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Tonnage Titans - 27. National Iranian Tanker Company

Total gt 7,182,654 | 1 June 2018



NITC crude tanker, *Amber*. Credit: Dietmar Hasenpusch

With US President Donald Trump making good on his threat to withdraw from the Joint Comprehensive Plan of Action (JCPOA) agreed in 2015, Iran's oil industry faces a period of prolonged uncertainty, as the threat of secondary sanctions means that Europe, a promising market for Iranian oil, may be less keen to work with the Islamic Republic, curtailing access to hard currency.

The National Iranian Tanker Company (NITC) will be hit hard by the reinstated sanctions as it bans petroleum-related transactions between NITC and the United States.

According to IHS Markit data, NITC's tanker fleet currently totals 7,182,654 gt, all of which is currently in service.

The loss of NITC tanker *Sanchi* in a collision in the East China Sea in January was the sole company news item reported by official Iranian news agency IRNA since 1 January, reflecting the dearth of opportunities it faces or a wish to operate under the radar. NITC officials' fear the disruption of its

access to global markets, despite increasing oil exports to Europe, have been borne out by the announcement of the withdrawal of the US from the JCPOA.

“[This] would likely have a minimal impact on the current... tanker market, but would cause currency issues for NITC as US dollar transactions would become much more difficult to process. It could lead to a resumption of what occurred during the sanctions regime, when European companies were quite reluctant to deal with NITC due to the potential of running afoul of secondary sanctions or of risking their relationships with US-based financial institutions,” said Justin Dargin, Middle East energy expert at the University of Oxford.

He believes that in the wake of US ‘snap-back’ sanctions, NITC tankers will be obliged to operate as floating storage for Iranian crude because of difficulties in obtaining insurance. “NITC could also... face obstacles in [entering] international ports, ... acquiring reputable flags of convenience, as well as various approvals and certifications from the International Association of Classification Societies.”

The replacement of Sirous Kianersi by Nasrollah Sardashti as NITC managing director in March was intended to strengthen NITC’s position in the case of sanctions reimposition.

“A popular figure, Sardashti is known for his key role is helping NITC maintain its bearings during the difficult European Union (EU) and US sanctions period. He is also credited for helping Iran evade sanctions and develop strategies that attempted to minimise the impact of sanctions on NITC’s core business. He will also oversee the fleet’s modernisation and environmental standards programme,” Dargin said.

Under Sardashti, he believes NITC will commit to fulfilling the EU MRV Monitoring Plan to bring its fleet into compliance with global best practices. It is possible that it will pursue the listing of some of its shares in coming years to generate much needed hard cash.

“We will also potentially see NITC leasing more vessels to foreign companies, depending on profit margins. We will witness in the coming couple of years the acquisition of additional certifications in the environmental sector, as well as in global quality assurance and risk management. Lastly, the NITC is looking into rapid expansion of bunkering in the coming years,” he said.

“With Sardashti at the helm, NITC will plot a strong return to the global market, targeting Europe, while adding new countries to its customer base. He is a known quantity in the global tanker sector and will provide strong and decisive leadership.”

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