

# China Shifts to Iranian Tankers to Keep Oil Flowing: Sources



BEIJING/SINGAPORE (Reuters) - Chinese buyers of Iranian oil are starting to shift their cargoes to vessels owned by National Iranian Tanker Co (NITC) for nearly all of their imports to keep supply flowing amid the re-imposition of economic sanctions by the United States.

The shift demonstrates that China, Iran's biggest oil customer, wants to keep buying Iranian

crude despite the sanctions, which were put back after the United States withdrew in May from a 2015 agreement to halt Iran's nuclear program.

The United States is trying to halt Iranian oil exports to force the country to negotiate a new nuclear agreement and to curb its influence in the Middle East. China has said it is opposed to any unilateral sanctions and has

defended its commercial ties with Iran.

The first round of sanctions, which included rules cutting off Iran and any businesses that trade with the country from the U.S. financial system, went into effect on Aug. 7. A ban on Iranian oil purchases will start in November. Insurers, which are mainly U.S. or European based, have already begun winding down their Iranian business to comply with the sanctions.

To safeguard their supplies, state oil trader Zhuhai Zhenrong Corp and Sinopec Group, Asia's biggest refiner, have activated a clause in its long-term supply agreements with National Iranian Oil Corp (NIOC) that allows them to use NITC-operated tankers, according to four sources with direct knowledge of the matter.

In 2017, China imported an average of 623,000 bpd, according to customs data.

## UAE Second Largest Importer of Non-Oil Iran Goods



LONDON (Dispatches) -Iranian Emirates over three months have exports to the United Arab reached approximately \$3 billion,

making the UAE the second largest importer of Iranian goods, Al-Khaleej Online reported.

In the same three months, between 21 March and 22 July, Iranian non-oil exports were worth some \$15.45 billion, the UK-based news website added.

Iranian non-oil exports grew 14.7 per cent.

"China, the UAE, Iraq, Afghanistan, South Korea, India and Turkey were among the most important target markets for Iran's exported goods in the first three months of the current Iranian year," Iran's Fars News Agency reported.

## Iran Sanctions Could Backfire on U.S. Drillers



NEW YORK (Oilprice.com) - The United States is upping the ante in its effort to sanction Iran, and its efforts may further complicate its ongoing trade war with China and affect the flow of oil worldwide.

On August 16, the head of the new Iran Action Group, Brian Hook, announced that the U.S. would sanction any country that purchased oil from Iran after the November 4 deadline. China has shown no indication that it plans to cooperate with the U.S., and Hook did not rule out imposing

secondary sanctions on China if it continues its purchases of Iranian oil.

While other importers of Iranian crude, including Japan and South Korea, had scaled back their purchases, China has actually increased its imports from Iran.

In August China announced a round of tariffs on U.S. goods, including some oil products, though it exempted U.S. crude from the list.

Nevertheless, Chinese imports of U.S. energy products has been

on the decline. A ship-tracking report noted that not a single U.S. tanker has departed for China in August. Should the U.S.-Chinese trade war worsen, China may turn towards alternative sources of energy, including Russia or Iran. That would be a real blow to U.S. energy suppliers like Cheniere Energy Inc., which ships LNG to China.

China is the second-largest market for U.S. energy goods. In May it averaged 427,000 bpd of U.S. imports, surpassing Canada, which imported 289,000 bpd, according to the EIA.

Right now, Chinese importers like Unipeq have adopted a "wait and see" attitude towards buying U.S. crude, despite the fact that it was left off the Chinese government's tariff list.

For China, the situation may involve choosing between Iran and the U.S. American energy products have been attractive for Chinese importers, but the geopolitical advantages of cozying up to Tehran may outweigh the economic benefits of sticking with U.S. crude.

## French Oil Giant Total Pulls Out of Iran: Zangeneh

TEHRAN (AP) — Iran's Oil Minister Bijan Zangeneh said on Monday that France's oil giant Total SA has officially pulled out of Iran after cancelling its \$5 billion, 20-year agreement to develop the country's massive South Pars offshore natural gas field over renewed U.S. sanctions.

The parliament's website ICANA.ir quoted Zangeneh as saying that since Total first announced its decision a while ago, Iran has been in the process of "looking for an alternative" to Total. He didn't elaborate.

Earlier this month, Iran said China's state-owned petroleum corporation took a majority 80 percent share of the project. CNPC originally had some 30 percent of shares in the project.

The renewed U.S. sanctions took effect in August, after America's pullout from the nuclear deal in May. The re-instatement of the sanctions exacerbated a financial crisis in Iran, which has sent its currency, the rial, tumbling.

Total announced in May its decision to cancel the multi-billion-dollar project in Iran because of U.S. sanctions. The group said at the time it couldn't "afford to be exposed to any secondary sanction," including the loss of financing by American banks.

The 2017, \$5 billion contract for new development at the massive



FILE - In this July 3, 2017 file photo, Chairman and CEO of France's Total SA Patrick Pouyanne, seated second left, managing director of Iran's Petropars Hamid Akbari, left, CEO of National Iranian Oil Company Ali Kardor, second right, and President of China's CNPC International Lv Gongxun sing the documents of a contract to develop an Iranian gas field, as Iranian Oil Minister Bijan Zanganeh, standing at center, and Chinese ambassador to Tehran Pang Sen look on, in Tehran, Iran.

South Pars offshore natural gas field was the first major gas deal signed with Iran following the 2015 nuclear deal.

Total said in May that its actual spending to date with respect to this contract was less than 40 million euros.

Total had pulled out of Iran already once before, in 2008, as Western sanctions over its nuclear program began to ramp up.

South Pars is the world's largest natural gas field and is shared by Iran and Qatar, where it's called

North Dome. Qatar produces more than 590 million cubic meters per day from the shared field and plans to increase production by 10 percent by 2022.

Iran's total gas production stands at 750 million cubic meters per day, of which 550 million is consumed domestically.

Iran exports gas to neighboring Turkey and Iraq, and pipelines to Pakistan and Oman are in the works. Iran also imports some 12 million cubic meters per day from neighboring Turkmenistan.

## Official: Knowledge-Based Companies Turn Sanctions Into Opportunity



Iran's vice president for Science and Technology and chairman of the Elite Foundation Sorna Sattari

SHAHRE-KORD, Iran (Dispatches) — Iran's vice president for Science and Technology and chairman of the Elite Foundation Sorna Sattari says sanctions are not serious issue for Iran and knowledge-based companies turn them into opportunities.

Speaking on Monday on the sidelines of visit of gamma-ray system project in Shahre- Kord, Sattari pointed out that with good management, sanctions will not

have any effect. "Always sanctions for knowledge-based companies are considered as an opportunity that can transfer the knowledge to the country," he noted.

Referring to the gamma-ray system as a useful technology, the vice president said, "This is the first time a private sector company has entered a nuclear issue and doing technology transfer with the best quality."

The official expressed the hope that seven or eight other projects similar to the plan were done by the private sector in the country.

Meanwhile, in same regard, an Iranian knowledge-based company producing electrostatic nanostructured powder coatings has managed to use nanotechnology in its paint and coating products.

The R&D section of the Rangin Nano Nahal company has managed to bring nanotechnology to the paint and coating industry, inventing several types of electrostatic powder coatings that have solved long-running problems in the industry.

Mehdi Rahmani, the CEO, says his company has more than nine patented products in Iran.

"Among the company's products are anti-bacterial electrostatic powder coatings, which are used for coating medical equipment, washing equipment, household appliances, etc." he noted.

"Covering the surface of the equipment with this coating will destroy up to 99 percent of microbial contamination and bacteria and fungi," he went on to say.

## Armenia, Iran Sign MoU to Jointly Produce Agricultural Machinery

TEHRAN (Tasnim) — Iran and Armenia have signed a memorandum of understanding (MoU) on joint production of agricultural machinery, Iran's commercial attaché to Armenia Mohsen Rahimi said.

Based on the terms of the agreement, an Iranian company will export Knock-down kit

(CKD) parts to Armenia and do the assembling in the country, News.am website reported.

The agreement was signed during a ceremony attended by senior officials from both countries, including Iranian and Armenian deputy economy ministers, he added.

The Armenian side has promised

to facilitate all the paperwork and also attendance of the Iranian company in international fairs while providing technical, informational and legal support.

The Iranian company is seeking to gain a foothold in Armenia's market at the first step and then export machinery to member states of Eurasian Economic Union.