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Russia and Iran Barter Deal Won't Include Oil, Minister Says

By The Moscow Times

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Iranian Foreign Minister Mohammad Javad Zarif (L) and his Russian counterpart Sergei Lavrov shake hands as they attend a news conference in Moscow.

Russian and Iranian companies are discussing terms for a barter deal which will not include oil deliveries, Russian Energy Minister Alexander Novak said on Wednesday, trying to end confusion over the status of a long-heralded agreement.

Russian officials said on Monday that Russia was sending grain, equipment and construction materials to Iran in an oil-for-goods exchange, the first step in securing a foothold in a new market since the West imposed sanctions on Russia over Ukraine.

But the announcement caused confusion in the oil and grain markets, with traders saying no oil deliveries and no grain supplies had been registered.

Some suggested it was little more than political posturing to try to cement ties with Iran after

an interim deal was reached this month on curbing the Islamic republic's nuclear program in exchange for removing sanctions.

Politically sensitive talks are now in their final stages on a deal to end a decades-old dispute on the nuclear program between Iran and six world powers — the United States, Britain, France, Russia, China and Germany. The West suspects the program has military aims while Tehran says it is peaceful.

Novak told reporters the deal did not envisage any oil supplies to Russia, or Russia shipping cargos on to other markets.

"There are negotiations between companies, they are working on the terms. We do not foresee oil deliveries," he said.

"We are not discussing the delivery of Iranian oil (to global markets) ... They can freely supply the market themselves it they lift sanctions."

Russia has been quick to show its enthusiasm for renewed ties with the Islamic republic. President Vladimir Putin also said Russia was ready to supply an advanced S-300 anti-missile system to Tehran, prompting alarm in Washington.

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