Oil and Gas News Briefs
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U.S. cutting its ties with Saudi oil imports

(Bloomberg; Jan. 13) - For decades, one of Saudi Arabia's most strategic overseas outposts was a New York City office that coordinated its oil sales to American clients. An anonymous suite on Madison Avenue was the invisible hand gluing the petrostate to the U.S. Then last year, Riyadh closed the oil office — a sign of the twilight of Saudi crude in America. With the shale revolution and the rise of Canadian oil, U.S. imports of Saudi crude plunged to their lowest in almost 40 years in 2024, according to Bloomberg calculations of customs data. The flows are unlikely to recover anytime soon — if ever.

The U.S. isn't completely free from the ups and downs of the global oil market — but the influence of Saudi Arabia is significantly diminished. The U.S. bought roughly 277,000 barrels a day of Saudi crude last year, down nearly 85% from a record high of 1.73 million barrels a day in 2003. To find lower imports, one must travel back to 1985, when flows briefly plunged as the kingdom cut output to try to push oil prices higher.

The collapse in Saudi-U.S. oil flows will deepen further in 2025 as one of the five U.S. refineries that has been regularly importing the barrels closes, according to custom documents. Lyondellbasell is shuttering its Houston plant this quarter, leaving only four consistent clients for the kingdom's oil in America. The remaining plants are the Motiva refinery near Houston, owned by the Saudis themselves; a refinery run by Chevron near Los Angeles; and two plants owned by PBF Energy in New Jersey and Delaware. Motiva alone accounts for 40% of the Saudi crude the U.S. imported last year.

The reduced number of buyers compares with two decades ago, when 25 (and, at times, even more) refineries regularly processed Saudi crude. Over the past two years or so, the three largest refining U.S. companies — Marathon Petroleum, Valero Energy and ExxonMobil — have all stopped importing Saudi crude, according to customs data.

U.S. energy agency forecasts oversupply will drive down oil prices

(Reuters; Jan. 14) - Oil prices will be under pressure over the next two years as global production growth outpaces demand, the U.S. Energy Information Administration said Jan. 14 in its Short-Term Energy Outlook report. Many analysts expect an oversupplied oil market this year, after demand growth slowed sharply in 2024 in the biggest energy-consuming countries: the U.S. and China.

The EIA said it expects the international benchmark Brent crude oil price to fall 8% to average $74 a barrel in 2025, then fall further to $66 a barrel in 2026. The EIA slightly raised its estimate for record U.S. oil production this year, to 13.55 million barrels per day, from its prior estimate of 13.52 million. U.S. crude prices are expected to average $70 per barrel in 2025 and fall to $62 per barrel in 2026, said the EIA, the first time it is issuing an outlook for 2026.

The share of U.S. supply coming from the Permian Basin of Texas and New Mexico, the world's largest shale oil-producing region, is expected to continue to grow and account for more than half of all of the country's output in 2026, the report said. Globally, oil and liquid fuel production is now expected to average 104.4 million barrels per day in 2025, up from the prior forecast of 104.2 million, the EIA said. Global demand, meanwhile, is expected to average 104.1 million a day, down from the prior estimate of 104.3 million.

Largest banks in U.S. withdraw from global net-zero alliance

(Global Trade Review; Jan. 9) - The six largest U.S. banks have exited the U.N.-backed Net Zero Banking Alliance following years of speculation about their departure. Climate groups suggest the timing of the withdrawal may be tied to the impending inauguration of President-elect Donald Trump. JPMorgan this week became the last major U.S. bank to quit the alliance, which was launched in the lead-up to COP26 climate summit four years ago to bring together banks committed to “aligning their lending, investment and capital markets activities with net-zero greenhouse gas emissions by 2050.”

JP Morgan’s exit followed Morgan Stanley’s departure on Jan. 2. Bank of America, Citigroup, Wells Fargo and Goldman Sachs announced their withdrawal in December. The banks have not provided official reasons for exiting the alliance. Only three U.S. banks now remain in the alliance: Amalgamated Bank, Areti Bank and Climate First Bank, none of which hold the same global influence as their larger counterparts.

Campaign groups have questioned the efficacy of the alliance since its inception, noting its heavy skew toward Europe — where over half of its members are based — and the lack of interest from banks in Asia Pacific. They have also criticized its “outdated” 2050 net-zero target. Further doubts were raised in 2022, when Bloomberg reported that several major U.S. banks — including JPMorgan and Bank of America — were threatening to leave the alliance over more stringent net-zero target enforcement efforts.

U.S. Supreme Court will not hear appeal from oil and gas companies

(Associated Press; Jan. 13) - The U.S. Supreme Court said it won’t hear an appeal from oil and gas companies trying to block lawsuits seeking to hold the industry liable for billions of dollars in damages linked to climate change. The order allows Honolulu’s

lawsuit against oil and gas companies to proceed. The city's chief resilience officer said it's a significant decision that will protect "taxpayers and communities from the immense costs and consequences of the climate crisis caused by the defendants' misconduct."

The industry has faced a series of cases alleging it deceived the public about how fossil fuels contribute to climate change. Governments in states including California, Colorado and New Jersey are seeking billions of dollars in damages from things like wildfires, rising sea levels and severe storms. The lawsuits come during a wave of legal actions in the U.S. and worldwide seeking to push action on climate change through the courts. The Supreme Court announced on Jan. 13 that it will not hear the companies' appeal.

The oil and gas companies appealed to the Supreme Court after Hawaii's highest court allowed the lawsuit to proceed. The companies include Sunoco, Shell, ExxonMobil, BP and Chevron — they argued emissions are a national issue that should instead be fought over in federal court, where they've successfully had suits tossed out. "The stakes in this case could not be higher," company attorneys wrote in court documents. The lawsuits "present a serious threat to one of the nation's most vital industries."

Oil tankers drop anchor after new U.S. sanctions on Russia

(Reuters; Jan. 13) - At least 65 oil tankers have dropped anchor at multiple locations, including off the coasts of China and Russia, since the United States announced a new sanctions package on Jan. 10, ship tracking data showed on Jan. 13. Five of those tankers were stationary off Chinese ports and a further seven dropped anchor off Singapore, with others halting near Russia in the Baltic Sea and the Far East, according to Reuters' analysis based on MarineTraffic and LSEG ship tracking data.

The U.S. on Jan. 10 imposed sanctions on Russian oil producers Gazprom Neft and Surgutneftegaz, as well as on 183 vessels that have shipped Russian oil, as it targets the revenues Moscow has used to fund its war in Ukraine. The halt in trading for these tankers adds to further pressure on vessels already hit by U.S. sanctions. These include another 25 oil tankers that were stationary around various locations, including off Iranian ports and also near the Suez Canal, ship tracking analysis showed on Jan. 13.

Analysts estimated that around 10% of the global oil tanker fleet was subject to U.S. sanctions. "The effect of these sanctions should be supportive to the tanker market as vessel supply in the broader fleet shrinks, but the real potential strength would come once other exporters make up for the lost (oil) volumes," Jefferies analyst Omar Nokta said in a note on Jan. 13. Average daily earnings for supertankers jumped over 10% on Jan. 13 versus the previous day to around $26,000, according to market estimates.

Latest sanctions will reduce near-term flow of Russian oil

(S&P Global; Jan. 13) - The latest round of stringent U.S. sanctions against Russia will dent near-term oil flows to India as refiners are likely to stay clear of signing new import deals with the supplier and wait for guidance from the government while looking for alternative supplies to fill the gap, trade sources and analysts said. The sanctions were announced at a time when Indian refiners had started to negotiate for March cargoes, traders said, adding that most refiners could now look to the Mideast and West Africa for incremental volumes as they watch for President-elect Donald Trump's policies.

"With so many ships sanctioned, along with traders, charterers and marine insurers, this set of sanctions will in all probability dent near-term Russian oil flows into Asia, particularly India and China," said Rahul Kapoor, head of Shipping Analytics and Research at S&P Global Commodity Insights. "The effectiveness of these measures hinges on how long these sanctioned ships take to change ownership, get quickly reflagged or get another class certificate to keep trading, as well as on the continued acceptance by the Indian and Chinese ports and refineries."

In 2024, Russian crude imports to India averaged 1.7 million barrels per day, making the producer its largest supplier, data from S&P Global Commodities at Sea showed. The U.S. and the U.K. announced a fresh package of sanctions on Russia's energy sector Jan. 10, including curbs on two major oil producers, doubling down on a recent push to hit Moscow's oil revenues. The sanctions tightened curbs against Gazprom Neft and Surgutneftegas and added 183 ships, dozens of oil traders, oil field service providers, tanker owners and managers, insurance companies and energy officials to a blacklist.

U.S. sanctions create transport problem for Russia’s Arctic oil

(Reuters; Jan. 14) - Russia's vast Arctic oil business is facing major disruption from U.S. sanctions on its tankers and depots, stranding crude supplies previously snapped up by Asian buyers, according to sources familiar with its logistics. The sanctions unveiled Jan. 10 are the toughest yet on Russia's oil sector, targeting major producers Gazprom Neft and Surgutneftegas as well as 183 ships that have carried Russian oil.

Sources said all three of Russia's Arctic oil grades — Novy Port, ARCO and Varandey, with about 300,000 barrels of output per day — face disruption. The vessels and infrastructure needed by Russia's Arctic oil business, which accounts for a tenth of its seaborne oil exports, are unique, two of the sources said. Blockages caused by the latest U.S. sanctions could leave Russia with millions of barrels of unsold oil in storage, the sources said. According to one, the limited storage capacities at all three fields mean a couple of weeks of loading disruptions might lead to cuts in output.

Novy Port crude from Gazprom Neft's Novoportovskoye field, where temperatures can hit minus 67 Fahrenheit, ARCO crude from the Prirazlomnaya offshore platform, and

Varandey, from Lukoil's Timan-Pechora fields, are shuttled by a special type of ice-class vessel to the Umba and Kola floating storage facilities near Murmansk. The crude is then reloaded to larger vessels for shipment to the international market. The U.S. has now sanctioned both Umba and Kola, and more than a dozen small tankers used as shuttle suppliers of oil from the fields.

Supertanker charter rates jump after U.S. sanctions on Russia

(Reuters; Jan. 14) - Supertanker freight rates jumped after the U.S. expanded sanctions on Russia's oil industry, sending traders rushing to book vessels to ship supply from other countries to China and India, shipbrokers and traders said. Chinese and Indian refiners are seeking alternative fuel supplies as they adapt to severe new U.S. sanctions on Russian producers and tankers designed to curb the world No. 2 oil exporter's revenue during its war in Ukraine.

Many of the newly targeted vessels, part of a so-called shadow fleet that seeks to avoid Western restrictions, have been used to ship oil to India and China, which snapped up cheap Russian oil that was banned in Europe following Moscow's invasion of Ukraine. Some of the tankers have also carried oil from Iran, which is under sanctions as well. The latest U.S. action means an estimated 35% of 669 shadow-fleet tankers involved in shipping Russian, Venezuelan and Iranian oil have been hit with sanctions by either the U.S., Britain or European Union, according to analysis by Lloyd’s List Intelligence.

Freight rates for Very Large Crude Carriers, which can carry 2 million barrels of oil, jumped after Unipec, the trading arm of Asia's largest refiner Sinopec, chartered several supertankers on Jan. 10, sources said. Unipec last week snapped up several sweet crude cargoes from non-Russian suppliers, including 2 million barrels of Norwegian Johan Sverdrup, 1 million barrels of Senegal's Sangomar crude, Ghana's Ten Blend, Angolan Djeno and others, traders said. "They must look for alternative crudes," said Anoop Singh, global head of shipping research at Oil Brokerage.

Asia working to gauge impact of U.S. sanctions on Russian crude

(Bloomberg; Jan. 12) - Refiners, tanker operators and port executives across Asia are scrambling to manage the fallout from the most aggressive U.S. sanctions on Russia’s oil industry to date, sifting through documents and quizzing government officials to understand the impact for major importers China and India. The two countries have been the main beneficiaries of cut-price Russian crude since the invasion of Ukraine in 2022, working around a Western price cap intended to limit funds flowing to Moscow.

But a step-up in punitive measures on Jan. 10 — with a range of sanctions targeting producers, insurers and vessels — has thrown that trade into disarray. Independent

refiners in China's Shandong province, perhaps the most enthusiastic buyers of Russian oil, held emergency meetings over the weekend to try and understand whether they could still take delivery of crude en route when the penalties were announced.

In India, the oil minister, oil secretary and heads of state-owned refining companies had gathered to discuss the future of the oil and gas sector when the news broke on Jan. 10, according to people who were present. The latest sanctions on Russia, which accounts for about a third of Indian crude imports, overtook the scheduled agenda. Indian refinery executives say they are still studying the documents with their legal teams. Some said Jan. 13 that they were already bracing for major disruption that could last from three to six months and impact up to 800,000 barrels a day of imports.

Growth in China's demand for natural gas slowing down

(Bloomberg; Jan. 13) - A slowing economy and cheaper alternatives are likely to take the edge off China's appetite for natural gas. Consumption of the cleaner-burning fuel, billed as a crucial bridge to net-zero, has regularly seen double-digit percentage growth in recent years. But that's expected to subside to more modest levels as weakness in industrial use and more coal and renewable energy put the brakes on gas demand.

Government policy isn't helping. Beijing's program of switching the country from coal to gas has lost momentum, while some provinces are ordering cuts in electricity prices to support their factories. All the while, increases in domestic gas output, as well as more supply of gas piped overland from Russia, are being encouraged. That bodes particularly ill for the seaborne cargoes of pricier LNG to China's coastal terminals.

Gas imports climbed nearly 10% to a record in 2024, although the figure masks a drop-off in demand in recent months for liquefied natural gas. China International Capital Corp. expects growth in gas demand — domestic production plus imports — to fall to 6.2% this year, from an estimated 9.4% in 2024, according to a note from the bank last month. Chinese consultancy Gastank expects a drop in demand growth to 6%.

Guangdong province, a coastal economic powerhouse that has rapidly expanded its gas consumption, is a case in point. Its government is reducing power bills to bolster its export-led industries ahead of a looming trade war with the U.S. Gastank estimates that fuel costs in the province may need to fall to about $7 per million Btu, which is around half the current price of LNG, according to chief information officer Rita Huang.

Forecast shows global LNG demand growth slowing down

(Energy Intelligence; Jan. 14) - Global LNG demand is set to grow annually out to 2050 but at a slower rate than previously expected as a result of the energy crisis of 2022,

according to Energy Intelligence forecasts. The LNG market is expected to see demand grow by 3.1% annually from 2023-2040, according to Energy Intelligence's latest LNG supply/demand outlook to 2050. The annual growth is slightly lower than the 3.3% annual growth previously estimated by Energy Intelligence out to 2040.

The energy crisis of 2022 saw gas prices spike to record levels, forcing some importers, particularly in South Asia, to halt imports and re-examine their energy policy. Energy Intelligence is forecasting LNG demand out to 2050 for the first time. The strongest annual growth is expected during 2023-30 at 4.4%, then declining in the 2030s and 2040s to just over a 1% annual growth rate 2040-2050.

The incoming wave of global liquefaction capacity additions starting in 2026 is expected to drive strong demand growth to 2030, the outlook shows. Approximately 218 million tonnes of liquefaction capacity is under construction and anticipated to come online before 2030, with the majority of the new capacity expected to enter service between 2026-28, according to Energy Intelligence forecasts. The sheer amount of liquefaction capacity under construction coupled with the expected final investment decisions this year threatens to exacerbate the predicted oversupplied market by 2030.

LNG project in British Columbia secures funding to reach FID

(Business In Vancouver; Jan. 14) - Western LNG, one of the industry partners in the Nisga'a Nation-backed Ksi Lisims liquefied natural gas project north of Prince Rupert, British Columbia, has secured $150 million to advance the LNG terminal and gas pipeline project toward a final investment decision on the $9 billion venture. Western LNG on Jan. 14 announced it has secured a $150 million private placement led by Blackstone Energy Transition Partners, an affiliate of Blackstone, along with affiliates of Jefferies Financial Group, Transition Equity Partners and others.

"This funding fully supports the remaining development activities for the Ksi Lisims LNG and Prince Rupert Gas Transmission projects through to a final investment decision, expected later this year," Western LNG said in a statement. Terms of the $150 million investment were not disclosed. "Together with prior private placements, cumulative investment in support of these projects has reached more than $265 million," the company said. The partners in the Ksi Lisims project are a two groups of Canadian and U.S. gas producers, Western LNG and Rockies LNG, and the Nisga'a Nation.

The project includes a pipeline of more than 450 miles from gas fields in northeastern British Columbia and a floating liquefaction plant and marine export terminal on Nisga'a-owned land on Pearse Island, just south of the border with Alaska. The project, which is planned for 12 million tonnes annual production capacity, is working its way through the province's environmental review process, with an environmental assessment report expected this spring. The latest funding round will pay for the environmental permitting work, engineering and design work needed to reach a final investment decision.

Europe will need more LNG this year; market could be tight

(Bloomberg; Jan. 13) - The world is bracing for a fight for natural gas supplies this year, prolonging the pain of higher bills for consumers and factories in energy-hungry Europe and putting poorer emerging countries from Asia to South America at risk of getting priced out of the market. For the first time since the energy crisis was turbocharged by Russia's war in Ukraine, Europe risks failing to meet its storage targets for next winter, setting the stage for one last scramble for supplies before new liquefied natural gas production and export capacity starts to ease the global situation next year.

While Europe has enough gas reserves to get through this winter and prices have eased since the start of the year, inventories are being eroded by cold weather. Supply options have been squeezed since the start of this year, when Russian pipeline deliveries through Ukraine ceased following the expiration of a longstanding transport agreement. With fewer options to restock for next winter, Europe will need LNG shipments, pulling some away from Asia, home to the world's biggest consumers.

"There will certainly be an energy gap in Europe this year," said Francisco Blanch, commodity strategist at Bank of America. "That means that all the incremental LNG that's coming online this year around the world will go into making up for that shortfall in Russian gas." Europe will need to import as much as an extra 10 million tonnes this year of LNG — about 10% more than in 2024 — according to Saul Kavonic, an energy analyst at MST Marquee in Sydney. New North American export projects could help ease market tightness, but that hinges on how quickly they can ramp up production.

Expansion at Australia LNG plant targets 2026 start-up

(Petroleum Australia; Jan. 13) - The Scarborough Energy Project, led by Woodside Energy, has achieved a significant milestone with the arrival of the final Pluto Train 2 modules at the Pluto LNG facility in Karratha, Western Australia. It's a crucial step toward the project's goal of delivering its first LNG cargo in 2026. Gas from the offshore Scarborough field will be piped almost 270 miles to the Pluto LNG plant for liquefaction.

Since February 2024, a total of 51 modules, weighing a combined 56,000 tonnes, have been transported from the module construction yard in Batam, Indonesia, to Karratha. Once operational, Pluto Train 2 will have the capacity to produce approximately 5 million tonnes of LNG per year. Woodside selected Bechtel to execute the engineering, procurement and construction of Pluto Train 2, with construction activities at the Karratha site having commenced in August 2022.

Liz Westcott, Woodside executive vice president and chief operating officer for Australia, said the project is now over three-quarters complete, with teams focusing on module integration and commissioning for the targeted first LNG cargo in 2026. The entire

project — developing the gas resources, building the pipeline and expanding the LNG plant — has been estimated at $12.5 billion.

EU shipyards repair Russian LNG tankers not covered by sanctions

(Financial Times; London; Jan. 13) – European Union shipyards are repairing Russian ice-class LNG tankers and offering them dry dock facilities, enabling Moscow to continue moving gas through the Arctic despite Western sanctions on its energy sector. Without the maintenance work — provided by Damen shipyard in Brest, France, and Fayard in Denmark — Russia's Yamal LNG plant would struggle to access crucial markets through winter when Northern Hemisphere gas prices are at their highest.

The two yards have serviced 14 of the 15 specialized Arc7 tankers that ship from Yamal LNG on Russia's far northern coast, according to satellite imagery and port-call tracking data from Kpler, a data and analytics company. Some ships called multiple times. "If those two shipyards were off-limits, it would put the whole logistics operations in doubt," said Malte Humpert, an Arctic shipping specialist at High North News. "They could get the service somewhere else but that would mean going well off their route."

Eight of the tankers have called into Damen, while Fayard has serviced nine since Russia's invasion of Ukraine in February 2022. Most of the ships are owned by energy and shipping companies including Greece's Dynagas and Canada's Teekay. Damen confirmed it had repaired "several vessels involved in the transport of Russian LNG," but added that this "strictly adhered to European sanctions legislation." The activities of the ships and yards are not sanctioned because of carve-outs for energy transportation and because they are not Russian-flagged.

European nations want to toughen sanctions against Russian LNG

(Bloomberg; Jan. 13) – A group of 10 European Union nations is pushing to toughen sanctions against Russia by introducing further restrictions on natural gas and bolstering the enforcement of a price cap on oil. The allies, which include Sweden, Ireland, Poland and the three Baltic nations, want to prohibit imports of pipeline gas and liquefied natural gas to the bloc to limit the revenues that the Kremlin uses to finance the war in Ukraine.

While the EU has already banned imports of Russian oil, the reliance of several countries on LNG from Moscow has stopped it from sanctioning that fuel. Restrictive measures require unanimous approval from the EU's 27 member states, which has become an increasingly difficult hurdle with Hungarian Prime Minister Viktor Orban openly skeptical of such steps.

“As an end goal, it is necessary to ban the import of Russian gas and LNG at the earliest date possible,” the countries, which also include Denmark, Finland, the Czech Republic and Romania, said in a document seen by Bloomberg News. “An alternative to the full ban could be to gradually reduce the use of Russian gas and LNG.” While overall fossil fuel supplies from Russia have fallen, the amount of LNG coming to the EU has seen a marked increase, hitting a record in the first half of last year.

Latest U.S. sanctions don’t touch Russia’s largest LNG projects

(European Gas Hub; Jan. 13) - The U.S. on Jan. 10 announced sanctions against Gazprom’s Portovaya LNG and Novatek’s Vysotsk LNG export terminals — which in 2024 shipped a couple million tonnes of liquefied natural gas in total, almost all of it to Europe and Turkey. Some LNG vessels were also sanctioned, although larger LNG facilities were spared, such as the Arctic Yamal LNG (17.4 million tonnes annual production capacity) and Far East Sakhalin-2 LNG (10.4 million tonnes) terminals.

“While the LNG sanctions don’t impact European markets for now, it’s a change in risk for Europe as now active LNG projects are being targeted,” said Florence Schmit, energy strategist at Rabobank. Targeting the relatively small Russian LNG facilities appeared to be a “middle ground” and to not threaten European and Japanese supplies, said Anne-Sophie Corbeau, global research scholar at the Centre on Global Energy Policy at Columbia University in New York City.

“No more Yamal LNG would have significant impact on gas prices, while the Japanese would be very upset about Sakhalin,” she said. Russia earns billions every year from its LNG exports, which hit a record high in 2024, according to Kpler data. The European Union already prohibits the import of coal and seaborne crude oil and refined oil products from Russia. However, the EU has stopped short of imposing direct sanctions on gas and LNG imports due to the bloc’s reliance on the fuel. Analysts are waiting to see what the President-elect Donald Trump will do.

Tanker carrying Russian LNG lands in Spain in advance of sanctions

(Bloomberg; Jan. 13) - A liquefied natural gas tanker, carrying a shipment from a Russian project sanctioned last week by the U.S., has landed in Spain, taking advantage of a time lag before the punitive measures take effect. The Cool Rover tanker, which loaded at Gazprom’s Portovaya LNG export plant in northwestern Russia last month, is currently docked at the Huelva import terminal in Spain, according to ship-tracking data compiled by Bloomberg. Portovaya was among a number of entities listed late last week in Washington’s latest and most aggressive sanctions on Russia.

There is a wind-down period allowed for transactions with the Portovaya LNG facility until Feb. 27, according to a notice from the U.S. Department of Treasury dated Jan. 10. Buyers have different interpretations of what is covered under this wind-down period. The new sanctions are the latest effort by the U.S. to deter LNG buyers from accepting imports and paying Russia for the fuel, ultimately curbing Moscow's ability to continue to fund its war in Ukraine. The market will be closely monitoring whether these shipments continue after the wind-down period lapses.

Canada's oil and gas industry mobilizes to avoid trade war with U.S.

(Calgary Herald; Jan. 14) - Canada's disordered response to President-elect Donald Trump's threat of tariffs, along with fears within the oil patch that Ottawa could target Canadian energy exports to the U.S. as a retaliatory measure, has prompted five of the country's largest energy-focused industry associations to band together in the face of a potential trade war with the United States.

The Canadian Association of Petroleum Producers, Pathways Alliance, oil field industry association Enserva, Explorers and Producers Association of Canada and Canadian Association of Energy Contractors on Jan. 13 announced plans to coordinate a joint working group to push back against Trump's threat of a 25% tariff on all Canadian goods. "Canada is not where it should be in its preparations for a major trade negotiation with somebody like President Trump," CAPP president Lisa Baiton said.

Part of the fear gripping the Canadian oil and gas sector, which accounts for around a quarter of all Canada's exports, is that energy exports could be weaponized if a trade war were to erupt between the two countries. Foreign Affairs Minister Mélanie Joly on Jan. 12 said "everything is on the table" when asked during an interview whether her government would be prepared to cut off energy exports to the U.S. Ottawa previously signaled it would consider imposing export taxes on oil, potash and uranium if the Trump administration follows through with its threat to apply tariffs on Canadian goods.

Alberta premier says Canada should be prepared for U.S. tariffs on oil

(Bloomberg; Jan. 13) - Canadians should be prepared to face U.S. tariffs once Donald Trump assumes the presidency next week, with no exemptions for oil, Alberta Premier Danielle Smith warned after meeting the president-elect. The leader of Canada's main oil-producing province met with Trump at his Mar-a-Lago resort over the weekend.

"We do need to be prepared that they are likely to come in on Jan. 20," Smith said at a news conference on Jan. 13. "I haven't seen anything that suggests that he's changing course." Trump has given different reasons for threatening tariffs on Canada. Initially, he said they would be imposed unless the country better secured its border with the U.S.

— prompting Canada to announce a C$1.3 billion ($901 million) plan to address his concerns. More recently, he claimed Canada is “subsidized” by the U.S. due to a trade deficit and threatened to use “economic force” to make the country the 51st U.S. state.

More than half of U.S. crude oil imports come from Canada, most of it from Alberta, which sells it at a discount to West Texas Intermediate, the price benchmark for U.S. oil. Canada sends almost all of its exports of about 4 million barrels a day to the U.S. Only a single pipeline in Western Canada runs to a Canadian port, allowing the country’s producers to ship their oil overseas, avoiding the U.S. entirely. The heavy oil produced in the oil sands accounts for almost half the crude that U.S. Midwest refineries buy.