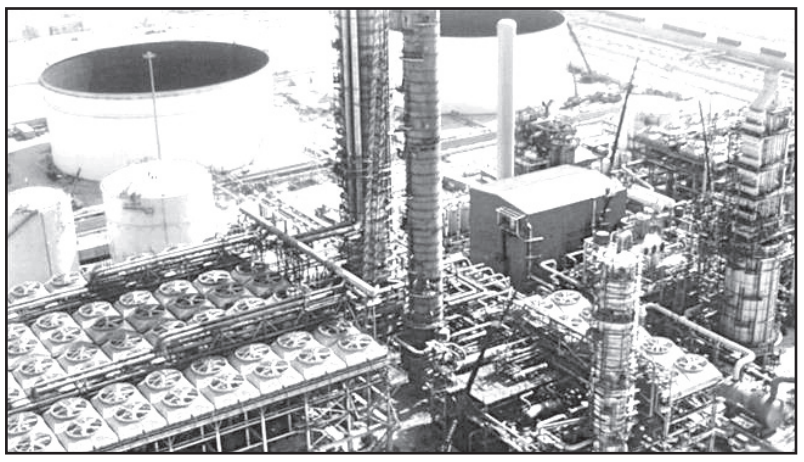
Iran, China Ink Tech Confidentiality Deal, Agree on New Oil Payments



TEHRAN (Dispatches) - **Iran has signed a non-disclosure agreement with China for transfer of technology to produce propylene from methanol, deputy head of National Petrochemical Company (NPC) Mohammad Hossein Payvandi said on Monday.**

Propylene, a byproduct of oil refining and natural gas processing, is the most important raw material in the petrochemical industry after ethylene and is used for production of other organic chemicals.

Payvandi described propylene as perennially valuable as "gold", saying Iran is best positioned to have the "pulse" of the global market for the substance as well as methanol in its hand.

Iran is already the biggest producer of methanol, with the volume set to grow even further as new projects are coming on stream.

"In any case, we will become a methanol giant; so this is a good chance to work on the technology for converting methanol to propylene," he said.

Declines in the prices of methanol have sparked concerns and criticism from some quarters about economic sense of the project.

Payvand brushed aside those assessments, saying the Chinese will probably need to import methanol for years to come while the economy of propylene and its subsidiary components is to methanol.

"There are massive capacities being created in China. If it had no economic justification, the Chinese would have not invested in the sector at this level."

Payvandi said with the transfer of the propylene technology, Iran will have also access to many downstream products such as acetone, phenol and propylene oxide.

Iran is building the world's largest methanol plant which the country is touting as a rival to US shale gas.

The Kaveh mega methanol project, being implemented in the Persian Gulf city of Bandar Dayyer, is 70% complete, Payvandi said in February.

Agreement on New Oil Payments

Iran and China have also agreed on a new arrangement for crude oil payments under which Beijing will reimburse part of the money owed to Tehran in cash, a leading Iranian trader said on Monday.

China is the biggest buyer of Iran's crude oil, purchasing more than 440,000 barrels each day, but Tehran imports goods instead of hard currency for its oil sales.

Asadollah Asgarowladi, chairman of Iran-China Chamber of Commerce, said the two countries have now agreed on making the payments partly in cash or transferring the money to a third country for imports.

"We wanted to transfer part of the money for our exports to other countries such as South Korea and Japan for imports or receive it in cash. Hence, consultations were made and an agreement was reached in this regard.

"Under the new agreement with Chinese authorities, it was decided that after a commission rebate, the balance of the money from oil and gas exports is returned to Iran," Asgarowladi said.

Iran can sell around 1 million barrels per day of oil under a preliminary nuclear agreement but the country has to use a maze of routes to receive its money.

Asgarowladi however said there is no problem for payments of the oil money by the Chinese, without specifying the currency with which the two countries are trading.

China is also Iran's biggest trade partner. Asgarowladi said annual transactions border around $52 billion, with Iran's exports accounting for 55% of the trade.

Transactions, he said, will grow 20% every year under Iran's vision plan irrespective of the results of nuclear talks which are currently at the final stretch.

"Trade relations between Iran and China are looked at from a long-term perspective and are not tied to the continuation or removal of sanctions."

Asgarowladi, however, acknowledged that "minor differences" exist between the two countries over the quality of the Chinese goods.

Chinese goods have flooded the Iranian market in recent years, leaving many domestic production units in dire straits.

"We believe that the quality of Chinese goods exported to Iran must be improved and the ground be paved for an increase in investments by both countries in each other and by their joint companies," Asgarowladi said.

He also said there are plans in the works for joint production in Iran which targets the regional market.

Iran, India Sign MoU on Capital Market Cooperation

TEHRAN (FNA) - **The Central Securities Depository of Iran (CSDI) and the National Securities Depository Limited (NSDL) of India signed a memorandum of understanding (MoU) on cooperation between the two countries' capital markets on Monday.**

The MoU, signed during a ceremony on the sidelines of the World Forum of Central Securities Depositories (WFC) in Mexico City on Monday, covers mutual cooperation in vast areas such as training, manpower development, consultation and exchange of information.

CSDI has already signed MoUs with South Korea, Turkey, Pakistan and Indonesia on stock exchange cooperation.

National Securities Depository Limited (NSDL) is an Indian central securities depository based in Mumbai. It was established in 1996.

Iran and India which have deep historical and cultural relations are now seeking to further expand ties in various domains.

India, the world's fourth-largest petroleum consumer, is Iran's second largest oil customer after China and purchases around $12bln worth of Iranian crude every year, about 12 percent of its consumption.

Iran is a rich country in terms of natural resources, and India enjoys advanced agriculture and computer industry.

Combination of Iran and India capabilities and capacities can flourish both sides' economies.

World Bank Improves Outlook of Russia's Battered Economy

MOSCOW (AFP) - **The World Bank on Monday said it saw some improvement in Russia's battered economy, predicting it would shrink by 2.7 percent this year and return to growth of 0.7 percent in 2016.**

The Russian economy has been savaged by a fall in oil prices and Western sanctions imposed over the conflict in Ukraine, and the World Bank had previously forecast a contraction of 3.8 percent in 2015 and of 0.3 percent next year.

"The revised forecast is largely driven by the adjustment in oil prices over the previous two months that is supporting the ruble exchange rate and a slightly faster retreat of inflation," Birgit Hansl, World Bank lead economist for Russia, said in a statement.

"That would allow Russia's central bank to pursue monetary easing at a more rapid pace for the rest of 2015, as a result bringing down borrowing costs and increasing lending to firms and households."

After plummeting dramatically between June 2014 and January, oil prices have rebounded to around $60 a barrel.

Russia's ruble currency crashed last year but since the start of 2015 has clawed back ground, leading officials to claim that the worst of the crisis is over.

The Russian central bank in December hiked rates dramatically as the currency fell but in recent months has been cutting back rates as inflation fears have eased.

The International Monetary Fund has also improved its outlook for Russia to a 3.4 percent contraction this year and growth of 0.2 percent in 2016.

Official statistics showed that Russia's gross domestic product shrank year-on-year in the first quarter of 2015 by 1.9 percent.

But while Russian officials are sounding increasingly upbeat, experts warned that difficulties still lie ahead.

"The most acute phase of the crisis is yet to come," highly respected former finance minister Alexei Kudrin told Interfax news agency, noting that the economic contraction would be greater in the second quarter than the first.

"Beyond that, the situation may stabilize and the decline come to an end," he added.

OPEC Seen Holding Oil Output to Defend Market Share

LONDON (AFP) - **OPEC, keen to defend its market share against the US shale oil boom, is expected to hold output levels steady at its Vienna meeting this week, analysts say.**

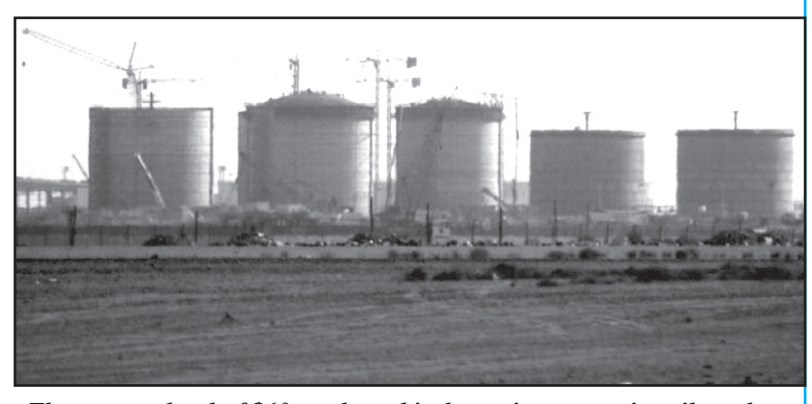
The influential 12-nation Organization of the Petroleum Exporting Countries (OPEC), which pumps about 30 percent of the world's oil, will make the decision Friday at its semi-annual production meeting in the Austrian capital.

Persian Gulf members, led by cartel kingpin Saudi Arabia, will probably resist calls to cut output as they seek to safeguard their share of a market that is plagued by a vast supply glut -- fuelled partly by the boom in shale oil.

"OPEC is likely to confirm its output target of 30 million barrels per day given that its strategy of defending market shares is bearing fruit," said Commerzbank analyst Carsten Fritsch.

"The rapid rise in US crude oil production has been stopped and the oil price has recovered considerably since February."

In recent weeks, oil prices have fought back after the market plunged 60 percent between June and January on the back of abundant supplies.



The current level of $60 per barrel is damaging expensive oil production ventures around the globe.

OPEC refused in November to cut its official daily oil output target of 30 million barrels -- where it has stood for more than three and a half years -- despite the glut.

The move, which sent prices sliding further, was widely regarded as a tactical attempt to boost demand and hurt non-OPEC output, particularly US shale producers which have higher costs.

"The OPEC meeting... is expected to result in a continuation of the status quo -- with no change to the 30 mbpd quota," agreed Citi analyst Seth Kleinman.

While higher prices boost producers' revenues they can also weigh on demand -- and in turn economic growth -- harming the cartel in the long run.

However, faced with a precipitous slump in their earnings, some OPEC members -- led by Iran and Venezuela -- have publicly urged the cartel to cut production to support prices.

In Monday morning trade, the oil market slid on renewed supply glut concerns ahead of the OPEC gathering.

US benchmark West Texas Intermediate (WTI) for July delivery dropped 59 cents to $59.71 per barrel, while Brent for July shed 63 cents to $64.93.

South Korea, China Formally Sign Free Trade Pact

SEOUL (AFP) - **China and South Korea on Monday formally signed a free trade agreement (FTA) that would remove most tariffs between Asia's largest and fourth-largest economies, whose trade is already worth more than $200 billion.**

The pact -- largely agreed in November and signed by the two nations' trade ministers on Monday -- aims to gradually remove tariffs on more than 90 percent of traded goods within 20 years.

China is the South's top trading partner as well as the biggest export market, and two-way trade stood at around $235.3 billion in 2014, according to state data in Seoul.

South Korea is also one of the biggest foreign investors in China, pumping in some $1.6 billion in the first quarter of this year.

South Korean President Park Geun-Hye, in a letter to Chinese leader Xi Jinping, called the accord a "historic milestone" that would further cement relations.

"The Korea-China FTA will ... take the bilateral ties that had been built over the years to a whole new level," Park said in the letter delivered to the visiting Chinese trade minister Gao Hucheng.

Pending mandatory parliamentary approval, the FTA will allow small and medium-sized South Korean firms greater access to China's vast consumer market and help create more than 50,000 jobs in the South, Seoul's trade ministry said.

"In particular, exports of consumer goods in fashion, cosmetics, home appliances and high-end food products will increase greatly," it said in a statement.

The agreement will remove tariffs on 71 percent of South Korean exports to China in 10 years and 91 percent in 20 years.

Seoul will in return remove tariffs on 79 percent of Chinese imports in 10 years and 92 percent in 20 years.

Negotiations for the agreement, which began in May 2012, have often been marred by angry protests by South Korean farmers who feared an influx of cheap Chinese imports.

The final pact excluded many of South Korea's major farming and fisheries goods like rice, beef, pork, pepper and squid.

By the same token, China excluded or delayed the opening of its relatively less-developed manufacturing segments such as the auto sector and display panel production.

Kim Hyuung-Joo, an analyst at the LG Economic Research Institute, said the arrangement may eventually bring more harm than gain to the South.

"I don't think South Korea's well-protected agriculture sector will be able to improve competitiveness in 10 or 20 years," Kim said.

"But the sectors China managed to protect like LCD (liquid crystal display) panels or carmaking will surely improve their productivity and competitiveness," he added.