

## SPECIAL NEWS

## Iran eyes 'new era of economic relations' as minister visits Syria

With the war almost over in Syria, Tehran and Damascus are determined to reach real trade agreements and expand their economic relations, says Iran's roads and urban development minister.

Rostam Qassemi made the remarks upon arriving in Damascus at the head of a high-ranking economic and trade delegation on Wednesday, according to Press TV.

He was welcomed by Syria's Economy and Trade Minister Mohammad Samer al-Khalil at Damascus International Airport.



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"The end of the war in Syria is the beginning of a new era of economic relations between the two countries, especially given that Iran and Syria have been beside one another throughout the era of fighting international terrorism," Qassemi said.

During his three-day visit, the Iranian minister is scheduled to meet with high-ranking officials of Syria.

The Syrian industry, construction, and infrastructure will be the main focus of the bilateral talks.

Khalil, for his part, hailed the inseparable ties between the two nations and expressed gratitude for the sacrifices made by the zealous Iranian youth on his country's soil.

"In Syria, we want extensive cooperation with Iran," the Syrian minister stated.

"We hope that the meetings of Mr. Qassemi and his accompanying delegation with the Syrian officials will lead to agreements aimed at reaching economic and trade partnerships between the two sides," he added.

Last month, Syria's Minister of Industry Ziyad Sabbagh invited Iranian companies and advanced industries to invest in the Arab country's process of reconstruction and recovery from the Western-sponsored war on Syria, which began in 2011.

The Syrian minister called on Iranian companies to "have partnership and cooperation with the public and private sectors in the Syrian Arab Republic and use the benefits provided by the law, which gives a great opportunity for investment in Syria" to further promote bilateral ties.

Days later, Iran's vice president for parliamentary affairs, Mohammad Hosseini, said Tehran was ready to implement reconstruction projects in Syria.

## China inflation eases in Dec., providing opportunity for rate cuts

Inflation in China eased in December thanks to falling food and commodity costs, with analysts saying Wednesday's figures give policymakers room to unveil measures to kickstart the stuttering economy including interest rate cuts.

Like most other countries, China has seen prices surge for much of the past year owing to pick-up in the cost of energy, putting pressure on an economy, AFP reported.

Factory price inflation has been particularly affected, hitting a 26-year high in October and raising concerns that those rises will filter through to the global economy owing to China's crucial role as an exporter.

But on Wednesday, figures showed producer prices rose a less-than-expected 10.3 percent on-year last month, extending a slowdown seen in November. The consumer price index (CPI), a key gauge of retail inflation, came in at 1.5 percent – down from 2.3 percent in November and also short of forecasts.

"The probability of a rate cut in the first quarter is high, and the closest window is this month," Bruce Pang, at China Renaissance Securities Hong Kong, said. CPI "will not be a concern in 2022" and the core measure, which strips out volatile food and energy costs, will stay muted below 1.5 percent, he added.

And Sheana Yue of Capital Economics said the current trends suggest inflation concerns are not likely to hold back the central bank from "further loosening measures including policy rate cuts".

Some commentators say the People's Bank of China could cut borrowing costs as soon as next week, marking the first since April 2020.

Surging inflation has caused a headache for policymakers as they tried to walk a fine line between trying to keep prices from running out of control while also trying to kickstart an economy struggling with a troubled property market and fresh lockdowns caused by COVID.

The consumer inflation slowdown came on the back of easing vegetable prices, said National Bureau of Statistics senior statistician Dong Lijuan, adding that the accelerated slaughter of live pigs helped pork costs to moderate.

According to the NBS, the cost of the staple meat dropped 36.7 percent on-year.

Meanwhile, producer prices were helped as "there were outright declines in the price of most upstream industrial goods such as coal and metals thanks to the fall in global commodity prices", Yue at Capital Economics added.

While worsening virus outbreaks could disrupt supply chains again, Yue said, and "with coal supply improving and property construction slowing, we see further downside to the price of industrial metals and energy".

## Iran can increase rock sugar, candy exports: Union head

EXCLUSIVE



## Economic Desk

Iranian producers of rock sugar and candy can increase export of their products with promotion of infrastructures, said the head of the Tehran Rock Sugar, Candy and Sugar Producers Union.

Talking to Iran Daily, Habib Eslami added that over 50 percent of the union members are not equipped with modern technology, as they need governmental support for upgrading their equipment.

Referring to the effects of COVID-19 on the activities of his union, he said that this pandemic has led to the closure of about 30 percent of production units in this field.

"Iran's rock sugar has many customers in the region who purchase the commodity in bulk, repackage it and sell it with added profit," he said, adding that producers must move towards packaging their goods in different weight packages.

"The byproducts of a rock candy production line can be used to manufacture chocolate and other



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types of candy, effectively turning what would be production waste to profit," Eslami said.

Eslami noted that Iraq, Afghanistan and Azerbaijan are the main export destinations of Iranian rock sugar and candy products, adding that Iran has plans to cover more target markets in the region.

The elimination of subsidized forex, which was dedicated for imports of sugar, has resulted in a notable hike in prices for Iranian production units, he said, noting that this problem has deprived Iranian producers of the development of candy exports.

Eslami stated: "Sanctions have

increased production problems in the country, yet on the other hand, we have deprived ourselves from production."

We have restricted the import of raw materials that we could easily buy, and this has led to an increase in prices in the domestic market, he continued.

He asked for some facilitation in paying taxes for members of the union, adding that many Iranian production units are in dire need of government support during the coronavirus pandemic.

"Unfortunately, the previous government did not provide any services or facilities to the produc-

ers of this union, and they even created problems for producers; for example, about 250 tons of citric acid as raw material in the country are needed per day by production plants, while there is only one citric acid factory active in the country, with a daily capacity of 30 tons," Eslami criticized.

He said the price of citric acid has increased by 400 percent in recent years.

"Another issue that has provided major barriers for the industry is energy companies, whose high prices for electricity, water and gas have led to increased costs for manufactured products,"

Eslami noted.

Rock sugar, or crystal sugar, is a type of confection composed of relatively large sugar crystals. This candy is formed by allowing a supersaturated solution of sugar and water to crystallize onto a surface suitable for crystal nucleation, such as a string, stick, or plain granulated sugar. Heating the water before adding the sugar allows more sugar to dissolve, thus producing larger crystals. This sweet additive is highly in demand in Asia, as it is often dissolved in tea in Iran and China, and consumed as a common candy or mouth freshener in India.

## Iran's government hails rising oil exports as a source of pride



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The Iranian government hailed efforts by the country's Oil Ministry to increase crude exports in recent months, saying

the issue is a source of pride for a country that was subject to a series of harsh and unprecedented sanctions by the US in the

past few years.

Government spokesman Ali Bahadori Jahromi said that it is an achievement for Iran's Oil Ministry that is has been able to both raise oil exports and to return its proceeds into the country despite sanctions imposed on trade and on Iran's access to the international banking services, Press TV reported.

He said reports issued by Oil Minister Javad Owji about continued growth in oil sales in recent months were "truly a source of pride" for the country.

The statement came after a new report showed that private crude refiners in China had increased their purchase of oil from Iran to the highest level in three years last year despite growing threat of US sanctions.

The report by the Bloomberg said that China's imports of oil from Iran and Venezuela, two countries targeted by unilateral US sanctions, rose 53% year on year in 2020 to a total of 324 million barrels.

The report, citing figures by market in-

telligence firm Kpler, said that discounts offered by Iran had played a major role to incentivize buyers in China to import more Iranian crude.

That comes as the United States has maintained a harsh regime of sanctions since May 2018 against countries and entities who engage in petroleum trade with Iran.

The sanctions were meant to force Iran to abandon its legitimate nuclear and defense activities and came after a former US administration pulled out of an international agreement on Tehran's nuclear program, known as the JCPOA.

The Bloomberg report said that private Chinese crude refiners brushed off threats of facing penalties by the US government to enjoy continued and affordable supplies of crude from Iran and Venezuela last year.

It added that China is expected to continue to import Iranian crude at high volumes in early months of 2021 as Iran and world powers keep trying to revive the JCPOA in talks being held in Austria.

## Iran plans fresh cash handouts, coupons to offset currency subsidy removal

The Iranian government will be allowed to dispense fresh cash handouts and spending coupons in the calendar year starting late March to compensate for the economic impacts on people of a plan to dismantle foreign currency subsidies given to imports of foods and staples.

A member of the Iranian Parliament's Budget Appropriation Committee said that the administrative government will definitely dismantle a system in the Persian year 1401 budget under which the US dollar is provided to importers on a heavily subsidized price of 42,000 rials, Press TV reported.

Rahim Zare' said that the official price for changing foreign currencies into Iran's rial in the next calendar year's budget will be based on rates used in the Electronic Trading System (ETS), a secondary foreign currency market controlled by Iran's central bank where exporters supply their

hard currency proceeds to importers of goods into Iran.

The removal of the so-called Preferential Currency Price is aimed at preventing massive wastes and corruption cases in an economy where the free market price of the US dollar is currently at nearly 280,000 rials.

The ETS price is normally 10% or more lower than the unofficial market price of foreign currencies in Iran.

Zare' said the government will be allowed to dispense 2,500 trillion rials (nearly \$9 billion) worth of direct cash handouts and spending coupons to compensate people in the country for price hikes that could be caused by removal of foreign currency subsidy.

Head of Iran's Association of Meat Chicken Breeders Habib Assad-Nejad said on Tuesday that the Agriculture Ministry is preparing spending coupons that people can use to buy meat and dairy products after subsidies are removed.



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