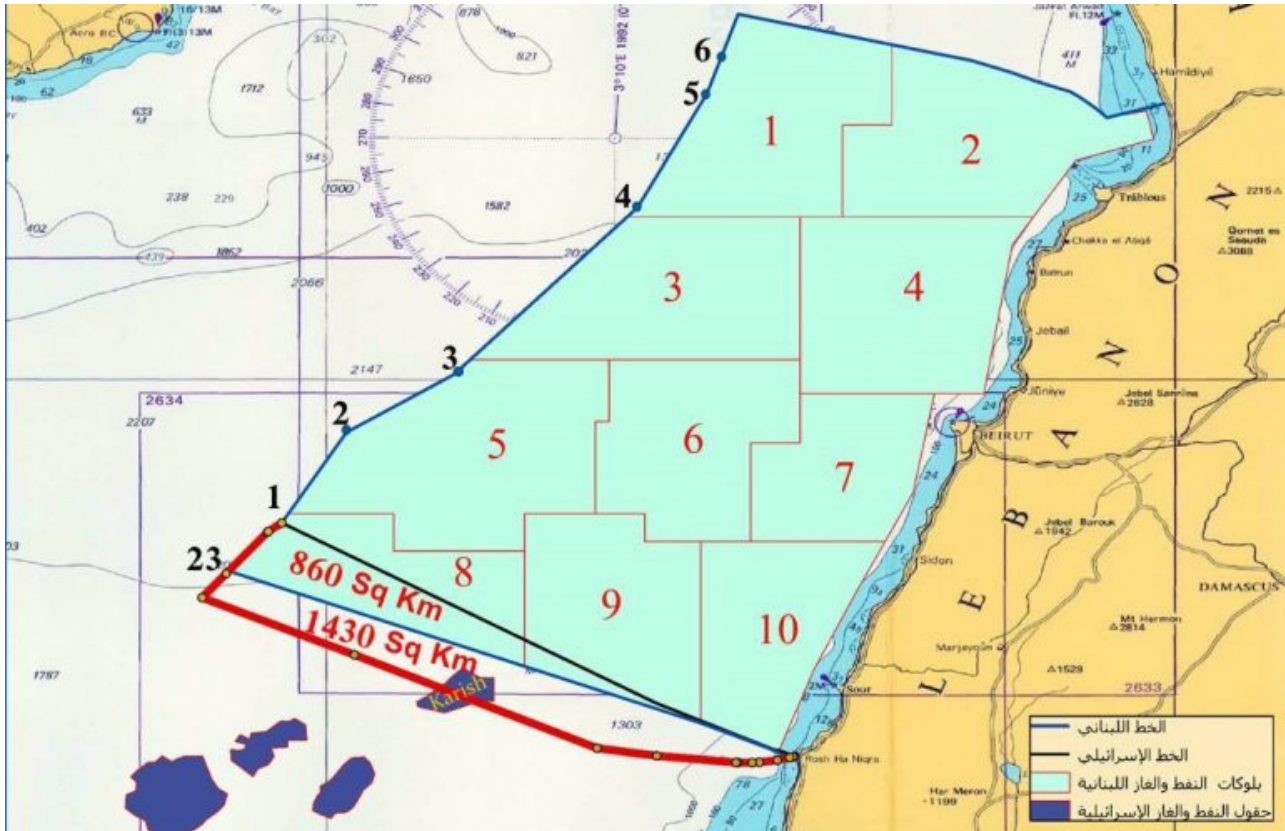
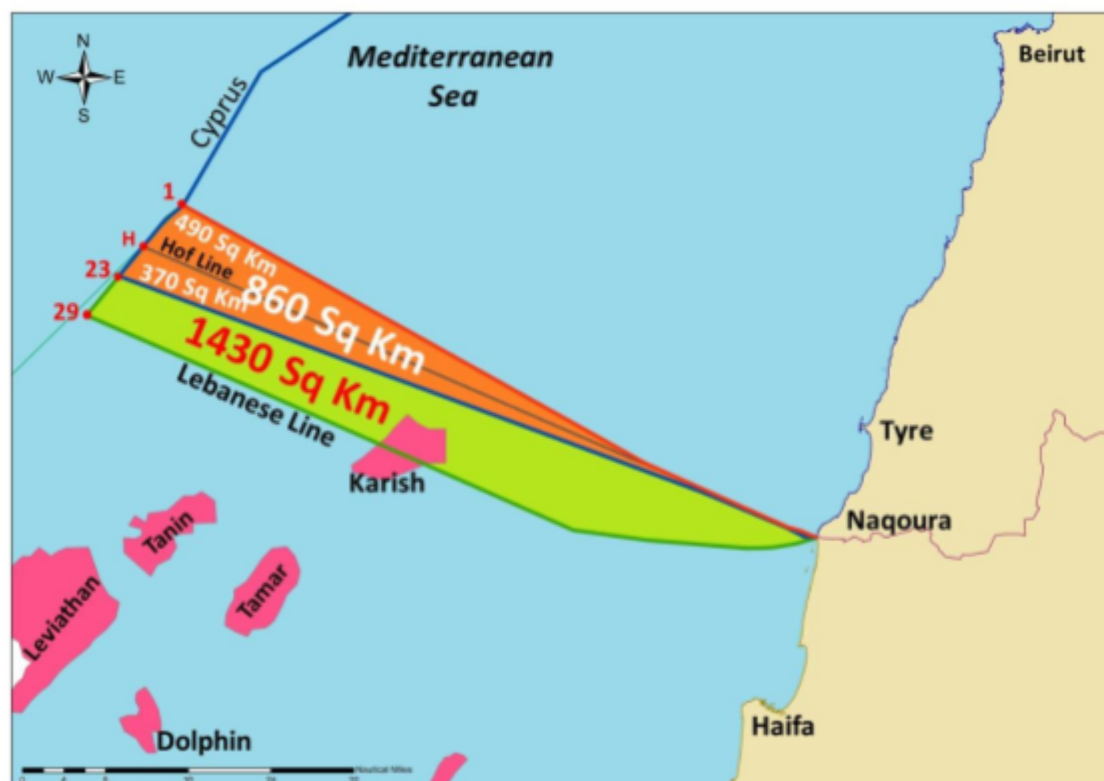


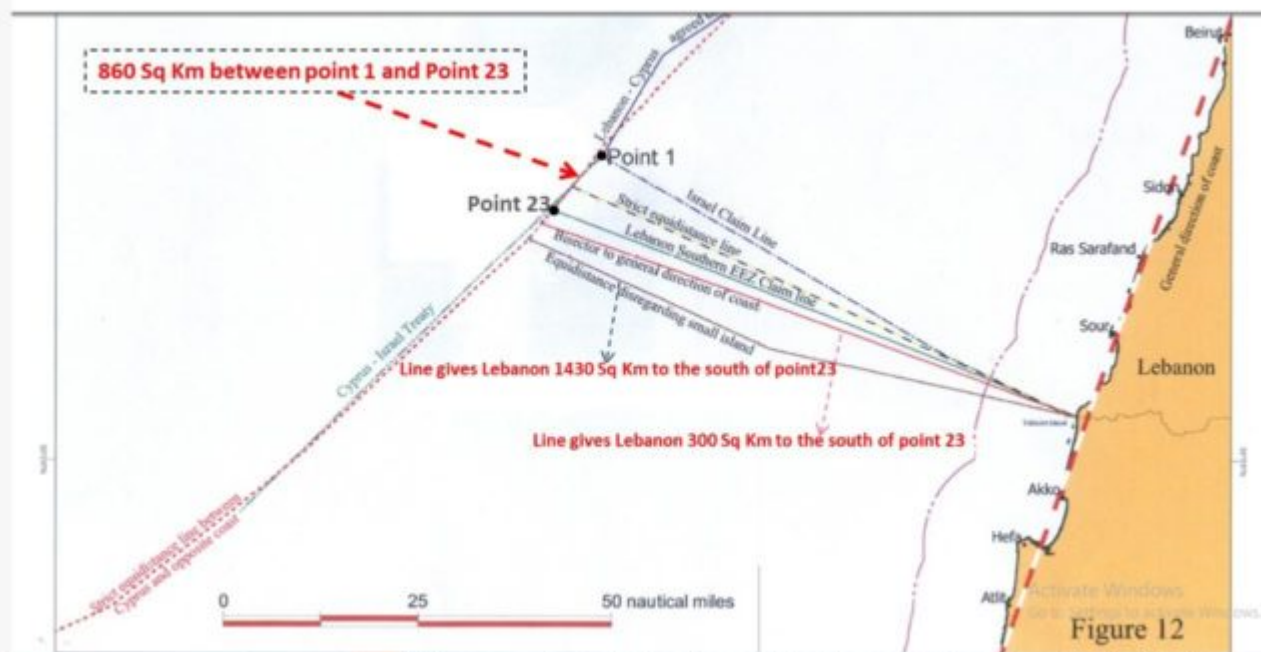
الجيش اللبناني إمّال مفوضا  
بالترسيم.. أو فليسحبوا  
تفويضهم



الخطوط البحرية التي يتم التفاوض حولها



**UKHO Map presented by John Brown to Lebanese Government in 2011**



Note: some Remarks has been added to the original Map for clarification

إستبشر اللبنانيون خيرًا بإطلاق المفاوضات الحدودية البحرية غير المباشرة مع العدو الإسرائيلي بوساطة أميركية وبرعاية الأمم المتحدة، كون المهمة سلّمت لجيشهم الوطني الذي يثقون به ويعتبرونه المؤسسة الأكثر قدرة على استعادة الحقوق الوطنية التي

. قد تساهم في انتشار لبنان من أزمته المالية الخانقة

خاص الوفد اللبناني الجولات الأربع بكفاءة عالية برغم النيران الصديقة التي تعرّض لها قبل انطلاق مهمته وبرغم تجريده من السلاح القانوني الأهم وهو تعديل المرسوم رقم 6433 تاريخ 1/10/2011 الذي يحدّد النقطة (23) كنقطة حدود ثلاثية في حين أن الوفد اللبناني انطلق من خط يعتمد النقطة (29) أي بزيادة 1430 كلم<sup>2</sup> عن الخط اللبناني المعلن بموجب المرسوم المذكور وبزيادة 2290 كلم<sup>2</sup> عن الخط المعلن من قبل العدو الإسرائيلي.

فوجيء وفد العدو الإسرائيلي بصلابة الوفد اللبناني ودفاعه المحكم المستند كلياً إلى القانون الدولي، ولما لم يجد نفسه قادراً على مواجهته بالقانون شنّ حملة إعلامية شعواء بقصد تشويه صورة لبنان وتقليب المجتمع الدولي عليه وبصورة خاصة الوسيط الأميركي.

لم تُعقد الجولة الخامسة التي كانت مقرّرة بتاريخ 2/12/2020 واستعيض عنها بجولة قام بها الوسيط الأميركي على بعض القيادات اللبنانية عرض خلالها العودة إلى التفاوض حول مساحة 860 كلم<sup>2</sup> لكن الجانب اللبناني أكّد رغبته بمتابعة المفاوضات على أساس القانون الدولي دون حصرها بمساحة معيّنة.

في ظل عدم تحديد موعد جديد للجولة الخامسة، اعتُبرت المفاوضات بحكم المعلّقة، فاستفاد العدو الإسرائيلي من ذلك لإعادة تنظيم صفوفه من خلال تحصين فريقه التفاوض بعد أن فهم جيّداً موقف الوفد اللبناني، وأيضاً من خلال متابعة التحريض الدولي على لبنان.

نجح العدو الإسرائيلي في ذلك فأقدم السيد فريدريك هوف بنشر مقال له بتاريخ 4/12/2020 على موقع " نيوزلاين " شرح فيه بالتفصيل كيف وضع خطه في العام 2012 برضى الجانبين اللبناني والإسرائيلي وذكر إسميًّا اللبنانيين الذين عملوا معه في تلك الفترة. طبعاً لم يكن هذا المقال بهذا التوقيت من باب الصدفة بل هدف منه تذكير اللبنانيين بأنهم سبق ووافقوا على المقترح الأميركي، وبالتالي دعم المزاعم الإسرائيلية القائلة بأن اللبنانيين غير ثابتين على رأي.

بعد فريدريك هوف، دخل وزير الخارجية الأميركي مايك بومبيو على الخط بتاريخ 22/12/2020 فدعا الجانبين للعودة إلى التفاوض على أساس الإدعاءات السابقة التي أودعوها الأمم المتحدة، أي بمعنى آخر العودة إلى التفاوض ضمن مساحة 860 كلم<sup>2</sup>.

وجدت قيادة الجيش أن العدو الإسرائيلي يعتمد المماثلة والمراوغة فاقترحت تعديل المرسوم 6433 لتصبح النقطة الثلاثية هي النقطة (29) بدلاً من النقطة (23) وإيداع المرسوم الأمم المتحدة قبل بدء العدو الإسرائيلي استخراج النفط والغاز من حقل كاريش حيث من المتوقع بدء الإستخراج منه اعتباراً من شهر حزيران/ يونيو المقبل، وبالتالي إجباره للعودة إلى طاولة المفاوضات تحت ضغط عاملي الوقت والالتزامات المادية نظراً لارتباطه ببرنامج زمني مع شركتي شفرون ونوبل انيرجي، الأمر الذي قد يجبره على التنازل ويساعد الوفد اللبناني لتحقيق أقصى الممكن من الحقوق اللبنانية.

انتظرنا الردّ من العدو الإسرائيلي لكن للأسف برزت هجمة سياسية – إعلامية لبنانية، في سياق حملة بدأت بتاريخ 8/1/2020، يبدو أن مطلقها أخطأوا الهدف فبدل التصويب على العدو الإسرائيلي وجّهوا نيرانهم باتجاه الجيش اللبناني فشكّوا علناً بالخط اللبناني الجديد واعتبروه خطأً إيرانيّاً واتهموا الجيش اللبناني باختلاقه لخلق مزارع شيعا بحرية ولدفع العدو الإسرائيلي لإيصال خطّه إلى قبالة صيدا.

ذنب قيادة الجيش أنها تحلّت بالجرأة فانطلقت من الخط الجديد (النقطة 29) لقناعتها بقانونية هذا الخط برغم معرفتها المسبقة بأن المهمة ستكون أصعب بسبب الأخطاء السابقة التي ارتكبتها عن قصد أو غير قصد بعض الذين تعاقبوا على هذا الملف منذ العام 2006.

فالخط الذي انطلق منه الوفد اللبناني ليس جديداً بل هو نتيجة آراء ودراسات لبنانية وأجنبية وضعت بتصرف السلطات اللبنانية منذ العام 2011 ولكنها لم تأخذ بها لأسبابٍ ما تزال مجهولة حتى الآن ومطلوب من هذه السلطات شرحها للرأي العام اللبناني. أذكر من هذه الآراء والدراسات على سبيل المثال لا الحصر:

- مداخلات خلال جلسات لجنة الأشغال النيابية أثناء التحضير لإعداد القانون رقم 163 والمرسوم رقم 6433 قدّمها كل من وزير التربية الحالي القاضي طارق المجذوب (ممثل مجلس شوري الدولة حينها)، السفير جوني ابراهيم (ممثل وزارة الخارجية والمغتربين)، بالإضافة إلى محاضرة قدّمها الدكتور نبيل خليفة وجميعها تنادي بحق لبنان جنوب النقطة (23).
- دراسة قدمها مكتب الهيدروغرافيا البريطاني UKHO بتاريخ 17/8/2011 قبل يوم من إصدار القانون رقم 163 وقبل أسبوع من نشره في الجريدة الرسمية وقبل شهرين ونصف من إصدار

- المرسوم رقم 6433 يقترح فيها خيارين جنوب النقطة 23. (هل تم إخفاؤها عن النواب أم أنهم علموا بها وأهملوها؟).
- بحث أركان أعده العقيد الركن مازن بصبوص في العام 2013 عن الحدود البحرية بيّن فيه حق لبنان بمساحة 1430 كلم<sup>2</sup> جنوب النقطة 23).
- محاضرة ألقاها السيد نجيب مسيحي خلال مؤتمر أقامه مجلس النواب بتاريخ 18 و19/7/2019 أكد فيها على حق لبنان بمساحات إضافية جنوب النقطة 23.

كذلك فإن محاولات قيادة الجيش لتصحيح الخطأ ليست جديدة، فقد أرسلت مجموعة كتب إلى رئاسة الحكومة اللبنانية تقترح عليها تشكيل هيئة وطنية تعنى بموضوع الحدود البحرية وتلفت نظرها إلى وجود طرق أخرى تعتمد الحل المنصف وتعطي لبنان الحق بمساحات إضافية جنوب النقطة (23) دون الحصول على جواب سلبيًا كان أم إيجابيًا. أكتفي بذكر ستة من هذه الكتب:

- كتاب رقم 1993 / غ ع / و تاريخ 18-6-2013: على أثر متابعة مؤتمر في لندن حول الحدود البحرية. تم اقتراح إنشاء هيئة وطنية لاجراء دراسات واعتماد الحل المنصف بالاستفادة من الطرق التي اعتُمدت في دول أخرى (كان جواب الحكومة أن هذا الأمر خارج صلاحياتها كونها حكومة تصريف أعمال).
- كتاب رقم 3488/ غ ع / و تاريخ 3-9-2014: تأكيد على الكتاب السابق (كان جواب الحكومة أن لا ضرورة لإنشاء هيئة وطنية).
- كتاب رقم 1801/ غ ع / و تاريخ 12-4-2019: شرح أنه يمكن للبنان تعيين حدوده وفقًا للقوانين والأعراف الدولية بشكل يعطيه الحق بمساحات إضافية جنوب الخط المعلن بموجب المرسوم 6433 بحيث يقع جزء من حقل كاريش ضمن المياه اللبنانية. وطلب إثارة الموضوع في المحافل الدولية لمنع إسرائيل من متابعة العمل في حقل كاريش (بدأت إسرائيل الحفر في حقل كاريش بتاريخ 27 شباط/ فبراير 2020).
- كتاب رقم 10884/ غ ع / و تاريخ 7/11/2019: اقتراح تشكيل لجنة وطنية للبدء بالتحضير للمفاوضات المستقبلية خاصة أن الوقت أصبح داهمًا أمامنا في ظل قيام العدو الإسرائيلي بتطوير حقل كاريش.
- كتاب رقم 5918/ غ ع / و تاريخ 27/12/2019: تم فيه التأكيد على حق لبنان بمساحة 1430 كلم<sup>2</sup> إضافية وأرفق الكتاب بملف كامل أعدته مصلحة الهيدروغرافيا في الجيش اللبناني.

▪ كتاب رقم 780 / غ ع / و تاريخ 9-3-2020: تأكيد على الكتاب رقم 5918 واقتراح التواصل مع المكتب البريطاني للحصول على المشورة نظراً لتوافر معطيات جديدة لمصلحة الهيدروغرافيا في الجيش اللبناني.

إن مهمة التفاوض هي مهمة وطنية بامتياز، والمحافظة على حقوقنا واجب وطني كونها ترتبط بمستقبل أولادنا وأحفادنا والتفريط بها خيانة وطنية. فأين المصلحة الوطنية باطلاق النار على الوفد اللبناني المفاوض وفي توقيت جاء استتباءً لمواقف فريدريك هوف ومايك بومبيو؟ هل تعلمون أنكم بهجماتكم هذه تفتحون ثغرات في الجسم الدفاعي اللبناني قد يستغلها العدو الإسرائيلي للتسلل منها وتطويق الفريق اللبناني؟

تذكروا أنكم لاعبون ولستم متفرجين. البارحة رأيناكم تتصارعون على الصلاحيات فما بالكُم اليوم تتراجعون أثناء تحمل المسؤوليات؟ المطلوب منكم التحلي بالروح الوطنية العالية واتخاذ القرارات الجريئة؟ إذا كنتم غير مقتنعين بخط الجيش اللبناني قولوا ذلك صراحة، إتخذوا القرار الذي تريدونه، وزودوا الفريق المفاوض بقراراتكم.

أما إذا كنتم مقتنعين، فعليكم تحصين موقف الوفد المفاوض بتعديل المرسوم 6433. لا يمكنكم أن تطلبوا منه التفاوض على النقطة 29 والرسوم رقم 6433 يحدّد النقطة 23. عدّلوا هذا المرسوم فوراً قبل أن يبدأ العدو الإسرائيلي بالاستخراج من حقل كاريش.

المطلوب تجذّب التجاذبات السياسية والمطلوب محاذرة الوقوع في الأزمة لا المساهمة في بلوغها أو الإنزلاق إليها.. التخاذل في هذا الموضوع جريمة بحق الوطن، بادروا بالتاريخ لن يرحم المتخاذلين، وإلا فلتبادر السلطة السياسية إلى سحب تفويضها للقيادة العسكرية.

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## Green Boom's Hottest Trade in

# 2021 May Turn Out to Be Utilities



(Bloomberg) – After a bumper year for Europe’s renewable-energy stocks, underappreciated utilities shares are now gaining support from the market as 2021’s hot sector to play the clean power transition.

Helped by government policies such as the European Union’s Green Deal and investors’ environmental, social and governance concerns, renewable assets have strongly outperformed traditional utilities peers this year in the Stoxx Europe 600 Index. Turbine maker Vestas Wind Systems A/S has almost doubled in value, while U.K. electric company SSE Plc is up less than 3%.

Some strategists warn that opportunities in wind and solar stocks may be more uneven in 2021 as valuations appear stretched. Utilities may be a lower-risk way to buy into green energy growth than renewables equities, said Ursula Tonkin, head of listed strategies at infrastructure investor Whitehelm Capital Pty Ltd.

“Over the long run, the tortoise will likely outperform the hare,” she said. “For every new solar, wind or battery installation, the grid has to expand to accommodate it.”

While coronavirus-pandemic winners such as tech shares are losing favor in the latest vaccine-fueled stock rally, sustainable companies have stayed in favor, also helped by November’s U.S. presidential election victory for Joe Biden, who pledged a clean-energy agenda. Still, utilities as a whole have gained only modestly so far this year.

Many utilities have positioned themselves to capitalize on opportunities in green energy after “cleaning up” their portfolios in the past few years, said Sam Arie, an analyst for the industry at UBS AG.

“We’ve gone from a world five years ago which didn’t really have climate goals in view to one where now those are the most important goals across all the sectors,” he said.

Investors will have to be more selective, with next year unlikely to be as “exceptional” as 2020 for the renewables segment, said Louise Dudley, a global equities portfolio manager at Federated Hermes Inc. Stocks such as Ørsted A/S trade at about 53 times estimated earnings, versus 19 times for the Stoxx 600 Utilities Index. The Danish offshore wind-farm developer was recently downgraded at Bank of America Corp. and Royal Bank of Canada.

Investors are giving “insufficient credit” to utilities like SSE, Germany’s RWE AG, and Portugal’s EDP SA that balance spending on renewables with defensive earnings flow from electricity networks, RBC Capital analysts said in a 2021 outlook note for the utilities sector. Analysts tracked by Bloomberg see 16% upside for RWE and 6% for EDP, while average price targets are for at least 11% declines for Vestas and peer Siemens Gamesa Renewable Energy SA.

Another plus is attractive payouts. Investors would struggle



to find another industry that delivers utilities' highly predictable, strong earnings growth alongside comparatively high dividend yields, UBS's Arie said.

Still, while 2021 may involve a "bumpier ride" for renewables, valuations for Vestas, Orsted and peers aren't likely to slide as their business growth forecasts are so positive, Whitehelm Capital's Tonkin said.

### Green Competition

An additional concern for the pure renewables industry in 2021 is increasing competition, both from utilities ramping up spending and oil companies aggressively investing in green energy. This could pose a "real threat" to the economics of wind and solar, said Ulrik Fugmann, co-head of the Environmental Strategies Group at BNP Paribas Asset Management.

Others, however, are sanguine. James Smith, fund manager at the Premier Miton Global Renewables Trust, said oil companies that "seek projects simply for the sake of it" would put returns at risk at a time when the sector must strike a balance between operating core crude-oil assets, executing the shift to renewables and paying dividends.

The energy market "needs to grow very aggressively in the next two decades" to reach regulators' emission-cutting goals, said Harry Boyle, a portfolio specialist at sustainability-focused fund manager Impax Asset Management. "There should be ample room for all actors."

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# How Brexit talks overcame suspicion, resentment and fish



It was always likely to come down to fish, and even the final hours were occupied by cod and mackerel.

After nine months of bartering, British Prime Minister Boris Johnson could declare that his trade deal with the European Union was done, while the bloc got to keep close ties with one of the world's biggest economies.

Yet, while the outline was agreed around Wednesday lunchtime, it took a night to go through the legal text. Then, with the choreography already in place, last-minute haggling over fish stocks in the draft meant that an announcement didn't come until the afternoon of Christmas Eve. The situation became more frantic because of disagreements over how the figures had been calculated.

For about 200 officials agonizing over the minutiae, it was time to finally emerge from the darkness. They spent more than 2,000 hours shut in rooms with little or no natural light as negotiators confronted each other in London and Brussels while Brexit was overshadowed by the human and economic cost of the coronavirus pandemic.

Some learned to respect their opposite numbers, others grew to resent them. At times, mutual suspicion and paranoia over listening devices made Brexit look like a chapter from the Cold War, all heightened by COVID-19 restrictions. Intimate chats in cafes were out; liaisons in parks were in. One British diplomat called it "Brexit noir."

France's blocking of the U.K.'s biggest port before Christmas was ostensibly to prevent a new strain of the coronavirus spreading to the continent. Yet there was also the sense in Paris that the chaos that halted thousands of trucks would demonstrate to the U.K. what was at stake. Officials said the two-day stoppage had focused the minds on what the EU's chief negotiator, Michel Barnier, termed the "final push."

For the negotiating teams, it was just another twist after spending the greater part of 2020 poring over air cargo, fingerprint data and – critically – 100 different fish species. One official described the process as like "pulling out eyelashes, one by one."

They lived out of suitcases, working through two waves of infections that forced many into isolation. On occasions, tears were shed when they thought they were about to fail, even as recently as the morning of the deal. In the end, many were airlifted out of Brussels on a Royal Air Force plane to get home for Christmas.

This account of how the talks unfolded is based on conversations with officials with intimate knowledge of what went on. All of them asked not to be identified.

While the outcome brought celebration and relief as the final deal took shape, it had looked very different on Dec. 10. In a third-floor conference room in the British government's building in Brussels, British lead negotiator David Frost told his team a deal looked almost impossible. Johnson was warning his country that failure looked likely.

The evening before, on Dec. 9, a dinner meeting on the 13th floor of the European Commission's Berlaymont headquarters in Brussels between Johnson and Commission President Ursula von der Leyen hadn't gone to plan. After she warned him publicly to "keep distance" when they took their face masks off, they found themselves wrangling over the same points that had bogged down the negotiations since the start.

At one point, von der Leyen's aides showed Johnson a PowerPoint slide that the EU had published in February. It showed how close the U.K. is to Europe geographically and how much the two sides trade with each other, to explain why the EU insisted on fair competition rules in any deal.

But the U.K. had already dismissed the chart at the start of the year. To the people close to the negotiations, it felt like they were back at square one.

"We were numb," said one U.K. official after Frost briefed them the following morning. Another fought back tears. "We just wanted to know when we could go home and see our families," the official said.

As it looked like their efforts had come to nothing, the British negotiating team distracted themselves by challenging each other to come up with the best haiku. But the dinner at least had shown more clearly where the differences lay – helped in some small part by the menu of scallops and turbot – and Johnson and von der Leyen were now in charge.

Compromises were found on one of the longstanding sticking points: the level playing field for fair competition, or rules

to ensure neither side held a post-Brexit advantage for companies. The U.K. knew a deal was attainable if it backed down on some of its objections to the EU being able to impose tariffs if Britain does not follow the bloc's toughening of labor, social and environmental standards.

But the U.K. wanted something in return. The final days came down mainly to the fishing rights in British waters. Johnson and von der Leyen held further phone calls and, although officials said they still seemed to be talking across each other, on the ground the sides started to converge.

On Dec. 19, the prime minister was preparing to announce to the nation that he was taking drastic action to lock down London and ban Christmas gatherings because of a new highly virulent coronavirus strain. He also signaled to Frost that the time had come to do a deal.

As talks focused in on the issue of fishing rights, British negotiators were taken aback that the EU wasn't budging as much as they thought it would, and by the following night things looked bleak again.

In an attempt to get the deal over the line, Johnson and von der Leyen held two tense phone calls Monday. The Commission president said the EU, particularly France, wouldn't accept anything more than a 25% reduction in the amount of fish it could catch in British waters – and that this was the final offer.

Johnson had been pushing for 80%, though had just proposed 30%, a figure that might already be difficult to sell to his party in Parliament. Both sides were now feeling nervous about the prospects of a deal before Christmas, and when Johnson and von der Leyen spoke on Tuesday afternoon, they were still sticking to their guns.

That all changed on Tuesday night. After frantic phone calls between Brussels, Paris and Berlin, the EU came through with a

new offer: Von der Leyen's Brexit adviser, Stephanie Riso, called Frost and told him the bloc would drop its longstanding demand that it should be able to impose far-reaching tariffs on the U.K. should it restrict fish access in the future, a power known as cross-retaliation.

That was the final piece of the jigsaw. The U.K.'s top team sent urgent messages to their colleagues, some of whom were already back at their Brussels hotel packing their suitcases to go home for Christmas. They got down to work on fishing rights immediately and worked late Tuesday night.

By Wednesday, when Johnson and von der Leyen spoke again – four times that day – the outline of a deal was there. In return for the dropping of cross-retaliation, Johnson accepted a reduction of 25% on fishing, with a five-and-a-half-year transition period. That means that he can say that in June 2026, on the 10th anniversary of the EU referendum, the U.K. will have full control of its waters.

"This moment marks the end of a long voyage," von der Leyen told a news conference in Brussels on Thursday. "At the end of such voyages, I normally feel joy. But today I feel satisfaction and relief. It's time to leave Brexit behind."

The most recent leg of that journey started in March, but made little progress until after the summer. The coronavirus pandemic derailed arrangements almost immediately.

Shortly after the first negotiating round, several members of the two teams, including Frost and Barnier, were laid low either because they tested positive or were displaying symptoms. They continued talks over videoconference, though couldn't meet in person again until the end of June.

That meant negotiators couldn't strike up a rapport. "There were no handshakes, no gentle pats on the back, no opportunity to chat things over informally over a drink," said one EU official. "That's how deals are normally done."

Intimacy came in the form of web cameras into people's homes. One EU negotiator worked from a blood-red room with a bird cage, while a British official spoke from his shed in the English Midlands. Another from the U.K. sat in her kitchen between a bouquet of lilies and a set of knives. "It was perfect for her," one person involved in the talks joked.

There were technical problems with video technology, and both sides were worried about the security of discussing sensitive issues online. Officials found it difficult to work jointly on documents.

When they did resume face-to-face contact, the British side tried to win Barnier over. Over the summer, Frost wooed the Frenchman during private dinners at Carlton Gardens, an elegant 19th century London townhouse carefully chosen because of the emotions it might stir. The building served as the headquarters of the "Free France" government in exile during World War II led by Charles de Gaulle, Barnier's political hero – though also the French leader who vetoed Britain's membership of the EU's precursor.

Months went by in almost constant deadlock, though. Barnier told Frost that before going into a submarine you need to make sure the doors are firmly shut, in response to Frost's requests to intensify negotiations. As one negotiator put it: "There's only so many times you can tell each other exactly the same thing about fish without going slightly crazy."

The coronavirus weighed on the talks almost from the start. The revised train timetable under the English Channel meant there was only one shuttle to Brussels in the morning and one to London at night. Lockdowns closed bars and restaurants, and officials were forced to eat tepid dinners dropped off in paper bags alone in their hotel rooms for days on end.

In November, Barnier worked at home by candlelight after a power cut affected part of Brussels while he was in quarantine

after one of his team tested positive for COVID-19.

Indeed, darkness became a theme of the talks. In London, they took place in an underground conference center belonging to the U.K. government's business department dubbed "The Cave." In Brussels, meetings in the drab 1970s-style Borschette center took place from early morning to late at night. Starved of fresh air and exercise, negotiators started sharing vitamin D pills.

And with darkness came the sense of noir. During the first set of Brexit negotiations in 2018, the EU's trade supremo, Sabine Weyand, told attaches of her concern they were being bugged by the British secret service, something the U.K. flatly denied. Two years on, that paranoia persisted, an EU diplomat said. Johnson and his aides were asked to surrender their phones when they met von der Leyen for dinner.

Brussels officials in normal times might have allowed trusted journalists into their offices to view documents too sensitive to email. Now, they hid print-outs in the pages of the Le Soir newspaper as they sipped takeaway coffees on street corners.

While nervousness extended to both sides, key decision-making was taking place elsewhere anyway. Johnson exchanged text messages with French President Emmanuel Macron. Frost was in regular contact with Uwe Corsepius, German Chancellor Angela Merkel's top adviser.

For all the hours together, the two sides spent most of the time talking past each other. Even when Johnson and von der Leyen spoke again on the phone, officials said it sounded like they were talking from completely different positions.

The reasons for Brexit were something many on the EU side struggled to understand. While "sovereignty" became the U.K.'s mantra throughout the nine months, it was a running joke among the EU negotiators. Whenever Frost tweeted the word, they expected little to be achieved for the next few days.



In her speech Thursday, von der Leyen pointedly remarked that everyone should ask themselves what sovereignty actually means in the 21st century.

At various times, the talks were very close to collapse, not least when the British government threatened to break international law by unpicking part of the withdrawal agreement on leaving the EU. But the EU saw the move as just provocation. It was clear that, despite everything, both sides desperately wanted a deal.

Indeed, they always returned to the table. As it became closer to Christmas, and the end of the U.K.'s post-Brexit transition period, tensions increased. British officials said they observed cross words between Barnier and senior members of the EU team. Witnesses reported hearing shouting from the U.K. team's base in London.

Asked how they planned to celebrate the deal, one member of the British group already knew: "I'm going to sleep."

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## **Freight Boom Fires Buffett Trains, Maersk Ships and Oil Prices**



(Bloomberg) – A great global restock is at hand, filling ships, trucks and trains, and also firing oil demand.

During the depths of China's coronavirus crisis at the start of the year, shipping behemoth A.P. Moeller-Maersk A/S reported an unprecedented number of canceled sailings as the Asian country all but shut itself off from the world. Since then, the company's shares have surged to the brink of a record in Copenhagen. In the U.S., BNSF Railway Co., the freight giant owned by Warren Buffett, is riding a boom that's pushed the number of carloads and containers it hauls up year-on-year in recent weeks.

A shift in consumer behavior, particularly in western countries, has driven oil prices above \$50 a barrel in the past few weeks. People have been diverting expenditure previously earmarked for now-unattainable things – like holidays and meals in restaurants – toward purchasing physical goods. And that's only the start of it: stores, warehouses and industries have undertaken a huge inventory restocking phase.

As more boxloads of stuff get moved across the planet, so demand for fuel to power ships, trucks and freight trains has soared.

“This is the perfect storm for global container flows,” said Lars Mikael Jensen, head of network at Maersk, which marshals a fleet of almost 700 ships. “The current restocking in the U.S. and Europe raises demand, whilst global measures to contain the pandemic cause severe strain across the supply chain from lack of vessels, containers and trucking capacity.”

While beneficial to oil prices and freight haulers, the boom is straining important transport infrastructure. Bottlenecks are worsening at ports around the world, contorting supply chains for everything from car parts to cosmetics. The recent closing of freight deliveries from France into the U.K. serves as a reminder that things could become even more snarled – but also that the full economic and trade impacts of the coronavirus remain far from certain.

Los Angeles is emblematic of the turnaround in activity. Together with Long Beach, L.A. is a corridor for the import of goods from Asia into the U.S. Earlier this year, thousands of empty containers were sitting at the dock in Los Angeles, a symptom of both trade tensions with China, and Covid. Today, imported goods are now flooding in.

“Right now, what we are grappling with is a change in buying habits,” said Gene Seroka, executive director of the Port of Los Angeles. “Where we were once buying mainly services, now you and I have turned back to buying products and those warehouses need to be restocked. Folks have been ordering so much for delivery, we can’t process it fast enough.”

Exports from China are surging, pushing the country’s trade surplus to a record. The nation’s companies shipped \$268 billion of goods in November, a 21% increase year-on-year.

In India, the lifting of lockdown restrictions and a full

resumption of intra-state vehicle movement led to a boost in road transport fuel consumption in October, with diesel demand growing more than 7% year-on-year, according to Senthil Kumaran, head of South Asia oil at industry consultant FGE.

Shipping rates are going crazy. Moving a 40-foot steel box by sea from Shanghai to the European trade hub of Rotterdam costs about \$6,500 per container, the most for the time of year since at least 2011, according to data from Drewry.

The trends matter for the oil market because trucking accounts for about 16% of global oil consumption and almost half of all diesel demand, according to 2019 data from the International Energy Agency.

The rebound in activity, combined with the onset of Northern Hemisphere winter, has been lifting a previously disastrous market for the fuel for about two months.

Back in September, the so-called crack spread – diesel's premium to crude – plunged as low as \$2 a barrel in Europe.

As well as stuttering demand, a key cause of the diesel-market weakness was a collapse in global aviation. Oil refineries responded to that slump by diverting output of jet fuel into making diesel instead, boosting output when consumption was weak. In addition, because people were often staying off public transport to avoid catching the virus, refineries needed to keep high output levels to service gasoline demand – further swelling diesel supply at a time when it wasn't needed.

Those dynamics have turned. Last week, the crack spread rallied to \$6.28 a barrel. That's at a time when the underlying price of crude oil has also rallied strongly.

### Keep on Trucking

In the U.S., freight by truck is the primary influencer of

diesel and viewed as a sign of the health of the wider economy. Interstate miles covered by trucks are up above 9% over last year, while traffic for all vehicles is down more than 10%, federal Department of Transportation statistics show.

A proxy for demand in U.S. is how much of a petroleum product oil refineries supply. And in the week to Dec. 11, they supplied 4 million barrels a day of distillate fuel oil, the category that includes diesel. Back in May, that figure slumped to 2.7 million a day, the lowest in decades, Energy Information Administration data show. Stockpiles remain high but are far less bloated than they were earlier this year.

The pull on diesel can be seen in excess demand for deliveries this year. Data from consultant Freight Waves show that 26% of requests for freight hauling are being turned down this quarter, double the rejection rate from a year ago.

While trucking may be the mainstay of diesel demand, one of the largest U.S. buyers of the fuel – after the Navy – is Buffett's BNSF Railway. It too reports surging activity.

"We have seen a strong recovery in intermodal volumes as an increase in e-commerce sales drives demand for parcel and truckload intermodal shipments on our network," said Tom G. Williams, BNSF group vice president consumer products. "As cities and states began reopening, intermodal demand was further supported by recovering brick-and-mortar retailers."

Current volumes at some of BNSF's intermodal facilities are as much as 20% higher than they were at this time last year, and the company is continuing to work with its customers to meet a "consistent surge" in demand while replenishing inventories that have been low since the onset of the pandemic, he said.

Even Europe

Over in Europe, the continent's biggest owner of trucks

reports the same dynamics, filling the company's fleet and boosting usage of diesel.

"There is definitely a new consumer pattern," said Kristian Kaas Mortensen, an executive at Girteka Logistics, a Vilnius, Lithuania-based owner of more than 7,500 trucks. "Because we can't give it face-to-face we are shipping it."

Girteka is so busy that it's giving overflow business to other trucking companies. It anticipates the busiest year-end in its history.

In Germany, miles driven by large trucks have been steadily rising since September and are currently their highest in a month, according to the nation's statistics office. Polish heavy traffic in the week to Dec. 20 is about 20% higher than the equivalent year ago. It was a similar picture in the U.K. prior to the country's most recent set of lockdown rules.

But it's a surge that's global and may well be without precedent, according to Gebr. Weiss, a 500-year-old firm that lays claim to being the world's oldest logistics company.

"Looking back at our history, you could say we've weathered a few challenges: a war, a revolution or two but still, in all my years in logistics I've never had a year like this," said Gebr. Weiss board member Lothar Thoma. "Covid choked up, disrupted transport arteries on a global scale, messed the cycles of goods-in, goods-out, be it air, sea, rail or road."

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# **Qatar Airways allowed to reroute some flights through Saudi airspace**



Qatar Airways on Thursday said it had started rerouting flights through Saudi Arabian airspace.

"This evening, Qatar Airways began to reroute some flights through Saudi airspace," Qatar's national carrier tweeted, adding the first flight to use Saudi airspace was QR1365, which was scheduled to leave Doha for Johannesburg at 8.45pm.

Flight-tracking websites later showed QR1365's flight path over Saudi Arabia on its way to the South African city.

This was the first scheduled Qatar Airways service to fly over Saudi Arabia since the start of the Gulf crisis in mid-2017.

Earlier this week, the Al-Ula Declaration was signed during the GCC Summit for the restoration

of full relations between Qatar and the four nations – Saudi Arabia, the UAE, Bahrain and Egypt – that had cut ties in 2017. This includes the reopening of borders and airspace.

Meanwhile, aviation analyst Alex Macheras told Gulf Times that “this is the most significant development in more than three and a half years, as ‘NOTAMs’ (notices to flight crew issued by country aviation regulators) were updated by Saudi Arabia on Thursday, removing the airspace ban on Qatari-registered jets”.

“The removal of the ban was effective immediately, meaning just moments later a Qatar Airways A350 bound for South Africa became the first commercial airline flight in over three years to cross into Saudi airspace, reducing flight time and saving fuel,” he said. “The airspace of Saudi Arabia is now open to Qatar without restriction, and we should expect Qatar’s national airline, Qatar Airways, to resume flights to Saudi Arabia very soon.

“For now, flights that have been avoiding Saudi airspace for the duration of the blockade will now overfly the kingdom.”

Qatar Airways pilots will once again be communicating with Saudi’s air traffic controllers, and the airline will enjoy the fuel savings immediately – a win for the environment too, he noted.

“We’re expecting the ‘NOTAMs’ of the United Arab Emirates, Bahrain and Egypt to also be updated in due course, following Saudi Arabia in removing their airspace bans on Qatar,” Macheras added.



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# Tesla market value tops \$700bn for first time



New York: Electric carmaker Tesla closed trading on Wednesday with a market value topping \$700 billion for the first time.

The latest surge means the company is worth more than General Motors, Ford, Toyota, Honda, Fiat Chrysler and Volkswagen combined.

Tesla's share price ended with a gain of 2.8 percent to \$755.98 for a total value of whopping \$717 billion. That came after the stock saw a more than 700 percent ascendance in 2020 – a gain some analysts viewed as inflated.

The auto industry disruptor led by Elon Musk wowed Wall Street yet again over the weekend, reporting annual car deliveries of 499,550, just shy of its 2020 target of half a million, but well above analyst estimates.

The disclosure capped a year that saw Tesla report a series of profitable quarters and join the S&P 500, establishing the company as one of the world's most valuable businesses and elevating Musk to the second-wealthiest person behind Amazon CEO Jeff Bezos.

While industry analysts do not expect another massive surge in value this year, they remain optimistic about the company's sales prospects, even if the cars remain out of reach for many buyers.

The optimism comes as construction continues on new Tesla factories in Texas and Germany, which will join existing plants in California and Shanghai that are ramping up production.

Musk has expressed determination to cut the price for Tesla's electric cars, which currently start at \$37,990 in the US market.

The Tesla chief is developing battery design, material and production innovations that combine to cut the cost per kilowatt hour by 56 percent.

That should enable Tesla to field a \$25,000 model in "three years-ish," Musk said in September, adding, "it is absolutely critical that we make cars that people can actually afford."

And US sales could be helped by President-elect Joe Biden's commitment to green technology to combat climate change.

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## **Exxon Signals Historic Fourth**

# Consecutive Loss on Demand Hit



(Bloomberg) – Exxon Mobil Corp., which is struggling to maintain a \$15 billion-a-year dividend program, indicated it incurred a fourth straight quarterly loss.

Exxon confirmed in a filing Wednesday it will take a writedown of as much as \$20 billion on its upstream assets, a possibility first disclosed at the end of October. It also reported much smaller non-cash impairments related to its refining business.

There were some positives. Higher oil and gas prices had an impact of up to \$1 billion on upstream profits compared with the third quarter. The chemicals segment saw an earnings boost of as much as \$400 million due to improved margins. Exxon's shares were little changed in after-hours trading in New York.

Still, a fourth-quarter loss would confirm Exxon's challenges

in covering both dividends and capital expenditures from operational cash flow, and remains reliant on debt. The last time the Irving, Texas-based company generated enough free cash to cover its payout was the third quarter of 2018, according to data compiled by Bloomberg.

Exxon is set to disclose its full quarterly results on Feb. 2, amid one of the most-punishing periods in the company's 150-year history. Its stock cratered to a 22-year low during 2020 amid a worldwide glut of oil and collapsing demand that gutted cash flow, spurring widespread job cuts. Exxon was kicked out of the Dow Jones Industrial Average, warned it will incur the biggest writedown of its modern history, and was assailed by activist investors seeking better returns and more climate accountability.

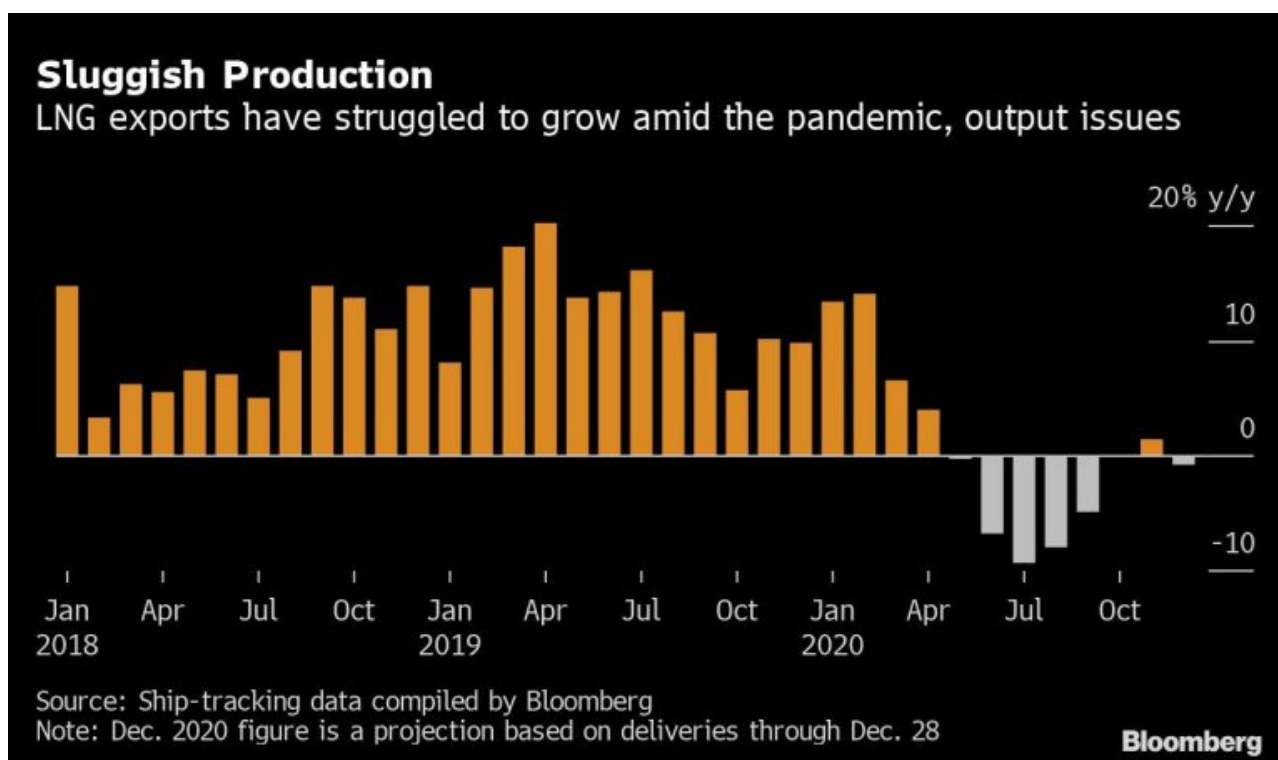
Exxon, which has long prided itself on its decades-long record of annual dividend increases, may have opened the door to changing course in late November, according to Cowen & Co. analyst Jason Gabelman. Whereas company executives touted Exxon's "reliable and growing dividend" during an October conference call, a Nov. 30 statement announcing writedowns and spending cuts only mentioned its commitment to a "reliable" payout, Gabelman said in a note to clients.

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(Bloomberg) – Liquefied natural gas traders anticipate a swift demand recovery in 2021 after a year in which the coronavirus pandemic prompted dramatic price swings.

Colder weather in key importing nations, outages at major production hubs and congestion along global shipping routes already have combined to push spot prices in Asia to the highest level since 2014. That's a more than sixfold jump from a record low in April, making Asian LNG the best performer among major commodities in 2020.

Demand for the fuel used in heating and power generation is growing faster than for any other fossil fuel as nations look for a cheap, reliable and cleaner alternative to coal. The pandemic derailed that growth for 2020, but China and India are emerging as major sources of demand.

“A lot of countries are looking to import LNG,” Tom Holmberg, a partner at law firm Baker Botts LLP in Washington D.C., said by phone. “I still think we are going to see growth in the LNG market.” Below are the key areas likely to shape the market in 2021:

### Uneven Demand Recovery

Global LNG imports in 2020 were roughly equal to the previous year, according to ship-tracking data compiled by Bloomberg. That was a big disappointment for an industry that has enjoyed 10% annual growth rate since 2016.

However, global gas demand is expected to resume growth next year. LNG demand, which makes up roughly 10% of the total, may rebound even faster, depending on how Pakistan, India and Bangladesh perform, said Manas Satapathy, a managing director in Accenture’s Energy business.

Shipments of the fuel into Asia have mostly recovered since the height of the pandemic, and the region’s LNG demand will rebound sharply next year, according to S&P Global Platts.

On the last day of 2020, spot Asian LNG price – the Japan-Korea Marker benchmark – rallied above \$15 per million British thermal units for the first time since April 2014. “It has been interesting to see how quickly Asian demand seems to have ramped up,” Holmberg said.

The picture in Europe is very different as countries grapple with a new surge of infections and lockdowns that sap energy demand. The continent is headed for a “very neutral recovery” in 2021, according to Satapathy.

Europe mainly relies on storage and pipeline gas shipments,

which may be boosted with flows from a new link from Azerbaijan and the controversial Nord Stream 2 project that's nearing completion.

## Supply Woes

Unplanned maintenance at LNG export facilities from Australia to Qatar to Malaysia has led to a tighter than expected market in the second half of the year. And delays in navigating the Panama Canal curbed supplies to Asia. If these disruptions persist well into the year, then prices could remain elevated well above current levels.

The Gas Exporting Countries Forum, which represents 60% of global LNG exports, expects supply to climb by 6% to 7% next year, up from 2% to 2.5% in 2020. LNG trade was much more resilient to this year's challenges than imports in the fuel's gaseous form, the group said in its short-term outlook.

The market will likely remain oversupplied next year, according to Vitol SA and Trafigura Group Ltd., two of the biggest trading houses active in LNG. Beyond that they expect the market to tighten.

## More Cancellations?

Traders will be watching to see if buyers of U.S. LNG scrap any cargoes next year. About 200 cargoes were canceled in the summer after the pandemic hit spot prices in Europe and Asia. While there's unlikely to be a repeat of that in 2021, traders do expect some cancellations to help balance the market.

American gas exports are rising to fresh records every month as new facilities come online. But any dip in demand could force suppliers to shut-in cargoes. The nation has become a swing supplier because its contracts allow for scrapping deliveries, which enables exports to quickly respond to volatile markets.

China-U.S. Relations Trade relations between the U.S. and

China will be a key focus. China is the fastest-growing LNG importer, and the U.S. is ramping up exports. There's few long-term supply deals between the two nations even though LNG was a focus of President Donald Trump.

Joe Biden takes over as president on Jan. 20. A number of proposed U.S. LNG projects are hoping for more normal relations to help them sign deals with Chinese buyers.

"This certainly affects the LNG markets, particularly the LNG coming from the U.S.," Holmberg said. And with Chinese economy roaring back and offices open, Jack Fusco, chief executive officer of Cheniere Energy Inc, anticipates that "deal making environment looks good for 2021."

Green Ambition Environmentalists are increasingly looking at natural gas as a major polluter. After years of focusing on coal and oil, they're turning their attention to how to zero out emissions from all fossil fuels. That shift has suppliers, buyers and shippers thinking green initiatives to clean up activities linked to methane and greenhouse gas emissions.

Half of the carbon footprint in the life cycle of an LNG cargo comes from upstream, Fusco said. The LNG producer is pushing for more transparency on carbon emissions for the fuel.

"Our customers are going to want to be sure that they can validate and audit what we're telling them our carbon signature is," he said.

The world's first supply contract that required a declaration of emissions was signed this year while so-called carbon-neutral cargoes started flowing to China and Japan as nations outline ambitious targets to effectively zero out emissions.

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# Eskom Bailout Emerging as Equity Swap by Biggest Bondholder



South Africa's biggest pot of available cash – 1.91 trillion rand (\$128 billion) of civil-servant pensions and unemployment funds managed by the Public Investment Corp. – is emerging as the key to rescuing the debt-stricken national power monopoly.

The money manager has approached its parent agency, the National Treasury, with a proposal to ease the 464 billion-rand load of obligations crushing Eskom Holdings SOC Ltd., signaling officials are gearing up for the complex financial and political operation to convert about 95 billion rand of Eskom debt held by the PIC into equity.

“There's still a need to undertake a due diligence to confirm the viability of this proposal,” the Treasury said in a Dec. 11 response to questions from Bloomberg, its first statement

connecting the PIC to an Eskom bailout. "It is important that the PIC be allowed space to follow its internal governance processes in line with its standard investment evaluation process to mitigate against any possible breach of governance or what could be perceived as political interference."

While international investors are cheering efforts to contrive a durable fix for Eskom, the idea of tapping the fund is already drawing warnings over the potential fallout. The swap, which could put Eskom into technical default, would pit the government against its own employees, set a precedent that could see other flailing state-owned companies knocking on the PIC's door and rattle a private sector concerned that its money could be next.

Speculation of a PIC role has intensified in recent weeks since President Cyril Ramaphosa told Bloomberg that "innovative ideas" were being discussed, and Finance Minister Tito Mboweni said the fund was willing to contribute to a solution for Eskom. Labor, business and the government last week agreed to work jointly to reduce the utility's debt in the so-called Eskom Social Compact.

"The sustainability of Eskom's debt and the risks it poses to state finances are now arousing political interests who are increasingly interested in grasping a solution," said Peter Attard Montalto, head of capital markets research at Intellidex. "Eskom's debt needs to be solved."

The scope of the task has increased since Goldman Sachs Group Inc. described the utility in 2017 as the biggest threat to South Africa's economy, which is just exiting its longest recession in 28 years. Eskom's inability to provide reliable power since 2008, when outages began, has crimped output and disrupted everything from aluminum smelters to household kitchens.

The deterioration was worsened by years of looting under Ramaphosa's predecessor, Jacob Zuma, leading to the 2019 bailout that totaled 128 billion rand over three years. But

that's merely keeping the wolf from the door and the search for a long-term solution is under way for the too-big-to-fail operation.

## **'Materially Cheap'**

Plans to rescue Eskom, which has said it can't afford to service more than 200 billion rand of debt, have also included dipping into the surpluses of state-run unemployment and compensation funds and converting some of its mostly government-guaranteed debt into sovereign bonds.

Credit analysts have been talking up Eskom as a 2021 top pick, citing the government's efforts, says Lutz Roehmeyer, the chief investment officer at Capitulum Asset Management GmbH in Berlin, who holds Eskom dollar bonds and isn't adding any more. "Investors are very bullish on the name and expect the sovereign to solve the problem," he said.

JPMorgan Chase & Co. this week called Eskom bonds "materially cheap" compared with sovereign debt.

## **Multiple Bailouts**

South Africa's Eskom is surviving on government support.

"As long as debt declines and becomes more sustainable, that's really the number one priority," said Guido Chamorro, co-head of emerging-market hard-currency debt at Pictet Asset Management in London, which manages \$10 billion in developing-nation assets, including Eskom 2028 notes. "There are 101 different ways to do it. I mean, the government as the sole shareholder could even assume the debt. Or use its lower funding costs to borrow and then transfer the funds to Eskom."

The PIC is recovering from a government inquiry last year into how political meddling influenced decision-making. The probe led to the departure of several senior executives following disclosures that included bailing out one of the country's

biggest retailers ahead of a national election against the advice of its investment professionals.

While the Congress of South African Trade Unions, a key ally of the ruling African National Congress, has backed using PIC funds to help Eskom, other labor groups, including the 235,000-member Public Servants Association, and business leaders have opposed it.

Eskom's own employee pension fund has signaled resistance to the idea. It doesn't want to change the "risk-return characteristics" of its 2 billion rand investment in the company's debt or add to the holding, said Chief Investment Officer Ndabezinhle Mkhize.

## **Pitfalls**

All of the options being considered have their pitfalls. A debt-to-equity swap may have to be offered to all creditors and could be classified by ratings firms as a default. Converting Eskom debt into sovereign bonds could flood the market and unnerve holders of South Africa's 2.62 trillion rand of junk-rated government bonds.

"We could lower the rating by one or more notches if the utility undertakes a debt restructuring, which, in our view, could be tantamount to a default," Standard & Poors' said in a Nov. 25 statement.

Eskom CEO Andre de Ruyter has been credited with improving operations since taking over January but has said the debt question is in the hands of the government. He has spoken of using green finance to help reduce coal use and cut its debt. He didn't give specifics.

Ultimately, unpalatable as it might be, the government may find it just has to meet the utility's obligations by paying off its debt as it falls due.

“Everybody knows Eskom needs to do something about its debt, no one knows what that looks like,” said Olga Constantatos, head of credit at Futuregrowth Asset Management, which has 194 billion rand under management, including Eskom debt. “It’s in a utility death spiral as well as a debt spiral.”

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## **OPEC+ Treads a Narrow Path as Demand Outlook Weakens Again**



Producers need to maintain supply restraint amid a sluggish recovery if they’re to shrink stockpiles

The light at the end of the tunnel isn’t getting any closer for OPEC and allied oil-producing countries, as forecasts of the world’s need for their supplies next year are cut again.

The world's three major oil agencies – the International Energy Agency, the U.S. Energy Information Administration and the Organization of Petroleum Exporting Countries – all reduced the outlook for global oil demand in 2021 in their latest monthly reports. With two of them also increasing their forecasts for non-OPEC crude production next year, the gap that needs to be filled with barrels from the OPEC countries continues to get smaller.

The most difficult period for the producer group will be the first half of the year, before vaccinations against the Covid-19 pandemic are sufficiently widespread to allow governments to lift restrictions on movement and gatherings that have had such a dramatic impact on people's lives and on demand for oil in 2020.

In a normal year, the first quarter is typically the weakest for oil demand, and 2021 will still be far from normal. The usual early-year weakness will be compounded by the fact that, even in the affluent countries that have secured large quantities of the most advanced vaccines, the roll-out of inoculations will take time. Working-age people outside the key healthcare sector could be among the last to benefit, which may continue to dampen economic activity and energy demand.

All three forecasters see global oil demand in the first quarter of next year remaining between 4.5% and 5% below the level seen during the same period in 2019. Any quarter-on-quarter increase from the current period will be small, with the IEA seeing no growth at all.

In that context, the decision by the OPEC+ group of countries to limit the easing of their output cuts to just 500,000 barrels a day in January, about one-quarter of the initially planned increase, makes sense.

Among the three forecasters, only the EIA saw stockpiles

continuing to fall in the first half of next year if the OPEC+ countries had gone ahead with the 1.9 million barrel a day output increase they had originally planned for January (see chart below).

Limiting the output increase to 500,000 barrels a day would suffice to drive the supply/demand balance into deficit, with stockpiles falling at a rate of between 800,000 barrels a day and 2 million barrels a day in 1Q21, according to the three outlooks. Stock draws in the second quarter would be between 1 million barrels and 2.4 million barrels a day and they would increase further in the second half of the year (see chart below).

## **The Old Plan**

How global oil stockpiles would change if OPEC+ eased output as originally planned

Limiting the output increase to 500,000 barrels a day would suffice to drive the supply/demand balance into deficit, with stockpiles falling at a rate of between 800,000 barrels a day and 2 million barrels a day in 1Q21, according to the three outlooks. Stock draws in the second quarter would be between 1 million barrels and 2.4 million barrels a day and they would increase further in the second half of the year (see chart below).

## **The New Plan**

How global oil stockpiles would change if OPEC+ doesn't ease production limits any further after the increase agreed for January

The producer group has retained the ability to make further monthly adjustments to supply targets, either upward or downward, but the latest forecasts suggest that they may want to hold off on any further easing, unless oil demand recovers faster than expected.

## Slow Drain

A weaker demand outlook means OPEC sees stockpiles falling more slowly than it did in October, despite a smaller easing of output cuts

Despite keeping a tighter rein on oil supply, the deteriorating global oil demand outlook means that OPEC's own analysts now expect stockpiles to be higher throughout 2021 than they saw them just two months ago (see chart above). By the end of next year, even with no further easing of output cuts beyond the 500,000 barrels a day agreed for January, the producer group expects global oil stockpiles to be some 670 million barrels higher than they were at the end of 2019.

The goal of bringing inventories back down to more normal levels seems ever more elusive. Since July, when OPEC first began publishing its quarterly forecast for next year, its estimate of global demand over the five quarters from 4Q 2020 to 4Q 2021 has come down by an average 2 million barrels a day, while its assessment of non-OPEC output over the same period has risen by 1 million barrels a day. That combination has cut the anticipated call-on-OPEC crude by an average 3 million barrels a day. OPEC and its allies are going to have to maintain discipline amid supply restraint for longer than they had hoped.