

Iran Targets \$20bn in Annual Tax Revenues: Economist



TEHRAN (Press TV) - An Iranian economist says the country can count on a maximum of \$20 billion in annual tax revenues despite claims that the government would fail to pocket around \$14 billion worth of taxes to finance its budget in the next Iranian calendar year beginning in March.

gining in March.

"Iran's tax capacity is much higher than the tax revenues (currently) earned and this government is facing no problem with regards to tax collection," said Ehsan Khandouzi, an economics lecturer at Tehran's Allameh Tabatabayi University.

The comments, made at a Thursday interview with ILNA news agency, comes despite suspicions raised by other experts who say the government would miss a target of more than \$14 billion in tax revenues introduced in a draft budget for the next calendar year.

The draft, touted by the government as the first in Iran's recent history to rely on resources other than oil revenues, is currently being debated in the Iranian parliament.

Critics say targets introduced for tax collection schemes in the 2020-2021 Iranian budget are unrealistic and the government should come up with other solutions to offset the impacts of the American sanctions on its direct sale of crude.

Khandouzi said, however, that the 1,750 trillion rials that the Iranian government seeks to raise

from tax next year would be "receivable".

"The figure included in the ... budget is absolutely not difficult to get to and it is even lower than the country's tax collection potential," he said.

The economist said the government needed to tighten its rules for fighting tax avoidance while trying to remove unnecessary exemptions or reliefs given to certain taxpayers.

A report in early December showed that the government had received 780 trillion rials (nearly \$6 billion) in tax revenues in the first seven months of the current calendar year.

Total tax revenues for the year ending in March 2020 are expected to reach more than \$11 billion, said the report.

KLM to Resume Flights Via Iran, Iraq Routes

TEHRAN (Dispatches) - Dutch flag carrier the KLM has announced it is resuming flights through the Iranian and Iraqi airspace following an interim halt that was caused by soaring military tensions in the Middle East region.

A KLM statement issued and published on Thursday said that the company had reached the security assessment that its planes can resume flying over Iran and Iraq.

"KLM uses a security management system to analyze risks and thus determine safe flight paths," said the statement, adding, "Substantiated by such analyses, it is once again safe to fly over Iran and Iraq."

The statement came as several major airlines around the world

stopped using the Iranian airspace after a Boeing 737-800 operated by Ukraine International Airlines was shot down in Iran on January 8, killing all 176 people on board.

The accidental downing of the plane by the Iranian air defenses came hours after Iran responded to the American assassination on January 3 of one of its top generals by firing ballistic missiles at US bases in neighboring Iraq.

Carriers such as Qatar Airways never stopped flying over Iran after the incident, insisting the airspace is totally safe. Iranian authorities have also ensured that there would be no risks for civilian flights passing through the country.

The KLM statement said the company had restored flight routes through Iran after obtain-



ing adequate information from intelligence, military and political sources in the Netherlands.

It said that the European Union, along with Britain and Germany, has issued fresh notifications known as NOTAM ensuring the commercial airlines that they

could again use the airspace above Iran and Iraq.

However, other major European airlines, including the Air France-KLM, of which the KLM is a subsidiary, have yet to officially announce resumption of flights through the Iranian airspace.

Iranian Builders Supply 85% of Oil Industry Equipment

TEHRAN (Shana) -- The chairman of the board of directors of the Iranian Oil Industry Equipment Manufacturers Association Majid Mohammadpour said that the share of Iranian manufacturers and craftsmen in the supply of oil industry equipment has reached 85%.

Mohammadpour speaking on the sidelines of the 16th Kish International Energy Exhibition, said that the share of Iranian manufacturers and industrialists in the supply of petroleum products and equip-



ment has reached 85 percent.

He said technical knowhow of producing 65% of overwhelmingly used petroleum industry items has been developed domestically and we have adopted reverse engineering methods to localize another 20% of the items.

Mohammadpour added: "Oil industry equipment manufacturers tap all their capacities and opportunities to tackle the sanctions and supply the goods needed for the country's oil industry projects and facilities."

U.S. Economic Activity Slumped in 4th Quarter -- Data

NEW YORK (Market Watch) - The U.S. economy was weak in the fourth quarter, and growth is projected to drop further in the first three months of 2020, according to a new economic indicator based on Yelp Inc.'s proprietary data on Thursday.

The California based business directory service and crowd-sourced review forum said the results suggests fourth-quarter GDP growth will come in below the third quarter's 2.1% annual growth rate. The Commerce Department will release its first estimate of Q4 GDP on Jan. 30.

Yelp said it designed its Yelp Economic Average (YEA) report to be a benchmark of local economic strength, based on data from millions of local businesses and tens of millions of users on the on-line listing service's platform. Unlike existing economic indicators, Yelp

said the index will measure local, rather than national, economic strength. The firm tracks the health of consumer demand and business growth. The firm has information on millions of brick-and-mortar businesses and consumer demand. The data does not cover on-line shopping.

"The productivity of most plumbers, pastry chefs, and personal-injury lawyers isn't reflected in stock indexes and business headlines, but collectively they make up a vital part of the work force and the fabric of local commerce," said Carl Bialik, the firm's data science editor, in a blog post accompanying the index.

The YEA found that most local economies nationwide slumped by 1.4% in the fourth quarter. This weakness pushed down growth in 2019 to a decline of 1.3% from the prior year.

"The slowdown in overall economic growth in 2019 reflected business profits declining, which contributed to a fall in business investments. Uncertainty around (President Trump's) trade policy also hindered local economic growth in 2019," said Bialik.

"Expect more of the same in the first quarter," he added.

Yelp believes its activity index will mirror the government's gross domestic product data. Retail, food and auto businesses dragged down the local economy in 2019 and each one is expected to keep falling in the beginning of 2020.

"The forecast suggests a continued decline in local economic health—nationally and in many major markets and sectors...dragged down by the retail and restaurant sectors," Bialik said.

India's Exports to Iran Hit Severely Due to U.S. Sanctions



A file picture of a worker carrying a bag of rice at a wholesale market in Mumbai.

NEW DELHI (Dispatches) - India-Iran trade has grown in the last 20 years despite sanctions against the west Asian country

Rising tensions between Iran and the U.S. may affect India-Iran trade, which has grown in recent years despite sanctions against Iran. Specifically, imports of methanol, pistachios, crude oil, and exports of varieties of tea, rice and synthetic fibres may get affected if severe sanctions are imposed.

India exports various products to Iran. For instance, India exported \$95 million worth synthetic fibre variety (acrylic or modacrylic), which formed 55% of India's total exports of that commodity.

Import history

Reluctance among Indian traders to ship premium basmati rice to Iran as U.S. sanctions hobble its ability to pay has contributed to a sharp drop in overall exports from the world's biggest supplier of the grain, trade and government sources said.

Rice shipments from India slipped by more than a quarter to 5.5 million tonnes between April and November 2019 — the first eight months of the fiscal year — from 7.5 million tonnes in the year-ago period, the sources said. In terms of value, exports dropped 19% to \$3.8 billion from \$4.7 billion.

The grain is India's biggest foreign exchange earning farm commodity, with shipments worth \$7.75 billion in the 2018/19 fiscal year.

Basmati rice exports to Iran, New Delhi's top buyer of the aromatic grain, dropped to 600,000 tonnes in the eight months from 900,000 tonnes a year earlier.

Shipments are not expected to significantly pick up, with buyers in Iran owing a record 20 billion rupees (\$281.41 million) to India as U.S. - imposed sanctions make it hard to pay for imported commodities, they added.

"We are in a precarious situation," Nathi Ram Gupta, president of the All India Rice Exporters Association, said. "We have urged the Indian government to step in to ensure that our dues are cleared by Iran."

Iranian buyers paid some of the money they owed in November, the sources said, encouraging Indian traders to sign new contracts and ultimately pushing dues to an all-time high.

Of the 4.4 million tonnes of basmati rice shipped by India in the 2018/19 fiscal year, Iran accounted for 1.4 million tonnes.

"Our exports to Iran will definitely fall this year and that is going to drag down both the country's basmati and non-basmati rice exports. We're worried on two counts of India's falling rice exports and our mounting dues," said Vijay Setia, former president of the All India Rice Exporters Association.

Beside the drop in exports to Iran, non-basmati rice exports to Europe have also fallen, with trade and industry officials citing higher pesticide residues in shipments from India as a factor behind reduced purchases from the European Union.

Higher benchmark prices in Thailand, the world's second-biggest rice exporter, have however prompted some buyers to opt for Indian rice, pushing rates for the Indian variety to their highest in nearly three months despite the fall in exports.

In the time periods mentioned in the table, imports from Iran formed about 2-3% of India's total imports in terms of product value. After a peak in 2004-2009, it has stagnated since.

In the same period, exports to Iran formed 1% of India's total exports in terms of product value. Like imports, export growth has also stagnated in the last 10 years.

Oil Plunges as Coronavirus Outbreak Threatens Demand

NEW YORK (Dispatches) - Oil prices slid Friday morning as the widening Wuhan coronavirus outbreak threatened to curb global demand.

Brent crude oil, the international benchmark, fell 1.8 percent to \$60.90 a barrel while West Texas Intermediate crude oil, the U.S. benchmark, dipped 2 percent to \$54.47. They have fallen by 5.9 percent and 6.9 percent this week, respectively.

"Oil prices are at ground zero for the market-related fallout from the SARS-like coronavirus," Phil Flynn, senior market analyst at the Price Futures Group, said in a note sent to clients on Friday.

On Thursday, OPEC Secretary-General Mohammad Barkindo said it was premature to talk about the possibility of a global deal on oil production curbs being extended until the end of this year.

The deal between the OPEC and its allies, known as OPEC+, expires after March.