Iran's GDP up $44b: Economist

Tehran Times Economic Desk

TEHRAN — Economist's latest report indicates that Iranian GDP has increased more than $44 billion in the current year.

ISNA cited the November report stating that GDP in Iran has gone up from $367 billion last year to nearly $411 billion in the current year.

The same report shows that Iranian GDP will reach $472 billion next year, and $545 billion in the year after that.

Economist believes that in three years GDP in Iran will rise to $626 billion.

In four years (the Iranian calendar year of 1393) GDP will go up to $705 billion in Iran.

The increasing trend will continue and reach $804 billion in 5 years time.

9.3m tons petchem products exported in 8 months

Tehran Times Economic Desk

TEHRAN — In an 8 month period ending Oct. 20, 9.3 million tons petrochemical products worth about $5.6 billion were exported from Iran.

The Mehr News Agency reported that 1.9 million tons methanol worth about $507 million, which was the main petrochemical product among other petrochemicals, was exported.

Liquefied gas (LPG) with 1.5 million tons volume and $77 million value was the second most exported petrochemical product after methanol.

UAE to 'continue' trade with Iran within UN rules

(Contd. from p. 1)

In an official report to the committee monitoring the implementation of UN sanctions against Iran, the UAE outlined a coordinated effort by multiple ministries and agencies to comply with Security Council sanctions, according to UAE's The National website.

The UN imposed a fourth round of trade curbs against Tehran on June 9 designed to halt Iran's nuclear programs by targeting Iranian cargo, financial transactions and firms run by the Islamic Revolutionary Guard Corps and the Islamic Republic of Iran Shipping Lines.

According to the report, dated August 11 but released this week, the Federal Authority for Nuclear Regulation is responsible for ensuring that Iran does not acquire interests in UAE-based firms involved in uranium mining, enrichment or reprocessing.

Last month, a UAE central bank official said the regulator has taken action against Iranians in the country including freezing some bank accounts in line with UN resolutions.

Iran is traditionally one of the UAE's closest trading partners, with some 400 thousand Iranian citizens living and working in the Emirates.

The economic warfare against Iran had already brought down bilateral trade between the UAE and Iran from 12 billion dollars in 2008 to only $8 billion in 2009. Now after a fourth round of sanctions in 2010, trade is expected to come down to $6 billion, with a much steeper decline to be expected, if the Persian Gulf Cooperation Council governments decide to abide with U.S. requests to slap restrictions on literally all trade with the neighboring country.

SULTAN AL MANSOORI

Kuwait: Infrastructure projects boost economy

There is cautious optimism that Kuwait, while far from overcoming its bureaucratic shortcomings, is finally moving in the right direction.

Invasions, conflicts and the global financial downturn have meant that Kuwait's project developments have fallen far short of the country's potential in the past 20 years.

The country's $104bn five-year infrastructure development program is the focus of this renewed hope. Private sector expertise will help deliver $28bn in new projects.

A $7bn metro system, the country's first independent water and power plant, a $3bn tourist development and the expansion of Kuwait airport are all planned.

In the past megaprojects such as these have failed to get off the ground. Although this has done little to damage Kuwait's macroeconomic stability as the world's fourth-largest oil exporter, its weakness lies in its political system.

Multibillion-dollar projects have been hampered by open debates and confrontations in parliament.

This time, there is more of a political consensus surrounding the plans.

Kuwait's parliament must now work to remove its reputation for being an obstacle to the implementation of the country's development and apply a structured approach to realise its ambitions.

(Source: meed.com)

Iran-Turkmenistan 2nd gas pipeline to come on stream

Tehran Times Economic Desk

TEHRAN — The second section of the second Iran-Turkmenistan gas transport pipeline will officially come on stream today.

The presidents of the two countries will attend the opening ceremony, the Mehr News Agency reported.

"The second phase of the second Iran-Turkmenistan pipeline is a 500- kilometer long pipeline with a diameter of 48 inches. This pipeline has the capacity to transport 58 million cubic meters of gas per day," Iran's Deputy Oil Minister Javad Owji said here on Saturday.

Oji also noted that $1.2 billion has been invested in the project.

Owji said on Friday that once the second nationwide north and northeastern gas transport pipeline and the second section of the second Iran-Turkmenistan gas transport pipeline comes on stream, Iran's gas network can be connected to six neighboring countries -- Iraq, Turkey, Pakistan, Turkmenistan, Armenia, and the Republic of Azerbaijan -- as well as Persian Gulf littoral states.

"Iran will soon become the regional gas hub," he stated.

Owji, who is also the managing director of the National Iranian Gas Company, stated that Iran is now ready to transit and swap gas with Turkmenistan, the Republic of Azerbaijan, and other neighboring countries.

He went on to note that the Islamic Republic has recently obtained permits from Iraq and Turkey for the transport of gas.

He said that the transit and transport of gas via Iran is economically feasible for all consumers and producers.

Iraq to ink $12b Shell gas accord

BASRA (Trade Arabia) — A multibillion-dollar final deal between Iraq and Royal Dutch Shell to capture flared gas at southern oilfields is set to be signed before the year-end, a senior Iraqi oil official said.

The $12 billion deal, a venture between Iraq's South Gas Company (SGC), Shell and Japan's Mitsubishi, involves the capture of associated natural gas produced at fields near the oil hub of Basra, including Rumaila, Iraq's workhorse.

"We hope to sign the agreement after it is ratified by the cabinet before the year-end," SGC director general Ali Khudhier said on the sidelines of an oil and gas conference in Basra.

Deputy Oil Minister Ahmed Al Shamma said the final draft of the deal will be completed in 10 days.

Last month Oil Minister Hussain Al Shahristani said the contract would not include the supergiant 12.6 billion-barrel Majnoon oilfield being developed by Shell and Malaysian partner Petronas.

Khudhier said associated gas from Majnoon could be developed by the SGC. 'As long as there are gas facilities why don't we utilise the project?'

The deal with Shell and Mitsubishi will cover Rumaila, being developed by BP; CNPC-Zubair, being worked on by Eni, Occidental and Kogas; and West Qurna, whose two projects are in the hands of Exxon, Shell, Lukoil and Statoil.

The joint venture known as the Basra Gas Company, will not have direct contact with the international firms developing the fields, Khudhier said.

The Oil Ministry delayed finalising the deal in September because of legal issues about the joint venture.

Iraq flares 1bn cubic feet of gas daily to generate electricity in a country suffering chronic blackouts more than seven years after the US-led invasion.

Earlier Al Shamma said Iraq's cabinet has the authority to sign the contract. "The current government will continue its work until there is a new one,"' Khudhier said.

Initial production from the Siba gas field in Basra is expected within two to three years, Khudhier said.

Saudi Arabia's banking sector poised for robust growth

The Saudi banking sector is highly capitalized, well regulated, and more profitable in the region, RNCOS said in its new research report titled "Saudi Arabia Banking Sector Analysis".

The report said despite heavy slowdown in the economy, the banking sector continued to post healthy growth rates during the past few years.

It forecast that Saudi banking assets are forecasted to grow at a CAGR of around 18 percent during 2010-2013.

The main reasons for the growth of this industry are the increased demand for consumer as well as corporate financing and positive developments in the oil market, the report said.

Besides this trend, various other strong fundamentals will enable this segment to sustain its upward growth trend in the coming years, it added.

The study further said Saudi Arabian banking sector posted solid growth throughout the past decade and remained among the most profitable banking sectors in the Middle East.

The Saudi banking sector has witnessed a notable expansion in the modern banking technologies, including Internet banking and phone banking services, it added.

Moreover, banks are also modernizing their payment card technology and shifting toward smart card technology to offer more secure and advanced featured card to consumers, the new research report noted.

Meanwhile, Riyadh-based Jadwa Investments said in a separate study that Saudi Arabia's banks have allocated more than SR20 billion for loan loss provisions over the past two years.

Provisions in the third quarter of this year surged by nearly 27 percent to SR3.1 billion compared with the previous quarter and about 30 percent over the same period of 2009. "Provisioning for bad loans has jumped in recent years as a result of high profile defaults at some private sector groups and the general slowdown in the economy. Total provisions by the 12 banks since the end of the third quarter of 2008 amount to around SR20.4 billion," Jadwa said.

"Shortly before the end of the third quarter of this year, SAMA announced that it wanted all banks to increase their provisions to cover 100 per cent of non-performing loans by the end of the year. SAMA has traditionally taken a fairly tough line on bank provisioning."

The study showed total net income of the listed banks fell by 18 percent in year-on-year terms in the third quarter, the fourth consecutive year-on-year decline.

"The main reason for the decline in profits was an increase in the amount of money banks have set aside to cover bad loans."

Total provisions averaged over 150 percent of non-performing loans between 2004 and 2008, the study said, adding that high provisions at the onset of the financial crisis have helped banks' financial performance in the past two years. "It seems that SAMASAMA's actions are motivated by the assumption that once banks have covered all existing bad loans they will be prepared to resume lending," the study added.

The study further said that total bank credit to the private sector was flat last year and had climbed by only four percent in the first eight months of this year, following average annual growth of 27 per cent between 2004 and 2008.

(Source: Zawya.com)