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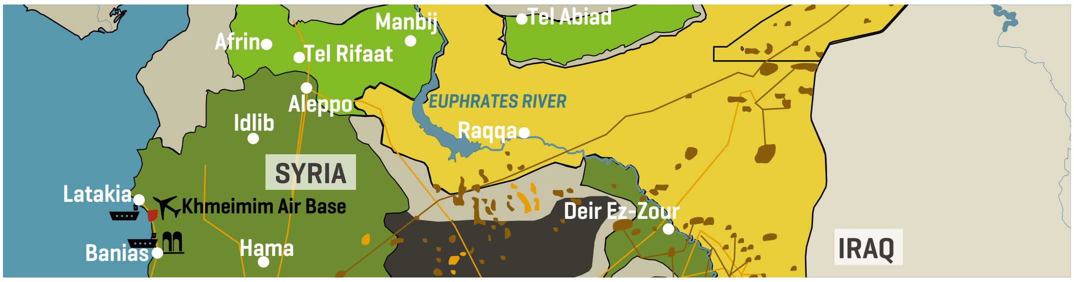
GEOPOLITICAL RISK

Syria Scrambles For Fuel Amid Continued Sanctions

Syria faces fuel shortages after Iran halted crude shipments as sanctions continue to complicate finding alternatives. Turkey is eager to fill the void as it seeks to cement influence. A deal with Jordan could see Syria's Islamists dependent on Israeli gas to keep the lights on. ***Page 8, 10***



OPEC & GLOBAL MARKETS

Oil Markets: 2025 Outlook More Turbulent

The Biden administration's final days have seen sanctions ramp up on Russia and Iran oil trade. Markets have tightened, but Opec+ is unlikely to release more barrels, for now at least. ***Page 6***

DOWNSTREAM

Qatar Faces 2025 LNG Marketing Challenge

Qatar is adding a massive 64mn t/y of LNG capacity by the end of the 2020s. With most of these volumes yet to be placed, Doha has a lot of marketing to do. ***Page 12***

ECONOMY & FINANCE

Saudi Tadawul Group Primes GME For Growth

Front month activity on the GME's flagship Oman contract surged 20% last year. Following major investment from Saudi Arabia's STG more contracts are planned. ***Page 14***

UPSTREAM OIL & GAS

Israel-Egypt Flows Hit Record 1bn cfd For 2024

Egypt's imports of Israeli gas rose 18% to a record 1bn cfd for 2024 but infrastructure constraints will cap volumes at around this level until late 2025. ***Page 2***

POWER & WATER

Abu Dhabi's Moonshot: 24/7 Solar Power

The UAE says it has cracked the code for clean, baseload power via a solar/battery project delivering 1GW of electricity 24/7. At $6bn it comes with a hefty price tag. ***Page 13***

CORPORATE

Saudi Aramco Targets Lithium With Ma'aden JV

Saudi Arabia plans a 'fast and furious' move to develop mineral resources central to the energy transition, whether domestically or overseas. Aramco eyes lithium output by 2027. ***Page 5***

UPSTREAM OIL & GAS

Egypt Gas Boost From BP & Shell Drilling

BP has wrapped up 200mn cfd infill drilling at its Raven field, whilst Shell had brought on two new wells and Eni Zohr drilling is upcoming. But overall gains will be modest. ***Page 4***

OPEC & GLOBAL MARKETS

US Oil & Gas: The 'Energy Dominance' Era

With incoming US president Trump eying 'energy dominance', MEES crunches the numbers on the massive boom in the superpower's oil and gas trade. ***Page 7***

Israel-Egypt Flows Hit Record 1bn cfd For 2024

Egypt's imports of Israeli gas rose 18% to a record of just under 1bn cfd for 2024 with exports capped at around this level for 2025. Even should a Gaza ceasefire hold, a key pipeline link will not be ready before late-year.

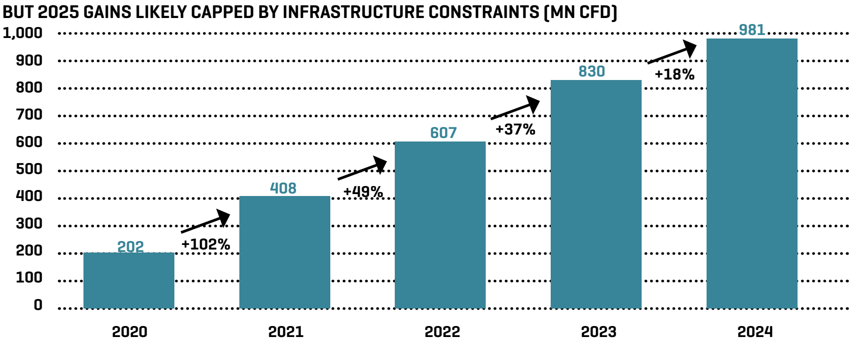
Israel exported a record 981mn cfd of gas to Egypt for 2024 with December volumes rising to a record-equaling monthly figure of 1.065bn cfd, according to data obtained by MEES.

From initial modest volumes in January 2020 following the start-up of Israel's 23tcf Leviathan field (MEES, 17 January 2020), Egypt has grown ever-more dependent on its neighbor due to a growing gas deficit. Domestic output slumped to a seven year low 4.494bn cfd for October (the latest data), some 1.6bn cfd shy of demand (MEES, 6 December 2024).

With few other options for either side, Egypt has become the top customer for Israeli gas. Key Israeli producer NewMed Energy, which has a majority 45.34% Leviathan stake alongside the 39.66% of operator Chevron, has talked-up the possibility of doubling Egypt shipments to over 2bn cfd by the end of this decade (MEES, 19 April 2024). But neither government is comfortable with the growing interdependence that this implies. In addition to the geopolitical risk this entails, Chevron and other producers in Israel are wary of the geoeconomic risk of having cash-strapped Egypt – a notorious tardy payer – as their key customer.

Aside from switching to liquid fuels, Egypt's only other option for making up its gas deficit is LNG imports. But, with LNG spot prices currently around $14/mn BTU for Q1 delivery, this is more than double the $6.50/mn BTU or so for Israeli gas. As such Egypt has shown a clear preference for importing as much Israeli gas as possible – with infrastructure constraints the key limiting factor – and LNG used to make up any remaining shortfall.

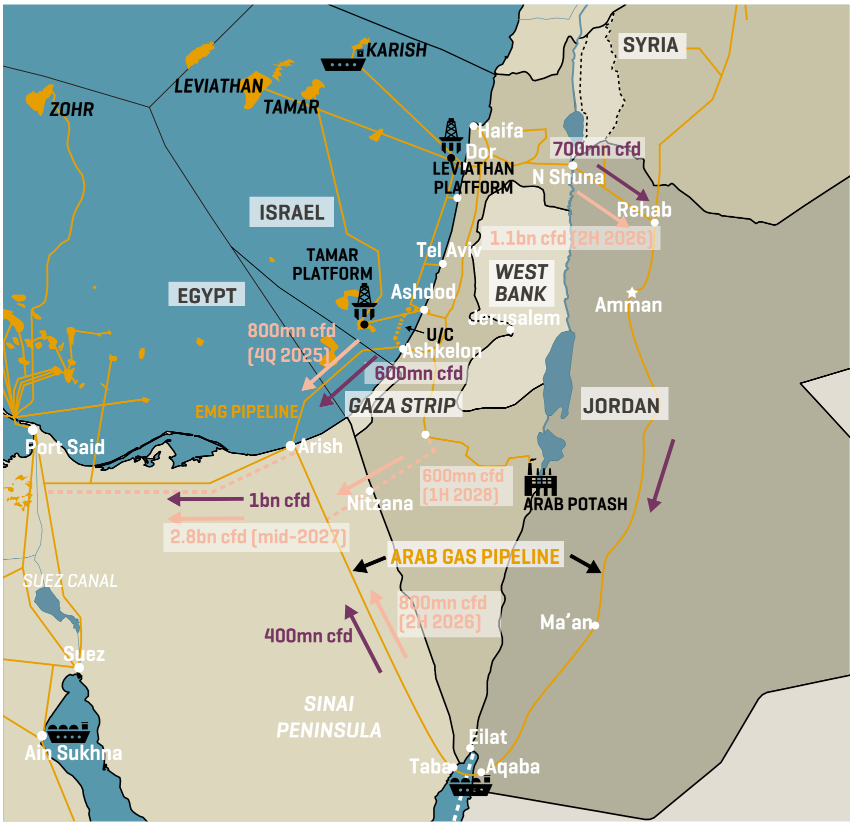
ISRAEL-EGYPT FLOWS UP 18% FOR 2024
BUT 2025 GAINS LIKELY CAPPED BY INFRASTRUCTURE CONSTRAINTS (MN CFD)



SOURCE: CHEVRON, NEWMED, ISRAEL ENERGY MINISTRY, JODI, MEES.

KEY ISRAEL OFFSHORE ACREAGE AND GAS FLOWS

GAS FIELD/PIPELINE | POTENTIAL PIPELINE | CURRENT FLOWS | FUTURE CAPACITY



EGYPT LNG IMPORT TENDER

For Q1, Cairo on 14 January launched a modest tender for just four cargoes for delivery over February and March. This is well down on the eight-year high quarterly import figure of 19 cargoes (1.35mn tons) for Q3 last year as Israeli deliveries slumped with Q3 the peak quarter for both Israeli and Egyptian gas/power demand, and 16 cargoes for Q4.

That said, the latest four-cargo tender will be bolstered by four cargoes carried over from Q4: Egypt has already imported three cargoes so far this month, according to data intelligence firm Kpler.

Cairo was forced to begin importing LNG again last year in light of its ongoing gas crunch, importing a seven-year high 2.78mn tons along with the record Israeli flows (MEES, 10 January).

Looking ahead, Israel-Egypt volumes may drop in January from the December

Continued on – p3

Continued from – p2

monthly high with the first half of the month seeing numerous unplanned outages at Greek firm Energean's 650mn cfd Karish field. Though Karish does not supply Egypt directly, any outages typically see volumes from the larger Leviathan and Tamar fields redirected to the Israeli domestic market, reducing exports.

ISRAEL-EGYPT: 2025 CAPACITY CONSTRAINTS

The 18.2% (150mn cfd) rise in Egypt's gas imports from Israel to 981mn cfd for 2024 came on the back of a 37% rise to 830mn cfd for 2023 (see chart).

But, unfortunately for gas-thirsty Egypt, only minimal if any growth is likely this year with combined capacity on the pipelines linking the two countries set to be capped at just over 1bn cfd until late 2025.

The prospective end-year boost would come with the delayed completion of a 46km stretch of offshore pipeline linking Ashkelon and Ashdod, bypassing bottlenecks within Israel's southern gas network (see map). The restart of work just north of Gaza should be aided by this week's ceasefire agreement (see p11 & MEES, 29 November 2024). Output expansions at both Leviathan, from 1.4bn cfd to 1.6bn cfd, and Tamar, from 1.1bn cfd to 1.6bn cfd, are also due online late this year.

This should allow Israel to send a further 200mn cfd via the offshore EMG pipeline, which is already supplying around 600mn cfd of the current total. The remaining 400mn cfd gas arrives in Egypt via the more circuitous route through northern Israel, south through the Arab Gas Pipeline (AGP) via Jordan and north through the Sinai.

Here Chevron expects compression stations at Rehab to boost flows from 700mn cfd currently (with c.300mn cfd remaining in Jordan) to 1.1bn cfd by the second half of 2026 after the partners approved the project's $331mn budget in September and announced that it met all conditions precedent on 31 December (MEES, 11 October 2024).

The volume that Egypt can import from Israel will then be capped at the capacity of the Arish-Port Said pipeline which currently stands at 1.4bn cfd. While plans have been approved to build a second pipeline to double capacity to 2.8bn cfd, it is not expected to be operational until the second half of 2027.

While this will surely frustrate Cairo, Israel's Leviathan and Tamar have on the whole supplied in excess of contractual quantities since the end of 2022 with the only dip since coming when Chevron was forced to take Tamar offline in the immediate aftermath of the 7 October 2023 attacks. ◆◆

Eni/Kogas Quit Cyprus Blocks As Development Plans Awaited

Eni's number of blocks offshore Cyprus will fall from seven to four at the end of this month when Blocks 2, 3 and 9 are relinquished with the end of their current exploration term.

With Kogas holding 20% in each of the blocks this also marks the Korean state firm's exit from Cyprus after 12 years.

Eni, which originally had 80% stakes, drilled two dry wells on Block 9 (Onasagoras 2014, Amathusa 2015). But plans for an initial Block 3 well in February 2018 were scuttled as Turkish warships obstructed drilling (MEES, 16 February 2018).

French major TotalEnergies farmed-in to the acreage in 2019 for 20% at Blocks 2 and 9 and 30% at Block 3 (MEES, 2 August 2019).

Eni and Total are now focused on submitting a development plan for their 2.5tcf Cronos discovery in Block 6 further west where they are 50:50 partners (MEES, 18 October 2024). That plan envisages 60km tieback to Eni's Zohr facilities on the other side of the maritime border with Egypt (see map). Nicosia hopes for first gas by 2027 and had been expecting Eni to file the Cronos plan before the turn of the year but Energy Minister George Papanastasiou recently told the local press that he is now expecting the plan to be submitted before the end of March.

Beyond Block 6, whose three gas finds will likely be included in the production lease carved out of the acreage once Nicosia approves a development plan, Eni and Total are partners at three other Cyprus offshore blocks which are all due to expire later this year. Any extension would require presidential intervention given the expiry of the second (and last) exploration phase under the official contractual terms.

While Kogas' exit signals the end for the Korean state firm offshore Cyprus, its Dana Petroleum subsidiary is entering neighboring Israel's offshore. Along with operator Eni (75%) and local firm Ratio (10%), Dana in October 2023 was awarded 15% in Zone G that lies on the maritime border with Egypt (MEES, 3 November 2023).

CHEVRON & CYPRUS TALK APHRODITE

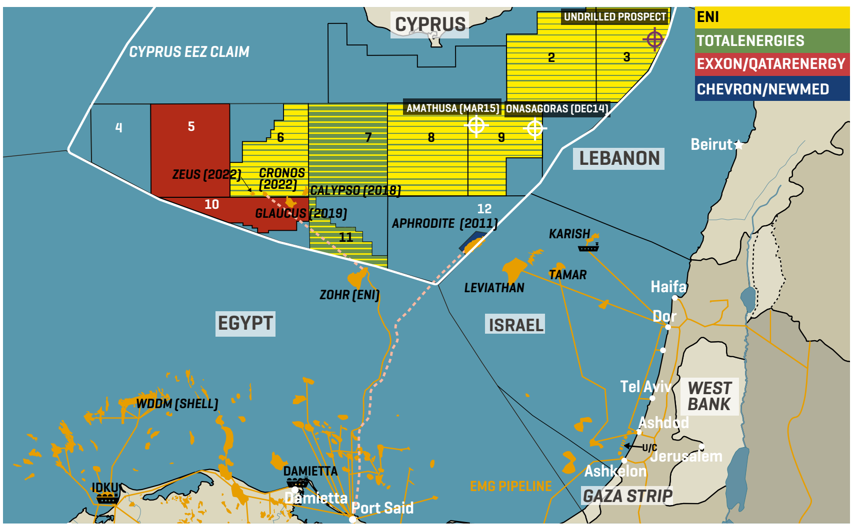
Chevron and Cyprus will continue to review the US major's draft development plan for the 3.5tcf Aphrodite field, submitted to Nicosia in September, extending the current four-month standstill agreement by a further month, MEES learns.

The agreement to try and reach an amicable solution on Aphrodite development came after Nicosia served Chevron (35%op), Shell (35%) and Israel's NewMed Energy (30%) with notice of breach of contract after they missed development milestones relating to the field's 2019 production sharing contract (MEES, 20 September 2024). Had the standstill not been agreed Chevron would have been forced to issue Nicosia with notice disputing its breach, likely leading to lengthy arbitration proceedings.

Chevron's September plan envisages sending gas from a floating production unit above the field to Egyptian processing facilities at Port Said. Both sides need more time to review new annexes filed by the partners since September, thus requiring an extension to the standstill, MEES understands.

Aphrodite was Cyprus' first gas find in December 2011. But amid protracted wrangles over contractual terms (MEES, 30 August 2024), it may be overtaken by Cronos as the first Cyprus field to reach production. ◆◆

CYPRUS KEY BLOCKS & GAS DISCOVERIES

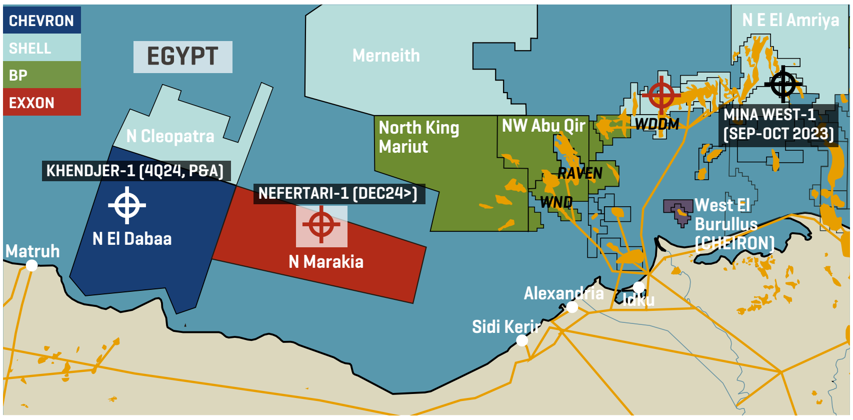


Egypt Gas Output Boost As BP & Shell Complete Offshore Drilling

BP has wrapped up infill drilling at its Raven field offshore Egypt just as compatriot Shell brings online two of three wells drilled late-2024 providing Cairo with a much-needed, albeit modest gas output boost.

EGYPT OFFSHORE MEDITERRANEAN DRILLING RAMPS-UP

OIL FIELD/PIPELINE ■ GAS FIELD/PIPELINE ⌖ CURRENT WELL ⌖ DISCOVERY



BP has concluded a two-well infill drilling campaign at its Raven field offshore Alexandria in the Egyptian Mediterranean. Subsea commissioning activities are ongoing with 200mn cfd output due to be brought online next month, the Petroleum Ministry announced on 12 January. This should boost output to 600mn cfd from the UK firm's West Nile Delta (WND) project, of which Raven is by far the largest element. Output had dwindled to 400mn cfd in recent months (MEES, 22 November 2024), whilst Mediterranean condensate output – of which Raven is the key contributor – has near-halved to 34,000 b/d from 60,000 b/d at the start of 2023. The two new wells are slated to provide a 10,000 b/d condensate boost.

But in advance of the new Raven wells, Shell has already added 86mn cfd to production at its West Delta Deep Marine (WDDM) project, taking total output to 286mn cfd, with the start-up of two of the three wells drilled last year as part of Phase 10. Egyptian officials' hopes of a 160mn cfd Phase 10 increment now look optimistic.

Shell will follow these three wells up with a further three wells as part of Phase 11 with the hope of adding another 150mn cfd during the second half of this year. With strong underlying decline rates and the underperforming first two wells of Phase 10 this may only translate to a modest net gain.

The 286mn cfd of current output is a far cry from the 2bn cfd the WDDM fields produced in 2008 but nonetheless a move in the right direction: some industry figures had previously speculated that WDDM would have stopped producing by now. WDDM output feeds Shell's processing facilities onshore at Idku and was previously used as the feedstock for the UK major's 7.2mn t/y ELNG export terminal next door but with Egypt's recent gas crunch all of those volumes have gone to the domestic market.

With Egypt's overall gas output hovering at around 4.3bn cfd currently, the lowest level since late 2016, Cairo is scrambling for any good news with regards its upstream. Another project which is due to come online in the second half of the year is local firm Cheiron's West El Burullus (WEB), located to the south of WDDM, although the news here is not so positive. Planned output of 150-180mn cfd has been revised down to 100mn cfd after development drilling last year disappointed, with planned start-up due in Q3, according to a MEES source at state firm Egas.

DEAD CAT BOUNCE?

While news of bringing wells online by key firms operating in the country's offshore will certainly be played-up by Cairo, the new additions will likely do little to offset Egypt's ongoing gas output decline. This decline has been driven by water breakthrough from 2021 at Italian firm Eni's flagship Zohr field, as well as rapid decline at WND.

Eni is due to imminently begin its own two-well campaign at Zohr in an attempt to add 220mn cfd to the current 1.6bn cfd output (just half of 3.2bn cfd capacity) by mid-2025 (MEES, 10 January).

The WND Phase-1 Libra and Taurus fields were brought online in 2017 with Phase-2 Giza and Fayoum joining them two years later, but output from these four fields is now only minimal and intermittent. The majority of WND's output comes from Phase-3 Raven, which was brought online in 2021, following a 12-month delay (MEES, 30 April 2021).

But gas output at Raven has halved from the initial 800mn cfd. WND infrastructure of 1.4bn cfd provides plentiful ullage for nearby tie-ins and it was with that in mind that BP has recently snapped-up both the Northwest Abu Qir and North King Mariut blocks to the west (MEES, 2 December 2022).

The recently-completed Raven infill wells are to be followed up in the coming days by Valaris DS-12 drillship spudding the El King wildcat on North King Mariut.

Cairo will be hoping that BP can match fellow major ExxonMobil which has recently made a gas discovery with its first ever Egypt well, the Nefertari-1 on the North Marakia block to the southwest (MEES, 10 January).

BP will then follow up El King with an exploration well at WND as the UK major continues its efforts to extend the project's lifespan.

HELPING HAND

WND and the two exploration blocks further west were not initially included in the recent Egypt-focused Arcius JV announced late last year by BP which will see it team-up with UAE state firm Adnoc's international investment arm XRG (MEES, 20 December 2024).

But it is likely they will eventually find their way into Arcius' portfolio, sooner rather than later, as both firms look to bolster the assets under the JV's umbrella. ◆◆

Saudi Aramco Targets Lithium Production With Ma'aden JV

Saudi Arabia plans a 'fast and furious' move to develop mineral resources central to the energy transition, whether domestically or overseas. National champion Aramco is making a play to enter the lithium sector, with an eye on output as early as 2027.

Saudi Aramco is steadily leaning into the energy transition and this week signed a preliminary agreement with fellow state-backed firm Ma'aden to form a new "transition minerals JV." The JV will have a particular focus on lithium, with an eye on beginning commercial production by 2027.

Aramco has for decades been the bedrock of the Saudi economy, producing 10.68mn b/d of oil last year and 10.67bn cfd of sales gas and ethane for 2023. It generates billions of dollars in revenue annually and underpins the kingdom's expanding industrial base. Now, with the development of secure supply chains of transition minerals such as lithium key to the government's economic growth plans, Aramco is being tasked with securing domestic production.

Referencing Aramco's bylaws which effectively permit any energy-sector activity, Energy Minister Prince Abdulaziz bin Salman told the Future Minerals Forum in Riyadh on 15 January "I get asked by many people why would you include all of these activities in the bylaws? I told them, because you're seeing the Aramco of today, but you cannot imagine what Aramco can be in the future." That vision of the future is now beginning to crystalize.

"Aramco can be a diversified company, and its mandate has no limit," says the minister, "as long as it makes sound economic decisions."

NEW ERA OF ENERGY INSECURITY

"This announcement reflects Aramco's focus on positively contributing to the global energy transition," says Aramco Upstream President Nasir al-Naimi, "We expect that this partnership will leverage the world's leading upstream enterprise to apply significant low-cost advantages, industry experience, technological innovation, accumulated subsurface knowledge and an integrated supply chain ecosystem, with a view to meeting the Kingdom and potentially the world's projected lithium demand."

Darryl Clark, Ma'aden Senior Vice President of Exploration, says that "Ma'aden has been undertaking one of the world's largest single-jurisdiction exploration programs across the Arabian Shield, to unearth the estimated $2.5 trillion mineral endowment." The proposed JV will enable exploration of the Arabian Platform to be accelerated says Mr Clark. The Arabian Platform is the geological formation that makes up much of the eastern portion of Saudi Arabia, whilst the Arabian Shield is in the west.

The agreement was signed during the Future Minerals Forum, where Prince Abdulaziz emphasized that global energy security is no longer about security of oil supply but about gas, electricity and, increasingly, minerals. Noting that at its peak Opec accounted for approximately 40% of oil supply, the minister warned that today some individual countries account for more than 50% of global supply of some critical minerals.

Saudi Arabia puts the value of its untapped mineral reserves at $2.5 trillion, and as well as lithium intends to extract the likes of copper, zinc, nickel and phosphate. As the kingdom advances plans to tap into these reserves, it also aims to develop a suite of new benchmarks to create a dynamic commodities market. Saudi Tadawul Group (STG), in which the PIF sovereign wealth fund is the largest shareholder, has purchased a 32.6% stake in the Gulf Mercantile Exchange (GME) as it seeks to build a regional platform (see p14). A Gulf lithium benchmark will doubtless be high on the priority list for GME, which is targeting a regional play in Saudi-led products.

ARAMCO STEPS INTO THE FUTURE

In a joint press release, the two firms say the JV is intended to unlock the potential of high-value mineral resources in the kingdom, "with the aim of helping meet growing demand for lithium and other transition minerals both domestically and globally."

They intend to extract lithium from high concentration deposits in the kingdom, and advance cost-effective direct lithium extraction (DLE) technologies in their operations. Aramco says that it has identified "several areas with a high lithium concentration of up to 400 parts per million" and will bring to bear its expertise, existing infrastructure, industry-leading drilling operations and 90+ years of geological data.

The agreement solidifies Aramco's planned entry into the lithium extraction business, but, as with Adnoc in neighboring Abu Dhabi, the firm had already been studying the potential for lithium extraction from brine.

CRUCIAL BUILDING BLOCK

Saudi Arabia expects global lithium demand to increase seven-fold by 2030 versus 2022 levels, and the JV partners say their operations will help meet an anticipated twenty-fold increase in domestic demand for lithium between 2024 and 2030 "supporting an estimated 500,000 electric vehicle batteries and 110GW of renewables."

The kingdom is the regional front-runner when it comes to establishing an EV manufacturing base. The PIF sovereign wealth fund has invested heavily in the Lucid Group EV producer, and last year committed another $1.5bn to the firm. Lucid began producing EVs from a facility in the King Abdullah Economic City in 2023 which has an initial capacity of 5,000 units/year, with plans to expand to 155,000.

Developing capabilities throughout the battery supply chain is a strategic priority for Saudi Arabia. In July, US firm Critical Metals Corp and Saudi firm Obeikan Group finalized a deal to form the Arabian New Energy JV which will develop a lithium hydroxide processing plant in the kingdom. This followed a 2023 announcement that Chevron Lummus Global intends to develop a 75,000 t/y needle coke/synthetic graphite complex in Rabigh (MEES, 2 June 2023). Meanwhile, China's Hithium announced last year that it intends to partner with local firm Manat to establish Battery Energy Storage System (BESS) manufacturing facilities with capacity of 5GWh/year.

As it seeks to secure supplies of transition minerals, Saudi Arabia is also looking overseas. Last year, the Manara Minerals JV of Ma'aden and PIF completed the $2.5bn purchase of a 10% stake in Brazil's Vale Base Metals Limited, which produces metals such as copper and nickel globally.

"We know exactly what minerals we need," says Prince Abdulaziz, "Now we are working on figuring out what minerals we can produce here, and if we don't have it, we would like to source it from somewhere else. We have to be doing it as fast and furious as possible." ◆◆

GEOPOLITICAL UNCERTAINTY HANGS OVER OIL MARKETS

The US has ratcheted up sanctions on Russia and Iran's oil trade in the last weeks of the Biden administration. Markets have tightened amid a near-term supply bottleneck, but Opec+ is unlikely to accelerate the tapering of production cuts as a result. Still, should market tightness persist, this could simplify the upcoming decision on whether to press ahead with plans to begin adding barrels from April.

IEA SUPPLY & DEMAND FORECASTS, JANUARY 2025 (MN B/D)

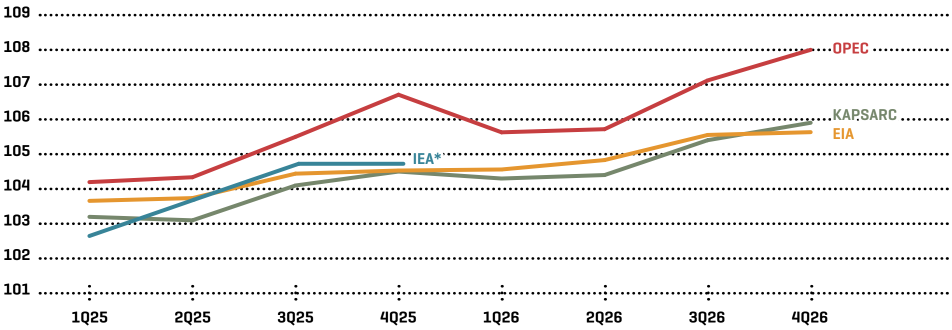
	2023	2024	vs 23	2025	vs 24	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
World Oil Demand	**101.97**	**102.90**	*+0.94*	**103.96**	*+1.05*	**101.44**	**102.56**	**103.58**	**104.01**	**102.65**	**103.69**	**104.72**	**104.72**
vs Dec24 report	*+0.00*	*+0.09*	*+0.09*	*+0.07*	*-0.03*	*-0.01*	*+0.06*	*+0.05*	*+0.27*	*+0.02*	*+0.06*	*+0.08*	*+0.11*
Non-Opec Supply	69.32	70.22	*+0.90*	71.77	*+1.55*	69.42	70.28	70.55	70.64	70.40	71.73	72.30	72.64
vs Dec24 report	*-0.00*	*+0.01*	*+0.01*	*-0.14*	*-0.15*	*-0.05*	*+0.03*	*+0.01*	*+0.04*	*-0.35*	*-0.17*	*-0.04*	*-0.00*
Opec NGLs	5.52	5.58	*+0.06*	5.68	*+0.10*	5.54	5.55	5.61	5.62	5.65	5.68	5.68	5.72
Call on Opec	**27.12**	**27.10**	*-0.03*	**26.50**	*-0.60*	**26.48**	**26.73**	**27.42**	**27.75**	**26.60**	**26.29**	**26.74**	**26.37**
vs Dec24 report	*+0.00*	*+0.09*	*+0.09*	*+0.21*	*+0.12*	*+0.05*	*+0.03*	*+0.04*	*+0.23*	*+0.38*	*+0.23*	*+0.12*	*+0.12*
Opec Crude Prod	27.42	27.12	*n/a*	n/a	*n/a*	26.92	27.22	27.08	27.25	n/a	n/a	n/a	n/a
Opec vs Call	**+0.30**	**+0.02**	*n/a*	**n/a**	*n/a*	**+0.44**	**+0.49**	**-0.34**	**-0.49**	**n/a**	**n/a**	**n/a**	**n/a**
Call on Opec+	**42.1**	**41.5**	*n/a*	**41.0**	*-0.5*	**41.1**	**41.1**	**41.7**	**41.9**	**41.0**	**40.8**	**41.3**	**41.0**
World Oil Supply	102.27	102.92	*n/a*	n/a	*n/a*	101.88	103.05	103.24	103.52	n/a	n/a	n/a	n/a

OPEC SUPPLY & DEMAND FORECASTS, JANUARY 2025 (MN B/D)

	2024	2025	vs 24	2026	vs 25	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
World Oil Demand	**103.75**	**105.20**	*+1.45*	**106.63**	*+1.43*	**104.20**	**104.34**	**105.50**	**106.71**	**105.63**	**105.72**	**107.12**	**108.00**
vs Dec24 report	*-0.07*	*-0.07*	*-0.16*	*n/a*	*n/a*	*+0.05*	*-0.03*	*-0.09*	*-0.21*	*n/a*	*n/a*	*n/a*	*n/a*
Non-Opec+ Supply	53.17	54.28	*+1.11*	55.38	*+1.10*	53.98	54.03	54.32	54.77	55.17	55.02	55.37	55.94
vs Dec24 report	*+0.05*	*+0.05*	*-0.18*	*n/a*	*n/a*	*+0.06*	*+0.05*	*+0.05*	*+0.04*	*n/a*	*n/a*	*n/a*	*n/a*
Opec+ NGLs	8.30	8.39	*+0.09*	8.52	*+0.14*	8.40	8.43	8.31	8.40	8.48	8.51	8.49	8.62
Call on Opec+	**42.28**	**42.53**	*+0.25*	**42.72**	*+0.19*	**41.82**	**41.88**	**42.87**	**43.54**	**41.98**	**42.18**	**43.26**	**43.44**
vs Dec24 report	*-0.11*	*-0.12*	*-0.00*	*n/a*	*n/a*	*-0.01*	*-0.08*	*-0.14*	*-0.25*	*n/a*	*n/a*	*n/a*	*n/a*
Opec+ Crude Prod	26.59	n/a	*n/a*	n/a	*n/a*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Opec+ vs Call	**-1.47**	**n/a**	*n/a*	**n/a**	*n/a*	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
World Oil Supply	**102.28**	**n/a**	*n/a*	**n/a**	*n/a*	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

SOURCE: IEA, OPEC, MEES.

KEY 2025-26 GLOBAL OIL DEMAND FORECASTS: OPEC REMAINS FAR MORE BULLISH THAN OTHERS (MN B/D)



*IEA YET TO PUBLISH 2026 FORECASTS. SOURCE: OPEC, IEA, EIA, KAPSA.C, MEES.

Market fundamentals continue to point to an oversupplied oil market for the year ahead, but a renewed injection of geopolitical uncertainty has driven prices up in the early days of 2025. The inauguration of Donald Trump as US President on 20 January has long loomed as a geopolitical wildcard, as the new administration's sanctions policies on Russia and Iran will have a significant impact on global supply, but it is the outgoing Biden administration which has tightened the screw on the pair.

The Biden administration in December announced new sanctions on tankers and companies involved in shipping Iranian oil, and early indications showed the new measures having an impact. Chinese imports of Iranian crude slowed that month (MEES, 20 December 2024), resulting in a buildup of floating storage in Southeast Asia. Then on 6 January, Shandong Port Group, which operates the key Qingdao, Rizhao and Yantai ports where almost 50% of Iranian oil is delivered, banned US-sanctioned vessels from calling at its ports (MEES, 10 January).

This was followed on 10 January with the US Treasury sanctioning 183 tankers from the 'Shadow Fleet' of vessels which have been delivering Russian oil, and some Iranian barrels, to buyers. "With today's actions, we are ratcheting up the sanctions risk associated with Russia's oil trade, including shipping and financial facilitation in support of Russia's oil exports," said Treasury Secretary Janet Yellen of the move.

A number of traders of Russian oil were also sanctioned, including UAE-based firms such as Black Pearl Energy Trading, Arctos Shipping And Trade, Demex Trading Limited and Eterra Crude Oil Abroad Trading.

A TEMPORARY DISLOCATION?

The tightening of US sanctions, and crucially China's adherence to them, has had a significant near-term impact on oil markets. Brent futures opened the year at around $75/B, but have since powered above $80/B, while crude prices have become increasingly backwardated as refiners have sought prompt deliveries of replacement crude grades.

The latest raft of sanctions has undoubtedly caused significant disruption and a near-term squeeze on supplies. But there remains considerable uncertainty over the longevity of this impact. Undoubtedly there is scope for Iran, Russia and their buyers to create new supply chains by pulling unsanctioned vessels into the shadow fleet, thereby bypassing the latest sanctions. It is also conceivable that Chinese authorities have opted to demonstrate commitment to US sanctions ahead of Mr Trump's inauguration and that adherence will slacken again in the months ahead.

As for the new US government, expectations have consistently been that it will seek to impose a 'maximum pressure' campaign on Iran, raising questions over how sustainable Iranian exports of around 1.6mn b/d would prove. There have been more doubts over Mr Trump's stance regarding Russia, but reports from Washington DC since the election have indicated that he will take a firmer position than pre-election expectations and as such there is a growing likelihood that he will continue to apply pressure on Russian oil exports.

OPEC+ STICKING TO THE PLAN

Iran's crude exports are once again in the crosshairs, and the IEA estimates that the latest US sanctions affect around 1.6mn b/d of Russian exports – some 22% of its overall seaborne shipments. As ever when the prospect of supply outages raises its head, focus is turning once again to Opec+, where eight producers are to begin gradually unwinding 2.2mn b/d of voluntary production cuts from April.

However, conversations with officials indi-

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cate there is no desire to adjust this timetable to bring production online more quickly. The producer group has repeatedly demonstrated a cautious approach to bringing back production and would require demonstrable evidence of significant shortfalls before adjusting the timetable – especially having suffered in 2018 when acceding to the first Trump administration's pressure to increase output ahead of fresh Iranian sanctions which were ultimately delayed. Instead, 2022 will be the blueprint, when Opec+ resisted widespread calls to increase production amid forecasts of a 3mn b/d drop in Russian output which ultimately never materialized (MEES, 18 March 2022).

Another issue is that Russia is one of the producers which is taking part in the voluntary cuts, and would doubtless oppose any move for others to increase production to replace its own lost output.

That said, geopolitics aside, most analysts expect a considerable production oversupply this year, and before the latest measures there were questions about the ability for the market to absorb the planned Opec+ monthly increments from April. The exception is Opec's own Monthly Oil Market Report (MOMR) which remains far more bullish on supply growth than most of its peers (see chart).

In contrast, the IEA's latest figures imply a 720,000 b/d surplus this year even if Opec+ cuts remain unchanged, while Saudi Arabia's Kapsarc think tank projects a 260,000 b/d surplus for 2025 if Opec+ proceeds with the tapering. Kapsarc does however suggest that bringing barrels back online might be advisable regardless in order to reduce the spare capacity buffer; "Opec+ seems to be aware that a 5mn b/d spare capacity is a bit too much. Gradual and calculated increments over the coming two-year horizon may not make everyone happy, but it does make sense to the person holding the spare capacity."

Ultimately, should sanctions have a significant impact on supply from Iran and Russia, this could provide Opec+ with the headroom required to ease the cuts as planned without risking pushing prices below $70/B.

2026: DEMAND GROWTH STAYS STRONG

This week saw Opec and the US EIA release their first supply/demand outlooks for 2026. Both see demand growth easing, but remaining historically robust. Opec forecasts a modest slowdown from 1.45mn b/d global oil demand growth this year to 1.43mn b/d for 2026, while the EIA has growth dropping from 1.33mn b/d to 1.05mn b/d. Kapsarc meanwhile sits in the middle, with demand forecast to edge up slightly from 1.21mn b/d this year to 1.23mn b/d for 2026.

US OIL & GAS TRADE IN THE 'ENERGY DOMINANCE' ERA

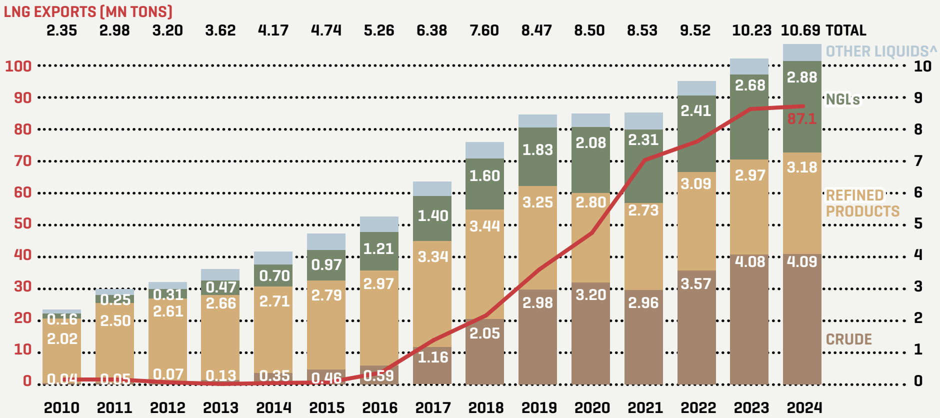
*Incoming US president Donald Trump, who begins his second term on 20 January, intends to usher in an era of US 'energy dominance'. In reality, the US already enjoys a dominant position on the global energy landscape, and this dominance was already set to increase over the coming years whatever the administration. Whilst the planned relaxation of LNG terminal permitting rules and the scrapping of a ban of drilling on federal lands will no doubt spur some additional activity and exports, the overwhelming focus of US firms on boosting profitability will remain a limiting factor.

*US exports of oil and other liquids rose by more than 2mn b/d over the four years of the Biden presidency to a record 10.69mn b/d for 2024 (see chart 1). On a net basis, booming exports of NGLs in particular (MEES, 20 December 2024) mean that the US notched up record net oil exports of 2.25mn b/d for 2024.

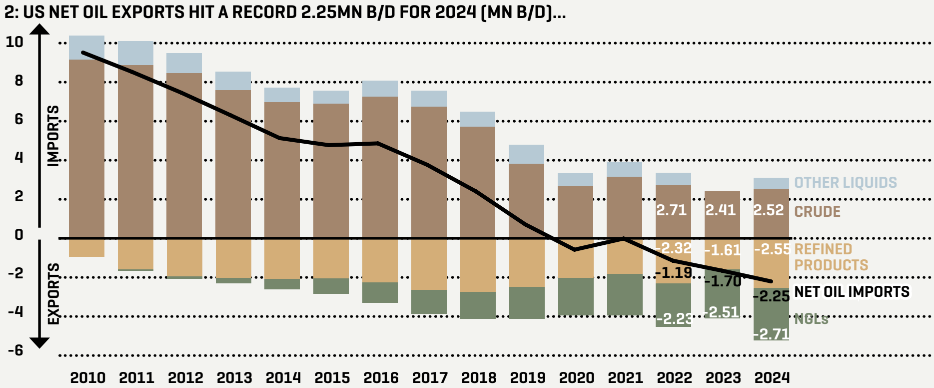
*However, the US remains a major net importer of crude oil, to the tune of 2.52mn b/d for 2024. On a gross basis, with crude imports of 6.61mn b/d for 2024 (a five-year high), the US remains the world's number two importer, well behind China's 11.1mn b/d (see p20) but ahead of India.

*And the reliance of US refineries on typically heavy sour imported barrels signals a looming clash between Trump's energy dominance rhetoric and his threat of swingeing tariffs on key trade partners. Whilst the incoming president has threatened Canada with 25% tariffs, a swathe of Midwest refineries are reliant on Canadian crude – US imports of which hit a record 4.05mn b/d for 2024 even as those from Saudi Arabia fell to a multi-decade low of 273,000 b/d (see chart 3).

1: US EXPORTS OF CRUDE, REFINED PRODUCTS, NGLS AND LNG ALL HIT NEW RECORD HIGHS FOR 2024 (MN B/D)



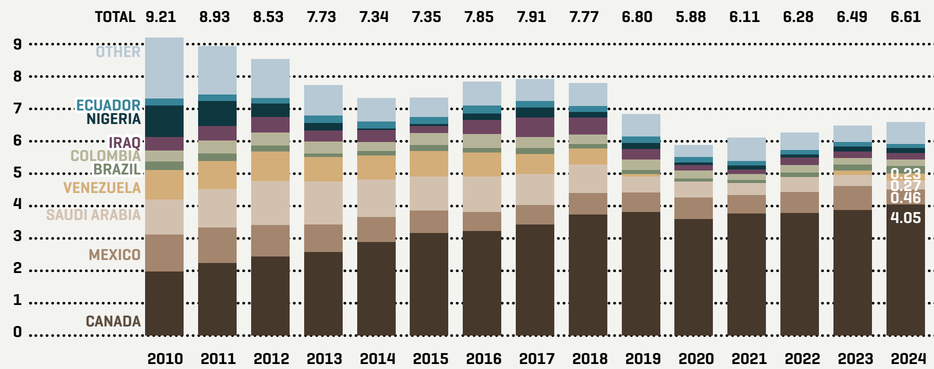
2: US NET OIL EXPORTS HIT A RECORD 2.25MN B/D FOR 2024 (MN B/D)...



ALL FIGURES ARE NET. SOURCE EIA, MEES.

3: ... BUT THE US REMAINS A MAJOR CRUDE IMPORTER*, TO THE TUNE OF 6.6MN B/D FOR 2024 INCLUDING A RECORD 4.05MN B/D FROM CANADA (MN B/D)

*GROSS CRUDE IMPORTS. SOURCE EIA, MEES.



Syria Scrambles For Fuel Supplies Amid Complication Of Continued Sanctions

Syria's new government is grappling with fuel shortages after Iran ceased crude shipments while Western sanctions continue to complicate finding alternatives. Turkey is eager to fill the void as it seeks to cement influence in Damascus, but this risks complicating any reconciliation between the HTS-government and Syria's Kurds.

With the fall of the Assad regime, Syria has lost access to the approximately 80,000 b/d of Iranian crude on which its battered refineries relied to fuel the domestic market (see chart 1). Tehran halted the supplies as soon as Islamist rebels toppled the Assad regime (MEES, 13 December 2024), and now the new Syrian government is grappling with the specter of chronic fuel shortages as stocks dwindle.

New trade minister Maher Khalil al-Hasan said on 6 January that these reserves would only last a "few months" and that Syria faces a "catastrophe" if they are not replenished. Mr Hasan pointed to US, EU and UN sanctions as the main hurdle to Syria's new rulers purchasing needed supplies – sanctions once in force are notoriously difficult to lift quickly.

US EASES SANCTIONS

On 6 January, Washington did at least ease some restrictions through a temporary six-month 'General License No.24.' This permits humanitarian aid "to help ensure that sanctions do not impede essential services and continuity of governance functions across Syria, including the provision of electricity, energy, water, and sanitation."

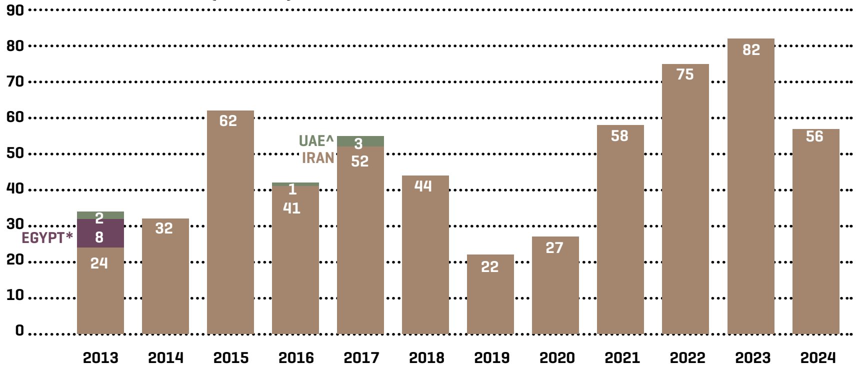
The authorization allows "transactions in support of the sale, supply, storage, or donation of energy, including petroleum, petroleum products, natural gas, and electricity, to or within Syria."

While providing temporary relief, it is a far cry from the full lifting of sanctions. Investment in Syria's economy, and by extension its energy sector, remains prohibited and business interests will remain cautious of non-compliance. Of these, the harshest is the US 'Caesar Syria Civilian Protection Act of 2019' which isn't due to expire until the end of 2029.

The decision to fully lift US sanctions now rests with President-elect Donald Trump, who enters office on 20 January. And while the ousting of Assad has been welcomed, Western governments remain wary of the now-ruling Hay'at Tahrir al-Sham (HTS) which was formed as an offshoot of Al-Qaeda.

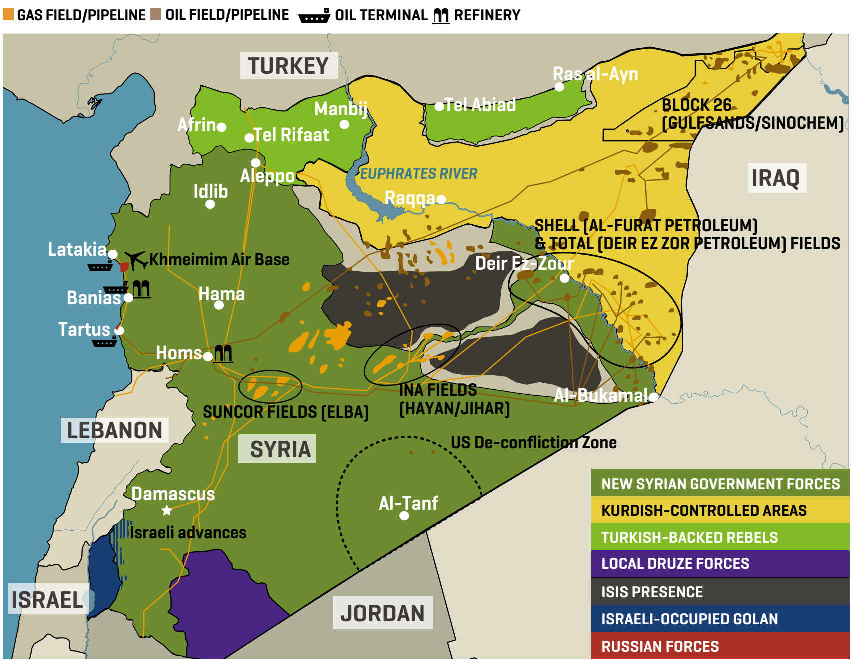
That said, HTS is winning cautious approval from regional governments

1: SYRIA CRUDE IMPORTS ('000 B/D): THE LAST DECADE HAS SEEN A NEAR-COMPLETE RELIANCE ON IRAN



*CHARTERED BY NATIONAL IRANIAN OIL CO. ^COULD BE IRANIAN RE-EXPORTS. SOURCE: KPLER, MEES.

SYRIA'S CONTROL MAP AND OIL & GAS INFRASTRUCTURE



through its orchestration of a peaceful transition, and other calculated overtures to reassure the public, as it seeks to bolster the impression that the group has evolved into a 'national movement.'

But as Damascus hopes to revamp its regional alliances, many unknowns remain. Large swaths of the country are still outside the control of the HTS-appointed 'transitional' government (see map), and critical questions remain on whether HTS leader Ahmed al-Sharaa can lead an inclusive transition – HTS has yet to fully clarify the governance model it has in mind for Syria. The transitional government says it will remain in place until 1 March.

EU MEMBERS CALL FOR ENERGY TECH EXPORTS

Determining a governance model is a key question for Syria's Kurds, represented by the US-backed Syrian Democratic Forces (SDF), who control key oil-producing regions in northeast Syria.

Mr Sharaa has left these questions for a future 'national dialogue' to determine. Initially planned for January, that congress has been delayed indefinitely.

But it remains unclear who will lead this dialogue, and determine which groups will be involved in the planned 1000-person congress. HTS may want to be, but this will not be without backlash from Syrians and the international community. The group has promised to dissolve itself and integrate all rebel forces into a new national army after the congress.

For now, HTS has avoided major backlash

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and its efforts to engage regional actors are paying off. After a visit to Riyadh on 2 January by Syria's new foreign minister, Asaad Hassan al-Shibani, Saudi Arabia has taken a leading role in charting a pathway towards Syria's re-integration in the Arab world. Saudi Arabia has also revived its interests in Lebanon (see p11), which for decades was effectively a client state of Syria: helping shape the emerging polity in Damascus would strengthen its position in Beirut.

Following a 12 January Riyadh summit, involving Arab and EU foreign ministers, Saudi Arabia has urged its EU counterparts to take steps toward lifting sanctions. Six EU members have called for easing restrictions on financing, imports of high-value goods and the removal of "an export ban on oil and gas technology" with EU foreign ministers due to make an announcement on 27 January.

The latter will be key to rehabilitating Syria's dilapidated refineries. The country has two aging plants: the 1959-built 120,000 b/d Homs refinery and the 140,000 b/d 1975-built Banias plant on the Mediterranean coast. Years of sanctions, war, and constrained feedstock availability have left the facilities operating below their nameplate capacity. A number of simple topping plants in areas that were formerly held by rebels as well as the SDF-controlled northeast have also been operating in recent years.

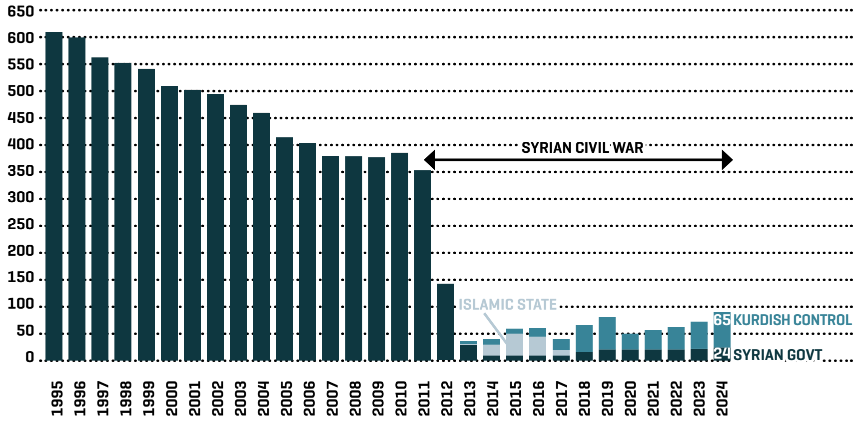
Iranian crude oil feedstock for the Banias and Homs refineries has often been supplemented with output from Kurdish and rebel-controlled areas (MEES, 25 September 2020). Crude demand in regime-controlled areas prior to the HTS takeover was estimated at 100,000 b/d, and limited feedstock led to rationing through the infamous 'e-card' system. In the aftermath of Assad's fall, many celebrated being able to fill a tank to the brim without fearing quotas, but this spike in demand risks accelerating the draining of stockpiles.

BANIAS READY TO RECEIVE CRUDE

Fuel prices vary across Syria, and the new authorities have sought to impose a unified price. This poses a challenge. The post-Assad chaos has seen unregulated venders take advantage, with some profiting from the upheaval by smuggling volumes in from neighboring Lebanon which faces shortages of its own.

The unlicensed topping plants outside of Assad-controlled territories enabled murky and de-centralized fuel markets to flourish throughout Syria (MEES, 14 May 2021), including in what was the HTS-controlled enclave of Idlib to where fuel was trucked cross-border from Turkey. To balance some of the shortages elsewhere, the HTS government has procured fuel volumes from Idlib, most of which is of Turkish origin. Basel Abdul Aziz, Syria's new economy minister, claimed on 23 December that these "imports" have "stabilized the situation." But resuming full operations at Banias and Homs, which meet around 70% and 90% of the country's heavy fuel oil and gasoline demand respectively, is crucial.

2: SYRIA'S OUTPUT HAS PLUMMETED AFTER A DECADE OF CIVIL WAR (000 B/D)



SOURCE: SYRIA'S MINISTRY OF OIL AND MINERAL RESOURCES, RYSTAD ENERGY, MEES.

However, Banias halted operations on 13 December citing the depletion of crude stocks, with operator Banias Refinery Company subsequently saying that the plant was undergoing maintenance.

The state-owned firm says that it concluded these works on 12 January, and that the refinery is now ready to receive feedstock. Current stocks are mainly of heavy crude "which cannot be refined," according to operators, with the plant requiring lighter volumes for blending. Banias was designed to operate on a 50/50 Syrian heavy/light grades diet.

Homs, given its proximity to previously regime-controlled oilfields west of the Euphrates River, appears to have continued operations without any serious interruption. Production from these fields was around 24,000 b/d last year (see chart 2), with Homs reportedly receiving around 15,000 b/d from these.

Syria's new oil minister, Ghiath Diab, a petroleum engineer from a Palestinian refugee family, paints a more dire picture of the situation. In an interview with CNBC Arabia on 12 January, he says that oil production under the new government's control "does not exceed 10,000 b/d," with gas output at just 8mn m^3/d (280mn cfd). Syria is also facing an electricity crisis with power provision down to two hours daily (see p10).

As for the refineries, Mr Diab says Homs typically operates at 40-50% capacity (40-60,000 b/d) while Banias at "up to 60%" (80,000 b/d). Temporary sanctions relief could enable equipment required to improve operations, but new plants are required to fully meet domestic demand without imports and that will require a long timeframe. The Assad regime had plans to develop new plants, and if the new government wishes to revive this, it will need financial support from overseas.

But before any of that can happen, the temporary government needs to secure crude feedstock. Speaking to state news agency Sana, the new minister notes that sanctions were never an impediment to Iranian flows in the past, and that now they unfairly have "stopped seaborne imports."

Mr Diab told the Attaqa news outlet that Syria has received promises from "various Arab countries" to supply crude, although as MEES went to press there was no indication from Kpler data or satellite imagery of any shipments arriving since late November.

The exception is the Russian-flagged 'General Skobelev' which is currently anchored offshore Tartus, where Russia maintains a naval base. The vessel brought 45,000 barrels of clean products from Saint Petersburg, apparently to replenish troops stranded there.

Nor is there any indication of supplies being shipped to Turkey and trucked over the border utilizing existing HTS supply networks.

With Syria in need of more than just crude oil, the energy ministry issued a tender on 12 January for 20,000 tons of LPG for delivery to Banias. The LPG tender closes on 19 January. In the past the Assad regime had circumvented sanctions by importing LPG from Turkey, with vessels masking their destination as Lebanon (MEES, 25 November 2022).

TURKEY: FIRST MOVER ADVANTAGE?

Ankara, which maintains close relations with HTS while directly backing other groups in the country that remain engaged against the Kurdish SDF, may feel tempted to allow shipments to Banias and take credit for being the first country to break Syria's shipping embargo.

Turkey has not been shy about its ambitions in Syria, with energy minister Alparslan Bayraktar telling CNN Türk on 10 January that his ministry has already sent two delegations to Damascus, with plans to expand its business there.

"We have been exporting electricity and fuel oil to Syria since 2017. There are local companies there. They buy from us and distribute. We will be looking for how we can take this further south." He adds that he wants trade to be led by private sector firms from both countries.

Aside from increasing Turkish electric-

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ity supplies to the country's north and extending it to Aleppo, Syria's second largest city, Mr Bayraktar wants his country to lead a "special study of Syria's oil sector" to unlock its potential in rebuilding the country. However, his comments about bringing Syrian output back to pre-2000s levels of around 600,000 b/d are wildly optimistic given that output was in steady decline even in the decade prior to the civil war (MEES, 7 January 2008).

Mr Bayraktar suggested that Syrian oil could in future be exported to Turkey via the Iraq-Turkey Pipeline, but this would require resolution of the disputes between Baghdad and Iraq's Kurdistan Regional Government as a first step (see p11).

LOOKING INWARDS: KURDISH OIL

As much as it seeks to portray itself as playing a positive role in Syria, Ankara's recent actions against the SDF-controlled areas are hindering a wider national reconciliation. Close HTS ties with Turkey may complicate the prospects of reaching an agreement with the SDF-led Kurdish autonomous administration.

In conjunction with the 27 November launch of the successful HTS offensive against Assad forces, the Turkey-backed Syrian National Army (SNA) began its own offensive against SDF, taking the cities of Manbij and Tel Rifaat in the north of Aleppo province. Fighting is ongoing with heavy casualties on both sides.

Speaking to a Chatham House panel on 13 January, John Sawers, chairman of Newbridge Advisory and ex-MI6 chief, says "the most important" group within Syria for HTS to engage with is the Kurds, and that Turkey "can play a constructive role in Syria, but at the moment is playing a rather critical one because it's seeing Syria through the lens of the Kurdish issue, rather than an opportunity to rebuild Syria." Ankara accuses the SDF of links to Turkey's separatist Kurdistan Workers Party (PKK), which it labels as a terrorist organization.

Syria's Kurdish-populated northeast is rich in resources that are necessary to rebuild the country, including oil and gas. It would make sense for the new Damascus government to procure crude volumes from the Kurds, as did the Assad regime in the past, an affair that Mr Diab was keen to highlight to CNBC. Syrian Kurds often truck surplus volumes to Iraqi Kurdistan, and such volumes could be re-routed westwards.

But in late 2024, Turkey conducted punishing air and artillery strikes on Kurdish areas, in support of the SNA offensive and in retaliation to a PKK attack on a Turkish defense contractor, targeting oil, electricity and water infrastructure. This has reportedly knocked down 30% of Kurdish-controlled oil production, leading to a fuel crisis and rationing. SDF areas produced about 65,000 b/d last year.

NEW SYRIA SEEKS 'JORDANIAN GAS' TO ALLEVIATE POWER SHORTAGES

Syria is currently suffering from acute fuel shortages (see main story) with the energy crisis extending to the already-dilapidated power sector. With Syrians only receiving two hours of daily power, the HTS-backed government has an 'accelerated plan' to raise provision to eight hours using gas imports "from a brotherly neighboring state regardless of the source of this gas" says new electricity minister Omar Shaqrouq.

Syria's new oil minister Ghiath Diab says the country's current gas output is 8mn m³/d (280mn cfd), whilst Mr Shaqrouq says 15mn m³/d (530mn cfd) more is needed to meet the eight hours/day target.

Speaking to Asharq News on 15 January, Mr Shaqrouq says talks are ongoing with Jordan to secure volumes via the Arab Gas Pipeline (AGP), which was built in the 2000s to supply Egyptian gas to Syria and Lebanon. After meeting the new Syrian electricity and oil ministers, Jordanian energy minister Saleh al-Kharabsheh said on 9 January that gas volumes will be received by the Energos Eskimo FSRU currently moored at Aqaba. Mr Shaqrouq expects talks to last up to two months given "existing contracts between [Jordan and other] countries."

In reality both Jordan and Egypt are now reliant on using the AGP in the other direction (north to south) to import Israeli gas, a dependence that is only set to grow over the coming years (see p2). Capacity on the route is currently 700mn cfd and is set to rise to 1.1bn cfd in the second half of 2026 with the completion of work on new compression station at Jordan's northern gas hub of Rehab which would act as the jumping off point for shipments to Syria (see map, p2).

Whilst it is correct that Jordan currently has an FSRU at Aqaba, pipeline logistics mean that the relatively modest imports here over the past year have flowed in the other direction to Egypt (MEES, 10 January).

And in any case the Energos Eskimo is set to leave Aqaba when Jordan's lease on the vessel expires at the end of summer 2025 (MEES, 6 December 2024). Though Jordan does, longer term, have plans for a permanent LNG import terminal (MEES, 23 August 2024), the basic economics are that Jordan pays around $7.5/mn BTU for gas imports from Israel, little more than half prevailing international spot LNG prices. So any gas sales deal from Jordan to Syria will in effect necessitate Jordanian state firm Nepco upping its offtake from Israel's Leviathan from 2024's 260mn cfd and re-selling the surplus.

Whilst for anyone with knowledge of pipeline logistics and sales contracts the origin of the gas will be obvious, it is not uncommon for gas to be rebranded and resold once it crosses international borders – Turkey has made billions of dollars over the last three years from the resale of Russian oil and gas.

And in pretending that the gas is 'Jordanian', Syria's new Islamist rulers will be aided by Jordan's own reluctance to acknowledge its reliance on Israeli gas.

Whether volumes will ultimately flow remains to be seen. A similar previous deal under which Israeli gas, rebranded as 'Egyptian,' was to have been piped to Lebanon via the Jordanian and Syrian sections of the AGP floundered due to a lack of funding (MEES, 21 January 2022). At the time it was unclear whether the gas network in southern Syria – which last saw northbound gas flows via the AGP in 2011 – was in a condition to accept renewed flows.

POWERSHIPS: NETWORK HURDLES

Should the 'Jordanian gas' option fail to materialize, Mr Shaqrouq says an alternative is to hire one or more floating power plants, potentially operated by Turkish firm Karpowership, to be moored at Banias and/or Tartus.

Mr Shaqrouq says two 400MW ships are "available" but could take up to four months to be connected given the need for new 230kV power lines to link the ships to the Syrian network.

Under such plans, Turkey and Qatar would pay for the vessels and potentially the fuel too. Liquid-fuel-fired powerships would be the simpler option, though Karpowership also offers an integrated 'LNG to Power' solution which features an FSRU.

However, notwithstanding that Syria's existing powergen capacity is heavily stretched, supplying either liquid fuel or crude for refining in Syria would appear to be a more straightforward solution.

Syria could also directly import more power. Turkey says it can hike cross-border supplies to 500MW from the current 210MW, with Jordan also proposing cross-border electricity exports.

Mr Shaqrouq says Syria's current operating capacity stands at 1.5GW, down on 2020's 4.4GW and a fraction of pre-war's 8.5GW, after the fleet suffered years of lacking maintenance, spare parts unavailability and feedstock shortages. Of this, 900MW is supplied to prioritized end-users – hospitals, services and strategic industries – leaving little to residential users.

With demand standing at 6.5GW in non-destroyed areas of the country, he is optimistic that stable 'Jordanian gas' imports could see provision rise to 12 hours a day, although that would require revamping existing plants.

IRAQ BUDGET TALKS HELD UP BY KRG SALARIES DEMAND

Iraq's semi-autonomous Kurdistan Regional Government (KRG) has called upon Baghdad to allow it a larger say in drafting the country's federal budget and ensure that public sector salaries in the region are paid in full for 2025 after delays in 2024. The calls came at an extraordinary 11 January meeting which grouped KRG ministers with Kurdish members of the Federal cabinet and Iraqi Parliament and comes after the Federal finance ministry delayed payment of December salaries, justifying its move by the non-receipt of what it sees as the KRG's share of revenues to the Federal budget.

Since the crude oil export pipeline to Tukey which Kurdistan had long relied on for oil exports and revenues was shut in March 2023, the KRG has relied on intermittent public salary-related transfers from Baghdad to avoid financial meltdown. Such payments became more reliable last year, but KRG PM Masoud Barzani called the latest delay "unjust" and alleged that it violates the constitution.

The meeting was attended by members of the two dominant Kurdish parties, PUK and KDP, with opposition parties absent. Harem Agha, head of the PUK bloc in Iraqi Parliament, says the meeting also demanded that Baghdad "speed up the [resumption of] oil exports from the Kurdistan Region."

NO DETAILS, NO IOC PAYMENT

Any such resumption is reliant on the Federal parliament approving a budget amendment allowing higher remuneration to IOCs in Kurdistan. However, this is being held up as Shia members of the parliamentary finance committee request further clarification from the finance ministry on how 'cost recovery' payments to the IOCs, in addition to any flat per-barrel fee, would be calculated (MEES, 10 January).

Federal finance minister Taif Sami was hosted by the committee on 11 January, stating that the amendment is a "technical file" and that her ministry has not been provided with requisite details. Furthermore, she accused the KRG of only handing over ID320bn ($246mn) in revenues last year out of "more than ID4 trillion [$3bn]" she claims were accrued, whilst Baghdad paid ID11trillion ($8.5bn) in KRG salaries.

Ms Sami says her ministry will not pay the IOCs unless it receives "reports containing full details on [oil] production and transportation costs in addition to domestic consumption," adding that this will be required to finalize the 2025 Federal budget. Ms Sami also says that IOC payment will also be contingent on the KRG "fully surrendering all oil and non-oil revenues" to Baghdad.

Baghdad politicking means that the amendment is unlikely to be passed swiftly, further delaying the potential restart of oil exports. Despite the resistance of some MPs in Baghdad, the amendment has the backing of major political blocs and senior officials expect it to pass eventually. ◆◆

ISRAEL & HAMAS AGREE CEASEFIRE: WILL IT HOLD?

A ceasefire between Israel and Hamas is poised to go into effect on 19 January, with indications as MEES went to press on 17 January that a meeting of Israel's cabinet to approve the deal was set to take place imminently. The plan is that the ceasefire would pave the way for an end to 15 months of war. Following Hamas' 7 October 2023 incursion into southern Israel in which it killed 1,200 people and abducted a further 251, Israel has lain waste to the Gaza Strip (MEES, 13 October 2023) and expanded the conflict into Lebanon and even conducted strikes in Iran.

Gaza's Hamas-run health ministry claims Israel's offensive has killed more than 46,000 people, with the majority of the strip's 2.3mn population displaced and widespread shortages of food and medicine.

The deal will enter effect just a day before the inauguration of US President Donald Trump who threatened that if the remaining Israeli hostages held by Hamas were not released by the time he took office "all hell would break loose."

The ceasefire will be implemented in three phases. The first, six-week phase will see Hamas release 33 hostages, mainly women, children and the elderly while Israel will release 1,300 jailed Palestinian prisoners. Israel will also withdraw its forces to the east, away from densely populated areas. Negotiations for the second phase, which would see the release of the remaining hostages and Israel's full withdrawal from Gaza will begin on the 16th day of Phase-1.

Phase-3 envisages the reconstruction of Gaza, which will require billions of dollars' worth of investment.

CALMER WATERS

This deal, along with the ceasefire agreed with Lebanon's Iran-backed Hezbollah in November (MEES, 29 November 2024) will help calm tensions in the region, which has also seen a switch of power in neighboring Syria after Tehran-backed Bashar al-Assad was toppled (see p8 & MEES, 13 December 2024). Yemen's Houthis have indicated a willingness to pause attacks on Red Sea shipping during the ceasefire, although it remains to be seen how keen international shipping firms will be to return to the route (MEES, 10 January).

LEBANON: NEW LEADERS SIGNAL WEAKENED HEZBOLLAH ROLE

Lebanese President Joseph Aoun this week appointed Nawaf Salam as the country's new Prime Minister – just one week after Mr Aoun himself was elected by Parliament – signaling a further shift away from Iran's 'axis of resistance' and toward an emerging pro-West bloc backed by the United States, France, and Saudi Arabia.

It also ends more than two years of political paralysis in the country that left it with a caretaker government that was essentially unable to pass any laws.

Mr Salam, who previously served as President of the International Court of Justice in the Hague, received 84 of 128 votes in his favor from lawmakers; the 34 abstentions came from Hezbollah and its Shia ally Amal which wanted to see caretaker PM Najib Mikati remain in charge. This effectively indicates unanimous support from Sunni, Christian, and Druze parties outside the pro-Iran bloc.

The government's rapid reorientation follows the fall of Syrian president Bashar al-Assad (see p8 & MEES, 13 December 2024), whose family dynasty had loomed over Lebanese politics since their 1976 invasion. It also coincides with the de-fanging of Hezbollah during the recent conflict with Israel.

The last week's developments beg important questions for both Lebanon's future and the region. With the Syrian land bridge from Iran effectively closed (and thus access to cash and weapons), and Iran's ability to coerce Lebanon's non-Shia parties minimized, will their bloc no longer influence politics? Lebanon's parliament is officially 50% Christian and 50% Muslim – but the latter 50% includes Sunnis, Shias, and Druze – a majority of whom can isolate the Shiite parties electorally.

PICKING SIDES

President Aoun's position remains precarious. Whilst supported by the West with the Lebanese now looking toward a brighter future, and fully aligned with the ceasefire agreement for the army to disarm Hezbollah south of the Litani River, he cannot agitate Hezbollah to an extent that it causes popular backlash and weakens his government.

After years of mismanagement, Lebanon's finances collapsed in 2019 and fell further into the abyss with the Beirut port blast a year later (MEES, 7 August 2020). The move to appoint a new PM and President has been met with a wave of hope although the Lebanese will be wary of celebrating too early having faced many a false dawn previously.

QATAR FACES LNG MARKETING CHALLENGE IN 2025

Concluding sales agreements for a mountain of LNG capacity due to become available in the second half of the decade is a major priority for QatarEnergy. The firm plans three expansion phases of its domestic LNG facilities which will add 64mn t/y of capacity by the end of the 2020s, and also has to market volumes from a major US project along with those from expiring contracts from its legacy projects.

Since signing the first sales deals for its expansion projects in 2023 (MEES, 25 November 2022), QatarEnergy has contracted 25mn t/y with various buyers, leaving it with another 39mn t/y to be marketed. Of the first phase North Field East (NFE) project's 32mn t/y, 18mn t/y has been contracted so far, and with deliveries slated to begin in 2026 there remains 14mn t/y left.

Meanwhile, a little under half of North Field South's (NFS) 16mn t/y capacity (7mn t/y) has been allocated under long-term supply agreements. None of the most-recently-announced 16mn t/y North Field West (NFW) capacity, expected online by 2030, has been contracted.

At the same time, QatarEnergy has to renew substantial volumes of expiring contracts from its 77mn t/y legacy LNG facilities. MEES calculates that 8.22mn t/y of contracts expired in 2024, although a more modest 0.7mn t/y is due to expire this year followed by a manageable 2mn t/y in 2026.

Overall, MEES estimates that Qatar has around 52mn t/y of LNG to place on the market by 2030, a huge volume (see chart 1). Backed by industry-leading low production costs, Qatar continues to resist buyer-pressure for flexibility on its 'no resale' clauses, which amid a weakening market makes the task of negotiating new contracts more arduous.

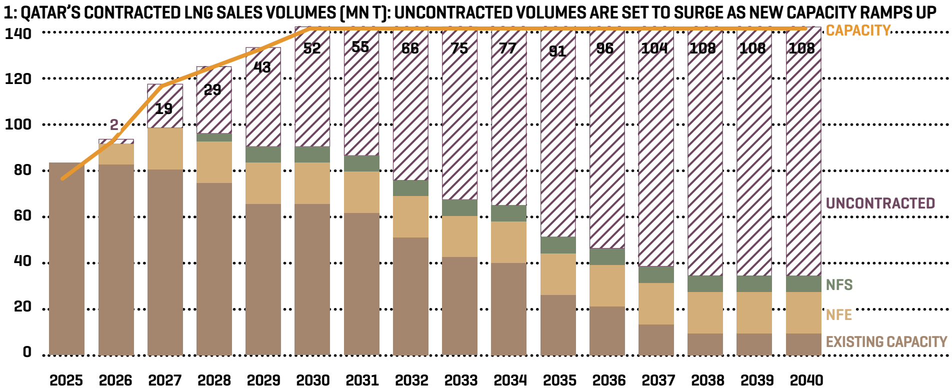
Qatar has been successful in negotiating new contracts, with 15.2mn t/y of non-expansion supply contracts signed last year. But the task is not getting any easier as Qatar is having to compete with an expected surge in US LNG supplied to the global market. This year alone the US will bring online 30mn t/y of capacity (MEES, 3 January). Closer to home, Adnoc aims to bring online its 9.6mn t/y Ruwais LNG plant in 2028 and says that it has signed sales commitments for 70% of capacity (MEES, 9 August 2024).

The IEA in its World Energy Outlook 2024 says the wave of new supply from both the US and Qatar will create a global supply overhang by 2030 which will "set the stage for fierce competition between suppliers" lowering prices.

QatarEnergy will itself be tapping into the US LNG boom, with the delayed 18mn t/y Golden Pass LNG terminal (QatarEnergy 70%, ExxonMobil 30%) due to start up by the end of 2025. QatarEnergy has made clear that its QatarEnergy Trading subsidiary will have responsibility for marketing volumes, and with no announced sales deals yet, it looks set to be selling volumes on the spot market (MEES, 28 October 2022).

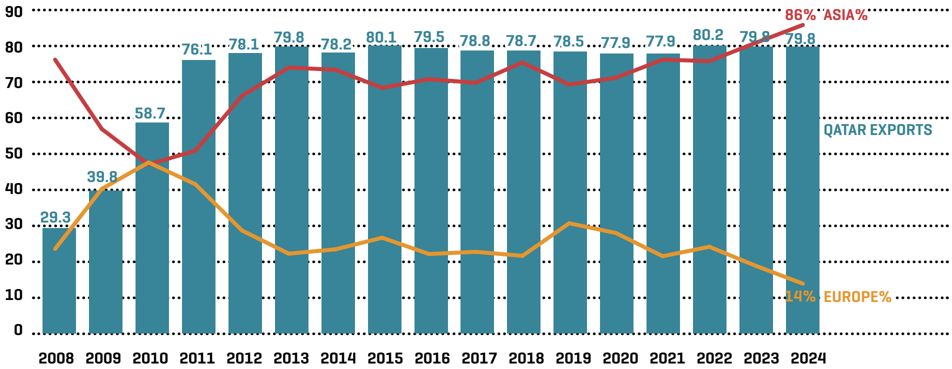
For the coming year Qatar will not see any large changes to its LNG capacity. ExxonMobil Senior Vice President Neil Chapman speaking on 11 December did say the firm, which is among QatarEnergy's partners at NFE, expects initial start-up by the end of 2025, although QatarEnergy has been clear that NFE supply contracts will begin in 2026.

1: QATAR'S CONTRACTED LNG SALES VOLUMES (MN T): UNCONTRACTED VOLUMES ARE SET TO SURGE AS NEW CAPACITY RAMPS UP



ALL FIGURES YEAR-END, CAPACITY RAMP-UP INFERRED FROM QATARENERGY ANNOUNCEMENTS. SOURCE: GIIGNL, QATARENERGY, MEES.

2: QATAR LNG EXPORTS REMAINED LEVEL IN 2024 WHILE EUROPE SHARE SLIPPED TO RECORD LOWS (MN TONS)



SOURCE: KPLER, MEES.

The largest deal that QatarEnergy signed last year was a 20-year renewal of a 7.5mn t/y deal with India's Petronet, which was due to expire in 2028. It also signed deals with buyers in Bangladesh, Kuwait, China as well another deal with India's Gail last year for volumes from existing trains, and a 4mn t/y deal with Taiwan's CPC linked to the NFE project.

Asia dominated QatarEnergy contract signings last year, as European buyers have shied away from Qatar's preferred long-term deals due to their stated targets of approaching 'net zero' within the 20+-year tenor of such contracts as well as expectations of ready access to spot US cargoes. At the end of 2024, QatarEnergy CEO and energy minster Saad al-Kaabi warned the EU against restrictive regulations, which he says imperil the possibility of future LNG supplies from Qatar (MEES, 13 December 2024).

2024: ASIAN GAINS, EUROPE WANES

In 2024, Qatar exported 79.76mn tons of LNG, essentially flat with the previous year's 79.75mn tons, according to data intelligence firm Kpler (see chart 2). Within this, however, there were significant regional shifts, with exports to Europe dropping to a 16-year low 11.2mn tons despite tightening restrictions on Russian pipeline gas.

Meanwhile, with the US having pushed Qatar out of the Americas, it sent a record 79.8mn tons to Asia. Chinese volumes rose to a record 18.8mn tons, cementing its position as Qatar's largest buyer for the third year in a row, and stand to rise further this year with the 1 January start of a deal inked with Shell last month for the supply of 3mn t/y into China (MEES, 6 December 2024). Supplies to most traditional Asian buyers long ago peaked as Qatar's market share has been eroded by Australia, but emerging markets such as Pakistan, Bangladesh and Kuwait also drove gains.

Kuwaiti volumes increased from 3.7mn tons to a record 4.1mn last year, and are poised to increase again this year thanks to a new five-year 3mn t/y contract. Kuwait has ample import capacity through the 22mn t/y Al Zour terminal, with the key limiting factor being failure to expand its power fleet to match soaring electricity demand.

Volumes to Europe should increase next year as TotalEnergies, Shell, Eni and ConocoPhillips have all committed to delivering NFE volumes to the continent from 2026, but prospects for a sizeable increase are limited this year.

Colder temperatures in winter across the continent, coupled with the closure of the final pipeline connection from Russia to Europe through Ukraine, has forced seasonally high stock drawdowns, supporting global spot gas prices. As Europe looks to replenish stocks this could lead to competition with Asia over LNG cargoes, but east of Suez suppliers such as Qatar are at a disadvantage against US suppliers given that Houthi attacks on Red Sea shipping have forced them to divert volumes around the Cape of Good Hope. ◆◆

Abu Dhabi's Moonshot: 24/7 Solar Power Generation

The UAE says it has cracked the code for clean, baseload power via a solar/battery project delivering 1GW of electricity 24/7. At $6bn it comes with a hefty price tag.

The UAE has launched what it labels the world's largest "round the clock" power project combining solar PV power and battery storage in Abu Dhabi. Two Abu Dhabi state firms, Ewec and Masdar, which are leading the emirate's renewables push are partnering to develop the facility which is intended to provide 1GW of baseload power generated from renewables day in, day out, with a planned startup date of 2027.

Sultan Al Jaber, Minister of Industry and Advanced Technology and Chairman of Masdar, unveiled the project on 14 January at the Abu Dhabi Sustainability Week (ADSW) conference, hailing the unprecedented scale of the project as "a first step that could become a giant leap for the world."

Highlighting the prominence of the development for the UAE, President Mohamed bin Zayed praised it as "a significant step on the UAE's journey towards net zero." He added that it will "help power advancements in AI and emerging technologies, supporting delivery of the UAE National Strategy for Artificial Intelligence 2031 and the Net Zero by 2050 strategic initiative." The UAE's plans to develop large scale data centers is expected to boost domestic energy demand, with Adnoc Gas recently flagging it up as a major source of domestic gas demand growth (MEES, 13 December 2024).

Energy Minister Suhail al-Mazrouei says that the "inspirational" project "is just the beginning for more projects here and in the region where we can unlock the full potential of solar."

WE'VE FOUND THE SOLUTION

The $6bn project entails the development of a 5.2GW solar PV plant in Abu Dhabi which will be coupled with a 19GWh battery energy storage system (BESS). The facility will span 90km² at al-Azeezah in southern Abu Dhabi, around 50km south of the planned Zarraf solar PV plant (see map). It will then be connected to the grid in order to reliably supply a 1GW baseload of power. The plant will join the 5.6GW Barakah nuclear power plant as a provider of clean baseload electricity.

On 17 January, Masdar announced that India's Larsen & Toubro and Powerchina have been selected as preferred EPC contractors.

Abu Dhabi is already a regional leader of renewable electricity, with its 2.6GW of currently installed solar capacity accounting for nearly half of the UAE's 5.5GW solar total. It has another 4.5GW of solar projects at various stages of tendering, with 10GW capacity planned by 2030, rising to 18GW by 2035 (MEES, 3 January). The addition of this latest project brings Abu Dhabi's announced project pipeline to 12.1GW, putting it on track to easily surpass its 2030 target (see chart 1).

The downside of these projects has always been the intermittency inherent to renewables, with alternatives required to provide reliable baseload. For instance, the 1.5GW Dhafra PV plant provided an average of 444MW for the grid in 2023.

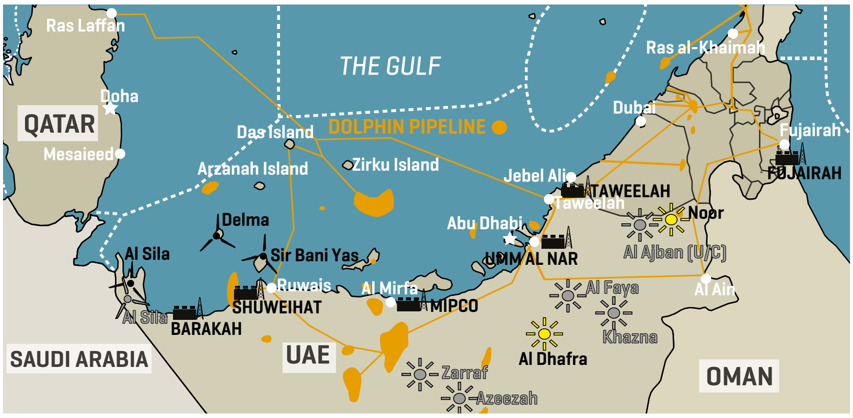
"For decades, the biggest barrier facing renewable energy has been intermittency—to be able to source uninterrupted clean power day and night. This has been the moonshot challenge of our time, and now, thanks to the resolute support of President His Highness Sheikh Mohamed bin Zayed Al Nahyan, with this groundbreaking project we have found the solution," says Mr Jaber.

But such pioneering solutions come at a cost. Abu Dhabi's largest solar PV plant, the 1.5GW Al Dhafra, cost around $1bn to develop, and using this as a template implies costs of approximately $3.5bn for 5GW of solar PV. That leaves around $2.5bn for the BESS side of the project; a substantial sum even after BESS prices have been falling markedly in recent years.

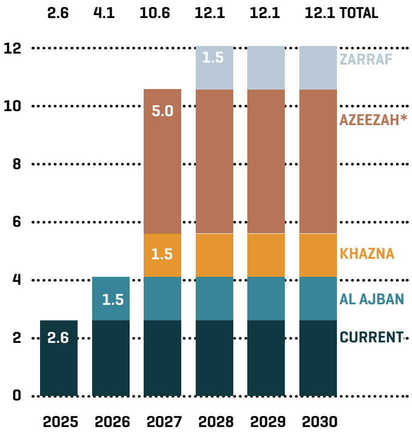
By comparison, the 5.6GW Barakah nuclear plant, which is the dominant producer of 'clean' power in Abu Dhabi (see chart 2), cost $24.4bn to develop, which equates to around $4.3bn per GW – significantly less than this project's $6bn cost for 1GW of baseload electricity, although it isn't directly comparable as MEES understands that there will be periods when the facility will provide substantially more than 1GW.

Although Abu Dhabi has not yet installed BESS in the emirate – Ewec last year launched tenders for a facility capable of storing up to 800MWh – Masdar has developed capability in the sector. It acquired UK BESS developer Arlington Energy in 2022, which last year broke ground on two BESS projects as part of a 3GWh UK project pipeline. ◆◆

EWEC'S POWER GENERATION FACILITIES

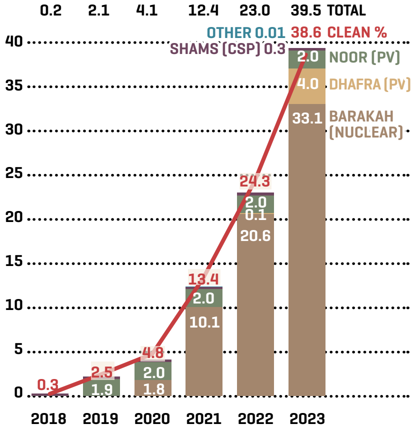


1: ABU DHABI'S CURRENT SOLAR CAPACITY PIPELINE^ ENVISAGES 12.1GW FROM 2028 (GW)



^EXCLUDES FAYAH PROJECT WHICH HAS YET TO BE TENDERED. *ASSUMES AZEEZAH PROJECT BROUGHT ONLINE IN ONE PHASE. SOURCE: EWEC, MEES.

2: ABU DHABI 'CLEAN' POWER GENERATION (TWh): NUCLEAR AND SOLAR TOGETHER NOW ACCOUNT FOR NEARLY 40% OF EWEC'S TOTAL CAPACITY



SOURCE: EWEC, MEES.

Saudi Tadawul Group Primes Gulf Mercantile Exchange For Growth

Front month activity on the GME's flagship Oman crude oil contract surged 20% last year. Following completion of a major investment from Saudi Arabia's STG, the GME is now preparing to launch a series of new benchmarks to move from being a regional player to global relevance and drive forwards Vision 2030.

As the owner of Saudi Arabia's stock exchange, the Saudi Tadawul Group (STG) is responsible for capital markets development in the kingdom, creating an environment for private sector growth and international investment in line with Vision 2030.

STG was itself listed on the Tadawul exchange following an IPO in December 2021 and has since seen rapid growth. "The IPO not only positioned us to better engage with Vision 2030 but also supported the rise of the Group from regional prominence to global relevance," says Group Chief Strategy Officer Lee Hodgkinson tells MEES. "That the Saudi exchange is now one of the ten largest equity market in the world is testament to the alignment with the objectives of Vision 2030," he notes.

As STG looks to build on this momentum, its stated aim is for Saudi Arabia to have one of the top three largest stock markets globally, serving as a bridge between global investors and regional economies. Capital raised through IPOs over the first nine months of 2024 was up 8.6% to $2.7bn, while another $12.35bn was raised by Saudi Aramco's secondary offering, which crucially attracted strong interest from international investors (MEES, 16 June 2024).

"They have done a lot of work on the equity and debt market side in recent years," AGSIW Visiting Fellow Tim Callen says. "This is all to support their aim of becoming a regional, or even global, financial sector," says Mr Callen who formerly served as the IMF's mission chief for Saudi Arabia, adding that "on the equity side there is a lot of work going on to develop market infrastructure in line with global best practices." As well as enabling local firms to raise capital through IPOs, a strong capital market will also allow Saudi Arabia's PIF sovereign wealth fund to generate liquidity through selling off stakes in mature assets.

VISION 2030: NO TIME TO REST

One of the most notable developments last year for STG was its purchase of a 32.6% stake in the Dubai Mercantile Exchange, which was then renamed the Gulf Mercantile Exchange (GME) to reflect its increasingly regional scope (MEES, 6 September 2024). STG is now the joint-largest shareholder alongside Chicago's CME Group, while other major shareholders such as the Oman Investment Authority (OIA) and Dubai Holding retain stakes. The exchange will remain in Dubai's DIFC and be regulated by the DFSA for the foreseeable future.

Khalid al-Hussan, Group CEO of STG praised the transaction when it was announced in January 2024 for providing "access to one of the most important asset classes globally for the first time, embedding commodities trading into the Middle East's largest capital markets group" (MEES, 26 January 2024). With the transaction closed, STG and its partners now plan to transform the GME, which offers the Oman crude oil futures contract, through the addition of benchmarks in a range of key commodities.

Commodities exchanges are relatively new entrants to the Middle East, where the key commodity, oil, has traditionally been sold directly from producer to refiner, often with destination restrictions and no-resale clauses. The GME itself was founded in 2007 (MEES, 20 November 2006), but after a relatively slow start, Middle East derivatives contracts are now playing an increasingly prominent role in the global oil market, and in 2021 the ICE Futures Abu Dhabi (IFAD) exchange was launched alongside its Murban futures contract (MEES, 2 April 2021).

National Oil Companies in the region have also sought to move into the trading sector, with Saudi Aramco a relatively early mover, establishing the Aramco Trading Company (ATC) in 2010. However, the absence of a commodities market was increasingly anomalous. "Saudi Arabia is one of the few G20 nations that doesn't have a commodities market. And one could argue that it should be one of the first, given the natural affinity with the resource industry," Mr Hodgkinson notes.

> Our strategic posture for this is very much a regional play in Saudi-led products... through the regional platform, we will gain global relevance."
>
> "You have to put the industrial client at the heart of your strategy and work on serving their needs.
>
> *- Lee Hodgkinson, Chief Strategy Officer, Saudi Tadawul Group*

Once STG made the strategic decision to enter the commodities market, the question then was to build or to buy. Many brand-new exchanges have been established over the years, but there is a high rate of failure, and it typically takes years to gain traction even if they do succeed; while Vision 2030 demands near-term results.

That left buying into an existing exchange as the more attractive proposition, and GME with its existing shareholder base as partners was especially compelling. For the legacy GME shareholders, STG offers valuable financial backing and a strategic drive to expand operations beyond the Oman crude futures benchmark.

2025: LAYING THE FOUNDATIONS

The GME has consistently stated that the partnership will enable it "to capture demand for energy, metals, and agricul-

Continued on – p15

Continued from – p14

tural commodity markets and support the ongoing global transition to a sustainable economy through the launch of next-generation derivatives contracts as part of the transition to a sustainable economy."

STG's Mr Hodgkinson reiterates this, stating that "If you look at Vision 2030, and the core sectors that are driving that; metals and mining, agriculture and food more generally, there's so much opportunity." Saudi Arabia is placing a huge emphasis on expanding its metals and critical minerals sector – this week alone saw Saudi Aramco announce plans for lithium extraction in partnership with state mining firm Ma'aden, with potential output from 2027 (see p5) – and creating regional commodities benchmarks aligns with these development goals.

As Saudi Arabia increasingly focuses on developing the untapped potential of its mining sector, officials emphasize that mining will be the "third pillar" of the economy. The sector's contribution is planned to increase from around $17bn currently to $75bn by 2035. New GME benchmark prices can help enable this growth play.

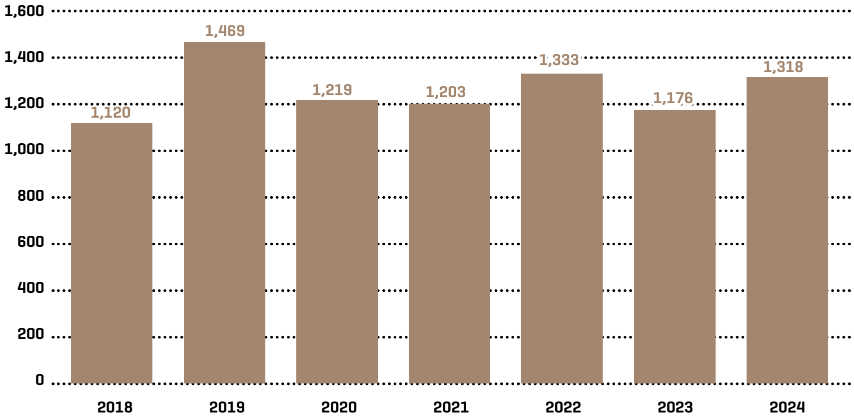
"Our strategic posture for this is very much a regional play in Saudi-led products," explains Mr Hodgkinson. In assessing which commodities to create new benchmarks for, the GME will be focusing on commodities which Saudi Arabia intends to produce domestically. But the plan is to develop benchmarks which will be used to price commodities being produced elsewhere in the Middle East; "the key for the commodity business is to pursue that regional platform, because through the regional platform, we will gain global relevance."

With the STG investment now complete, the external focus is turning to what comes next and whether 2025 will see GME take its first steps into new commodities. "This is a year for putting in place the foundations for growth, but you will start seeing action. We spent a lot of time with our partners as we were working through the transaction so that we could hit the ground running once it had closed."

As the owner of Saudi Arabia's stock exchange, STG routinely holds discussions with Saudi-listed firms whose finances are directly impacted by commodities prices, with these conversations helping the firm steer the planned future direction of GME. "There are some fantastic and rich conversations going on about where we can provide solutions to real economy actors. Our job is to help them be successful through efficient risk management tools, to serve those clients rather than set the pace," says Mr Hodgkinson.

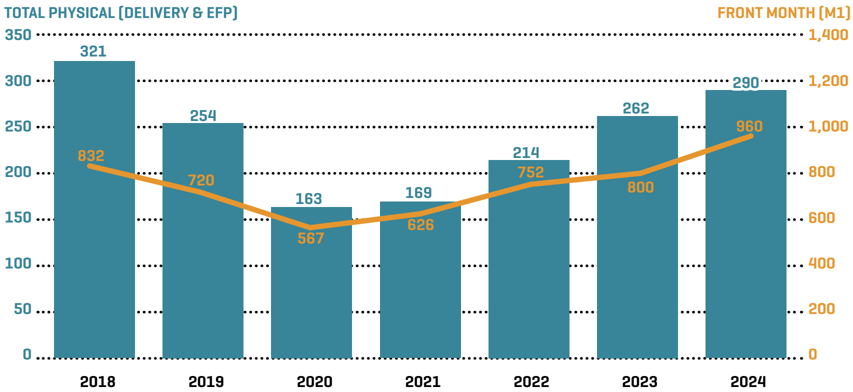
"You have to put the industrial client at the heart of your strategy

1: TOTAL GME OMAN FUTURES VOLUMES HAVE BEEN RELATIVELY STEADY IN RECENT YEARS (MN BBLS)...



1,000 BARRELS = 1 CONTRACT. SOURCE: GME, MEES.

2: ...BUT FRONT MONTH VOLUMES AND PHYSICAL DELIVERIES* HAVE BEEN RISING STRONGLY (MN BBLS)



*INCLUDES EXCHANGE FOR PHYSICAL (EFP) TRADES. SOURCE: GME, MEES.

and work on serving their needs. If you get that right, you'll bring liquidity from all the financial firms and the traders and it will work," he adds.

GME OMAN VOLUMES EDGE UP

This year may well see the launch of new benchmarks for the GME, but the Oman crude oil futures contract will remain its key product for the foreseeable future. As well as setting the Official Selling Price (OSP) for Omani crude exports, Saudi Aramco and Kuwait's KPC use the GME Oman benchmark for pricing their exports to Asia. It is therefore a key component of the Middle East's crude oil pricing complex alongside Platts Dubai and the newcomer, IFAD Murban.

A total of 1.32 million of GME's 1,000-barrel contracts were traded in 2024, equivalent to 1.32bn barrels (see chart 1). While this was up 12% year-on-year it remained just below 2022 levels and total volumes were well below the record 6mn contracts of IFAD Murban contracts traded last year (MEES, 10 January).

Unlike IFAD, GME has been prioritizing building out activity at the front of the curve, and front-month (M1) volumes jumped by 20% to a record 959,565 contracts for 2024. The M1 price is used for setting Oman's OSP and so strong liquidity here is essential. Underlining the growing role of the contract as a mechanism for procuring Oman crude, total

> **We remain focused on creating value for our participants and contributing to the broader GCC economy.**
>
> *-Raid al-Salami, Managing Director, Gulf Mercantile Exchange*

physical deliveries through the exchange rose to a six-year high 290mn barrels last year (see chart 2), despite total Oman crude exports staying flat at around 848,000 b/d for 2024 (309mn barrels).

However, with M1 now accounting for a six-year high 73% share of total trades, the contract is an increasingly effective tool for physical procurement of Oman crude but a limited tool for hedging.

Speaking on last year's performance, Raid al-Salami, GME Managing Director, said "the 12% increase in total volume and the remarkable 20% growth in front-month [volumes] demonstrate our ability to meet market demands effectively." In a nod to the transformations underway, he added that "as we continue to innovate and expand, we remain focused on creating value for our participants and contributing to the broader GCC economy."

NEWS IN BRIEF

BP-KIRKUK: NOT QUITE THERE

Iraq and BP on 15 January signed another MoU for the re-development of the aging Kirkuk oilfield in the north of the country during PM Mohammed al-Sudani's official visit to the UK. The visit came right after both parties agreed technical terms in late-December (MEES, 20 December 2024), indicating that details are yet to be fully ironed-out.

A person involved in the negotiations says the new MoU is another step in "ongoing discussions" and that hopes remain that a deal could be concluded by early 2025. That target was previously publicized by BP, with CEO Murray Auchincloss saying in late November that he wishes to sign "ahead of February," whilst cautioning "let's see how it goes" (MEES, 29 November 2024).

Given Iraq's difficult operational environment, BP will be taking a cautious approach in assessing whether to commit, as its French peer TotalEnergies did by negotiating for almost two years to secure favorable terms for its southern project (MEES, 14 July 2023). BP's share price has underperformed that of its peers in recent years, a situation that Mr Auchincloss hopes to rectify with his "back to the Middle East" agenda. The firm has a long history at Kirkuk, but after completing a study of the aging field, walked away in 2020 (MEES, 24 January 2020).

Like Total's GGIP project, BP's remit would span gas investment, power generation and solar, as well as reversing oil declines at Kirkuk's Baba and Avanah domes and at the neighboring Bai Hassan, Jambur and Khabbaz oil fields. If negotiations extend to late 2025, they risk getting caught up in October's parliamentary elections.

TOTAL TO CUT IRAQ FLARING

TotalEnergies aims to "reduce gas flaring significantly" at the Ratawi oilfield in Iraq where it took over as operator last year, an informed source tells MEES. The French major on 10 January laid the foundation for the 50mn cfd 'ArtawiGas25' processing facility, which is targeted for end-2025 completion. Ratawi's associated gas output of around 30-35mn cfd is currently flared.

If delivered on time, the 50mn cfd "modular design" facility may well end flaring at the Basra field this year. The $250mn project, also dubbed the 'Accelerated Gas Project (AGP)' by the oil ministry, will be delivered standalone and is not part of the Total-led 600mn cfd Ratawi Gas Hub. Minister Hayan Abdulghani says the project "is outside the remit of the [original] contract given the need to secure gas to power plants." The project serves to bridge gas shortages in the run up to the hub's two 300mn cfd units, which are due online in 2028 and 2030. Bundled into the Gas Growth Integrated Project (GGIP: Total 45%op, Basra Oil 30%, QatarEnergy 25%), Total will also deliver the first 250MW phase of its 1GW solar plant at Ratawi later this year, with deputy oil minister for gas affairs, Izzat Sabir, estimating a combined 500MW generated by gas from ArtawiGas25 and the first solar addition. Basra Oil Co is not a partner at the solar plant.

PETRO RABIGH EYES ENHANCED CRUDE-TO-CHEMICALS

Saudi Arabia's Ministry of Energy announced on 16 January that Petro Rabigh and Honeywell UOP have signed an MoU examining enhanced crude oil to chemicals conversion. The MoU includes licensing and the demonstration of Honeywell UOP's naphtha-to-ethane and naphtha-to-propane technology, which the US firm says "efficiently converts light naphtha and butanes into ethane and propane, providing a flexible, cost-effective, and sustainable solution for ethylene and propylene production," while reducing CO_2 emissions.

Petro Rabigh operates a 400,000 b/d refinery integrated with petrochemicals facilities with capacity to produce up to 2.8mn t/y of polyethylene, mono ethylene glycol, polypropylene and propylene oxide & other petrochemical derivatives. Currently Aramco and Japan's Sumitomo Chemical each own 37.5%, with 25% listed on the Tadawul, but the Saudi firm is buying 22.5% from its partner to try and support the loss-making entity (MEES, 9 August 2024).

Saudi Aramco is looking to enhance its liquids-to-chemicals capacity, expanding it from 2mn b/d currently to 4mn b/d by 2030 (MEES, 22 November 2024). Potential transactions such as this are intended to strengthen the company's chemicals strategy.

IRAN GASOLINE CONSUMPTION UP

National Iranian Oil Products Distribution Co (NIOPDC) announced on 12 January that gasoline consumption for the current Iranian year (from 20 March 2024) has to date averaged 124mn l/d (780,000 b/d), up 7.4% on 115.4mn l/d (726,000 b/d) for the year-ago period. CEO Keramat Veis Karami adds that diesel consumption has risen faster still, up 9% on the year-earlier 110mn l/d (692,000 b/d) to an implied 120mn l/d (755,000 b/d).

Iran's oil consumption continues to rise thanks to generous subsidies but refining capacity has flatlined amid US sanctions. As a result, Iran has returned to gasoline imports, after ceasing them in 2018, with Tehran allowing the private sector to import high-octane 'premium' gasoline last November.

ADNOC GAS TARGETS GRAPHENE

Adnoc Gas says that it has partnered with Baker Hughes to install British firm Levidian's patented LOOP technology at its Habshan gas processing plant. The unit will capture carbon from methane, transforming it into graphene and yielding hydrogen, and Habshan marks its first deployment at an operational gas processing site. The firm says the LOOP unit is capable of producing more than 1 t/y of graphene and 1 t/y of hydrogen, with planned future industrial-scale installations expected to deliver 15 t/y of each.

The Abu Dhabi state firm says the graphene produced at Habshan will be evaluated by Adnoc's Technology team and highlights potential applications in EV batteries, solar panels.

TAIWAN CRUDE IMPORTS ('000 B/D): US CLOSES GAP TO TOP SUPPLIER SAUDI ARABIA IN 2024

	2024	vs 2023	%	2023	2022	2021	2020	4Q24	vs 3Q24	%	vs 4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
Middle East	**550**	-24.9	-4.3	**575**	**610**	**579**	**535**	**501**	-77.8	-13.4	-39.2	-7.3	**579**	**591**	**531**	**540**	**458**	**530**	**514**
% of total	*70.7*	*-1.2*		*71.9*	*73.3*	*74.9*	*73.9*	*72.7*	*-0.5*		*-0.4*		*73.1*	*67.7*	*69.7*	*73.1*	*71.1*	*76.4*	*70.5*
Saudi Arabia	249	-9.7	-3.8	259	276	252	243	219	-14.6	-6.2	-32.3	-12.8	234	269	275	252	186	198	274
% of total	*32.1*	*-0.4*		*32.4*	*33.1*	*32.6*	*33.5*	*31.8*	*+2.3*		*-2.2*		*29.6*	*30.8*	*36.1*	*34.1*	*28.9*	*28.5*	*37.6*
Kuwait	104	-37.2	-26.4	141	170	164	145	109	+20.7	+23.4	-10.0	-8.4	88	131	87	119	98	98	130
UAE	80	+13.7	+20.8	66	76	80	73	85	-8.3	-8.9	+32.5	+62.3	93	82	59	52	109	67	77
Oman	64	-0.4	-0.7	64	55	41	26	43	-42.0	-49.3	-8.2	-16.0	85	63	64	51	65	65	0
Qatar	40	+20.1	+102.7	20	9	7	11	45	-11.9	-21.1	-21.1	-32.2	57	35	24	66	0	101	32
Iraq	14	-5.5	-29.0	19	13	35	38	0	-21.6	-100.0	-	-	22	11	21	0	0	0	0
Other	**228**	+3.7	+1.6	**224**	**222**	**194**	**189**	**188**	-24.2	-11.4	-10.7	-5.4	**212**	**282**	**231**	**199**	**186**	**164**	**215**
USA	222	+16.8	+8.2	205	173	145	134	179	-33.7	-15.9	-12.3	-6.4	212	282	215	191	186	164	187
Chad	3	-6.5	-67.1	10	12	17	10	9	+9.5	-	+5.7	+153.3	0	0	3	4	0	0	28
Norway	3	+3.0	-	0	0	0	0	0	-	-	-	-	0	0	13	0	0	0	0
TOTAL	**778**	-21.2	-2.6	**799**	**832**	**773**	**725**	**689**	-102.0	-12.9	-49.9	-6.7	**791**	**873**	**762**	**739**	**644**	**694**	**730**
of which Opec	560	+6.5	+1.2	553	564	554	536	413	-23.9	-5.5	-9.8	-2.3	437	493	443	423	393	364	482
% of total	*71.9*	*+2.7*		*69.2*	*67.7*	*71.7*	*73.9*	*59.9*	*+4.7*		*+2.7*		*55.2*	*56.5*	*58.1*	*57.2*	*61.1*	*52.5*	*66.1*

SOURCE: TAIWAN CUSTOMS, MEES CALCULATIONS.

SOUTH KOREA 2024 CRUDE IMPORTS: UAE & USA GAIN ON DOMINANT SAUDI

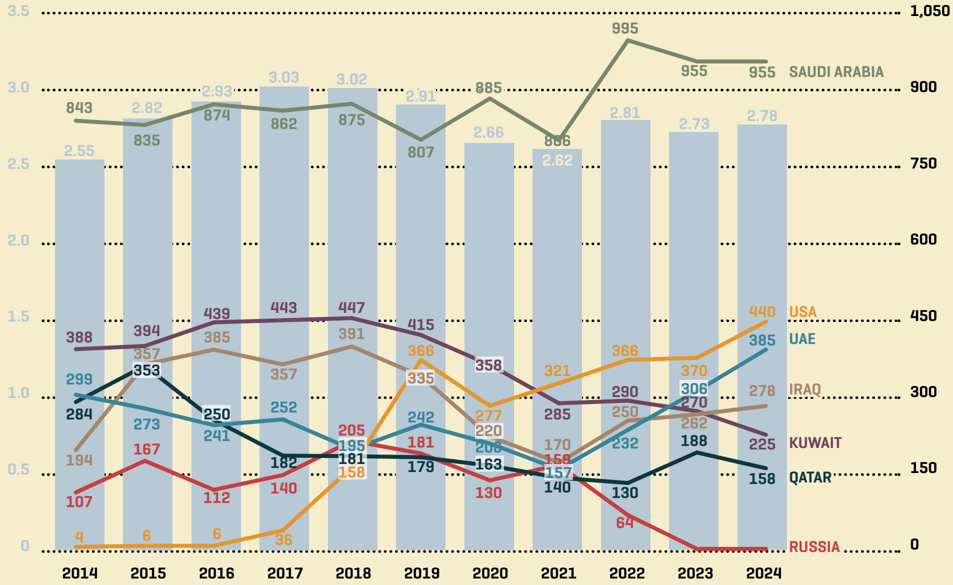
SELECTED DATA

*South Korea, the world's number four crude importer after China, the USA and India, saw imports rise by just under 2% to 2.78mn b/d for 2024, though this remains 250,000 b/d shy of the record annual import figure of 3.03mn b/d set in 2017 (see chart & table).

*Latest official Korean import stats show that Saudi Arabia retained top supplier spot, as it has by a wide margin for all 30 years of the MEES database. 2024's Saudi volumes of 955,000 b/d were bang in line with those for 2023.

*In contrast Korea's number two and number three suppliers both notched up big gains. Number two the USA was up 19% year-on-year at an all-time high 440,000 b/d for 2024, whilst number three the UAE was up 26% at 385,000 b/d, a 16-year high. Iraq, up 6% at 278,000 b/d, overtook Kuwait, down 17% at 245,000 b/d for number four spot, with number six Qatar also down.

SOUTH KOREA CRUDE & CONDENSATE IMPORTS ('000 B/D): USA & UAE CLOSE GAP ON DOMINANT SAUDI



SOURCE: KOREA CUSTOMS, MEES.

KOREA CRUDE IMPORTS ('000 B/D): SAUDI MAINTAINS TOP SUPPLIER SPOT FOR 2024

	2024	vs 2023	%	2023	2022	2021	2020	4Q24	vs 3Q24	%	vs 4Q23	%	3Q24	2Q24	1Q24	4Q23	Oct24	Nov24	Dec24
MIDDLE EAST	**2,018**	+25	+1.2	**1,993**	**1,907**	**1,576**	**1,843**	**2,011**	+72	+3.7	+49	+2.5	**1,938**	**2,042**	**2,081**	**1,962**	**1,996**	**2,155**	**1,880**
% of total	*72.5*	*-0.5*		*72.9*	*67.9*	*60.2*	*69.3*	*75.0*	*+6.4*		*+4.7*		*68.7*	*73.7*	*72.6*	*70.3*	*73.6*	*77.2*	*74.2*
Saudi Arabia	955.2	+0.5	+0.1	954.7	995.2	806.3	885.3	995.9	+68.3	+7.4	+60.3	+6.4	927.6	958.9	938.3	935.6	966.0	991.4	1,030
% of total	*34.3*	*-0.6*		*34.9*	*35.5*	*30.8*	*33.3*	*37.2*	*+4.3*		*+3.6*		*32.9*	*34.6*	*32.7*	*33.5*	*35.6*	*35.5*	*40.6*
UAE	385.3	+80	+26.1	305.6	232.5	156.8	206.1	371.5	+37.0	+11.1	+34.9	+10.4	334.5	424.7	410.3	336.7	434.5	393.0	287.2
Iraq	277.7	+16	+6.2	261.6	249.6	170.2	220.1	283.5	+23.9	+9.2	-9.9	-3.4	259.6	266.0	301.5	293.4	261.1	273.5	315.9
Kuwait	224.8	-45	-16.6	269.5	289.9	284.7	357.8	225.1	+0.1	+0.0	-30.0	-11.8	225.1	187.4	261.8	255.2	219.6	287.0	168.8
Qatar	157.5	-31	-16.3	188.3	130.0	139.6	163.5	121.8	-49.6	-29.0	+13.4	+12.3	171.4	182.6	154.2	108.4	108.1	179.1	78.1
Oman	17.3	+4	+29.0	13.4	9.5	17.9	10.6	12.7	-7.2	-36.3	-19.7	-60.8	20.0	22.0	14.5	32.5	6.7	31.5	0.0
AFRICA	**45.4**	+3	+6.8	**42.5**	**73.4**	**84.8**	**61.5**	**50.1**	+3.2	+6.9	-14.3	-22.2	**46.9**	**36.5**	**48.1**	**64.4**	**59.3**	**57.8**	**33.2**
Algeria	36.0	+12	+51.5	23.8	21.7	24.0	24.4	34.1	+0.1	+0.2	+4.0	+13.2	34.0	32.2	43.7	30.1	33.2	35.9	33.2
Nigeria	7.1	-6	-44.4	12.7	24.7	18.2	22.8	11.4	+3.2	+38.7	-8.8	-43.5	8.2	4.2	4.4	20.3	12.4	21.9	0.0
Mozambique	2.4	+2	-	0.0	0.0	0.0	0.0	2.0	-0.5	-21.0	+2.0	-	2.5	2.4	2.6	0.0	0.0	5.9	0.0
Equatorial Guinea	2.3	+2	-	0.0	7.4	9.1	6.0	4.6	-0.0	-0.6	+4.6	-	4.6	0.0	0.0	0.0	13.7	0.0	0.0
AMERICAS	**587.1**	+82	+16.2	**505.5**	**550.2**	**558.3**	**467.0**	**523.3**	-148.8	-22.1	-59.9	-10.3	**672.2**	**591.1**	**561.8**	**583.3**	**591.1**	**469.8**	**509.2**
United States	440.2	+71	+19.1	369.5	365.6	321.5	276.5	381.9	-101.4	-21.0	-88.7	-18.9	483.3	470.2	425.6	470.6	412.2	361.5	372.0
Mexico	71.5	-10	-12.5	81.7	108.3	146.5	133.9	62.3	-36.8	-37.2	-22.4	-26.5	99.1	60.3	64.3	84.7	65.3	56.6	65.0
Brazil	64.9	+15	+30.7	49.7	62.9	64.1	46.2	79.2	+16.8	+26.9	+51.2	+182.8	62.4	60.6	57.4	28.0	113.6	51.7	72.3
Ecuador	5.9	+1	+28.2	4.6	2.7	2.9	0.0	0.0	-11.1	-100.0	+0.0	-	11.1	0.0	12.3	0.0	0.0	0.0	0.0
Canada	4.1	+4	-	0.0	6.8	14.0	1.6	0.0	-16.3	-100.0	+0.0	-	16.3	0.0	0.0	0.0	0.0	0.0	0.0
FSU/EUROPE	**51.6**	-63	-54.9	**114.4**	**213.1**	**325.0**	**221.2**	**7.3**	-53.8	-88.0	-91.6	-92.6	**61.1**	**33.1**	**104.8**	**99.0**	**0.0**	**22.0**	**0.0**
Kazakhstan	29.9	-72	-70.6	101.6	116.6	69.6	43.9	0.0	-31.8	-100.0	-54.4	-100.0	31.8	33.1	54.6	54.4	0.0	0.0	0.0
United Kingdom	16.4	+5	+47.4	11.1	25.2	49.3	23.8	0.0	-22.0	-100.0	-44.6	-100.0	22.0	0.0	43.7	44.6	0.0	0.0	0.0
Norway	5.3	+4	+206.8	1.7	7.7	47.4	23.9	7.3	-0.0	-0.6	+7.3	-	7.4	0.0	6.5	0.0	0.0	22.0	0.0
ASIA/OCEANIA	**83.0**	+6	+8.0	**76.9**	**62.8**	**72.5**	**65.2**	**88.2**	-16.3	-15.6	+6.0	+7.2	**104.5**	**69.4**	**70.2**	**82.2**	**66.1**	**85.7**	**112.7**
Australia	66.4	+4	+6.9	62.1	51.4	55.6	34.7	58.7	-36.1	-38.1	-7.8	-11.7	94.8	58.3	53.7	66.5	40.2	59.6	76.3
Papua New Guinea	6.5	+3	+103.2	3.2	1.6	8.1	9.3	19.4	+12.7	+190.9	+19.4	-	6.7	0.0	0.0	0.0	19.5	19.3	19.6
New Zealand	4.4	+2	+52.8	2.9	0.4	0.4	0.0	0.0	-3.0	-100.0	-5.8	-100.0	3.0	8.5	6.1	5.8	0.0	0.0	0.0
Indonesia	3.4	+1	+25.8	2.7	0.0	1.7	1.0	6.5	+6.5		+1.8	+36.7	0.0	2.5	4.4	4.8	6.4	6.9	6.2
TOTAL	**2,785**	+53	+1.9	**2,732**	**2,806**	**2616**	**2658**	**2,680**	-143.3	-5.1	-111.0	-4.0	**2,823**	**2,772**	**2,866**	**2,791**	**2,713**	**2,791**	**2,535**
of which Opec	*1,888*	*+57*	*+3.1*	*1,831*	*1,839*	*1,498*	*1,730*	*1,926*	*+132.5*	*+7.4*	*+51.4*	*+2.7*	*1,794*	*1,874*	*1,960*	*1,875*	*1,941*	*2,003*	*1,835*
% of total	*67.8*	*+0.8*		*67.0*	*65.5*	*57.3*	*65.1*	*71.9*	*+8.3*		*+4.7*		*63.5*	*67.6*	*68.4*	*67.2*	*71.5*	*71.8*	*72.4*

SOURCE: KOREA CUSTOMS, MEES CALCULATIONS

CRUDE OFFICIAL SELLING PRICES ($/B)

SELECTED DATA

	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25
SAUDI ARABIA																	
to Asia (FOB Ras Tanura, vs Oman/Dubai average)																	
Arab Super Light (>40°)	+5.45	+5.45	+5.45	+4.95	+2.95	+2.95	+2.95	+2.95	+3.45	+2.95	+2.75	+2.95	+2.45	+2.95	+2.45	+1.75	+2.25
Arab Extra Light (36-40°)	+2.85	+3.35	+4.05	+3.55	+1.55	+1.50	+1.70	+2.10	+2.80	+2.20	+1.60	+1.70	+1.10	+2.00	+1.50	+0.90	+1.50
Arab Light (32-36°)	+3.60	+4.00	+4.00	+3.50	+1.50	+1.50	+1.70	+2.00	+2.90	+2.40	+1.80	+2.00	+1.30	+2.20	+1.70	+0.90	+1.50
Arab Medium (29-32°)	+3.45	+3.45	+3.35	+2.75	+0.75	+0.55	+0.85	+1.35	+2.35	+1.95	+1.25	+1.25	+0.45	+1.35	+0.95	+0.25	+0.75
Arab Heavy (<29°)	+1.70	+1.70	+2.00	+1.70	-0.30	-0.30	+0.00	+0.50	+1.60	+1.20	+0.50	+0.50	-0.50	+0.20	-0.20	-0.90	-0.50
to Northwest Europe (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+7.30	+8.50	+6.20	+4.20	+2.70	+2.70	+2.00	+2.00	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65
Arab Light (32-36°)	+5.70	+7.20	+4.90	+2.90	+0.90	+0.90	+0.30	+0.30	+2.10	+3.10	+4.00	+1.25	+0.45	-0.45	-0.15	-1.25	+0.05
Arab Medium (29-32°)	+4.50	+6.00	+3.70	+1.70	+0.20	+0.20	-0.40	-0.40	+1.30	+2.30	+3.20	+0.45	-0.35	-1.25	-0.95	-2.05	-0.75
Arab Heavy (<29°)	+1.80	+3.30	+1.00	-1.00	-2.50	-2.50	-3.10	-2.80	-1.10	-0.10	+0.80	-1.95	-2.75	-3.65	-3.35	-4.45	-3.15
to Mediterranean (FOB Ras Tanura, vs ICE Brent)																	
Arab Extra Light (36-40°)	+6.20	+7.70	+5.80	+3.80	+2.30	+2.30	+1.60	+1.70	+3.70	+4.70	+5.60	+2.85	+2.05	+1.15	+1.45	+0.35	+1.65
Arab Light (32-36°)	+4.40	+6.30	+4.40	+2.40	+0.40	+0.40	-0.20	-0.10	+2.00	+3.00	+3.90	+1.15	+0.35	-0.55	-0.25	-1.35	-0.05
Arab Medium (29-32°)	+3.40	+5.30	+3.40	+1.40	-0.10	-0.10	-0.70	-0.60	+1.40	+2.40	+3.30	+0.55	-0.25	-1.15	-0.85	-1.95	-0.65
Arab Heavy (<29°)	+0.40	+2.30	+0.40	-1.60	-3.10	-3.10	-3.70	-3.30	-1.30	-0.30	+0.60	-2.15	-2.95	-3.85	-3.55	-4.65	-3.35
to US (FOB Ras Tanura, vs ASCI)																	
Arab Extra Light (36-40°)	+9.60	+9.60	+9.60	+9.30	+7.30	+7.10	+7.00	+7.00	+7.00	+7.00	+7.10	+6.35	+6.25	+6.15	+6.05	+6.05	+5.75
Arab Light (32-36°)	+7.45	+7.45	+7.45	+7.15	+5.15	+4.85	+4.75	+4.75	+4.75	+4.75	+4.85	+4.10	+4.00	+3.90	+3.80	+3.80	+3.50
Arab Medium (29-32°)	+8.15	+8.15	+8.15	+7.85	+5.85	+5.85	+5.65	+5.65	+5.45	+5.45	+5.45	+4.70	+4.60	+4.40	+4.10	+4.10	+3.70
Arab Heavy (<29°)	+7.70	+7.70	+7.70	+7.40	+5.40	+5.40	+5.30	+5.30	+5.10	+5.10	+5.10	+4.35	+4.25	+4.05	+3.75	+3.75	+3.35
delivered US Gulf (vs ASCI)																	
Arab Light (32-36°)	+8.75	+8.75	+8.75	+8.45	+6.45	+6.15	+6.05	+6.05	+6.05	+6.05	+6.15	+5.40	+5.30	+5.20	+5.10	+5.10	+4.80
Arab Medium (29-32°)	+9.45	+9.45	+9.45	+9.15	+7.15	+7.15	+6.95	+6.95	+6.75	+6.75	+6.75	+6.00	+5.90	+5.70	+5.40	+5.40	+5.00
Arab Heavy (<29°)	+9.00	+9.00	+9.00	+8.70	+6.70	+6.70	+6.60	+6.60	+6.40	+6.40	+6.40	+5.65	+5.55	+5.35	+5.05	+5.05	+4.65
IRAQ																	
to Asia (vs Oman/Dubai average)																	
Basrah Medium (FOB)	+1.80	+2.10	+1.80	+1.00	-0.80	-0.80	-0.60	+0.00	+1.00	+0.60	-0.10	+0.00	-0.50	+0.40	+0.00	-0.60	+0.05
vs Saudi Arab Heavy	*+0.10*	*+0.40*	*-0.20*	*-0.70*	*-0.50*	*-0.50*	*-0.60*	*-0.50*	*-0.60*	*-0.60*	*-0.60*	*-0.50*	*+0.00*	*+0.20*	*+0.20*	*+0.30*	*+0.55*
Basrah Heavy (FOB)	-1.60	-1.40	-1.60	-1.90	-3.80	-4.10	-4.00	-3.20	-1.95	-2.25	-3.00	-3.00	-3.50	-2.75	-3.15	-3.70	-3.20
to Europe (vs Dated Brent)																	
Basrah Medium (FOB)	-2.55	-1.15	-2.15	-4.35	-5.15	-5.45	-5.85	-5.15	-3.35	-2.85	-2.40	-3.90	-4.70	-5.00	-4.60	-5.50	-4.00
vs Saudi Arab Heavy	*-2.95*	*-3.45*	*-2.55*	*-2.75*	*-2.05*	*-2.35*	*-2.15*	*-1.85*	*-2.05*	*-2.55*	*-3.00*	*-1.75*	*-1.75*	*-1.15*	*-1.05*	*-0.85*	*-0.65*
Basrah Heavy (FOB)	-5.20	-3.75	-4.95	-7.35	-8.15	-8.65	-8.95	-8.15	-6.15	-5.55	-4.95	-6.45	-7.25	-7.55	-7.05	-8.05	-6.65
Kirkuk (FOB Ceyhan)	+0.75	+1.75	+0.75	-1.25	-1.25	-1.25	-1.25	-1.15	-1.15	-1.15	-0.90	-1.00	-1.00	-1.00	-1.00	-1.30	-1.00
to US (vs ASCI)																	
Basrah Medium (FOB)	-0.35	-0.25	-0.40	-0.70	-1.00	-1.00	-0.95	-0.90	-0.65	-0.65	-0.65	-1.10	-1.10	-1.10	-1.10	-1.25	-1.05
Basrah Heavy (FOB)	-4.40	-4.40	-4.70	-5.20	-5.50	-5.35	-5.25	-5.15	-4.80	-4.85	-4.95	-5.45	-5.45	-5.45	-5.55	-5.65	-5.45
Kirkuk (FOB Ceyhan)	+1.35	+1.35	+1.35	+1.35	+1.35	+1.35	+1.45	+1.50	+1.65	+1.65	+1.65	+1.25	+1.25	+1.25	+1.25	+1.00	+1.00
KUWAIT																	
to Asia (FOB, vs Oman/Dubai)																	
Kuwait Export Blend (31°)	+3.05	+3.05	+2.85	+2.10	+0.25	+0.25	+0.55	+1.15	+2.35	+1.95	+1.25	+1.25	+0.15	+1.00	+0.60	+0.00	+0.45
vs Saudi Arab Medium	*-0.40*	*-0.40*	*-0.50*	*-0.65*	*-0.50*	*-0.30*	*-0.30*	*-0.20*	*+0.00*	*+0.00*	*+0.00*	*+0.00*	*-0.30*	*-0.35*	*-0.35*	*-0.25*	*-0.30*
Kuwait Super Light (48°)	+2.45	+2.95	+3.35	+2.45	+0.65	+0.70	+0.90	+1.40	+2.35	+1.95	+1.35	+1.25	+0.25	+1.00	+0.60	+0.00	+0.50
Khafji (28.5°)	+1.70	+1.70	+2.00	+1.70	-0.30	-0.30	+0.00	+0.50	+1.60	+1.20	+0.50	+0.50	-0.50	+0.20	-0.20	-0.90	-0.50
Hout (33°)	+3.52	+3.71	+3.66	+3.10	+1.10	+1.00	+1.25	+1.66	+2.61	+2.16	+1.51	+1.60	+0.85	+1.75	+1.30	+0.56	+1.10
Kuwait Export Blend to other destinations:																	
to Mediterranean (FOB, vs Dated Brent)	+1.10	+2.50	+0.10	-1.10	-2.95	-2.95	-4.55	-4.35	-2.45	-0.70	+0.30	-2.50	-3.60	-4.10	-3.65	-4.90	-3.40
to North West Europe (FOB, vs Dated Brent)	+2.25	+3.25	+0.45	-0.70	-2.55	-2.55	-4.15	-4.05	-2.45	-0.70	+0.30	-2.50	-3.60	-4.10	-3.65	-4.90	-3.40
FOB Sidi Kerir (vs Dated Brent)	+1.40	+2.80	+0.40	-0.80	-2.65	-2.65	-4.25	-4.05	-2.15	-0.40	+0.60	-2.20	-3.20	-3.60	-3.25	-4.60	-3.10
to US (FOB, vs ASCI)	+8.15	+8.15	+8.15	+7.85	+5.85	+5.85	+5.65	+5.65	+5.45	+5.45	+5.45	+4.70	+4.60	+4.40	+4.10	+4.10	+3.70
delivered US Gulf (vs ASCI)	+9.45	+9.45	+9.45	+9.15	+7.15	+7.15	+6.95	+6.95	+6.75	+6.75	+6.75	+6.00	+5.90	+5.70	+5.40	+5.40	+5.00

CRUDE OFFICIAL SELLING PRICES ($/B): (CONTINUED)

SELECTED DATA

	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25	Feb25	Mar25
IRAN to Asia (FOB Kharg Island, vs Oman/Dubai average)																		
Iranian Light (33-34°)	+3.50	+3.85	+4.00	+3.60	+1.75	+1.75	+1.95	+2.25	+3.10	+2.60	+2.10	+2.35	+1.70	+2.60	+2.15	+1.35		
vs Saudi Arab Light	*-0.10*	*-0.15*	*+0.00*	*+0.10*	*+0.25*	*+0.25*	*+0.25*	*+0.25*	*+0.20*	*+0.20*	*+0.30*	*+0.35*	*+0.40*	*+0.40*	*+0.45*	*+0.45*		
Iranian Heavy (30-31°)	+1.75	+1.75	+1.80	+1.40	-0.50	-0.70	-0.45	+0.05	+1.10	+0.80	+0.10	+0.15	-0.65	+0.25	-0.10	-0.80		
vs Saudi Arab Medium	*-1.70*	*-1.70*	*-1.55*	*-1.35*	*-1.25*	*-1.25*	*-1.30*	*-1.30*	*-1.25*	*-1.15*	*-1.15*	*-1.10*	*-1.10*	*-1.10*	*-1.05*	*-1.05*		
Foroozan (31°)	+1.75	+1.85	+1.85	+1.50	-0.35	-0.50	-0.25	+0.25	+1.25	+0.90	+0.25	+0.30	-0.40	+0.50	+0.15	-0.55		
South Pars Condensate	+0.15	+0.25	+0.45	+0.20	-1.75	-1.80	-1.50	-1.00	+0.10	-0.25	-0.95	-0.95	-1.95	-1.15	-1.55	+2.20		
Soroosh (18.6°) vs Iran Heavy	-3.50	-3.50	-3.25	-3.10	-3.05	-2.85	-2.80	-2.80	-2.65	-2.70	-2.70	-2.75	-2.95	-3.05	-3.10	-3.05		
to Northwest Europe/South Africa (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+4.00	+5.40	+3.15	+1.15	-0.80	-0.75	-1.25	-1.15	+0.65	+1.65	+2.50	-0.20	-1.00	-1.90	-1.60	-2.70		
vs Saudi Arab Light	*-1.70*	*-1.80*	*-1.75*	*-1.75*	*-1.70*	*-1.65*	*-1.55*	*-1.45*	*-1.45*	*-1.45*	*-1.50*	*-1.45*	*-1.45*	*-1.45*	*-1.45*	*-1.45*		
Iranian Heavy (30.7°)	+1.75	+3.15	+0.90	-1.10	-2.55	-2.50	-3.00	-2.90	-1.20	-0.20	+0.70	-2.00	-2.80	-3.70	-3.40	-4.50		
vs Saudi Arab Medium	*-2.75*	*-2.85*	*-2.80*	*-2.80*	*-2.75*	*-2.70*	*-2.60*	*-2.50*	*-2.50*	*-2.50*	*-2.50*	*-2.45*	*-2.45*	*-2.45*	*-2.45*	*-2.45*		
Foroozan (31°)	+1.80	+3.15	+0.90	-1.00	-2.40	-2.20	-2.70	-2.60	-0.80	+0.20	+0.90	-1.80	-2.60	-3.65	-3.35	-4.40		
to Mediterranean (FOB Kharg Island, vs ICE Brent)																		
Iranian Light (33-34°)	+2.55	+4.45	+2.55	+0.70	-1.20	-1.10	-1.70	-1.50	+0.60	+1.60	+2.50	-0.25	-1.00	-1.80	-1.50	-2.60		
vs Saudi Arab Light	*-1.85*	*-1.85*	*-1.85*	*-1.70*	*-1.60*	*-1.50*	*-1.50*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.40*	*-1.35*	*-1.25*	*-1.25*	*-1.25*		
Iranian Heavy (30-31°)	+0.05	+1.95	+0.10	-1.75	-2.55	-3.10	-3.70	-3.50	-1.50	-0.50	+0.40	-2.35	-3.10	-3.90	-3.60	-4.70		
Foroozan (31°)	+0.15	+1.95	+0.00	-1.65	-2.40	-2.85	-3.50	-3.25	-1.20	-0.20	+0.60	-1.80	-2.90	-3.85	-3.55	-4.60		
ABU DHABI																		
Murban (40.3°)	87.28	93.92	91.00	83.32	77.69	79.06	80.99	84.52	89.14	83.93	82.52	83.80	77.94	73.41	74.87	72.81	73.28	
Das (38.8°)	86.68	93.32	90.40	82.72	76.99	78.31	80.19	83.82	88.39	83.28	81.77	83.00	77.19	72.71	74.27	72.36	72.88	
Das-vs Murban	-0.60	-0.60	-0.60	-0.60	-0.70	-0.75	-0.80	-0.70	-0.75	-0.65	-0.75	-0.80	-0.75	-0.70	-0.60	-0.45	-0.40	
Umm Lulu (38.7°)	87.48	94.17	91.25	83.57	77.94	79.31	81.14	84.67	89.34	84.13	82.67	84.00	78.19	73.66	75.05	73.06	73.53	
Umm Lulu-vs Murban	+0.20	+0.25	+0.25	+0.25	+0.25	+0.25	+0.15	+0.15	+0.20	+0.20	+0.15	+0.20	+0.25	+0.25	+0.20	+0.25	+0.25	
Upper Zakum (34.1°)	86.68	93.42	90.50	83.82	77.49	78.91	80.99	84.42	89.74	84.23	82.52	83.85	77.49	73.46	74.82	72.81	73.28	
Upper Zakum-vs Murban	-0.60	-0.50	-0.50	+0.50	-0.20	-0.15	+0.00	-0.10	+0.60	+0.30	+0.00	+0.05	-0.45	+0.05	-0.05	+0.00	+0.00	
QATAR																		
Qatar Land (40°)-vs Dubai^	+1.00	+1.70	+2.35	+0.10	-0.75	-0.10	+0.05	+0.40	+0.85	+0.35	-0.40	+0.35	+0.30	+0.85	+0.70	+0.15	+0.30	
Qatar Marine (36°)-vs Dubai^	+1.30	+1.80	+2.00	+0.90	-0.75	+0.20	+0.25	+0.65	+1.75	+1.10	+0.15	+0.60	+0.25	+1.00	+0.65	+0.15	+0.45	
DUBAI																		
Dubai (31°, vs Oman)	+0.00	+0.00	+0.05	+0.05	+0.05	+0.10	+0.00	+0.00	+0.00	-0.10	+0.00	+0.00	+0.10	+0.00	+0.00	+0.00	+0.05	+0.05
outright price	86.57	92.77	89.84	83.22	77.26	78.85	80.85	84.14	89.30	83.79	82.50	83.85	77.64	73.49	74.82	72.46	73.21	
OMAN																		
Oman (34°)	86.57	92.77	89.79	83.17	77.21	78.75	80.85	84.14	89.30	83.89	82.50	83.85	77.54	73.49	74.82	72.46	73.16	
ALGERIA (vs Dated Brent)																		
Saharan Blend (45.7°)	+2.15	+1.75	+0.85	+1.10	+2.10	+2.10	+0.90	+0.25	+0.15	+0.15	+1.00	+1.95	+1.95	+0.65	+0.85	+1.00		
LIBYA (vs Dated Brent)																		
Zueitina (41°)	+0.40	+0.20	+0.00	-0.20	+0.20	+0.30	+0.00	-0.10	-0.65	-0.45	+0.05	-0.50	-0.70	-1.05	-0.65	-0.45		
Brega (40°)	-0.30	-0.50	-0.70	-0.90	-0.50	-0.35	-0.70	-0.80	-1.55	-1.45	-1.05	-1.70	-2.00	-2.40	-2.00	-1.80		
Sirtica (41°)	+0.40	-0.25	-0.45	-0.75	-0.40	-0.55	-0.85	-0.95	-1.55	-1.45	-1.15	-1.55	-1.75	-2.10	-1.70	-1.55		
Es Sider (37°)	+1.00	+0.30	-0.20	-0.60	+0.05	-0.10	-0.55	-0.55	-1.25	-0.90	-0.50	-1.05	-1.55	-2.25	-1.85	-1.70		
Bu Attifel (36°)	+1.20	+0.70	+0.35	-0.05	+0.25	+0.00	+0.00	-0.15	-0.70	-0.50	-0.10	-0.65	-1.25	-1.95	-1.55	-1.35		
Sarir (36°)	-1.20	-1.90	-2.30	-2.90	-2.90	-3.05	-3.35	-3.35	-3.95	-3.60	-3.10	-3.65	-3.95	-4.55	-4.15	-4.00		
Amna (36°)	+1.55	+0.90	+0.40	+0.00	+0.65	+0.50	+0.25	+0.10	-0.50	-0.15	+0.25	-0.30	-0.70	-1.20	-0.90	-0.80		
Sharara (43°)	+0.70	+0.50	+0.30	+0.30	+0.40	+0.55	+0.20	+0.05	-0.70	-0.45	-0.05	-0.65	-0.95	-1.45	-1.05	-0.85		
Mellitah (41.6°)	-0.35	-0.55	-0.75	-0.75	-0.35	-0.20	-0.55	-0.70	-1.45	-0.45	-0.95	-1.55	-1.75	-2.15	-2.05	-1.55		
Bouri (26°)	-1.65	-1.65	-1.85	-1.85	-1.85	-1.95	-1.95	-1.65	-1.65	-1.55	-1.55	-1.85	-2.05	-2.05	-2.05	-1.95		
Al Jurf (30°)	-0.15	-0.15	-0.35	-0.35	-0.35	-0.45	-0.45	-0.25	-0.25	-0.15	-0.15	-0.45	-0.65	-0.65	-0.65	-0.65		

SAUDI LPG OFFICIAL CONTRACT PRICES ($/T)

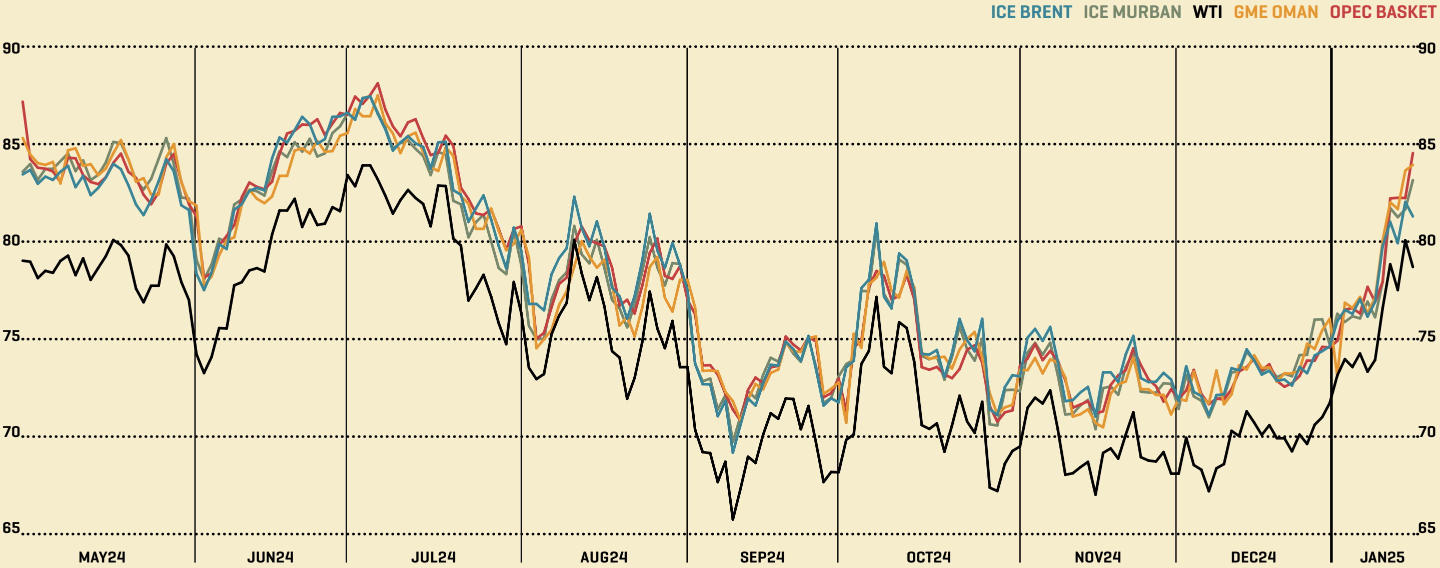
	Sep23	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24	Apr24	May24	Jun24	Jul24	Aug24	Sep24	Oct24	Nov24	Dec24	Jan25
Propane	550	600	610	610	620	630	630	615	580	580	580	590	605	625	635	635	625
Butane	560	615	620	620	630	640	640	620	585	565	565	570	595	620	630	630	615
propane vs butane	*-10*	*-15*	*-10*	*-10*	*-10*	*-10*	*-10*	*-5*	*-5*	*+15*	*+15*	*+20*	*+10*	*+5*	*+5*	*+5*	*+10*

SELECTED DATA

BENCHMARK CRUDE PRICES ($/B)

	16Jan	6-10Jan	30Dec-3Jan	Dec24	Nov24	Oct24	4Q 2024	3Q 2024	2Q 2024	2025 (16Jan)	2024	2023	2022
WTI	78.68	74.32	71.17	69.87	69.53	71.56	70.31	75.38	80.61	75.80	77.60	77.58	94.37
ICE Brent	81.29	77.24	74.39	73.26	73.40	75.38	74.01	78.72	85.02	78.44	82.14	82.18	99.02
ICE Murban	83.93	77.47	75.18	73.47	72.74	75.08	73.76	78.34	85.24	79.25	82.82	82.80	98.84
GME Oman	84.54	77.10	74.64	73.34	72.48	74.86	73.60	78.47	85.20	78.76	82.04	82.02	94.42
OPEC Basket	83.15	76.65	74.22	73.16	72.98	74.49	73.54	78.97	85.33	78.35	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.



CHINA 2024 IMPORTS: GAS RECORD AS CRUDE IMPORTS STALL

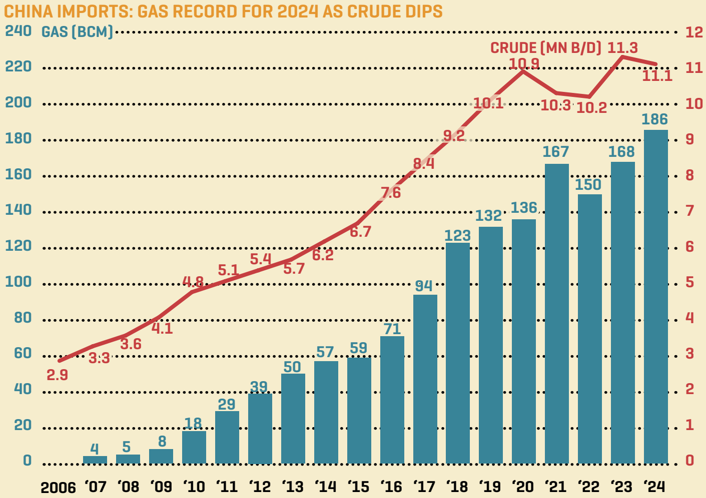
*With December data now in, it's official: China's crude imports fell in 2024, by 2.2% from 2023's record 11.32mn b/d to average 11.08mn b/d for the year as a whole. The question is now whether the fall is a blip or marks the end of two decades of growth excluding the Covid pandemic (see chart).

*The expert consensus appears to be that whilst China's demand for key refined products may well have peaked in 2023, that for oil as broadly defined will likely continue to rise with petchems the key driver (MEES, 20 December 2024). Notwithstanding 2024's fall, last year's import volumes were still the second highest ever and more than 200,000 b/d ahead of the previous number two – 2020's 10.86mn b/d. Having notched up the year's highest monthly figure at 11.84mn b/d for November (MEES, 20 December 2024), volumes dipped to 11.31mn b/d for December.

*In contrast to China's crude import stats, those for gas imports go from strength to strength boosted by record overland pipeline deliveries from Russia with the Power of Siberia officially hitting full 38bcm/y capacity in early Q4 (MEES, 13 December 2024).

*For 2024 as a whole China imported 134.5mn tons (186bcm) of gas, up 11.6% on 2023 and 12mn tons above 2021's previous record. In monthly terms, December's 11.56mn tons (16.0bcm) was well down on October's record 12.99mn tons but still among the ten highest months ever.

CHINA IMPORTS: GAS RECORD FOR 2024 AS CRUDE DIPS



SOURCE: CHINA CUSTOMS, IGU, MEES.