



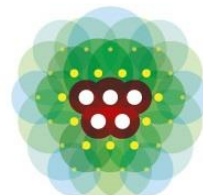
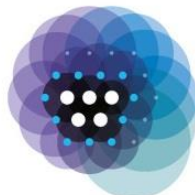
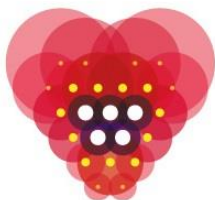
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# Newsletter de l'AWEX Téhéran

Mai 2019



# Feel inspired





Les tensions entre l'Administration *Trump* et l'Iran sont encore montées d'un cran pendant le mois de mai.

Sur le volet économique, de nouvelles sanctions américaines sont venues se rajouter à celles déjà existantes. Cette fois-ci, ce sont les entreprises iraniennes d'acier, de fer, de cuivre et d'aluminium (*Executive Order of May 8, 2019*) qui ont été visées.

Plus inquiétant, un porte-avion et un bombardier américains ont été envoyés dans la région. Deux pétroliers saoudiens ont subi des dégâts en mer d'Oman et des attaques de drones attribuées aux rebelles houthis du Yémen ont frappé un pipeline en Arabie Saoudite. En Irak, l'Ambassade américaine a renvoyé son personnel expatrié non indispensable. Exxon Mobil en a fait de même avec l'entièreté de son staff expatrié basé dans le sud du pays. Ces décisions ont été prises sur base de craintes que des milices chiites irakiennes pourraient s'en prendre aux intérêts américains dans ce pays voisin de l'Iran. Ce sont ces mêmes craintes qui avaient conduit récemment à un déplacement en urgence du Secrétaire d'Etat américain *Pompeo* en Irak.

Ces soubresauts géopolitiques ne sont évidemment pas bénéfiques à un climat des affaires déjà extrêmement tendu en Iran. D'après les statistiques iraniennes des premiers mois de 2019, les exportations européennes diminueraient de 80% par rapport à la même période de 2018.

L'objectif de cette newsletter n'est pas de spéculer sur ce que l'avenir nous réserve mais bien de vous informer sur les derniers déroulements qui peuvent avoir un impact sur vos relations d'affaires et vos projets avec l'Iran.

Voici les différents points qui seront abordés dans cette édition du mois de mai 2019:

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## 1- Le secteur de l'agriculture en Iran: Opportunités pour nos entreprises

L'Iran, avec une population de 82 millions d'habitants, est un grand pays consommateur de produits agricoles. Ces produits à destination de l'Iran ne sont visés par aucune sanction américaine ou internationale.

Ce marché est influencé par deux politiques publiques principales:

a) La volonté politique d'être autosuffisant notamment en blé et en sucre. Le manque d'eau qui frappe le pays ces dernières années rendent cet objectif impossible pour le riz, la viande rouge et les produits laitiers. Cette politique est liée à ce que l'on appelle en Iran l'économie de résistance.

b) Les subventions des produits alimentaires de première nécessité. Cette politique est également mise à mal par les problèmes économiques récents. En effet, ces produits sont subsidiés grâce à l'argent des hydrocarbures.

Les exportations de ces derniers ayant été divisées par 5 en 1 an, le système de subvention souffre et des réformes sont en cours. A titre d'exemple, les importateurs iraniens de beurre ne peuvent plus obtenir le taux subsidié pour les devises étrangères mais auront encore accès à un taux intermédiaire entre celui subsidié dit taux officiel et le taux du marché.

Nous avons croisé les tableaux de la production wallonne de produits agricoles avec ceux des exportations belges et des importations iraniennes. Les produits agricoles importés en Iran qui ne sont pas produits en Wallonie ont été volontairement omis sauf pour le soja. Le tableau Excel peut être obtenu sur simple demande.

Les importations de soja en Iran sont au cœur de la géopolitique mondiale. En effet, malgré les sanctions américaines (bien que celles-ci ne visent pas les produits agricoles), les exportations de soja américain vers l'Iran ont explosé. Deux explications peuvent être apportées afin de mieux comprendre ce paradoxe. Les sanctions américaines ont refroidi certains fournisseurs de l'Iran et la guerre commerciale sino-américaine. Une partie de la production de soja américaine qui était envoyée auparavant en Chine est maintenant acheminée en Iran tandis que les brésiliens envoient une partie de leur production qui était avant destinée à l'Iran vers la Chine.

Selon les informations que nous avons croisées, ils existent donc plusieurs marchés de denrées agricoles qui peuvent être intéressants pour les entreprises wallonnes.



Le beurre :

Plusieurs sociétés iraniennes se partagent le marché. L’Iran importe 80% de ses besoins en beurre. La Nouvelle-Zélande est le premier exportateur de beurre vers l’Iran. L’augmentation du prix de ce dernier et les problèmes logistiques rencontrés dernièrement semblent avoir dégagé une partie du marché pour les exportateurs européens.

Importations iraniennes de beurre en 1397: 32.596.472 (Kg) USD 212.423.690

La viande de bœuf:

Ci-dessous, les importations iraniennes de viande de bœuf en 1397.

02013090	Meat; of bovine animals, boneless cuts, fresh or chilled	3.938.522	USD 23.272.746	Among all the products under HS code 0201 (fresh meat of bovin animals) Iran only imports other boneless parts (not hind quarter, strop loin or fore quarter cuts)
02023090	Meat; of bovine animals, boneless cuts, frozen	114.762.849	USD 478.723.231	Among all the products under HS code 0202 (frozen meat of bovin animals) Iran only imports other boneless parts (not hind quarter, strop loin or fore quarter cuts)

L’Iran consomme environ 900 000 tonnes de viande rouge par an. 90% de la production est locale. La consommation est principalement de la viande de mouton. En 2017, la production de viande de bœuf a augmenté de 5% pour atteindre les 205 000 tonnes. La région du Sistan-Balouchistan, une des régions les plus pauvres d’Iran, est le principal fournisseur de viande de bœuf pour le pays.

Plus de la moitié de la viande de bœuf importée provient du Brésil (congelée).

L’industrie agricole iranienne :

L’économie de résistance via la production locale de produits agricoles crée d’importants besoins en **équipements agricoles**, en **produits chimiques** et en **services de consultance** (notamment dans le water management).

Il y a également un marché important pour les **produits alimentaires pour animaux d’élevage**.



## 2- Tableau Excel des principales denrées alimentaires importées par l'Iran

	Produits	Production wallonne 2017		Exportations belges 2017		Importations iraniennes 1397 (mars18-mars19)			Notes	
		Quantité		Net weight (kg)	Trade Value USD	HS Code	HS Code Title	Total weight KG		Total Cost USD
1	Mais fourrager (**)	7,691,566	T	294,497,119	USD 61,449,735	10059010	Corn for feedstock	8,955,861,153	USD 2,089,523,060	
2	Betteraves sucrières	5,941,783	T	12,724,888	USD 1,975,644	12129100	Suger beets	0	USD 0	Importations de betteraves sucrières interdites
3	Pommes de terre	4,416,665	T	75,285,336	USD 32,730,229	070110	Potato seed	1,185,800	USD 2,323,307	Iran only imports potato seed (07011000). The figures in Iran Import and Belgium Export refers to Potato Seed
4	Mais cultivé pour le grain	608,671		12,724,888	USD 1,975,644	10051000	Corn seed	1,742,707	USD 7,455,925	
5	Froment d'hiver	1,605,986	T		USD 9,227,489	10011100	Wheat seed	359,952	USD 253,488	The Ministry of Jihad-e-Agriculture said self-sufficiency in wheat production in Iran has reached a favorable level of stability and for the year 1397 there was almost no need to import wheat. Iran only imported 359,952 KG (253,488 USD) of wheat on 1397 while the number for 1396 was 73,861,953 KG (20,329,605 USD)
6	Soja			172,752,983	USD 80,236,808	120100	Soya beans, whether or not broken	0	USD 0	
				61,004	USD 87,817	120110	Soya beans; seed, whether or not broken	0	USD 0	
				172,691,979	USD 80,148,990	120190	Soya beans; other than seed, whether or not broken	2,538,655,001	USD 1,161,099,997	
7	Beurre									<a href="https://agriculture.wallonie.be/documents/20182/21867/2018_jaarverslag_cbl_fr.pdf/10aa90e8-492c-4411-b9d2-a34d58de3cdf">https://agriculture.wallonie.be/documents/20182/21867/2018_jaarverslag_cbl_fr.pdf/10aa90e8-492c-4411-b9d2-a34d58de3cdf</a>
	Beurre de laiterie	55,381	T	105,477,115	USD 619,312,790	04051020	Butter	32,596,472	USD 212,423,690	Iran imports mostly butter in 25 kg packs
	Beurre retravaillé	35,786	T							
8	La viande bovine en Wallonie									
	Nombre de bovins	1,181,000	No							
	vaches laitières	212,500	No	955,141	USD 4,354,627	010221100	Milk cow - Cattle; live, pure-bred breeding animals	444,702	USD 2,850,745	This is the only cow Iran imports
	vaches allaitantes	262,700	No	0	USD 0	01022120	Beef cattle	1079,463	USD 1,917,728	No export from Belgium
				43,818,417	USD 330,125,099	02013030	Meat; of bovine animals, boneless cuts, fresh or chilled	3,938,522	USD 23,272,746	Among all the products under HS code 0201 (fresh meat of bovin animals) Iran only imports other boneless parts (not hind quarter, strop loin or fore quarter cuts)
			21,647,798	USD 73,037,501	02023030	Meat; of bovine animals, boneless cuts, frozen	114,762,849	USD 478,723,231	Among all the products under HS code 0202 (frozen meat of bovin animals) Iran only imports other boneless parts (not hind quarter, strop loin or fore quarter cuts)	
9	Agneau	71,900	No			02042100	Meat of sheep and lamp carcasses and half-carcasses and other cuts with bone	40,542,866	USD 284,341,967	
				1,744,417	USD 11,759,649	02041000	Meat; of sheep, lamb carcasses and half-carcasses, fresh or chilled	20,159,408	USD 144,791,932	
				13,071	USD 79,376	02042100	Meat; of sheep, carcasses and half-carcasses (excluding carcasses and half-carcasses of lamb), fresh or chilled	16,862,019	USD 118,656,677	
				3,431,298	USD 27,639,764	02044200	Meat; of sheep (including lamb), cuts with bone in (excluding carcasses and half-carcasses), frozen	37,729,772	USD 268,344,916	



### 3- Données macroéconomiques et derniers développements des mécanismes de paiement (en anglais, newsletter du cabinet d'avocats iranien *Cyrus Omron International*)

Ci-dessous, vous retrouverez une sélection d'informations extraites de la newsletter de Cyrus Omron International qui confirment les tendances des derniers mois à savoir:

- Diminution des exportations vers l'Iran
- Les produits agricoles se partagent les premières places
- Les équipements industriels sont les plus impactés par les sanctions US
- INSTEX ne concernera que les produits agricoles/pharmaceutiques et les équipements médicaux dans un premier temps
- Croissances économiques largement négatives pour l'Iran en 2018 et en 2019
- Les difficultés économiques et budgétaires de l'Iran rendent les exportations vers ce pays plus compliquées. Néanmoins, les biens de premières nécessités sont largement subsidiés comme certains produits agricoles et pharmaceutiques. **Les changements de régulations et des règles pour l'obtention de devises nécessaires aux importations ralentissent fortement les démarches administratives nécessaires.**

#### Main exporters to Iran March 18-March 19 (Persian year 1397)

The **biggest exporters of goods to Iran** in 1397 were in the order **China, UAE, Turkey**, Germany and India. **Switzerland, Russia, Oman and Austria were the only top exporters to Iran which managed to increase exports to Iran** during 1397 by 10%, 74%, 282% and 33% respectively – some of these countries also enjoy some level of indirect exports to Iran additionally. The biggest import items were in the order of **animal feed grade of corn** (\$2.09 billion), **vehicle parts & components** including CKD & SKD (CKD & SKD for vehicle production with 14% to 30% local content accounting for \$1.3 billion of total imports in this sector), rice (\$1.608 billion), Soya, and Electrode for furnaces.

#### Exports to Iran keep decreasing

According to the latest data reported by the Tehran Chamber of Commerce, **imports during the 1<sup>st</sup> month of the current Iranian year 1398** (Farvardin month) reached about \$2.3 billion, a reduction of 7.6% against same month last year. Exports of non-oil goods during Farvardin month reached about \$2.5 billion, reduction of 18% against same month last year. Biggest export items were condensate, light lubricant oils, propane, methanol, bitumen and other petrochemical products. **Biggest import items were rice, corn for animal feed, oil cake for animal feed, butter and soya.**



### INSTEX/Banking channels

Due to the initial concentration of INSTEX on trade of humanitarian goods, it is very likely that Switzerland will overtake Germany as the number one EU exporter to Iran with its advantageous and increasing exports of agricultural, food and pharmaceutical products as also happened during the peak of the previous sanctions. **Germany will suffer in respect of volume of its exports to Iran due to the concentration of its exports on industrial equipment**, parts, and materials together with services. Further, Turkey and India are also likely to overtake Germany due to better banking channels, availability of Iranian oil revenues to pay for exports of these countries to Iran, and also their increasing exports of agricultural products to Iran.

Under re-imposition of US sanctions and their tough implementation by the Administration, connection of the Iranian banks with the international banking system even for those Iranian banks which are not subject to US Secondary Sanctions and have their SWIFT operational is becoming increasingly difficult, more so than during the previous US sanctions. Under such conditions, imports will have to rely more on bartering arrangements with a number of countries and the EU in order to bypass financial transaction needs through the international banking system and also to rely increasingly on exchange bureaus for arrangement of the necessary financial transactions and payment transfers for imports as prevailed during the previous sanctions.

### Macroeconomic data about Iran

**World Bank's latest predictions** for Iran's economic growth stand at -1.6%, -3.8%, +0.9%, +1% in 2018, 2019, 2020 and 2021 respectively. **IMF** has in its latest report downgraded Iran's GDP growth from -3.6% to -6% in 2019.

According to the 1398 Public Budget the government's share of budgeted **oil revenues will be only \$21 billion** (reduction of \$6 billion in comparison to the 1397 share) which still will be hard to achieve due to the ending of US waivers. **Under such conditions the government's first priority is to ensure for availability and supply of essential goods to the population through sufficient allocation of hard currency to the imports of agricultural, food, pharmaceuticals, medical devices/equipment, and animal feed needs of the country** with the second priority being allocation of the remaining hard currency resources to import requirements of industrial activities which the government mainly desires to be supplied through the use of non-oil export revenues. **Accordingly, \$14 billion of budgeted oil revenues** are allocated for imports of essential goods, however not all volume of imports of essential goods are entitled to receive hard currency at the official rate such as in the case of animal feed for poultry farmers 50% of which are imported with allocation of hard currency at the official rate of 42,000 Rials/USD and supplied



to the farmers at the officially approved set prices and the remaining 50% is supplied to them at market prices. **The remaining \$7 billion**, to the extent achievable, is to be injected into the NIMA system by the CBI for allocation to imports of other goods particularly materials, parts and equipment for industry which will be sold at the NIMA rate of about double the official rate.

According to recent estimations made by the Ministry of Economic Affairs and Iran Chamber of Commerce, between two thirds to three quarter of the total non-oil export revenues of \$44.3 billion achieved in 1397 have not yet been repatriated and offered through the NIMA system for allocation to importers. **According to a Directive of the CBI, petrochemical exporters are required to offer 70% of their export earnings through the NIMA system and they can use the remaining 30% for their own import requirements or selling it to other importers who have made order registration for imports at the official market rate (i.e. the SENA rate).**

Since the benefit of allocation of substantial amount of hard currency at the rate of 42,000 Rials/USD to the imports of essential goods has not been fully reaching the consumers due to many of the importers acting unscrupulously by selling the imported goods at market prices instead of subsidised prices and also some of them simply not making the imports and selling the FX allocated to them at market rate and making huge profits, the government is considering allocation of FX at the NIMA rate for imports of essential goods and providing the consumers with additional cash subsidies as compensation in lieu of the gap between the official rate of 42,000 Rials/USD and the NIMA rate. **In this regard the government has already moved a number of food items to the system of allocation of FX at the NIMA rate including meat, butter, tea and some grains.**

DISCLAIMER

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#### 4- Joint à la newsletter: Article du Financial Tribune du 9 mai Iran's Trade with EU Plunges 80%



#### **Except for Cyprus and Slovenia, Iran's trade with all other EU member states witnessed a decline**

Trade between Iran and EU member states during the first two months of 2019 stood at €757 million to register a nearly 80% plunge compared with last year's corresponding period.

Iran's trade with Cyprus and Slovenia increased by 9.9% and 0.8% respectively, which were the only two EU members to experience an increase in commercial exchanges with Iran over the period.

Iran's trade with the remaining 26 EU member states declined.

Trade with Greece (€7.96 million), Luxembourg (€66,413), Spain (€32.61 million), France (€52.51 million) and Poland (€10.03 million) saw the sharpest declines of 97.9%, 96.9%, 92.9%, 92.1% and 87% respectively.

#### **93% Plunge in Iranian Exports**

Iran exported €136.12 million worth of commodities to the EU during the two-month period, indicating a 93.7% fall compared with the similar period of the previous year, Eurostat data gathered by the Financial Tribune show.

The country's main export destinations over the period were Germany (€37.67 million), Italy (€27.21 million), Belgium (€23.69 million), Spain (€10.15 million) and Bulgaria (€5.89 million).

Iran's exports to Latvia, Hungary and Estonia experienced the highest year-on-year growth rates of 495.6%, 187.3% and 109.9% respectively.



This is while exports to France and Greece each fell by 99.2% and those to the Netherlands and Spain experienced a 97.3% and 97.2% YOY decline respectively, which are the sharpest among EU member states.

The exported goods mainly included plastic and plastic products worth €33.5 million; edible fruits and nuts, zest of citrus fruit or melons worth €21.5 million; iron and steel worth €13.49 million; coffee, tea and spices worth €10.55 million; carpet and other textile floorings worth €8.16 million; pharmaceutical products worth €6.19 million; products of animal origin worth €5.27 million; lac, gums, resins and other vegetable saps and extracts worth €4.47 million; and iron and steel products valued at €3.87 million.

### **Imports Plummet 60%**

Imports from the EU plummeted by 60.3% to stand at more than €621 million during the two months.

The top five exporters from the European bloc to Iran were Germany with €222.62 million, Italy with €96.76 million, the Netherlands with €58.69 million, France with €48.58 million and Belgium with €24.54 million worth of shipments to Iran.

Slovenia with €9.12 million, Cyprus with €860,091 and Greece with €4.81 million were the only EU countries whose exports to Iran saw a YOY increase (17.5%, 16.95% and 8.75% respectively).

Luxembourg with €41,934, Latvia with €58,633 and Slovakia with €210,945 experienced the sharpest YOY decline in exports to Iran (98%, 94.8% and 91.5% respectively).

The imports mainly included nuclear reactors, boilers, machinery and mechanical appliances and parts worth €165.23 million; pharmaceutical products worth €111.27 million; optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus worth €61.22 million; and electrical machinery and equipment, sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories thereof worth €28.19 million.

Other imported products included cereals worth €25.11 million; organic chemicals worth €19.41 million; miscellaneous chemical products worth €17.7 million; plastics and plastic articles worth €17.03 million; essential oils and resinoids, perfumery, cosmetic or toilet preparations worth €16.23 million; and paper and paperboard and articles of paper pulp valued at €11.8 million.



### **November U-Turn**

The decline in Iran-EU trade started as of November 2018 when commercial exchanges fell 66% YOY to stand at €679.55 million. Iran's exports hit €209.98 million in that month to register a 78.12% plunge, while imports fell by 54.86% to €469.56 million.

In fact, the United States began to impose the second tranche of sanctions described as "toughest sanctions ever" against the Islamic Republic in November after the first round was reimposed in August, which impeded Iran's trade with major countries.

The sanctions were implemented after US President Donald Trump announced in May his country's unilateral withdrawal from the nuclear deal it signed together with five other world powers, namely the UK, Germany, France, China and Russia.

The deal, better known as the Joint Comprehensive Plan of Action, was signed in 2015 and implemented a year later. It saw the removal of years of international sanctions against Iran limiting the scope of its nuclear program.

More than €18.39 billion worth of commodities were traded between Iran and the European Union member states in 2018, registering a 12.2% decline compared with the value of commercial exchanges in the previous year. The balance of trade tilted toward Iran, as it registered a surplus of €550 million with EU states last year, indicating significant improvement compared to the €704.06 million deficit in 2017.

Iran-EU trade stood at more than €20.95 billion in 2017, indicating a 52.41% increase compared with 2016 figures.

### **Efforts to Counter US Sanctions**

France, Germany and Britain have opened a new channel for non-dollar trade with Iran, dubbed Instrument in Support of Trade Exchanges (INSTEX) to avert US sanctions, although diplomats say it is unlikely to allow major transactions that Tehran says it needs to keep the nuclear deal afloat.

INSTEX is headquartered in Paris with a German chief executive officer. Germany, France and the UK will be shareholders.

The mechanism "will allow for legitimate trade to continue as foreseen in the nuclear agreement", EU Foreign Policy Chief Federica Mogherini has been quoted as saying.

A similar company was officially registered in Iran late last month to join hands with the European trade mechanism.

The so-called Special Trade and Finance Institute was officially registered as a private company based in Tehran. It is the equivalent entity of INSTEX.

The company provides payment settlement services to legal and natural importers/exporters as well as domestic and foreign banks. It will seek to build relations with its European counterpart and monetary channels in other countries.



### **Patience Wearing Thin**

Despite the establishment of a trade mechanism, Iranian officials say it is far from sufficient in fulfilling the commitments of JCPOA signatories to withstand US sanctions.

President Hassan Rouhani said on Wednesday Iran will give the states parties to the nuclear deal 60 days to remedy their breaches and restore Iran's interests stipulated in the international deal, IRNA reported.

The European signatories to JCPOA were doing well in lip service, but practically they were unable to implement what they promised, Iran's President Hassan Rouhani said on the first anniversary of the US withdrawal from the deal.

"Based on a decision made by Iran's Supreme National Security Council, I sent messages to the remaining five countries in the nuclear deal, announcing that we gave them one year as they requested us," Rouhani said.

"It was a strategic patience on our part," he said, clarifying that Iran "is not leaving the nuclear deal today".

"It is not the end of JCPOA, rather it is a new phase of the deal in the context and in line with the wording of the JCPOA."



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