NEWS IN BRIEF

Panasonic puts high priority on China

REUTERS – China remains a high-priority market for Panasonic even as geopolitics have highlighted the need for robust supply chains elsewhere, the Japanese group's chief executive said. "We will continue to develop our businesses in China as we have done in the past," Yuki Kusumi said during a roundtable interview with reporters in Tokyo on Wednesday, adding that there was "no doubt" that it was a high-priority market.

China prioritising Turkmenistan in pipeline project

CNBC – China is accelerating the building of a long-delayed Central Asian pipeline to source gas from Turkmenistan as Beijing juggles its energy security needs with diplomatic priorities.
Beijing is keen to bolster Central Asia ties under its Belt & Road Initiative, but nearly a decade after construction began, the "Line D" project has been hobbled by complex price talks and the technical hurdles of laying a pipeline crossing another three central Asian nations, Chinese state oil officials said.

Iran-EU three-month trade nears €1.2b: *Eurostat*

The trade between Iran and the European Union (EU)'s member states hit €1.18 billion in the first three months of 2023, according to the data released by the European Union's statistics office Eurostat.
Based on the Eurostat data, the trade between the two sides fell 11 percent in the said quarter compared to the previous year's same period, which was €1.33 billion, IRNA reported.
The EU's exports to Iran stood at €960 million during the first quarter of 2023, registering a decrease of nine percent compared to the same period of the previous year as the EU exports to Iran amounted to €1.055 billion.
The European Union's imports from Iran also reached €220 million in the first quarter of 2023 with a 20 percent decrease compared to the same period last year. In the same quarter of the previous year, the block imported €275 million worth of goods from Iran.
According to Eurostat figures, Iran's export to the European Union's member states rose 15 percent in 2022, as compared to the previous year.
The Eurostat's data show that Iran exported commodities, worth €1.055 billion, to the union in 2022, while the figure was €922 million in 2021.

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ISIPO signs cooperation MoU with German BWA

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Iran Small Industries and Industrial Parks Organization (ISIPO) signed a memorandum of understanding (MoU) with Germany's Federal Association for Economic Development and Foreign Trade (BWA) for cooperation in various industrial fields.
The MoU was signed by the ISIPO Head Ali Rasoulian and Chairman of the Board of BWA Michael Schumann, IRNA reported on Wednesday.
The agreement includes exchanging technologies between Iranian and German companies, holding technology-based conferences, holding B2B meetings between Iranian and German companies, and supplying machines needed by Iranian companies.
Holding industrial and commercial events with the participation of BWA in the countries of the region and holding educational workshops for Iranian companies including technical and professional courses for managers have been included in the MoU.

IME monthly trade nears $3b

The Iran Mercantile Exchange (IME) announced that over 13.42 million tons of commodities, worth nearly $3 billion, were traded in its domestic trading and export halls in the month closing on May 21.
According to ime.co.ir, the exchange saw on both domestic and export pits of its oil and petrochemical trading floor, trade of 1.77 million tons of commodities valued at nearly $860 million.
The IME's customers purchased on the floor 509,402 tons of bitumen, 421,000 tons of vacuum bottom, 418,260 tons of polymeric products, 184,000 tons of lube cut, 179,693 tons of chemicals, 37,840 tons of sulfur, 19,876 tons of oil, 12,098 tons of petroleum products, 1,670 tons of insulation, 1,000 tons of slop wax and 790 tons of feedstocks.
Moreover, the exchange saw trade of 11.5 million tons of commodities and 1,075 vehicles worth more than $2 billion on its metals and minerals trading floor.

● IRNA

Items traded on this floor included 6.07 million tons of cement, 2.77 million tons of iron ore, 1.88 million tons of steel, 748,100 tons of sponge iron, 36,030 tons of aluminum, 32,700 tons of copper, 5,305 tons of zinc, 2,000 tons of coke, 1,020 tons of molybdenum concentrate, 300 tons of cast iron, 60 tons of precious metals concentrate and 1,075 vehicles.
Last was the IME's side market on which the exchange traded 145,476 tons of commodities.

A new approach: How to neutralize sanctions on Iran

Several approaches have been proposed to neutralize sanctions on Iran, some of which are: legal action and normalization of relations with the West; bypassing sanctions and issuing instance licenses; using monetary contracts, offshore banking, cryptocurrency and similar tools; and undertaking economic reforms.
A study published by the Research Center of the Islamic Legislative Assembly of Iran concludes that none of these approaches are the exact answer to the sanctions, because they do not grasp the depth of what the sanctions have taken away from Iran's economy.
Before the Islamic Revolution in 1979, Iran had forged a special economic relationship with the West, under which it used to sell oil to many countries and receive proceeds from the sales in foreign currencies. These currencies held in European banks were easily transacted, covering all Iran's needs for goods sourced from abroad. In other words, Iran's economy was able to function in the financial and banking ecosystem of the West, and the "petro-life" was in motion.
The embargo on Iran's oil exports targeted foreign exchange earnings, and the ban on the banking system disrupted the operations of Iran's natural and legal entities in the Western banking system.
Based on the above and in view of the extensive geopolitical and geo-economic changes in the international order, the right answer to the sanctions is "new positioning and redefining of Iran's role in the international arena", the study concludes.
It examines sanctions against Iran from a different perspective and analyzes the role of various factors, including the nuclear file, Iran's economic and political geography, as well as the shift of US focus from West Asia and "terrorism" to China as the main rival to the United States.
The maximum sanctions on Iran's oil exports in order to disrupt generation of foreign exchange and the embargo on Iran's banking system with the aim of removing Iranian individuals from the globalized financial system caused the collapse of the mega-deal which Iran's "petro-life" relied on for decades.
The study, however, cites another important factor that explains the preponderance of the sanctions, seeing them in the context of the global competition of power blocs, foremost the Sino-American conflict. It explains that the US seeks to destroy or control the main routes of China's Belt and Road Initiative.
Hence, Iran sanctions can be analyzed alongside the emergence of the Taliban in Afghanistan, political instability in Iraq, governance tensions in Pakistan, insecurity in Syria and the collapse of the government in Lebanon.
Based on the alternative solution presented in the report, options such as legal action and normalization of economic relations, circumvention of sanctions and issuance of instance licenses are susceptible to criticism in the face of such tools as monetary contracts, offshore banking and domestic economic reforms.
With regard to the legal action and normalization of economic relations, the report notes that the political will to sanction Iran precedes the legal ground. As long as the political and economic infrastructure of the embargo exists, the challenges created as a result of the embargo on the way of normalizing trade with international companies and banks cannot be resolved simply with the legal recourse.
As for the circumvention of sanctions and issuance of instance licenses, it has been stated that the solution overlooks the durability of the sanctions, where the minimal ratio of the licenses to the many challenges of the sanctions and the minimal level of access to instance licenses make the procedure an inadequate and insufficient option.
The use of monetary agreements and offshore banking at most is attentive to the grand strategy of countering sanctions, and as long as this strategy has not been designed, the procedure is very unlikely to work against the sanctions.
Meanwhile, despite the importance and urgency of reforms in Iran's economy, this approach is not the exact answer to the sanctions. First, it is not an accurate response to currency stress and inflationary shocks (which have disrupted Iran's economic policy), and secondly, it cannot provide the resources needed for investment.
The study concludes that the answer to the sanctions is nothing but "new positioning and redefinition of Iran's role in the international arena". This approach, apart from its foreign policy dimensions, will have fundamental effects in domestic policy-making. Such a plan depends on discarding the country's current "petro-life" governance structure.
According to the report, the priority should be producing new high-quality and stable foreign exchange sources by introducing the value and supply chain to the new macro-transactions, attracting targeted and geopolitical investments, moving toward regulating the production and consumption of foreign exchange resources, using local currencies to adjust trade balance with countries and de-dollarizing Iran's economy.
In this regard, it is necessary that Iran's new economic policy be adjusted based on geography, and the country's needs be planned in the form of a strategy of interrelated areas of power. This is what the study refers to as Iran's strategic initiative which it defines as designing Iran's strategic relationship with the outside world as per projects that accrue economic benefits and create political-security interrelation. These projects must have several basic features.
The projects must be located in interconnected geographical areas and defined in relation to regional and extra-regional value chains, not just bilateral relationships, nor just internal value chains. This is exactly the present study's point of difference with regard to the idea of facilitating business relations between countries - the procedure of facilitating the business environment in trade with the interacting countries through the mere strengthening of commercial diplomacy.
The current research believes that the government has a much bigger duty than facilitating bilateral relations in the form of commercial diplomacy and economic consultation (and that at the middle echelon of executive bodies).
Meanwhile, the design of a flexible internal institution with the ability to make decisions and implement them with regard to cross-border projects should be such that, unlike the current approach, it can align several projects with different characteristics.
Also, the industrial development strategy, the development plan for energy lines and logistics routes, and finally the land development plan of the country should be integrated and made compatible with the defined strategic projects that are based on accurate global assessments.
According to the research, the industrial development strategy, the development of energy lines and logistics routes, and the land development plan should be defined with a view to Iran's international position, and not just its geographical area and the internal capacity of the provinces.

The article originally appeared on Press TV.