

OPEC+ wants Iran to join supply deal if sanctions lifted

OPEC+ will work to integrate Tehran into its oil supply-limiting accord if an agreement is made in the Vienna talks over reviving the Iran nuclear deal, sources close to the group said.

A successful outcome to the talks could lift U.S. sanctions on Iran's exports, according to the International Energy Agency, potentially bringing 1.3 million barrels per day (mbd) of Iranian oil back into the market, Reuters reported.

That could ease tight global supply and take some heat out of a rally that has taken benchmark prices to just a few dollars short of \$100 a barrel.

Due to the impact of sanctions on its exports, Iran is exempt from the existing deal between the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, to limit oil supply.

While that exemption allows Iran to boost output, OPEC+ would eventually seek to bring Iran into the accord, sources stated.

"It is very likely OPEC will adjust Iran into the deal, as there is no other option," said an OPEC+ source, who added that an agreement on reviving the nuclear accord looked close.

A source familiar with Iranian thinking noted Iran would first seek to restore its lost output, but would likely, after talks with OPEC+, agree to a quota. Iran is one of the five founding members of OPEC.

Iran is pumping about 2.5 mbd, some 1.3 mbd less than in 2018 when former U.S. president Donald Trump withdrew the United States from the nuclear accord and re-imposed sanctions, drastically cutting Tehran's oil income.

"With the lifting of sanctions, Iran will increase its oil production according to its facilities, capabilities and interests, to compensate for its lost oil revenues," the source familiar with Iranian thinking added.

"In my opinion, OPEC+ will set a quota for Iran's oil production but will apply it gradually, and Iran will accept the quota with some bargaining to show its support for OPEC," the source continued.

OPEC Secretary General Mohammad Barkindo, asked if OPEC+ would work out a new supply agreement that included Iran, said the group's track record gave grounds for confidence.

"Having survived the last five years since the establishment of the historic partnership between OPEC and non-OPEC that helped us navigate through two oil cycles, we have every reason to remain reasonably optimistic going forward," he told Reuters.



REUTERS

OPEC+ is gradually boosting oil output after making record cuts in 2020 when demand collapsed due to the pandemic. But it has failed to hit its target because some producers did not make the investment or do the maintenance needed on oilfields during the pandemic to keep those facilities ready to increase output quickly.

For the United States, it would make sense to lift the sanctions on Iran to help lower prices given the domestic pressure the administration of President Joe Biden is facing due to rising inflation.

The United States may also be considering that any output from Iran would ease the impact on global oil markets of any conflict between Russia and the Ukraine, a source familiar with Russian oil thinking said.

"The U.S. will surely lift the sanction from Iran as soon as they decide to put more pressure on Russia given the current tensions over Ukraine," the source continued, adding, "Iranian oil will cool oil prices."

OPEC+ sources have also made the point that extra Iranian supply could also help plug the hole in OPEC's output target misses.

OPEC+ has not dealt with this issue by, for example, having larger producers step in to boost output to compensate for those who cannot. These talks can be difficult as they encroach on sensitive topics such as national prestige and market share.

But any nuclear deal will most likely force OPEC+ to rearrange its quotas to make room for Iranian barrels, as in previous years. When Tehran last returned to the fold from U.S. sanctions in 2015-2016, it negotiated strongly among oil producers for its own interests by first refusing to take part in a proposed output "freeze" to address oversupply as it recovered output.

Later, during talks to form OPEC+ in 2016 while the other producers were agreeing on production cuts, Iran eventually secured a quota that allowed it to increase output, citing the impact of sanctions that had squeezed its market share.

Still, a third OPEC+ source noted the group would not shy away from talks on a return of more Iranian oil to the market, and has a track record of tackling similarly thorny issues.

"We will deal with it very well," this source said, adding, "OPEC has been around for 60 years and we can deal with all issues."

Union head: Gov't could support people with backing licensed units

EXCLUSIVE



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Economic Desk

Chelo kabab, an Iranian dish, consists of steamed rice (*chelo*) and one of the many varieties of Iranian kebab. It is considered the national dish of Iran, and was probably created in the time of the Qajar Dynasty.

Chelo kabab is served with accompaniments such as butter, sumac powder, basil, onions, and grilled tomatoes. The traditional beverage accompanied with *chelo kabab* is doogh, an Iranian yogurt-based drink, sometimes made of carbonated water.

In the old bazaar tradition, the rice and accompaniments are served first, immediately followed by the kababs, which are threaded on skewers, as well as a piece of flat bread. A skewer is placed directly on the rice and while holding the kabab down on the rice with the bread, the skewer is quickly pulled out.

In an exclusive interview with Iran Daily, Ali Akbar Narimani, the head of the Chelo Kabab Union of Tehran,

which was established in 1938, talked about the activities of his union and the main problems including COVID conditions as well as market updates.

As one of the oldest unions of Iran, the members of the Chelo Kabab Union of Tehran provide people with the most delicious food of the country, said Narimani, adding that, no doubt, Iranians still choose *chelo kabab* as their first option in their ceremonies.

The coronavirus has led to the closing of about 30 percent of union shops, he said, adding that the remaining units continue to operate in the hope that post-corona conditions will improve.

"The union has made every effort to prevent rising unemployment and reduce problems for the government," said the union head.

"We did our utmost to prevent our products from becoming more expensive for the people, and to take steps to implement a resistance economy according to the order of the Leader of the Islamic Revolution," Narimani continued.

"Like other unions, US sanctions have also affected the

members of the Chelo Kabab Union of Tehran, but we have minimized its negative effects by increasing sympathy and cooperation, and we will overcome this situation in the future," he noted.

Narimani called for the banning of unlicensed units, saying the government could indirectly support the people with the help of licensed units.

"I believe that the first step towards the success and development of the Union is education," he added.

"Because of the issue of food health, we place serious emphasis on enforcing standards so that the people's health is not endangered," the union head said.

"We demand the fulfillment of the government's promises in the field of insurance and reduction of taxes as well as energy prices, and we expect more cooperation from the government and receive more attention," Narimani noted.

The Iranian National Tax Administration (INTA) can help the members of the Chelo Kabab Union of Tehran by considering a cut in receiving value-added tax under the current severe economic conditions, he added.

IME weekly trade tops \$702m

The Iran Mercantile Exchange (IME) announced that over 2.51 million tons of commodities, valued at over \$702 million, were traded in its domestic trading and export halls in the week closing on February 18.

A total of 2.2 million tons of various products, worth about \$472 million, were traded on IME's domestic and export metal and mineral trading hall, ime.co.ir reported on Saturday.

Among the traded products were 400,486 tons of steel, 6,980 tons of copper, 7,100 tons of aluminum ingots, 935 tons of zinc ingots, 21 tons of precious metals concentrate, 1.05 million tons of cement, 1kg of gold bars and 150 tons of molybdenum concentrate.

In addition, 304,048 tons of various commodities, valued at about \$222 million, were traded on IME's domestic and export oil and petrochemical trading halls.

Other traded items were 116,840 tons of bitumen, 90,265 tons of polymer products, 22,907 tons of chemical products, 2,609 tons of base oil and 3,750 tons of sulfur.

The IME was set up in 2007 in accordance with Article 95 of the Law of the Securities Market of the Islamic Republic of Iran following the merger of agricultural and metal stock exchanges of Tehran.

It currently offers various services, including serving as the first market providing access to the initial offering of the listed commodities in the IME, price discovery and price-making for Iran's over-the-counter (OTC) trade, secondary markets and end-users and providing a venue for government sales and purchases as well as a trading platform.



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Iran's 10-month steel output nears 30m tons



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Iranian steelmakers produced more than 29.7 million tons of steel and steel products during the first 10 months of the current Iranian year (March 21, 2021-January 20, 2022), according to statistics released by the Iranian Ministry of Industry, Mine and Trade on Saturday.

During the said 10 months, steel plants of the country churned out over 18 million tons of crude steel as well as 11.7 million tons of steel products, IRNA reported.

The report added that a sum of 42.8 million tons of iron ore concentrate and 42.9 million tons of iron ore pellets during the 10 months to January 20, marking three percent of rise compared to the corresponding figure of preceding year.

Iranian steel complexes also produced more than 44 million tons of direct-reduced iron (DRI), also known as sponge iron, showing a six percent drop compared to the related output of preceding Iranian year.

According to figures released by World Steel Association (WSA) in January, Iranian steelmakers smelted 28.5

million tons of crude steel during 2021. The statistics show a 1.8 percent drop for Iran compared to the corresponding figure of 2020, which stood at 29 million tons.

Iran was the 10th steelmaker of the world in 2021, indicated the figures.

According to WSA statistics, Iranian steel mills cast 15.1 million tons of crude steel in December 2021, marking a 2.8 percent rise compared to corresponding figure of 2020, which was 14.7 million tons.

According to the Islamic Republic's Vision Plan, the country's total steel production capacity is to hit 55 million tons a year by 2025, with exports figure expected to reach 10-15 million tons.

WSA is one of the largest and most dynamic industry associations in the world. WSA members represent approximately 85 percent of the world's steel producers, including over 150 steel producers with nine of the 10 largest steel companies, national and regional steel industry associations and steel research institutes.