

Iran plans oil output hike as it sees nuclear talks progress



Bloomberg / Tehran

Iran said it's preparing to hike oil production even as talks with world powers over how to lift sanctions curbing the nation's crude exports have so far failed to clinch an agreement.

Parties to the 2015 nuclear deal, led by the European Union, are attempting to fully restore the landmark accord that all but collapsed after then-President Donald Trump withdrew three years ago. The negotiations in Vienna aim to ease US sanctions on the Islamic Republic's economy and scale back a significant expansion of its atomic activities.

In Tehran, President Hassan Rouhani's chief of staff, Mahmoud Vaezi, said that while there had been "great progress" on some economic issues, the fate of oil sanctions hadn't yet been resolved, according to the semi-official Iranian Students' News Agency.

The comments, and an industry report showing another fall in US crude inventories, saw crude extend its gains.

Iran's national oil company, though, laid out plans to revive oil production in the event that US sanctions are removed, starting with an output hike to 3.3mn barrels a day within one month of the penalties being lifted, the official Shana news agency reported.

In a gesture to Iran's leaders, Washington's top diplomat to the International Atomic Energy Agency acknowledged late Tuesday that trust needs to be rebuilt after the damage caused by Trump's policies and appealed to Iran to accept a "mutual return" to the agreement.

Iran's lead negotiator in the talks, Abbas Araghchi, said yesterday that diplomats are set to reconvene in the Austrian capital at some point from Saturday, without giving further details.

"The negotiations are at a point where some key issues still remain outstanding and decisions need to be made regarding those," Araghchi told reporters after briefing lawmakers in Tehran.

The talks coincide with Iran's fast-approaching June 18 presidential election that is widely expected to replace President Hassan Rouhani – a champion of the nuclear deal – with a hardliner who's been very critical of the accord.

Oil markets are closely watching the talks as the removal of sanctions could trigger a flood of Iranian oil onto markets as the Opec founder-member seeks to reclaim the market share it had before the Trump era.