

Germany as Iran's Biggest European Trade Partner – Envoy

TEHRAN (FNA) - German Ambassador to Tehran Michael Freiherr von Ungern-Sternberg described his country as Iran's biggest economic and trade partner.

"Germany is the biggest European partner of Iran in the field of economy," the German envoy said in a meeting with Khorassan Razavi governor general in the city of Mashhad, Northeastern Iran, on Tuesday.

He noted that Germany is seriously monitoring the economic and industrial activities in Iran, and said, "The German embassy in Tehran has good relations with the chamber of commerce; we have joint Iran-Germany Chamber of Commerce that I think is the only independent chamber in Iran."

Ungern-Sternberg voiced his country's willingness to help the city of Mashhad to launch its underground system, and said, "A German metro operating firm which has a representative office in Tehran can help Mashhad to launch its underground system..."

In November, Iran's Ambassador to Germany Ali Majedi vowed to do his best to pave the way for the rapid growth of Tehran-Berlin economic relations to turn the European nation into Iran's top economic partner.

"When I was Iran's ambassador in Japan (2000-2004) that country became Iran's top trading partner and now I want to do the same thing with Germany," Majedi said in a meeting with the Berlin-based business group

Berliner Wirtschaftsgesprache.

Majedi went on to say that this objective won't be easy because unlike Japan, there are no major energy ties between Germany and Iran but it is available.

German-Iranian trade volume is around 2.1 billion euros right now but we have the capacity to reach six billion euros again, according to Majedi.

He called for greater bilateral trade cooperation in the automotive and medical sector.

Majedi urged also German banks and financial institutions to cooperate better with the Iranian side.

Iran and Germany have tried to expand their bilateral relations in recent years through reciprocal visits by the two countries' officials.

China's Yuan Currency 'no Longer Undervalued': IMF

BEIJING (AFP) - China's yuan currency, which Washington has long alleged was manipulated, is "no longer undervalued", the International Monetary Fund said Tuesday.

The value of the yuan, also known as the renminbi, has been a source of tension for years, with China's major trade partners -- led by the United States -- accusing Beijing of keeping it artificially low to give Chinese exporters an unfair competitive advantage, which Beijing denied.

"Our assessment now is that the substantial real effective appreciation over the past year has brought the exchange rate to a level that is no longer undervalued," the IMF said in a statement after a consultation mission to China.

China keeps a tight grip on the value of the yuan out of concerns that unpredictable currency inflows and outflows could harm the economy and weaken its financial control.

But it is still pushing for the currency to play a greater role in the world financial system, such as being included in the basket that makes up the IMF's own "special drawing rights" reserve currency.

The yuan has been one of the world's most stable currencies, with day-to-day volatility strictly limited by the authorities.

It spent almost two years around the 6.82 to the dollar level until May 2010, before appreciating, under US pressure, to a high of 6.04 in January 2014.

But with Chinese economic growth

slowing, the currency slid back. It traded little-changed at 6.21 after the IMF announcement.

Washington nevertheless held its position Tuesday, with an official of the US Treasury, who asked not to be identified, insisting that the yuan remains too cheap.

That has been the official position for years in the Treasury's semi-annual assessment to Congress about the currencies of the country's major trading partners.

The most recent report last month conceded that on a trade-weighted, inflation-adjusted basis, the currency had risen 10 percent against the dollar over the previous six months.

But even with that, it remained "significantly undervalued".

US Treasury Secretary Jacob Lew last week reiterated the opinion, urging China to make more progress on foreign exchange reforms, according to Bloomberg News.

Fawad Razaqada, an analyst with London-based currency trading platform Forex.com, was sceptical about the IMF findings.

"It probably will give the Chinese authorities an excuse to hold down the value of the yuan, especially against currencies where the central banks are still pretty much dovish such as the euro," he told AFP.

"Against the dollar they won't need much help anyway, as the greenback will most likely appreciate further as the market prepares for a rate hike later this year," he added.

The IMF nevertheless was critical

of Beijing's world-leading foreign exchange reserves -- \$3.73 trillion at the end of March -- and urged "greater exchange rate flexibility, a key requirement for a large economy like China's."

"The still-too-strong external position highlights the need for other policy reforms -- which are indeed part of the authorities' agenda -- to reduce excess savings and achieve sustained external balance," the Fund said.

China has slowly loosened controls on the international use of the yuan. The currency is now among the top ten held as reserves by foreign countries.

Beijing has set up yuan clearing arrangements with 10 countries and regions and signed currency swap agreements with 28 central banks.

It has also permitted Chinese and foreign entities to issue yuan-denominated "dim sum bonds" in the international market, though the total issued remains relatively small.

The Beijing-led Asian Infrastructure Investment Bank, which aims to support infrastructure development across the continent, is also expected to facilitate wider international use of the yuan.

China is now also pursuing the inclusion of the yuan in the basket underpinning the IMF's SDR currency, currently based on only the US dollar, the euro, the Japanese yen and the British pound.

The Fund will be reviewing the SDR basket later this year, with the yuan's potential as a component a key subject.

More Than 22% of Spaniards in Poverty in 2013: Data

MADRID (AFP) - More than 22 percent of people in Spain were living in poverty in 2013, the year the country's recession officially ended, new official data showed Tuesday.

After the economic crisis, Spain's unemployment rate remains extremely high and the government has acknowledged that the recovery has yet to reach the poorest.

The latest poverty figures from the National Statistics Institute were a reminder of its deep impact on poor families.

The figures showed 22.2 percent of

the population in 2013 was living under the poverty line, with immigrant families particularly affected.

The poverty figure had mounted from 20.4 percent in 2012.

Average yearly household income fell from about 30,000 euros in 2008, the first year of the crisis, to 26,154 in 2013.

Spain's conservative government says the economy is growing again, but the unemployment rate was still extremely high at 23.7 percent in the first quarter of this year.

The government is forecasting

economic growth of 2.9 percent this year.

It imposed tough spending cuts and tax hikes to stabilise public finances during the crisis, contributing to a decline in support in local elections on Sunday.

Spain and the European Union define the poverty line as 60 percent of a country's average personal income.

One in 10 households were struggling to pay the rent, mortgage or gas and electricity bills, the statistics institute said.

Planning Necessary for 10mn Tons of Steel Export

TEHRAN (MNA) - Iranian deputy industry minister has stressed the significance of planning for supplying infrastructure for the export of 10 million raw steel in Iran's Outlook Plan for 2025 which will increase production capacity to 55 million.

Mehdi Karbasian made the remarks while addressing a meeting of members of the board of directors of the Association of Steel Producers held at the Iranian Mines and Mining Industries

Development and Renovation Organization (IMIDRO), IRNA reported.

Currently standing at 234 kg, the per capita steel production in the country should be brought closer to 400 kg by required planning, said the official. He stressed that the current steel production capacity should be increased.

Production of raw steel in the previous year reached 16.6 million tons which showed an in-

crease of 7% as compared to the same figure for the preceding year.

Meanwhile, steel products last year amounted to 19.9 million tons showing an increase of 2% in comparison with the corresponding figure a year ago.

Based on the planning of the Industry, Mine and Trade Ministry it is expected that 18 million tons of raw steel and 19 million tons of steel products will be produced in the current year.

Iran, France Sign Six MoUs on Expansion of Agricultural Cooperation

TEHRAN (IRNA) - Deputy Minister of Agricultural Jihad for Farming Affairs Abbas Keshavarz said on Wednesday that six memoranda of understanding (MoUs) in farming, fisheries and livestock fields were signed between the two sides.

The first Iran-France joint agricultural committee meeting

was held in Tehran with participation of Deputy Minister of Agricultural Jihad for Farming Affairs Abbas Keshavarz and French envoy and delegation.

The MoUs dealt with various fields such as transfer of technological know-how in fisheries, breeding, agriculture (improved seeds), export and import of or-

ganic gardening products including grape, apple and pear.

The first fish culture farm with financial and scientific support of France is to become operational on Qeshm Island, he said.

Based on the agreement, a research center for trout culture farm in Kelardash, north Iran, is to be constructed, he said.

European Stocks Rise Before G7, With Eyes on Greece

LONDON (AFP) - European equity markets rose Wednesday before a G7 finance meeting that will focus on Greece's debt drama, while airlines group IAG neared its takeover of Irish rival Aer Lingus.

Finance ministers and central bank governors of the Group of Seven (G7) wealthiest nations are meeting in Dresden to discuss the global economy and financial regulation, with Athens on the agenda amid stubborn fears of a Greek eurozone exit.

German Finance Minister Wolfgang Schaeuble has invited his counterparts and their central bank chiefs from Britain, Canada, France, Italy, Japan and the United States, for the gathering which kicks off later on Wednesday.

In midday deals, London's benchmark FTSE 100 index of top companies rose 0.55 percent to 6,986.80 points, as investors also tracked the state opening of parliament and the legislative program for Prime Minister David Cameron's newly-elected British government.

In Paris, the CAC 40 index added 0.55 percent to 5,111.30 points and Frankfurt's DAX 30 won 0.19 percent to 11,647 compared with Tuesday's closing level.

The European single currency advanced to \$1.0924 on bargain-hunting from \$1.0879 late in New York on Tuesday, when it had struck a one-month low at \$1.0863 on Greek debt repayment concerns.

"The FTSE 100 is trading higher as the G7 meeting gets underway," said analyst David Madden at trading firm IG.

"Greece will be a topic for dis-

cussion at the G7 meeting in Dresden, and even though Greek fears have been put on hold today, the rally in European equities will be restricted because of it."

International Monetary Fund managing director Christine Lagarde, Eurogroup chief Jeroen Dijsselbloem, European Central Bank chief Mario Draghi and the EU Commissioner For Economic and Monetary Affairs, Pierre Moscovici -- all key players in the Greek dossier -- will all be at the G7 meeting.

The IMF, ECB and EU Commission -- previously known as the "troika" of Greece's creditors -- are currently trying to hammer out a Greek debt deal in return for pledges by Athens to push through crucial economic reforms.

As a June 5 repayment deadline looms, the two sides have still not reached a deal that will unlock the last batch of bailout money.

There are growing fears that a Greek default could see the country tumbling out of the eurozone, spooking global investors and markets.

"Negotiations between Greece and creditors are scheduled to be resumed today in Brussels while the situation concerning Greece will also certainly feature at a G7 meeting in Dresden," said analyst Markus Huber at the Peregrine & Black brokerage.

London was boosted after the Irish government agreed Tuesday to sell its 25-percent stake in Aer Lingus to British Airways owner International Airlines Group (IAG).

IAG's takeover deal offers Aer Lingus shareholders 2.55 euros a

share -- 2.50 euros plus a 0.05 euros dividend -- valuing it at 1.36 billion euros (\$1.7 billion).

The announcement sent IAG's share price 0.83 percent higher to 549 pence in London on Wednesday, while Aer Lingus shares won 2.63 percent to 2.44 euros in Dublin.

However, the takeover now hinges on the next move by Ryanair -- which owns almost 30 percent of the Irish flag-carrier.

Shares in cigarette maker Imperial Tobacco rallied 2.44 percent to 3,364 pence after Reynolds American won regulatory approval to sell its Winston, Kool, Salem and Maverick brands to the British firm.

In foreign exchange trade, the dollar sat around eight-year highs against the yen on the increased likelihood of a Federal Reserve interest rate hike.

Modest improvements in US consumer confidence, home sales and prices, as well as orders for core industrial goods, pointed to a pick-up in growth in the world's biggest economy.

In Asian stock market deals on Wednesday, Tokyo clocked up a ninth straight gain thanks to a weaker yen while Shanghai jumped for a seventh session as investors bet on China unveiling more economy-boosting measures.

However, most other markets in Asia retreated on the heels of a sell-off on Wall Street.

New York's Dow Jones Industrial Average dropped 1.04 percent Tuesday on a strengthening US dollar, which hurts exporters.