Non-Oil Exports Offer Iran Sanctions Relief - Official

TEHRAN (Press TV) - **Iran exported nearly $25 billion worth of gas condensates and petrochemical products in the first 10 months to January, providing a cushion against drop in oil revenues.**

Sales of gas condensates rose 41% year-on-year to $12.1 billion, Government spokesman Mohammad Baqer Nobakht said.

Petrochemical exports over the period rose 39% to $12.8 billion, he added.

Nobakht said the figures were announced during a session of the Supreme Council of Non-Oil Exports "which are remarkable given 36 years of economic sanctions on Iran".

Iran has seen its oil revenues dwindle under US-led sanctions. The country is also trying to take oil price slumps in its stride.

Economists say one immediate recipe is for the country to diversify earnings.

Abundant gas reverses are seen as a secure alternative to wean the country from reliance on oil.

On Wednesday, Minister of Petroleum Bijan Namdar Zangeneh said Iran is building eight gas condensate refineries.

The Siraf Refining Park is being touted as the country's largest gas complex, which is built in Bushehr in southern Iran.

Zangeneh said each unit is estimated to use up $300 million to complete within the next three years.

Iran has the world's second largest gas reserves after Russia. With Russia's relations becoming increasingly muddled with the Europeans over the crisis in Ukraine, the EU is keeping the prospect of natural gas imports from Iran in the back of its mind.

But an official says Iran's immediate priority for now is the Persian Gulf market.

"Persian Gulf markets such as those in Oman, Kuwait, UAE, Saudi Arabia, Bahrain and Iraq are closer to Iran. We need a 200-kilometer pipeline to reach them and ship gas in a shorter time," Managing Director of National Iranian Gas Exports Company Ali-Reza Kameli said.

According to the Islamic Republic of Iran Customs Administration, non-oil exports totaled $42.5 billion in the first ten months of the fiscal year.

Officials say the country stands to gain $61 billion from non-oil exports next year.

Big Oil Is Not the Biggest Victim of Cheap Crude

LONDON (Financial Times) - **If only oil-producing countries that got into trouble could merge, bring in fresh management, lay off citizens, cut costs and restructure their operations. At this point in the energy cycle, betting on a national merger wave similar to the corporate one that created supermajors such as ExxonMobil and BP in the late 1990s would be a good investment.**

Brazil could merge with Venezuela, helping to solve both the Petrobras scandal and the latter's lurch toward default. The United Arab Emirates or Saudi Arabia could roll up Nigeria and Russia. Norway could acquire Scotland from the UK.

But countries are not companies, for better or worse. Peaceful mergers are rare. Demergers and spin-offs tend to be more common, along with the occasional hostile takeover and Russian bear hug. Unlike shareholders, who tend to be a fairly dispassionate bunch, citizens have emotional ties.

So here is another investment thesis: sell countries, buy companies. To be exact, short fragile oil exporters, particularly those suffering from corruption and the resource curse, and buy the oil majors. They both look painfully vulnerable to falling oil and gas prices (and in urgent need of this week's bounce) but companies are better at adjusting to a change in circumstances.

BP and BG, the UK oil and gas companies, both did so this week, applying the brakes sharply to capital investment plans and declaring that the turn in the commodity cycle is like that of 1986, when the price of crude oil dropped to $10 a barrel, having been stable at $30 for the previous three years. This is no time for waiting and hoping for an energy price recovery, they declared.

Bob Dudley, BP's chief executive, did a fine job of building a hopeful narrative out of a dire situation. "You have got to make the cheque book balance and if you are in denial, the longer that you don't respond, the more difficulty you get into," he told journalists. BP's sale of $40bn of assets to cover the $43bn (so far) cost of the 2010 Gulf of Mexico oil spill looks prescient in hindsight.

So far, BP and BG are at the aggressive end of the responses to a fall in the price of Brent crude from more than $100 a barrel last June to about $56 on Wednesday, after the recent rally. Exxon cruises onward like a supertanker and Royal Dutch Shell has announced only modest cuts to capital expenditure this year, saying that it is "not overreacting".

The other majors can change course any time they wish and will have a clear incentive to do so if energy prices remain weak and tankers full of oil start to be berthed in terminals as storage. As Mr Dudley emphasised, maintaining dividends to investment funds that depend on them is "the first priority" — developing fields in the Gulf of Mexico or off Brazil's coast can wait.

Indeed, in terms of cash flow, oil companies can perform better in a downturn than in a boom, when everyone from governments to rig workers and oil services companies takes a slice of the action. When the oil price falls, they are in a better position to bargain.

"In an upcycle, everyone thinks the returns will be fantastic but it never quite happens," says Martijn Rats, an energy analyst at Morgan Stanley. The oil industry, given half a chance, is inefficient and spendthrift. It loves to throw cash at new prospects, paying whatever it takes to pump oil, only for the proceeds to be taxed heavily by opportunistic governments.

Morgan Stanley estimates that it cost the majors $72 to locate, develop, produce and pay tax on each barrel in 2012-13 — more than the $69 they made in revenue. Over the previous decade, taxes rose, wages outpaced the private sector average by 35 per cent, and labour productivity in exploration halved: it took twice as many workers to produce each barrel of oil.

The more you waste, the easier it is to cut back. Not only can the majors reduce capital expenditure by halting projects, but they can demand better terms. Oil services companies are squeezed and governments are told that new fields will not open without tax breaks. The industry cuts off its stakeholders to protect its shareholders.

This capacity to reduce costs quickly is beyond most countries, even those with well-managed state oil producers and low-cost reserves. The fall in the oil prices depletes their tax receipts and damages economies that rely heavily on the energy industry. They cannot easily adjust by slashing public services and reducing the population.

Meanwhile, just as oil exporters need to raise extra revenue, the oil majors cut back capital expenditure on new projects. Mr Dudley estimates that the price fall equates to a $1.6tn shift in value from oil-producing countries to oil-consuming countries. Exporters cannot escape the impact of that; they largely have to live with it.

In countries plagued by corruption, with officials taking bribes from oil companies, the problem is even greater. Maria das Graças Foster, chief executive of Petrobras, has resigned over a scandal that has damaged Brazil's economic growth. Moody's estimates that Venezuela will face a $39bn funding gap on its external debt this year.

In good times, companies and countries are both prone to the resource curse — there is enough cash to give to rent-seekers without a danger of it running out. It is too tempting to sacrifice efficiency for more oil. In bad times, companies repair the damage; countries are stuck with it.

IMF Calls Iran 2nd Biggest Economy in ME, N. Africa, Central Asia

TEHRAN (Tasnim) – **The International Monetary Fund (IMF), in its latest report on the economic situation in the Middle East, North Africa, and Central Asia, announced that Iran has become the second biggest economy in the said regions.**

In the report, the IMF pointed to Iran's $406 billion gross domestic product (GDP) in 2014, and said the country's economy is now the second among 30 countries in the Middle East, North Africa, and Central Asia.

Saudi Arabia, with a GDP of $752 billion and the UAE with a total GDP of $401 billion rank first and third, respectively, among the countries.

The total GDP of the said regions amounted to $3,459 billion in 2014, $2,579 billion of which belongs to the oil producing countries.

Given that oil prices have fallen by half over the past months, the IMP has predicted that the GDP of the oil producing countries will decrease by $303bln and stand at $2276bln.

According to analysts, the drops in oil prices are due to a glut of supplies by certain oil producing countries such as Saudi Arabia.

Iranian officials have repeatedly said that the decline of crude oil price is not just an economic issue, but the result of a political plot hatched by certain states.

Global Stocks Soft Ahead of US Jobs Data; Oil Prices Rally

LONDON (AP) — **Global stock markets were soft Friday ahead of monthly U.S. employment figures that often set the market tone for a week or two after their release. Oil prices were also in the spotlight, extending gains further above $50 a barrel.**

KEEPING SCORE: In Europe, Britain's FTSE 100 fell 0.2 percent to 6,850 while Germany's DAX dropped 0.6 percent to 10,835. France's CAC 40 fell 0.4 percent to 4,687. U.S. stocks were poised for a solid opening, with Dow futures and the broader S&P 500 futures up 0.2 percent.

US JOBS FOCUS: How U.S. markets open will largely hinge on the monthly nonfarm payrolls figures, which are released an hour before the Wall Street bell. Economists estimate that employers added 230,000 jobs in January, down from 252,000 in December. While some analysts say that the data will not be a game changer, the Federal Reserve has emphasized the job market recovery as an important factor when it considers a rate hike. The dollar could be a key mover in the wake of the figures. Ahead of the data, it was flat, with the euro unchanged at $1.1465 and the dollar down 0.2 percent at 117.27 yen.

ANALYST TAKE: "Anything too high has the potential to push the Fed into rate hikes sooner than had been expected, whilst a weak print could be interpreted as confirmation that the U.S. economic recovery is now stalling," said Tony Cross, market analyst at Trustnet Direct.

GREECE MEETING: Greece also remains a key focus in financial markets as the new Greek government tries to forge a new deal on the country's debts with its partners in the 19-country eurozone. On Friday, it was confirmed that the finance ministers of the so-called Eurogroup are to hold a special meeting next Wednesday to discuss Greece's debts, a day ahead of a summit of European Union leaders. Greek shares were down Friday amid ongoing jitters over how the discussions will pan out — the main Athens index was down 1 percent.

OIL REBOUND: Oil prices extended their gains Friday, with the benchmark New York rate up $1.55 at $52.03 a barrel. Brent, the international standard, was up $1.60 at $58.19 a barrel. "Oil prices appear to have formed a base for the time being," said Fawad Razaqzada, a technical analyst at Forex.com.

ASIA'S DAY: Japan's Nikkei 225 gained 0.8 percent to 17,648.50 while Hong Kong's Hang Seng was down 0.4 percent to 24,679.39. South Korea's Kospi added 0.1 percent to 1,955.52 and Australia's S&P/ASX 200 rose 0.2 percent to 5,820.20.

Siemens Says to Cut 7,800 Jobs in Drive to Cut Costs

BERLIN (AFP) - **German engineering giant Siemens said Friday it was slashing 7,800 jobs worldwide, more than 3,000 of them in Germany, as part of an ongoing restructuring plan aimed at saving about one billion euros.**

"In a drive to streamline administrative and overhead functions, about 7,800 jobs are to be cut worldwide, including some 3,300 in Germany, " the company, which employs more than 300,000 staff, said in a statement.

Chief executive Joe Kaeser unveiled a mass streamlining plan in May 2014 aimed at dramatically reducing both the number of divisions and hierarchy levels within the industrial group by 2016.

Job cuts had been expected under the restructuring plan but the group had given no indication of the number, saying it wanted to first hold talks with staff representatives, which took place this week.

"These steps will bring our businesses closer to our customers and make us significantly faster," Kaeser said in the statement.

Siemens' new labour director Janina Kugel said the company wanted to start talks with employee representatives about the cuts in Germany as soon as possible and "search constructively for socially responsible solutions".

Siemens is seeking to boost its profitability by focusing on certain divisions, such as energy, medical equipment and digitalized systems for industry and transport.

Last year the German giant tried to buy Alstom's energy assets but lost out to its long-time rival, US group General Electric.

It has since snapped up several other companies in this field, however.

The restructuring plan aims to produce savings of about one billion euros ($1.2 billion) "which will be realized in large measure by the end of 2016", it said.

"The savings achieved will be invested in innovation, productivity and growth initiatives, a considerable part of which will be in Germany," it said.

Press reports on Thursday had indicated a similar figure for the job losses, sending Siemens shares up slightly at closing on the Frankfurt stock exchange. They were down by just over one percent to 95.29 euros in slightly lower trading Friday.

Last month, Siemens, which runs its business from October to September, said that net profit fell by 25 percent to 1.095 billion euros ($1.2 billion) in the first three months, weighed down by costs from halting some activities and falling oil prices.

But the group said it was sticking to its full-year outlook.