
IRAQ HALTS PLAN TO SWITCH ASIAN OIL PRICING IN JAN

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Iraq's Oil Marketing Company (SOMO) postponed its plan to switch its price benchmark for Basra crude in Asia to DME Oman futures from January 2018, according to a letter seen by Reuters.

SOMO told customers it needs more time to study a plan to change its price benchmark for Basra crude to DME Oman futures from the average of Platts' Oman-Dubai prices with effect from January 2018, according to the letter dated Sept. 10, and sent by Falah Alamri, the former head of the state oil marketer.

"The proposal is still in need for a sufficient period of time to finalise our studies and thorough discussions with our customers on the best ways and mechanisms that should be more effective to well represent the benchmark for Asia market based on its real transactions," Alamri said in the letter sent to customers on the same day he was replaced as director general.

On Aug. 20, SOMO asked its customers for feedback on plans to switch its Basra crude benchmark in Asia to pricing based off the Dubai Mercantile Exchange from January 2018, dropping quotes based on assessments by oil pricing agency S&P Global Platts.

The plan was "an effort to realize the intrinsic value" of Iraqi crude exports to Asia, SOMO has said last month. The proposal faced some resistance from refiners who fear that longer lead times between pricing and deliveries will expose them to more risk.

The move would affect the price of about 2 million barrels per day (bpd) of crude oil supplies to Asia, mainly shipped to India, China and South Korea.

On Sunday, Iraq replaced Alamri with Alaa al-Yasiri as acting head of SOMO, part of a wider plan to reshuffle the oil sector. Yasiri used to head the economic and financial department at the Iraqi Oil Ministry.