

# **Qatar Steps over the Blockade**



**PETROLEUM  
ECONOMIST**

**Gerald Butt, Petroleum Economist**

Two years after the economic and political boycott on Qatar, the Gulf state is pressing on with LNG expansion plans. Qatar Petroleum (QP) in April asked three joint ventures to bid for the main engineering, procurement and construction (EPC) contract for four mega-LNG trains, each with 8.8mn t/yr capacity, and related facilities. A month later it asked firms to bid to carry out EPC work for LNG storage and loading facilities. QP announced in 2017, after the boycott was imposed, that it planned to increase LNG output capacity from 77mn t/yr to 100mn t/yr, by producing more gas from the vast offshore North field. The following year it unveiled an even more ambitious plan – to target capacity of 110mn t/yr. And despite the fact that there is no end to the political dispute that has destroyed the credibility of the Gulf Cooperation Council, Qatar is not looking back. The consortiums competing for the contracts to build the mega-trains are: Chiyoda and Technip; JGC Corporation and Hyundai Engineering and

Construction; and Saipem, McDermott and CTCI Corporation. The announcement of the EPC contract is expected in January 2020, with work to be completed by 2024. Qatar believes that the new development will come on stream just as demand for LNG will start to exceed supply. McDermott International has been given the EPC role for eight new offshore jackets in the North field. Onshore site preparation for the four LNG trains at Ras Laffan is being carried out by Consolidated Contractors Company and Teyseer Trading and Contracting Company. Chiyoda is completing the FEED work for the onshore facilities, and further contract awards related to the expansion project are



expected in the coming months.

*Saad al-Kaabi Minister of Energy and Chairman of QP* **New LNG carriers**  
To cater for the North Field expansion and Qatar's offtake from the Golden Pass LNG export project in the US, QP in April issued an invitation to tender for the construction of LNG carriers. QP CEO Saad al-Kaabi says the initial order would be to "deliver 60 LNG carriers in support of the planned production expansion, with a potential to exceed 100 new carriers over the next decade". 110mn t/yr – Qatar's planned



LNG capacity

*Roudi Baroudi Energy*

*Economist* During 2018, Qatar maintained its position as the largest exporter of LNG, with 28pc of global market share, according to the International Gas Union. However, with other countries increasing capacity, Qatar's share has been falling. Australia has now overtaken Qatar as the biggest producer – but will be nudged out of that spot when the Ras Laffan expansion is complete. **Call for talks** In the meantime, Qatar continues to call for talks to end the political dispute with its neighbours, but they appear to have no interest in ending the boycott. "The countries besieging Qatar know it is ready to sit down at the negotiating table, whether under the aegis of the GCC or any other set-up," says Roudi Baroudi, a Doha-based energy consultant. "Qatari officials remain hopeful that their counterparts will soon change course and join the search for sovereign, fair and workable solutions." For now at least, Qatar is prepared to carry on regardless – without undue concern. The IMF said in late 2018 that "significant fiscal and external buffers have enabled Qatar to successfully absorb the adverse shocks from the 2014-16 decline in oil prices and the diplomatic rift. We anticipate overall real GDP growth of 3.1pc in 2019, with still robust non-hydrocarbon growth and recovery in oil and gas production."



In Baroudi's view, "while Qataris continue to face illegal and discriminatory measures attached to the commercial blockade, their country has the wherewithal to sustain the current situation for as long as it takes".

**Original article by Gerald Butt, Petroleum Economist**

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