

Brent Oil Hits Highest Level This Year as Russian Exports Cut

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By [Reuters](#)

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Brent broke the \$75 per barrel ceiling. [Jim Barton / Flickr \(CC BY-NC-ND 2.0\)](#)

Brent oil rose above \$75 per barrel on Thursday for the first time this year as quality concerns forced the suspension of some Russian crude exports to Europe, while the United States prepared to tighten sanctions on Iran.

Poland and Germany have suspended imports of Russian crude via the Druzhba pipeline, citing poor quality. Trading sources said the Czech Republic had also halted purchases.

The pipeline can ship up to 1 million barrels per day, or 1 percent of global crude demand, with around 700,000 barrels per day of flows suspended, according to trading sources and Reuters

calculations.

Related article: [Germany, Poland Halt Oil Imports From Russia Over Quality Concerns](#)

U.S. attempts to drive Iranian oil exports down to zero also boosted prices.

The United States this week said it would end all exemptions for sanctions against Iran, OPEC's third-largest producer, demanding countries halt oil imports from Tehran from May or face punitive action from Washington.

The U.S. decision comes amid supply cuts led by the Organization of the Petroleum Exporting Countries since the start of the year aimed at propping up prices.

Still, Brian Hook, U.S. special representative for Iran and senior policy adviser to the secretary of state, said on Thursday "there is plenty of supply in the market to ease that transition and maintain stable prices".

Consultancy Rystad Energy said Saudi Arabia and its main allies could replace lost Iranian oil.

"Saudi Arabia and several of its allies have more replacement barrels than what would be lost from Iranian exports," said Rystad's head of oil research, Bjoernar Tonhaugen.

"Since October 2018, Saudi Arabia, Russia, the UAE, and Iraq have cut 1.3 million barrels per day, which is more than enough to compensate for the additional loss," he added.

On the supply side, U.S. crude production has risen by more than 2 million bpd since early 2018 to a record of 12.2 million barrels per day currently, making the United States the world's biggest oil producer ahead of Russia and Saudi Arabia.

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