

French Businesses Hoping to Beat the Rush Back Into Iran

VIENNA (AFP) - Since the start of tortuous nuclear negotiations with Iran, France has been seen as taking the toughest stand. Now as a deal nears, Paris must be ready to dash in and grab a slice of long untapped market.

"The first repercussions of any deal will be the opening of the Iranian market. That's what all the Western countries are waiting for," a top western diplomat said recently.

"They are jostling as if they're at the start of a marathon, and are keeping a close eye on one another."

After years of biting sanctions, countries are on the starting blocks ready to resume business with Iran, said one French economist.

With a population of 77 million people, Iran has the world's fourth largest oil reserves and the second largest gas reserves.

"Be careful, don't be late. You have to prepare yourselves. The market won't wait for you and your competitors are already there," said the Iranian ambassador to France, Ali Ahani, in 2013.

And it's not just the French. Russia and China are desperate to hold onto and increase their own slice of the pie. While American companies, long shut out of the Iranian market, are also keen to return.

France used to have a strong presence in Iran before the sanctions went into effect, with Peugeot and Renault being major players in the Iranian auto industry and energy giant Total heavily involved in the oil sector.

But two-way trade has fallen from four billion euros in 2004 to just 500 million in 2013, according to French statistics.

"Unfortunately we are heavily criticized by Iranian society, which sees us as having abandoned them during a difficult time," said Carlos Tavares, the chairman of French automotive giant PSA Peugeot Citroen, recently.

Chinese manufacturers "are already at the door, the Americans too," he said, adding that "to rebuild trust (of the Iranians) is difficult."

The French employers federation, MEDEF, is due to visit Iran in September to try



Iranians drive locally-manufactured Peugeot 206 cars in the streets of Tehran.

to kickstart ties.

Some 107 representatives from the body travelled to Iran early last year, triggering anger in the US which said it was still too early to do business with Tehran.

But the 2014 visit came hot on the heels of delegations from Italy, Germany, Austria, Portugal and South Korea.

Despite strong cultural and

historic ties, France's image has suffered in Iran during almost two years of nuclear negotiations during which it has adopted a tough position, observers say.

But Iranian Transport Minister Abbas Akhoundi said recently that "no doubt economic leaders will be more realistic than politicians and they will be able to ensure their logic succeeds".

Iran Prepared to Export Steel Productions

TEHRAN (IRNA) - Deputy Minister of Industry, Mines and Trade Mehdi Karbasian said the ground was now apt for Iran to start its steel productions. He said that the country experienced an export volume of over two million tons of steel byproducts during the last Iranian year (ended March 20, 2015). This was the first time Iran had such a figure, he added. He said thanks to the desirable situation of the Iranian steel industries, the country is planning to double the figure this year. The deputy minister also stressed the need for granting special financial facilities to the steel sector and said the active participants in the industries should be awarded.

IME Monthly Trade Value Hits \$981 Million



TEHRAN (IME Intl Affairs) - Iran Mercantile Exchange (IME) traded over \$981 million of various commodities with volume of 1,932,000 tons in spot and secondary markets in June 2015. "1,932,000 tons of different commodities were traded in Domestic and Export Trad-

ing Floors including 1,025,000 tons of various commodities worth more than \$492 million in oil and petrochemical trading floor, 766,000 tons of different products worth about \$421 million in metals and minerals trading floor, and about 138,000 tons of agricul-

tural products worth \$68 million in agricultural trading floor in spot market", IME International Affairs and PR reported.

Moreover, during this month, export trading floor witnessed trading of 48,000 tons of sulfur worth about \$6 million, 202,000 tons of bitumen worth more than \$76 million, 3,500 tons of insulation worth more than \$1 million, as well as 205,000 tons of iron ore worth approximately \$6 million.

In addition, IME experienced trading of 2,880 MT of steel scrap in its secondary market during the same month.

It is worth noting, derivatives market played host to the trading of \$ 57,704 cumin seed futures contracts worth more than \$220 million gold coin futures contracts and \$103,956 soybean meal futures contracts.

Iran Set to Boost Petrochemical Market

TEHRAN (MNA) - According to Iranian officials, Iran's petrochemical output will reach 180 million metric tons per year.

Ahmad Mahdavi Abhari, Secretary of the Association of Petrochemical Industry Corporations (AIPC) was quoted by Islamic Republic news agency (IRNA) on Saturday as saying that Iranian companies exported 25 million metric tons of petrochemical products worth of \$14 billion last year. However, he regretted that the number could have been more.

AIPC's secretary further stated that Iran exported 10 percent of its petro-

chemicals to Europe prior to sanctions hoping to regain or even increase the share in post-sanctions era.

The petrochemical industry is the biggest source of foreign earnings for Iran after oil but US sanctions have caused exports to decline. In May 2013, Washington blacklisted eight major Iranian petrochemical companies, including Bandar Imam Petrochemical Co., Bou Ali Sina Petrochemical Co. and Mobin Petrochemical Co.

Iran is also cut off from the international financial system but banks have started showing interest in business

with the energy superpower.

Iran's total petrochemical production capacity stands at 60 million metric tons per year which according to the recent remarks made by Abhari is going to be tripled after the opening of plants under construction and developments on the way.

Three new petrochemical plants are expected to become operational before the end of the current Iranian year in March 2016, raising the country's production of light and heavy varieties of polyethylene by about 900,000 metric tons.

Russia Taking Full Advantage of Greek Crisis

LONDON (Oilprice.com) - With Greece's debt situation spiraling downwards, the European project is showing some cracks. The July 5 referendum could amount to a vote on whether or not Greece stays in the euro.

In the meantime, the turmoil offers an opportunity for Russia to advance its interests. Of course, the EU is an absolutely critical trading partner for Russia, so if the bloc starts to fray at the seams, that presents financial risks to an already struggling Russian economy. Russia's central bank governor Elvira Nabiullina warned in June of the brewing threat that a Greek default would have on Russia. "We do consider that scenario as one of possible risks which would increase turbulence in the financial markets in the European market, bearing in mind the fact the European Union is one of major trading partners, and we are definitely worried by it," she said in an interview with CNBC.

With the economic fallout in mind, Russia does see strategic opportunities in growing discord within Europe. First, Russia is pushing its Turkish Stream Pipeline, a natural gas pipeline that it has proposed that would run from Russia through Turkey and link up in Greece. From there, Russian gas would travel on to the rest of Europe. Russia is vying against a separate pipeline project that would send natural gas from the Caspian Sea through Turkey and on to Europe.

China Intensifies Steps to End \$3.2 Trillion Stock Rout

BEIJING (Dispatches) - China suspended initial public offerings, while brokerages pledged to buy shares and state media urged investors not to panic as officials intensified efforts to stop the steepest plunge in equities since 1992.

Twenty-eight companies halted their IPOs, according to filings to the nation's two exchanges Saturday. A group of 21 brokerages led by Citic Securities Co. will invest at least 120 billion yuan (\$19.3 billion) in a stock-market fund, the Securi-

ties Association of China said the same day. Executives from 25 mutual funds vowed to buy shares and hold them for at least a year, according to an industry group association.

"Declines of such a magnitude are enough to trigger a financial crisis and the issue is now elevated to state level," said Li Jingyuan, general manager of the securities investment department at Shanghai Zhaoyi Asset Management. "It's about restoring confidence now."

The weekend announcements

come as the government battles to restore faith among the nation's 90 million individual investors after a slew of measures by regulators, including a pledge to investigate market manipulation, failed to stem declines. The Shanghai Composite Index has tumbled 29 percent in the previous three weeks, helping to erase \$3.2 trillion of value, on concern leveraged traders are liquidating bets after equity valuations exceeded levels during the country's stock-market bubble in 2007.

Brazil Targets 15 Banks in Forex Fixing Probe

BRASÍLIA (AFP) - Brazil's antitrust body announced an unprecedented probe for the country into alleged foreign exchange market rigging by 15 banks including Citigroup and HSBC, which are accused of colluding to form a secret cartel.

"There are strong indications of anticompetitive practices of price fixing" and other manipulations between the banks, the watchdog known as Cade said late Thursday. The alleged cheating lasted from 2007 until at least 2013,

authorities said. "The evidence shows that (the banks) formed a cartel" fixing prices, coordinating trades, and impeding other operators involved in the Brazilian market, the watchdog said.

There is also evidence that the banks shared sensitive information on contracts, futures prices, clients, negotiating strategies and other confidential material, Cade said.

Brazilian investigators say the banks under scrutiny communicated online via the Bloomberg chat platform to

organize what they themselves referred to as "The cartel" and "The mafia."

The other 13 banks named are: Banco Standard de Investimentos, Tokyo-Mitsubishi UFJ, Barclays, Credit Suisse, Deutsche Bank, JPMorgan Chase, Merrill Lynch, Morgan Stanley, Nomura, Royal Bank of Canada, Royal Bank of Scotland, Standard Chartered and UBS.

In addition to the institutions, the probe is targeting 30 individuals who were not identified.