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Turkey and Nakhchivan sign gas pipeline deal

Date : 09.08.2009

Source: Hürriyet Daily News (AA)

<http://www.hurriyetdailynews.com/n.php?n=turkey-nakhchivan-sign-pipeline-deal-2009-08-09>

Turkey and the Nakhchivan Autonomous Republic signed a memorandum of understanding on laying a natural gas pipeline from Turkey's eastern city of Iğdir to Nakhchivan.

"We will sign the memorandum of understanding for almost half a billion cubic meters of gas a year," Turkish Energy and Natural Resources Minister Taner Yildiz said during a ceremony on Saturday. Yildiz said the Turkish Pipeline Company (BOTAS) and Azerbaijani oil company SOCAR would hold talks on technical, commercial and legal aspects of the project. He said BOTAS and SOCAR executives would meet in Ankara in September to discuss the details.

After the ceremony, Yildiz told that the aim of his visit to Nakhchivan was to work on natural gas agreements with Azerbaijan and visit the Nakhchivan Supreme Assembly and learn their views and demands.

Yildiz defined Azerbaijan as a country that had biggest natural gas resources in the region, a gas supplier and source country. "We want to increase our trade volume for the advantage of the two countries, and we have launched a comprehensive form of energy diplomacy," he said. "Turkey is ready to do what it has to do to raise its trade volume with Nakhchivan," Yildiz said during his meeting with Vasif Talibov, the chairman of the Supreme Assembly of Nakhchivan.

He said Azerbaijan and Turkey had common friends and enemies, and emphasized the importance Turkish Prime Minister Recep Tayyip Erdogan attached to Azerbaijan and Nakhchivan. He also expressed Turkey's readiness to give a positive response to any proposal from Nakhchivan.

Talibov said that Nakhchivan was giving power to Turkey, and the amount of electricity it was giving to Turkey would be raised in the future. Turkey, Azerbaijan and Nakhchivan would further improve friendship and relations, he added.

Yildiz said construction of a natural gas pipeline to Turkey via Syria or to Syria via Turkey was also under discussion. But there were some problems in pricing transit passages, he said, adding: "I believe we can overcome them."

Rovnag Abdullayev, the president of the Azerbaijani state oil company SOCAR, said they could conclude transit passage prices. He said that gas would flow to Turkey with the Shah Deniz II project and then to European countries via Turkey. The initial phase of Shah Deniz forecasts 318 billion cubic feet of gas production. That would increase to 706 billion cubic feet once Phase 2 goes online in 2012. Gas production at Shah Deniz began in December 2006.

Nakhchivan, a landlocked enclave of Azerbaijan, gained its autonomy as the Nakhchivan Autonomous Republic in 1990 and was internationally recognized as a constituent part of Azerbaijan governed by its own elected parliament.



Oil above \$74 a barrel as China imports hit record record

Date : 11.08.2009

Source: Thisislondon.co.uk (Lucy Tobin)

[http://www.thisislondon.co.uk/standard-business/article-23730876-details/Oil+above+\\$74+a+barrel+as+China+imports+hit+record+record/article.do](http://www.thisislondon.co.uk/standard-business/article-23730876-details/Oil+above+$74+a+barrel+as+China+imports+hit+record+record/article.do)

The price of oil ended three days of consecutive falls to rise above \$73 today, after figures showed China imported record volumes last month.

London Brent crude edged up 24 cents to \$73.74, as the world's second-largest oil consumer said it bought 4.6 million barrels of oil last month – 18% more than in June. Figures last week showed a similar surge in demand in the United States, the world's biggest energy user. The US Department of Energy report said crude oil stockpiles rose by 1.7 million barrels in the week ending 31 July, three times more than analysts had predicted.

The price was bolstered by separate data from OPEC. Although it predicted a slowdown in demand next year, dropping 490,000 from this year's average to 27.97 million barrels a day, that was based on a spike in production by non-member oil producers, particularly Russia, rather than a general decline in demand for the commodity.



KKTC welcomes Turkey's energy deals with Russia

Date : 13.08.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-183851-kkctc-welcomes-turkeys-energy-deals-with-russia.html>

Turkish Cypriot authorities said Turkish-Russian plans to build a pipeline that will transfer Russian natural gas to Cyprus will strengthen the strategic position of the Turkish Cypriot state.

During an Aug. 6 visit by Russian Prime Minister Vladimir Putin to Ankara, Turkey and Russia signed an agreement to build the Blue Stream 2 pipeline, which will run parallel to the Blue Stream oil pipeline currently carrying oil from Russia to Turkey beneath the Black Sea. The Blue Stream 2 pipeline is planned to carry natural gas to Turkey's Mediterranean port of Ceyhan after the construction of an overland pipeline, dubbed Samsun-Ceyhan. From Ceyhan, the gas will be delivered to a number of potential buyers, including Israel, Lebanon, Syria and Cyprus. Russian news reports said Putin had hinted at both Greek and Turkish sides of the island.

"With Blue Stream 2, the strategic position of the Turkish Republic of Northern Cyprus (KKTC) will be stronger," Sumat Atun, the energy and economy minister of the KKTC, said after talks with Rifat Hisarciklioglu, head of the Union of Chambers and Commodity Exchanges of Turkey (TOBB), in Ankara on Tuesday. Atun, on an official visit to Ankara, also met with his Turkish counterpart, Taner Yildiz.



Tüpraş posts 45 pct drop in profits

Date : 14.08.2009

Source: Hürriyet Daily News (Bloomberg)

<http://www.hurriyetdailynews.com/n.php?n=tupras-posts-45-pct-drop-in-profits-2009-08-14>

Tüpraş, Turkey's biggest oil refiner, said second-quarter profit declined 45 percent. Net income fell to 369.7 million Turkish Liras (\$250 million) from 678.3 million liras a year earlier.

That beat the 305 million-lira median estimate of nine analysts surveyed by Bloomberg News. Sales sank 50 percent to 4.57 billion liras.

“The results are good in general; the margins are better than our expectations,” said Ayse Colak, an analyst at Tera Brokers in Istanbul. “The earnings fell because of the decline in oil prices.” Tüpras’ refining margin, or the profit from processing oil into fuels, slumped about 27 percent to \$9.31 a barrel. Its refineries ran at an average 58 percent of capacity amid shrinking demand at home and abroad.



Remain committed to Nabucco, says US envoy

Date : 10.08.2009

Source: Hürriyet Daily News (Aksam)

<http://www.hurriyetdailynews.com/n.php?n=remain-committed-to-nabucco-says-us-envoy-2009-08-09>

The United States’ top diplomat to Ankara has praised Turkey’s commitment to Nabucco but also hinted about his government’s concerns over energy deals with Russia.

“...We applaud Turkey’s very strong commitment to Nabucco. We believe that commitment will remain,” Ambassador James Jeffrey told Turkish daily Aksam in an exclusive interview published on Sunday. “We believe that Nabucco is a reality. There are gas supplies that could contribute to it. We believe that it is the right decision for Turkey and her partners to move forward on Nabucco,” he added.

Turkish Prime Minister Recep Tayyip Erdogan, who signed an intergovernmental agreement to build the Nabucco pipeline with his colleagues from four EU member states in Ankara last month, inked oil and gas deals with Russia last week. Ankara gave the nod to Moscow to use its territorial waters in the Black Sea for the Russian-led South Stream project, which is considered a rival to the European Union’s U.S.-backed Nabucco project.

“Our concern is that as the Russian gas sector is a state sector, and as Russia is a powerful regional actor, you can have a mixing of strategic interest and commercial interest,” said the ambassador. He recalled the time after the Yom Kippur war where oil became a strategic weapon.

“It went up and down dramatically. We have resolved that,” Jeffrey said. “That is why we were able to absorb even very high oil prices into the international system because it is commercially based. Nobody thinks one country is trying to get undue political advantage on others. It is very important in Eurasia that the gas market can be the same.”



IEA revises global oil demand forecast

Date : 12.08.2009

Source: Oil & Gas Journal (Marilyn Radler)

http://www.ogj.com/index/article-display/4632305672/s-articles/s-oil-gas-journal/s-general-interest/s-economics-markets/s-articles/s-ia-revises_global.html

The International Energy Agency, in its August Oil Market Report, estimates that global oil demand will contract in 2009 by 2.3 million b/d vs. 2008 and average 83.9 million b/d.

In its previous monthly report, the agency called for demand to shrink by 2.5 million b/d this year. IEA's demand outlook for 2010, nearly unchanged from a month earlier, is expected to climb 1.3 million b/d. The global oil demand forecast for 2010 has been revised up by 70,000 b/d to 85.3 million b/d, given a stronger outlook in Asia among countries outside the OECD.

OECD oil demand in 2010 is pegged at 45.1 million b/d, which is 25,000 b/d lower than IEA previously expected. But the estimate for oil demand in 2009 has been slightly revised up by 20,000 b/d to 45.1 million b/d, following a small adjustment in OECD Pacific demand. The agency commented that the latest data appear to confirm that the US gasoline season failed to materialize for the second year in a row.

IEA has revised up its forecast for non-OECD oil demand for both 2009 and 2010, largely following a reappraisal of Chinese demand prospects. Non-OECD demand in 2010 is now expected to average 40.1 million b/d, up 1.3 million b/d from 2009 and 100,000 b/d higher than the agency's previous assessment. IEA noted that even though energy-intensive non-OECD countries will largely drive global demand growth, the rise expected next year will nonetheless be below the 2004-08 average of 1.5 million b/d/year.

The Paris-based agency's 2009 forecast of 38.8 million b/d puts non-OECD oil demand up 140,000 b/d vs. 2008. IEA said that this estimate is 170,000 b/d higher than in its previous oil market report due to much stronger direct crude burning for electric power generation in Saudi Arabia and a persistent drought in India. Lack of normal seasonal monsoon rain in India has boosted gas oil use in agricultural activities for irrigation and in power generation, since hydropower output in June was almost 10% lower on an annual basis.

IEA has raised its forecast for 2009 non-OPEC supply by 160,000 b/d, largely due to stronger than expected Russian output but also due to higher US NGL and Gulf of Mexico production and a rapid ramp-up at new Canadian oil sands mining operations.

IEA raised by 200,000 b/d its 2010 forecast for non-OPEC supply, as many of the same factors are carried forward through the outlook, the agency said. As a result, total non-OPEC supply is now forecast at 51 million b/d in 2009, and 51.4 million b/d in 2010. IEA's 'call on OPEC crude and stock change' now averages 27.7 million b/d in 2009, and 27.8 million b/d in 2010.

OECD industry stocks rose counter-seasonally by 8.5 million bbl in June to 2,749 million bbl, 5.5% above last year's level, IEA reported, as an increase in gasoline and distillate more than offset declines in crude oil and fuel oil. A North American crude stockdraw outweighed crude gains elsewhere. The biggest storage additions came in European crude and North American light distillates, while North American crude posted the largest drop, IEA said. At the end of June, forward demand cover was unchanged vs. May at 61.7 days.

Preliminary July data indicate total OECD industry oil inventories fell by 3.6 million bbl, although the movements of crude and products differed. Crude stocks drew by 12.9 million bbl, led by decreases in Japan and the EU-16 countries. Product stocks increased 9.3 million bbl, led by gains in US distillate stocks, IEA said.

Crude in floating storage declined to around 55 million bbl at the end of July, from 70 million bbl at the end of June. Products in floating storage -mostly middle distillates- rose above 60 million bbl from 50 million bbl a month earlier, IEA reported.



Turkmenistan lines up Iran gas pipeline

Date : 14.08.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article185615.ece>

Turkmenistan, Central Asia's largest gas producer, will launch a new gas pipeline to Iran in December this year to diversify exports, Turkmen state media said, following a row with its main partner Russia.

Turkmenistan, which produces over 75 bcm of gas per year, used to sell about 50 bcm to Russia and just 8 bcm to Iran. Exports to Russia were halted in April after a pipeline explosion. The pipeline is operational now but Moscow, faced with falling demand for gas in Europe and struggling with a recession, demanded a review of the sales terms. The two sides have yet to agree on the new terms.

Seeking to ease its dependence on Russia's demand, Turkmenistan said last month it could more than double gas sales to Iran to 20 bcm a year and started building a new pipeline. Turkmenistan did not say at what price it would sell gas to Iran.

Today, state news agency Turkmen Khabarlary said Turkmen President Kurbanguly Berdymukhamedov had invited his Iranian counterpart Mahmoud Ahmadinejad to attend the launch of the new link in December. Berdymukhamedov also said this year that the former Soviet republic wanted to supply gas into the planned Nabucco pipeline which would bypass Russia.



❖ OPEC Monthly Oil Market Report (August 2009)

Source : Organization of the Petroleum Exporting Countries
Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR082009.pdf>

❖ OPEC Bulletin (July 2009)

Source : Organization of the Petroleum Exporting Countries
Weblink : <http://www.opec.org/library/OPEC%20Bulletin/2009/pdf/OB072009.pdf>

❖ IEA Monthly Oil Survey (May 2009)

Source : International Energy Agency
Weblink : <http://www.iea.org/Textbase/stats/surveys/OILSURV.PDF>

❖ IEA Monthly Natural Gas Survey (May 2009)

Source : International Energy Agency
Weblink : <http://www.iea.org/dbtw-wpd/Textbase/stats/surveys/NATGAS.PDF>