



# SPECIAL REPORT

ADIPEC24 CURTAIN RAISER

# ENERGY MARKETS OUTLOOK

Port of Fujairah



Port of Fujairah  
United Arab Emirates

***“How to Navigate the Changing Winds  
& Opportunities of the Global South,  
its Geopolitics & Energy Chokepoints  
in 2025?”***





# Globally furthering the UAE's energy portfolio

From building communities to enabling the economy. From encouraging your dreams to growing our country - ENOC helps to support this nation, every day.

Inspiring Energy



enoc.com

## **GI** SPECIAL REPORT ENERGY MARKETS OUTLOOK

# CONTENTS

### CHAPTER 1 MARKET OUTLOOK 2025

- 10 More Investment Required in Supply, to Meet Medium to Long-term Global Oil Demand**  
H.E. Suhail Mohamed Al Mazrouei,  
Minister of Energy and Infrastructure  
– United Arab Emirates
- 13 Oil Market More Concerned About Demand Growth Than Supply Disruptions**  
Torbjörn Törnqvist, Chairman, Gunvor Group
- 14 Outlook for China Oil Demand and GDP in 2025**  
Victor Yang, Senior Analyst, JLC
- 16 India is Emerging as a Refining Powerhouse**  
Narendra Taneja, Chairman,  
Independent Energy Policy Institute
- 18 “Africa’s Rapid Population Growth & Expanding Middle Class is Attracting Attention of Oil Trading Firms”**  
Q&A with Kieran Gallagher, Managing Director,  
Vitol Bahrain
- 20 Exclusive Polling Results from 300 East of Suez Energy Markets’ Stakeholders!**  
with commentary by Jorge Montepeque,  
Managing Director, Benchmarks, Onyx Capital  
Group & Frederic Lasserre, Global Head of  
Research & Analysis, Gunvor Group

### CHAPTER 2 EXPLORING NEW HORIZONS EAST OF SUEZ

- 26 Fujairah’s Geographic Location Makes It Indispensable for Global Energy Trade**  
Ahmad Bin Thalith, CEO, ADNOC Global Trading
- 29 European Demand Growth for GCC Refined Products Set to Continue**  
H.E. Shaikh Ebrahim bin Khalid Al Khalifa,  
EVP of Business Development & International  
Relations, Bapco Energies
- 30 Demand is Shifting to Rapidly Growing East Africa and Southeast Asia Economies**  
David Bird, CEO, OQ8
- 32 Fujairah: Leveraging its Status as An Oil Storage Hub to Serve East-of-Suez Markets?**
- 35 Africa Offers Huge Import Potential for Mideast Refined Products**  
Emad Al-Kandari, DMD International Marketing –  
Contracts, Kuwait Petroleum Corporation
- 36 Is the Global South Set to Dominate Global Refining?**  
Osama Rizvi, Energy & Economic Analyst, Primary  
Vision Network
- 38 Collaboration to Accelerate Energy Security Across the Northern Emirates**  
Hatem Al Mosa, CEO – SNOG  
Chris Wood, CEO – RAKGAS



## CHAPTER 3

### ADAPTING TO NEW TRADE WINDS

#### 44 What's Driving Expansion in Mideast NOC Trading Activities?

Ali Al Riyami, Consultant and Former Director General of Marketing, Ministry of Energy and Minerals – Oman

#### 46 UAE's Emergence as a Commodity Trading Hub

Victoria Todd, Head of MENA at HC Group

#### 48 Global Shifts in Oil Trade Flows, Inventories & Freight

Jay Maroo, Head of Market Intelligence and Analytics MENA, Vortexa

#### 50 Global Crude Oil Benchmarks

Insights by S&P Global Commodity Insights

#### 52 Financing in Energy Goes Way Beyond Monetary Policy

Paul Hickin, Editor-in-Chief, Petroleum Economist

#### 54 India Set to Dominate Oil Consumption Growth

Victor Katona, Head of Oil Analysis, Kpler

## CHAPTER 4

### ENERGY & GEOPOLITICS

#### 58 US Elections: Geopolitical and Macro Policy Risk for Energy Markets

Rachel Ziemba, Adjunct Fellow, Center for a New American Security & Senior Advisor, Horizon Engage

#### 60 IMEC – An Economic Corridor Designed for the New Middle East

Narendra Taneja, Chairman, Independent Energy Policy Institute

#### 62 Is Europe's Energy Security at Risk?

Ravi Bhatiani, Executive Director, FETSA

#### 64 Outlook for Iran Under the New Iranian Reformist President?

Danial Rahmat, Senior Energy Security Consultant, Iran

#### 67 Has OPEC+ Run Its Course?

#### 68 Sanctions, Risk, and Compliance – How will oil and refined products flows be impacted by continued shifts in political winds?

Niamh McBurney, Associate Director, Control Risks

#### 70 Stormy Waters: Israel's Strategic Calculations and Turkey's Diplomatic Crossroads

Mehmet Ögütçü, Group CEO, Global Resources Partnership & Chairman, London Energy Club

## CHAPTER 5

### DECARBONIZATION OF THE MIDSTREAM

#### 74 How can the East-of-Suez Midstream Oil & Gas Industry Collaborate to Accelerate the Journey towards Net Zero and What's at Stake for those who Fail to Implement Effective Decarbonization Strategies?

#### 76 Energy Efficiency is a Low-lying Fruit Solution to Reducing Emissions

David Bird, CEO, OQ8

#### 79 The Midstream Sector has Often Escaped Scrutiny on Emissions

Gary Kalmin, CEO, Aquarius Energy

#### 81 Significant Emissions Pressures Exist on Conventional Midstream Infrastructure

Guy Moeyens, CEO, VTTI

#### 82 As of 2023, 85% of IFC Financing Must be Paris-aligned

Emin Ikiisik, Regional Industry Manager, Infrastructure, Middle East, Pakistan and Afghanistan, International Finance Corporation

#### 85 Decarbonization Top Takeaways

*\*\*All the content included in this report was harvested from 24 brainstorming sessions held over two days with 300 East-of-Suez energy markets stakeholders on Oct. 1<sup>st</sup> & 2<sup>nd</sup>, 2024.*



## About Vitol

A world leader in energy, Vitol has a presence across the sector, from traditional to transitional and sustainable energy. Chartering circa 6,000 sea voyages every year, Vitol trades 550mTOE of energy products per annum, including over 17mMT of LNG and 1,600TWh contracted natural gas sales.

Our clients include national oil companies, multinationals, leading industrial companies and utilities. Founded in Rotterdam in 1966,

today Vitol serves clients from some 40 offices worldwide and is invested in energy assets globally including: 18mm<sup>3</sup> of storage globally, circa 850kbd of refining capacity, over 8,700 service stations and a growing portfolio of transitional and renewable energy assets.

Leveraging our market leading expertise and global scale we deliver energy solutions for today and tomorrow.

Find out more at [vitol.com](https://vitol.com)





**The most  
important  
Middle East  
crude oil  
assessment  
turned 40.**

Discover Platts Dubai,  
visit [spglobal.com/commodityinsights](https://spglobal.com/commodityinsights)



Seek & Prosper™

## FOREWARD

# Middle East Energy Stakeholders Must Act Decisively to Secure Position in Shifting Energy Flows



**Sean Evers**  
Managing Partner, Gulf Intelligence

The Global South, home to 56% of the world's population but only 18% of global power generation capacity, is expected to drive 85% of new energy demand by 2025. This creates an unprecedented yet time-sensitive opportunity for net energy exporters to expand into rapidly growing markets. However, vulnerabilities at key trade chokepoints across Asia—such as the Suez Canal, Red Sea, Bab al-Mandab Strait, Strait of Hormuz, and Malacca Strait—pose significant risks. Any disruption could severely impact global energy flows, making it essential for stakeholders to develop strategies for secure and efficient energy transport.

As Europe shifts away from Russian energy, East of Suez markets are at a critical juncture. The rising demand raises important questions: Will competition for oil and natural gas intensify, or will renewable energy meet the rising needs? Energy stakeholders must act now, as their actions will shape the roles of the Global South, Global North, and traditional exporters, with significant implications for energy security and industrial strategies. Fujairah, with its strategic location and vast storage

capabilities, plays a key role in stabilizing energy flows and securing the region's trade routes.

For Middle Eastern national energy companies, this evolving landscape represents both a challenge and a time-sensitive opportunity. Asia's growing crude shortfall and the Atlantic Basin's surplus are driving rapid changes in global trade flows. Gulf companies are responding by investing over \$90 billion in traditional and renewable energy projects across Sub-Saharan Africa, Latin America, and South Asia—regions with rapidly increasing energy demand. However, these investments need to be scaled swiftly, as maritime stability and energy security are at risk.

Recent shifts in global oil trade have coincided with a major expansion of Gulf refining capacity. Between 2021 and early 2024, GCC crude runs increased by 800 kb/d, with Kuwait, Saudi Arabia, and Oman accounting for 95% of this growth. Over 70% of this refining output is in clean

products, such as diesel, primarily destined for Asia and Europe, helping fill the gap left by reduced Russian exports. Middle East crude exports to Europe increased by 400 kb/d from 2021 to 2023, mainly from Iraq, Saudi Arabia, and the UAE. Despite increased competition from Russia in Asia, especially in India and China, Middle Eastern exports have remained stable, further underscoring the region's vital role in global energy markets. Fujairah's storage and bunkering infrastructure continues to support these critical energy flows.

The window of opportunity is closing rapidly as more oil flows into East of Suez markets, and as China's demand appears to be plateauing. Middle East energy stakeholders must act decisively to secure their position in these shifting energy flows, ensuring strategic investments and protecting vital trade routes. Failure to act could result in missed opportunities and jeopardize long-term interests amid rising geopolitical tensions - the time to secure 2030s market share could be in 2025. ■



# CHAPTER 1

## MARKET OUTLOOK 2025



## More Investment Required in Supply, to Meet Medium to Long-term Global Oil Demand



**H.E. Suhail Mohamed Al Mazrouei**

Minister of Energy and Infrastructure - United Arab Emirates

Oil is a commodity that is in great need, and it will require all of us to continue working, investing and exploring across the sector – in upstream, in midstream and in downstream. If I am worried about one thing today, it's about the lack of investment in the medium to long term oil requirements for the whole world. The population of the world is expanding, and energy demand is solid. Some are mixing the demand for renewables and newer forms of energy, with the demand for fossil fuels. From my perspective, we need fossils to achieve that greener target and that is

exactly what we're doing here in the UAE. The highest increase that's coming is for renewables, but there's also growth in demand for oil products in the Emirates; the number of cars is increasing, as is bunkering demand for shipping. Globally, we see a decline in investment in new refinery infrastructure. Without new investment across the value chain, we will have a chokepoint. New demand will come mainly from countries in the Global South. In Asia, demand growth between 2023 and 2050 is expected to be around 50%. The fact that demand for oil is decreasing in the West because

of electrification and EVs, is not a bad thing, as it will allow us to supply and balance growth elsewhere.

People talk about energy security, but they are forgetting about affordability. OPEC+ producers are doing a noble job in this regard, taking the responsibility to try and balance supply and demand as much as possible and encourage investment. I would like you to imagine the world without this group; we would be in chaos. We are not perfect, but we are a group of diverse partners, and our goal is to try and attain that balance, even as eight of us have sacrificed

**“People talk about energy security, but they are forgetting about affordability. OPEC+ producers are doing a noble job in this regard, taking the responsibility to try and balance supply and demand as much as possible and encourage investment.”**

production more than others. The critical element is that this group is staying together.

Gas is also going to be the focus of the future as we move to balance renewable energy with the required baseload. The UAE has tried to create a model that can be replicated by other countries, by putting a long-term energy strategy and tripling the capacity of renewable energy

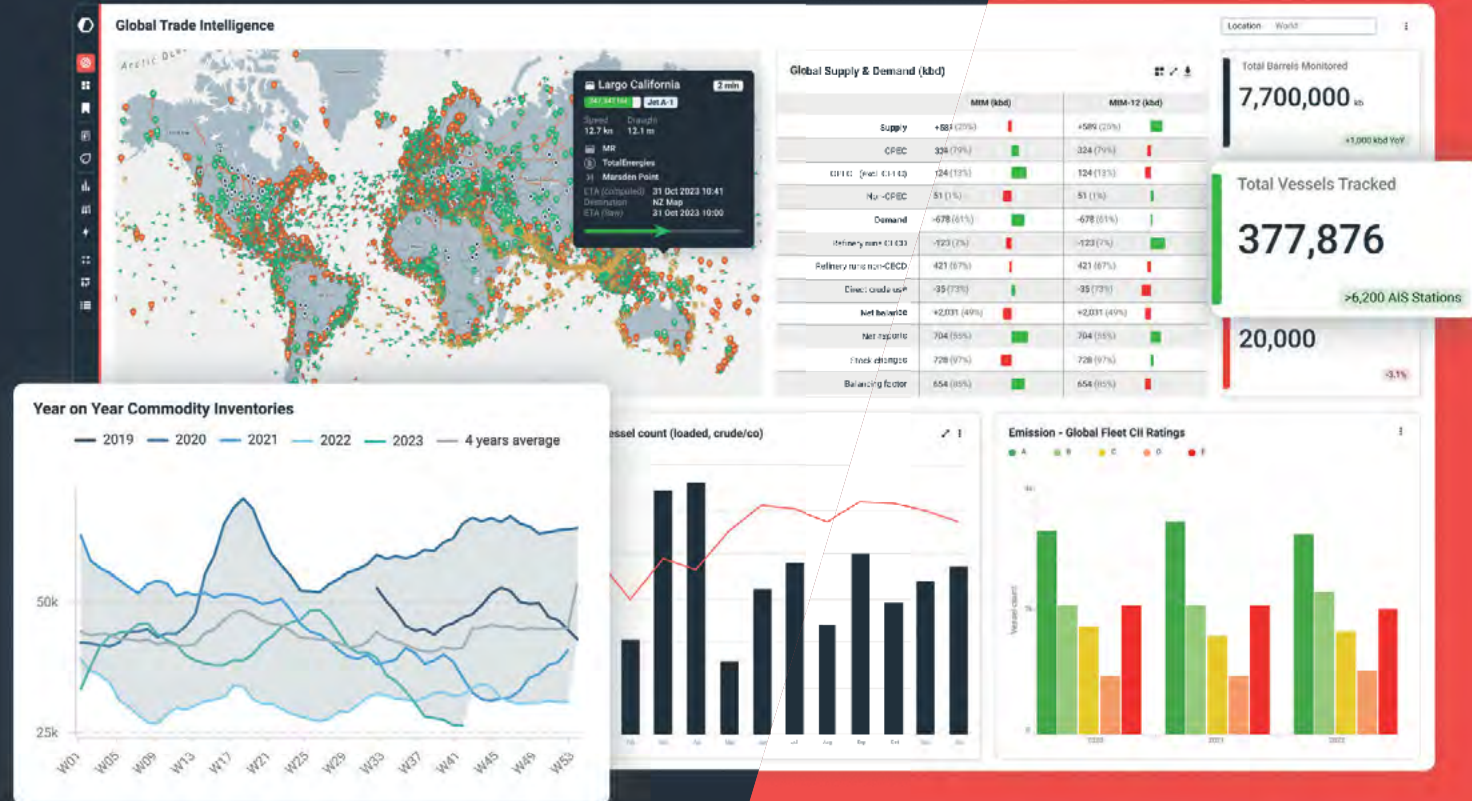
by 2050. Today, we have six Gigawatts (GW) of renewable energy and 5.6 GW of clean nuclear energy. That makes the UAE grid the cleanest in the region and one of the cleanest in the world, with a carbon intensity target of 0.27 kg of CO<sub>2</sub> per kg. The world average is north of that. We have a strategy for electrification, and we need to ensure we are dealing with the problem of reducing carbon

and optimizing our operations to reduce emissions. That's the challenge and the goal, and we will stay united in addressing that as a country, and as an industry, with ADNOC and its group of companies leading the charge to net zero with a swift and economically viable roadmap.

The main challenge today is how can we, as a sector, ensure that investments are flowing, and that we are balancing future demand. ■



kpler



Turn insights into action with  
commodities trade intelligence

kpler.com

## Oil Market More Concerned About Demand Growth Than Supply Disruptions



**Torbjörn Törnqvist**  
Chairman, Gunvor Group

There's a clear economic slowdown. We've long been puzzled by the overly optimistic views on China's oil demand growth. There's a case to be made today that demand for products like gasoline, diesel, and jet fuel may have plateaued in the country, possibly forever. People often talk about oil demand in broader terms, including products like LPG, but those come from by-products of gas extraction, not oil refining. Gas is also eating into traditional oil demand. For next year, we predict very modest oil demand growth. Meanwhile, production outside of OPEC's control is expected to increase by 1 to 1.5 million b/d, with demand likely to fall short of that. The question for OPEC will then be whether they defend price or concede market share.

**Major producers in the Middle East are setting up their own trading operations, which makes sense. They're optimizing their supply chains. We work alongside them and find our own areas of expertise, particularly in shipping and transportation. We're also focusing on other areas like power, gas, and metals -especially those relevant to the Energy Transition."**

If we continue to see minimal oil demand growth and significant supply increases, something will have to give.

We specialize in efficiently moving oil from one location to another. In times of turbulence, when arbitrage opportunities arise, our flexibility allows us to capitalize on those changes. While geopolitical tensions can create noise, they haven't been seriously disruptive to supply. I'm confident that geopolitical

tensions won't have a significant impact on oil supply. Yes, there are issues like the Red Sea and Yemen, but they're more of a nuisance than a real disruption. The market seems more focused on concerns about demand growth. I don't think we'll see the same type of energy-intensive growth again in China. The country is a leader in transition technology, especially in EVs, and it is converting trucks to use LNG. Energy demand will rise in China, but the oil component won't. ■





# Outlook for China Oil Demand and GDP in 2025

In the opening months of 2024, the views on China's oil market were prevailingly bullish as the country set the same GDP growth target as what transpired in 2023 when we saw a surge in oil demand. The sentiment gradually turned bearish around the middle of the year, as China's industries failed to recover as expected and its refinery throughput and crude



**Victor Yang**  
Senior Analyst, JLC

imports declined amid more maintenance and poor margins. As declines in Q2 outpaced the gains in the first quarter, the country's crude runs dipped by 0.4% in the first six months,

versus growth of 5% in its GDP. This was the second time we had seen a divergence between China's crude throughput and its GDP since 2001, following the one in 2022.

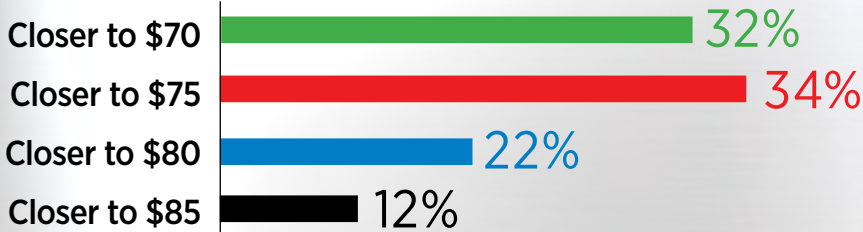
**In contrast to a lot of predictions, we expect China's oil demand to rebound in 2025."**

This divergence, coupled with the fast development of alternative energy, has given rise to a frequently asked question of whether China's oil demand has peaked. In the first nine months of 2024, we saw a decline of 2.8% in China's crude oil imports, and we are likely to find lower imports for the whole year, unless prices drop sharply in the last quarter. But in contrast to a lot of predictions, we expect the country's oil demand to rebound in 2025, with demand for products such as jet fuel and naphtha rising and Chinese refineries, mainly state-owned ones, upgrading their unit configuration and extending production to the chemical sector, to better meet demand and improve their profit margins.

Weak margins and a significant drop in diesel demand have been two major drivers behind less crude oil demand in 2024.



What will Brent Crude Oil Price Average over the 3 months of Q4?



Source: From 250+ delegates EMF

Margins could improve to some degree in 2025 as product prices strengthen against feedstock costs. In the meantime, the country's real estate industry may stop declining and even see some improvement in 2025 because of government stimulus, lending some support to diesel demand. Modest growth can still be expected for 2026.

The country's oil refining capacity is still on the rise because of new projects, despite the removal of outdated and small crude distillation units. China has

imposed a cap on its crude oil refining capacity, to one billion metric tons a year (20 million b/d) by 2025, and its capacity is still nudging closer to the ceiling. On the other hand, increasing use of LNG in heavy trucks and surging sales of EVs will continue to make more inroads into the diesel and gasoline market, capping the rally in China's oil demand. ■

Content Harvested from EMFWEEK24 Session Hosted by







# India is Emerging as a Refining Powerhouse



**Narendra Taneja**  
Chairman, Independent Energy Policy Institute

This is critical for our hard currency earnings and global economic standing. However, we can't become complacent. While two mega refineries are in the works, there's debate over whether more are needed, given the push for renewable energy. However, to maintain our export status and meet domestic demand - which could rise from 5.5 million b/d today to 7.5 million b/d if GDP growth eventually hits 9% - we

have no choice but to pursue additional refinery projects. There are also proposals for Indian companies to invest in a mega refinery on Africa's east coast, which could be a strategic move. We are witnessing a dynamic new energy world order. Since the collapse of the Soviet Union in 1991, we've had a largely unified global energy market led by the US, but that era is over.

Now, Russia, China, and Iran are constructing their own energy world order, with different pricing and economic fundamentals. India's current imports from Russia are mainly due to economic reasons, but also political, aimed at preventing Russia from becoming overly reliant on China.

India aims for deeper economic integration with the Middle East, not just in energy but across sectors. The proposed India-Middle East-Europe economic corridor, backed by many G20 countries, is one example of how this integration can reshape global trade. This relationship is mutually beneficial, and we're building a future of interdependence that spans beyond energy into broader economic and political realms.

China is still heavily reliant on fossil fuels. While EVs are visible in cities like Shanghai, oil remains a critical part of the economy. Look at Chinese oil companies' investments abroad - whether in Iran, Africa, or Latin America - they show that oil still plays a central role in China's foreign policy and energy diplomacy. ■



## MENA TERMINALS FUJAIRAH FZC



MTF Storage Terminal

### Profile

MENA Terminals Fujairah is an independently owned and operated storage terminal located within the Fujairah Oil Industry Zone at the Port of Fujairah. Established in 2012, the terminal has been effectively catering to the storage requirements of major trading houses, multinational corporations, and medium-sized traders.

The terminal comprised of 14 tanks with a total capacity of 352,000 cbm, is capable of handling Class I, Class II, and Class III products ranging from light distillates like Gasoline all the way up to Middle and Heavy distillates like Gas Oils and Fuel Oils, respectively.

Equipped with the state-of-the-art technologies, the terminal can accomplish operations such as vessels and bunker barges loading and discharge, pipeline transfers with other terminals, inter-tank transfers, additive blending, cargo heating, circulation, and truck loading services.

MENA Terminals Fujairah is part of the Mercantile & Maritime Group, which specializes in oil and gas marketing & trading, shipping, logistics and consultancy services. The group offers a comprehensive range of services across the oil and gas value chain.

MENA Terminals Fujairah has a sizable landbank with the potential to add more than 1 million cbm of new storage capacity to its existing infrastructure. Anticipated developments within the Port of Fujairah and region are expected to create substantial storage demand going forward.

### Operational Excellence

- Multipurpose Class-I switchable tanks with Internal Floating Roofs
- State-of-the-Art Terminal Automation System
- Best in class pumping capacity amongst FOIZ terminals with 4,500 and 3,000 m<sup>3</sup>/hr flowrates for black and clean products, respectively.
- Two jetty lines (30" each) for black products capable of 4,500 m<sup>3</sup>/hr flowrates per line
- Four jetty lines (24" each) for clean products capable of 3,000 m<sup>3</sup>/hr flowrates per line
- End-to-end piggable pipeline between the Port Jetties and the terminal
- Cone-bottom and fully strippable product tanks
- Efficient product blending and heating capability
- Dedicated matrix manifold for positive segregation of black and clean products
- All pumps equipped with Variable Frequency Drives for optimized flow rates.
- Redundant critical utilities & equipment in place to ensure business continuity.

### Terminal Highlights

- State-of-the-Art engineered Class-I Oil Storage Terminal.
- Strategically located at Port of Fujairah (PoF) - One of the largest bunkering ports in the world.
- Current operational capacity of 352,200 m<sup>3</sup> with 14 tanks (Phase 1 & 2) with truck loading facility.
  - 230,246 m<sup>3</sup> - Black Products (6 tanks).
  - 121,954 m<sup>3</sup> - Clean Products (8 tanks).
- Connectivity with all berths of Port facilitating Vessel operations and Inter-terminal trade.
- Consistently best performing terminal in shipping operations against Port KPIs.
- Zero claim on contamination, product loss or vessel delays
- Zero Operational downtime given to effective Preventive maintenance.
- Efficient control on product loss.
- Pre-qualified by Oil Majors for storage.
- Dedicated team of well experienced and qualified oil industry professionals.



# “Africa’s Rapid Population Growth & Expanding Middle Class is Attracting Attention of Oil Trading Firms”

**Q&A with Kieran Gallagher**  
**Managing Director, Vitol Bahrain**

**Moderator:** *How do you view growth in the Global South and the opportunities for energy traders compared to more established markets like Europe?*

**Kieran:** We have been focusing a lot on Africa, where we anticipate GDP growth to surpass 4% across the continent next year. While there are cautionary tales regarding growth in the Global North and the economic struggles in China, we are turning our attention more toward Africa. We are actively investing there, and in Q2 of this year, through our affiliate, Vivo Energy, we expanded our downstream operations by acquiring Engen in South Africa. We also see a similar process going on for the Shell assets in South Africa as well. With the

region’s rapid population growth and expanding middle class, it is clear why traders are increasingly focusing on Africa, as well as India. India, in particular, is emerging as the ‘new China’ in terms of growth outlook, capturing significant attention as China’s economic challenges continue.

**Moderator:** *Has the rise of Middle Eastern-owned national oil trading firms come in to ‘eat your lunch,’ or are you comfortable with this new competitive landscape?*

**Kieran:** That is a good question, and it does come up repeatedly. Naturally, competition is competition. Ideally, we might prefer less of it, but when you see the rise of firms like Aramco Trading or Bapco Energies, there

is inevitably an initial wave of competition. But again, these are mature markets. We all need trading partners, and there are different ways to work together. For instance, instead of buying FOB from ADNOC, as we have for many years, we may now supply them with LNG or act as a conduit for their deliveries into Africa. We have invested significantly in downstream, so, ultimately, we are still working with the same players. Even with other major trading houses—Vitol’s primary competitors—we trade a huge volume with them on an annual basis. So, yes, while these new national trading firms may ‘eat our lunch’ in some ways, we adapt and ensure they remain valuable trading partners.

**Moderator:** *Are global oil market stakeholders in denial about the arrival of peak crude oil demand in China?*



H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, is briefed on the outlook for energy markets by Kieran Gallagher, Managing Director of Vitol Bahrain

**Kieran:** We should be careful about calling peak demand in China because the situation is nuanced. The rise of EVs and LNG-fueled trucks are indeed affecting the gasoline market, and we will likely see gasoline demand leveling off. There’s still room for growth in jet fuel, given the expanding middle class and new airport infrastructure in China. Diesel may experience modest growth, though not as much as in the past. As for crude, many analysts view this as more of a plateau than a decline. We cannot ignore the

growth in China’s petrochemical sector, where modern refineries are using advanced crude-to-petrochemical technology. These refineries are also bringing in joint venture partners from the Middle East region. This growth in the petrochemical sector suggests steady demand for crude oil.

**Moderator:** *With talk of a possible resolution to the Ukraine conflict, could we see the oil market returning to its previous state if Russia and Ukraine were to reach an agreement by 2025?*

**Kieran:** Markets adapt quickly to disruptions. The industry is mature, and so are the players involved, having weathered crises like COVID-19. The damage to Russia’s relationships with many European counterparts has already been done, and over time, new trade relationships have been forged. For example, China and India have stepped up to take on much of the Russian crude. These new relationships are solidifying, and I think it will be challenging to revert to the old dynamics, regardless of any developments in Ukraine by 2025.



# Exclusive Polling Results from 300 East of Suez Energy Markets' Stakeholders!

With Commentary by:



**Jorge Montepeque**

Managing Director, Benchmarks, Onyx Capital Group



**Frederic Lasserre**

Global Head of Research & Analysis, Gunvor Group

China's Oil Demand is Moving into an era of post growth, not post oil?



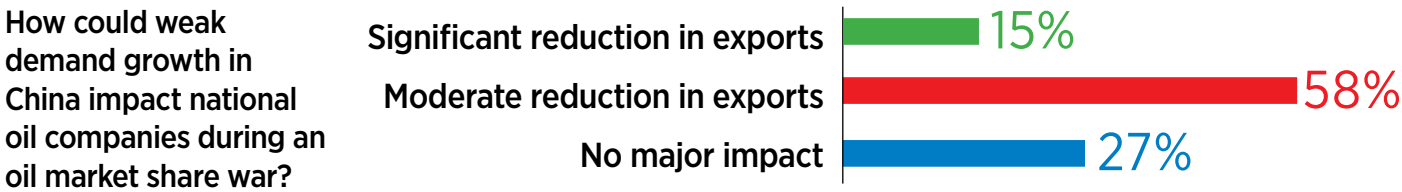
**JORGE** The country has reached a state of development that is comparable with Western large cities. Demographics also plays an important role; Northern Asia and Europe are moving to peak population and that means less oil demand, as consumption peaks between 40 and 45 years old, and China is getting to that stage.

**FREDERIC** This year, we've seen a combination of poor economic growth in China coupled with the beginning of an Energy Transition. It's highly visible in gasoline demand in China, not related specifically to growth, but more to EV penetration. There's also a desire from the Chinese authorities to move away from oil as soon as possible to both lessen CO<sub>2</sub> emissions, and for energy security reasons. We expect medium term demand growth to be weak. The Chinese economy is maturing and so it will be less energy and oil intensive.



**ARE ECONOMIC STIMULUS MEASURES TRANSLATING TO MORE CONSUMER OIL DEMAND?**

**JORGE** The stock market increase in October means real money in the pockets of those consumers. The government has also released measures to encourage demand for second homes, which they had been suppressing for many years. We expect this to continue to fuel the economy, but it will become more evident in Q1 and Q2 of next year.



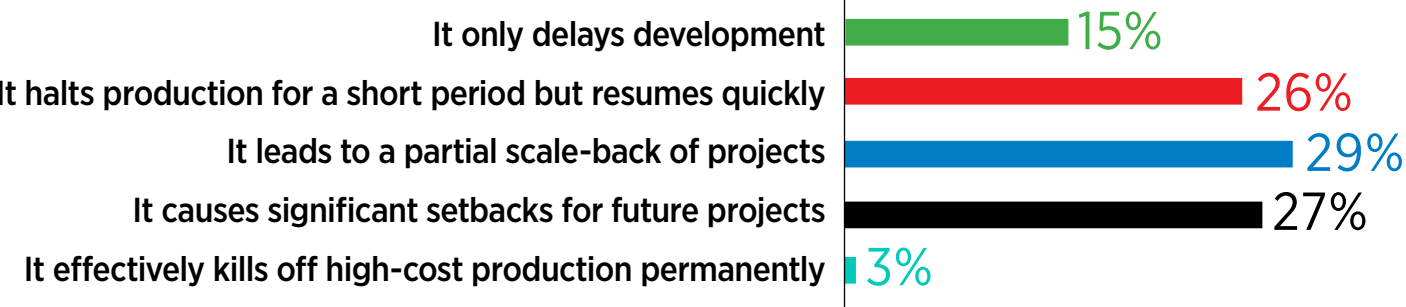
**FREDERIC** I would expect some moderate reduction in exports, but we feel that Chinese refinery runs should increase slightly next year, despite the moderate economic growth outlook for the country of slightly below 5%. We don't expect to see any further demand contraction, as we've seen in middle distillates this year for example. In terms of any change in market share of exports by Mideast NOCs to China, we would not expect any significant change.

**JORGE** There won't be a significant reduction in market share for anyone. The impact would be more to lower prices and impact profitability. There would be more borrowing across the Middle East and projects at the margins could be cut back.

**IMPACT ON OIL MARKETS IF SAUDI ARABIA INCREASES OUTPUT IN DECEMBER?**

**FREDERIC** We all know that the demand outlook for next year is not very promising. Even if you were to take the most optimistic outlook for growth of around 1 million b/d plus, non-OPEC supply alone can add that. We're starting from a surplus this year, so there's clearly no room to increase supply further. There would be a stock build at some point, and the market will reflect that by switching from backwardation to contango, which opens the door for lower prices. Economies globally are generally not doing well.

What impact do you think a temporary drop in oil prices has on high-cost production?



**FREDERIC** We could see a partial scale back of projects, but if you look at the break even cost for shale, the highest is around \$58 WTI, so there’s quite a bit of room before we test that pain threshold. Even at that price, we won’t see most companies closing projects. There may be a delay in investment and a partial scale back, but they are also very fast to rebound. US shale producers have become less price sensitive in recent years because of consolidation and productivity gains.

**JORGE** If prices drop, there is an impact on longer-term projects. Countries like Guyana and Brazil require a lot of money, and project viability is always

a function of interest rates, flat price, and the horizon for a low-price environment. Today, most mature companies are looking at prices not above \$75, and at a borrowing rate of around 6%. It’s simply about mathematics.

**FREDERIC** I’m not sure interest rates play a key role in the decision or timing of projects. Many projects are assessed based on a \$40 oil price assumption to make FIDs. With unconventional projects, the lead time is on average seven years, so regardless of any current oil price, billions have already been invested, so any short-term impact of interest rates or oil price, is marginal. ■

What is the most significant risk for national oil companies in an oil market share war?



# DAILY ENERGY MARKETS PODCAST



EVERY WEEKDAY  
10:30AM (UAE)





# CHAPTER 2

## EXPLORING NEW HORIZONS EAST OF SUEZ

# Fujairah's Geographic Location Makes It Indispensable for Global Energy Trade

The UAE is positioning itself to become a global physical energy trading hub by 2025, with Fujairah playing a key role as an essential part of our country's broader vision for the future of energy. The emirate boasts some of the largest storage facilities in the world, allowing us to manage energy flow more effectively, respond to market demands quickly and build resilience in times of volatility. Its deep-water port and world class infrastructure have transformed it into a global refueling and logistics hub.



**Ahmad Bin Thalith**  
CEO, ADNOC Global Trading

Fujairah's strategic value goes beyond traditional oil. It is a cornerstone of the UAE's shift to a broader strategy, to raise the share of clean energy in our energy mix to 44% by 2050. And other emirates are moving in lockstep. Abu Dhabi is leading projects in green hydrogen and carbon capture; Dubai is advancing its sustainable energy

infrastructure. By 2031, the UAE could be among the top ten hydrogen producers globally. Initiatives like Masdar's Green Hydrogen Project aim to produce 1 million tons annually by 2030. ADNOC's recent acquisition of Covestro marks a pivotal step in our growth strategy, strengthening our diversification into chemicals, expanding our



global footprint and enhancing our ability to meet future demand for sustainable materials. This is about complementing traditional energy, not replacing it. To meet the world's growing energy demands, hydrocarbons remain crucial. The UAE's oil production is set to increase to five million barrels per day.

The global energy landscape is shifting. Geopolitical changes are creating new dynamics, such as Europe's reorientation

away from Russian energy, and emerging markets in the global South are seeing their energy needs rise. Fujairah's importance as a connector of these markets will only increase. Advances in technology can help manage the opportunities and challenges that these shifts present. AI is reshaping how energy is traded, stored and transported; ADNOC aims to generate 20% of its income through AI driven initiatives by 2025. Fujairah's

ability to integrate these new technologies into its operations will determine its future competitiveness.

The UAE economy is poised for strong growth, projected to reach 6.2% next year, driven by energy, tourism, real estate and technology. Our leadership's vision extends beyond economic progress, with a focus on energy security, sustainability and innovation. ■



# A Global Energy Trader

BB Energy is among the world's leading independent energy trading companies. With over six decades of experience in energy markets around the world, we responsibly connect energy producers and suppliers with the people, communities and businesses that need it most.

Our unique entrepreneurial culture, backed by our global reach, allows us to meet our clients' needs by providing safe, efficient and reliable access to energy.

#energisinggrowth



**BB Energy**

bbenergy.com

## European Demand Growth for GCC Refined Products Set to Continue



**H.E. Shaikh Ebrahim bin Khalid Al Khalifa**

EVP of Business Development & International Relations, Bapco Energies

Started a trading arm is a strategic decision to capture incremental value. Global demand - be it from Asia, Africa, and now Europe - is increasing. The refining capacity in the Mideast region has also expanded, with refiners producing cleaner products, operating more efficiently, and optimizing resources to maximize production, in preparation to meet this growing

demand. The refining landscape has changed. Our refineries have traditionally supplied products to the East, and Africa, where we've had a customer base for many years. While demand in the Global South remains strong, we're also now serving Europe more than before because demand there has increased with many refiners shutting down. And we believe that demand will continue to

grow. Our refinery is primarily for middle distillates, and with our recent expansion, we are doubling our diesel and jet fuel production, to service all markets. We also recently expanded into Latin America. Whether it's Latin America, Africa, or Europe, we are continuously developing our customer base and collaborating with traders and regional players to reach these markets. ■



# Demand is Shifting to Rapidly Growing East Africa and Southeast Asia Economies

Our refinery and petrochemical complex on Oman’s east coast, is perfectly positioned near the growing demand centres of East Africa and Southeast Asia. Europe’s refinery closures also present an opportunity, and we can cater to both East and West. When looking long-term, it’s important not to take a view that there is only one fixed export market, but rather to remain flexible to changing conditions. For example, initially, we built our refinery to meet strict European specs, but we have found that nearly 50% of our products are now landing much closer to home, in East Africa and the east and west



David Bird  
CEO, OQ8

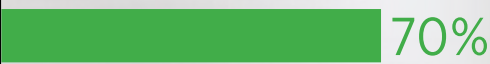
coast of India. Despite governance challenges in Africa, the continent’s rapid urbanization and population growth are driving energy demand. This relentless aspiration for better living standards will continue to push demand higher.

We should be incredibly proud of how resilient our industry is. This is evident in the stability of prices, despite significant supply disruptions and geopolitical upheaval. The market has

consistently found ways to adapt. For example, we’ve just shipped another one million barrels cargo of diesel to France. Chokepoint disruptions like the Suez Canal can make it difficult for smaller cargoes to reach markets competitively. This means we need to be capable of loading larger parcels so our refined products can compete in distant markets that we might not have reached 5 or 10 years ago. ■

Is the Global South set to dominate global refining?

Yes, due to increased refining investments in Asia and the Middle East



No, the Global North will maintain dominance in refining capacity



It is unlikely, as refining will become obsolete with the rise of renewables



Source: From 250+ delegates EMF

# Harness our expertise to discover possibilities

At National Bank of Fujairah, our specialised Energy & Marine division is uniquely positioned to provide bespoke solutions to Shipping, Oil, Gas and Renewable sectors. With nearly four decades of award winning services, benefit from our expertise and connect with top industry specialists worldwide as we ensure your financial strategies match the best options, leveraging our extensive local and global reach and insights.

## SERVICES TAILORED TO YOUR NEEDS

- Ship financing
- Trade finance for oil, Gas and Renewables
- Assets and equipment finance
- Financing for renewable projects
- Structured commodity finance

- Other services:
- Project financing
  - Green financing for sustainability related projects
  - Working capital finance for Energy, Marine and Renewable related activities

## ENERGY AND MARINE

WHOLESALE BANKING



Call 8008NBF(623) to start our partnership  
nbf.ae   
\*Terms and conditions apply





## Fujairah: Leveraging its Status as An Oil Storage Hub to Serve East-of-Suez Markets?



Fujairah has traditionally been viewed through the lens of East to West trade flows, focusing on Europe's strategic interest in bunkering and energy security. However, recent developments, such as Europe's de-industrialisation, are shifting that perspective. From this standpoint, it's natural that

Fujairah looks eastwards - toward China, India, and the ASEAN countries, a region with over 3.5 billion people and an expanding middle class. This shift offers significant growth opportunities.

On a more granular level, Fujairah's oil storage potential is emerging as an essential

component of this region's growth. Most recently, ADNOC built and completed underground caverns with a capacity to store 100 million barrels+ of crude, boosting the emirate's standing as a regional energy trading hub. Fujairah offers stability and access from an energy security perspective. The International

Energy Agency is considering including partner countries in maintaining strategic stockpiles, and out-of-jurisdiction storage like that in Fujairah's could play a role, alleviating some of the pressure in maintaining expensive in-country stockpiles in Asia. It's important to also consider Fujairah's strategic advantage in redistributing resources to the East, in the context of the current geopolitical landscape.

Fujairah is also leveraging its capabilities, available assets and infrastructure in the context of the Energy Transition and growing interest in carbon capture and storage (CCS) and alternative energy sources. On CCS, it could potentially serve as a CO2 hub, and on the latter, the emirate is already preparing portions of its land and sea for renewable energy projects. Some proposals are at the feasibility stage, others in early development. We must invest in this infrastructure to stay competitive, particularly when we look at more advanced hubs like Singapore and Rotterdam. Fujairah could act as a consolidator hub for East-West flows of sustainable aviation fuels

and other emerging products.

### Price Discovery & Transparency

Increased transparency on storage data would solidify Fujairah's position even more as a reliable trading hub. As the market evolves, especially as refining capacity grows in the East, Fujairah's strategic positioning could be crucial in offering certainty and reducing ambiguity in pricing and trade, as it connects with other markets like India and China. Fujairah is considering additional transparency measures, on operations and storage statistics, to reinforce confidence in its position as an energy hub.

### Infrastructure Capacity

Fujairah has experienced continuous throughput growth in the past five years and has reached a point where more jetties need to be built to keep up with demand. The port aims to stay 25% ahead of market demand, and with the increasing need for storage and new types of products, additional investments in infrastructure are a priority. As of today, it has

plans to add 12 more jetties and an additional VLCC berth. The jetties are adaptable for any type of product - be it oil, LPG, LNG, or ammonia.

### Time for LNG bunkering?

Fujairah has been considering LNG bunkering for a few years, but investment in the required infrastructure requires more assurance of demand from end users. Currently, in the Middle East, the percentage of ships asking for LNG is still low. Regulations also play a major role here. A cautious approach would be to start with offshore LNG bunkering, maybe ship-to-ship services, and then, once the market shows commitment, move to onshore facilities. LNG bunkering is the right move for the region, but for such large infrastructure projects, feasibility needs to be thoroughly assessed.

Ambition, logistics, government support, expertise, and location - Fujairah has all of these in spades. ■

Content Harvested  
from EMFWEEK24  
Session Hosted by







## The Gateway to the World's Fastest Growing Energy Consumers!

*As the UAE's only emirate on the Arabian Sea coast, Fujairah is at the heart of the new energy corridor opening up East of Suez to Asia. The emirate is already established as a world-scale storage and bunkering center alongside Rotterdam and Singapore and is set to benefit in the next few years from companies' plans to expand crude and petroleum product facilities to avail of the state-of-the-art physical infrastructure on offer.*



### STRATEGY

Developing the petroleum strategy for investment in the region



### REGULATORY AUTHORITY

Regulating all aspects associated with the Oil and Gas industry



### ADMINISTRATIVE SERVICES

Providing administrative services to stakeholders for smooth operation of the business



### INFRASTRUCTURE

Infrastructure enablement & provisioning for companies investing in the region.

## Africa Offers Huge Import Potential for Mideast Refined Products



**Emad Al-Kandari**

DMD International Marketing – Contracts, Kuwait Petroleum Corporation

There have been significant changes to oil trade flows in the past few years. KPC has adjusted its strategies accordingly with regards to the destination of its refined products, supported by a diversified market portfolio. Initially, we planned to target several demand centres, including Europe. We've increased our market share in Europe, becoming the leading supplier of jet fuel. We didn't

export gasoil or diesel to Europe before, but now we're sending substantial quantities to both the Mediterranean and Northwest Europe. But even before the Russia-Ukraine conflict, we had plans to expand into Europe. This was part of our long-term strategy, and not simply a reaction to the war. The US has emerged as a supplier of crude and LNG to the East and our strategy has

been to adapt to these changes while maintaining strong, long-term relationships with our customers in Asia. In Africa, we started building relationships over a decade ago, and we remain committed to those markets. The continent has huge potential, and despite the opening of the Dangote refinery, it will need much more refining capacity to meet growing demand. ■





# Is the Global South Set to Dominate Global Refining?

India's refining capacity is aiming to rise above 250 million tons per year as it plans to become a hub for refining in the region, not just meeting local demand but also exporting products. Meanwhile, Middle Eastern refiners continue to capitalize on more flexible regulations, with capacity expansions ensuring they remain key players in global supply chains. This shift is real, with statistics showing that by 2030, these



**Osama Rizvi**  
Energy & Economic Analyst, Primary Vision Network

regions could dominate the global refining industry. The Energy Transition can have a significant impact on oil consumption by extension, refinery capacity. In this regard, while advanced economies like Europe and the U.S. are leading

the push, nations like Pakistan and other South Asian countries are facing an uphill battle, largely due to funding challenges and developmental needs. In 2023, Pakistan's contribution to global carbon emissions was less than 1%, yet it continues to grapple with international pressures to

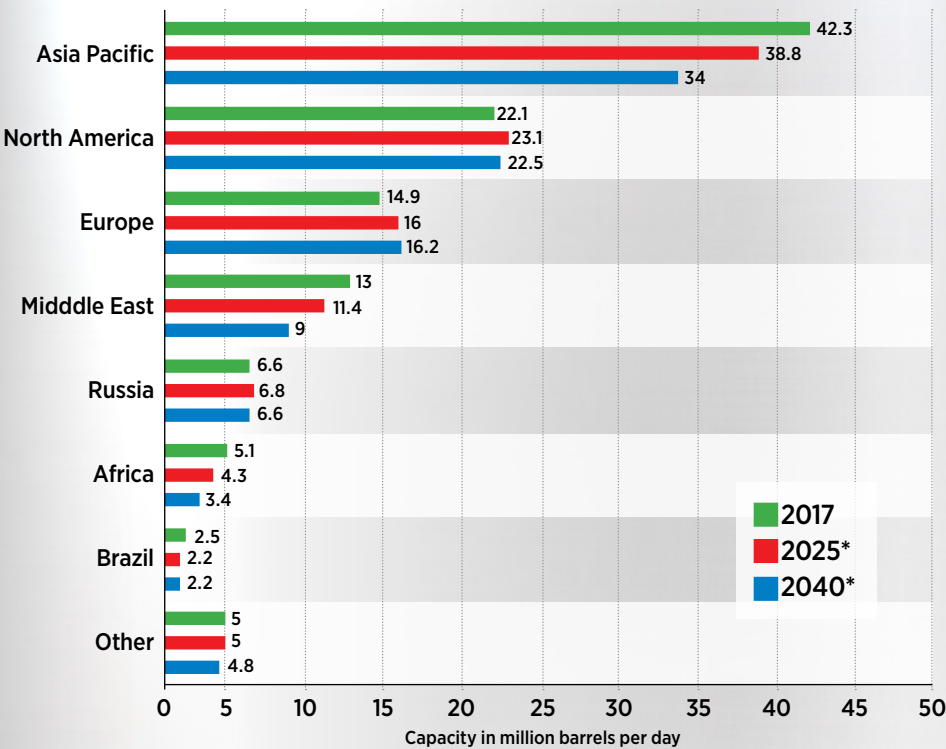
decarbonize, despite limited financial resources and an energy infrastructure still reliant on fossil fuels. In comparison, India invested around \$11 billion into renewable energy, but that remains insufficient for a full energy shift.

Demand dynamics driven by urbanization. Regions like Africa and Southeast Asia are witnessing urbanization growth rates exceeding 4% annually, meaning long-term demand for petrochemicals and refined products will likely remain robust. This stands in stark contrast to demand in Europe and North America, where energy consumption is expected to fall by 2-3% annually by 2030.

Geopolitical tensions, particularly those surrounding Russia. India's imports of discounted Russian crude skyrocketed by 400% in 2023, allowing it to significantly boost its refining output. This geopolitical shift, sparked by Western sanctions, has opened new avenues for nations like India and China to secure energy at lower costs and maximize refining capacity, while Europe scrambles to secure new supply chains.

## OIL REFINERY CAPACITY WORLDWIDE

(in million barrels per day)



Source: <https://www.statista.com/statistics/270510/capacity-of-refinery-constructions-and-expansions-worldwide/>

Investment in energy infrastructure, especially refining. In Pakistan, refining capacity sits at 450,000 barrels per day, but operational capacity is much lower due to underutilized and outdated facilities. Without urgent modernization and new capital, Pakistan risks missing out on the benefits of expanding global

demand for refined products. Billions of dollars in investment are needed, both in Pakistan and across the developing world, to meet energy needs and align with the global shift in refining capabilities. ■

Content Harvested from EMFWEEK24 Session Hosted by







**Hatem Al Mosa**  
CEO – SNOC



**Chris Wood**  
CEO - RAKGAS

Energy security, supply, and utilization – particularly in the industrial sector – are deeply interconnected. The northern Emirates, while having access to energy sources, rely

on the broader UAE network to meet their energy demands, particularly for gas and electricity. Addressing these needs will require greater collaboration among the northern Emirates and with Abu Dhabi and Dubai. This includes enhancing gas supply, power networks, and infrastructure such as pipelines and storage facilities, to ensure long-term energy resilience. Additionally, the growing role of renewable energy and the challenge of energy storage must also be addressed.

Operators in the northern Emirates already collaborate on various issues, including technical and geological studies, hydrocarbon law implementation, and pipeline management. The gas-storage joint venture between SNOC and RAKGAS has been mutually beneficial and serves as a model for other Emirates, promoting further cooperation and synergy. Energy storage, whether for gas or electricity, is critical for energy security. The expansion of gas storage infrastructure in Sharjah, allowing for reserve supply when needed, has been invaluable, particularly over the

last two summers. Even before its full completion, the project's partial operation played a crucial role in maintaining energy security. RAKGAS is expected to realize similar benefits in Ras Al Khaimah, where industrial energy demand is the highest in the northern Emirates.

The northern Emirates have a long history of collaboration across various sectors. For instance, RAKGAS has partnered with Umm Al Quwain to manage and operate gas facilities, including offshore pipelines. Sharjah and Ras Al Khaimah have also worked together on numerous initiatives, particularly in infrastructure, focusing on optimizing energy security. Looking ahead, integrating storage facilities and further optimizing gas and power systems will be essential, especially as more renewable energy sources are incorporated into the grid, ensuring a stable and resilient energy supply for the region.

The three key areas we need to prioritize for collaboration are infrastructure, sourcing, and regulation. In terms of energy

sourcing for our industries, we are fortunate to be located in a region rich in hydrocarbons. However, this potential can only be fully realized with proper investment in infrastructure. A prime example is the Dolphin pipeline, which has enabled gas to flow from Qatar, supported by Abu Dhabi, to the northern Emirates.

LNG bunkering has been discussed by SNOC, Fujairah, Ras Al Khaimah, and Umm Al Quwain, with proposals for an offshore Floating Storage and Regasification Unit (FSRU). While demand has not yet reached a critical mass for large-scale LNG bunkering, there is potential for a smaller-scale solution such as an anchored LNG tanker offshore. On the exploration side, the offshore waters of the northern Emirates are highly interconnected. Treating this area as a unified whole, rather than dividing it between Emirates, would attract multinational companies and encourage hydrocarbon exploration.

Equally important is the regulatory framework. Consistency across districts, from Sharjah to Fujairah, is essential for

## Collaboration to Accelerate Energy Security Across the Northern Emirates

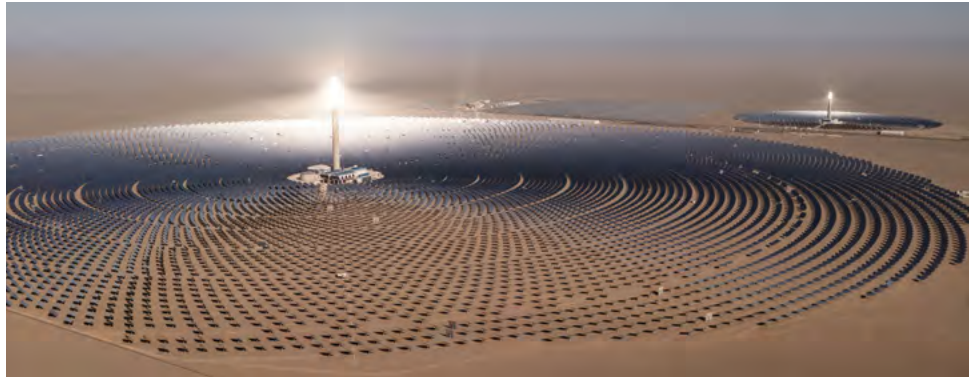




attracting investors. A clear and cohesive regulatory landscape will provide the confidence needed to drive investment in the region.

Energy security is not only about supporting future industrial growth; it also involves maintaining the security of our existing energy-intensive industries, many of which are difficult to decarbonize. Ensuring a stable and reliable energy supply is critical to sustaining these sectors as we transition toward a more sustainable energy future.

We do not see a conflict between achieving the Energy Transition and continuing to utilize hydrocarbon resources. Both are essential to energy security. The transition is a gradual process. As more renewable energy enters the market and we electrify processes—starting with transportation—demand for electricity will grow significantly, especially as industries shift to electrification. Historically, power demand in the UAE has grown by 3-5% annually, with some years seeing as much as 10% growth. Over the next 10 to 20 years, I anticipate that growth will continue at the higher end of this



**“We do not see a conflict between achieving the Energy Transition and continuing to utilize hydrocarbon resources. Both are essential to energy security.”**

range, driven by the shift from hydrocarbon fuels to electricity in power generation, mobility, and industrial processes.

To support this shift, the Emirates need initiatives that foster cooperation. Some Emirates lack a dedicated oil and gas regulatory body, with these resources managed by departments like finance or municipal authorities. Establishing similar regulatory bodies across the Emirates could enable more streamlined collaboration. However, collaboration does not always require a formal body; it can emerge through conversations and partnerships. For instance,

the recent MOU between the RAK Petroleum Authority and the Ministry of Energy and Infrastructure demonstrates how effective collaboration can be achieved in areas like regulation, data sharing for upstream activities, carbon capture and storage, and geothermal energy. While structured organizations can certainly facilitate cooperation, fostering open communication is essential to advancing collaboration in the northern Emirates. ■

*Content Harvested from EMFWEEK24  
Session Hosted by*



**RAKGAS**



## Sourcing energy for a sustainable future

As an international company with operations across 120 countries BGN plays an important role in helping countries to move their energy exports to markets worldwide, as well as securing vital supplies for importation to serve domestic energy needs. We trade energy and other commodities between multiple continents, with strong growth in the GCC region, Africa and Asia, among other regions.

We believe that commodities should provide a net benefit both for our trading partners and for society as a whole. As well as responding to demand, we aim to support the energy transition by moving products that improve efficiency, by leading on carbon asset development and by analyzing renewables opportunities.





# CHAPTER 3

## ADAPTING TO NEW TRADE WINDS



# What’s Driving Expansion in Mideast NOC Trading Activities?



**Ali Al Riyami**  
Consultant and Former Director General of Marketing,  
Ministry of Energy and Minerals – Oman

The expansion of trading activities by National Oil Companies (NOCs) in the Middle East has become a notable trend in global energy markets, driven by both strategic imperatives and evolving market dynamics.

NOCs in the Middle East,

traditionally focused on upstream activities like exploration and production, are increasingly diversifying their portfolios. With volatile oil prices and fluctuating demand, these companies are looking to create more resilient business models. By expanding into trading activities, NOCs can capture value across the entire energy

value chain, from production to the trading of refined products and crude oil. This diversification enables them to maximize revenues while mitigating risks associated with reliance on crude exports alone.

NOCs are also using their trading arms to enhance geopolitical

influence and strengthen their market presence. By controlling oil and gas trade flows, they gain valuable market intelligence and greater flexibility to respond to shifts in global demand or regional political changes, such as sanctions or trade policies. This agility helps them maintain their position as key players in global energy markets.

To successfully compete with established international trading firms, NOCs are investing heavily in building in-house expertise. They are hiring seasoned traders from global trading hubs such as Geneva, London, and Singapore, and creating sophisticated risk management systems. The infusion of external talent and technical expertise allows NOCs to improve their trading capabilities, better manage their market risks, and optimize their supply chains, all of which are crucial for operating at a global level.

The trading sector is increasingly data-driven, and NOCs are integrating advanced digital platforms and data analytics into their operations to optimize decision-making. Technologies such as artificial intelligence

**By expanding their trading portfolios to include renewable energy certificates or carbon offsets, NOCs are positioning themselves for a future where global energy demand is more diversified.”**

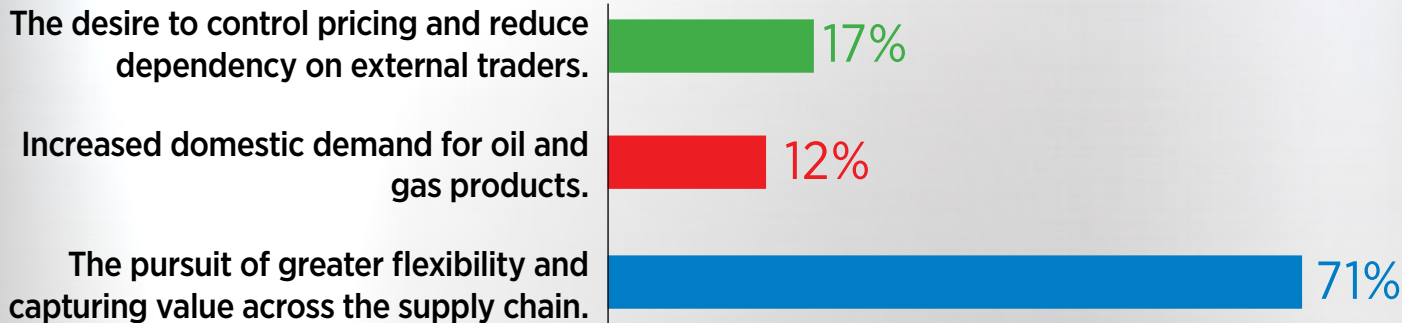
(AI), real-time market analysis, and blockchain are enabling these companies to improve efficiency, streamline operations, and manage trading risks. This digital transformation is a critical component in helping NOCs remain competitive with global trading houses, which have long been using such tools to gain a market edge.

The global push for energy transition towards cleaner sources is another factor pushing NOCs to expand their trading activities. While fossil fuels remain the dominant energy source in the Middle East, NOCs are looking to trade not only crude oil and refined products but also liquefied natural gas (LNG) and, increasingly, low-carbon products. This aligns with broader sustainability goals as NOCs attempt to diversify into cleaner energy markets. By

expanding their trading portfolios to include renewable energy certificates or carbon offsets, NOCs are positioning themselves for a future where global energy demand is more diversified.

The expansion of trading activities by Middle Eastern NOCs is not only a response to immediate market dynamics but also a strategic effort to position themselves for a more volatile and diversified global energy landscape. From revenue diversification and geopolitical maneuvering to embracing digital tools and aligning with sustainability trends, these companies are shaping the future of energy trading. ■

## What is driving the expansion of trading activities by NOCs in the Middle East?



Source: From 250+ delegates EMF

Content Harvested from EMFWEEK24  
Session Hosted by

**S&P Global**  
Commodity Insights





## UAE's Emergence as a Commodity Trading Hub

The UAE is positioning itself as a significant player in global commodity trading, prompting a reassessment of the industry landscape. Its strategic location between East and West provides an optimal time zone for global operations, allowing traders to engage with Asian, European, and American markets within a single working day. This geographical advantage is bolstered by substantial investments in infrastructure, including advanced ports, well-



**Victoria Todd**  
Head of MENA at HC Group

designed free zones, and cutting-edge digital networks.

The regulatory environment in the UAE is particularly attractive to international firms. Business-friendly policies and the establishment of financial free zones like ADGM and DMCC offer streamlined processes and incentives that appeal to global

trading entities. This welcoming stance has facilitated the UAE's success in attracting experienced professionals from established trading centres, building a robust talent pool that further enhances its competitive position.

Undoubtedly, the regional NOCs are playing a crucial role in shaping the trading landscape, setting up

entities or forming joint ventures with international oil majors. These companies continue to expand their trading operations, hiring talent both regionally and globally.

A key factor in the UAE's emergence as a commodity trading hub is the impressive diversity of new market entrants. The landscape is evolving beyond traditional commodity traders to encompass a wide range of financial institutions and service providers. Hedge funds and alternative investment firms are increasingly establishing a regional presence, recognising the many advantages of a UAE base. This migration is strategically motivated, allowing these firms to position themselves closer to the region's significant sovereign wealth funds and capitalise on emerging opportunities. The influx is not limited to investment firms. Brokers, liquidity providers, and other financial services companies are also expanding their footprint, signifying the growing importance of the UAE in the global financial sector.

The rise of the UAE presents both challenges and opportunities for

**One of the primary concerns is increased competition for the limited pool of specialised talent in commodity trading."**

London, Singapore, and Geneva. One of the primary concerns is increased competition for the limited pool of specialised talent in commodity trading. As the UAE attracts experienced professionals, we are witnessing a global squeeze on talent. Organisations that have a strong junior talent pipeline and best-in-class trader training programmes are likely to fare better. In the UAE, the influx of global talent is complemented by initiatives to develop local expertise, crucial in ensuring that the regional talent pool becomes more self-sufficient going forward.

Despite global competition, established centres retain significant advantages. London maintains unparalleled access to capital markets and a deep pool of professional services. Singapore continues to dominate Asian markets with its strong financial services sector and strategic location. Finally, Geneva remains a key centre for oil trading and trade finance, supported by Switzerland's

longstanding political neutrality and expertise in handling complex international transactions.

The outlook for the UAE as a commodity trading hub is largely positive, driven by strategic advantages and concerted development efforts. While this presents challenges for established centres, it's likely to result in a more distributed network of trading hubs rather than a wholesale shift in the industry landscape. Success in this new landscape will depend on adaptability, specialisation, and the ability to leverage existing strengths while embracing innovation. As the industry evolves, we may see a more robust and diverse trading ecosystem, better equipped to handle the complexities of modern global trade. ■

Content Harvested  
from EMFWEEK24  
Session Hosted by





## Global Shifts in Oil Trade Flows, Inventories & Freight



**Jay Maroo**

Head of Market Intelligence and Analytics MENA, Vortexa

The landscape of global oil trade is undergoing significant changes, influenced by factors that include demand trends, geopolitical developments, freight dynamics, the impact of sanctions, and the looming challenges of overcapacity in the downstream sector.

Seaborne oil demand is currently stagnating, with arrivals of motor fuels into the top 100 global import locations reaching historical highs in the first half of 2024, but now declining. This trend is particularly evident in road fuel imports, while jet fuel—previously anticipated to drive demand growth—is also failing to gain momentum. Despite weaknesses in product demand, crude demand remain tighter than supply, resulting in global stock

draws, including a more recent shift to drawdown mode in China.

Record volumes of sanctioned oil from Iran, Venezuela, and Russia are making their way to the market, with vessel-specific sanctions having limited impact thus far. However, recent moves toward more aggressive sanctions could change this situation. Concurrently, freight rates remain stubbornly weak to lacklustre cargo volumes, shorter voyages, and the normalization of Panama Canal operations, alongside a shift toward larger vessel classes, including the cleanup of super tankers. This oversupply is reflected in the wider European diesel market, indicating a growing overcapacity in global refining.

The gasoline market is facing challenges, with cracks collapsing

during the summer driving season, even before the expected new supplies from Dangote and Dos Bocas hit the market. The anticipated increase in gasoline supply from Dangote could limit European export opportunities, while the less certain ramp-up of Dos Bocas would negatively affect US-Mexico flows. With an expected influx of 500,000 barrels per day of gasoline, refiners in Northwest Europe and the US Gulf are likely to face significant pressure, necessitating capacity consolidation.

The interplay of all these factors signals a transformative period in global oil trade, requiring participants to respond faster than ever before.

*Content Harvested from EMFWEEK24 Session  
Hosted by*



GLOBAL COMMODITY TRADING  
with integrity, transparency and compliance

Driving growth and innovation

Operations  
**MENA | Asia | Asia Pacific**  
Core offices  
**Dubai | Singapore**



[info@2rivers-group.com](mailto:info@2rivers-group.com)



# Global Crude Oil Benchmarks

## Insights by S&P Global Commodity Insights

SPGCI conducts extensive price assessments, around 30,000 evaluations daily, of which only about 260 are recognized as financial benchmarks due to their visibility on exchanges. While there are likely many more assessments used as benchmarks in physical pricing between parties, we wouldn't necessarily have visibility on those bilateral contracts. Our market assessments follow a structured hierarchy, prioritizing data gathered during a daily open process known as the "window." This critical period allows for the monitoring of bids and offers. Information must be firm and transparent, ensuring equitable participation, whether for large corporations like ExxonMobil or smaller traders.

In the Brent complex, Platts Dated Brent serves as a key benchmark for physical oil, primarily from the North Sea.



Last year, we incorporated WTI Midland into our assessments to adapt to the declining North Sea production. To be effective, a benchmark needs a minimum production of around one million barrels per day. We recognized WTI Midland as a suitable addition due to its compatibility with European consumption patterns, and its production level. Brent serves as a global

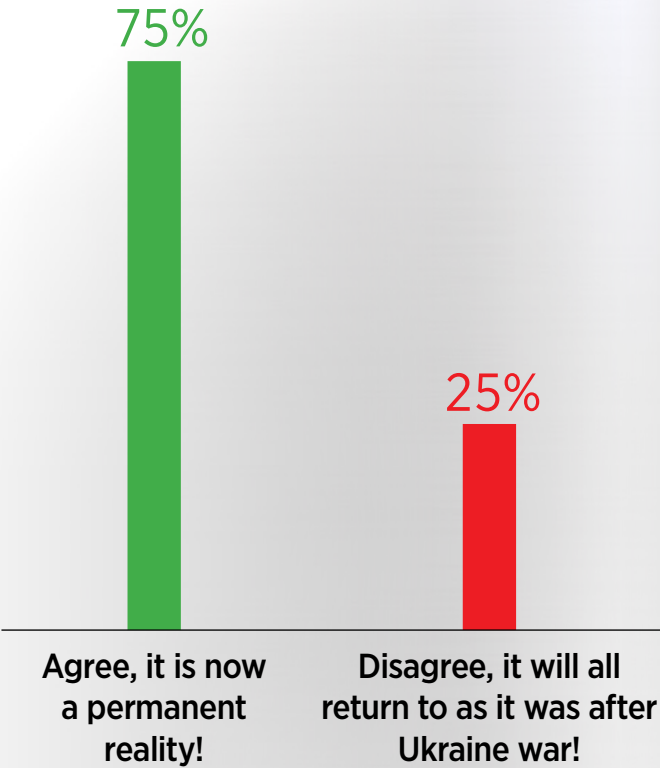
reference for crude oil prices because it's waterborne and can be transported worldwide. Previously, disconnects between Brent and WTI prices occurred when WTI was stuck in Cushing, Oklahoma, unable to move to consumption points. The quality of WTI Midland fits well with other light and sweet grades, although 40s crude is generally

considered an outlier due to its higher sulfur content. WTI Midland is the first non-North Sea grade included in our basket. It's delivered into Rotterdam, and we create a netback to generate an FOB equivalent value. Since its introduction, WTI Midland has contributed to the daily assessment and affected the light sweet market dynamics.

Our assessment methodology encompasses cash before pricing, Brent CFDs, and physical differentials, maintaining a correlation with futures markets through the exchange of futures for physicals. We also provide monthly updates on Brent market activity, detailing trade counts, CFD activity, and liquidity. Understanding the distinctions between Platts Dated Brent as a physical assessment and futures markets as financial instruments is crucial for effective risk management.

The Platts Dubai assessment, reflecting medium sour crude oil, has evolved over the years with new grades added to enhance liquidity. The methodology allows for flexible trading of cargoes, accommodating

Increased Russian crude flows to Asia have redrawn the world's oil map?



Source: From 250+ delegates EMF

partials for improved price discovery. Participation has notably increased from end-users and traders, particularly from independent Chinese refiners. Dubai futures are increasing in significance, particularly because of recent OPEC+ cuts. Asian refiners' increasing reliance on medium grades has spurred activity in Dubai derivatives, with trading volumes reaching record highs.

SPGCI is committed to transparency through the publication of market data, bunker sales, and inventory levels. As markets look ahead, we have already launched carbon intensity metrics for pricing, helping the market with its trading dynamics. ■

Content Harvested from EMFWEEK24  
Session Hosted by

**S&P Global**  
Commodity Insights



# Financing in Energy Goes Way Beyond Monetary Policy

Energy, and more broadly commodity markets, have taken higher interest rates in their stride. Firstly, there is the simple point that in historical terms the price of money is not that expensive, and the industry is not overly sensitive to changes in monetary policy. Secondly, higher interests are usually a consequence of inflation pressures which ultimately stem from stronger demand and



**Paul Hickin**  
Editor-in-Chief, Petroleum Economist

economic growth. This has been the story for the past couple of years. In fact, it's more a question of assessing the long term risks. Hydrocarbons have been taking a bashing in some parts of the world, a bit like what tobacco

went through 50 years ago and yet the tobacco industry still survives - it's self-financing. We are seeing international oil companies (IOCs) going through this period of consolidation with large mergers and acquisitions because they are trying to

manage their stranded asset risks further out. When you think about exploration and production and a lot of the talk around underinvestment with capital spending, interest rates are not even part of the equation.

The outlook for E&P is centered around where demand is likely to be and that is partly shaped by policy and regulation. Indeed, with a big clampdown in Europe, that provides an opportunity for the GCC. On the flipside to this is the renewables side of the ledger, where huge parts of the industry are struggling to raise finance and offtake agreements are still difficult to do. And that comes down to questions over the actual economics of the project and the risks around the technology. Between 2008 to 2020, interest rates have been close to zero across the developed world and yet it had little impact on investment.

When it comes to trading, higher interest rates do affect some players and hamper liquidity, but ultimately it comes down to margins and volatility which can create arbitrage opportunities.



**Looking at inflation, interest rates, and the cost of doing business, the margins in the upstream sector have been squeezed so much."**

With E&P being very capital and debt intensive, higher interest rates have had a knock-on effect on costs there. If you compare Brent crude oil pricing today versus ten years ago, it is around the same level on a flat price comparison. But from an upstream investment side, the cost to drill that same well is up 200% to 300%. Looking at inflation, interest rates, and the cost of doing business, the margins in the upstream sector have been squeezed so much. That doesn't apply only to capital markets, but also to state-owned oil assets. That

spillover will come to roost if and when energy demand rebounds and moves into a period of expansion again. From the bank's perspective, access to capital and availability of credit lines will be the challenge, and the move away from oil and gas by European banks in particular, has created a gap for banks in the Middle East to move into, a trend that will likely continue. ■





# Data and technology that connect you to opportunity

Manage risk and make informed decisions with ICE's end-to-end energy market solutions

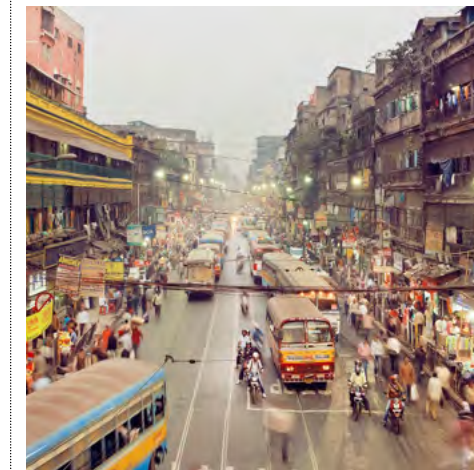
ice.com

## India Set to Dominate Oil Consumption Growth



**Victor Katona**  
Head of Oil Analysis, Kpler

India has a significant amount of refining capacity planned for 2024-2025. but after that, there's nothing concrete on the horizon. The Indian economy is expected to grow significantly, becoming the largest incremental source of demand globally by 2026, but beyond 2027, refining capacity in the country may not be able to handle the demand. Europe, on the other hand, is heading in the opposite direction, with three refineries scheduled to shut down next year. Middle East regional players could capitalize on this, especially with diesel flows, as the refineries being shut down are mostly focused on middle distillates. The gap between investments in Asia and Europe is stark, presenting a major opportunity for those who can exploit these dynamics.



The increase in Russian crude flows to Asia is a permanent shift. Even if US-Russia relations improve, European sanctions are unlikely to lift anytime soon. India will continue buying discounted Russian crude because it offers

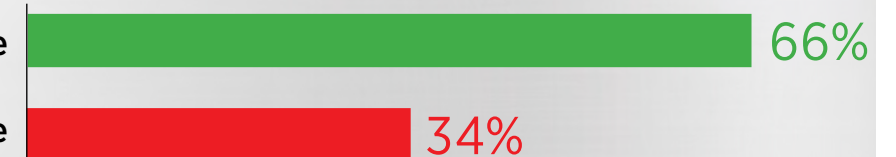
a competitive edge, as will China. And with refinery margins now shrinking, there's an added inherent competitive advantage for refiners in those countries to continue buying Russian crude.

China's situation is nuanced. While core products like diesel and gasoline are peaking, petrochemicals and LNG are still growing. The market has got used to the idea of perpetual growth. Now, as that growth slows, attention will shift towards India, which will become the focal point of consumption growth, especially in the second half of this decade. China will remain important, but interest will taper off as India rises. ■

Global Oil Market stakeholders are still in denial about the arrival of peak crude oil demand in China?"

Agree

Disagree



Source: From 250+ delegates EMF



# CHAPTER 4

## ENERGY & GEOPOLITICS



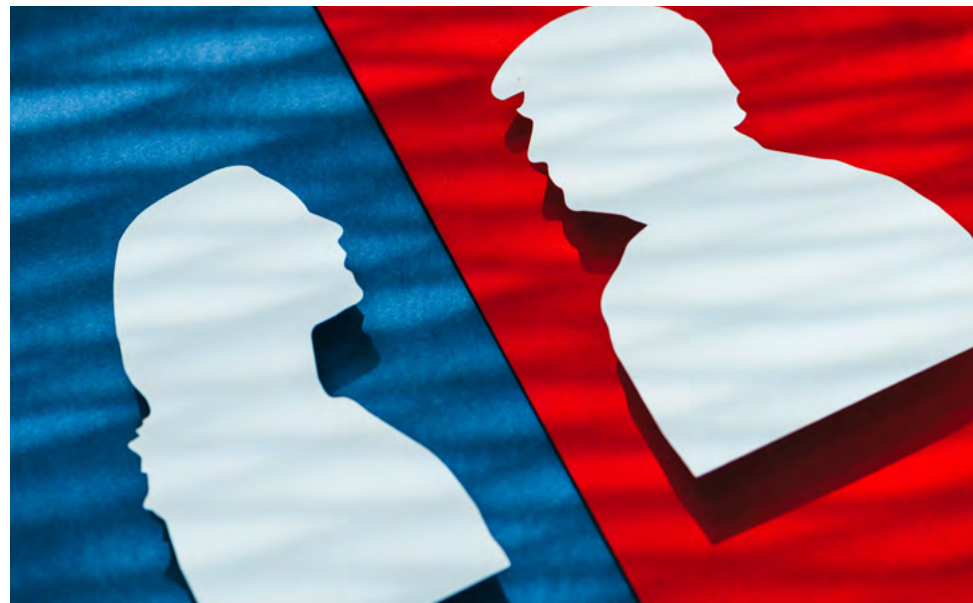
## US Elections: Geopolitical and Macro Policy Risk for Energy Markets



**Rachel Ziemba**

Adjunct Fellow, Center for a New American Security & Senior Advisor, Horizon Engage

A Trump or Harris presidency will produce differing styles of governance on many fronts, both domestically and abroad. A big area of policy uncertainty surrounds investment in renewables, where incentives will likely be partly clawed back, as well as the extent and sectoral focus on tariffs and export controls. Global partners would also differ, with Trump even more focused on avoiding American military involvement, sending mixed messages on the Middle East, support of Taiwan but being tough on China economically, while Harris tries to herd G10 partners on common labour and environmental standards, building supply chains that are less reliant on China. These trends will dampen deflationary pressures and suggest that debt



levels remain high. The Trump administration's penchant for tariffs to cut imports and raise money, risks larger current account and trade deficits, higher inflation, higher interest rates and a higher US dollar, which could weaken global demand

for energy in the short-term. However, there would be some areas of bipartisan agreement. Domestic energy production is likely to be a priority, given the importance of energy security and affordability. Harris' campaign is publicly supportive

of fossil fuel investment, as part of an 'all of the above' energy policy but it will also look to ensure environmental rules and regulations.

Congressional results matter! A potential shift to a narrowly Democratic House and Republican Senate with narrow margins, will constrain fiscal and industrial policy choices. Congress may try to take back control of trade policy. Fiscal policy needs Congressional approval as do some types of trade policy. Congress will also set funding that shapes enforcement of sanctions.

Aside from a penchant for tariffs, Trump administration proposals are less defined than Harris and seemingly more open to negotiation. The Trump campaign has pledged support for the energy sector (fossil fuels) but also suggested that oil prices would fall due to regulatory changes. Oil companies care about return on investment, suggesting that production gains will be less extensive than hoped. Macro policies might cool demand in 2025, including

a potential fiscal cliff, but potentially raise energy demand over the longer term via changes in fuel efficiency and incentives.

Trump plans to roll back environmental standards - cutting methane capture and anti-flaring, opening up ANWR and other Arctic areas, and reducing mining restrictions on federal land. However, cost may be a deterrent for Arctic projects, limiting the impact as cheaper projects in the US and abroad in regions like the GCC, dominate. We would likely see a quick reversal of the LNG project pause imposed by Biden earlier this year.

Trump will court foreign investment including from the GCC, although Chinese government links look less likely. He is also likely to push OPEC to produce more, perhaps as part of a broader trade or investment agreement.

The Harris campaign is signaling an "all of the above energy approach", arguing that America can have affordable energy and reliability and make major changes in the energy mix. This is harder to achieve in practice.

Policies include strategic use of the SPR to set a window for trading and hedging; support for permitting reform with a focus on grid expansion, renewables and critical minerals; continuing to push for producers to reduce emissions, avoid methane leakage and monitor full life cycle emissions.

US foreign policy doesn't win elections - usually - but it does have a major impact on energy markets, including economic sanctions. Enforcement has become more difficult as illicit networks have proliferated. The dark fleet which serves Russia, Iran and Venezuela means that pressure on these countries would be harder than in 2018/2019. On Venezuela - Trump might try to strike a deal on migration; US commercial interests may dominate including in energy. On Russia, he could look to lift some sanctions, or end the price cap, which benefits China and India, but restrictions on investment and trade associated with the military could linger. On Iran, Trump could outsource policy to regional players, including Israel. ■



# Committed to Excellence

## IMEC – An Economic Corridor Designed for the New Middle East



**Narendra Taneja**

Chairman, Independent Energy Policy Institute

Trade and economic ties between India and the Arab world have a long history. Ships have been sailing between the Indian west coast and the Arabian Peninsula for over 1500 years. Unsurprisingly, therefore, the two geographies enjoy unparalleled bonds and understanding. The India-Middle East-Europe Economic Corridor (IMEC) is a new discourse in this connectivity.

IMEC was formally announced in late 2023 on the sidelines of G20 Summit in New Delhi following a meeting between top leaders of Saudi Arabia, the UAE, India, the US, Italy, Germany, France and

the European Commission. The ongoing military tensions in the Middle East may have temporarily dampened the initiative, but the countries involved intend to make the project a success, manifested when the commitment was reiterated at the G7 Summit in Italy in June.

The rationale for IMEC is backed by energy, economic and geopolitical considerations. The growing strategic ties between India and Saudi Arabia and the UAE, the 2020 Abraham Accords and the I2U2 group, have helped create the required environment to initiate an ambitious transcontinental project like IMEC.

IMEC will have both an Eastern and Western leg. The former will connect the west coast of India to the UAE by land and sea, passing through Saudi Arabia and Jordan, and onto the port of Haifa on the Mediterranean coast. The western leg will see containers loaded on ships from Haifa to European ports, and from there, onto trains to EU countries.

IMEC advocates dismiss any comparison with China's Belt and Road Initiative (BRI). There are fundamental differences. BRI is a Chinese unilateral geopolitical project, while IMEC is multilateral and genuinely aimed at promoting global connectivity. IMEC will also include services and technology, like a high-speed data pipeline, and will not be limited to physical goods only.

The GCC countries, the EU and the US, are India's key trading partners and export-import destinations. IMEC as an alternate corridor, is not only a great economic move but also a strategic one, binding India and the Middle East in a mutually beneficial and brighter economic and geopolitically secure future. ■



سي سي انرجي ديفالوبمنت  
CC ENERGY DEVELOPMENT





Strategic stocks create energy security, and potentially offer a mechanism to stabilize prices, by allowing a releasing in stocks during periods of market tightness. Stockpiles also reduce other countries' leverage, by reducing dependency on third countries and sudden cuts in supply.



Ravi Bhatiani  
Executive Director, FETSA

In the European Union, there are compulsory mandated strategic stocks for crude and refined products implemented through the Oil Stocks Directive, to

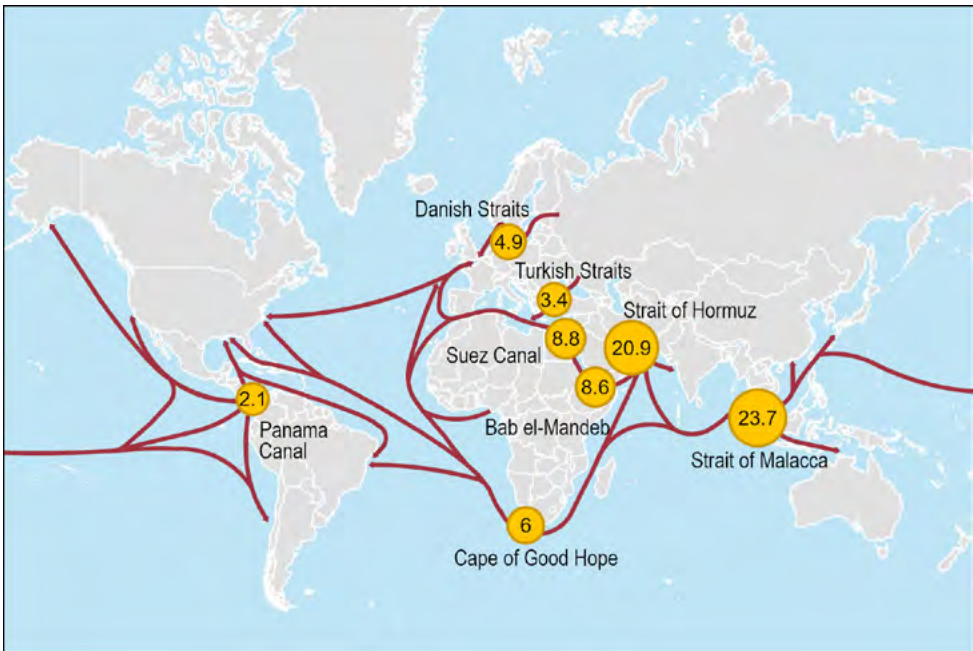
ensure sufficient and continuous stocks for 90 days as a buffer for demand spikes and supply side disruptions. These stocks tend to be government owned but stored

at independent storage sites throughout the continent, either above or below ground.

However, there are no EU mandated stocks for gas and LNG, nor for hydrogen or liquids that can be used to store hydrogen more easily, such as ammonia and methanol. There are also no mandates for low carbon and renewable liquid fuels, which could offer a substitute for refined products, and these would include synthetic fuels like HVO. Treatment of biofuels is covered by the Oil Stocks Directive, to an extent.

Investment in refining is today discouraged in Europe because it is not consistent with the EU Green Deal objectives and EU Climate Law obligations. Refining capacity is shifting to the African continent, the Middle East, South America, the US and Asia. At the same time, oil and gas demand is forecast to remain relatively stable towards 2050. In times of tight supply, such as today, this will give geopolitical and economic leverage to producer states, that may be either non-aligned, or hostile to, EU policy

MARITIME OIL CHOKEPOINTS DAILY TRANSIT VOLUMES (MILLION B/D)



Data source: U.S. Energy Information Administration (EIA) analysis, based on Vortexa tanker tracking and Panama Canal Authority, using EIA conversion factors and calculations

objectives and foreign policy goals. This puts Europe in a position of great vulnerability for energy security.

Historically, states with large strategic reserves of 200 + days - such as China, Japan, and the US - have the greatest defence against such leverage. Increasing Europe's strategic reserves of current and future

energy is therefore a matter of absolute priority to ensure Europe has strategic autonomy. Without security of energy supply, industrial policy and the competitiveness of the EU economy would suffer. ■

Content Harvested from EMFWEEK24 Session Hosted by







# Outlook for Iran Under the New Iranian Reformist President?

Masoud Pezeshkian's government in Iran faces a multifaceted crisis encompassing social, political, economic, environmental, and energy-related challenges. These issues are interconnected and threaten the country's stability and future.

Since the 1979 revolution, Iran's Islamic Republic has struggled with



**Danial Rahmat**  
Senior Energy Security Consultant, Iran

political legitimacy, highlighted by declining public engagement and voter turnout. Recent social movements, including the 2022 women's protests and ethnic unrest in regions like Kurdistan and Baluchistan, reflect a growing

discontent among various groups seeking political rights and decentralization of power. The 2024 presidential election, which saw the election of Pezeshkian, underscored the ethnic dynamics influencing Iranian politics.

Iran's foreign relations are strained due to its extensive network of proxy forces involved in regional conflicts, diminishing economic growth and global trust. US sanctions have further isolated Iran, restricting economic ties primarily to Russia and China, thus strengthening pro-Russian and pro-Chinese factions within the country. Additionally, challenges with neighboring countries and involvement in conflicts across the region complicate Iran's geopolitical standing, despite attempts to align more closely with Eastern powers like China and Russia.

Iran faces severe environmental issues, particularly water scarcity driven by population growth and climate change. This has led to overexploitation of resources and reliance on food imports. Water shortages have ignited domestic protests, increased ethnic tensions, and resulted in land subsidence, further exacerbating political instability.

Iran's economy suffers from persistent instability, with high inflation rates often exceeding 40% and unemployment around 25%. Poverty affects 30% of the



**Iran faces severe environmental issues, particularly water scarcity driven by population growth and climate change."**

population despite subsidies in key sectors. These economic difficulties are compounded by a volatile GDP that has struggled to keep pace with foreign policy challenges.

The backbone of Iran's economy, its energy sector, is in crisis. The country relies heavily on fossil fuels yet faces significant energy shortages. Electricity consumption outstrips production, leading to regular blackouts and economic losses estimated at billions annually. In the natural gas sector, despite having vast reserves,

Iran experiences shortages and declining export capacity. The refining sector also struggles with fuel shortages, forcing imports from Russia.

Overall, Iran's challenges are daunting. The Pezeshkian administration must find a path toward economic recovery and political stability, potentially by restoring relations with the West to attract investment in renewable energy. However, this goal is complicated by the regional geopolitical climate and existing tensions with powerful allies like Russia and China. ■





# Your trusted energy partner, sustainable value creator, and gas supplier of choice.

Sharjah National Oil Corporation (SNOC) is government-owned and the oil and gas industry executive arm of the Emirate, under the auspices of the Petroleum Council of Sharjah. Established in October 2010, SNOC owns and manages Sharjah concession oil and gas assets and is the main supplier of gas in Sharjah.

SNOC manages a diversified energy portfolio, covering natural gas, condensate and LPG. In addition to its exploration activities in collaboration with international petroleum entities, SNOC has initiated a strategic underground gas storage project to ensure a consistent and reliable energy supply. SNOC has declared its pledge of Net-Zero by 2032, and has several initiatives, including renewables, and CCS research.

SNOC  
Petroleum Council Building  
Al Layyah, Sharjah, P.O. Box 787, UAE  
T: +971 6 5199700 | F: +971 6 5199777  
Email: info@snoc.ae | www.snoc.ae



EXPLORATION  
& PRODUCTION



PROCESSING  
& EXPORTING



STORAGE  
& LOADING



What is the most likely impact of Saudi Arabia increasing oil output as planned on December 1?

Prolonged period of lower oil prices  
Stabilization of oil prices  
Increase in oil prices



## Has OPEC+ Run Its Course?

- The market today is paying attention to the “Great Eight” in OPEC+ who are considering tapering voluntary cuts. There is a window today to bring back supply without destabilizing the market, with stocks under the five-year average, but compliance must be in order.
- OPEC+ story is largely about compliance, with tensions around countries like Iraq, Kazakhstan, and Russia that overproduce. This lack of compliance

is central to why the market isn’t tighter. On the margins, compliance is key on the supply side for what OPEC+ can control. Compliance will be crucial for maintaining OPEC+ cohesion and stability in the longer term. The group must figure out how to handle the dynamics of compliance and relationships between sanctioned countries like Iran and Venezuela and OPEC’s broader strategy of maintaining overall market stability.

Although a market share war would be better avoided, the threat of it could start to help keep the non-compliant members in line.

- OPEC+ says it is not targeting a specific oil price, though \$70 has been touted by many as an acceptable floor for countries like Saudi Arabia to meet its fiscal expenditure. There is always a preferred price for budgets, but targeting specific prices hasn’t proven to be a successful policy.

- The plan is to gradually bring back supply from December, but if prices drop dramatically, say to \$50, OPEC+ could reassess and adjust to market conditions.
- Non-OPEC supply is set to rise significantly in 2025 by 1.5-1.7 million b/d, amid a weak global demand picture. OPEC+ has dealt with similar challenges before, such as US shale being a marginal supplier before COVID. ■



# Sanctions, Risk, and Compliance

– How will oil and refined products flows be impacted by continued shifts in political winds?



US and European sanctions and tariffs have become a feature of the international trading landscape. Whether these will ease or become more stringent in the coming year remains to be seen, as countries like Iran, Venezuela and Russia continue to circumvent most restrictions.

What would the world look like if US sanctions against Iran were completely lifted, allowing the country’s exports of crude and

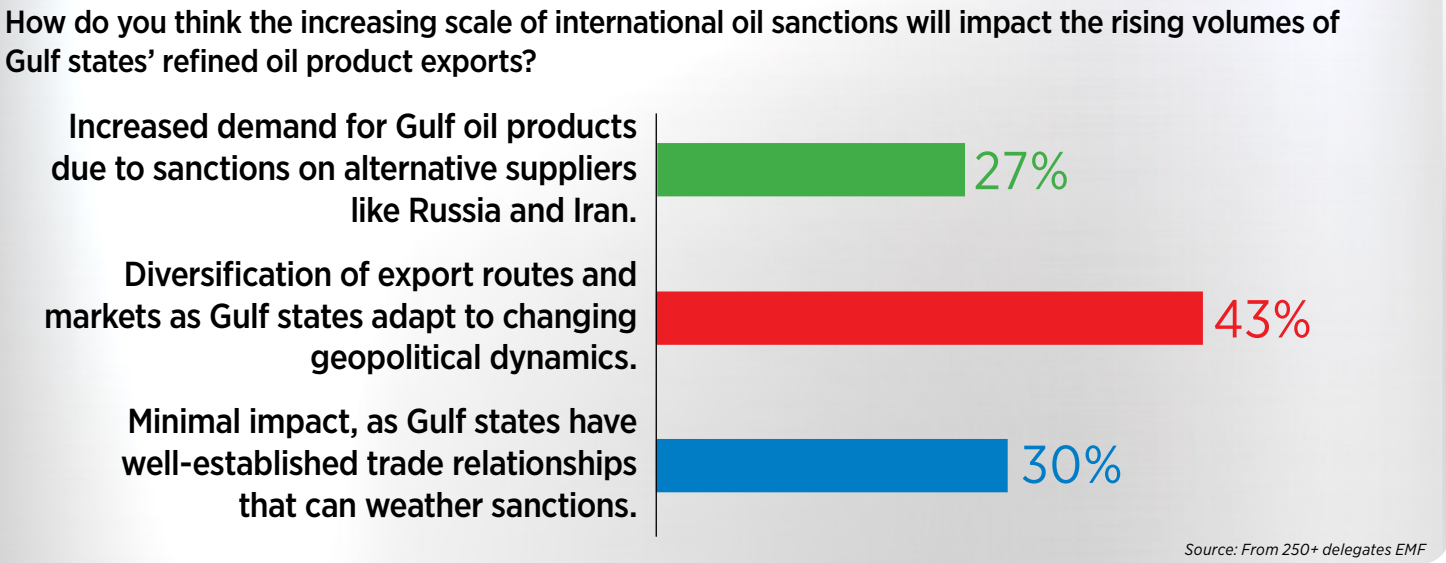


**Niamh McBurney**  
Associate Director, Control Risks

refined products to increase to 2.3 million b/d? Iran clearly wants this but would need to balance that wish with how it manages its strategic relationships with Russia and China, as close political and economic partners respectively.

The robustness of the US sanctions

regime is in question, given how it has clearly created unintended consequences inside and outside of the region. A global, flexible and reactive ecosystem has emerged to contravene sanctions, and yet Washington does not appear to understand that their imposition of such negative restraints, limits



the US’ room for manoeuvre. That raises questions as to the legitimacy of sanctions regimes as they might be used in the future, and whether narrow technocratic solutions are a sensible policy choice in a world that is increasingly complex and flexible.

Financial flows have also shifted to accommodate and manage sanctions risk, creating a “new global order”. There are new strategic chokepoints – not just physical, but financial – that influence the movement of money, commodities and goods, and which are arguably even

more important as financial interconnections, currency swap agreements and new trading routes proliferate to adjust to this new reality.

The role of key powers such as India and Russia in the global economic system is also evolving. Choices they make on allowing new member states into the BRICs group, will impact the balance between political and economic imperatives. Policymakers will have to maintain a constant balancing act triangulating this with their strategic positioning globally.

Key Middle East oil trading countries have adapted to the challenge that sanctions pose – tightening KYC regulations and increasing Central Bank oversight, but the adjustment will need to be continuous, to manage a world in which sanctions regimes may become a permanent fact of the business environment. Even as an underperforming policy tool, sanctions will remain integral to the political and compliance landscape for years to come. ■

Content Harvested from EMFWEEK24 Session Hosted by



# Stormy Waters: Israel’s Strategic Calculations and Turkey’s Diplomatic Crossroads

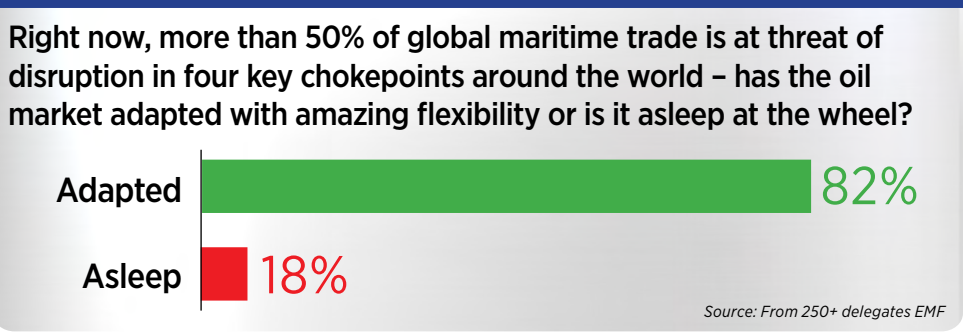


**Mehmet Ögütçü**  
Group CEO, Global Resources Partnership & Chairman, London Energy Club

The ever-shifting geopolitics of the Middle East has brought Israel and Turkey to a delicate crossroads, where strategic interests and regional power dynamics intersect in complex ways. As Israel launches a wide-scale military operation to neutralize Hamas in Gaza, it simultaneously fortifies its northern borders against Hezbollah. The assassination of senior Hamas and Hezbollah leaders has only escalated tensions further. In the background, reports of Israel preparing for a possible strike on Iran have stirred anxieties across the region, amplifying an already volatile situation. At the same time, President Recep Tayyip Erdoğan’s unexpected warning about Israel potentially harboring aggressive plans toward Turkey, though highly unlikely, has added an additional layer of uncertainty, pushing the

region to a critical juncture. Despite ongoing military engagements, Israel continues to strengthen its alliances under the Abraham Accords, with robust partnerships emerging with Gulf countries and Azerbaijan. The weakening of Hamas and Hezbollah, coupled with the erosion of Iran’s influence, is being quietly welcomed by several regional powers. Yet, these actions come at a grave human cost, with the deaths of innocent civilians and humanitarian crises challenging

the moral foundations of regional politics. Turkey, heir to the Ottoman legacy, now stands at another historical crossroads. It must redefine the balance between East and West that it has long claimed as its unique position. Will Turkey continue its traditional alliances with the US, EU, and Israel, or will it pivot toward China, Russia, and Iran due to perceived lack of support from the West? This choice is pivotal for Turkey’s economic, security, and political



future, including the debate on its potential BRICS membership. The country’s often-touted role as a “bridge between East and West” is facing a serious test, and maintaining this balance will require skilled leadership. Since World War II, Turkey’s relationships with the west and Israel have formed the bedrock of its foreign policy. Even as Cold War-era strategic significance has waned, Turkey remains one of NATO’s key members, with the second-largest armed forces in the alliance. Economically, the US and EU are still Turkey’s largest trading partners, and Israel—though a smaller player—remains an important partner in defense, intelligence, and technology sectors. But improvements in Turkish-Israeli relations before October 2023, particularly in defense and energy cooperation, seem to be on hold for now. Cooperation in the Eastern Mediterranean’s gas fields could present mutually beneficial opportunities for Turkey and Israel, bolstering Turkey’s energy security and granting Israel greater access to European markets. However, realizing this collaboration requires overcoming political and

**Turkey’s often-touted role as a ‘bridge between East and West’ is facing a serious test, and maintaining this balance will require skilled leadership.”**

security challenges, and above all, rebuilding trust. As the global balance of power shifts, Turkey has been developing new relationships with China, Russia, and Iran. This realignment opens new economic and strategic opportunities but comes with inherent risks. Russia and Turkey may collaborate on key energy and defense projects, but their interests in Syria, the Caucasus, and other areas don’t always align. China’s Belt and Road Initiative brings substantial investment potential, but Turkey’s long-term autonomy could be compromised. Iran, both a rival and a partner, stands as a complex counterpart for Turkey. Despite conflicting interests in Syria and Iraq, the two nations continue to cooperate in energy and trade. Turkey must tread carefully to avoid over-dependence on any one power, pursuing a multidimensional foreign policy that maximizes its strategic autonomy. Within the

next 25 years, Israel could play a key role in Turkey’s strategic vision, especially given Israel’s strengths in finance, technology, and media, which may prove valuable in helping Turkey navigate its challenges within the Western bloc. In this multipolar world, Turkey has the chance to be not just a regional player but a global actor. For that to happen, it must strike a balance between its Western and Eastern partnerships. Emotional and reactionary policies should be avoided in favor of long-term strategic interests, especially regarding relations with Israel. By assuming a more balanced, pragmatic role in the region, Turkey can elevate its standing, not just as a participant, but as a key architect of regional stability. The partnership with Israel, despite its many complexities, holds the potential for far-reaching benefits for both nations—if managed by wise and strategic leadership. ■



# CHAPTER 5

# DECARBONIZATION OF THE MIDSTREAM



## How can the East-of-Suez Midstream Oil & Gas Industry Collaborate to Accelerate the Journey towards Net Zero and What’s at Stake for those who Fail to Implement Effective Decarbonization Strategies?

The midstream segment of the oil and gas industry, which encompasses the transportation, storage, and wholesale marketing of crude or refined petroleum products, plays a critical role in the energy supply chain. Many strategic storage terminals are designated as Critical National Infrastructure by national governments due to their importance in providing energy to industrial, transport and defence sectors. Storage capacity includes strategic reserves held for emergencies and supply disruptions. The midstream sector primarily uses fossil fuel-powered pumps and compressors for the transportation and storage of oil and gas, which are significant sources of carbon emissions. The long-distance nature of pipelines and the scale of distribution networks amplify the emission challenges. Pipelines require a substantial amount of energy to maintain the flow of oil and gas,

which traditionally comes from combusting part of the product being transported. Methane leakage is a significant issue in midstream operations, particularly from aging infrastructure, which was not designed with carbon reduction in mind Unlike upstream operations where new technologies can be rapidly deployed, midstream assets like pipelines and storage tanks are built to last for decades, often without the same awareness or foresight for decarbonization.

**Increasingly stringent** environmental regulations from organizations like the IMO and market demands for lower-carbon footprints are pushing the midstream sector to adopt greener practices. Compliance with these regulations and maintaining competitiveness in a shifting market landscape are major challenges. East-of-Suez midstream industry stakeholders need to act and take necessary

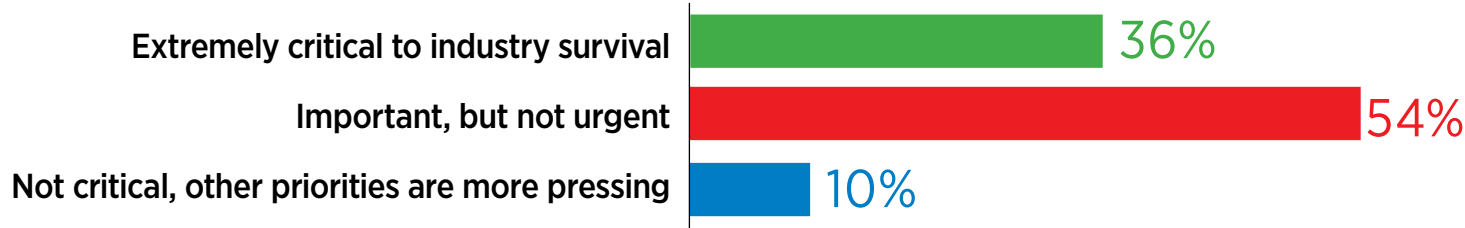
measures to support the transformation that a net-zero transition entails.

Possible next steps could include integrating renewable energy sources into midstream operations, such as solar power to operate pipeline stations; investing in advanced leak detection technologies like infrared cameras and drones; implement CCS technologies at major emission points, such as compressor stations, and capture CO<sub>2</sub> before it is released into the atmosphere. Researching and testing the feasibility of blending hydrogen or ammonia with natural gas could also reduce overall carbon emissions, with the blends transported using existing pipeline infrastructure with minor modifications. And lastly, collaborating and working closely with regulators to help shape practical and effective environmental policies. ■

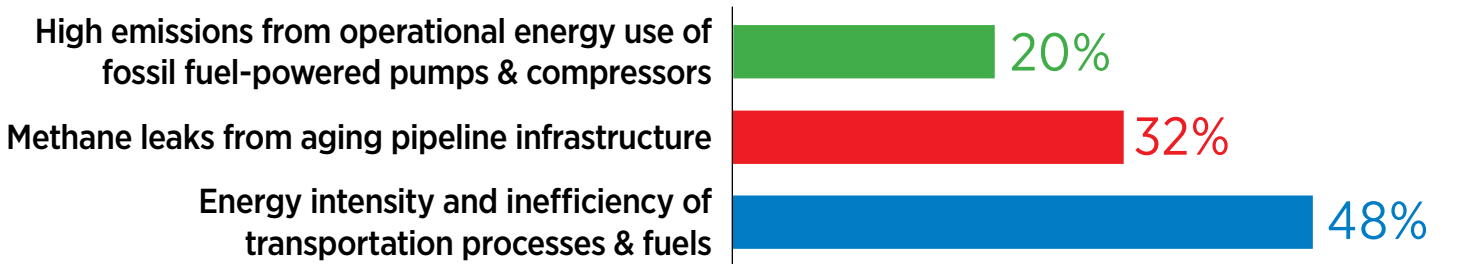
## SURVEY RESULTS

GI conducted a survey with 100 East of Suez Midstream stakeholders on Oct. 1<sup>st</sup>, 2024 with the polling results outlined over the the following pages.

How critical is it for the East-of-Suez Midstream Oil & Gas Industry to unite in the effort to achieve net-zero emissions?



Which challenge poses the greatest risk to the Midstream industry’s ability to decarbonize successfully?





## Energy Efficiency is a Low-lying Fruit Solution to Reducing Emissions



**David Bird**  
CEO, OQ8

Achieving net-zero acceleration is one aim, but we should also be reducing costs and improving efficiency where we can. At \$80 oil, it's not hard to make energy efficiency projects compelling, investing in retrofitting with a good IRR, and taking emissions out of the atmosphere. The refining industry is already demonstrating progress in this regard. For instance, Oman and Kuwait have made significant investments in state-of-the-art refineries with zero fugitive emissions. OQ8's new \$9 billion terminal on the east coast of Oman has 30% lower energy intensity than the global refining fleet. It's a stark contrast to older refineries in places like Rotterdam, which are highly polluting. One sticking point is that Western banks that once supported these older projects are now hesitant to fund new ones, despite their efficiency. This disconnect in financing is troubling.

### Working on a Joint Narrative

The oil and gas industry has historically struggled with collaboration. In design, for example, every operator has different standards, and so we end up with bespoke facilities, increasing costs in development or operations. Those savings can instead go towards collaboration on solutions like carbon capture and storage. It's crucial to have a narrative on decarbonization, especially when working within a regulatory framework. Transition is expensive, and we need a frank conversation with stakeholders about who will bear the costs. For example, we are willing to collaborate with others on renewables and hydrogen, but these projects need viable business models and better products than what we have today. Singapore is a great example of a strategy to deliberately get out of an energy intensive industry. However, there is no single solution – regional and local realities will dictate adaptation. The Middle East has renewables on its doorstep, so it can have a profound narrative for action in that regard, but in the meantime, we can invest in modern technologies and new infrastructure that allow for efficiencies and reduced emissions. ■

# Supporting the future of energy



Vopak Horizon Fujairah Ltd.  
Phone: +971 9 228 1800  
P.O.Box 1769, Fujairah, United Arab Emirates  
[www.vopakhorizonfujairah.com](http://www.vopakhorizonfujairah.com)

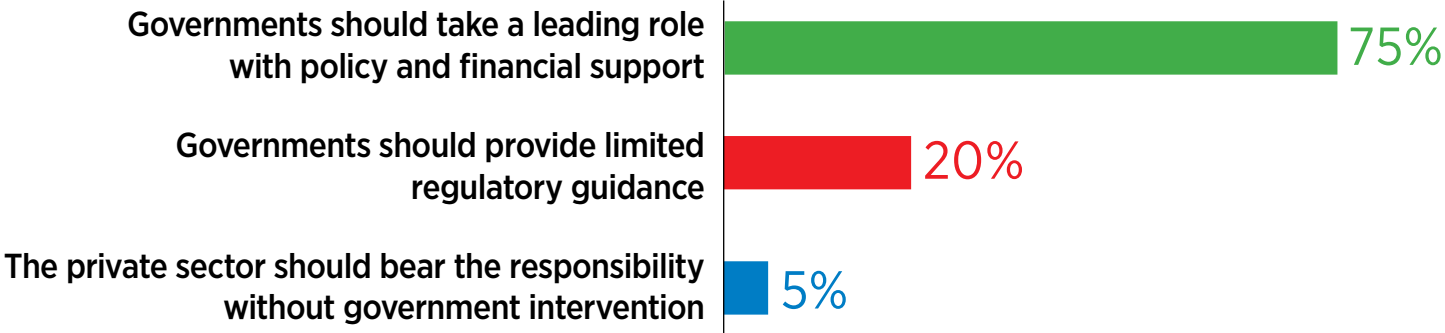




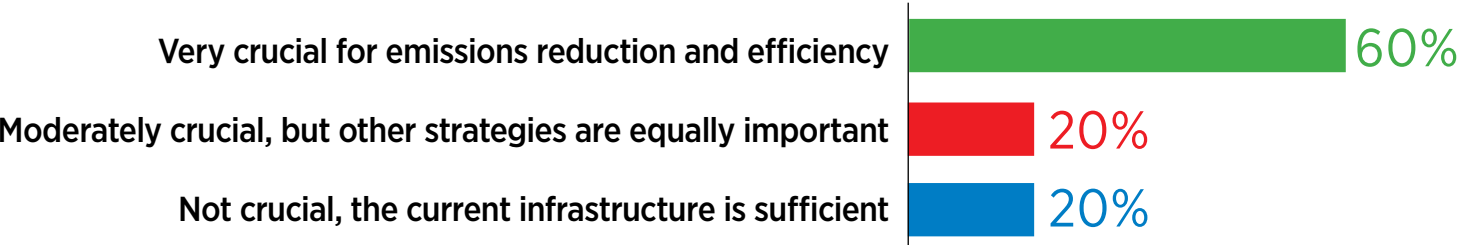
What is at stake for Midstream companies if they fail to meet decarbonization goals?



How much responsibility should national governments have in supporting the Midstream sector’s transition to net zero?



How crucial is the modernization of aging infrastructure for reducing environmental risks in the Midstream sector?



# The Midstream Sector has Often Escaped Scrutiny on Emissions



**Gary Kalmin**  
CEO, Aquarius Energy

We should take on that responsibility and find ways around challenges like carbon credits, price discovery, and liquidity. We also need to address transparency issues to distinguish between real progress and greenwashing. Technology will drive change, but it will take time. We’ve seen several ideas that could

improve efficiency in the sector, such as using previously flared gas for energy. The midstream sector doesn’t always have a strong voice in policy discussions, which leads to misinformed decisions. We should be communicating a mature decarbonization narrative. On carbon pricing for example, we need incentives, penalties, and some form of measurement. If we see the opportunity to be in biofuels as part of our value chain, we will do so, but in the interim, we will always remain where our customers need us to be, be it in traditional fossil fuels or otherwise. ■



# Connecting vital resources

[www.trafigura.com](http://www.trafigura.com)



## Significant Emissions Pressures Exist on Conventional Midstream Infrastructure



**Guy Moeyens**  
CEO, VTTI

In some regions, we're seeing a push for biodiesel and bio-material infrastructure as part of meeting sustainability targets. For example, in the city of Amsterdam, 75% of the square meters in our facilities must be low fossil by 2040, to extend our concession. This directive has led many to major investments in biofuels and bio-upgrading, which ties back to the broader question of sustainable financing. In Europe, more banks are stepping back from traditional midstream projects, reluctant to engage in large project financings if they don't meet stringent climate-related conditions. It's becoming clear that companies with access to capital in places like the UAE will have an easier time securing funding.

### Tangible Progress

Singapore is building an ecosystem to become non-energy intensive. In the UAE, ADNOC is making aggressive moves toward green ammonia. In Fujairah, by next year, VTTI will be running our operations almost entirely on electricity and that is possible because we can connect to the grid. In some other geographies, there is so much demand on grid systems that users may have to wait for years to secure access. Our goal ultimately is to reach net-zero emissions. We're working with key stakeholders and making real progress. Our business is part of an interconnected value chain. We need to think long-term, align with energy policies, and seize business opportunities for the future. The first step is to get our own house in order, but we're also looking at how we can support our customers in decarbonizing. ■



# As of 2023, 85% of IFC Financing Must be Paris-aligned



**Emin Ikiisik**

Regional Industry Manager, Infrastructure, Middle East, Pakistan and Afghanistan, International Finance Corporation

From July 2025 onward, that target rises to 100%. This commitment is coordinated with other multilateral development banks. Over the past five years, we've provided \$51 billion in climate finance, with around 69.5 million tons of CO<sub>2</sub> emissions avoided. This includes financing 10 gigawatts of solar, wind, and hydro capacity, and over \$1 billion in blue bonds and blue loans.

One of the key challenges in emerging economies is access to both finance and markets. We frequently face detailed questions on whether projects are truly Paris-aligned, particularly regarding climate mitigation and adaptation. Cheaper financing is critical, especially for renewable projects in places like Central Asia. The competition to access finance has become fierce, driven by the need for lower costs.

Efficiency improvements can make a strong business case for climate financing, like transitioning cranes at ports from fuel oil to renewable energy. We've even debated whether these types of efficiency gains could generate carbon credits. However, creating viable carbon markets and pricing still needs to progress and will push businesses to integrate climate considerations into their revenue models.

### Equitable & Accessible Finance

In emerging markets, we see a strong tendency for other multilateral development banks to follow suit once a benchmark is set – whether by the IFC, the European Investment Bank or the Asian Development Bank. If a project doesn't meet Paris alignment standards, it becomes much harder to access financing, especially from commercial banks. While some banks may be open to financing non-climate-aligned projects, they may not be willing to take on the political risk in fragile or conflict-affected regions.

When assessing projects, we focus not only on climate mitigation but also on adaptation. Adaptation measures often represent a more immediate, lower-hanging fruit, and they acknowledge that the transition to renewables won't happen overnight. This was a key theme during last year's COP28 – a recognition that we are in a transition phase, not an abrupt phase-out of fossil fuels. It's also essential to consider fairness. Many emerging markets have not benefited from fossil fuels in the same way as developed nations, so enforcing strict fossil fuel phase-out conditions could be seen as unfair to countries still developing their economies. ■

**RAKGAS**  
ENERGISING COMMUNITIES

SECURING SUSTAINABLE ENERGY  
FOR OUR COMMUNITIES, DRIVING  
PROGRESS WITH INNOVATIVE  
SOLUTIONS

[WWW.RAKGAS.AE](http://WWW.RAKGAS.AE)







*Premier oil storage terminals in Fujairah*



SHIP LOADING/DISCHARGING  
INTER TERMINAL TRANSFER  
INTER TANK TRANSFER

HEATING & BLENDING  
STOCK WARRANT  
ROAD TANKER LOADING/DISCHARGING

***Excellence in - design, performance & service.***

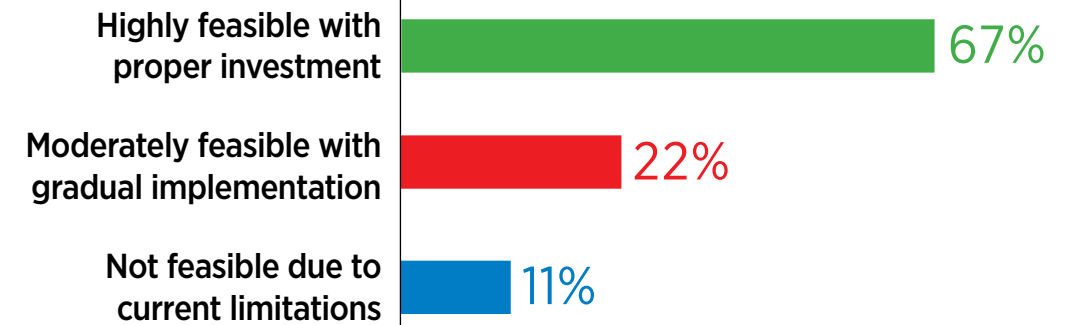


gpscoadmin@fng.ae

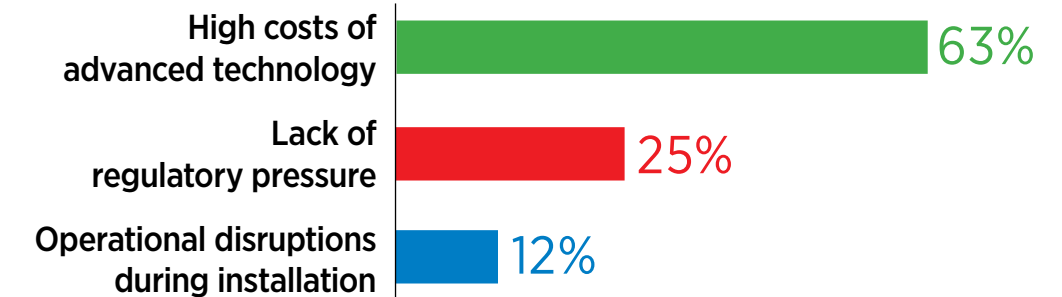


+971 92025700

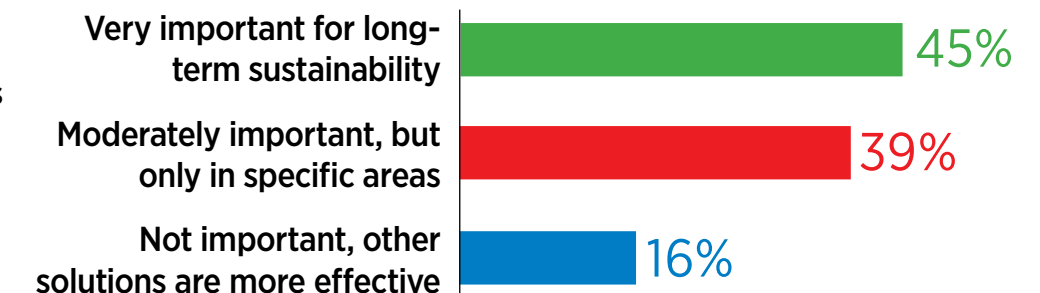
How feasible is the widespread adoption of renewable energy in Midstream operations, such as using solar power for pipeline stations?



What is the most significant barrier to implementing enhanced leak detection technologies in the Midstream industry?



How important is the implementation of Carbon Capture and Storage (CCS) technology for reducing emissions in the Midstream sector?





## DECARBONIZATION TOP TAKEAWAYS

- Methane emissions make up 57% of total oil and gas emissions, 47% of which come from upstream operations and only 10% from midstream and downstream, mostly related to gas and LNG, not oil.
- As a first step to reducing emissions, storage companies in Fujairah could look to handle biofuels logistics.
- Green hydrogen requires massive amounts of power to produce, with minimal returns. Instead of waiting for large-scale green energy solutions, many shipowners can improve efficiency through advanced technology and modernizing older infrastructure.
- The UAE is doing a lot with decarbonization but needs to exercise caution with over-regulation as it could stifle companies before they even begin. In Europe, some of the more stringent policies are beginning to receive some backlash.
- 90% of global GHG emissions are under a net zero directive, but only 20% of that is legal and actionable.
- Collaboration across the value chain is essential to ensure that different stakeholder initiatives on lowering emissions, can feed into each other. For example, collaboration between the midstream and upstream operators will be crucial for CCS.
- Net zero is achievable through a combination of regulatory pressure and financial incentives. Technology is catching up and advances in solar, wind,

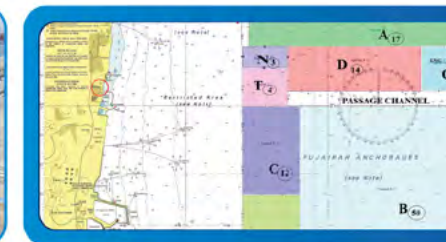


and energy storage are making renewable energy more scalable and reliable.

- Carbon credits are becoming a significant part of the trading equation, helping customers offset their emissions.
- Storage companies in Europe are planning and aligning with 2030 and 2050 emissions targets. European regulatory standards such as the zero-pollution, are becoming stricter. Companies need to report emissions across the supply chain; failure to comply will result in tariffs, making products less competitive. Adapting to European standards is crucial for companies in the Mideast who want to remain competitive in that market. ■

## THE MULTI PURPOSE PORT

ONE OF THE WORLD'S LEADING ANCHORAGE AND BUNKERING LOCATIONS



Strategically situated on the East Coast of the UAE outside the Straits of Hormuz.







Consultancy  
Intelligence  
Publishing

