Russia, Iran Discussing Technical Issues of Oil, Gas Swap Deal

TEHRAN – **Russian Deputy Prime Minister Alexander Novak has said that Tehran and Moscow are still in talks over a potential agreement that will allow the delivery of Russian oil and natural gas supplies via Iran to other countries under a swap arrangement.**

Novak described a potential swap agreement on oil and gas supplies between Iran and Russia as a "promising project".

"Technical possibilities are being addressed, which is why this is regarded as a promising project," said Novak.

He had earlier indicated that a fist stage of the agreement could allow Russia to offer up to 10 billion cubic meters of natural gas and 5 million metric tons of oil to Iran for delivery of the same amount to other countries in the region under a swap arrangement.

Under a similar arrangement, Iran currently imports natural gas from Turkmenistan for consumption in its northeast while delivering from its own supplies to Azerbaijan in the northwest.

Negotiations on a swap agreement between Iran and Russia gained a fresh momentum in early 2022 after Russia's exports of gas to Europe came under Western sanctions because of the war in Ukraine.

Experts say an option under a swap arrangement with Russia would be for Iran to import Russian gas through Turkmenistan or Azerbaijan to boost supplies in its populous north and to increase exports to Iraq and Turkey.

Reports have suggested that Iran and Russia could start to implement a first phase of their gas swap agreement through Turkmenistan's pipelines by March this year.

Venezuela to Contract for Two Iran-Built Oil Tankers

CARACAS (Dispatches) – **Venezuela will contract with an Iranian shipyard to build two oil tankers under an existing construction agreement according to people familiar with the matter and documents.**

Venezuela's state-run energy firm PDVSA since last year has redoubled efforts to buy and lease oil tankers to rebuild its own fleet, Reuters reported.

Its maritime operations have suffered from a long-standing lack of capital and U.S. sanctions that have made it difficult to obtain insurance and receive classifications essential to navigate in international waters.

One of the two Aframax-sized oil tanker sold to Venezuela is seen in Bushehr coast, Iran June 8, 2022.

The two new Aframax tankers, to be named India Urquia and India Mara, will cost 31.66 million euros ($33.77 million) each, an internal PDVSA document detailing the proposed agreement showed.

The vessels will be built by Iran Marine Industrial Company (SADRA) at its Bushehr shipyard, which built two previous vessels for PDVSA, the Aframaxes Arita and Anita, that can each carry 500,000-800,000 barrels of oil.

"(Construction of) the India Urquia must start soon," one of the sources said.

The agreement will come after Venezuela settled an outstanding debt to Iran with fuel, according to the document, one of the reasons why the contract has not worked as originally planned.

PDVSA in late 2021 delivered a 644,000-barrel fuel oil cargo to Iran valued at 33.9 million euros.

Report: Iran's Exports to Iraq Rise Despite U.S. Shenanigans

TEHRAN - **Iran's exports to Iraq are growing despite U.S. pressure on Baghdad to curb trade between the two neighbors, Iran News Agency (IRNA) reported.**

The news agency quoted Abdol-Amir Rabihavi, the business adviser of the Islamic Republic in Iraq, as saying that Iran's exports to Iraq will reach 10 billion dollars by the end of the current Iranian year in March.

For months, the U.S. has restricted Iraq's access to its own dollars, trying to stamp out the country's trade with Iran. Iraq is now feeling the crunch, with a drop in the value of its currency and public anger blowing back against the government.

The dinar's deterioration comes even though Iraq's foreign currency reserves are at an all-time high of around $100 billion, pumped up by spiking global oil prices that have brought increasing revenues to the petroleum-rich nation.

But accessing that money is a different story.

Since the U.S. invasion of Iraq in 2003, Iraq's foreign currency reserves have been housed at the United States' Federal Reserve, giving the Americans significant control over Iraq's supply of dollars. The Central Bank of Iraq requests dollars from the Fed and then sells them to commercial banks and exchange houses at the official exchange rate through a mechanism known as the "dollar auction."

The system of keeping Iraq's oil revenues at the Fed was originally imposed by UN Security Council resolutions after the 2003 ouster of Iraq's Saddam Hussein by the U.S.-led invasion. Later, Iraq chose to maintain the system to protect its revenues against potential lawsuits, particularly in connection to Iraq's 1990s invasion of Kuwait.

In the past, daily sales through the auction often exceeded $250 million per day. The vast majority of the dollars sold in the auction are meant to go to purchases of goods imported by Iraqi companies.

"The average supply of dollars, which is completely controlled by Washington, is now between 79 million and 84 million dollars per day, and in fact, the United States is responsible for the sharp decrease in the supply of dollars in Iraq," Rabihavi said.

As a result, far fewer of the dollars are going toward buying imports as well, down to around 34% from 90%, which has resulted in steep rises in commodity prices.

Iraq relies on Iran for natural gas that generates as much as 45 percent of its 14,000 megawatts of electricity consumed daily. Iran transmits another 1,000 megawatts directly, making itself an indispensable energy source for its Arab neighbor.

Iraq also imports a wide range of goods from Iran, including food, agricultural products, home appliances, air conditioners and car parts.

The U.S. has had to repeatedly extend sanctions exemption by 45, 90 or 120 days, to allow Baghdad to import Iranian energy, but it is unhappy with close relationship and trade between Baghdad and Tehran.

In the past, officials in Baghdad have said there is no easy substitute to imports from Iran because it would take years to adequately build up Iraq's infrastructure.

They have said American demand acknowledges neither Iraq's energy needs nor the complex relations between Baghdad and Tehran.

Head of the Iran-Iraq Joint Chamber of Commerce Yahya Al-e Es'haq said, "With the new banking sanctions by the United States, the monitoring of banks and transfers of dollars in Iraq have increased, which has led to restrictions."

"The supply of dollars in the Iraqi market has decreased and its price has increased, which has harmed business in the country," he added.

Even when transactions are approved, it takes banks up to 15 days to get the funds rather than two or three days.

Unable to get dollars at the official price through banks, traders have turned to the black market to buy dollars, causing the price to rise.

According to Al-e Es'haq, some Iraqi money changers are currently holding up on money transfers in the expectation that the dinar rate will increase again.

The exchange rate for the Iraqi dinar has jumped to around 1,750 to the dollar at street exchanges in some parts of the country, compared to the official rate of 1,500 dinars to the dollar.

Al-e Es'haq touched on measures taken by the Iraqi government to balance the currency market, expecting that the fluctuations will decrease and problems will be solved.

Meanwhile, Iraqi Prime Minister Mohammed Shia al-Sudani has played down the current devaluation as "a temporary issue of trading and speculation." He replaced the Central Bank governor and instituted measures intended to ensure a supply of dollars at the official rate.

Al-e Es'haq said Iran's exports to Iraq continue without any interruption, and the two countries expect their trade to increase. "During the coming days, the problems of currency transfer in Iraqi exchanges will be resolved."

"The two countries have friendly relations regardless of the governments which currently administer them. This strong relationship is vital for Tehran and Baghdad," Al-e Es'haq added.

CBI Posts Economic Growth of 3.6%

TEHRAN - **Central Bank of Iran (CBI) figures show that the country's economy continued to grow in the second quarter of the calendar year that started in March 2022 despite continued economic pressure caused by American sanctions.**

CBI figures showed that Iran's gross domestic product (GDP) had expanded by 3.6% in the three months to September 22, 2022 compared to the same quarter in the previous year.

The figures showed the non-oil sector of the Iranian economy had also expanded by 3.1% year on year in the September quarter.

The CBI uses fixed prices reported in 2016 as a baseline for its GDP calculations.

The figures, covered in a report by the official IRNA agency, showed that Iran's jobless rate was 8.9% in the quarter to September while the population of the country rose by 0.8% from the same quarter in 2021 to reach 84.7 million.

They showed that money supply in Iran had grown 15.8% year on year in the September quarter last year.

The CBI said Iran's foreign debt was at $6.904 billion in September 2022. That comes as another report published by the IRIB News said Iran's foreign debt had dropped by $2.6 billion to $6.42 billion in November.

Iran has reported consecutive periods of quarterly growth in its economy since mid 2021, more than two years after the U.S. imposed sanctions on the country's energy, banking and trade relations with the rest of the world.

Experts say the sanctions have given Iran an opportunity to diversify its economy away from oil by encouraging increased activity in domestic manufacturing and agriculture.

Oman-Iran Trade to Exceed $2bn

TEHRAN – **Iran's Ambassador to Oman Ali Najafi has said that cooperation between the two countries is on a growing path as he expects that bilateral trade ties could reach a record figure of $2 billion in the year to March.**

Najafi said that the Islamic Republic has extended a hand of friendship to all of its neighbors based on a policy to strengthen ties with regional countries.

The envoy made the remarks at a ceremony to commemorate the 44th anniversary of the victory of Iran's Islamic Revolution.

Senior Omani government officials, including Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed Al Yousef, attended the ceremony held in the Omani capital Muscat.

NIOC Eyes 50% Gas Output Growth by 2029

TEHRAN – **The CEO of the National Iranian Oil Company (NIOC) Mohsen Khojastehmehr on Monday announced the implementation of plans to increase gas production of the country by 50% by 2029.**

"With the implementation of these plans, the country's gas production capacity will increase from 1 billion cubic meters to 1.5 billion cubic meters per day by 2029, said Khojastehmehr.

During a visit to Aghar, Dalan and Dey fields and Farashband Gas Refinery in Fars Province on Monday, the official said that one-third of the country's gas reserves are in Fars province and under the management of the Iranian Central Oil Fields Company.

He said: "According to the planning, an increase of 142 million cubic meters of gas has been seen with an investment of $3.6 billion for the development of 13 gas fields and two plans to increase pressure in this company."

The NIOC CEO underlined the increase of gas in different parts of the country, and stated: "The purpose of my trip to Fars province is to visit important projects to enhance gas production, such as the project to increase the production of Aghar and Dalan, Farashband Gas Refinery."

Khojastehmehr announced NIOC's readiness to increase the daily production of 7 million cubic meters from the Aghar and Dey fields in 2023, and added: "With the completion of the development of the Aghar and Dey gas fields, a total of about 25 million cubic meters of gas will be added to the country natural gas production capacity by March 2025."

He continued: "Right now, the Farashband gas refinery is operational with its maximum capacity (45 million cubic meters per day), but according to the plan, with an investment of about $177 million, the capacity of this refinery will reach 70 million cubic meters per day in the second phase."

Europe's Spend on Energy Crisis Nears 800bn Euros

BRUSSELS (Reuters) - **European countries' bill to shield households and companies from soaring energy costs has climbed to nearly 800 billion euros, researchers said on Monday, urging countries to be more targeted in their spending to tackle the energy crisis.**

European Union countries have now earmarked or allocated 681 billion euros in energy crisis spending, while Britain allocated 103 billion euros and Norway 8.1 billon euros since September 2021, according to the analysis by think-tank Bruegel.

The 792-billion-euro total compares with 706 billion euros in Bruegel's last assessment in November, as countries continue through winter to face the fallout from Russia cutting off most of its gas deliveries to Europe in 2022.

Germany topped the spending chart, allocating nearly 270 billion euros - a sum that eclipsed all other countries. Britain, Italy and France were the next highest, although each spent less than 150 billion euros. Most EU states spent a fraction of that.

FILE PHOTO: General view of pipes from Latvijas Gaze's underground gas storage facility in Incukalns

On a per capita basis, Luxembourg, Denmark and Germany were the biggest spenders.

The spending earmarked by the countries on the energy crisis is now in the same league as the EU's 750-billion-euro COVID-19 recovery fund. Agreed in 2020, that saw Brussels take on joint debt and pass it onto the bloc's 27 member states to cope with the pandemic.

The energy spending update comes as countries debate EU proposals to loosen state aid rules further for green technology projects, as Europe seeks to compete with subsidies in the United States and China.

EU Foresees Economy Improving, But Inflation Still Painful

FRANKFURT, Germany (AP) — **The European Union's executive branch has raised its economic growth forecast for the year, saying Europe will narrowly avoid a recession and has already passed its inflation peak as natural gas prices fall from astronomical highs.**

But the European Commission warned Monday that the high prices plaguing consumers will keep holding back the economy for months to come.

Growth for 2023 should reach 0.8% for the 20 EU countries that use the euro currency, the commission said in its winter economic outlook. That is an increase from 0.3% expected in the last outlook from November.

For the broader 27-nation bloc, growth was estimated at 0.9%, also up from 0.3%.

Getting credit for the improvement was the high level of natural gas storage that has alleviated fears of energy rationing over the winter. European utilities and governments raced to line up new supplies after Russia cut off most natural gas deliveries to Europe amid the war in Ukraine.

Prices for natural gas — used to heat homes, fuel industry and generate electricity — reached record levels last summer, rising to 18 times above their pre-crisis level, and led households and businesses to reduce their use. Prices have since fallen from that peak, though they are some three times higher than before Russia started massing troops on Ukraine's border.