

# Opec+ signs off on July increase at meet as oil market tightens



LONDON (BLOOMBERG) – The Opec group of oil producers and its allies, or Opec+, stuck to its plan to hike oil output next month, as Saudi Arabia’s energy minister struck a bullish tone about the global recovery.

The group will press ahead with an increase of 841,000 barrels a day next month, following hikes in May and June, according to delegates.

As the market tightens, a more difficult decision looms for the group as it tackles the deficit that is set to emerge later this year.

“The demand picture has shown clear signs of improvement,” Saudi Energy Minister Abdulaziz bin Salman said as the meeting

started.

Russian Energy Minister Alexander Novak also spoke of the “gradual economic recovery”.

The Organisation of Petroleum Exporting Countries (Opec) and its allies have spent more than a year rescuing prices from historic lows and only cautiously adding supply.

Now the story is shifting: Oil prices above US\$71 are fuelling inflation concerns and if Opec does not add more oil, there is a risk the market becomes too tight, undermining the global recovery.

But the cartel is also embracing caution. Prince Abdulaziz echoed the concerns of his fellow delegates when he said there are still “clouds” on the horizon. Iran’s potential return to international markets is one factor weighing on ministers’ decision-making. The impact of new variants of Covid-19 is another.

And while there is a wide deficit in the market to fill in the second half of the year, those two considerations could see some producers argue for a pause before further hikes.

“Covid-19 is a persistent and unpredictable foe and vicious mutations remain a threat,” Opec secretary-general Mohammad Barkindo said.

After next month, Opec+ is scheduled to hold supply until April 2022, according to the deal signed a year ago to rescue producers from a bitter price war.

While the agreement can be renegotiated – and there will be pressure to do so as demand continues to recover – it provides a fallback position for the group.

Tuesday’s meeting did not tackle the period after next month, according to two delegates.

If the alliance does not boost output later this year, prices will face further upward pressure, International Energy Agency executive director Fatih Birol told Bloomberg Television earlier on Tuesday.

“One thing is clear: In the absence of changing the policies, with the strong growth coming from the United States, China, Europe, we will see a widening gap” between demand and supply, Mr Birol said.

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## **This Time Is Different: Outside OPEC+, Oil Growth Stalls**



(Bloomberg) – “This time is different” may be the most

dangerous words in business: billions of dollars have been lost betting that history won't repeat itself. And yet now, in the oil world, it looks like this time really will be.

For the first time in decades, oil companies aren't rushing to increase production to chase rising oil prices as Brent crude approaches \$70. Even in the Permian, the prolific shale basin at the center of the U.S. energy boom, drillers are resisting their traditional boom-and-bust cycle of spending.

The oil industry is on the ropes, constrained by Wall Street investors demanding that companies spend less on drilling and instead return more money to shareholders, and climate change activists pushing against fossil fuels. Exxon Mobil Corp. is paradigmatic of the trend, after its humiliating defeat at the hands of a tiny activist elbowing itself onto the board.

The dramatic events in the industry last week only add to what is emerging as an opportunity for the producers of OPEC+, giving the coalition led by Saudi Arabia and Russia more room for maneuver to bring back their own production. As non-OPEC output fails to rebound as fast as many expected – or feared based on past experience – the cartel is likely to continue adding more supply when it meets on June 1.

### 'Criminalization'

Shareholders are asking Exxon to drill less and focus on returning money to investors. "They have been throwing money down the drill hole like crazy," Christopher Ailman, chief investment officer for CalSTRS. "We really saw that company just heading down the hole, not surviving into the future, unless they change and adapt. And now they have to."

Exxon is unlikely to be alone. Royal Dutch Shell Plc lost a landmark legal battle last week when a Dutch court told it to cut emissions significantly by 2030 – something that would require less oil production. Many in the industry fear a wave of lawsuits elsewhere, with western oil majors more immediate

targets than the state-owned oil companies that make up much of OPEC production.

“We see a shift from stigmatization toward criminalization of investing in higher oil production,” said Bob McNally, president of consultant Rapidan Energy Group and a former White House official.

While it’s true that non-OPEC+ output is creeping back from the crash of 2020 – and the ultra-depressed levels of April and May last year – it’s far from a full recovery. Overall, non-OPEC+ output will grow this year by 620,000 barrels a day, less than half the 1.3 million barrels a day it fell in 2020. The supply growth forecast through the rest of this year “comes nowhere close to matching” the expected increase in demand, according to the International Energy Agency.

Beyond 2021, oil output is likely to rise in a handful of nations, including the U.S., Brazil, Canada and new oil-producer Guyana. But production will decline elsewhere, from the U.K. to Colombia, Malaysia and Argentina.

As non-OPEC+ production increases less than global oil demand, the cartel will be in control of the market, executives and traders said. It’s a major break with the past, when oil companies responded to higher prices by rushing to invest again, boosting non-OPEC output and leaving the ministers led by Saudi Arabia’s Abdulaziz bin Salman with a much more difficult balancing act.

## Drilling Down

So far, the lack of non-OPEC+ oil production growth isn’t registering much in the market. After all, the coronavirus pandemic continues to constrain global oil demand. It may be more noticeable later this year and into 2022. By then, vaccination campaigns against Covid-19 are likely to be bearing fruit, and the world will need more oil. The expected return of Iran into the market will provide some of that, but

there will likely be a need for more.

When that happens, it will be largely up to OPEC to plug the gap. One signal of how the recovery will be different this time is the U.S. drilling count: It is gradually increasing, but the recovery is slower than it was after the last big oil price crash in 2008-09. Shale companies are sticking to their commitment to return more money to shareholders via dividends. While before the pandemic shale companies re-used 70-90% of their cash flow into further drilling, they are now keeping that metric at around 50%.

The result is that U.S. crude production has flat-lined at around 11 million barrels a day since July 2020. Outside the U.S. and Canada, the outlook is even more somber: at the end of April, the ex-North America oil rig count stood at 523, lower than it was a year ago, and nearly 40% below the same month two years earlier, according to data from Baker Hughes Co.

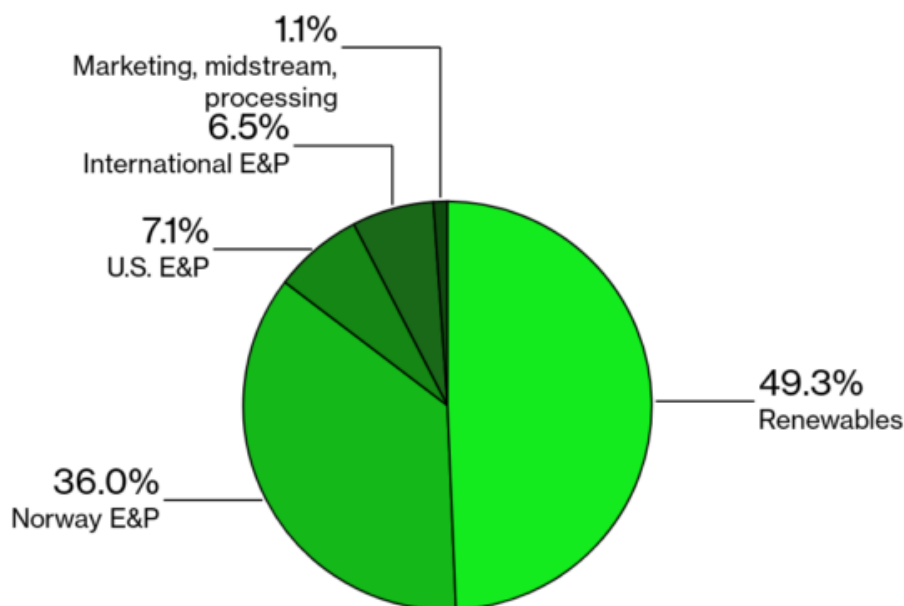
When Saudi Energy Minister Prince Abdulaziz predicted earlier this year that “‘drill, baby, drill’ is gone for ever,” it sounded like a bold call. As ministers meet this week, they may dare to hope he’s right.

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## **How an Oil Company Becomes a Renewables Company**

## How to Earn \$2.6 Billion

Equinor 1Q 2021 earnings by segment



Source: Equinor, Bloomberg

Note: E&P is exploration and production. Earnings omit \$53 million loss from "other"

**Bloomberg Green**

Last week a raft of oil majors released their first-quarter results, with companies like Royal Dutch Shell Plc showing a return to pre-pandemic profit levels. At the same time, some of the majors increased their energy transition commitments: as my Bloomberg Intelligence colleagues Salih Yilmaz and Will Hares noted on Twitter, Spanish firm Repsol SA devoted 40% of its capital expenditure to low-carbon projects, and France's Total SE stated plans to increase its renewable energy capacity five-fold over the next four years.

There are energy-transition commitments, though, and then there are energy-transition results. And on the latter side, one company shines: Norway's state-owned oil producer, Equinor ASA. It posted more than \$2.6 billion of earnings in the first quarter of 2021, 49% of which was from renewable energy. Last quarter, Equinor earned more from renewables than it did from oil and gas exploration and production.

But Equinor's results are more than evidence of a successful renewable-energy strategy. They're also a sign of the

challenge ahead for other oil majors with similar ambitions.

Equinor's capital gains in renewables came from "farm downs," i.e. the selling of assets at various stages of development to new owners. (Another term for farm down is "asset rotation," which I discussed last week.) Equinor divested a 50% interest in two U.S. offshore wind projects and a 10% interest in two U.K. offshore wind farms. While asset rotation is slowing down in the power utility sector, it seems to be working fine for Equinor.

More interesting than the farming down itself is who Equinor is farming down to: two other European oil majors! BP Plc is buying into the U.S. projects, and Italy's Eni SpA is buying into the U.K. projects—or in other words, BP and Eni are paying Equinor for the privilege of taking on the earlier stages of developing offshore wind.

Therein lies the challenge for Big Oil's energy transition plans. Equinor's way to benefit from renewable-energy assets is, essentially, to put in the early work of developing them—and then reap the cash benefits of selling them to others.

Importantly, early wind development is more time-dependent and expertise-dependent than it is capital-dependent. Equinor's U.S. wind assets are the result of its success in the country's 2018 offshore-lease auction, when it won stakes with a bid of \$135 million. In its latest earnings statement, the company says BP paid \$1.2 billion for those same assets, netting the Norwegian company \$1 billion on the deal.

Equinor is a special creature in a few ways. First, one of the reasons it could be an early developer of U.S. offshore wind is that it has decades of experience developing and operating offshore oil and gas assets. Other oil majors (in particular BP) can claim the same expertise, but Equinor seems particularly adept at it.

Second, the company is two-thirds owned by the Kingdom of

Norway, with Norway's Government Pension Fund Global, also known as Norges Bank, owning another 3.59% of the company via Folketrygdfondet, which is authorized to invest 85% of its funds in Norwegian companies. Not only is the government a particularly patient and committed shareholder, it also has a hand in its portfolio companies' strategies. The Folketrygdfondet "has an interest in an orderly transition in line with the Paris Agreement" and expects that its portfolio companies "integrate climate change considerations into policies and strategy."

So to recap: Norway reinvests its state-oil company's revenues back into said oil company, while also helping drive said oil company's energy transition strategy. As Equinor's first-quarter results show, all of this effort and coordination has made it possible for an oil company to get half its revenues from renewable energy, at least for now. Other oil majors reaching for that same brass ring will have their work cut out for them, certainly—and may continue to resort to buying assets from each other in their quest to get there.

*Nathaniel Bullard is BloombergNEF's Chief Content Officer.*

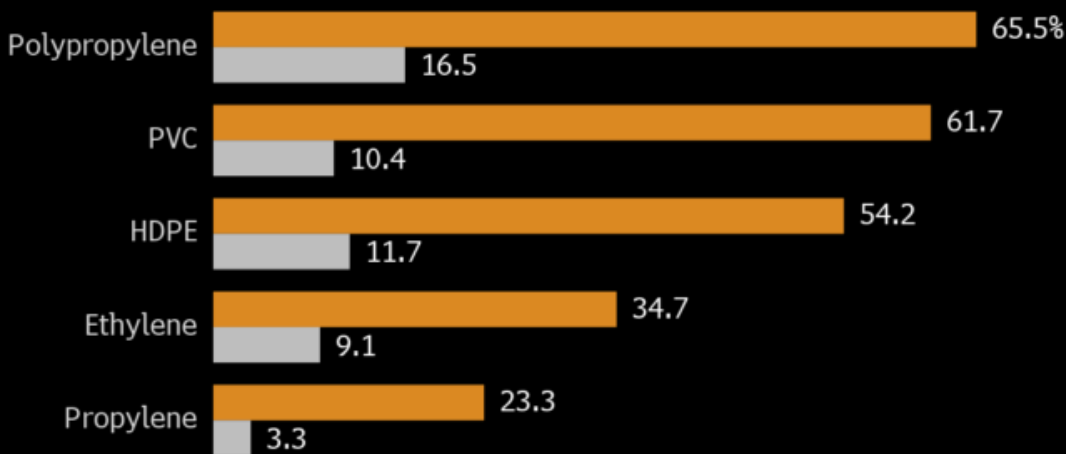
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## **Big Oil's Chemical Profits Show Inflationary Double Whammy**

## Shutdowns Easing

U.S. chemical capacity is slowly returning after the Texas freeze

■ Capacity offline (March) ■ Capacity offline (May)



Source: ICIS

Bloomberg

(Bloomberg) – Drive down any highway in the world and you’ll see countless reminders that the price of Big Oil’s primary product is rising. What’s less obvious is how the inflationary pressures from transport fuel are being amplified by another part of this sprawling industry – chemicals.

The cost of the building blocks for everything from plastics to paint has surged over the past year. That’s great for companies like Exxon Mobil Corp. and Royal Dutch Shell Plc, whose petrochemical units just earned their biggest profit in years.

But it’s unwelcome news for consumers as commodities from copper to lumber are already testing record highs. The price of materials like PVC and ethylene, staples of construction and manufacturing, have risen to the highest in at least seven years on a combination of pandemic-driven demand, the broader post-Covid recovery and once-in-a generation supply disruptions.

“The demand is coming from food, packaging, medical goods, protective equipment,” said Oswald Clint, senior research

analysts at Sanford C Bernstein Ltd. “Does it add to inflation? Yes.”

Oil has advanced steadily this year, coming within a whisker of \$70 a barrel in London this week. Yet even as higher crude prices boosted earnings from the oil majors’ exploration and production units, the performance of their petrochemical businesses really stood out.

In the first three months of this year, Exxon made \$1.4 billion from chemicals, more than in any quarter since at least 2014, when oil prices were above \$100 a barrel. More than a fifth of Shell’s \$3.23 billion of adjusted net income for the period came from the division, the highest in four years.

### Global Winners

It’s not just the oil majors seeing sales surge. Chemicals was the fastest growing unit at Indian conglomerate Reliance Industries Ltd. in the first three months of 2021, compared with the prior quarter.

Other winners from the boom include Brazil’s Braskem SA, Indorama Ventures PCL from Thailand, Celanese Corp., Dow Inc. and LyondellBasell Industries NV in the U.S., and Saudi Basic Industries Corp., according to Jason Miner, Bloomberg Intelligence chemicals analyst.

“It’s a story of the strength of the intermediates,” Shell chief financial officer Jessica Uhl told investors on April 29, referring to compounds that are derived from basic petrochemical feedstocks. Demand is growing as the economy recovers, notably in Asia, she said.

For example, the price of styrene monomer – used in medical devices and latex – surpassed \$1,000 a ton in the first quarter, Uhl said. The average price of the chemical at the port of Rotterdam in the Netherlands was about \$700 a ton in

2020, according to data compiled by Bloomberg.

The global vaccination drive and large stimulus packages are boosting consumer sentiment and demand from health care, packaging, consumer durables, textiles and automobiles, Reliance said in its earnings presentation last week. Demand for polymers and polyesters has been particularly strong in India, it said.

### Trouble in Texas

This isn't just a story about strong demand. The chemicals industry is also just coming back from several major supply disruptions.

Back-to-back hurricanes on the U.S. Gulf Coast last year were followed by unusually cold weather in February, which knocked out much of the electricity grid in Texas and forced giant petrochemical facilities to shut down. Two months later, many are still not back working at full-capacity.

The region has become a dominant player in the world's plastics trade thanks to natural gas liquids – a cheap petrochemical feedstock – coming out of the Texas shale boom. For example, North America is the world's biggest producer of high-density polyethylene, used in everything from shampoo bottles to snowboards. It's also the largest exporter of PVC.

"The big freeze sent a shockwave through global petrochemical markets," Vienna-based consultant JBC Energy GmbH said in a note. While almost all of the plants that were disabled by the weather have been brought back online, inventories of many chemicals are still low, keeping prices elevated, it said.

The price of ethylene, the chemical building block for everything from plastics to solvents, reached a seven-year high of 59.5 cents a pound in March, according to ICIS, a data and analytics provider. PVC reached a record high of \$1,625 a ton that month.

Even recycled plastic is in high demand, with the price of polyethylene terephthalate, or PET, used for drinks bottles and packaged food, reaching a 10-year high of 1,250 euros (\$1,519) a metric ton in northwest Europe on Wednesday, according to S&P Global Platts. The price remained at that level Friday.

“If you were able to get back up and running quickly after the storm” you found a marketplace desperate for your product that “would almost pay any price to get it,” said Jeremy Pafford, head of North America at ICIS.

The tight supply and demand balance for many chemicals looks set to continue in the second quarter, Exxon Chief Executive Officer Darren Woods said on a call with analysts last week. Dow and LyondellBasell have said they are currently selling everything they produce and don’t anticipate being able to restock inventories until the third or fourth quarter.

To manufacture enough chemicals to satisfy customer demand and start building up its stockpiles again, the U.S. needs “four dull months” without any further disruption, said Pafford.

But hurricane season is just around the corner, and the global economy does not have time on its side.

The world is expected to see a surge in spending in the coming months as many countries end their lockdowns and cooped-up consumers dip into their savings or stimulus checks. That could happen alongside the continuation of pandemic-driven trends such as high demand for plastic medical goods as new strains of Covid-19 trigger fresh outbreaks around the world.

“Demand for personal protective equipment is unlikely to fade soon,” said Armaan Ashraf, an analyst at consultant FGE. “E-commerce, retail, durable goods demand is also likely to remain strong through the rest of this year as well.”

(Updates PET price in 17th paragraph)

# Saudi cuts oil prices for Asia as India battles virus



Bloomberg / Dubai

Saudi Arabia lowered oil prices for customers in its main market of Asia as a surge in coronavirus cases crimps demand in India, the world's third-largest crude importer.

The kingdom's state energy firm, Saudi Aramco, reduced pricing for June shipments to the continent by between 10 and 30 cents per barrel.

The key Arab Light grade for Asia was cut to \$1.70 a barrel above the benchmark from \$1.80 for May. That's the first reduction in official selling prices for the grade since December, signalling weakness in Asian oil markets.

The reductions had been anticipated in the market. Aramco had been expected to lower Arab Light's premium by 20 cents, according to a Bloomberg survey of seven traders and refiners. Saudi Energy Minister Prince Abdulaziz bin Salman has urged fellow members of Opec+ to be cautious as the group eases supply cuts started last year when the pandemic was hammering energy markets. The 23-nation alliance plans to increase daily output by just over 2mn barrels through to July, beginning with 600,000 this month. That would still leave production roughly 5mn barrels a day below pre-pandemic levels.

Aramco raised pricing to the US by 20 cents a barrel for all grades. The nation is adding jobs amid economic growth and a push for widespread vaccinations. The company cut pricing for all shipments to Northwestern Europe and the Mediterranean, where efforts to bolster the economy and ease lockdowns have met with mixed results.

Brent crude has climbed almost 35% this year, closing in on \$70 a barrel as vaccination rollouts enable the US, Europe and some other major economies to reopen. Aramco chief executive officer Amin Nasser said on Tuesday he's more optimistic about the outlook for oil.

Still, the pandemic has rapidly worsened in India since the start of April. The country is now reporting around 400,000 cases every day.

Most Middle Eastern countries set monthly prices as a premium or discount to a benchmark. Aramco's OSPs serve as a bellwether for oil markets and often lead the pricing trend in the region. Abu Dhabi issued its first OSP based on trading in crude futures this month, a step in its efforts to establish its oil as the regional benchmark.

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# BP emerges as another big winner from Texas freeze



(Bloomberg) – Two months on from the winter freeze that paralyzed Texas and sent electricity and gas prices soaring, another big winner has emerged.

BP Plc said Tuesday its gas trading unit had an “exceptional” first quarter, helping to drive profit well above pre-pandemic levels. While executives didn’t spell it out, all signs point to large gains from the frigid weather in Texas.

“It was a very exceptional quarter in gas trading,” Chief Executive Officer Bernard Looney said in an interview. “We were well-positioned for colder-than-normal weather in the U.S.,” as well as in Asia.

The London-based oil major doesn’t disclose trading results, but its quarterly earnings suggest the gas and power unit “easily topped \$1 billion,” according to Citigroup Inc. analyst Alastair Syme. “Although not mentioned by name, we think positioning around the February storm in Texas – Storm Uri – has been the biggest driver of these gains.”

The next-biggest supplier, Macquarie Group Ltd., also enjoyed a windfall from gas and power price swings, pocketing \$210 million. Other companies to profit included pipeline operator Kinder Morgan Inc., which reported a \$1 billion gain, and more may emerge as earnings season progresses.

Yet among BP's oil peers, some have already flagged that their results will suffer from the deep freeze. Royal Dutch Shell Plc has warned its adjusted earnings will take a hit of about \$200 million, while Exxon Mobil Corp. expects profit to be curtailed by as much as \$800 million.

### Trading Giant

BP benefits from having one of the largest in-house trading units in the industry. Last year, the company offered a glimpse into just how profitable the secretive trading operation is: it boosts returns on average capital employed by around 2 percentage points, suggesting it brings in as much as \$2.5 billion a year.

On Tuesday, BP's executives batted away repeated questions from analysts calling for more details on the scale of the trading wins. "I don't really want to give up commercial advantage," Chief Financial Officer Murray Auchincloss said. "I don't think I'm going to go any further in describing what we do commercially. It's just not helpful to our traders."

For now, BP will only give a steer using adjectives such as average, strong or exceptional. The company has had three "exceptional" quarters in the past decade, the latest example – before the one just reported – being the second quarter of 2020, Auchincloss said.

The trading business will mostly remain a black box for investors and analysts, but Auchincloss said the company would "probably" give guidance on the unit's contribution to returns once a year, starting next February or March. Giving away more details than that would be a distraction, he said in an

interview.

Analysts questioned whether the gains reflected an outsized appetite for risk in trading. But the CFO countered that the successes were down to managing long and short positions, and arbitrage.

“We have a very, very strong and long history of knowing how to manage these disruptions and doing well,” he said. “And of course we had disruptions in the first quarter in Asia and the United States.” ©2021 Bloomberg L.P.

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## Opec+ sticks to plan to ease oil output cuts from May 1



Reuters/Dubai/Moscow/London

Opec, Russia and their allies will stick to plans for a phased easing of oil production restrictions from May to July amid

upbeat forecasts for a recovery in global demand and despite surging coronavirus cases in India, Brazil and Japan.

The group known as Opec+ ditched plans to hold a ministerial meeting on Wednesday, four Opec+ sources said, following Tuesday's meeting of ministers who are members of a market monitoring panel.

The panel decided to stick to policies broadly agreed at a previous April 1 meeting of Opec+, Russian Deputy Prime Minister Alexander Novak said after the talks.

He said the next Opec+ ministerial meeting was scheduled for June 1 to review output levels for July and August.

An Opec+ statement also confirmed the June 1 date for the next meeting.

Opec+, which is responsible for more than a third of global production, has cut output by around 8mn barrels per day (bpd), equivalent to over 8% of global demand.

The reduction includes a 1mn bpd voluntary cut by Saudi Arabia. At the April 1 meeting, the group agreed to bring 2.1mn bpd back to the market from May to July, easing cuts to 5.8mn bpd.

In a report by Opec+ experts, the group forecast global oil demand in 2021 would grow by 6mn bpd, after falling 9.5mn bpd last year.

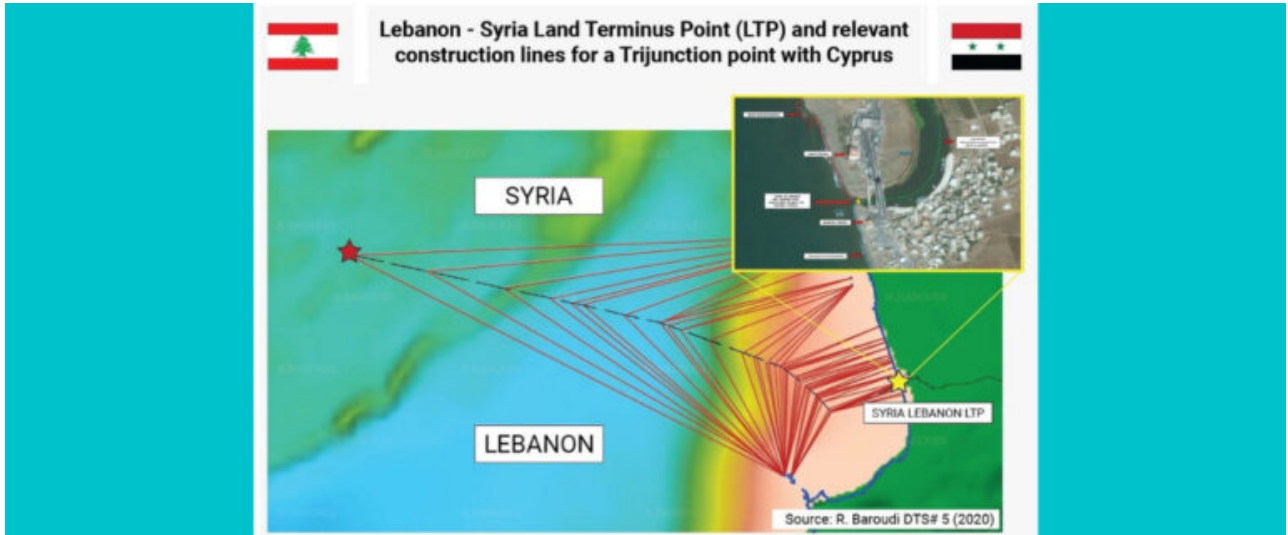
But the group said that, even though more than 1bn Covid-19 vaccine doses had been administered globally, it was concerned that surges in new virus cases in India, Brazil and Japan might derail recovering demand for crude.

Oil prices rebounded on Tuesday after falling the previous session, with gains capped by growing concern about fuel demand in India, the world's third-biggest crude importer.

The Opec+ report said it expected commercial oil stocks to reach 2.95bn barrels in July, taking them below the 2015-2019 average, and expected them to remain below that average for the rest of the year.

It said it saw stocks at about 70mn barrels below the average for the whole of 2021, a more optimistic outlook than its previous forecast of 20mn barrels below the average.

# ترسيم الحدود البحرية اللبنانية - السورية على نار حامية بارودي لـ"النهار": الحل التقني موجود وينطلق من نقطة الحدود البرّية



وضع لبنان الخطوط الاساسية لبدء عملية التفاوض مع الجانب السوري في ما يتعلق بمسألة ترسيم الحدود، وتحديدًا البحرية منها، بعدما أظهر العقد الذي صادقت عليه الحكومة السورية في 18 آذار 2021 والموقع بين وزارة النفط السورية وشركة Capital Limited الروسية للتنقيب عن النفط والغاز شرق المتوسط قبالة ساحل طرطوس، عند الحدود البحرية اللبنانية - السورية، وتحديدًا في البلوك البحري الرقم 1 في المنطقة الاقتصادية الخالصة السورية والتي تتداخل مع جزء كبير من المنطقة الاقتصادية البحرية اللبنانية.

بالفعل، يتداخل البلوك الرقم واحد بشكل كبير مع البلوك 1 والبلوك 2 ضمن المياه اللبنانية، وتراوح مساحة هذه الرقعة المائية ما بين 750 و1000 كلم<sup>2</sup> تقريبًا داخل المياه اللبنانية إستنادًا الى تقارير وضعها الجيش اللبناني، ما أعاد تسليط الضوء على ضرورة الاسراع

وفورا بالتفاوض مع الجانب السوري لإنهاء ملف ترسيم الحدود، اقله حاليا الحدود البحرية. هذه الحدود التي كان حدها لبنان في العام 2011 ضمن مرسوم تحديد المنطقة الاقتصادية الخالصة الذي لحظ إحداثيات النقاط الجغرافية للحدود البحرية والبرية، ورفضها الجانب السوري الذي تقدم بشكوى ضد لبنان أمام الأمم المتحدة في العام 2014. إعتمدت سوريا خطأً حدودياً بحرياً ينطلق من شاطئ طرطوس أفقياً نحو الغرب، الامر الذي اعترض عليه لبنان، مؤكداً ان هذه الآلية تتعارض مع قانون البحار الدولي المعمول به من خلال الامم المتحدة والقواعد المعتمدة عالمياً لتحديد الحدود البحرية، وهي ايضا المقاربة التي يعتمدها لبنان في مفاوضاته مع الجانب الاسرائيلي لتحديد حدوده الجنوبية.

البعض طالب الحكومة اللبنانية بضرورة تقديم شكوى ضد سوريا امام الامم المتحدة إعتراضا على آلية ترسيم الحدود البحرية مع لبنان بطريقة أحادية والشروع بأعمال مسح وتنقيب عن النفط والغاز في منطقة متداخلة مع المياه اللبنانية، بعد تقديم اعتراض خطي أمام الحكومة السورية على ما تقوم به والاصرار على وقف الاعمال في المنطقة المتداخلة الى حين الانتهاء من ترسيم الحدود البحرية. ومن المهم أيضا ان تراسل الحكومة اللبنانية ممثلة بوزارة الطاقة والمياه الشركة الروسية المعنية لإعلامها بان الحدود البحرية اللبنانية - السورية غير مرسمة نهائيا، وإرسال اي باخرة لتقوم بالمسح الجيولوجي ضمن المناطق المتنازع عليها بين لبنان وسوريا، يعرّض الشركة للملاحقة ويهدد مسار عملها، خصوصا في حال قرر لبنان الذهاب بهذا الملف الى المحاكم الدولية للفصل بالنزاع، وكذلك من الروسية توقيع Capital المهم ان تطلب الحكومة اللبنانية من شركة تعهد لدى الجانب اللبناني بان اي نشاط ستقوم به على البلوك السوري الرقم 1 سيكون خارج المنطقة البحرية المتداخلة بين لبنان وسوريا.

وقد كلف رئيس الجمهورية العماد ميشال عون رئيس الوفد اللبناني المفاوضات لترسيم الحدود البحرية الجنوبية العميد الركن الطيار بسام ياسين تسلم زمام التفاوض ايضا مع الجانب السوري في مسألة ترسيم الحدود، على ان يقوم بالتواصل مع الجانب السوري لمعالجة ما يحصل عند الحدود البحرية، والاهم العمل على وقف أعمال الاستكشاف والتنقيب من قبل الشركة الروسية التي لم تمت العمل على البلوك 1 السوري، ضمن منطقة متداخلة مع البلوكات البحرية اللبنانية (1 و 2)، مع الاشارة الى ان طول الحدود البحرية بين سوريا ولبنان يبلغ

نحو 53 ميلاً بحرياً، فيما يبلغ طول الحدود البحرية بين لبنان وقبرص 96 ميلاً، وطول الحدود البحرية اللبنانية - الاسرائيلية 71 ميلاً.

في هذا السياق، وانطلاقاً من آخر التطورات على صعيد هذا الملف، يعتبر الخبير الدولي في شؤون الطاقة رودي بارودي ان "من المهم التأكيد ان سوريا ليست طرفاً في اتفاقية الأمم المتحدة لقانون البحار ولكنها دولة مراقبة، ومع الإعلان الأخير عن تلزيم البلوك الروسية برز الكثير من المواقف "Capital" السوري الرقم 1 لشركة المتخوفة من التعدي على حقوق لبنان من قبل سوريا، ولكن ما هو مؤكد ان البلوك السوري الرقم 1 يقع جنوب الخط الطبيعي الموقت المحايد بنسبة 100% إذا ما تم اعتماد قواعد الأمم المتحدة لقانون البحار. ومع ذلك، ووفقاً لمعلومات التنقيب العالمية حول مناطق امتياز النفط والغاز لعام 2018 و2019 و2021، لم تتغير اشكال البلوكات السورية، فهي واقعة لم تفاجئ متخصصي الصناعة النفطية، وهي اليوم كما كانت من قبل". ويشير بارودي الى ان "حدود سوريا القانونية البحرية وفقاً لجدول مطالبات الأمم المتحدة للعام 2011 هي كما يأتي:

البحر الإقليمي = 12 ميلاً بحرياً.

المنطقة المجاورة = 24 ميلاً بحرياً.

المنطقة الاقتصادية الخالصة = 200 ميل بحري.

فإذا نظرنا إلى البلوكات اللبنانية، نجد أنها تتداخل أيضاً مع "البلوكات السورية".

وقّع لبنان وسوريا نحو 40 اتفاقاً تتناول مختلف المجالات، ومنها ما يتعلق بتقاسم مياه الانهر المشتركة بين البلدين، سواء نهر العاصي او النهر الكبير الجنوبي. وامام هذه الوقائع ونظراً للتداخل بين سوريا ولبنان، وعلاقتهم الجغرافية والمعاهدات الموقعة بينهما، يمكن الدولتين، بحسب بارودي، وبسهولة رسم خط متساوي الأبعاد، (LTP Land Terminus Point) - وفقاً لنقطة الحدود عند نهاية البر الذي يلتزمه كلا البلدين كما هو ظاهر في الخريطة الرقم 1 بحيث يمكن الجيش اللبناني أن يحدد الخط الحدودي بدقة من خلال عمل دقيق ومحترف مع الجانب السوري، شبيه بالذي قام به خلال إعداد المفاوضات لترسيم الحدود البحرية اللبنانية في المناطق المتنازع عليها مع إسرائيل.

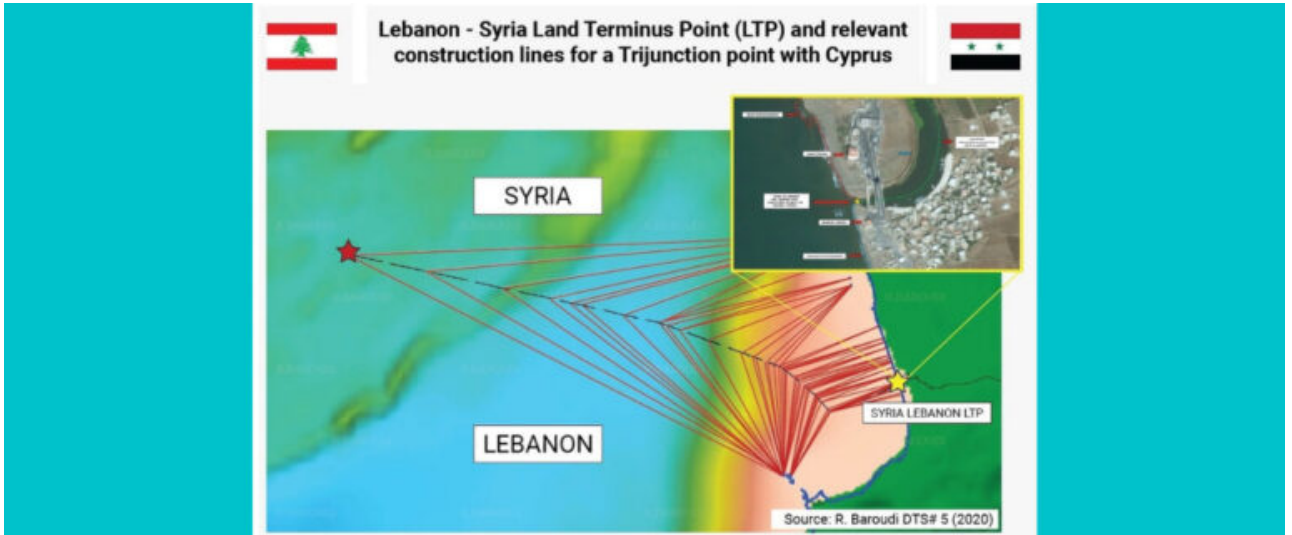
تستطيع الحكومتان اللبنانية والسورية حل الاشكال الحدودي البحري الذي يعتمد نقطة الحدود على نهاية LTP بشكل سريع طالما ان خط

البر بين البلدين محدد والجزر قبالة البلدين محددة بشكل رسمي لا لبس فيه، وحل هذا الامر يؤسس لحل عادل وسريع لاشكالية ترسيم الحدود البحرية بين لبنان وقبرص نظرا لترايط الملفين. في هذا الاطار وطالما ان الموضوع يتعلق بقطاع الطاقة، ونظرا للوضع الصعب الذي يمر به لبنان من الناحيتين الاقتصادية والانسانية، فانه يتوجب بحسب بارودي على المعنيين اللبنانيين "التفاوض مع الجانب السوري وبشكل سريع لاعادة تفعيل القانون الرقم 509 الصادر في 16/7/2003 والذي يجيز إبرام اتفاقية بيع الغاز بين لبنان وسوريا كما التواصل مع الجانب المصري لتنفيذ المرسوم الرقم 15722 الصادر في 14/11/2005، والذي أجاز بموجب مذكرة التعاون بين وزارة الطاقة في لبنان ووزارة البترول والثروة المعدنية المصرية استئجار الغاز من الجانب المصري، كي يستطيع لبنان ان يؤمن بعض حاجاته من الغاز الطبيعي، ما يساعد على انتاج نظيف للكهرباء وباسعار مقبولة ويحقق وفرا وديمومة. فالجانب السوري يدرك ان هنالك حوالى مليوني لاجئ سوري على الاراضي اللبنانية، وبالتالي في حال تطبيق الاتفاقات المذكورة يمكن تأمين غاز لمعمل دير عمار لكي ينتج اكثر من 400 ميغاواط تساعد كهرباء لبنان في هذه الفترة العصيبة، على ان يدفع لبنان ثمن الغاز في فترة تمتد من ثلاث الى اربع سنوات، وهذا الامر ليس بمستحيل على رغم العقوبات الاميركية على سوريا، اذ ان لبنان يستطيع ان يتشبه بالعراق الذي استطاع ان يؤمن استثناءات انسانية من العقوبات الاميركية المفروضة على إيران عبر محادثات جدية قام بها الجانب العراقي مع الادارة الاميركية، ويعتبر هذا الامر من الضروريات في الوقت الراهن بعيدا من السياسات الداخلية الضيقة التي تمنع القيام بهذه الخطوة المهمة. نجاح هذه الخطوة الوطنية يحتاج، بحسب بارودي، "إلى تعاون وتفهم كل القوى السياسية اللبنانية لاهميتها في مجال تأمين الطاقة الكهربائية للمواطنين وقطاعات الانتاج اللبنانية التي تعاني الامرّين لتأمين كهرباء باسعار مقبولة للتمكن من الصمود بوجه الازمات التي يمر بها لبنان. فقد بلغت نسبة الفقر بين اللبنانيين نحو 50% وهي نسبة مرتفعة لم يعرفها لبنان من قبل والعدد مرشح للازدياد في حال عدم ايجاد حلول سريعة لما نعاني منه من هدر في مختلف القطاعات، علما ان الكهرباء تقع على رأس القطاعات التي ينبغي اعادة الحيوية اليها وفقا لما جاء في ورقة باريس الاصلاحية ولمطالب صندوق النقد الدولي والمجتمع الدولي لمد يد العون للبنان. واستئجار الغاز الى دير عمار سواء من سوريا او من مصر يساعد على تأمين هذا الامر ولو جزئيا، اذ يؤمن انطلاقا ثابتا ومنافسا للصناعة والزراعة وقطاع الخدمات كما مختلف القطاعات الإنتاجية الاخرى، ما يساعد على تقليل الخسائر التي تعاني

منها الخزينة اللبنانية وعلى الحد من استنزاف موجودات مصرف لبنان من العملات الصعبة".

وينهي بارودي بالتأكيد على "أهمية قيام لبنان بتعديل المرسوم 6433 للعام 2011 والمتعلق بالمنطقة الاقتصادية الخالصة على الحدود الجنوبية، على ان يتم ارسال التعديل الى الامم المتحدة فورا لضمان الحفاظ على حقوقنا البحرية الجنوبية مع اسرائيل". وحاليا تستمر دراسة التعديلات المقترحة على هذا المرسوم بين الوزارات المعنية بقيادة الجيش، على ان يتم في نهاية المطاف عرضه على رئيس الحكومة لتوقيعه وإحالته على رئاسة الجمهورية لإصدار الموافقة الاستثنائية المطلوبة.

## Lebanese – Syrian Maritime Boundaries: Solutions Are Ready



By Roudi Baroudi

Lebanon's maritime boundaries with Syria have become a popular topic for public discussion of late, and that is a good thing. After all, the more our citizens know, the better-equipped they will be to identify national interests, and therefore to demand that elected officials pursue those interests above all

other considerations.

This is only true, though, if the citizens in question have both correct information and a basic understanding of how international relations are conducted. Otherwise they risk being tricked by those actors, both Lebanese and foreigners, intent on furthering their own commercial, diplomatic, geostrategic, personal, and/or political ambitions at the expense of Lebanon's national priorities.

Anyone seeking to sort out the back-and-forth over this latest chapter of Libano-Syrian relations should keep the following in mind:

- While certain political circles in Lebanon have been estranged from Syria's current government in recent years, relations between the two countries – not just national and diplomatic, but also economic, social, and family – go back millennia. Whatever disagreements come and go, the relationship is very much a brotherly one within the larger Arab family, and however much they may be at odds with one another, brothers are always there for each other when it matters most.

- Syria is not a party to the United Nations Convention on the Law of the Sea (UNCLOS). It is, however, both a brotherly country and an observer state, and it should be kept in mind that the standards and practices of UNCLOS have become the norms by which maritime boundary disputes are resolved, whether by treaty, arbitration, or the verdict of a suitable international court.

- The length of the maritime border between Lebanon and Syria is approximately 53 nautical miles; between Lebanon and Cyprus, approximately 96 nautical miles; and between Lebanon and Israel, approximately 71 nautical miles.

In late March, Syrian news outlets reported that a Russian company, Capital Limited, had been contracted by the Syrian government to carry out offshore hydrocarbon exploration and development in Block 1, a parcel of seabed along the country's

maritime border with Lebanon. Almost immediately, certain Lebanese politicians and Arab media sounded alarms to the effect that Syria was infringing Lebanon's rights, but what is certain is that Block 1 is located in the 100% neutral temporary natural line neutral, according to UNCLOS rules. However, according to global exploration information on global oil and gas concession areas for 2018, 2019, and 2021, and as expected by oil industry specialists, the Syrian blocks have not changed: they have the same dimensions and positions as when they were announced by the Syrian government.

– According to the UN Table of Claims for 2011, Syria's legal maritime claims are as follows:

Territorial sea = 12 nautical miles

Adjacent areas = 24 nautical miles

Exclusive Economic Zone = 200 nautical miles

– If we look at the Lebanese blocks, we find that they also overlap with the Syrian blocks.

– Over the years, Lebanon and Syria have signed approximately 40 reciprocal agreements in various fields, including some related to the sharing of river waters common to the two countries, including the Assi (also known as the Orontes, or the Mimas) and the Kbir (also known as the Kbir al-Janoubi, which forms much of the northern border between the two countries. This lands border ends at the spot along the coast where the Kbir empties into the Mediterranean Sea, and where the countries have agreed a Land Terminus Point (LTP) at the mouth of the river, as shown on the accompanying map.

Given all of these facts and the overlap between Syrian and Lebanese claims, and in light of the geographical proximities, the numerous signed conventions between them, and their historically fraternal relations, the two countries could easily draw an equidistant line extending from the LTP to the trijunction with Cyprus, about 53 nautical miles offshore. The Lebanese Armed Forces recently did a tremendous job in a much more challenging task, preparing for and conducting negotiations over the far more contentious southern border

with Israel, so reaching a deal with the Syrians should be relatively straightforward for the LAF.

With all due respect to those focused on the maritime border with Syria, given the relative ease with which that deal can be made, the more urgent task right now is to preserve our rights along the southern border with Israel, this by amending Decree No. 6433 of 2011 and submitting the new coordinates, as allowed for by Article 3 of said decree, to the United Nations.

The Lebanese and Syrian governments can quickly solve the maritime border problems as long as the LTP line between the two countries is defined and the islands opposite the two countries are officially and unambiguous. As a bonus, a solution to this issue also could also open the way to a just and speedy demarcation of the boundary with Cyprus.

In the same context, so long as the objective is related to the energy sector, and considering the difficult economic and humanitarian situation facing Lebanon, the concerned Lebanese officials also should negotiate with their Syrian counterparts to quickly reactivate Law No. 509, issued on July 16, 2003, authorizing the conclusion of an agreement to sell gas between Lebanon and Syria. The Lebanese side should communicate with Egypt as well, in order to implement Decree. No. 15,722, issued on November 14, 2005. This decree endorsed a memorandum of cooperation between the Lebanese Ministry of Energy and Water and the Egyptian Ministry of Electricity and Energy authorizing the import of gas from Egypt. These two moves would enable Lebanon to cover at least some of its natural gas needs, whether from Syria or from Egypt via Syria, which would allow the generation of cleaner and more affordable electricity at the Deir al-Ammar power station, which was designed to run on gas but has burned diesel for most of the time since its commissioning in 1998.

In light of the fact that some 2 million displaced Syrians are still sheltering in Lebanon because of the continuing war in

their homeland, there is good reason to hope that Damascus might adopt a humanitarian perspective by providing the gas on a grant basis (actual or de facto), which would help the Lebanese gain both savings and sustainability. In this scenario, the Lebanese population would derive all the benefits of the Deir al-Ammar station's 400-megawatt capacity during a very difficult period, but the Lebanese state would not be pressured to repay, giving it time and space to restore economic and fiscal stability. Some will object that US sanctions on Syria make such a deal impossible, but there is nothing stopping Lebanon from applying for the same kind of humanitarian exemption that Iraq received in order to purchase Iranian oil. All that's needed is for Lebanon's most influential politicians to set aside the infighting for the sake of an urgent national need.

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**Total keen to participate in  
bid for entering North Field  
East (NFE) project with QP:  
Bouyer**



French broad energy company Total, which has been present in Qatar since 1936, looks forward to participate in the bid for entering the multi-billion dollar North Field East (NFE) project with QP, said Matthieu Bouyer, managing director, Total E&P Qatar and Total country chair in Qatar.

In February, Qatar Petroleum (QP) took the final investment decision for developing the \$28.75bn North Field East Project (NFE), the world's largest LNG project, which will raise Qatar's LNG production capacity from 77mn tonnes per year (mmtpy) to 110 mmtpy by 2025.

"HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi mentioned in February that the results should be known by the year end. We are mobilised and would definitely like to be associated with this giant expansion," Bouyer said in an interview with Gulf Times in Doha.

Total, which has been active in all areas of Qatar's energy sector, from exploration and production to refining, petrochemicals and marketing of lubricants, is a founding partner of Qatargas and a founding member and leading partner of Dolphin Energy.

Speaking about Total's short and mid-term strategy, Bouyer said, "In our current joint ventures, we are on the verge of launching large scale projects... so we are putting a lot of

efforts to support them as much as possible in the project definition and execution phases in order to secure future energy production for the State of Qatar.

“Our short and mid-term strategy involves diversification of our business and implementing the group strategy in Qatar through renewables in particular.”

Bouyer was quick to emphasise the importance Total attaches to safety of its staff and operations.

“Although Qatar has been managing Covid-19 remarkably well, our clear daily priority is to keep our staff and operations safe amid the pandemic crisis. Beyond the Covid risk management, we expect the highest level of safety in a context of fatigue and weariness.”

Bouyer sees a “bright” future for liquefied natural gas and Qatar’s LNG industry as a whole.

“Economists and market analysts believe LNG holds significant growth prospects in the long run. Natural gas stands out as a transition fuel, to replace coal in particular, thereby reducing emissions.

“Two major economies in Asia – China and India have been witnessing increasing demand for LNG... even in 2020 in the middle of the most unprecedented crisis the world has faced.”

“At Total, our goal is clear – more energy and less emissions. Our ambition is to be Net Zero by 2050 together with society”, Bouyer said and noted “to achieve this, we base our strategy in particular on two growth pillars – LNG and renewables. We are one of the top leading players in LNG. That said, as a broad energy company, our portfolio comprises not only oil and gas, but also power, mainly from renewables.”

To anchor this strategy, Total will propose to its shareholders in May this year to change its name to become ‘TotalEnergies’, Bouyer said.

Praising Qatar’s efforts at developing its LNG industry, Bouyer said, “In the last 25 years, Qatar has become the largest LNG exporting country with more than 77mn tonnes per annum (Mtpa) of high quality LNG capacity.

In February, Qatar launched the biggest LNG project worldwide

– North Field Expansion, with an additional 33 mtpy with high environmental standards. And they are working to further increase this with a future phase – North Field South that is planned to be put online right after.

“So definitely, LNG has a role and will be the main contributor to Qatar energy development, looking forward.”

Total is the shareholder and sole operator of Al Khalij offshore oilfield. In 2016, Total won the bid for Al Shaheen offshore oilfield, resulting in North Oil Company, established as a partnership between Total and QP.

Total is present in five downstream joint ventures (JVs) in Qatar, three in petrochemicals (Qapco, Qatofin, RLQC) and two in refining (Laffan Refineries 1 and 2).

Total supported Qatar to build the first ethane cracker in the Middle East at Qapco.

“Since then, Total has been involved in many upgrades or expansions of the downstream sector in Qatar, supporting its JVs and their projects with secondees and specialised technical services,” Bouyer said.

Total Marketing Qatar has a prominent market share for lubricants in Qatar for automotive, construction, industrial and marine customers.

The Total Research Center Qatar at QSTP has leading edge and innovative research projects related to sustainable development, marine biodiversity, biofuels, and solar energy. Total said its commitment to sharing its expertise is fuelled by its aim is to develop home-grown solutions to its local operational challenges, thus supporting and contribution to Qatar’s vision of developing a knowledge-based economy.

TRC-Q also acts as a bridge between industry and academia to bring innovative solutions to our operations, he said.