

# Iran Pitches Huge Gas Pool for Asia



A general view of the South Pars gas installations in the southern Iranian port of Assaluyeh.

Tehran (Press TV) - Iran is pitching its massive gas sector for trade with Asia where it sees a better market for exports than Europe.

"Gas prices are more attractive in East Asia than in Europe," Deputy Petroleum Minister for trade and international affairs Amir-Hossein Zamaninia has said.

The country hopes to eventually export natural gas to East Asia, including Japan, he told the Kyodo news agency in an interview on Sunday.

Zamaninia held the prospect of Iran and Japan forming a long-term partnership for the supply of Iranian LNG to the Asian country.

"Japan has a great potential of becoming a major partner for Iran in developing its gas industry," he said.

The two countries have a chequered history of trade relations. They had to ditch a massive petrochemical project in 1991 as the Iraqi war of 1980-1988 under former dictator Saddam Hussein dragged on.

In 2010, Japan's state-owned Inpex walked out of an agreement to develop Iran's South Azadegan oil-field under US pressures.

Tokyo, however, was among the first countries to rush through a series of measures to lift sanctions on Iran before a nuclear agreement with Tehran went into effect.

In August, Japan sent its State Minister of Economy, Trade and Industry Daishiro Yamagiwa to Tehran with executives from major

trading houses such as Mitsubishi Corp., Mitsui & Co. and Itochu, as well as plant-engineering giant JGC and major banks.

Tehran accounted for 10% of Japan's oil imports before sanctions cut them to five percent. Japan wants to raise the purchases to the previous level.

"Given that Iran's oil and natural gas reserves are one of the world's biggest, there is a possibility that Iran will play a part if Japan seeks to diversify its supply sources," Kyodo quoted a Japanese gas and oil industry source as saying Sunday.

Zamaninia said Japanese companies are interested in being re-engaged in the Iranian energy sector, especially in the gas sector, adding he thinks Japan's current policy seems to be focusing less on crude oil.

With more than 34 trillion cubic meters under its belt, Iran owns the world's largest natural gas reserves but its share of the global trade in gas is less than one percent.

According to an Iranian energy official, natural gas will be the main fuel in the next 20 to 30 years. Zamaninia said within two to three years, Iran will be a major supplier of gas to its neighbors.

Currently, Turkey is Iran's biggest customer with 30 million cubic meters a day of imports under a 25-year deal signed before the West imposed sanctions on Tehran.

Iran seeks to raise gas production to 1.2 billion cubic meters (bcm) a

day in five years, from 800 million cubic meters now. Annual output totals 166 bcm, which is mostly used at home.

The country exports 10 bcm of gas per year. To put it in perspective, Russia exports about 150 billion cubic meters of gas a year.

South Pars in southern Iran is the world's largest gas field which the country is developing in two dozen phases.

It provides feedstock for a number of petrochemical complexes in an area known the Pars Special Economic Energy Zone (PSEEZ) in Assaluyeh on the Persian Gulf coast.

Yoichi Yamamoto, adviser in charge of the Middle East at the Japan External Trade Organization in Tokyo, says petrochemical products, rather than natural gas itself, might be more attractive for Japanese companies for now.

"To transport gas across the sea, it is necessary to convert gas into liquefied natural gas and use special tankers, resulting in relatively large investment," he told Kyodo.

"If Japanese companies are to form joint ventures or invest funds in the PSEEZ, petrochemical products produced there would be attractive," he said.

"They cannot sell all the products in Japan. If they could draw up a business model in which they will sell the products also to third-party countries, I think it would be possible for them to invest," he added.

## Pakistan, Largest Buyer of Iranian LPG

TEHRAN (MNA) - NIORDC managing director has cited Pakistan as the biggest regional customer of Iran's Liquefied Petroleum Gas (LPG).

Seyyed Naser Sajjadi said the need for swap of oil products with Caspian littoral states has been alleviated thanks to development of the national gas network and increased supply of natural gas to power plants.

Managing director of the National Iranian Oil Refining and Distribution Company (NIORDC) also noted that the consumption of liquid fuel, including gas oil and mazut, has been reduced significantly as a result of the boost in gas production.

He underlined that liquid gas consumption has fallen by 1.8 billion liters since the beginning of the current Iranian calendar year (began March 20); "consequently, swap of oil products has been halted."

Highlighting that majority of domestic power houses now rely on natural gas as the main fuel, Sajjadi said the process of oil swap can also be resumed if need be.

The oil official went on to point out the upsurge in exports of oil products in the present year saying "in view of increased gas supply, a surplus of oil products has been created inside the country."

"Gas oil exports have experienced a 433 per cent rise as a daily average of 13 to 13.5 million liters of the product have been deployed to regional and global markets," continued the official.

NIORDC managing director underscored that the export volume of gas oil has escalated fourfold as compared with the previous year stressing "Iraq, Iraqi Kurdistan and Afghanistan mark major buyers of Iranian diesel oil."

Sajjadi later pointed to the rise in the country's LPG exports maintaining "approximately 615 thousand tons of LPG have been sold so far in the current year."

The official deemed Pakistan as the largest customer of Iranian LPG reiterating "more than 40 million liters per day of mazut are also being shipped to various markets."

## Iran, China to Expand Oil Cooperation

TEHRAN (FNA)- Chinese SINOPEC and CNPC are to continue cooperation with Iran in the second phase of projects to develop North Azadegan and Yadavaran fields.

The 16th Iran-China Joint Economic Commission also decided last week for closer contacts and negotiations for further expansion of mutual cooperation in the oil sector.

Deputy Managing Director of National Iranian Oil Company (NIOC) for Development and Engineering Affairs, Gholam-Reza Manouchehri, told Shana that the Chinese party has voiced interest in promotion of investment in the upstream and downstream sectors.

Manouchehr said the decisions were

made in meetings with Chinese Minister of Commerce, Deputy Prime Minister and senior economic delegations of China.

He said huge financial resources in the availability of such big Chinese companies as CNPC and SINOPEC and Iran's need to attract capital on the other hand and also the two countries' strategies for development necessitate Iranian oil industry to go on with the approach of maximizing national interests and use of the opportunities available in the best possible manner.

He also referred to his separate meetings with the CNPCI and SINOPEC senior directors in recent visit to China and said the two sides had reached decision for CNPCI cooperation with

Iran in the second phase of project for development of North Azadegan field and the SINOPEC's contribution to second phase of the project for development of Yadavaran field.

He said in a visit the Chinese party will pay to Tehran in the coming weeks, talks on commercial, economic and technical aspect of development of the fields will be finalized.

The official said the NIOC wants reconsideration of the framework of former agreements regarding activity in the second phase development of the said fields, and said appropriate time frame and application of the latest technologies are the points NIOC has been stressing in the second phase of the North Azadegan and Yadavaran fields.

## U.S. Stocks Take Small Losses as Energy Companies Slide

NEW YORK (AP) — U.S. stocks took small losses to end a quiet week of trading. Energy companies fell as a rally in oil prices faded and investors continue to sell the safe assets they favored earlier this year. Technology and materials companies made small gains.

Stocks were lower all day. While U.S. oil prices rose for the seventh day in a row, investors don't appear to expect further gains and they sold energy company shares. Bond prices fell and yields climbed. The Dow Jones industrial average dropped more than 100 points in early trading, but those losses shrank as technology companies and chemicals makers added to the big gains they've made in recent months.

While stocks haven't made many big moves this summer and the Standard & Poor's 500 index was flat this week, there are signs investors feel comfortable enough to take bigger risks. Karyn Cavanaugh, senior market strategist for Voya Investment Strategies, said investors recognize that the Federal Reserve and other central banks are keeping the stock market stable. So investors are putting more money into energy, materials and tech stocks instead of the companies they turned to during the market turmoil at the start of this year.

"Central banks continue to step in to absorb the risk," Cavanaugh



This July 9, 2015 photo shows a Wall Street sign near the New York Stock Exchange in New York. World stock markets turned lower on Friday, Aug. 19, 2016 as investors speculated whether the U.S. Federal Reserve will raise interest rates in coming months.

said. "Investors don't need the utilities and telecoms anymore."

The Dow shed 45.13 points, or 0.2 percent, to 18,552.57. The S&P 500 fell 3.15 points, or 0.1 percent, to 2,183.87. The Nasdaq composite lost 1.77 points, or less than 0.1 percent, to 5,238.38. The Nasdaq rose for the eighth week in a row, although the gain was just 0.1 percent.

U.S. crude rose 30 cents to \$48.52 a barrel in New York. U.S. oil has climbed 17 percent in its seven-day streak, but its prices has stayed between \$40 and \$50 a barrel for about four months, and with an enormous glut of oil on the market, it may not rise much further. Brent crude, used to price international oils, lost 1 cent to \$50.88 a barrel in London.

## China's Diesel Exports Rise to Record as Flooding Damps Demand

BEIJING (Dispatches) - China's diesel exports rebounded to a record in July as severe flooding in some parts of the country curbed domestic fuel demand.

The world's largest energy consumer exported 1.53 million tons of diesel last month, a 39 percent jump from June and beating the previous record in May, according to data posted Sunday on the website of the General Administration of Customs. While outbound gasoline shipments in July slipped from a record the previous month, they more than doubled from last year to 970,000 tons.

China's worst flooding since 1998 will reduce the nation's oil demand by as much as 10 percent in July and August, Morgan Stanley analysts including Adam Longson said in a report earlier this month. The floods caused about \$33 billion in economic losses last month, according to London-based insurance broker Aon Plc.

"Heavier-than-usual flooding starting from June has markedly damped road transportation and construction," Lin Jiaxin, an analyst with ICIS China, said before the data were released. "Refiners had to ship excess fuels overseas to lower stockpiles."

Gasoline shipments slowed as the nation's output growth in July was the weakest since Feb. 2015. Production rose 1.6 percent from a year ago to 10.54 million tons last month, compared with June's increase of 8.7 percent, according to data released Wednesday by the National Bureau of Statistics. Refineries may be slowing production as domestic demand for the motor fuel is weaker than expected, which may put a lid on gasoline exports, Lin said.

## Flooding in South Puts a Damper on U.S. Rice Harvest

LONOKE, Ark. (AP) — Heavy rain that brought record flooding to Louisiana recently has put a damper on the nation's harvest of rice, a food staple that usually likes water as it grows but can't be gathered by machine if fields are inundated.

While rice is an aquatic plant, this is the time of year when farmers drain their land and roll in heavy equipment for the harvest. Some fields remain unreachable in parts of Arkansas and Louisiana.

"I've heard from a lot of the farmers the water level has been higher than a lot of the past hurricanes," said Dustin Harrell, a rice agronomist at the LSU Agriculture Research Center near Rayne, Louisiana. Two feet of rain fell in parts of the state.

The 2016 crop was expected to be 26 percent larger than 2015's, according to Eric Wailes, an agricultural economist at the University of Arkansas. Losing part of this year's crop shouldn't trigger price increases for rice used for food, or for cereal or beer that use rice as an ingredient, he said.

"Having a much larger crop

swamps this event," Wailes said from his office in Fayetteville, Arkansas. "It's premature to make a strong assessment of what it all means."

If anything, he said, an 8 percent bump in rice futures prices over the past week would offset some losses if a farmer cannot move his entire crop to market.

"The biggest losers are the farmers who are actually inundated," Wailes said. "The crop that was harvested is now more valuable."

According to USA Rice, a trade organization, Louisiana farmers had harvested about 80 percent of their crop before the deluge, not including second-season growth along the Gulf Coast. Louisiana had about 450,000 acres of rice this year or 15 percent of the U.S. crop.

Arkansas farmers, who grow half the nation's rice crop on nearly 1.6 million acres, had completed about 2 percent of their harvest when unusual August rains arrived last week. For the month, rainfall is running about 350 percent of normal and the next few weeks are critical.