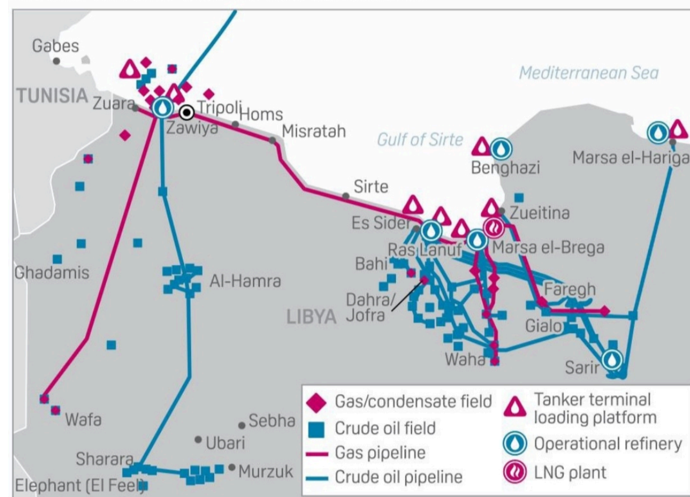
Geopolitical and Political Risks for Oil Weekly Monitor

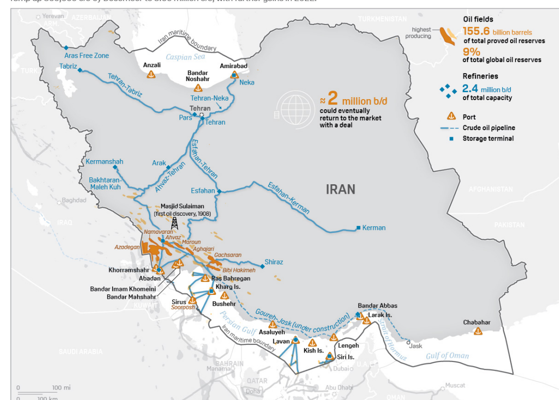
As world oil markets wrap up another extremely volatile week plenty of ups and downs of prices signaled by fundamental problems of supplies and demand while intersected by different situations of geopolitical risks and threats, here are some of the most significant developments this week directly impacting markets:

1.) Libya: another wave of protests caused the blockade of key fields and ports such as the Al Sharara and Al Feel and the critical Zueitina port interrupting around 550.000 barrels of production of the North African country in demands by the protestors of a unified government elected by the Parliament in the middle of a renewed clash between the east and the UN backed government in the capital Tripoli ahead of a new political standoff impacting the oil output of the country.

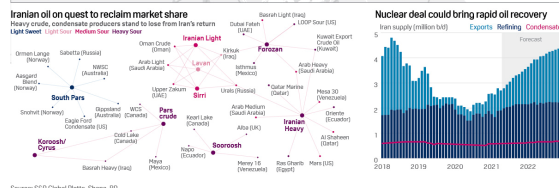


IRAN'S OIL INDUSTRY EYES END TO SANCTIONS

A flurry of talks involving the US, Iran and European nations could revive the nuclear deal and lift sanctions that had more than halved Iranian oil production, though significant obstacles remain. Iran pumped as much as 4.8 million b/d of crude and condensate before the sanctions were reimposed in 2018, and S&P Global Platts Analytics expects an agreement could bring full sanctions relief by Q4 2021, which could see volumes ramp up 850,000 b/d by December to 3.55 million b/d, with further gains in 2022.

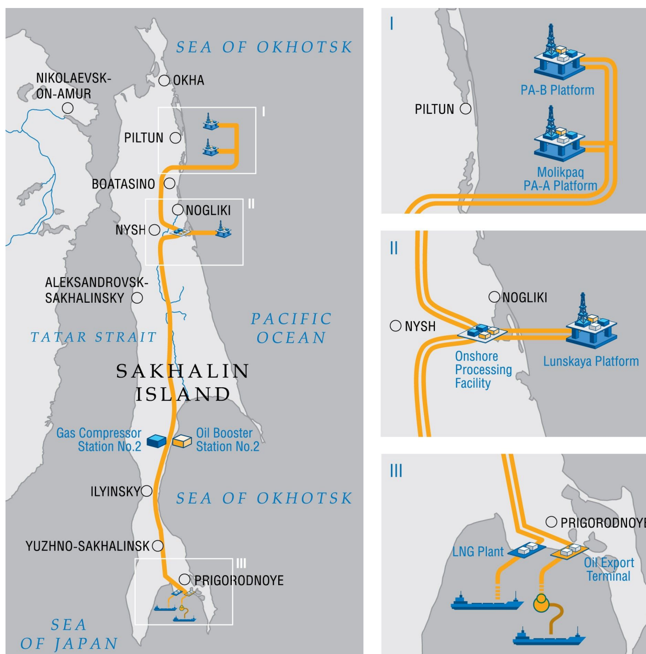


2.) **Iran:** Iranian authorities of the Foreign Ministry declared that all technical issues of a final nuclear deal with the United States and the group called P4+1 were ready but it will all depend on the settlement of diverse political issues in order to finally reach a new deal amid negatives by the US to move ahead with current negotiations due to the insistence of Russia of not being discarded and blocked from deals and transactions with Tehran amid the current sanctions also imposed



against Moscow after the invasion of Ukraine and which is still keeping sanctions against Iranian oil exports on the table.

3.) Ukraine: the war in Ukraine continues with Russia focusing its military and operational efforts in controlling the Donbass region in the eastern side of the country as the United States and Europe are stepping up their shipments of more weapons in order to try to control the advances of russian forces and pushing for more sanctions and efforts to wean themselves of russian oil and gas imports which has been provoking a decline in russian production and the change of exports strategy by Moscow of its oil to spots in Asia with the implications still lingering and impacting global economy, food prices and and markets.



4.) Netherlands: the oil giant SHELL announced it was discussing with different Chinese oil and gas companies such as CNPC, CNOOC and SINOPEC in order to advance its sale of its stake in the gas project Sakhalin 2 where it has 27.5% of shares as it plans to leave operations in Russia amid pressures over sanctions against the Putin administration for its invasion against Ukraine.

5.) Venezuela: different oil services companies such as HALLIBURTON and SCHLUMBERGER are joining CHEVRON to push for more licenses to the US Biden administration in order to keep on operating in Venezuela after recent initial meetings between Washington and Caracas which led to different versions and reports about potential return of US oil companies to Venezuela after the ban on russian oil imports.

6.) Austria: OPEC officials told authorities of the International Monetary Fund Financial Committee that the rally of oil prices were purely due to geopolitical risks and events related to the war in Ukraine and it had nothing to do with this situation that would cause more supplies shortages and dislocations in another hint that the group is not moving ahead with further additions of barrels to this exceptional situation of oil markets amid protracted high prices.

7.) Mexico: amid diverse financial and operational problems experienced recently, the state oil company PEMEX is under intense pressure to resume its financial obligations of debts repayments despite the promise by the government of Andres Manuel Lopez Obrador to help pay these debts until 2024 of a total debt payment this year of around $5 billions of maturities for this year.

Certainly geopolitical risks are continuing to impact psychologically and physically the dynamics of oil markets in the way of heavy oil prices swings day by day specifically due to the continuing threats of potential disruptions of oil exports in an already tightened markets with main epicenters in Russia and Ukraine, Libya, Saudi Arabia, Iran, Iraq, aside from the past difficulties already being experienced by oil markets as a consequence of the global lockdown imposed by the pandemic and where the world now is facing an entire different situation of growing demand (although currently under some threats due to the recent focused lockdowns in Shanghai and other Chinese cities) and problems with supplies from different OPEC+ members, and where the different geopolitical risks always threaten to add more downward pressure to oil exports such as that happening Libya currently, proving the importance of these issues especially during this year.