

# Gazprom gas cut casts spell on grain deal



Russia dealt a new blow to European countries over their support for Ukraine yesterday, saying it would further cut gas supplies through its single biggest gas link to Germany. The move came as the first ships to export grain from Ukraine's Black Sea ports under a deal agreed last week could set sail within days, bringing a measure of hope to countries reliant on such food supplies even though the situation is still clouded by mistrust and potential danger. Both developments showed how the conflict – now in its sixth month and with no resolution in sight – is having an economic impact way beyond the battlefields of Ukraine.

On the frontlines, the Ukrainian military reported widespread Russian artillery barrages in the east overnight and said Moscow's troops were preparing for a new assault on Bakhmut, a city in the industrial Donbas region. Russian President Vladimir Putin warned the West earlier this month that sanctions imposed on his country for its invasion of Ukraine risked triggering huge energy price rises for consumers around

the world. Yesterday, Russian energy giant Gazprom, saying it was acting under the instructions of an industry watchdog, said flows through the Nord Stream 1 pipeline would fall to 33mn cubic metres per day from yesterday.

That is half of the current flows, which are already only 40% of normal capacity. Prior to the war Europe imported about 40% of its gas and 30% of its oil from Russia. The Kremlin says the gas disruption is the result of maintenance issues and Western sanctions, while the European Union has accused Russia of resorting to energy blackmail. Germany said it saw no technical reason for the latest reduction. Politicians in Europe have repeatedly said Russia could cut off gas this winter, a step that would thrust Germany into recession and lead to soaring prices for consumers already faced with painfully high energy costs. The Kremlin has said Moscow is not interested in a complete stoppage of gas supplies to Europe. Rising energy prices and a global wheat shortage are among the most far-reaching effects of Russia's invasion of Ukraine. They threaten millions in poorer countries, especially in Africa and the Middle East, with hunger. Ukraine said on Monday it hoped a UN-brokered deal to try to ease the food shortages by resuming grain exports from Black Sea ports would start to be implemented this week. Officials from Russia, Turkey, Ukraine and the United Nations agreed on Friday there would be no attacks on merchant ships moving through the Black Sea to Turkey's Bosphorus Strait and on to markets. Moscow brushed aside concerns the deal could be derailed by a Russian missile strike on Ukraine's port of Odesa on Saturday, saying it targeted only military infrastructure.

Russia's Black Sea fleet has blocked grain exports from Ukraine since Moscow's February 24 invasion. Moscow denies responsibility for the food crisis, blaming Western sanctions for slowing its food and fertiliser exports and Ukraine for mining the approaches to its ports. Under Friday's deal,

pilots will guide ships along safe channels. A Ukrainian government official said he hoped the first grain shipment from Ukraine could be made from Chornomorsk this week, with shipments from other ports within two weeks. "We believe that over the next 24 hours, we will be ready to work to resume exports from our ports," deputy infrastructure minister Yuriy Vaskov told a news conference. A United Nations spokesperson, speaking in New York, said the first ships may move within a few days.

A Joint Coordination Center will liaise with the shipping industry and publish detailed procedures for ships in the near future, he said. Russian Foreign Minister Sergei Lavrov, speaking during a tour of African countries, said there were no barriers to the export of grain and nothing in the deal prevented Moscow from attacking military infrastructure in Ukraine. The Kremlin also said the United Nations must ensure curbs on Russian fertiliser and other exports were lifted for the grain deal to work. Before the invasion and subsequent sanctions, Russia and Ukraine accounted for nearly a third of global wheat exports.

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## **Libya supply drop threatens to further tighten global oil market**



Bloomberg/Cairo

Libya's oil exports have fallen to about a third of last year's level after the worsening political crisis prompted the suspension of shipments from two of the nation's biggest ports.

Force majeure has been declared on crude shipments from Es Sider and Ras Lanuf, the country's largest and third-biggest export terminals, the National Oil Corp confirmed in a statement late Thursday. The ports of Brega and Zueitina haven't handled any crude for almost two months.

The drop in Libya's supply threatens to further tighten the global oil market. Brent crude has risen by about 40% this year following the invasion of Ukraine.

Libya's crude and condensate exports have declined over the past four months to a 20-month low of 610,000 barrels a day in June, according to tanker-tracking data compiled by Bloomberg. The latest port closures are crimping export flows even further. According to Libya's national oil company, crude exports now range from 365,000 to 409,000 barrels a day. The nation, a member of the Organization of Petroleum Exporting Countries, sold an average of 1.1mn barrels a day to overseas markets last year, Bloomberg data show.

The key El Feel field, which is linked to the port of Mellitah is also subject to force majeure, a legal clause which allows companies to suspend contractual obligations due to circumstances beyond their control.

The nation has been mired in conflict since the fall of dictator Muammar Gaddafi in 2011. It's now facing a standoff between two politicians – Abdul Hamid Dbeibah and Fathi Bashagha – who each claim to be the legitimate prime minister. The recent closures are linked to politics with some protests at ports and fields demanding the transfer of power to Bashagha, the fair and transparent distribution of oil revenues and the dismissal of NOC chairman Mustafa Sanalla. The closures in recent weeks have also led to the North African nation so far losing 16bn dinars, according to the NOC's latest statement, as well as led to lengthy power cuts especially in the eastern region. Zueitina last exported on May 6 and Brega in mid-April, tanker-tracking data show.

"Political difference is a right, but the mistake is to use oil, the lifeblood of Libyans, as a bargaining chip," Sanalla said in the statement. "It is an unforgivable sin."

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**JPMorgan sees 'stratospheric' \$380 oil on worst-case Russian cut**



Global oil prices could reach a “stratospheric” \$380 a barrel if US and European penalties prompt Russia to inflict retaliatory crude-output cuts, JPMorgan Chase & Co. analysts warned.

The Group of Seven nations are hammering out a complicated mechanism to cap the price fetched by Russian oil in a bid to tighten the screws on Vladimir Putin’s war machine in Ukraine. But given Moscow’s robust fiscal position, the nation can afford to slash daily crude production by 5 million barrels without excessively damaging the economy, JPMorgan analysts including Natasha Kaneva wrote in a note to clients.

For much of the rest of the world, however, the results could be disastrous. A 3 million-barrel cut to daily supplies would push benchmark London crude prices to \$190, while the worst-case scenario of 5 million could mean “stratospheric” \$380 crude, the analysts wrote.

“The most obvious and likely risk with a price cap is that Russia might choose not to participate and instead retaliate

by reducing exports," the analysts wrote. "It is likely that the government could retaliate by cutting output as a way to inflict pain on the West. The tightness of the global oil market is on Russia's side."

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## A 'price cap' on Russian oil: What would that mean?



Since the US and its allies decided to stop buying Russia's oil, there has been little sign that the measure is inflicting the kind of pain that might force President Vladimir Putin to rethink his war in Ukraine. Plenty of other countries are still buying Russian crude, and a surge in prices has softened the blow from the sanctions by bringing Moscow enough revenue to stave off economic collapse.

So Putin's adversaries are weighing a new idea: Make Russia

sell its oil so cheaply that it can no longer afford to wage war at all.

## What is being proposed?

The US, the UK and Canada have announced bans on Russian oil, while the European Union (EU) plans to ban seaborne Russian crude by December and fuels by early next year. In a further step, US Treasury Secretary Janet Yellen is backing a proposal to allow nations that abstained from sanctions to keep buying the oil, but slash Moscow's profits on those sales.

## How might it work?

Group of Seven (G7) nations were said to be discussing a mechanism that would only allow the transportation of Russian crude and petroleum products sold below an agreed price threshold, to be enforced by imposing restrictions on insurance and shipping.

About 95 per cent of the world's oil tanker fleet is covered by the International Group of Protection & Indemnity Clubs in London and some firms based in continental Europe. Western governments could try to impose a price cap by telling buyers they can keep using that insurance, as long as they agree not to pay more than a certain price for the oil on board.

## What could be the impact?

Putin says Western nations are suffering more than Russia from the economic penalties they imposed over his invasion of Ukraine. Surging prices of Russian commodity exports have brought excess revenue that has helped his government to weather the sanctions.

Capping prices at a level that is closer to the cost of production would deal a blow to Moscow's finances, while still

ensuring that energy flows to where it is needed. As Russia is one of the world's biggest oil suppliers, a price cap could also relieve inflationary pressure that's causing economic hardship across the world.

## **What are the obstacles?**

Some European officials have been wary of the idea as it would likely require the EU to reopen the legal text of its latest sanctions package, which took weeks to approve and had to overcome significant hurdles since sanctions require unanimity among the bloc's 27 nations.

If the allies do agree on a price cap but it fails to hold, it would hand a symbolic victory to Putin. There are plenty of ways that it might fail: There's no guarantee that Russia would agree to ship oil at capped prices, particularly if the cap is close to production cost.

It already showed it is willing to withhold supply of natural gas to some EU countries that refused to meet its payment demands. The Kremlin may believe that holding its oil off the market for a while would do more damage to the economies of Europe and North America than to its own.

## **Would big buyers of Russian oil fall into line?**

A price cap may be incredibly profitable for Chinese and Indian businesses, and good for combating inflation. But there are wider considerations for Beijing and New Delhi, such as their long-term relationship with Moscow. They may accept to take inferior Russian insurance rather than be told what to pay for a key commodity, even if it's at an attractively low price.

## **How about capping Russian gas prices too?**

European governments were also discussing an Italian proposal to cap prices of Russian natural gas imports as a way to curb inflation in the bloc.

Italian Energy Minister Roberto Cingolani said the idea is gaining traction as countries increasingly see it as the “only solution” to soaring costs. Gas prices in Europe have climbed almost 80 per cent this year. However, Germany and other nations have expressed skepticism.

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## **FIFA World Cup Qatar 2022 infrastructure is ready: al-Thawadi**



Hassan al-Thawadi, Secretary-General of the Supreme Committee for Delivery & Legacy (SC), said the infrastructure for the FIFA World Cup Qatar 2022 was ready. Speaking at the Qatar Economic Forum, Powered by Bloomberg, Wednesday, al-Thawadi added that work is underway to implement the rest of the projects related to some roads that witnessed delays in implementation as a result of the Covid-19 pandemic and global economic fluctuations.

The SC Secretary-General expressed his confidence that the rest of the projects related to the World Cup will be completed on time. He pointed out that efforts are being made to respond to various housing requests during the tournament's activities at acceptable prices, especially considering that FIFA received 27mn requests for World Cup tickets with 1.2 million tickets sold. The next opportunity to purchase World Cup tickets will be on a first-come, first-served basis, but the date has not been announced yet. World Cup qualification matches have now concluded and all 32 available slots for the tournament have been secured.

Al-Thawadi admitted it was hard to stop businesses taking advantage by raising prices and said he was working to limit 'price-gouging' as costs soar for the Qatari capital's

accommodation.

"I think about 1.2 million tickets have already been purchased," al-Thawadi said. "So people are actually buying and people are excited to come there. There's no doubt about that."

There will be 130,000 rooms in hotels, apartments, cruise ships and desert camps, where there will be 1,000 tents. But al-Thawadi admitted it was "tricky" reining in accommodation prices, which are soaring in line with demand. "(We want to) avoid price-gouging," he said. "Obviously market forces always mean that as long as there's a lot of demand, prices skyrocket. We're trying to create an environment where the business community benefits but at the same time, it is affordable and accessible for the fans as well."

"In terms of availability, we've tried to ensure that we provide different offerings on different categories. So from the affordable, which range from \$80 to \$100 a night all the way to the pricier ones in terms of five-star hotels," al-Thawadi said.

The SC secretary-general stated that a number of hotels will be operational before the start of World Cup which will contribute to diversifying the offer to Qatar's guests. He pointed out that the tournament will represent an opportunity for fans to travel to Qatar and the countries of the region, and to learn about different Arab cultures.

Al-Thawadi highlighted that the importance of the FIFA World Cup Qatar 2022 lies in bringing people from different parts of the world together as a major and distinguished global event, and an occasion to celebrate football and encourage national teams, stressing that this session of the tournament will allow everyone to celebrate and learn about the depth of Qatari culture in the context of respecting the customs of the country.

Al-Thawadi stressed the gains made for the benefit of workers in Qatar and the approved laws that support workers' rights,

which made Qatar a pioneer in this field, contrary to what some promote. He pointed out Qatar allocated \$28bn billion to provide jobs for workers during the World Cup.

"We've set benchmarks in the region by dismantling the kafala system and implementing non-discriminatory minimum wages. I'm very proud to say the SC's project on reimbursement of recruitment fees has seen businesses voluntarily joining in and making a commitment of about \$28 million, out of which, \$22 million have been repaid to workers. This is not an initiative that'll end when the spotlight goes away, this is something we're committed to, and we'll continue doing," he said.

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## **QatarEnergy joins hands with four global majors in North Field LNG expansion project**



QatarEnergy's four partners in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026

The \$29bn North Field East (NFE) expansion, the single largest project in the history of global LNG industry, has seen QatarEnergy joining hands with four global energy companies – TotalEnergies, ExxonMobil, Eni and ConocoPhillips.

The four partners of QatarEnergy in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026.

While it is Eni's first entry ever into Qatar's upstream sector, the three other global energy companies – TotalEnergies, ExxonMobil, and ConocoPhillips – have been QatarEnergy's partners in the energy industry for many years.

A highlight of the partner selection process is that QatarEnergy received offers for double the equity available, underscoring the high-quality investment case of the NFE project, thanks to its economic competitiveness, financial resilience, and also its unique environmental features.

North Field East (NFE) project will produce significant quantities of ethane, LPG, condensate and helium besides liquefied natural gas, according to HE the Minister of State for Energy Saad bin Sherida al-Kaabi.

Addressing a press conference at the QatarEnergy he said the expected production of LNG from the nearly \$29bn project would be 32.6mn tonnes annually.

The production of ethane from the project would amount to 1.5mn tonnes per year (tpy), LPG 4mn tpy, 250,000barrels per day of condensate and 5,000 tpy of helium.

LNG is among the cleaner fossil fuels and has considerable demand globally. LPG, condensate and helium too have considerable global demand.

The multi-billion dollar North Field expansion, the largest LNG development in global history, will generate substantial revenues for Qatar and hugely contribute to the country's GDP, al-Kaabi noted.

The North Field expansion, comprising of North Field East (NFE) and North Field South (NFS) will provide significant benefits for all sectors of the Qatari economy during the

construction phase and beyond, al-Kaabi said in reply to a question by Gulf Times at a media event at QatarEnergy headquarters recently.

NFE will expand Qatar's LNG export capacity from the current 77mn tonnes per year (MTPY) to 110MTPY (in the first phase expected to be completed by 2025/26).

Four trains will be part of the North Field East (NFE) and two trains will be part of North Field South (NFS) project.

QatarEnergy would announce partners for North Field South (NFS) expansion by the end of the year, al-Kaabi noted.

NFS project will further increase the Qatar's LNG production capacity to 126mn tonnes per year by 2027.

With an expected production start date in 2027, the NFS project involves the construction of two additional mega LNG trains (with a capacity of 8MTPY each) and associated offshore and onshore facilities.

The NFS project was initiated as a result of QP's successful onshore appraisal activities in the North Field and targets the monetisation of gas from the southern sector of the North Field.

The North Field expansion plan includes six LNG trains that will ramp up Qatar's liquefaction capacity from 77mnn tonnes per year to 126MTPY by 2027.

Four trains will be part of the North Field East and two trains will be part of North Field South project.

Stressing the importance of the private sector, the minister said Qatar's private sector will have a huge opportunity to contribute to the project.

"We will be announcing four major projects, three in gas and one in petrochemicals. Over the next seven years, we will be investing billions of dollars into many projects including one on gas-fired electricity generation," al-Kaabi said.

He said after the current phase of the construction activities, the North Field expansion and other QatarEnergy projects will keep driving the local economy.

Already, QatarEnergy has embarked on the largest LNG shipbuilding programme as part of the North Field expansion project.

"We have awarded a series of key offshore and onshore EPC contracts that are crucial for its timely execution," al-Kaabi noted recently.

He said QatarEnergy will be working with its reliable business partners from China and Japan in the shipbuilding programme. In April, QatarEnergy signed a series of time-charter parties (TCPs) with a subsidiary of Mitsui O.S.K Lines (MOL) for the long-term charter and operation of four LNG ships, constituting the first batch of TCPs awarded under QatarEnergy's massive LNG shipping programme. Concurrent with the signing of the TCPs, back-to-back LNG carrier shipbuilding contracts were signed between MOL and Hudong-Zhonghua Shipbuilding Group (Hudong), a subsidiary of China State Shipbuilding Corporation (CSSC), for the construction of four new LNG carriers to serve QatarEnergy's LNG growth projects and future fleet requirements.

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## **NFE project to produce LNG, LPG, ethane, condensate and helium: Al-Kaabi**



Qatar's North Field East (NFE) project will produce significant quantities of ethane, LPG, condensate and helium

besides liquefied natural gas, HE the Minister of State for Energy Saad bin Sherida al-Kaabi has said.

Addressing a press conference at the QatarEnergy on Monday he said the expected production of LNG from the nearly \$29bn project would be 32.6mn tonnes annually.

The production of ethane from the project would amount to 1.5mn tonnes per year (tpy), LPG 4mn tpy, 250,000 barrels per day of condensate and 5,000 tpy of helium.

In reply to a question by Gulf Times on Sunday, al-Kaabi said the multi-billion dollar North Field expansion, the largest LNG development in global history, will generate substantial revenues for Qatar and hugely contribute to the country's GDP. QatarEnergy has selected ConocoPhillips as a partner in the North Field East (NFE) expansion project, the single largest project in the history of the LNG industry.

This is the third in a series of announcements on partnerships in the \$28.75bn expansion project.

Pursuant to the agreement signed yesterday, QatarEnergy and ConocoPhillips will become partners in a new joint venture company (JV), in which QatarEnergy will hold a 75% interest while ConocoPhillips will hold the remaining 25% interest.

The JV in turn will own 12.5% of the entire NFE project, which has a total LNG capacity of 32mn tonnes per year.

The NFE project employs the highest health, safety, and environmental standards, including carbon capture and sequestration, to reduce the project's overall carbon footprint to the lowest levels possible.

More partners are slated to join the NFE project, QatarEnergy said yesterday.

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# بارودي يؤكد صوابية طلب لبنان الخاص بالمحاولات والمفاوضات على الحدود البحرية

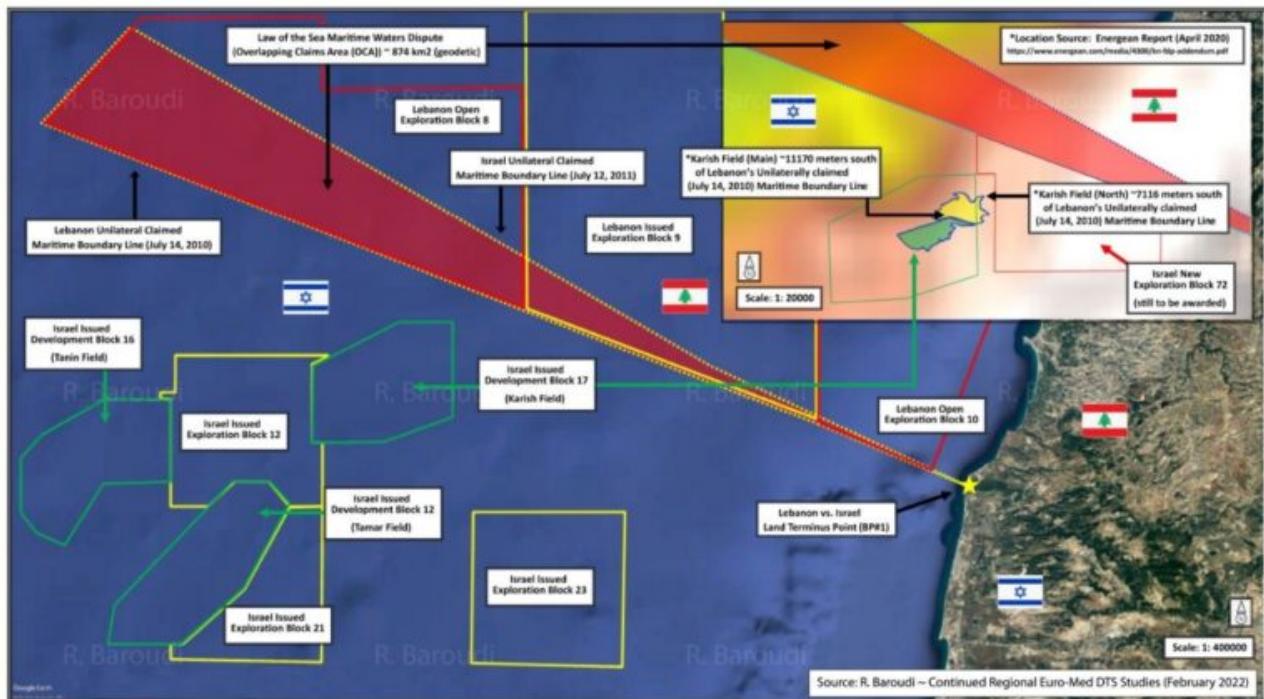


بارودي يؤكد صوابية طلب لبنان الخاص بالمحاولات والمفاوضات على الحدود البحرية ويؤكد صوابية طلبه مستعيناً بقضايا مماثلة حصلت في السابق وتم البت بها من قبل محكمة العدل الدولية

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ثروة "كاريش" بين 22 و25 مليار دولار

## Lebanon vs. Israel: Karish Field Exploratory Drilling vs. Contested Waters



كَثُرَتْ في الفترة الأخيرة الخيارات المتاحة في نظر بعض المسؤولين في لبنان، لتأمين مصادر يتم عبرها تسديد أموال المودعين... فما أن طرِح إنشاء الصندوق السيادي، حتى ارتأى البعض اللجوء إلى رهن جزء من احتياطي الذهب... لكن ما لم يكن في الحسبان أن يقترح أحد هم استخدام أموال ثروة لبنان النفطية لتسديد الودائع ولتغطية كلفة الدين العام! علماً أن مفاوضات ترسيم الحدود البحريّة بين لبنان

وإسرائيل عالقة منذ أيار 2021، ولا تزال الصباية تلف هذا الملف محلياً ودولياً.

الخبير الدولي في مجال الطاقة رودي بارودي يعلّق، في حديث إلى موقع القوات اللبنانية الإلكتروني، على الفائدة المالية من حقول النفط التي يؤمن أن تشكّل الثروة النفطية للبنان، ليؤكد أنه "في حال حصول لبنان على جزء من حقل كاريش، فإن حصته لا تكفي لتغطية الدين العام اللبناني حتى وفق أسعار النفط والغاز المعتمدة حالياً"، ويقول "ربما قد تغطي حصّة لبنان من حقل كاريش أو غيره، جزءاً ضئيلاً فقط من الدين العام".

ويعتبر أنه "من غير المؤكد ما إذا كان لبنان سيتمكن من الحصول على الخط 23، من دون معالجة مجموعة من الأخطاء الجسيمة التي ارتكبَت عند البدء بوضع الخطوط من 1 إلى 23 قبل نحو 12 عاماً".

ويكشف بارودي عن أن حقل "كاريش" المكتشف العام 2013 يحتوي على 2.5 ترليون قدم مربّع من الغاز. وهذا الحقل تم اكتشافه من قبل الشركة الإسرائيليّة "ديليك" العام 2013 والتي باعته بدورها إلى "إينيرجييان".

ويقول، إذا تم احتساب الكمية على أساس أسعار الغاز والنفط الحالية، فإن المردود المتوقع من حقل "كاريش" يتراوح ما بين 22 و25 مليار دولار أمريكي. لكن لا يمكن تقدير مردود حقل "قانا" لأنه قد يكون ممتدًا إلى إسرائيل، كما أن حقل "كاريش" متداخل بين لبنان وإسرائيل.

ويُلفت إلى أن إسرائيل أبْرَزَ التحضيرات الالزامية لبدء الإنتاج النفطي وذلك بعد أعوام عدّة من الدراسات وعمليات الاستكشاف، فقد عاودت شركة "إينيرجييان" المطوّرة لحقل "كاريش" الحفر في الحقل ذاته بحثاً عن المزيد من الغاز والنفط، ويوضح أن إسرائيل تقوم حالياً بالحفر في محاذة الخط اللبناني التفاوضي "29" لتنقل "بعد ذلك إلى شمال "كاريش".

ويُذكّر في السياق بأن "لبنان أُعلن في رسالتَيه إلى الأمم المتحدة الأولى في 22 أيلول 2021 والثانية في 28 كانون الثاني 2022، أن حقل كاريش يقع في منطقة متنازع عليها... لكن على الرغم من ذلك، يتم التنقيب في المياه المتنازع عليها عموماً، ولا سيما في البلوك رقم "9" المُعطل حالياً إلى أن تُحل قضية الترسيم بين لبنان وإسرائيل".

أما بالنسبة إلى الموقع الجغرافي لحقل "كاريش" المكون من جزءين: شمالي وجنوبي (الخريطة مرفقة)، يؤكد بارودي من خلال الدراسة التي أعدّها خلال السنوات الممتدة من العام 2011 إلى العام 2021، أن "حقل كاريش الشمالي يَبعد عن الخط المقترن من قبل لبنان في 14 تموز 2010 (الخط 23) حوالي 7 كلم و116 متراً، كما أن حقل كاريش الجنوبي يَبعد عن الخط نفسه، حوالي 11 كلم و170 متراً جنوباً، وذلك بحسب الخريطة المرفقة والتي تؤكد الموضع والبعد عن الحَقلين".

أما بالنسبة إلى الblock الإسرائيلي الرقم "72" والمتدخل في الأراضي اللبنانية، فهو ملائق بشكل مباشر للخط "23"، بحسب بارودي

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## رياح المتوسط تنتج طاقة تضاهي طاقة المفاعلات النووية في العالم

