Iran Ready to Welcome Foreign Companies

TEHRAN (IRNA) – **Al Mayadeen TV in a news report on Monday said the Iranian market is geared to welcome international companies in line with the progress made in the political and technical aspects of the country's nuclear talks with P5+1.**

According to the report, it will not take long for Iran markets to host foreign companies.

Iranian oil ministry is to offer the cabinet a new form of contracts for international transactions on oil, it said.

Foreign companies are enthusiastically following up nuclear talks between Iran and world powers as a final nuclear deal between the two sides would allow them to find a footstep on the Iranian markets, it said.

In the event of clinching any deal between Iran and P5+1, sanctions will be lifted within months and the doors of the biggest fuel supplier in the world will be opened to foreign investors, said the report.

The new contract includes exploration, production, development and encouraging foreign companies to invest in high-risk areas and transfer technology with financial transparency to Iran that possesses the world's biggest tanker fleet.

Oil companies have dispatched delegates to Tehran to prepare grounds for investments after economic sanctions are lifted.

Nuclear talks between Iran and P5+1 was extended for another week to let both sides resolve remaining disputes.

Bibi Hakeemeh 3D Seismic Ends

The of Head of Geology Department at NISOC Farrokh Naseri

AHVAZ (NISOC) – **The of Head of Geology Department at National Iranian South Oilfields Company (NISOC) Farrokh Naseri underlined the 3D seismic operation at Bibi Hakeemeh oilfield has come to an end.**

Saying that this project was carried out to develop Bibi Hakeemeh hydrocarbon field, Farrokh Naseri went on, project's executive operation was extended within four provinces of Khouzestan, Boushehr, Kohgilouyeh& Boyerahmad and Fars.

He noted, by collecting interpreted seismic data, the results will be employed to setting a precise drilling program across the oil-rich region.

Located in mountainous and semi-mountainous regions in south west of the country , this plan was implemented in an area measuring around 2000 square kilometers , Naseri concluded.

NISOC output, as the biggest nationwide oil producer, accounts for around 80% of total domestic production.

Most Asia Markets Fall, Japan Plunges

BEIJING (AFP) - **An attempt by China to buy its way into support of falling markets barely worked. The government reasoned that if it could build enough buying on its own accounts, its collapsing markets would recover. The idea worked for the Shanghai Composite, which was up 2.42%**

However, indexes throughout the balance of the region fell, and some sharply. The Hang Seng plunged 3.18%. Japan's Nikkei was down 2.08%.

It is hard to determine whether the year-long run up was due to huge levels of loans that have allowed China investors into the market, or whether individual investors wanted to take advantage of a bull market. It is probably both, since margin permitted many small investors to jump into a market, which many now have to jump out of to repay loans based on stock prices. Markets in total had fallen more than 8% in two weeks before yesterday.

Another factor in the drop of the Chinese markets is that the world's second largest economy has slowed considerably and that this will affect the profits of Chinese companies.

Euro Edges Up as Investors Weigh Risks of Greek Exit

TOKYO (AFP) - **The euro bounced back against the dollar in Asia on Monday despite a jump in the odds of a Greek exit from the eurozone after it rejected creditors' austerity demands in a weekend referendum.**

The 19-nation currency was changing hands at $1.1025 in early Asian trade, coming off $1.0963 soon after early results of the Greece bailout reforms vote were out.

The euro was at $1.0987 in New York late Sunday, down 1.2 percent from Friday evening.

In the wake of the vote, the euro weakened to 134.91 yen from 136.31 yen and 0.7088 pounds from 0.7135 on Friday.

Shinya Harui, currency analyst at Nomura Securities in Tokyo, said the common currency was holding up as traders "assess the spill-over risks in the case of a Greek exit from the eurozone".

"I personally think the chance (of the Greek exit) is very high, at around 70-80 percent," he added.

"A Greek exit would shake confidence in what had been 19-nation solidarity, which could fuel anti-euro movements within Europe."

As Greece was unable to repay a key International Monetary Fund debt last week, it cannot borrow money from international institutions and will be shut out of financial markets, Harui warned.

"Inflation risks (in Greece) are very high... People voted 'No' without being fully aware of the ensuing risks," he said.

Official results from over 95 percent of polling stations

The euro bounced back against the dollar in Asia on Monday despite a jump in the odds of a Greek exit from the eurozone after it rejected creditors' austerity demands in a weekend referendum.

showed more than 61 percent of Greek voters rejected fresh austerity demands by the country's creditors in the historic referendum.

Prime Minister Alexis Tsipras claimed the creditors, including the European Central Bank and International Monetary Fund -- would be forced to talk about restructuring the massive, 240-billion-euro ($267 billion) debt Greece owes them.

"The 'No' vote is the worst possible outcome from an 'uncertainty' perspective", Ray Attrill, global co-head of forex strategy at National Australia Bank, said in a commentary after the referendum.

"'Grexit' risk has clearly risen sharply, and is now the singularly most likely scenario following the referendum.

"Of one thing we can be sure: the 'moral hazard' risks arising from immediately granting Greece a soft deal with substantial debt relief... makes this a less likely scenario than Grexit," he said.

Attrill said a fall back in the euro to levels around $1.05 was "not unreasonable".

China's Unsettling Stock Market Collapse

NEW YORK (Wall Street) - **This summer has not been calm for the global economy. In Europe, a Greek referendum this Sunday may determine whether the country will remain in the eurozone. In North America, meanwhile, the governor of Puerto Rico claimed last week that the island would be unable to pay off its debts, raising unsettling questions about the health of American municipal bonds.**

But the season's biggest economic crisis may be occurring in Asia, where shares in China's two major stock exchanges have nosedived in the past three weeks. Since June 12, the Shanghai stock exchange has lost 24 percent of its value, while the damage in the southern city of Shenzhen has been even greater at 30 percent. The tumble has already wiped out more than $2.4 trillion in wealth—a figure roughly 10 times the size of Greece's economy.

Skittish at the prospect of further losses, the Chinese government has taken action. On Saturday, the country's largest brokerage firms agreed to establish a fund worth 120 billion yuan ($19.4 billion) to buy shares in the largest companies listed in the index. Beijing has also lowered interest rates, relaxed restrictions on buying stocks with borrowed money, and imposed a moratorium on initial public offerings. The country has even relied on propaganda to encourage the public to hold onto their shares for patriotic reasons.

The recent fall in the Chinese stock market followed an extraordinary bull period in which the Shanghai composite grew by 149 percent this year through June 12. The boom was fueled by retail punters relatively new to investing—according to the Financial Times, more than 12 million new accounts were opened on the stock exchange in May alone. Once dominated by elites, the stock market increasingly has become a vehicle for China's emerging middle class. Two thirds of households who opened accounts in the first quarter of 2015 didn't even finish high school. Equity market fever has spread to China's universities, where 31 percent of the country's college students have invested in a stock. Three quarters of them used money provided by their parents.

In recent years, Chinese people have generally plowed their excess savings into housing, but the uneven performance of the real estate market has spurred interest in other vehicles for domestic investment. (Because of strict capital controls, it's very difficult for most Chinese people to move money out of the country.) Increasingly, more have turned to the stock market. According to Bloomberg, over 90 million people in China have invested in equities—a number greater than the total membership in the Chinese Communist Party.

The recent dip in prices, then, affects the fortunes of a large number of people. Should those outside of China worry about it?

Infrastructure Project Financing Poised to Pick Up

TEHRAN (IRNA) – Infrastructure project financing in Iran will considerably benefit from the lifting of western sanctions imposed against Iran over its nuclear energy program, should a final agreement be signed between the P5+1 countries (US, China, France, Russia, UK, Germany) and Iran.

Private sector investment will increase, encouraging the use of public-private partnerships and attracting international construction players, who are already preparing to benefit from a first-mover advantage, according to a recent report by Business Monitor International.

At present, Iran scores weakly in BMI's Project Risk Index, ranking 79 out of 82 countries globally. The high risk involved in the life cycle of infrastructure projects in the country is particularly acute in the financing stage, where Iran stands at its weakest ranking of 18.8 out of 100 (low score=high risk). High financing risks are largely due to the high cost and poor availability of capital. The easing of financial sanctions would significantly improve access to capital for infrastructure projects in Iran, increasing the resources available to the private sector. At present, domestic credit as a percentage of GDP represents only 12.2% in Iran - one of the lowest in the world.

Furthermore, should financial sanctions be eased, benefits for the infrastructure sector would include:

** Improvement of Iran's long term borrowing capabilities and access to international capital markets.*

** Release of resources for public spending on infrastructure from the unfreezing of Iranian assets held abroad.*

** Reduced opaqueness and overall financial barriers in Iran as the financial system and its regulatory framework would gain greater international exposure.*

** Reduced inflation which would in turn benefit the market for construction materials.*

Although there is not a solid track record of PPPs in Iran, the model has been used in the past mainly for the development of hospitals and water projects. With stronger private sector participation, PPPs could be expanded to the transport and energy infrastructure sectors where investment is badly needed. Weak oil prices and the subsequent drop in government revenues should further encourage the use of PPPs in Iran.

Improved Business Environment to Attract Foreign Players

European construction companies used to have a strong presence in Iran prior to the 1979 Islamic Revolution. However, since then, the majority of foreign players have come from China or Russia, targeting the transport and energy infrastructure sectors, respectively. This trend was exacerbated between 2011 and 2012 after the imposition of sanctions. More recently, Sino-Iranian relations have strengthened with Iran having been approved as a founding member of the China-backed Asian Infrastructure Investment Bank in April 2015. In addition, Iran is highly supportive of China's Silk Road Economic Belt initiative as it would improve connectivity between Asia and the Middle East.

However, the prospect of sanctions being lifted has sparked considerable interest among other foreign players. Companies from the Middle East, France, Turkey, and South Korea have started surveying the market, preparing for an eventual return to Iran. According to the Iranian Ambassador to Turkey Alireza Bikdeli, Iran is looking for partnerships with Turkish companies to develop projects worth $10 billion in the transport sector, particularly roads and airports. This is in addition to the road and railway projects already under construction by Turkey's Bergiz Insaat company.

Furthermore, India announced plans to build a port in the southeast of Iran in May 2015. Indian Shipping Minister Nitin Gadkari, is looking to sign a memorandum of understanding with Iran for the development of Chabahar Port – an initiative that was first discussed in 2003 but did not make progress due to sanctions. Moreover, local media reported the visit of an Indian delegation to Iran to explore opportunities in trade, energy and infrastructure with the aim of securing a first-mover advantage. Even US-based energy companies have reportedly started to survey the Iranian market.

Despite a positive outlook on Iran's infrastructure if sanctions are lifted, some risks could continue to limit growth in the market. Some of the main challenges in increasing the use of PPPs are the lack of transparency in the tendering of projects, questions on judicial independence and lack of established mechanisms to resolve contract disputes and corruption. At present, Iran's institutional framework does not provide significant protection for investors nor does it address the issue. This is in addition to weaknesses in the labor market, high transaction costs and lengthy lead time for infrastructure projects.