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Oman Hormuz : Huge oil slick hitting Oman's shoreline as agencies warn of disaster

Reuters + NewBase Energy

A vast oil spill from a leaking tanker has started to hit Oman's coastline, its environment agency confirmed on Wednesday, in what threatens to become one of the world's worst in years after spreading largely unchecked for weeks.

The oil could end up impacting 40 km (25 miles) of coast near Ras Madraka as well as Masirah Island, the agency said.

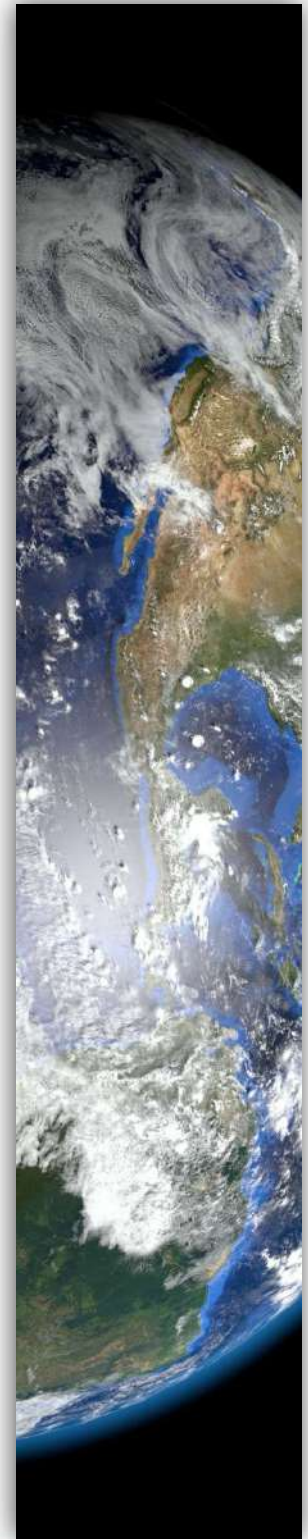
OMAN STEPS UP RESPONSE TO DHOFAR OIL SPILL

CAROLINE BEZENGI

- ***Slick grown exponentially since end-July, Greenpeace says***
- ***IOPC Funds will not cover clean-up citing 'act of war'***
- ***U.N.'s IMO says contingency planning in place***
- ***Tanker held 800,000 barrels of Russian oil, was under sanctions***

A coordinated national response is underway after the vessel grounded off the Hallaniyat Islands, combining spill control, ship safety and environmental monitoring.

The slick now covers an area of more than 2,000 square km, said John Amos, an oil spill specialist who reviewed satellite imagery obtained by Reuters.



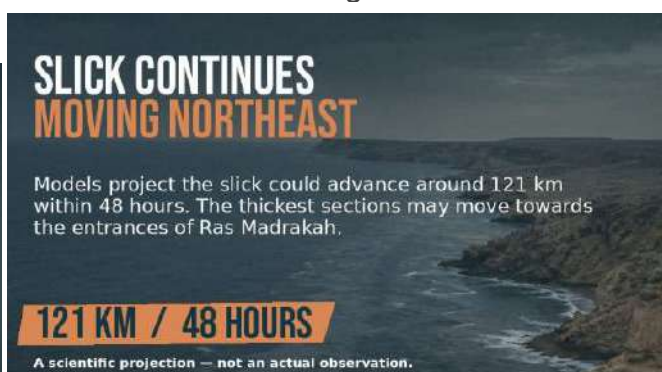
MARINE NATURE RESERVE THREATENED

The Caroline Bezengi tanker, carrying an estimated 800,000 barrels of Russian oil and under international sanctions, ran aground on June 30. It is leaking near an island that is part of an Omani marine nature reserve that is home to wildlife including Arabian Sea humpback whales and Socotra cormorants.

The tanker first reported difficulties off Yemen on June 8 after what maritime sources said appeared to be a blast. No party has claimed an attack, but the vessel was navigating two separate wars on its journey from Russia to India.

In April it sailed from the Russian port of Novorossiysk on the Black Sea, a flashpoint in the Russia-Ukraine war. Ukraine has carried out assaults on a so-called shadow fleet carrying Russian oil, which the Caroline Bezengi is part of.

It then passed through the Suez Canal at the end of May, ship-tracking data shows, before sailing past Yemen, where the Iran-aligned Houthi militants have entered a wider regional war between the United States, Israel and Iran.



'ACT OF WAR' COMPLICATES CLEAN-UP

A web of complex war- and sanctions-related rules governing shipping and oil spills is already hampering efforts to respond and could yet get in the way of halting an impending disaster, insurers and analysts say.

The IOPC Funds, an intergovernmental agency dealing with tanker spills compensation, told Reuters it would not be involved in clean-up costs because the incident was being treated as an "act of war" rather than a simple accident.

"A nightmare scenario is there's no adequate response to keep the worst from happening," said the oil spills specialist Amos, CEO of SkyTruth, a nonprofit organisation aiming to strengthen environmental conservation through the use of satellite images.

Amos said that in this case, the vessel would "continue to break up under the steady onslaught of wind and waves and to lose the entire cargo and that could be a spill upwards of 40 to 50 million gallons."

Amos said this would rival the 1989 Exxon Valdez oil spill in sheer size. The ship is similar in size and capacity to the Sanchi, an Iranian ship that collided with a freighter off China in 2018 in the world's worst oil tanker disaster in decades.

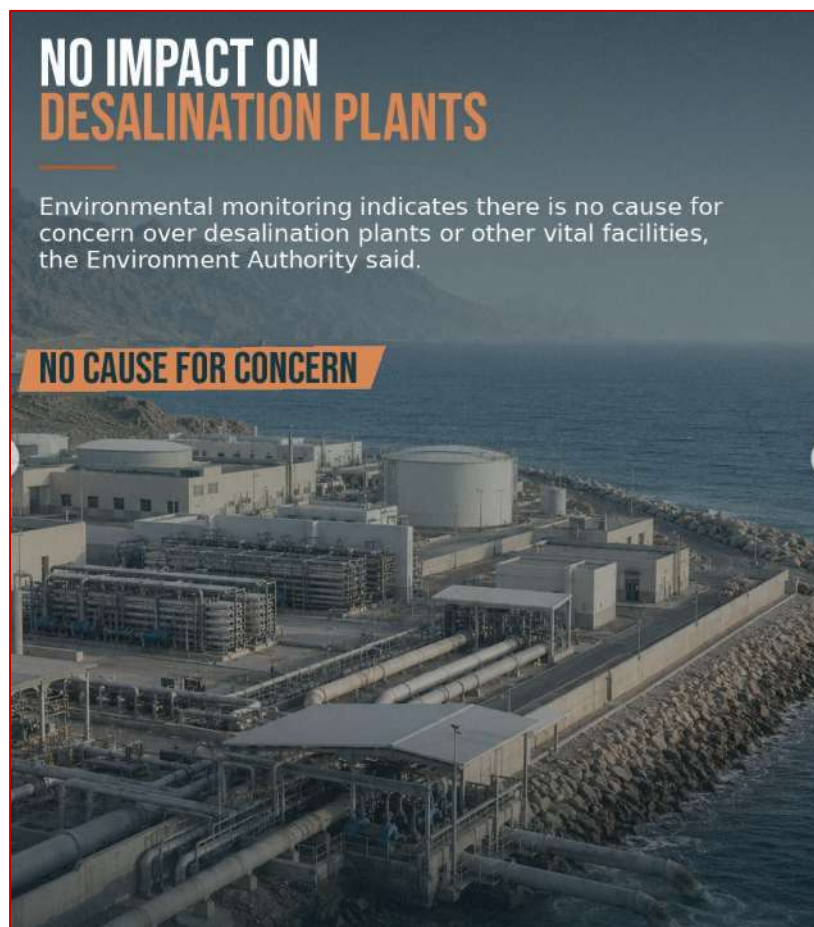
SLICK SPREADING RAPIDLY

The U.N.'s International Maritime Organization said that seasonal monsoon conditions had limited access to the tanker and delayed salvage operations. "Oil spill contingency planning is in place," an IMO spokesperson told Reuters.

Oman said on Monday the slick covered almost 400 square km. It has not elaborated on the containment efforts, but said it had used booms to try to stem the spread. Environmental agencies and oil spill specialists estimated its size as far larger, noting the spread has accelerated dramatically since the beginning of August.

"The affected area went from around 45 square km by the end of July, to 150 at the beginning of August. And then within two days, it quadrupled to 600 by the 4th or 5th of August," said Hanen Keskes, political campaigns lead for Greenpeace in the Middle East.

SkyTruth's Amos said that measures required, beyond the use of booms, included stabilising the tanker and transferring whatever crude oil was left onboard to another vessel. "The longer we wait, the more damaged and decrepit that tanker gets, the more complicated and difficult and potentially dangerous that salvage operation is going to be," he said.



U.A.E: ADNOC unbound: War, OPEC exit launch Emirates oil giant on quest for growth

Zawya + NewBase Energy

State-owned Abu Dhabi National Oil Co. has become more aggressive and nimble since the Iran war disrupted exports and as the United Arab Emirates looks to maximise its resources after exiting OPEC in May, according to numerous trade sources.

In recent months, ADNOC has begun selling spot cargoes through tenders, tapping new customers, offering unprecedented flexibility in its terms and conditions and even dealing with the trading houses it typically shunned, traders and other industry insiders say.



It has also deployed a shuttle system to move its crude across the Strait of Hormuz, where traffic has been severely curtailed by the war and its vessels have faced attack, and is expanding its shipping fleet.

If ADNOC's shift proves to be more than a wartime workaround, it could be one of the biggest changes in Gulf oil marketing in decades, reshaping flows from the Middle East to top consumer Asia, with implications for Asian refiners and ADNOC rivals such as Saudi Aramco, Kuwait Petroleum Corp and Iraq's SOMO.

"ADNOC feels totally liberated by leaving OPEC," as it no longer faces constraints on production and pricing, said veteran former oil trader and director at consultancy Surrey Clean Energy, Adi Imsirovic.

"Their hands are finally untied and you can see what they're doing with their tenders and pricing options."

ADNOC's approach is showing results: the UAE is gaining Asian market share, accounting for 32% and 27% of Middle Eastern shipments to the region in June and July, respectively, according to Kpler data. Last year, the UAE accounted for 20% of Middle Eastern oil exports to Asia.

OPEC EXIT DRIVES OUTPUT

Under Saudi-dominated OPEC, the UAE's recent production target was around 3.5 million barrels per day but output is expected to hit 5.2 million bpd in 2027, according to the International Energy Agency.

ADNOC says its strategy is unchanged.

"We're focused on disciplined smart growth in the UAE and internationally, ensuring reliable supply and building long-term partnerships that create value for our customers, the UAE and our shareholders," a spokesperson said.



The boldness of ADNOC's ambition was underscored in April when it set up a shuttle system to ferry cargoes across the Strait of Hormuz for ship-to-ship transfer to buyers, enabling it to maintain spot sales.

That has come at a cost. ADNOC said last Friday that 15 of its vessels had been attacked while transiting the Strait, with one crew member dead and 20 injured. The UAE said another ADNOC vessel was attacked on Saturday.

ADNOC said it was working closely with relevant authorities and taking all necessary measures to protect its people, assets and operations, while meeting customer requirements as much as possible.

SPOT TENDERS AND SHIPS

For decades, Gulf producers sold crude directly to end-users through long-term contracts, using official selling prices (OSPs) set by state producers, with refiners handling shipping. For the most part, they kept out of the spot market.

The Iran war has upended that: refiners that buy the oil have been unable to find tankers or unwilling to pay soaring charter rates, while OSPs in June and part of July became far higher than spot prices when a glut of crude hit the market.

The disruption saw ADNOC begin spot sales and use its shuttle fleet to transfer cargoes to vessels off the UAE's Fujairah port, Oman's Sohar, the west coast of India and even distant Malaysia, traders said.

Since June, ADNOC has sold at least 94 million barrels of oil for delivery through October via seven tenders, according to a Reuters tally. Other Gulf producers including Aramco, Kuwait Petroleum and SOMO have followed suit.

To put that volume in perspective, the UAE exported 198 million barrels of crude in the first two months of 2026 - before the war - according to Kpler data, including oil owned by ADNOC's equity partners.

To help deliver its energy, ADNOC is expanding its fleet, with a company arm recently buying 11 ships for \$1.3 billion, including six Very Large Crude Carriers capable of carrying 2 million barrels each.

FLEXIBLE TERMS, WIDENING OUTREACH

ADNOC has also shown flexibility to customers, three people with knowledge of the matter said, allowing sales through private negotiations in addition to tenders, and changes to terms and conditions of spot sales.

For example, where once it sold oil on a free-on-board (FOB) basis, ADNOC recently agreed to deliver at ship-to-ship transfer points as well as other ports, traders said.

On July 31, ADNOC said it will change the benchmark for monthly OSPs to prompt-month Platts Dubai pricing from Murban crude futures from November 1, aligning them more closely with the month of loading.

And while Gulf producers long refrained from selling to trading firms in favour of end-users, ADNOC recently sold cargoes to buyers including Mercuria, Vitol and Cathay Petroleum, none of which have term deals with it, sources said. Iraq's SOMO followed with similar sales.

"While we do not comment on specific customers or commercial arrangements, ADNOC continues to see a surge in interest in our crude grades, especially from refiners and lifters that prefer prompt market pricing given current market volatility," the ADNOC spokesperson said.

ADNOC's crude marketing team recently visited refiners in Japan, Singapore and Azerbaijan, urging them to participate in its tenders, sources said.

SHIFTING LEVERAGE

Three longtime Asian ADNOC customers told Reuters that they expect better, more flexible terms when they negotiate for 2027 supply, such as being able to load outside the Strait of Hormuz. ADNOC historically held the upper hand in setting General Terms and Conditions, known as GTSC, with term buyers, said an executive at a major buyer, declining to be named due to the sensitivity of the matter.

"We're re-evaluating these terms and will add our conditions, such as in lifting schedules and pricing," he said.

Key Elements of the Shift

- **Private Negotiations:** Moving beyond traditional, rigid tender processes allows ADNOC to negotiate directly with buyers. This can lead to customized deals that benefit both parties.
- **Flexible Spot Sales:** Tweaking the terms and conditions for spot sales—which are short-term, immediate delivery contracts—helps ADNOC capture sudden shifts in market demand.
- **Widening Outreach:** By becoming more accommodating, ADNOC can attract a broader base of international buyers, including smaller independent refiners who might find traditional tender rules too restrictive.

Why ADNOC is Introducing Flexibility

- **Increased Competition:** The global oil market features rising supply from non-OPEC producers and aggressive marketing from regional rivals. Flexibility helps ADNOC defend and expand its market share.
- **Demand Volatility:** Economic fluctuations and changing refining margins mean buyers value suppliers who can adjust volumes, pricing structures, or delivery windows on short notice.
- **Maximizing Crude Value:** Offering varied sales channels ensures that ADNOC can always find a buyer for its production, maximizing revenue even during periods of market oversupply.

United States on track for record natural gas production in 2026

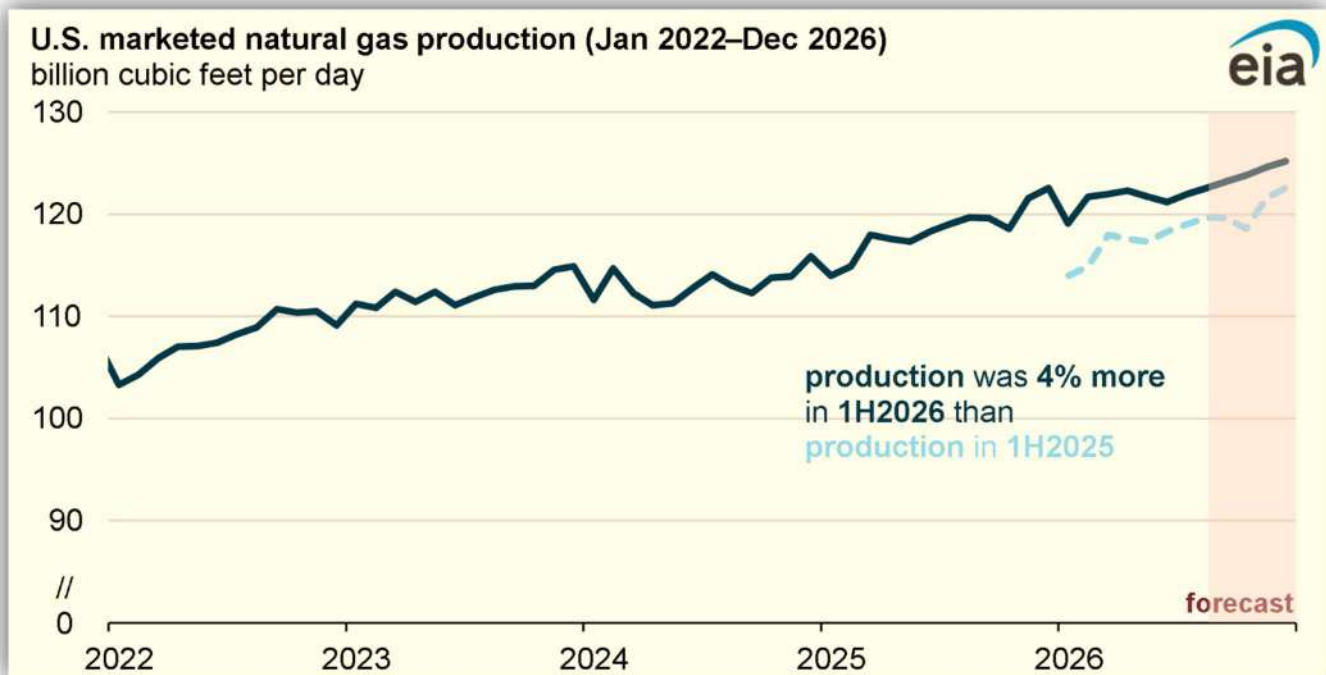
U.S. Energy Information Administration, Short-Term Energy Outlook, August 2026

We forecast U.S. marketed natural gas production will average 122.5 billion cubic feet per day (Bcf/d) in 2026, surpassing the previous record of 118.5 Bcf/d set in 2025, in our August 2026 Short-Term Energy Outlook (STEO).



In the first half of 2026 (1H26), marketed natural gas production averaged 121.3 Bcf/d, 4% (4.6 Bcf/d) more than the same period in 2025. Most of this expansion is concentrated in the Permian region in Texas and New Mexico and the Haynesville region in Louisiana and Texas.

The United States was the world's largest producer of natural gas from 2009 through 2024, the most recent year for which we have global natural gas production data.



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook,

We forecast Permian gas production will average 29.2 Bcf/d in 2026, 6% more than in 2025. In the Permian region, natural gas production is driven primarily by associated gas produced during crude oil extraction and is supported by crude oil prices.

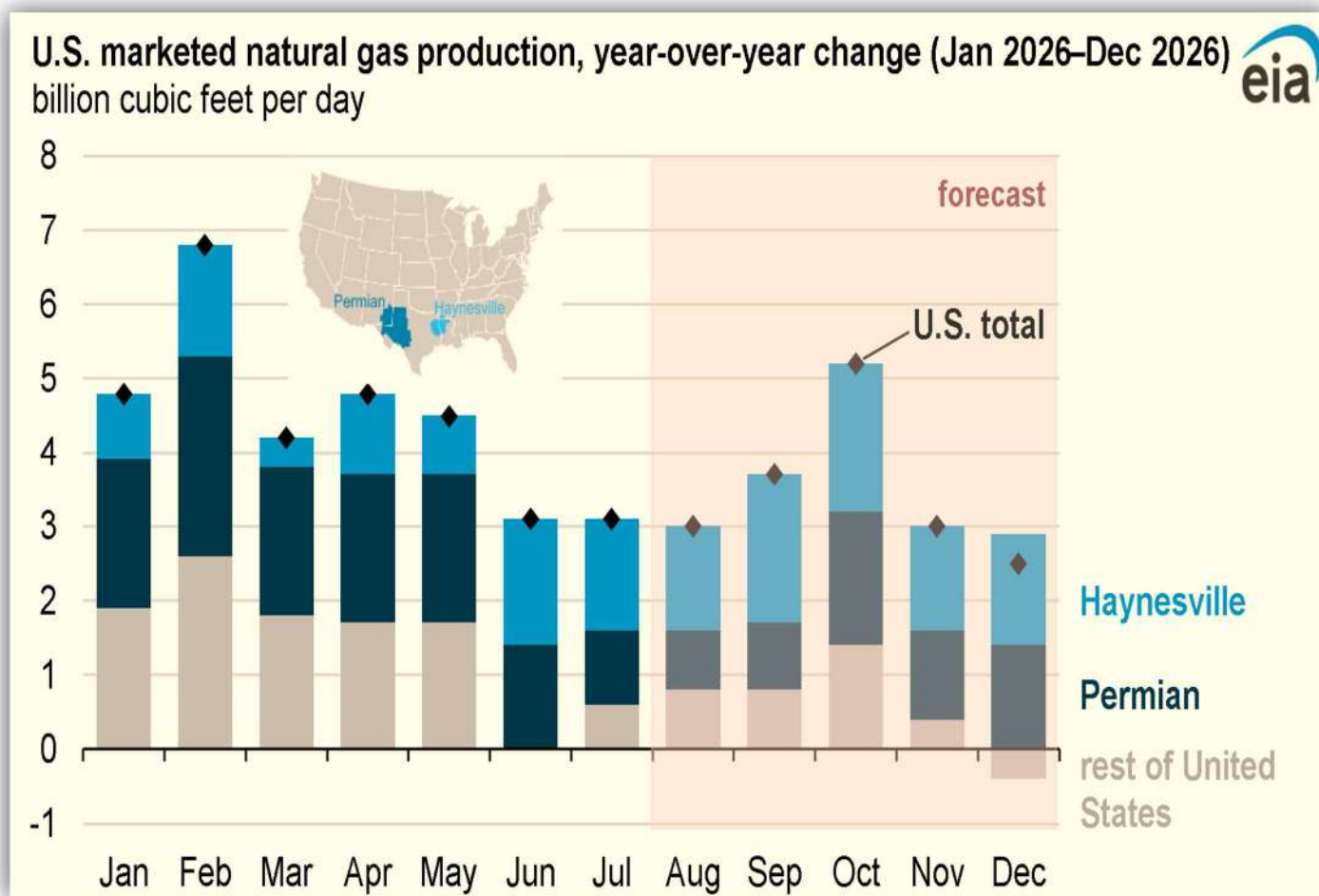
West Texas Intermediate (WTI) crude oil prices rose from an average of \$65/barrel (b) in 2025 to an average of \$84/b through July 2026, exceeding the region's breakeven price—the minimum price

needed for an operation to cover its costs. Oil industry executives responding to the Dallas Fed Energy survey reported the two largest basins in the Permian had breakeven prices of \$69/b (Midland Basin) and \$63/b (Delaware Basin) in 2026. The relatively high prices support oil-directed drilling in the Permian region and the resulting rise in both crude oil and natural gas production.

In addition to crude oil prices, a steadily increasing gas-to-oil ratio (GOR) in the Permian is contributing to growth in Permian natural gas production. As more oil and natural gas are produced, pressure within the reservoir declines. Natural gas is easier to produce at lower pressures than oil, so the GOR increases.

In the Haynesville region, natural gas production increased by 1.1 Bcf/d (7%) in 1H26 compared with 1H25. We forecast Haynesville natural gas production will increase 9% (1.3 Bcf/d) in 2026. Drilling in the Haynesville formation—which, at 10,500 feet to 13,500 feet deep,

is one of the deepest in the U.S. Lower 48 states—has higher development costs associated with drilling deeper wells. Unlike Permian operators who drill mostly for oil, Haynesville operators drill mostly for natural gas. So, Haynesville production is driven by the natural gas benchmark Henry Hub price.



We forecast the Henry Hub spot price will fall by 2% (8 cents) to average \$3.44 per million British thermal units in 2026. At this forecast price, drilling in the Haynesville remains economical despite the relatively deeper wells and more expensive development costs.

In addition, the Haynesville's proximity to liquefied natural gas export terminals and major industrial natural gas consumers along the U.S. Gulf Coast draws operators to actively drill in the region.

China's Coal-to-Chemicals Push Pays Off With Record Profits

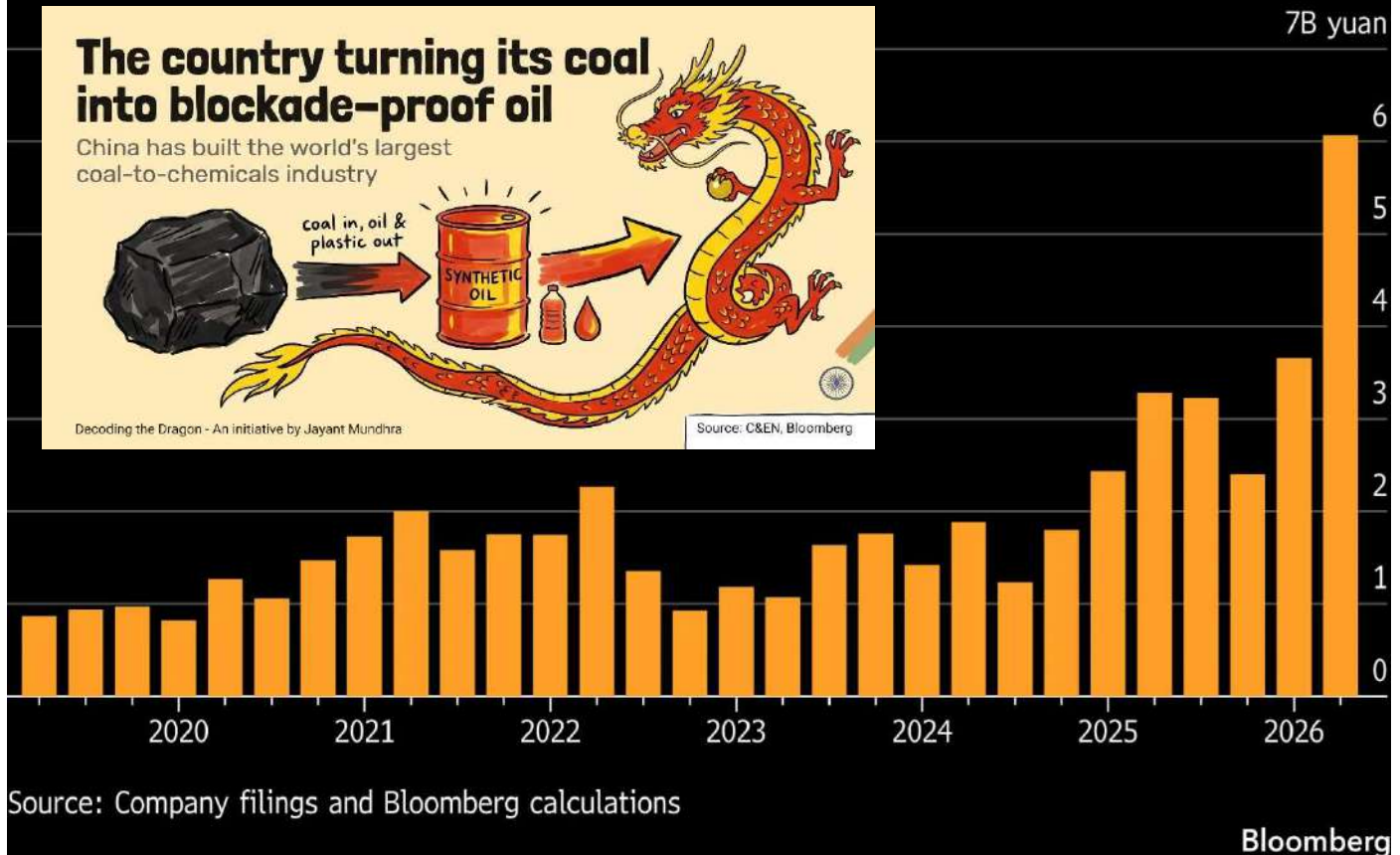
Bloomberg + NewBase Energy

chemicals production is paying off for industry leader Ningxia Baofeng Energy Group Co., which pulled in record profits as crude prices soared due to the Middle East War.

Baofeng, which accounts for about a third of China's coal-to-chemicals capacity, recorded first-half profit of 9.73 billion yuan (\$1.4 billion), it said in an exchange filing Wednesday. That compares to 5.72 billion yuan in the same period last year.

China's Coal-to-Chemicals Jackpot Sector is raking in profits as oil prices soar

■ Ningxia Baofeng net income



The second quarter, when oil prices soared to a four-year high amid trade disruptions through the Strait of Hormuz, was particularly good for the company. Its net income was 6.1-billion yuan, according to Bloomberg calculations, higher than any previous three-month period since the company listed in 2019.

“Crude oil prices rose rapidly and were highly volatile, significantly increasing feedstock costs for oil-based olefins,” Baofeng said in its earnings statement. “Domestic coal prices increased moderately, and feedstock costs for coal-to-olefins production rose only slightly.”

Coal-to-chemicals plants convert the solid fuel into synthetic gas, liquid fuels and chemical feedstocks for products from textiles to building materials. Coal accounts for about 85% of China's methanol and ammonia production, according to the International Energy Agency. The industry used about 390-million tons of coal in 2024, according to the Centre for Research on Energy and Clean Air.

While the technology dates back more than a century, China's push into the sector began in earnest last decade amid growing concern about the nation's dependence on imported oil. After a brief slowdown earlier this decade, the sector is once again in expansion phase as Beijing puts supply security at the center of its energy strategy.

The sector enjoys government support not only because it helps cut down on oil and gas imports but also because it contributes to economic development in poorer coal-rich regions like Inner Mongolia, Xinjiang and Ningxia, where Baofeng is based.

The company has about 5.2-million tons a year of coal-to-olefins capacity, about a third of China's total, according to Morgan Stanley analysts including Jack Lu. Its access to cheap coal resources mean it doesn't need sky-high oil prices to be profitable — it's cash generative even when Brent is in the \$30s a barrel, Lu said in an April note.

Why is China betting \$19bn on turning coal into plastic?

While the world watches China's solar and EV boom, Beijing has quietly built a shadow oil industry out of coal, and India wants to copy a playbook its own geology may not allow.

The country turning its coal into blockade-proof oil

China has built the world's largest coal-to-chemicals industry



Decoding the Dragon - An initiative by Jayant Mundhra

Source: C&EN, Bloomberg

Here is a number that stopped me. In February 2026, Chinese regulators cleared China Shenhua Energy to buy roughly \$19bn of coal, power and coal chemical assets from its parent, a deal that pushes the group's total asset base towards ~\$125bn.

Read that again. In the same decade China is being crowned the undisputed king of solar panels and electric cars, its single largest listed energy company is spending the GDP of a small country to lock up more coal and turn it into plastic.

That is not a contradiction. It is a hedge. And once you see it, you cannot unsee it.

The shadow oil industry hiding behind the green boom

Everyone knows China's clean-energy story. Fewer people know that running exactly parallel to it is the largest coal chemical industry the world has ever built.

China no longer just burns coal for power. It has commercialised the chemistry to turn coal into the molecules a modern economy actually runs on:

1. **Coal-to-liquids (CTL):** synthetic diesel and petrol, at a national capacity of ~8.4mn tonnes a year.
2. **Coal-to-olefins (CTO):** the building blocks of plastics, at ~19mn tonnes a year.
3. **Coal-to-gas and coal-to-ethylene glycol:** ~7.5bn cubic metres of synthetic natural gas and ~12mn tonnes of glycol feedstock a year.

Add it all up and China's coal-to-chemicals plants can now process close to 500mn tonnes of raw material, consuming roughly 380mn tonnes of coal a year purely as a chemical feedstock.³ If that single sector were a country, it would be the world's third-largest coal consumer, behind only China and India.

One sector. A nation's worth of coal.

China's coal-to-chemicals plants burn ~380mn tonnes of coal a year as feedstock



Decoding the Dragon - An initiative by Jayant Mundhra

Source: C&EN, CREA

The thing is, this was never really about economics. It was about fear.

The fear at the centre of everything: the Malacca dilemma

To understand why a solar superpower keeps doubling down on coal, you have to understand the anxiety that has shaped Chinese energy policy for two decades.

China imports the bulk of the oil it consumes, and its consumption has quadrupled to over 15mn barrels a day.

Around 80% of those oil imports arrive by sea through a single narrow shipping lane: the Strait of Malacca.

Back in 2003, then-leader Hu Jintao gave this vulnerability its name, the "Malacca dilemma", the risk that a rival navy could choke off China's energy at one chokepoint.

Now sit with what a blockade would actually do. It would not just spike prices. It would starve the military of diesel and jet fuel, freeze internal logistics, and cut the manufacturing base off from the petrochemical feedstocks that go into everything from medical devices to packaging.

So Beijing built insurance. Pipelines from Russia and Central Asia, a strategic reserve, an electrified car fleet to kill oil demand at home. But the ultimate hedge, the one immune to any blockade, was the resource China has in absolute abundance underground: coal.



This licence-to-hedge instinct is exactly the sort of quiet, long-horizon state logic I find myself pulling apart most mornings, and it is what we go back and forth on in the Decoding the Dragon WhatsApp group, where I share a smaller China deep-dive like this with thousands of readers every day (t.ly/t7uhs).

The scale, and the corporations built to deliver it

This was not left to the free market. It was handed to state-owned giants who wield sovereign-scale capital.

China Energy (the old Shenhua) is the vanguard. It sits on vast coal reserves and now operates the world's *only* commercial-scale direct coal liquefaction plant, at Ordos in Inner Mongolia, which turns solid coal straight into ~1mn tonnes of liquid fuel a year.

That \$19bn acquisition I opened with? It is the same company deepening its grip, with a plan to double its polyethylene and polypropylene output to 1.4mn tonnes by 2027 and capture the downstream plastics margin for itself.

Then there is the sheer physical ambition of the new build:

- *Shaanxi Coal's Yulin Chemical project is designed to swallow 15mn tonnes of raw coal a year, the world's largest coal chemical project under construction.*
- *Its total investment runs to ~\$24bn, with a second phase of 38 production units now being built to churn out polyolefins, biodegradable plastics and battery electrolyte*
- *Once running, a single complex is expected to book over ~\$12bn in annual sales.*

And here is the part that makes the strategists look clever rather than merely stubborn: right now, the economics work.

In 2024, the modern coal chemical sector's profits jumped 178% to ~\$1.65bn on revenue of ~\$28bn,⁸ as falling domestic coal prices widened the margin against imported oil. What began as expensive national-security insurance is, for the moment, also a business.



The king of coal just bought more



CHINA ENERGY (Shenhua)

China Energy cleared a ~\$19bn coal and coal-chemical asset deal



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Source: Bloomberg

How China actually cracked it, and the catch nobody mentions

There are two ways to liquefy coal, and China is the only country running both at commercial scale.

- **Direct liquefaction (DCL):** dissolve pulverised coal and force hydrogen into it under extreme pressure. Ordos is the world's only commercial plant.
- **Indirect liquefaction (ICL):** first gasify coal into a syngas of carbon monoxide and hydrogen, then rebuild it into fuels or plastics. This is the workhorse route worldwide.

The bottleneck for both is the gasifier, and here China did something quietly strategic. In the early 2000s its plants leaned on imported gasifiers from Shell, Texaco and Lurgi. Beijing hated the dependence, funded a wave of domestic R&D, and now runs indigenous designs like the Opposed Multi-Burner gasifier out of its own universities. It swapped foreign oil dependence for domestic coal, then swapped foreign technology dependence for home-grown kit. That double substitution is the real achievement.

But there is a catch the glossy capacity numbers hide. Direct liquefaction is a spectacular energy converter and a mediocre energy source. Studies of the Ordos plant put its energy return on investment at a marginal 3.7 to 5.5, and once you bolt on the carbon capture needed to clean it up, that can collapse towards break-even.¹⁸ In plain terms, the process

nearly eats as much energy as it makes. This was never about being efficient. It was about being unblockadeable, and China decided that was worth almost any price.

The bill: carbon and water on a frightening scale

Now the part China would rather you did not dwell on. This strategic autonomy is bought at a staggering environmental price, and it sits in direct opposition to China's own climate pledges.

On carbon, coal is a filthy feedstock because it is carbon-rich and hydrogen-poor. To make the chemistry work, plants run the carbon-heavy water-gas shift reaction, and the emissions pile up:

China's coal chemical production threw off ~1.12 gigatonnes of CO₂-equivalent in 2020, about 9% of the country's entire greenhouse gas footprint.

On current plans that climbs towards ~1.3 gigatonnes by 2030, quietly eating into the emissions cuts that all those solar farms are delivering.

This is why analysts now flag the sector as the reason China's coal use keeps creeping up even as its power emissions start to fall.

On water, the contradiction is almost cruel. Making synthetic fuel drinks 6 to 15 tonnes of freshwater per tonne of output, yet the plants are clustered in China's driest regions, Ordos, Yulin, Ningdong and Xinjiang, because that is where the coal is.

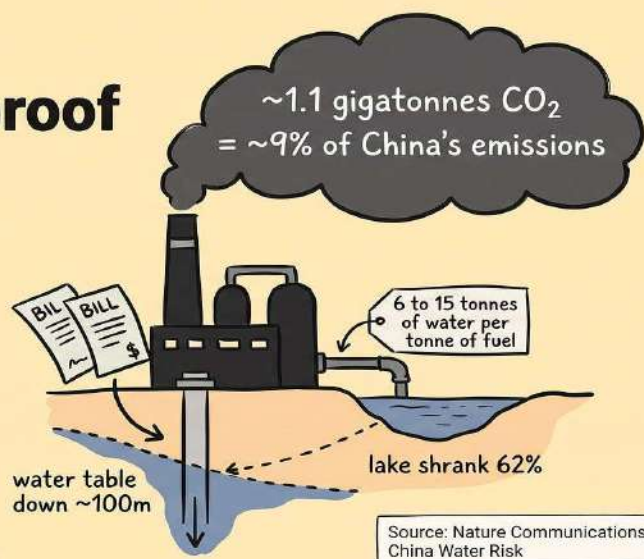
The fallout in Inner Mongolia is documented and grim. Around Shenhua's Ordos complex, years of groundwater extraction dropped the local water table by roughly 100 metres and shrank the largest nearby lake by 62%, turning grassland into advancing sand.¹² A blockade-proof economy, it turns out, can still run out of water.

Blockade-proof, but not drought-proof

Coal chemicals cost China ~1.1 gigatonnes of CO₂ and a collapsing water table



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China's escape hatch: green hydrogen

To square this circle, Beijing is now mandating the "low-carbon retrofitting" of the whole industry, and the fix is genuinely elegant.

The trick is to attack the chemistry itself. Instead of making hydrogen from coal, plants can build utility-scale solar and wind on-site to run electrolyzers, then inject that green hydrogen straight into the process. Do that and:

Wind-powered green hydrogen could cut the sector's 2030 emissions by ~55%, wiping out nearly 694mn tonnes of CO₂-equivalent.

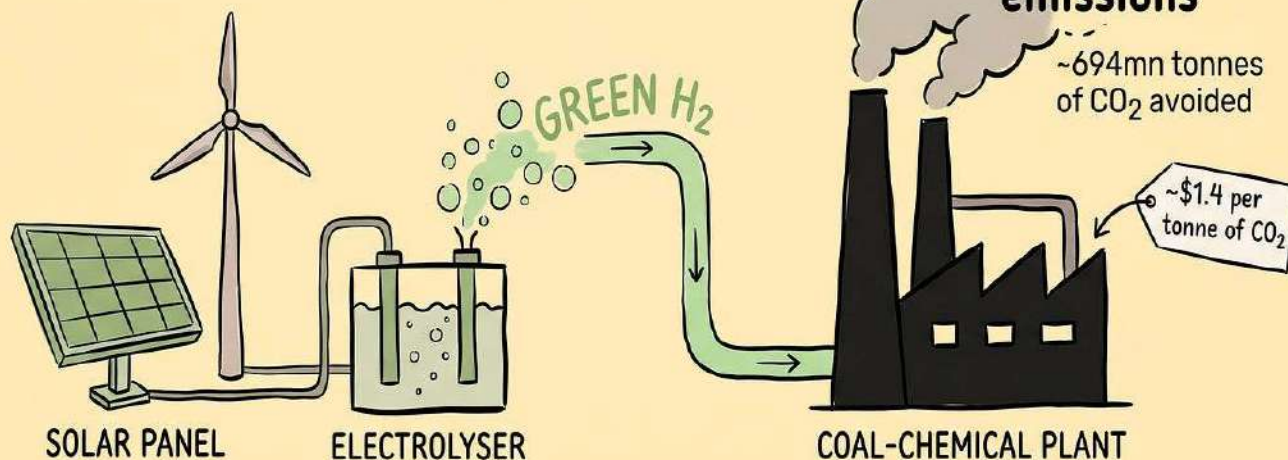
Because Chinese solar is so cheap, the cost of abating a tonne of CO₂ this way falls to roughly \$1.4, absurdly economical.

A landmark project in Ningxia is already producing green hydrogen for a coal-to-olefins line.¹³ China's bet is that it can keep its energy-security hedge *and* decarbonise it, by fundamentally rewiring the plumbing.

China's plan: keep the coal, kill the carbon



On-site green hydrogen could cut the sector's 2030 emissions by ~55%



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Source: Nature Communications, Princeton

What it means for India

- Here is where it gets uncomfortable for us, because India has an even worse version of the same problem.
- India now imports ~88.6% of its crude oil, a dependence that keeps rising as domestic output falls.
- We produce under ~29mn tonnes a year against imports that touched a record ~5.2mn barrels a day.

So of course India looked at China's coal-to-chemicals model and wanted it. In 2021 New Delhi launched a National Coal Gasification Mission targeting 100mn tonnes of coal gasified by 2030, backed by a ~₹8.5k crore incentive scheme, of which ~₹6.2k crore has already been disbursed across eight projects.

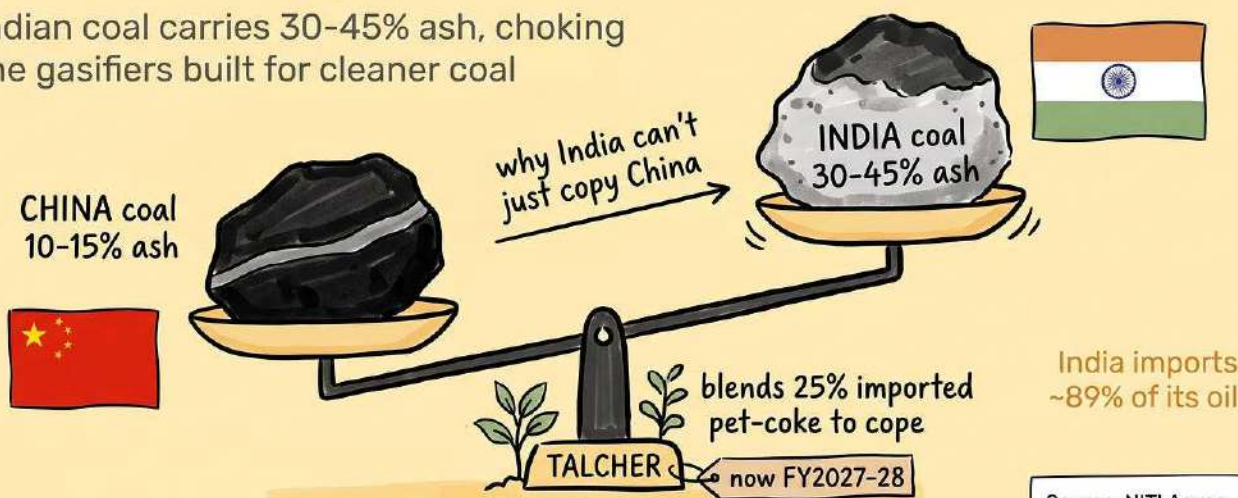
But wanting the playbook and being able to run it are different things, and the wall India keeps hitting is not financial. It is geological.

Chinese and Western coal carries 10 to 15% ash. Indian non-coking coal carries 30 to 45%.¹⁶

Worse, that ash is intergrown with the carbon ("syngenetic"), so washing barely helps, and it forces what NITI Aayog calls a "technology mismatch": imported gasifiers built for clean coal choke on ours.

India wants the playbook. Its coal says no.

Indian coal carries 30-45% ash, choking the gasifiers built for cleaner coal



Decoding the Dragon – An initiative by Jayant Mundhra

Source: NITI Aayog,
Business Standard

You can see this collision in the flagship **Talcher Fertilizers** project in Odisha, a ~\$1.6bn (~₹13.3k crore) plant meant to make 1.27mn tonnes of urea from 2.5mn tonnes of coal.¹⁷ To make the chemistry behave, engineers have to blend in up to 25% imported pet-coke just to dilute the ash.¹⁷ The plant, once targeted for 2024, has now slipped to FY2027-28.¹⁷ That single delay is the whole Indian story in miniature.

This is precisely the kind of India-versus-China structural comparison I keep coming back to, and it is the thread we chase every day in the Decoding the Dragon community (t.ly/t7uhs), where these gaps get pulled apart number by number.

What to watch

- Whether China Shenhua's ~\$19bn asset absorption actually closes on its stated terms, and how much fresh coal-chemical capacity it green-lights next.
- The commissioning timeline for Yulin Chemical's second phase, still officially aimed at 2027.
- Whether Talcher hits even its revised FY2027-28 date, the single best real-time gauge of India's gasification ambition.
- Any move by the NDRC to bring coal chemicals more forcefully under China's national carbon market, which would reprice the whole sector overnight.

China has proven you can build an entire shadow oil industry out of coal to make yourself blockade-proof. India is discovering that whether you can copy it depends less on your ambition and more on the ash in your rocks.





Oil price special coverage



NewBase for discussion or further details on the news below you may contact us on +971504822502, Dubai, UAE

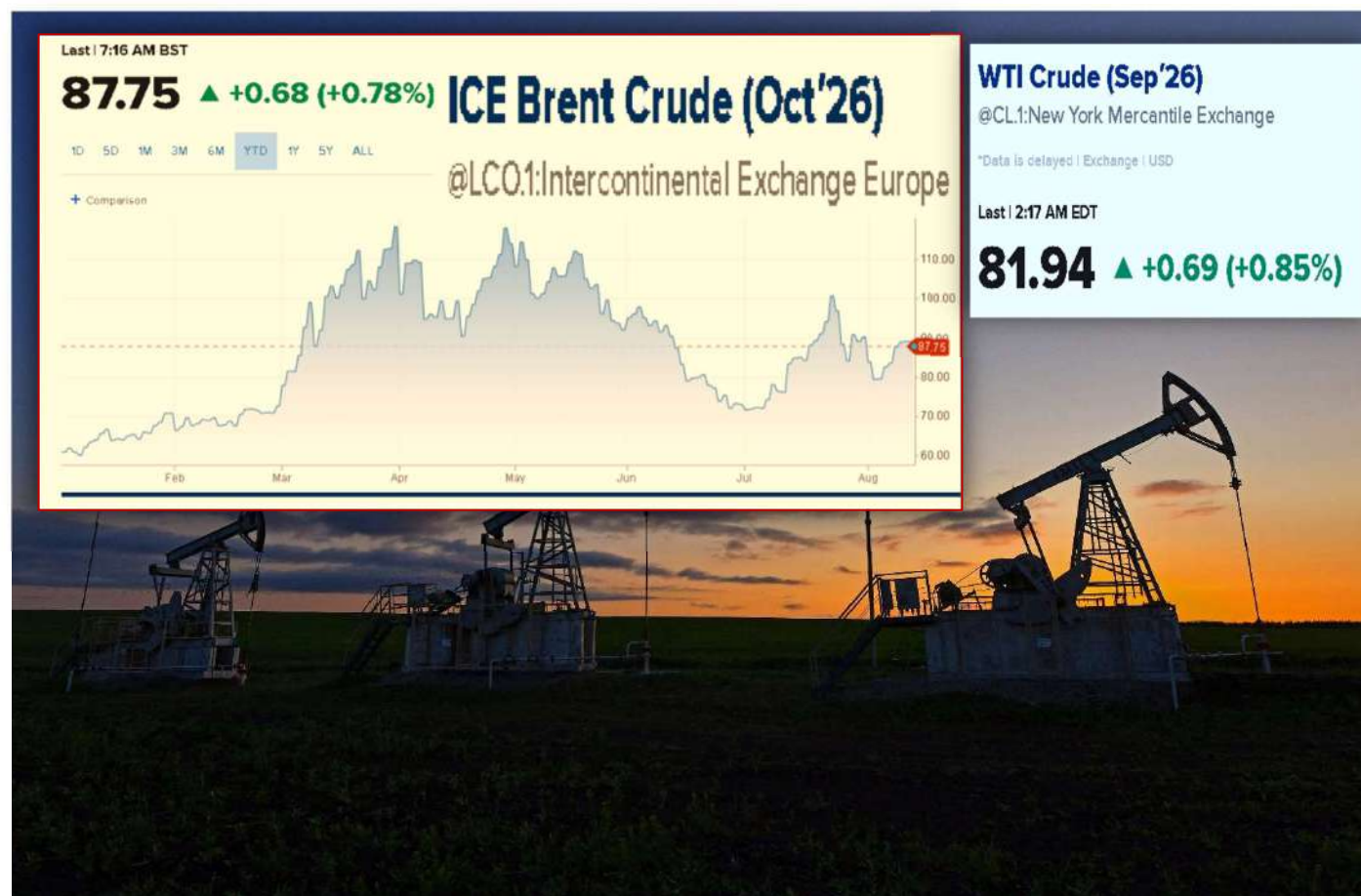
Oil steadies after US threatens indefinite blockade of Iran

[Reuters](#) + [NewBase Energy](#)

Oil prices inched up on Friday after the United States threatened an indefinite naval blockade of Iran, reviving concerns about supply of crude after the previous session's fall on a weaker outlook for demand and a large build in U.S. stocks.

Brent futures rose 1 cent, or 0.1%, to \$87.08 a barrel by 0247 GMT, while U.S. West Texas Intermediate (WTI) crude futures rose 6 cents to \$81.31 a barrel.

The benchmarks were on track for weekly rises of about 4% after the prior session's fall of more than 2%, paring gains following Brent's six-session rally and a five-session rise for WTI.



"Despite the bearish crude stock data, the broader geopolitical backdrop is preventing a sharper price decline," Susan Bell, senior vice president for oil commodity markets at Rystad Energy said in a note.

On Thursday, the United States warned that it could maintain a naval blockade of Iran indefinitely and ramp up economic pressure on Tehran as ceasefire talks have stalled.

"Watch this space for more announcements coming next week because we are going to apply measures like have never been seen in the history of economic isolation of a country," Treasury Secretary Scott Bessent told Newsmax's "Rob Schmitt Tonight" programme in an interview.

The latest U.S. threats come as Iran curbs traffic through the Strait of Hormuz, which carried 20% of the world's oil before the conflict, driving up fuel prices and putting pressure on President Donald Trump to end a war that is unpopular at home.

The strait is "under the management and control of the Islamic Republic", however, the recently appointed head of Iran's Basj paramilitary unit, Hossein Taeb, has said, according to the semi-official Fars news.

The prospect of a longer war constraining supply was offset this week by forecasts from OPEC and the International Energy Agency lowering outlooks for demand growth, while data showed the largest weekly gain in U.S. crude stocks for more than 3-1/2-years.

KCM chief market analyst Tim Waterer said the two forces were acting as counterweights.

"The result is a market that remains supported but struggles to break meaningfully higher while these opposing pressures remain in place."

Two vessels from the state-owned Abu Dhabi National Oil Company were attacked transiting the Strait of Hormuz on Thursday, said UAE state news agency WAM, an incident the United Arab Emirates government condemned as an Iranian attack.

Yes, it is correct. The U.S. Energy Information Administration (EIA) reported that domestic commercial crude inventories surged by an unexpected 17.4 million barrels for the week ending August 7, 2026—the largest weekly build since January 2023. This local U.S. oversupply contrasted with the International Energy Agency (IEA) August report, which highlighted a wider global supply shortfall driven by geopolitical strains.

Key Factors Behind the Divergence

- **U.S. Inventory Surge:** Driven by a sharp jump in imports (reaching 7.3 million barrels per day) alongside a notable slump in crude exports. [1, 2]
- **Global Supply Deficit:** The IEA Oil Market Report emphasized that international markets face a deep quarterly deficit due to ongoing Middle East conflicts restricting regional flows. [1, 2]
- **Market Reaction:** Traders weighed the localized American glut against broader macro tightness, keeping prices relatively pressured in the immediate aftermath. [1, 2, 3, 4]

US power use to beat record highs in 2026 and 2027 as AI use surges, EIA says

IEA + NewBase Energy



Data center buildings are under construction in Abilene, Texas, U.S., September 23, 2025. REUTERS/Shelby Tauber/Pool/File

U.S. power consumption, which hit its second straight annual record high in 2025, will rise further in 2026 and 2027, driven by AI-hungry data centers and electrification, the Energy Information Administration said in its Short-Term Energy Outlook (STEO) on Tuesday.

The EIA projected that power demand will rise from a record 4,195 billion kilowatt-hours (kWh) in 2025 to 4,268 billion kWh in 2026 and 4,391 billion kWh in 2027.

Demand is surging in large part due to data centers dedicated to artificial intelligence and cryptocurrency, and as homes and businesses use more electricity and less fossil fuels for heat and transportation.

The EIA, however, said it lowered its forecast for electricity demand in Texas in 2027 after the state's governor announced a pause on new data center development on August 3.

"We expect electricity load in Texas will grow by 6% in 2027, in contrast to our forecast of 14% growth in the previous STEO," EIA said in its latest report.

The EIA forecast that power sales in 2026 will ease to 1,514 billion kWh for residential consumers but rise to 1,545 billion kWh for commercial customers and 1,064 billion kWh for industrial customers.

Those forecasts compare with all-time highs of 1,515 billion kWh for residential consumers, 1,493 billion kWh for commercial customers in 2025 and 1,064 billion kWh for industrial customers in 2000.

As renewable output rises, the EIA said the share of power generation from coal will slide from 17% in 2025 to 16% in 2026 and 15% in 2027, while the share of natural gas will hold at 40% in 2026 and 2027, the same as in 2025.

The percentage of renewable generation will rise from around 24% in 2025 to 25% in 2026 and 27% in 2027, while nuclear power's share will hold at 18% in 2026 and 2027, the same as in 2025, according to the outlook.

The EIA projected that gas sales in 2026 would slide to 12.5 billion cubic feet per day for residential consumers and 9.5 bcfd for commercial customers but rise to 23.9 bcfd for industrial customers and 36.6 bcfd for power generation.

Those figures compare with all-time highs of 14.3 bcfd in 1996 for residential consumers, 9.9 bcfd in 2025 for commercial customers, 23.8 bcfd in 1973 for industrial customers, and 36.8 bcfd in 2024 for power generation.



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- Demand set to grow (1.2 MBD) from 105.3 to 106.5 MBD in 2026: Al Awadhi says





NewBase Special Coverage

The Energy world 14–August-2026



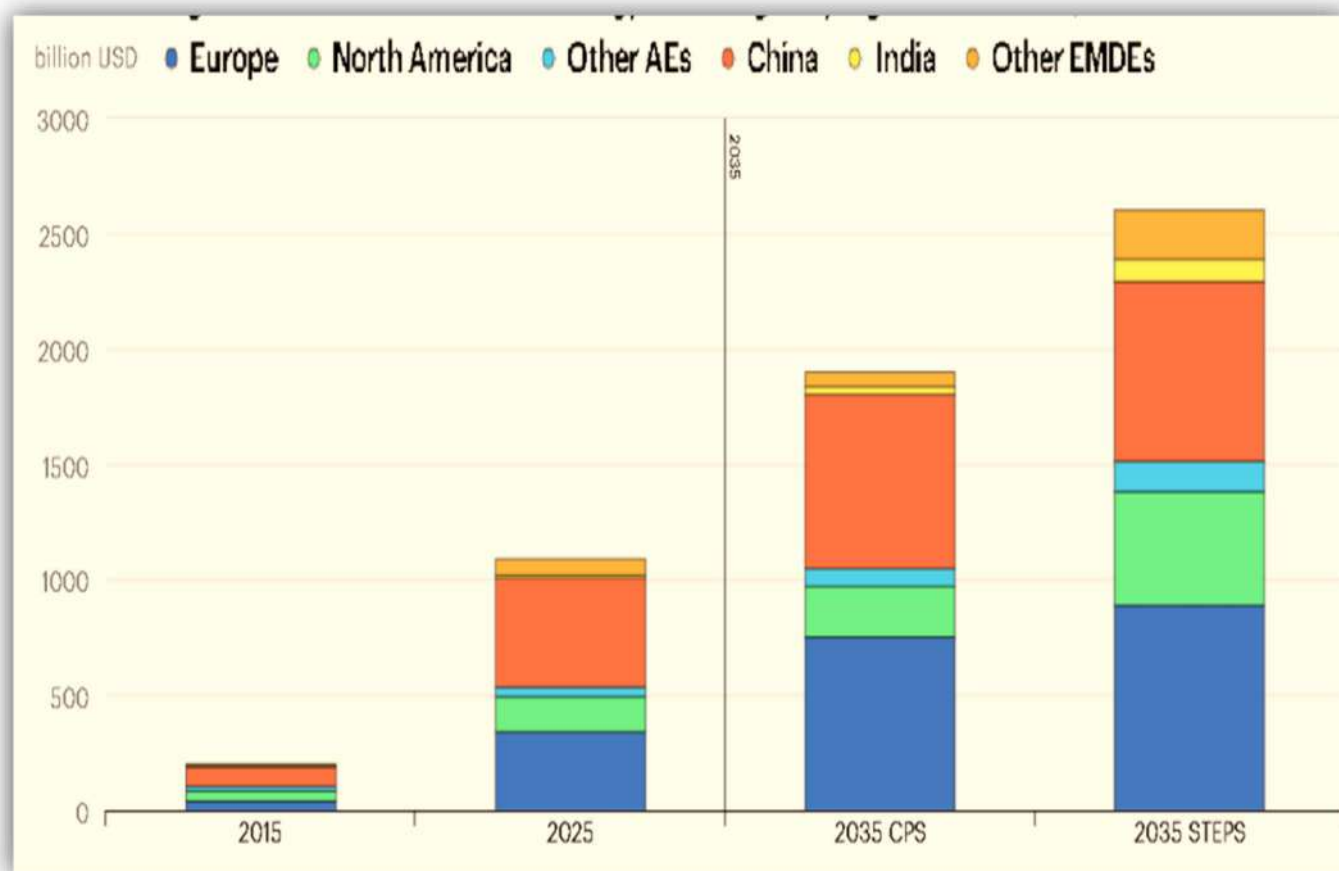
Energy technology manufacturing is rebalancing in a dynamic era for trade and industrial policy

IEA + NewBase Energy

The market for key energy technologies – solar PV, wind, batteries, electric vehicles, heat pumps, electrolyzers – surpassed USD 1.1 trillion in 2025 after sustaining average annual growth of around 20% over the past decade.

This expansion occurred despite continued price declines for many technologies. During the period 2023-2025 alone, solar PV module prices fell by around 50% and battery pack prices by around 30%.

Global and regional market of selected clean energy technologies by region and scenario, 2015-2025 and 2035



Based on policies currently in place, the global market value of these energy technologies, which we examine in Energy Technology Perspectives 2026 (ETP-2026), is projected to reach around USD 1.9 trillion by 2035, which was roughly the size of the global crude oil market in 2025.

If governments' stated policy intentions are also considered, stronger policy support pushes the combined market value to more than USD 2.6 trillion by 2035. Across both scenarios, electric cars dominate the picture, accounting for around three-quarters of total market value by the mid-2030s.

Cross-border trade has supported the rapid scaling of these energy technologies, even as trade policies affecting them have become more restrictive. Tariffs, duties, anti-dumping measures, local-content provisions and subsidy regimes have proliferated, tightening trade conditions and reshaping trade patterns.

In 2024, for example, the announced trade-weighted global average tariff and duty rate across the solar PV supply chain increased nine-fold relative to the previous year, reaching around 36%.

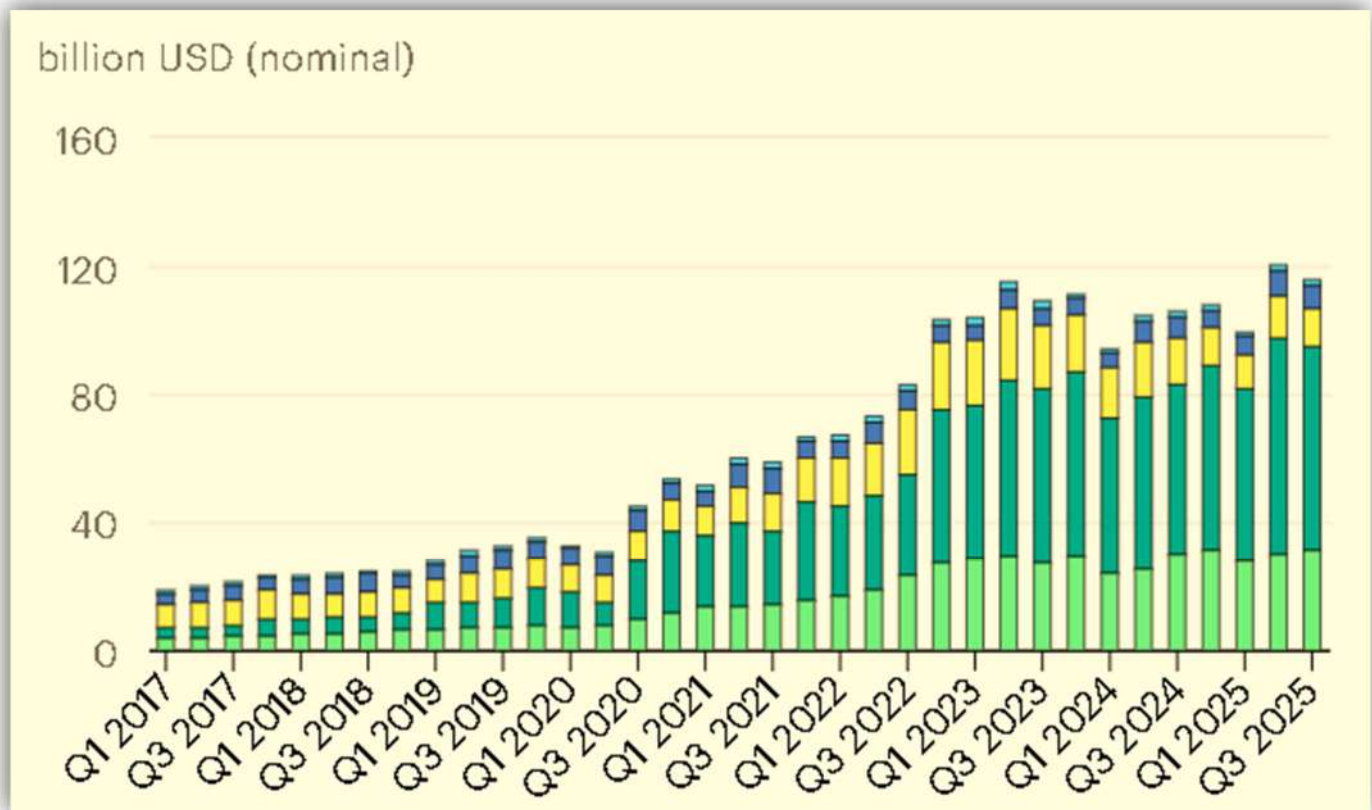
These changes have coincided with stronger policy efforts aimed at supporting domestic manufacturing, particularly in downstream segments close to the final consumer, such as solar PV module assembly and battery cell manufacturing, where scale-up can often be achieved more quickly.

Despite these increased incentives to manufacture domestically, international trade in key energy technologies continues to expand. The gross value of international trade in relevant products climbed to record levels in Q2 2025.

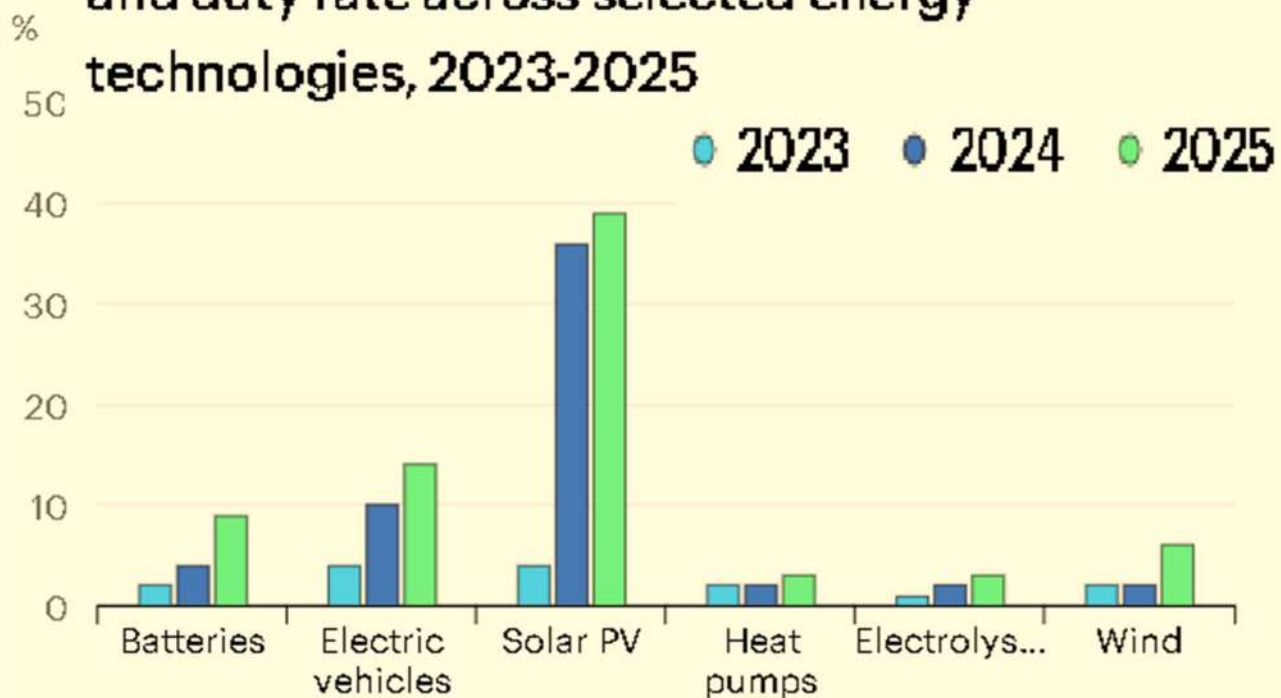
Demand for these energy technologies is increasingly driven by factors other than climate policy. Steep cost declines have strengthened their cost-competitiveness relative to incumbent technologies, while energy security concerns regarding imported fossil fuels have moved higher up the policy agenda since Russia's full-scale invasion of Ukraine and the conflict in the Middle East that began on 28 February 2026.

As energy technology deployment accelerates against the backdrop of a rapidly changing geopolitical context, governments are presented with an evolving array of security concerns and trade-offs. Energy, trade and industrial policies are increasingly intertwined, with governments seeking to balance the affordability and speed of deployment against concerns around geographic concentration of manufacturing and economic security.

Gross trade for key clean energy technology product categories, 2017-2025

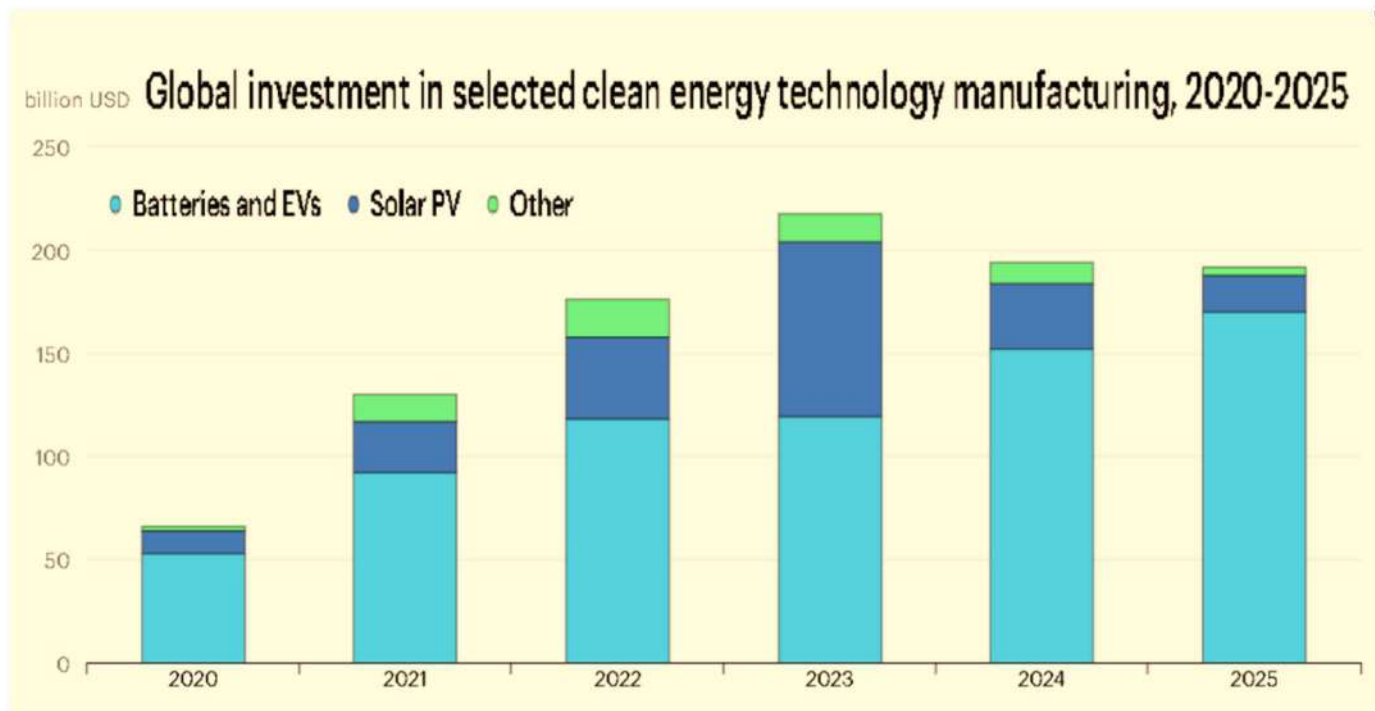


Announced trade-weighted average import tariff and duty rate across selected energy technologies, 2023-2025



Manufacturing investment is cooling as capacity remains comfortably above today's demand levels

In 2023, investment in plants that manufacture key energy technologies reached nearly USD 220 billion. Investment then underwent a modest decline in 2024 and is estimated to have decreased further to under USD 200 billion in 2025. For comparison, global investment in oil production in 2024 was around USD 450 billion.



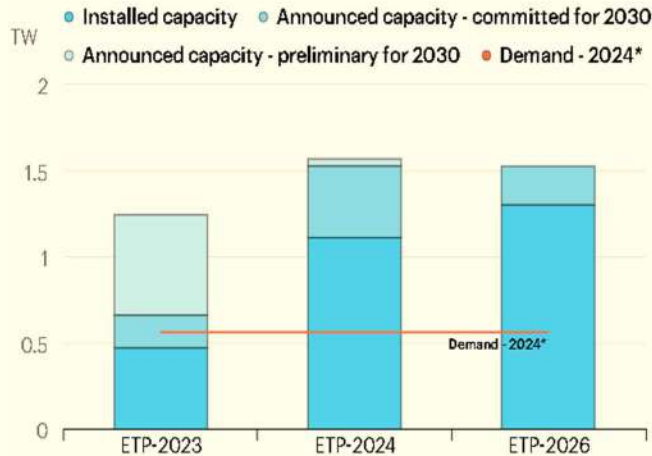
Batteries and electric vehicles accounted for the lion's share of manufacturing investment in 2024 more than three-quarters of the total. Investment in solar PV manufacturing more than halved amid significant surplus capacity and stiff price competition, which was reflected in company margins, particularly in China. Wind manufacturing investment fell as supply chain disruptions squeezed margins and underwhelming auction results undermined investor confidence, especially in Europe.

China continues to attract most of the global investment in manufacturing for these technologies, accounting for around 70% of cumulative spending since 2020. It is also associated with a significant share of the manufacturing investment occurring in other countries, through its foreign direct investment.

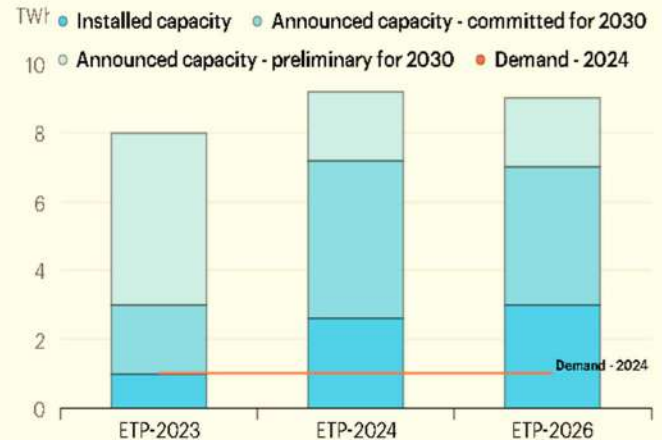
While manufacturing investment is now cooling globally, underlying growth is taking place in several regions. Investment in the European Union nearly doubled between 2023 and 2024, spurred by industrial policies like the Net Zero Industry Act and Clean Industrial Deal. Korea saw a 25% increase in battery and EV manufacturing investment, and India's clean energy investment rose by more than 65%.

These regional increases are gradually broadening the base of manufacturing capacity, but global expansions are running significantly ahead of current deployment needs. For several technologies, the combined capacity of completed or cancelled projects now outweighs that of new announcements. This is clearly illustrated by manufacturing capacity for solar PV and battery cells. In 2024, installed capacity was more than double that of global demand (excluding any additions to inventories) for solar PV and more than triple that for battery cells.

Installed and announced capacity for solar PV in different editions of Energy Technology Perspectives



Installed and announced capacity for battery cell manufacturing in different editions of Energy Technology Perspectives



China's production growth is increasingly reliant on market growth elsewhere

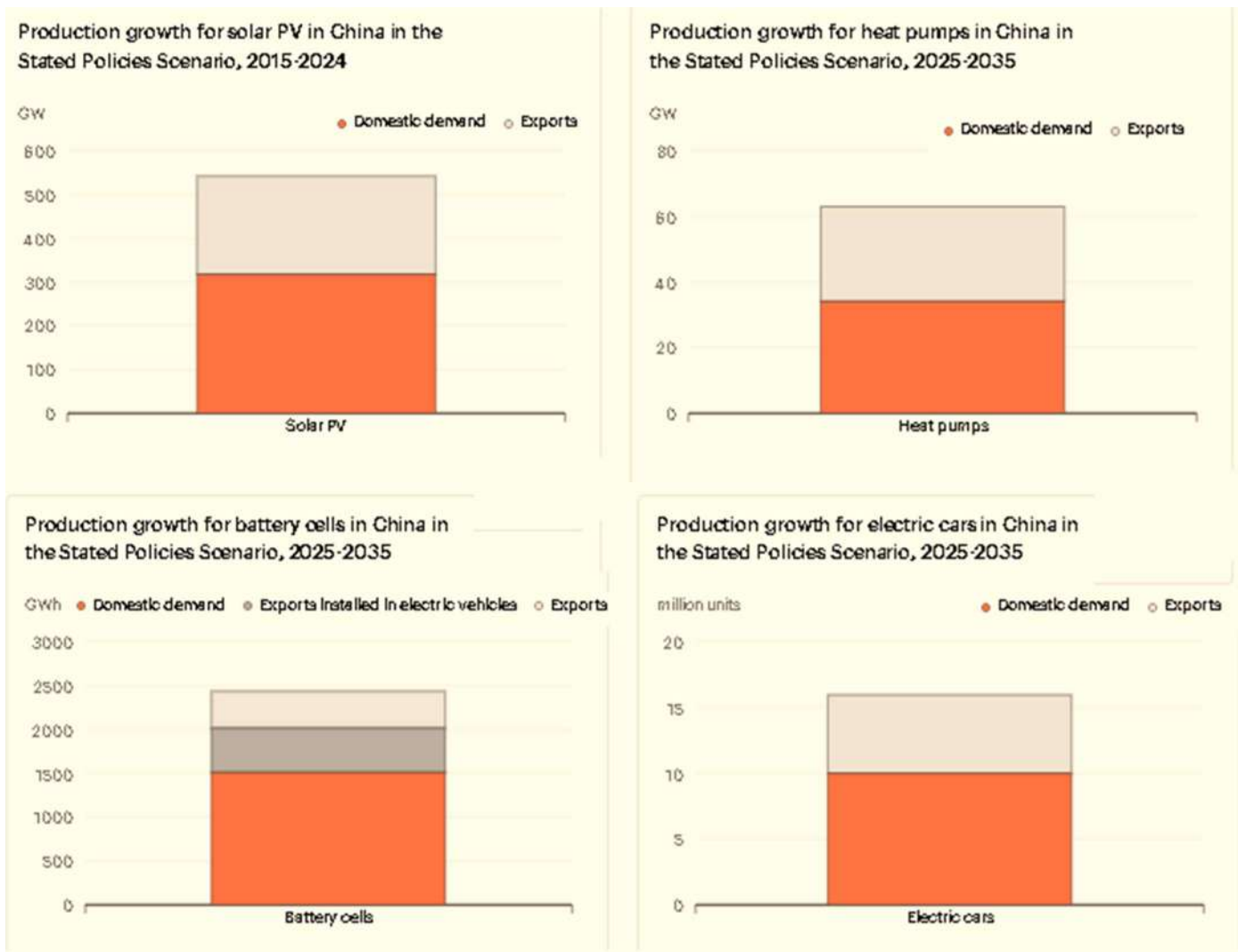
Despite project cancellations and slowing investment in manufacturing capacity additions, production is still rising, particularly in China. The country's domestic production across all the technologies and components we examine in ETP-2026 exceeds domestic demand, making export markets an important outlet for Chinese producers.

China's gross exports across these key energy technology product categories reached more than USD 160 billion in 2025, an increase of 11% relative to the previous year. China accounts for over 35% of global gross exports of these products, or approximately 50% when excluding intra-EU trade.

Over the past decade, China's solar PV output has increased thirteen-fold to almost half a terawatt per year, with a large share of this expansion absorbed by domestic deployment. But around 40% of the increase in production was directed to export markets, underscoring how international demand has been integral to the industry's rise.

Looking ahead, projections based on governments' stated policies point to a similar interdependence between demand across international markets and Chinese exports for other key energy technologies: between 40% and 50% of the growth in China's production of electric cars, battery cells and heat pumps over the next decade is destined for export markets. This reflects strong demand abroad and long lead times to build manufacturing capacity elsewhere.

Production growth for solar PV in China in the Stated Policies Scenario, 2015-2024



International trade remains an important enabler of energy technology deployment

As the Age of Electricity continues to unfold, many countries will remain reliant on international trade to satisfy demand for both clean energy technologies and fossil fuels. Where domestic production of energy technologies is insufficient to satisfy domestic demand, countries must rely on imports, as they do for fossil fuels.

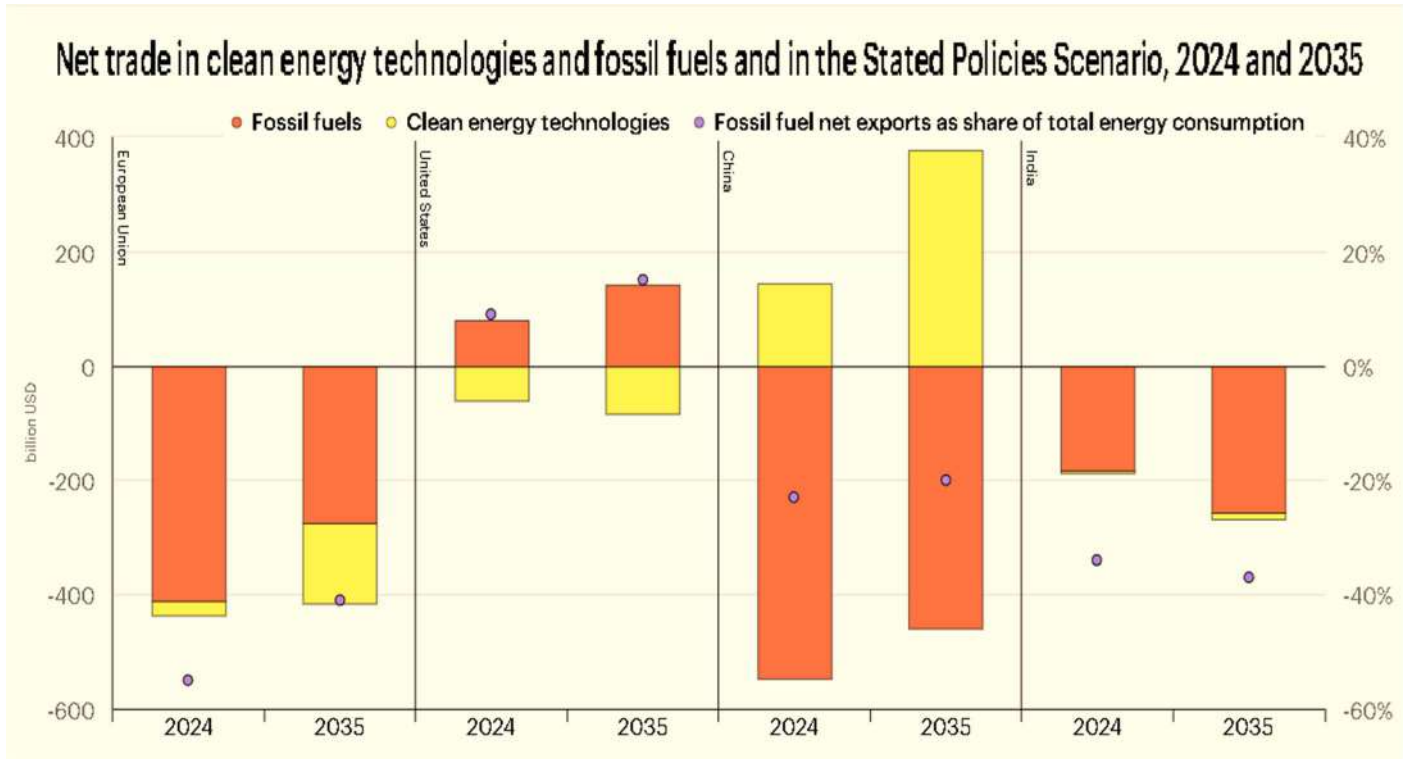
While there is a significant difference between imports of fossil fuels and those of energy technologies – energy flows vs. changes in stocks of equipment – monetary comparisons can provide a sense of scale.

The global traded value of fossil fuels in 2025 was around USD 1.6 trillion on a net basis, which is around six times higher than the equivalent figure for key energy technologies. The European Union's energy import bill equated to around EUR 28 billion (USD 32 billion) per month in 2025, which was more than five times higher than its net imports of key energy technologies. Even China's substantial energy technology exports are dwarfed by the value of its fossil fuel imports.

Today's trade in energy technologies influences tomorrow's trade in fossil fuels

Under stated policies, the European Union significantly decreases its reliance on fossil fuel imports over the coming decade. Measured as a share of total energy consumption, fossil fuel imports fall from 55% in 2024 to 40% in 2035.

At the same time, the value of energy technology imports increases from USD 65 billion to USD 165 billion, resulting in a broadly flat net trade position across time for these two product categories combined.



In the same scenario, China's net exports of energy technologies more than double, reaching around USD 375 billion by 2035. By this time, they are approaching the value of its net fossil fuel imports, which decline by around 15% over the coming decade.

Effective trade and industrial policies hinge on choosing where to compete and where to collaborate

As energy technology deployment continues to surge, international trade remains essential to meeting demand. At the same time, increased domestic manufacturing can strengthen supply chain resilience and economic security, and enable greater participation in the economic opportunities associated with these supply chains.

Governments cannot prioritise everything at once in their industrial strategies. They need to be selective and play to their strengths, monitor progress and maintain political and economic headroom to course-correct as new evidence emerges. Strategies that balance openness to trade with targeted mitigation of specific security risks, maximising the benefits that can be obtained from partnerships and innovation, are likely to be most effective.

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