

OPEC warns that trade tensions are hurting global oil demand



LONDON (Bloomberg) – OPEC said that international trade tensions are hurting demand for oil, slashing its estimates for consumption earlier in the year and predicting further challenges ahead.

The organization, due to meet in the coming weeks to set production levels for the second half, said demand increased by less than 1 MMbpd in the first quarter after cutting its assessment by more than 20%. The world economy is headed for its weakest growth in a decade, buffeted by a prolonged tariff battle between the U.S. and China.

“Throughout the first half of this year, ongoing global trade tensions have escalated,” resulting in “weaker growth in global oil demand,” the cartel’s Vienna-based secretariat said

in its monthly report. "The observed slowdown in the global economy in the first half will be further challenged in the second half."

Oil prices slumped into a bear market last week, sinking below \$60/bbl in London for the first time since January, on concerns that faltering demand would lead to a crude surplus even as the Organization of Petroleum Exporting Countries and its allies keep supply in check. Prices surged 3% today on suspected attacks on oil tankers in the Persian Gulf.

Although OPEC reduced demand estimates for the first quarter, it kept forecasts for 2019 as a whole mostly unchanged and projects that consumption growth will accelerate during the rest of the year. World demand will rise by 1.14 MMbpd, or 1.2%, on average this year, down from an estimate of 1.21 MMbpd in last month's report.

As a result, the report signaled that if OPEC maintains production at current levels then global markets should tighten significantly during the third quarter, by about 1.3 MMbpd. Output from its 14 members fell by 236,000 bpd to 29.9 MMbpd last month as the U.S. tightened its squeeze on Iranian exports, it said.

Nonetheless, as OPEC and its partners prepare to meet in Vienna, its members appear focused on continuing to restrict supplies.

Saudi Arabian Energy Minister Khalid Al-Falih said in St. Petersburg last week that the organization is aligned on maintaining its output curbs during the rest of 2019, and awaits only a similar commitment from its ally, Russia.

As the booming American shale industry propels U.S. production to new records, United Arab Emirates Energy Minister Suhail Al Mazrouei even indicated that OPEC may also need to constrain supply in 2020. The cartel pumps about 40% of the world's oil.

Although the policy decision looks straightforward when OPEC and its partners convene, the producers are still struggling with one issue. As the tensions between Saudi Arabia and Iran continue to heat up, members are bickering over exactly which date to meet.

Higher gas prices, North Field production boost Qatar account surplus: World Bank



Qatar's current account surplus increased to 8.7% in third quarter of 2018, from less than 4% in 2017 due to higher gas prices and production from the North Field, the country's biggest gas repository, according to the World Bank.

Qatar, the largest LNG exporter globally, had seen its goods export earnings rose by 25% in 2018, World Bank has said in its recent "Economic Update."

The country's public finances have improved, supported by the recovery in energy prices, and Qatar is expected to post a small fiscal surplus in 2018, the first since 2014. A large public investment programme for 2014-2024 has been pared back, with FIFA 2022 projects given priority.

Qatar's withdrawal from the Organisation of the Petroleum Exporting Countries (Opec) in January 2019, after six decades of membership, has not had a major impact since Qatar was one of the smallest members of the group, making up less than 2% of Opec's total oil production, World Bank noted.

The World Bank said Qatar's "outlook remains positive" with growth expected to rise to 3.4% by 2021 driven by higher service sector growth as the FIFA World Cup draws nearer. In addition, higher infrastructure spending on the Qatar National Vision 2030 projects aimed at diversifying the economy should help offset falling investment spending on FIFA projects.

The hydrocarbon sector growth is also expected to pick up as the Barzan natural gas facility comes online in 2020, and as the expansion of the North Field gas projects is completed by 2024. Monetary policy is expected to gradually tighten as the Qatar Central Bank resumes raising interest rates to restore the spread versus US policy rates, and to attract FX inflows into the banking system. Public finances are expected to remain in small surplus, supported by recent tax reforms and the introduction of a VAT over the medium term, the World Bank said.

A recovery in imports, driven by capital goods related to infrastructure spending, should keep the current account surplus in single-digits (in contrast to surpluses of over 30% prior to 2014).

Qatar's economy has largely overcome the constraints posed by the "continuing diplomatic rift" with GCC (Gulf Co-operation Council) neighbours, the report noted.

“Nevertheless, a resolution of this situation would help boost investor confidence. Key external risks include risks of volatility in global energy prices, regional instability risks, and global financial volatility that affects capital flows and costs of funding although these are mitigated by the return to fiscal and current account surpluses,” the World Bank said.

Turkey drafts law to help banks restructure debt



(Reuters) – A draft law submitted to Turkey’s parliament introduces tax exemptions to loan restructurings and legal protection for bankers as Ankara tries to make it easier for banks to restructure bad debt.

Following last year’s sharp fall in the lira, Turkish banks and the government have been in talks on how to restructure

billions of dollars of loans and remove them from banks' books – an important step toward pulling the economy out of recession.

The draft law seen by Reuters contains some of the demands banks put to the government during the talks, such as tax exemptions on restructurings and amendments to protect bankers involved in restructuring.

Under an existing legal technicality bankers involved in debt write-downs or decreasing the value of loan collateral could potentially be liable to embezzlement charges.

The government pledged in April to repackage problem loans to energy companies, estimated at more than \$12 billion, into funds which can then be sold to investors. It aims to do the same with construction loans.

The plan is seen as one of the ways to free up banking resources as well as supporting industries that are burdened by the slowing economy.

"Banks seems to have got most of their demands from the government. I think perhaps this may help with the most troubled types of restructurings, but I'm cautious on a broader take up by banks" a restructuring consultant said on condition of anonymity.

The draft law, submitted to parliament on Monday, exempts at least 50% of the profits banks make on problem asset sales from corporate tax. Asset transfers from borrowers to creditor institutions will also not be subject to value added tax.

The types of restructurings that fall under the scope range from amend and extend agreements, to debt to equity swaps and transfer of problem loans and assets to special purpose funds.

The changes will be in effect for two years and can be extended for two more.

The Lessons of the EU Leadership Fight



The haggling may have been unedifying, but the candidates nominated by the European Council to lead the European Union's governing institutions are undoubtedly impressive. If approved by the European Parliament, German Minister of Defense Ursula von der Leyen and Belgian Prime Minister Charles Michel will become president of the European Commission and Council, respectively, and Spanish Minister of Foreign Affairs Josep Borrell will serve as High Representative of the Union for Foreign Affairs and Security Policy. Then, in November, Christine Lagarde is set to succeed Mario Draghi as president of the European Central Bank.

The good news is that each of these candidates would strengthen the EU at a time of global insecurity. The bad news is that the EU itself will continue to face significant challenges from within. The struggle to fill the top leadership positions resulted in the elimination of

the *Spitzenkandidaten* process – whereby the largest party grouping in the European Parliament selects the Commission president – and the return of backroom deal-making, which many see as undemocratic. The justification for that change needs to be explained, or the EU's credibility may suffer. After all, the *Spitzenkandidaten* process was introduced in 2014 to counter the perception that the EU suffers from a democratic deficit.

The leadership struggle has also intensified a clash of perspectives within – and about – the EU's sources of legitimacy. Whereas member states with a strong parliamentary culture think the top personnel should be selected based on the results of May's European Parliament election, others (like France) consider executive experience far more important than the link to those results. It is naturally a long process to devise a broadly accepted system for selecting EU leaders. Despite this year's setback, the principle of the *Spitzenkandidaten* system should be preserved and combined in the next elections, with additional transnational lists of candidates backed by stronger trans-European party structures. Beyond that, the EU also needs to strengthen the role of the European Parliament.

A number of MEPs are deeply frustrated by the Council's failure to nominate any of the *Spitzenkandidats* on offer, and they could make their sense of betrayal known by voting against von der Leyen's appointment. Should her candidacy be rejected, months of institutional gridlock would likely follow. As a show of good faith, von der Leyen should announce early that she will work toward empowering MEPs *de facto* to initiate legislation. With an inter-institutional agreement with the European Commission, such a change would not require an amendment to any founding treaties. Moreover, if confirmed, von der Leyen and the new European Parliament president, David Maria Sassoli of Italy's Democratic Party, should establish a working relationship as close as that of their respective

predecessors, Jean-Claude Juncker and Martin Schulz. But, given the new composition of the European Parliament, they should strongly involve the chairs of all parliamentary groups that wish to work toward a stronger Europe.

The fact that MEPs elected Sassoli instead of the Council's own candidate, former Bulgarian Prime Minister Sergei Stanishev, suggests that the European Parliament election in May has led to a renewed desire for institutional self-assertion. And yet the election left the body more fragmented than ever. The number of seats held in the 751-member parliament by the two main party groups, the European People's Party (EPP) and the Progressive Alliance of Socialists and Democrats (S&D), fell from 404 to 336, owing to gains by the Greens, right-wing nationalists, and liberal centrists.

The fall of Europe's grand coalitions and the emergence of new, smaller parties will impede decision-making, as already demonstrated by the Parliament's failure to agree on its own *Spitzenkandidaten*. Divisions among the parliamentary groups are not just political, but also geographic. The EPP has almost no MEPs from France or Italy, and large delegations from Germany and Northern Europe. The S&D draws far more support from the Iberian Peninsula and Italy, with relatively few MEPs from the Visegrád group (the Czech Republic, Hungary, Poland, Slovakia) or France.

The increased fragmentation in the European Parliament goes hand in hand with changing relationships between EU member states. France and Germany's days of working hand in glove are gone; and even if they do come together on a particular issue, blocking minorities can stand in their way at the Council. The latest round of EU leadership negotiations shows just how hard it has become to reach a majority, let alone unanimity. On the contrary, national governments fight increasingly recklessly for their interests. As a result, individual member states will face a strong temptation to pursue specific objectives in smaller, likeminded groups. The challenge, then, is to ensure

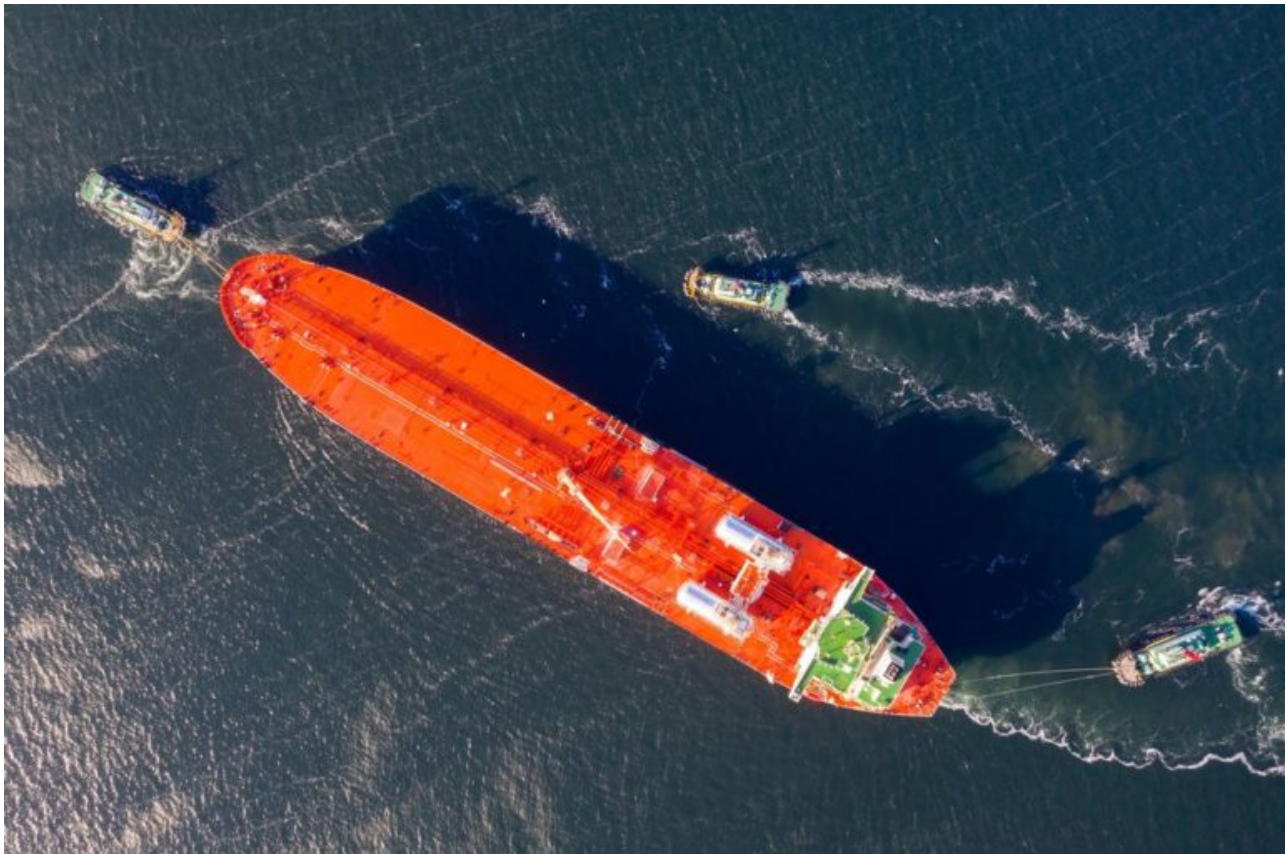
that such initiatives follow official EU processes, rather than being decided through intergovernmental backroom deals.

The strong turnout in the European Parliament election indicates that the EU has not lost public support. The political center was strengthened at a time when Euroskeptic and nationalist parties are on the rise in member states. Overall, public trust in the EU is as high as it was in the 1980s, when European integration served as a defense against the Soviet Union. For most Europeans, being a part of the EU still means something.

But the outcome of the election also signaled a desire for change. Many citizens abandoned traditional parties, and a significant share of them did so out of fear. Like politicians at the national level, the EU's new leaders will have to answer to voters who harbor deep uncertainties about their and their children's future. Europeans are understandably anxious about great-power competition, new security threats, and a technological revolution that threatens to upend entire economic systems and societies.

The EU, working with member-state governments, will need to respond to these challenges with ambition and resolve. The European Council has already devised a strategic agenda for 2019-2024, and now the ball is in the European Parliament's court. Since the elections in May, MEPs from the four moderate party groups have been negotiating a shared program of policy priorities. In other words, they are putting substance over personnel; regardless of who fills the top leadership positions, the European Parliament will already have a shared platform in place. Despite the circumvention of the *Spitzenkandidaten* process, this effort, like the slate of promising candidates selected by the Council, suggests that the EU is slowly and steadily maturing.

LNG Ships Are Turning Away From Europe's Gloomy Gas Market



A tanker traveling from the Arctic region to Belgium with a cargo of Russian liquefied natural gas was instead sent to Israel at the last moment.

The British Diamond changed destination just before arriving, indicating how quickly natural gas traders need to act in a market where healthy inventories and supply have sapped prices to near their lowest in almost a decade. It may well be a sign of things to come for the rest of the summer, as the Asian benchmark Japan-Korea marker widens its premium to its European Title Transfer Facility counterpart and Middle East demand for cooling increases.

“You can see room for more diversions. It’s hard to believe JKM will strengthen any time soon, but TTF could weaken further as European stocks are full,” said Jean-Christian Heintz, head of LNG broking at SCB Brokers SA in Nyon, Switzerland. “It might rapidly become more attractive for cargoes to go to India and southeast Asia – they could be good opportunistic buyers in coming weeks.”

Two other tankers with gas from Russia’s Yamal LNG project have gone on month-long journeys to China rather than stop in Europe in recent weeks. That’s not surprising as even a heatwave last week was unable to prevent the rapid refilling of storage sites, which are 74% full, about 17 percentage points above their five-year average.

“If the demand-side response is not enough, prices will then need to fall to the point where either more power demand appears, or supply starts to be choked off,” Energy Aspects said in a note. “Either way, that would mean prices moving downwards from current levels.”

As European inventories are filling rapidly, traders may start looking at filling underground storage in the U.S. or choose to float cargoes on the water, according to Energy Aspects. The latter is looking attractive as prices for months later in the year are higher than for next month, known as a contango.

And the demand for power generation may also be limited. Even with natural gas becoming cheaper in the region than lignite for the first time ever, increased generation from renewables will probably curb the extra European demand, according to BloombergNE.

U.S. LNG cargoes may also prefer to go to Asia, supported by a wider inter-basin freight differential. With increasing volumes from new plants in the U.S. and Russia and a premium required to return empty ships after unloading in Asia, west of Suez shipping rates are higher.

One Yamal cargo is taking this season's first voyage from Siberia via the Northern Sea Route to Asia, while transshipments of the project's cargoes in northwestern European ports are also on the rise.


The question remains whether a few cargoes being sent to Asia rather than unloaded in the oversupplied European market will relieve the glut. Record LNG deliveries flooded liquid northwestern European markets in March and April, and while the wave has since subsided, shipments remain strong.

"At a certain point the market should regulate itself, if you see some supply going to Asia, it should help rebalance," Heintz said. "Storages are so full that just a few cargoes less may not be enough to change the picture."

**ليزيكو الفرنسية: صندوق قطر
السيادي الأكثر فاعلية وانتشارا
على الساحة الدولية**

Le fonds souverain qatari de nouveau offensif

Après la prudence et l'attentisme liés au blocus économique, le fonds souverain du Qatar est de nouveau plus offensif sur la scène internationale. Il veut privilégier les Etats-Unis et l'Asie dans les années à venir, et dans des secteurs comme la technologie et santé.

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أكدت صحيفة ليزيكو الفرنسية أن صندوق قطر السيادي أصبح أكثر انتشاراً على الساحة الدولية ويعمل على تعزيز أعماله والتركيز على الاستثمارات في الولايات المتحدة وآسيا في السنوات المقبلة، وفي قطاعات مثل التكنولوجيا والصحة.

وبين التقرير المنشور أمس وترجمته "الشرق" أن هيئة الاستثمار القطرية استحوذت للتو على حصة قدرها 250 مليون دولار، أي أقل من 5 في قطاع التكنولوجيا، "BYJU'S" من رأس مال المجموعة الهندية التعليمية. وبعد فترة من الهدوء المرتبط بالحصار الاقتصادي الذي عانت منه الدوحة منذ عام 2017، أصبح صندوق الاستثمار الحكومي أكثر إقبالاً على المشاريع ونشاطاً في السوق العالمية.

توسيع الاستثمارات

وأورد التقرير أن سعادة الشيخ محمد بن عبد الرحمن آل ثاني، نائب رئيس الوزراء وزير الخارجية، ورئيس مجلس إدارة جهاز قطر للاستثمار، في مقابلة مع فاينانشال تايمز: "في الأشهر الستة الماضية أكد: كنا نشطين للغاية، خاصة في أمريكا الشمالية. ما زلنا نستثمر في أوروبا، لكننا أكثر تركيزاً على آسيا والولايات

المتحدة." وتابع التقرير خلال زيارة رسمية لباكستان، أظهر الصندوق القطري اهتمامه بالاستثمار في قطاعات الطاقة والسياحة والإسكان. مثله مثل عدد من نظرائه، فهو مهتم بإمكانات السوق الهندية الواسعة. وفي القارة الأوروبية، تحدث التقارير العالمية عن استحواذ قطري على أسهم في بنك دويتشه، حيث استثمرت الدوحة بالفعل في 6.1 ٪ من حصة.

وحسب الصحيفة الفرنسية، فقد استثمر الصندوق في شركات الإدارة، ليسيتر على المشاريع الكبرى، بالإضافة إلى قطاعات مثل التكنولوجيا والصحة. كما استثمر هذا العام في شركة سان فرانسيسكو الأمريكية في قطاع التمويل الشخصي عبر الإنترنت، واستأنف عمليات SoFi، الشراء في العقارات الفاخرة في مانهاتن بنيويورك. وحصل على 200 في Severn Trent مليون جنيه إسترليني في المجموعة البريطانية إدارة الموارد المائية.

وبين عامي 2010 و2018، حقق الصندوق القطري زيادة سنوية في متوسط رأسماله بنسبة 21 ٪، الذي يبلغ حوالي 300 مليار دولار وفقا لصندوق النقد الدولي. وفي تقرير نُشر في يونيو، تم توضيح أنه يتم استثمار نصف الأصول في الأسهم المدرجة، و20 ٪ في السندات و30 ٪ في (الأصول البديلة) (العقارات، والأسهم الخاصة، وصناديق التحوط).

تقدم قطري <

وفي تقرير سابق قالت صحيفة ليزيكوالفرنسية إن قطر نجحت في تجاوز أزمة الحصار، حيث رفضت خطة الاستسلام الجيوسياسي المكونة من 13 نقطة والتي طالبت بها دول الحصار ومنها إغلاق قناة الجزيرة، وتمكنت من الصمود بمرونة عالية، وواصلت عمليات التوريد للبضائع والمواد الاستهلاكية، ووجدت طرقا جديدة لتحقيق اكتفائها الذاتي من خلال التعاون مع عدد من البلدان على غرار الكويت، تركيا، إيران، الدول الأوروبية، المغرب، الهند، الصين، سلطنة عمان. وفي هذا الصدد صرح رجل الأعمال رودي بارودي ليزيكو: "لقد أظهرت قطر صمودا". وتماسكا وطنيا، ولم تتوقف عن الاستثمار.

وبينت الصحيفة أن الدوحة رفعت سقف الملكية الأجنبية في أي مشروع محلي إلى 49 ٪، مقابل 25 ٪، وأطلقت برامج دعم كبيرة للصناعة المحلية، وقامت ببرامج لتحقيق الاكتفاء الذاتي منها إنشاء أكبر مزرعة لمنتجات الألبان في الشرق الأوسط في وقت قياسي لتغطية احتياجات السوق الاستهلاكية، حيث ساعدت هذه التدابير في تجنب النقص والزيادات التضخمية.

وذكرت الصحيفة أنه حسبما ذكر صندوق النقد الدولي في تقرير له في مارس الماضي، فإن تأثير الحصار كان عابرا، لم يتعد كونه انتقاليا، حيث تمكنت المؤسسات المالية القطرية كالبنك المركزي وصندوق الثروة السيادي، وجهاز قطر للاستثمار من ضخ السيولة وحماية الاقتصاد القطري من تداعيات الأزمة الخليجية، كما حققت قطر مرونة اقتصادية كبيرة بفضل إستراتيجيتها في التأثير والتأمين.

America's bipartisan climate-policy failure



By Mark Paul

SARASOTA – US President Donald Trump's anti-climate agenda is in full swing. His administration has already taken action 117 times to repeal or weaken climate regulations, and much more deregulation is in the works. By unravelling environmental protections on an unprecedented scale, including through executive orders, Trump is using every tool at his disposal to increase fossil-fuel extraction and the production

of dirty energy. Apparently, he is hell-bent on topping his predecessor's own fossil-fuel boom.

That is right, former President Barack Obama presided over a fossil-fuel boom: the domestic shale-energy revolution enabled by the advent of hydraulic fracturing (or fracking). The fact is that neither major party in the United States has been the climate champion that the country and the world needs. While young activists around the world are stepping up to show what true climate leadership looks like, politicians are barely taking note. As Dianne Feinstein, a Democratic US senator from California, dismissively told a group of young people advocating a Green New Deal (GND): "I've been doing this for 30 years. I know what I'm doing."

The longer both parties cling to a policy of "business as usual", the more likely we are to face a climate catastrophe in which millions of people perish or have their lives upended. In reality, though, the responsibility for adopting a new paradigm ultimately rests with the Democrats. While Trump has been disastrous for the planet, his administration's policies are in keeping with a Republican Party that will not change anytime soon.

In a recent review of more than 1,000 climate-related bills introduced in the US Congress since 2000, we found that, in the past decade alone, Republicans presented 187 that would increase greenhouse-gas (GHG) emissions. Most of these bills have sought to advance the interests of the fossil-fuel industry over those of everyone else. The Republicans' purported rationale is to achieve "energy independence," which, in practice, has meant offering special treatment to the oil, gas and coal companies that spend exorbitant amounts on campaign contributions.

Not long after coming to office, Trump promised that by unleashing America's fossil-fuel reserves, his administration would "create countless jobs for our people, and provide true

energy security to our friends, partners and allies all across the globe". Following the same logic, Don Young, a Republican congressman representing Alaska, has introduced the American Energy Independence and Job Creation Act, which would allow exploration and extraction of oil and gas reserves in Alaska's Arctic National Wildlife Refuge. Adding insult to injury, the bill would direct half of the tax revenues generated by the exploitation of public resources to a pot of incentives for the fossil-fuel industry.

But the real insult is the behavior of Democratic leaders, who continue to abide by what James K. Boyce of the University of Massachusetts calls "climate-change denial lite". Consider the case of the Democratic National Committee (DNC). Last year, the DNC decided that it would no longer accept contributions from political action committees affiliated with the fossil-fuel industry, only to reverse course and embrace an "all-of-the-above" energy policy just months later.

Though congressional Democrats have introduced modest proposals to curtail GHG emissions, they have not made any major push for climate legislation since the failed American Clean Energy and Security Act of 2009 (the Waxman-Markey bill). And even that bill would not have reduced emissions fast enough, relative to what the climate crisis demands.

Among the more meaningful climate bills introduced by Democrats in recent years is the 100 by '50 Act, which includes provisions to "achieve 100 per cent clean and renewable energy by 2050". But, again, this falls far short of what is needed to limit global warming to 1.5°C above pre-industrial levels, the threshold beyond which the Intergovernmental Panel on Climate Change forecasts devastating consequences.

Fortunately, a growing chorus of Democrats has begun to demand genuine action that would start to make up for decades of

climate-change denialism lite. They understand that without significant, comprehensive action by the US, the climate cannot possibly be stabilised at a level that is still conducive to human flourishing.

Rather than talking about what people must give up to reduce emissions, the climate realists are trying to sell voters on a new vision of the economy, one that offers long-term economic security and environmental stability. The GND resolution introduced earlier this year has rapidly shifted the window of discourse, such that once-radical proposals are now garnering public support and being debated seriously.

Though the details of the GND still need to be fleshed out, Democratic presidential contenders such as Washington Governor Jay Inslee are already offering concrete proposals in accordance with its prescriptions. The GND could be the “north star” of the country’s decarbonisation path. But much will depend on Democratic congressional leaders such as Speaker of the House Nancy Pelosi, who has scoffed at ambitious climate proposals as a “green dream.” Either that changes, or we will all find ourselves in an environmental nightmare.

Mark Paul is an assistant professor of economics at New College of Florida. Copyright: Project Syndicate, 2019. www.project-syndicate.org

<http://jordantimes.com/opinion/project-syndicate/americas-bipartisan-climate-policy-failure>