Zangeneh: Iran to Increase Oil Production by 460mn Barrels

BEIRUT (Reuters) - **Iran oil minister Bijan Zanganeh has said his ministry is pursuing a plan to increase its oil output by 460 million barrels within three years.**

"The plan will focus on increasing output from 29 oilfields, including in Ilam, Khuzestan, Gachsaran, Falat Qareh and Fars," Zangeneh said.

The bulk of the work to increase the output at the oilfields will be carried out by Iranian companies, Zangeneh said.

"More than 75 percent of the equipment for developing the output is Iranian,"he said.

West Karoon Key Revenue Source for Iran: CEO

TEHRAN (Shana) - **National Iranian Oil Company (NIOC) CEO Ali Kardor said the country generates a considerable portion of its oil revenues from the fields being operated in the West Karoon region.**

Addressing a ceremony Kardor underlined PEDEC's role in developing oil and gas fields in the country, adding the company's performance has been "defendable" over the years.

He said the crude oil recovered from West Karoon oilfields has generated at least 5 billion dollars for the country per year which was pretty eye-catching.

Iran can produce over 300,000 b/d of oil from the fields, Kardor added.

Persian Gulf Star Oil Co Enters IRENEX

TEHRAN (Dispatches) - **Managing Director of IRENEX Ali Hosseini has said the first Liquefied natural gas (LNG) shipment of the Persian Gulf Star Oil Company with the volume of 2,000 tons worth $585 entered Iran Energy Exchange (IRENEX).**

Due to accelerating the construction of Persian Gulf Star Oil Company as the biggest gas condensates refinery in the world, its products are being distributed in domestic and export markets rapidly.

Hosseini said LNG is being dealt for $585 per ton.

The Persian Gulf Star Oil Company as the first refinery based on condensate feed with a capacity of 360,000 barrels per day, including distillation units, liquid gas purification, catalytic conversion, naphtha purification, isomerization, refining diesel fuel and Kerosene for the purpose of producing gasoline, liquid gas and jet fuel.

By exploiting the phases of the Persian Gulf Star Refinery, Iran is self-sufficient in petrol production.

The second phase of the refinery is set to begin soon.

ECB to End Easy-Money Era in Response to U.S. Fed's Policies

BRUSSELS (Dispatches) - **The eurozone's monetary authorities are seeking to prevent risks of disinvestment and capital flight by tightening their policies - in line with the U.S. Federal Reserve's increases in interest rates.**

Kristian Rouz — The European Central Bank (ECB) has reportedly decided to wrap up its ultra-accommodative policies, known as monetary easing, which have defined the regulatory environment of the European financial sector for the past decade.

The move is reportedly motivated by the U.S. Federal Reserve's ongoing increases in base interest rates, and the ECB is seeking to tighten its own policies to prevent capital outflows from the eurozone to the U.S.

Additionally, ECB policymakers have been encouraged by the recent economic acceleration across the eurozone, as the 19-country bloc has apparently recovered from the consequences and aftershocks of both the global financial crisis of 2008-2009 and the European debt crisis of the early 2010s.

"Next week, the ECB Governing Council will have to assess whether progress so far has been sufficient to warrant a gradual unwinding of our net purchases," the ECB's chief economist, Peter Praet, said.

The ECB's upcoming policy meeting is slated for June 14 and will take place in Latvia, albeit a decision on base interest rates and central bank bond purchases will still be made in Frankfurt.

Praet specifically referred to the ECB's bond purchases, which are designed to provide money to commercial banks and the broader financial system by buying debt securities across a variety of sectors of the eurozone's economy. Currently, the ECB is buying some $35 billion worth of bonds per month.

This program was introduced back in 2015 in order to spur the eurozone's economic recovery, and the ECB is currently facing a major challenge pertaining to the bond-buying scheme — there are not enough bonds to be purchased in the open market.

Meanwhile, the bond-buying program is also designed to spur inflation across the eurozone, which is currently heading towards the ECB's 2 percent target.

"The bottom line is that this is the end," Nick Kounis of Amsterdam-based ABN Amro Bank NV said. "This is a signal that the ECB judges that the inflation conditions to wind down net asset purchases have been met."

The ECB has recently ramped up its purchases of German bonds in order to meet its quotas; but the German authorities have opposed this move saying the ECB's activities could destabilize the already-robust German economy.

Berlin unequivocally signaled that the ECB should either buy bonds elsewhere or take steps to end the policy.

One possible option could be Italy, which is still struggling to overcome the banking crisis that shook the nation's financial system in early 2017. However, Italy is currently facing elevated political risks, which have contributed to the ECB's policymaking over recent months — in particular, renewed concerns that Italy may leave the eurozone.

European investors say the ECB might also raise its deposit rate by 0.1 percent next September, ending its negative interest rates regime (NIRP). Besides, the ECB could also hike its base borrowing costs, currently zero percent.

Germany Proposes Europe-Wide Unemployment Insurance Scheme

BERLIN (Reuters) - **Germany has suggested the creation of a Europe-wide unemployment insurance system to make the euro zone more resilient to future economic shocks, Finance Minister Olaf Scholz has said in an interview.**

The proposal, outlined in an interview with Der Spiegel magazine, is part of Germany's efforts to seal a reform package together with France ahead of a summit of European Union leaders later this month.

"I'm in favor of supplementing national systems for unemployment insurance with a reinsurance for the overall euro zone," Scholz said in the interview.

If a euro zone member faces an economic crisis that leads to massive job losses and a heavy burden on its social-security system, the country could borrow from this joint reinsurance fund, Scholz said.

"Once the recession is over, the country would pay back the funds it borrowed. At the same time, all countries should make efforts that their safety nets are as prepared for crisis as possible," the minister added.

Asked if Germany would bear the risk of this new scheme, Scholz replied: "No, Germany profits. The German Federal Employment Agency's reserves would remain untouched, and no debts will be communitized."

The minister said the step would strengthen the financial stability of the euro zone as a whole, without disadvantages for the German unemployment insurance system.

"It's similar to how things work in the U.S. There, individual states fund unemployment insurance, but pay into a federal fund. In times of crisis, they can borrow money from it to better share the burden - without running into problems," Scholz said.

Scholz, also Vice Chancellor and a former labor minister, pointed to Germany's labor market experiences during the financial crisis in 2008, when the government prevented massive job cuts through a state-subsidized program to finance reduced working hours, the so-called Kurzarbeit scheme.

Rising Oil Prices Put Eurozone Economy Under Strain

LONDON (Financial Times) - As he drives through the lush green hills of the Portuguese resort of Sintra, Ricardo Fernandez has more than the view on his mind.

"At the moment, the cost of fuel is just killing us completely," says the straight-talking tour and taxi company owner, who has a fleet of seven cars. "The price is going higher every day. We are managing, but it's not easy."

In euro terms, the oil price has risen from €50 a barrel in February to €68 in May: bleak news for Europe's drivers, but also a headache for the eurozone as a whole. It presents, in particular, a stiff challenge for the European Central Bank's top officials, who meet in Sintra for their annual conference this month.

Despite the turmoil in Italy and elsewhere in the eurozone, "the surge in oil prices since the beginning of the year is probably the single biggest problem for the ECB," said Carsten Brzeski, economist at ING-DiBa. A rise in oil prices generally creates problems for central banks because it both weakens growth and raises inflation. But the eurozone is particularly affected because imports account for 98 per cent of the region's oil consumption, and because the single currency has been performing poorly against the dollar, sliding from $1.24 in mid April to $1.17 on Friday.

This is a twofold blow: the dollar often weakens when oil prices are high but in this instance the euro's fall has magnified the impact of rising fuel prices. With the eurozone economy already showing signs of slowing down after strong growth last year, the oil price rise could make matters still worse.

According to figures released last week, regional gross domestic product grew by just 0.4 per cent in the first three months of this year, compared with 0.7 per cent in each of the previous five quarters. Factory orders in Germany, the eurozone's powerhouse, fell in April, for the fourth month in a row.

Business surveys indicate higher oil prices are already beginning to have a knock-on impact on companies' costs around the region, with initial figures for May showing input costs at a three-month high, "buoyed in part by higher fuel and energy costs".

"There are large chunks of the eurozone which still aren't so strong and where consumers and businesses are really going to feel the impact," said Chris Williamson, chief business economist at IHS Markit, the data firm that compiles the figures.

The economic impact of high oil costs depends largely on the cause. Growing demand — which pushes up prices — reflects rising prosperity, while price rises caused by restrictions in supply can be a threat to growth.

First Hybrid Electric Vehicle to Hit Iran's Market by March

TEHRAN (Dispatches) - **Iranian car manufacturers have decided to design and produce the country's first hybrid electric car in collaboration with new local technology based companies.**

Speaking to YJC, Iranian lawmaker Javad Hosseinikia stated "new technology based companies in cooperation with local elites and top engineers are working to produce hybrid and electric cars."

The lawmaker also said that hybrid cars are anticipated to roll off the production line by next March.

He also revealed the parliament to have carried out a number of meetings with local automakers and engineers to talk about the current problems facing the car industry.

Int'l Oil Consortium to Replace Foreign Firms in Iran

EHRAN (Dispatches) - **Managing Director of Pergas International Consortium Colin Rowley declared PIC's readiness to replace the companies that have been forced to step out of the Iranian industry because of intensified U.S. sanctions on Tehran.**

"We and some other companies are eager to continue our presence in Iran," PIC Managing Director Colin Rowley said.

Seeking to develop hydrocarbon fields, PIC is composed of 11 European, Asian, and Canadian companies active in both upstream and downstream oil industry.

On May 8, U.S. President Donald Trump announced his country's unilateral exit from Iran nuclear deal, and said Washington will reinstate the removed sanctions on Tehran within timespan of 90 to 180 days.

Following the U.S. action, some international companies active in Iranian oil projects said they will withdraw from Iranian projects.

After Trump's declaration, the Iranian government issued a statement, calling the U.S. withdrawal as "unlawful". The statement underlined Iran's prerequisites for continuing the deal with the five world powers after the US pullout of the agreement.