

**Malaysia to halt Iran oil imports, sources say**  
**The Malaysian Insider**  
**March 23, 2012**

KUALA LUMPUR, March 23 — State oil firm Petronas will halt all imports of Iranian crude from April, two months before a US embargo takes effect, joining a growing list of buyers bowing to Western pressure to isolate Iran.

China, India, Japan and South Korea are the four biggest buyers of Iranian crude in Asia and all are cutting imports. Iran sells most of its 2.6 million barrels per day (bpd) of exports in the region.

Petronas sources said today the company was already looking at other suppliers.

"We are complying and aim to cut all our imports from Iran by April," said a senior Petronas official with direct knowledge of the issue. "We are looking at alternative sources."

A Petronas spokesman was unavailable for comment.

Petronas imports some 50,000-60,000 bpd of Iranian crude, the sources said, making it a mid-sized Asian buyer compared with top Iranian oil importers such as China's Zhuhai Zhenrong and Unipet which buy more than 200,000 bpd each.

Petronas buys Iranian crude via at least two annual term contracts, and one of those will not be renewed when it expires in March, the sources said.

Malaysia imports 350,000-400,000 bpd of crude oil and oil products and those volumes are set to rise as the economy expands, industry sources say.

Petronas has been very cautious about doing business with Iran due to sanctions, which have increased over the years. It also wants to safeguard its US business exposure, Petronas and industry sources say.

Under pressure

Iran's crude customers are under pressure from the United States to reduce imports significantly to avoid sanctions that will be imposed from the end of June.

EU sanctions have also made buying Iranian crude more difficult as they penalise insurers for indemnifying Iranian crude cargoes anywhere in the world.

The sanctions are intended to punish Iran for its controversial nuclear programme, which the West believes is being used to develop weapons but which Iran says is for peaceful purposes.

Elsewhere in Asia, major buyers are cutting back their purchases of Iran's crude.

Indian Oil Minister Jaipal Reddy told reporters today his country will continue to import oil

from Iran without violating any international law. However, while publicly disdainful of unilateral sanctions against Iran, India is privately pushing its refineries to cut back imports from the OPEC producer.

Japan has been granted a waiver from the US sanctions after cutting its Iran oil imports by 15-22 per cent in the second half of last year.

China, Iran's top trade partner and crude buyer, slashed imports by more than half in the first quarter as its largest refiner, Sinopec, negotiated long-term supplies. South Korea cut Iran imports by 15 per cent in January and February combined.

Among small buyers, Taiwan state-run refinery CPC will halt Iran imports from July, a company source said. Sri Lanka, which relies on Iran crude for 90 per cent of its needs, has signed a deal to buy Oman crude as it works to reduce its reliance on Tehran.

The tightening sanctions have raised concerns among oil importers that they might not find replacement barrels or that world supply will fall and push prices even higher.

The head of the International Energy Agency tried to soothe market concerns.

"There is no fear of disruption of supplies and you know Saudi Arabia is going to bring more oil to the market," IEA Executive Director Maria van der Hoeven said on a trip to India. She did not make a direct reference to Iran.

Most of Petronas' purchases of Iranian crude were for the 135,000 bpd Engen refinery in South Africa, in which Petronas holds a majority stake.

South Africa has already suspended almost all of its oil imports from Iran, a senior diplomat said yesterday. The Petronas source said Engen had stopped buying any Iranian crude from March.

Another 10,000-11,000 bpd of Iranian crude were channelled to Petronas' 180,000 bpd Malacca refinery in Malaysia, a source said. Petronas holds a 53-per cent stake in the plant, with the rest owned by US firm ConocoPhillips.

Petronas has bought Middle East crude cargoes from the spot market to replace the Iranian crude for its Malacca refinery. It also purchased Angolan and Middle Eastern grades for the South African refinery, the source said.

Petronas also recently renewed a term contract to buy up to two 730,000-barrel cargoes of Russian ESPO Blend crude each month from TNK-BP for two years. — Reuters

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