

Germany Quietly Bowing Down to Trump's Iran Sanctions Pressure



German Chancellor Angela Merkel had said her country, alongside Britain and France, will "do everything" to ensure Iran remains in the 2015 nuclear deal.

LONDON (Dispatches) - Germany decried Donald Trump's withdrawal from Iran nuclear deal in May and also pledged to help firms to continue to do business with the country even though the U.S. president said "anyone doing business with Iran will not be doing business with the United States" in a tweet.

However, it looks like the eurozone's largest economy has relented to Trump's threats after German state-owned rail operator Deutsche Bahn and Deutsche Telekom confirmed that

they are ending projects in Iran. This follows German carmaker Daimler halting all activities in the country too.

It is perhaps unsurprising that Germany has been rolling back its dealings with Iran after assessing the numbers. While 10,000 German companies trade with Iran and around 120 German firms operate and have staff of their own in the country, including Siemens, this is pocket change for the economy when compared with dealings it has with the U.S.

While German exports to Iran hit

\$3.42bn in 2017, this is only worth 0.2% of its total exports. The figures are perhaps not enough to risk causing further pain by triggering Trump to double down on his protectionist trade measures.

After all, Germany is U.S.'s largest trading partner in the European Union, accounting for 30% of the bloc's total exports of \$127bn last year. Germany also imported \$52bn worth of U.S. goods in 2017.

Germany's ally France also seems to be following suit. Despite standing side-by-side to renounce Trump's stance on Iran in May, France's oil giant Total and carmakers Peugeot and Renault have already suspended plans to invest in Iran.

Meanwhile, Iranian media quoted the chief executive officer of Iran's Sepahan Oil Company (SOC) Mohammad Ebrahimi that German company ADL and SOC have signed an agreement to cooperate in technology transfer in oil and gas industry lubricants.

European embassies have put a lot of effort in paving the way for signing the cooperation agreement, was quoted as saying by Fars news agency.

According to the Iranian official, ADL will carry out the project in cooperation with its Austrian and Swiss partners.

U.S. Hints China Could Face Sanctions Over Iranian Oil Imports

WASHINGTON (Dispatches) - The new U.S. special representative for Iran said the Trump administration is prepared to impose sanctions on all countries that buy oil from Iran after a deadline in November, including China, the top importer of Iranian crude.

Brian Hook, who has been appointed as special representative and chief of a new "Iran Action Group" at the State Department, said on Thursday the U.S. would issue waivers from sanctions to countries that have made efforts to reduce their Iranian oil purchases.

India and South Korea are among Iran's top oil customers. Both countries already have started to

scale back imports and are hoping to obtain waivers to buy more time to replace Iranian crude.

But China repeatedly has said it has no plans to comply with a wave of U.S. sanctions that are due to be reimposed on Iran's energy sector on Nov. 4.

In a response to a question about China's plan to continue importing Iranian oil at a State Department briefing on Thursday, Mr. Hook refused to rule out imposing secondary sanctions on Beijing as punishment.

"The United States certainly hopes for full compliance by all nations in terms of not risking the threat of U.S. secondary sanctions if they continue with

those transactions," Hook said when asked about the Iran Action Group's plan for dealing with China.

China, which imports over one-quarter of Iran's oil, repeatedly has said that trade with Iran, across a range of economic and energy sectors, is lawful and that it doesn't plan to reduce imports.

"China always believes that reckless imposition of sanctions or threatening to use them will not help solve the issues," China's foreign affairs ministry said in a statement last week.

"We are prepared to impose secondary sanctions on other governments that continue this sort of trade with Iran," Hook said.

NZ Exporters Wary as U.S.-Iran Trade Friction Escalates

LONDON (Dispatches) - New Zealand exporters are looking to worsening U.S.-Iran relations with trepidation as they seek to revitalize trade with the second largest economy in the Middle East.

Iran was once an important market for NZ sheep meat, featuring in the top five destinations for the country's red meat exports in the 1980s when it took about a quarter of the total lamb kill.

The meat industry welcomed the resumption of trade last year after a market access protocol between New Zealand and Iran was concluded.

While Iran is not an easy market to trade into, there has been some trade since 2017 and the market has the potential to grow, Sirma Karapeeva, trade & economic manager for the Meat Industry Association, said.

This year to date New Zealand

exported over \$1.1 million worth of lamb to Iran.

"The U.S. sanctions adds further complexity to an already complex market," Karapeeva said.

"Clearly the situation is sensitive and our advice to exporters would be to do their due diligence - to talk to their banks and shipping lines and to get legal advice before exporting to Iran," she said.

"We are all watching to see how the situation unfolds - including with regards to third country sanctions and the application of the U.S. "humanitarian goods" guidelines which cover food and agricultural exports," she said.

New Zealand special trade envoy Mike Petersen, who was a part of a delegation to Iran led by then Ministry for Primary Industries Minister Nathan Guy last year, said worsening U.S.-Iran trade relations was "concerning".

At the time, Guy said: "This is a crucial step for New Zealand meat companies as they look to re-enter the Iranian market."

"The risk is that the U.S. does start to follow through and put pressure on companies that are doing business with Iran," Petersen said.

"All exporters at the moment are taking these threats seriously and are thinking about how they do business in that part of the world," he said.

Increased trade friction was not going to hurt New Zealand but there was a risk if world trade relations worsened.

Petersen said there was potential for further disruption to the world trade system if trade wars spread to other parts of the world.

Iran is the second biggest economy in the Middle East and the North Africa region.

Iran Khodro to Expand Car Production in Azerbaijan

TEHRAN (Azer News) - Deputy Minister of Industry, Mining and Trade said Mohsen Salehi has said Iranian automobile manufacturer Iran Khodro Co (IKCO) intends to launch second line of production in Azerbaijan.

This step will allow the company to expand its production in Azerbaijan.

Iranian official said, "At present, "Iran Khodro" intends to increase the current production capacity to. In the future, the company plans to produce 2,500 cars per year through launching the second line of production".

Meanwhile, head of IKCO operations in Asia, Europe, America and Commonwealth of Independent States Sabina Nobari said Azerbaijan and Iran will soon export cars to Russia, Ukraine and the CIS nations via a joint venture, dubbed Khazar Car Factory.

Currently, all the cars produced at Khazar factory are sold in Azerbaijan.

"Iran Khodro and the Azerbaijani automotive company AzEuroCar LLC have manufactured over 300 units of family sedan model Dena in Azerbaijan since March," Nobari noted.



Iran Khodro and Azerbaijani automotive company Azeurocar signed an agreement on the establishment of a joint venture in the Neftchala Industrial Zone in 2016.

In early April, the Azerbaijan-Iran automobile factory started production of the first cars. The factory produces cars under the brand name of Khazar, and a number of models of Peugeot and Renault will also be assembled there. The annual capacity of the factory is about 10,000 cars.

The cost of cars amount to 14,000-16,000 manats (\$8,252-\$9,431). By the end of 2018, the plant plans to launch production of new models, which will cost a little more - 18,000-20,000 manats (\$10,610-\$11,789).

All cars produced at the factory comply with Euro 5 standards.

The total cost of the project is estimated at 24 million manats. The Azerbaijani side has invested 75 percent in the factory, and the Iranian side has invested 25 percent.

29-MW Power Station Inaugurated in Northern Iran

TEHRAN (Dispatches) - Managing director of Iran Small Industries and Industrial Parks Organization (ISIPO) Seyed Mostafa Mousavi has said that a 29-MW Power Station has been constructed in the Iran's northern city of Sari.

Addressing in an inauguration ceremony in Sari, Mousavi said, "The power station has been constructed in an area of 5,000 square meters with an investment amounting to about \$26.2 million."

He said with the launch of this station, 23 people have been directly employed, adding that the power plant is capable of producing 29 megawatts of electricity for industrial and domestic use.

The official also said to help the national grid produce electricity, preventing blackouts, and increasing the private sector's participation are among the major advantages of the construction of such power plants.

Earlier in February, Iranian Energy Minister Ardakanian had highlighted the country's self-sufficiency in the area of power



generation and said the Islamic Republic is the top producer of electricity in the Middle East.

About 90 percent of power generation equipment, even complicated parts like turbines and generators, are currently manufactured inside the country, the energy minister said at the time.

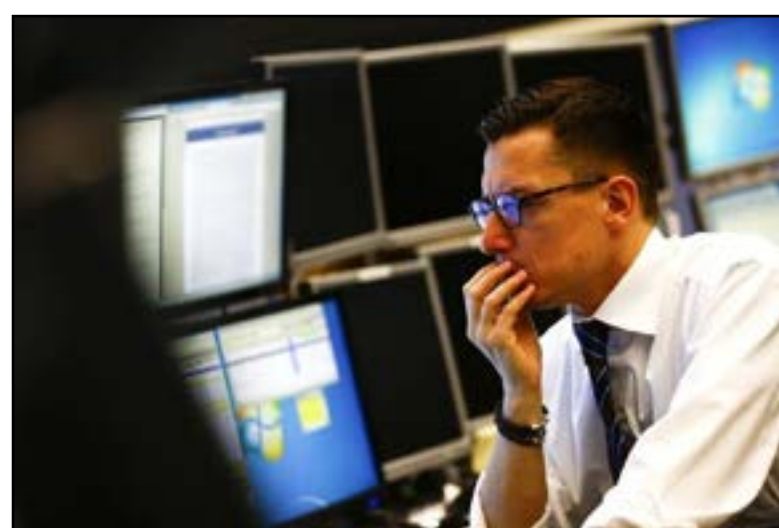
He added that Iran's capabilities in the area of power generation have developed over the past four

decades so much that the country has become the top producer of electricity in the region.

"At present, we have energy exchanges with all the countries that share land borders with us," he said.

Iran's nominal capacity to produce electricity recently reached about 78,000 megawatts (MW) following the connection of a number of power plants to the country's national grid

Air France-KLM Shares Fall, Dutch Pilots Threaten to Strike



Air France-KLM shares fall, Dutch pilots threaten to strike

AMSTERDAM/PARIS (Reuters) - Air France-KLM shares fell on Friday in response to the hostile reception from unions to the company's new boss Benjamin Smith, while the airline's Dutch pilots threatened to strike over working conditions.

Unions representing workers at the French company were openly hostile to the appointment of Smith, chief operating officer at Air Canada, accusing the group of handing control to a foreigner and not protecting Air France's interests.

Air France-KLM shares fell 4 percent and were among the worst-performing stocks on Paris' SBF-120 index.

"Driving the share price is essentially the discontent of the unions," Meriem Mokdad, fund manager at Paris-based Roche-Brune Asset Management, said.

Smith, who will take up his post before the end of September, will have to deal with labour troubles at Air France that have already cost the airline 335 million euros (£300.3 million) this year, forced the resignation of his predecessor, and seen the group's shares slump 36 percent in 2018.

French unions are due to discuss another round of strike action on Aug. 27.

Meanwhile, in the Netherlands, the Dutch pilots union VNV said it would strike unless the airline's management comes up with improved offers to ease their workload.