

# Shippers looking in every corner as pressure to cut CO2 grows



LONDON (Reuters) – From higher-quality paint to state-of-the-art propellers: shipping companies are looking in every corner to reduce their carbon footprint as investor and activist pressure increases.

The move comes as aviation and shipping firms face demands to slash emissions due to their reliance on oil. The two sectors are expected to account for 40% of global CO2 output by 2050 unless action is taken, the European Environment Agency says.

International shipping accounts for 2.2% of global carbon dioxide emissions, according to the International Maritime Organization (IMO), more than aviation's 2% share.

The IMO, a United Nations agency, has said it aims to halve

greenhouse gas emissions from 2008 levels by 2050.

“Ships are long-life assets, typically up to 25 years, and if the industry is to meet the IMO target ... then we need to accelerate the pace of change to greener vessels,” Stephen Fewster, Dutch bank ING’s global head of shipping, told Reuters.

A private initiative launched this year also means leading banks will change how they look at financing modern, more fuel-efficient ships at a time when the sector faces a capital shortfall estimated to be at least \$20 billion.

While questions loom over whether shipping can meet its 2050 target without an overhaul of the types of cleaner fuel available and infrastructure, shipping firms are making individual efforts to change in a shake-up seen costing billions.

U.S. agricultural group Cargill [CARG.UL], one of the world’s biggest charterers of dry-bulk ships, has a target of reducing its CO<sub>2</sub> output per cargo-tonne-mile by 15% by 2020 from 2016 levels and has already cut it by more than 12%.

One measure taken is the use of higher-quality paints that give a smoother hull, meaning less energy is used on a voyage.

“If the industry would move from the standard paints to more sophisticated ones, and used in combination with other initiatives, this could have a real impact on decreasing emissions,” Jan Dieleman, president of Cargill’s ocean transportation business, told Reuters.

Emanuele Grimaldi, president and managing director of Italian shipping company Grimaldi Group, said apart from changing the paint that the firm uses, it has modified propellers for 30 of its ships.

To save fuel, Grimaldi has also introduced slower speeds when

coming into port areas at night and increased the capacity of some of its fleet so each ship can take more cargo.

“These are lots of small things but if put all together they can make a difference,” he said, adding that the whole group had achieved an annual CO2 reduction of 300,000 tonnes.

## **PRESSURE**

The IMO has adopted mandatory rules for new vessels to boost fuel efficiency as a way of cutting CO2 from ship engines, but a final plan on these is not expected until 2023.

In September, an initiative was launched to get zero-carbon ships and fuels on the water by 2030.

In a report this June, CDP (formerly known as the Carbon Disclosure Project) ranked NYK Line, Maersk and Mitsui OSK Lines as the three shipping companies most prepared for a low-carbon transition, out of 18 of the largest publicly listed shipping firms.

Maersk, the world’s biggest container line, aims to be carbon neutral by 2050, and has spent \$1 billion over the last four years retrofitting around 150 vessels.

“Such measures will represent a small fraction of the overall capex expenditure required to meet the IMO’s target,” a spokesman for CDP, a not-for-profit organization, said.

A report by the Energy Transition Commission, a panel of global experts, last year estimated that a fully decarbonised shipping industry could cost less than 0.2% of gross domestic product in 2050, or below \$600 billion a year.

This compares with less than 0.13% of GDP or under \$500 billion per year for a fully decarbonised aviation sector.

“Maersk’s target is a big deal. There isn’t an aviation company in the world close to making that sort of commitment,”

said Ned Harvey, a managing director at the Rocky Mountain Institute think tank.

“We have the financial industry taking climate alignment seriously and that is going to make it real, as well as customers asking for lower-carbon supply chains,” he added.

The second-largest container line, Switzerland’s MSC, achieved a 13% reduction in CO2 emissions per tonne-mile carried during 2015-18.

It has retrofitted more than 250 ships in its fleet with the latest design features including propellers and bulbous bows, as well as better-performing engines.

It is also deploying 11 new mega-ships including the MSC Gulsun – the world’s largest container ship – with the lowest carbon footprint by design.

“When you go beyond 2030 and look across the industry’s container fleet and the broader maritime sector, the future goals around CO2 and other greenhouse gases will not be achievable without some major breakthroughs in fuel and propulsion technologies,” said Bud Darr, executive vice president at MSC Group.

While there have been signs of growing interest in using liquefied natural gas (LNG) as a cleaner fuel, take-up is slow. Other options including hydrogen and ammonia are years away and costly, some experts and shippers say.

“It’s going to get tougher and tougher and we are running out of time. We need to build zero-emission fuel vessels in the next 10 years. We don’t need to mess about with LNG,” Lasse Kristoffersen, president and CEO of Norwegian shipping company Torvald Klaveness, said at a shipping conference last month.

## **POSEIDON PRINCIPLES**

Pressure on the sector is also coming from lenders. Banks are gradually becoming more selective about which ships they include in their lending portfolios due to an initiative launched in June called the "Poseidon Principles".

Eleven banks representing \$100 billion of the global shipping portfolio joined the initiative, which will for the first time integrate efforts to cut CO2 emissions into banks' decision-making when providing loans to shipping companies.

There is around \$450 billion of senior debt that the world's shipping banks and Chinese lenders grant to the sector and about 70,000 commercial vessels, according to Paul Taylor, global head of shipping & offshore with Societe Generale CIB.

ING, which according to market sources has a shipping finance portfolio estimated at \$10 billion, is among the banks that joined the initiative, and finances the most modern and latest-design ships.

"ING and other leading ship-finance banks have a strong preference to finance more environmentally friendly vessels which in turn should encourage shipyards to continue to improve vessel design and efficiency," ING's Fewster said.

---

## **Germany to pick Schnabel for ECB board seat: source**



BERLIN (Reuters) – Germany will nominate university professor Isabel Schnabel to the European Central Bank’s executive board, a source familiar with the process told Reuters on Tuesday, giving Germany an expert voice on the bank’s top decision-making body.

Schnabel, who rushed to the ECB’s defense last month amid a fury of criticism over its most recent stimulus package, would become the second woman on the bank’s 25-member Governing Council after incoming president Christine Lagarde.

A member of the German Council of Economic Experts, the country’s “wise men”, Schnabel would replace Sabine Lautenschlaeger, another German, who resigned from the ECB board last month after having unsuccessfully opposed more ECB stimulus.

A German finance ministry spokesman declined to comment.

Although ECB board members are appointed by European leaders, Germany has a de-facto permanent seat on the ECB’s board, so its nominee is virtually assured approval.

While Lautenschlaeger was a top bank supervisor, she lacked the expertise in monetary policy and her critics said she was not a powerful enough voice to defend German interests against more stimulus.

Schnabel, considered a conservative economist and monetary policy expert, argued last month that the ECB's most recent stimulus package was excessive it was within the mandate of the bank.

With Bundesbank chief Jens Weidmann openly criticizing the ECB decision, Schnabel also defended the bank, warning that too much criticism could undermine trust in the ECB.

"It's dangerous that politicians, journalists and bankers reinforce the narrative that the ECB steals the money of German savers," Schnabel told German newspaper Handelsblatt last month.

"The ECB, one of the most important European institutions, is constantly being made a scapegoat in Germany," she added.

Lautenschlaeger will leave the ECB board on Oct 31 but European officials are unlikely to approve her replacement before December, indicating that Schnabel could take up her new role in late December or early January.

---

**مؤتمر في موناكو عن ترسيم الحدود في البحار... بارودي: الاستعانة بالخبرات التقنية**

# ستجعل إسرائيل تخسر 50% مما تدعيه



international hydrographic organisation، بدأ في موناكو اليوم مؤتمر نظمته المتخصصة في ترسيم الحدود في البحار والمحيطات من خلال تطوير تقنيات هذه العملية، وملاءمتها مع القوانين الدولية ولا سيما قانون البحار وعمل المنظمات والجمعيات التابعة للأمم المتحدة المتخصصة، وذلك بهدف الحد من هذه النزاعات والتوصل إلى حلول ترضي الأطراف المتنازعة، وتستخدم هذه المنظمة التي تشارك فيها دول من مختلف أنحاء العالم تقنية جديدة بواسطة الأقمار الاصطناعية تؤمن دقة متناهية في إظهار الوقائع الجغرافية التي قد تكون شابتها أخطاء فرسمت الخرائط وفق هذه الأخطاء ما تسبب في النزاعات لبنان ليس عضوا في هذه المنظمة ولكنه يستطيع من خلال الاعتماد على قدرات هذه المنظمة وخبراتها التقنية أن يتوصل إلى حل لما تدعيه إسرائيل من حقوق لها في المنطقة البحرية المتنازع عليها، ومساحتها 860 كيلومترا مربعا.

وقال خبراء في هذه المنظمة إن صور الأقمار الاصطناعية التي بحوزتهم عند رأس الناقورة ستساهم في تحديد دقيق للخط الفاصل B1 للنقطة بين المنطقتين الاقتصاديتين لكل من لبنان وإسرائيل، من قبل طرف ثالث محايد لا تتدخل السياسة الإقليمية والدولية في توجيهه ولفتوا إلى أن في إمكان لبنان الاستفادة من قدرات هذه المنظمة في عملية استكمال ترسيم حدود المنطقة الاقتصادية مع قبرص التي هي عضو في هذه المنظمة، حيث يمكن للجزر قبالة طرابلس أن تخلق إشكالية في هذه العملية لجهة مساحة هذه المنطقة من الجهة اللبنانية أو أن



تساعد في إيجاد الحل، كما يمكن لخبرات هذه المنظمة أن تساعد في حل الخلاف القائم على الحدود البحرية بين لبنان وسوريا التي هي عضو في هذه المنظمة، ولكن عضويتها معلقة الخبير اللبناني الاقتصادي في شؤون الطاقة رودي بارودي المشارك في هذا المؤتمر، لفت إلى أن "الاستعانة بالخبرات التقنية لهذه المنظمة وملاءمتها مع ما يفرضه القانون الدولي سيجعل إسرائيل تخسر على الأقل 50 % مما تدعيه من حقوق لها في المنطقة المتنازع عليها مع لبنان"، لافتاً إلى أن "التقنيات العالية التي أصبحت توفرها الأقمار الاصطناعية واستناداً إلى القوانين الدولية قادرة على حفظ الحقوق اللبنانية كاملة، ولا سيما أن أخطاء حصلت في ترسيم الخط البحري اللبناني نجمت عن عدم توفر التقنيات الدقيقة في ذلك الوقت". وربما عن تسرع غير مقصود

---

## Cheap US gas is killing nuclear; green power may finish the job



The natural gas boom is killing America's nuclear industry. Wind and solar may finish the job.

While nuclear plants struggle to compete with the flood of cheap gas coming from the nation's shale fields, they still offer a key advantage, supporters say: They generate 24-hour electricity without producing carbon emissions. Renewables, meanwhile, haven't yet nailed down the storage capacity needed to do that. Proponents insist it's only a matter of time.

Battery prices have plunged 85% from 2010 through 2018, and huge storage plants are planned in California and Arizona. Meanwhile, science is advancing on new technology – including chemical alternatives to lithium-ion systems – with the potential to supply power for 100 hours straight, sun or no sun.

All signs point to the acceleration of renewable energy that can out-compete nuclear and fossil fuels," said Jodie Van Horn, director of the Sierra Club's Ready for 100 campaign, a group seeking a grid powered solely by renewables.

The drive for grids that are 100% emissions-free is being pushed by a growing number of U.S. states citing increasingly aggressive time frames. In July, New York mandated that 70% of the state's power come from renewables by 2030, and 100% by 2040. Seven other states, including California, have similar mandates, and Virginia's governor earlier this month announced an executive order calling for 100% clean energy there by 2050.

Still, there remains a gap between now and 2050. "To get to 80%-to-85%, you can see a path to get there with today's technologies," said Yayoi Sekine, an analyst with BloombergNEF. But using renewables to achieve the final 15%, "that's where the challenge really is."

By 2050, BNEF expects renewables to account for 48% of the U.S. power system, paired with multiple types of supplemental,

peaking plants that can supply electricity when needed.

Today, these plants typically burn cheap gas, supplied by a muscled-up U.S. shale industry. By 2035, though, so-called battery peakers – large arrays that store energy when renewables are working at their peak, and send power when they're not – will be more cost-competitive, according to BNEF forecasts. Meanwhile, over the same period, nuclear will wane, as high costs force most reactors to just shut down.

The U.S. isn't the only place where the nuclear industry is struggling. Some nations that rely heavily on the technology, including France and Sweden, are reducing nuclear's load as old reactors retire, and diversifying into cheaper solar and wind power.

Still, the industry has the potential to grow in countries where costs can be reduced through shorter construction times. Engineers in China have been able to build and connect nuclear plants in less than seven years, on average, while their counterparts in the U.S. and Europe need a decade or more.

---

## **E.ON to tackle Npower after EU clears Innogy takeover**



ESSEN, Germany/BRUSSELS (Reuters) – E.ON (EONGn.DE) will move quickly to address problems at Npower, the loss-making British retail business it is taking over after European regulators approved its purchase of assets from peer Innogy (IGY.DE), the German energy group’s CEO said on Tuesday.

“(Npower) is an open wound which bleeds heavily,” Johannes Teyssen told journalists. “I am pretty sure that we will make statements on the matter in the course of this year.”

His comments came after European Union antitrust regulators earlier cleared E.ON’s purchase of Innogy’s network and retail assets, paving the way for a major reshuffle in Germany’s energy sector that was first unveiled in March 2018.

The approval seals the fate of Innogy, which was carved out from RWE (RWEg.DE) and listed three years ago as a separate entity, with its assets being taken over by its parent and E.ON.

Npower, one of Britain’s big six energy suppliers, has been losing money for years and both Innogy and E.ON have said they would look at all options for the business, leaving room for a

sale, restructuring or winding it down.

Innogy's break up marks the biggest overhaul in Germany's power industry since the country sped up its exit from nuclear energy earlier this decade, and will turn E.ON into a networks and retail energy group with more than 50 million customers.

RWE, in turn, will become Europe's No.3 renewables player after Spain's Iberdrola (IBE.MC) and Italy's Enel (ENEI.MI) and hold a 16.7% stake in E.ON, making it the largest shareholder. RWE CEO Rolf Martin Schmitz will join E.ON's supervisory board.

## **PAINFUL CONCESSIONS**

The European Commission, which oversees competition policy in the 28-member EU, approved the deal on condition E.ON sells certain businesses in Germany, the Czech Republic and Hungary.

"It is important that all Europeans and businesses can buy electricity and gas at competitive prices," EU Competition Commissioner Margrethe Vestager said in a statement, adding E.ON's commitments meant the deal would not lead to less choice or higher prices.

E.ON agreed to drop most of its customers supplied with heating electricity in Germany and to discontinue the operation of 34 electric charging stations along German autobahn highways.

It will also divest part of its retail business in Hungary as well as Innogy's retail power and gas business in the Czech Republic, which have already drawn interest from potential buyers, Teyssen said.

The disposals, which include about 2 million supply customers, will reduce E.ON's results by more than 100 million euros (\$110 million), he added.

Teyssen said he was relieved by the regulatory clearance after the Commission vetoed deals by Siemens (SIEGn.DE) and Alstom (ALSO.PA) as well as Thyssenkrupp (TKAG.DE) and Tata Steel (TISC.NS) earlier this year.

“We decided in favor of addressing the concerns and against having our way no matter what,” Teyssen said. “Considering ... E.ON’s outstanding development opportunities, these quite painful concessions are tolerable.”

Writing by Christoph Steitz; Editing by Michelle Martin and Mark Potter

Our Standards: The Thomson Reuters Trust Principles.

---

## **Opec+ expects to drain oil stocks as it makes supersized cut**



Opec and its allies expect to deplete the global surplus in oil stockpiles sharply as demand holds up and the coalition cuts production by far more than initially planned.

Saudi Arabia, Russia and other producers in the Opec+ alliance have slashed crude output this year to shrink the glut amid faltering economic growth and soaring US shale output. Results have been mixed, with oil prices down more than 20% from this

year's peak, trading at about \$59 a barrel in London.

In response, Saudi has reduced output by far more than pledged under the terms of the deal, and the coalition's overall implementation rate last month was 59% above target, according to a statement posted on its website yesterday. That means the alliance cut supplies by about 1.9mn barrels a day.

Opec signaled that the deeper-than-anticipated cutbacks had been necessary because of the extreme upheaval in the global economy.

"This high level of overall conformity has offset uncertainty in the market due to ongoing economic-growth worries," according to the statement from the Joint Ministerial Monitoring Committee, a body set up by Opec and its allies to oversee implementation of their strategy.

"Along with healthy oil demand," the supply restraints have "arrested global oil-inventories growth and should lead to significant draws in the second half of the year," the committee said.

World financial markets have been buffeted this year as the US and China become ever more entangled in a trade dispute that's weighing on growth in both nations, the two biggest oil consumers.

Collectively, the 24 countries in the Opec+ coalition – comprising the 14 nations of the Organisation of Petroleum Exporting Countries and 10 non-members – pump about half of the world's oil.

The burden for going the extra mile, however, has rested almost entirely on Saudi Arabia, the biggest Opec member. The kingdom reported that it lowered output to 9.58mn barrels a day in July, which means it's cutting more than twice as much as agreed.

The JMMC will meet to review the strategy on September 12 in Abu Dhabi, and then the full coalition will gather in December to consider any measures for next year.

The committee said that forecasts by major institutions are for "robust" oil-market fundamentals for the rest of this year and 2020.

While it is the case that leading organisations like the International Energy Agency see world oil demand continuing to grow next year in line with recent trends, expectations for another surge in supply create a fragile outlook.

Both the IEA and Opec itself expect that oil supplies, driven by the US, will expand by roughly twice as much as the growth in consumption next year.



---

## EU ministers collide over timid eurozone reforms



Agence France Presse

LUXEMBOURG: EU finance ministers wrangled over watered-down economic reforms Thursday with France hoping the eurozone budget it has long been pushing for was finally within reach.



Almost a decade after the debt crisis, French President Emmanuel Macron wants his partners to implement the changes in order to make the single currency area more resilient to shocks and to tackle the global dominance of the United States and China. But resistance to overhauling the eurozone has deepened, amid a budget row with populist-led Italy, and as richer northern countries grow reluctant to indulge the budget-busters to the south. This distrust and hesitance has plagued the eurozone since it was launched in 2002, a disunity that economists say limits growth and invites crisis.

Ministers are discussing France's flagship reform of a eurozone budget that has been scaled back by opponents led by the Netherlands that fear a transfer of wealth to Italy, Greece or Spain.

"We are not far from a consensus," French Finance Minister Bruno Le Maire said on Thursday as he arrived for talks that were expected to last late into the night.

Such a step would be "a major breakthrough in strengthening the eurozone," he said.

"We are close," said German Finance Minister Olaf Scholz who added that approval was widespread for a Franco-German compromise on the delicate matter.

Not a budgetThe EU ministers are officially not negotiating a budget – which would be too politically sensitive – but something called the Budgetary Instrument for Competitiveness and Convergence, a fund with limited firepower to be used to back reforms.

The cumbersome renaming comes at the demand of the Dutch, who have only accepted the instrument on condition that it remains an extremely modest affair.

The skeleton of Macron's plan on the table comes after months of negotiating the broad elements, including spending

priorities, source of revenues, and who should ultimately wield control over its decisions

A European source said it was the last element that would keep ministers up late with the Netherlands and others insisting the budget remains under the auspices of the EU budget. As such, the budget's firepower would remain at a modest 17 billion euros over seven years with no chance of expansion and under the authority of the EU's 27 member states (after the exit of Britain).

Macron had originally demanded an amount of several hundred billion euros to be used to stabilize economically weak countries, but this was swiftly slapped down.

The young French leader also wanted the creation of a eurozone finance minister, an idea that was fast cast aside under pressure from Germany, which prefers that power over the economy remains national.

'Impasse' Ignored for now is a Europe-wide deposit insurance scheme, which is supposed to be the last pillar of an EU banking union set up after a series of bank failures during the worst of the crisis.

"Regrettably, the impasse on this project is still there. No tangible progress has been made," said EU commission vice president Valdis Dombrovskis on Wednesday.

The deposit scheme is resisted by Germany, Finland and other northern European countries that fear being put on the hook for deposits in fragile countries such as Italy or Greece. Ministers also discussed Italy with Rome in infraction of EU budget rules and in danger of major fines inflicted by its currency zone partners.

---

# Exxon's \$53 billion Iraq deal hit by contract snags, Iran tensions – sources



BASRA, Iraq/BAGHDAD (Reuters) – Just weeks ago, U.S. energy giant ExxonMobil looked poised to move ahead with a \$53 billion project to boost Iraq's oil output at its southern fields, a milestone in the company's ambitions to expand in the country.

But now a combination of contractual wrangling and security concerns, heightened by escalating tensions between Iraq's bigger neighbor Iran and the United States, has conspired to hold back a deal, according to Iraqi government officials.

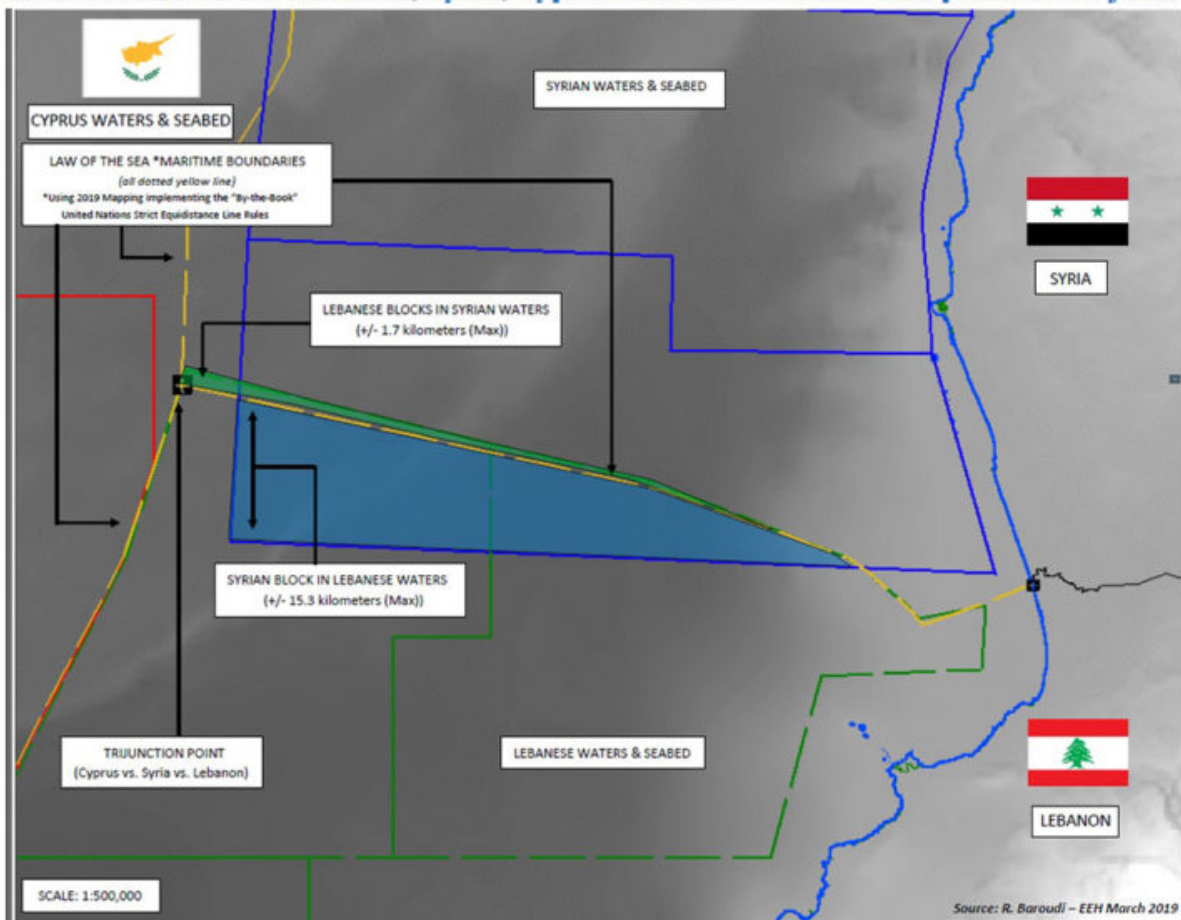
The negotiations have been stymied by terms of the contract that Baghdad objects to, said four Iraqi officials involved in

the discussions who spoke to Reuters on condition of anonymity due to the sensitivity of the matter.

# Oil hopes fire up Lebanon-Syria border issue

THE DAILY STAR  
LEBANON

Illustrative Sketch for Lebanon, Syria, Cyprus maritime borders and possible tri-junction



BEIRUT: All eyes have been fixed on south Lebanon as the country engages in U.S.-sponsored negotiations to demarcate its maritime border with Israel, ahead of Lebanon's first

offshore hydrocarbon exploration planned for later this year. But Lebanese officials have recently suggested that another issue critical for the country's nascent oil and gas sector may soon be on the negotiating table: the demarcation of Lebanon's northern border with Syria, which has never been formally agreed upon.

Lebanon and Syria have set their sights on potential revenues from oil and gas revenues as boons to their struggling economies.

At the same time, Beirut is hoping to capitalize on increasing international interest in the Eastern Mediterranean due to large hydrocarbon finds, including in Cyprus and Israel. Lebanon, though well behind its western and southern neighbors, hopes to join the club soon after its first exploratory well is drilled in December.

With the issue still in its early stages, experts told The Daily Star that demarcating Lebanon's northern border should be much simpler than delineating those with Israel, with whom Lebanon is still technically at war. Still, demarcating the northern border could have its own stumbling blocks, particularly considering political differences in Lebanon over the nature of the country's ties to Syria.

So what is under dispute?

The northern land border between Lebanon and Syria is de facto demarcated today by the Nahr al-Kabir River. This border is important, because the point at which it meets the sea is crucial for determining the maritime border.

Issam Khalife, a history professor at the Lebanese University who wrote a book about attempts to demarcate the northern border, said there were few points of difference over this border. He said the line would be set in the middle of the river, with the final point lying where it empties into the Mediterranean.

This contrasts starkly with the southern border demarcation issue, where 13 points are disputed.

Meanwhile, about 850 square kilometers of sea is disputed between Syria and Lebanon, Roudi Baroudi, an oil and gas consultant with some 40 years' experience, told The Daily Star.

This is nearly the same number as the roughly 860 square kilometers under dispute between Lebanon and Israel.

Khalife said that Beirut and Damascus had engaged in serious talks over demarcating the border since after both countries gained independence from France in the mid-1940s. But those talks fizzled out with the advent of the Lebanese Civil War (1975-90).

In 1976, Syria entered Lebanon as part of a peacekeeping force, and remained in the country until its 2005 ouster by the massive popular uprising that followed the assassination of former Prime Minister Rafik Hariri.

"Syria felt that it and Lebanon are one country, so why draw its borders with Lebanon?" Khalife said.

Lebanon in 2011 published a unilateral outline of its northern border, on which Syria has not formally commented.

However, maritime oil blocks that Syria published in March 2019 show a large overlap with those published by Lebanon – encroaching by some 15 kilometers at the furthest point.

Using the methods set out by the United Nations Convention on the Law of the Sea – ratified by 168 nations including Lebanon, but not Syria, which maintains observer status – Baroudi has mapped out a line that he said marked the correct maritime border between the two countries. According to this line, Lebanon has encroached on Syrian territory by about 1.7 kilometers, while Syria, according to its oil blocks, sees its

border as lying 15 kilometers inside Lebanon's territory.

"Both sides have overestimated, so this has to be rectified between two friendly states," Baroudi said.

Defense Minister Elias Bou Saab and Foreign Minister Gebran Bassil could not be reached for comment despite multiple attempts.

Two Foreign Ministry sources declined to comment on whether Lebanon had received a formal request from Syria to demarcate the northern border, as was reported this week in pan-Arab newspaper Asharq al-Awsat.

After the issue lay dormant for years, Bou Saab last week said he had knowledge that Syria was looking to demarcate the northern land and maritime border.

He later added that Russia could play a "positive" role in the dispute due to its energy interests both in Syria and in Lebanon.

Russia has been a major supporter of Syrian President Bashar Assad in the 8-year-old conflict, and Syria's Oil Minister Ali Ghanem last month said that a Russian company would be tasked with maritime oil and gas exploration.

The Daily Star could not reach the Syrian Embassy for comment despite multiple attempts.

Meanwhile in Lebanon, Russian company Novatek is part of a consortium that is set to drill the country's first exploratory well in December. And Energy Minister Nada Boustani told AFP last week that Russian companies Novatek, Gazprom and Lukoil had expressed interest in the second exploration round launched in April that includes two blocks bordering Syria, named 1 and 2.

She said that Cabinet's approval of those blocks "means that it knows a deal will be brokered" with Syria.

Baroudi said the massive wealth at stake would likely bring Lebanon, Syria and Israel to the negotiating table.

“All the major firms involved in this sector do not flirt with countries that have problems, especially with their maritime boundaries,” Baroudi said. “They want to have clear-cut agreements, otherwise they will not come.”

MP Yassine Jaber, the chair of Parliament’s Foreign Affairs and Expatriates Committee, agreed.

“Of course this is what’s pushing us, to be able to lure big companies,” he said.

If the statements about Syria’s intentions to demarcate the border are proven, the question becomes how Lebanon will be represented at the table.

Lebanon’s indirect negotiations with Israel were aided by a unified stance among the country’s top leaders, but talks with Syria could be hurt by internal differences.

Prime Minister Saad Hariri has ruled out any direct negotiations with Damascus on any issues until a political solution to the Syrian crisis is reached. However, both countries maintain diplomatic relations, with embassies in Damascus and Beirut respectively.

Jaber expressed belief that Russian mediation could help Lebanon sidestep the political quagmire that direct talks with Syria could present. But he said he was confident that local obstacles could be overcome even without such mediation, given that the country’s leaders had agreed to negotiate with Israel even though the two were still at war.

“We are talking with an enemy in the south, so it’s much easier to have a joint committee to look at the dispute in the north, with experts,” Jaber said, adding it was in the interest of all countries to find peaceful resolutions to



their disputes. "It's quite simple: Oil and fire do not mix."



<https://www.dailystar.com.lb/News/Lebanon-News/2019/Jun-20/485660-oil-hopes-fire-up-lebanon-syria-border-issue.ashx>

---

## **Exclusive: Russia to boost LNG output fivefold to supply Asia**

Utilizing the Arctic, Moscow eyes 20% global market share, energy minister says.

MOSCOW – Russia aims to increase its liquefied natural gas output about fivefold by 2035 to capture about 20% of the global market.

The country envisions up to 70% of its LNG exports by then going to the Asia-Pacific region, through the Arctic Ocean shipping route.

Energy Minister Alexander Novak told Nikkei in Moscow that Russia's government intends to strengthen its cooperation with Japan in terms of funding and technology for the LNG and

related sectors.

Japanese Prime Minister Shinzo Abe and Russian President Vladimir Putin are expected to discuss economic cooperation in areas including energy when they meet in Osaka on June 29 on the sidelines of the G-20 summit. The leaders will also discuss a peace treaty and other matters between the countries.

Novak could join Putin's delegation.

Russia's current LNG output is about 28 million tons a year. This combines output from the Sakhalin-2 project, in which Japanese general traders Mitsui & Co. and Mitsubishi Corp. participate, and the Yamal LNG project in Arctic Russia.

✘ Russian Energy Minister Alexander Novak told Nikkei that Russia aims to increase its LNG output about fivefold by 2035. The plan is to raise the total, which now represents around 6% of global demand, to between 120 million tons and 140 tons by 2035, according to Novak.

Qatar and Australia each accounted for over 20% of the global LNG market in 2018. Russia's goal is to rival these producers as well as the United States in LNG output.

Novak said the Asia-Pacific region is home to some of the world's biggest LNG markets, and that Russia expects to boost exports to Japan, China, India, South Korea and Vietnam.

Russia also exports LNG to Europe but has hastened the introduction of a planned Arctic Ocean shipping route so that 60% to 70% of its exports will go to Asia-Pacific, Novak said.

Russia hopes to attract Japanese technology, loans and investments to its LNG sector, Novak said, adding that Moscow welcomes foreign partners, including Japan.

He also expressed hope that final-stage negotiations between Russia's Novatek and Japanese companies, including Mitsui,

regarding investments in the Arctic LNG 2 project will soon come to fruition.

Russia's annexation of Crimea in 2014 triggered sanctions from the West. Novak said there is a possibility that the sanctions could apply to the LNG deals. He added that Russia will consider procuring funds in currencies other than the dollar as a way to maneuver around the sanctions.