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## Iran, Iraq sign oil pipeline deal



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Iran and Iraq signed an agreement to build pipelines for the transfer of Iraqi crude oil and oil products, the state-run Iran news network Saturday quoted the oil ministry as announcing.

The 32-inch (81-centimetre) pipeline will bring crude from the southern Iraqi port of Basra to the southwestern Iranian port of Abadan. There will be a separately 16-inch one for oil products.

Under the deal, Iran would buy 100,000 barrels of Iraqi crude to be refined in the southern port of Bandar Abbas, then sell the product back to Iraq. The accord would have no upper limit on quantities.

The report did not say when the pipeline will be built or who will pay for it.

In August 2006, Tehran and Baghdad signed a memorandum of understanding for Iran to refine 100,000 barrels per day of Iraqi crude in return for two million litres per day of refined products.

Iraq has the world's third-largest proven reserves of crude but has faced chronic shortages of refined products ever since the US-led invasion of 2003, as insurgents have targeted its oil infrastructure.

The Iraqi government has been forced to import refined products from a number of neighbouring countries.

Relations between Iraq and Iran, which were at war from 1980-88 when Saddam Hussein was in power in Baghdad, have improved markedly since a Shiite-led full-term government took power this year.

The agreement was signed on Friday by visiting Iraqi Oil Minister Hussein al-Shahristani and his Iranian counterpart, Kazem Vaziri Hamaneh.

Sharistani's visit to Tehran comes two days after one by Iraqi Prime Minister Nuri al-Maliki, in which he had talks with officials that reinforced growing bilateral ties.

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