

LUKoil Resumes Gasoline Supply to Iran

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LUKoil has resumed gasoline sales into Iran in partnership with China's state-run firm Zhuhai Zhenrong, even as the United States urges the international community to be tough with Tehran.

LUKoil, which has the largest U.S. presence among Russian firms, halted shipments in April as UN sanctions on Iran loomed.

Sources familiar with the company's activities said at the time that LUKoil traders had received verbal direction from senior management to halt sales to Iran.

But LUKoil's trading arm, Litasco, and China's Zhenrong discharged a 250,000-barrel gasoline cargo at the Iranian port of Bandar Abbas last week, industry sources said.

Geneva-based Litasco was expected to ship a second cargo of the motor fuel to Bandar Abbas later this week, traders said.

A LUKoil spokesman declined to give details, saying only that "one-off deliveries have taken place within the framework of previously signed contracts."

It was unclear whether the two shipments to Bandar Abbas formed part of the previously signed contracts.

With increasing pressure from the United States and its Western allies, many international oil companies and trading firms have been forced to halt supplies to Iran, fearing a backlash.

"No company wants to be blacklisted by the United States, or for that matter, the European Union, so most companies have just decided to let it go," a trader said.

LUKoil has significant exposure in the United States, with 1,500 retail gasoline stations.

Iran is the world's fifth-largest oil exporter but lacks adequate refining capacity to meet domestic demand for motor fuel, forcing it to import up to 40 percent of its requirements.

Russia and China, both permanent members of the UN Security Council, signed up to the latest round of UN sanctions on Iran but refused to support measures that targeted the Islamic Republic's oil and gas sector.

The United States has since passed additional unilateral sanctions allowing it to penalize fuel suppliers to Iran, measures criticized by both Beijing and Moscow.

Moscow is struggling to balance trade ties with Tehran and warmer relations with the United States, which is eager for Kremlin support to rein in Iranian nuclear activities that Washington says it believes are aimed at developing a nuclear bomb.

In July, Energy Minister Sergei Shmatko said Russian companies would be ready to supply fuel to Iran if there were a commercial interest and attractive terms.

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