

JUNE 2019

Aramco facilities hit by drone attacks; Vessels targeted with 'sabotage' near Fujairah port; US pulls non-emergency staff out of Iraq; US President Trump explores plan to deploy troops to the Middle East; Muscat expands expatriate visa ban



Port officials take a photo of a damaged Andrea Victory ship at the Port of Fujairah in the UAE



SAUDI ARABIA

Saudi Aramco oil facilities targeted in drone attacks

Saudi Energy Minister Khalid al-Falih said two of Saudi Aramco's oil pumping stations for the East-West crude transport pipeline were targeted in drone attacks on 14 May, in what he described as "an act of terrorism" targeting global oil supplies. Explosives-laden drones hit pumping stations 8 and 9 of the pipeline, which transport oil from fields in the Eastern Province to Yanbu on the Red Sea coast.

Al-Falih said Saudi oil output and exports were continuing without disruption, but Aramco had halted oil pumping in the pipeline while the damage was evaluated and the stations were repaired.

OIL PRICES

Brent prices stable in wake of US ending Iran oil waivers

Contrary to expectations that crude oil prices would soar to more than \$80 a barrel on the back of the US ending sanctions waivers on eight key importers of Iranian oil from 2 May, Brent crude prices have remained stable. Prices stayed below \$73 a barrel throughout May and even slipped below \$70 on 7 May. A slight spike in prices of 0.8 per cent was caused by the drone attack on Saudi Arabia's oil facilities on 14 May.

The price stability can be attributed to a rise in oil inventory levels. The US Energy Information Administration noted inventory growth of 5.4 million barrels for the week to 10 May, up from 4 million barrels the week before.

0.8%

Spike in oil prices caused by the drone attack on Saudi Arabia's oil facilities on 14 May

5.4 million

Number of barrels of crude added to the global oil inventory in the week to 10 May

SECURITY

Four vessels damaged by 'sabotage attack' near Fujairah

Two Saudi Arabian oil tankers were among four vessels subjected to a "sabotage attack" on 13 May in the UAE's territorial waters near the port of Fujairah. The UAE said the sabotage targeted four boats, but did not identify the suspected perpetrators.

Saudi Arabia's Energy Minister Khalid al-Falih said one of the

tankers was on its way to the kingdom to be loaded with crude oil before travelling on to the US.

Al-Falih did not identify the affected tankers.

"Fortunately, the attack did not lead to any casualties or an oil spill. However, it caused significant damage to the structures of the two vessels," Al-Falih was quoted as saying by the Saudi Press Agency.

REGIONAL ECONOMY

Oil price volatility set to shape the region's economic outlook

Although growth in the GCC is projected to improve slightly – to 2.1 per cent in 2019 from 2 per cent in 2018 – a 6 per cent decline in Iran's economic activity amid sanctions will result in overall growth of 0.4 per cent for the year for the region's oil-exporting countries, according to the Washington-based IMF. Meanwhile, growth for oil importers is projected to slow from

4.2 per cent in 2018 to 3.6 per cent this year, reflecting the slowing global economy and domestic factors, the IMF said, adding that continuing oil price volatility would be a key factor in shaping the region's economic outlook going forwards.

This trend may continue amid uncertainty surrounding global trade, Iran sanctions and the Opec-plus production strategy. Geopolitical risks and security concerns are also factors, according to the IMF.

IRAN

US explores plan to deploy troops to the Middle East

The US military briefed President Donald Trump's national security aides on a plan that could result in the deployment of up to 120,000 troops to the Middle East, according to officials cited in a New York Times report published on 13 May. The US president described the report as 'fake news', but said that he would be prepared to deploy troops to the Gulf if necessary.

The plan calls for the deployment of troops in the event

that Iran attacks US forces or ramps up its nuclear weapons programme, several unnamed US officials told the newspaper. About 130,600 US service members were deployed to Iraq in 2003.

News of the potential troop deployment comes amid increased tensions between the US and Tehran. Iranian President Hassan Rouhani indicated he would scuttle his country's nuclear deal after Trump withdrew and more US sanctions were imposed on Iran.

IRAQ

US pulls non-emergency staff out of Iraq as tensions mount

On 15 May, the US State Department ordered 'non-emergency employees' to withdraw from Iraq amid rising tensions between the US and Iraq's neighbour, Iran. Staff at the embassy in Baghdad and the consulate in Irbil were told to leave as soon as possible.

Meanwhile, the German and Dutch armies have suspended their training of Iraqi soldiers.

The US military said the threat level in the Middle East had been raised in response to intelligence about Iran-backed forces in the region. "Ensuring the safety of US government personnel and citizens is our highest priority," a State Department spokesman was quoted as saying.

"This threat is serious and we want to reduce the risk of harm."

The US military's Central Command also talked of "identified credible threats available to intelligence from US and allies".



Staff at the US embassy in Baghdad were told to leave

120,000

Number of US troops that could be deployed in the Middle East

130,600

Number of service personnel deployed in Iraq in 2003

SAUDI ARABIA

Riyadh approves \$200,000 expatriate visa scheme

On 15 May, Saudi Arabia's cabinet approved a new residency scheme aimed at attracting wealthy and highly skilled expatriates.

The plan will allow certain foreign expats to apply for a permanent residency permit (iqama) costing SR800,000 (\$213,333) or a one-year temporary iqama costing SR100,000, local media reported. The law, which was approved earlier by the advisory Shura Council, allows for iqama holders to live, move freely, buy property and work in the country without the need for a Saudi sponsor.

There are currently more than 10 million expats living and working in Saudi Arabia under the kafala system, which requires sponsorship by a Saudi employer.

LIBYA

Tripoli calls for help against offensive by eastern forces

Libya's government has called on the US to halt the military offensive on Tripoli that is being led by forces loyal to General Khalifa Haftar. Libya's Prime Minister Fayez Serraj said his government does not want to return to a Gaddafi-style regime. He appealed to the US to use its influence to foster peace in the country.

Indonesia's United Nations Ambassador Dian Triansyah Djani, who is acting president of the Security Council, said after a meeting to discuss the crisis: "The Security Council calls for all parties rapidly to return to United Nations political mediation and to commit to a ceasefire and de-escalation to help mediation succeed."


OMAN

Muscat bans new visas for an expanded range of job roles

Oman's Ministry of Manpower has banned the issuance of new visas to expatriates in the sultanate for all administrative and clerical positions in the private sector, as well as for several managerial positions. The visas of workers currently employed in the specified categories will not be renewed on expiry.

The decision was issued by Oman's Minister of Manpower, Sheikh Abdullah bin Nasser bin Abdullah al-Bakri. The decision is based on the Omani Labour Law promulgated by Royal Decree 35/2003 and Royal Decree 76/2004, which define the competencies of the Ministry of Manpower and the adoption of its organisational structure.



 Libya's prime minister has called on the US to use its influence to help foster peace in the country

5 April 2019

Date the Libyan National Army marched on Tripoli and entered into battle with militias loyal to the Government of National Accord

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Abu Dhabi National Oil Company (Adnoc) has asked prequalified contractors for the Hail and Ghasha sour gas megaproject to form joint ventures or consortiums to bid for two key packages. The Hail and Ghasha sour gas project has four engineering, procurement and construction packages.

Saudi Arabia's Public Investment Fund is preparing to invite more firms to take part in a design competition for its Riyadh tall-tower project. Design firms had been approached to take part in the competition in late February and five were shortlisted for the contest. It is understood that more firms are now expected to participate in the competition.

South Korea's Daewoo Engineering & Construction says it has been awarded a \$200m contract for construction work at Grand Al-Faw port in Iraq. The contract involves building a 4.5 kilometre-long temporary dyke for the first phase of the Al-Faw container terminal. The client is the Iraqi Port Authority.

The newly established Emirates Water & Electricity Company in Abu Dhabi is preparing to issue the request for proposals (RFP) for the planned F3 independent power project. According to sources close to the project, tender documents will be issued by early June. The RFP was originally expected to be issued in April.