

SPECIAL NEWS

Iran-EAEU trade challenges

The Islamic Republic of Iran's growing trade with member states of the Eurasian Economic Union (EAEU) is combined with both opportunities and challenges, which should be reviewed in terms of management and expertise.

The EAEU is an economic bloc of countries located in Eastern Europe, Western Asia, and Central Asia. The Treaty on the Eurasian Economic Union was inked on May 29, 2014, by high-ranking officials from Belarus, Kazakhstan and Russia, and came into force on January 1, 2015, IRNA reported.

The union and Iran signed a three-year agreement in October 2019 in a bid to strengthen regional convergence and facilitate trade between the two sides.

The member states (Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia) are comprised of 190 million people, with a GDP of \$2.7 trillion. Their trade with other countries stands at about \$900 billion.

According to the Islamic Republic of Iran Customs Administration (IRICA), the trade volume between the EAEU member states and Iran stood at \$3.4 billion in the last Iranian year (ending March 20, 2021).

Gilan Province in northern Iran has played an important role in trading with the Central Asian states and is considered one of the most important connecting routes with the markets of those states.

Following the completion of the remaining parts of the Rasht-Caspian railroad, Gilan Province can turn into a gateway to the eastern European markets.



IRNA

Need for reforming tariffs, export commodities

Supervisor of Gilan Customs Administration Abolqassem Yousefinejad told IRNA that the cooperation between the EAEU and Iran is one of the important opportunities to expand regional collaboration.

Iran's exports do not have many goods, he complained, noting that the shipments consist of raw materials, as well as industrial and agricultural products, which are not of a high added value.

He also called for attaching importance to resolving problems that merchants are facing, when it comes to trade with the EAEU member states.

Tariff reforms and the value of export commodities are among the significant issues which need particular attention, the official added.

Yousefinejad went on to say that Iran should reconsider its customs duty exemptions because the member states of the Eurasian Economic Union are deprived of enjoying such exemptions.

The Islamic Republic should utilize a combined transport system by using shipping lines, railroads and other routes in order to reduce the cost of exports and imports, he said.

Special opportunity for Iran

Chairman of Gilan Chamber of Commerce Hadi Tiz'hoosh-Taban said that official figures show that the good opportunity for trade with the EAEU has not been properly utilized.

Tiz'hoosh-Taban noted that part of the problem comes from lack of appropriate infrastructure, especially in the transport system as well as issues relating to tariffs.

Iran's free trade zones have inappropriate connections, and the issue affects the capability of the country at the national and international level, he said, adding that the free trade zones are expected to upgrade export and import capacities.

China says EU's planned carbon border tax violates trade principles

China said the European Union's plan to impose the world's first carbon border tax will expand climate issues into trade in violation of international principles and hurt prospects for economic growth.

The European Commission this month outlined plans to impose a Carbon Border Adjustment Mechanism (CBAM), or CO2 tariff, on polluting goods from 2026, forcing some companies importing into the European Union to pay carbon costs at the border on carbon-intensive products such as steel, Reuters reported.

"CBAM is essentially a unilateral measure to extend the climate change issue to the trade sector. It violates WTO principles ... and (will) seriously undermine mutual trust in the global community and the prospects for economic growth," said Liu Youbin, a spokesman of the Ministry of Ecology and Environment said at a media briefing.

He reiterated China's stance that each country's response to climate change should take into account its level of economic development, and said the CO2 tariff would severely harm the willingness and capability of countries to tackle the issue.

As the world's top manufacturer of industrial raw materials such as steel and cement, China could suffer the most from the border tariffs scheme, researchers at Tsinghua University's Centre for Industrial Development and Environmental Governance said in a paper published in May.

However, they said the impact would fade over time and there was no evidence the tariff would have a long-term adverse impact on China's development.

Guotai Junan Futures said in a note the border tax could encourage China to base carbon prices in its national emissions trading scheme on EU benchmark prices.

Iran's three-month exports to Caspian Sea littoral states fetch \$329m: IRICA



IRNA

The value of Iran's exports to the Caspian Sea littoral states stood at \$328.9 million in the first quarter of the current Iranian year (March 21-June 21), said the spokesman of the Islamic Republic of Iran Customs Administration (IRICA).

Rouhollah Latifi named Russia, Azerbaijan, Kazakhstan, and Turkmenistan as the export destinations of the Iranian products in the three-month period, IRNA reported.

He stated that 300,941 tons of goods worth \$135.392 million were exported to Russia, 194,800 tons worth \$86.395 million to the Republic of Azerbaijan, 129,000

tons valued at \$38 million to Kazakhstan and 399,000 tons worth \$69 million to Turkmenistan.

The official also announced that Iran has imported 579,000 tons of commodities valued at \$353 million from these countries in the said period.

According to Latifi, 510,000 tons worth \$321.475 million were imported from Russia, 51,272 tons worth \$17.45 million from Kazakhstan, 12,150 tons worth \$9.45 million from Turkmenistan and 4,728 tons worth \$4.7 million from the Republic of Azerbaijan.

The value of Iran's non-oil exports reached \$10.7 bil-

lion in the first three months of the current Iranian year, up 69 percent compared to the last year's same period, the IRICA head had previously announced.

According to Mehdi Mir-Ashrafi, Iran exported 30 million tons of non-oil commodities in the mentioned three months, registering a 38 percent rise compared to the figure for the last year's same period.

Meanwhile, some 8.4 million tons of goods valued at \$10.2 billion were also imported into the country in the said period to register a 34 percent growth in terms of value compared to the last year's same quarter.

Iran surpasses regional countries in economic growth

Statistics released by the Central Bank of Iran (CBI) showed that despite the COVID-19 pandemic impact on economies and the US sanctions against Iran, Iran registered the highest economic growth among countries in the West Asia region.

Iran's economic growth faced a downturn when former US president Donald Trump started to fulfill his campaign promise to withdraw his country from the 2015 Iran nuclear deal, IRNA wrote on Tuesday.

As figures show, Iran's economic growth touched an amazing number of 12.5 percent in the year following the signing of Joint Comprehensive Plan of Action (JCPOA) during the Obama administration.

However, Iran's economic growth lowered to 3.7 in 2017 after Trump took office and slid to the negative zone when he announced Washington's withdrawal from the deal. The figure went down to -4.8 percent and -7 percent respectively in 2018 and 2019.

This was because of the US intense pressure mani-

festated in so-called 'maximum pressure' designed by the Trump administration to choke Iran's economy until it collapses.

However, Iran was successful in finding its way out by the policy of resistance and brought economic growth back into the positive region. Iran's economic growth hit 3.6 percent in 2020, though US sanctions coupled with the coronavirus pandemic that had badly hit the world economy.

In the meantime, the World Bank's annual reports and its anticipation of the years ahead show that Iran's economy would continue to grow at least until 2024.

At the same period, most of the countries in West Asia region have seen negative economic growth after the pandemic and they are still in challenge.

The World Bank's figures indicated that among the countries in the Middle East and North Africa, only Iran, Egypt and Djibouti have had a positive economic growth in 2020.



IRNA

Global shipping industry disrupted again, this time by floods in Europe, China

The floods in China and Europe are yet "another body blow" for global supply chains, the CEO of a shipping firm told CNBC.

"Rarely does a week go past without something new," said Tim Huxley, CEO of Mandarin Shipping.

Shipping has already seen massive disruptions this year. As parts of the world rebounded from the pandemic, increased spending led to a shortfall of containers, creating delays and driving up prices.

Then in April, one of the world's largest container ships became wedged in the Suez Canal, halting traffic for nearly a week. The waterway is one of the busiest in the world, with about 12% of trade passing through it.

In June, an uptick of COVID cases in

southern China caused more delays at ports in the region, again jacking up shipping prices.

Heavy rainfall and flooding have devastated parts of Western Europe. Some of the most severe flooding happened in Germany and Belgium. Parts of Switzerland, Luxembourg and the Netherlands have been affected as well.

"This is really going to disrupt the supply chain because the railway links have all been broken," Huxley told CNBC.

He said that includes railways coming from the Czech Republic and Slovakia into the German ports of Rotterdam and Hamburg, which have been "seriously disrupted."

"And so that's going to delay cargo move-

ments in and out," he said. "It's gonna really disrupt the industry."

Huxley pointed to Thyssenkrupp, noting the German steel making giant could not get raw materials due to the flooding.

"That ultimately will have a knock on effect on industries such as the motor industry, domestic appliances and things like that," he said.

S&P Global Platts reported, citing a letter to customers, Thyssenkrupp declared force majeure on July 16. A force majeure event occurs when unforeseeable circumstances, such as natural catastrophes, prevent one party from fulfilling its contractual duties, absolving them from penalties.

A source at the firm's mills told S&P Global Platts that parts of the railway in Ha-

gen are "missing," adding it's even more difficult than before to get trucks for delivery. Hagen is a city in Western Germany that is among the worst-hit by the floods.

Meanwhile, the disruption caused by the flooding in the Chinese province of Henan is made worse by the fact that the province is landlocked, said Huxley.

The disruption of railways is, again, going to cause a "big impact," he said.

"Obviously, that will have an impact on shipping, that will force shipping rates up," Huxley said.

The distribution of wheat and coal has been affected, according to Huxley, who pointed out that Henan is the "bread basket" of China and has produced 38 million tons of wheat this summer.

Iran's quarterly copper concentrate output tops 320,000 tons



IRNA

Iran produced 320,449 tons of copper concentrate during the first three months of the current Iranian year (March 21-June 21), which was three percent more than the figure for the same period in the past year.

Production of copper concentrate stood at 105,595 tons in the third month of this year, which was five percent more than the figure for the same month of the previous year, according to imidro.gov.ir.

The periodical reports and statistics indicate that Iran's metals sector is progressing both in terms of production and export despite the limitations imposed by the US sanctions.

The country's copper industry is moving forward noticeably, as some outstanding projects are implemented.

In April, the managing director of National Iranian Copper Industries Company (NICICO) announced the discovery of one billion tons of new copper reserves in the country.

NICICO carried out 101,000 meters of deep drilling to identify new copper reserves across the country in the previous Iranian calendar year (ended on March 20), which resulted in the discovery of one billion tons of new reserves, Ardesheer Sa'd-Mohammadi told a press conference.

He put the value of the discovered reserves at 350 trillion rials (about \$8.3 billion).

According to the official, NICICO had also discovered 523 million tons of copper reserves across the country during the year to March 2020.

Considering the new discoveries, NICICO's total copper reserves across the country have currently surpassed eight billion tons.

The CEO put the country's total copper reserves at 40 billion tons, saying that Iran currently has the world's seventh-largest copper reserves, and hopefully the country will climb to the sixth place in the near future.