



TEHRAN (AFP) — Iran's oil exports have been slashed 40 percent in the past nine months because of tough Western sanctions, Oil Minister Rostam Qasemi was quoted as saying on Monday, in a reversal of his previous denials of any decline at all.

"There has been a 40 percent decrease in oil sales and a 45 percent decrease in repatriating oil money," Qasemi told the Iranian parliament's budget commission, according to the ISNA news agency citing MPs.

The minister said the final figures for the current Iranian calendar year, which ends in March 2013, would see "a significant decrease" in crude export revenues, but he did not provide any numbers.

The admission by Qasemi was significant, given that he was one of the officials who up to now had been most adamant in claiming that Iran's crucial oil exports were entirely unaffected by draconian US and EU sanctions.

Those assertions have crumbled in recent months, with other Iranian officials acknowledging that the sanctions were hurting the economy.

Economy Minister Shamseddine Hosseini for instance last month admitted that oil revenues had plunged 50 percent because of the Western embargo, which took effect in July 2012.

According to the Organisation of Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA), Iranian crude exports have fallen from around 2.4 million barrels per day (mbpd) in late 2011 to around 1.0 mbpd by the end of 2012.

The overall amount Iran is pumping out of its oil fields is estimated to have fallen by some 25 percent to 3.0 mbpd -- its lowest level since the Iran-Iraq war in the 1980s.

Iran, once the second-biggest crude exporter in OPEC after Saudi Arabia, has now slipped to fourth place, as sales drop behind those of Iraq and Kuwait, according to the cartel's figures.

The sharp decline is undermining Iran's finances. In 2011, the Islamic republic relied on the \$100 billion brought in by oil exports to cover 60 percent of the budget.

This year will see much less money to spend, several Iranian lawmakers and government officials have hinted.

"It is expected that oil exports will be 1.5 mbpd" in the next Iranian calendar year starting in March, Qasemi said, according to remarks relayed to ISNA by budget commission spokesman Gholam Reza Kateb.

The export plunge, and US sanctions restricting Iran's ability to use international banking transactions to repatriate oil revenues, is costing the country around \$5 billion per month, according to experts.

Despite the climbing evidence of hardship, Iran is sticking to what its supreme leader, Ayatollah Ali Khamenei, has called a "resistance economy", aiming for greater self-reliance and belt-tightening.

President Mahmoud Ahmadinejad said late December that "we should be able to administer the country without reliance on oil revenues." His policies, though, have been blasted by hardline lawmakers for mismanaging the economy and worsening the situation.

The international sanctions targeting Iran aim to choke the country's revenues used for its disputed nuclear programme, and to force it to the negotiating table.

Iran insists the programme is for purely peaceful purposes, and denies Western and Israeli allegations that it wants to manufacture nuclear weapons. It is defiantly forging on with uranium enrichment and says it will survive the Western pressure.