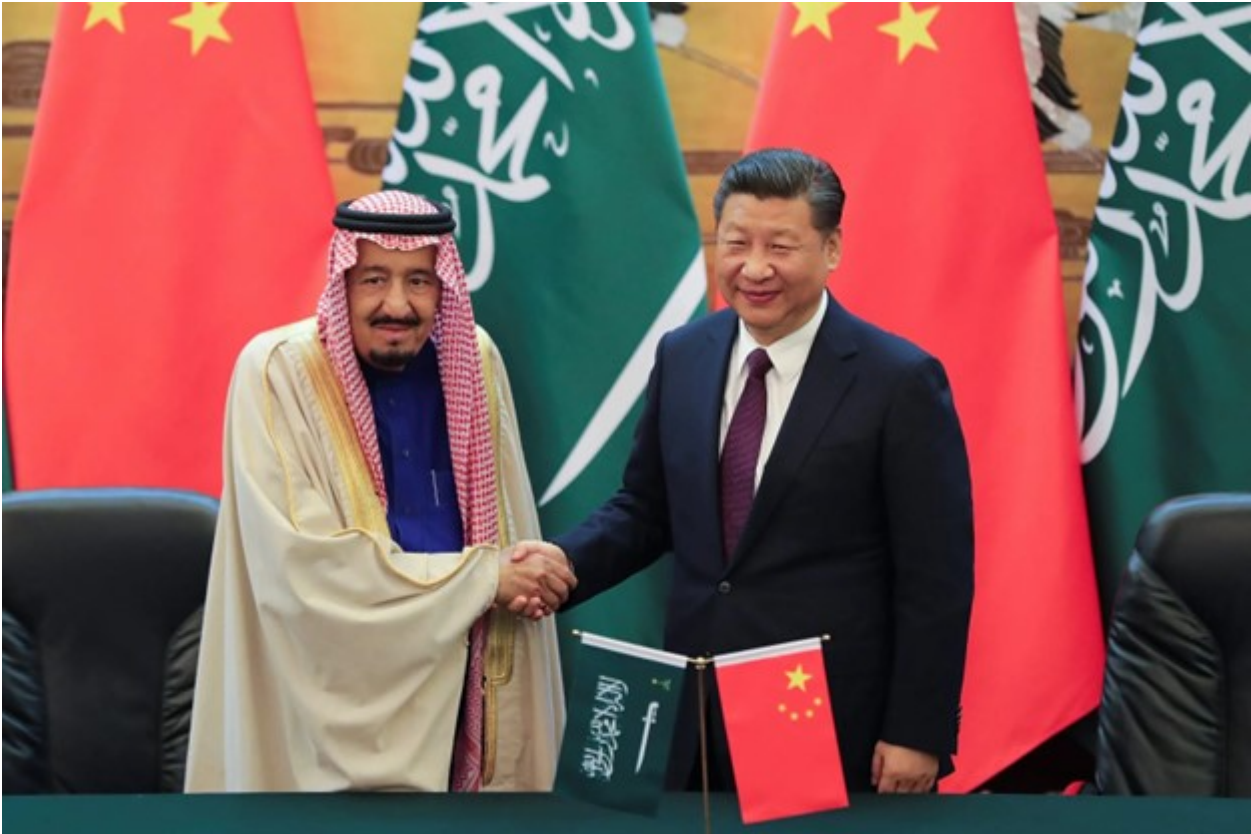


AS AMERICA “PIVOTS TO ASIA”, SAUDI ARABIA IS ALREADY THERE – BY ROUDI BAROUDI



The biggest news in the energy industry last week was that a state-owned Chinese company had completed a massive offshore oil and gas platform for Saudi Aramco. Breathless media reports shared impressive details about the facility’s record-setting size, weight, and output capacity, with some describing it as a massive bet on continuing strong demand for fossil fuels despite the meteoric rise of renewables.

The real significance of this news, though, is not to be found at the Qingdao shipyard where it was made, at the headquarters of the China Offshore Oil Engineering Company that built it, or at the Marjan field off Saudi Arabia’s east coast where it will be installed and operated.

In fact, in order to truly appreciate the implications

involved, one needs to travel back in time a little more than 50 years. For on 8 June 1974, the United States and Saudi Arabia reached a historic agreement that has bound the two countries ever since.

Signed by then-US Secretary of State Henry Kissinger and then-Minister of Interior Prince Fahd bin Abdulaziz, the pact established two joint commissions tasked, respectively, with increasing bilateral economic cooperation and with determining the kingdom's military needs. It also created several joint working groups responsible for specific elements to support growth and development, including efforts to: a) expand and diversify Saudi Arabia's industrial base, beginning with the manufacture of fertilizers and other aspects of the petrochemical sector; b) increase the number of qualified scientists and technicians available to make the most of technology transfers; c) explore partnerships in areas like solar energy and desalination; and d) find ways to cooperate in agriculture, especially in the desert.



Henry Kissinger with Prince Fahd of Saudi Arabia, 1974

Contrary to widespread misperceptions, the agreement did not say anything about Saudi crude being priced and/or transacted exclusively in US dollars. In a side-deal that remained secret until 2016, however, the United States pledged full military support in virtually all circumstances and the Kingdom of Saudi Arabia committed to investing a massive share of its oil revenues in US Treasury bills. While there was no public quid pro quo, therefore, this was to some extent a distinction without a difference: the world's biggest oil exporter ended up spending hundreds of billions of dollars on American debt and American-made weapons, making it only sensible that the vast majority of its crude sales would be in greenbacks. By extension, the sheer weight of Saudi oil in world markets – and especially within the Organization of Petroleum Exporting Countries – virtually guaranteed that the dollar would become

the de facto default currency of those markets, Petrodollars.

These arrangements suited both sides at the time, which featured a very particular set of circumstances. The previous year, as Egypt and Syria attempted to regain territories occupied by Israeli forces since the 1967 war, US President Richard Nixon authorized an unprecedented airlift of weaponry – everything from tanks, artillery, and ammunition to helicopters, radars, and air-to-air missiles – to Israel. Arab oil producers responded by playing their strongest card, announcing an oil embargo against states that supported the Israeli war effort. That led directly to supply shortages, soaring prices, and long lines at filling stations across the United States and many other countries, too, and indirectly to several years of higher inflation. Although the embargo had been lifted in March 1974, Washington was keen to prevent similar shocks in the future.

The American economy was particularly vulnerable to longer-term repercussions because of several factors, including a general slowdown caused by its long, expensive, and ultimately unsuccessful war in Vietnam. The real problem, though, stemmed from another issue: in 1971, as the dollar continued to lose ground against major European currencies, Nixon had taken the United States off the gold standard, gutting the Bretton Woods arrangements put in place after World War II and throwing foreign exchange markets into disarray. With the Cold War as backdrop, America appeared to be losing ground in its strategic competition with the Soviet Union.

The so-called “side-deal”, then, was actually far more important than the public agreement because it would restore the dollar’s primacy in international markets, making it once again the world’s favorite reserve currency, while simultaneously reducing the likelihood of future Arab oil embargos. The new system worked very well for a very long time: the US economy regained its stability, and Saudi Arabia embarked on a long program of socioeconomic development that

continues to this day. Even as the Americans have sought further protection by reducing their reliance on Saudi and other OPEC crude, their bilateral partnership and the dollar's general prevalence in the oil business have likewise persisted despite all manner of diplomatic spats, crises, and other obstacles.

Back in the present-day, the Soviet Union is no more, and although the United States has an even more formidable strategic rival in China, this competition carries neither the day-to-day intensity nor the seeming inevitability of nuclear Armageddon that the Cold War engendered. In addition, the United States is now producing more crude oil than any country ever has, further insulating its economy against exogenous shocks, while China's rapid expansion has made it the world's most prolific energy importer. In fact, Washington is years into a "pivot to Asia" that will see it focus less attention on the Middle East.

Meanwhile, Saudi Arabia is now led by Crown Prince, Mohammed bin Salman (MBS), a young and highly ambitious ruler who has shown himself more than willing to act independently of American desires or even demands. Accordingly, it should not surprise anyone that the behemoth facility now being transported to Marjan is just the most visible tip of the Sino-Saudi iceberg. There is a burgeoning relationship driven by complementary needs, with both parties investing in one another's economies and cooperating on large-scale energy and industrial projects.

Given all of the foregoing, it is much too early to declare the end of an era. Even if rumors that the Saudis will soon start selling oil futures contracts in yuan or other currencies turn out to be true and the results include an erosion of the dollar's value, the US-Saudi economic relationship remains very much in place, as do defense ties ranging from procurement and maintenance to joint exercises and training. This is not to mention the approximately 60,000

Saudi students who study at American universities every year, or the countless other business and/or personal ties nurtured over decades.



Then, US President, Jimmy Carter receiving the Crown Prince Fahd of Saudi Arabia at the White House in Washington, 1977. Seeing the continuation of the Petrodollar Agreement.

All the same, a new era has definitely begun: just as the Americans have opened up other avenues to secure their energy needs, the Saudis are now moving decisively to diversify their foreign partnerships and have been doing so for many years. Inevitably, the global oil and gas economy's center of gravity will shift eastward, but how could it be otherwise when China and several other Asian economies have become such powerhouses? The diversification path will almost certainly include occasional stretches where Riyadh will have to make difficult decisions, but this, too, reflects the confidence

that MBS has in his country's ability to determine its own destiny.

Roudi Baroudi has worked in the energy sector for more than four decades, with extensive experience in both the public and private sectors. Having advised dozens of companies, governments, and multilateral institutions on program and policy development. He has been a loyal advocate for energy stability and peace. He is also the author or co-author of numerous books and articles, and currently serves as CEO of Energy and Environment Holding, an independent consultancy based in Doha, Qatar.

**'Prerequisites for peace':
Expert applauds Skylakakis
for endorsing energy
transition policies that
'open the way to dialogue and
cooperation'**



ATHENS, July 7, 2024 Greece: Energy and Environment Minister Theodoros Skylakakis is on the right track with his approach to Greece's energy transition plans, a noted regional expert says.

"He's got the right perspective," industry veteran and author Roudi Baroudi said after Skylakakis spoke at this week's Athens Energy Summit. "He understands that although the responsibility to reduce carbon emissions is universal, the best policy decisions don't come in 'one-size-fits-all'."

Baroudi, who has more than four decades in the field and currently serves as CEO of Doha independent consultancy Energy and Environment Holding, made his comments on the sidelines of the forum, where he also was a speaker.

In his remarks, Skylakakis expressed confidence that Greece's increasing need to store electricity – as intermittent renewables generate a growing share of electricity – would drive sufficient investment in battery capacity, without the need for subsidies. Among other comments, he also stressed the need for European Union policymakers to account for the fact that member-states currently face the costs of both limiting

future climate change AND mitigating the impacts that are already under way.

“Every country is different in terms of how it can best fight climate change. Each one has its own set of natural resources, industrial capacity, financial wherewithal, and other variables. What works in one situation might be a terrible idea elsewhere. That’s crucial and Skylakakis gets it,” Baroudi said. “He also understands that an effective transition depends on carefully considered policies, policies that attract investment to where it can not only have the greatest impact today, but also maximizes the impact of tomorrow’s technologies and tomorrow’s partnerships.”



“What Skylakakis is saying and doing fits in nicely with many of the same ideas I spoke about,” Baroudi added. “When he talks about heavier reliance on wind farms, the added storage capacity is a foundation that will help derive a fuller return from each and every turbine. When he highlights the utility – pun intended – of power and gas interconnections with other countries and regions, these are the prerequisites for peace, the building blocks for cooperation and dialogue.”

In his own speech shortly after Skylakakis’, Baroudi told the audience at the capital’s Hotel Grande Bretagne that countries

in the Eastern Mediterranean should work together to increase cleaner energy production and reduce regional tensions.

“Surely there is a method by which we can re-establish the same common ground enshrined in the wake of World Wars I and II, recall the same common interests and identify new ones, and work together to achieve common goals, just as the UN Charter implores us to,” he said.

Baroudi advises companies, governments, and international institutions on energy policy and is an award-winning advocate for efforts to promote peace through dialogue and diplomacy. He told his audience that with both climate change and mounting geopolitical tensions posing threats to people around the world, policymakers needed to think outside the usual boxes.

In this way, he argued, “we might develop the mutual trust which alone can create a safer, happier, and better world for our children and grandchildren.”

“Consider the possibilities if Greece, Türkiye, and Cyprus became de facto – or de jure – partners in a pipeline carrying East Med gas to consumers in Bulgaria, Romania, and Italy,” he said. “Imagine a future in which Israeli and Lebanese gas companies were similarly – but independently – reliant on the same Cypriot LNG plant for 10-20%, or even more, of their respective countries’ GDPs.”

He also envisioned bilateral cooperation scenarios between Greece and Turkey and Syria and Turkey, as well as a regional interconnection that would provide backup energy for multiple coastal states.

“Instead of accepting certain ideas as permanently impossible, we ought to be thinking ahead and laying the groundwork,” Baroudi said. “For Greece and Türkiye – as for other pairs of coastal states in the region – a good starting point would be to emulate the Maritime Boundary Agreement agreed to by

Lebanon and Israel in 2022.”

Stressing the potential for cooperation to address both energy requirements and the stability required for stronger growth and development, Baroudi – whose books include a 2023 volume about the Lebanon-Israel deal and a forthcoming one urging other East Med countries to do the same – called on the EU to take up the challenge.



“Using dialogue and diplomacy to expand energy cooperation would benefit not just the countries of the East Med but also the entire European Union and much of its surrounding ‘neighborhood’,” he told an audience of energy professionals and key government officials. “That level of promise more than merits the attention of Brussels, the allocation of support resources, and even the designation of a dedicated point-person tasked with facilitating the necessary contacts and negotiations.”

“This is how we need to be thinking if we want to get where we need to go,” Baroudi said. “Instead of allowing ourselves to be discouraged by the presence of obstacles, we need to be investigating new routes that go around them, strengthen the

rule of law – especially human rights law – as a basis for the international system, and promote lasting peace among all nations. Only then can we declare victory over what the 18th-century Scottish poet Robert Burns called ‘man’s inhumanity to man’.”

الخبير في مجال الطاقة رودري بارودي: دول شرق البحر المتوسط يجب أن تتعاون بمجال الطاقة



أشار أحد أهم الخبراء في مجال الطاقة رودري بارودي، في مؤتمر انعقد في أثينا، إلى أن “دول شرق البحر الأبيض المتوسط يجب أن تتعاون مع بعضها لزيادة إنتاج وتصدير الطاقة والتخفيف من التوترات الإقليمية”.

وقال بارودي امام المشاركين في المؤتمر: "يجب ان نضع في الاعتبار الاحتمالات الايجابية إذا أصبحت اليونان وتركيا وقبرص شركاء بحكم الواقع أو بحكم القانون في خط أنابيب ينقل غاز شرق المتوسط إلى المستهلكين في بلغاريا ورومانيا وإيطاليا، وان نتخيل مستقبلاً تعتمد فيه شركات الغاز الإسرائيلية واللبنانية ولكن بشكل مستقل "على نفس مصنع الغاز الطبيعي المسال في قبرص".

وأضاف بارودي "لننتصور اهمية وايجابية سيناريوهات التعاون الثنائي بين اليونان وتركيا من جهة وسوريا وتركيا من جهة ثانية إضافة إلى الترابط الإقليمي الذي سيوفر طاقة احتياطية لدول ساحلية متعددة"، لافتاً إلى أنه "بدلاً من قبول أفكار معينة على أنها مستحيلة بشكل دائم، يجب أن نفكر في المستقبل ونضع الأساس لعمال ايجابية مشتركة على ان تكون نقطة البداية الجيدة مماثلة لاتفاقية الحدود البحرية بين لبنان وإسرائيل في عام 2022".

وشدد بارودي أمام حشد من المتخصصين في مجال الطاقة ومسؤولين حكوميين على أن "استخدام الحوار والدبلوماسية لتوسيع التعاون في مجال الطاقة لن يفيد فقط دول شرق البحر المتوسط ولكن أيضاً جميع دول الاتحاد الأوروبي والكثير من" الجوار "المحيط به وان هذا الاستحقاق المهم يستحق أكثر من اهتمام بروكسل، لا بل يستحق تخصيص موارد الدعم، وتعيين موفد مكلف بتسهيل الاتصالات والمفاوضات اللازمة".

وختم بارودي بالقول: "هذه هي الطريقة الفضلى التي نحتاجها للتفكير إذا أردنا الوصول إلى حيث يجب ان نكون بدلاً من السماح لأنفسنا بالإحباط بسبب وجود عقبات، فنحن نحتاج إلى التفتيش عن طرق جديدة وحديثة تلتف على الافكار والمواقف القديمة، وتعزيز سيادة القانون وخاصة قانون حقوق الإنسان كأساس للنظام الدولي، وتعزيز السلام الدائم بين جميع الدول، عندها فقط يمكننا إعلان النصر على ما أسماه الشاعر الاسكتلندي روبرت بيرنز في القرن الثامن عشر: وحشية "الإنسان للإنسان".

Saudi Aramco awards \$25bn in contracts for gas expansion



Saudi Aramco, the world's biggest oil producer, has awarded contracts worth more than \$25bn for the second phase of the expansion of its Jafurah gas field and the third phase of expanding its main gas network.

The development of the Jafurah field, which is estimated to hold 200 trillion cubic feet of gas, is expected to cost \$100bn and boost the state energy firm's gas production by more than 60 per cent by 2030.

"These contract awards demonstrate our firm belief in the future of gas as an important energy source, as well as a vital feedstock for downstream industries," said Amin H. Nasser, Aramco president & CEO.

"The scale of our ongoing investment at Jafurah and the expansion of our master gas system underscores our intention

to further integrate and grow our gas business to meet anticipated rising demand.”

Aramco awarded 16 contracts, worth a combined total of around \$12.4bn, for phase two development at Jafurah. This phase will include the construction of gas compression facilities, pipelines, the expansion of the Jafurah gas plant, gas processing trains, utilities, sulfur, and export facilities.

The expansion includes the construction of new riyas natural gas liquids (NGL) fractionation facilities in Jubail, including NGL fractionation trains, utilities, storage, and export facilities.

The state-energy giant also awarded 15 lump sum turnkey contracts worth approximately \$8.8bn to kick off the phase three expansion of the master gas system. The expansion will increase the size of the network and raise its total capacity by an additional 3.15 billion standard cubic feet per day (bscfd) by 2028 through the installation of around 4,000km of pipelines and 17 new gas compression trains.

Furthermore, Aramco awarded an additional 23 gas rig contracts worth \$2.4bn, two-directional drilling contracts worth \$612m, and 13 well tie-in contracts at Jafurah, for a total of \$1.63bn.

Aramco's LNG ambitions

Saudi Arabia is working on developing its unconventional gas reserves, which require advanced extraction methods such as those used in the shale gas industry.

Aramco signed 40 corporate procurement agreements worth \$6bn with local suppliers in February as the state-owned energy giant seeks to develop the country's energy services sector while boosting its localisation programme.

The agreements cover the supply of a range of products

comprising strategic commodities, such as instrumentation, electrical, and drilling equipment.

Meanwhile, an additional 15 trillion standard cubic feet of gas (scfd) were proven at Aramco's Jafurah field in February, adding significant volumes to the kingdom's proven gas and condensate reserves.

The company estimates that Jafurah's reserves have reached 229 trillion cubic feet of gas and 75 billion barrels of condensates. Jafurah is the country's largest unconventional non-oil-associated gas field and reportedly the biggest shale gas development outside of the US.

Aramco is expanding its portfolio into LNG at a time when global demand for the fuel has surged, particularly in Europe, which is replacing reduced pipeline supplies from Russia. It forayed into the global LNG market last September by acquiring a minority stake in EIG Partners' MidOcean Energy in a deal valued at \$500m.

The state-energy giant signed non-binding agreements with two US energy firms Sempra and NextDecade, for the supply of 5 million tonnes per annum (mtpa) and 1.2 of mtpa LNG, respectively, for 20 years.

Regional Energy Expert Roudi Baroudi Earns Award from Washington Think Tank



Transatlantic Leadership Network Recognizes Author for Contributions to Peaceful Development in Eastern Mediterranean

WASHINGTON, DC November 9, 2023: Doha-based Lebanese author Roudi Baroudi was one of two people presented with the 2023 Transatlantic Leadership Award at a ceremony in Washington this week.

Although circumstances relating to the conflict in the Gaza Strip prevented Baroudi from attending the event, both he and Joshua Volz – the Deputy Assistant Secretary for Europe, Eurasia, Africa, and the Middle East and the Office of International Affairs at the US Department of Energy – were recognized by the Transatlantic Leadership Network (TLN). Each was cited at a gala dinner on Monday for his “valuable contribution in building a peaceful and prosperous Eastern Mediterranean” as part of the TLN’s 2nd Annual Conference on Freedom of the Media.

“I was deeply honored to be named a recipient of this prestigious award, and I will always be grateful for the many ways in which the TLN has supported my work for several years now,” Baroudi said. “I also look forward to working together in the future so that one day, our descendants can know the benefits of peace and coexistence. It is precisely in difficult and trying times that cooler heads must be able and willing to look at the reasons for current bloodshed and recrimination, then envision pathways to a better future.”

Baroudi, who serves as CEO of independent consultancy Energy and Environment Holding in Doha, is a long-time champion of dialogue, cooperation, and practical solutions to both the global climate crisis and recurrent tensions in the East Med. A regular speaker at regional energy and policy conferences, Baroudi’s insights are also avidly sought by local and international media, as well as governments, major energy companies, and investors.

Having advised both public and private sector actors on a wide variety of energy issues, Baroudi is widely credited with bringing unique perspective to all manner of policy discussions. He is the author of several books, including “Maritime Disputes in the Eastern Mediterranean: The Way Forward” (2021), and “Climate and Energy in the Mediterranean: What the Blue Economy Means for a Greener Future” (2022). Together with Notre-Dame University – Louaize, Baroudi has also published a study of the US-brokered October 2022 Maritime Boundary Agreement between Lebanon and Israel, and is currently preparing another volume on Lebanon’s prospects for similar deals with Cyprus and Syria.

The TLN describes itself as “a nonpartisan, independent, international network of practitioners, private sector leaders and policy analysts dedicated to strengthening and reorienting transatlantic relations to the rapidly changing dynamics of a globalizing world.”

Monday's ceremony was attended by a broad cross-section of high-profile figures, including senior officials from the Departments of Energy and State, numerous members of Washington's extensive diplomatic corps, and representatives of both international organizations and various media outlets.

UAE's ADNOC Gas to Start Trading in \$2.5bn IPO. International Energy Expert, Roudi Baroudi told AFP: "LNG is Most Important Transition Fuel in the move away from hydrocarbons".



UAE state energy company ADNOC's recently formed gas unit will launch on the Abu Dhabi stock market on Monday in a \$2.5 billion initial public offering aimed at tapping high demand for the fuel.

Shares in ADNOC Gas, which only became operational at the start of this year, were heavily oversubscribed even after the offering was expanded from 4.0 to 5.0 percent of issued share capital in response to strong interest.

The final price was set at 2.37 dirhams (\$0.65) per share, towards the top of its range, raising about \$2.5 billion and implying a market capitalisation of around \$50 billion.

ADNOC Gas is the biggest flotation yet on the Abu Dhabi stock exchange, which opens at 9:30 am (0530 GMT).

At more than 50 times oversubscribed, it is the biggest demand ever seen for an initial public offering in the Middle East and North Africa, outstripping oil firm Saudi Aramco's world-record \$29.4 billion listing just over three years ago.

The rapidly organised IPO from ADNOC, one of the world's biggest oil firms, follows last year's scramble for alternative gas resources after Russia's invasion of Ukraine,

and comes as countries search for cleaner fuels to mitigate global warming.

Energy consultant Roudi Baroudi, who heads the Qatar-based Energy and Environment Holding firm, said he expected brisk demand when the shares start trading.

“There is every reason to expect that the massive oversubscription we saw will carry over into strong interest when the shares are floated publicly,” Baroudi told AFP.

– ‘Transition fuel’ –

Abu Dhabi National Oil Company, the United Arab Emirates’ key revenue-earner, retains a 90 percent stake in the subsidiary formed from its former gas processing, LNG and industrial gas units.

Gas is being touted as cleaner than other fossil fuels as countries around the world strive to reduce their emissions.

Baroudi said Liquified Natural Gas (LNG) was “the most important transition fuel in the move away from hydrocarbons”.

In 2021, the UAE produced 57 billion cubic metres (bcm) of natural gas, or about 1.4 percent of global output, according to the BP Statistical Review of World Energy.

That same year, the Emirates exported 8.8 bcm of LNG, 1.7 percent of world LNG exports, the Statistical Review said.

“As global efforts to battle climate change gain pace, the role of natural gas in general... is widely expected to grow,” Baroudi said.

“ADNOC enjoys a solid reputation, so it was to be expected that the ADNOC Gas IPO would attract strong interest.”

ADNOC Gas could be the first in a series of share offerings in Abu Dhabi this year.

At least eight companies are expected to follow in fields ranging from technology to asset management and regenerative medicine, Bloomberg said, citing Sameh Al Qubaisi, director general of economic affairs at Abu Dhabi's Department of Economic Development.

<https://www.digitaljournal.com/business/uaes-adnoc-gas-to-start-trading-in-2-5bn-ipo/article>

Sweden Sets Up \$23 Billion Emergency Backstop for Utilities



Niclas Rolander

Want the lowdown on European markets? In your inbox before the open, every day.

Sweden's government will provide Nordic and Baltic utilities as much as 250 billion kronor (\$23.2 billion) in credit guarantees as it seeks to prevent Russia's energy curbs from setting off a financial crisis.

The measure is aimed at helping companies struggling to meet the surging collateral requirements needed to trade electricity, and avoid the threat of some going into technical defaults as soon as Monday, Finance Minister Mikael Damberg said at a news conference in Stockholm. Utilities registered with Nasdaq Clearing AB are eligible for the guarantees.

"The issue is currently isolated to energy producers, but unless we act, it could have contagion effects on the rest of the financial market," the minister said on Sunday. "Ultimately, it could lead to a financial crisis."

The surging price of energy in Europe has made it more expensive for utilities to buy and sell electricity, because of the collateral required to guarantee trades on power markets facing unprecedented turbulence. Fortum Oyj of neighboring Finland said Aug. 29 its collateral rose by 1 billion euros (\$1 billion) in a week to 5 billion euros, excluding funds posted by its German subsidiary Uniper SE.

**Germany agrees \$65bn
inflation relief package**



AFP / Berlin

The German government yesterday unveiled a new multi-billion euro plan to help households cope with soaring prices, and said it was eyeing windfall profits from energy companies to help fund the relief.

German businesses and consumers are feeling the pain from sky-high energy prices, as Europe's biggest economy seeks to extricate itself from reliance from Russian supplies in the wake of Moscow's invasion of Ukraine.

Rapid measures to prepare for the coming cold season will ensure that Germany would "get through this winter," Chancellor Olaf Scholz said at the unveiling of the €65bn (\$65bn) package.

The latest agreement, which brings total relief to almost €100bn since the start of the Ukraine war, was hammered out overnight into Sunday by Germany's three-way ruling coalition of Scholz's Social Democrats, the Greens, and the liberal FDP. Among the headline measures are one-off payments to millions of vulnerable pensioners and a plan to skim off energy firms' windfall profits. The government's latest relief package came two days after Russian energy giant Gazprom said it would not restart gas deliveries via the Nord Stream 1 pipeline on

Saturday as planned after a three-day maintenance.

The government had made "timely decisions" to avoid a winter crisis, Scholz said, including filling gas stores and restarting coal power plants. But preventative measures, including a drive to reduce consumption, have done little to break a sharp increase in household bills.

The latest announcement follows two previous relief packages totalling €30bn, which included a reduction in the tax on petrol and a popular heavily subsidised public transport ticket.

But with the expiration of many of those measures at the end of August and consumer prices soaring, the government has been under pressure to provide new support. Inflation rose again to 7.9% in August, after falling for two straight months thanks to previous government relief measures.

The take-off in energy prices is expected to push inflation in Germany to around 10% by the end of the year, its highest rate in decades. Scholz said however that not everyone is suffering from the high consumer prices.

Some energy companies which may not be using gas to generate electricity were "simply using the fact that the high price of gas determines the price of electricity and are therefore making a lot of money," he said.

"We have therefore resolved to change the market organisation in such a way that these random profits no longer occur or that they are skimmed off." The trimming of windfall profits would create "financial headroom that should be used specifically to relieve the burden for consumers in Europe," the government said in its policy paper.

The move could potentially bring "double-digit billions" of euros in relief, finance minister Christian Lindner estimated in the press conference. The government said it would push for the move to be implemented across the European Union, before going ahead with the measure on its own.

Brussels on Monday said it would prepare "emergency" action to reform the electricity market and bring prices under control. Scholz said he expected the EU to "deal quickly" with the

issue, adding that it was “very clear that we need rapid changes in this area”.

Repeating his mantra that Germans will “never walk alone” through the energy crisis, the chancellor unveiled a raft of measures, including a one-off payment of €300 to millions of pensioners to help them cover rising power bills.

The government will also target students with a smaller one-time transfer of €200, and an heating cost payment for people receiving housing benefits.

Berlin also set aside €1.5bn for work on a successor to the wildly popular nine-euro monthly ticket on local and regional transport networks. The relief package as a whole should be financed without planning to take on further debt, Lindner said.

“These measures are included within the government’s existing budget plans,” covering 2022 and 2023, he said, with the remainder covered by the windfall energy profit measures.

France faces uncertain winter as nuke power shortage looms



By Forrest Crellin, Silvia Aloisi And Nina Chestney/Paris

France, once Europe's top power exporter, may not produce enough nuclear energy this winter to help European neighbours seeking alternatives to Russian gas, and may even have to ration electricity to meet its own needs.

France has for years helped to underpin Europe's electricity supply, providing about 15% of the region's total power generation.

But this year, for the first time since French records began in 2012, France has become a net power importer as its own production of nuclear energy hit a 30-year low, based on data from consultancy EnAppSys.

The supply squeeze, caused by a wave of repairs at the country's nuclear power stations, couldn't have come at a worse time. Europe is in the grip of an energy crisis as Russian gas supplies plummet in the wake of the Ukraine conflict and France, which derives 70% of its electricity from nuclear energy, has lost its edge.

French power prices have hit a string of all-time highs – topping 1,000 euros (\$1,004.10) per megawatt hour earlier this month – on expectations the country will not have enough electricity to meet domestic demand. That surge, from prices

of around €70 a year ago, has added to a cost-of-living crisis.

“Sky-high electricity prices are an economic threat, with France’s nuclear issues seemingly turning into a greater challenge than Russian gas flows,” said Norbert Rücker, head of economics and next generation research at Julius Baer.

A record number of France’s 56 nuclear reactors have gone offline for overdue maintenance and checks related to corrosion issues that first surfaced last December. Some reactors have had to cut production during the summer to prevent rivers used to cool reactors from overheating.

As of August 29, 57% of nuclear generation capacity was offline, based on data provided by state-controlled nuclear power group Electricite de France, or EDF.

EDF’s current outage schedule sees production levels returning to around 50 gigawatts (GW) daily by December from around 27 GW now as reactors gradually come back for the winter season.

But the market, analysts and union officials think that forecast is too optimistic.

In a normal year, France produces around 400 terawatt-hours (or 400,000 GWh) of nuclear electricity and exports about 10% of it in warmer months. But during winter consumption peaks, France imports power from its neighbours, particularly Germany.

This year, EDF forecasts French nuclear production at 280-300 terawatt-hours, the lowest since 1993. France has imported power from the likes of Germany and Belgium during the summer, when it would usually be exporting it.

“That makes for scary winter prospects,” said Paris-based nuclear energy consultant Mycle Schneider.

Six analysts polled by Reuters estimated that France’s power capacity during the winter will fall below EDF’s forecasts, by 10 to 15GW a day until at least late January. This means France will need to import more power when the rest of Europe will also be facing an energy crunch, or risk blackouts.

Last week, EDF – which this year has cut its nuclear output forecasts several times and issued four profit warnings –

delayed the restart of several reactors to at least mid-November, fuelling more uncertainty.

Current power market prices reveal a lack of confidence in EDF's ability to put all its reactors back online in time for the cold season, a parliamentary source close to government said, although this source also said the availability of the fleet should improve from current low levels.

"We should be able to recover a large part of the reactors which are currently offline," the source said. "We can also ask the French to make efforts, especially to reduce consumption peaks."

The measures the French government could take include forced interruption of power supply to industrial and commercial consumers, reduced heating in public buildings, turning off street lights and controlled power cuts, he said.

French Prime Minister Elisabeth Borne has urged companies to draft energy savings plans by next month, warning they would be hit first if France has to ration gas and electricity.

The CGT union, France's biggest, is bracing for some rolling blackouts this winter.

"The situation is really worrying... to say that there won't be power cuts is a very optimistic gamble, unless one already knows for sure that the winter will be warm," said Virginie Neumayer, who follows nuclear issues at CGT.

Even if EDF can boost nuclear production, analysts say France will still not have spare power to sell to neighbours starved of Russian gas, with Italy, Britain and Switzerland seen as the countries worst hit.

"We have seen some effects over the last months already, as Spain, the UK and Italy all have had to increase their domestic production, since export volumes from France have been much lower than normal," said Fabian Ronningen of consultancy Rystad Energy.

"I think Italy would be the most affected country (if France stopped exporting electricity), as they are Europe's overall largest power importer."

EDF CEO Jean-Bernard Levy said on Monday that among the

reactors that are closed, 12 were for corrosion problems and the rest were either shut for routine maintenance delayed by the pandemic or taken off-line to prepare them for winter. Levy said the company was “totally mobilised” to avoid more outages.

“These works are heavy, we will need hundreds and hundreds of very skilled people, we are making them come from abroad, the US in particular,” he told a business conference. He said corrosion issues required workers to operate in a part of the reactor where radiation is high, meaning exposure had to be limited.

For the coming winter, meteorologists often look at how the La Niña weather pattern develops over the summer as an indicator of a colder than average winter.

Currently, the odds of that happening are at 60% during December-February 2022-23, US government weather forecaster the National Weather Service’s Climate Prediction Center said. Longer term, questions remain over whether EDF, which is in the process of being fully nationalised, can maintain its ageing fleet of existing power stations – mostly build in the 1980s – or build new ones quickly enough to replace them.

France’s nuclear safety watchdog ASN said in May that fixing the corrosion issues affecting EDF’s reactors could take years.

The next generation nuclear reactors EDF has built – including one in Flamanville in France, and another at Hinkley Point in England – have run billions over budget and several years beyond schedule. – Reuters

بارودي يؤكد صوابية طلب لبنان

الخاص بالمباحثات والمفاوضات على الحدود البحرية



بارودي يؤكد صوابية طلب لبنان الخاص بالمباحثات والمفاوضات على الحدود البحرية ويؤكد صوابية طلبه مستعيناً بقضايا مماثلة حصلت في السابق وتم البت بها من قبل محكمة العدل الدولية