

# Oil Market Shocked as China's Top Refiner Halves Iranian Oil Imports

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*China's top refiner Sinopec is halving its oil imports from Iran as of September, bowing to pressure from the United States, which is seeking to bring Iranian oil exports down to zero with the sanctions returning in November, Reuters [reported](#) on Friday, quoting people familiar with the issue.*

Sinopec will reduce its imports from Iran to around 130,000 bpd, based on Reuters calculation on the prevailing supply contracts between the Chinese company and the National Iranian Oil Company (NIOC).

China has previously stated that it [would not stop buying](#) Iranian oil despite U.S. efforts to have the Iranian exports down to zero. But Beijing is also said to have agreed not to increase its oil purchases from Iran. Iran, for its part, is keen to keep its single biggest oil customer—China—when U.S. sanctions on Iranian oil exports kick in.

Analysts have so far assumed that China will keep buying Iranian oil and be pretty much the only certain meaningful customer of Iran, because the other major buyer, India, is even more hard-pressed by the United States to wind down purchases from Tehran.

Sinopec—listed in Hong Kong, but more importantly, also in New York—is now facing direct pressure from the United States to curtail Iranian oil imports.

According to one of Reuters's sources, U.S. officials visited Sinopec in Beijing in August and demanded steep reductions of oil imports from Iran.

"This round is completely different from last time. Then it was more of a consultative tone, but this time it's almost like an ultimatum," the source told Reuters.

Last month, Chinese refiners and oil traders were said to have started to [switch to using Iran-owned tankers](#) for almost all their crude oil imports from Tehran, in order to keep Iranian oil flowing to China.

But shipping and insurance sources told Reuters on Friday that Iran faces difficulties in insuring its own ships because western re-insurance firms are quitting their Iranian businesses.

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