

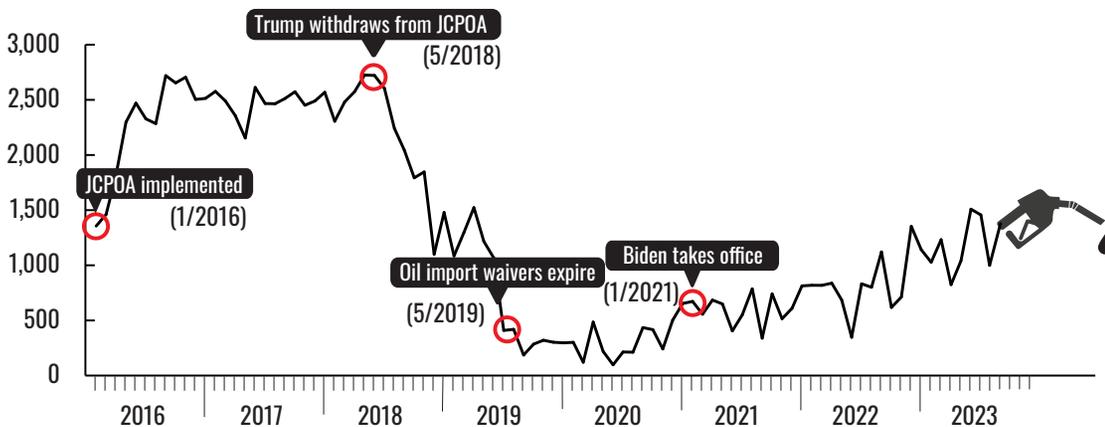
# IRAN'S SOARING OIL EXPORTS

Iranian oil exports have increased more than threefold over the past three years, a consequence of relaxed U.S. sanctions enforcement and increased Chinese demand for Iran's heavily discounted crude oil. Energy products constitute about one-third of exports and roughly one-quarter of government revenue—a significant proportion. U.S. sanctions imposed in 2018 and 2019 severely constricted Iranian exports of crude oil and condensate, a light liquid hydrocarbon. Exports fell well below 500,000 barrels per day (bpd) from a pre-sanctions peak of 2.7 million bpd. They began rising around the time of the U.S. presidential election in 2020, as the Biden administration called for a revival of the nuclear agreement, which would have lifted all constraints on Iran's oil sales. Even though negotiations to revive the deal have failed, Iran's oil exports continue to increase, as Washington opts not to enforce the sanctions. As of September 2023, Iranian exports are estimated at close to 1.5 million bpd, or perhaps higher.

Most of Iran's oil exports are sold to China, the world's largest oil importer. Iran and its buyers use a variety of techniques to conceal the origin of the oil, such as transferring oil between tankers while at sea, transshipping oil via the United Arab Emirates, or labeling it as different types of fuels. Iran incentivizes China to defy sanctions by offering steep discounts on its oil sales, which reportedly reached more than \$10 per barrel compared to international benchmarks. Iran also has to compete with oil coming from Russia. The Russian invasion of Ukraine and imposition of Western sanctions have reshaped oil markets, including redirecting sizable Russian volumes to China, which cuts into the price Tehran can earn for each barrel.

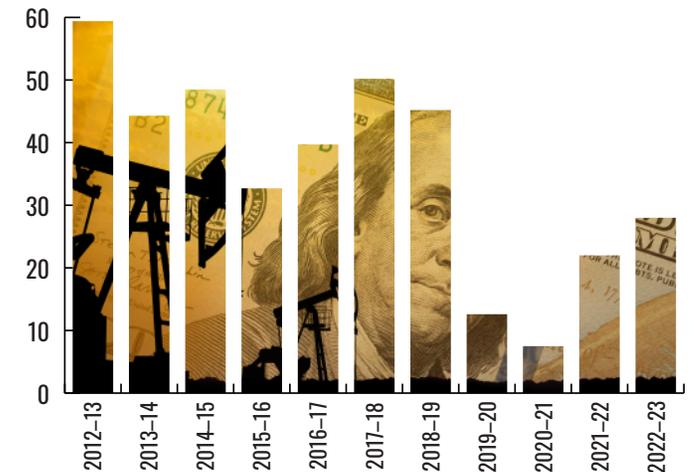
**Iranian oil exports have risen over the past three years, leading to an increase in oil revenue**

**Iranian Crude and Condensate Exports, 2016–23 (kbpd)**



Source: Kpler

**Iranian Oil Export Revenue (billion USD)**



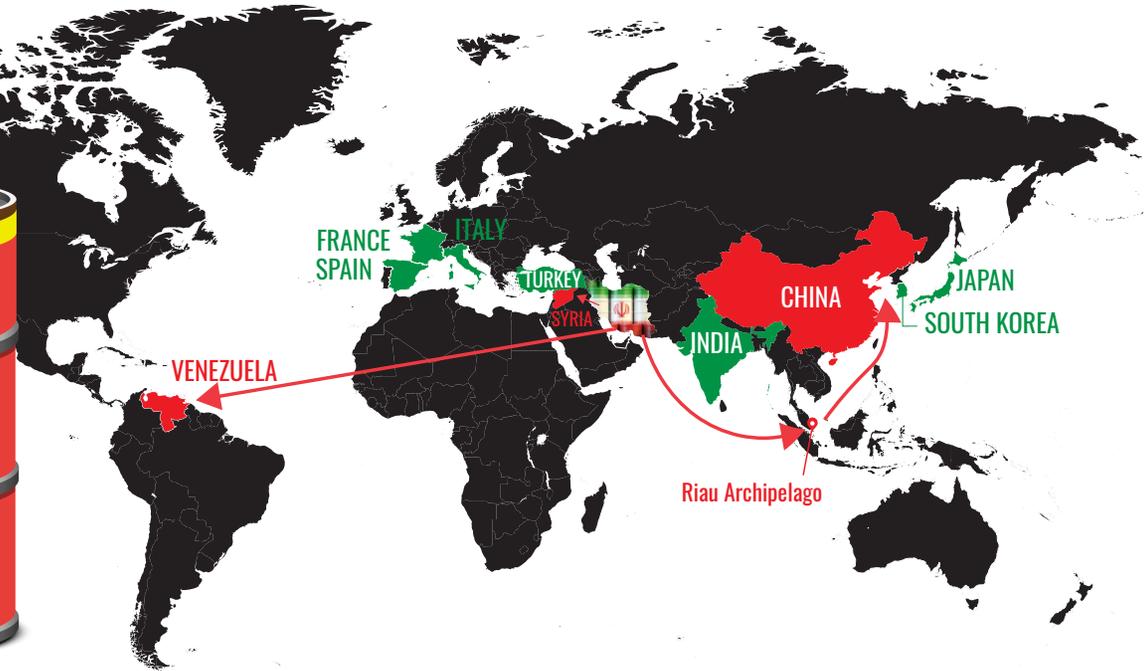
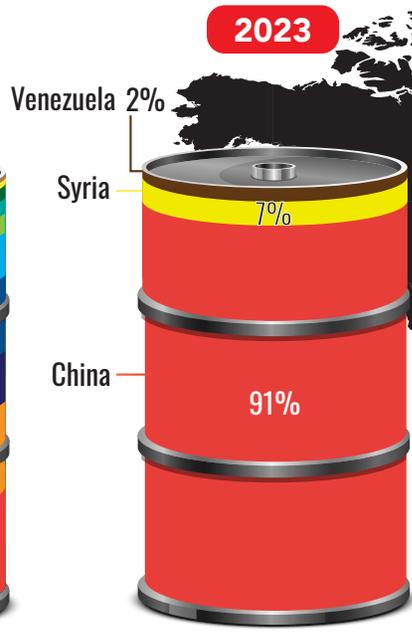
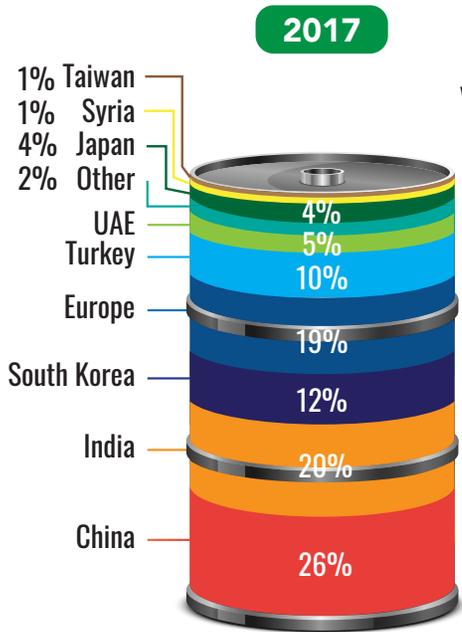
Includes gas export.

Source: Former Central Bank governor Abdolnaser Hemmati

# China buys almost all Iranian exports, in contrast to periods without sanctions

Iran's Monthly Oil Exports by Destination Country (kbpd, first half of the year)

Iran's Oil Exports



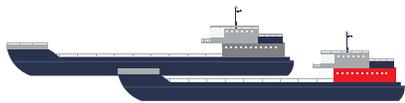
Source: Kpler and TankerTrackers.com



Key Asian and European markets that stopped directly importing Iranian oil



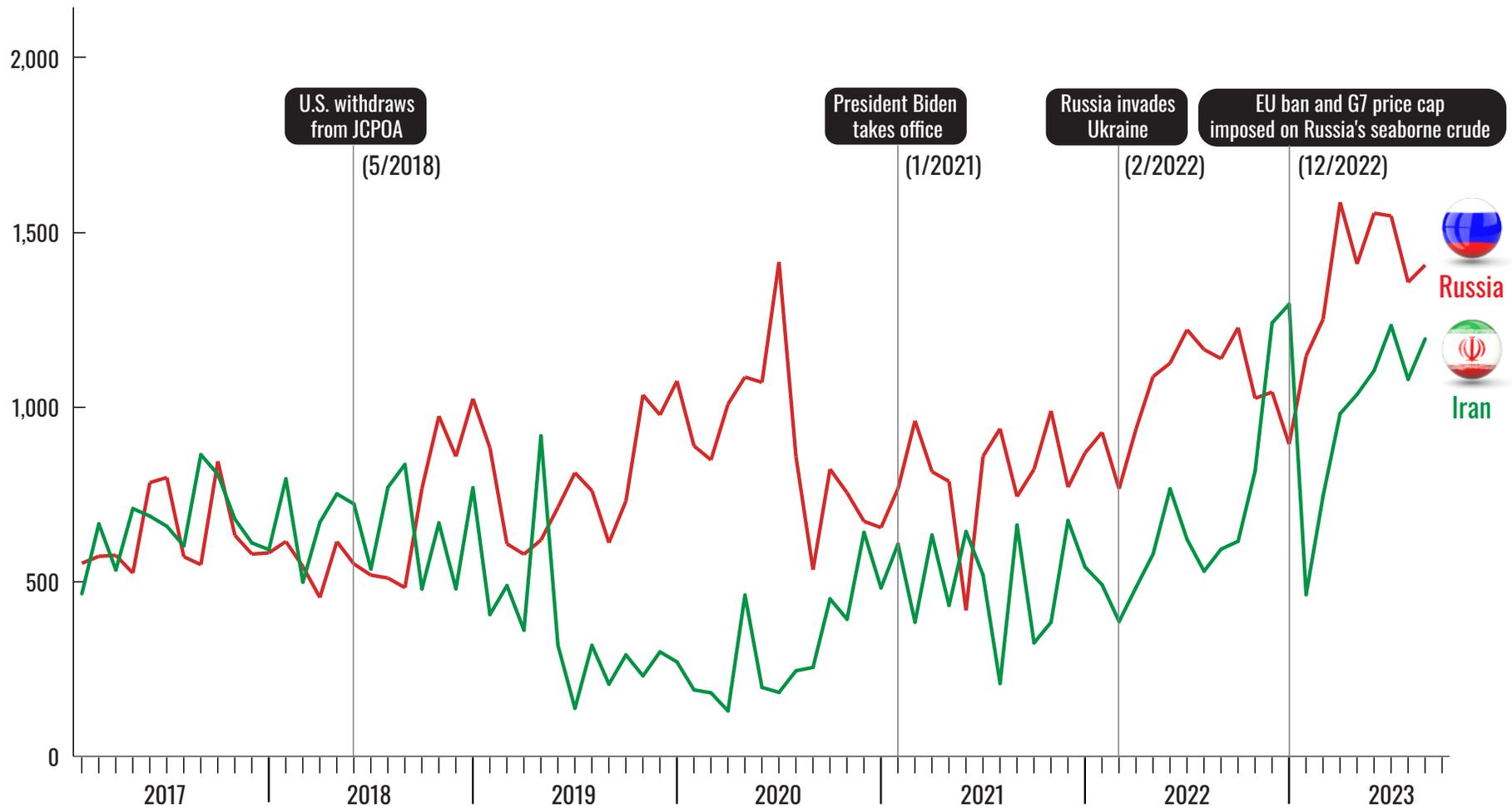
Current buyers of Iranian oil



Due to U.S. sanctions, a large volume of Iranian oil cargoes is being transported clandestinely with unclear destinations. Shipping data, however, indicates that China has been the main recipient. Tankers laden with Iranian oil have been engaging in ship-to-ship transfers in some regions, such as the Riau Archipelago near Singapore, according to TankerTrackers.com.

## Under sanctions, Russia increased exports to China, competing with Iranian barrels

China's Seaborne Oil Imports from Iran and Russia, Jan 2017–Aug 2023 (kbpd)



Source: Kpler

