

Iran Khodro Opens Production Line for Two New Cars



TEHRAN (Dispatches) - Iran Khodro (IKCO) has opened a production line for two new car models, including one jointly produced by France's Peugeot SPA.

The first Peugeot 207 and Dena Plus sedans rolled off the production line near Tehran on Saturday during a ceremony attended by Parliament speaker Ali Larijani, Iranian news agencies reported.

Dena Plus is an upgraded version of the Dena sedan which Iran Khodro claims offers better safety, having two more airbags.

Peugeot 207 is the same as the Peugeot 207i, with a cargo compartment added to it. Iran

Khodro produced about 15,000-20,000 units of Peugeot 207i in 2011 before production stopped the next year when Iran came under intensified Western sanctions.

The model, a supermini produced from 2006 to 2014, is based on the platform of the predecessor model, Peugeot 206, which was replaced by the Peugeot 208 in 2012.

PSA has signed production deals worth 700 million euros with Iran, while Renault has announced a new plant investment to increase its production capacity in Iran to 350,000 vehicles a year.

As per the joint venture called the Iran Khodro Automobiles Peugeot

(IKAP), 70% of parts for Peugeot 2008 will be supplied by Iranian manufacturers. The car's body will also be produced by an IKCO subsidiary.

The deal requires production of more than 30,000 units this year but only four Peugeot 2008s have been produced so far, with IKCO having to import pre-owned cars for delivery from France.

Since the lifting of sanctions in January 2016, French automakers have piled into Iran's resurgent market, helping turn around a period of slipping sales which occurred when they left the country in 2012.

On Saturday, Fars news agency cited data released by Renault as showing year-on-year growth of 54% in sales to Iran where the automaker sold 144,862 cars in the year up to November.

Both Renault and Peugeot withdrew from Iran in 2012 when the country came under the Western sanctions.

Deputy Minister of Industry, Mine and Trade Mohsen Salehnia said last month he was optimistic about foreign companies holding their ground in case the Americans toughened their measures against Iran.

Free Economic Zone With Iran Opened in Southern Armenia

YEREVAN (Xinhua) - Armenia officially has launched a free economic zone (FEZ) with Iran in its southernmost city of Meghri bordering the Islamic republic, state-run Armenpress reported.

Armenian Prime Minister Karen Karapetyan attended the opening ceremony with Minister of Economic Development and Investments Suren Karayan, with presence of the Iranian ambassador, as well as officials and businessmen from both countries.

According to Karayan, the free economic zone should be developed into two phases.

"At the first stage, the minimum necessary infrastructures and preconditions have been set up," Karayan said, adding that in the second phase 70 hectares of territories would be added to create preconditions for profitable business.

The minister envisages 50 to 70 companies' involvement in the coming years, which would bring about 100-



130 million U.S. dollar and create 1,500 new jobs, as well as export goods and services up to 250 million U.S. dollar.

The businesses operating in the zone will be exempt from income tax, value added tax, excise tax and custom duties, according to the minister.

In August, 2017, a memorandum of cooperation between free economic zones 'Meghri'(Armenia) and 'Aras'(Iran) were signed by both governments.

Armenia has a strong interest in the implementation of the landmark agreement with Iran with the outlook of new economic opportunities as international sanctions and economic restrictions on Iran are fully lifted. Since Armenia's borders with both Turkey and Azerbaijan have long been closed due to the Nagorno-Karabakh conflict, Iran is one of the only two conduits for landlocked Armenia to the outside world.

Chinese Firms Eyeing Investment in Iran

ARDEBIL (Dispatches) - Chinese companies in a meeting with Iranian economic officials expressed readiness on Saturday to invest in Namin Special Economic Zone, northwestern Iran.

During a meeting which was held on the sidelines of Iran-China investment opportunities exhibition in Tehran, Chinese side called for taking a

trip to West Azarbaijan province to become familiar with the capacities of the province, the director general of Namin Special Economic Zone Mohammad Shahbaz Alizadeh told media.

"There are many opportunities for Chinese companies' cooperation in the area," he added.

"Ardebil Province enjoys good capacities in tourism, agriculture, industry and mine fields," he noted.

"Thanks to its access to Caucasus market and also Russia and due to Chinese firms' acquaintance with Iranian market, the area is capable of providing economic cooperation grounds with China," Alizadeh said.

Boeing Sales to Iran at Risk

NEW YORK (Bloomberg) - The Trump administration is considering blocking planned sales by Boeing Co., Airbus SE and General Electric Co. to Iran, as the president reconsiders the 2015 deal to curb the Islamic Republic's nuclear program, a person familiar with the matter said.

No recommendation has yet been made to President Donald Trump and his administration is also considering letting the sales proceed, the person said.

The decision puts in conflict two of Trump's top priorities: confronting Iran, which he considers a threat to regional stability in the Mideast; and reinvigorating American manufacturing.

Boeing, the top U.S. exporter, has about \$20 billion in jetliner sales to Iran planned. If completed, the

transactions would be the first U.S. aircraft exports to Iran since in the 1970s.

Trump has long had the Iran nuclear deal, signed by his predecessor, Barack Obama, in his sights. He refused to certify that Iran was in compliance with the agreement, a move that allows Congress to reimpose sanctions on the country that were relaxed after Obama signed the deal.

But Congress hasn't acted on its authority and the U.S. hasn't withdrawn from the deal it signed with Iran, Germany, the UK, Russia, China and the EU.

The Wall Street Journal reported earlier on Friday that the Trump administration was considering blocking the sales.

A State Department official,

who asked not to be identified discussing internal deliberations, said the administration would not issue export licenses for sales to Iran unless they are convinced the aircraft will only be used for civilian passenger aviation.

Boeing and Airbus already have export licenses from the Treasury and Commerce Departments allowing them to sell plans to Iran Air, the country's national carrier. The first Boeing deliveries are scheduled for late 2018. Boeing continues to discuss the sales with the Trump administration and has said it won't go forward with the deal if it's in conflict with U.S. foreign policy.

"We continue to follow the lead of the U.S. government on all issues related to Iran," Boeing spokesman Chaz Bickers said.

IME Weekly Trade Tops \$316.8mn

TEHRAN (Dispatches) - The Iran Mercantile Exchange (IME) announced on Saturday that around \$316.8mn of various commodities weighing over 636,998 tons were traded in its domestic trading and exports halls in the past working week (December 09-14).

The IME said that over 636,998 tons of various metal and mineral products, including 110,000 tons of irons, 162,451 ton of steel products, 1,270 tons of copper, 140 tons of molybdenum concentrates, 9 tons of precious metal concentrates, 2,020 tons of aluminum as well as 10 kg of gold bullion with the total value

of \$316.8 million were traded in its domestic and exports halls during the last week, the trade volume and value experienced a growth of 31.68% and 3.49%, respectively.

The report declares that on domestic and export oil and petrochemical trading floors of IME, 274,414 tons of different commodities with the total value of \$5 million were traded.

On this trading floor, more than 96,560 tons of bitumen, 72,231 tons of polymer products, 60,060 tons of VB feed stock as well as 27,000 tons of lube-cut oil, 15,834 tons of chemical products, 1,510 tons of sulfur, 1,219

tons of base oil and were traded.

Moreover, on the agricultural trading floor of IME, 85,006 tons of various commodities worth over \$20.9 million were traded. On this trading floor, 80,150 tons of wheat, 4,179 tons of maize, 400 tons of crude vegetable oil, 50 tons of sugar as well as 228,000 day old chicks were traded by customers.

It is worth noting that during the last week of November, the side market of IME witnessed trading of 900 tons of palm oil, 95 tons of steel scrap, 638 tons of polyester thread grade A and 54 tons of polyester thread grade B.

How Long Can Europe Survive Without Russian Gas?

MOSCOW (Dispatches) - If Russian natural gas exports to Italy stop, the country will have only 15 days before an emergency situation, according to La Stampa. What is the scale of European dependence on the Russian gas? Can the U.S. replace it?

"In Italy, the share of Russian gas imports is about 37 percent. In Germany, it is slightly less, about 28 percent. German companies can really do without Russian gas for a week longer than Italy," Petr Pushkarev, Chief Analyst at TeleTrade said.

The question was first raised in La Stampa following the fatal explosion at the Austrian gas facility on Tuesday, which severely disrupted gas supplies in Europe.

Other countries in Europe are even more dependent on Russian gas than Italy or Germany, and will last even less than Italy's two weeks, the analyst said.

"Dependence of Slovenia, Greece, and Hungary is at a level of 41 to 45 percent. Without gas from Russia, they will face a strong energy deficit in about 10 days," Pushkarev said.

Czech Republic, Slovakia, Finland, Lithuania, Latvia, Estonia are close to being almost 100 percent dependent on Russian gas, the analyst added.

The European Union has been working to unite gas pipelines from Europe, Asia, and Africa into the Trans-European Networks (TEN) to provide safe and secure supplies of gas to the continent, said Ivan Karyakin, investment analyst at Global FX.

The same strategy is followed by Russia's Gazprom, which despite being a traditional supplier of pipeline gas to Europe has been developing liquefied natural gas (LNG) facilities.

Europe is divided on the issue. Supporters of Russian gas in the EU are Austria, Hungary, Germany, and the opponents are the countries of Northern Europe, the Baltic States and some countries in the south.

If Gazprom implements all its pipeline projects, then the pipeline gas from Russia will firmly take its place in the energy system of Europe. Then, it will compete with LNG from the United States and Qatar, and the Russian gas has more chances to offer better prices," Karyakin told RT.

This is why the new package of sanctions against Iran, North Korea, and Russia include sanctions against Russian gas supplies to Europe, the analyst stressed. In this case, Iran and North Korea are just a there to thwart the Russian Nord Stream 2 and other

natural gas projects.

"Brussels surely understands that replacing the Russian pipeline gas with American LNG does not increase, but reduces the energy security of the EU. Most likely, it will not give up cooperation with Gazprom. But Gazprom will have to suffer, too, because of the sanctions and the U.S. pressure. The whole struggle is ahead," Karyakin said.

According to Pushkarev, developing LNG supplies from Qatar and the U.S. is important for Europe, but only to have alternatives in case of an emergency like in Austria.

"LNG is expensive. It will cost consumers 50-70 percent more than pipeline gas, and it is simply not required in large volumes in the absence of technical problems. Therefore, Washington has zero chance to oust Russia from the European gas market," Pushkarev said. This is why the U.S. is putting pressure on Europe, he added.

Meanwhile, facing a "perfect storm" of energy supply crisis, the UK government has been forced to import gas from Russia, despite London's role in a series of strict sanctions that were supposed to cripple the Russian energy industry.

The first natural gas shipment from

the £20 billion Yamal LNG project in the Russian Arctic, which Russian President Vladimir Putin personally opened last week, is already on its way to the Isle of Grain import terminal in Kent, the media reported.

The UK is currently dealing with

severe wintry weather that has sparked flood alerts across the country while forcing schools to close for three days in some parts.

This and the shutdown of the North Sea's most important oil and gas pipeline system due to an explosion at a

major processing facility in Austria on Monday have sent the gas prices to their highest levels over the past six years.

The supply issues are also seen at other major facilities such as the Forties pipeline in Aberdeenshire and the Baumgarten facility in Austria.

300% Increase in Departure Tax Sparks Controversy in Iran

TEHRAN (Dispatches) - The sharp rise in departure tax, proposed to the parliament in the budget bill for the next fiscal year (starting March 21, 2018), is in part aimed at encouraging the public to opt for domestic trips, but travel experts and officials deem it unattainable.

Speaking Iran's domestic media, Mohammad Ebrahim Larijani, director of the tourism, rail and air travel company affiliated to the Social Security Organization, said people are not expected to react in such a way, according to travel psychology.

"People might refrain from traveling abroad for a short time due to the sudden shock or to express protest, but will adapt themselves in less than two months and resume their travels," he predicted. Experience shows that the hike

in travel costs for various reasons, including peak travel season, exorbitant visa prices, extra costs inflicted by lack of services like direct reservation, money transaction hurdles and transit flight, has not dissuaded Iranians from traveling to foreign countries.

"Contrary to what is aimed, those who cannot afford the extra cost will cut down on their domestic trips to save for outbound travels," he said.

Parvaneh Salahshouri, a member of the parliament's tourism faction, also believes that the move will not boost domestic tourism.

"Domestic trips are too expensive and many will still prefer to travel abroad," she was quoted as saying by Chamedanmag.ir. The head of Travel Agencies Guild

Association also said, "The policy will not only fail to achieve its goal, but would also lead to a downturn in tourism."

"It will cause challenges for travel agencies, discourage investors from putting their money in tourism and eventually cause a recession in the industry," he said.

According to Abazari, the policy might lead to the curtailment of outbound travel and a rush toward domestic destinations, but that would not be favorable because most travel spots lack adequate infrastructure to host a huge population.

According to the economist, the tax increase is probably a method of addressing the budget deficit resulted from such a policy.