technical and engineering services in the first quarter of the current Iranian year (started on March 20) has reached \$490 million, up by 40-percent compared to the same period last year, according to Ministry of Industry, Mine and Trade.

It is expected that Iran will export as much as \$2.2 billion worth of technical and engineering services by the year-end.

In the year ending in March 2012, Iran's exports of these services reached a record high of \$4.2 bil-

lion.

Although imports of Iranian technical and engineering services began declining in the past two years, the figures released by the Ministry of Industry, Mine and Trade show that Iranian exports have started rising again.

Experts believe that in a short 5-year period, Iran's exports of technical and engineering services can reach \$10 billion a year.

They also argue that achieving \$20 billion exports of these services is not out of reach in the long-term.

## India to Invest \$100mln in Iran's Chabahar Port



TEHRAN (FNA) - Afghan Ambassador to India Shaida Mohammad Abdali announced that New Delhi has a plan to spend over \$100mln for the completion of Chabahar port's development projects to improve trade with Afghanistan and other Central Asian countries.

"Ultimately the port connects the Central Asia with South Asia. And we have in-principle agreed. The draft has been circulated, and India has already pledged \$100mln

for upgrading the port," Abdali told PTI.

In May, a senior Indian official underlined the importance of the Southern Iranian port of Chabahar for the transit of Indian goods to other countries.

"Chabahar is a very important port for investment and it also links India with its neighbors," Director General of the Indian Institute for Defense Studies and Analyses Arvind Gupta said.

## Copper Declines on China's Manufacturing Data for August

LONDON (Bloomberg) - Copper fell in London on signs that factory demand will slow in China, the world's largest consumer of the industrial metal.

The purchasing managers' index from the China Federation of Logistics and Purchasing fell to 51.1 for August from 51.7 in July. Economists surveyed by Bloomberg projected 51.2. China's copper output rose to a six-month high in July and Goldman Sachs Group Inc. forecasts more smelting capacity in the second half, curbing imports of the refined metal. Prices fell 5.7 percent this year.

"If they export the refined copper from imported concentrate, it would be a big pressure to the LME," Richard Fu, director for Asian commodity trading at Newedge Group SA in London, said by e-mail today.

"The Chinese August manufacturing PMI announced earlier today is marginally lower than expected."

Copper for delivery in three months dropped 0.6 percent to \$6,942.50 a metric ton by 10:19 a.m. on the London Metal Exchange. Futures for December delivery fell 0.3 percent to \$3.15 a pound on the Comex in New York. Floor trading in New York is closed for Labor Day.

Aluminum and nickel advanced while lead and tin declined. Aluminum Corp. of China Ltd., the nation's largest aluminum producer, suspended its Xinjiang project because of high costs to ship alumina, a semi-finished product used to refine the metal, Helen Lau, commodities analyst at UOB Kay Hian Ltd. in Hong Kong, said, citing the company's conference call with investors on Aug. 29.

## Qantas Airways Posts \$2.6 Billion Loss for Year



Australia's Qantas Airways booked a record loss of \$2.8 billion in the year through June, mostly due to a reassessment of the value of its international fleet. WSJ's Remy Inocencio speaks to Oliver Lamb of Pacific Aviation Consulting about the loss.

SYDNEY (AP) — Qantas Airways Ltd. posted a record 2.8 billion Australian dollar (\$2.6 billion) loss, reflecting a profit-draining battle with its smaller rival Virgin Australia and aircraft write downs.

The loss for the financial year

ended June 30 is the largest the former state-owned airline has posted in its 94-year history. It made an AU\$1 million profit in the previous year.

The dire result was expected. Shares of Qantas were up 7 per-

cent in Sydney on the airline's confirmation it would separate its domestic and troubled international businesses. It will establish a company for the international business that will be able to attract new investors after an Aus-

tralian law change eased limits on foreign investment in Qantas

The result included an AU\$2.6 billion write down of the value of its aging international fleet of Boeing 747s and Airbus A380s, reflecting a weakened Australian dollar.

Excluding the write down and other one-off costs, Qantas made an underlying pre-tax loss of AU\$646 million, compared to a AU\$186 million underlying profit a year earlier.

Qantas chief executive Alan Joyce described the result as "confronting," but said the massive loss represented history.

"We have now come through the worst," he said in a statement.

"With our accelerated Qantas transformation program, we are already emerging as a leaner, more focused and more sustainable Qantas group," he said.

Joyce said the underlying loss for the latest year reflected higher fuel costs and growth in its passenger capacity outstripping demand.

Joyce forecast a profit in the first half of the current fiscal year.

The airline announced in February it would cut its employees by 5,000. So far it has shed 2,500 workers.

Despite Western Sanctions Over Ukraine

## Russia's Manufacturing Sector Grows

MOSCOW (Dispatches) — Russian manufacturing showed a second consecutive month of growth in August, propped up by new orders, suggesting that Western sanctions haven't yet impacted the sector, the HSBC Manufacturing Purchasing Manager's Index showed Monday.

The headline manufacturing PMI index reached 51.0 in August, unchanged from the July level and remaining above the 50-point mark that separates growth from contraction.

The August figure was the third positive reading in the past 14 months, hovering just below a long-run average of 51.0

Expanding activity in the manufacturing sector suggests economic growth may receive a boost despite a number of negative factors. Russia's economy is on track to post its weakest growth since President Vladimir Putin came to power in 2000, except for the economic-crisis-hit year of 2009. Western sanctions against Russia over the crisis in Ukraine and Moscow's retaliation in the form of a ban on food imports are also set to take their toll.

New orders grew for the third month in a row, supporting purchasing activity in the economy, although the growth wasn't strong enough to push a rise in backlogs, which shrank for the 18th month running, the PMI data showed.

"Overall, Russian manufacturing holds up surprisingly well against various headwinds. In this respect, the import substitution policy that the government has made a priority can provide support to the manufacturing sector in the short-term," said Alexander Morozov, chief economist at HSBC in Moscow.

The Russian government said the ban on food imports from countries that imposed sanctions on Moscow will have a positive impact on Russia's economy as it will help local producers to expand their business without competition from the European Union, U.S. and Australia.

Russia is likely to experience a supply deficit before local producers increase capacities and take up the slack created by fewer imports. This gap will boost consumer inflation and hamper consumer demand—which is a key economic driver, according to the country's central bank.

Large-scale substitution of imports usually leads to higher costs and output prices growth, which hampers private consumption more than manufacturers can add on the production side, Mr. Morozov said.

"The August PMI price indexes show that this is already happening in Russia. Thus, robust economic activity expansion in the consumer goods sector is unlikely to lead to robust consumption growth," he said.

Gazprom Gas Pipeline to China

President Vladimir Putin on Monday presided over the start of construction work on a pipeline which is planned to ship 38 billion cubic metres (bcm) a year of Russian gas to China, ramping up from 2019.

The 4,000 km Gazprom "Power of Siberia" pipeline is a key part of the Kremlin's energy strategy, symbolizing Russia's attempts to wean itself off dependence on European markets that account for most of state-controlled Gazprom's exports.

"Just now, we along with our Chinese friends are starting the biggest construction project in the world. There will be nothing similar in the world in this area (energy construction) in the near future," Putin told a Chinese delegation and a group of Gazprom workers.

He added the first gas pipeline between Russia and China: "Will not only allow us to export gas, but to develop gas infrastructure in our country, to speed up (economic) development, not only in this region, but in the whole country."

Russia has increased efforts to strengthen its economic ties with Asia because of the crisis in Ukraine, which has brought East-West relations to their lowest level since the Cold War.

In May, Gazprom and China National Petroleum Corp (CNPC) signed a \$400 billion (240.64 billion pounds) deal to ship nearly 40 bcm of gas to China annually over 30 years. The long-awaited deal was a diplomatic coup for the Kremlin after a decade of difficult negotiations.

Gazprom said on Saturday it planned to launch its Chayanda gas field at the end of 2018, aiming to ship the first gas to China in 2019. Chayanda is one of the keys to supplying China and will produce up to 25 bcm a year at its peak.

With a total capacity of 61 bcm per year, the new pipeline should deliver gas both to China and to remote regions in Russia's Far East.

Gazprom is one of a handful major Russian state companies not directly affected by Western sanctions imposed due to Moscow's stance over the Ukraine crisis.

Gazprom accounts for around a third of Europe's gas needs, shipping 161.5 bcm of gas to the region last year.

The company is at the centre of a separate row with Ukraine - a transit country for Russian gas - over gas prices. The disagreement is threatening stable gas supplies to Europe this winter, forcing Europe to step up its search for alternatives to Russian energy supplies.

Apart from Chayanda, Gazprom plans to link another huge Siberian deposit, Kovykta, with the planned pipeline. This would extend the country's gas pipeline system from west to east enabling Russia to switch volumes depending on needs.

"After we create a gas pipeline network here, in the Far East (and) Siberia, we'll have the ability to join the European part of the gas pipeline system with the eastern," Putin was quoted as saying by Interfax.

"It will give big opportunities to send (gas) flows depending on the situation on the global markets."

A Gazprom official told reporters on Monday that at this stage the company would not connect Kovykta to the system. It planned to start pipeline construction from Kovykta in 2019.

Excluding Kovykta, the pipeline's construction along with developing Chayanda would cost around 770 billion roubles (12.63 billion pounds), said Anatoly Titov, head of the Gazprom Transgaz Tomsk unit.

He added that China will get 5 bcm of Russian gas in 2019, with supplies gradually rising by 5 bcm a year until reaching agreed volumes of 38 bcm.

Russia plans to invest \$55 billion in exploration and pipeline construction to China's border, while China's CNPC has said it will build the Chinese section of the pipeline.