

China's CNPC Weighs Taking Over Iran Project If Total Leaves

LONDON (Reuters) - China's top oil and gas company CNPC is considering taking over Total's stake in a giant Iranian gas project if the French company leaves Iran to comply with any new U.S. sanctions, industry sources said.

Total signed the \$1 billion deal to develop the South Pars gas field in July. The contract gave CNPC the option to take over Total's stake if it pulled out, according to sources involved in the talks.

The deal was the first major western energy investment in the Islamic Republic since international sanctions, including most of those imposed by the United States, were lifted as part of a landmark agreement in 2015 over Iran's nuclear program.

But after U.S. President Donald Trump refused in October to certify that Tehran is complying with the deal, Congress will have to vote on whether to reimpose sanctions on Iran.

It was unclear when a vote would take place or what sanctions might be imposed, but they could bar companies working in Iran from also operating in the United States.

Total has much larger operations in the United States and Chief Executive Patrick Pouyanne said it would leave if it were no longer able to operate in Iran.

Under the terms of the agreement to



develop phase 11 of South Pars, the world's largest gas field, CNPC could take over Total's 50.1 percent stake and become operator of the project if Total is forced to withdraw from Iran, a senior Beijing-based source with knowledge of the joint-venture agreement said.

CNPC has a 30 percent stake, while the Iranian national oil company's subsidiary PetroPars holds the remaining 19.9 percent.

CNPC officials have held internal talks in recent weeks to discuss the implications of taking control, according to three industry sources briefed on the talks.

A senior official at Total said the company has "some mechanism that permits us to exit the deal softly if forced to by international sanctions."

Any change would likely delay the project's timetable as Total is already in discussion with service companies and is expected to award contracts early next year, the sources said.

A change in ownership structure would mean that CNPC would shoulder 80 percent of the cost of the project, estimated at \$2 billion for the first stage.

It would also have to bring in new technical teams to manage and operate the offshore project. This could mean

involving its rival CNOOC, China's largest offshore operator.

"In the case of a Total withdrawal, CNPC may need to bring in CNOOC because CNPC has little experience offshore," a second senior Chinese industry official said.

Total might still be able to operate in Iran depending on how the U.S. sanctions are worded, and because the European Union, China and Russia are expected to stick to the nuclear deal, Pouyanne said in October.

Pouyanne has also raised the possibility of France getting a waiver from the United States to operate in Iran, similar to one it had obtained in the late 1990s.

"If we can legally execute the contract, we will execute the contract," he said in a speech at the Oil & Money conference.

The South Pars project will have a production capacity of 2 billion cubic feet per day, or 400,000 barrels of oil equivalent per day including condensate, Total has said. It would start supplying the Iranian domestic market starting in 2021.

Iran is the third largest producer in the Organization of the Petroleum Exporting Countries and the Total deal was a breakthrough in efforts to revive its economy following the removal of international sanctions.

Iran Air Looks for New Ways to Fund Orders for \$44bn of Boeing, Airbus Jets

NEW YORK (Forbes) - Iran's largest airline may be forced to turn to domestic banks to finance the large number of new planes it is buying from Airbus and Boeing, amid continued reluctance by international banks to enter the Iranian market.

Some Iranian carriers had previously looked to secure financing deals through international leasing firms to support the purchase of up to 77 planes from the European and U.S. manufacturers. It is not yet clear if those efforts have succeeded but what is apparent is that, with international banking ties between Iran and the rest of the world still severely curtailed as a result of lingering U.S. sanctions – and the threat of more to come from a White House deeply hostile to Tehran – the country's airlines are being forced to continue exploring other options.

In comments to local media in Iran earlier this week, Iran Air spokeswoman Massoumeh Asgarzadeh said "Our preference is to use domestic financial resources, but we also have the option to finance the purchases through Airbus and Boeing themselves."

A spokesman for Boeing declined to comment on the possibility of putting financing in place for Iran Air, saying it was company policy not to talk publicly about financing options. Airbus had not responded to an emailed request for comment at the time of writing.

Iranian media has reported that executives from both Airbus and Boeing are expected in Tehran in the coming days to hold talks with Iran Air. Asgarzadeh promised that "the result of the negotiations will soon be publicized."

However, one well-placed industry source – speaking anonymously due to the sensitivity of the matter – cast doubt on the likelihood of both meetings going ahead, with the Boeing talks all but certain not to happen.

In December 2016, Iran Air agreed separate contracts to buy 100 Airbus aircraft worth an estimated \$27bn and 80 Boeing jets valued at \$16.6bn. Earlier that year, in February, it signed a deal to buy up to 40 ATR turboprop passenger planes.

Iran, Russia Sign MoU on Gas, LNG



TEHRAN (Dispatches) - Iran and Russia have inked two Memoranda of Understanding (MoUs) to develop the two countries' cooperation in gas industries, specially in area of the Liquid Natural Gas (LNG).

The MoUs were endorsed between Iran's Oil Ministry and Russia's Gazprom in Tehran in the presence of Iran's Oil Minister Bijan Namdar Zangeneh and Gazprom CEO Alexei

Miller.

The MoU deals with implementation of an LNG project in Iran and making it operational. The agreement on the Iranian side was signed by Ali Kardor, the managing director of the National Iranian Oil Company (NIOC).

The other deal would also result in completion of Iran's largest liquefied natural gas project, known as

"Iran LNG".

Iran-Russia Gas Plans Affect World Market: Minister

Meanwhile, after the National Iranian Oil Company and Russia's Gazprom signed two memoranda of understanding, Zangeneh highlighted the far-reaching effects of cooperation with Russia in the gas industry, saying the two countries can determine the international market situation by holding the world's largest gas reserves.

The cooperation between Iran and Russia, ranked first and second in the list of countries by gas reserves, would have decisive influence on the world market, Zangeneh told reporters in Tehran.

In November, Russia's state-controlled oil giant Rosneft said it has signed a road map with the National Iranian Oil Company (NIOC) to implement "strategic" projects with total investments worth up to \$30 billion.

Minister: China, Iran Economies Complementary

TEHRAN (Tasnim) - The economies of Iran and China complement each other, Iranian Minister of Industry, Mine and Trade Mohammad Shariatmadari has said, stressing that the target of an average annual trade of \$60 billion is within reach.

In a meeting with chairman of China's private sector chamber of commerce in Tehran on, Shariatmadari stressed the need for the facilitation of banking interaction between the two countries in order to meet bilateral trade targets.

Pointing to the annual trade exchange of \$54 billion between Iran and China at a time of high oil prices, the minister said the goal of \$60 billion in annual trade exchange would be also within reach.

Iran and China's economies are complementary, Shariatmadari added, proposing the formation of a joint working group to pursue the business negotiations and promote cooperation between the two coun-



Iranian Minister of Industry, Mine and Trade Mohammad Shariatmadari

tries' private banks.

In January 2016, China's President Xi Jinping paid an official visit to Iran and signed several agreements to enhance political and economic interaction with Tehran.

Unveiling plans for a huge rise in trade ties between Tehran and Beijing, Iranian President Hassan Rouhani had announced at the time that the value of bilateral economic exchanges would rise to \$600 billion within 10 years.

World Trade Order in a Wobble as U.S. Snubs WTO Status Quo

BERLIN (Reuters) - The frustration of Roberto Azevedo was evident when, as director general of the World Trade Organization, he summed up the results of a three-day ministerial conference in Buenos Aires in the past week. There were simply none.

The delegates of more than 160 countries from around the globe failed to reach any new agreements in the face of stinging U.S. criticism of the WTO and vetoes from other countries. At the end, they were not even able to agree on a joint communique.

And a further blow could strike in the coming week when Republican U.S. lawmakers aim to pass sweeping changes to the tax code which may introduce protectionist measures critics say are at odds with WTO rules.

"In retrospect, 2017 could mark the beginning of the end of the rules-based free trade order and the system unraveling," said Andre Sapir, senior fellow at the



The World Trade Organization opened a conference under the cloud of U.S. hostility to multilateral trade accords

Brussels-based think tank Bruegel. He called it a "big worry".

U.S. President Donald Trump, propelled to power by his election promise to put "America First" and protect U.S. workers against what he views as unfair trade practices from China and others, has weakened the WTO as a forum to settle disputes.

In the past months, Washington has blocked the appointment of several WTO appeals judges, a move which could paralyze the body's dispute settlement system for years to come.

"The new U.S. administration does not want to work within multilateral frameworks. It wants bilateral deals," Sapir said.

Tesla Largely Responsible for Slide in U.S. Home Solar Sales

WASHINGTON (Reuters) - After years of double-digit growth, home solar installations in the United States are poised to fall for the first time this year, according to a report released by GTM Research.

The reason? An analysis of installation data suggests that most of the slowdown is traceable to a single company: Tesla Inc, which acquired sister company SolarCity about a year ago.

For years, SolarCity, with early backing from Tesla CEO Elon Musk, was the biggest player in residential solar and the driving force behind that market's supercharged growth.

When Tesla bought SolarCity last year, Musk called the acquisition a "no-brainer," saying the two companies shared "the same overarching goal of sustainable energy."

But under Tesla's ownership, the company has largely stopped its aggressive marketing campaigns and ambitious expansion.

As a result, Tesla's rooftop solar installations have fallen sharply each quarter this year compared to last. In the third quarter, installations were off by 42 percent over the previous year.

Tesla declined to comment for this story, but has previously said that while sales are down, margins are up. The company expects its fourth-quarter solar installation numbers to be higher than those of the third quarter. Overall, the residential solar market is expected to fall 13 percent this year, according to GTM's U.S. PV Leaderboard report. That compares with a 19 percent rise last year and four straight years before that of increases above 50 percent.

Customs Cooperation Signed Between Iran and Tajikistan

TEHRAN (Dispatches) - Iran and Tajikistan have signed a memorandum of understanding (MoU) to enhance cooperation in the field of customs departments on the sidelines of the emergency meeting of World Customs Organization Council in Brussels.

Signed by the heads of the two countries' governors of customs organizations, the deal was considered a major chapter in promoting bilateral cooperation.

Governor of Iran's Customs Administration Foroud Asgari welcomed expansion of bilateral customs relations, underlining promoting ties in the fields of economy and culture.