

Railroad Connecting Iran, Azerbaijan to Be Operational in Coming Months: Minister



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Various efforts have been made in the current Iranian administration to facilitate and improve the activities of the two countries' merchants, Vaezi said at Iran-Azerbaijan Business Forum held in the northwestern Iranian city of Oroumijeh.

As an example, with the coming into service of the railroad

connecting Iran's Astara and Azerbaijan's Astara in the early months of the next Iranian year (which will begin on March 21), the two sides will witness the formation of a better way to use rail transport system to boost bilateral trade between the two countries.

He went on to say that the railroad not only will have a positive impact on Tehran-Baku relations but also on ties among the Commonwealth of Independent States (CIS).

At a meeting in Baku on July 3, 2016, officials from Iran, Russia, and Azerbaijan exchanged views on the cost of building the crucial rail link project, which envisages

connecting Iran's northern city of Rasht with Azerbaijan's Astara.

The three sides also studied the possibility of Russia's participation in financing the project.

The budget for completion of Rasht-Astara railroad project is estimated at \$1.1 billion, part of which will be supplied by the \$500 million loan from Azeri banks.

The entire project constitutes part of the north-south corridor.

The International North-South Transport Corridor (INSTC) is a multipurpose route for the transit of goods between Iran, Russia, Europe, India and Central Asia via shipping lines, railroad and land routes.

'Oil Above \$55 Per Barrel Not to OPEC's Benefit'

TEHRAN (Dispatches) - Iran says the member states of the Organization of the Petroleum Exporting Countries (OPEC) will not benefit if oil prices increase beyond \$55 per barrel.

Iran's Oil Minister Bijan Zanganeh was quoted by the domestic media as saying that if oil specifically surges above \$60 per barrel, the non-OPEC producers would increase their production to benefit the most from rising prices.

Zanganeh emphasized that there would be a balance in the market as a result of a recent OPEC deal to cut production to limited quotas.

Such a balance would be created in the market in 2017, he was quoted as telling reporters after meeting the visiting Russian Energy Minister Alexander Novak. "This would only happen if no strange thing happens in the market."

Elsewhere in his remarks, the Iranian oil minister said that OPEC was determined to reduce its production and help manage the market.

Zanganeh added that non-OPEC producers, particularly Russia, would also keep their production as low as possible to prevent any fresh shock to the market. This, he emphasized, would benefit the producers and the consumers and would also provide a long-term energy security.

"This was for the first time in OPEC's history that Russia



Iran's Oil Minister Bijan Zanganeh

cooperated with this Organization to help stabilize the market," said the Iranian oil minister.

Last December, OPEC clinched a historic deal with Russia and other non-members to slash global production by nearly 1.8 million barrels a day for six months starting January.

The Organization exempted key member Iran from cutting output, allowing the country to increase its crude production by 90,000 barrels per day to reach pre-sanction output levels of 4 million barrels per day.

Oil Prices Fall as U.S. Crude Inventories Rise Further

Meanwhile, oil prices fell one percent on Friday after U.S. crude inventories rose for a seventh week, showing that the market is

still struggling to ease oversupply despite many producers' efforts to rein in production.

U.S. crude stocks rose by 564,000 barrels in the week to Feb. 17, the Energy Information Administration (EIA) said, though the increase was less than the 3.5 million barrels expected by analysts.

The continued rise in U.S. inventories comes as members of the Organization of the Petroleum Exporting Countries (OPEC) and other producers have cut output.

Their joint compliance with a production-reduction deal reached at the end of last year was around 86 percent in January, according to OPEC sources quoting results from a technical committee meeting held this week.

Compliance is set to rise even

Russia Proposes Joint Production of Ilyushin Planes in Iran

TEHRAN (Tasnim) – Moscow has presented a proposal to Tehran for the joint production of its Ilyushin planes in the Islamic Republic, Russia's energy minister said.

Alexander Novak was quoted by Iran's media as saying that he had presented the proposal – which involved the production of the renovated version of the Ilyushin Il-114 regional planes – in his meetings with Iranian officials in Tehran over the past few days.

Novak added that Moscow was interested in launching a production line in Iran to produce spare parts and the equipment required for Russian planes.

He further said that Russia would

take a step to that connection if the Islamic Republic indicated that it was also interested in such a scheme, the Persian-language newspaper Jam-e Jam reported.

Elsewhere in his remarks, the Russian energy minister said Russia was preparing to sell 12 Sukhoi Superjet 100 passenger planes to Iran.

Novak said officials in Tehran had told him that the purchases would be made in the near future.

In mid-February, Maqsood As'adi Samani, the secretary of the Association of Iranian Airlines, was quoted by the domestic media as saying that a deal with Sukhoi Civil Aircraft Company to purchase

the planes was close.

As'adi Samani added that Sukhoi had already started technical talks to obtain a license from the US Treasury Department's Office of Foreign Assets Control (OFAC) to sell the planes to Iran.

Hossein Alaei, the head of Iran's Aseman Airlines, had earlier said his company was negotiating with Sukhoi as well as several other leading global plane makers to renovate its fleet.

Alaei added that Sukhoi had carried out trial flights of its Superjet 100 in Tehran in December 2016 – what he said had been carried out at the invitation of Aseman Airlines.

Iran, Malaysia to Expand Trade Ties Using Local Currencies

TEHRAN(Dispatches) – Deputy head of Central Bank of Iran on Friday stressed facilitating trade transactions by using local currencies, hailed the interest of Malaysian banks in opening Ringgit accounts for Iranian trade banks.

Heading a banking delegation to Kuala Lumpur, Gholamali Kamyab held talks with Malaysian senior managers of trade banks and officials at the Central Bank of Malaysia.

During his meeting with Assistant Governor to the Central Bank of Malaysia Adnan Zaylani Mohamad Zahid, Kamyab maintained that

Iranian banks are now connected to the Euro clearing system which allows transactions with European banks, and welcomed joint cooperation with Malaysian banks.

Kamyab said that Iran's current policy is focused on facilitating trade transactions by using local currencies and currency contracts, adding "Based on this policy, we welcome the keen interest of Malaysian banks in opening Ringgit accounts for Iranian trade banks. Malaysian banks can also transfer the funds in Chinese yuan or Japanese yen in case of the Iranian

side's willingness for currency transfer."

The Malaysian official voiced interest in transferring currency in yuan or yen, adding "At the moment, Malaysia uses yuan and yen for clearing its trade transactions and within this financial framework, we can be hopeful for further expansion of trade relations between Iran and Malaysia."

During the meeting, the two sides also reached an agreement on the possibility of switching credit cards between the two countries to become realized in the near future.

China Steams Past U.S., France to Be Germany's Biggest Trading Partner

BEIJING (Reuters) - China for the first time became Germany's most important trading partner in 2016, overtaking the United States, which fell back to third place behind France, data showed on Friday.

German imports from and exports to China rose to 170 billion euros (\$180 billion) last year, Federal Statistics Office figures reviewed by Reuters showed.

The development is good news for the German government, which has made it a goal to safeguard global free trade after U.S. President Donald Trump threatened to impose tariffs on imports and his top adviser on trade accused Germany of exploiting a weak euro to boost exports.

German Vice Chancellor Sigmar Gabriel has suggested that the European Union should refocus its economic policy toward Asia, should the Trump administration pursue protectionism.

"Given the protectionist plans of the new U.S. president one would expect that the trade ties between Germany and China will be further strengthened," said Anton Boerner, head of the BGA trade association.

The main reason for the reduced trade volume with the U.S. was



FILE - The motto of the 2015 CeBit trade fair 'Made With China' is seen next to a rotating globe at the IBM booth during the fair in Hanover, Germany, March 16, 2015.

a drop in American exports to Germany, Boerner added.

Neighboring France remained the second-most important business partner with a combined trade volume of 167 billion euros. The United States came in third with 165 billion euros.

In 2015, the United States had climbed to the top of the list of Germany's most important trading partners, overtaking France for the first time since 1961.

Separately, Germany's Committee

on Eastern European Economic Relations said on Friday it expected exports to Russia will probably rise at least 5 percent this year, their first increase in years given western sanctions.

"Optimism among German exporters is rising further," said Clemens Fuest, head of the Ifo economic institute.

He said export expectations increased in February, pointing to overall strong trade figures in the first quarter of 2017.

further in coming months as OPEC laggards United Arab Emirates and Iraq have pledged to catch up with their individual targets.

The United States, which is not part of the deal, continues to ramp up production. Analysts at ING said they expect U.S. output to keep rising while prices remain strong enough to encourage further drilling.

Benchmark Brent crude oil was down 68 cents cents at \$55.90 a barrel by 1407 GMT, while U.S. West Texas Intermediate dropped by

54 cents to \$53.91.

"Prices continue to retreat on repeated failure to rise above the upper end of their trading ranges and yesterday's inventory data also weighs," said Carsten Fritsch, analyst at Commerzbank in Frankfurt.

However, signs have begun to emerge that traders are depleting storage levels that soared while oil prices were weak.

In the United States, traders are draining the priciest storage tanks

as strengthening markets make it unprofitable to store for future sale and as cuts in global production open export opportunities.

"Current oil prices are neither sustainable for OPEC or the industry," AB Bernstein said in a note. "As such, inventories will have to fall, which we expect will be clearer in the spring after the seasonal build."

In Asia, traders are selling oil held in tankers anchored off Malaysia, Singapore and Indonesia.