
IRAQ EXPANDS OIL EXPORT TERMINAL

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Oil Price

Iraq's South Oil Company announced it had started work on the expansion of its Khor al-Amaya oil export terminal, aiming for a daily capacity of 1.2 million barrels. The goal is to make it possible for 1-million-barrel Suezmax tankers to load at the terminal, a spokesman for SOC said, as quoted by Reuters. This would be double on the port's current capacity.

Expansion works should finish by June, suggesting that Iraq, like Saudi Arabia, does not believe an extension of the OPEC production cut agreement will be necessary. While the negotiations on the agreement were ongoing, Iraq was vocal in its insistence to be exempted from it as oil revenues are vitally important for the country, which is still fighting ISIS and needs every petrodollar to continue doing it.

Besides, Iraq argued, it had been crippled by 35 years of oil wars and sanctions, Reuters wrote. However, it is OPEC's second-largest producer after Saudi Arabia, and it was finally convinced to join the market rebalancing efforts.

At the same time, because of its stated unwillingness to do this, Iraq was put in the spotlight once the agreement was reached, with many investors and industry observers doubting that it would comply with the cut. These doubts have continued to grow, despite efforts from within the group to quench them, most recently by setting up, along with Russia and Oman, a monitoring committee to make sure everyone is cutting as promised.

The compliance issue is likely to remain center stage for the remainder of the month, the ministers also said, with more production data unlikely to be released from the OPEC-non-OPEC camp. Rather, the partners will be announcing further details about how they would assess compliance. So far, according to the officials, 1.5 million bpd of crude have been taken off world markets.

Kaynak/Source: