

IMF to Continue Cooperation With Iran Central Bank



Iranian Central Bank headquarters

TEHRAN (Dispatches) - International Monetary Fund (IMF) declared on Friday that it will continue cooperation with the Central Bank of Iran (CBI) chief despite the U.S. sanctions against him.

"Iran is a member of the IMF,

and as with all our members, the IMF will continue to work with Governor Seif and the central bank, consistent with the IMF's Articles of Agreement," IMF's Communications Department announced in a response letter to CBI which has asked the

international financial body to clarify its stance regarding the U.S. treasury sanctions.

The U.S. Treasury on May 15 unilaterally sanctioned Seif after the May 8 decision of the U.S. President Donald Trump to leave the JCPOA and re-issue sanctions against Iran after 90 and 180 days.

After sanctions of the CBI Chief and one of the directors of the bank by the U.S. Treasury, the ministry of Economy and Finance issued a statement to emphasize that the act was illegal and contrary to the international rules and regulations, aiming to fan negative psychological war against Iranian banking system.

The statement said Iranian financial and banking system will continue cooperation with international financial and international structures.

"However, Iranian financial system has changed its structures in such a way that such measures will not harm it," added the statement.

Merkel, Chinese Premier Defend Iran Deal, Free Trade



China's Premier Li Keqiang (right) shakes hands with German Chancellor Angela Merkel after a joint news conference at the Great Hall of the People in Beijing.

BEIJING (Dispatches) - German Chancellor Angela Merkel and Chinese Premier Li Keqiang have defended the Iran nuclear deal, with Li hinting that terminating the pact would complicate negotiations with North Korea.

Merkel and Li showed a united front on Iran and free trade - two issues that have seen high-profile interventions by U.S. President Donald Trump - during their meeting at the opulent Great Hall of the People in Beijing.

Li warned that ending the agreement with Tehran "will not just impact Iran, but also have a negative impact

on the ability to solve other hot international issues through peaceful negotiations."

He did not mention North Korea by name, but analysts have warned that Trump's withdrawal from the Iran deal dented Washington's negotiating credibility ahead of his scheduled meeting with North Korean leader Kim Jong Un next month.

The German leader also sounded the alarm about the economic impact on Europe of Trump's move to quit the Iran agreement.

Trump's decision to reimpose

sanctions on Tehran, despite pleas from allies to maintain the deal, could hit European firms that have done business with Iran since the 2015 accord was signed.

If European companies pull out or shrink operations in Iran fearing U.S. sanctions, it would "create an opportunity for businesses in other countries to step in and play a greater role", Merkel said.

Meanwhile, Li dismissed the idea that the Iran crisis paved the way for the internationalization of the Chinese currency, amid speculation that demand for yuan-denominated oil futures would increase.

"The internationalization of the yuan is a long-term process that is closely linked to the development of the Chinese economy," Li said.

On trade, Merkel welcomed China's moves to reduce automobile import tariffs and allow foreign carmakers to own a majority stake in joint ventures with Chinese partners.

The Chancellor drove home Berlin's demand for Beijing to ease barriers on foreign investment, saying the two countries would sign a memorandum of understanding to offer mutual access to each others' markets for autonomous vehicles.

flow of petrodollars to Tehran to force the OPEC member to halt a nuclear program the West suspects is intended to produce weapons.

Shipping Corp of India, which is the country's largest shipping firm, Great Eastern and other Indian tanker firms have asked state insurers to step in and provide up to \$50 million in third-party liability coverage per tanker voyage.

The amount is a fraction of the typical \$1 billion coverage that a supertanker carrying around 2 million barrels of crude would have from reinsurers against personal injury and pollution claims.

India's shipping companies would run the risk of shipping the crude even though they would be liable for any claims above \$50 million in the case of an incident, industry sources said.

Germany's Firms Seek Ways to Keep Doing Business With Iran

BERLIN (Dispatches) - Germany's small-to-medium-sized firms, or Mittelstand, are scrambling to work out how to maintain business in Iran after a meeting between Germany's foreign minister and his U.S. counterpart dashed any hopes of a breakthrough on the nuclear accord.

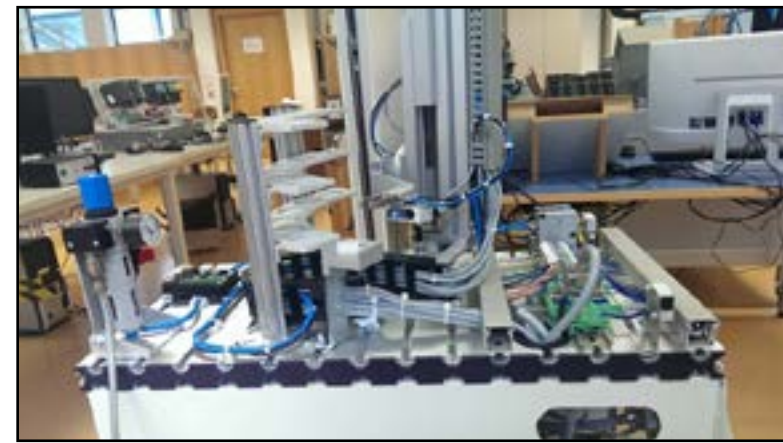
Faced with the prospect of being blacklisted by the United States if they defy sanctions, many German companies are awaiting guidance from Berlin about how they can honor contracts and continue financing operations in the Islamic Republic.

Around 1,000 German Mittelstand firms have business ties to Iran and 130 firms have set up branches in the country. They are now faced with "draconian penalties" if they breach sanctions, said Mario Ohoven, president of the German Association for Small and Medium-Sized firms.

Even companies that don't have direct U.S. business ties could be put on a blacklist for breaching secondary sanctions. This would prevent them from doing business with U.S. companies, for example receiving shipments from the United States, said Philipp Andree, an Iran expert at Germany's DIHK Chambers of Industries and Commerce.

German steel plant maker SMS Group signed a \$400 million deal in February last year to expand capacity of an Iranian steel plant. However, it has put its plans on ice and is wrapping up its business in the country.

A German software company which has struck a co-operation partnership in



Iran said it was trying to work out how to honor its contracts while not annoying its partners in the United States.

"We are seeking dialogue with German politicians. On the one hand we want to fulfill our contracts, but on the other hand cannot afford to violate U.S. commercial demands," said the manager who did not wish his company to be identified.

BFB Pharma Handel GmbH, an exporter of nutritional supplements that has been active in Iran for 14 years and does most of its business with the country, said it started facing difficulties last year.

"We are a very small company and we depend of course on monthly money transfers. When there is no money coming, one can become insolvent," said Chief Executive Manutschehr Bonehie.

"Many companies are suffering from this. The government should find a way for Mittelstand companies."

Patrizia Melfi, director of the international competence center for

six regional Volksbanken that have specialized in transactions with difficult countries, said they would continue to process transactions from Iran.

But she said a problem could arise if Iran is cut off from the global payments network SWIFT.

"One solution could be for the Iranian central bank to transfer the money to an account at the Bundesbank (German central bank) from which it could then go to individual firms," she said.

Last week, the European Commission proposed that EU governments make direct money transfers to Iran's central bank to avoid U.S. penalties to bypass the U.S. financial system.

It has also suggested renewing a sanctions-blocking measure to protect European businesses in Iran.

Ohoven of the German Association for Small and Medium-Sized firms said the blocking statute was a "blunt sword" and it would make more sense to lobby at the U.S. Office of Foreign Assets Control to ensure financing channels remained open for business with Iran.

Some Mittelstand firms remain sanguine about business prospects for the time being.

Eleven German companies plan to travel to the Iran Health trade fair in Tehran in June, said Jennifer Goldenstede, head of foreign trade and export promotion, at high-tech industry association Spectaris.

"I think they will use the trade fair as an opportunity to get a handle on the situation and speak to traders," she said.

Japan to Decide on Buying Iran Oil Within Months

TOKYO (Dispatches) - Japanese oil refiners will likely take a few months to decide policy on Iranian crude purchases in response to U.S. sanctions, the new president of the Petroleum Association of Japan (PAJ), Takashi Tsukioka, said

Japanese refiners are gathering information and have not yet held talks with the Japanese or U.S. government, said Tsukioka, who is also chairman of Japan's second-biggest refiner, Idemitsu Kosan Co

Policy on import curbs will likely be decided over the next few months after taking into account the responses of other users of Iranian oil, including China, India, South Korea, France and Italy, he said

Given a 180-day wind-down period for buyers of Iranian crude to cut their purchases, the refiners will likely have to decide by August on the curbs, when buyers decide their nominations for October-loading Iranian oil cargoes, he said.

Pakistan to Launch Ferry Service to Iran

TEHRAN (Tasnim) - Pakistan is planning to launch ferry services from its Karachi port to Iran, the United Arab Emirates and Oman with an aim to enhance connectivity and provide more services to the people.

According to the South Asian country's Federal Minister for shipping Mir Hasil Khan Bizenjo, the draft Ferry Service Policy would be present at the next Cabinet meeting for approval.

"In the draft policy we have given a wide range of concessions, with a tax holiday up to 2040. There will also be no duty and taxes on ferry service as well as on purchase of a ship for introducing the service in the country," he said, according to the Business Standard.

He said initially ferries will be launched from Karachi to Iran, Dubai and Oman.

Bizenjo said the Ministry of Maritime Services had also

suggested that there be no port charges for 4 to 5 years to attract prospective investors to launch ferry and dining cruise services.

He said that during former president Pervaz Musharraf's era a ferry service was launched but flopped badly because of no regulations and rules to run a completely new trade in the country.

He said the draft policy covers issues such as immigration and narcotics to limit loopholes for any abuse of the service.

Bizenjo said the ferry services would be run by the private and public sectors with the government's role reducing to issuing licenses by the Director General Ports and Shipping.

He said the Pakistan National Shipping Corporation can also run its ferry service.

"We hope to attract international investors for this service with our rebates," he added.

UK Economy Stalls as Construction Pain Hurts Growth

LONDON (Reuters) - Falling business investment and the weakest household spending growth in more than three years marked a bad start to 2018 for Britain's economy, as official data on Friday confirmed it barely grew.

Despite the Bank of England's doubts, Britain's Office for National Statistics (ONS) stuck to its view that bad weather alone could not explain why the economy grew just 0.1 percent between January and March.

Instead, the ONS said it saw a longer-term pattern of slowing growth.

Business investment dropped 0.2 percent quarter-on-quarter in the first three months of the year, its worst performance since mid-2015, the Office for National Statistics (ONS) said.

Net trade failed to contribute to growth and household spending edged up only 0.2 percent on the quarter, the weakest increase since the fourth quarter of 2014.

"Overall, the economy performed poorly in the first quarter with manufacturing growth slowing and weak consumer-facing industries," ONS statistician Rob Kent-Smith said.

Indian Shipping Firms to Carry Iran Crude



NEW DELHI/SINGAPORE (Reuters) - Indian shipping firms will continue to transport Iranian crude even if limited insurance coverage due to tightening Western sanctions leaves them financially exposed to a spill or accident, a top executive and industry sources said.

Tough new European Union sanctions aimed at stopping Iran's

oil exports to Europe also ban EU insurers and reinsurers from covering tankers carrying Iranian crude anywhere in the world from July. Around 90 percent of the world's tanker insurance is based in the West, so the measures threaten shipments to Iran's top Asian buyers China, India, Japan and South Korea.

The sanctions seek to stem the