# POTEN TANKER OPINION

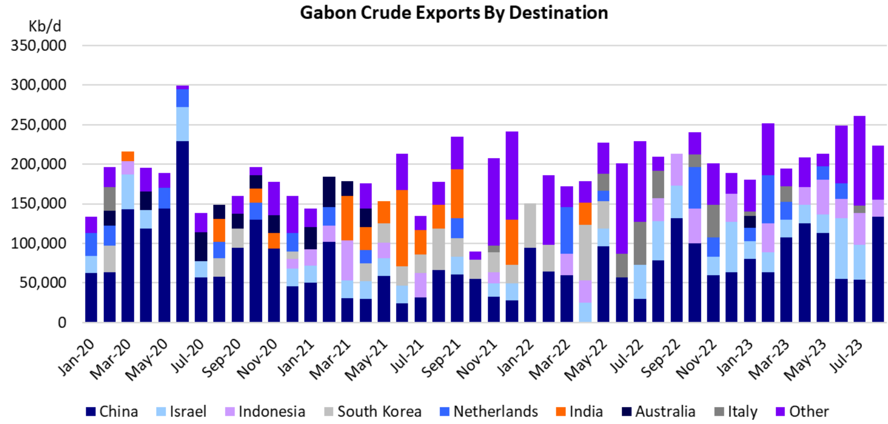
## Chaos in Gabon

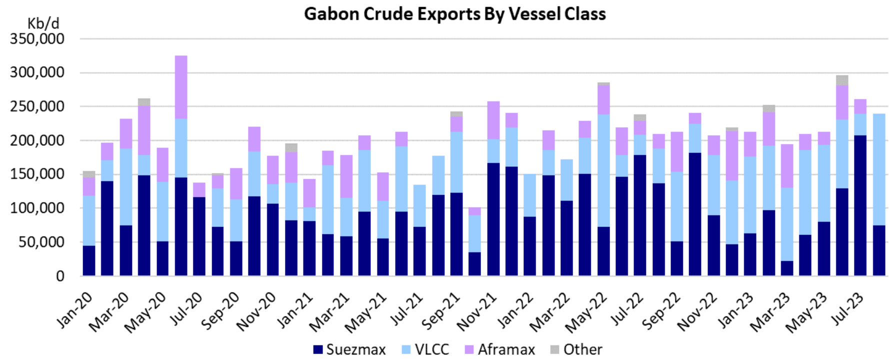
### Another military coup in Africa disrupts crude oil supply

On Wednesday, August 30, military officers in Gabon said they removed President Ali Bongo Ondimba from power, just after the country's election body declared him the winner of a third term. Gabon's military cancelled the results, closed the borders and moved to consolidate power over the next several days. President Bongo, who was president since 2009, when he took over from his father Omar (who ruled the country since 1967), was put under house arrest. The military announced that the coup leader, General Brice Oligui Nguema – a cousin of Mr. Bongo – would be installed as "transitional president" next Monday. Military takeovers happen quite often in Africa. Only last month the leader of Niger was overthrown. According to the Financial Times, the coup in Gabon marks the eight putsch in Central and West Africa since 2020. However, the takeover in Gabon is different from our industry's perspective because it involves a significant oil producer and OPEC member. In this opinion, we will try to determine what impact the coup may have on crude oil flows and tanker employment in the region.

Gabon is a small country on the Atlantic coast of Central Africa. It is about 100,000 square miles (the size of the U.S. State of Colorado) with a population of only 2.3 million. It is a country with abundant resources such as timber, uranium and manganese. It is also a significant crude oil producer and exporter. Gabon's oil industry started back in 1930s when oil deposits were discovered in regions around the capital Libreville. At the time, Gabon was still a French colony (the country gained independence in 1960). During the 1960s, Gabon experienced a period of rapid exploration and production activity, which led to a dramatic increase in output. Gabon's oil production peaked in 1996 at 365,000 b/d. However, maturing fields and a lack of major new finds has led to a gradual decline in output over time. According to the IEA, Gabon currently produces around 210,000 b/d. Gabon became a member of OPEC in 1975, but terminated its membership in 1995, only to rejoin in 2016.

Because of the uncertain situation after the coup, it is too early to predict whether Gabon's oil production and exports will be disrupted. The big oil majors are no longer active in Gabon. The country's largest producers include Anglo-French independent oil company Perenco, French Maurel & Prom, BW Energy from Norway, and UK based Tullow Oil. Maurel & Prom is purchasing Assala Energy in Gabon from private equity group Carlyle. While its current production makes it one of the smaller OPEC producers, 210,000 b/d can make a difference in a tight oil market, which is already impacted by production cuts from Russia and Saudi Arabia. It also reminds market participants of the geopolitical risks inherent in the oil markets.




Source: Vortexa

Gabon's oil is sold to a wide variety of customers. By far the largest buyer of Gabon's oil is China (chart 1), but they also sell oil to Israel, Indonesia, the Netherlands, Italy and France. South Korea and India used to be clients, but they have not bought oil from Gabon in the last 12 months.

The exporters are using several different terminals. Most crude is loaded from an onshore terminal in Port-Gentil, but the producers in Gabon also use several offshore loading terminals including SBMs, FSOs and an FPSO. Both the Cap Lopez terminal in Port Gentil as well as the offshore facilities have access to deep water, which means that exporters can use the optimal vessel class, from Aframax up to VLCCs. Exports to China in generally use VLCCs and some Suezmaxes, while Israel primarily uses Aframaxes, with the occasional Suezmax sprinkled in. Indonesia almost always imports crude from Gabon on Suezmaxes.

While the situation in Gabon remains extremely uncertain and it has been reported that all shipping activity from Gabonese ports has been halted at the moment, this is likely a temporary situation. Gabon is highly dependent on revenues from the sale of oil (and other commodities) and unless the country becomes subject to sanctions (which is unlikely), exports will go back to normal in the near future. In the meantime, while the ports are closed, offshore terminals remain operational, potentially limiting the impact on oil flows.