

# Iran Ramps Up Power Flow to Iraq Despite Debt



Iran is currently exporting 1,350 megawatts per day of electricity to Iraq.

TEHRAN (Press TV) - Iran has stepped up electricity exports to neighboring Iraq even as the Arab country owes the Islamic Republic \$800 million in outstanding debts over power purchases.

Baghdad has just cleared another \$50 million of its \$1.2 billion debt which has accumulated over years to Iran, Deputy Energy Minister Houshang Falahatian said.

The balance from the outstanding dues now stands at \$800 million, taking into account the first installment of the debt worth \$350 million which Iraq had already paid to Iran, he added.

Iran's electricity exports to Iraq have steeply risen this year, hitting 1,350 megawatts recently, according to Falahatian.

The Islamic Republic sells electricity to a number of countries, with Falahatian saying the exports have risen three-fold over the past two months against the

same period a year before.

Iran was reportedly exporting some 1,500 MW of electricity to Iraq as of November 2016, when the country defaulted on its payments. Plans were to increase exports to 2,000 MW. At the time, Falahatian said that Iraq owed Tehran money for over a year of power supplies, adding that ways of addressing the problem were being discussed.

While the discussions lasted, Iran cut off the power supply to its neighbor over the first two months of 2017, but in March started ramping up deliveries again.

The two countries are also discussing shipment of Iranian gas to Iraq through two pipelines.

Iran's Minister of Petroleum Bijan Zangeneh traveled to Baghdad in February at the head of a delegation to review energy agreements between the two neighbors.

The oil-producing neighbors signed an agreement in 2013 under which Iran would start exporting gas to Iraq to feed three power plants in Baghdad and Diyala but exports have not begun yet.

Iran is about to send 25 million cubic meters (mcm) a day of gas to Sadr, Baghdad and al-Mansuriya power plants through a 270-kilometer pipeline, with the volume rising to 35 mcm/d during the summer.

The Islamic Republic has another plan to ship 50 million cubic meters of gas per day through a separate pipeline to Basra for electricity generation.

In July 2015, Iran said it was building a natural gas combined cycle power plant in the southern Iraqi city.

The project implemented by Iran's MAPNA Group aimed to add 3,000 megawatts to Iraq's national grid which is saddled with acute shortfalls at its current 8,500-megawatt capacity.

## Tehran Ditches Plan to Buy Mitsubishi Planes



A Mitsubishi Aircraft Corporation Mitsubishi MRJ90. Iran had planned to buy over two dozen planes from the Japanese industrial giant.

TEHRAN (Dispatches) - Deputy Transport Minister Asghar Fakhrieh Kashan says Iran has forgone plans to buy passenger planes from Japan's Mitsubishi.

The official first confirmed back in July 2016 that Iran sought to buy over two dozen planes from the Japanese industrial giant.

Fakhrieh Kashan, however, said on Friday that "there is no chance of reaching an agreement with this company (Mitsubishi) at present and the purchase of aircraft from it is out of question."

Mitsubishi Aircraft - the aviation arm of Mitsubishi Heavy Industries - began market surveys into Iran

in September 2015, four months before sanctions were lifted on the Islamic Republic, according to Japan's Nikkei newspaper.

The paper said at the time that flag carrier Iran Air was weighing to purchase 80 70-seat Mitsubishi Regional Jets and using them for domestic routes.

Last week, Iran received four ATR 72-600s as part of a deal with the French manufacturer to buy 20 passenger planes.

Iran Air finalized the deal with ATR last month for 20 twin-propeller aircraft worth \$536 million at list prices, with an option to buy 20 more.

The country has also signed billion-dollar deals with Boeing and Airbus to replace and upgrade its commercial fleet.

Airbus delivered three of the 100 airliners ordered by Iran earlier this year, including two long-haul A330s and a smaller A321, but Boeing's deliveries will not begin before 2018.

Fakhrieh Kashan said Iranian airlines continue their efforts to buy commercial jets from international manufacturers.

"Ministry of Transportation is trying to cooperate with the companies which are open to providing finance possibilities and pave the way for reaching final agreements," he said.

Negotiations with other manufacturers for purchase of planes were also continuing, and there were "great hopes" that the talks would produce a final deal, Fakhrieh Kashan said, without specifying those companies.

Brazil's Embraer, the world's third largest maker of commercial, is said to be aiming to sell at least 20 of its E-195 jets to the Islamic Republic under a deal estimated to be over \$1 billion.

Embraer said last November that it was awaiting a U.S. license for the sale to Iran of sensitive jet engine technology in its planes.

## Russia Expects Economy Growth to Be Above World Average in 2019-2020

BOCHAROV RUCHEI (TASS) - The Russian government's action plan until 2025 assumes that the Russian economy will reach the growth rates which are above the world average in the period 2019-2020, Prime Minister Dmitry Medvedev has said at a meeting with President Vladimir Putin.

"In accordance with your instructions, the government has prepared a comprehensive plan - these are general approaches to how our economy and social sector can develop in the period from 2017 to 2025," Medvedev said.

"Namely, somewhere in the period 2019-2020 the growth rate of our economy will be at the level of the world average and above the world average. This will enable our economy to develop faster and solve major social issues," the prime minister added.

Putin noted that the government's proposals will be discussed in detail, and when the relevant proposals of experts are received, they will also be carefully considered.

"We will also study everything carefully and draw conclusions about what is the most promising,



interesting and most feasible in terms of application in order to achieve maximum effect," the president added.

Russia should have a clear plan for the development of the economy and the social sector, regardless of the political agenda, Putin said at a meeting with Medvedev.

"I asked the government to prepare a plan for the development of the economy, to determine prospective areas of development, means to

achieve these goals for the period 2017-2025. I mean not only our domestic political agenda, but also that our rudiments of plan for 2020. We had to adjust them accordingly, and 2020 is already around the corner," Putin said.

"Regardless of any personalities, even regardless of internal political agenda, the country must have a clear and understandable plan for the development of economy and social sector," he said.

## China's Second-Quarter GDP Growth Seen At Around 6.8 Percent: Study

SHANGHAI (Reuters) - China's economy will likely expand around 6.8 percent in the second quarter of 2017, the State Information Center said in an article published in the state-owned China Securities Journal on Saturday.

The State Information Center is an official think tank affiliated with the National Development and Reform Commission, the country's top economic planning agency. It forecast consumer inflation in the world's second largest economy of around 1.4 percent and expected an increase of about 6.5 percent in producer price inflation in the second

quarter from the same period a year earlier.

"Overall, China's economy will remain stable but with a slightly slowing trend," the think tank said in the paper. China's economy grew 6.9 percent in the first quarter from a year earlier, slightly faster than expected, supported by a government infrastructure spending spree and a housing market that has shown signs of overheating. The think tank said it had seen contradictions between government policies to fend off financial risks and reduce corporate finance costs.

"Strengthening financial

regulations has weakened the effect of monetary policy to a certain extent," it said, suggesting that a prudent and neutral monetary policy may actually manifest itself as a tightening bias when implemented.

The State Information Center also said that steady growth of the economy may be inhibited due to worsening labor and debt conditions amid deepening cuts in excess industrial capacity.

China is aiming to expand its economy by around 6.5 percent this year, Premier Li Keqiang said during the annual meeting of parliament in March.

## Gold Books Best Trading Stretch in 5 Weeks



NEW YORK (Market Watch) - Gold prices have edged higher to post their largest weekly gain since mid-April, as overall declines in the U.S. dollar and equities from a week ago fed haven demand for bullion.

The precious metal scored a roughly 2.1% advance for a week, marked by rising volatility and political unrest in the White House. That was the largest such gain since the week ended April 13.

June gold tacked on 80 cents, or less than 0.1%, at \$1,253.60 an ounce.

The dollar and stocks diverged Friday, with a major index tracking

the greenback trading in the red.

The ICE U.S. Dollar Index fell 0.8% as its drop this week wiped out the postelection climb. For the week, the index traded about 2.1% lower. U.S. stocks, meanwhile, traded firmly higher, paring what was setting up to be a sharp weekly drop.

Still, the week's action signal a reemergence of volatility.

"The stock market is starting to feel the heat, as Trump is receiving increased opposition left and right, which puts a drag on the prospects of his many plans," said a team of analysts from Secular Investor.

"This worsened outlook has analysts adjusting their future earnings projections, which were lofty," they said. "Lower earning forecasts translates into lower stock prices, plain and simple. Less money for stocks, provides room for alternative assets to shine."

Meanwhile, Carsten Fritsch and the commodities team at Commerzbank, pointed out in a research note that "it is not only the stock markets and bond yields that have fallen further amid the latest political events in the U.S."

"The VIX index which serves as a barometer of fluctuations of

the S&P 500 index, has surged over the past two days, which reflects the uncertainty among market participants. A good week ago, the VIX index was still at its lowest level since the end of 1993," Commerzbank strategist said.

"In addition, the market now only rates the probability of the U.S. Fed raising interest rates at its next meeting in mid-June as being roughly 70%," the analysts said. That's down from nearly 100% odds priced in earlier this month. Higher rates tend to make gold, which doesn't bear a yield, less appealing relative to other investments.