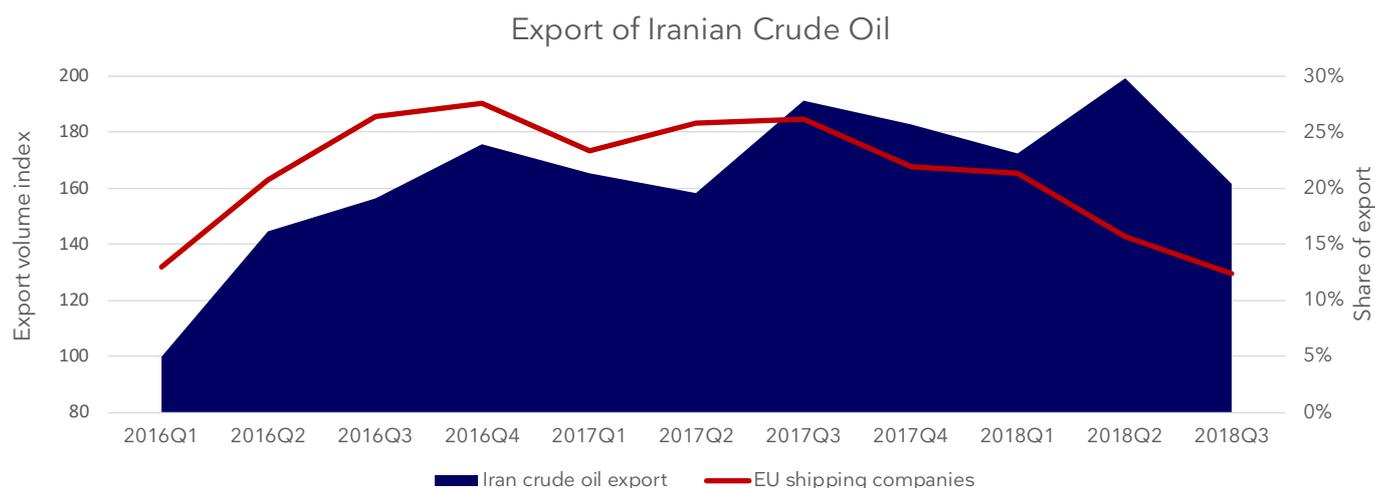


# Ultra-flash: Sanctions on shipping in Iran

On the 5 November 2018 the second round of US nuclear-related sanctions on Iran will come into effect. These sanctions will cover both the shipping and energy sector. Nevertheless, Iran is still the sixth largest crude oil exporter in the world and 5.5 pct. of all crude oil originates from Iran. Today, Iranian operators have absorbed a significant part of the crude oil exported from Iran.

- Crude oil is one of Iran's biggest export commodities. After the implementation of US sanctions, shipowners could be penalised by the US authorities if they engage in the transport of these commodities.
- In 2017, 5.5 pct. of all global trade with crude oil originated from Iran. China and India are the two largest importers of Iranian crude oil. Respectively, China, India, and the UAE import 25 pct., 22 pct. and 14 pct. of all Iranian crude oil.
- Despite the announcement of sanctions, Iranian crude oil export has been up by 61.5 pct. since the beginning of 2016 but has since declined by 15.4 pct. from 2018Q2. The limited downturn in export of Iranian crude oil is mainly due to consistent import from China, India and the UAE.
- European shipowners' crude oil activities in Iran have declined by 50 pct. since 2018Q1. Thus, only 16 pct. of Iranian crude oil was carried by a European vessel in 2018Q3 compared to 26 pct. a year ago. Most recent data suggest an additional decline to approximately nine pct. for October.
- On the other hand, Iranian shipowners' transport of crude oil to China increased by 81 pct. from 2018Q2 to 2018Q3. A year ago, the Iranian merchant fleet carried 37 pct. of all crude oil loaded in Iran while the same figure is 67 pct. today.
- Therefore, for now the main result of the US sanctions is merely reserving Iranian crude oil to Iranian shipowners instead of reducing crude oil production in Iran.



<sup>1</sup> Thomson Reuters Eikon is the data source for all numbers and figures in this analysis