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Syria oil industry buckling under rebel gains



Syria's vital oil industry is breaking down as rebels capture many of the country's oil fields, with wells aflame and looters scooping up crude, depriving the government of much needed cash and fuel for its war machine against the uprising. Exports have ground practically to a standstill, and the regime of President Bashar Assad has been forced to import refined fuel supplies to keep up with demand amid shortages and rising prices. In a sign of the increasing desperation, the oil minister met last week with Chinese and Russian officials to discuss exploring for gas and oil in the Mediterranean off Syria's coast. Before the uprising against Assad's regime began in early 2011, the oil sector was a pillar of Syria's economy, with the country producing about 380,000 barrels a day and exports - mostly to Europe - bringing in more than \$3 billion in 2010. Oil revenues provided around a quarter of the funds for the government budget. But production now is likely about half that, estimates Syrian economist Samir Seifan, given the rebels' gains. The government has not released recent production figures. Since late 2012, rebels have been seizing fields in the eastern province of Deir el-Zour, one of two main centers of oil production. Most recently, they captured the Jbeysa oil field, one of the country's largest, after three days of fighting in February. At the same time, overburdened government troops have had to withdraw from parts of the other main oil center - the northeastern Kurdish-majority region of Hassakeh, where they have handed control of the oil fields to the pro-government militia of the Kurdish Democratic Union Party, or PYD. Production from some of those fields still goes to the Syrian government, but the fields are more vulnerable to theft and smuggling. Syrian activists, including Rami Abdul-Rahman who heads the Britain-based Syrian Observatory for Human Rights, say it is not clear how much of the fields are controlled by the rebels. Still activists and state media state say most of Syria's fields are no longer under direct government control. In November, rebels made one of the biggest gains when they briefly captured the large al-Omar field in Deir el-Zour only to lose it to government troops days later. They still control many other fields, the Observatory says. So far, the rebels have largely been unable to benefit from the oil fields, particularly since the country's two refineries in the central city of Homs and the coastal city of Baniyas are in the hands of Assad's troops. Regime warplanes' control of the air makes it difficult for rebels to exploit the fields, as do the divisions among rival rebel factions. "A number of challenges exist. In view of their lack of cohesion, the various strands of the armed opposition are unlikely to be able to mobilize in a unitary fashion to produce and export," said Anthony Skinner, Middle East-North Africa chief at the British risk analysis firm Maplecroft. "Rebels also clearly lack the engineers and qualified workers to ensure uninterrupted production from the oil fields," Skinner added. "Even if they were to do so, the regime would seek to bomb identifiable vehicle tankers to prevent the armed opposition from earning revenue to buy heavy weaponry." But looting is rife. A Syrian activist in the province of Hassakeh said some people in the area are using primitive ways to refine oil. Thieves put crude into tankers, then set fires around it until the fuel begins to turn to vapor that passes through a metal hose. The hose is cooled with water to condense the vapor, and gasoline, kerosene or diesel is produced, said the activist, who spoke on condition of anonymity for fear of government reprisals. "It is a very dangerous process that has injured many people," he said. An amateur video posted online showed crowds of people at a field in Deir el-Zour gathered at a pool of crude, filling buckets or pumping it into tanker trucks to take to makeshift refineries. The video appeared genuine and corresponded to other AP reporting on the events depicted. On Sunday, the state news agency accused rebels of setting fire to three oil wells in Deir el-Zour. It said the fire caused a daily loss of 4,670 barrels of oil and 52 cubic meters of natural gas. It accused "terrorists," the government's term for rebels, of setting the fires after fighting among themselves about how to divide the oil. Oil Minister Suleiman Abbas told the government

Attacks on oil pipelines and infrastructure have been causing shortages for Syrians throughout the uprising. People wait for hours in lines to fill their vehicles' gas tanks, and hours of electricity cuts every day are more common because it is more difficult to supply power stations with fuel. A cooking gas canister that went for around \$5 before the crisis started now sells five times that price, while the price of a liter of gasoline (around a quarter of a gallon) has double to the equivalent of \$2. "Since the early months of the revolution oil pipelines came under attack in a strike against the regime's economic power," said Abdul-Rahman of the Observatory. "Such attacks harmed the regime financially as well as the Syrian economy and citizens in general." Last week, the oil minister, Abbas, broached with the ambassadors of China and Russia the possibility of exploring for oil and gas off Syria's Mediterranean coast, the state news agency SANA reported. Israel is already developing recent discoveries of massive offshore deposits, with gas set to begin flowing in the coming days, and Lebanon has also spoken of trying to develop offshore fields. Russia and China are Assad's strongest international backers and have used their veto power at the U.N. Security Council to prevent the international community from imposing international sanctions against Syria. But Seifan, the Syrian economist, said it's unlikely international companies, even Russian and Chinese ones, will want to commit huge investments to any exploration now "because they don't know what the fate of the regime will be after few months." "Businesswise there isn't a company that is willing to invest in Syria these days," said Seifan, who currently lives in Iraq.