



Dr. Anas Alhaji: The Impact of Trump Policies on Russia, China, India & OPEC+

Erik: Joining me now is [Energy Outlook Advisors](#), managing partner Dr. Anas Alhaji. Anas, I have to tell you, I'm so excited to get you back on the show because first of all I think a very strong compliment to you that you're not really even a macroeconomics guy. You're an energy guy, but you're one of the most valued among our listeners, on this macro podcast because of all the excellent interviews you've given us, and you've also been named the number three most influential voice in energy markets. So you're actually a bigger name in energy than Dan Yergin, although you come on Macrovoices. Whereas Dan likes to play hard to get congratulations, sir.

Let's move on to, the topic of the day is the group of eight OPEC Group of eight met this past weekend. They're talking about unwinding the production cuts and basically increasing oil production. Apparently all of the sudden Saudi Arabia is seemingly leading the way on an effort to bring energy prices down.

What's going on?

Anas: Sure. So let me explain this, especially for the audience who are not familiar with these issues people are familiar with the name OPEC, which is the organization of petroleum exporting countries. OPEC is this year is 65 years old. And OPEC in 2015 when the prices, when oil prices collapsed.

They looked around and said, okay, I cannot do it alone. And the reason why they couldn't do it alone because there was major producers who are not OPEC members, that includes Russia, Kazakhstan, Norway, of course, the United States. And they said, look, I'm not going to cut production. I'll leave prices down unless non OPEC producers come to me and literally cooperate with me and all of us will cut. And that resulted in what is known right now as OPEC+ because 10 countries being in this new group or added to this group. So we had 13 members from OPEC+ 10 members from outside opec. The total is 23, and that's what we call OPEC+.

Part of this new group is Russia and Kazakhstan in 2022, late 2022, all demand was not as high as they expected. Growth in all demand was weaker and inventories started building. As a result, they met and they decided trim by 2 million barrels a day. So we have this cut from the whole group, OPEC+ of 2 million barrels a day from late 2022.

Here comes 2023. The market was weaker. So eight members, at that time it was nine. But Gabon basically withdrawn. They met and they decided to voluntarily cut production by 1.65 million barrels a day, a 1,650,000 a day. And the whole idea was, it'll be only few months and then I'll bring it back. But the situation deteriorated further.

And in November, 2023, they met again. They decided to go for a cut of 2.2 million barrels a day, starting January, 2024, and ending in March, 2024. So just for those who are new to this, I have three groups. I have OPEC, I have OPEC+, and I have the group of eight. And I have three cuts. The first cut is 2 million barrels a day is done by OPEC+, and the agreement now is not to bring it back until early 2027.

And then I have the first voluntary cut, which is 1.65 million barrels a day that was extended until early 2027. But we know now from yesterday that they changed the date to October, 2025. And then I have the 2.2 million barrels a day cut, and they are already done the N one, all of that. And they are, they will be completely done by the end of this month.

So the 2.2 is already out of the way. They are left with 1.65. It was designed to come back online in early 2027. They decided yesterday to expedite that, basically bring it forward and start in October, 2025. So that's what happened on Sunday. If you go a back a week ago, this was a surprise.

If you go back to Thursday or Friday, it wasn't so they agreed to start doing this, but there was some conditions to that. And one of the things they've done is they did not give any guidance for the future. So although they took 1.65 divided by 12 months, which means that their plan is to do it over 12 months.

They ended up with 137,000 barrels a day in October. Additional production ceiling, and I'll explain that in a minute. They did not say anything after that, but they are emphasizing the point that we are going to go month by month, and we are going to assess the situation. We can stop unwinding.

We can cut or we can expedite. What they did with the previous 2.2, so all the options are still on the table. In this case, the idea of unwinding is extremely important because the 2.2 again was designed to come back online on April, 2024, and they delayed it for a year. And for this 1.65. It was supposed to be only three months, and it's been there since it's been there for a year and a half.

The justification for it is very important and is very important for the audience to think to, to understand what are the triggers for these unwinding OPEC and OPEC+ ministers. Cannot talk about prices. They took this decision based on lawyers' advice in 2016, so they cannot talk about prices. They cannot react to prices.

In general we end up with situations when, let's say prices decline in one day by four or \$5, and I'll get those messages and I'll get the comments on Twitter. Where are the Saudis? Where are OPEC cuts? Why they are not responding, why they are not making statements?

Again, they cannot talk about prices. That's number one. Number two, everyone has to understand that the Saudi price. The average monthly has nothing to do with the changes during the day. It's the average monthly, so this is very important to realize. So the idea here is, okay, what are the triggers? There are two triggers for unwinding. The first one is a major decline in inventories, global oil inventories, and the second one is strong growth in demand.

What we've seen that when they decided to unwind in April, they looked at the inventories and inventories were low and they declined substantially. So the first condition is met.

The second one is a growth in oil demand. And according to OPEC and their view, especially the V8 or we call that the group of eight or the V8 V for voluntary, they saw an increase in demand and that increase in demand, part of it is related to the sanctions, especially on Venezuela, Iran, etc.

And the reason why it's related to sanctions, because we always have companies and traders who panic. They want to make sure that they have enough supplies. So the demand for oil from the group of eight increase, especially from the Gulf of Saudi Arabia and its allies increase. So for them, the two triggers are met and then they decided to unwind, and that's what we've seen.

Then they expedited that because they saw the situation can handle the additional oil. At the same time, they want to get rid of the headache of overproduction coming from Kazakhstan and Iraq. Now for the one, the 1.65 that they agreed on yesterday, the question is very clear. Anyone who is looking at the data, I'll say, look, I need to do this and I need to do this for various reasons.

One of them is among the whole. Group of 23 countries, only four can increase production. And here I would like to emphasize the point that the unwinding and the numbers, we hear about the 2.2 and 1.65. These are for production ceiling, these are for quotas. These are not actual productions. Actual production is way lower because some countries cannot increase production.

On the other side, what matters to the market is not really production. They talk about production because OPEC Charter, when it was written in 1960, it talked about production and they are still with it. But what matters to the global oil market is exports. And if you look at OPEC+ exports. They are about half of the headline number.

So in this, so we know that the headline number is 2.2 million barrels a day, but what we saw in the market is about half of that. Now, the situation for 1.65 is going to be even a lower number or lower percentage simply because there are fewer countries that can add production.

Erik: Anas, you mentioned only four countries are capable of increasing production.

I'm guessing that starts with Saudi Arabia and United Arab Emirates, who are the other two?

Anas: Iraq and Kuwait. But Iraq and Kuwait capabilities of increasing production forward is also limited. So a few months from now and it's over they'll max out. And everyone else is maxed out, including Russia.

So that will leave only Saudi Arabia and the UAE. And here I would like to point out to the audience that it is not necessary that Saudis and the Emiratis will increase production up to the maximum anyway. They are free to do it because they have no agreement but. They may not do it. And if we look at Saudi Aramco, based on history, it is very comfortable producing between 10 and 10.5, 10,500,000 barrels a day.

And right now they are probably around 9.4, 9.5. So they can add probably 500 to a million. And that's really the range of comfort for them.

Erik: Now, back in April when the decision was first made to unwind the 2.2 million barrels, that was basically a panic moment in markets. Everybody was bearish saying, okay, this is gonna crash oil prices.

I think you were the only voice that I can remember, at least for from that timeframe, going back to late April, early May, and we had you on Macrovoices on May 8th talking about this very issue. You were very outspoken saying not only is it not bearish, but it might. Even be bullish. And sure enough, it seems like the price action has actually supported your very, uncommon view.

What happened there? How were you able to see that? Why is it that that you were able to see something people didn't see there?

Anas: Yes. The analysts who were bearish, basically, they did not, look at the real situation on the ground, for example. The Hajj, which is the pilgrimage that we talked about in that show on May 8th, where millions of Muslims fly from around the world to go to Holy City of Mecca and Medina.

In Saudi Arabia oil consumption increases substantially within Saudi Arabia. Because of that. So gasoline, diesel, jet fuel, oil, etc, because you're talking about millions of po of people going to the same place at the same time. So they usually it takes a year to plan for these things and that increases the demand within Saudi Arabia.

So they need that oil, but the world is not going to see it while those analysts counted the increase. And or the unwinding as a net supply to the world. While the world did not see any of that at the same time, they missed another point that most of the increases, especially in the first period that oil was already in the market because of cheating.

So what they did in April and May basically just legitimize that cheating. So it was on paper, so they missed that point too. Then they missed the third point, which is the demand for oil increases substantially in the summer. And that demand could add up to about 1.2 million barrels a day. So basically domestic consumption between hedge and domestic consumption.

And oil was already out there that most of the unwinding. So it was clear from the beginning, but they did not see these things.

Erik: Now Anas, you have used the phrase manufactured bearishness in some of your tweets and substack posts lately. Why are you using that particular phrase? What do you mean by manufactured bearishness?

Anas: You look at the IEA forecasts and they predict that next year we'll have the largest surplus in history. Right now they are talking about a surplus of 1.8 million barrels a day. You look at Goldman Sachs, Morgan Stanley JP Morgan, etc, and there are some really strange stuff going on here because the same narrative that the IEA is pushing, the same narrative is being pushed by the Chinese oil majors, which is very strange.

The Chinese oil majors basically are going public in English, broadcasting the view that oil demand in China is going to peak gasoline demand in China is going to peak, and that's what the IEA is saying. So to have a Western organization saying exactly what Chinese companies are saying, that's the first question mark there.

The second one is the Chinese are talking about peak oil demand. Peak gasoline demand. That means they have the forecast and they know what's going on, but they will never, ever release the actual numbers. What does that mean? That mean they are broadcasting something to the rest of the world, to the old producers, to the companies, to the US and everyone else what they wanted to broadcast.

Otherwise, if this was a normal thing, they would have published the actual numbers. So if you look at the IA forecast, for example, I'm please allow me, because I want to take my time show showing the evidence here. The first thing is the IEA. When we talk about 2025 and 2026, I'm just going to give you an example how this is manufactured.

The IEA predicts that US oil production will increase by 560,000 barrels a day in 2025.

We already have the data for the first half of the year, and there is no way you can get to 560. So what they did is they exaggerated US oil production, but the story is not on the production side. The story is on

the demand side, according to the IEA. US oil. Oil demand would increase by 60,000 barrels a day in 2025.

You look at the data for the first six months, they are not double that. They are not triple that. They are quadruple that quadruple. And then you move to 2026 and all of a sudden they say, oh, there is no growth. Zero growth. US oil demand in 2026. No one on earth believed that except them. So right here we have several hundred thousand barrels a day that's being taken out and counted as surplus while it is an actual consumption.

So that's one. But the IEA expect. All demand to grow by I think 680,000 barrels a day, which is extremely low. Our number is 1.1 and OPEC number is 1.3, so you can see that the diverse is really large. But why we have the concern here, we have the concern on two fronts. First of all, we have something called circular information.

Circular information is when you have. Why spread news all over the world and people think, wow, this must be real because I'm hearing it from all over the place. But when you do investigate the source, you find out it came from only one source and then. Most of the media and social media, etc they will be coating like in a chain, like I'll say I heard this from CNBC and CNBC coded, CNN and CNN coded ABC and ABC quoted Wall Street Journal.

Wall Street Journal quoted the International Energy Agency. So we have circular information. Where is the problem? I'll go back to this point of circular information in a minute. After I explain where the problem is, you go back and look at the forecast of global oil demand by the IEA in 2022. The IEA discovered that all their numbers and all their estimates of global oil demand were way low and they revised up all demand back to 2007.

To 2007. So we're talking about 15, 16 years of data that's been underestimated all this time.

Then you move, so that was from 22 back then in May. This May last May, the IEA announced that, sorry, and they did not say sorry. Of course they'll never say sorry. But we underestimated demand in recent years, so we are going to revise up the numbers for 2022, 2023, and 2024, which is a continuation of the the era from 2007 to 2021 by how much?

350 million barrels, the total adjustment in those three years. 350 million, but that's the underestimation of demand by the IEA. So you start from 2007. They were wrong all the way to 2024. And just two weeks ago in its latest report, they said we are revising up Mexico's oil demand by a hundred thousand barrels a day and listen to this, back to 2020.

So what is the problem? First of all, we have a proven record of underestimation for almost 18 years. So why do we have to believe they're low estimate right now? While all the other evidence point to higher oil demand than their number? But to go back to that circular information. This data since 2007, does be revised.

Not every analyst paid attention to it. So many computers at many banks still have the old data and they are still using them. So back to that circular information, if the data being published by one source is still in news, and therefore when they do the forecast in term of growth could be correct. Is wrong,

so we do have a serious problem.

Erik: I wanna move on to India, China, and Russia, starting with India because the spin that the Western press has put on this is basically what's going on with the 25% tariffs. Why did the Trump administration just impose 25% tariffs on India? The reason they did that, according. To the news flow is it's all about the Russian oil.

Russia has been selling oil to India. They feel that's working around tariffs. So now the Trump administration is going to punish India for buying Russia at it, please. So now the Trump administration is going to punish India for buying oil from Russia according to the news. But according to Dr. Anas, you don't think that's really what's going on.

So what is going on?

Anas: First of all, we have the 25% tariff, which is the general tariff on India, and then the Trump administration added another 25% because India is importing oil from Russia and Navarro, the White House advisor basically, accused India of supporting Putin in the war in Ukraine by buying Russian oil.

He was very vocal about it, and almost on daily basis, he kept talking about it, tweeting about it, giving speeches, giving interviews, etc. And

right now the tariff on India is 50%. Here is the problem. Yes. India imports about 1.8 to 2 million barrels a day of oil from Russia, from, but that was by design.

And the design did not come from India. It was the G7 and the Europeans who designed that. So when they import the sanctions in the sanctions itself, that for the first time they agreed on this, they said that the EU and the United States basically can import Russian oil if it is modified and modified in the old business mean it is refined, all they need to do basically is find another third party to do that. India and China basically did that and some other countries. But the idea here is the Biden administration has no problem with it. Even Secretary Blinken at the G 20 meeting in New Delhi, basically he defended India for buying Russian oil above the what they call the price cap of \$60.

So that was by design, but here is the issue that why it is really not about Russian oil imports. If the issue is importing from Russia and paying them, and therefore you are supporting Putin's war in Ukraine, then we have a serious problem because US imports from Russia this year increased over last year.

The second point is the EU still imports massive amount of natural gas via pipelines and large amount of LNG from Russia. In fact, if you, we just released a report the day before yesterday, and in that report it shows that in August, 12% of GA imports of the EU came from Russia, but no one accused the EU of supporting Putin's war and China imports everything from Russia since they import the crude.

They import coal. They import natural gas. And the Trump administration did not accuse them of supporting the war in Ukraine. But here's the bigger story. The bigger story is Turkey. Turkey imports the Russian gas and send it to Europe. Turkey, import the Russian crude and send it to Europe.

Turkey, import the Russian petroleum products. Send them to Europe and Turkish exports or petroleum products to Europe is larger than that of India. And what's strange about it is Turkey does not refine that, that those products, Turkey basically just transmit those from place to place while India, at least they refine it.

So why they pick on India in this case, it just does not make sense. There is more to the story than Russian production. For those who do not know, we still import enriched uranium from Russia until today.

Anas

Erik: I wanna broaden this picture out because on one hand we can talk about the supply and the demand and the cuts and the so forth, but it feels like the mood has changed.

It feels to me like OPEC+ and the group of eight were really working on an agenda that was not cooperative with the United States. It feels to me now, like some deal has been cut and for some reason the Saudis want to support President Trump in trying, at least in the short term. To bring energy prices down.

Quite frankly, that makes me wonder if they're doing that because they think energy prices are going up later because of perhaps some geopolitical things that they see on the horizon. So what's the broader picture of what's going on in and how the influence model has changed from the Biden administration to the Trump administration and the decisions that are being made?

'cause I have the sense that. The relationship has gotten better with the us but at the same time, they're preparing for maybe a relationship that gets worse over time.

Anas: A few things here. If you want to talk about expand this to various areas including politics, I would be happy to talk about that.

The issue here at this, that first of all, oil prices declined in 2025. Mostly because of President Trump policies, not because of the unwinding of production by the group of eight. And to prove this point, the unwinding started in April while oil prices declined earlier, and even when the unwinding started in April.

The supply of OPEC+ declined in April and May. We did not see the increase until June. Even when we saw the increase in June. It was a portion of the what was expected, and then it declined in July and August. So you cannot claim the large decline in prices on the decision to unwind. The reason was the trade wars, the tariffs and other policies, the immigration policies, the visa policies, the treatment at the airports

etc. We have even clients basically refusing to come into the United States for fear of being mistreated at US airports. The student visas, as because the, of the demonstrations, because of Gaza and others.

So that reduced travel substantially and reduced all demand. Why this is important. Because if you go back to our reports at the end of 2024, jet Fuel was the brightest spot in the energy complex, and now it tanked because of those policies. So that's the first part of it. The second part of the story is Bloomberg published something about.

Saudi MBS, the Crown Prince is going to visit with Trump in November, and therefore he wants to make sure that the oil prices are cheap, etc. Let's be clear on this because it is very important. Do the Saudis want to lower prices? No. Do they want to please Trump by lowering prices? I don't think so.

They can't please them in different ways. They can't just de dedicate a certain amount of investment like they did with the one, trillion or have trillion, whatever amount they want to invest, and that will be enough. It's not gonna be the oil, but what the Saudis want. We've seen this several times before, and I'm glad you asked this question because the point I'm going to mention is important for everyone to remember all the time.

What the Saudis want, and they've done it before, is to isolate oil from any discussions. They don't want to discuss oil. They are MBS is going to be here in the United States for a certain purpose, and they want to focus on it. When Trump visited Saudi Arabia. They wanted to focus on why he's there. They don't want oil to be the main issue.

When the president of China visited Saudi Arabia or the president of France, etc, they always makes made sure that oil is not on the table. So if by increasing production and keeping prices at current levels. That will isolate it. That's a big win for Saudi Arabia. The other issue is, and this is a reply to the Bloomberg article, when they mentioned that this is a political decision.

So what oil is a strategic commodity? Oil is a political commodity. It's always been. In fact, oil and LNG right now are part an integral part of US foreign policy. Why they are not saying anything about it. In fact, even if you want to look deeper into this, the US is using LNG and oil as weapons, and they are using, of course, the sanctions and everything else.

These are weapons and they are not saying anything. Why? When Saudi Arabia basically look to them as if they are low ending prices, all of a sudden it's something strange. But the main point here is. The Saudis want to isolate oil from the discussions. Oil is not on the table. And if that's what it takes, then they will do it.

The other issue here I would like to mention is when we talk about market and market surplus and what the analyst missed, there is a very important issue related to India of course, and the sanctions on the refinery that we have people saying, look. Inventories are not really that low. Like what OPEC is claiming.

Look at oil on water. It's the, all those guys even in, in April who predicted that oil prices would decline to 30, they missed the point. And I'm going to mention a real story here that tells the whole idea about two months ago there were six. Oil tankers carrying Russian Urals going to India.

Those six tankers belonged to a certain company. By the time the first tanker arrived to the Suez Canal, the Houthis hit a ship in Red Sea and sank it. So the Norwegian insurance company refused to insure the shipment. They told them, look, if you're going to go through the Red Sea, I'm not going to insure it.

So the company decided to reroute the six tankers around Africa. So imagine going back after they went through the Mediterranean, they have to go back and go around Africa to go to India. That increased the time to arrive to India by about three weeks. So oil on water went up. For those who focus on it as increase in inventories, all they see is increase in inventory and therefore we have a problem in the market.

No, this has nothing to do with the fundamentals of the market because if you want to do the balances right, then you have to subtract those six tankers from three weeks earlier to have the balance, right? So they missed that point. They added those. They the they did not subtract those tankers. They added them as , oil on water.

So this is one of the big problems. So whenever we have new sanctions imposed, we end up with this confusion in the market and tankers stop in their place. Basically, they get stuck at sea until they get more information from their management on what to do. So every time we

have new sanctions. We have delays in shipping, and then oil on water goes up.

This has nothing to do whether we have surplus or not. In fact, we have a shortage because they are not arriving to their destination, and the analyst missed that. So in the case of the 18th round of sanctions by the EU, when they impose the sanctions on Nayara energy, refinery in India, there was a lot of confusion for about a week.

All the shipments going to NARA stopped and all of a sudden someone can claim, look, oil and water is going up, storage is going up. There is no demand. All of these things are political issues. They have nothing to do with the market fundamentals at all. And the other issue that is important to this discussion when we talk about politics that when MBS comes to visit Trump, of course, like we've seen in Riyadh, we have those major investments, we have major joint ventures, we have all kind of things, etc. And if you look at oil in that discussion, or even if it's brought to the table, it's something small relative to those big contracts, whether the defense contracts, the AI contracts, etc. Oil looks really small relative to it.

Erik: Anas, let's move on to where this is headed a little bit further down the road, because some news that I found very interesting is China and Russia have agreed to develop what I think it's called the Power of Siberia 2 gas pipeline. So gas pipeline from Russia to China.

New investment. Now I thought that idea was dead. What happened? Why was it resurrected? And particularly I got a feeling that it fits into some strategy that I'm not fully, grokking yet here. Do you, have you figured this out?

Anas: Yes. I think your feeling is absolutely correct. There is a big story in fact here early in the nineties when Russia basically they started reviving the economy after the collapse of the Soviet Union.

They realized that they have a lot of gas. There is not enough market in Europe for it, so they try to talk to the Chinese about a pipeline. So the idea is really old. It did not catch any any interest until 2007, 2008 when the Putin administration basically agreed that it should do that.

But nothing happened. But when. The the Chinese basic Chinese economy was picking up and economic growth was very strong. We're

talking about 11%, etc. They needed the gas, so they agreed on one pipeline. But what we ended up with the case where Putin goes to Crimea, he annexes Crimea, and the EU and the US and the G7 imposed sanctions on him, and that affected.

Gas sales to those countries. And he wanted an outlet and the Chinese outlet was there. So it was the sanctions that imposed in 2014 that opened the doors or opened the floodgates of Russian gas to China. So we had two pipelines. The Power of Siberia, one and Power of Siberia three and Power of Siberia two was proposed.

It's a massive pipeline but the Chinese. Found themselves in trouble because they said, look, I don't want to repeat Europe's mistake with Russia. Europe depended heavily on Russia and they got stuck. I don't want to repeat the same mistake to maximize my benefits and enhance my energy security and enhance my national security.

I need to diversify my inputs. So I'm going to buy LNG from all around the world, including United States. They ignored the Power of Siberia 2, from the Russian point of view. When Europe or exports Europe declined by 80%. They looked at the map and said, okay, the only two places I can send pipelines is Europe and China, and if Europe is not there, then I'm going to, I'm putting all my eggs in one basket in the Chinese basket.

If we end up with political problems, I am a hostage to that. And if the Chinese economy tanks, then I have to pay a very heavy price for it. So I need to diversify, but I cannot send pipelines to other places. So the only way to diversify gas exports is to focus on LNG. So they started building LNG plants just like the United States to export gas.

With the idea of diversification. So they built TML and then they built the Arctic LNG two. And after they finished Arctic LNG two, they, their interest in the Power of Siberia 2 basically became very weak. They were not interested because Arctic LNG 2 basically was the way out. So it wasn't So when you said it's dead.

Yes, it was dead because China has no interest and the Russians have no interest. China wants to diversify imports, Russia wants to diversify, export, but everything changed this year. First, we have the trade wars and we have the tariffs, and as a result, China stopped importing LNG from the United States last February.

So no zero imports of LNG since February. Remember, they wanted to diversify. They wanted to go everywhere, including the United States. Now, the United States basically being cut because of the trade wars and the tariffs. Now, China wants to sign contracts. Before their idea was, I'm going to sign contracts with the new emerging LNG companies in the United States.

Part of the diversification. Because of those trade wars and the tariffs, they did not sign it. Now they want to go somewhere else. Australia is maxed out. The only two places where they can get LNG is Qatar and UAE, United Arab Emirates, which is in the Gulf. And they did sign those contracts and the Trump administration got pissed off because of that, because they thought that they would get more contracts from China.

All of a sudden, Israel. Started hitting Iran and we started the Iran, Israeli Iran war. That was not a surprise for political analysts who were predicting this to happen for the last 20 years, and this is really not the big issue for China. The big issue for China was when the United States suddenly hit Iran, so in the Trump administration hit Iran and they hit them really hard.

That's when China basically started paying attention. Why? Because all of a sudden the western press, especially in the United States, started promoting the idea of Iran closing the Hormuz Strait

And China looked and said, hold on just a second. I cannot import LNG from the United States. Now I have those contracts with Qatar and UAE, and now I cannot import from them anymore. What is the alternative? The alternative is power of Siberia too. So that was the major change. And this fit with the Chinese policy of reducing energy imports via sea.

So they wanted ev all the Seaborn imports, or the Seaborn energy import to decline substantially. And the reason why, because they think if there is a war. Or there are sanctions or closure of Malacca's trade. Then they are ready. So they are building this massive inventory. Right now we are speaking about the highest oil inventory ever in China, 1.1 billion barrels.

And they have inventories of everything, being built. So for China, it was the US trade policies. The tariffs and then the US attack on Iran, and then the promotion, and I emphasize the word promotion of the idea that

Iran will close the Hormuz Strait. If you look at it from a Chinese point of view, it's not Iran who is going to close the Hormuz Strait.

It's the US who is going to close Hormuz Strait, and therefore they needed the alternative. And the alternative is Power of Siberia 2, from the Russian point of view. Again, they had weak interests before. All of a sudden they have strong interests. Why? Because the US imposed sanctions on Arctic LNG two and all the tankers associated with it, and now Russia got stuck.

They want to diversify exports, but they cannot because of the sanctions. What is the alternative Power of Siberia 2. In a sense it was the US policy, whether you look at the trade wars, the tariffs, or the attack on Iran the promotion of the idea of closure of Hormuz Strait that pushed those two, two countries to cooperate together and to start building this pipeline.

And related to that, something we covered in the previous two shows, if you recall. And the question I raised, and I'm going to raise the question without answering it, the question I raised was the following. Most of the Russian Urals crude goes through the Red Sea, but not a single LNG tanker from Russia go through the Red Sea.

Every single LNG tanker have to go around Africa. Now in the summer, some of them basically go through the northern route northern route. But, for most of the year, they go around Africa, Qatar, when they, when it sends LNG to Europe, historically it went through the Red Sea. Now it goes around Africa.

So why no LNG shipments going through the Red Sea since January, 2024? Kind of one, one and a half shipment in a sense. One of them from Oman going to Turkey, but I'm mentioning this just for accuracy, but in general, there were no shipment, no Russian shipments going through at all. So why oil is a right to go, but LNG is not.

And now you look at what China is doing and the idea of LNG in the Gulf and the closure of Hormuz Strait, you, you start having an idea on how that LNG War. Is playing. So yes, you are right that this came out of nowhere. It was a dead idea, and now it became the center of attention simply because of the US policies.

Erik: Now if you look at the electric vehicle adoption rate data coming out of China, it's awfully impressive. The thing is, I don't think you believe that data, from what I've seen on your social media and so forth, what's going on there? Number of EVs on the road in China. Why would they exaggerate that?

Anas: We have a serious problem as we discussed in previous shows, because the media keep reporting. Sales. Sales do not matter. What matters is the number of EVs on the road and those who promote EVs or obsessed with EVs, they always literally mention sales and that's it. But they don't focus on ideas like I, my neighbor basically just bought a new ev new Tesla to replace the old Tesla.

Yet, they're still counting it as something new. So really you can see it's part of the PR for EVs to focus on sales. But what matters is we have to focus on the number of cars, or at least registrations in every country rather than the sales. But in China, we already have several scams being investigated, by the Chinese government.

And yes, or the day before yesterday, I learned about news scam in addition to the two that I knew about before. So I'm going to go over them quickly here. The subsidies to EVs in China are given to EVs in China, so the, those EVs have to be sold in China. So the first one is, of course, they have to create a system.

The, they have a tax system, they have a rebate system, and they have to create this bureaucracy, of course, to work it out. So how to define a new car that deserve a subsidy. Somehow they ended up with an exact definition that is controlled by a barrack, and the exact definition is you have to have zero mileage on it.

And some smart Chinese guys said, okay, that's fine. So they go and buy all those old junk EVs at a very cheap price, take them somewhere, play with the diameter, and basically bring it to zero. And then they bring all those old EVs. Count them as new and give them a new registration and then get the subsidies and the gang, whoever operating on this, basically they'll split the money.

So new vehicles being, or old vehicles being reported as new ones, and some of them probably sold multiple times. So that's number one. Number two, again, the subsidies are given to what is registered in

China. So what they discovered was. Couple of manufacturers had an agreement with dealers or some shell companies belong to them.

They will literally take those cards from the factory and sell them to that entity and that entity within 30 minutes will have a registration and insurance on them. And immediately, of course, they will cash in on the subsidies and a few hours later, those cars will be on ships going to the rest of the world.

Whether Brazil or Kenya or Europe or any other place, what that means is those cars are counted twice. One in China and one as export. And the recent one I heard about a couple of days ago that all you get to do basically just show a purchase of the car. So some manufacturers basically created their own companies and they buy from themselves, but under the new entity and they just park the car in parking lots and cash on the subsidy and that's it.

So the numbers are exaggerated regardless. And I know that some of your loyal listeners heard me saying this several times. Regardless of that, even if you take the headline number, you take the maximum number, you look at all of that and you look at the number of cars on in the world worldwide right now, it's about 50 million EVs on the road.

And the impact of that in term of replacement of all demand is only, and that is the direct replacement, only 1.3 million barrels a day. And that's it. All this talk about peak all demand does not make any sense at all because the impact on all demand is highly exaggerated.

Erik: Anas, I can't thank you enough for another terrific interview, but before I let you go, I wanna talk a little bit about what you do at [Energy Outlook Advisors](#).

Your substack has become really the the talk of the industry. Tell us a little bit more about what you do, where people can follow your work and what services are on offer.

Anas: Thank you. Thank you very much. In fact, I was surprised that although. The Substack newsletter. We have a newsletter and we have the [Daily Energy report](#).

The newsletter is intended for institutional investors and the [Daily Energy report](#) is for institutional investors and individuals. And it's cheap

enough for individuals basically to, to subscribe to it. But I was surprised that the Energy Newsletter, although it is energy, it was classified among the top 15 business newsletters on Substack.

Which is a great honor, basically to be associated with some of the top people in the business. So that, that was really something made me really proud and happy. So we have those two. We have the newsletter, we have the the [Daily Energy report](#). Of course all of those are sisters to Attaqa Attaqa in Arabic means energy, which is the number one media outlet.

In the Middle East and the Arab world that focuses on on energy and it is a very prominent publication. But the, aside from those really the big business for me is the speaking engagements. And now this is the time when companies plan their events, especially for their investors at the end of the year or the board meetings, etc, when they look for speakers.

I already have two two kind of speaking trips around the world coming up. But for those who are entrusted, especially to schedule speeches for the end of the year, I'm still available.

Erik: Patrick Ceresna and I will be back as Macrovoices continues right here at macrovoices.com.