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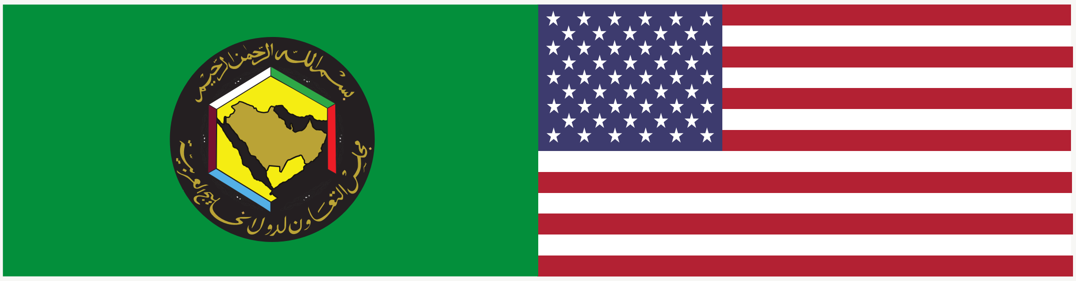
GEOPOLITICAL RISK

US-GCC Relations In The 'Trump 2.0' Era

US President-elect Donald Trump is an isolationist at heart. But, as with previous presidents, he is unlikely to be able to avoid being drawn into the Middle East's volatile geopolitics. And here his administration is set to rely on relations with increasingly pragmatic Gulf policymakers. **Page 8**



UPSTREAM OIL & GAS

Libya Ends 2024 At 1.4m b/d

Libya's lifeline oil sector ended 2024 with crude output at a new 11-year high of 1.4mn b/d. But a long-awaited bid round has been pushed back amid political instability and insecurity. **Page 2**

UPSTREAM OIL & GAS

Algeria Gas Exports Slump For 2024

Algeria saw exports fall by 6.6% to a four-year low of 48.7bcm for 2024 with both LNG and key overland customer Italy down. But Thailand's PTT is upping investment. **Page 5, 6**

OPEC & GLOBAL MARKETS

US To Extend LNG Lead With 2025 Start Ups

The US was again top global LNG exporter for 2024. It is set to strengthen its lead over Australia and Qatar this year with 30mn t/y of start-ups. **Page 7**

UPSTREAM OIL & GAS

Kuwait Heavy Oil Output Hits 90,000 B/D

Kuwait's heavy oil output is on the rise, helping push the emirate's overall output capacity towards its near-term 3.2mn b/d goal. **Page 3**

UPSTREAM OIL & GAS

Mauritania: Mena's Newest Gas Producer

First gas at the 2.3mn t/y Tortue LNG project was achieved on the last day of 2024. But the chances of the country ever becoming a gas heavyweight have receded. **Page 4**

POWER & WATER

Egypt & Tunisia Eye 2025 Wind & Solar Gains

Egypt will add over 1GW wind capacity in 2025, with a further 1.1GW close to advancing. Tunisia eyes 1.5GW by 2027 with 500MW of new awards. **Page 13, 11**

POWER & WATER

UAE's Ewec Advances 10GW Solar Target

Land has been secured for four new renewable projects in Abu Dhabi, as Ewec's efforts for a 60% clean energy powergen share by 2035 continue apace. **Page 12**

ECONOMY & FINANCE

Egypt Welcomes $2.2bn In Fresh IMF & EU Cash

The IMF says Egypt needs to reform more but acknowledges progress with more cash on its way over the coming months. **Page 14**

Libya Ends 2024 With 1.4mn b/d Crude Milestone As Bid Round Remains Stalled

Libya's lifeline oil sector ended 2024 with crude output at a new 11-year high of over 1.4mn b/d. But a long-awaited bid round for oil and gas exploration has been pushed back amid political instability and insecurity.

Libya's NOC says output of crude and condensate hit 1.47mn b/d on 31 December, ending on a high note what has otherwise been a turbulent year for the country's lifeline oil and gas sector (MEES, 20 December 2024).

The NOC announcement puts crude output alone at 1.417mn b/d, exceeding the end-2024 target of 1.4mn b/d by "more than 17,000 b/d" (MEES, 15 November 2024).

MEES estimates that crude output averaged 1.35mn b/d for December, the highest monthly figure since the country notched up 1.51mn b/d for March and April 2013. But for 2024 as a whole, the impact of August-October shut ins means that output came in at 1.12mn b/d, some 60,000 b/d shy of 2023's 13-year high of 1.18mn b/d (see charts).

"NOC concludes 2024 with great gratitude and satisfaction with its success despite difficult challenges and exceptional circumstances facing the country," the end-year statement reads.

In a separate statement from a board meeting the following day, NOC specifically pointed to the "insufficient funding and lack of necessary budgets," as well as the "exceptional circumstances that saw the frequent declaration of force majeure and the subsequent production shutdown" (MEES, 4 October 2024).

In the meeting, which discussed plans to increase output for 2025, NOC highlighted the need for "increasing storage capacity and finding alternative plans to accommodate the flow of product to storage facilities in the event of [harsh] weather conditions and force majeure." It also urged more focus on rehabilitating closed wells.

REPSOL RESUMES EXPLORATION

This comes as drilling activity picks up pace, with Spain's Repsol resuming oil exploration activity in the Murzuq basin after over a decade, according to NOC.

On 31 December, the company began drilling exploratory well A1-2/130 (Nisser prospect), NOC says. Located 12km from the 270,000 b/d Sharara fields, operated by the Repsol-led Akakus JV in the country's far southwest, the well is expected to reach a depth of 1,844ms, NOC says.

This follows the start of long-stalled exploration drilling campaigns from both Eni/BP and OMV back in October (MEES, 1 November 2024).

MISSED DEADLINE

While Libya celebrates the output gains, NOC has missed its own deadline for a long-awaited bid round, which was due to launch by end-2024 but has yet to be announced (MEES, 6 December 2024). This would be the first since 2008 (MEES, 17 December 2007).

During an industry event in Cairo on 3 December, NOC chief Farhat Bengdara said the upcoming licensing round would see 22 onshore and offshore concessions offered for exploration, with the "first roadshow" to take place in January in Tripoli.

The same week, at a meeting with the Supreme Council for Energy and Water Affairs in Tripoli, Mr Bengdara gave a presentation on the upcoming tender, saying it would see a "new standard agreement" for exploration contracts, according to a government statement.

On 25 December, as the deadline approached, NOC reaffirmed its hopes for "more positive results" after the launch of the public bid round, which will "open doors for investment by major global oil companies in the country and thereby increase revenue."

As 2024 ended without the much-anticipated announcement, the next opportunity will presumably be at the Libya Energy and Economic Summit, scheduled for 18-19 January in Tripoli.

YEAR OF INSTABILITY

The instability that has plagued Libya's vital oil and gas sector since the 2011 revolution that ousted longtime ruler Muammar Gaddafi has made IOCs wary of committing to serious investments in the country (MEES, 19 January 2024).

Ambitious plans to boost crude output to 2mn b/d within 3-5 years continue to be threatened by a track record of political rivalries and security incidents (MEES, 30 August 2024). Output last topped 2mn b/d on an annual basis in 1979.

The latest incident in December saw NOC declare force majeure on operations at the 120,000 b/d-capacity Zawiya refinery west of Tripoli following "severe damages" caused by nearby armed clashes (MEES, 20 December 2024). While the situation has since been contained, NOC is yet to clarify the status of force majeure at the vital site.

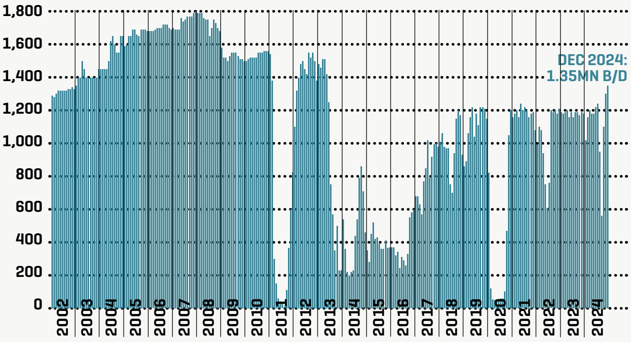
The battered oil sector was just recovering from a politically-motivated oil blockade that slashed Libya's crude exports between August and October (MEES, 11 October 2024).

Earlier in the year, a fierce rivalry over the leadership of the oil and gas sector left the fate of the undeveloped NC-7 block in the Ghadames basin uncertain (MEES, 5 April 2024).

The year also began with bouts of protests that caused an 18-day shutdown at the 270,000 b/d-capacity Sharara fields in the far southwest (MEES, 26 January 2024) and a brief shutdown of the Greenstream gas pipeline link to Italy (MEES, 1 March 2024).

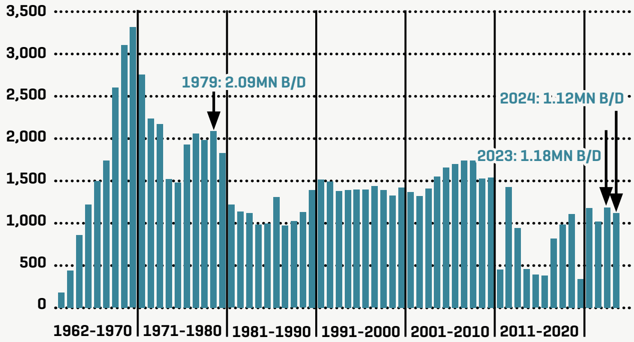
The incidents are a constant reminder that political instability will remain the main challenge before the country's energy and economic ambitions. ◆◆

LIBYA CRUDE OUTPUT ('000 B/D): DECEMBER'S 1.35MN B/D WAS THE HIGHEST MONTHLY FIGURE SINCE EARLY 2013...



...BUT Q3'S SHUT-INS MEANT ANNUAL OUTPUT WAS DOWN ON 2023. NOC'S 2MN B/D TARGET WAS LAST HIT IN 1979

SOURCE: MEES, OPEC.



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Kuwait Heavy Oil Output Hits 90,000 B/D Milestone

Kuwait's heavy oil output is on the rise, helping push the emirate's overall output capacity towards its near-term 3.2mn b/d goal.

Kuwait Oil Company (KOC) has boosted production of its heavy oil reserves to more than 90,000 b/d for the first time. In comments to state news agency Kuna, KOC Deputy CEO for North & West Kuwait Essa al-Maraghi attributed the gains to accelerated development of the South Ratqa field in the north of Kuwait.

KOC produces Heavy Oil from the Lower Fars formation of its northern oil fields, and capacity stood at around 82,000 b/d at the end of the 2023-24 operational year (end-March 2024). The key producing fields are Ratqa, where capacity was around 60,000 b/d, and Umm Niqa where capacity hit 22,000 b/d in 2023-24 (MEES, 26 July 2024).

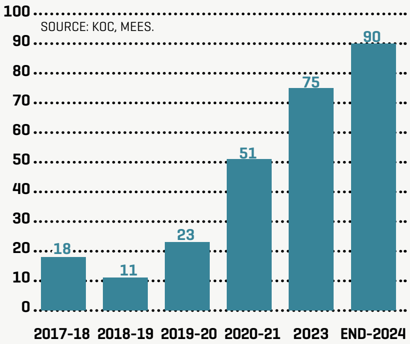
Heavy oil production capacity has been steadily increasing in recent years, from 51,000 b/d at end 2020-21 (see chart 1) to 75,000 b/d in 2023, to its current levels (MEES, 12 May 2023). This upwards trend is a marked contrast with prior years, which were characterized by lengthy delays and the downsizing of targets. In 2021, the central South Ratqa long-term development plan was cut by 50,000 b/d to 270,000 b/d (MEES, 3 December 2021).

The firm had previously been targeting 430,000 b/d of heavy crude oil production capacity by 2040, and while this has now been dropped it has not offered an updated target. Mr Maraghi says that the firm expects to increase heavy oil output to 100,000 b/d by 2Q 2025.

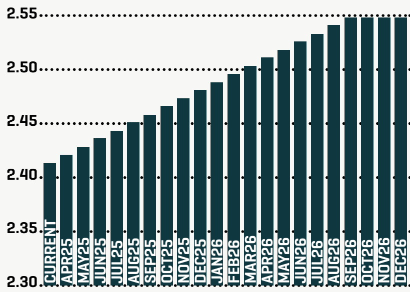
The heavy oil expansion work is a key element of Kuwait's broader capacity expansion plans. KOC's parent company Kuwait Petroleum Corporation (KPC) also oversees upstream development in the Partitioned Neutral Zone (PNZ) which is shared 50:50 with Saudi Arabia. Including Kuwait's share of PNZ output it aims to increase capacity to 3.2mn b/d capacity over the course of 2025 (MEES, 22 November 2024) from the early-2024 figure of 3mn b/d. The target has been pushed back slightly from end-2024. Longer term, KPC targets 4mn b/d by 2035.

KUWAIT OIL & GAS INFRASTRUCTURE

1: KUWAIT HEAVY CRUDE OIL PRODUCTION HAS POSTED STEADY GAINS ('000 B/D)



2: KUWAIT'S OPEC+ QUOTA: GRADUAL TAPERING TO COMMENCE IN APRIL 2025, WITH QUOTA HITTING 2.55MN B/D IN SEPTEMBER 2026 (MN B/D)



SOURCE: OPEC, MEES.

SHELL'S TECHNICAL EXPERTISE

KOC is supported in its Heavy Oil development work by Shell, which signed an Enhanced Technical Services Agreement (ETSA) for the project in 2016. Shell also has an ETSA to help develop conventional oil reserves in northern Kuwait, as well as one to develop the northern Jurassic gas deposits. All three ETSAs run until 2026.

Shell says that the scope of work under the three ETSAs "is to assist KOC with the planning, development and delivery of efficiency measures for the North Kuwait Reservoirs project by providing significant level of skilled professional expertise, proprietary technology, proven business practices to enhance oil and gas recovery and operational practices over the long-term."

In his Kuna comments, Mr Maraghi praised the collaboration with Shell, stating that the ETSA helped introduce "best practices and innovative solutions to optimize steam usage."

Crude oil from the Lower Fars reservoir is extremely heavy and sour – Ratqa crude is 10-18° API and 5% sulfur, while Umm Niqa crude is 15-22° API and 4-8% sulfur – and its high viscosity means that advanced technologies are required to produce it. KOC officials have previously pointed to the need for cyclic steam injection (CSI), cold heavy oil production with sand (CHOPS), chemical EOR, and water injection. As well as CSI, KOC has also used steam flood techniques to boost recovery.

OPEC CUTS LIMIT UPSIDE

But though Kuwait's oil production capacity is set to rise further in the first half of 2025, helped along by additional heavy oil gains, production will remain capped by Opec+ restrictions. Kuwait's production quota currently stands at 2.41mn b/d (see chart 2), leaving it with 500-600,000 b/d of spare capacity.

Voluntary Opec+ cuts are due to begin tapering from April 2025, lifting Kuwait's quota to 2.5448mn b/d from September 2026. although this could yet be postponed (MEES, 6 December 2024). Should Kuwait succeed in increasing production capacity to 3.2mn b/d, then its spare capacity by the end of 2026 will be around 650,000 b/d.

With Opec+ intending in 2027 to reset its members' 'Required Production' levels from which production cuts are set, Kuwait will be pushing for a significantly larger quota should it reach its 3.2mn b/d target. ◆◆

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Mauritania: Mena's Newest Gas Producer

First gas at the 2.3mn t/y Tortue LNG project was achieved on the last day of 2024. But the chances of the country ever becoming a gas heavyweight have receded.

Mauritania has joined the ranks of the world's gas producers. BP, operator of the 2.3mn t/y Greater Tortue Ahmeyim LNG project on the maritime border with Senegal, announced on 2 January that it "has begun flowing gas... to its floating production storage and offloading (FPSO) vessel for the next stage of commissioning."

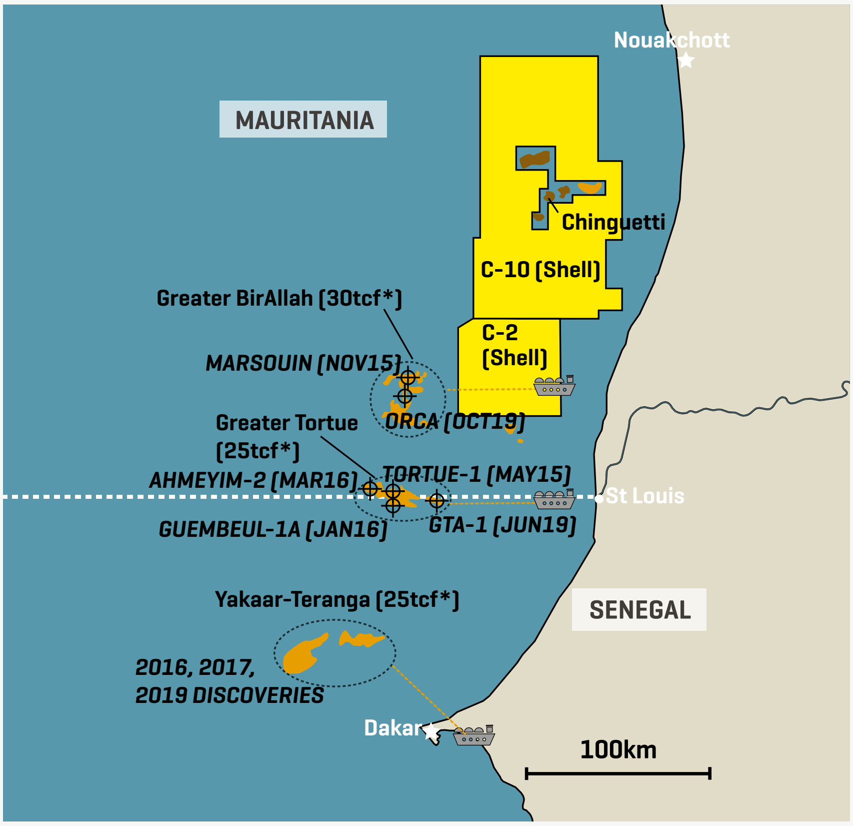
Partner Kosmos, in its subsequent 2 January release, says that first output was achieved on 31 December, just making its most recent "end-2024" target, though this represents a two-and-a-half year delay (MEES, 8 November 2024). The Dallas-based independent says that output is ramping up to 500mn cfd capacity and that it expects the first LNG cargo to load by the end of Q1 this year. BP, which has offtake rights for all of the project's LNG output (MEES, 11 October 2024), has moored its 'British Sponsor' LNG carrier alongside the project's Gimi FLNG in order to begin loading the initial volumes.

BP is operator of GTA with a 56% working interest, alongside Kosmos Energy (27%), Senegal state firm Petrosen (10%) and Mauritania's SMH (7%).

The start of output is big news for Senegal, and even bigger news for Mauritania, whose population of 5 million and $10bn GDP are each less than a third those of its southern neighbor.

MAURITANIA/SENEGAL LNG HUB PLANS

OIL FIELD/PIPELINE GAS FIELD/PIPELINE LNG IMPORT TERMINAL



AND MORE TO COME?

But the prospects of Mauritania joining the major league of global LNG producers have dimmed in recent years. BP and Kosmos previously talked up the possibility of three hub developments offshore Mauritania and Senegal producing 10mn t/y each for a total of 30mn t/y of LNG by the early 2030s. But BP's commitment began to waver when then CEO Bernard Looney in 2020 announced a strategy shift away from new oil and gas projects (MEES, 7 August 2020)

BP last year quit both the Yakaar-Teranga fields off Senegal that would have constituted the southernmost of these hubs and the Mauritania-only 'Greater BirAllah' fields to the north (MEES, 17 May 2024), leaving it with Tortue alone. And though 'GTA Phase-2' is still listed as a 'major project' on BP's website, the expansion plans have gone through several iterations and appear to be going nowhere fast.

Kosmos, which retains a stake at both BirAllah and Yakaar-Teranga, remains more bullish on the basin's prospects. Its 2 January release says GTA Phase-1 start up is "an important step for the countries to become a strategic LNG production hub in West Africa"; BP's release merely flags up the "possibility" of significant further expansion.

But Kosmos lacks the finances of BP. So development of either or both of the other two hubs would require one or more deep-pocketed farm-in partners. Speaking last May, Kosmos CEO Andy Inglis said that "There's been a lot of third-party interest in the assets... We're working with [the two governments] to find ways to bring in a partner that will enable the development to move forward."

As per an October 2022 agreement, Kosmos has until April this year to file a development plan covering the BirAllah and/or Orca discoveries (collectively known as 'Greater BirAllah') on Mauritania's Block C-8.

Tortue start up marks Mauritania's second crack at being a petrostate. The Chinguetti oil field started up with much fanfare in 2006 but output rapidly dwindled from an initial 75,000 b/d, with the country's only producing field finally coming to a halt in 2017.

And, with further exploration having largely dried up, expansion at Tortue and/or BirAllah development look to be the only game in town in terms of further hydrocarbon output. With France's TotalEnergies having quit Mauritania in 2023 (MEES, 31 March 2023), Shell and its partner QatarEnergy – who saw an initial well flop in late 2023 (MEES, 17 November 2023) – are the only remaining exploration players. ◆◆

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Algeria Gas Exports Slump For 2024

*North Africa's top gas producer and exporter Algeria saw exports fall by 6.6% to a four-year low of 48.7bcm (4.70bn cfd) for 2024, according to MEES analysis based on freshly-released data from key importers Italy and Spain and LNG figures from data intelligence firm Kpler (see chart 1).

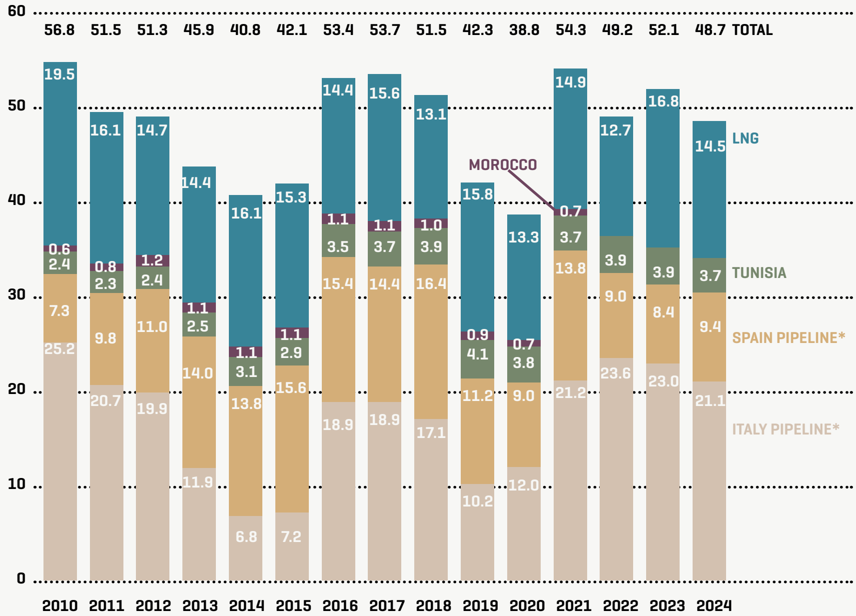
*Key pipeline importer Italy, which takes Algerian gas via the 33.5bcm/y-capacity TransMed pipeline, saw shipments via the route fall by 3.1% to 21.1bcm, also a four-year low. The fall stands in contrast with key Italian importer Eni's stated aim of boosting Algeria-Italy shipments. Eni is also the largest foreign upstream operator in Algeria (MEES, 21 April 2023), and regular recent visits to Algeria by both Italian PM Giorgia Meloni and Eni CEO Claudio Descalzi suggest that Eni could well be in the market to expand its position further in an ambitious Algerian upstream bid round launched in late 2024 (MEES, 18 October 2024).

*These 'Italy' volumes include some gas for onward shipment to other European countries. Italy's northeastern neighbor Slovenia has been taking Algerian gas via Italy since the start of 2023 (MEES, 18 November 2022), whilst Algerian state firm Sonatrach says that it has been delivering gas to Czech utility CEZ since the start of October 2024. Longer-term there are ambitious plans to use the TransMed route for hydrogen shipments (MEES, 18 October 2024).

*Algeria's other key pipeline market is Spain, with all deliveries since late 2021 coming via the direct subsea Medgaz pipeline. The pipeline, which saw its capacity hiked from 8bcm/y to 10.5bcm/y in 2022, actually shipped a record 9.4bcm for 2024. But this still remains substantially less than typical Algeria-Spain volumes to 2021: Algeria lost access to the larger-capacity GME pipeline which runs via Morocco late that year (MEES, 5 November 2021).

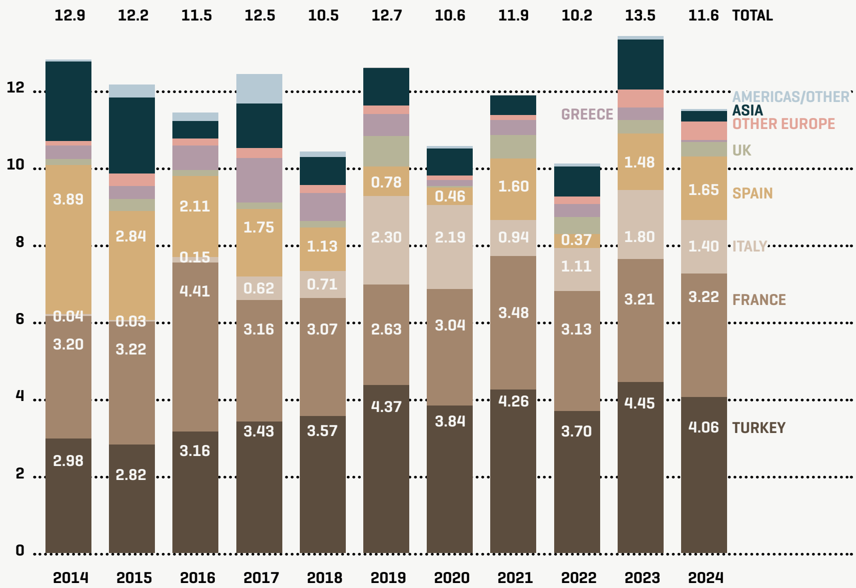
*With zero Algeria-Morocco shipments since late 2021, Algeria's other overland pipeline market is its northeastern neighbor Tunisia. Tunisia imported 3.15bcm (364mn cfd) of Algerian gas for the first 10 months of 2024, down 4% on the 10M 2023 figure of 3.29bcm. Based on this, MEES estimates deliveries of 3.7bcm for 2024 as a whole. Of 10M 2024 deliveries, some 72% or 2.28bcm was paid for, with the remaining 0.87bcm received in lieu of a transit fee. Notwithstanding ambitious renewables plans (see p11), Tunisia is reliant on gas as the country's key powergen fuel providing 94% of power generation for the first ten months of 2024. And with the country's own gas output in freefall – down 26% at 133mn cfd (1.15bcm) for 10M 2024 – Algerian volumes accounted for 73% of Tunisia's consumption.

1: ALGERIA'S GAS EXPORTS FELL BY 6.6% TO 48.7BCM FOR 2024 WITH BOTH LNG AND KEY PIPELINE CUSTOMER ITALY WELL DOWN (BCM)



*PIPELINE VOLUMES ONLY (EXCLUDES LNG). INCLUDES SOME ONWARDS VOLUMES TO OTHER EUROPEAN DESTINATIONS - EG SLOVENIA (VIA ITALY), PORTUGAL (VIA SPAIN). SOURCE: JODI, SNAM, ENAGAS, ETAP, KPLER, MEES.

2: ALGERIA'S 2024 LNG EXPORTS OF 11.6MN TONS WERE DOWN 14% FROM 2023'S 13-YEAR HIGH (MN TONS)



SOURCE: KPLER, MEES.

*LNG was Algeria's big export success story for 2023 when volumes hit a 13-year high 13.5mn tons, the equivalent of 16.8bcm of gas (MEES, 12 January 2024). But volumes fell back for 2024, down 14% at 11.6mn tons (14.5bcm) for the year as a whole, Kpler data indicate (see chart 2). Turkey remains top customer, albeit with volumes down 9% at 4.1mn tons. France was steady at 3.2mn tons for number two spot, whilst key pipeline customers Spain and Italy were numbers three and four respectively with 1.7 and 1.4mn tons. Sonatrach's long-term ambition of shipping more to Asian markets has been thrown off course by Houthi attacks on Red Sea traffic. From a bumper 520,000 tons for 2023, Asian shipments fell to just 150,000 tons (two cargoes) for 2024. One of these went to Thailand's PTT, which is boosting its upstream position in Algeria with the long-term aim of bolstering the potential to supply more gas to Thailand (see p6).

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Thailand's PTT Expands In Algeria

Algeria has solidified its role as the third Mena production base of Thailand's PTT. The state firm's upstream arm PTTEP on 20 December announced that it had agreed to buy the 22.1% stake of France's Engie in Algeria's 400mn cfd Touat gas project.

Touat has had a checkered record, having been offline more time than online since its September 2019 start-up (MEES, 30 June 2023), with the partners in the field claiming almost $1bn in damages from key EPC contractor Técnicas Reunidas of Spain (MEES, 19 April 2024).

However, following Eni's 2023 takeover as operator with 42.9% as part of its $4.9bn purchase of Neptune Energy, the project has now apparently been producing continuously since November 2023. Algerian state firm Sonatrach has the remaining 35%.

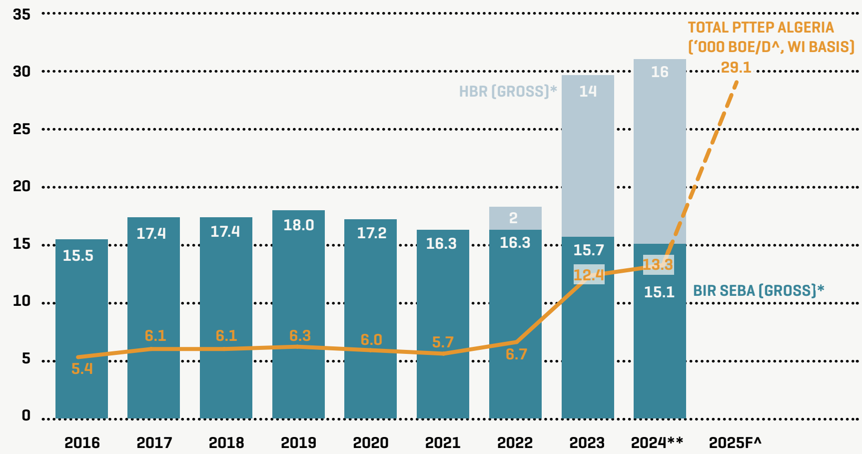
PTT makes no mention of any continued issues, giving "current production capacity" as "approximately 435mn cfd with potential production ramp-up in the coming years." Eni gave capacity as 400mn cfd at the time of its 2023 purchase, down from an earlier figure of 450mn cfd. As of the start of 2024 "estimated remaining reserves" were 1.92tcf gas and 5.4mn barrels of condensate, PTTEP CEO Montri Rawanchaikul says.

In addition to Thailand, and neighboring Malaysia and Myanmar, PTTEP's key upstream 'hub' is the Middle East, namely assets in Oman and the UAE (MEES, 14 June 2024). "Given our strong focus on the Middle East, some may have concerns about the region's geopolitical issues. However, our assets are located solely in the UAE and Oman, both of which have remained relatively stable amid broader regional conflicts. We have no plan to expand into other countries in the region at this time," Mr Rawanchaikul told the firm's analyst call for 3Q 2024 on 29 October.

PTT groups Algeria, with Mozambique, in its Africa segment.

The latest investment "aligns with PTTEP's strategy to expand its international growth as a global oil company. Algeria is a country with prolific petroleum potential supported by well-established infrastructure and strong markets for natural gas exports," Mr Rawanchaikul says.

PTTEP'S ALGERIA OUTPUT IS SET TO MORE THAN DOUBLE, WITH GAS BECOMING DOMINANT, WITH PURCHASE OF TOUAT STAKE ('000 B/D & BOE/D^)



*HBR: PTT 49%OP, SONATRACH 51%.; BIR SEBA: PETROVIETNAM 40%OP, PTT 35%, SONATRACH 25%. ^ALL CURRENT OUTPUT IS OIL. 2025F PRESUMES A FULL YEAR OF GROSS TOUAT OUTPUT OF 400MN CFD (88,000 BOE/D; 15,800 BOE/D FOR PTT'S 21.8% STAKE) AND HBR/BIR SEBA LEVEL WITH 2024. **9M 2024. SOURCE: PTT, MEES.

MORE OUTPUT, GAS FOCUS

PTTEP has a long-established presence in Algeria, entering the country in 2004 when it took 35% of the PetroVietnam-operated Blocks 433a/416b in the Touggourt region (MEES, 12 April 2004). The acreage saw the Bir Seba light oil discovery in 2006 (MEES, 4 September 2006) with production – PTTEP's first in the country – from 2015 (MEES, 7 August 2015). PTTEP in 2022 added a second Algeria production base with the start-up of output from its Hassi Bir Rekaiz (HBR) block in the Berkine Basin which it operates with 49% (MEES, 11 November 2022). However, plans to more than triple HBR capacity from the current 17,000 b/d to 60,000 b/d with 'Phase 2' development have been heavily delayed. PTTEP "is currently conducting the study and plan for the 2nd phase [of] development to increase production to 30,000 and 60,000 b/d by the end of 2027 and 2030 respectively," the firm repeats in its Q3 results.

As such, HBR expansion, if it goes ahead, has the potential to massively boost PTTEP's working interest Algeria oil output from late this decade – 60,000 b/d of gross HBR output implies 29,400 b/d for the Thai firm's 49% stake, more than double PTTEP's 13,300 b/d of 2024 working interest figure from both fields combined.

But the Touat purchase provides a guaranteed output boost much sooner than that. "The Project [Touat] carries a low risk as it is in the production phase, enabling immediate revenue stream, production and petroleum reserves for both short term and long term to PTTEP upon completion, to bolster the company's future growth," Mr Rawanchaikul says.

He adds that PTTEP hopes to receive the "necessary regulatory approval" in order to close the transaction in 2Q 2025. However, notwithstanding recent efforts by Algerian officials to improve the country's investment climate culminating in the late-2024 launch of an ambitious bid round (MEES, 18 October 2024), deals in the country have a tendency to get heavily delayed. Indeed, the only reason that French utility Engie – which otherwise quit the upstream last decade – still has the Touat stake has been the difficulty in offloading it.

Presuming Touat output of 400mn cfd, a 22.1% stake implies 88mn cfd of working interest output for PTTEP, just shy of 16,000 oil equivalent barrels per day. As such, upon completion, the Touat stake is set to more than double PTTEP's Algeria output, with the gas share going from zero to well over 50% (see chart).

Gas-focused expansion is in line with the corporate strategy set out by Mr Rawanchaikul at the EI Forum in London on 25 November.

"We're not going to be too ambitious [in terms of overseas expansion]. We're not planning on entering a new country anytime soon. Most of our focus is on Thailand. And beyond that our main focus is on energy supply to Thailand. Some 70% of power generation in Thailand is gas. So we're looking for gas," he says.

Thailand has seen a rapid rise in its LNG imports in recent years to take global number eight spot with a record 11.9mn tons for 2024 according to Kpler data, though this included just one cargo from Algeria whose gas exports slumped by 6.5% to 48.7bcm for 2024 (see p5).

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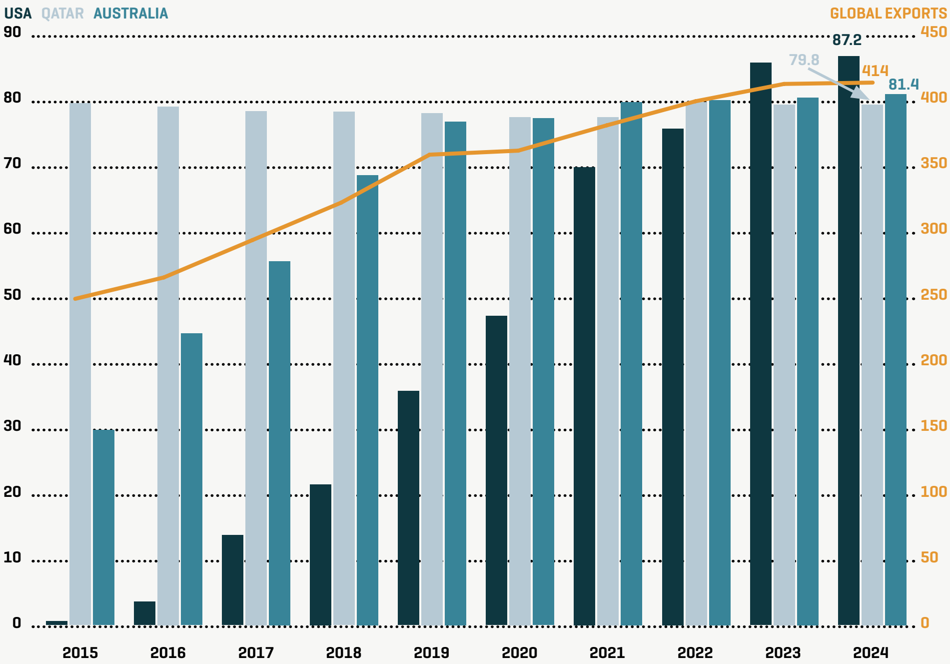
GLOBAL LNG TRADE: US EXTENDS LEAD FOR 2024 & SET TO PULL FURTHER AHEAD FOR 2025 WITH 30MN T/Y START UPS

1: GLOBAL LNG EXPORTS - TOP THREE SUPPLIERS (MN TONS): US STRENGTHENS LEAD FOR 2024, AUSTRALIA ALSO SHIPS RECORD VOLUMES AS OVERALL TRADE EDGES HIGHER



SOURCE: KPLER, MEES.

OVER 40MN T/Y OF NORTH AMERICAN LNG CAPACITY IS SET FOR 2025 START UP

Plant, Location	Lead Developer	mn t/y	o/w 2025	notes
Plaquemines, Louisiana	Venture Global	20	20	First cargo shipped 26 December 2024.
LNG Canada, BC	Shell	14	14	First cargo expected during 1Q25.
Corpus Christi, Texas (expansion)	Chenaire	10	4	Presumes three of seven 1.4mn t/y trains start up during 2025.
Golden Pass, Louisiana	QatarEnergy	18	6	Exxon expects first of three 6mn t/y trains to start up at end-2025 with other two to follow at six-month intervals.
TOTAL		**62**	**44 (30mn t/y USA, 14mn t/y Canada)**	

*The US extended its lead as the world's top LNG supplier for 2024 with export volumes rising by 1% to 87.2mn tons, almost 6mn tons ahead of number two Australia on 81.4mn tons. Qatar was number three on 79.8mn tons, level with 2023 and fractionally below 2022's record 80.2mn tons. Total global LNG exports for 2024, according to provisional figures from data intelligence firm Kpler, were 414mn tons, up fractionally on 2023's previous record of 413mn tons (see chart).

*The record US volumes for 2024 as a whole came despite no month in 2024 matching the record monthly export volumes of 8.51mn tons set in December 2023. Indeed, US export volumes saw a pronounced dip in the first half of 2024 due to both technical problems at 15mn t/y Freeport terminal in Texas and depressed US gas prices leading upstream producers to throttle back on output. Production has picked up in recent months, however: Kpler's provisional December 2024 export figure of 8.29mn tons is the second highest on record behind December 2023.

US CAPACITY BOOST

*This came as 26 December saw the first cargo load from Venture Global's new 20mn t/y Plaquemines liquefaction plant in Louisiana, with Kpler indicating that the 'Venture Bayou' is en-route to Germany's Brunsbüttel import terminal. Commissioning is also ongoing at the 10mn t/y 'Stage 3' expansion of Cheniere Energy's 15mn t/y Corpus Christi liquefaction project. Cheniere announced first Phase 3 output on 30 December with the first of the seven midscale trains that constitute Stage 3 to be complete by end-Q1 2025.

*The other key boost to US export capacity for 2025 is slated to come at the end of the year with the delayed start-up of the 18mn t/y Golden Pass, Texas facility led by QatarEnergy (70%). Partner ExxonMobil anticipates that the first of three 6mn t/y trains will start up by the end of 2025 (MEES, 15 November 2024), taking total US capacity additions to around 30mn t/y for 2025 as a whole (see table).

*And that is not all for North America, with Shell's 14mn t/y LNG Canada now entering the commissioning phase and set to ship its initial cargoes over the coming months, taking total expected 2025 North America capacity additions to over 40mn t/y. Unlike the new US capacity which is all on the Gulf coast, LNG Canada's terminal on the country's Pacific Coast will have easy and direct access to Asian markets.

*These North America plants will account for almost all of 2025's global LNG capacity additions. One exception is the 2.3mn t/y Tortue project on the Mauritania/Senegal maritime border which is set to ship its first cargo by the end of Q1 (see p4).

*Global number two supplier Australia notched up record output of 81.4mn tons for 2024, up 1% on 2023's previous high, continuing to eke out gains despite predictions of impending decline (MEES, 7 July 2023). And Australia ended 2024 on a high with monthly exports hitting a record 7.27mn tons for December.

*Whilst substantial new Australian LNG projects look unlikely, the prospects for further incremental gains have been boosted by December's asset swap between the country's two key LNG players Woodside and Chevron. Analysts reckon that the realignment of interests makes development of further gas reserves – including the Browse fields for backfill to Woodside's NWS project – more likely.

QATAR EXPANSION INCOMING

*But of course, North America is not the only part of the world with major upcoming liquefaction capacity expansion. Whilst Qatar remained number three exporter for 2024 with a steady 79.8mn t/y – still well in excess of its nominal 77mn t/y capacity – it is set to surge ahead of Australia and perhaps challenge the US over the coming years.

*Qatar's 32mn t/y North Field East (NFE) expansion is set to come online in 2026 to be followed by 16mn t/y North Field South (NFS) and then 16mn t/y North Field West (NFW), to potentially take total capacity to a massive 142mn t/y by 2030 (MEES, 1 March 2024).

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US-GCC Relations In The 'Trump 2.0' Era

US President-elect Donald Trump's stated foreign policy priorities are characterized by isolationism. But, as with previous presidents, he is unlikely to be able to avoid being drawn into the Middle East's volatile geopolitics. And here his administration is set to rely on relations with increasingly pragmatic Gulf policymakers.

When US president-elect Donald Trump takes the oath of office on 20 January, his new administration will find itself forced to deal with a dramatically changed Middle East. The 7 October 2023 Hamas attack on Israel has led to a series of seismic events, with the ousting of Syria's Assad regime only the latest, and perhaps not the last (MEES, 13 December 2024). As regional powers seek to shape the new political landscape, it will be hard for the US to stay aloof despite the preference of both Trump and his political base for an isolationist foreign policy.

The first Trump term saw him cultivate close ties with GCC leaderships – especially in Saudi Arabia and the UAE – but they will likely be more wary of his administration this time around. Memories of the lackluster US response to the 2019 Iran-backed attack on Saudi Aramco's Abqaiq facility remain fresh, and Gulf states are increasingly willing to strike independent political stances.

The defining regional achievement of the first Trump term was the 2020 Abraham Accords through which the UAE and Bahrain, and subsequently Morocco and Sudan, normalized relations with Israel (MEES, 23 October 2020). His successor, Joe Biden, continued to push for more countries to sign up, but efforts to strike a deal between Saudi Arabia and Israel were derailed by the 7 October attack. This will remain a priority for Mr Trump, and while near-term prospects look limited, the extent of the ongoing regional political upheaval could yet open a pathway.

The defining issue in the coming months looks set to be Syria, a theater in which Israel, Iran and the Gulf monarchies all hold direct interests. Developments here could have long-term ramifications across the region. However, while there are overlapping contours, there is no unified GCC geopolitical stance, with states instead seeking to advance their own unilateral priorities.

Commenting on Syrian developments, Anwar Gargash, Diplomatic Advisor to the President of the UAE, told attendees at the IISS Manama Dialogue held in early December that "For us in the Gulf, clearly we have very ambitious plans of national rejuvenation for the future – Saudi Arabia, the UAE, Qatar, Bahrain, others – and we really want to concentrate on these plans. We do not really want to squander that effort on other things."

SAUDI-ISRAEL NORMALIZATION

In attempting to enact his Middle East policy, including efforts to strike a normalization agreement, Mr Trump will lean heavily on personal connections: he has appointed Massad Boulos, the Lebanese father-in-law of Mr Trump's youngest daughter, Tiffany, as his advisor on Arab and Middle Eastern affairs.

While Trump's son-in-law Jared Kushner will not be brought in to the administration this time around, his connections in both Israel and Gulf capitals will doubtless be leaned on informally. Since leaving office, Mr Kushner's private equity fund received a $2bn investment from Saudi Arabia's PIF sovereign wealth fund.

Last year's negotiations for a Saudi-Israel deal saw the US offer an iron-clad commitment to the kingdom's security through a standalone treaty, and support for Riyadh's nascent nuclear power program. Given Mr Trump's heavily transactional attitude to existing US treaty allies, from Europe to Japan to Canada, the kingdom would be rightly skeptical that it could bank on the US honoring any 'iron-clad' security guarantee.

In addition, and given its sheer political weight in the Arab and Islamic worlds, Saudi Arabia has demanded a meaningful commitment by Israel towards a two-state solution, and an end to the expansion of illegal settlements. For Saudi Arabia, the post-7 October landscape has left it with much less room to maneuver and an irreversible path to Palestinian statehood now has to come first.

These are promises that Israeli PM Benyamin Netanyahu is unable to provide without torpedoing his own government given his reliance on right-wing pro-settler parties. Even the first step of ending conflict in Gaza looks some way off.

The Saudis pushed their peace plan with the formation of the 'Global Alliance for the Implementation of the Two State Solution' in September last year.

At the Manama Dialogue, Minister of Foreign Affairs Prince Faisal bin Farhan said "the path to peace is clear... [and is] based on the two-state solution. Should the global community care to protect what credibility [it has] left, they have to put their hands in the hands of the kingdom and earnest countries in order to translate words into actions and realize the two-state solution."

"It makes sense for the Saudis to sell this alliance and a revived version of the two-state solution to the Trump administration early on," says Bader al-Saif, Associate Fellow at London's Chatham House. Mr Saif adds that championing the policy "would speak to Trump's ambitions to make history by delivering a seemingly unattainable peace deal." He adds that he anticipates the Saudi move to garner support from other Gulf states, including the UAE and Qatar.

If Saudi Arabia, and the rest of the GCC, prove successful in winning over Mr Trump, this could lead to the first serious chance for Palestinian statehood in decades. But hurdles remain; Mr Trump plans to appoint staunch Israel supporters to the top Middle East jobs in his administration, whilst the Palestinians continue to lack a capable leadership.

Even were the president-elect to publicly support the two-state solution, this could place him on a collision course with Mr Netanyahu, whose

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Continued from – p8

influence over US Republicans could prove problematic for Mr Trump's other policies. Nonetheless, Mr Saif points that "Trump's maverick character could unlock uncharted possibilities."

NEW IRAN POLICY

Another area where the interests of the US and the GCC appear to have diverged since the end of 'Trump 1.0' is Iran. Despite its disruptive regional role and cultivation of armed proxies under its 'Axis of Resistance' umbrella, Riyadh's Beijing-brokered rapprochement with Tehran has stood the test of complex challenges this year (MEES, 17 March 2023). Saudi Arabia and the UAE have notably avoided being attacked by Iranian proxy groups such as Yemen's Houthis since 7 October.

Members of the incoming Trump team have stated a desire to return to the 'maximum pressure' campaign against Iran's economy by throttling its oil exports through sanctions. During Mr Trump's first term, 'maximum pressure' included the formation of the 'Middle East Strategic Alliance (Mesa),' partnering the US with Sunni Arab nations to counter Tehran's military threat. The idea was that Mesa would eventually involve Israel.

However, the Iran policy of Mr Trump's first term has left a sour taste in the mouth of GCC states. The re-imposition of sanctions on Iran in late 2018 was erratic, and came after Opec+ eased production cuts earlier under the belief that the US would impose sanctions on Iran that summer (MEES, 22 June 2018), complicating the group's policy making (MEES, 22 May 2019). While Mesa, instead of providing the security guarantees GCC nations needed, eventually became a platform to meet US military needs in the region, bolstering American arm sales.

As such, any US plans to toughen sanctions on Iran and its oil exports (MEES, 20 December 2024), are likely to be met with a dose of skepticism in the Gulf. Whilst the recent decimation of Lebanon's Hezbollah, Hamas and the fall of the Assad regime have weakened Iran's regional deterrence, GCC officials appear in no hurry to ditch their own detente with Iran to capitalize on the Islamic Republic's woes.

Speaking about the "Middle Eastern landscape now," Mr Gargash told the Manama Dialogue that Iran's "deterrence thinking has been shattered by events in Gaza, by events in Lebanon, and definitely by developments in Syria," but reminded attendees that "Iran remains a critical regional player. We should use this moment to connect and to speak about what comes next."

In his usual candor, Prince Turki Al Faisal, former director general of Saudi Intelligence and ambassador to the US, made it clear that while dialogue remained the go-to option, Tehran needs to reciprocate goodwill by limiting its militia footprint in the region.

"Iran has so many militias under its command, not only in Lebanon, but in Syria, in Iraq, in Yemen...These militias have become more of a burden on Iran than an asset ... Iran should change its course in dealing with our part of the world, to concentrate on dealing with our countries as states and not as militias that are non-state actors," he said.

He called Tehran's willingness to improve relations with the Gulf monarchies "one step forward," adding that "there are still many steps to be taken for Iran to fully comprehend that it needs to integrate peacefully in our part of the world rather than to try to force itself, by use of these militias, into an advantage that inevitably will bring it into disagreement with its neighbors."

While Gulf capitals aim to chart their own Iran policy, independent of that of the US and Israel, they remain wary that Tehran's diminished deterrence may push hardliners there towards acquiring nuclear weapons as a last resort.

But should Mr Trump surprise observers and seek to build a grand bargain with Iran, GCC states may this time prove well placed to serve as a bridge between Tehran and Washington DC.

UNITING SOFT POWER

Moreover, Gulf nations could themselves play an outsized role in shaping Washington's overall Middle East policy under Mr Trump. The latter's 'America First' doctrine opens opportunities for mobilizing Gulf financial power to invest in the US, translating these flows into soft power.

Andreas Krieg, Associate Professor in Security Studies at King's College London, explains that Gulf nations are not per se involved in "direct political lobbying" in Washington. Their efforts "are primarily focused on creating interconnectivity between key individuals within an administration and the Gulf through commercial statecraft and interdependence rather than lobbying."

"The Israeli lobby is very good at getting you re-elected, something the Gulf lobby can't do," he says, adding that, however, "the Gulf lobby might be more interesting" for Mr Trump given his desire to create "personal wealth and legacy."

As such, the Gulf's soft power could potentially counter the pro-Israel members of his cabinet by offering "big business" opportunities for the US, whether at home or in the region. "Trump himself is not an ideologue. His support for Israel is pragmatic, he's not a Zionist in the same way as Biden might be. So, he's very interested in business and is very transactional. He won't get re-elected, and he needs the Gulf to secure big deals for America," adds Mr Kreig.

But for this to work, Gulf nations ought to "actually work together [in Washington] and be able to use the leverage they have effectively towards a common vision and objective," Mr Kreig says, cautioning that "for now they only support their national interests and have never really lobbied for [common] external interests like the Palestinian cause or consolidating social and political authority in Syria."

Gulf nations may "not necessarily be aware of the leverage they have when combining Qatari US LNG investments and the Saudis' mastering of the oil lever that they have used for the past 50 years or so," says Mr Krieg. He concludes "for the first time in a long time, the Gulf is seeing eye to eye on most issues, and Trump will have to accommodate the Gulf states probably advancing a more comprehensive policy outside just investment in energy." Other analysts polled are less confident in a common GCC-stance emerging.

DRILL, BABY, DRILL?

Energy could be one area where the Gulf and Mr Trump do not meet eye to eye. Mr Trump's 'drill baby drill' rhetoric is expected to translate into relaxed US upstream regulation, and while this is unlikely to have a tangible impact on the near-term US production trajectory, it could pave the way for a higher-for-longer production profile. Meanwhile, when it comes to LNG, Mr Trump has pledged to end the 'pause' on new projects (see p7).

Notwithstanding that Gulf and Opec officials have loudly and repeatedly called for more global upstream investment, Ben Cahill, Director of Energy Markets and Policy at the University of Texas at Austin's Center for Energy and Environmental Systems Analysis, says "this energy dominance agenda is bad news for the Gulf" and that Mr Trump "will shed no tears if the United States keeps eroding Opec+ market share, especially as substantial spare capacity keeps oil prices in check." The IEA estimates Opec's spare capacity at around 5.5mn b/d, more than 3mn b/d of which is held by Saudi Arabia.

However, Mr Cahill points that if the president-elect succeeds in tightening the noose around Iran's oil sector, then "Saudi Arabia and other Opec+ producers will welcome a tighter oil market...[as] a sharp decline in Iranian oil exports would create an opportunity to drain global inventories." He adds "After years of growing Opec+ frustration over its inability to control the oil market narrative, a loss of Iranian supply could be just what the doctor ordered." Given past precedence, GCC producers will be unlikely to take action to boost production until they see clear signs of a drop in Iranian output.

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Iraq's Cabinet Approves Basra-Haditha Crude Oil Pipeline

Long-planned route could pave the way for exports via Jordan's Red Sea port of Aqaba.

The Iraqi Prime Minister's Office on 30 December announced that the cabinet has approved a IQD5.97 trillion ($4.6bn) contract for the construction of a 685km crude oil pipeline from Basra to Haditha. The contract was awarded to Basra Oil Company (BOC) its fellow state-firm the State Company for Oil Projects (SCOP). The new pipeline is to have capacity to transport 2.25mn b/d to Haditha in Anbar province, and will replace the decrepit Strategic Pipeline which was first constructed in 1975.

Iraq's parliament allocated the funds in June (MEES, 21 June 2024), and the PMO says funds will be allocated from the $10bn Sinosure agreement signed with China in 2019 for the financing of infrastructure projects (MEES, 12 November 2021).

The Strategic Pipeline can currently handle up to 300,000 b/d of crude oil, and supplies refineries and oil-fired power plants. Its replacement will afford Iraq greater flexibility to supply such facilities, but the scale of the planned pipeline highlights that Iraq has bigger ambitions. Haditha has long been planned as the jumping off point for an 800,000 b/d export pipeline to supply Jordan's Red Sea port of Aqaba, as well as a potential 1mn b/d pipeline north to Kirkuk province and then onwards to Turkey's Ceyhan terminal (MEES, 12 April 2019).

Iraq is currently wholly dependent on its Basra terminals and then the Strait of Hormuz chokepoint to export its crude oil to global markets, but plans to develop an alternative route via Aqaba were derailed by the rise of the Islamic State in 2014, with security still a major concern in Anbar. ◆◆

IRAQ'S OIL & GAS PIPELINE SYSTEM

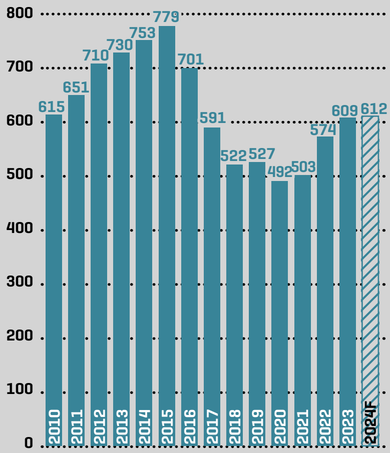
OIL FIELD/PIPELINE | GAS FIELD/PIPELINE | PUMPING STATION | REFINERY

Saudi Aramco Hikes Diesel Prices By 44%

Saudi Aramco has increased domestic diesel prices by 44% to SAR1.66 per liter ($0.44/l) as of 1 January. The increase follows a 53% increase a year ago (MEES, 5 January 2024), meaning that prices have now more than doubled from $0.20/l in 2022, as the kingdom seeks to keep a lid on domestic demand which is steadily rising amid the increased construction activity driven by Vision 2030's 'gigaprojects.' Diesel consumption increased by 6% in 2023 to a six-year high 609,000 b/d according to Saudi Arabia's Jodi submissions, and the latest data to end-October showed it on course for a further incremental increase for 2024.

The diesel adjustment is part of a broader set of price increases for domestic fuels, with a host of industrial firms noting the expected impact on their finances in filings to the Tadawul this week. Firms such as petrochemicals giant Sabic, base oil firm Luberef and industrial players in energy-intensive sectors such as cement and glass have all noted undisclosed increases in the price of natural gas and fuel feedstock.

SAUDI CONSUMPTION OF DIESEL INCREASED SHARPLY IN 2023 AND IS SET FOR INCREMENTAL GROWTH FOR 2024 ('000 B/D)



2024F = FORECAST BASED ON 10M DATA. SOURCE: JODI, MEES.

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Tunisia Awards 498MW Of Solar PV Projects For 2027 Start-Up

New contracts for 498MW of solar PV projects bring Tunisia closer to its renewable energy ambitions. But a '35% by 2030' renewables target looks out of reach.

Tunisia's energy ministry on 26 December announced that it had awarded four contracts for solar PV projects totaling 498MW as the country's renewable energy ambitions edge forward.

France's Qair International is to develop two projects, one of 198MW and a second of 100MW, whilst the remaining two projects of 100MW will be developed by Voltalia of France and Scatec of Norway, respectively. All four are towards the south of the populated part of Tunisia, in contrast to the country's key thermal plants which for the most part are further north (see map & table 1).

Power will be sold to Tunisia's state utility STEG under 25-year offtake deals, with construction set to begin in 2025 for 2027 start-up. Of the prices offered the most competitive was TD 0.0988/MWh (US¢3.1/MWh), the ministry says.

Tunisia's energy ministry says that it expects the projects to enter service from 2027 and provide 1TWh of annual output, which it equates to around 5% of national electricity output (total 2023 output was 19.3TWh).

The awards are the first to be made under a series of tenders for a total of 1.7GW of renewables capacity. Under the same program, the ministry expects to receive bids for at least two 75MW wind projects by the end of March.

All three firms already have solar projects in Tunisia. Voltalia is aiming for 2026 start-up for 100MW (130MWp) of capacity at Sagdoud on the other side of Gafsa (MEES, 10 May 2024). It gives the capacity of its planned Menzel Habib facility as 139MW.

"The Menzel Habib project will be located 125km from the Sagdoud project, enabling certain construction, transport and maintenance costs to be shared," the company says.

AMBITIOUS TARGETS

Tunisia has an ambitious target of generating 35% of power from renewables by 2030. But progress has been slow amid financing delays: the share was a much more modest 4.3% for 2023.

But 2024 saw some 500MW of long-stalled projects awarded in 2019 finally move forward. Dubai-based Amea Power in May broke ground on its 100MW project at Metbassta in Kairouan (MEES, 24 May 2024). Scatec began work in August on 50MW plants at Tozeur and Sidi Bouzid (MEES, 16 August 2024), whilst work on both Amea's 200MW Tataouine project and Voltalia's Sagdoud is set to begin over the coming months for 2026 completion (see table 2).

And in December, Qair and Mazarine Energy broke ground on two 10MW solar projects in the west of Tunisia near the Algerian border, with funding from EBRD.

Whilst the '35% by 2030' target, implying around 3.5GW of renewables capacity, looks unachievable, Tunisia has a decent chance of seeing capacity top 1.5GW by 2027 should the latest awards proceed in a timely fashion. Of Tunisia's 554MW of end-2023 renewables capacity, just 46MW was in the form of commercial-scale solar PV. Wind made up 229MW, including the country's largest renewables facility, 188MW Metline/Kchabta in the far north of the country. Hydropower was 62MW, whilst the fastest growing sector of recent years, small-scale solar PV, at 217MW (up 59MW) accounted for all of 2023's renewables capacity growth. ◆◆

TUNISIA: KEY POWER INFRASTRUCTURE & SOLAR PLANS

GAS-FIRED PLANTS — 225kV POWER LINES — 400kV - - ELMED (500kV, PLANNED) PLANNED SOLAR PV WIND FARM

1: TUNISIA AWARDED 498MW OF SOLAR PV CAPACITY IN LATE DECEMBER...

Winner	MW	Location
Qair International (France)	198	Khobna, Sidi Bouzid
Qair International (France)	100	El Ksar, Gafsa
Voltalia (France)	100	Menzel Habib, Gabes
Scatec (Norway)	100	Mezzouna, Sidi Bouzid

2:...ON TOP OF 500MW ALREADY SET FOR 2025-26 START-UP

Company	MW	Location	Status
AMEA (UAE)	100	Metbassta, Kairouan	Construction May24>, 2025 start-up.
Scatec (Norway)	50	Tozeur	Construction Sep24>, 2026 start-up.
Scatec (Norway)	50	Sidi Bouzid	Construction Sep24>, 2026 start-up.
AMEA (UAE)	200	Tataouine	2025 construction, 2026 start-up.
Voltalia (France)	100	Sagdoud, Gafsa	2025 construction, 2026 start-up.

SOURCE: TUNISIA MINISTRY OF INDUSTRY, MINES, AND ENERGY

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UAE's Ewec Secures Sites As It Targets 10GW Solar By 2030

Land has been secured for four new renewable projects in Abu Dhabi, as Ewec's efforts to bring clean energy's share of power generation to 60% by 2035 continue apace.

Abu Dhabi state offtaker Ewec is gearing up for the next phase of renewable energy projects as it chases down its targets of 10GW solar capacity by 2030 and 18GW by 2035. The firm announced on 24 December that it has secured land for four new projects totaling 4.6GW, of which three are solar PV projects and one a wind farm.

Ewec has established a steady pipeline of new renewable projects, with capacity reaching 2.7GW in late 2023. The next sizeable gains will come in 3Q 2026 when the 1.5GW Al Ajban solar PV plant is due to start.

"This is a significant milestone in Ewec's strategic decarbonization of the UAE's energy sector. This land will facilitate the accelerated commissioning and development of world-leading renewable projects as we actively contribute to the realization of the country's strategic sustainability objectives by supplying 60% of Abu Dhabi's power demand from renewable and clean energy sources," says Ewec CEO Othman al-Ali of the latest land deals.

"Securing land for Ewec to accelerate the development of new world-leading renewable energy projects in Abu Dhabi is not just a step forward in our energy journey, but it also aligns with the DoE's regulatory and policy framework, which is pivotal for achieving a sustainable economic future," says Ahmed al-Rumaithi, Undersecretary of Abu Dhabi's Department of Energy. "As the authority overseeing the energy sector, the DoE's strategic commitment is key to reaching our Clean Energy Strategic Targets 2035 and decarbonizing the energy sector." Under this strategy, 60% of Abu Dhabi's electricity generation is to come from clean (i.e. nuclear) and renewable sources by 2035.

This accounted for 38.6% of total generation in 2023, up from 24.3% the year before, and this figure will have increased significantly again in 2024 thanks to a full year of operations from the third 1.4GW unit of the Barakah nuclear plant – the fourth and final 1.4GW unit started up in September and will provide another major boost for this year (MEES, 20 September 2024).

NEW LAND AGREEMENTS

Ewec says that it has obtained approval to allocate four new sites covering 75km² for the development of new solar and wind capacity. The three plots for 4.5GW of solar PV capacity are located at Al Khazna, Al Zarraf and Al Faya, while the final plot is for 140MW of new wind capacity at Al Sila (see map). "The solar PV projects will support Ewec's delivery of 10GW of installed solar PV capacity by 2030 and 18GW by 2035," says the release.

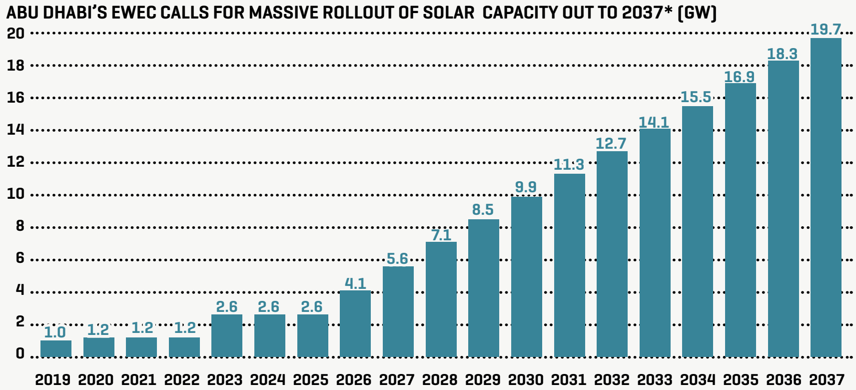
Tendering is already underway for the developments at Khazna and Zarraf, which will each host 1.5GW solar PV plants. Khazna is at the most advanced stage, with three separate bids received by October – from an EDF Renewables and Korea Western Power (Kowepo) consortium, a consortium of Jinko Power and Jera, and from Engie. A power purchase agreement (PPA) is expected by 2Q 2025.

Tendering for Zarraf is at an earlier stage, with Ewec inviting Expressions of Interest (EOI) in October (MEES, 4 October 2024). The Khazna plant is due online in 2027, with Zarraf likely online a year later in 2028 (MEES, 4 October 2024). Combined with Al Ajban, solar capacity should exceed 7GW by end-2028 (see chart).

With Ewec stating in its Future Capacity Requirements 2024-2037 report earlier this year that Abu Dhabi will need an average of 1.4GW of additional solar PV capacity each year from 2027-2037, the tendering process for the 1.5GW Al Faya solar plant will likely begin this year, with a planned start up date of 2029 likely. Al Faya is located approximately 15km northwest of Al Khazna.

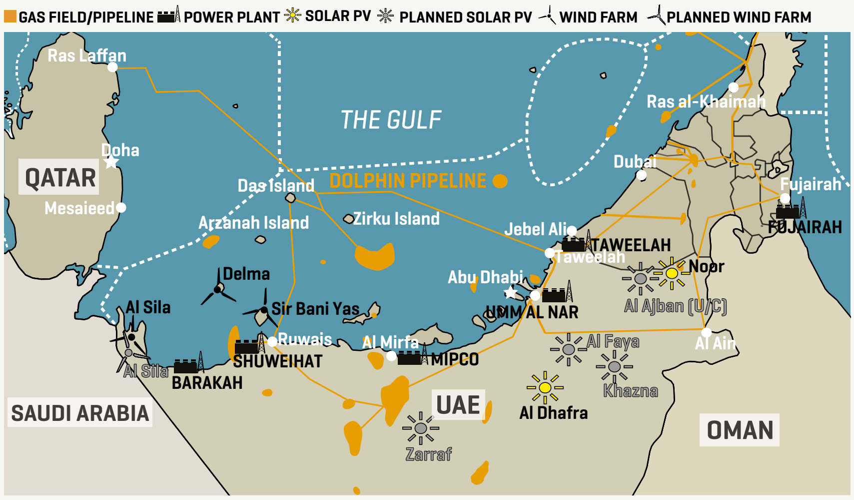
Meanwhile, EOIs were requested for the planned 140MW Al Sila wind farm in October (MEES, 18 October 2024). Al Sila will bring installed wind capacity up to 240MW alongside the operational 103MW Masdar Wind Program which is spread across four separate locations. Writing in MEES in November, Abdulrahman Bafaraj, Project Director at Ewec, hailed the complementary nature of wind and solar in the UAE for maintaining grid stability and reliability, as well as the "equally compelling" economic rationale (MEES, 1 November 2024). ◆◆

ABU DHABI'S EWEC CALLS FOR MASSIVE ROLLOUT OF SOLAR CAPACITY OUT TO 2037* (GW)



*CAPACITY FOR END OF PERIOD. BASED ON AVERAGE ANNUAL INCREASE OF 1.4GW IN FUTURE DEMAND REQUIREMENTS REPORT. SOURCE: EWEC, MEES.

EWEC'S POWER GENERATION FACILITIES



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EGYPT: ACWA TIES UP FINANCING FOR 1.1GW GULF OF SUEZ WIND

Egypt's 1.1GW Suez Wind Energy project led by Saudi Arabia's Acwa Power appears to be within touching distance of moving to the construction phase, with Acwa on 30 December announcing the completion of financing equivalent to 64% of the overall $1.1bn project cost.

Acwa, in a 30 December filing to Riyadh's Tadawul exchange, says that 'Suez Wind Energy' has secured a 20-year, SAR2.638bn ($700mn) loan from "a syndicate of Development Financial Institutions," namely the EBRD ($275mn), African Development Bank ($170mn), British International Investment, DEG - Deutsche Investitions, the Opec Fund for International Development and Apicorp. The cash will "fund the development, construction, and operation & maintenance" of the 1.1GW project, Acwa says.

"The total investment cost of the project is SAR4.13bn" ($1.10bn), Acwa adds. This is well below the $1.5bn figure given on the project page of Acwa's website, though up on the $1.06bn figure recently given by the EBRD (MEES, 8 November 2024).

The Saudi firm now has an effective project stake of 70% in Suez Wind Energy, with the remaining 30% in the hands of 'HAU Energy', a platform established by the EBRD in early 2024 to "raise capital for the development and construction of renewable energy projects... in Egypt and Africa" (MEES, 26 January 2024). HAU Energy groups Egypt's Hassan Allam Utilities (30%) – previously Acwa's sole partner on the project – with Paris-based Meridiam Africa Investments (45%), and the EBRD (25%).

As for a potential start-up date, Acwa's quarterly reports continue to give a target date of 4Q 2026, though the ADB, when announcing its funding plans last July, said that the project "will require approximately 30 months for construction and commissioning... Operation of the Project is therefore anticipated to commence in late 2027" (MEES, 16 August 2024). This in turn implies that construction will begin in the first half of 2025.

Acwa, on behalf of Suez Wind Energy, will then remain operator for 25 years under a build-own-operate contract with the Egyptian Electricity Transmission Company (EETC).

Acwa's 30 December filing followed a 23 December announcement from the EBRD that it had tied up $275mn of syndicated loans that constitute the largest portion of the financing. Of this, the $200mn 'A loan' is from the EBRD itself, with Standard Chartered Bank and Arab Bank chipping in 'B loans' of $60mn and $15mn respectively.

The EBRD says it expects 4.30TWh of annual output for an implied average of 490MW (44.6% average load factor). Suez Wind Energy's 150 turbines will be split between two sites of 550MW either side of Ras Gharib on the Gulf of Suez, the location of not only all of Egypt's 1.88GW of operating wind capacity, but all of the planned additions out to end-2027 with a total of 4.33GW of capacity envisaged by the latter date (see table & map).

ZAFRANA: 3GW HYBRID SOLAR/PV PLAN

Beyond this, France's Voltalia in partnership with Egypt's Taqa Arabia in November signed an MoU to 'repower' the first and northernmost Gulf of Suez wind site, Zafarana, with "a modern hybrid renewable energy solution which maximizes land utilization... harnessing both wind and photovoltaic technologies totaling up to three-gigawatt capacity, with an expected first commissioning in 2028."

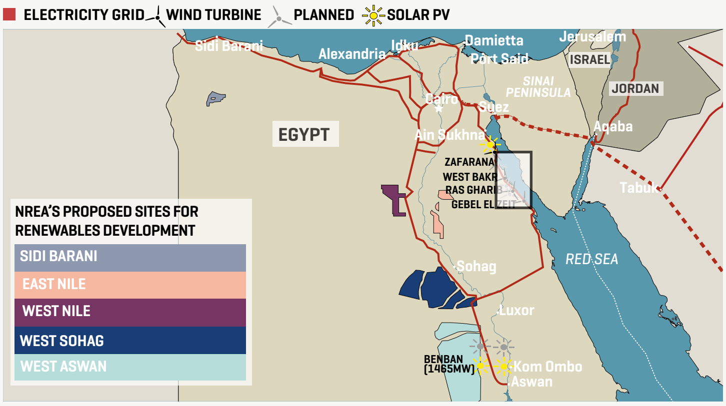
Voltalia, noting that the 540MW of existing turbines at Zafarana "will soon approach the end of their operational lives," says that its planned "fully integrated green power facility... will combine 1.1GW of wind power with 2.1GW of solar, making it the first project in Egypt to merge both renewable energy sources."

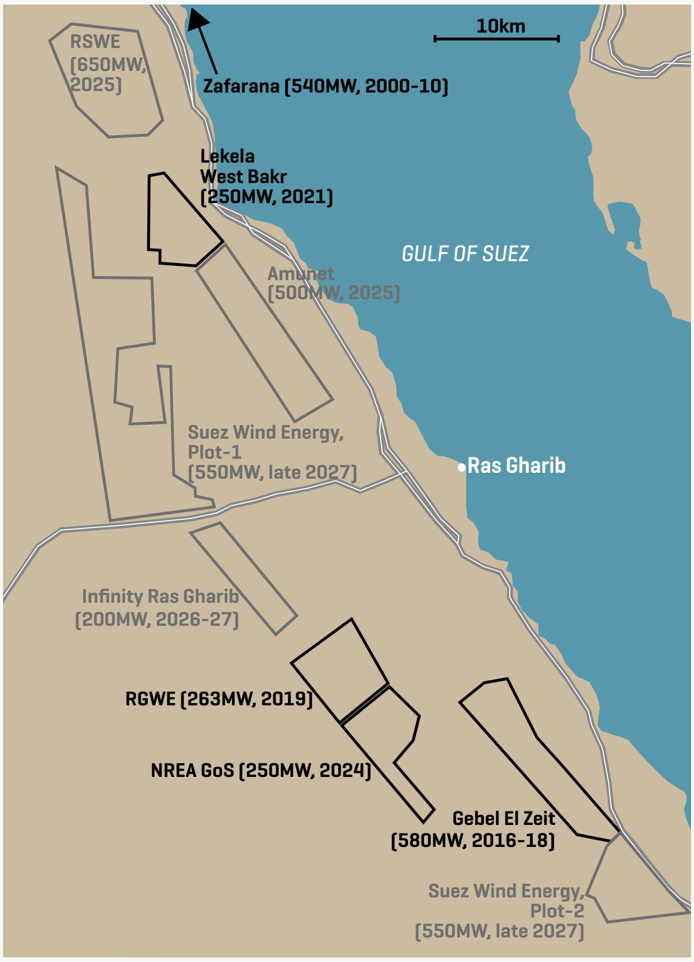
Meanwhile, the UAE's Alcazar Energy also in November signed a separate MoU with EETC and the country's New and Renewable Energy Authority (NREA) "for the development of a 2GW onshore wind power project" albeit with no location or timeframe given. ◆◆

EGYPT IS ON PACE FOR 4.3GW OF END-2027 WIND CAPACITY, ALL ON THE GULF OF SUEZ

	MW	Start-Up	Developer
Zafarana	540	2000-10	Gamesa
Gebel El-Zeit	580	2016-18	Siemens Gamesa
Ras Gharib (RGWE)	263	2019	Engie 35%, Orascom 25%, Toyota Tsusho/Eurus 40%
West Bakr	250	Q4 2021	Lekela
Gulf of Suez	250	May24	NREA (EU funding, Vestas turbines)
Current Capacity*	**1,882**		
Under Construction			
Amunet Wind, Ras Gharib	500	3Q25*	Amea 60%, Sumitomo 40%
Red Sea Wind Energy	650	3Q25*	Engie/Orascom/Toyota Tsusho/Eurus Energy
TOTAL END-2025	**3,032**		
Pre-Construction			
Ras Gharib	200	2026-27	Infinity Power/Masdar
'Suez Wind Energy'	1,100	2H 2027	Acwa 70%, 'HAU Energy' 30%
TOTAL END-2027 (all GoS)	**4,332**		

*'CURRENT' TOTAL PRESUMES TARGET OF ENERGIZING THE FIRST 250MW OF RSWE CAPACITY BY END-2024 HAS BEEN MISSED. INITIAL 250MW AT AMUNET SLATED FOR MARCH 2025 START-UP. SOURCE: MEES.





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Egypt Welcomes $2.2bn In Fresh Cash From IMF & EU Amid Economic 'Headwinds'

As international partners acknowledge Egypt's reform progress amid regional challenges, Cairo is set to receive a combined $2.2bn from the IMF and the EU by the end of the 2024-25 fiscal year in June. The IMF hopes the inflows will support the country's ailing economy against 'external headwinds'.

Egypt is set to receive a total of $2.2bn under financing agreements from the IMF and the European Union by the end of the 2024-25 financial year on 30 June. Cairo hopes the fresh cash will shore up an economy reeling from regional repercussions, including record low Suez Canal revenues.

On 24 December, the IMF said it had reached a staff-level agreement with Egypt on the delayed fourth review of its Extended Fund Facility arrangement, unlocking a $1.2bn tranche of the $8bn bailout loan agreed in March last year (MEES, 8 March 2024).

Speaking at a 1 January press conference, Prime Minister Mostafa Madbouly welcomed the agreement, saying that the conclusion of the fourth review "at this timing" demonstrates "trust in the Egyptian government's economic reforms program."

CONDITIONAL CASH

The IMF has linked progress on promised reforms with the much-anticipated disbursement of each tranche under the 46-month program (MEES, 25 October 2024). These include sustaining a flexible exchange rate and increasing social spending.

Another key component of the IMF-sought reforms is a privatization program meant to reduce the state's – and in particular the military's – footprint in the economy by boosting the private sector (MEES, 27 September 2024).

The government in December listed at least ten state-owned firms to be offered for sale by the end of 2025, including four owned by the military (MEES, 13 December 2024). But while the announcement was hailed as a breakthrough in the long-stalled sell-off program (MEES, 22 November 2024), it remains to be seen whether the military will this time loosen its grip over its assets in order to prove commitment to the IMF arrangement.

EXTERNAL 'HEADWINDS'

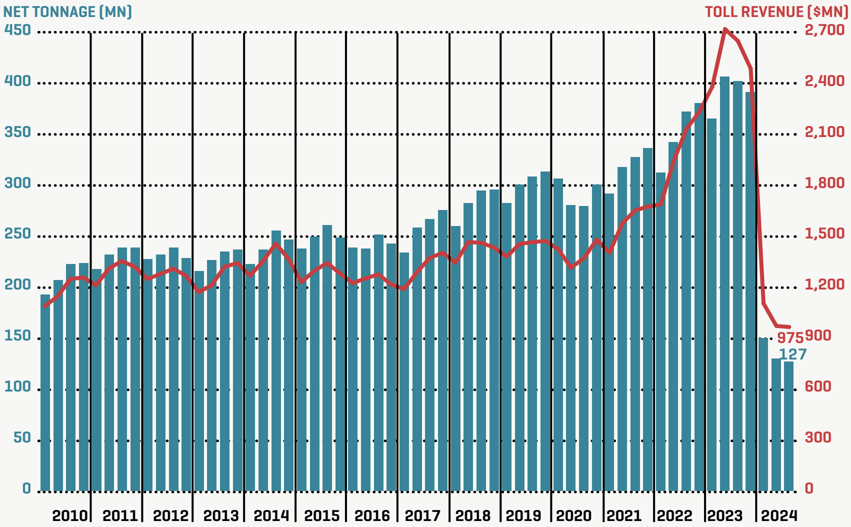
While Egypt has stalled over some of the agreed reforms, requesting a "recalibration" of its fiscal commitments, the international lender acknowledges the government's progress to date, especially in light of regional instability (MEES, 8 November 2024).

"The Egyptian authorities have continued to implement key policies to preserve macroeconomic stability, despite ongoing regional tensions that are causing a sharp decline in Suez Canal receipts," says mission leader Ivanna Vladkova Hollar.

Egypt has agreed to increase its tax-to-revenue ratio by 2% of the GDP over the next two years, "with a focus on the elimination of exemptions rather than an increase in tax rates," she says, adding that this will allow Egypt to increase social spending to help vulnerable groups.

But with Egypt facing "headwinds from the difficult external environment," she says, "further reforms will be needed to enhance domestic revenue mobilization efforts."

EGYPT'S SUEZ CANAL: REVENUE & TONNAGE FALL AGAIN TO NEW RECORD LOWS* FOR Q3 2024



*REVENUE LOWEST SINCE 2009; TONNAGE LOWEST SINCE 2002. SOURCE SUEZ CANAL AUTHORITY, MEES CALCULATIONS.

SUEZ CANAL REVENUES DOWN 60%

The much-needed IMF cash comes as Egypt's economy continues to reel from a sharp decline in Suez Canal revenue amid regional tensions over the last year – revenues are running at little more than a third of 2023's record levels (see chart).

In a meeting with President Sisi on 26 December, Suez Canal Authority (SCA) Chairman Osama Rabie said the events in the Red Sea and Bab al-Mandeb cost Egypt around $7bn in revenues in 2024, with shipping firms forced to divert vessels from the Suez Canal (MEES, 19 July 2024).

EU PAYOUT

The IMF is not the only international partner extending a lifeline to Egypt this year. On 20 December, the EU's European Commission adopted a decision to disburse €1bn ($1.02bn) in loans to Egypt, the first instalment of €7.4bn ($8bn) pledged by the EU in March as part of a new strategic partnership with Egypt (MEES, 5 April 2024).

"This financial support will help Egypt cover part of its financing needs for the fiscal year 2024/2025 and ensure macroeconomic stability, while supporting its home-grown reform agenda in conjunction with the ongoing International Monetary Fund (IMF) program," the Commission said in a statement.

The EU also acknowledged Egypt's progress in the reform program, including by unifying its "fragmented exchange rate" and improving its public financial management, as well as scaling up its social safety programme, strengthening the role of the competition authority, and promoting green transition.

The Commission says another €4bn ($4.1bn) is "currently under discussion with co-legislators," forming a "fundamental part" of the EU-Egypt strategic partnership.

"It comes in response to multiple economic challenges over the last years, exacerbated by the complex geopolitical situation in the Middle East, where Egypt is a key pillar of stability and a strategic partner of the EU." ◆◆

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NEWS IN BRIEF

FUJAIRAH SIGNS LAND LEASE FOR NEW STORAGE TERMINAL

The Fujairah Oil Industry Zone (FOIZ) announced on 2 January that it has signed a Land Lease Agreement with Apex Terminals for development of a 1.224mn m³ (7.7mn barrel) storage terminal. Apex Terminals CEO Jonathan George says the firm intends to develop a "state-of-the-art terminal, dedicated to the storage of petroleum products and hydrocarbons." Apex Terminals is an unknown entity incorporated in Fujairah in late-2024, and it is unclear who the firm has been established by.

Fujairah currently has storage capacity of around 11.1mn m³, and a number of existing terminals are implementing expansion projects. UAE firm BPGIC, which is currently being taken over by local firm GulfNav, plans a 3.5mn m³ Phase 3 expansion to its existing 1mn m³ facility, while Fujairah-headquartered Ecomar is adding 1.3mn m³ to its terminal (MEES, 5 July 2024). However, after a buoyant couple of years, operations at Fujairah have slowed down in recent months as weakening gasoline markets have reduced the economic incentives for blending (MEES, 1 November 2024).

OMAN 500MW SOLAR START-UP

Singapore's Sembcorp on 30 December announced the start of commercial operations at the 500MW (588MWp) Manah II solar PV facility it has been developing in the north of Oman, 140km southwest of the capital Muscat. Sembcorp says it has "successfully completed the acceptance tests to achieve the commercial operation… more than four months ahead of its scheduled commercial operation date."

The Project is backed by a 20-year 500MW power purchase agreement with Oman's state Nama Power and Water Procurement Company.

Manah II start up doubles Oman's installed solar capacity to 1GW and takes overall renewables capacity to 1.05GW: the prior projects are 500MW Ibri II solar and 50MW Dohar wind (MEES, 6 December 2024). The next addition is slated to be 500MW Manah I, which is being developed by France's EDF Renewables and Korea Western Power. EDF says it expects commercial operations to begin in Q1.

MOROCCO: PUMPED STORAGE PROGRESS

Moroccan state power firm ONEE on 2 January announced that three consortia have been prequalified to construct the planned 300-400MW El Menzel pumped storage hydropower project.

All three include Chinese state firms. Sinohydro is partnered by France's Andritz Hydro; Dongfang Electric with Italy's Webuild; whilst the third consortium groups four Chinese state firms led by China International Water & Electric with Casablanca-based Jet Contractors.

ONEE says the prequalifyers will now be invited to submit their technical offers, adding that its key rationale for pumped storage expansion is to bolster the ability of renewables to provide a growing share of Morocco's power supply. Morocco currently has 814MW of pumped storage capacity split between two sites, following last year's start-up of the 350MW Abdelmoumen project in the Atlas mountains above Agadir. El Sefrou is in a more northerly part of the Atlas, some 40km southeast of Fez.

Morocco's renewables capacity has been increasing rapidly, hitting 4.6GW (excluding pumped storage) late last year (MEES, 25 October 2024). With further additions planned in a bid to make renewables 52% of Morocco's power mix by 2030, energy storage mechanisms to cope with the intermittency of supply have become ever more crucial. Given Morocco's mountainous terrain, pumped storage is often the most economic way to achieve this, though Saudi Arabia's Acwa Power also plans 2GWh of integrated battery storage alongside 500MW of planned wind capacity near Rabat (MEES, 1 November 2024).

EGYPT SOLAR BESS DEAL

UAE firm Amea Power has inked a deal with China's Trinasolar for the supply of 300MWh of battery energy storage (BESS) via sixty 5MWh units for Amea's 500MW Abydos solar PV project near Aswan in southern Egypt which entered service in October (MEES, 25 October 2024). Amea in September announced plans to add 300MWh of BESS, Egypt's first such capacity, at the Abydos site, as well as a further 600MWh alongside 1GW of planned solar capacity at nearby Benban (MEES, 20 September 2024).

SAUDI ARABIA QUALIFIES FIRMS FOR BATTERY STORAGE PROJECTS

The Saudi Power Procurement Company (SPPC) announced on 30 December that 33 firms have been qualified for four Battery Energy Storage System (BESS) projects – 21 as managing and technical applicants, and 12 as managing only. The four projects will be able to provide a total of 8GWh of electricity, with each providing 500MW over a four-hour period.

Each of the BESS projects is to be sited next to large-scale solar PV projects which are currently under development; the 2GW Al Muwaih plant, 2GW Haden, 1.5GW Al Khushaybi and the 1.425GW Al Kahfah. The first three solar plants are due online by 1Q 2027, with the latter due in Q4 this year.

There are now a total of 26GWh of BESS projects at various stages of development in Saudi Arabia, with the kingdom targeting 48GWh capacity by 2030 (MEES, 1 November 2024).

CRUDE OSPs ($/B): OMAN AT $73.16/B FOR FEBRUARY

	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
ABU DHABI											
Murban (40.3°)	84.52	89.14	83.93	82.52	83.80	77.94	73.41	74.87	72.81	73.28	
Das (38.8°)	83.82	88.39	83.28	81.77	83.00	77.19	72.71	74.27	72.36	72.88	
Das-vs Murban	-0.70	-0.75	-0.65	-0.75	-0.80	-0.75	-0.70	-0.60	-0.45	-0.40	
Umm Lulu (38.7°)	84.67	89.34	84.13	82.67	84.00	78.19	73.66	75.05	73.06	73.53	
Umm Lulu-vs Murban	+0.15	+0.20	+0.20	+0.15	+0.20	+0.25	+0.25	+0.20	+0.25	+0.25	
Upper Zakum (34.1°)	84.42	89.74	84.23	82.52	83.85	77.49	73.46	74.82	72.81	73.28	
Upper Zakum-vs Murban	-0.10	+0.60	+0.30	+0.00	+0.05	-0.45	+0.05	-0.05	+0.00	+0.00	
DUBAI											
Dubai (31°, vs Oman)	+0.00	+0.00	-0.10	+0.00	+0.00	+0.10	+0.00	+0.00	+0.00	+0.05	+0.05
outright price	84.14	89.30	83.79	82.50	83.85	77.64	73.49	74.82	72.46	73.21	
OMAN											
Oman (34°)	84.14	89.30	83.89	82.50	83.85	77.54	73.49	74.82	72.46	73.16	
LIBYA (vs Dated Brent)											
Zueitina (41°)	-0.10	-0.65	-0.45	+0.05	-0.50	-0.70	-1.05	-0.65	-0.45		
Brega (40°)	-0.80	-1.55	-1.45	-1.05	-1.70	-2.00	-2.40	-2.00	-1.80		
Sirtica (41°)	-0.95	-1.55	-1.45	-1.15	-1.55	-1.75	-2.10	-1.70	-1.55		
Es Sider (37°)	-0.55	-1.25	-0.90	-0.50	-1.05	-1.55	-2.25	-1.85	-1.70		
Bu Attifel (36°)	-0.15	-0.70	-0.50	-0.10	-0.65	-1.25	-1.95	-1.55	-1.35		
Sarir (36°)	-3.35	-3.95	-3.60	-3.10	-3.65	-3.95	-4.55	-4.15	-4.00		
Amna (36°)	+0.10	-0.50	-0.15	+0.25	-0.30	-0.70	-1.20	-0.90	-0.80		
Sharara (43°)	+0.05	-0.70	-0.45	-0.05	-0.65	-0.95	-1.45	-1.05	-0.85		
Mellitah (41.6°)	-0.70	-1.45	-0.45	-0.95	-1.55	-1.75	-2.15	-2.05	-1.55		
Bouri (26°)	-1.65	-1.65	-1.55	-1.55	-1.85	-2.05	-2.05	-2.05	-1.95		
Al Jurf (30°)	-0.25	-0.25	-0.15	-0.15	-0.45	-0.65	-0.65	-0.65	-0.65		

SAUDI LPG PRICES ($/T)

	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
Propane	580	580	580	590	605	625	635	635	625		
Butane	585	565	565	570	595	620	630	630	615		
propane vs butane	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*		

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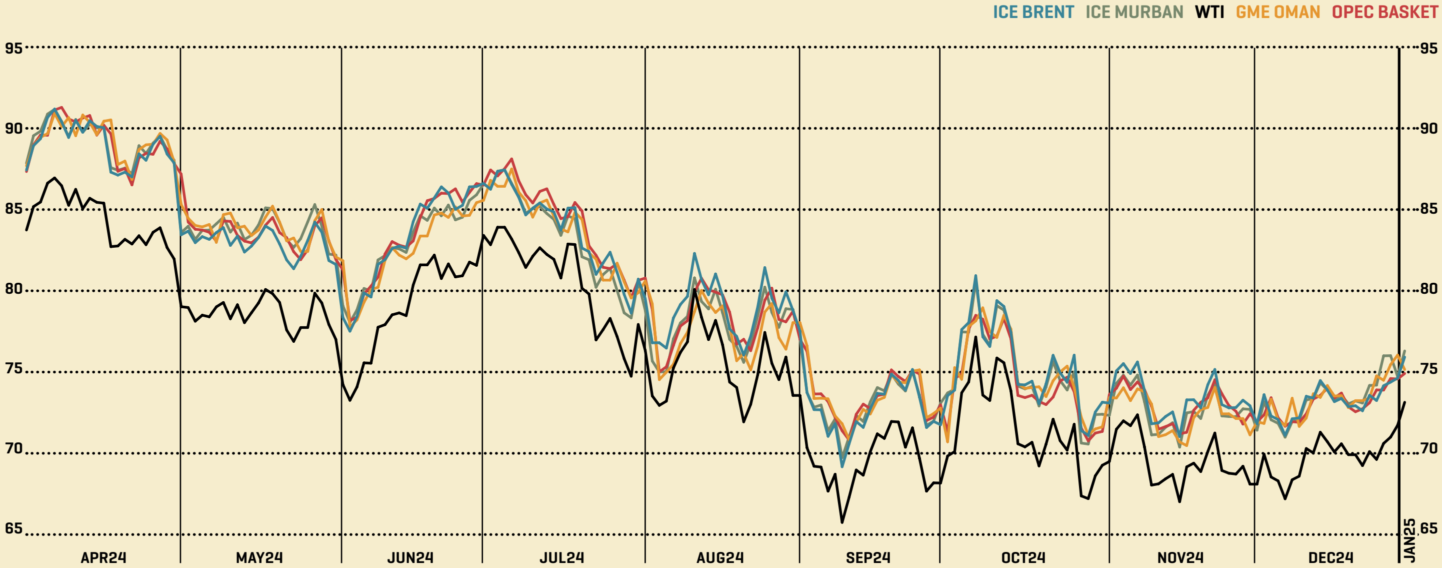
SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

	2Jan	23-27Dec	16-20Dec	Dec24	Nov24	Oct24	4Q 2024	3Q 2024	2Q 2024	2025 (2Jan)	2024	2023	2022
WTI	73.13	69.89	70.24	69.87	69.53	71.56	70.31	75.38	80.61	73.13	77.60	77.58	94.37
ICE Brent	75.93	73.41	73.26	73.26	73.40	75.38	74.01	78.72	85.02	75.93	82.14	82.18	99.02
ICE Murban	76.31	74.38	73.43	73.47	72.74	75.08	73.76	78.34	85.24	76.31	82.82	82.80	98.84
GME Oman	73.11	73.23	73.48	72.95	72.48	74.86	73.47	78.47	85.20	73.11	82.04	82.02	94.42
OPEC Basket	74.93	73.43	73.33	73.16	72.98	74.49	73.54	78.97	85.33	74.93	82.91	82.90	100.01
JCC	na	na	na	na	78.14	80.09	na	85.86	87.48	na	na	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



US OUTPUT AND EXPORTS END 2024 WITH MORE RECORDS

*Latest official US oil data for October show more new output and export records.

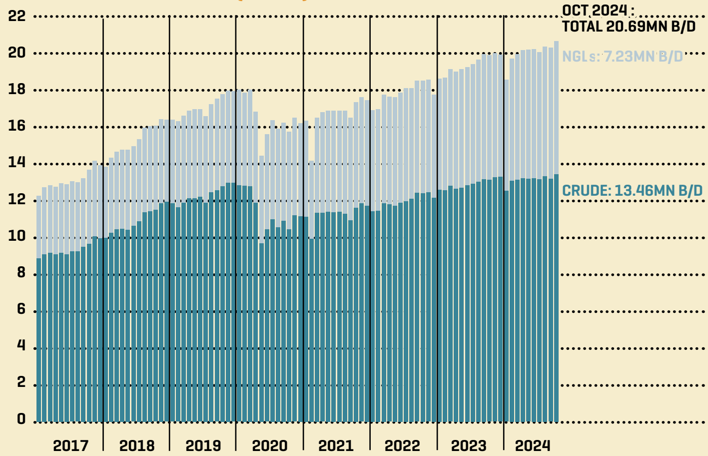
*Both crude output of 13.46mn b/d and NGLs production of 7.23mn b/d were records, for total liquids output of 20.69mn b/d, up almost 300,000 b/d on August's previous record of 20.39mn b/d (September was fractionally lower at 20.36mn b/d).

*And though October's crude figure was in line with previously-released provisional data, in what has become a pattern in recent months, the NGLs figure was some 400,000 b/d higher (MEES, 20 December 2024).

*The US, which was habitually a net oil importer as recently as 2021, also saw record net oil exports of 3.18mn b/d for October, whilst provisional data indicate an annual record of around 2.3mn b/d for 2024.

*Also a record for 2024 are US LNG exports, which at 87.3mn tons according to Kpler data are up 1.4mn tons on 2023's previous high. Though no month in 2024 topped December 2023's monthly record of 8.51mn tons, with the 20mn t/y Plaquemines plant shipping its first cargo in the final days of 2024 (see p7), December 2024 got close with 8.29mn tons.

US LIQUIDS OUTPUT HIT A NEW RECORD 20.7MN B/D FOR OCTOBER WITH BOTH CRUDE AND NGLs AT ALL-TIME HIGHS (MN B/D)



SOURCE: EIA, MEES.

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