

EU Using Bartering in Iran Petchem Deals

TEHRAN (Press TV) - Reports by Western media show that European energy firms are using barter schemes to dodge banking obstacles in their efforts to purchase petrochemical products from Iran.

The Wall Street Journal in a report has quoted Ali Mohammad Bossaghzadeh, the director of production control at Iran's National Petrochemical Company (NPC), as saying that EU companies are using automobile spare parts in "complex bartering arrangements" to buy Iran's petrochemicals.

Under one such arrangement, he said a European company pays for the Iranian petrochemicals by sending money to an EU-based maker of spare automobile parts. That parts maker then sends its products to Iran, where the buyer

pays Iranian petrochemicals companies. He declined to name any of the companies involved, the Wall Street Journal has reported.

Bartering deals with Iran were common during sanctions for non-oil products, but they weren't expected to remain as a means of doing business after sanctions.

Energy transactions "have not taken place as quickly as we would have wished," the Journal has further quoted Amir Hossein Zamininia, Iran's deputy oil minister for international affairs, as saying. "Some major banks are being too cautious...because they have been terrorized by the United States' Treasury in the past."

Nevertheless, Zamininia emphasized that deals are getting resolved case by case. "It is a question of time," he added.

Even though a series of economic sanctions were lifted against Iran in January, the US still maintains a prohibition on Iran to access the American financial system or to directly conduct transactions in US dollars. Experts say this has fueled confusion and practical impediments given that international transactions routinely cross through the US banking system.

The Western media have already reported that European and Asian governments and companies, primarily banks, have sought written clarification about what current US laws and financial regulations allow. Essentially, they want a promise that the US will not prosecute or punish them for transactions involving Iran — a step the US has so far been reluctant to take, AP has emphasized.

Gas Production Soars 23bn Cubic Meters

BUSHEHR (MNA) - Operation of 12th, 15th and 16th phases of South Pars had contributed to 23bn cubic meters rise in country's total gas production, Iran's state news agency IRNA reported.

Hamidreza Araghi, deputy-Oil Minister and head of South Pars Public Relations office told reporters on Wednesday that largely indigenous capabilities has contributed to the improvements; "in the fiscal year ending 21 March 2016, production of gas rose in South Pars, with subsequent benefits for the

public welfare in form of reduced environmental pollution; Phase 19 of South Pars brought together expertise and skilled labor force of South Pars, Pars Oil and Gas, and PetroPars companies, which will significantly contribute to national wealth," Araghi told reporters.

"The solidarity thus created is a rich cultural treasure, and reflects the art of statesmanship of Mr. Rouhani's cabinet who empty-handedly managed to score success only through relying on capabilities and resources of its own young cohort

in running the country," he lavished praise upon the government. "I call our skilled human force in the company to share and invest their years of experience and capabilities in the Phase 19 of South Pars to bring the project to a glorious end along with other contractors."

The deal to develop and operate Phase 19 of South Pars, worth of \$ 4.8bn, was signed in June 2009; currently, it had had 93.3 progress in sea and land, and is projected to go fully operative by next September.

Automakers Recall 12 Million U.S. Vehicles Over Takata Air Bags

WASHINGTON (Reuters) - Eight automakers said on Friday they are recalling more than 12 million U.S. vehicles for defective Takata air bag inflators, widening the largest-ever auto safety effort to more passenger-side devices.

Honda Motor Co is recalling 4.5 million U.S. vehicles while Fiat Chrysler Automobiles NV is recalling 4.3 million, according to the documents. The new recall is focused on passenger-side air bag inflators, while prior recalls were for all frontal inflators.

Takata declared 14 million inflators defective in the first phase of its latest recall, and the Friday notice is largely included in that total.

Japan's Takata Corp this month agreed to declare as many as 40 million additional air bag inflators defective by 2019 in a move that will involve recalls by 17 automakers.

Takata inflators can explode with too much force and spray metal shrapnel into vehicle passenger compartments.

The defective air bag inflators have been linked to at least 13 deaths and more than 100 injuries worldwide. The vehicles being re-

called were built between 2002 and 2011 and include pickups, SUVs and cars.

Separately, Takata is in bailout talks with a number of potential investors including private equity firm KKR & Co, source told Reuters on Thursday.

Takata and the automakers say there are no reports of any ruptures involving the vehicles in the latest recall. They are prioritized by the car's age and the risk of exposure to high humidity. As a result, some owners may not get replacement inflators for several years.

Automakers worldwide had previously recalled about 50 million vehicles with Takata inflators.

Japan's transport ministry said Friday that automakers will recall approximately 7 million vehicles there, so the total worldwide is approaching 70 million.

Other automakers will issue notices in the coming days.

Before Friday, 14 automakers led by Honda had recalled 28.8 million inflators affecting 24 million U.S. vehicles.

At least 2.3 million of the 12 million vehicles in the latest recall were subject to previous driver side

recalls.

Toyota Motor Corp told regulators it is recalling 1.65 million vehicles while Subaru is recalling nearly 400,000 vehicles in the United States.

The two automakers said they include some discontinued Saab and Pontiac vehicles assembled for General Motors Co.

Fiat Chrysler said Friday it is also recalling 933,000 vehicles sold outside the United States for Takata inflators. It told the U.S. National Highway Traffic Safety Administration (NHTSA) that the second phase of the Takata expansion would include 660,000 additional U.S. vehicles.

Mazda Motor Corp is recalling 730,000 U.S. vehicles while Nissan Motor Co is recalling 400,000. Mitsubishi Motors Corp is recalling 38,000 vehicles and Ferrari NV is calling back 2,800 U.S. sports cars.

Automakers face challenges obtaining enough replacement parts and getting owners to repair their cars. Through May 20, just 8.5 million inflators have been replaced.

Takata may face still more vehicle recalls.

Major Rise in Germany's Exports to Iran

TEHRAN (Press TV) - The latest official figures show that German exports to Iran rose significantly in the first quarter following the removal of international sanctions against the country.

Figures released by the Federal Statistics Office show that exports to Iran surged by 7 percent year-on-year in the January-March period to €500 million.

This compares with a 0.7 percent rise in overall, year-on-year German exports in the same period, Reuters reported.

There has specifically been a rise in exports of machines and equipment to Iran, it added.

"This is quite reasonable," said Michael Tockuss, head of the German-Iranian Chamber of Commerce.

"Machines and equipment are doing exceptionally well, but also grain and wheat."

He added that Iran had shown interest in large-scale projects to build refineries and petrochemical factories and cement plants, but was unable to finance such undertakings with credit from foreign banks.

"Its own banks lack liquidity. They are dependent on our banks to finance projects," Tockuss said. Despite such difficulties, he said, Germany should expect business with Iran to outperform activity with most other emerging markets.

German exports to Iran could reach €2.5-3 billion this year, up from €2 billion in 2015, he added.

Germany's Chambers of Commerce

and Industry (DIHK) expects exports to Iran to reach €5 billion in the coming years and reach twice that figure in the long term.

Germany for decades had been Iran's biggest European trading partner. Almost immediately after the lifting of the sanctions against Iran in January, the German government sent Economy Minister Sigmar Gabriel to Tehran at the head of a major delegation to discuss post-sanctions business opportunities in the Islamic Republic.

This opened the way for future visits of trade delegations from Germany to Iran.

The latest such visits on Wednesday led to the awarding of a major petrochemical project by Iran to Abels Decker Kuhfuß Lenzen (ADKL).

Oil Prices Ease From Seven-Month High to Below \$49

NEW YORK (AFP) - Oil futures fell below \$49 on Friday, moving further away from a seven-month high hit a day earlier, with analysts predicting range-bound markets for the next few months as supply outages slowly help to clear a glut of crude.

Prices also came under pressure from a strong U.S. dollar, buoyed by generally positive U.S. economic data amid growing expectations of a near-term increase in interest rates.

Brent LCOc1 fell 1.3 percent, or 64 cents, to \$48.95 a barrel by 1031 GMT, retreating from the previous session's \$50.51 peak, its highest since early November.

U.S. crude CLc1 dropped 45 cents to \$49.03 a barrel after touching \$50.21 on Thursday, its highest since early October.

Oil pushed through \$50 for the first time in about seven months on Thursday after supply disruptions from Canadian wildfires and militant attacks in Nigeria helped cut global daily output by 4 million barrels.

"Most of these outages are unlikely to last. The return of disrupted supply and OPEC's increasing of production lay the foundation for a wider market surplus, and for prices to fall back below \$40 in the short run," UBS analyst Giovanni Staunovo said in a note.

"A combination of contracting non-OPEC production and rising demand in emerging markets will result in a balanced oil market in 2017," he said, adding that he expected Brent to trade at around \$55 a barrel in 12 months.

Oil fell to \$27 in January from as high as \$115 in mid-2014, leading to a halt in

the growth of U.S. oil production.

But with prices recovering to around \$50, many shale producers will reactivate their investments, said Tony Nunan, oil risk manager at Tokyo's Mitsubishi Corp.

"Shale's total production costs are around \$48-\$50 a barrel - there will be producers who make money at \$50," Nunan said.

Investors were also awaiting the appearance of U.S. Federal Reserve Chair Janet Yellen at an event later on Friday for further indications on when the Fed could raise interest rates.

The dollar has risen more than 2 percent against a basket of currencies so far in May. A meeting of the Organization of the Petroleum Exporting Countries on June 2 may also give further direction to oil markets.

Brexit Would Be Serious Risk to Global Economic Growth: G7 Leaders

TOKYO (Dispatches) - A British exit from the European Union would be a serious risk to global economic growth, Group of Seven leaders said in a summit declaration on Friday, as Prime Minister David Cameron urged voters to "listen to our friends" on the impact of Brexit.

Brexit was not formally on the agenda at the two-day summit in Japan and despite both German Chancellor Angela Merkel and French President Francois Hollande saying the issue had not been discussed; Cameron said "one or two people" had raised it.

"A UK exit from the EU would reverse the trend towards greater global trade and investment, and the jobs they create, and is a further serious risk to growth," G7 leaders said, in the only reference to the vote in a 32-page declaration.

Brexit was listed alongside geopolitical conflicts, terrorism and refugee flows as a potential shock of a "non-economic origin".

The G7 statement follows comments from the International Monetary Fund

that there were no economic positives to Britain leaving the EU, while the Bank of England has said the economy would slow sharply, and possibly even enter a brief recession.

The Organisation for Economic Co-operation and Development has also warned that British voters risk paying a "Brexit tax" equivalent to a month's salary by 2020 if they leave the EU.

Last week, G7 finance leaders united in wishing Britain stayed in the EU at a June 23 referendum, but acknowledged they could do little more than hope.

"We should listen to our friends, we should listen to people who want us to do well, who wish well of us in the world. When you are faced by a difficult decision, it is often a good thing to listen to what your friends think," Cameron told reporters at a news conference after the summit.

Merkel said although leaders had not discussed the issue, there was a consensus that they wanted the country to stay in, while Hollande said Brexit

would be bad news.

"It is not for us to say what the British people should be doing," he told reporters.

"Economically, it would be bad news, bad news for the United Kingdom, as well as the world, not just Europe. That would trigger capital transfers as well as the relocation of some activities that would not be for the benefit of the United Kingdom or even for Europe."

Opinion polls have given conflicting steers on which way the vote might go, with telephone polls suggesting "In" is comfortably ahead while online polls suggest a tight race that "Out" could win. Betting odds heavily favor an "In" vote.

Cameron said Britain could "find our way whatever the British people choose", but warned leaving the bloc would hurt the country's economic future and complicate trade deals with countries such as Japan.

He also rejected a description by a former aide this week that he secretly supported a vote for Brexit.

Turkey Visitor Numbers Slump Over 30% in April

ISTANBUL (AFP) - The number of foreigners visiting Turkey crashed by almost 30 percent in April as tourists stayed away due to security fears following a wave of attacks and tensions with Russia.

Some 1.75 million foreigners came to Turkey in April, down 28.07 percent on April 2015, the tourism ministry said in its latest release.

Arrivals from Russia were down 79.3 percent, with tourism from what was once a key consumer of tours

to Turkey almost wiped out by the row over Ankara's shooting down of a Russian plane in November last year.

But arrivals from other nations were affected by the security situation in Turkey, which has seen several deadly attacks blamed on jihadists and Kurdish militants this year alone.

Visitors from Germany, whose nationals account for the most visits to Turkey, were down over 35 percent while from Britain they were down

over 24 percent.

Foreign tourism had been declining all year but the fall in April was by far the steepest yet and will be hugely alarming to the Turkish authorities in a country where the industry brought in \$31.5 billion in revenues in 2015.

The government has already announced a multi-million-dollar aid package for the struggling tourism industry to help firms and restructure debt.