

Opec delegates told Energy Intelligence they don't expect specific policy proposals to be discussed until closer to the meeting on Dec. 4. There might be chance for some token increase — or an adjustment to baselines that has the effect of adding barrels — to show consuming countries the group is flexible. But continued lockdowns in China raise questions over demand growth, an argument for keeping the current pact unchanged.

Wild Card

Russian Deputy Prime Minister Alexander Novak this week reiterated Moscow's position that Russia would not ship oil to countries that implement the price cap and might cut production. Energy Intelligence estimates that Russia oil production might fall by around 1.2 million b/d of crude and condensate due to the upcoming sanctions. But the precise impact of the EU embargo and price cap on Russian output and exports is anyone's guess at this point — likely reinforcing Saudi Arabia's inclination for caution when it comes to easing the cuts.

Emily Meredith, Washington, and John van Schaik, New York

GEOPOLITICS

Iran's Policies Raise Regional Risks

- *Iran's crackdown on protests comes alongside fresh rocket attacks in Iraqi Kurdistan and drone strikes on vessels off Yemen and Oman.*
- *Prospects for reviving the 2015 nuclear deal were dealt a fresh blow after Iran began enriching uranium to 60% purity at Fordow.*
- *Efforts to isolate Iran could intensify as it continues to supply drones to Russia for use in Ukraine.*

The Issue

The protests sweeping Iran entered their third month last week. Any hopes in Tehran that they are fading from public consciousness were answered by the sight of the national soccer team refusing to sing the national anthem at the World Cup in Qatar on Monday, out of sympathy for the victims of repression. Analysts still downplay the prospect of regime change. But the country's isolation is growing, as chances of reviving the 2015 nuclear deal fizzle and the cheap drones Iran is supplying Russia are used against civilian targets in Ukraine. And that brings dangers, including for regional stability.

Repression vs. Revolution

The protests that were triggered by the death in custody of 22-year-old Mahsa Amin, allegedly at the hands of Iran's

morality police, do not currently appear to threaten the regime. The movement remains spontaneous and uncoordinated, and there are no visible cracks among the various forces that comprise Iran's security establishment.

It is a telling sign that the merchants and workers in the bazaars (or marketplaces) across the country, whose participation was critical to the success of the 1979 revolution, have so far failed to stage mass strikes in support of the protesters.

The key oil sector also remains unaffected by major disruptions. In reality, much of the population relies on the regime, directly or indirectly, for jobs, subsistence and even security.

But the ground may be shifting. Iran is under extreme economic pressure from US sanctions, which look set to persist through next year and limit the regime's ability to continue to raise wages and buy the peace. The demonstrations have meanwhile become ever more frequent and defiant, with protesters openly calling for the regime's downfall. The ferocity of the crackdown has fueled indignation, having now killed 416 civilians including 51 children, Oslo-based NGO Iran Human Rights said on Tuesday.

If asked whether revolution or repression was likelier to succeed, "I would say repression ... because as of now, the regime is much stronger. The point is, who has the guns?" says Riccardo Alcaro with Italian think tank Istituto Affari Internazionali. "But in the long term, I think these protests are undermining and endangering the Islamic republic. Some kind of transformation will have to happen. Whether that transformation is in the direction the Europeans would like, to a more pluralist, liberal, democratic Iran, I very much doubt it."

Enemies at Home, Enemies Abroad

A corollary to the social unrest is a strengthening of Iran's siege mentality, in which the regime sees its enemies meddling at home and abroad and seeks to fight them to defend the revolution and distract from its domestic troubles — just as the repression pushes European countries, notably Germany, to take more hawkish positions.

That could impact energy infrastructure in the region, with potential consequences for oil markets. Several maritime incidents in the past week offer a glimpse of what might lie ahead. These include an attack on a Liberian-flagged oil tanker off the coast of Oman — operated by a shipping firm owned by Israeli billionaire Idan Ofer — that the US Navy says involved the same drone model that Iran has supplied to Russia.

On Monday, the UK Maritime Trade Operations reported a missile attack on Yemen's Ash Shihr oil terminal, saying it struck a single point mooring where a very large crude carrier was loading. Iran-backed Houthi rebels claimed the attack.

A repeat of the 2019 strikes on Saudi oil infrastructure is unlikely, says UK-based risk advisory firm Dragonfly Intelligence. But there remains plenty of scope for heightened tensions across the region.

Since September, Iran has launched three waves of rocket attacks against Kurdish opposition groups in Iraqi Kurdistan, and mobilized troops along its border with Azerbaijan. In both of those areas, the regime sees the threat of growing Israeli influence.

Widening the Drone Wars

Efforts to get the US and Iran back into compliance with the 2015 nuclear deal, which would see Tehran roll back its nuclear program in return for sanctions relief, came close to succeeding in August. That now seems like a long time ago, with positions visibly hardening on both sides.

The anti-regime protests and Iran's response to them are certainly an important factor. But the supply of Iranian drones to Russia for use in the Ukraine conflict is seen as more consequential. Moscow and Tehran recently struck a deal that could see Russia manufacturing Iranian-designed drones on Russian soil within months, the *Washington Post* reported last week.

The US envoy to Iran, Robert Malley, confirmed on Monday that the talks were effectively now frozen. "Our focus is not an accord that isn't moving forward, but what is happening in Iran," he told reporters in Paris.

Iran, meanwhile, is pushing ahead with its nuclear program, announcing this week that it had begun enriching uranium to 60% purity at its Fordow facility in response to a resolution by the International Atomic Energy Agency's board of governors criticizing Tehran's lack of cooperation over undeclared nuclear activities dating back decades.

The standoff could yet lead to tighter enforcement of sanctions on Iranian oil flows. That said, from Dec. 5, the US and its European allies will have another oil sanctions regime to worry about, involving shipping and related financial services provided to lifters of Russian crude bought above the planned price cap.

But Iran's assistance in Russia's aerial attacks on Ukraine now risks killing off good-faith nuclear negotiations and triggering escalatory steps over Iran's nuclear program. "It wouldn't surprise me if the decision to provide Russia with drones that it would then use in Ukraine was not the result of a comprehensive decision-making process, but was taken by sections of the Iranian leadership who wanted to bring Iran into an anti-US coalition," says Alcaro.

Simon Martelli, London

COUNTRY RISK

Kazakh Leader Looks to Loosen Russia's Grip

- *Kazakhstan's president, Kassym-Zhomart Tokayev, is set for seven-year term after winning snap elections with more than 80% of the vote.*
- *Tokayev's victory is a relief for Western oil companies such as Chevron, Shell and Exxon Mobil, which view him as the best guarantor of long-term stability.*
- *He will continue to loosen ties with Russia, and move closer to China, Turkey and the EU.*

The Issue

Tokayev's re-election, widely predicted, will allow him to continue to make a clean break with the era of his long-serving predecessor, Nursultan Nazarbayev. That means dismantling the patronage network known as "Nazarbayev Inc." and protecting himself by putting more allies in key positions. Viewed as investor-friendly, Tokayev will urge Western oil companies to do more to support the local economy — but without threatening their long-term contracts — and look to privatize more government-owned assets. On the geopolitical front, he senses an opportunity to exploit the crisis over Ukraine by moving away from Russia and boosting ties with the West and China.

New Sheriff in Town

Tokayev, a former long-serving foreign minister and regime insider who succeeded Nazarbayev in 2019, is now the country's undisputed leader. Nazarbayev had hoped to retain most of his powers in his new position of Elbasy, or Leader of the Nation, but is now a spent force stripped of all authority and seldom seen in public. Members of Nazarbayev's family have been variously dismissed from their jobs, arrested and, in the case of his nephew, Kairat Satypadly, imprisoned for embezzlement. This shakedown looks certain to continue during what will be Tokayev's second and final term in office. It could also lead to key assets such as Kazakhstan's largest bank, Halyk — co-owned by Nazarbayev's daughter, Dinara — being transferred to new owners. "This is the end of the road for the first family," says a veteran businessman based in the commercial capital, Almaty. "There's a new sheriff in town."

Hopes that Tokayev would introduce Western-style political reforms and allow greater representation in parliament all but evaporated in June when he pushed through changes to the constitution that extend the presidential term to seven years, although these also bar any incumbent from being re-elected. As was the case with Nazarbayev, his supporters have the whip-hand in parliament and the senate, and there is no