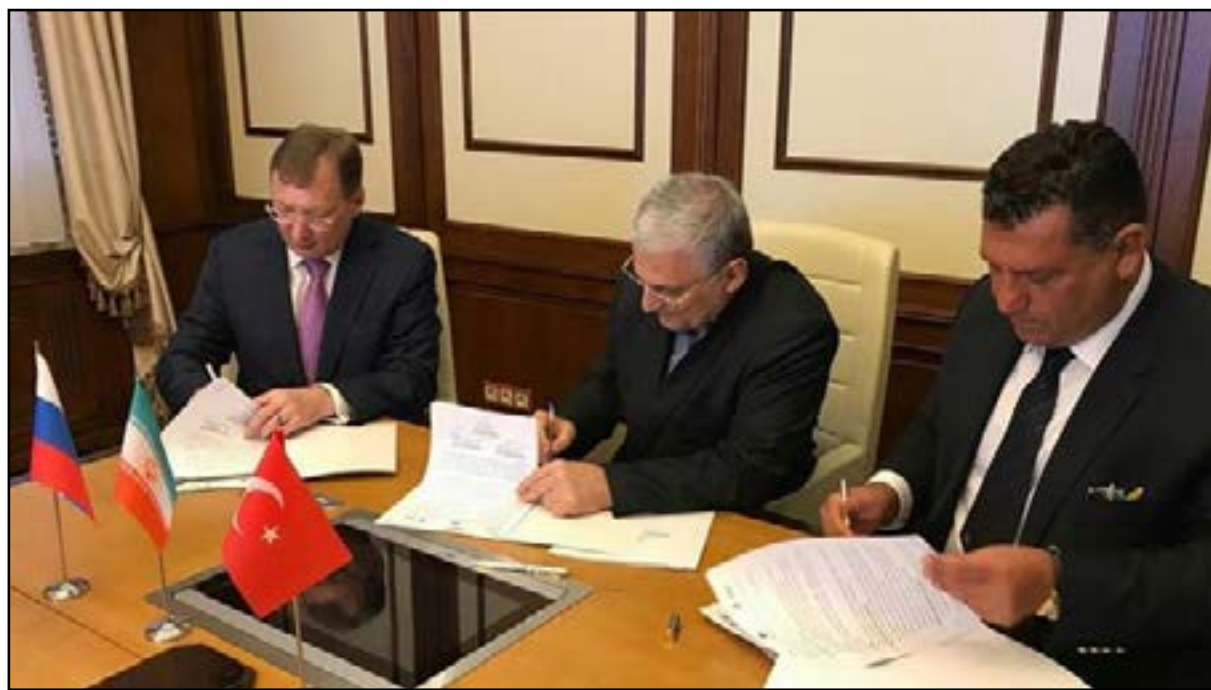


# Iran, Russia, Turkey Mark a Turn With \$7bn Deal



Representatives of Iran's Ghadir, Russia's Zarubezhneft and Turkey's Unit International sign documents for investment partnership in oil and gas projects in Moscow, Aug. 8, 2017.

TEHRAN (Press TV) - Turkey's Unit International which signed a drilling deal last week with Russia's state-owned Zarubezhneft and Iran's Ghadir Investment Holding says the contract is worth \$7 billion.

The drilling in Iran will take place at three oil fields estimated to hold 10 billion barrels of reserves and produce 100,000 barrels per day and a large natural gas field with a production capacity of 75 billion cubic meters per day, the company said on Tuesday.

Unit did not name the field but said its reserves are enough to meet Turkey's gas demands for the next 150 years, with the production equal to 1.5 times the 50 billion cubic meters of gas which Turkey imports annually.

Ghadir has already signed a cooperation agreement with the National Iranian Oil Company (NIOC) for the study of the third phase of the Darkhovin (Darquin) as well as Sepehr and Jufair oil fields and Kish gas field.

According to the Unit's statement, the consortium will also be able to drill in other parts of Iran.

Iran is Turkey's second-biggest supplier of natural gas after Russia

and sells about 10 billion cubic meters a year of gas under a 25-year supply deal to Turkey which it uses for electricity generation.

The deal is the first tripartite agreement of partnership and investment between Iranian and foreign companies. Ghadir will lead the consortium, but all three companies are equal partners where they will allocate equal investment shares in the jointly-financed projects.

Unit International is no stranger to Iran. Since 1982, the company has built five power plants with a total capacity of 3,200 megawatts in the country which owns the world's largest gas reserves.

In March, South Korea's SK Engineering & Construction (SK E&C) signed an agreement with the Turkish company to build and operate five gas-fired power plants in Iran with \$4.2 billion of investment.

The power stations would have a combined generation capacity of 5,000 megawatts, making them Iran's largest privately developed power plants, South Korea's Yonhap news agency quoted SK E&C officials as saying at the time.

The drilling agreement marks a new dawn in cooperation between Iranian, Russian and Turkish companies, reflecting on the rapidly changing geopolitical dynamics in the region.

Russia has lifted a trade ban on Turkey, while keeping sanctions on imports of most Western food and drink in place in retaliation for wide-ranging Western sanctions.

Moreover, the fallout in diplomatic relations is widening from the West's support of Turkish dissidents and Washington's backing for Kurdish militants in Syria which Ankara views as a security threat.

And with Iran also being under U.S. sanctions, Tehran, Ankara and Moscow might be finding chemistry for an alliance of sorts which explains their first ever joint venture signed in Moscow last Tuesday.

Pro-government Daily Sabah paper said on Tuesday that a Turkish delegation from the National Intelligence Organization (MiT), the Turkish armed forces and the foreign ministry held talks in Tehran in mid-July with Iranian and Russian authorities.

## Persian Carpets Trump Toxic Anti-Iran Hype in U.S.

TEHRAN(Press TV) - The United States is now the largest importer of Iranian carpets, shipping in \$196 million worth of highly prized Persian artistry last year, head of the Iran National Carpet Center Hamid Kargar says.

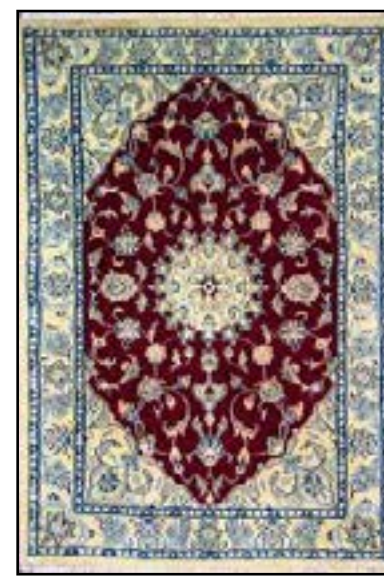
The U.S. has long been a major market for Iran's hand-woven carpets but a stack of sanctions imposed in 2010 pulled the rug from under the Persian craftsmanship, allowing cheaper craft from Pakistan, India, Turkey and China to gain a foothold.

"China, despite being a rival of Iran in the past, is now importing Iranian carpets and the United States is the largest importer of carpets from Iran," Kargar told a news conference ahead of a carpet exhibition in Tehran.

For the first time, 14 American traders will be attending the 26th edition of Iran's handmade carpet expo in Tehran to be held for a week from Aug. 23, Tasnim news agency on Wednesday quoted Kargar as saying.

Iranian caviar, pistachios, saffron and carpets and U.S. commercial aircraft and their parts are among the items allowed for limited business with the US under a nuclear deal which went into effect in January 2016.

Citing customs statistics, Kargar said \$89 million of carpets were exported in the four months since March 20, which grew by 7 percent year-on-year. Last year, Iran's exports totaled \$360 million compared with foreign sales of



\$635 million before the sanctions.

Kargar, however, sees a potential for growth and even a leap in sales of Iranian carpets in the international markets.

"After six years, the exports of handmade Iranian carpets to the United States have flourished, but in order to maintain our target market, we need to watch our rivals, such as India and Pakistan, because the taste of our modern customers is important in this market," he said.

Traders hope the quality of Iranian carpets would trump rivals. Devotees of Iran's artistry value its premium quality, design and color.

Iranian carpets are made of wool, silk or cotton, or a combination of the three. They are dyed with natural ingredients such as walnut skins, pomegranate and acorn cups.

Carpet weaving has a history

of 2,500 years in Iran, ingrained in the country's national identity. There are currently as many as 1 million weavers across the country, including 700,000 full-time artisans involved in the profession.

The northwestern provinces of Ardabil and East Azerbaijan Isfahan in central Iran and Kerman in the country's southeast are the major carpet-weaving zones, each having its own unique style.

It is a family-run business, involving all age categories. Artisan products are churned out in local workshops where honed skills in design, weaving and dyeing make the difference. It is a painstaking vocation where some rugs take a decade or more to weave.

In the United States, Persian rugs are sold for between \$10,000 for a smaller rug and \$100,000 or even twice as much for a fine, large rug.

In China, some Iranian traders have carpet warehouses and in Shanghai Free-Trade Zone, Persian carpets occupy 500 meters of Iran's national pavilion, according to Kargar.

Iranian carpets are currently exported to 80 countries. In recent years, rug dealers have switched to the Asian market, catering especially to the growing crave in China and the UAE. However, the US holds a special place among the traders.

"The thirst and passion for carpet exports to the American market is highly strong and there is an expectation of a leap in sales to the country," Kargar said in 2015.

## China Returns to Top of List of U.S. Government Creditors

LONDON (Financial Times) - China has reclaimed its position as America's biggest creditor, displacing Japan as the top holder of U.S. Treasuries according to fresh data from the U.S. government.

Investors have been closely scrutinizing China's ownership of Treasuries after the country spent a portion of its foreign exchange reserves last year to defend the renminbi, and in October it ceded its status as the largest foreign holder of Treasuries to Japan.

Since then, however, the Chinese currency has stabilized and so far in 2017 has strengthened from Rmb6.9450 at the start of the year to Rmb6.6855 on Tuesday.

China bought \$44.3bn of

Treasuries in June, its biggest haul since June 2011 and the fifth straight month of increases, taking its total holdings to \$1.147tn. Japan sold \$20.5bn, taking its total holdings to \$1.091tn.

"It's certainly a big deal," said David Ader, chief macro strategist at Informa Globalmarkets. "After concern about China selling they are clearly back in and buying." Despite the recent increases to its holdings, they remain \$94bn below levels seen at this time last year.

Belgium's holdings fell slightly, dipping \$400m in June. "This is significant because it is widely speculated that China executes trades with Treasuries held in custody in Belgium," said Thomas

Simons, senior money market economist at Jefferies.

But the sales were insignificant when set against China's direct buying. Mr Ader said: "This is not merely a switch from one seller to another." The buying and selling of foreign central banks and investors can have a big impact on the U.S. government bond market. The yield on the benchmark 10-year Treasury hit a peak for the year of 2.63 per cent in March and a low of 2.13 per cent in June, trading within a narrow range for the rest of the year, ending Tuesday at 2.27 per cent. Japan became the biggest creditor to the US in October despite its holdings of U.S. Treasuries gradually falling.

## Four-Month Petrochemical Output Crosses 18mt

TEHRAN (Shana) - Iranian petrochemical facilities supplied over 18.196 million tons of petrochemicals in the first 4 months of the current Iranian calendar year which began on March 20, the data released by National Petrochemical Company (NPC) suggest.

According to NPC, the production capacity of Iran's 57 active petrochemical plants stands at 72 mt/y of which around 60 mt/y is expected to be produced in the current calendar year.

The plants operating at Mahshahr petrochemical complex, located southwestern Iran, supplied 6.55 mt by July 22, end of the month of Tir (the 4th month in Iranian calendar). This is while their installed capacity of the plants is 25.6 mt/y.



Moreover, the 16 plants operated in Asalouyeh petrochemical hub in southern Iran yielded 6.9 mt of products during the past 4 months.

## UK Banks Behind Schedule in Post-Brexit Preparations - ECB

FRANKFURT (Reuters) - UK-based banks seeking to relocate to the European Union before Britain leaves the bloc are behind schedule in their preparations for the move, a top European Central Bank supervisor said on Wednesday.

"Frankly, the banks are not as far advanced as we would like them to be," Sabine Lautenschlaeger, who represents the ECB's supervisory arm on the board, said in a newsletter article.

"Of the banks that have indicated an interest in relocating operations to the euro area, a number of the larger banks have made progress in their planning. But we have not seen many final decisions yet."

## Oil Edges Up on Bets on Falling U.S. Crude Stocks

LONDON (Reuters) - Oil prices edged up on Wednesday, lifted by hopes U.S. crude inventories declined for a seventh straight week, although markets were still restrained by excess supply.

The U.S. government's Energy Information Administration was due to release stocks data on Wednesday after industry group the American Petroleum Institute said on Tuesday it believed crude inventories fell by 9.2 million barrels in the week to Aug. 11.

That compared with analysts' expectations for a decrease of 3.1 million barrels.

"The market took this as a mildly bullish report," said William O'Loughlin of Australia's Rivkin Securities.

Brent crude futures LCOc1 were at \$50.98 per barrel at 1230 GMT, up 18 cents, or 0.30 percent, from their last



close. U.S. West Texas Intermediate (WTI)

crude futures CLc1 were at \$47.60 a barrel, up 5 cents, or 0.11 percent.