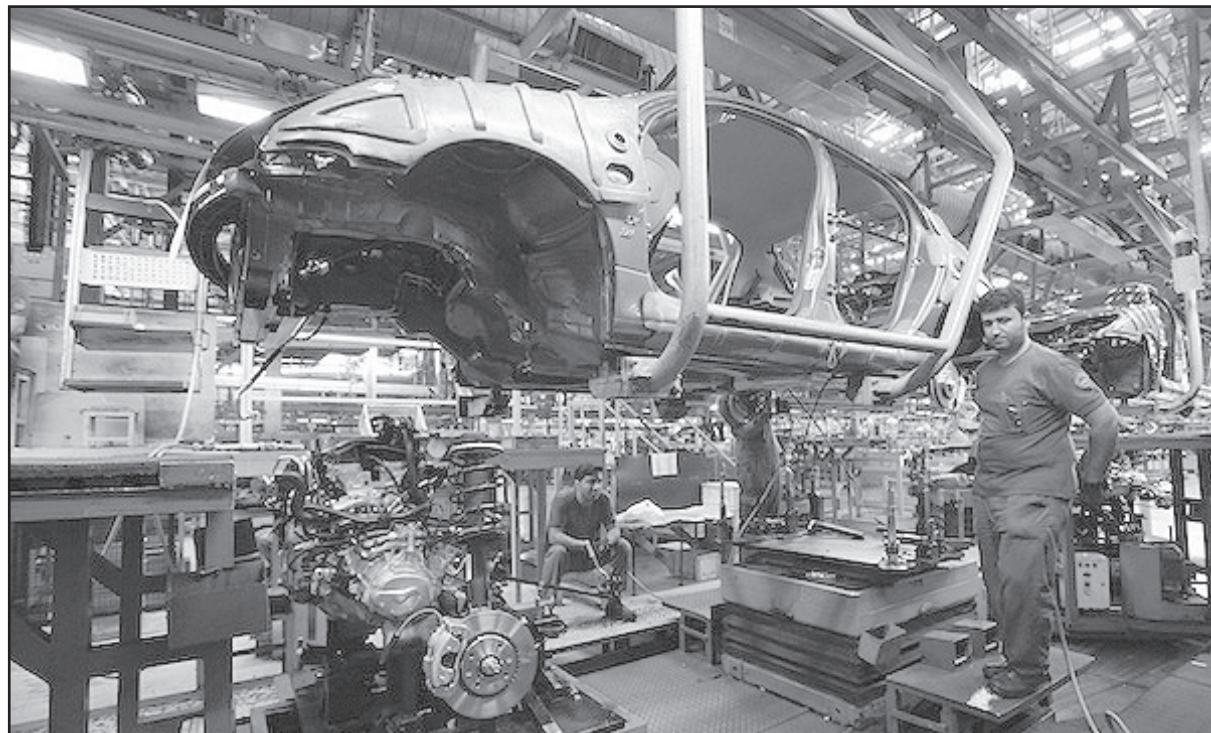


# Iran Sees Economy Grow Under Sanctions



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TEHRAN (Press TV) - Iran foresees an economic growth of 2.5% in the new year as it absorbs the shock of oil price declines and US-led sanctions.

The Middle East's second largest economy rebounded from two years of recession in 2014 and logged a growth of 1.45%, according to the International Monetary Fund.

The government has to ride out a new wave of oil price fluctuations and budget deficit in the new year. It is working on a budget, which takes the burden off the depleting oil revenues and partly shifts the weight to non-oil proceeds.

Oil exports totaled \$42.5 billion in the last 10 months, near parity with non-oil sales, according to Government spokesman Mohammad Baqer Nobakht.

The government envisions a similar

scenario for the new year as it is treading water because it is not clear yet which direction the nuclear talks between Iran and the P5+1 group of countries will take.

If the negotiations lead to a final solution, Iran will see a notable rise in foreign investment.

Government says it has braced itself for the worst scenario where the country would retain its modest economic uptick even if the negotiations collapsed.

Inflation has dropped to around 16% from 40% under the former president Mahmoud Ahmadinejad in what his successor Hassan Rouhani has described a miracle.

Iran's economy contracted between 2012 and 2013 at a rate of 6.8% and

1.9% which saw the national currency lose two-thirds of its value.

But the country is functioning on the strength of a large economy with its massive small-size businesses. This factor has played out well to Iran's advantage and kept its economy from collapse even under a plethora of sanctions.

According to the IMF, Iran generated a GDP of \$406 billion in 2014 which landed it second among 30 economies in the Middle East, North Africa and the Central Asia.

US-led sanctions are still in place but Iran's economy chugs along. Many experts say the idea that the economy could ever run out of steam under intensive penalties is absolutely misplaced.

## Russian Central Bank Cuts Key Interest Rate to Help Economy

MOSCOW (AP) — Russia's central bank cut its key interest rate on Friday by one percentage point to 14 percent in an attempt to support the economy, which is sliding into a brutal recession.

It is the second interest rate cut in as many months as the Central Bank reverses some of the sharp rate increases it made in December — when it hiked them from 10.5 percent to 17 percent — to support the then-collapsing ruble. Higher rates tend to bolster a currency but hurt the economy by making bor-

rowing more expensive.

The Central Bank said in a statement Friday it cut the rate again because "the balance of risks has shifted in the direction of a more significant cooling of the economy." It said it was careful not to exacerbate inflation, which hit an annual rate of 16.7 percent in February.

The bank predicts Russia's economy will shrink by between 3.5 percent and 4 percent this year, while the Economic Development Ministry forecasts a 3 percent drop.

Over the past six weeks, the ruble has regained some of its lost value against foreign currencies, including the strong dollar, on the back of a recovery in world oil prices, Russia's key export and revenue generator. The ruble traded Friday at just above 61 to the dollar, while it was over 69 at the start of February.

In 2014, the ruble lost around half of its value against the dollar under pressure from U.S. and European Union sanctions over the conflict in Ukraine and a sharp drop in the oil price.

## Britain Applies to Join Chinese-Led Asian Bank

BEIJING (AP) — Britain has become the first major Western government to apply for membership in a proposed Chinese-led Asian regional bank that Washington worries will undercut institutions such as the World Bank.

The British Treasury said Thursday it will join talks this month on the Asian Infrastructure Investment Bank's structure and governance arrangements.

China proposed the bank in 2013 to finance construction of roads and other infrastructure. It has pledged to put up most of its initial \$50 billion in capital.

Twenty-one other governments including India, New Zealand and Thailand have said they want to join. For now, the United States and its close allies Japan, South Korea and Australia are not part of the new club.

The bank is one of a series of initiatives by Beijing to increase its influence in global finance and expand trade links with Asian neighbors and developing countries in Africa and Latin America.

Washington has expressed concern the new Asian bank will allow looser lending standards for the environment, labor rights and financial transparency, undercutting the World Bank and International Monetary Fund.

China is the top trading partner for most of its neighbors. They want to promote commercial ties but are uneasy about Beijing's strategic ambitions, especially at a time when it is embroiled in territorial disputes with Japan in the East China Sea and with Vietnam and other Southeast Asian neighbors in the South China Sea.

A Chinese foreign ministry

spokesman, Hong Lei, said Beijing welcomed Britain's application to join the bank.

"The bank will be founded on the principle of openness. We welcome all prospective countries to join," said Hong. "It will enable all prospective members to share Asia's growth opportunities."

Speaking in Tokyo, the World Bank president said Friday his Washington-based institution welcomes the new source of financing for infrastructure developing economies urgently need.

"We welcome the entry of the Asian Infrastructure Investment Bank," said Jim Yong Kim, an American, at the Foreign Correspondents Club of Japan. "We welcome it because of the extraordinary need for infrastructure."

Beijing has tried to soothe security concerns, insisting its initiatives are not aimed at any potential foreign rival.

## Iran to Export 20mln Tons of Oil Derivatives Next Year

TEHRAN (FNA) - Iranian Oil Minister Bijan Namdar Zanganeh announced that his ministry is planning to considerably increase the volume of the country's oil derivatives exports in the next Iranian year (starting March 21, 2015).

"We are planning to export 20 million tons of oil derivatives in the new Iranian year," Zanganeh told reporters on Friday.

He underlined the importance of a rise in export of oil derivatives for Iran, and said, "Oil projects are financed this way."

"The export of oil derivatives plays an important role in the im-

plementation of the oil industry projects," Zanganeh added.

In February, a senior energy official announced that Iran's oil revenues considerably increased in the first ten months of the current Iranian year (March 21, 2014-January 22, 2015) as compared with last year's corresponding period.

"Iran earned over \$2.3 billion from sales of oil products in the first ten months as the country is applying innovative methods to sidestep US-led sanctions," Head of Commercial Department of National Iranian Oil Products Distribution Company (NIOPDC) Mohammad

Reza Mazloumi said.

In December, Iranian Parliament Speaker Ali Larijani said exports of crude is just one of Iran's sources of revenue and the country can live up without oil sales and through exports of its rich mineral resources, modern industries, and talented people.

"We have different methods and scenarios to run the country under different circumstances and we will not forget which countries are conspiring to reduce oil prices," Larijani said during a visit to Syria at the time.

## Envoy: Iran-China Trade Balance to Hit \$60bln

TEHRAN (FNA) - Iran and China plan to considerably increase the volume of their trade transactions to \$60bln, a senior trade official announced.

Iran and China hope to bring the level of their trade exchanges to \$60bln from the current \$52bln in a year or so, Head of Iran-China Joint Chamber of Commerce Asadollah Asgaroladi said.

"We are determined to raise the volume of our trade with China to \$60 billion at the beginning of the Sixth (Five-Year Economic) Development Plan" to start in March 2016, he added.

To that end, Asgaroladi said, the private sector shoulders a heavy responsibility, adding that Iran's private sector is required to make huge efforts for joint venture projects with China.

In relevant remarks in February, a senior Iranian diplomat said the country has considerably increased the volume of its trade transactions with China.

"The value of trade exchanges between Iran and China hit \$52 billion in the first ten months of the current Iranian year (March 21, 2014-January 22, 2015)," Iranian Ambassador to Beijing Ali Asqar Khaji said.

Khaji said that Iran's export to China witnessed a 30 percent growth during the said period as



compared with the previous year.

Also last month, Deputy Head of Iran-China Joint Chamber of Commerce Majid Reza Hariri announced that the trade exchange between Iran and China has increased by 30 percent.

"Iran's trading with China has risen by 30 percent, and their economic transactions have reached \$50bln. Off course, it is possible to witness further increase in bilateral economic transactions," Hariri said.

The Iranian official noted that Iran was importing service goods for road, power plant, petrochemicals, machinery, locomotive and wagon. China is buying Iranian gas condensations, petrochemicals, minerals, iron ore and decorative stones.

Iran's exports to China include 30 percent of the country's entire exports. China is buying half of Iranian oil while Iran is under western sanctions.

The official also said pistachio, carpet, saffron and date are among other Iranian goods which have appropriate market in China.

According to the report, China's exports in 2014 amounted to \$22bln which enjoyed a growth of 87 percent compared to the previous year, which was \$11.7bln.

Meanwhile, China's import from Iran in 2014 rose reportedly 10% and reached \$25.5bln from \$23.1bln in 2013.

Iran is currently China's third largest supplier of crude, providing Beijing with roughly 12 percent of its total annual oil consumption.

## China Seeking Yuan Role in IMF Reserve Currency

BEIJING (AFP) - China is in talks with the International Monetary Fund for the Washington-based institution to add the yuan to its basket of reserve currencies, a top banking official said Thursday as Beijing seeks a greater global role for the unit.

It hopes the yuan will become part of the IMF's "special drawing rights" (SDR) assets "in the foreseeable future", said vice central bank governor Yi Gang.

At present, SDRs are made up of only the US dollar, the euro, the Japanese yen and the British pound.

But Yi said China's rise to become the world's second-largest economy had made the yuan, also known as the renminbi, the world's second largest trade financing currency and sixth most widely used transaction currency.

Including the yuan in SDRs will

"undoubtedly" make the IMF's unit more "representative" of the global economic landscape, said Yi, who is also head of the State Administration of Foreign Exchange.

"We are evaluating the matter and actively communicating with our colleagues at the IMF," he told reporters on the sidelines of the Communist-controlled National People Congress legislature.

The global lender's executive board reviews the basket composition every five years, with the next examination set to take place this year.

Criteria for inclusion in SDRs include both how widely a currency is used, and that it is "freely usable".

China still keeps a tight grip on the yuan's value, controls which led the IMF to disqualify the yuan in its last review in November

2010, but Yi said it was "developing in the direction of a freely usable currency".

"We hope our colleagues at the IMF will take into sufficient account the progress in the international use of the yuan and include the yuan into the SDR's currency basket in the foreseeable future," he added.

The country has set up yuan clearing arrangements with 10 countries and regions and signed currency swap agreements with 28 central banks.

Calls for the yuan to be included into the SDR basket emerged in the wake of the global financial crisis and disgraced former IMF chief Dominique Strauss-Kahn in 2011 said such a move would promote monetary stability.

But the IMF said later in the year that it was not prepared to adjust the formula.