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TEHRAN: An Iranian man waits on his horse and carriage for customers outside Tehran's ancient Grand Bazaar. — AFP

Tehran bazaar blends hope, caution after nuke deal

'The Europeans pushed us toward China'

TEHRAN: As a tailor in Tehran's fabled Grand Bazaar for over 60 years, Mostafa Javedan has lived through coups, wars, a revolution-and now the ups and downs of international sanctions. His little store in the shade of the bazaar's high stone arches, established by his grandfather in the days of the 19th century Qajar dynasty, has weathered all these storms and remained firmly tied to global trends even when Iran was at its most isolated. "The chicest and the best-dressed in the world are the French and then it's the Iranians, but the English produced the best fabrics," the 80-year-old told AFP, looking snappy in a pair of shades and blue slacks.

Times have changed

These days, Mostafa sits back and lets his son Saeed do the work, and most of the fabrics come from China-one effect of the international sanctions slapped on Iran in 2012 over its nuclear program. "The Europeans pushed us toward China. Ten years ago we never bought fabrics from China, but their quality has been improving," said Saeed. "I think sanctions were a boost for the Chinese economy." The bazaar is still the main centre for business in Tehran, packed with shoppers browsing everything from centuries-old carpets to the latest mobile phones.

When Iran's nuclear deal with world powers struck in July 2015 led to many of the sanctions being lifted in January, small family-run stores in general saw little obvious change. They had already been forced to adapt, and in keeping with Iran's long history as a central point of East-West trade, many of its merchants had simply shifted their focus towards Asia. In one of the many kitchenware stores, most of the pots and pans are marked "Made in China". "We have some goods from Italy and the United States, but very few," said Ali Masoumi, 30, whose father set up shop in the 1950s.

He said the real changes had to come from within, and was skeptical the nuclear deal would make much difference. "If there is going to be any change it must be from inside Iran. The government should have a will for change. That will doesn't exist," he said. The moderate government of President Hassan Rouhani that came to power in 2013 has stabilized the runaway inflation and currency collapse of previous years. Rouhani hopes the end of sanctions will help Iran attract $30 to $50 billion in annual investment needed to hit his target of eight-percent growth. But a raft of US sanctions are still in place, related to Iran's human rights record and missile testing, leaving shoppers as well as businesses cautious. "People still don't want to risk investing and spending. They want to be sure there won't be any more drastic changes in the dollar rate, banking, housing and everything else," said Masoumi.

Optimism and obstacles

Still, others say the positive atmosphere created by the nuclear deal is already paying dividends. Esmaeil Ivazi, 35, was shopping for a carpet in the bazaar, on the back of a healthy few months for the toy factory he owns. He said exports to neighboring countries-including Iraq, Uzbekistan, Georgia, Armenia and Tajikistan-had risen sharply since January. "Our relations with foreign companies have become better after the nuclear agreement, as they trust us more now," said Ivazi. "I'm optimistic that the situation will continue to improve. People have hope for the future, and I believe that is driving people and markets to improve." But he admitted that obstacles remain, particularly while international banks remain wary of doing business with Iran over the threat of remaining sanctions. "We have banking problems. We want to sell to Russia, but we have money transfer issues," he said. "They can't travel here each time they want to buy something."— AFP

TEHRAN: Iranians shop in Tehran's ancient Grand Bazaar. — AFP

France energy giant buys Chinese wind energy firm

PARIS: Seeking to place itself as the main European player in a burgeoning Chinese market, state-owned French energy giant EDF said yesterday it had taken a controlling stake in Hong Kong-based UPC Asia Wind Management (AWM). EDF, which did not reveal what it had paid for the 80 percent stake in AWM, the local arm of wind farm operator UPC China, already has nuclear activities in China, as well as a growing presence in thermal and hydraulic power. US investment fund Global Environment Fund (GEF) will retain a 20 percent share of AWM, said EDF, which last year dubbed China the centre of gravity of the global energy industry.

The French firm, which highlighted its view of China as a priority growth market, is present in a swathe of Chinese cities, notably with a stake in a nuclear plant at Taishan in the south. "Our goal is to accelerate our low-carbon generation, with a diversified energy mix where nuclear and renewable energy balance each other," said EDF's chief executive Jean-Bernard Levy in a statement. "Our development in high-potential markets, such as China is a full part of this dynamic process. This country where we have been present for more than 30 years, is providing to the Group significant growth opportunities and we are delighted to boost our presence in renewable energy sources."

With the deal, "we are the premier European operator to set up in China, an what is an extremely promising market," said Antoine Cahuzac, director general of EDF's renewable energy division EDF EN. Economic growth has seen China's energy consumption rise exponentially in recent years and carbon currently has a 70 percent share in the mix. However, Beijing's "ambition is to reach 200 gigawatts of installed wind power capacity by 2020 - a rise of 15 GW per year," said EDF. By the end of 2014, China already had surpassed the United States as the country with the world's largest installed base of wind power at 100 GW and last year attracted around half of global wind power development.

China's current total installed capacity is 145 GW. Explaining some of the detailed rationale behind the UPC AWM deal, Bruno Fyot, EDF EN director general delegate, told reporters: "We are taking over 174 megawatts of operational projects and 130 megawatts of projects under construction ... and a little over one gigawatt of projects under development." Fyot added EDF was additionally very open to solar power opportunities which may present themselves in China. EDF EN is targeting annual construction of between 200 and 300 MW to reach two gigawatts within five years-about double current installed wind power capacity in France. —AFP

OPEC sees tighter oil market in 2017

LONDON: OPEC yesterday was upbeat on the oil market outlook for 2017, saying global demand for its crude would be higher than its current production and excess oil inventories would be whittled down. However, the Organization of the Petroleum Exporting Countries in a monthly report also cut its forecast for world economic growth this year, citing increased uncertainty following Britain's vote to leave the EU and said the pace of oil demand growth would slow slightly next year, in its first 2017 forecast.

"After the UK's referendum to leave the EU, economic uncertainty has increased," OPEC said in the report. "Potential negative effects have led to a downward revision of global economic growth in 2016 to 3.0 percent from 3.1 percent." Other forecasters including the International Monetary Fund have cut economic growth outlooks following the UK referendum. Concern about the economic impact of Brexit has weighed on oil prices, which at $47 a barrel have fallen from a 2016 high close to $53 in early June.

World oil demand will rise by 1.15 million barrels per day (bpd) in 2017, OPEC said, its first forecast for next year in the monthly report. That marks a slight slowdown from growth of 1.19 million bpd expected in 2016. Oil prices have halved from two years ago in a drop that deepened after OPEC refused in late 2014 to cut output to support prices, hoping that cheaper oil would curb higher-cost rival supply such as US shale.

Despite Brexit, OPEC's 2017 market outlook suggests the strategy is working as it expects supply outside the group to fall further and demand for its own crude to rise, tipping the global market into a slight deficit. "The contraction seen this year in non-OPEC supply is expected to continue in 2017 but at a slower pace," OPEC said. "Market conditions will help remove overall excess oil stocks in 2017."— Reuters