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## IRAN LOOKS TO SIGN ZERO-TARIFF AGREEMENT WITH IRAQ

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Iran is ready to sign a deal with Iraq to drop the bilateral customs tariffs to zero, Iranian Foreign Minister Mohammad Javad Zarif said while on a visit to Iraq on Wednesday.

The Islamic Republic of Iran is prepared to zero tariff rates between the two countries, Irans Fars news agency quoted the foreign minister as saying.

According to Zarif, Iran exports US\$2 billion worth of gas and electricity to Iraq every year, despite the U.S. sanctions on Iran.

The American sanctions on Iran have put Iraq in a tight spot □□ the one hand, Baghdads trade is closely linked with its neighbor Iran, but on the other hand, the United States is an ally that helps with security.

Iraq has said that it will comply with the U.S. sanctions on Iran, and just before the sanctions snapped back, Baghdad stopped trucking small volumes of crude oil from its northern Kirkuk oil field to Iran in exchange for Tehran delivering the same amount of its oil to Iraqs southern ports.

Late last year, the United States granted Iraq a 90-day extension to the initial 45-day waiver allowing Baghdad to continue imports of electricity from Iran after the U.S. sanctions on Tehran returned.

Major Iraqi power plants are dependent on Iranian natural gas supply, while Iraq also imports electricity from Iran, as Baghdads power generation is not enough to ensure domestic supply.

Iraq has argued that it needs more time to find alternative sources of electricity supply, or it risks more and more power outages, which were one of the main reasons for protest rallies in the heart of Iraqs oil region in the southern city of Basra in the summer of 2018.

During his visit to Iraq this week, Zarif also hoped to hold talks with senior Iraqi officials to look at ways to further boost cooperation and trade, Fars news agency reports.

By Tsvetana Paraskova for Oilprice.com

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