NDF contract

The National Development Fund of Iran (NDF) signed a contract with the Export Development Bank of Iran to extend development projects worth $230 million, IRNA reported.

SPECIAL NEWS

Domestic Economy Desk

Iran plans deep cuts in reliance on oil income

Iranian Vice President Mohammad Baqer Nobakht said a new scheme to reduce the country's reliance on oil revenues is expected to restrict the dependence on petrodollars to only 10 percent.

Nobakht, who is also head of Iran's Plan and Budget Organization, said the major scheme to lower the share of oil income in the budget has four main axes and 23 plans that would result in sustainable incomes for the administration, saving money, bringing economic stability and a stronger budget, reported Tasnim News Agency.

Eleven of the 23 plans will be implemented by March 2020, he added.

Pointing to oscillations in the price of oil and a consequent impact on income and spending, Nobakht said a substitute plan for the budget will reduce the country's reliance on oil income to only 10 percent.

In comments in December 2018, Iranian First Vice President Es'haq Jahangiri said it was unlikely that the oil revenues' share in the budget for the next Iranian fiscal year would be more than 25 percent.

Iran's efforts to cut reliance on oil began long before the US administration announced plans in 2018 to drive the Islamic Republic's oil exports down to zero.

Tensions between Iran and the US have escalated since US President Donald Trump walked away from the 2015 nuclear deal between Iran and world powers in May 2018 and reimposed sanctions on Iran.

The White House has announced plans to get as many countries as possible down to zero Iranian oil imports and launch a campaign of "maximum economic and diplomatic pressure" on Iran.

Japan remains Iran's important oil client

Iran's share in Japan's oil market is about 4.7 percent, said Abolfazl Roghani Golpayegani, a member of the Iran-Japan Chamber of Commerce.

The official stressed that Japan is one of Iran's important oil clients, reported azernews.az.

He added that the largest volumes of Iranian oil in 2018 and 2019 were exported to China, Japan and South Korea.

Noting that Japan had previously invested in Iran's oil and petrochemical projects, Golpayegani said that the visit of the Japanese Prime Minister to Iran could create a number of opportunities.

The official also noted that Japan can invest and supply technology to Iran.

"In turn, Iran can increase trade with Japan in the oil market by petrochemical and other products," the official said.

As he pointed out, as many as $50 billion foreign investment can be attracted to Iran annually, according to statistics.

Golpayegani expressed the hope that within the framework of the Japanese prime minister's visit to Iran, banking exchanges between the two countries would be restored.

In the period from March 21 to April 20, Iran exported goods worth $400,000 to Japan, and imported Japanese products worth $2 million.

Japanese Prime Minister Abe Shinzo will visit Tehran today. The visit is aimed at helping encourage dialogue with the US and ease tensions.

During the trip, Abe plans to meet with Iranian President Hassan Rouhani and the Leader of the country, Seyyed Ali Khamenei.

Gigantic offshore platform being shipped to Iran's southern gas field

The third platform of Phase 14 of Iran's South Pars Gas Field, which was built by domestic experts, was launched in the Persian Gulf waters on Tuesday.

Weighing 2,400 tons, the gigantic structure was loaded on a barge in the southern port city of Bandar Abbas, Tasnim News Agency reported.

The platform will be installed on its designated offshore spot in South Pars Gas Field in the southern province of Bushehr.

In April 2017, Iranian President Hassan Rouhani inaugurated phases 17, 18, 19, 20 and 21 of the South Pars Gas Field, whose development has been divided into 28 phases.

The energy-rich zone is located in the Persian Gulf, straddling the maritime border between Iran and Qatar, covering an area of 9,700 square kilometers, of which 3,700 square kilometers belong to Iran.

It is estimated that the Iranian section of the field contains 14 trillion cubic meters of gas and 18 billion barrels of condensates in place.

350 MW to be added to Iran's power generation capacity soon: Official

Three power plants with a total capacity of 350 megawatts (MW) of electricity will be added to Iran's national grid in coming days, the managing director of the Thermal Power Plants Holding Company (TPPH) announced.

Mohsen Tarztalab said the first unit of the gas sector of Dalaho Combined-Cycle Power Plant in the western province of Kermanshah with a capacity of 310 MW will be connected to the national grid in the next few days, reported Tasnim News Agency.

The second unit of the gas sector will come on stream by February 2020 and the steam sector of the Dalaho power plant will be operational by May next year, the official said.

He added that with the completion of two other power projects in coming days, the country's total capacity to produce electricity will increase by 350 MW.

In December, Iran's nominal capacity to produce electricity reached over 80,000 MW following the connection of a number of power plants to the country's national grid.

Speaking to reporters at a press conference in Tehran in February 2018, Iranian Energy Minister Reza Ardakanian highlighted the country's self-sufficiency in the area of power generation and said the Islamic Republic is the top producer of electricity in the Middle East.

About 90 percent of power generation equipment, even complicated parts like turbines and generators, are currently manufactured inside the country, the energy minister said at the time.

He added that Iran's capabilities in the area of power generation have developed over the past four decades so much that the country has become the top producer of electricity in the region.

"At present, we have energy exchanges with all the countries that share land borders with us," he said.

OPEC crude oil output shrinks in May: Survey

OPEC has so far avoided a bruising intra-bloc market share battle, with top exporter Saudi Arabia's crude oil production falling to a four-and-a-half-year low in May, even as sanctions-hit Iran and Venezuela continue to see their output contract, an S&P Global Platts survey showed.

Saudi Arabia kept some fields offline and pumped 9.7 mbd in the month, a 120,000 bpd drop from April, the survey of OPEC production found.

The month-on-month decline matched that of Iran, which produced 2.45 mbd in May while struggling to find buyers after the US declined to renew sanctions waivers that expired at the beginning of the month.

In all, OPEC's 14 members pumped 30.09 mbd in May, a 170,000 bpd fall from April and the lowest since February 2015, before Gabon, Equatorial Guinea and the Republic of Congo joined and Qatar was still a member, the Platts survey found.

Despite a ratcheting of regional tensions, and pressure from the US to keep the oil market well-supplied, Saudi Arabia has kept its crude output relatively muted, saying it saw no need to raise production.

In fact, Saudi production has been well below its quota of 10.31 mbd under an OPEC/non-OPEC supply accord, which went into force in January, with the kingdom persisting in its aim of draining what it sees as a glut of oil in storage to bolster prices.

Saudi Energy Minister Khalid al-Falih has been in Russia since last Thursday, meeting with Russian counterpart Alexander Novak to debate the future of the 1.2 mbd supply cut agreement, which is set to expire at month's end.

Falih said he believes the cuts will be extended, though talks were ongoing on whether Russia and the other non-OPEC partners could see their quotas eased.

Russia, the world's second-largest oil producer after the US, reported May output of 11.11 mbd, compared to its quota of 11.19 mbd.

The OPEC/non-OPEC coalition is expected to hold its biannual summit in Vienna in the coming weeks, though an exact date has yet to be pinned down.

The meeting was originally scheduled for June 25-26, though some countries have asked to move it to July 3-4.

Venezuela, which has seen its output almost halved in a year, with its spiraling economic crisis exacerbated by US sanctions that began in January, produced 720,000 bpd in May, according to the survey.

That is its lowest since a nationwide strike debilitated its oil industry in January 2003.

Nigeria also saw production fall significantly in the month, hampered by a fire at its Trans Forcados crude pipeline that forced it to shut down and force majeure on key export grade Bonny Light that was lifted mid-May.

The declines were partially offset by major gains in Iraq, which appeared to flout its production quota by hitting a record high of 4.82 mbd, according to the survey.

Angola also saw a 40,000 bpd rise, as it began shipments of new crude grade Mostarda.

Among OPEC's 11 members with quotas under the supply accord, compliance stood at 117 percent in May, led by Saudi Arabia, which was 610,000 bpd under its cap. Iraq was the least compliant, at 310,000 bpd above its limit.

The OPEC/non-OPEC agreement exempted Iran, Libya and Venezuela from quotas.

The Platts OPEC figures were compiled by surveying OPEC and oil industry officials, traders and analysts, as well as reviewing satellite imagery and proprietary shipping data.