

Indian Minister Pradhan says too early to predict sanctions impact on Iran imports

Indian Minister for Petroleum & Natural Resources Dharmendra Pradhan on Saturday expressed concern about the rise oil prices but said it was too early to predict the impact of U.S. sanctions on his country's imports of Iranian oil after Washington withdrew from the Iran nuclear deal.

"This kind of geopolitical (tension) affects both consuming and producing countries. We have to live with the reality of the present geopolitics," Pradhan told American news agency Reuters during his visit to the United Arab Emirates.

U.S. President Donald Trump on Tuesday reneged on an international nuclear accord with Iran and announced renewed sanctions against the OPEC member. The original agreement had lifted sanctions for Tehran limiting its nuclear program.

Crude prices remained just below multi-year highs, with Brent on track for a weekly 2.8 percent gain and U.S. crude a 1.2 percent weekly rise. Brent crude settled down 35 cents at \$77.12 a barrel on Friday.

Pradhan said he was "a little bit concerned" about the impact of the current rise in oil prices on consuming countries but that he did not think oil supply would be an issue.

"Let's see how things are moving. It's too early to predict in one way. We are watching very carefully," he said.

Iran is the third-largest oil producer in the Organization of the Petroleum Exporting Countries. Iran ramped up supplies after lifting the sanctions in 2016, producing 3.81 million bpd in March 2018.

Analysts now expect Iran's supplies to fall by between 200,000 bpd and 1 million bpd, depending on how many other countries fall in line with Washington.

During the last round of sanctions, India enjoyed waivers allowing limited Iranian oil imports paid for in rupees instead of U.S. dollars.

When sanctions were loosened against Tehran, India increased imports from Iran to almost 900,000 bpd in late 2016, but intake has fallen back to around 500,000 bpd this year.

Pradhan also said that there was a consensus between Saudi Arabia's state oil giant Saudi Aramco, Abu Dhabi National Oil Company (ADNOC) and Indian companies to firm a joint venture for India's Ratnagiri oil refinery.



The planned \$44 billion facility in western India will be one of the largest refining and petrochemical complexes in the world at 1.2 million barrels per day.

Aramco in April signed a deal with India for a 50 percent stake in the project, saying it may introduce at a later stage a strategic partner to share its 50 percent stake.

ADNOC wants to expand its downstream portfolio in markets where demand for oil is still growing, such as China and India, securing a new outlet for its crude.

Pradhan was speaking at ADNOC's headquarters on the sidelines of an event marking the first cargo of crude oil from ADNOC, to the Indian Strategic Petroleum Reserves Ltd (ISPRL) after it has been loaded and was en-route to India.

The cargo is the first under an agreement between ADNOC and India's government-owned company ISPRL, to locate 5.86 million barrels of ADNOC crude oil at the Karnataka facility in the Indian city of Mangalore, ADNOC said in a statement.

The loading ceremony, of approximately 2 million barrels of ADNOC crude oil, was witnessed by Pradhan and UAE Minister of State and ADNOC's CEO Sultan al-Jaber, in Abu Dhabi.

"The strategic reserve will provide a boost to India's energy security and help us deal with supply side disruptions. While part of the stored oil will be used for commercial purposes by ADNOC, the major part will be purely for strategic purposes," Pradhan said in a statement after the ceremony.

Source: Reuters, PIB

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