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GEOPOLITICAL RISK

Iran Dares To Dream Of Post-Sanctions Oil Boom

Progress in US-Iran nuclear talks is raising Iranian hopes of attracting much-needed foreign energy investment. But a deal is far from guaranteed. For now Iran remains reliant on its cash-strapped local firms to deliver projects. ***Page 6***

DOWNSTREAM

Saudi Slashes Jan-Feb Oil Burn

Saudi Arabia's direct oil burn fell over 200,000 b/d year-on-year for Jan-Feb 2025. With more gas and renewables capacity incoming, it looks well placed to keep up the gains. ***Page 8***

UPSTREAM OIL & GAS

Egypt & Eni Plan Zohr 'Phase-3'

Eni & Egypt hope to boost reserves and output at Zohr and help expedite tie-back of Cyprus' Cronos by end-2027 with $1bn+ 'Phase 3' investment. ***Page 2***

UPSTREAM OIL & GAS

Oman Balances Gas Gains With Opec+ Cuts

Opec+ constraints will cap Oman's crude output at 800,000 b/d even after 'voluntary' cuts ease. This leaves Muscat reliant on condensate for near-term liquids gains. ***Page 3***

ECONOMY & FINANCE

IMF & World Bank Slash Growth Forecasts

Mounting global economic uncertainty stemming from Trump's tariffs has led the IMF & World Bank to slash growth forecasts, with those for oil demand also down. ***Page 12, 13***

DOWNSTREAM

Bahrain Set To Begin Regular LNG Imports

Bahrain is set to make regular use of its 5.9mn t/y regassification terminal for the first time since commissioning it at the end of 2019. ***Page 10***

CORPORATE

Adnoc Boosts China Relations

Adnoc is laying the groundwork for LNG and crude capacity hikes with three new sales deals and a new marketing office in key market China. ***Page 4***

OPEC & GLOBAL MARKETS

China Widens Energy Supply Base

China had been importing bumper oil volumes from a broad range of suppliers including Iran. For gas, record output and Russian supplies have cut the need for LNG. ***Page 5, 16***

POWER & WATER

Egypt PM: 'No Summer Blackouts'

Egypt's PM Madbouly has pledged 'no blackouts' this summer. Achieving this may depend on securing an additional FSRU to import more LNG. ***Page 11***

Egypt & Eni Plan $1bn-Plus Zohr 'Phase-3' To Facilitate Cyprus Tie-Backs

Output at Egypt's largest gas field Zohr has slumped to 1.5bn cfd, less than half its official 3.2bn cfd capacity. With proved reserves having dwindled to 4.5tcf as of end-2024, Egypt hopes $1bn+ of new investment will bolster this by 1tcf and facilitate the tie-back of Eni's Cyprus finds.

The fate of Egypt's gas output has gone hand in hand with the country's largest producer Zohr since the Eni-operated field's late 2017 start-up. Zohr output initially soared to peak at 2.96bn cfd for 1Q 2021 but had slumped to 1.5bn cfd by early this year following water breakthrough issues that began in 2021 (MEES, 11 June 2021).

Eni has attempted to offset those losses by drilling more development wells, specifically on the northern portion of the field. But, after two wells drilled in 2023 some 13km northeast of the key Zohr producing wells proved unfruitful, Eni subsequently scaled back its plans with ongoing activity focused on drilling two sidetrack wells in a bid to add 220mn cfd output by the end of 2025 (MEES, 21 February).

But, aware that such incremental gains are likely to do no more than stabilize output, Eni (50%) and its Zohr partners Russia's Rosneft (30%), UK major BP (10%) and the UAE's Mubadala Energy (10%) along with Egyptian authorities have embarked on a plan to boost output and add further reserves.

ZOHR TIMELINE: ENI PLANS FUTURE ADDITIONS TO WANING 1.5BN CFD OUTPUT

	PHASE 3		
2025 (Ongoing)	2026	end-2027	2028
Two sidetrack wells, +220mn cfd, $160mn spend	Two development wells, +300mn cfd, $300-400mn spend	Cronos tie-in, +650mn cfd	FPU, +1tcf reserves, $1bn spend

2026: 300MN CFD BOOST

Near-term plans envisage the drilling of two additional development wells, likely next year, adding to the 20 production wells already drilled. Eni affiliate Saipem, whose Saipem 10000 drillship has undertaken all Zohr drilling in recent years, says in its Q1 results on 23 April that Eni and its partners in the Petrobel operating company at Zohr have an option to extend their contract on the Saipem 10000, which is due to expire at the end of June, for a further eight months to February 2026.

Egypt's Petroleum Ministry says the "two development wells scheduled for drilling as part of the 2026 plan... would contribute approximately 300mn cfd to production once operational."

And whilst Eni has yet to confirm the plans, Egyptian government officials say that the Italian firm has awarded US services giant Baker Hughes and Paris-based Nexans a $300-400mn contract for the pipelines and other infrastructure required to hook-up the two new wells. Nexans' share of work involves an 84km submarine cable at 1,500ms water depth for completion by 3Q 2026, Egypt's Petroleum Ministry says.

'PHASE-3' DEVELOPMENT NEXT?

And this is far from the end of Egypt and Eni's ambitions to bolster Zohr output.

Officials from state firm EGAS visited Eni in Milan earlier this week for an "extensive workshop" which "addressed the future of the Zohr field project and the sustainability of production, with a focus on the third phase of development," EGAS says.

"This phase includes the deployment of a floating production unit [FPU] in the offshore well area located 220km from the coast, for gas and condensate separation, in preparation for its integration into the production map by 2028," the statement explains.

Zohr produces around 4,000-5,000 b/d of condensate but the FPU's main use would likely be to deal with the rising levels of water being produced at the field that have precipitated its decline. How much would such a facility cost? Industry sources canvassed by MEES suggest around $1bn.

"Any life support pressure boosting system should be looked upon favorably," one of those sources tells MEES. "Zohr is in relative terms far from shore so hits limits of pressure with the cost of umbilicals becoming prohibitively expensive. Water depth also plays a role – with price doubling for anything below 1,500ms – so having an in-field capability gives you optionality for pressuring the system and extracting unwanted liquids amongst other things," the source says.

NEXT STOP CYPRUS

And whilst Cairo has in the past struggled to get Eni to agree to sanction further investment at Zohr (MEES, 1 November 2024), a potential game-changer in terms of persuading the Italian firm to sign up for the FPU-based Phase-3 plans is that this would boost the ability to tie back output from other fields to Zohr.

This is precisely what Eni envisages. Whilst Zohr – long the company's flagship field – again gets precisely zero mentions in Eni's Q1 results on 24 April, pride of place goes to February's "Historic agreement signed with Cyprus and Egypt to exploit the sizeable gas resources of the Cronos discovery in Block 6 off Cyprus... leveraging our assets and LNG capacity in Egypt [MEES, 21 February]."

These plans would see output from 2.5tcf Cronos tied back 90km to Zohr, with Eni upstream chief Guido Brusco telling the firm's Q1 earnings call that Eni aims "to make FID by the end of this year" with "an execution time between 2 and 2.5 years" meaning that "[first] production may come sometime between 4Q27 [and] 1Q28." Future development phases could see tie-back of 2-3tcf Zeus and 1tcf Calypso, also on Cyprus Block 6, and potentially any future discoveries offshore Israel where Eni is due to be imminently awarded nearby acreage (MEES, 21 March).

The MEES source concurs that "having an FPU that far out is attractive for any potential nearby finds – there's upside for everyone in the nearby region," adding that it would lower development costs for any new discoveries and as such making exploration more attractive.

Regarding Zohr Phase-3, EGAS says that "preliminary estimates indicate that this phase could add approximately 1tcf of gas to the field's reserves." Remaining proved (P1) Zohr reserves were 4.49tcf as of end-2024 (MEES, 11 April).

EGYPT OUTPUT UP (A BIT)

Zohr has been the key reason for the slump in Egypt's overall gas output. But after plumbing an eight-year low 4.31bn cfd for January, down 40% on the September 2021 peak of 7.19bn cfd (MEES, 21 March), output edged up to 4.33bn cfd for February. This comes as both BP and Shell have brought online new wells at their WND and WDDM projects respectively (MEES, 21 February).

Saipem's results reveal that Shell has a six-month extension option (to February 2026) on the 'Scarabeo 9' deepwater rig, which is currently drilling the second of three WDDM Phase-11 wells under a firm contract that runs until August. ◆◆

OMAN BALANCES GAS GAINS WITH OPEC+ CUTS

Opec+ constraints will cap Oman's crude output at 800,000 b/d even after additional 'voluntary' cuts ease leaving Muscat reliant on gas-linked condensate output for near-term liquids gains.

In recent years Oman's oil and gas developments have moved ahead on two distinct tracks. Gas has raced ahead as IOC development of non-associated gas fields has enabled a series of gas-fed industrial projects. Meanwhile, crude oil has been curbed by persistent Opec+ cuts, though, in terms of overall liquids output this has been partly alleviated by rising condensate output thanks to the gas gains (MEES, 24 January).

Latest official data for Q1 show Oman's liquids production stayed flat at 987,000 b/d, of which MEES calculates crude averaged 754,000 b/d, the lowest quarterly figure since 2021.

This points to Oman producing slightly below its 759,000 b/d Opec+ quota for Q1. This includes 42,000 b/d of 'voluntary' cuts which are to be gradually unwound by July 2026. With the tapering starting this month (MEES, 7 March), Oman's quota edged up to 761,000 b/d for April and will hit 768,000 b/d for May. However, with Oman having slightly overproduced over the course of 2024, it is on the hook for 'compensation cuts' which will offset the tapering in the short-term keeping Oman's adjusted quota at 756,000 b/d until September (see chart 1) unless producers again accelerate the unwinding of cuts when they meet on 5 May (see p12)

LITTLE ROOM FOR CRUDE GAINS

Oman regularly produced over 850,000 b/d before signing up to Opec+ restrictions at the height of the Covid demand crisis in 2020 (MEES, 17 April 2020). As such, even after the voluntary cuts are fully unwound and Oman's quota returns to 801,000 b/d from September 2026 this will still prevent many of the country's producers from fully tapping into their spare capacity, although declines from some producers should leave space for increases elsewhere (MEES, 11 April). Oman's largest producer Petroleum Development Oman (PDO) is one producer looking to increase its crude production above 700,000 b/d (MEES, 5 July 2024), and last year its output hit a 20-year high 680,000 b/d.

Fellow state firm OQ Exploration and Production (OQEP) is also eying crude capacity gains from the only major asset it operates. Block 60 (OQEP 60%, Medco Daya 20%, MedcoEnergi 20%) is home to the 60,000 b/d Bisat oil field. The company has short-term plans to up capacity at the field to 65,000 b/d as well as develop the North Gharif discovery for "early commercialization" this year (MEES, 14 March). According to OQEP's 2024 report, published 7 April, the development of the discovery "is expected to increase the throughput from Block 60 in 2025."

These gains could be offset by declining output from other producers. Output has slumped from one of Oman's largest oil fields, Occidental's Mukhaizna heavy oil field. This produced 120,000 b/d as recently as 2019, but output fell to just 75,000 b/d last year (MEES, 28 February). Oxy has been ramping up crude output from its other assets to compensate, with Block 9 (Occidental 50%, Mitsui E&P 5%, OOCEP 45%) hitting 100,000 b/d output for 2024, up 14% since 2021.

MORE CONDENSATE GAINS

Where Oman is able to generate more gains is with condensate output, which is exempt from Opec+ cuts and mostly produced as a gas by-product. Oman has ramped up its condensate output in recent years and its 233,000 b/d Q1 output accounted for 23.6% of total liquids production (see chart 2).

The bulk of condensate output comes from PDO's massive Block 6 which contributed 84,000 b/d in 2024, and BP's massive 1.5bn cfd Khazzan/Ghazeer gas development on Block 61 (BP 40%, OQEP 30%, PTTEP 20%, Petronas 10%) where output was 56,000 b/d in 2024.

A newcomer last year was Shell's 500mn Mabrouk North East gas field on Block 10 (Shell 53.45%op, TotalEnergies 26.55%, OQEP 20%) which finished ramping up in July 2024 and contributed an average 27,000 b/d of condensate over the course of the year.

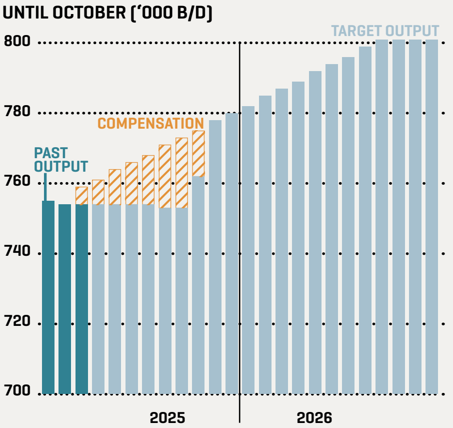
IOC GAS IN THE FUTURE

Gas has been racing ahead in Oman, driven by IOC-led developments, and it looks set to maintain the momentum. In a sign of future growth, state gas network operator OQ Gas Networks (OQGN) expects the gas it transports — i.e. excluding volumes used at oilfields — to rise by 6% to 4.4bn cfd by 2027, according to its 23 April annual report. Total gas production reached 5.06bn cfd in Q1, another record start to the year (see chart 3).

On the back of record gas output and capacity for future growth, the energy ministry has given its backing to a string of gas-fed downstream projects, the biggest being a fourth 3.8mn t/y liquefaction train at Oman LNG's three train 11.4mn t/y facility by 2029 – FID has yet to be taken. To meet the gas needs of this LNG expansion, BP is updating its field development plan for Block 61 to expand capacity beyond its current 1.5bn cfd Khazzan, according to partner OQEP (MEES, 7 March).

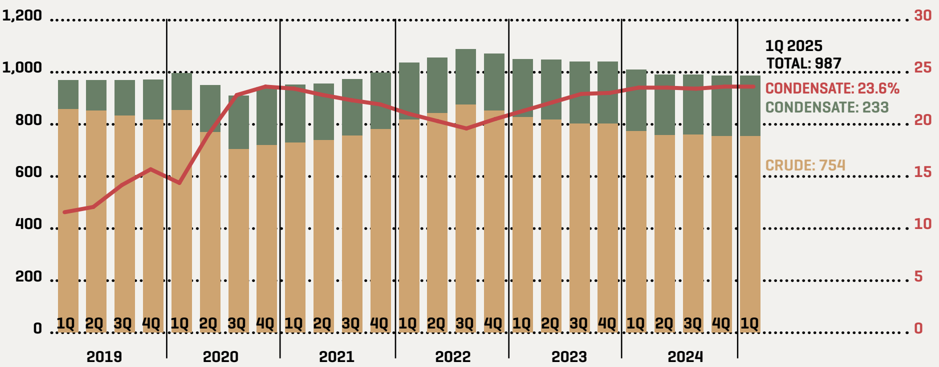
More non-associated gas could also be coming online in the future outside of Block 61. Shell is appraising a gas discovery in Block 11 (Shell 67.5%, TotalEnergies 22.5%, OQ 10%) where it says "high production rates" of gas flowed at the Jaleel field (MEES, 27 September 2024). In its recent annual report, OQEP says "Block 11 [is] showing good potential and high prospectivity for a potential gas development," but did not provide an update on the appraisal work. ◆◆

1: ONCE OPEC+ COMPENSATION CUTS ARE FACTORED IN OMAN'S CRUDE OUTPUT ALLOCATION WILL NOT RISE UNTIL OCTOBER ('000 B/D)



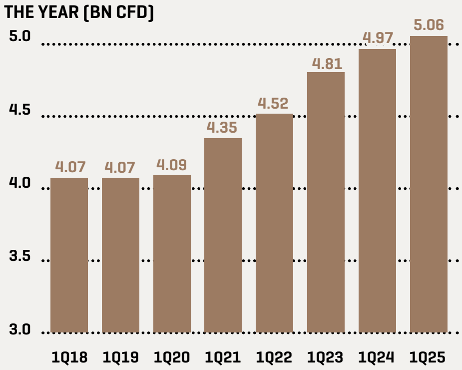
SOURCE: OPEC, MEES.

2: OMAN HAS RAMPED UP OUTPUT OF CONDENSATE, WHICH IS EXEMPT FROM OPEC+ CUTS, IN RECENT YEARS ('000 B/D)



*MARCH 2025 CONDENSATE-CRUDE SPLIT ASSUMED. SOURCE: NCSI, MEES.

3. OMAN GAS OUTPUT GETS OFF TO A RECORD START TO THE YEAR (BN CFD)



SOURCE: NCSI, MEES.

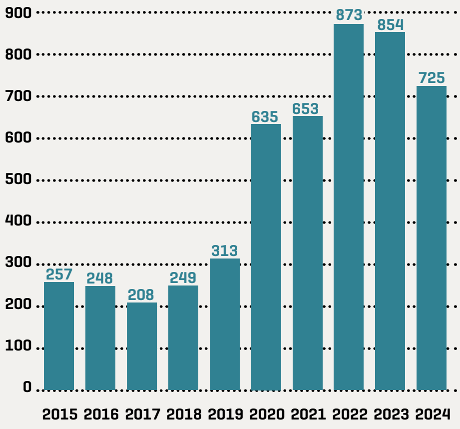
ADNOC BOOSTS CHINA TIES WITH SALES OFFICE & LNG DEALS

CORPORATE

Abu Dhabi on 18 April announced that it has opened a sales and marketing office in Beijing “aimed at strengthening long-term business relationships between Adnoc and its customers and partners in the People’s Republic of China.”

The announcement came during a visit to China of Adnoc CEO Sultan al-Jaber. During his visit, three LNG sales deals were signed with Chinese firms, with Mr Jaber noting that “we are confident that the opening of this office and the signing of the LNG supply agreements are important steps that will contribute to strengthening cooperation with our Chinese partners and create new opportunities to maximize benefits across various aspects and areas of the energy sector value chain.”

CHINA IMPORTS OF UAE CRUDE ('000 B/D): VOLUMES SURGED TO A RECORD 873,000 B/D FOR 2022 BUT HAVE SINCE FALLEN BACK



SOURCE: CHINA IMPORT STATISTICS, MEES.

CHINA CRUDE SALES DIP

China was the UAE’s second largest market behind Japan for crude oil exports last year, although volumes dropped for the second year in succession from 2022’s record 873,000 b/d to 725,000 b/d and were down again at 659,000 b/d for Q1 (see p16). While China has been importing record volumes of sanctioned Iranian and Russian crudes over the past two years, squeezing other suppliers’ market share, this hasn’t been the key driver of the drop in Emirati volumes.

Exports to China have surged from 2020 onwards (see chart) as Adnoc lifted destination restrictions on its crude exports ahead of the launch of its Murban futures contract (MEES, 12 March 2021). The bulk of China’s UAE imports have been of its Upper Zakum crude grade (34° API, 1.75% Sulfur), which hit a record 600,000 b/d in 2023 according to data intelligence firm Kpler.

But following the completion of refinery upgrades in late-2023, Adnoc has begun refining Upper Zakum domestically (MEES, 17 November 2023), with volumes typically averaging around 300,000 b/d. This has significantly reduced Upper Zakum export availability, and China’s volumes fell to just 400,000 b/d last year.

Meanwhile, modest exports of refined products to China from Adnoc’s Ruwais refining complex edged up to a record 43,000 b/d last year. All volumes are of naphtha, destined as feedstock for China’s world-leading petrochemicals sector. Most of this (37,000 b/d) was imported by state giant CNOOC to Huizhou, where the firm partners with Shell at a major petrochemicals complex capable of supplying 6mn t/y of chemicals to the domestic market.

LNG: MODEST BUT GROWING

Adnoc provided little detail regarding the three LNG sales deals reached this week in China. One is with Chinese private-sector energy distribution firm ENN Natural Gas (ENN NG) for 1mn t/y for 15 years from 2028, finalizing a preliminary agreement reached with the firm’s Singapore subsidiary in 2023 (MEES, 22 December 2023).

Another sales deal was with state firm Zhenhua Oil, which Reuters reports is for a five-year deal for 12 cargoes per year (around 800,000 t/y) from 2026. Deliveries are to be made to Rudong just north of Shanghai, where Zhenhua is constructing a 6mn t/y LNG import terminal, with the first 3mn t/y phase due online in 2026. While Zhenhua is a new entrant into the LNG sector, it is an established partner of Adnoc, having acquired a 4% stake in the 2mn b/d Adnoc Onshore concession in 2018 (MEES, 14 December 2018). The third deal is with CNOOC; terms have not been announced, but a two-year 400,000 t/y sales deal with the state firm expires at the end of 2025.

The UAE is currently a modest LNG exporter, with all volumes shipped from the 5.6mn t/y Das Island terminal, but capacity will nearly triple when the 9.6mn t/y Ruwais LNG terminal comes online in 2028. China is a relatively sizeable market for the UAE, taking a record 850,000 tons last year, but this was dwarfed by the 3.16mn tons imported by nearby India.

The ENN deal is by far the largest LNG sales deal to-date between China and Adnoc with the Chinese firm saying that “the LNG will primarily be sourced from Adnoc’s Ruwais LNG project,” adding that the “oil-linked” pricing of the Adnoc deal “helps balance the overall cost of structure of ENN NG’s resource portfolio.” “During periods of widening oil-gas price spreads and volatile spot markets, the SPA will help ENN NG mitigate procurement cost fluctuations and bolster its ability to navigate global energy price uncertainties,” the Chinese firm adds.

Alongside spot volumes, Adnoc currently markets to China through its existing agreement with CNOOC and a comparable deal with PetroChina.

China is unlikely to be a major growth market for the UAE this year (see p5). In its recent Q2 Gas Market Report, the IEA says “China’s LNG imports are forecast to decline [in 2025] due to weaker domestic demand growth and the strong competition from Europe for flexible LNG cargoes.” European requirements are expected to support strong LNG prices this year, while China has the flexibility to switch to cheaper alternatives such as coal. ◆◆

KEY GULF FUTURES EXCHANGE EYES CHINA

The Gulf Mercantile Exchange (GME) on 20 April signed an MoU with China’s Shanghai Futures Exchange (SHFE) to “to establish a framework for strategic cooperation between the Middle East and China’s derivatives markets.”

In a press release, the region’s largest commodities and futures exchange says that “this partnership supports GME’s ongoing efforts to position the Gulf as a global commodities hub and aligns with SHFE’s internationalization strategy to connect with key markets across the world.”

The nature of the agreement underlines the newly expanded regional-focus of the GME after last September’s rebranding of what had been the Dubai Mercantile Exchange (MEES, 6 September 2024).

That rebranding came courtesy of a $28.5mn investment from Saudi Tadawul Group (STG), which saw the operator of Saudi Arabia’s sole stock exchange become the joint largest shareholder alongside Chicago’s CME Group on 32.6%. STG sees the GME as a key growth enabler for a range of commodities sectors and plans to launch a series of “next-generation derivatives contracts” (MEES, 17 January).

This week’s tie-up has evidently been driven to a large extent by the new STG investors. While the GME remains based in Dubai’s DIFC, the MoU was signed at STG’s headquarters in Riyadh and in the presence of STG CEO Khalid Abdullah al-Hussan.

The two exchanges have a long history of partnership, with the GME having been tapped in 2014 by SHFE’s subsidiary, Shanghai International Energy Exchange (INE), to help develop its crude oil futures contract (MEES, 5 December 2014). This was launched in 2018 and Oman crude oil, which is traded on the GME, is one of the deliverable grades for the INE.

DIVERSIFYING AWAY FROM OIL

Now the situation is reversed, with GME looking to SHFE as it seeks to diversify away from oil and into new commodities. GME Managing Director Raid al-Salami says that “this MoU is an important step in building greater alignment between China and the Gulf in the commodities trading space. By sharing knowledge, expertise, and vision, we can pave the way for more regionally relevant benchmarks, greater market transparency, and stronger investor engagement across both regions.”

STG sees the potential GME commodities benchmarks as being “a regional play in Saudi-led products,” the group’s Chief Strategy Officer Lee Hodgkinson previously told MEES. Potential avenues for cooperation with China in Saudi-led products include lithium, with Saudi Aramco aiming to start production by 2027 through a JV with fellow state firm Ma’aden (MEES, 17 January).

CHINA Q1 GAS IMPORTS DIP WITH PRICEY LNG SHUNNED; QATAR LEADS LNG SUPPLIERS

*China's gas imports for the first quarter of 2025 slumped to 40.6bcm after reaching a record high 45.3bcm a year earlier. The ax fell on LNG, with volumes down 5.7bcm (21%) year-on-year, while cheaper pipeline imports increased by 0.9bcm (see table). Firm European demand pushed global spot LNG prices up at the beginning of the year causing Asian buyers like China to avoid incremental buying (MEES, 4 April).

*Within the broader drop of LNG imports is a reshuffling of major suppliers. China's Q1 LNG imports from Australia collapsed by 1.5mn tons (24%) year-on-year, dropping it behind Qatar even while volumes from the Middle East's largest producer slipped slightly by 90,000 tons to 5.11mn tons (see p14 for full data). This marks the first time since 4Q 2015 that Qatar has been ahead (see chart 1).

*Volumes from the US also dropped significantly to just 260,000 tons for the first three months of 2025. While the US has never consistently been a leading supplier of LNG to China – though it was briefly number two, ahead of Qatar, for the second half of 2021 – China's massive recent counter-tariffs on US energy and other exports have crippled the economics of such trade (MEES, 4 April). According to data intelligence firm Kpler, China has imported no US LNG cargoes since 6 February.

*The headline drop in gas imports belies a ramp up of both pipeline imports and domestic gas output (see chart 2). Pipeline volumes rose 5% to a record 19.1bcm in the first quarter of the year. According to the IEA's 11 April Q2 Gas Market Report "Piped gas imports are expected to grow by close to 10% [in 2025], with the Power Siberia pipeline [from Russia] operating at maximum capacity [of 38bcm/y] for its first full year."

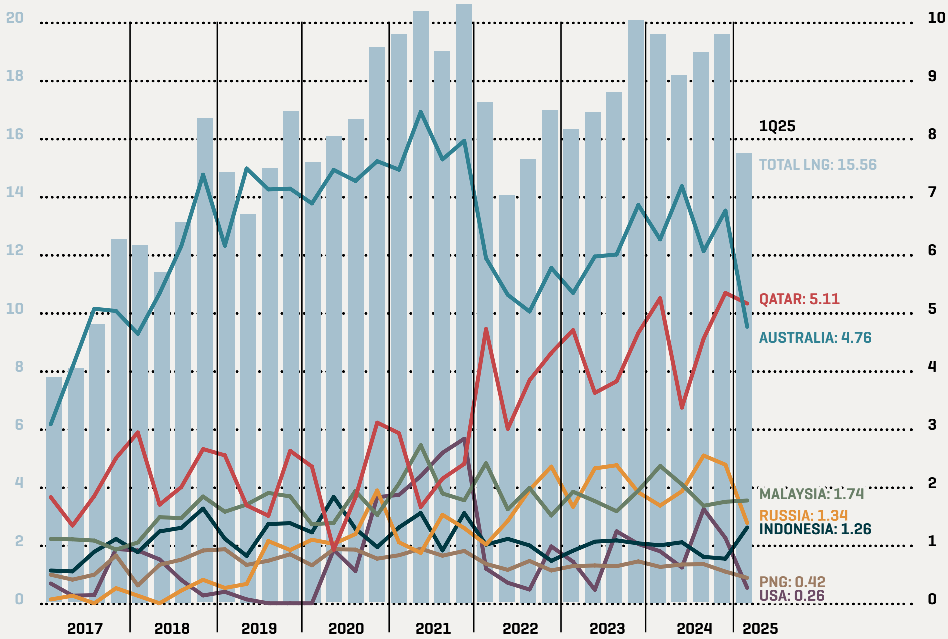
*Likewise, domestic gas production in China grew 4% year-on-year to reach a Q1 record 66bcm. For the rest of 2025 "Incremental volumes from domestic gas production should remain strong," the IEA says, "although they are likely to ease slightly from the previous year."

CHINA Q1 GAS FIGURES (BCM): IMPORTS DOWN AMID HIGHER OUTPUT, LNG SLUMP

	1Q25	vs 1Q24	%chg	1Q24	1Q23	1Q22	1Q21	1Q20	1Q19
Production	66.0	+2.7	+4.3	63.3	60.1	56.9	53.3	47.6	44.3
Consumption	106.6	-2.0	-1.9	108.6	97.1	95.2	94.1	78.5	78.5
Imports	40.6	-4.7	-10.5	45.3	37.0	38.3	40.8	30.9	34.2
o/w Pipeline	19.1	+0.9	+5.2	18.2	14.4	14.4	13.6	11.0	13.2
LNG	21.5	-5.7	-20.9	27.2	22.6	23.9	27.2	19.9	21.0
LNG (mn tons)	*15.6*	*-4.1*	*-20.9*	*19.7*	*16.4*	*17.3*	*19.7*	*15.2*	*14.9*
Imports (mn tons)	*29.4*	*-3.4*	*-10.5*	*32.9*	*26.8*	*27.8*	*29.5*	*24.3*	*24.3*

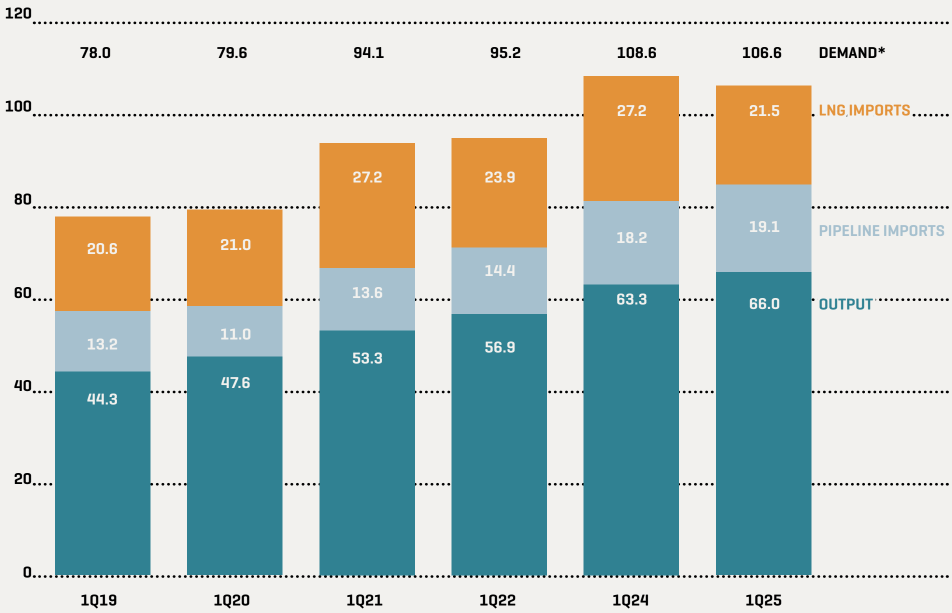
SOURCE: OFFICIAL STATISTICS, IEA, MEES ESTIMATES & CALCULATIONS.

1: CHINA'S TOP LNG SUPPLIERS (MN T): QATAR TAKES TOP SPOT FROM AUSTRALIA



SOURCE: KPLER, MEES.

2: CHINA GAS CONSUMPTION IS DOWN ON LAST YEAR'S RECORDS DESPITE HIGHER OUTPUT AND PIPED RUSSIAN IMPORTS AS LNG VOLUMES SLUMP (BCM)



*INFERRED FROM OUTPUT AND IMPORTS. SOURCE: OFFICIAL STATISTICS, MEES.

Iran Dreams Of Future Upstream Boom, Eying IOC Return Should US Deal Be Reached

Progress in US-Iran nuclear talks is raising Iranian hopes of attracting much-needed foreign energy investment. But a deal is far from guaranteed. For now Iran remains reliant on its cash-strapped local firms to deliver projects.

As Iran and the US head into the third round of renewed nuclear talks this weekend, the progress made in the initial phases has kindled Iranian hopes that an agreement could be reached which will enable it to boost oil output and attract foreign investment. But any deal would be subject to the ever-changing whims of US President Trump, and talks on the more taxing technical issues are only now just beginning.

Mr Trump has set a two-month timeline to reach an agreement; an extraordinarily tight timeframe for such a complicated international deal. Perhaps a preliminary agreement would suffice.

Speaking on 22 April, Iran's oil minister Mohsin Paknejad was upbeat about the progress of talks to date, adding that his ministry was "prepared for scenarios where international restrictions ease... fully prepared to leverage the capacity of international companies if such conditions arise."

The minister was speaking at an event organized by state oil firm NIOC which showcased over 200 investment opportunities in Iran's oil and gas sector, which Mr Paknejad valued at $135bn. Current output stands at around 3.3mn b/d (see chart), though Iranian officials claim that capacity is well in excess of this.

Iran targets 4.8mn b/d capacity of crude output by 2027 under the country's current five-year plan, but US sanctions have long prevented Tehran tapping the foreign investment and technology needed to make this a reality. The possibility of their removal is now seeing officials flirting with long-forgotten plans. Ali Agha Mohammadi, who heads the economic department at Iranian Supreme Leader Ayatollah Ali Khamenei's office optimistically suggests that even 6.5mn b/d capacity is "achievable."

In contrast, Mr Paknejad's still-bullish expectations are more realistic. Without disclosing a near-term target should sanctions be lifted, the minister says additional capacity is "already available" to enable output to be ramped up. He is even open to US companies entering Iran's oil sector "provided they meet requirements." Though even under the JCPOA, US firms were prohibited by their own government from entering the Iranian upstream sector under separate terrorism-related sanctions (MEES, 20 November 2015). The prospect of US firms 'getting the oil' in return for a political deal could well appeal to Mr Trump.

BIG STICK GETS BIGGER

For now, progress in the talks appears to have overcome calls from hardline US officials for the full dismantling of Iran's nuclear program (MEES, 18 April). The next phase will be the start of "technical" meetings on 27 April which could lead to a verifications-based agreement, allowing Iran to pursue peaceful nuclear activities as in the 2015 JCPOA. Mr Trump exited that Obama-era "bad deal" in 2018, reimposing tough sanctions.

Mr Trump's unpredictability means that many things can go wrong for Iranian negotiators as they try to extract favorable terms. Despite the White House needing a boost to the president's dealmaking reputation, which has suffered in recent weeks amid the ongoing tariff saga and absence of peace deals for Ukraine and Gaza (MEES, 18 April), Washington enters the negotiations with a big stick which is only getting bigger.

Since Mr Trump issued his NSPM-2 directive in February, reimposing 'maximum pressure' on Iran and calling for Iranian oil exports to be cut to zero (MEES, 7 February), his government has for the first time imposed sanctions on independent refiners in China as it toughens up the sanctions regime. US measures this week were extended on to LPG exports, a key revenue stream, with flows also primarily headed to China (see p7).

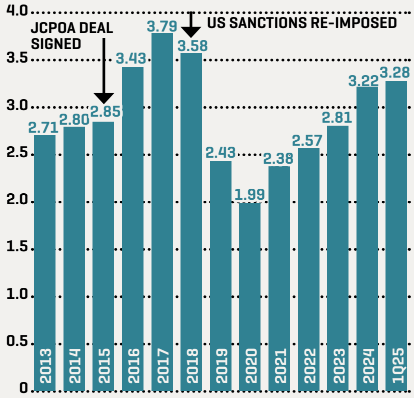
Chinese oil imports have been the main driver of a rebound in Iranian oil production to 3.28mn b/d for Q1 since it bottomed out at just 1.95mn b/d in 3Q 2020. However, Chinese buyers are also using access to sanctioned Russian and Venezuelan crudes to extract discounts from Iran (MEES, 8 March 2024).

SANCTIONS BITING IN CHINA

Iman Nasseri, Middle East Managing Director at energy consultancy FGE, says "we don't think Trump's maximum pressure campaign could result in stopping Chinese buyers taking Iranian crude oil," but cautions that it could push Iranian crude exports down by 600-700,000 b/d if the Trump administration "goes after larger ports, terminals, and refineries."

The threat of sanctioning Chinese ports, under the Stop Harboring Iranian Petroleum (SHIP) act, saw Shandong port authorities ban sanctioned vessels carrying Iranian oil in January, exacerbating earlier reluctance by buyers as Mr Trump took office (MEES, 20 December 2024). This pushed Iranian crude and condensate arrivals to China down to their lowest level in a year at 898,000 b/d for January.

IRAN CRUDE OUTPUT HAS POSTED STEADY GAINS SINCE BOTTOMING OUT IN 2020 (MN B/D)



SOURCE: MEES.

The current US-China tariff spat could result in Beijing authorizing more Iranian oil purchases as any desire to appease Washington dissipates. Certainly imports did rebound in March as Chinese refiners ramped up deliveries of largely-Iranian crude labeled as Malaysian-origin above 2mn b/d for the first time (see p16).

Arguably the key barometer to watch is the volume of Iranian crude and condensate in floating storage, which despite the March rebound in China deliveries has continued to build through 2025 – indicating that Iranian output continues to run ahead of the country's ability to find markets. Kpler data puts such 'floating storage' volumes at over 40mn barrels, the highest level since September 2023. Kpler's Head of Crude Oil Analysis, Homayoun Falakshahi, says this could be a sign that "US sanctions are starting to bite."

FGE's Mr Nasseri says his firm's end-March 'base case' forecast for Iranian crude exports to China is that they will fall from 1.6mn b/d currently to around 950,000 b/d by July, assuming "no deal [with the US] and increasing US pressure [on Chinese buyers] leading to a gradual decline in Iranian crude sales in China."

If a deal is signed, however, he says Iranian total crude exports should be ramped up quickly to 1.8-1.9mn b/d "in the immediate short term, one-to-two months from signing the deal," with the increase coming from onshore and offshore inventories. Within three-to-six months, "they can add a maximum of another 300-400,000 b/d" from additional production.

A sizeable portion of the immediate supply bump could come from floating storage parked offshore Malaysia-Singapore waters, with China strategically situated to

Continued on – p7

Continued from – p6

absorb most volumes. Of course, other Asian buyers which prior to the US exiting the JCPOA were regular importers of Iranian crude would also likely return to the market if sanctions are lifted. This would feature the likes of India, South Korea and Japan.

YEARS TO IOC ENTRY

Mr Nasseri says that "international trading houses will jump on Iranian barrels but putting real money down [by IOCs] for expensive upstream or downstream or even midstream is unlikely for at least two years."

He believes that a deal would possibly see a replication of the post-JCPOA dynamic. "I think the IOCs will rush back to look into it [opportunities in Iran's oil sector] but I doubt anything would come from it at least for the first couple of years until the sustainability of a deal and security of investment is guaranteed...pretty much like 2016-2017."

The signing of the JCPOA did see many IOCs swiftly rekindle their interest in Iran's oil sector (MEES, 23 October 2015), with Tehran also unveiling improved terms through the Iran Petroleum Contract (IPC). However, the only high profile western IOC to enter Iran was TotalEnergies which signed up to the giant South Pars gas field's Phase 11 project (MEES, 23 July 2017).

Tehran failed to capitalize on the interest, electing for lengthy negotiations, qualification processes and unrealistic 'technology transfer' demands, and ultimately lost investor confidence (MEES, 22 December 2017). Even the Total deal had only made modest progress by the time the French major called it quits in 2018 as Trump reimposed sanctions (MEES, 24 August 2018)

As such, and despite claiming that "many companies are now ready to enter the Iranian market," Mr Paknejad tacitly admits that foreign investors would likely take their time and that reaching an agreement is not guaranteed.

DOMESTIC FIRMS AND FINANCING

The minister sees local private firms as key to building capacity once sanctions are removed. "As we saw in 2015 after the JCPOA agreement, we restored oil production to pre-sanctions levels in less than a year. Today, we have the same capability," he told the ministry's press outlet Shana.

Mr Paknejad's claims, however, are exaggerated. After the JCPOA, Iran did add around 600,000 b/d of production in 2016 followed by 360,000 b/d in 2017, but output remained short of the 4mn b/d+ claimed by Iran prior to the Obama administration's gradual intensification of sanctions in the run-up to JCPOA signature. But the minister is right that those post-2015 additions were indeed led by NIOC and Iranian firms. More recently, local firms and financing have been crucial in increasing Iran's production.

During the 22 April NIOC event, Iran launched a €300mn ($341mn) 'Oil Guarantee Fund' aimed at supporting the access of local contractors and operators to Iranian capital markets, while a futures instrument saw $104mn secured by Dana Energy for its development of the Aban, Paydar West and Sohrab oilfields. These financing initiatives are backed by NIOC, local banks and other Iranian energy firms, with Tehran also launching a crowdfunding platform dubbed 'PetroCrowd'.

But despite Iran's success in raising oil output in recent years, local firms remain short of serious cash, whilst sanctions block them from acquiring latest technologies and international expertise. Mr Paknejad highlights the need for foreign help when it comes to addressing Iran's acute gas shortages. Citing last month's $17bn awards to local firms for boosting gas recovery at the giant 700mn m³/d (25bn cfd) South Pars field (MEES, 14 March), he says international partnerships "can expedite this strategic project."

The 2015 South Pars Phase 11 award to TotalEnergies, in partnership with China's CNPC, would have tapped the French major's expertise to install a pressure booster station to add 2bn cfd capacity and sustain this for 15-20 years. Absent such expertise, Iran will struggle to prevent South Pars capacity from steadily declining, with this past winter's gas crisis highlighting the cascading effect on the country's battered economy (MEES, 24 January).

Of the 80+ fields offered for exploration and redevelopment during the 22 April event, 50 were gas-focused offerings, with NIOC estimating that $41bn will be needed to add 500mn m³/d (18bn cfd) through 35 developments. Another 35 projects of varying size are aimed at ending gas flaring, adding 700mn cfd by early 2029.

FROM IPC TO PSC?

NIOC is also looking offshore, announcing this month that it will restart exploratory drilling which was suspended in 2019. This will likely be focused fields thought to be close to or overlapping its often-undermarketed maritime Gulf borders. Kuwait's recent offshore discoveries (MEES, 24 January) have placed domestic political pressure on the Iranian government in this regard. Iran's producing offshore oil fields are largely old and existing rigs and supporting vessels suffer from a lack of spare parts. Tehran's hopes of exploring the Caspian Sea are undermined by high costs and a lack of deep water drilling technology.

For now, Iran is stuck with its local firms, and Mr Paknejad wants to incentivize the private sector by fast tracking contract approvals. "Previously, finalizing an IPC contract for oil and gas field development could take up to three and a half years, but the government has now streamlined the process to under a year." He says 16 IPC contracts have been signed with local firms for a total of $27bn in investment, with nine contracts worth $13bn nearing finalization.

While the IPC may have worked with local firms, Mr Nasseri says "the contract model was never really attractive" to IOCs. "Last time we looked at it for many upstream companies, from Asian to Russian and European, nobody showed any significant interest."

As such, some Iranian oil executives are floating the idea of production sharing contracts (PSCs). Mohammad-Hossein Dastgir, CEO of NIOC's Caspian-focused subsidiary Khazar Exploration and Production, says that exploring each of his firm's five blocks would require $100mn in investment, adding that Iran needs a PSC model "similar to neighboring countries." His colleague, Reza Aqebati who heads NIOC's engineering and development, claims that applicable laws would allow PSCs, especially for joint fields, "though the execution model must still be defined," he adds.

However, like with neighboring Iraq, the politics of resource nationalism mean that the government will struggle to secure approval for oil contracts which entail foreign firms securing a share of oilfield ownership. In the Islamic Republic's case, religious scholars would also need to determine whether such contracts are Sharia Law-compliant. ◆◆

US TARGETS LUCRATIVE IRAN-CHINA LPG FLOWS

While Washington and Tehran remain engaged in negotiations over a new nuclear deal to potentially lift sanctions on Iran's economy and oil sector (see p6), the Trump administration continues to tighten the sanctions regime. On 22 April the US Treasury sanctioned Iranian "magnate" Seyed Asadoollah Emamjomeh for allegedly "shipping hundreds of millions of dollars' worth of Iranian LPG and crude oil to foreign markets" through a network of companies he runs with his son.

The Treasury said that "In addition to crude oil, LPG continues to be a major source of revenue for the Iranian regime, the proceeds of which fund Iran's nuclear and advanced conventional weapons programs, as well as regional proxy groups and partners such as Hizballah, the Houthis, and Hamas." Aside from running mostly UAE-based businesses that sell LPG on behalf of major Iranian petchems producer PGPIC and controlling a monopoly over NIGC's LPG deliveries, the department also accuses Mr Emamjomeh of buying US LPG for the benefit of Chinese buyers.

As with Iranian crude and condensate exports, most Iranian LPG heads to China, with last year's 8.3mn tons accounting for around 80% of Iran's total LPG exports. This left Iran as China's second largest LPG supplier behind the US on 17.8mn tons and well ahead of No.3 Qatar's 2.5mn tons according to Kpler. Amid their current trade war, Chinese imports of US LPG look set to slump this year, leaving it looking for other suppliers. LPG imports are central to China's burgeoning petchems sector, where propane is converted by propane dehydrogenation (PDH) plants to propylene.

◆◆

Saudi Slashes Jan-Feb Oil Burn; Can It Maintain The Progress?

Saudi Arabia's direct burning of oil in power plants was down more than 200,000 b/d year-on-year for the first two months of 2025. This puts the kingdom in a strong position to achieve its first annual oil burn drop since 2021, especially with more gas and renewables due online in the coming months.

Saudi oil burn dropped sharply to an 11-year monthly low 589,000 b/d for February, and over the first two months of the year overall is running at its lowest level since 2016. There have been previous false dawns, but the scale of the drop over the first months of the year sets the kingdom well on course for its first year-on-year fall since 2021.

Despite the gains, oil burn remains extremely high at 678,000 b/d for 2M 2025 and 589,000 b/d for February, but Riyadh appears to have made a big stride towards its goal of eliminating oil burn by 2030. The Liquid Displacement Program (LDP) aims to eliminate more than 1mn b/d of annual oil burn, and while the external focus is typically on crude oil, in reality the majority of the oil burned in the kingdom's power and water desalination plants is fuel oil.

Last year, crude burn dropped to a three-year low of 455,000 b/d, while fuel oil consumption rose by 3% to a record 651,000 b/d, for a total of 1.105mn b/d of which fuel oil made up 59% (see chart 1). For the first two months of 2025, total oil burn of 678,000 b/d is down more than 200,000 b/d year-on-year (see chart 2), with crude burn averaging 334,000 b/d (see chart 3), against 399,000 b/d for fuel oil.

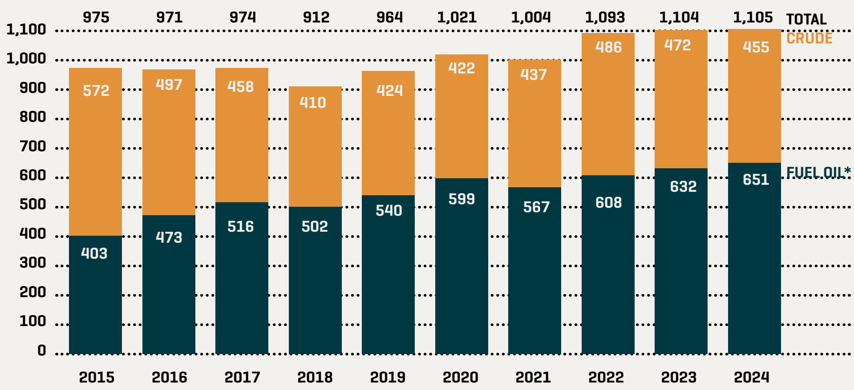
Fuel oil consumption now easily outstrips output from Saudi Arabia's modern refining fleet, which has a fuel oil yield of just 17%. This equated to fuel oil output of 443,000 b/d last year, with the kingdom turning to imports to help fill the gap.

EAST-TO-WEST OIL TRADE

The vast majority of oil burn now takes place in western regions, with most facilities in eastern and central areas running on gas. Most of Saudi Arabia's approximately 9.5bn cfd of sales gas is produced in Eastern Province, but with output insufficient to meet domestic

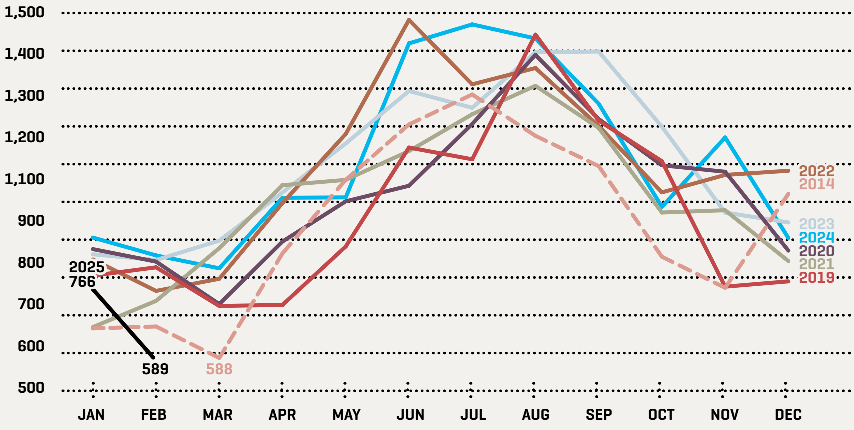
Continued on – p9

1: ON AN ANNUAL BASIS SAUDI OIL BURN* HAS FLATLINED AT 1.1MN B/D SINCE 2022 ('000 B/D)...



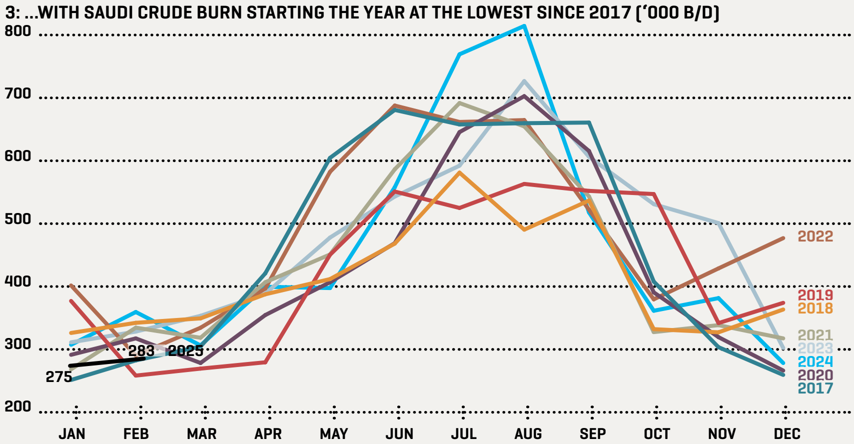
*PRESUMES ALL FUEL OIL CONSUMPTION IS BURNED, ALTHOUGH SOME IS USED IN MARINE BUNKERING. EXCLUDES SMALL VOLUMES OF DIESEL. SOURCE: JODI, MEES.

2:...BUT THE FIRST TWO MONTHS OF 2025 HAVE SEEN SUBSTANTIAL GAINS WITH FEBRUARY OIL BURN* DOWN OVER 200,000 B/D YEAR-ON-YEAR FOR THE LOWEST MONTHLY FIGURE SINCE 2014 ('000 B/D)...



*CRUDE PLUS FUEL OIL CONSUMPTION. PRESUMES ALL FUEL OIL BURNED IN POWER PLANTS (SOME IS USED AS INDUSTRIAL & BUNKER FUEL); EXCLUDES DIESEL.

3: ...WITH SAUDI CRUDE BURN STARTING THE YEAR AT THE LOWEST SINCE 2017 ('000 B/D)



SOURCE: JODI, MEES.

Continued from – p8

demand, many facilities on the west coast lack supplies. In addition to that, coastal areas outside of Yanbu and Rabigh are not yet connected to the Master Gas System (MGS)and so lack any access to the fuel. This is set to be rectified by 2028 through the MGS-III expansion.

Some oil burn also still takes place in central regions, but work is underway to eliminate this. Work began last year on upgrading the 3.6GW PP10 power plant at Riyadh to run on natural gas, with the first of two phases due to be completed later this year (MEES, 21 March).

Outside of the industrial cities of Yanbu and Rabigh, where there are refineries linked to Saudi Arabia's crude oil pipeline network, west coast facilities are supplied with oil via tanker. But while there have been no disruptions to this supply chain, events in recent years have highlighted potential vulnerabilities. Domestic crude oil shipments from the Gulf coast to the west coast were halted last July amid Houthi attacks on shipping around the Bab al-Mandeb chokepoint (MEES, 27 September 2024), as Saudi Arabia moved to reduce risks. Kpler shows that a first delivery in nine months was made earlier this month – a 700,000-barrel cargo to a desalination plant at Shuqaiq – suggesting Aramco sees risks subsiding.

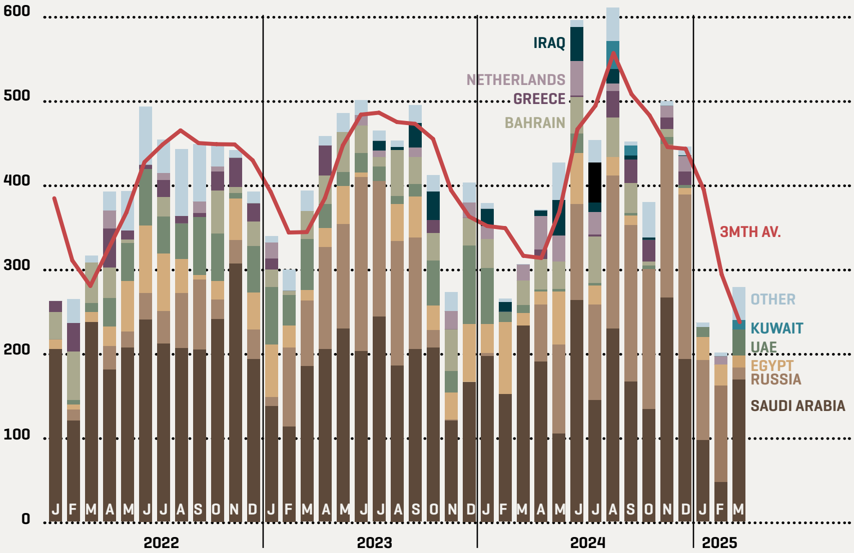
Fuel oil shipments are also subject to the same risks, and while internal shipments continued without break, volumes were reduced. Domestic shipments are also supplemented with fuel oil imports, adding another potential vulnerability amid a world in which global trade is becoming increasingly fragmented and subject to friction (see p12).

Even absent these concerns, moving to a position where imports aren't required would be economically beneficial for Saudi Arabia, especially when coupled with increased exports.

Amid this, Kpler data show that fuel oil shipments to Saudi facilities (including seaborne domestic transfers) have started the year at multi-year lows (see chart 4).

The Q1 average of 240,000 b/d was the lowest three-month average in Kpler data stretching back to 2017. This marked a significant drop from 318,000 b/d one year earlier. Of this, Saudi volumes of 104,000 b/d accounted for 44% of the total, while Russia was the largest foreign supplier with 75,000 b/d (31%). This is a record Q1 figure for Russian supplies, which have increased significantly since Russia's 2022 invasion of Ukraine resulted in the displacement of its supplies to Europe and the US. Volumes averaged a record 110,000 b/d last year, and peaked at 196,000 b/d in December (MEES, 28 July 2023).

4: SEABORNE FUEL OIL SUPPLIES TO SAUDI FACILITIES* HAVE STARTED THE YEAR AT MULTI-YEAR LOWS ('000 B/D)



*MOSTLY POWER & DESALINATION PLANTS ON THE KINGDOM'S RED SEA COAST. SOURCE: KPLER, MEES.

The reduction in fuel oil shipments corresponds with the drop in fuel oil burn and each of the first three months of 2025 was down year-on-year.

SOLAR CONTRIBUTES TO OIL DISPLACEMENT

The scale of the drop in early-year oil burn is remarkable. While it will be a major challenge to sustain such gains over the course of the year, it sets Saudi Arabia up well to achieve an eagerly-awaited annual drop in oil burn. The IEA in its Oil Market Report for April says it expects the main gains from the LDP to come from next year, stating that "The impact of the Kingdom's Liquid Fuel Replacement Program (LFRP) will become more apparent in 2026, limiting direct crude, fuel oil and gasoil use in power generation." Saudi Arabia appears to be ahead of schedule.

The drop can either be driven by a reduction in electricity and water consumption or by increased availability of alternative power sources. The latter is by far the more likely given the steady upwards trend in domestic power and water consumption amid a rising population and strong economic growth. Power supplied through the Saudi Electricity Company's main grid increased by 3% to a record 324TWh last year and is showing no signs of slowing down (MEES, 21 March). As the IEA adds, "very strong underlying electricity demand growth, especially for cooling, may absorb much of the new output from gas-fired and renewable generation."

When it comes to alternative energy sources, the key recent developments have focused on renewables rather than gas production given that the most recent large-scale gas capacity gains came in late-2023 (MEES, 17 November 2023). Meanwhile installed renewable capacity increased by 3.7GW to 6.5GW last year (MEES, 10 January), although this additional capacity would only displace approximately 40,000 b/d of liquids.

Another 6.16GW of solar capacity is due online this year, much of it by summer, which is capable of displacing another 80,000 b/d, helping to keep the LDP momentum through the remainder of the year. There is also the potential for near-term gas output gains for Saudi Arabia as the unwinding of Opec+ voluntary cuts should yield an increase in associated gas production; Saudi Arabia's quota increases from 8.96mn b/d in March to 9.20mn b/d in May and a decision on whether to press ahead with further increases in June will be made early next month. Later in the year, further gas gains are slated to come from the 2.6bn cfd Tanajib gas processing plant, and the first 200mn cfd phase of the giant 2bn cfd Jafurah unconventional gas development is expected online in Q3 (MEES, 7 March).

On the demand side, this month's replacement of a 60,000 b/d oil-fired desalination plant at Shuaibah with a more efficient grid-connected facility including 60MW captive solar facilities will help reduce oil burn (MEES, 4 April).

EXPORTS ON THE RISE

With crude burn down 55,000 b/d year-on-year for the first two months of the year, Saudi crude exports have started the year strongly, helped by a 34,000 b/d inventory drawdown. January exports were down year-on-year, but February exports of 6.4mn b/d (excluding crude marketed on behalf of Bahrain) were the highest since the kingdom's 1mn b/d voluntary production cuts came into force in July 2023.

Meanwhile, net fuel oil exports have started the year averaging 64,000 b/d, against just 19,000 b/d for the same period in 2024. For the year as a whole Saudi Arabia will likely remain a net fuel oil importer, but the figure could be substantially less than last year's 76,000 b/d.

Bahrain Prepares For First Ever Summer Of LNG Imports

Bahrain is set to make regular use of its 5.9mn t/y regassification terminal for the first time since commissioning it at the end of 2019. Bapco Energies says the ability to import LNG 'future proofs' energy supply, providing valuable flexibility.

More than five years since commissioning the $1.06bn Bahrain LNG import terminal in December 2019, the island kingdom has taken delivery of its first import cargo. It is to begin regular imports over the coming months, joining Kuwait and Dubai as Gulf importers of the fuel. LNG will supplement domestic production of 2.6bn cfd (see chart).

Enabling imports was the return of the Seapeak Bahrain floating storage unit (FSU) which delivered an initial 69,000-ton LNG cargo to the Bahrain LNG terminal on 22 April, according to data intelligence firm Kpler. Seapeak Bahrain loaded the LNG nine days earlier via a ship-to-ship transfer at the UAE's Khor Fakkan anchorage, with the gas originating at the USA's Sabine Pass export facility.

This marks the second ever cargo delivered to the facility following 2019's 25,000-ton commissioning cargo. Future LNG cargoes can now be delivered to the FSU, before being fed through the offshore regassification terminal and piped onshore (see map).

'FUTURE-PROOFING' SUPPLY

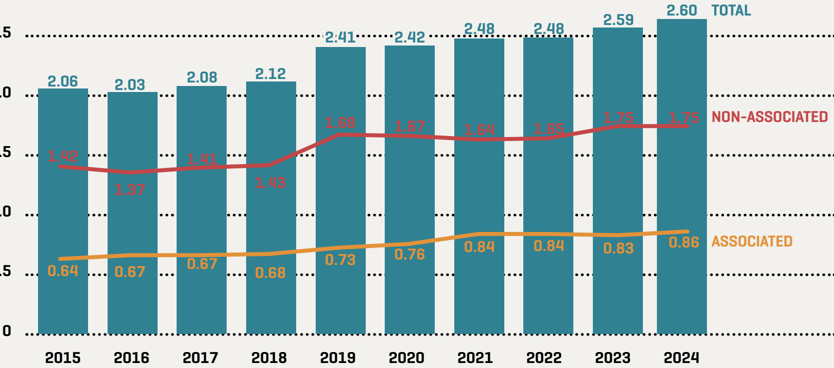
"We anticipate starting [regular] LNG imports into the kingdom by this summer. This move is not just about meeting current demand—it's about future-proofing our energy supply," state energy firm Bapco Energies tells MEES. "We are aligning with guidance from the Kingdom of Bahrain's National Energy Strategy (NES), which emphasizes the importance of diversifying energy sources to ensure long-term resilience and sustainability," it adds.

While Bapco Energies did not specify how much LNG it was looking to import, Kpler reported that Bapco closed a tender on 13 January for 500,000 t/y (7-8 cargoes per year) for delivery over 2025-2027. Whether this tender was awarded and to whom is unclear.

Back in 2022, Bapco Energies CEO Mark Thomas told MEES that in lieu of a ramp up in domestic gas output the company would look to import cargoes in the summer of 2024 with regular supplies continuing in 2025 (MEES, 20 May 2022).

Explaining the rationale for importing LNG, then-oil minister Muhammad Al Khalifa told MEES in 2019 that the terminal "is more for security of supply, but it helps meet unexpected demand peaks. In the past, we used to have a cushion of say 500mn cfd [of normally-surplus output capacity that could be called on at times of peak demand] and that costs you a lot of money because it's unused capacity. But now with an LNG terminal you don't have to have it that high" (MEES, 25 January 2019).

BAHRAIN GAS OUTPUT EDGED UP TO ANOTHER RECORD HIGH IN 2024 (BN CFD)



*MEES CALCULATIONS. SOURCE: JODI, MOO, MEES.

The move to secure this LNG flexibility comes as new gas assets are being developed in Bahrain; specifically the deep pre-Unayzah gas reservoir which is estimated to contain a 35tcf gas-in-place resource below the Bahrain field. Earlier this year, Bapco Energies – subject to government approval in H2 – signed US shale specialist EOG Resources to develop the deep layers, with first gas expected in 2026 (MEES, 7 March).

Of domestic gas output of 2.6bn cfd for 2024, most (1.75bn cfd) was non-associated gas from the Khuff reservoir which sits above the pre-Unayzah.

At the same time as gas output could be poised to increase, demand from the giant smelting facilities of Aluminium Bahrain (Alba) is rising further. Alba provides the second key pillar of Bahrain's economy after oil and gas and relies on massive captive gas-fired generation facilities. Alba brought online the 681MW Power Station 5 Block 4 facility in December 2024, bringing Alba's total installed capacity up to 4.2GW, almost as large as Bahrain's 5.04GW of grid-connected power capacity.

BILLION DOLLAR TERMINAL

Sitting 5km offshore Bahrain's Khalifa Bin Salman port, the LNG import terminal includes the 173,400m³ floating storage unit, a regasification platform, as well as onshore receiving facilities and associated infrastructure. It has a regasification capacity of 800mn cfd (5.9mn t/y) and send out capacity of up to 500mn cfd.

BAHRAIN & NEARBY SAUDI OIL & GAS INFRASTRUCTURE

The vessel and the LNG import infrastructure are owned by Bahrain LNG, a company jointly owned by state energy firm Bapco Energies (30%), Seapeak Maritime Operation (formerly Teekay LNG, 30%), Gulf Investment Corporation (a venture capital firm jointly owned by the six GCC states: 24%), and Sam Gulf Investment (part of Korea's Samsung group: 16%),

Under the original build-own-operate-transfer agreement Bahrain LNG has a 20-year license to operate the terminal before the assets are transferred to the government.

Egypt PM Pledges 'No Summer Blackouts'

Egypt's PM Madbouly has pledged there will be no blackouts this summer. This comes after the unexpected export of a solitary LNG cargo on 19 April, one year on from the mothballing of the country's two LNG export plants.

Egyptian Prime Minister Mostafa Madbouly confidently stated at his weekly press conference on 10 April that "there will be no electricity load shedding in the summer of 2025," with the pledge echoed by cabinet spokesman Mohamed al-Homsani.

"Despite the financial costs, the state is committed to securing all necessary funding to ensure uninterrupted power supply," he says.

With gas demand set to soar in the coming summer months, piped gas imports from Israel maxed out at around 1bn cfd on infrastructure constraints and its own gas output struggling to offset steep underlying decline, the Egyptian officials may have jumped the gun.

Unplanned outages at Israeli gas fields in May and June last year due to the conflict in Gaza and Lebanon led to prolonged blackouts, throwing Egyptian industry into chaos (MEES, 28 June 2024).

With the ability of Hamas and Hezbollah to attack Israel severely degraded, Egypt's imports from Israel have remained consistently above 900mn cfd since July last year, peaking at 1.07bn cfd in January. After dipping to 923mn cfd for February, imports rebounded to 965mn cfd for March according to a MEES source (see chart 1). The slightly lower February and March figures saw 1Q 2025 average flows of 986mn cfd fall modestly by 2% from the previous quarter although still the third highest on record.

Egypt was last year forced to restart LNG imports after a six-year hiatus in a bid to prevent blackouts as it sought to supplement Israeli volumes (MEES, 21 June 2024). This year looks to be more of the same, with Cairo hoping to add a second Floating Storage and Regasification Unit (FSRU) to the Hoegh Galleon at Ain Sukhna to keep up with rising gas demand.

Here talks have taken place with Germany, Turkey and Cyprus about leasing or borrowing an FSRU but as yet, no official announcement has been made (MEES, 11 April). Cairo can also call upon the Energos Eskimo FSRU at Jordan's Aqaba port on the Red Sea but due to pipeline logistics any volumes would only be modest with the bulk of the pipeline here filled with Israeli gas heading to Egypt.

SURPRISE EXPORT

Egypt has imported 1.38mn tons of LNG so far this year, according to Kpler, including four cargoes (280,000 tons) so far in April. Given that such volumes normally surge as Egypt's power (and thus gas) demand peaks in summer, this puts the country on pace to more than double 2024's 2.86mn tons of imports.

Nevertheless, 19 April saw the country export its first LNG cargo in 12 months with Shell loading a 48,000 ton cargo on the 'Santander Knutsen' from the 7.2mn t/y ELNG terminal, Kpler data indicate. The UK major and joint operator, Malaysian state firm Petronas, previously received guidance from state firm EGAS that they would be permitted to export some cargoes this year (MEES, 10 January). But with Cairo signing up to purchase 60 LNG cargoes from Shell and French major TotalEnergies to help supplement its growing gas needs this year, that guidance appeared overly optimistic (MEES, 14 February). The latest loading, which "had been planned but deferred a few times – unsurprisingly," a source at Idku tells MEES, certainly doesn't signal the restart of regular exports.

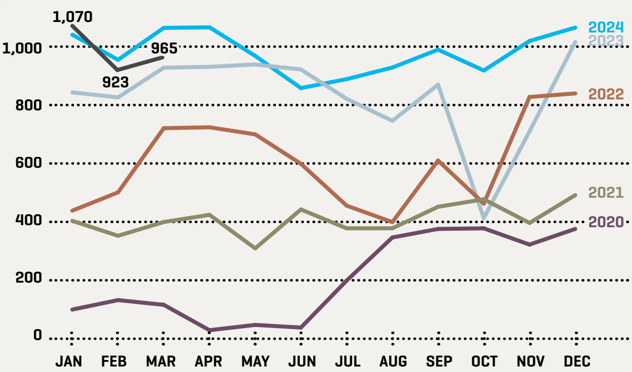
"A few cargoes have been postponed since early on this year," the source adds. While Egypt's lack of substantial gas storage will have played a role, Egypt's ability to export an LNG cargo this month is likely due to a combination of factors.

Egypt has not only been burning gas, which makes up more than 80% of the country's power generation fuel mix, it has also been supplementing and in some cases replacing it with increasing volumes of fuel oil. For February, the latest available data, Egypt's gas consumption of 5.79bn cfd was a 12-month low and the 2.98bn cfd used in power generation a two-year low, Jodi stats indicate.

With fuel oil burn up 46% month on month to 123,000 b/d for February according to Jodi, this appears to indicate Cairo's move to at least displace some gas within the fuel (see chart 2). And with oil prices falling to below \$70/B Cairo may look to ramp-up fuel oil imports which rose to a nine-year high 59,000 b/d for 2024. Kpler pegs fuel oil imports at 80,000 b/d so far this year.

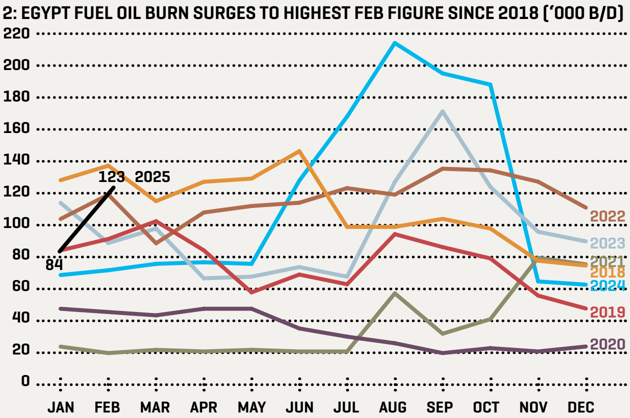
Egypt's finances remain stretched and as such will be motivated by price as it looks to reduce its import and subsidy bill (MEES, 18 April). ◆◆

1: EGYPT IMPORTS OF ISRAELI GAS WERE JUST BELOW 1BN CFD CAPACITY FOR Q1 (MN CFD)



SOURCE: JODI, MEES.

2: EGYPT FUEL OIL BURN SURGES TO HIGHEST FEB FIGURE SINCE 2018 ('000 B/D)



SOURCE: JODI, MEES.

IMF SLASHES GLOBAL OUTLOOK AS WORLD ENTERS NEW ECONOMIC ERA

Mounting global economic uncertainty stemming from fast-changing US tariff policies has pushed the IMF to slash growth expectations for 2025. The weakening economic outlook has led to oil demand downgrades, but Opec+ remains committed to accelerating production increases in May.

The global economy faces an unprecedented level of market complexity and fluidity, the IMF says in its World Economic Outlook (WEO) update this week, warning that "extremely high levels of policy uncertainty are expected to have a significant impact on global economic activity." As a result, the IMF downgraded its global economic growth expectations for 2025 by 0.5 percentage points to 2.8% and by 0.3 percentage points to 3.0% for 2026.

Speaking at the WEO release on 22 April, IMF Chief Economist Pierre-Olivier Gourinchas said "we're entering a new era as the global economic system that has operated for the last 80 years is being reset." Mr Gourinchas warned of the risk of further economic weakening should "markets react negatively to diminished growth prospects and increased uncertainty, [while] on the flip side, growth prospects could immediately improve if countries ease from their current trade policy stance."

The IMF acknowledges that the high level of policy uncertainty means that these reference forecast assumptions are subject to a higher degree of uncertainty than usual, but this uncertainty is itself one of the major brakes on growth. "The unpredictability with which these measures have been unfolding also has a negative impact on economic activity," it notes in the report. IEA Executive Director Fatih Birol alluded to this during comments at an 'energy security' summit in London on 24 April, stating that policy stability is key to enable investment in capital-intensive infrastructure projects with long lead-times.

This uncertainty was exemplified on the very day of the IMF report's publication, when after having ratcheted tariffs on China up to 145%, US President Donald Trump said they will "come down substantially, but it won't be zero."

WEAKENING ECONOMY, WEAKENING OIL DEMAND

The health of the global economy has a key impact on global oil demand, with all major energy forecasters substantially revising down their demand expectations earlier this month (MEES, 18 April). "We have seen oil prices declining since our last projections, and the decline in oil prices, in our interpretation, is coming mostly from weaker global demand. So, it's the weakening of global activity that is driving the decline in prices," says the IMF's Mr Gourinchas.

The IEA opened its Oil Market Report for April by stating that "Global oil demand growth for 2025 has been revised down by 300,000 b/d since last month's report to 730,000 b/d, as escalating trade tensions have negatively impacted the economic outlook." Meanwhile Opec cited weaker than expected Q1 data and US tariffs when downgrading growth forecasts by 150,000 b/d, and the US's EIA referenced "recent updates to trade policy" when announcing its own 400,000 b/d downgrade (see chart).

The IEA's economic outlook is significantly more bearish than that of the IMF even after the latter's latest downgrade, stating that "underlying our forecast is a global GDP [growth] estimate of around 2.4% for 2025 and 2.5% for 2026, downgraded from 3.1% for both years in last month's report." However, in line with its more bullish oil demand expectations, Opec says that while "recent trade-related dynamics have introduced higher uncertainty to the short-term global economic growth outlook," it has only downgraded its 2025 economic outlook by 0.1 percentage points to 3.0%.

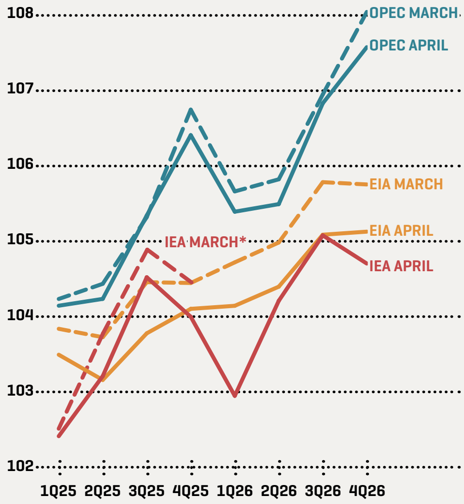
One prominent area of divergence between Opec and the IMF is the outlook for China. Where the IMF cut its 2025 China growth expectation from 4.6% to 4.0%, Opec had it down just 0.1 percentage point to 4.6%. With Opec expecting China to be the largest single source of demand growth this year, at 270,000 b/d, the country's economic health is key for oil markets. Behind China is India, where growth of 210,000 b/d is forecast by Opec. The 2025 GDP forecasts from the IMF and Opec for India are relatively aligned, at 6.2% and 6.3% growth respectively.

KAZAKHSTAN QUOTA BUSTING

Despite the economic turmoil stemming from the US tariff policies, Opec+ countries earlier this month agreed to accelerate the return of production in May. While oil prices temporarily fell on that announcement, Mr Gourinchas downplays the impact the planned easing of cuts has had on prices, saying "there's been some increase in supply coming from Opec+ countries, but broadly speaking, the [price] decline is mostly coming from weaker demand."

Cohesion within Opec+ has generally been very strong, but the issue of Kazakhstan's overproduction is becoming increasingly problematic as the expansion of the Chevron-operated Tengiz field has caused output to jump in recent months. March output of 1.85mn b/d was a huge 379,000 b/d above-quota.

MAJOR FORECASTERS ALL DOWNGRADED OIL DEMAND FORECASTS THIS MONTH (MN B/D)



*IEA 2026 FORECASTS ONLY PUBLISHED IN APRIL. SOURCE: OPEC, IEA, MEES.

Kazakhstan has signed up to, and failed to implement, a number of compensation plans to offset past overproduction, with last week's submission yielding an adjusted quota of just 1.41mn b/d for April, but there is little sign of any concrete action being taken.

Indeed, Kazakhstan is now struggling even to pay lip service to plans to comply, with the country's energy minister telling Reuters this week that it will prioritize national interests over the interests of Opec+ when deciding on oil production levels, and that its flexibility to adjust production is limited by the leading role of IOCs in its oil sector. The ministry subsequently sought to roll back the comments, noting in an emailed statement to Bloomberg that it will follow its national interest while also observing its international obligations. But given its consistent failure to implement cuts, action rather than words is required to build faith in its commitment.

This consistent overproduction was a key factor in the decision to accelerate the easing of Opec+ voluntary production cuts in May (MEES, 4 April). "Saudi Arabia, for its part, seems to have tired of the free riders and is eager to dispel the notion that it is so committed to higher prices that it will provide endless cover for the non-conformers," notes Helima Croft of RBC Capital Markets. Shortly after the Kazakhstan minister's comments, Reuters reported that a number of Opec+ sources were advocating for another acceleration in June.

Sources confirm the possibility of such an acceleration, with one adding that it was already on the table during the previous 3 April talks. With the Opec+ 'Group of Eight' which are implementing the voluntary cuts set to meet on 5 May to decide on June production levels, time is running out for Kazakhstan to demonstrate commitment to the cuts. ◆◆

NEWS IN BRIEF

CHEVRON FOLLOWS SHELL WITH EGYPT RED SEA EXIT

US major Chevron has followed Shell in exiting its solitary block in Egypt's Red Sea leaving the non-producing region with no active upstream assets.

"Chevron can confirm it has relinquished its operated (45%) stake in Red Sea Block 1, located in the northern Red Sea, offshore Egypt," the firm said on 18 April. Australia's Woodside (45%) confirmed the acreage had expired "subsequent to the [reporting] period" in its Q1 results on 23 April. Woodside was also partnered at the two blocks recently relinquished by Shell (MEES, 7 March).

While there were signs of an active petroleum system at Block 1, they weren't of a scale to be commercially viable for Chevron, an informed source tells MEES.

Cairo awarded the three blocks at the tail end of 2019 (MEES, 3 January 2020) and will be sorely disappointed that the two major operators were unconvinced of the region's prospects.

KUWAIT DOWNSTREAM MERGER

Kuwait has begun the long-planned merger of its two domestic state-owned refining companies. The move will see KPC's Kipic and KNPC subsidiaries form a single entity which will operate the emirate's 1.42mn b/d refining capacity as well as 3.12mn b/d gas processing capacity and the 22mn t/y Al Zour LNG import terminal. The latter and the 615,000 b/d Al Zour refinery are operated by Kipic, which was hived off from KNPC in 2016.

In a 15 April letter reported by state agency Kuna, Wadha al-Khateeb who has been CEO of both firms since last year, said that the merger will "unite efforts based on each company's specialization, by expanding their capabilities," adding that it was based on "well-studied legal and professional foundations."

This merger is part of a broader planned streamlining which will also include the merger of KPC's two upstream subsidiaries, KOC and KGOC (MEES, 12 April 2024).

IRAQ TO CUT IOC OPERATING BUDGETS

As Iraq feels the brunt of lower oil prices, PM Mohammed al-Sudani has instructed the oil ministry to assess "operating and capital expenditure budgets" including those allocated this year to IOCs operating the country's southern oilfields. The PM wants the ministry to "cancel or postpone unnecessary [spending] items without impacting planned production levels."

The directive reported by local media this week comes after "the large fall in oil prices and its impact on the Federal budget" as per a 10 April memo which set an end-April deadline to receive a tally of the cuts. The PM met with IOC executives in Baghdad on 20 April.

The move comes as oil prices have slumped this month on US tariff policies (see p12 & MEES, 18 April). Iraq is in a precarious position, with fellow Opec+ members pressing it to compensate for last year's overproduction through deeper cuts which Baghdad is yet to fully deliver.

QATAR ADDS 875MW SOLAR

QatarEnergy is set to inaugurate its 458MW Ras Laffan and 417MW Mesaieed solar PV plants on 28 April, officially bringing capacity up to 1.675GW (MEES, 19 July 2024). Further gains are planned with QatarEnergy planning 2GW of solar PV capacity near the western city of Dukhan (MEES, 6 September 2024). This is part of the country's plans to reach 4GW renewable capacity and 18% of power generation by 2030. Qatar is also expanding its gas-fired capacity with a $440mn, 500MW open cycle gas-fired plant at Ras Abu Fontas slated for January 2027 start-up, though this is envisaged for peaking use only (MEES, 7 March), whilst the 2.4GW Ras Abu Fontas E CCGT is slated for 2028-29 start up (MEES, 14 February).

WORLD BANK: MENA DOWNGRADE

The World Bank this week downgraded its growth expectations for the Mena region, dropping the 2025 outlook by 1.3 percentage points to 2.6%. That last outlook was from October 2024, since when the global economic outlook has shifted considerably with the election of US President Donald Trump and his subsequent rollout of import tariffs (see p12).

Meanwhile many Mena states are part of the Opec+ producer alliance, which recently opted to accelerate planned output increases (MEES, 4 April).

A few countries stand out with strong growth expected this year, most notably Libya on 12.3% due to a rebound in oil output and the resolution of last year's Central Bank crisis (MEES, 25 October 2024). Further back, Lebanon's 4.7% outlook is shrouded by uncertainty but the World Bank sees it building from a low base and capitalizing on political reforms and a tourism rebound. Next is the UAE, where the unwinding of Opec+ cuts coupled with strong non-oil growth sees it topping the GCC list on 4.6%.

WORLD BANK SLASHES MENA GROWTH OUTLOOK

	2024	2025	vs Oct24
MENA*	+1.9	+2.6	-1.3
UAE	+3.9	+4.6	+0.5
Bahrain	+3.0	+3.5	+0.2
Oman	+1.7	+3.0	+0.3
Saudi Arabia	+1.3	+2.8	-2.2
Qatar	+2.6	+2.4	-0.3
Kuwait	-2.9	+2.2	-0.3
Iraq	-1.5	+1.3	-2.6
Iran	+3.0	-1.6	-4.4
Libya	-2.9	+12.3	+1.6
Egypt	+2.4	+3.8	+0.3
Morocco	+3.2	+3.4	-0.5
Algeria	+3.3	+3.2	-0.6
Jordan	+2.4	+2.4	-0.2
Tunisia	+1.4	+1.9	-0.3
Lebanon	-7.1	+4.7	n/a
Yemen	-1.5	-1.5	-3.0
Syria	-1.5	-1.0	-

*INCLUDES DJIBOUTI, EXCLUDES LEBANON, YEMEN, SYRIA

MOROCCO ADVANCES LNG IMPORT PLANS

Morocco's energy minister Leila Benali on 23 April invited firms to submit an Expression of Interest (EOI) for the establishment of the country's first LNG terminal at the Nador West Med port on the Mediterranean coast near the border with Algeria (see map).

The minister also invited EOIs for a pipeline to link the LNG terminal to the existing 11.5bcm/y Gaz Maghreb Europe (GME) pipeline which until 2021 supplied Algerian gas to Spain but which Morocco now uses to import gas via Spanish LNG liquefaction terminals (MEES, 5 November 2021).

The projects are aimed at powering state firm ONEE's "current and future" power stations, as well as industrial zones in Kenitra and Mohammedia along the coast, the ministry says.

"On the long-term, this infrastructure will be expanded to reach Dakhla port [in the Western Sahara]," the ministry's statement reads.

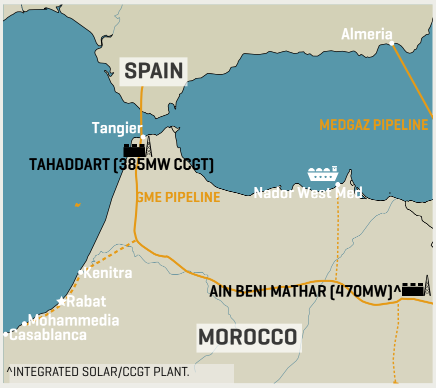
Development work at Nador is ongoing with the London-based EBRD development bank on 18 March loaning a further €110mn for development here on top of financing worth €200mn in 2015 and €100mn in 2022.

The announcement comes as coal-dependent Morocco seeks to revive long-stalled plans to import LNG and boost the role of gas in its power system (MEES, 28 May 2021), with minister Benali last month announcing that the country is finally launching tenders for gas infrastructure projects "in the next few months" (MEES, 21 March).

MOROCCO: PLANNED LNG TERMINAL & NEW GAS PIPELINES

GAS FIELD/PIPELINE

POWER PLANT PLANNED LNG TERMINAL



^INTEGRATED SOLAR/CCGT PLANT.

CHINA 1Q24 LNG IMPORTS: QATAR TAKES TOP SPOT FROM AUSTRALIA AS IMPORTS SLUMP

SELECTED DATA

Volume (mn tons)	1Q25	vs 4Q24	%	vs 1Q24	%	4Q24	3Q24	2Q24	1Q24	2019	2020	2021	2022	2023	2024	Jan25	Feb25	Mar25
Qatar	**5.11**	-0.18	-3.4	-0.09	-1.7	**5.29**	**4.51**	**3.34**	**5.20**	**8.32**	**8.17**	**9.08**	**15.73**	**16.65**	**18.35**	**1.69**	**1.68**	**1.74**
% of total	*32.8*	*+5.9*		*+6.4*		*26.9*	*23.7*	*18.3*	*26.4*	*13.8*	*12.1*	*11.4*	*24.7*	*23.4*	*23.9*	*27.9*	*37.0*	*35.0*
Australia	4.76	-1.98	-29.4	-1.49	-23.8	6.74	6.05	7.16	6.25	27.81	29.12	31.40	22.02	24.12	26.19	1.97	1.22	1.57
% of total	*30.6*	*-3.7*		*-1.2*		*34.2*	*31.8*	*39.2*	*31.7*	*46.1*	*43.3*	*39.3*	*34.5*	*33.9*	*34.2*	*32.5*	*26.8*	*31.7*
Malaysia	1.74	+0.02	+1.2	-0.57	-24.7	1.72	1.65	2.01	2.31	6.90	6.12	8.27	7.39	7.08	7.69	0.73	0.56	0.45
Russia	1.34	-0.98	-42.1	-0.29	-17.8	2.32	2.47	1.88	1.64	2.51	5.11	4.61	6.56	8.04	8.31	0.39	0.54	0.42
Indonesia	1.26	+0.51	+66.7	+0.29	+29.5	0.76	0.79	1.02	0.98	4.54	5.13	5.15	3.76	3.98	3.55	0.37	0.32	0.57
PNG	0.42	-0.09	-18.1	-0.16	-28.0	0.52	0.63	0.62	0.59	2.93	3.03	3.21	2.39	2.48	2.36	0.19	0.15	0.08
USA	0.26	-0.84	-76.3	-0.61	-70.3	1.10	1.58	0.60	0.87	0.26	3.23	9.26	2.12	3.13	4.16	0.19	0.07	0.00
Mozambique	0.13	-0.09	-39.8	-0.12	-46.2	0.22	0.23	0.14	0.25	-	-	-	0.00	0.68	0.84	0.13	0.00	0.00
Oman	**0.13**	-0.01	-4.9	-0.27	-68.1	**0.13**	**0.26**	**0.33**	**0.39**	**1.09**	**1.07**	**1.65**	**0.96**	**1.02**	**1.12**	**0.06**	**0.00**	**0.06**
UAE	**0.12**	-0.05	-30.7	-0.12	-49.7	**0.18**	**0.12**	**0.31**	**0.25**	**0.12**	**0.30**	**0.73**	**0.12**	**0.67**	**0.85**	**0.12**	**0.00**	**0.00**
Peru	0.08	+0.01	+17.3	+0.03	+45.8	0.07	0.07	0.12	0.06	0.64	1.06	0.20	0.22	0.15	0.32	0.07	0.00	0.00
Brunei	0.07	-0.07	-49.6	-0.25	-79.1	0.13	0.07	0.26	0.32	0.59	0.65	0.64	0.32	0.71	0.77	0.00	0.00	0.07
Nigeria	0.07	-0.18	-73.6	-0.32	-82.8	0.25	0.42	0.32	0.38	1.92	2.46	1.55	0.44	1.18	1.37	0.06	0.01	0.00
Trinidad	0.06	-0.00	-2.2	+0.05	+279.2	0.06	0.08	0.07	0.02	0.73	0.26	0.44	0.41	0.37	0.23	0.06	0.00	0.00
TOTAL	**15.56**	-4.12	-20.9	-4.12	-20.9	**19.68**	**19.05**	**18.24**	**19.68**	**60.36**	**67.31**	**79.93**	**63.81**	**71.19**	**76.65**	**6.06**	**4.54**	**4.97**
from Mena	5.36	-0.28	-4.9	-0.61	-10.2	5.63	4.90	3.97	5.97	9.78	9.72	13.04	17.23	18.96	20.47	1.88	1.68	1.80
Mena %	*34.4*	*+5.8*		*+4.1*		*28.6*	*25.7*	*21.8*	*30.3*	*16.2*	*14.4*	*16.3*	*27.0*	*26.6*	*26.7*	*31.0*	*37.0*	*36.3*
Price ($/mn Btu)	**1Q25**	*vs 4Q24*	*%*	*vs 1Q24*	*%*	**4Q24**	**3Q24**	**2Q24**	**1Q24**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Jan25**	**Feb25**	**Mar25**
Qatar	**10.45**	-0.41	-3.8	-0.95	-8.4	**10.86**	**8.01**	**11.00**	**11.40**	**10.74**	**7.93**	**10.37**	**14.05**	**11.87**	**11.07**	**11.35**	**10.48**	**9.54**
vs AVERAGE PRICE	**-0.66**	+0.20	-	-0.43	-	**-0.86**	**-2.38**	**0.11**	**-0.23**	**1.27**	**0.99**	**-0.73**	**-2.29**	**-0.70**	**-0.38**	**-0.59**	**-0.46**	**-0.71**
Australia	10.85	-0.90	-7.6	-0.51	-4.5	11.75	12.38	11.02	11.36	9.38	7.07	10.39	14.53	12.19	11.35	11.68	10.84	9.83
Malaysia	9.97	-0.80	-7.4	-0.13	-1.3	10.76	11.46	9.80	10.10	7.92	5.82	10.06	18.81	12.02	10.14	10.72	9.54	9.27
Russia	12.51	-0.46	-3.6	-0.88	-6.6	12.97	8.34	11.20	13.39	9.39	7.06	12.66	21.58	13.40	12.50	13.47	12.42	11.76
Indonesia	11.61	-1.16	-9.1	-0.60	-4.9	12.77	13.43	11.57	12.21	9.12	6.71	10.60	16.19	13.84	12.07	11.70	11.98	11.35
PNG	13.03	-0.66	-4.8	-1.10	-7.8	13.69	11.94	13.05	14.13	10.31	7.40	10.32	15.46	14.93	13.67	13.56	12.71	12.36
USA	12.06	-0.10	-0.9	+0.82	+7.3	12.17	7.32	9.72	11.24	8.76	6.88	13.79	20.91	13.36	11.62	12.91	9.56	-
Mozambique	15.20	+4.90	+47.6	+5.11	+50.6	10.30	5.42	8.90	10.09	-	-	-	-	11.23	10.43	15.20	-	-
Oman	**12.75**	+0.89	+7.5	+0.69	+5.7	**11.86**	**17.37**	**9.10**	**12.06**	**9.26**	**5.49**	**10.28**	**26.13**	**14.18**	**11.00**	**14.60**	**-**	**10.89**
UAE	**13.32**	+2.68	+25.2	+2.87	+27.5	**10.64**	**26.33**	**10.40**	**10.45**	**8.46**	**6.07**	**17.06**	**21.41**	**13.66**	**10.95**	**13.32**	**-**	**-**
Peru	11.70	-0.21	-1.7	-0.48	-4.0	11.91	10.62	11.43	12.18	8.61	7.67	8.03	14.11	11.47	11.71	11.68	11.89	11.91
Brunei	15.40	+2.87	+22.9	+3.60	+30.5	12.53	20.64	9.92	11.80	9.31	5.83	9.03	14.39	12.86	11.49	-	-	15.40
Nigeria	11.64	-0.61	-5.0	-1.44	-11.0	12.25	10.38	10.42	13.08	9.12	5.73	12.49	11.94	12.60	11.98	11.66	11.45	-
Trinidad	15.64	+6.44	+70.0	+3.40	+27.7	9.20	7.20	9.10	12.24	9.50	6.88	15.05	15.45	11.41	10.13	15.64	-	-
AVERAGE PRICE	**11.11**	-0.61	-5.2	-0.52	-4.5	**11.72**	**10.39**	**10.89**	**11.63**	**9.47**	**6.94**	**11.10**	**16.34**	**12.58**	**11.45**	**11.94**	**10.94**	**10.25**
Value ($bn)	**1Q25**	*vs 4Q24*	*%*	*vs 1Q24*	*%*	**4Q24**	**3Q24**	**2Q24**	**1Q24**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Jan25**	**Feb25**	**Mar25**
Qatar	**2.78**	-0.21	-7.1	-0.31	-10.0	**2.99**	**1.88**	**1.92**	**3.09**	**4.66**	**3.37**	**4.90**	**11.52**	**10.30**	**10.58**	**1.00**	**0.92**	**0.86**
Australia	2.60	-1.38	-34.8	-0.97	-27.2	3.98	3.77	3.97	3.57	13.13	10.35	16.42	16.09	14.79	14.96	1.16	0.66	0.78
Malaysia	0.86	-0.06	-6.3	-0.30	-25.7	0.91	0.93	0.97	1.15	2.70	1.76	4.10	6.86	4.20	3.85	0.39	0.26	0.20
Russia	0.81	-0.64	-44.1	-0.25	-23.2	1.45	0.99	1.01	1.05	1.14	1.74	2.81	6.81	5.18	5.00	0.25	0.32	0.24
Indonesia	0.75	+0.25	+51.5	+0.14	+23.1	0.49	0.54	0.60	0.61	2.11	1.76	2.79	3.11	2.81	2.18	0.22	0.19	0.33
PNG	0.28	-0.08	-22.1	-0.14	-33.6	0.35	0.38	0.41	0.42	1.51	1.12	1.66	1.85	1.85	1.61	0.13	0.10	0.05
USA	0.16	-0.51	-76.5	-0.33	-68.1	0.67	0.58	0.29	0.49	0.11	1.11	6.38	2.21	2.09	2.42	0.13	0.03	0.00
Mozambique	0.10	-0.01	-11.1	-0.02	-18.9	0.11	0.06	0.06	0.13	-	-	0.00	0.00	0.38	0.44	0.10	0.00	0.00
Oman	**0.09**	+0.00	+2.2	-0.17	-66.3	**0.08**	**0.24**	**0.16**	**0.25**	**0.54**	**0.31**	**0.90**	**1.33**	**0.77**	**0.65**	**0.05**	**0.00**	**0.04**
UAE	**0.08**	-0.01	-13.3	-0.04	-35.9	**0.09**	**0.15**	**0.15**	**0.12**	**0.05**	**0.09**	**0.59**	**0.12**	**0.44**	**0.44**	**0.08**	**0.00**	**0.00**
Peru	0.05	+0.01	+15.2	+0.01	+40.0	0.04	0.04	0.07	0.03	0.27	0.41	0.08	0.16	0.08	0.18	0.04	0.00	0.00
Brunei	0.05	-0.03	-38.1	-0.14	-72.8	0.08	0.07	0.13	0.19	0.28	0.19	0.29	0.23	0.46	0.44	0.00	0.00	0.05
Nigeria	0.04	-0.11	-74.9	-0.21	-84.7	0.15	0.22	0.17	0.25	0.87	0.70	0.97	0.26	0.74	0.82	0.04	0.00	0.00
Trinidad	0.05	+0.02	+66.2	+0.04	+384.4	0.03	0.03	0.03	0.01	0.35	0.09	0.33	0.32	0.21	0.12	0.05	0.00	0.00
TOTAL	**8.68**	-2.90	-25.1	-2.82	-24.5	**11.58**	**9.93**	**9.97**	**11.49**	**28.70**	**23.43**	**44.54**	**52.36**	**44.94**	**44.06**	**3.63**	**2.49**	**2.56**

SEE ANALYSIS P5. SOURCE: CHINA CUSTOMS, MEES CALCULATIONS

CHINA CRUDE IMPORTS & KEY OIL DATA ('000 B/D): RUSSIA STILL TOP FOR Q1 AMID RECORD IRAQ AND NEAR-RECORD IRAN VOLUMES

SELECTED DATA

	1Q25	vs 1Q24	%	vs 4Q24	%	1Q24	2Q24	3Q24	4Q24	2020	2021	2022	2023	2024	Jan25	Feb25	Mar25
MIDDLE EAST	**4,889**	-128	-2.6	+185	+3.9	**5,017**	**4,890**	**4,829**	**4,704**	**5,024**	**5,125**	**5,327**	**5,195**	**4,860**	**4,428**	**4,965**	**5,274**
% of total	*45.0*	*-0.9*		*+2.6*		*46.0*	*44.6*	*44.9*	*42.5*	*46.8*	*50.3*	*52.8*	*46.5*	*44.5*	*46.2*	*45.2*	*44.0*
Saudi Arabia	1,619	+40	+2.5	+108	+7.2	1,579	1,642	1,513	1,511	1,685	1,742	1,740	1,709	1,562	1,338	1,542	1,977
% of total	*14.9*	*+0.4*		*+1.3*		*14.5*	*15.0*	*14.1*	*13.6*	*15.7*	*17.1*	*17.3*	*15.3*	*14.3*	*14.0*	*14.0*	*16.5*
Iraq	1,385	+172	+14.2	+171	+14.1	1,213	1,242	1,280	1,213	1,165	1,051	1,075	1,151	1,237	1,297	1,173	1,684
Oman	709	-107	-13.1	-92	-11.5	816	806	849	801	759	901	792	789	817	563	966	599
UAE	659	-199	-23.2	-26	-3.7	858	695	664	684	635	653	873	854	725	682	666	629
Kuwait	315	+19	+6.4	-7	-2.2	296	332	310	322	542	597	659	484	315	351	303	291
Qatar	203	-53	-20.9	+30	+17.7	256	173	212	172	124	157	154	209	203	197	316	95
*Iran (Kpler)**	*941*	*-72*	*-7.1*	*-349*	*-27.1*	*1,013*	*1,401*	*1,187*	*1,291*	*172*	*196*	*406*	*795*	*1,223*	*692*	*758*	*1,374*
AFRICA	**999**	+28	+2.9	+15	+1.5	**971**	**961**	**919**	**984**	**1,523**	**1,328**	**1,002**	**1,028**	**959**	**942**	**906**	**1,149**
Angola	533	-18	-3.4	-43	-7.5	551	568	547	576	815	766	590	585	561	469	539	591
Congo, Rep.	138	-1	-0.8	+43	+45.0	139	140	137	95	181	175	138	167	128	134	165	116
Gabon	93	+10	+12.4	+32	+51.7	82	69	20	61	118	57	64	63	58	151	33	94
Senegal	55	+55	-	-28	-33.2	0	0	10	83	0	0	0	0	23	0	104	63
Ghana	43	+1	+1.6	+22	+104.8	42	52	41	21	85	40	44	34	39	31	34	63
Libya	33	-3	-8.5	-12	-26.6	36	28	34	45	35	125	76	69	36	78	21	0
Equatorial Guinea	25	-5	-16.1	+14	+135.6	30	28	29	11	63	33	25	36	24	28	0	47
Chad	20	-15	-43.2	+9	+89.6	35	15	29	10	26	7	25	24	22	30	0	29
Nigeria	11	-18	-63.2	-23	-67.8	29	16	20	33	80	43	10	14	24	23	9	0
South Sudan	11	+5	+68.8	+5	+70.2	7	13	11	7	38	11	6	10	9	0	0	33
Niger	11	+11	-	-1	-5.0	0	0	0	11	0	0	0	0	3	0	0	32
Cameroon	10	+10	-	-20	-66.5	0	31	39	30	29	31	8	8	25	0	0	31
Congo (DRC)	9	-10	-52.6	+9	-	19	0	0	0	12	20	5	7	5	0	0	28
Togo	7	+7	-	+7	-	0	0	0	0	0	0	0	0	0	0	0	22
AMERICAS	**1,380**	-6	-0.5	-29	-2.0	**1,386**	**1,441**	**1,325**	**1,408**	**1,630**	**1,166**	**948**	**1,460**	**1,390**	**1,382**	**1,435**	**1,321**
Brazil	604	-131	-17.9	-103	-14.5	735	760	628	707	810	583	480	727	707	600	764	448
Canada	254	+107	+72.3	+47	+22.7	148	112	223	207	65	74	75	141	172	286	191	285
United States	134	-50	-27.3	-62	-31.6	185	182	237	196	410	239	164	298	200	199	72	133
Colombia	127	-20	-13.9	-3	-2.0	147	165	147	129	225	173	158	169	147	88	108	184
Ecuador	165	+96	+136.8	+39	+30.4	70	150	72	127	87	78	40	78	105	113	235	148
Mexico	42	+21	+101.4	+21	+106.1	21	20	19	20	7	8	0	31	20	30	65	30
Venezuela	33	-23	-41.6	+11	+50.1	56	37	0	22	0	0	0	0	29	66	0	32
Trinidad & Tobago	20	+20	-	+20	-	0	0	0	0	0	0	0	0	0	0	0	61
FSU/EUROPE	**2,051**	-352	-14.7	-247	-10.7	**2,403**	**2,388**	**2,070**	**2,298**	**2,178**	**2,123**	**2,017**	**2,335**	**2,290**	**1,968**	**2,046**	**2,139**
Russia	1,987	-302	-13.2	-224	-10.1	2,289	2,134	2,023	2,211	1,667	1,593	1,723	2,140	2,164	1,817	2,021	2,122
o/w seaborne (Kpler)	*1,076*	*-251*	*-18.9*	*-198*	*-15.5*	*1,327*	*1,188*	*1,081*	*1,274*	*828*	*728*	*956*	*1,244*	*1,217*	*1,009*	*969*	*1,249*
overland (implied)	*911*	*-51*	*-5.3*	*-26*	*-2.8*	*962*	*946*	*942*	*937*	*839*	*866*	*767*	*896*	*947*	*808*	*1,052*	*873*
United Kingdom	43	+22	+104.7	-1	-2.9	21	53	10	44	119	162	46	45	32	128	0	0
Kazakhstan	22	-16	-43.3	+1	+6.9	38	84	27	20	75	93	123	134	42	23	24	17
ASIA (ex-FSU)	**1,536**	+399	+35.1	-146	-8.7	**1,137**	**1,284**	**1,608**	**1,682**	**375**	**443**	**791**	**1,160**	**1,428**	**859**	**1,643**	**2,107**
'Malaysia'*	1,491	+409	+37.8	-154	-9.4	1,082	1,247	1,548	1,646	246	369	701	1,083	1,381	837	1,608	2,029
Australia	20	+8	+61.9	+10	+107.5	12	13	13	10	30	10	39	40	12	0	21	39
Mongolia	10	-3	-25.0	-1	-11.9	13	11	11	11	10	13	7	13	11	8	13	7
Indonesia	6	+3	+134.4	+6	-	3	0	9	0	30	20	15	2	3	6	0	12
Brunei	7	+7	-	+7	-	0	0	0	0	2	2	0	0	0	0	0	20
TOTAL IMPORTS	**10,854**	-60	-0.5	-223	-2.0	**10,914**	**10,963**	**10,751**	**11,077**	**10,730**	**10,185**	**10,086**	**11,179**	**10,927**	**9579**	**10994**	**11990**
of which Opec	**4,309**	-9	-0.2	+312	+7.8	**4,318**	**4,229**	**4,007**	**3,998**	**5,412**	**5,249**	**5,267**	**5,136**	**4,138**	**4,147**	**3,912**	**4,869**
% of total	*39.7*	*+0.1*		*+3.6*		*39.6*	*38.6*	*37.3*	*36.1*	*50.4*	*51.5*	*52.2*	*45.9*	*37.9*	*43.3*	*35.6*	*40.6*
Crude Output (mn b/d)	**4.36**	+0.09	+2.2	+0.19	+4.4	**4.26**	**4.27**	**4.16**	**4.17**	**3.89**	**3.98**	**4.10**	**4.18**	**4.24**	**4.31**	**4.31**	**4.45**
Refinery Runs (mn b/d)	**14.69**	+0.39	+2.7	+0.70	+5.0	**14.30**	**14.16**	**13.95**	**13.99**	**13.37**	**13.90**	**13.36**	**14.31**	**14.04**	**14.65**	**14.65**	**14.76**
Crude stocks (mn bls^)	**914**	+2	+0.2	-28	-2.9	**911**	**950**	**940**	**941**	**964**	**898**	**944**	**953**	**941**	**918**	**903**	**914**
Demand (IEA)	**16.8**	+0.24	+1.5	+0.18	+1.1	**16.5**	**16.7**	**16.7**	**16.6**	**14.28**	**15.09**	**15.09**	**16.47**	**16.62**	**17.0**	**16.5**	**16.8**

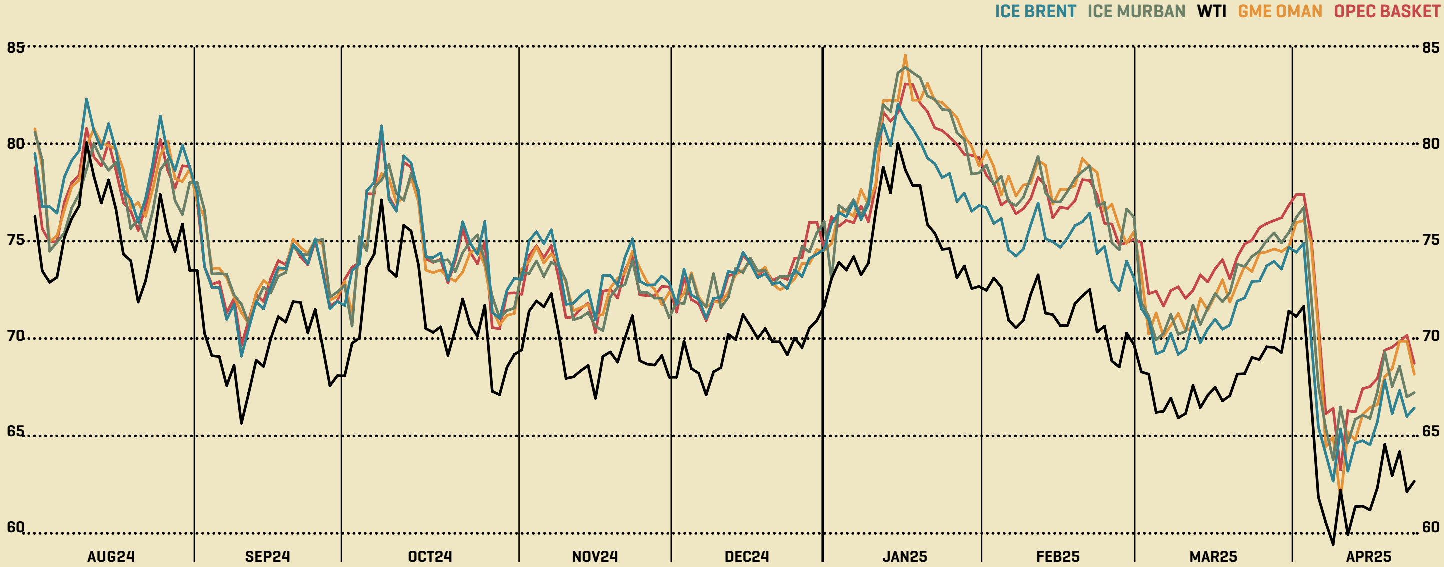
SEE ANALYSIS, P16. *'MALAYSIA' VOLUMES ARE THOUGHT TO LARGELY BE OF IRANIAN ORIGIN. THE CHINESE OFFICIAL STATS LAST OFFICIALLY RECORDED IRANIAN CRUDE IN MID-2022. ^END PERIOD. SOURCE: CHINA CUSTOMS, KPLER, IEA, MEES.

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

	24Apr	14-17Apr	7-11Apr	Mar25	Feb25	Jan25	1Q 2025	4Q 2024	3Q 2024	2025 (24Apr)	2024	2023	2022
WTI	62.79	62.50	60.84	67.93	71.19	75.22	71.51	70.31	75.38	69.79	75.79	77.58	94.37
ICE Brent	66.55	65.84	64.12	71.47	74.95	78.35	74.98	74.01	78.72	73.24	79.86	82.18	99.02
ICE Murban	67.34	67.25	65.36	72.58	77.34	80.18	76.74	73.76	78.34	74.93	79.74	82.80	98.84
GME Oman	68.27	66.91	64.35	72.51	77.64	80.02	76.76	73.60	78.47	75.00	79.61	82.02	94.42
OPEC Basket	68.83	68.19	65.79	74.00	76.81	79.38	76.77	73.54	78.97	75.22	79.89	82.95	100.08
JCC	na	na	na	na	80.40	76.57	na	78.24	85.86	na	83.92	86.56	102.70

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.



CHINA IMPORTS RECORD CRUDE FROM IRAN/MALAYSIA

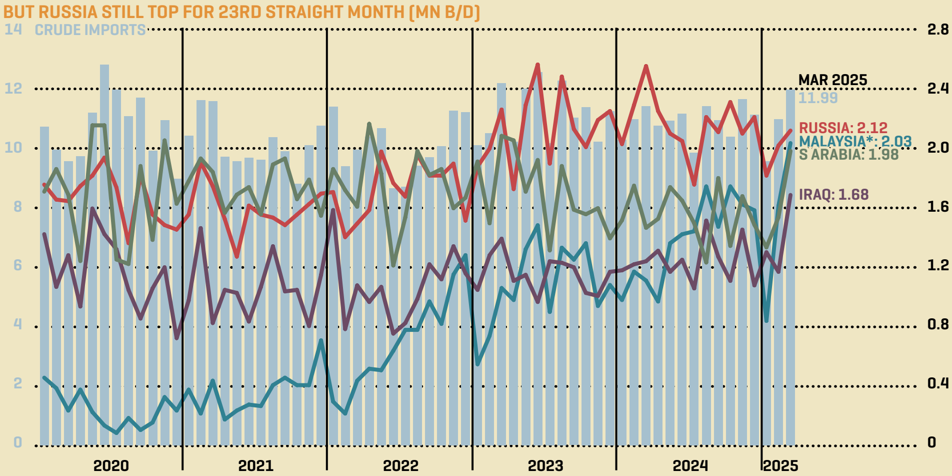
*China imported a record 2.03mn b/d of crude from 'Malaysia' for March – largely mislabelled Iranian volumes (see p6). This put Malaysia/Iran just behind top supplier Russia's 2.12mn b/d. Saudi Arabia was third with 1.98mn b/d, a 23-month high, whilst number four Iraq posted a record 1.68mn b/d (see chart & p15 for full data).

*The 1.385mn b/d that China took from Iraq for Q1 was also a record and up 14% on a year earlier, though 'Malaysia' was the biggest year-on-year riser in absolute terms with 1.49mn b/d for Q1, up over 400,000 b/d on a year earlier.

*Given the escalating US-China trade war it is little surprise that imports from the US were down 27% year-on-year at 134,000 b/d for Q1. But Canada supplied a record 254,000 b/d, up 73% year-on-year.

*The extent to which China's overall demand and imports will be impacted by the economic headwinds of the trade conflict remains to play out (see p12 & MEES, 18 April). For March China's overall crude imports were robust at 12.0mn b/d.

CHINA CRUDE IMPORTS (MN B/D): MARCH SEES MALAYSIA* & IRAQ RECORDS WITH SAUDI AT HIGHEST SINCE EARLY-2023 BUT RUSSIA STILL TOP FOR 23RD STRAIGHT MONTH (MN B/D)



*THOUGHT TO LARGELY CONSIST OF TRANSHIPPED/MISLABELLED IRANIAN VOLUMES. SOURCE: CHINA CUSTOMS, MEES.

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