Oil and Gas News Briefs
Compiled by Larry Persily
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Decline in China's oil demand could shake up market

(Financial Times; London; Jan. 15) - Amin Nasser, the head of Saudi Aramco, the world's largest oil company, has always had one special customer: China. In his 10 years in charge, Nasser has seen the value of Saudi oil exports to China more than triple, to a record $56 billion in 2022, a year in which almost one in six barrels that Saudi Arabia pumped was shipped to Chinese refineries.

In 2022, 72% of China's total crude oil supply was imported, according to the International Energy Agency. But there are now signs that China's thirst for crude is reaching a peak sooner than expected, a development that has sent shockwaves through the oil market. This week, China said its oil imports had fallen nearly 2%, or 240,000 barrels a day, to just over 11 million barrels per day in 2024 compared with the year before, the first decline in two decades barring the disruption during the pandemic.

China's economy is partly to blame. The ongoing property crisis led to a slowdown in construction, hitting demand for diesel in heavy machinery, as well as petrochemicals used in paint, pipes and insulation. But the decline shows longer-term trends too: A boom in trucks switching from diesel to LNG and the rising number of electric vehicles has cut into sales of petrol and diesel. Sales of both fuels peaked in 2023, according to China National Petroleum Corp., and will fall by 25% to 40% over the next decade.

In December, Sinopec, China's biggest refiner, brought forward its forecast for overall crude oil consumption to reach a peak to 2027, compared with the range it previously gave of between 2026-2030. The implications of China hitting peak oil are enormous. If Chinese demand is reaching a plateau, that would fulfil projections by the IEA of global oil demand peaking before 2030. The milestone would also shake the global economy.

Latest U.S. sanctions 'a major disruption' to Russian oil trade

(Bloomberg; Jan. 17) - The most aggressive Western sanctions imposed on Russia's oil sector since Moscow's 2022 invasion of Ukraine threaten to disrupt global supply as buyers — led by China and India — scour the Middle East for alternative suppliers. Some estimates suggest the measures could halve Russian oil exports and their introduction has driven up Brent futures by as much as $5 a barrel in recent days.

The U.S. sanctions targeted tankers and traders involved in about 2,000 oil shipments since the invasion began. It also acted against Moscow-based ship insurers and two

companies — Surgutneftgas and Gazpromneft — which in the first 10 months of last year accounted for almost 30% of Russia’s oil exports. Some vessels have already come to a standstill while others are turning away from the Russian ports where they were supposed to load cargoes, according to vessel tracking data from Bloomberg.

These erratic movements over the past week are an indication of the impact of the latest round of sanctions, said Edward Fishman, senior research scholar at Columbia University and author of an upcoming book on the use of sanctions as a form of economic warfare. “It’s even likelier that there will be a sustained market disruption,” Fishman added. “We could see a meaningful drop in Russian exports.”

The tankers affected could transport about 1.4 million barrels a day of oil, according to an estimate from the London-based EA Gibson Shipbrokers. That equates to almost half of Russia’s seaborne exports, vessel tracking by Bloomberg shows. Macquarie Group estimates the impact could be even greater with as many as 2.15 million barrels a day of oil exports potentially lost, driving up prices. Lars Barstad, CEO of Frontline Management, operator of one of the world’s largest supertanker fleets, said Russia will be confronted with a months-long logistical challenge. “This is a major disruption.”

Russia’s crude oil and refined products exports drop 10% in 2024

(Reuters; Jan. 17) - Russian seaborne oil product exports fell by almost 10% in 2024 after Ukrainian drone attacks damaged major refineries and as higher funding costs and a government gasoline export ban added to pressure from Western sanctions, industry sources said. Russia, one of the world's largest oil and fuel exporters alongside Saudi Arabia and the U.S., has been trying to access new markets in Asia and South America since the West imposed sanctions over Moscow's military move on Ukraine in 2022.

Lower fuel exports mean Russia's oil firms have to boost exports of crude to maintain revenues, but such options are limited to just India, China and Turkey, all of which still buy Russian crude despite sanctions and have their own big refineries. Total Russian exports of all fuels including fuel oil, diesel, naphtha and jet kerosene stood at 113.7 million tonnes last year, down 9.1% from 2023, two market sources told Reuters.

The 2024 export figure would amount to approximately 2.3 million barrels per day if the 7.33 crude oil conversion ratio of ton to barrel is used. The exact breakdown of products — all of which use a different conversion ratio — was not known. Russia's overall oil processing fell to around 5.4 million barrels per day in 2024, its lowest level since 2012, due to unplanned outages and weaker refining margins, Reuters calculations based on data from market sources showed. Ukraine has attacked several Russian refineries and fuel facilities, cutting into the country’s production capacity.

Higher-oil-price reaction to sanctions on Russia could be temporary

(Reuters columnist; Jan. 16) - "This time it's different" is a well-worn cliché that seems to be getting another whirl with the latest U.S. sanctions against Russia's crude oil exports. Prices jumped in the wake of measures aimed at preventing Russia from shipping crude using a so-called "dark fleet" of tankers. But it's likely that the price jump is temporary, lasting only as long as it takes to adjust supply chains. Global benchmark Brent crude futures ended at $82.03 a barrel on Jan. 15, the highest close since August last year, having gained 6.6% since Jan. 9, the day before the measures were announced.

The rise has come amid reports that refiners in India and China, the two biggest buyers of Russian crude, are scrambling to find alternative suppliers. The International Energy Agency said Jan. 15 the new sanctions cover entities that handled more than a third of Russian and Iranian crude exports in 2024. It's likely there may be a short-term squeeze on prices as Indian refiners in particular seek cargoes from other suppliers, most likely from the Mideast and Africa, whose crude is similar in quality to Russia's Urals grade.

But the oil market has shown itself to be quite adept at adjusting to any sanctions measures, and this will likely be the case again. It's possible Russia's dark fleet will re-emerge in other forms, with new owners or greater use of ship-to-ship transfers. It's also possible Moscow will reluctantly decide to offer more of its crude at the $60 price cap imposed by Western countries, rather than sell far more limited volumes.

There is another likely short-term scenario, and China could simply pare back imports and dip into inventories. By turning to inventories China can put downward pressure on prices while waiting to see if the new sanctions on Russian oil are a short-term issue.

Despite bump, there are multiple reasons for lower oil prices

(Bloomberg; Jan. 16) - The first few weeks of 2025 have dealt a blow to the prevailing bearish narrative in global oil markets — at least on the surface. Crude prices surged to a five-month high above $82 a barrel in London as President Joe Biden's administration imposed tough sanctions on Russian oil and traders braced for new restrictions on Iran. Freezing weather has boosted fuel demand and depleted already low oil inventories, pushing the premium on immediate-delivery barrels to the strongest in six months.

As a result, the International Energy Agency has pared projections for a world supply surplus, while Morgan Stanley, Citigroup and Deutsche Bank nudged up their price forecasts. Fossil fuels were further bolstered as JPMorgan Chase became the latest Wall Street heavyweight to exit the industry's largest climate-finance alliance. Perhaps oil bears will be ambushed this year the way bulls were in 2023? But despite all the upheaval, the pessimistic price picture remains largely intact.

First, few forecasters have ventured an estimate for exactly how much Russian oil will be disrupted by the new sanctions, which might not be enforced zealously by the incoming administration under Donald Trump. Second, the IEA still projects a hefty overhang of 750,000 barrels a day this year, which would balloon if the OPEC+ cartel proceeds with delayed plans to gradually revive its production in the second quarter. Finally, the U.S. president-elect's threats of tariffs loom over China, the biggest oil importer, which has shown further signs of sinking into a deflationary spiral.

China's future demand for oil products on a downward trajectory

(Bloomberg columnist; Jan. 19) - Is China still the best justification for ongoing crude demand, or the worst? While most of the world remains fixated on the slow-motion car crash in China's real estate sector, oil executives seem unruffled. "We are very bullish on China, and their demand picking up, especially with the big stimulus package coming out," Saudi Arabian Oil Co. CEO Amin Nasser told a conference in Singapore in October. Oil consumption growth last year was well below annual increases that have averaged about 600,000 daily barrels in the past decade — but it was still positive.

Consumption rose by about 300,000 barrels a day, according to the Organization of the Petroleum Exporting Countries, while the International Energy Agency saw a 200,000 barrel-a-day gain. But China's customs and output data paint quite a different picture. Combine domestic refinery processing with net exports of gasoline, diesel and the like, and the consumption of petroleum was about 300,000 daily barrels lower than in 2023.

The country likely was adding to its stockpile. Fuel that's used to pad out inventories in 2024 is essentially consumption pulled forward from the future. It's not the sort of thing you'd want to rely on when investing in a 15-year oil project. Another fuel consumption issue poses a future headache for oil producers. China's stimulus package extended its trade-in policy to get consumers to upgrade old cars and appliances to energy-efficient models, particularly electric vehicles, further eroding demand for fuels in the future.

Trump nominee says U.S. should reconsider its Venezuela waiver

(Bloomberg; Jan. 15) - Donald Trump's secretary of state-nominee Marco Rubio said the U.S. should reconsider its sanctions waiver that allows Chevron to operate in Venezuela. The Biden administration "got played" in negotiations with Venezuelan President Nicolas Maduro that encouraged him to hold elections in return for granting oil licenses, Rubio said during his Senate confirmation hearing Jan. 15.

The elections turned out to be "completely fake" while Maduro "leveraged migration against us to get those concessions," Rubio said. "Now they have these general licenses where companies like Chevron are actually providing billions of dollars of

money into the regime's coffers, and the regime kept none of the promises that they made," he said. "So all that needs to be re-explored."

Chevron is the only U.S. oil producer left in Venezuela and was pumping about 180,000 barrels a day from the South American nation as of mid-2024. The Biden administration granted Chevron a wider range of production and crude sales starting in 2022, but the oil giant has said it won't commit additional capital due to the short-term nature of its license from the U.S. Its efforts were primarily focused on repairing wells and facilities and recouping debt owed by Venezuela's state-owned oil company.

Export pipeline takes on more importance for Canadian oil producers

(Calgary Herald columnist; Jan. 17) - The imminent threat of U.S. tariffs being slapped on Canadian products — including oil — underscores the strategic importance of having more than a single customer to buy Canada's natural resources. The Trans Mountain pipeline expansion is already proving this point by moving more Canadian oil to customers in Asia, and it could soon see increased demand for its available capacity if incoming President Donald Trump imposes a 25% tariff on energy heading south.

It also highlights why future efforts to potentially ramp up the capacity of the pipeline system — such as through smaller-scale debottlenecking efforts — are being examined by the Crown corporation that runs the pipeline, Trans Mountain Corp. Almost nine months after commercial operations began on the C$34 billion pipeline to ship more oil from Alberta to the British Columbia coast for export, the possibility of U.S. tariffs means the pipeline could take on even more significance in the coming months as it allows Canadian producers to move additional crude to overseas markets.

"If tariffs come in, based on what I hear and what our market intelligence is telling us, I would expect our dock to be full. It won't happen immediately. It'll take a little time," Trans Mountain Corp. CEO Mark Maki said on Jan. 16. The Trans Mountain expansion project began operating last May and almost tripled the capacity of the existing pipeline — which runs from the Edmonton area to Burnaby, B.C. — to 890,000 barrels per day. If Trump extends the tariffs to include oil, Canadian producers with the ability to pivot will likely look at their options, including using spot capacity on the Trans Mountain system.

Several U.S. Gulf Coast LNG projects waiting for export licenses

(Bloomberg; Jan. 17) - President-elect Donald Trump has vowed to lift the Biden administration's moratorium on new permits to export liquefied natural gas on his first day in office next week. The promised reversal is key for a number of U.S. projects hanging in the balance. The Energy Department issues export licenses to sell LNG

abroad. Companies need the permits in order to sell to buyers in Europe and China and to secure financing to build multibillion-dollar LNG projects that take years to complete.

In January 2024, the Biden administration temporarily suspended approvals for new LNG exports, setting off legal challenges from several states. Even if quick approvals are granted under Trump, environmental groups opposed to fossil fuel investment would likely mount challenges to thwart or stall the projects. Some opponents have also targeted a key authorization from the Federal Energy Regulatory Commission, an independent agency that oversees construction and operation of LNG facilities.

One company that would benefit from a speedy export license approval is Venture Global, which is poised to launch an initial public offering. Its third project in Louisiana, known as CP2 (20 million tonnes annual production capacity), has been stalled because of the permitting pause. So too have Commonwealth LNG in Louisiana (9.5 million tonnes) and another expansion at Cheniere's Corpus Christi LNG terminal in Texas (5 million tonnes). An additional four Gulf Coast projects already have their export authorizations but are waiting on their developers to make investment decisions.

Japan will watch U.S. sanctions to determine impact on LNG imports

(Bloomberg; Jan. 17) - Tokyo will closely monitor the rollout of new U.S. sanctions on Moscow for any impact on shipments of liquefied natural gas from Russia's Far East, a key source of supply for Japan. A week ago, the Biden administration imposed aggressive penalties on Russian energy, including restrictions on vessels that export oil from the Sakhalin-2 LNG project just north of Japan. If those curbs end up halting crude production from the site, the gas that's pumped out at the same time may be at risk.

Japan is a big LNG buyer and got about 8% of its imports from Sakhalin-2 last year, according to ship-tracking data compiled by Bloomberg. "We'll discuss with the relevant stakeholders" to ensure Japan gets the gas it needs, Shinichi Sasayama, the president of Tokyo Gas, said Jan. 16. One of Sakhalin-2's three production platforms pumps both gas and gas condensate, a light version of crude oil, and the two fuels are then separated onshore. If curbs on exporting the oil lead to a buildup of crude on site, that may eventually prompt a halt in output, affecting gas in the process.

"If oil and condensate shipments really stopped, then at some point — when the storage facilities were full — gas production would also have to halt as it's impossible to produce gas without producing condensate," said Sergey Vakulenko, an oil industry veteran who spent part of his career at Sakhalin-2. The U.S. sanctions do not extend to the actual oil and gas from the development, just to the tankers needed to export the crude. Ultimately, the platform's operation will depend on Russia's ability to find other oil tankers — possibly from its growing shadow fleet — to replace the sanctioned ships.

Mozambique’s new president says too early to review LNG contracts

(Reuters; Jan. 17) - Mozambique is not looking to review contract terms with energy majors like TotalEnergies and ExxonMobil which are planning multibillion-dollar liquefied natural gas projects in the country, its new president said on Jan. 17. Daniel Chapo took office on Jan. 15, following months of opposition protests against his disputed election victory in which civil society groups say more than 300 people have been killed.

The Southern African country's government is banking on the energy projects by TotalEnergies, ExxonMobil and others to revolutionize its tiny economy and put shaky public finances on a surer footing. Referring to TotalEnergies' $20 billion LNG project in the restive Cabo Delgado province, which has been on hold since 2021 when an Islamist insurgency threatened the site, Chapo said the government was not in a position to review terms because the French company was not yet producing gas.

"They are currently making investments, the contracts are new, that's why for these cases there is no place for reviewing contracts, because they haven't even come into force," he told Reuters. An imposing figure plucked from relative obscurity as governor of the gas-rich Inhambane province, Chapo is expected to seek to stamp his authority quickly after post-election protests which have disrupted foreign firms operating in Mozambique. TotalEnergies and ExxonMobil are looking to resume construction of their LNG projects as soon as the security situation in Cabo Delgado has improved.

U.S. LNG producer readies for initial public offering

(Wall Street Journal; Jan. 19) – Liquefied natural gas exporter Venture Global is planning what would be the energy industry’s largest initial public offering in more than a decade on the heels of Donald Trump’s inauguration. The timing couldn’t be better. The Arlington, Va.-based firm said in a regulatory filing last week that it hopes to raise up to $2.3 billion from an IPO. The issuance would peg the LNG company’s value at as much as $110 billion — more than the market capitalization of British oil giant BP.

The listing on the New York Stock Exchange could take place this week, It is sure to attract investors seeking to capitalize on Trump’s agenda. After his swearing-in Jan. 20, Trump plans to take a spate of executive actions to boost the oil and gas industry, including lifting a freeze on new LNG exports that President Biden imposed last year. Reversing the ban would free Venture Global’s hands to continue a building spree to produce more LNG in Louisiana, where it already runs two huge terminals.

“Brilliant timing on their end,” said Timm Schneider, a veteran energy analyst. “Everything’s kind of falling into place for them.” Venture Global was a scrappy start-up just a few years ago. After Russia’s invasion of Ukraine, the company sold dozens of LNG cargoes to gas-starved Europe, which allowed it to pocket billions of dollars and invest in new terminals. But its meteoric rise has been clouded by controversy.

BP, Shell and other early customers that contracted for LNG have accused the company of enriching itself at their expense by withholding the fuel they believe should have gone to them — and instead selling it on the spot market. The companies are pursuing billions of dollars in arbitration. Venture Global has denied the claims. The company was founded in 2013 with a business model of using midsize, prefabricated units to build its LNG terminals. It promised it would be cheaper and faster than competitors. It dangled rock-bottom fees for LNG, landing mammoth clients which signed long-term contracts.

End to public finance of fossil fuel projects dies for lack of agreement

(CBC Canada; Jan. 19) - A deal on ending public financing for foreign fossil fuel projects — which Canada co-led on the world stage — has died in the face of key holdout countries and the incoming administration of President-elect Donald Trump. Canada, along with the U.K and European Union, proposed in 2023 to end financing through export credit agencies — government agencies that support foreign trade — for oil and gas projects abroad and divert the money to clean energy instead.

President Joe Biden threw its support behind the deal only right after the presidential election in November, setting off a mad dash to get an agreement before Trump's inauguration. It wasn't enough time. The Organization for Economic Cooperation and Development confirmed that an agreement was not reached despite many months of negotiations. At the OECD, unanimous agreement is required to get any deal done. In addition to the U.S., Turkey and South Korea had balked at the agreement.

Trump, who has indicated he wants to expand oil drilling, is not expected to support such a deal to limit fossil fuel finance. Nina Pušić, senior export finance climate strategist at Oil Change International, an advocacy group, said it's "a huge missed opportunity for the climate." The proposal made by the OECD, a group of 38 industrialized nations, stems from a pledge made at the 2021 U.N. climate conference to phase out these kinds of fossil fuel subsidies and divert the money to clean energy.

Appeals court vacates Trump-era rule to transport LNG by rail

(Reuters; Jan. 17) - A federal appeals court on Jan. 17 threw out a rule the U.S. Department of Transportation had adopted during President-elect Donald Trump's first term which allowed liquefied natural gas transport by train. A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit agreed with 14 Democratic-led states, the District of Columbia, environmentalists and a Native American tribe that the Trump administration had not sufficiently evaluated the safety risks of transport by rail.

The rule was adopted by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration in July 2020 after Trump issued an executive order directing the department to permit shipment in rail tank cars via the U.S. rail network. Gas and rail industry groups had argued that shipping LNG by train was an economic method that would allow producers to meet increased demand and overcome pipeline limitations. President Joe Biden's administration in 2023 temporarily suspended the rule until June 2025 amid a broader review of the Trump administration's actions.

Without the court's ruling, the incoming Trump administration could have allowed the rule to take effect later this year. Instead, the court vacated the rule and remanded the matter to the agency for further consideration in a decision hailed by the environmental groups. While LNG has been transported overseas by ship and domestically in tanker trucks for decades, domestic shipment of LNG by rail was relatively new, having been approved in a few instances since 2015. The Trump-era rule imposed no limit on how many LNG tank cars could be included in a single train and set no speed limit for trains.

South Korea considers buying more U.S. oil and gas

(Bloomberg; Jan. 16) - South Korea is considering buying more oil and gas from the U.S. to diversify its energy sources and also potentially head off the threat of President-elect Donald Trump's proposed tariffs. The move would be aimed at reducing the trade surplus with the U.S. and improving energy security, Minister of Trade, Industry and Energy Ahn Duk-geun told reporters in Seoul on Jan. 16.

Policymakers are also weighing additional government support for companies so they can import more oil and gas from countries outside of the Middle East, he said. South Korea relies heavily on exports to drive its economic growth, and the U.S. is one of its top trading partners. Trump, meanwhile, has promised an array of protectionist policies, including universal tariffs, to slash a burgeoning U.S. trade deficit with other nations.

"Other countries are all talking about how they need to ease the growing trade deficit under the Trump administration," Ahn said. "We are pretty much in the same situation, so we are thinking about increasing energy imports, and there's also a need to diversify supplies to improve energy security."

India's refiners speed up payments on Russian oil to avoid sanctions

(Bloomberg; Jan. 15) - India's state refiners are rushing to speed up payments for Russian crude, hoping to complete their trades before a dramatic expansion of Washington's curbs on Moscow's oil industry effectively comes into force next month, people familiar with the matter said. Pressure to stay clear of sweeping U.S. sanctions

means the refiners are now aiming to settle payments for the discounted barrels in just two days instead of the previous five, said the people, who declined to be named.

The fate of at least 4.4 million barrels of Russian crude currently on their way to Indian ports hangs in the balance. At least six sanctioned tankers have loaded different grades and are sailing toward ports including Jamnagar, Chennai, Paradip and Visakhapatnam, and are due to discharge at these ports before the wind-down period ends, according to ship-tracking data from Bloomberg and Kpler.

Indian banks — increasingly cautious in expectation of tougher measures from Washington, even before the Jan. 10 U.S. announcement — have been demanding additional paperwork since late last year, undertaking more screening and tracking incoming shipments. Banks have also stopped processing payments in U.S. dollars to avoid having to adhere to the $60-a-barrel price cap on Russian crude set by Western nations in 2022. The U.S. Office of Foreign Assets Control has set a deadline of Feb. 27 for delivery of all crude cargoes that were loaded on sanctioned vessels before Jan. 10.

India could pay higher prices after U.S. sanctions limit Russian oil

(CNBC; Jan. 17) - India's days of buying cheap Russian oil could be over. Sweeping sanctions by the U.S. against Russia's energy companies and operators of vessels that transport oil will complicate Indian efforts to keep importing cheap Russian crude and could push up inflation in Asia's third-largest economy, analysts said. The country could be looking at a potential oil shock, said Bob McNally, president of Rapidan Energy. "India will be more affected than China by sanctions, since India imports much greater amount of its oil from Russia than China," he told CNBC.

The U.S. announced sanctions Jan. 10 on two Russian oil producers, along with 183 vessels, primarily oil tankers that have been shipping barrels of Russian crude. At present, the sanctioned tankers are still permitted to offload crude oil until March 12. India imported a significant 88% of its oil needs between April and November 2024, little changed from a year earlier, according to government data. Around 40% of those imports came from Russia, data from trade intelligence firm Kpler showed. Of the newly sanctioned 183 tankers, 75 have transported Russian oil to India in the past.

Just last year alone, the sanctioned tankers transported around 687 million barrels of crude, of which 30% were shipped to India. The discount of Russia's crude, Urals, to the global benchmark Brent has averaged around $12 per barrel from last August to October, according to S&P Global's most recently published data last November. In 2024, Russia's Urals were also cheaper by $4 per barrel compared to oil from Iraq, one of India's main sources of crude oil imports, data from Kpler showed.

Sanctioned tanker offloads Russian oil at Chinese port

(Reuters; Jan. 16) - A tanker subject to the new U.S. sanctions is discharging Russian oil at a port operated by Shandong Port Group in east China, shipping data on LSEG Eikon showed Jan. 16. The tanker is the first since last week's sanctions announcement to discharge in Shandong province where many of China's independent refineries that have been big importers of Russian crude are based. It will be monitored closely by those in the industry anxious to know how strictly the measures will be implemented.

The sanctions include a grace period exempting cargoes loaded before Jan. 10 and unloaded before March 12, but the industry still has halted some shipments as they assessed their risks. The Panama-flagged crude oil tanker Mermar docked on Jan. 15 at Longkou port in the city of Yantai. It had been floating at sea for two days, LSEG data showed. The data also showed the tanker carried 600,000 barrels Russian ESPO Blend crude that was loaded on Jan. 6 from Kozmino port on Russia's east coast.

The Mermar was among 183 ships designated by the Biden administration in an announcement that disrupted supply from the world's No. 2 producer to China and India and reduced ship availability. The tanker is considered part of Russia's shadow fleet that it has used until now to skirt sanctions. Its registered owner Merluza Group has also been placed under restrictions by the new measures. The vessel is managed by Hong Kong-based Ocean Anemone Shipmanagement and is working under insurance from Balance Insurance based in Russia, according to shipping data seen by Reuters.

Egypt starting to look at more solar to replace gas-fueled generation

(Reuters; Jan. 13) - With few clouds, vast empty deserts and a well-developed electricity distribution grid, Egypt has all the elements for a huge expansion in solar power generation. But it is only now moving to exploit them, after the cost of natural gas imports jumped. A sharp decline in domestic gas production combined with growing electricity consumption caught authorities off-guard last year and led to rolling power blackouts over the sweltering summer.

"It has been a big wake-up call, and this is the reason why the government recently announced a big emergency package," said Ahmed Mortada, head of energy in Egypt for the European Bank for Reconstruction and Development. Egypt had to pay over $1 billion more than it had expected for imported LNG last year and analysts estimate it will spend billions more in 2025. Solar companies say they can supply electricity much cheaper than gas turbines, using inexpensive panels from China, but complain that market-distorting power subsidies and restrictive regulations have frustrated rollouts.

"God has blessed Egypt with really good solar resources, and very good land resources," Hussain Al Nowais, chairman of United Arab Emirates-based renewables energy producer AMEA Power, said in December. AMEA inaugurated a 500-megawatt

solar array in Aswan, 400 miles south of Cairo, last month and plans to build a 1,000-megawatt plant nearby. AMEA is one of three producers planning large solar arrays to feed electricity directly into Egypt's energy grid.

BP announces job cuts in cost-reduction move

(CNBC; Jan. 16) - BP on Jan. 16 said it is planning to cut thousands of jobs as part of a major cost-reduction exercise. “Today, we have today told staff across BP that the proposed changes that have been announced to date are expected to impact around 4,700 BP roles. These account for much of the anticipated reduction this year,” BP said in a statement. “We are also reducing our contractor numbers by 3,000.

The measures, which were designed to lower costs, come after BP CEO Murray Auchincloss said last year that the company intends to deliver at least $2 billion of cash savings by the end of 2026. BP’s workforce currently stands at around 87,800. BP has underperformed its European rivals of late as energy market participants continue to question the firm’s investment case.

In a trading update published Jan. 14, BP said weaker refinery margins and turnaround activity will deliver a $100 million to $300 million blow to its fourth-quarter profit, while further declines are expected in oil production.