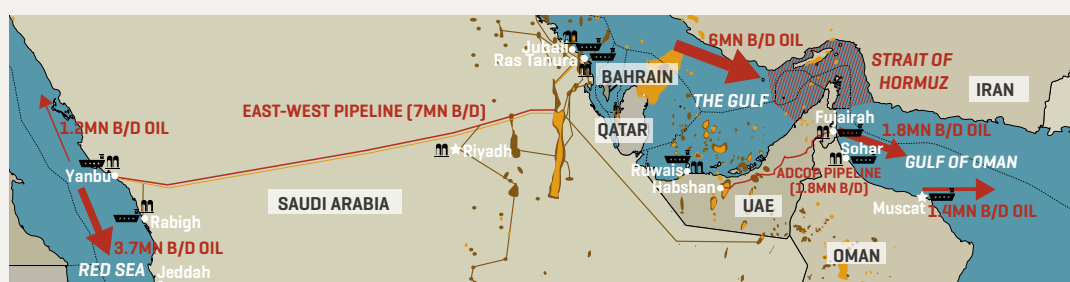


GEOPOLITICAL RISK

Houthi Blockade Pushes Red Sea Vessels North

A number of oil tankers loading from Saudi Arabia's Red Sea coast have diverted north after the Houthis announced a blockade on Saudi vessels. Egypt's Sumed pipeline and Suez Canal should be able to handle full Saudi exports, but diversions would be highly disruptive for customers. **Page 6**



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CORPORATE

New \$20bn Israel-Egypt Gas Deal

Partners at Israel's Tamar gas field have unveiled plans for a \$20bn gas sales deal with an Egyptian counterpart. Regional gas interdependence is deepening. **Page 4**

UPSTREAM OIL & GAS

\$6.2Bn FID For Umm Shaif Gas Cap

Adnoc has taken FID for the Umm Shaf Gas Cap project, the first gas cap to reach the milestone. Adnoc's integrated gas strategy is accelerating. **Page 2**

OPEC & GLOBAL MARKETS

Oil Market Faces Twin Perils

Oil markets navigated the first phase of the Middle East conflict thanks to robust inventories and Hormuz bypass routes. Both pillars are now weakening. **Page 5**

GEOPOLITICAL RISK

Kuwait's Power Sector Under Attack

Kuwait's power sector is proving resilient, surviving Iranian attacks and feedstock shortages thanks to demand-rationalization and electricity imports. **Page 8**

POWER & WATER

Morocco-Europe Power Link Plans

European states are again looking south to Morocco as a potential supplier of low-carbon electricity. France and Portugal are leading the way. **Page 10**

UPSTREAM OIL & GAS

Oman Output Setting New Records

Oman is producing record volumes of oil and gas, capitalizing on high export prices. Electricity exports are also on the rise. **Page 3**

POWER & WATER

Egypt's New Renewables Roadmap

Egypt's government has unveiled a new roadmap to 31GW of renewables by 2030. The project pipeline is there, now it's a matter of execution. **Page 12**

POWER & WATER

US-Saudi Nuclear. Deal Or No Deal?

President Trump has thrown this week's 'historic' US-Saudi nuclear deal into doubt after suddenly linking the agreement to the Abraham Accords. **Page 14**



Adnoc Takes FID On \$6.2bn Umm Shaif Gas Cap

Adnoc's \$6.2bn Umm Shaif Gas Cap project will add 600mn cfd of new production from 2030 and is the first such project to have reached FID. It marks the latest acceleration of Adnoc's integrated gas strategy.

Adnoc has taken a final investment decision (FID) on the \$6.2bn Umm Shaif Gas Cap project. The project will add more than 600mn cfd of gas output alongside high-value condensates. In the 21 July announcement, it said that first gas is expected by 2030.

Umm Shaif, which began producing more than sixty years ago, is one of the UAE's oldest offshore oil fields (MEES, 29 June 1962). The Umm Shaif & Lulu concession was awarded to Adnoc (60%), TotalEnergies (20%), Eni (10%) and China's CNPC (10%) in 2018 (MEES, 23 March 2018).

Adnoc said at the time that Total "will play a critical role in supporting the development of Umm Shaif's giant gas cap." The French IOC said this week that future development phases could eventually lift output to 1.5bn cfd, matching the planned capacity of the Bab Gas Cap concession for which FID is expected later this year (MEES, 26 June).

The Umm Shaif FID includes three EPC packages worth a combined \$5.1bn, as well as a \$365mn 14-well drilling and integrated drilling services program to be delivered over 18 months by Adnoc Drilling.

GAS STRATEGY ACCELERATION

"Adnoc is accelerating its integrated gas strategy to further harness the UAE's vast gas resources and expand our global LNG platform, as global demand for natural gas continues to rise," said Adnoc CEO Sultan al-Jaber in announcing FID. "The Umm Shaif Gas Cap FID is another important milestone in delivering this strategy and reinforcing Adnoc's position as a reliable gas supplier," he added.

With the Gas Cap project, Abu Dhabi has now made three major gas sector announcements in the space of a month. First came the 24 June award of the Bab Gas Cap concession to the Adnoc Onshore concession holders, including TotalEnergies, followed last week by the launch of a new platform for global LNG marketing and trading platform that consolidates the marketing activities of Adnoc Gas, XRG and Adnoc Trading (MEES, 10 July).

Adnoc sees strong gas demand growth globally in the years ahead and is investing accordingly. Higher gas production will

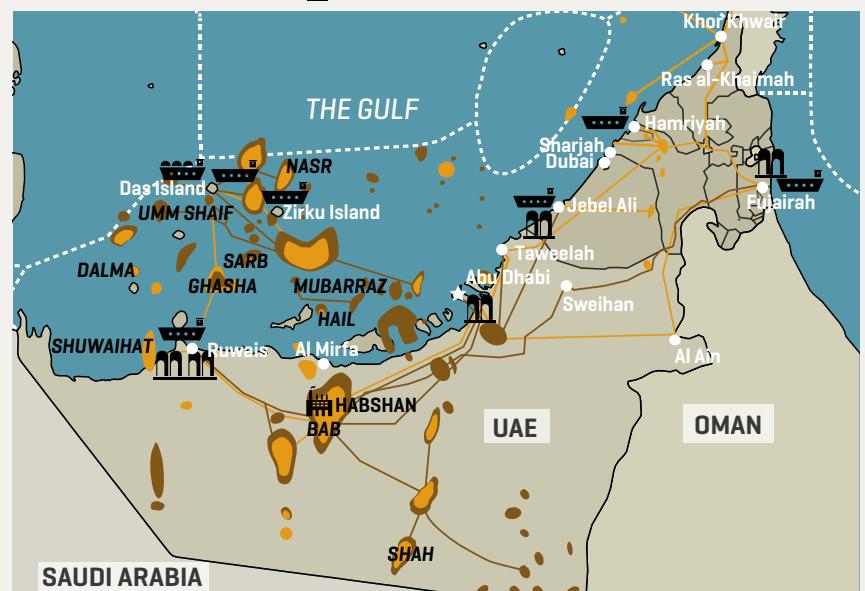
ADNOC DOMESTIC GAS DEVELOPMENT PIPELINE EXCEEDS 6BN CFD

Expansion Projects	Capacity (bn cfd)	Completion Target	Status
Ghasha Sour Gas*	1.8	2030	FID
Umm Shaif Gas Cap	0.6	2030	FID
Bab Gas Cap	1.5	2029	Pre-FID
Ruwais-Diyab	1	2030	Pre-FID
Shah Expansion	0.4	-	Pre-FID
Rich Gas Development^	1.5+	2030	1st Phase FID

*340MN CFD FIRST PHASE DUE ONLINE IMMINENTLY. ^1.5BN CFD FIRST PHASE DUE ONLINE 2027. SOURCE: ADNOC, MEES.

ADNOC KEY OIL AND GAS INFRASTRUCTURE

■ GAS FIELD/PIPELINE ■ OIL FIELD/PIPELINE 🏭 REFINERY 🚢 OIL TERMINAL 🚢 LNG EXPORT TERMINAL 🏭 GAS PLANT



support the expansion of LNG capacity and also satisfy growing domestic demand as investment in energy-intensive data centers accelerates as part of the government's ambition to become a leading player in artificial intelligence.

GROWTH BEYOND SELF-SUFFICIENCY

The two gas cap projects are key components of Abu Dhabi's ambitious gas expansion plans aimed at achieving self-sufficiency by the end of the decade. Projects have been announced that will add nearly 7bn cfd of new capacity by 2030, although not all have yet reached FID (see table).

The planned increase would be more than enough to close the UAE's supply deficit as it stands, which was around 17.7bcm (1.7bn cfd) last year. But expectations of strong demand growth from LNG expansion, economic growth and data center investments mean that large gains are required to achieve and sustain self-sufficiency.

The UAE has 8,410 bcm (297tcf) of proven natural gas reserves, according to its submission to the Opec ASB, but

much of this is in technically challenging reservoirs. This means many of its growth projects are challenging developments that would have previously been uneconomic.

As well as the two gas cap projects, additions will come from the 1.8bn cfd offshore ultra-sour Ghasha gas concession. Adnoc took FID in January on the Ghasha concession's especially challenging 200mn cfd SARB Deep Gas Project (MEES, 9 January). Onshore, Adnoc is also looking to expand the Shah sour gas development from 1.45bn cfd to 1.85bn cfd, but has not yet taken FID (MEES, 23 May 2025).

Unconventional gas development is also a pillar of domestic growth plans with the Ruwais-Diyab concession due to produce 1bn cfd by the end of the decade (MEES, 20 February).

The integrated gas strategy will account for a sizeable portion of Adnoc's \$150bn capex between 2026 and 2030. The spending plan was approved during a board meeting last November, which was symbolically held at the Habshan gas complex, nerve center of Adnoc's gas operations (MEES, 28 November 2025). ♦♦

Oman Gas Output Smashes Monthly Records In 1H 2026

Omani gas production and consumption are at record highs. Gas-to-power demand is a key driver as electricity exports have soared.

Oman's gas sector is on course for a record year, with production and consumption reaching new highs. LNG exports have risen to a record as most Qatari and Emirati LNG remains trapped inside the Gulf because of the ongoing disruption to the Strait of Hormuz (MEES, 17 July). At the same time, gas demand from the power sector has increased as electricity exports through the GCC Interconnection Authority (GCCIA) have increased.

Implied gas production (excluding pipeline imports from Qatar) reached an all-time high of 6.12bn cfd in June, up more than 12% from the same period last year (see chart). The H1 average of 5.56bn cfd was up 8% year-on-year.

Omani gas output has been rising steadily in recent years, and 2026 started no differently. However, from March onwards the year-on-year increases grew significantly more pronounced as the conflict unfolded. New records for both associated (1.45bn cfd) and non-associated gas production (4.67bn cfd) were set last month.

POWER SECTOR DEMAND GROWTH

Government data show gas supplies to power plants rose by 15% year-on-year in June to a record 2bn cfd. Some of the increase will have been due to stronger domestic electricity demand, but the magnitude of the rise points to a significant increase in exports through the GCCIA. Kuwait's reliance on the GCCIA for

grid stability has deepened this year, as its power plants have experienced feedstock shortages and suffered direct attacks by Iran (see p8). Oman was already a key supplier to the GCCIA via a 400MW connection to the UAE's grid that runs through Al Ain and can carry up to 800MW in an emergency (MEES, 21 November 2025).

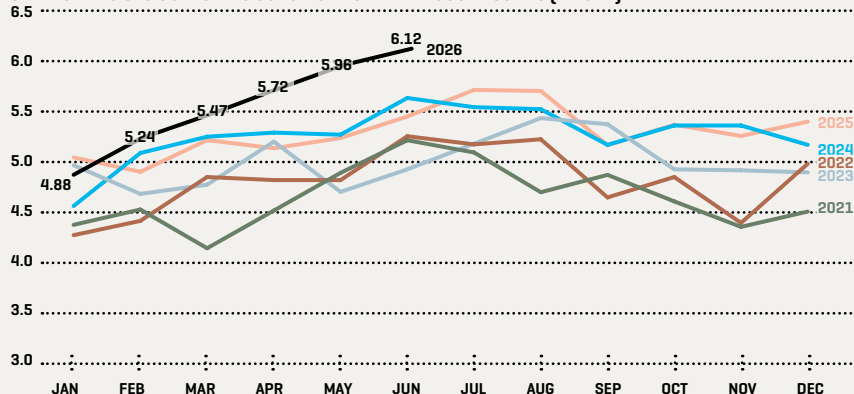
In 2025, Oman exported 820GWh of power, up from 776GWh in 2024, data from the Oman Electricity Transmission Company (OETC) shows. This year's exports are likely to surpass the 2025 record comfortably.

Kuwait is expected to rely heavily on electricity imports for some time to come as its electricity sector was struggling to meet demand even before the conflict, leaving it structurally reliant on the GCCIA.

Kuwait's upgraded GCCIA interconnection is also part of a broader project to connect Iraq to the system. Even if Kuwait succeeds in reducing its reliance on imported electricity over the medium-term, Iraq's structural deficit should provide a sustained market for Omani power exports in the coming years.

The main constraint is the capacity of Oman's connection to the GCCIA system, but work is underway on a new direct connection, due for completion by 3Q 2027, that will allow total transfer capacity of 1.7GW. That should allow electricity exports to continue growing, pushing Omani gas demand higher from 2028 onwards. ♦♦

OMAN'S 1H26 GAS OUTPUT* IS SURGING ABOVE PREVIOUS RECORDS (BN CFD)



*IMPLIED, AFTER DEDUCTING DOLPHIN IMPORTS. SOURCE: NCSI, MEES.

Oman: Record Oil Output

Omani oil production averaged a record 1.15mn b/d in Q2 as the sultanate benefited from the easing of Opec+ production restrictions and the global oil shortages caused by the effective closure of the Strait of Hormuz in early March. As the only GCC country outside the strait, its exports have not been affected (MEES, 26 June).

Oil output – crude and condensate – was up 11% from the first quarter. Back-to-back monthly records were set in April (1.141mn b/d) and May (1.172mn b/d), before volumes dipped to 1.146mn b/d in June.

Crude exports peaked at 861,000 b/d in April yet were below the July 2025 high of 876,000 b/d. Instead of maximizing crude exports, Oman has taken advantage of high refining margins to increase domestic supplies to its 255,000 b/d Duqm refinery that traditionally relied heavily on barrels imported via the Strait of Hormuz.

Despite the incentive to maximize exports, Muscat has been unable to increase crude shipments much beyond recent levels. Second-quarter exports averaged 860,000 b/d. While throughputs at the Duqm refinery fell during the early stages of the conflict, refined products exports recovered after additional domestic crude feedstock became available in May.

With refining margins exceptionally high, the economic benefits have been substantial. The latest government figures show that crude oil export revenues rose to a five-month high of \$1.76bn in April, while refined product exports generated a record \$1.15bn. Both figures are likely to have increased significantly in May as refinery operations normalized.





New \$20bn Israel-Egypt Gas Sales Deal Planned

Isramco and Mubadala Energy have unveiled plans for another major long-term gas export agreement with Egyptian partners, highlighting Cairo's continued need for Israeli gas imports.

Isramco and Mubadala Energy have announced plans for a long-term gas sales deal with an Egyptian counterpart that could extend into the 2040s. An Isramco filing with Israel's Tel-Aviv Stock Exchange (TASE) on 16 July stated that a non-binding MoU had been signed with a foreign customer for 80bcm from the 13.7tcf Tamar gas field over 2031-2038.

Israeli firm Isramco has a 28.75% stake in Tamar, and Abu Dhabi state-firm Mubadala Energy holds 11%. Field operator Chevron (25%) and local firms Tamar Petroleum (16.75%), Union Energy (14.5%) and Dor Gas (4%) may ultimately join the agreement, although none has yet publicly confirmed participation.

Under the MoU, any final agreement will be automatically extended to 2043 contingent on Tamar's production lease being renewed, which MEES understands is a formality. That would see the 80bcm spread out over a considerably longer timeframe.

Isramco said the agreement is contingent on final documentation, Israeli export approvals and the participation of Tamar's remaining partners. It values its share at \$5.75bn, implying an overall deal value of around \$20bn and an average realized price of roughly \$7/mn Btu over the life of the agreement. By comparison, Egypt paid an average \$5.5/mn Btu in 2025 for gas from Tamar and Israel's other Chevron-operated field, the 22.4tcf Leviathan.

As with existing sales deals with Egypt, pricing of the new deal would remain linked to Brent crude, with a floor price and take-or-pay provisions broadly mirroring previous Tamar export contracts.

EGYPT SUPPORTS TAMAR GROWTH

The MoU extends a commercial relationship between the Tamar partners and Egypt that has steadily expanded since 2018 through successive long-term gas sales agreements.

The first Tamar-Egypt export agreement was signed with state-backed Blue Ocean Energy in February 2018 and amended the following year, covering 25.3bcm over 14.5 years from the second half of 2020 (MEES, 4 October 2019). This was followed in February 2024 by a second agreement for another 43bcm over ten years, with deliveries linked primarily to the completion of the Nitzana pipeline and expansion of the Arab Gas Pipeline (AGP)

route via Jordan (MEES, 23 February 2024). Israel's Ashdod-Ashkelon offshore pipeline, completed earlier this month, also supports higher export capacity (MEES, 10 July).

The identity of the new buyer has not been disclosed. However, MEES learns the offtaker is not Blue Ocean Energy, suggesting the Tamar partners have secured a different Egyptian counterpart for the proposed agreement.

Viewed alongside Tamar's existing Egyptian contracts, the proposed agreement reflects a rolling portfolio approach. The contract is planned to start with low annual commitments in 2031 while existing sales agreements remain in force, with volumes then growing as the older deals begin to taper towards their expiry.

The MoU was announced jointly by Isramco and Mubadala Energy - rather than by the field's operator Chevron - suggesting that the Abu Dhabi state-owned firm may have played a role in originating the transaction. As an arm of the Abu Dhabi government, which remains a key political and financial backer of Egypt, Mubadala is well placed to leverage longstanding relationships with Cairo.

Beyond commercial terms, the agreement reinforces Egypt's central role within Israel's regional gas export strategy. Egypt accounted for 75% of Israeli gas exports last year, with Jordan taking the remainder.

Egypt's gas deficit is expected to persist as declining domestic production continues to outpace demand, making it likely to remain a reliable offtaker for the foreseeable future. However, the MoU provides additional commercial flexibility should market conditions change. The TASE filing notes that the customer "may sell the natural gas outside Egypt," unlike previous Tamar export agreements. This would allow any surplus gas to be redirected to Egypt's two LNG export facilities for re-export and a share of any profits going to the Tamar partners, a provision that is not included in the current Blue Ocean deals (MEES, 24 April).

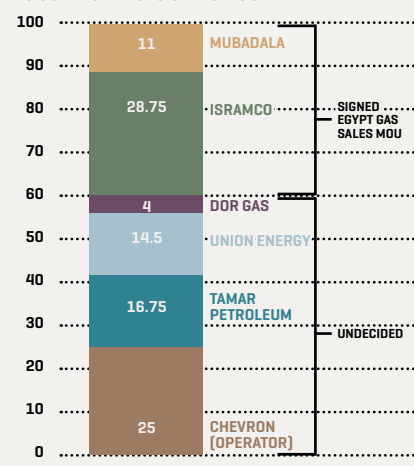
The MoU therefore reinforces Israeli's export strategy of deepening commercial integration with Egypt rather than pursuing new export corridors. It also reflects Israel's limited options, given its hostile relationship with neighboring Lebanon and Syria.

EXPORT POLICY IN FOCUS

While the commercial rationale behind the agreement appears straightforward, securing Israeli government approval may prove more difficult.

The stock exchange filing makes clear that the MoU remains subject to "receipt of the necessary approvals, including

TAMAR FIELD STAKES [%]: ISRAMCO & MUBADALA WAIT FOR OTHER PARTNERS TO JOIN EGYPT GAS SALES MOU



the export permit required by law."

Israel is re-examining its long-term gas export policy following the Dayan Committee's review of the gas sector. While the committee has broadly endorsed further exports alongside stronger domestic supply safeguards, its recommendations have yet to be formally published (MEES, 12 June).

Israel's gas export expansion does not enjoy full government support, with a vocal lobby warning of the risks to domestic energy security. The 130.9bcm Leviathan export deal approved in January was subject to intense scrutiny and prompted the energy ministry to impose new domestic supply conditions that must be met before exports can rise further (MEES, 15 May).

Against that backdrop, the Tamar application could well be Israel's last major long-term gas export to be approved before the end of the decade. No comparable export applications are expected in the coming years, with producers instead focused on executing recently approved expansion projects while the government implements its post-Dayam export framework.

Approval of the proposed Tamar export agreement is likely to be deferred until after October's parliamentary elections. With the Knesset dissolved and a caretaker government in office, the MoU will most likely be left for the next administration to handle. Technically, the MoU expires after two months but the parties can seek an extension, which is the most likely outcome.

Political elections inevitably create some policy uncertainty, but successive Israeli governments have overseen the expansion of gas trade with Egypt, and the next administration will likely adopt the Dayan committee recommendations. Bilateral relations between Egypt and Israel remain tense, but their gas interdependence continues to deepen. ♦♦

TWIN PERILS: HOUTHIS PUT SQUEEZE ON SAUDI HORMUZ BYPASS ROUTE

The Houthi blockade on Saudi shipments through the Bab al-Mandeb threatens to severely disrupt the largest Middle East Hormuz-bypass route. Saudi Arabia has been exporting around 5mn b/d of crude oil and refined products from the Red Sea since the start of the Middle East conflict, most of which goes through the narrow chokepoint. With Iranian attacks also causing covert shipments through the Strait of Hormuz to fall sharply this week, oil markets are under renewed pressure and Brent prices have shot back up past \$100/B, as the pincer movement unnerves oil markets.

As market concerns mounted this week, IEA Executive Director Fatih Birol issued a statement on 21 July warning that “the escalation in hostilities affecting the Strait of Hormuz and energy infrastructure in the region increases security of supply concerns and uncertainty over the market outlook. Threats to the Bab al-Mandeb Strait, which has become increasingly important as a route to bypass the Strait of Hormuz, exacerbate these concerns further.”

He said that of the 400mn barrel emergency release announced on 11 March (MEES, 13 March), around 290mn barrels have so far been released. That leaves around 110mn barrels, and Mr Birol noted that IEA countries retain more than 1bn barrels in emergency stocks, hinting at the possibility of another release if required.

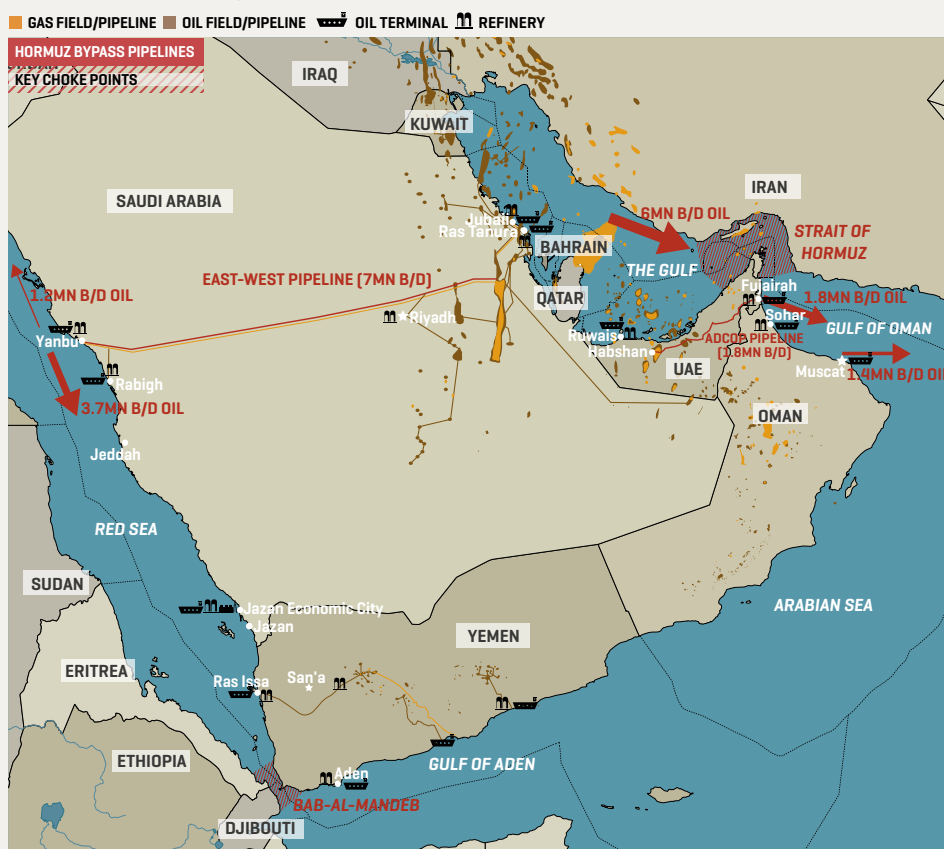
CHOKING OFF SUPPLY

Saudi Arabia can divert oil exports from its Red Sea terminals north to exit through the Sumed pipeline and Suez Canal instead of via the Bab al-Mandeb, but the process would be logistically complex and add up to a month to voyage times to Asia (see p6). The Houthis’ blockade was announced on 20 July after tensions with Riyadh rose last week (MEES, 17 July), and reinforces Iran’s attempts to disrupt Middle East oil exports to apply economic pressure on the US.

Iran’s IRGC had declared the Strait of Hormuz closed again on 12 July after renewing attacks on vessels transiting the strait without coordination with Tehran. While Iran has sought to prevent vessels from using the waterway, the Arab Gulf states, in coordination with the US, have attempted to continue covert shipments despite the attacks. Some vessels are still making the passage through Hormuz despite the risk because “they [Gulf producers] have no other source of income,” one trader said. But Iran appears to have now gained the upper hand. Loadings and transits have dropped significantly, and market sources say Adnoc has informed some customers that July loadings will be deferred to August.

Middle East oil exports had increased by up to 6mn b/d by in early July, as the fragile US-Iran MoU enabled a partial re-opening of the Strait of Hormuz (MEES, 3 July), but

RENEWED HORMUZ CONFLICT, HOUTH BLOCKADE DISRUPT GULF OIL FLOWS FURTHER



the escalating hostilities have forced a swift reversal. As exports dropped, so did oil production. TotalEnergies CEO Patrick Pouyanné said on 23 July that at the start of the month about 5% of the company’s global production was shut in, “this weekend, after the conflict came back, we were more back to 8-10%.”

Two of the three main routes for exporting oil from the Middle East are now disrupted. Iraq’s much smaller crude exports through the pipeline to Turkey’s port of Ceyhan are also being curtailed, with operators in Kurdistan announcing renewed shut-ins this week due to security concerns after restarting production in late June (MEES, 17 July).

If the conflict escalates further, Iran could turn its attention again to the third major bypass route; Adnoc’s 1.8mn b/d Murban crude exports from Fujairah supplied through its Adcop pipeline. Iran launched damaging attacks against Fujairah earlier in the conflict (MEES, 8 May) and strikes against onshore facilities or tankers would destabilize markets further.

A GROWING PRODUCTS CRISIS?

As Middle East flows have been squeezed, crude oil prices grabbed the headlines, but the greatest pressure is on refined products. “This is no longer simply a crude supply crisis, it is increasingly a products crisis,” warned FGE Nex-

ant this week. Crack spreads for diesel, jet fuel and gasoline have all blown out, with inventories in major hubs at multi-year lows. “The epicentre of all this is the diesel market, and Europe in particular,” noted Morgan Stanley, with the renewed Hormuz conflict coinciding with the disruption to Russian refining operations.

Soaring diesel premiums will incentivize refineries to adapt operations to maximize diesel yields, but only at the expense of other products. Diesel is also especially impacted by the loss of medium-sour crude grades from the Middle East; “it’s the best crude to produce diesel,” said Total’s Mr Pouyanné.

The IEA’s Mr Birol also emphasized the particular pressures facing products markets. Warning that “There is no room for complacency on oil security amid the escalation in hostilities and a continued drawdown of available commercial inventories,” he added that “Refinery activity and product supplies have not picked up as much as crude deliveries, meaning that markets for refined oil products, including diesel and gasoline, are considerably tighter than those for crude.”

The global economy navigated the first phase of the Middle East conflict by drawing on ample inventories and the smooth operation of Hormuz-bypass routes. These inventories are now worryingly depleted and the Houthis are disrupting the largest regional bypass route. How much more pressure can the system withstand? ♦♦



Houthi Threats Put Spotlight On Egypt's Sumed Pipeline

The Houthi campaign against Saudi shipping threatens to disrupt the kingdom's crucial Hormuz-bypass system. Some vessels continue to transit the Bab al-Mandeb but there could be a mass diversion to the Sumed pipeline and Suez Canal. The northern route should prove sufficient, but it is far less efficient for supplying Asia.

Exports from Saudi Arabia's Red Sea oil export terminals via the Bab al-Mandeb are being disrupted following the Houthi's 20 July announcement of a blockade on the kingdom (see p5). Some tankers have continued to use the route, while others have opted to avoid the chokepoint between Yemen and Eritrea/Djibouti, diverting north towards Egypt's Suez Canal. More such diversions can be expected after the Houthis claimed attacks on two Saudi tankers on 22 July (see box).

The Bab al-Mandeb offers the quickest route from Saudi Arabia's Red Sea coast to its primary markets in Asia. Since Red Sea exports soared in March as a result of the Hormuz crisis, around 80% of its 4mn b/d crude oil (see chart 1) and 48% of the 1mn b/d refined products exports have transited the Bab al-Mandeb, according to Kpler data. But the risk of Houthi disruption has been a concern for some customers since the start of the conflict (MEES, 6 March).

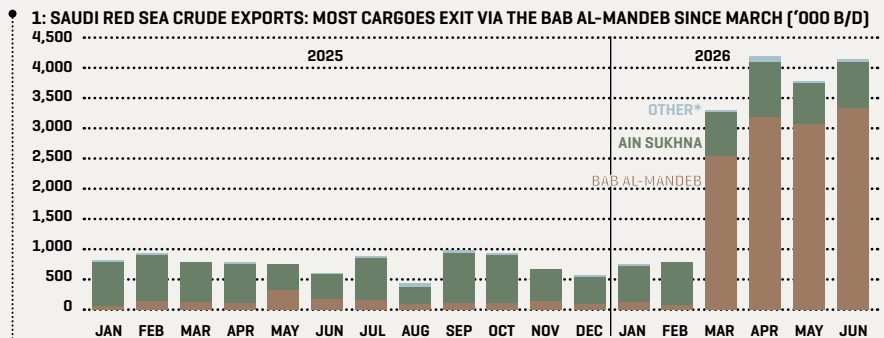
Egypt offers an alternative route to markets via the Suez Canal and the Sumed crude oil pipeline system, but it comes with significant tradeoffs. Diverting cargoes this way would add around 30 days to a voyage to Asia, creating operational headaches for refiners and increasing freight costs.

It also comes with major logistical challenges. The primary route for crude oil to exit the northern Red Sea is through the Sumed pipeline that connects the Red Sea port of Ain Sukhna with the Mediterranean port of Sidi Kerir, while refined products tankers would have to pass through the Suez Canal. Capacity limitations mean there are serious questions over whether Sumed and the Suez Canal can handle 5mn b/d of crude oil and products. MEES calculations imply they should be able to handle most, if not all, of these volumes due to the fall in Suez Canal traffic since 2023, but it could be tight.

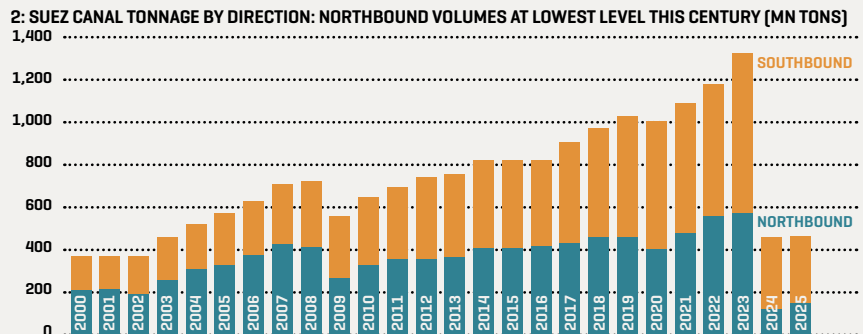
The more barrels that continue to exit through the Bab al-Mandeb, either by risking dark voyages or through arrangements with the Houthis, the less the pressure on the northern route.

THE SUMED SYSTEM

The Sumed pipeline has capacity to



*INCLUDES DIRECT SUEZ CANAL SHIPMENTS AND JORDAN.



SOURCE: SUEZ CANAL AUTHORITY, MEES.

handle up to 2.5mn b/d of crude oil flows (MEES, 11 August 2023), which equates to around 63% of current exports from Yanbu.

Saudi exports to Ain Sukhna have averaged 755,000 b/d so far this year, up from 627,000 b/d in 2025, but the increase has been relatively modest and there is certainly scope for higher volumes.

The Red Sea port of Ain Sukhna is around two days' voyage north of Yanbu and most Saudi oil is typically delivered on tankers that shuttle back and forth the two ports. Cargoes are then delivered through the pipeline to Sidi Kerir where they are lifted by buyers. An alternative option is for tankers to offload part of their cargoes at Ain Sukhna before sailing through the Suez Canal, which cannot accommodate fully-laden VLCCs, and then reloading at Sidi Kerir. As well as partially-laden VLCCs, smaller tankers can also transit the Suez Canal directly.

The combination of the Suez Canal and Sumed can therefore handle significantly more than 2.5mn b/d, but just how much more is not known. Even assuming Sumed

can take full 2.5mn b/d volumes, the Suez Canal would need to accommodate another 1.5mn b/d of crude oil should Saudi Arabia have to divert all of its exports north.

Data from the Suez Canal Authority show that shipping traffic has collapsed since the Houthis launched their previous campaign against shipping in the wake of the 7 October 2023 Hamas attacks in Israel, with northbound volumes dropping to their lowest level this century (see chart 2). That could theoretically allow substantial volumes of crude oil to be shipped northbound through the Suez Canal before being transferred onto VLCCs either through ship-to-ship transfers in the Mediterranean or via Sumed's 19.5mn barrel capacity tank farm at Sidi Kerir.

The Sumed pipeline system only handles crude oil while refined products from Saudi Arabia's Red Sea facilities to Europe and the Americas were already being exported through the Suez Canal. Year-to-date Saudi

Continued on - p7

Continued from – p6

products volumes through the canal have averaged 418,000 b/d. If the 472,000 b/d that has until now been exported to Asia is added, it leaves around 890,000 b/d of refined products that would transit the canal. The remaining barrels are supplied to other markets in the Red Sea region, primarily Egypt.

In total, the Suez Canal may therefore be called upon to handle around 2.4mn b/d of Saudi crude oil and refined products if the Houthis succeed in blockading the Bab al-Mandeb to Saudi tankers. This appears feasible. Kpler data shows that northbound volumes peaked at 2.88mn b/d for 2023, more than enough to accommodate the Saudi volumes alongside around 250,000 b/d that other producers have been sending through the canal.

A bigger concern is whether the Sumed system could handle 2.5mn b/d. Deliveries to Ain Sukhna peaked at around 1.7mn b/d in July 2016 and last approached those levels in April 2020. A surge in shipments in June 2023 created a tanker backlog offshore Ain Sukhna, suggesting that a sudden increase in arrivals could create congestion (MEES, 30 June 2023).

WRONG SIDE OF THE WORLD

Should the Sumed/Suez contingency route operate smoothly under a full-diversion scenario, most Aramco customers would have to face up to the prospect that their barrels are on the wrong side of the world.

This creates a dilemma for major Asian importers that still rely on Aramco crude oil even after Saudi exports fell by nearly 40% due to the Hormuz crisis. Saudi Arabia supplied China with 1.14mn b/d last quarter, which equated to 14% of Chinese crude oil imports. This was supported by inflows from Aramco's overseas

storage facilities, and so declined steadily through the quarter. But while June's 843,000 b/d was the lowest monthly figure since July 2018, it still accounted for 12% of total imports (see p15).

China is continuing to reduce its exposure to Saudi crude, with Aramco allocations for Chinese buyers dropping to just 11mn barrels (350,000 b/d) for August loading (MEES, 17 July).

South Korea would be far more exposed to a disruption of Saudi crude exports. It imported an average 627,000 b/d from Saudi Arabia in Q2, equal to 27% of total crude imports. Unlike China, imports grew steadily over the course of the quarter, from 521,000 b/d in April to 729,000 b/d in June. Last month's Saudi arrivals accounted for 29.8% of the total.

India's latest data release, for May, shows Saudi crude imports averaging 593,000 b/d, equal to 12% of total imports. Although volumes were below the 2Q 2025 average of 680,000 b/d, Saudi Arabia's share of India's crude exports increased.

Japan has also not yet released June import statistics, but its data to May shows that Saudi Arabia's share of total imports fell from 52% in Q1 to 34% over April-May. Japan has traditionally been the most reliant of the major Asian economies on Saudi crude, and further disruption to these flows would be another major blow for Tokyo.

Refiners in Japan and Korea rely on Saudi Arabia for baseload volumes and switching to alternative grades would be no simple matter. As such they will likely continue importing Saudi crude despite any disruptions. But a re-routing via the northern Red Sea would also be hugely problematic. Even if the logistics are managed smoothly, the diversion could still add up to a month of sailing time – not to mention extra shipping costs that one trader estimates could be as high as \$15mn – meaning severe operational challenges

HOUSHI'S CLAIM ATTACKS ON TWO SAUDI TANKERS

Yemen's Houthis claimed attacks on two Saudi tankers in the Red Sea on 22 July, days after the group had announced a blockade on Saudi Arabia (see main story). The group announced that it had struck the Encelia Aframax and Layla VLCC, the latter owned by Saudi shipping firm Bahri. The UKMTO said on 22 July that a tanker had been struck by a projectile 70 nautical miles southwest of Saudi Arabia's Shuqaiq port, and Saudi Arabia's SPA news agency confirmed the attack on Encelia. There has been no confirmation of an attack on Layla, which was due to deliver 2mn barrels of Saudi crude to Aramco's Jazan refinery.

The attacks demonstrated the seriousness of the Houthi threat to Saudi oil exports through the Bab al-Mandeb. Kpler data shows that even prior to the attacks, some vessels had

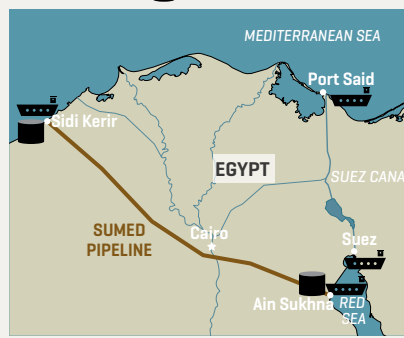
switched off their AIS transponders in an apparent attempt to evade the Houthi blockade. Some also appear to be diverting north to Egypt's Sumed pipeline or the Suez Canal.

A few vessels are also attempting to cross the Bab al-Mandeb with transponders on. Cosco's Xin Long Yang and Cosnew Lake VLCCs, each carrying 2mn barrels of Saudi crude to Chinese refiners, crossed on 22 and 23 July signaling "China Crew & Owner." Lloyd's List Intelligence said in a 23 July webinar that Xin Long Yang had secured Houthi clearance for the transit.

Even though China's imports of Saudi crude have collapsed, it remained the largest importer last month. Continued open flows of crude to China through the Bab al-Mandeb would ease the pressure on the northern Red Sea routes.

EGYPT'S SUEZ CANAL & SUMED PIPELINE

OIL TERMINAL STORAGE



even if the crude eventually arrives.

FINDING ANOTHER ALTERNATIVE?

The Houthi threat to the Bab al-Mandeb and the limitations of the Sumed system were known prior to this week, and Saudi Arabia was already looking at the possibility of developing another route to market to strengthen its resilience.

One option under examination is rehabilitating the mothballed 500,000 b/d Trans Arabian Pipeline (Tapline) to Lebanon's Zahrani terminal south of Sidon, with Kuwait also interested in the project (MEES, 19 June). While an intriguing option, it would not be a quick fix as pumping stations need to be replaced, an expansion above 500,000 b/d would realistically be required, and the route through southern Syria (including Israeli-occupied Golan Heights) and Lebanon carries considerable political risk.

At Zahrani, new storage tanks and offshore SPMs to handle VLCC tankers may also be required. If recommissioned, the terminal could supply Europe without using the Sumed or Suez systems. However, it would offer few advantages for exports to Asia if the Bab al-Mandeb were threatened.

To avoid the Bab al-Mandeb and Strait of Hormuz and still maintain exports to Asia efficiently, Saudi Arabia might have to consider building a new pipeline running to Oman (MEES, 5 June). That would entail construction of a 1,000km pipeline – longer if it were to start in Kuwait – through the harsh territory of the Empty Quarter. Such an option would be expensive and take time to complete, but it would reduce Saudi Arabia's reliance on the three maritime pinch points that are currently bedeviling its operations; the Strait of Hormuz, Bab al-Mandeb and Suez Canal.

For now, the reality is that Saudi Arabia is reliant on its 7mn b/d East-West pipeline to the Red Sea to continue supplying its customers. If the Houthi 'blockade' persists and intensifies, more tanker traffic will divert from the Bab al-Mandeb and exit the Red Sea from the north. This route should be able to handle most, if not all, of the 5mn b/d Saudi Red Sea exports but is much less efficient. Redirecting ballasting ships to load from Sidi Kerir or enter the Red Sea through the Suez Canal instead of the Bab al-Mandeb will also take time, potentially forcing a slowdown in Saudi loadings. ♦♦





Kuwait Grapples With Fallout From Iranian Power Plant Attacks

Iranian attacks on two Kuwaiti power and water desalination plants provided the greatest challenge to-date to the country's power sector. Through demand rationalization and electricity imports, Kuwait is navigating an increasingly complex operational environment.

Iranian attacks damaged two Kuwaiti power and water desalination plants over the weekend, placing huge strain on the emirate's already fragile power sector. The attacks came as Kuwait grappled with temperatures in excess of 45°C and any blackouts or water shortages could have had a devastating impact. Power outages have so far been kept to a minimum.

All told, there were three attacks on two plants over 17-18 July, forcing the Ministry of Water, Electricity and Renewable Energy (MEWRE) to disconnect generating units to conduct repairs and ensure grid stability. The ministry also called on residents to reduce electricity consumption during peak hours (11:00-17:00) to ease pressure on the grid.

The MEWRE has not named the two power plants that were attacked, but media reports identified them as the 6.885GW, 100MIG/d (455mn m³/d) Sabiha and 5.77GW, 140MIG/d (636mn m³/d) Az Zour South plants. Satellite imagery confirms localized damage was caused to the two plants. These are Kuwait's largest power plants by capacity, and crucially contain most of Kuwait's more-efficient combined cycle gas turbine (CCGT) capacity. Between them, the two plants produced 32% of Kuwait's desalinated water supplies in 2024, the latest available data shows.

Targeting these two facilities sends a clear message of Iran's ability to cause significant damage to Kuwait's power

and water sector, although the locations of the precision strikes appear to have been selected to avoid such an outcome.

FRAGILE BUT OPERATIONAL

Kuwait's fragile power sector is especially vulnerable to attack, with the country suffering from blackouts even prior to this year's conflict (MEES, 19 December 2025). Years of rapid growth has caused demand to overtake available capacity during the peak summer months due to the lack of additions in recent years. Peak demand rose by 32% from 2016 to a record 17.64GW in 2024, and plateaued last year (see chart 1), largely because the government failed to implement price reforms or other effective demand-side measures (MEES, 14 February).

These structural weaknesses that had strained Kuwait's power system before the US-Iran war also provided the government with scope to curb consumption once the conflict began. The effective closure of the Strait of Hormuz also caused a reduction in industrial power demand due to the curtailment of exports (MEES, 5 June).

"Measures taken to overcome high demand season include energy efficiency, enforcement of night operation for industrial sectors and sometimes pre-scheduled power cuts," a former ministry official tells MEES.

Demand-side rationalization has played a major role in helping Kuwait navigate this year's crisis, especially as temperatures have risen and demand is at a peak.

However, the main reason for Kuwait's resilience has been the expansion of the link to the GCC Interconnection Authority (GCCIA), which enabled a massive increase in electricity imports from other GCC states. Last year, electricity imports peaked at 669GWh in July. Work has since been completed

on the 2.5GW Wafra (Z) substation in Kuwait, taking the interconnector's capacity from 1.2GW to 3.6GW. Imports exceeded 1.7GW earlier this summer and have likely increased further since.

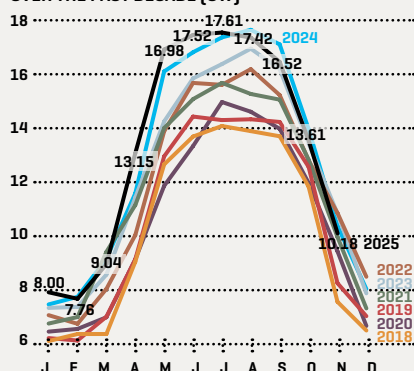
LEANING ON GASOIL

Kuwait's balancing act has been complicated by the impact of the Strait of Hormuz closure on its upstream sector that provides feedstock to its power plants. Associated gas typically accounts for around 65% of total output, and the sharp drop in crude oil production due to the conflict caused gas output to slump from 1.89bn cfd in February to just 370mn cfd in April before recovering slightly to 790mn cfd in May. Gas supplies to power plants plummeted as a result, from 600mn cfd in February to just 80mn cfd in April and 190mn cfd in May, the latest Jodi statistics show (see chart 2).

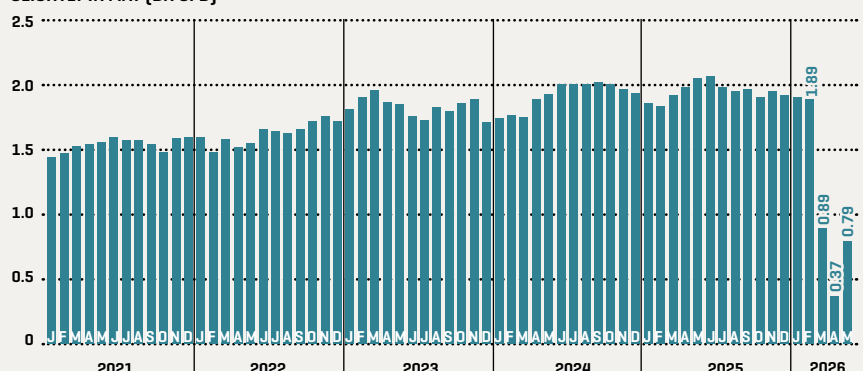
The former official explained how the government managed the massive gas shortfall. "Kuwait power stations (mainly gas turbines) switched to less efficient locally produced gasoil. Thermal power stations continue to run on whatever fuel is supplied by the oil sector." Jodi statistics show that gasoil consumption doubled year-on-year to 109,000 b/d in April, hitting a record 119,000 b/d in May.

The events of the past few days have been something of a perfect storm for Kuwait's power sector, with generation capacity knocked offline by Iranian attacks during the peak demand season. That it has managed the situation without large-scale blackouts is undoubtedly a success, although this was due in large part to the Hormuz crisis having already sharply reduced demand. The expansion of the GCCIA interconnection provided additional support and helped to mitigate the impact of the outages. ♦♦

1: KUWAIT PEAK LOAD HAS STEADILY INCREASED OVER THE PAST DECADE (GW)



2: KUWAIT SUPPLIES TO POWER PLANTS WERE DOWN 90% YEAR-ON-YEAR IN APRIL BEFORE RECOVERING SLIGHTLY IN MAY (BN CFD)



SAUDI ARABIA KEY OIL STATS ('000 B/D): OIL BURN BEGINS TO NORMALIZE IN MAY



	May26	vs Apr26	%	vs May25	%	Apr26	Mar26	5M26	vs 5M25	%	5M25	3Q25	4Q25	1Q26	2024	2025
Crude Output	6,560	+244	+3.9	-2,624	-28.6	6,316	6,967	8,165	-837	-9.3	9,002	8,630	10,045	9,316	8,955	9,482
Crude Stocks (mn bl)	142.8	+3	+2.0	+2	+1.3	140.0	152.6	142.8	+2	+1.3	140.9	150.5	153.4	152.6	147.8	153.4
<i>crude stock change (mn bl)</i>	<i>+2.8</i>	<i>+16</i>	<i>n/a</i>	<i>+5</i>	<i>n/a</i>	<i>-12.7</i>	<i>-17.9</i>	<i>-10.6</i>	<i>-4</i>	<i>+55.0</i>	<i>-6.9</i>	<i>-1.9</i>	<i>+2.9</i>	<i>-0.8</i>	<i>-1.4</i>	<i>+5.7</i>
<i>('000 b/d)</i>	<i>+91.2</i>	<i>+514</i>	<i>n/a</i>	<i>+176</i>	<i>n/a</i>	<i>-422.6</i>	<i>-577.8</i>	<i>-70.4</i>	<i>-25</i>	<i>+55.0</i>	<i>-45.4</i>	<i>-20.5</i>	<i>+31.5</i>	<i>-8.6</i>	<i>-3.9</i>	<i>+15.5</i>
Crude Supply to Market	6,469	-270	-4.0	-2,800	-30.2	6,739	7,545	8,227	-827	-9.1	9,054	9,648	10,015	9,309	9,095	9,469
Crude Exports	3,434	-552	-13.8	-2,757	-44.5	3,986	4,974	5,333	-814	-13.2	6,146	6,287	7,155	6,414	6,050	6,433
<i>% of crude output</i>	<i>52.3</i>	<i>-10.8</i>		<i>-15.1</i>		<i>63.1</i>	<i>71.4</i>	<i>65.3</i>	<i>-3.0</i>		<i>68.3</i>	<i>65.3</i>	<i>71.2</i>	<i>68.9</i>	<i>67.6</i>	<i>67.8</i>
<i>% of liquids exports</i>	<i>76.0</i>	<i>-3.8</i>		<i>-7.3</i>		<i>79.8</i>	<i>81.5</i>	<i>81.1</i>	<i>-1.8</i>		<i>82.9</i>	<i>80.8</i>	<i>84.9</i>	<i>82.4</i>	<i>82.4</i>	<i>82.7</i>
Crude Imports: Bahrain/Abu Safah	0	+0	-	-134	-100.0	0	25	41	-103	-71.4	144	147	117	69	136	139
Crude Exports (net - ex Abu Safah)	3,434	-552	-13.8	-2,623	-43.3	3,986	4,949	5,291	-711	-11.8	6,002	6,140	7,037	6,346	5,914	6,295
<i>% of crude output</i>	<i>52.3</i>	<i>-10.8</i>		<i>-13.6</i>		<i>63.1</i>	<i>71.0</i>	<i>64.8</i>	<i>-1.9</i>		<i>66.7</i>	<i>63.8</i>	<i>70.1</i>	<i>68.1</i>	<i>66.0</i>	<i>66.4</i>
Direct Burn Crude	647	+107	+19.8	+158	+32.3	540	330	398	+37	+10.2	361	567	307	268	455	425
<i>% of crude output</i>	<i>9.9</i>	<i>+1.3</i>		<i>+4.5</i>		<i>8.5</i>	<i>4.7</i>	<i>4.9</i>	<i>+0.9</i>		<i>4.0</i>	<i>5.9</i>	<i>3.1</i>	<i>2.9</i>	<i>5.1</i>	<i>4.5</i>
Total Oil Burn**	1,318	+162	+14.0	+71	+5.7	1,156	902	978	+95	+10.7	883	1,197	879	805	1,105	991
<i>% of crude output</i>	<i>20.1</i>	<i>+1.8</i>		<i>+6.5</i>		<i>18.3</i>	<i>12.9</i>	<i>12.0</i>	<i>+2.2</i>		<i>9.8</i>	<i>12.4</i>	<i>8.7</i>	<i>8.6</i>	<i>12.3</i>	<i>10.4</i>
Refinery Crude Intake	2,386	+175	+7.9	-335	-12.3	2,211	2,266	2,536	-154	-5.7	2,690	2,940	2,670	2,694	2,590	2,749
<i>% of crude output</i>	<i>36.4</i>	<i>+1.4</i>		<i>+6.7</i>		<i>35.0</i>	<i>32.5</i>	<i>31.1</i>	<i>+1.2</i>		<i>29.9</i>	<i>30.5</i>	<i>26.6</i>	<i>28.9</i>	<i>28.9</i>	<i>29.0</i>
<i>Run rate [% of capacity]</i>	<i>71.2</i>	<i>+5.2</i>		<i>-11.7</i>		<i>66.0</i>	<i>67.6</i>	<i>75.7</i>	<i>-6.2</i>		<i>81.9</i>	<i>89.5</i>	<i>81.3</i>	<i>82.0</i>	<i>78.9</i>	<i>83.7</i>
Refinery Output	2,386	+175	+7.9	-335	-12.3	2,211	2,266	2,536	-154	-5.7	2,690	2,940	2,670	2,694	2,618	2,749
Gasoline	630	+103	+19.5	-71	-10.1	527	538	592	-82	-12.2	674	715	573	600	650	663
Jet- Kero	142	+72	+102.9	-55	-27.9	70	152	156	-51	-24.7	208	218	192	190	194	206
Diesel/Gasoil	1,080	+149	+16.0	-135	-11.1	931	1,128	1,139	-24	-2.1	1,163	1,271	1,130	1,228	1,114	1,183
Fuel Oil	379	+53	+16.3	-40	-9.5	326	348	406	-2	-0.4	408	485	522	441	443	456
Oil Product stocks (mn bl)	46.6	-17	-26.4	-37	-44.2	63.3	67.5	46.6	-37	-44.2	83.4	73.7	69.5	67.5	77.9	69.5
Total Oil Stocks (mn bl)	189.4	-14	-6.8	-35	-15.6	203.3	220.2	189.4	-35	-15.6	224.3	224.2	222.9	220.2	225.6	222.9
<i>oil stock change (mn bl)</i>	<i>-13.9</i>	<i>+3</i>	<i>-17.6</i>	<i>-14</i>	<i>+18,216</i>	<i>-16.9</i>	<i>-24.7</i>	<i>-33.5</i>	<i>-32</i>	<i>+2,520</i>	<i>-1.3</i>	<i>-11.2</i>	<i>-1.3</i>	<i>-2.7</i>	<i>-3.8</i>	<i>-2.7</i>
<i>('000 b/d)</i>	<i>-449.0</i>	<i>+114</i>	<i>-20.3</i>	<i>-447</i>	<i>+18,216</i>	<i>-563.1</i>	<i>-795.6</i>	<i>-222.0</i>	<i>-213</i>	<i>+2,520</i>	<i>-8.5</i>	<i>-122.3</i>	<i>-14.1</i>	<i>-29.7</i>	<i>-10.5</i>	<i>-7.5</i>
Refined Products Consumption	2,018	-17	-0.8	-181	-8.2	2,035	1,811	1,927	+56	+3.0	1,871	2,064	1,989	1,860	2,034	1,951
Gasoline	549	+133	+32.0	+15	+2.8	416	515	511	-8	-1.5	519	546	542	530	514	530
Jet- Kero	99	-3	-2.9	-21	-17.5	102	112	114	+10	+9.8	104	110	112	123	96	109
Diesel/Gasoil	583	-13	-2.2	-58	-9.0	596	534	559	-22	-3.8	580	618	601	538	612	593
Fuel Oil	671	+55	+8.9	-87	-11.5	616	572	579	+58	+11.1	521	630	572	536	651	565
Refined Products Exports	1,083	+74	+7.3	-286	-20.9	1,009	1,157	1,283	-126	-9.0	1,409	1,645	1,387	1,440	1,290	1,486
<i>% oil exports</i>	<i>24.0</i>	<i>+4</i>	<i>+18.7</i>	<i>+6</i>	<i>+30.1</i>	<i>20.2</i>	<i>18.9</i>	<i>19.5</i>	<i>+0</i>	<i>+2.6</i>	<i>19.0</i>	<i>21.1</i>	<i>16.5</i>	<i>18.5</i>	<i>17.6</i>	<i>19.1</i>
Gasoline	273	-11	-3.9	-52	-16.0	284	230	294	+23	+8.4	271	336	317	304	281	302
Jet- Kero	50	+30	+150.0	-64	-56.1	20	64	72	-43	-37.2	115	139	70	97	117	112
Diesel/Gasoil	603	+7	+1.2	+9	+1.5	596	647	680	+27	+4.2	653	726	629	733	574	678
Fuel Oil	77	+24	+45.3	-84	-52.2	53	104	115	-73	-38.7	188	234	205	149	142	207
Crude & Products Exports*	4,517	-478	-9.6	-2,909	-39.2	4,995	6,106	6,574	-837	-11.3	7,411	7,785	8,425	7,786	7,340	7,780
<i>% of crude output</i>	<i>68.9</i>	<i>-10.2</i>		<i>-12.0</i>		<i>79.1</i>	<i>87.6</i>	<i>80.5</i>	<i>-1.8</i>		<i>82.3</i>	<i>80.8</i>	<i>83.9</i>	<i>83.6</i>	<i>82.0</i>	<i>82.1</i>
Oil Products Imports	312	-168	-35.0	-103	-24.8	480	342	324	-10	-2.9	334	450	322	276	340	356
Gasoline	56	+19	+51.4	-11	-16.4	37	126	81	-6	-7.1	88	132	94	105	84	101
Diesel/Gasoil	54	-49	-47.6	+45	+500.0	103	24	43	+1	+1.9	42	4	18	19	27	25
Fuel Oil	199	-140	-41.3	-139	-41.1	339	172	195	+6	+3.0	189	313	202	145	218	222
Total Net Crude & Products Exports*	4,205	-310	-6.9	-2,806	-40.0	4,515	5,764	6,250	-827	-11.7	7,077	7,335	8,102	7,510	6,864	7,424
NET PRODUCTS EXPORTS*	771	+242	+45.7	-183	-19.2	529	815	959	-117	-10.8	1,075	1,195	1,065	1,164	950	1,130
Gasoline	217	-30	-12.1	-41	-15.9	247	104	212	+29	+15.8	183	204	223	199	197	202
Jet- Kero	49	+29	+145.0	-65	-57.0	20	44	68	-36	-34.4	104	139	70	90	113	107
Diesel	549	+56	+11.4	-36	-6.2	493	623	637	+26	+4.3	611	721	611	714	547	653
Fuel Oil	-122	+164	-57.3	+55	-31.1	-286	-68	-79	-78	+6,517	-1	-79	3	4	-76	-15
<i>Products % of net oil exports</i>	<i>18.3</i>	<i>+6.6</i>		<i>+4.7</i>		<i>11.7</i>	<i>14.1</i>	<i>15.3</i>	<i>+0.1</i>		<i>15.2</i>	<i>16.3</i>	<i>13.1</i>	<i>15.5</i>	<i>13.8</i>	<i>15.2</i>

SEE ANALYSIS P6. *REFINED PRODUCTS ONLY. EXCLUDES FIELD LPG (AROUND 850,000 B/D OUTPUT), OTHER NGLS AND CONDENSATE. **PRESUMES ALL DOMESTICALLY-CONSUMED FUEL OIL IS BURNT IN POWER PLANTS. SOURCE: JODI, MEES.



‘Mediterranean Bridge’: France, Portugal Turn To Morocco For Power

France and Portugal hope to revive power interconnection projects with Morocco to accelerate their energy transitions and reduce fossil fuel reliance. Meanwhile, Rabat is leveraging growing European support to strengthen its claim over Western Sahara.

As Europe accelerates efforts to secure energy supplies, stabilize prices, and speed up its clean energy transition, France and Portugal are hoping to revive long-stalled power interconnection projects with Morocco. The North African country has the advantage of proximity but its main selling point is a natural endowment of wind and solar resources, which, combined with relatively modest domestic demand, means it has the potential to become a major supplier of low-carbon electricity.

Renewables accounted for 42.7% of installed capacity by the end of last year, and the government is targeting 52% by 2030 (MEES, 13 March). Total installed capacity of 4.6GW is relatively modest but reflects the country’s overall demand rather than lack of potential. New interconnector projects could therefore unlock significant investment in large solar and wind plants.

Morocco’s only existing interconnector is a 1.4GW link with Spain (MEES, 26 August 2022). The extremely ambitious \$33bn Xlinks project to supply the UK with 3.6GW fell apart last year, and a potential alternative to Germany faces similar challenges (MEES, 26 September 2025). Connections to Portugal and France would be more viable options.

‘AMBITIOUS’ LINK

On 15 and 16 July, French Prime Minister Sebastien Lecornu visited Rabat on his first official foreign trip. Accompanied by several ministers, the PM’s meetings with Moroccan government officials resulted in the signing of significant bilateral agreements across transport, security, education, culture, and energy.

Topping the list was a call for Expressions of Interest (EOIs) for a high voltage direct current (HVDC) electricity interconnection project linking the two countries via high-voltage subsea cables in the Mediterranean.

The ‘Pont de la Méditerranée’ (“Mediterranean Bridge”) project would transmit renewable energy produced in Morocco directly to French and European markets. The link would

run from northern Morocco and connect to France’s grid via Marseille on the Mediterranean coast (see map).

By landing in France, the project would avoid the bottlenecks that affect the interconnection between the Iberian Peninsula and France.

Mr Lecornu described the project as “one of the most ambitious” economic initiatives between the two countries, adding that it comes as part of a broader bilateral agenda to “shape our shared future,” with a focus on large-scale infrastructure projects rather than conventional trade exchanges alone.

TOP CONTENDERS

While the latest call for EOIs marks a significant development for the ambitious plans, the idea of a direct subsea link between northern Morocco and southern France is not new. Crucially, it provides the political support that any such interconnection would require.

Xlinks has the blueprints for just such a project ready to go. Last year it joined Elemental Power SAS to propose the Qantara Med project, a 2GW hybrid interconnector that aims to deliver 13TWh of solar and wind power to more than four million European consumers.

Qantara Med envisages the development of 5.5GW of solar and wind power in Morocco, with electricity then supplied to the European network via two 1GW HVDC cables linked to a connection point on France’s RTE HV network in the Mediterranean town of Fos-sur-Mer, less than 50km west of Marseille.

While the starting point of the power link is yet to be confirmed, it would presumably start from the Nador port, the Moroccan grid’s closest point to France.

Proposed under the 2026 round of the Ten-Year Network Development Plans (TYNDP) for the European Network of Transmission System Operators for Electricity (ENTSO-E), the project remains “under consideration.”

“The project will allow for the integration of massive amounts of RES [Renewable Energy Sources]; enable significant reductions in carbon dioxide; improve security of supply; and support the Eu-

EUROPE TURNS TO MOROCCO FOR POWER LINKS



ropean Affordable Energy Action Plan,” according to the ENTSO-E description.

“It is entirely aligned with the Global Gateway initiative [a €300bn European Union strategy to boost smart, clean and secure links in digital, energy and other sectors]. The bidirectional technology ensures mutual benefits for Morocco and Europe.”

Another ambitious proposal is the Initiative Morocco-Europe Energy (IMEE), a nearly identical 2GW subsea direct link from Nador to Fos-sur-Mer. This would deliver 12-14TWh of renewable electricity annually, equivalent to the annual electricity consumption of several million European households.

The project, proposed by Australian mining firm Fortescue in partnership with Moroccan state-owned OCP Group, is also listed as “under consideration” in the 2026 round of the TYNDP, with an estimated investment of €4.82bn (\$5.5bn).

“The IMEE project enhances energy security, regional diversification, and market integration while supporting the EU’s 2050 climate neutrality goals,” according to the ENTSO-E description.

However, unlike the more promising and ready Qantara Med project, the fate of the IMEE plans remains unclear, with Fortescue reportedly abandoning

Continued on p11

Continued from – p10

its broader green hydrogen partnership with OCP after significantly restructuring its global green energy portfolio.

BYPASSING SPAIN

Whichever proposal the two governments end up selecting, the Morocco-France interconnector is now closer to becoming a reality. This is mainly because it entirely bypasses Spain, addressing one of the major regulatory hurdles that foiled previous projects such as the German-led 'Desertec' (MEES, 5 July 2013).

Traditionally, Spain served as the logical transit point for North African power flows to Europe because of its geographic proximity and existing interconnections. But Spain's limited links to the rest of the continent, together with the need to navigate the regulatory and transit requirements of additional countries, make it an impractical option.

Without having to rely on transit countries, direct links and access to the European power market have the competitive advantage and are therefore more likely to receive the necessary official backing and funding.

Bypassing Spain would leave Madrid without new transit revenues and make EU funding for infrastructure upgrades less likely.

PORTUGAL LINK

There are also plans to revive an interconnection project between Portugal and Morocco.

On 20 July, Moroccan Energy Minister Leila Benali met her Portuguese counterpart Maria da Graca Carvalho in Lisbon, where they jointly announced that their countries were seeking EU funding and private-sector investment to relaunch the long-mooted power link plans.

The project was first examined in 2018, when the two governments commissioned a preliminary proposal for technical and financial feasibility studies for a 1GW subsea electricity interconnection.

The proposal gained no traction until 2025, when massive summer blackouts across Spain and Portugal exposed the Iberian Peninsula's isolation from the European power grid. This helped revive the stalled project, with Minister Carvalho at the time saying that foreign ministers from both countries had started "preliminary" discussions (MEES, 8 August 2025).

"This strategic project is expected to strengthen energy security and reinforce cooperation between Europe and Africa," the Moroccan energy ministry said in a statement after the Lisbon meeting.

"The project reflects a shared vision of building a more integrated and sustainable energy landscape, while reinforcing Morocco's position as a trusted partner

in strengthening energy connectivity across the Mediterranean, in support of regional and European energy transition and energy security objectives."

Meanwhile, Minister Carvalho said it was still too early to say whether the project would involve a direct subsea cable between Portugal and Morocco or make use of the existing infrastructure via Spain.

She pointed out that the €800mn (\$944mn) price tag initially estimated in the 2018 study would have to be updated depending on the chosen technology and route.

ETHICAL CONCERNS?

While the planned interconnectors would presumably start from northern Morocco due to its proximity to the European mainland, most of the power plants generating the electricity would likely be located in the "southern provinces," Rabat's preferred term for the disputed Western Sahara territory.

The territory is already host to more than 700MW of renewable energy capacity, with much more planned to come online in the coming years (MEES, 28 November 2025).

Morocco is also working on linking Western Sahara's electricity network with the north, both to consolidate control over the territory and to upgrade the national grid in line with its growing renewable energy ambitions (MEES, 5 December 2025).

Western Sahara lies at the center of a decades-long dispute between Morocco and neighboring Algeria (MEES, 8 August 2025).

Rabat already has effective control over 80% of the disputed territory, with an 'Autonomy Plan' for limited self-rule under Moroccan sovereignty steadily gaining more international backing. It now has support from the UN, US, UK, UAE, and a growing number of European countries (MEES, 6 June 2025).

Rival Algiers continues to back the Polisario Front, which controls the remaining 20%, seeking an end to Moroccan "occupation" and the establishment of an independent state for the indigenous Sahrawi people (MEES, 31 January 2025).

As such, Morocco's expanding renewable energy projects in Western Sahara lie at the heart of the ongoing dispute, with Algeria and watchdog groups raising ethical and legal concerns about resource exploitation.

They often lobby western companies and governments to halt investment in the disputed territory without the consent and involvement of the indigenous population, arguing that this would make them complicit in the Moroccan "occupation" and damage their reputation.

Meanwhile, the EU's Court of Justice has ruled that EU-Morocco

trade agreements cannot apply to Western Sahara without the consent of the Saharawi people.

'UNWAVERING' SUPPORT

Despite the controversy, Western Sahara continues to attract international investments in renewable energy and desalination projects.

The French PM's high-profile visit to Morocco last week was the first sign of improving bilateral relations after years of tension over France's ambiguous position on the issue, among others.

It builds on progress made in 2024 when President Emmanuel Macron visited Rabat and finally recognized Moroccan sovereignty over the territory, pledging to invest billions there and in other parts of the country (MEES, 1 November 2024).

"I reaffirm here that this position is unwavering. It will not change," Mr Lecornu told reporters at the end of a high-level meeting in Rabat during his visit.

Portugal's renewed interest in a power link with Morocco also reaffirms this European position.

Backed by this growing European and international support, companies operating in the territory appear unfazed by the controversy or ethical concerns, opting to remain out of the politics and continuing to pour investments there.

"[Our company] has nothing to do with politics. We provide renewable energy to the territory, and we know that we improve it. We follow the local rules, and we are compliant," a source from a European firm operating renewable energy projects in Western Sahara tells MEES on condition of anonymity.

The official added that much of the controversy is generated by NGOs and watchdog groups that do not necessarily represent the views of the indigenous people, who the firms say are benefiting from the flow of investments and development projects.

"We have conducted social studies, and even a public survey on what the population believes about the project," they said, adding that "things have evolved" due to growing support from Europe, the US, and others.

Another source from a company involved in renewable energy projects in the territory agrees about the social benefits to the local population, insisting that there has been no objection to the firm's activities.

"As long as there is employment for the local people, they have nothing to do with it [the controversy]," the source says.

"Ultimately, even if this territory goes to another country tomorrow, [it] cannot independently build these projects," the source adds. "They [the Sahrawis] have to depend on these developers. They don't have their own indigenous companies." ♦♦





Egypt Charts Path To 31GW Renewables By 2030

Egypt has unveiled a renewable energy roadmap that would triple installed capacity and boost its share of power generation to 42% by 2030. Can it deliver?

Egypt has set out plans to triple installed renewable energy capacity from 9.5GW currently to 30.7GW by the end of 2029. Details of the roadmap were presented to Prime Minister Mostafa Madbouly by Minister of Electricity & Renewable Energy Mahmoud Esmat earlier this month. Renewables growth is necessary to reduce the share of natural gas in electricity generation from 79% and ease Egypt's reliance on LNG imports.

Renewable capacity stood at 8.54GW last year and is planned to reach 11.21GW by the end of 2026 (see chart). Existing facilities generated a record 35.19TWh last year, accounting for 14% of total power generation (MEES, 27 February). Under the roadmap, wind capacity would increase fivefold to 15GW, while solar would more than triple to 12.7GW, with hydropower stable at 2.98GW.

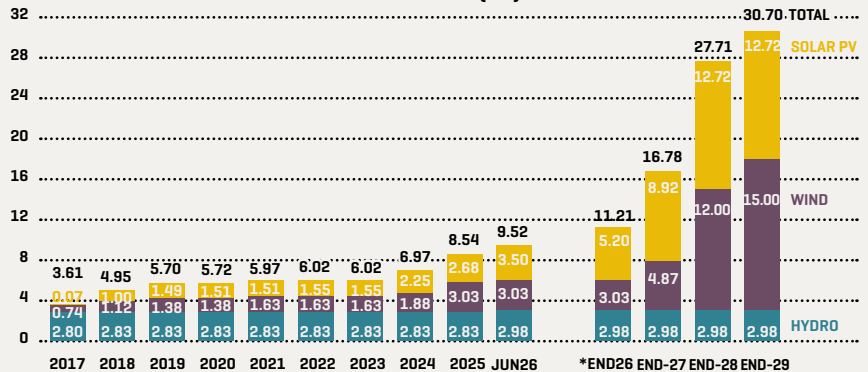
To manage intermittency and maintain grid stability as new renewables capacity is added, Egypt is investing in battery energy storage systems (BESS). Capacity currently stands at just 500MWh, will hit 1.22GWh by year-end and is planned to surge to 11.82GWh in 2027.

Bess should enable more efficient use of Egypt's renewable energy by storing electricity when supply exceeds demand and for use when needed. It will therefore be essential if Egypt is to achieve its target of sourcing 42% of electricity generation from renewables by 2030. The government now has the roadmap in place and a strong pipeline of projects. The challenge will be delivering them on schedule while keeping electricity demand growth in check.

Unlike previous government announcements focused primarily on long-term ambitions, the new plan is built around projects already under construction or at advanced stages of development that are due online by the end of next year. These projects would take Egypt halfway toward its target. Progress beyond that would depend on a number of mega-projects that have yet to reach financial close.

For this year, most of the gains will come from Norwegian developer Scatec's 1.1GW Obelisk solar project at Nag Hammadi. The first 561MW phase incorporating 200MWh of battery storage, entered commercial operation earlier this year, and the remaining 564MW is due online in the second half (MEES, 8 May). Other additions will come from Masdar and Infinity Power's 200MW

EGYPT HOPES TO RAISE RENEWABLES CAPACITY THREEFOLD BY THE END OF THE DECADE TO 30GW AS NEW SOLAR AND WIND PROJECTS ARE BROUGHT ONLINE (GW)



SOURCE: EGYPT MINISTRY OF ELECTRICITY, MEES.

Ras Gharib wind farm alongside smaller utility-scale and private solar projects, suggesting most of the government's end-2026 target is already underpinned by identifiable projects (MEES, 27 February).

The end-2027 target also appears broadly achievable based on the current project pipeline.

Saudi Arabia's Acwa is targeting 2Q 2027 commercial operations for its 1.1GW Suez Wind Energy project, currently the country's largest wind development under construction (MEES, 16 August 2024). Scatec is advancing its separate 1.1GW Egypt Aluminium solar project, and Amea Power has begun commissioning the 1GW Abydos II solar project at Benban, having completed the integrated 600MWh BESS component in June.

Beyond 2027, the outlook is uncertain and financial close will need to be reached on key projects in the near future if milestones are to be met. In 2028 alone, renewable capacity is expected to increase by almost 11GW, but many of the projects required to achieve the target are still pending.

Projects scheduled for 2028 start-up include Voltalia's 869MW wind farm and the planned hybrid repowering of the ageing Zafarana wind farm with up to 1.1GW of wind and 2.1GW of solar capacity (MEES, 19 June).

Scatec and an Engie-led consortium are each advancing separate 900MW wind projects at Ras Shukeir, while Scatec also plans to develop its landmark 1.95GW Energy Valley solar and battery storage complex at Minya, incorporating around 4GWh of battery storage (MEES, 16 January).

Even taken together, these projects will not deliver the increase envisaged in 2028, implying the ministry expects several additional projects currently at earlier stages to be developed over the next two years.

BATTERY BUILDOUT

The battery storage buildout

is almost as ambitious as the renewables expansion itself.

Developers are increasingly pairing solar plants with batteries capable of shifting output to coincide with the evening peak and provide grid stability.

Scatec's Obelisk project includes 200MWh of battery storage, while its planned Energy Valley complex will add around 4GWh.

Grid connection of Amea Power's 600MWh BESS facility at the 1GW Abydos II solar project followed completion of Egypt's first utility-scale battery facility online at Abydos I last year (MEES, 18 July 2025). The company is also developing an additional 1.5GWh of standalone battery storage.

The rapid expansion reflects the growing operational challenge facing Egypt's grid as solar capacity accelerates. Battery systems reduce the need for curtailment during the peak demand period while also reducing reliance on gas-fired generation.

This flexibility will become increasingly important as Egypt seeks to curb gas consumption in the power sector. Domestic gas production fell to a nine-year low 4.20bn cfd last year, forcing Cairo to import higher volumes of LNG and rely more heavily on pipeline gas imports from Israel to meet electricity demand. Additional renewable generation and storage therefore offer not only environmental benefits but also a means of improving energy security and reducing the country's import bill.

In addition to the expansion of renewables capacity, Egypt is also developing Africa's first nuclear power plant, the 4.8GW El Dabaa power plant (MEES, 10 July). The first of four units is due online in the second half of 2028. Once the plant reaches full capacity in 2030, it would supply around 10% of Egypt's electricity demand. With renewables accounting more than 40% of power generation, the share of gas would fall below 50%.

Egypt has a plan. Now it has to execute. ♦♦

Israel Gas Royalties Down As Lower Prices Outweigh Strong Output

Israel's gas production remained close to record highs in 2025, but lower oil prices and currency movements slashed state royalty revenues by 15%.

Israeli government revenues from the offshore gas sector fell by 15% in 2025 as a stronger shekel, lower oil prices and temporary production outages outweighed the impact of another year of robust gas production.

The Ministry of Energy's annual Natural Resources Administration report shows that royalties from hydrocarbons production totaled IS1.96bn (\$568mn) in 2025, down from a record IS2.31bn (\$619mn) in 2024 (see chart). Overall revenues from natural resources, including minerals and licensing fees, reached IS1.98bn (\$574mn), bringing cumulative royalty collections since 2004 to IS17bn, excluding corporate taxes and the Sheshinski excess profits levy.

The royalty figures do not reflect the state's full fiscal take from the sector, as upstream producers also pay corporate income tax and the Sheshinski levy on excess profits.

LEVIATHAN LEADS

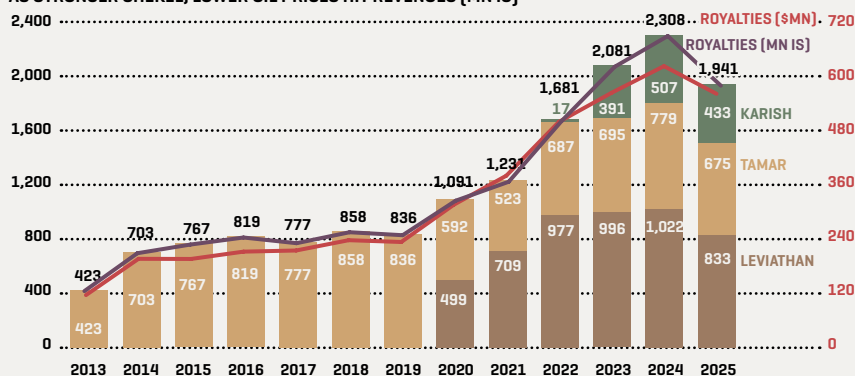
The Chevron-operated 22.4tcf Leviathan remained the state's largest source of royalty income, contributing IS833mn (\$241mn). This is in line with its status as Israel's largest gas field, with production of 10.89bcm (1.05bn cfd) and 2,430 b/d of condensates last year. Exports to Egypt and Jordan totaled 9.07bcm (878mn cfd) and generated IS699mn (\$203mn), accounting for 83% of the field's royalty payments.

The 13.7tcf Tamar, also operated by Chevron, generated IS675mn (\$196mn) in royalties after producing 10.04bcm (972mn cfd) and 1,210 b/d of condensates. Tamar predominantly supplies the local market, with 6.78bcm (656mn cfd) sold domestically in 2025 and 3.27bcm (316mn cfd) exported to Egypt and Jordan.

London and Tel Aviv-listed Energean's 4.3tcf Karish produced 5.67bcm (548mn cfd) and generated IS433mn (\$125mn), with around 73% of the royalties paid to the state derived from gas sales (all domestically) and the remainder from its 13,900 b/d exports of Karish 'light crude.'

The ministry also noted that, following its August 2025 agreement with the Tamar partners over the Tamar field's satellite "Southwest" area, which was brought online last year, the state received IS16.2mn (\$4.7mn) in overriding royal-

**ISRAEL GAS FIELD ROYALTIES* FALL 15% TO IS1.96BN IN 2025
AS STRONGER SHEKEL, LOWER OIL PRICES HIT REVENUES (MN IS)**



*EXCLUDES MARI-BI. SOURCE: ISRAEL MINISTRY OF ENERGY, MEES.

ties during the first year of production.

TEMPORARY HEADWINDS

Last year's weaker royalty revenues reflected market conditions more than operating performance. The ministry attributed the decline primarily to the shekel's 12.5% appreciation against the US dollar during 2025 and a roughly 15% fall in average global oil prices, to which Israel's gas export contracts are largely indexed. Total gas production declined by less than 1% to 26.61bcm (2.57bn cfd) from 2024's record 26.81bcm (2.59bn cfd).

Absent planned maintenance and security-related disruptions, Israeli gas production would likely have set another record in 2025.

Leviathan and Tamar both underwent work to strengthen and expand production infrastructure, including completion of Tamar's third transmission pipeline, while production was temporarily interrupted during the June conflict with Iran (MEES, 13 June). The ministry said these investments would improve redundancy, increase transmission capacity and support higher production and royalty revenues in coming years.

GROWTH AHEAD

The softer royalty performance is unlikely to signal a longer-term trend. With Leviathan and Tamar both completing capacity expansions, and Energean targeting higher liquids production from Karish following the commissioning of the second oil train on its FPSO (see

p14), Israel's upstream sector is poised for another significant boost this year.

Confidence in the sector's longer-term outlook was reinforced on 16 July when Tamar partners Isramco and Mubadala announced a non-binding MoU to supply a further 80bcm of gas to Egypt from 2031 in a deal that could be worth around \$20bn (see p4).

If approved, the agreement would increase further the share of Israeli gas production committed to long-term export markets, supporting royalty generation well into the 2040s.

The government is also looking to support further growth through its fifth offshore licensing round, aiming to attract new international investors and unlock additional resources for both domestic consumption and exports (MEES, 10 July).

While currency movements and oil prices will continue to influence annual royalty receipts, the medium-term outlook remains positive. Israel's producing fields are operating at higher capacity, producers are pursuing new export agreements, and the government's latest offshore licensing round could lead to new offshore discoveries. Revenue growth, however, will also depend on the government's implementation of the Dayan Committee's recommendations on future gas exports (MEES, 12 June).

Early indications for 2026 are also more supportive. Although the shekel has appreciated further against the dollar, higher oil prices because of the Middle East conflict and rising gas exports to Egypt thanks to pipeline debottlenecking, should provide a boost to royalty revenues. ♦♦





TRUMP THROWS US-SAUDI NUCLEAR AGREEMENT INTO DISARRAY

On 22 July, Saudi Arabia and the US were celebrating a landmark nuclear cooperation agreement that the US Department of Energy said would “lay the legal foundation for a decades-long, multi-billion-dollar partnership.” The ‘123 agreement’ was accompanied by a bilateral safeguards agreement, and was a major step forward for Saudi Arabia’s plans to build a nuclear power plant. It followed a Joint Declaration on the Completion of Negotiations on Civil Nuclear Energy Cooperation in November, and would see US firms lead the development (MEES, 21 November 2025).

Saudi Arabia is making a concerted effort to develop its own nuclear capabilities, and US Secretary of State Marco Rubio said on 23 July that essentially the US doesn’t want to be sidelined from the process: “...we’re not the only country in the world that offers nuclear technology. And when countries decide that they want to pursue a peaceful civil nuclear program, we’d prefer they do it with us than do it with some other country. It allows us to have influence over the direction that it goes. It allows us to make sure that there are safeguards in place, things of this nature.”

However, the status of the agreement, which still needs congressional approval, is now in doubt after President Donald Trump suddenly introduced a new variable, stating that the deal is subject to Saudi Arabia joining the Abraham Accords, thereby starting diplomatic relations with Israel; Saudi Arabia has made clear this is not viable until Israel establishes a clear path-way towards the creation of a Palestinian state.

ENERGEAN BOOSTS ISRAEL OIL CAPACITY

Energean has completed commissioning the second oil train on its Energean Power FPSO at Israel’s 4.3tcf Karish project, significantly increasing the facility’s liquids processing. The company said on 22 July that the oil train entered service on 13 July, increasing liquids processing capacity from 18,000 b/d to 31,000 b/d. It has already “successfully tested production rates of up to 21,000 b/d” and intends to test higher production rates following completion of subsea tie-in works for the nearby 1.2tcf Katlan development, scheduled for August. Katlan is due onstream in 2027 (MEES, 28 November 2025).

Chief Executive Mathios Rigas said the upgrade would “unlock materially higher Brent-linked liquids production from Karish, increasing cash flow generation while maintaining safe and reliable operations.”

Energean expects liquids production to average 17,000-21,000 b/d during the second half of 2026, compared with around 10,000 b/d in the first six months of the year. Output averaged 13,900 b/d of oil production last year (alongside 548mn cfd of gas), accounting for 79% of Israeli crude output despite production falling 5% from the previous year’s record.

EGYPT GAS CONSUMPTION POSTS MAY RECORD

Egypt’s gas consumption continues to set seasonal records. After reaching a record April figure of 6.34bn cfd, demand rose to 6.39bn cfd in May, Jodi data show, the highest level ever recorded for the month.

Rising demand comes as domestic gas production remains at multi-decade lows, averaging just 3.86bn cfd in May according to Ministry of Petroleum data (see p16). To bridge the widening supply gap, LNG imports are running at close to record levels, and imports of pipeline gas from Israel are poised to increase from 1bn cfd to around 1.2-1.3bn cfd after the recent completion of debottlenecking work (MEES, 10 July).

The gains are driven by the power sector, which accounts for more than half of total consumption. Gas burn in the power sector rose 6% month-on-month in May to 3.61bn cfd, its highest seasonal level in five years, according to Jodi data, and will continue climbing through the summer.

APHRODITE GAS SALES MOU SIGNED

Israel’s NewMed Energy, a 30% partner in Cyprus’ 3.7tcf Aphrodite gas field, announced on 22 July that all parties have signed the memorandum of understanding (MoU) governing gas sales to Egypt’s state gas company EGAS. This includes the governments of Egypt and Cyprus and the field’s partners Chevron (35%) and Shell (35%).

MEES understands the MoU is the same document previously referred to as the Gas Sales Agreement (GSA) Term Sheet announced during April’s Egypt Energy Show (EGYPES) in Cairo (MEES, 10 April).

NewMed’s announcement also clarified that the remaining signatures on the Host Government Agreement (HGA), also signed at EGYPES, are expected “over the coming weeks.”

The agreements establish the commercial and regulatory framework for exports via a new pipeline to Egypt. The April disclosure outlined key commercial terms, including a 15-year supply agreement, a 700mn cfd plateau, Brent-linked pricing and take-or-pay provisions.

NewMed said negotiations are underway for a definitive, fully-termed GSA with EGAS that will underpin exports of all recoverable Aphrodite gas. A MEES source at EGAS confirms that a binding GSA is planned by October.

Beyond execution of the MoU and HGA, the next major milestones are completion of the ongoing FEED study, execution of the definitive GSA and – according to the project’s PSC timetable – a final investment decision (FID) due next year.

Progress at Aphrodite also comes as Eni and TotalEnergies move closer to taking FID on the nearby 3.1tcf (gas in place) Cronos development, potentially setting up successive Cypriot gas export projects targeting Egypt (MEES, 12 June).

QATAR PROGRESSES NORTH FIELD WORK

Work at Qatar’s massive North Field offshore gas field progressed during the recent US-Iran ceasefire. Satellite imagery shows the first topside of a new offshore facility was installed in early July as part of the North Field Production Sustainability (NFPS) project.

According to a recent edition of QatarEnergy’s biannual publication “The Pioneer,” two jackets were installed late last year. Between now and 2031, QatarEnergy plans to install seven offshore compression complexes as part of the third phase of the NFPS project aimed at maintaining pressure from the field and wells currently supplying gas to the existing 77mn t/y North Field liquefaction trains (MEES, 18 July 2025).

Work is also ongoing at the 32mn t/y North Field East (NFE) and 16mn t/y North Field South (NFS) LNG expansion projects after international workers returned to Qatar (MEES, 29 May).

EDF AWARDS 500MW OMAN SOLAR EPC

Chinese engineering firm Shanxi Installation Group announced on 14 July that it had been awarded the EPC contract for the 500MW Al Kamil I solar PV plant in Oman. It said the contract is worth 1.5bn Yuan (\$222mn). Al Kamil I is being developed by a consortium grouping France’s EDF, Oman’s ONEIC and OQ Alternative Energy (OQAE) and is due online in 2028.

Oman is accelerating its renewable energy plans, with grid operator OETC recently revealing a string of new gigawatt-scale solar projects (MEES, 3 July). The next major project to come online is the 500MW Ibri III solar PV project next year.

Most recently, TotalEnergies and OQAE announced they energized the 105MW North Oman solar PV project last month, one of at least four renewable energy projects aimed at decarbonizing upstream hydrocarbon production in Oman (MEES, 12 December 2025).

CHINA SLASHES MIDDLE EAST OIL IMPORTS

China’s oil imports during the first half of the year slumped 11% year-on-year to 9.9mn b/d. Imports from the Middle East slumped by 37% to just 3mn b/d, the lowest level since 2007 (see full data p15).

Beijing’s decision to reduce oil imports amid the Middle East conflict has helped mitigate the global impact of the supply shock. Prior to the resumption of the conflict this month, analysts had been predicting a recovery in Chinese demand, but that has now been thrown into doubt.

Although China has not sought to fully replace lost Middle East volumes, it has increased imports from Russian and Brazil. Brazilian output is booming, while Ukrainian attacks on Russian refineries has forced Moscow to increase crude oil exports.

CHINA 1H26 CRUDE IMPORTS & KEY OIL DATA ('000 B/D): MIDDLE EAST IMPORTS PLUMMET DUE TO HORMUZ CLOSURE



SELECTED DATA

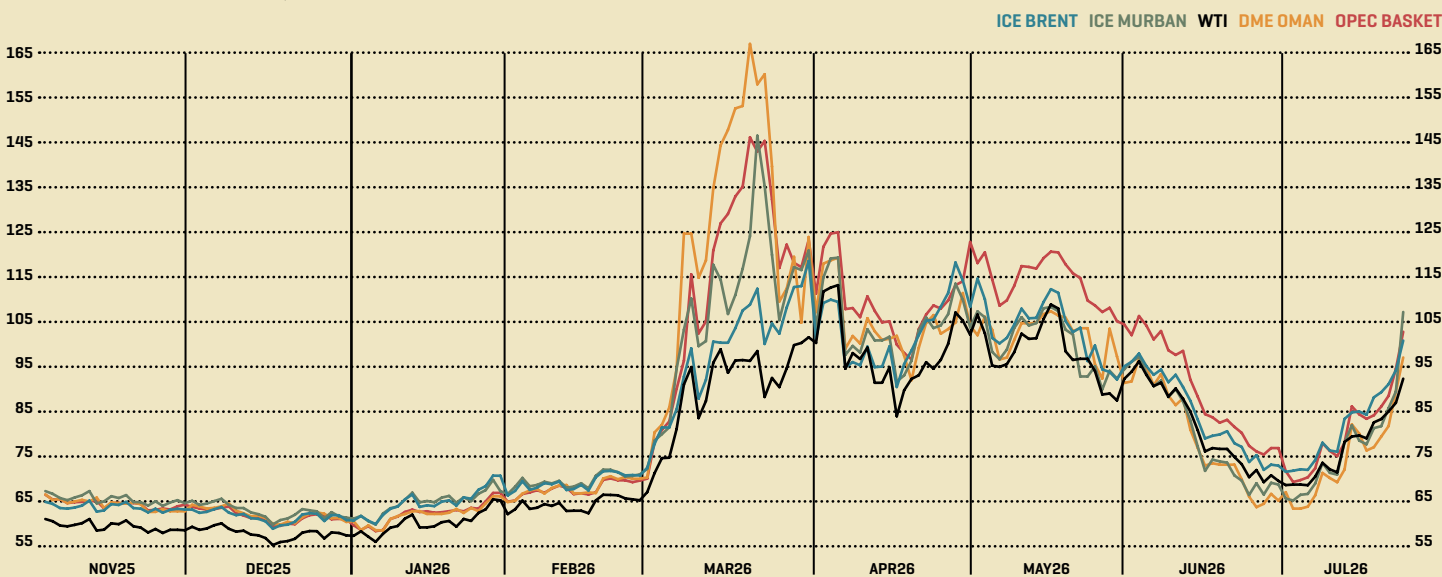
	1H26	vs1H25	%	1H25	2Q26	vs1Q26	%	vs2Q25	%	1Q26	4Q25	3Q25	2Q25	2024	2025	Apr26	May26	Jun26
MIDDLE EAST	3,002	-1729	-36.6	4,731	1,754	-2496	-58.7	-2819	-61.6	4,250	5,174	4,778	4,574	4,860	4,854	2,145	1,919	1,199
% of total	30.2	-12.1		42.4	21.8	-14.1		-18.0		35.9	42.5	42.4	39.8	44.5	42.4	23.0	24.8	17.0
inc 'Malaysia-Indonesia'	4,620	-1706	-27.0	6,325	3,099	-3042	-49.5	-3171	-50.6	6,140	6,688	6,315	6,270	6,241	6,413	4,073	3,105	2,118
Saudi Arabia	1,293	-266	-17.1	1,559	1,139	-307	-21.2	-361	-24.0	1,447	1,669	1,620	1,500	1,562	1,602	1,251	1,324	843
Iraq	545	-736	-57.4	1,281	124	-843	-87.2	-1054	-89.5	966	1,180	1,271	1,177	1,237	1,253	114	60	198
Oman	532	-197	-27.0	730	349	-367	-51.2	-401	-53.5	716	731	669	750	817	715	547	468	33
UAE	418	-240	-36.5	657	76	-682	-89.9	-580	-88.4	759	1,039	707	656	725	765	147	67	15
Kuwait	142	-190	-57.2	332	46	-192	-80.7	-303	-86.8	238	486	346	349	315	374	60	0	78
Qatar	66	-106	-61.4	172	9	-115	-92.9	-132	-93.8	124	69	164	141	203	144	26	0	0
Iran (Kpler)*	786	-212	-21.2	998	668	-235	-26.1	-354	-34.6	903	592	810	1,022	1,223	849	888	755	361
AFRICA	981	-74	-7.0	1,055	917	-128	-12.3	-194	-17.5	1,045	1,297	1,034	1,111	959	1,110	1,052	771	927
Angola	490	-72	-12.8	562	485	-10	-2.0	-106	-17.9	495	664	541	591	561	582	605	399	452
Congo, Rep.	168	-3	-1.6	170	139	-57	-29.2	-63	-31.3	196	200	167	202	128	177	117	116	183
Gabon	72	-5	-6.1	76	46	-52	-53.1	-15	-24.0	98	85	101	60	58	85	45	29	63
South Sudan	57	+52	936.0	6	79	+43	119.7	+79	-	36	36	0	0	9	12	53	115	69
Chad	52	+38	254.3	15	63	+21	49.3	+53	544.1	42	32	11	10	22	18	92	64	31
Ghana	50	+2	4.5	47	34	-30	-46.9	-18	-34.3	65	120	104	52	39	80	18	22	63
Libya	38	+16	71.8	22	12	-53	-82.0	+0	0.8	65	47	22	12	36	28	35	0	0
Equatorial Guinea	16	-14	-46.7	30	21	+10	96.4	-14	-39.4	11	20	11	35	24	23	32	0	32
Nigeria	11	-6	-34.5	16	11	+1	8.7	-11	-49.2	10	32	21	22	24	21	33	0	0
Togo	10	-37	-79.1	46	0	-19	-100.0	-85	-100.0	19	52	37	85	-	46	0	0	0
Algeria	9	+9	-	0	8	-0	-0.8	+8	-	9	9	8	0	0	4	0	25	0
Niger	6	-6	-49.9	11	11	+11	-	-0	-1.9	0	0	0	11	3	6	0	0	33
Cameroon	4	-6	-62.5	10	7	+7	-	-2	-23.2	0	0	10	10	25	8	22	0	0
AMERICAS	1,869	+340	22.2	1,529	1,848	-41	-2.2	+172	10.3	1,890	1,894	1,646	1,677	1,390	1,650	1,937	1,800	1,808
Brazil	1,200	+419	53.7	781	1,212	+23	1.9	+254	26.5	1,189	1,077	1,024	958	707	916	1,412	1,220	1,003
Canada	321	+36	12.8	284	341	+40	13.3	+26	8.3	301	388	262	315	172	305	329	316	378
Colombia	155	+21	15.3	135	130	-51	-28.1	-13	-9.1	181	215	121	143	147	151	123	174	93
Ecuador	115	-39	-25.3	154	107	-15	-12.1	-35	-24.5	122	144	156	142	105	152	49	90	183
Guyana	62	+56	1,052.9	5	34	-56	-62.3	+23	215.5	90	51	83	11	9	36	0	0	102
Argentina	16	+10	190.5	5	24	+17	248.8	+14	125.8	7	18	0	11	1	7	24	0	49
United States	0	-94	-100.0	94	0	-	-	-55	-100.0	0	0	0	55	200	47	0	0	0
FSU/EUROPE	2,435	+234	10.6	2,201	2,156	-558	-20.5	-196	-8.3	2,714	2,282	2,154	2,352	2,290	2,210	2,241	2,027	2,201
Russia	2,347	+343	17.1	2,004	2,072	-548	-20.9	+52	2.6	2,621	2,146	2,009	2,021	2,164	2,041	2,218	1,957	2,042
o/w seaborne (Kpler)	1,565	+399	34.2	1,166	1,252	-625	-33.3	-12	-1.0	1,877	1,372	1,190	1,265	1,217	1,224	1,427	1,048	1,282
overland (implied)	782	-56	-6.7	838	820	+76	10.2	+64	8.5	744	774	819	756	947	817	791	909	760
Kazakhstan	71	-23	-24.2	93	72	+3	4.4	-93	-56.2	69	75	69	165	42	83	22	70	123
United Kingdom	18	-49	-73.0	67	12	-12	-50.8	-79	-86.9	24	23	45	91	32	50	0	0	36
Norway	0	-38	-100.0	38	0	-	-	-76	-100.0	0	32	30	76	52	35	0	0	0
ASIA [ex-FSU]	1,640	-3	-0.2	1,643	1,366	-549	-28.7	-384	-21.9	1,915	1,523	1,570	1,750	1,428	1,595	1,938	1,232	928
'Malaysia'	818	-725	-47.0	1,543	595	-446	-42.9	-999	-62.7	1,041	1,032	1,004	1,594	1,381	1,280	1,099	364	322
Indonesia	800	+743	1,318.3	56	750	-100	-11.8	+643	601.7	850	482	534	107	3	282	829	822	598
Mongolia	9	-0	-3.3	10	10	+0	2.2	-0	-4.5	9	9	10	10	11	10	10	10	9
Australia	4	-19	-82.6	23	0	-8	-100.0	-27	-100.0	8	0	14	27	12	15	0	0	0
TOTAL IMPORTS	9,932	-1240	-11.1	11,172	8,042	-3780	-32.0	-3445	-30.0	11,822	12,170	11,278	11,487	10,927	11,448	9,313	7,748	7,064
of which Opec	2,697	-1465	-35.2	4,161	1,595	-2203	-58.0	-2418	-60.3	3,798	4,767	4,275	4,013	4,138	4,341	1,834	1,555	1,397
% of total	26.0	-11.4		37.4	19.8	-12.2		-15.1		32.1	39.2	37.9	34.9	37.9	37.9	19.7	20.1	19.8
Crude Output (mn b/d)	4.39	+0.04	0.9	4.35	4.35	-0.06	-1.4	+0.02	0.4	4.42	4.21	4.27	4.34	4.24	4.32	4.34	4.34	4.38
Refinery Runs (mn b/d)	13.79	-0.70	-4.9	14.50	12.72	-2.14	-14.4	-1.58	-11.0	14.86	14.72	14.92	14.31	14.04	14.66	13.21	12.57	12.39
Demand (IEA)	15.92	-0.62	-3.7	16.53	14.95	-2.16	-12.6	-1.54	-9.3	17.11	17.41	17.14	16.49	16.62	16.95	15.20	14.60	14.90

* OFFICIAL CHINESE IMPORTS FROM IRAN WERE ZERO SINCE 2023. IRAN VOLUMES AS TRACKED BY KPLER HAVE CORRESPONDED TO THOSE LABELED AS 'MALAYSIA' AND 'INDONESIA' IN THE OFFICIAL STATS. SOURCE: CHINA CUSTOMS, KPLER, IEA, MEES.

BENCHMARK CRUDE PRICES (\$/B)

	23Jul	13-17Jul	6-10Jul	Jun26	May26	Apr26	2Q 2026	1Q 2026	4Q 2025	2026 (23Jul)	2025	2024	2023
WTI	92.19	79.70	71.20	73.26	98.42	98.06	92.51	72.26	59.13	81.81	64.82	75.79	77.58
ICE Brent	100.69	85.06	75.30	76.45	103.71	102.46	96.68	78.33	63.08	86.91	68.19	79.86	82.18
ICE Murban	107.17	79.53	70.31	70.37	100.73	104.14	94.78	82.00	64.68	87.10	69.74	79.74	82.80
DME Oman	97.08	77.57	68.21	69.29	102.38	104.73	95.19	86.06	63.81	88.78	69.36	79.61	82.02
OPEC Basket	102.76	83.23	74.41	79.85	114.55	109.06	104.22	82.96	63.81	92.14	69.54	79.89	82.95
JCC	na	na	na	na	114.65	101.22	na	67.05	71.66	na	na	83.92	86.56

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.

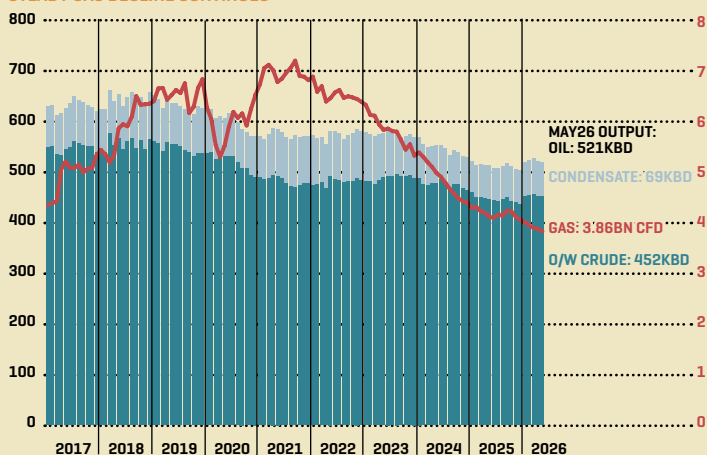

EGYPT OIL & GAS OUTPUT WOES CONTINUE

* Egypt's oil and gas output is showing little sign of recovery. Oil production fell for a second consecutive month in May to 521,000 b/d, Ministry of Petroleum data show, sending it closer to the 40-year lows reached at the end of 2025 (see chart). Gas production also continued its downward trajectory, declining 1% month-on-month to 3.86bn cfd in May, the lowest level since 2005.

* The gas decline is driven by falling output from Egypt's offshore Mediterranean heartland. May output was down 2% to 2.50bn cfd, the lowest since December 2017, when Eni's flagship Zohr gas field was brought online, temporarily reversing Egypt's fortunes. June data will show whether new gas production of around 50-60mn cfd from Eni's Nidoco N2 can help arrest the decline [MEES, 26 June].

* One bright spot has been the Western Desert where gas output was up 1% to a three-year high 898mn cfd for May. This has been enabled by improved terms for IOCs to encourage drilling [MEES, 12 June].

* Cairo will hope that settling arrears to upstream producers provides sufficient incentive for companies to maintain the investment and drilling activity needed to reverse production declines [MEES, 12 June]. But any production gains from improved fiscal terms and cleared arrears will take time to materialize given the lag between increased investment and first gas.

EGYPT OIL OUTPUT FALLS FOR SECOND CONSECUTIVE MONTH FOLLOWING RECENT GAINS. STEADY GAS DECLINE CONTINUES


SOURCE: PETROLEUM MINISTRY, MEES.

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