

Opec withdrawal fits Qatar's LNG strategy, says US finance attache



Qatar's recent decision to withdraw its membership from the Organisation of the Petroleum Exporting Countries (Opec) is a business decision that supports the country's development strategy for its liquefied natural gas (LNG) sector, industry experts agreed during the Euromoney Conference held in Doha on Sunday.

Qatar is Opec's 11th-biggest oil producer. Lesley Chavkin, the US Department of the Treasury financial attaché to Qatar and Kuwait, pointed out that Qatar's total output accounts for "only 2%."

"Qatar is not a behemoth in Opec, and I think it (withdrawal from Opec) fits with the strategy to focus the resources on LNG. That seems to be the future of Qatar's energy industry," Chavkin said during the panel discussion titled 'Qatar's Economy – New Directions, New Opportunities'.

On the global market, Chavkin also said that Qatar is expanding its reach, veering towards the Asia Pacific region.

She noted that Qatar may have to look into short-term contracts with its Asian buyers.

“Obviously, it’s no surprise that the demand is coming from the Asia Pacific region. We have China aggressively moving from coal to gas...moving forward, it’s going to be Asian-focused.

“What I think is a kind of interesting space to watch is LNG contracts. So, Asian buyers tend to prefer buying LNG on spot or short-term basis. LNG contracts here tend to be longer term, and Qatar has flexibility in adjusting some of its longer term contracts to maintain market share but that’s something interesting that we would be watching, going forward,” Chavkin explained.

Mohamed Barakat, the managing director of US-Qatar Business Council, said he agrees with Qatar’s decision to withdraw its membership from Opec, “because this is a business-focused decision.”

“Qatar is in the gas business and its oil production doesn’t affect the market that much as countries like Saudi Arabia,” Barakat said.

He added: “Qatar’s decision to increase its gas production will definitely increase the support and supplies that Qatar can provide globally, knowing that from a US perspective, Qatar has provided a lot of LNG to US allies, supporting them, and helping them to be more independent with a reliable partner in Qatar – that would help advance more the business interests globally in Qatar, as well.”

Alexis Antoniades, the director of International Economics at Georgetown University – Qatar, emphasised that the decision to withdraw Qatar’s Opec membership is a business decision and was not politically motivated.

“I don’t see any political decision behind it... this is a business decision. We have no role in Opec... we are in the LNG industry and not the oil sector. It makes sense for us to withdraw there, and it makes sense for us to figure out what is it that we are going to do well, and focus our time and resources on that,” Antoniades said.