

Potential Qatar-Greece investment ties seen in energy, high-tech industries

Greece's economic resurgence with Prime Minister Kyriakos Mitsotakis at the helm is seen to open potential Qatari investments in a wide range of sectors, including energy, tourism, and high-tech industries.

In an exclusive interview with Gulf Times, Energy and Environment Holding CEO Roudi Baroudi underscored the growing bilateral ties of both countries, saying Qatar is well-positioned to capitalise on Greece's economic stability, which has been attracting foreign direct investments (FDI).

"After the bond and fiscal crisis that Greece went through in 2012-2014, it took them a few years of solid reconsolidating their books with the assistance of the IMF, the World Bank, and especially the EU...the stupendous economic growth brought about by Prime Minister Mitsotakis has brought a lot of FDI back.

"Qatar has always had certain private investments in the financial and energy sectors. Today, Greece is a hub for diverse investment opportunities and its economy is open to different markets other than just tourism, real estate, and industry, but they have direct access to Europe, as well, in terms of oil and gas," Baroudi explained.

Baoudi noted that the energy sector, particularly liquefied natural gas (LNG), is vital in enhancing further Qatar-Greece investment opportunities and economic ties. He also said Qatar's decades-long expertise in the LNG industry could help catalyse Greece's bid to become a major logistics centre.

"Greece has probably the largest ships, crude tankers, and gas

tankers in the world, making them one of the leaders in the global maritime business. Qatar's LNG capabilities are already well-established with more than a dozen LNG ships working for QatarEnergy subsidiaries," Baroudi noted.

At the Qatar Economic Forum held in Doha last month, HE the Minister of Finance Ali bin Ahmed al-Kuwari emphasised that Qatar's energy sector is performing "very well," citing QatarEnergy's plans for a new LNG expansion project that would further raise the country's LNG production capacity to 142mn tonnes per annum.

Al-Kuwari said, "We are going to increase Qatar's (liquefied natural gas) production by 85% in a phased manner until 2030. We are going to be reaching 142mn tonnes per annum of LNG."

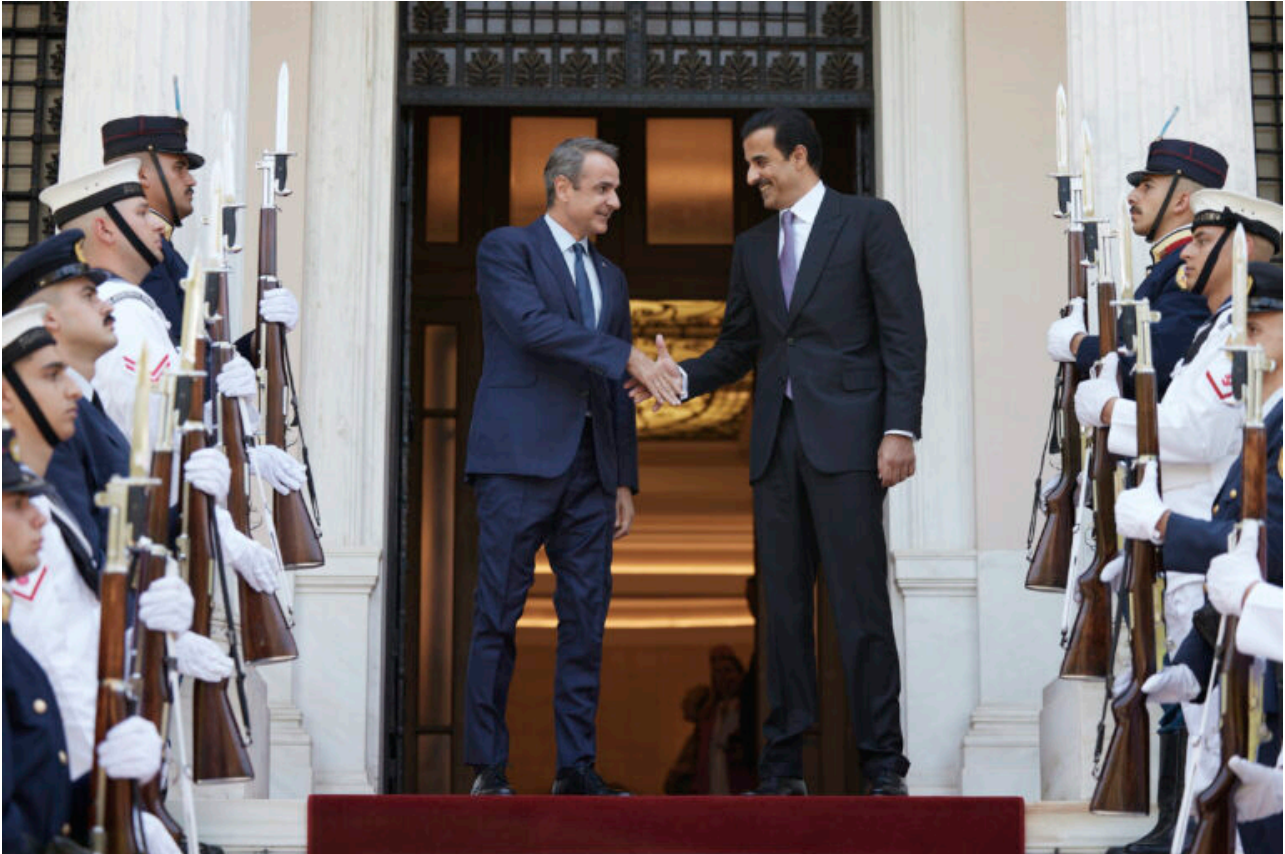
According to Baroudi, recent developments in Qatar's energy industry could extend potential investment opportunities with Greece beyond shipping to LNG infrastructure. "Qatar's expertise could be crucial as Greece expands its LNG port to supply gas to neighbouring countries following the Ukraine-Russian war. QatarEnergy is also making strategic investments in the Eastern Mediterranean, such as in Cyprus and Egypt as part of a larger regional strategy," he said.

Baroudi also pointed to knowledge exchange as another avenue for collaboration and investment in terms of port management. "There is no question that Hamad Port will benefit a lot from further co-operation with the Port of Piraeus, which is Greece's largest port, and the second largest in the Mediterranean," Baroudi stated.

Asked about potential partnerships outside the energy sector and port management, Baroudi said both countries could also forge joint opportunities in digital connectivity, artificial intelligence (AI), and clean tech. Among other industries, Baroudi also noted that Qatar could expand its tourism and hospitality footprint amidst Greece's favourable economic

environment.

EMIR IN GREECE AND CYPRUS



Political 04.06.24

Interview by ALEXIA TASOULI

DIPLOMATIC CORRESPONDENT

POLITICAL.GR NEWSPAPER

Athens, Friday 31st of May 2024: Qatar's Emir Sheikh Tamim Bin Hamad AlThani paid official visits to Cyprus and Greece this week, meeting with senior officials from both countries as part of efforts to expand cooperation. International energy expert Roudi Baroudi, CEO of Dohabased independent consultancy Energy and Environment Holding, sat down to answer a few questions about the outcome and significance of the emir's

mission.

Question: Overall, how successful were HH the emir's visits to Greece and Cyprus?

Answer: Both visits appear to have been very fruitful. HH the emir and his delegation held constructive talks with their counterparts in both countries, and all sides came away with clearer understandings of where the already strong relationships should go next, and how they can get there. Several important first steps were taken toward identifying likely areas for further cooperation, and now both sides have the information they need to come up with proposals for the next steps on several fronts.

Q: From your perspective, what are the main takeaways from HH the emir's trip?

A: There are several elements at play here, multiple processes unfolding according to their own timelines, but all interrelated in some ways. The first thing to consider is that both visits constitute reaffirmations of Qatar's traditional diplomatic strategy, much of which revolves around having stable and friendly relations with as many counterparts as possible. That might sound a little basic, but it's really not: many governments "pick sides" in various international disputes, which often amounts to letting other countries decide your foreign policy for you. By contrast, the Qatari model seeks instead to be on good terms with all sides in most disputes, and the value of that approach has been on display for years: Doha has successfully used its good offices as a mediator in the past, and more recently it has done the same for ceasefire talks and other negotiations between Israel and Hamas.

This same philosophy also informs Qatar's stances in the Mediterranean, where it looks for the warmest possible relations with Greece and Cyprus while simultaneously maintaining close ties with Türkiye, with which both Athens and Nicosia have been at odds for decades. I should mention, too, that Cyprus follows a similar path, maintaining friendly relations with both Israel and Lebanon, for example.

Both Cyprus and Greece also would like to play central roles in the development and buildout of facilities aimed at carrying energy to the European mainland. This is a core part of their respective plans to grow and develop their respective economies, and the necessary investment and expertise will require strong partnerships.

Q: So how do these priorities tie in with the emir's visit?

A: In several ways, really. First, HH the emir's goodwill visit is a reconnection: the COVID pandemic threw a lot of international issues into hibernation as governments everywhere spent a lot of time looking inward for several years. By visiting now, he's demonstrating in general that he values Qatar's relationships with both Cyprus and Greece. The reengagement also bodes well for particulars, and there are several opportunities for cooperation because the parties can help one another. Both Greece and Cyprus want to be part of plans to open new channels for natural gas into Europe, whether it's Eastern Mediterranean gas or from further afield. For this they could find no better partner than Qatar, which, in addition to its own worldleading LNG industry, has also been acquiring stakes in energy assets around the world. But both countries also want investment in other sectors, too, and once again, both the Qatar Investment Authority, the country's sovereign fund, and various private investors are on the hunt for moneymaking ventures.

Q: What does the emir's trip mean for Greece, in particular?

A: To me the time looks ripe for more cooperation. The period since 2007/2008 has been very difficult, but the current government under Prime Minister Kyriakos Mitsotakis has done wonders, not just to stabilize the Greek economy and restore hope to the population, but also to help Greece regain its rightful place at the European table. The country is now looking to build on this foundation by fully embracing cutting-edge sectors like digital connectivity and cleantech, but also by reinvigorating its traditional shipping expertise by becoming a major logistics center and by getting more out of its hospitality sector, too. The long recession is over, and some asset classes look very attractive to Qatari investors – and others, as well – especially given the stronger, cleaner governance and leadership on which Mitsotakis has built his reputation.

Q: What about Cyprus?

A: Another European land of opportunity. All other things being equal, if the world operated according to logic instead of politics, Cyprus would already be a major energy hub. Its location makes it the ideal base for the Eastern Med's burgeoning offshore gas industry, which also includes strategic ports, telecoms, and other support services. Many analysts see real potential in several sectors, including ports, banking, and a host of technologies. The increased economic activity will also introduce more people to the beaches and other attractions that make the island's tourism industry so popular. Another ingredient is leadership: President Nikos Christodoulides has been in office for less than a year, but the former diplomat and foreign minister has

already shown himself to be both a highly competent Head of State and a stern defender of his country's economic development & interests.

And all this is not to mention the shipping of the gas itself, for Cyprus is not just part of the European Union: it is also very much an East Mediterranean country, so it stands to reason that it should become a gateway through which some of the world's newest gas producers can sell their wares into the world's largest gas market. Whether it's a pipeline to Greece, an LNG plant to supply customers in Asia and East Africa, or both, it's a no-brainer that Cyprus is the place to start the journey. To me, this is Cyprus' destiny, and if it's further Qatari investment that makes it happen, so much the better. Remember, too, that QatarEnergy is already involved in Cyprus' gas industry, partnering with ExxonMobil to explore two offshore blocks. The Qataris know the LNG business like no one else, and their robust & steady reliability as partners is unchallenged: in 2017-2021, despite an illegal blockade imposed by some of their neighbors, they continued to process and ship at the highest rates to keep supplying LNG to all of their customers around the world, helping to calm world markets during a very vulnerable period.

“Baroudi, left, with Mitsotakis at the 2019 EU Arab World Summit in Athens, before the latter became Greece's prime minister. According to Baroudi, Mitsotakis has done much to speed his country's recovery.”



Finally, the role played by Qatar and its leaders has captured the attention of the international community due to the wise policies of the Ruler of the Gulf state. His efforts have been lauded and appreciated by East and West alike, ranging from visits of goodwill by the Emir to regional countries, to forging relations based on mutual respect and cooperation. It also has been noted that visits by the Emir tend to manifest high levels of support in mediation, bringing peace, providing materials or otherwise, as and when needed.

**What's next after new
Energean gas discovery in
Israel's Karish North Field?
Expert underlines need for
Lebanon to lay groundwork for
maritime boundary deals with
Cyprus and Syria**



DOHA/BEIRUT – By Myriam Balaa: Israel’s latest undersea gas find further demonstrates that Lebanon should be doing everything it can to pave the way for its own offshore oil and gas industry, specifically by settling its maritime boundaries with Cyprus and Syria, one of the region’s foremost authorities on energy development says.

In an interview following Greek/Israeli-owned Energean’s announcement of a second discovery in the Karish North Field adjacent to Lebanese waters, energy consultant Roudi Baroudi said the news was actually good for Lebanon.

“It’s no surprise that they found more. It just underscores

what we've known for several years: we haven't located all the resources tucked away beneath the seabed of the East Med, including deposits awaiting discovery off Lebanon's coast," said Baroudi, who has more than four decades of experience in the energy business. "The problem is that Lebanon's ongoing political quagmire has caused significant delays in the development of the country's nascent offshore hydrocarbon sector."

Baroudi, who currently serves as CEO of Energy and Environment Holding, an independent consultancy based in Doha, Qatar, confirmed that the new find seemed to be located very close to the maritime boundary line (MBL) agreed to by Lebanon and Israel in October 2022. That agreement, reached after years-long mediation by the United States, was a "necessary step", he explained, but "it alone has not been sufficient to fully activate Lebanon's oil and gas industry."

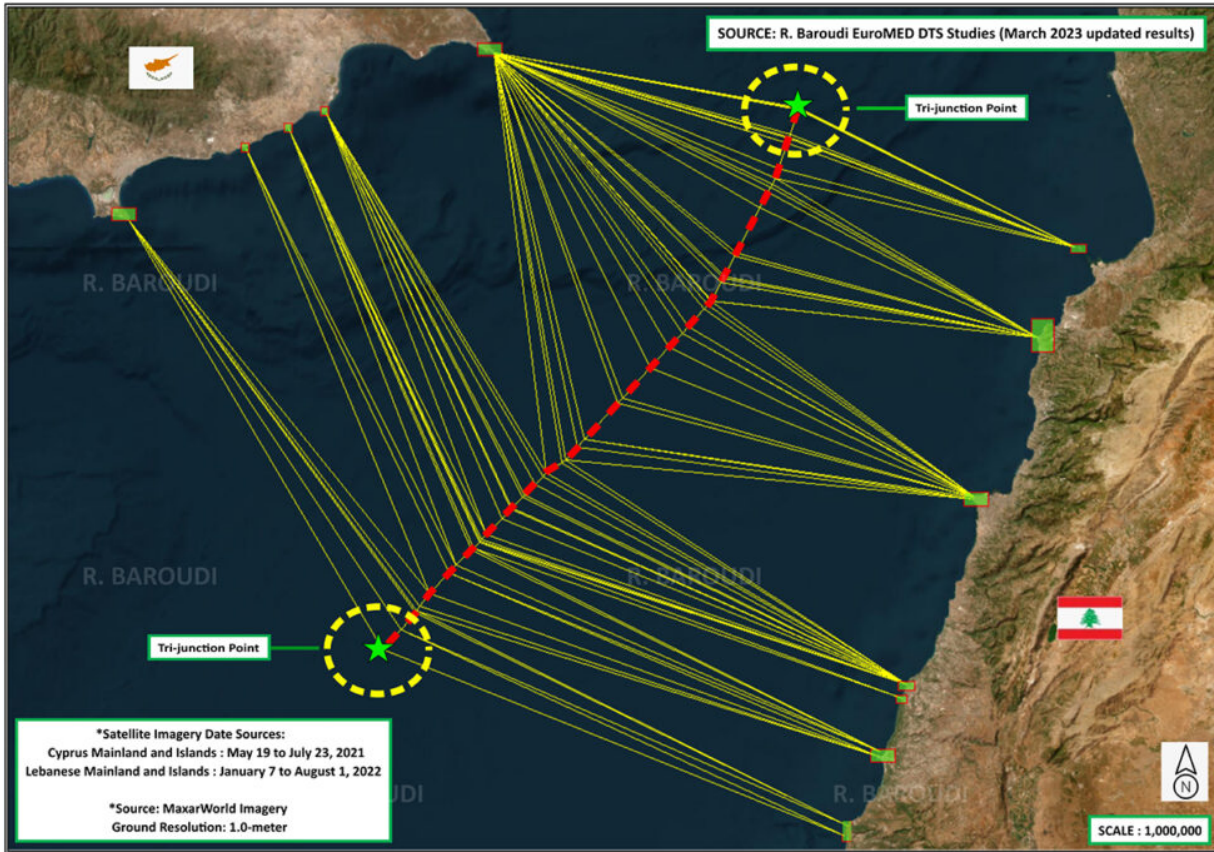
Asked how Beirut should proceed at this juncture, he stressed the importance of moving ahead with efforts to finalize Lebanon's MBLs with Cyprus and Syria, "which would achieve full international recognition of Lebanon's Exclusive Economic Zone, thereby reducing the risk for the big energy companies whose assistance we need in order to fully explore and exploit our offshore resources."

"We've already negotiated the different equidistance points for a completed MBL agreement with Cyprus, we just haven't ratified it," Baroudi explained. "That means we just have to adjust a few coordinates in order to set a trijunction point where the Lebanese, Cypriot, and Israeli MBLs intersect at sea. And setting that trijunction in the south will automatically simplify the process of setting another in the north for Lebanon-Cyprus-Syria".

CYPRUS - LEBANON MBL

Cyprus vs. Lebanon *Strict Equidistance Maritime Boundary Line (MBL)

100% *Full Effect Line (red dashed line), using all relevant Cyprus coastlines and offshore Islands (see close-up inset example), plus also all relevant Lebanese mainland coastlines and all offshore Islands (see closeup inset example). This MBL begins at the northern computed Cyprus-Syria-Lebanon Trijunction point (TRJ ~ green star) and terminates at the southern modified computed Cyprus-Lebanon-Israel Trijunction point (TRJ ~ green star). See the report for specific details on the Trijunction Points and MBL Line Latitude and Longitude geographic coordinates, along with methodology on how the Trijunction Points and this MBL was produced.



He also played down claims in some circles that a significant gap exists between the Lebanon-Cyprus line and the Cyprus-Israel line, making it more difficult to set a trijunction.

“There is a gap, of course, but it’s really quite small,” Baroudi told the reporters “The proof of this is in the delineation of the offshore blocks issued by both Lebanon and Cyprus about a decade ago. On all the international blocks maps of the area, even including the ones issued by the oil and gas companies, which focus on accurate portrayals of acreage, there is no overlap. In fact, virtually all of the line between Lebanese and Cypriot blocks precisely tracks almost a MBL line agreed which Nicosia and Beirut agreed to in the unratified agreement. The difference at the southern end of the trijunction point is very, very small.”

The smaller the gap, he explained, the easier it should be to finish defining Lebanon's EEZ.

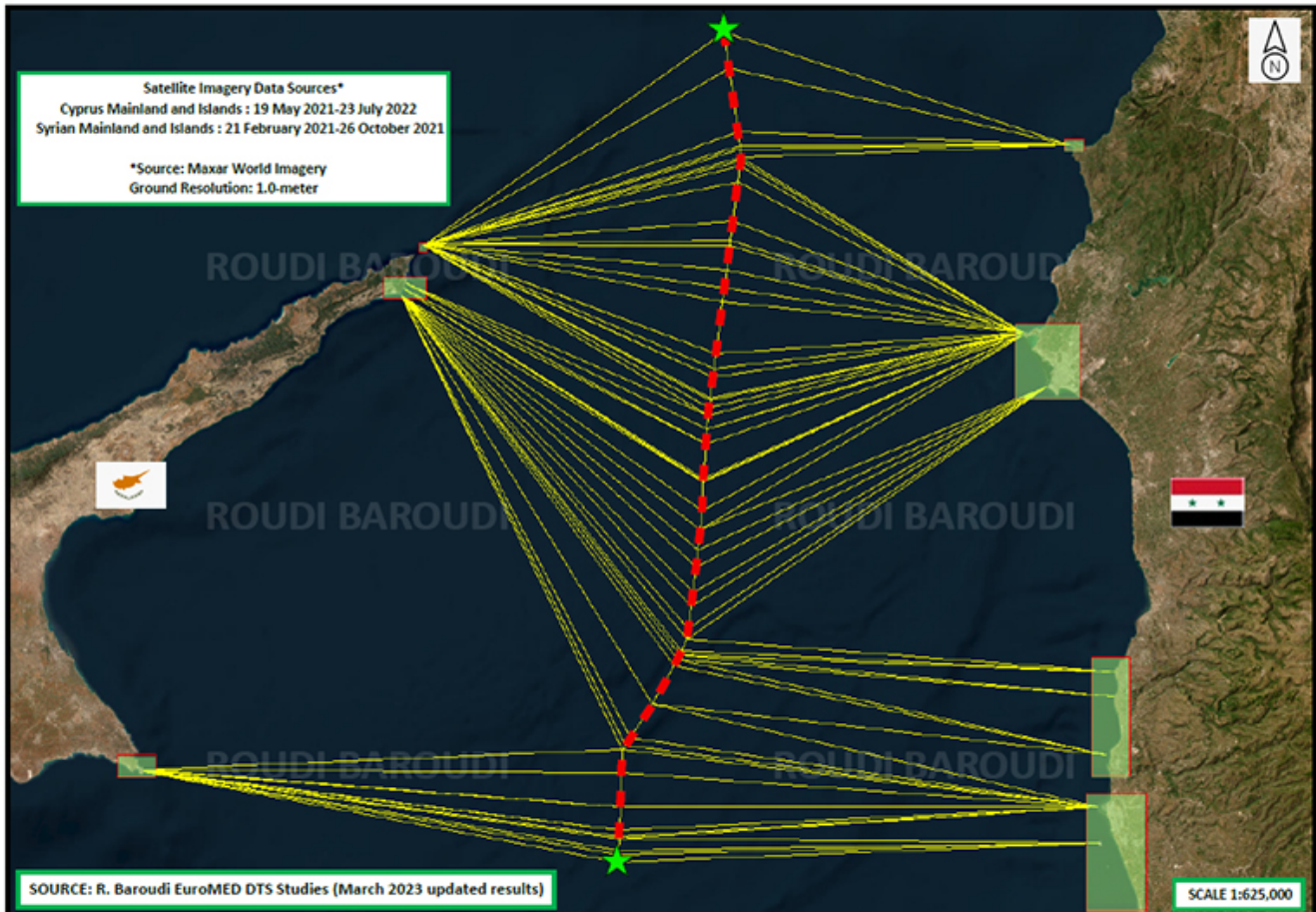
"Since the lines are so close, setting a trijunction – the point where the Lebanese, Cypriot, and Israeli boundaries intersect – should be relatively easy," he said. "In addition, agreeing that trijunction in the south would automatically simplify the process of setting one in the north for Lebanon-Cyprus-Syria. And keep in mind: Lebanon has strong & friendly relations with both Cyprus and Syria, so these negotiations will be a lot friendlier than the ones with Israel, which had to be pursued indirectly via American mediation."

When asked about how any new diplomatic efforts might be affected by the long-running political paralysis in Beirut, where the presidency has been vacant since late 2022 because rival parties in Parliament can't agree on a successor to former President Michel Aoun, Baroudi said the quagmire only accentuated the need for action.

CYPRUS-SYRIA MARITIME BOUNDARY LINE

Cyprus vs. Syria Strict Equidistance MBL*

*100% Full Effect Line (red dashed line), using all relevant Cypriot coastlines and offshore islands (see close-up inset example), plus all relevant Syrian mainland coastlines and offshore islands (see close-up inset example). This MBL begins at the northern computed Cyprus-Türkiye-Syria Trijunction Point (upper green star) and terminates at the southern computed Cyprus-Syria-Lebanon Trijunction Point (lower green star). See the report for specific details on the geographic (longitude and latitude) coordinates of the MBL and Trijunctions, along with an explanation of the methodology used to produce the MBL and Trijunctions.



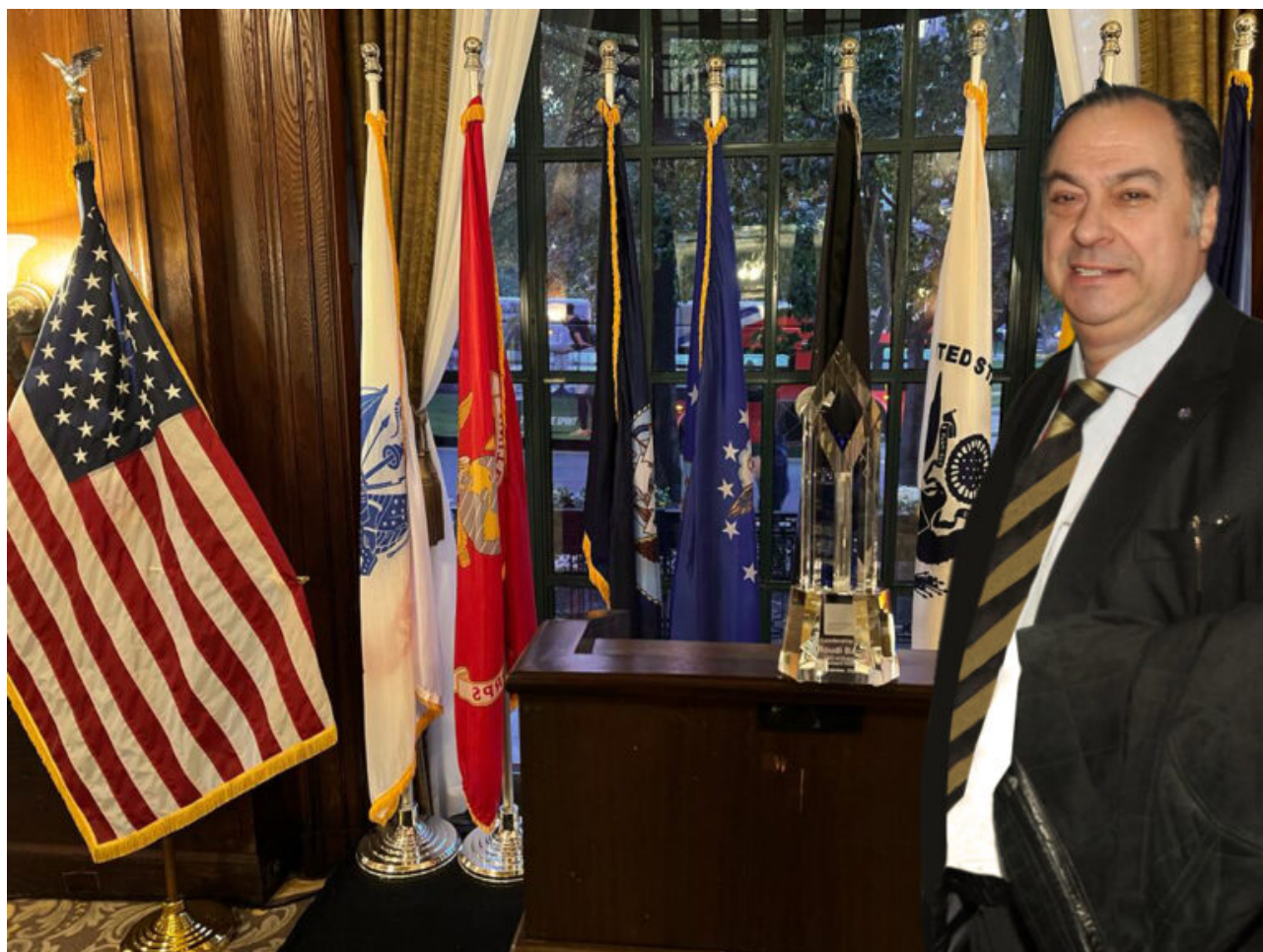
“Right now, Lebanon can’t officially ratify into a new MBL agreement with either Cyprus or Syria because it requires a presidential signature, but that doesn’t stop us from carrying out the necessary talks,” he said. “In fact, we should be rushing to get all of this settled now so that when we finally fill the vacancy at Baabda Palace, we’ll have everything ready for the new president’s signature.”

In addition to settling its maritime boundaries, Baroudi said Lebanon also had another reason to re-engage with neighboring countries.

“It’s been almost ten years since Cyprus proposed a

unitization agreement (joint development agreement) with Lebanon for joint production from any deposits that straddle their shared MBL,” he recalled, “and the Lebanese paralysis has kept it from happening. We need to revive this process and get a deal in place. That way, again, once we have a president in office, we’ll be ready to hit the ground running, with no further delays, and start collecting the badly needed gas revenues”.

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.

Transport minister leads team to Tbilisi Belt and Road

Forum



Qatar is participating with a delegation headed by HE the Minister of Transport and Communications Jassim Seif Ahmed al-Sulaiti in the Tbilisi Belt and Road Forum, which was inaugurated on Tuesday in Tbilisi, Georgia, under the theme: "Partnership for Global Impact".

Inaugurated by the Prime Minister of Georgia, Giorgi Gakharia, on Tuesday, the forum saw the attendance of over 2,000 participants from 60 countries, including heads of states, ministers, diplomats and representatives of international and business organisations.

In his opening speech, Gakharia stressed the importance of the new Silk Road in modern economic integration and globalisation, saying that the participation in the initiative is among the top priorities of the Georgian government.

Georgia was one of the first countries applauding the China-proposed Belt and Road Initiative (BRI) to create new trade corridors between Europe and Asia and improve existing ones, he said.

The Tbilisi Silk Road Forum, he said, is “an important opportunity” and a platform on which the countries involved in the BRI, international organisations and the private sector discuss regional economic challenges and explore ways to overcome the challenges and share experience.

The forum is being held for the third time in Tbilisi.

It is opened by the Prime Minister of Georgia and organised by the Georgian ministries of foreign affairs, economy and sustainable development and supported by China and the Asian Development Bank.

The mission of the forum is to serve as an international platform for multilateral high-level dialogue among senior policymakers, businesses and community leaders to discuss important issues on trade and connectivity, examine challenges facing countries along the New Silk Road connecting East and West, and find common solutions that have a positive impact on the region and the global economy.

Day 1 provides opportunities to discuss a full spectrum of issues related to trade, artificial intelligence (AI), transport and energy in separate panel discussions, and Day 2 focuses on the private sector and investment opportunities in Georgia.

Meanwhile, Prime Minister Gakharia met HE al-Sulaiti in Tbilisi on Tuesday. The meeting reviewed bilateral relations between Qatar and Georgia in the fields of transportation, mobility and communications and means of further enhancing them, in addition to discussing a number of topics of common interest.

بعد البحر... نفط في البر؟

كتب نادر حجاز في موقع mtv:

أعاد الأمين العام لحزب الله السيد حسن نصرالله الى الواجهة الحديث عن استخراج النفط في البر بعد اكتشافه في البحر، جازماً أن لبنان يملك ثروة نفطية في اليابسة وأن السياسة عطلت استخراجها طوال السنوات السابقة.

تصريح نصرالله يذكر بدراسات عدة أشارت الى هذا الأمر، بدءاً من العالم غسان قانصوه وصولاً الى المسوحات التي سبق وأجريت في مهل زمنية مختلفة ومتباعدة. فهل لبنان يملك فعلاً ثورة نفطية في البر؟ وما الطريق الذي يجب أن تسلكه الدولة لاستخراجه؟ والسؤال الأهم هو أي فائدة لهذا الاستخراج وهل العالم لا زال في عصر النفط؟ الخبيرة في شؤون النفط والغاز لوري هايتيان ذكرت بالمحطات التاريخية التي برز فيها الحديث عن النفط في البر، بدءاً من الفترة الممتدة بين 1947 و1967، حيث حصلت محاولات للبحث عن النفط في اليابسة في 7 مناطق لبنانية، وخلصت الى أنه يوجد نفط في لبنان لكن الاستخراج مكلف جداً. وأقفل الملف حتى العام 1993 حين حصلت محاولة في البحر في شمال لبنان، ليعاد ويُطوى الملف وصولاً الى مرحلة ما بعد العام 2000 حتى اليوم، مشيرة الى مسوحات أجريت من قبل الدولة اللبنانية في هذه الفترة ولكن لم يُعلن عن نتائجها، وبالتالي لا يمكن الحديث بعد عن كميات كبيرة نملكها.

الى وجوب القيام بالدراسات mtv وأشارت هايتيان في حديث لموقع اللازمة ولاحقاً بدء الحفر للتأكد من وجود النفط في البر من عدمه، موضحة أنه "لا يوجد اليوم أية خطة لاستخراج النفط في البر وكل ما نملكه هو مسوحات موقعية حصلت أخيراً، وكان هناك قانون للتنقيب عن النفط في البر قيد الدرس في البرلمان لكنه لم يُقر". واعتبرت هايتيان أنه "بناء على هذه المعطيات لا يمكن الجزم بوجود نفط في البر، وما يمكننا القيام به هو التخطيط واتخاذ القرار". بالبحث حول كيفية استخراج النفط والغاز إذا وُجد.

وتعليقاً على طرح نصرالله، قالت هايتيان: "نصرالله يتحدث عن زمن ولي، فالاعتماد على النفط والغاز والسعي للتحوّل الى دولة نفطية أصبح "دقّة قديمة" في الاقتصاد، ونمط اقتصادي قديم لا يصلح ولا يتماشى مع التطور العالمي في زمن البحث عن الطاقات المتجددة.

وإذا كانوا يعتبرون أن هذا النهج سينقذ لبنان، فلن يكون له مكان في العالم”.

وفيما وصفت هذا التفكير بالبالي والقديم الذي لا مكان له في العالم، شددت هايتيان على أنه “يجب التطلع الى الأمام وكيفية الاتجاه نحو الطاقة المتجددة”، مقترحة أن تقوم وزارة الصناعة بمسح حول ما يملكه لبنان من معادن يمكن استخراجها واستثمارها في صناعة الطاقة المتجددة”، مضيفة “إذا كنا نريد فعلاً أن يكون لنا دور في الاقتصاد العالمي فالأجدى التفكير بهذا الاتجاه وهذا ما يمكن أن يساهم في تطوير المجتمع وحجز مكان للبنان في الاقتصاد العالمي”.

النفط ليس الحل السحري للبنان... جملة قالها بيار دوكان في السابق، فعودة النهوض الاقتصادي يحتاج الى نمو والى استعادة الدورة الاقتصادية لحيويتها ودعم القطاعات المنتجة. وكل هذا لن ينفع إذا لم يقم لبنان بالاصلاحات وتحصين مؤسساته في وجه الفساد، وإلا لن تحمل الأيام المقبلة ما هو أفضل من واقع حالنا حتى ولو كانت نفطية .

Lebanon-Israel deal counts as big win for both parties – and for US diplomacy



The United States accomplished a diplomatic tour de force in October when Lebanon and Israel agreed to settle most of their maritime boundary.

Of course, credit for this achievement is also due to the principals, but U.S. mediation was essential to setting the stage for the mostly indirect negotiations, regaining momentum when it looked like the process might be permanently stalled, and keeping the parties on-course until they reached agreement. Simply put, in this instance, the U.S. really was the “indispensable nation” it has so often strived to be.

The very fact that an agreement was reached is itself a remarkable departure from decades of mutual enmity between Lebanon and Israel. After all, the deal is anything but the usual sort between two sides that have recently been at odds over one or more particular issues.

Instead, from the moment of Israel’s establishment in 1948, a state of war has existed between it and Lebanon. A cease-fire was agreed to the following year, but since then there have been countless confrontations between the two sides, including at least three full-scale wars (1978, 1982, 2006), multiple smaller conflicts, a 22-year occupation of South Lebanon

ending (for the most part) in 2000, and hundreds of skirmishes. Although the Lebanese have sustained far more than their share of losses in blood and treasure alike, the Israelis also have paid a painful price. Each side has plenty of reasons to distrust the other, and any Lebanese or Israeli advocating accommodation between the two risks running afoul of powerful domestic constituencies bent on continued mutual hatred.

It took more than a decade of intermittent contacts, virtually all of them consisting of messages exchanged through American intermediaries, but eventually logic prevailed, and the deal got done. And it's a good deal for both sides. The Israelis have been extracting offshore gas since 2004 and exporting some of it to Jordan since 2017, but the agreement enhances their ability to expand production and tap enormous markets in Europe. Lebanon's gas industry is far less advanced, so recognition of its maritime boundaries is even more important: Recognition of its Exclusive Economic Zone (EEZ) makes it a viable destination for the foreign investment required for offshore hydrocarbon activities, and the country's crippling economic and financial crises make the chance to become energy self-sufficient and even earn badly needed export revenues even more attractive.

If it was patience that kept hope alive despite repeated periods of soaring tensions threatened to derail the process, it was creative diplomacy that proved the wisdom of that patience by identifying practical compromises both sides could see as fair and equitable.

For one thing, the agreement bridged proverbial gaps between the two sides' positions by leaving actual gaps in the line separating their respective maritime zones. One of these is at the western end of the agreed boundary, where it stops just under a kilometer short of the line established bilaterally by Israel and Cyprus in 2010. This leaves for future negotiation the precise location of the "trijunction" point where the

Israeli and Lebanese zones will meet up with that of Cyprus. The other gap is at the eastern end, leaving a much longer (approximately 5 kilometers) stretch of open water between the agreed maritime boundary and the land terminus point (LTP) of the two countries' terrestrial border. Since Lebanon and Israel have yet to agree on a location for that LTP, and since the most promising resource areas – in particular the Qana Prospect thought to constitute a significant reservoir of natural gas – lay much farther offshore, it made sense to lock in the rest of the line now and leave this coastal section for later.

A similarly pragmatic approach was applied to the Qana Prospect itself, believed to straddle the agreed boundary between Lebanon's Block 9 and adjacent Israeli waters. Here the challenge stemmed from Lebanon's longstanding withholding of diplomatic recognition from Israel and, therefore, its refusal to engage directly with its neighbor. The solution was to have an independent third party – specifically the international company, France's Total Energies, licensed to act as the Block 9 operator – handle any necessary communications with, and prospective financial compensations of, the Israeli side.

For all of these (and other) reasons, the Lebanon-Israel agreement is nothing short of remarkable, not only because of what it says about the principals and their intermediary, but also because of the example it sets for the resolution of other maritime disputes around the world.

With a lot of effort, both Lebanon and Israel demonstrated politico-diplomatic maturity by recognizing that their interests were best served by embracing dialogue (however indirect) and accommodation, not the bombast and self-defeating dogmatism that only deepen divisions without solving problems.

Arriving at such an agreement required each side to exercise a

measure of strategic empathy toward the other, no small feat for parties so accustomed to viewing one another as enemies. It is fair to predict, too, that if and when the parties decide to settle other aspects of their dispute, or even when they just need to defuse some future crisis without bloodshed, this experience will be a useful touchstone.

For the U.S., its successful stewardship of the Israeli-Lebanese negotiations proves that it still matters in the Middle East and North Africa region, and comes at a time when some Arab capitals have been questioning American reliability and resolve. Washington's performance shows that it can get things done without having to take or threaten military action.

For parties to maritime disputes worldwide, the Lebanon-Israel agreement offers proof that even sworn enemies can find mutually acceptable outcomes on at least some of the issues that divide them.

Roudi Baroudi is a senior fellow at the Transatlantic Leadership Network and the author of "Maritime Disputes in the Mediterranean: The Way Forward" and book distributed by the Brookings Institution Press. With more than 40 years of experience in fields including oil and gas, electricity, infrastructure and public policy, he currently serves as CEO of Energy and Environment Holding, an independent consultancy based in Doha, Qatar.

EU countries agree gas price

cap to contain energy crisis



BRUSSELS, Dec 19 (Reuters) – European Union energy ministers on Monday agreed a gas price cap, after weeks of talks on the emergency measure that has split opinion across the bloc as it seeks to tame the energy crisis.

The cap is the 27-country EU's latest attempt to lower gas prices that have pushed energy bills higher and driven record-high inflation this year after Russia cut off most of its gas deliveries to Europe.

Ministers agreed to trigger a cap if prices exceed 180 euros (\$191.11) per megawatt hour for three days on the Dutch Title Transfer Facility (TTF) gas hub's front-month contract, which serves as the European benchmark.

The TTF price must also be 35 eur/MWh higher than a reference price based on existing liquefied natural gas (LNG) price assessments for three days.

“We have succeeded in finding an important agreement that will shield citizens from skyrocketing energy prices,” said Jozef Sikela, industry minister for the Czech Republic, which holds the rotating EU presidency.

The cap can be triggered starting from Feb. 15, 2023. The deal will be formally approved by countries in writing, after which it can enter into force.

Once triggered, trades would not be permitted on the front-month, three-month and front-year TTF contracts at a price more than 35 euros/MWh above the reference LNG price.

This effectively caps the price at which gas can be traded, while allowing the capped level to fluctuate alongside global LNG prices – a system designed to ensure EU countries can still bid at competitive prices for gas in from global markets.

Germany voted to support the deal, despite having raised concerns about the policy’s impact on Europe’s ability to attract gas supplies in price-competitive global markets, three EU officials said.

An EU official told Reuters Germany agreed to the price cap after countries agreed changes to another regulation on speeding up renewable energy permits, and stronger safeguards were added to the cap.

Those safeguards include that the cap will be suspended if the EU faces a gas supply shortage, or if the cap causes a drop in TTF trading, a jump in gas use or a significant increase in gas market participants’ margin calls.

Soaring power and gas prices have rocked energy companies across Europe, forcing utilities and traders to secure extra funds from governments and banks to cover margin call requirements.

Germany's Uniper (UN01.DE) has booked billions of euros of losses on derivatives, exacerbating a crisis as it rushed to fill the gap left after Russia cut supplies.

Jacob Mandel, senior associate at Aurora Energy Research, said the TTF front-month contract has rarely closed above 180 eur/MWh, noting this has occurred on 64 days in its history. All of those were in 2022.

Two EU officials said only Hungary voted against the price cap.

The Netherlands and Austria abstained. Both had resisted the cap during negotiations, fearing it could disrupt Europe's energy markets and compromise Europe's energy security.

Dutch energy minister Rob Jetten said: "Despite progress the last couple of weeks, the market correction mechanism remains potentially unsafe."

"I remain worried about major disruptions on the European energy market, about the financial implications and, most of all, I am worried about European security of supply," he added.

The EU proposal has also drawn opposition from some market participants, who have said it could cause financial instability.

The Intercontinental Exchange (ICE) (ICE.N), which hosts TTF trading on its Amsterdam exchange, last week said it could move TTF trading to outside of the EU if the bloc capped prices.

On Monday, it said it will assess whether it can continue to operate fair and orderly markets for TTF gas hub trading. For now, ICE TTF markets will continue trading as normal.

The front month TTF gas price closed trading on Monday 9% lower, at 107 euros/MWh, Refinitiv Eikon data showed.

The contract hit a record high of 343 euros in August – a price spike that prompted the EU to move ahead with its price cap.

Italy's energy authority ARERA expects further increases in gas prices as the winter season kicks in, its President Stefano Besseghini said on Monday.

Meanwhile, Russia's Kremlin spokesman Dmitry Peskov said the cap was an attack on market pricing, and unacceptable, Russia's Interfax news agency reported.

The deal follows months of debate on the idea and two previous emergency meetings that failed to clinch an agreement among EU countries that disagreed on whether a price cap would help or hinder Europe's attempts to contain the energy crisis.

Roughly 15 countries, including Belgium, Greece and Poland, had demanded a cap below 200 euros/MWh – far lower than the 275 euros/MWh trigger limit originally proposed by the European Commission last month.

Poland's prime minister said the price cap would end Russia and Gazprom's ability to distort the market.

“At the recent meetings in Brussels, our majority coalition managed to break the resistance – mainly from Germany,” Mateusz Morawiecki wrote on Twitter. “This means the end of market manipulation by Russia and its company Gazprom.”

Wars aren't won with

peacetime economies



By Joseph E Stiglitz/New York

Politically, the G7 and likeminded countries around the world have adopted a war footing to stop Russian aggression. Russian President Vladimir Putin violated the most fundamental principle of international law by launching an unprovoked attack on another member of the United Nations – an institution created explicitly to prevent such aggression. The dangers of appeasement should be obvious. Even a little empathy should make us shudder in horror at the prospect of having to live under Putin's rule.

It is a peculiar war. While Putin has described his project as a confrontation with the entire West, Ukrainians alone are doing all the fighting and bearing the full brunt of Russian attacks on civilians and civilian infrastructure. Meanwhile, Europe and America have provided economic and military assistance, and the rest of the world has been dealing with the war's fallout, including higher energy and food prices.

But it is a mistake to think that the war can be won with a peacetime economy. No country has ever prevailed in a serious war by leaving markets alone. Markets simply move too slowly

for the kind of major structural changes that are required. That's why the United States has the Defence Production Act, which was enacted in 1950 and invoked recently in the "war" against Covid-19, and again to address a critical shortage of baby formula.

Wars inevitably cause shortages and generate windfall gains for some at the expense of others. Historically, war profiteers have typically been executed. But today, they include many energy producers and traders who, rather than being marched to the gallows, should be subjected to a windfall profits tax. The European Union has proposed such a measure, but it would come too late, and it is too weak and too narrow for the challenge at hand. Similarly, while several members of Congress have put forward bills to tax Big Oil's superprofits, the Biden administration has so far failed to move on the issue.

That is understandable, given that US President Joe Biden has been busy enlisting support for signal achievements like the Inflation Reduction Act and the CHIPS Act. Moreover, in seeking the private sector's cooperation in limiting price increases, he has been at pains not to appear "anti-business." But taxing windfall profits and using the proceeds to finance the necessary war spending and support for those hurt by high prices is not anti-business; it is responsible wartime governance, which is necessary to maintain popular support for the war effort. Such temporary taxes hurt neither investment nor employment, and there is nothing unjust about taxing exceptional gains that companies did nothing to deserve. (Besides, more generally, taxes on corporate profits are not distortionary, because costs, including capital, are deductible.)

Even more comprehensive measures are needed in Europe, where today's electricity market was not designed to deal with wartime conditions. Instead, it follows the principle of marginal-cost pricing. That means the electricity price reflects the highest-cost source of production needed to meet current demand. As gas prices have soared, marginal costs have

risen far above average costs. The cost of renewable energy has, for instance, changed little.

As such, many sellers of low-cost electricity are making a killing, as are the traders who bought energy at the lower pre-war prices. While these market players reap billions of euros in profits, consumers' electricity bills are soaring. Electricity prices in energy-rich Norway, with its enormous gas and oil reserves and hydro capacity, have increased nearly tenfold.

Meanwhile, households and small businesses are being pushed to the brink, and even some big companies have already gone bankrupt. Last month, Uniper, a large company supplying one-third of Germany's gas, was "nationalised," effectively socialising its massive losses. The European principle of "no state aid" has been thrown aside, mainly because European leaders moved too slowly in changing a market structure that was not designed for war.

Economists love marginal-cost pricing because it provides appropriate incentives, and because its distributive consequences tend to be small and easily manageable in normal times. But now, the system's incentive effects are small and its distributive effects are enormous. In the short run, consumers and small businesses will have to turn down their thermostat in the winter and turn it up in the summer, but comprehensive energy-saving investments take time to plan and implement.

Fortunately, there is a simpler system (already under discussion in some countries, and already being partly implemented in others) that would retain most of marginal-cost pricing's incentive effects without the distributive effects. Under a non-linear pricing framework, households and firms could be allowed to purchase 90% of their previous year's supply at the previous year's price, and 91-110% of supply at, say, 150% of the previous year's price, before the marginal-cost price kicks in.

While non-linear pricing can't be used in many markets – owing to the possibility of "arbitrage" (buying a good at a low

price and immediately reselling it at a much higher price) – electricity is not one of them. That is why some economists (like me) have long advocated its use in cases where large market failures are having important distributive effects. It is a powerful tool that governments can and should use, especially when confronting wartime conditions.

Something also must be done about soaring food prices. After a half-century of paying US farmers not to farm (an old method of agricultural price support), we now should pay them to produce more.

Such changes have become imperative. As the Vietnamese understood, wars are won as much on the political front as on the battlefield. The purpose of the 1968 Tet Offensive was not to gain territory but to change the political calculus of the war, and it worked. Defeating Russia obviously will require more help for Ukraine. But it also will require a better economic response on the part of the West more broadly. That starts with sharing more of the burden through windfall profit taxes, controlling key prices – such as those for electricity and food – and encouraging government interventions where necessary to alleviate critical shortages.

Neoliberalism, based on simplistic ideas about how markets should operate that fail to comprehend how they actually operate, didn't work even in peacetime. It must not be allowed to stop us from winning this war. – Project Syndicate

* Joseph E Stiglitz, a Nobel laureate in economics, is University Professor at Columbia University and a member of the Independent Commission for the Reform of International Corporate Taxation.

هوكشتاين: لبنان وإسرائيل لم يحصلوا على ما يريدانه من إتفاق الترسيم البحري



أكد الوسيط الأميركي لترسيم الحدود البحرية بين لبنان وإسرائيل أموس هوكشتاين، أن "الاتفاق البحري بين الجانبين مفيد لأمن إسرائيل".

وأضاف في تصريحات لقناة 13 الإسرائيلية، نقلتها "روسيا اليوم"، "لم تحصل إسرائيل على كل ما تريده، ولم يحصل لبنان على كل ما يريده. هكذا تجري المفاوضات عادة"، متابعاً "كانت مفاوضات استمرت لما يقرب من 11 عاماً، وقررت تغيير المعادلة. غيرنا المحادثة حتى يخرج الجميع منتصرين".

وأشار إلى أن "إسرائيل تريد حصتها الاقتصادية بالطبع، لكنها تريد حقا استقرارا في البحر الأبيض المتوسط، وهيمنة إسرائيل على البحر هي نتيجة لنجاحها الهائل في تطوير مثل هذه الأبخاخ المتوسط".

وتابع "خط الحماية لم يكن الحدود الرسمية بين إسرائيل ولبنان،

والآن وافق لبنان على الاعتراف به كوضع قائم بينه وبين إسرائيل، وهذا يتيح لإسرائيل القيام بدوريات على طول هذا الخط وإمكانية "الإشراف عليه. هذا أمر عظيم بالنسبة لإسرائيل

وعن تأثير تهديدات حزب الله على المفاوضات البحرية، قال هوكشتاين، "أوضحت لي إسرائيل أنه لن تكون هناك مفاوضات تحت التهديد

وفي إشارته إلى انتقاد إسرائيل لتوقيت الاتفاق قبل الانتخابات مباشرة، علق هوكشتاين قائلاً، "كانت لدينا فترة زمنية حرجة، لو انتظرنا لما تم الاتفاق". □