

Najib shrugs off impact of Iran oil import halt
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By Shannon Teoh

Najib (left) smiles for the cameras before the press conference after the Umno supreme council meeting at the PWTC in Kuala Lumpur March 23 2012. — Pictures by Choo Choy May

KUALA LUMPUR, March 24 — Datuk Seri Najib Razak confirmed last night Malaysia's halting Iranian oil imports to avoid US sanctions.

But the prime minister brushed off the impact of the decision to join a growing list of buyers bowing to Western pressure to isolate Iran.

The US State Department on Tuesday released the list of 12 countries that remain potentially subject to sanctions beginning end of June unless they cut shipments of Iranian oil. Malaysia was one of the 12 countries listed.

"We're not importing (anymore). It's only a small amount," he told reporters after chairing an Umno supreme council meeting which ended close to midnight.

Reuters had earlier yesterday cited a Petronas source as saying the state oil firm will halt its import of 50,000 to 60,000 barrels per day of Iranian crude from April and is already looking at alternative sources.

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 told the news wire.

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 on Thursday. 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 told Reuters. Petronas holds a 53-per cent stake in the plant, with the rest owned by US firm ConocoPhillips (COP.N).

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, Reuters reported.

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 (TNBP.MM) for two years.

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.

European Union 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.

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