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Iran Ramps Up Oil Exports as China Pulls Back on Russian Crude

Increase was fastest of any Middle Eastern nation and highest since President Trump reinstated oil embargo after pulling out of 2015 nuclear pact



The consequences of harsh economic sanctions against Russia are already being felt across the globe. WSJ's Greg Ip joins other experts to explain the significance of what has happened so far and how the conflict might transform the global economy. Photo Illustration: Alexander Hotz

By [Benoit Faucon](#) [Follow](#)

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Iran is ramping up oil exports and benefiting from a rise in oil prices as its main buyer, China, pulls back on its purchases of Russian oil due to the [war with Ukraine](#).

Iran oil exports—which go [almost exclusively to China](#) apart from rare deliveries to Syria and Venezuela—rose to 870,000 barrels a day in the first three months of the year, up 30% from an average of 668,000 barrels a day in the full-year 2021, said commodities data provider Kpler. [China cut back its purchases](#) of Russian oil by 14% in March, according to data from Chinese customs administration.

Iran's growing exports illustrate how the invasion of Ukraine is redrawing the world's energy trade routes, as energy consumers look for alternatives to Russian oil and gas [to avoid Western sanctions](#). The changes are expected to accelerate as [more Russian oil comes off the market](#), with the International



quarter.

Iran's exports grew faster than any other Middle Eastern nation in the first quarter, and marked the highest level of oil that Iran has exported since President Trump reimposed sanctions on Tehran in 2018 after pulling out a 2015 nuclear accord signed under President Obama, according to Kpler.

Russia and Iran have aligning interests on a range of issues, including supporting President Bashar al-Assad in Syria and opposing the U.S.-led global order. But in the oil market, they are competitors, as some of Iran's crude has a similar composition to Russian grades that makes it easy for refineries to substitute them for each other.

Iran is now selling more oil to China despite charging higher prices than Moscow after [oil prices rose to a decade high](#) in the wake of Russia's invasion of Ukraine.

Moscow is selling its oil at a discount of \$30 a barrel compared with international prices, while Iran offers smaller rebates of \$20 a barrel, according to an Iranian official.



In recent months, Iran launched testing drills to restart onshore wells that were idle for years because of the sanctions.

PHOTO: VAHID SALEMI/ASSOCIATED PRESS

Iran's oil exports rose by 40% in the year ended March 20, the country's oil minister, Jawad Owji, told state media earlier this month. As a result, the government received about 10% more than the amount of oil revenue it had initially expected, Mr. Owji said.

The opportunity to sell more oil comes at an especially opportune time for Iran. It had been vowing to increase its oil output in anticipation of a [nuclear deal](#)



Talks to revive the pact have stalled.

In recent months, Iran launched testing drills to restart onshore wells that were idle for years because of the sanctions, Iranian officials say. “We are going to be ready to sell more oil,” said an Iranian official. The aim was to substantially increase production to be able to export an additional 1 million barrels of oil a day as soon as the deal became effective, the officials said.

Iran also sent tankers carrying millions of barrels of oil for temporary storage ready to be snapped by buyers, these people said. Data from shipping-tracker MarineTraffic shows the locations of the idling vessels include a northern Chinese port that is near South Korea, which has said it would restart Iran oil purchases [if sanctions are lifted](#).

But since then, oil deliveries from Russia—the world’s biggest oil and gas exporter—have been coming under pressure with [many buyers shunning its products](#) while others, such as the U.S., are [banning them outright](#).

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State-run China National Offshore Oil Corp. halved its imports from Russia to 60,000 barrels a day in March while it boosted its Iran oil imports by 30,000 barrels a day, Kpler said.

“China remains cautious over how to handle the Ukraine crisis,” an analyst with Kpler said. While at the same time, “it does not expect to be hit by the U.S. over Iran because Washington has its plate full with Russia.”

While most countries have so far condemned Moscow’s actions in Ukraine, China has [refrained from calling the Russian assault on Ukraine an invasion](#). But in talks with the U.S., China has presented itself as a neutral party and insisted it advocates respecting the sovereignty and territorial integrity of other countries.



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Iran is now selling more oil to China despite charging higher prices than Russia.

PHOTO: VAHID SALEMI/ASSOCIATED PRESS

Tehran doesn't disclose official data for its oil exports, which are carried through [covert tactics](#) such as vessels going dark or transferring their cargoes to other ships to conceal their origin.

An Iranian official said oil shipments were higher than the Kpler figures, saying they hit 1.2 million barrels a day—with an additional 300,000 barrels a day delivered to China through third-party countries.

Another Iranian official said Russia's increased isolation on the world stage in the wake of the Ukraine invasion means Moscow's oil is now much more difficult to sell than Iran's crude.

"Ukraine changed everything" for Tehran's oil sales, the Iranian official said.

Corrections & Amplifications

Iran's oil exports rose to 870,000 barrels per day in the first three months of the year, up 30% from an average of 668,000 barrels a day in the full-year 2021. An earlier version of this article incorrectly said they rose to 750,000 barrels a day, up 12%. (Corrected on April 28)

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