



NEWS FLASH

U.S. OIL LETS TOP KOREAN REFINER PIVOT AWAY FROM MIDDLE EAST

South Korea's biggest oil refiner is looking to buy a wider variety of U.S. crude grades in a move that would reduce its reliance on supplies from the conflict-prone Middle East. SK Trading International Co. is considering heavier oil grades from the Gulf of Mexico and Canada as well as ultra-light crude from shale fields if prices are competitive, Chief Executive Officer Suh Sokwon said in an interview. The unit is the trading arm of SK Innovation Co., Korea's top refiner. American crude is grabbing a bigger slice of Asia as U.S. sanctions crimp supply from Venezuela and Iran, and flaring tensions in the Persian Gulf after tanker attacks and vessel seizures are adding further uncertainty for buyers in the world's largest oil-consuming region. While some nations are seeking to beef up protection for ships navigating the Arabic Gulf and Strait of Hormuz, SK said the actual impact on energy flows has been minimal so far. "We are on the threshold of a new era where American producers will rush to Asia to find customers," said Suh, who was appointed as the head of SK Innovation's trading arm seven months ago after more than 30 years of working for the company. "It would take time, but once we have enough understanding and trust in different types and quality of U.S. crude, it is even possible for us to consider committing ourselves to term contracts." A spate of tanker attacks in the Gulf of Oman ratcheted up risks of importing oil from the Middle East, home to OPEC's top five drillers, just as sellers in America hone in on Asia as a key destination for their fast-growing exports. SK is in talks with its government for assistance on insurance and security for its shipments, and in the event of soaring risks and supply disruptions, the company will seek approval to tap into the state's oil reserves, said Suh. The U.S. plans to brief foreign diplomats based in Washington this week on a new maritime security initiative to protect shipping in the Middle East. In May and June, six tankers were attacked just outside the Gulf. While Iran has been blamed for attacks on merchant shipping, it has denied responsibility.