IEA Raises World Oil Demand Forecast In 2023 Towards All-time High

The International Energy Agency said Friday it had revised upwards its forecast for global oil demand growth in 2023 as demand is “scaling record highs”.

World oil demand already hit a record 103 million barrels per day in June and August and “could see yet another peak”, the Paris-based IEA said in its monthly report.

“For 2023 as a whole, global oil demand is set to expand by 2.2 million barrels per day to 102.2 million barrels per day,” it said.

China accounted for 70 percent of growth, the IEA said, adding that demand in the Asian giant was “also stronger than expected, reaching fresh highs despite persistent concerns

over the health of the economy".

"World oil demand is scaling record highs, boosted by strong summer air travel, increased oil use in power generation and surging Chinese petrochemical activity," the IEA said.

The forecasted expansion in global demand in 2023 would mark its "highest ever annual level", according to the agency, which in February had already forecast an annual record for the year of 101.9 million barrels per day.

The increasing demand for oil comes amid tensions on world markets after significant output cuts by several members of the OPEC+ alliance – made up of 13 members of the Organization of the Petroleum Exporting Countries (OPEC) headed by Saudi Arabia and their 10 allies led by Russia – to prop up prices.

As a result, global oil supply plunged by 910,000 barrels per day in July, to 100.9 mbd, the IEA said in its report.

A sharp reduction in production by Saudi Arabia last month saw output from the 23-nation OPEC+ alliance fall 1.2 million barrels per day, to 50.7 mbd "a near two-year low".

Volumes by non-OPEC+ members rose to 50.2 mbd, the report added.

In April, several OPEC+ members decided to slash production voluntarily by more than one million bpd – a surprise move that briefly buttressed prices but failed to bring about lasting recovery.

Oil producers are grappling with falling prices and high market volatility, reflecting continued fallout from the Russian invasion of Ukraine and China's faltering economic recovery.

Saudi Arabia also announced last week that it was extending its voluntary oil production cut of one million barrels per day for another month to include September.

Moscow has pledged, too, to cut production by 500,000 bpd in August, and a further cut of 300,000 bpd for September.

“Market balances are set to tighten further into the autumn as Saudi Arabia and Russia extend supply cuts at least through September,” the IEA said.

If the bloc’s current targets are maintained,oil inventories could fall in the second half of the year “with a risk of driving prices still higher”.

Looking ahead to 2024 as the world races to combat climate change and reduce the use of fossil fuels, the IEA said it anticipated demand growth to slow.

“With the post-pandemic rebound running out of steam, and as lacklustre economic conditions, tighter efficiency standards and new electric vehicles weigh on use, growth is forecast to slow to 1 mbd in 2024,” it said.

Carbon Capture and Delay

As long as coal plants are still operating, it is a good idea to require them capture their carbon dioxide emissions. But those designing policies to hasten such practices must tread carefully, lest they unwittingly extend the life of dirtier energy sources.

NEW YORK – In May, the US Environmental Protection Agency proposed new power-plant rules that would effectively require every existing coal- or gas-fired plant in the United States either to capture and store most its carbon dioxide emissions, or to switch to burning low-emissions "green hydrogen." Yet it would be cheaper to replace America's more than 200 coal-fired plants with new solar or wind facilities, and then to do the same with its gas plants soon thereafter.

This claim will surely be met with cries of: "It's not that simple! You also have to account for the Earth's rotation, cloud cover, and a lack of wind." Indeed, one also must acknowledge ever-present NIMBYism, long-term energy contracts, and other complexities that stand in the way of immediately swapping coal for solar. But nobody is seriously suggesting shutting down every fossil-fueled power plant everywhere all at once. The transition will take time.

Time, of course, is relative. Even the new EPA rules would be phased in gradually, with the real bite coming only in the next decade. But we can't wait for the EPA's rules to bite and force the changes, nor should we. And the "we," in this case, includes everyone from consumers to local energy regulators to utility executives and banks planning their investment decisions.

Carbon capture and storage (CCS) is a godsend, and green hydrogen has the potential to be one, too. But, looking to the next decade and beyond, we also will be deploying many other advanced climate-tech solutions, from better batteries to smarter grids. Given the urgency of the climate crisis and all the new technologies coming down the pike, it

makes little sense to wait for the EPA's new rules to force changes years from now.

Power-plant economics are changing fast. In 2019, the think tank Energy Innovation published its first "coal cost crossover" report, which found that 62% of US coal plants were more expensive to run than to replace with local solar or wind generation. By 2021, that figure had risen to 72%; and as of earlier this year, it was 99%. With the exception of one coal plant in Wyoming, it would be cheaper to produce electricity with solar or wind, plus battery storage, than to keep the existing coal fleet up and running.

While the 2023 figure accounts for the expanded solar and wind tax credits under the Inflation Reduction Act, it does not include additional incentives like those provided by the IRA's loan program, which utilities can tap to help finance renewables. More to the point, it came before the new EPA proposals, raising the question of what effects these rules might have.

For the most part, the EPA's rule changes are standard regulatory fare, reflecting the need to pass muster with a Supreme Court that is intent on curtailing federal regulators' powers. Instead of allowing for flexibility in achieving carbon-reduction goals, the EPA is taking a more direct approach, essentially mandating that existing coal plants capture and store their released carbon. But especially in connection with generous IRA subsidies for CCS technology, US policymakers may be unwittingly throwing a lifeline to coal plants that would otherwise be economically unviable.

When considered in isolation, the EPA rule is clearly good for the environment and for public health, since it would significantly decrease particulate matter and ozone pollution. But assessments of CCS tend to get murky fast. Lest we forget, Donald Trump and his advisers were big fans of the technology, which they saw as a way "to help coal and still help the

climate.”

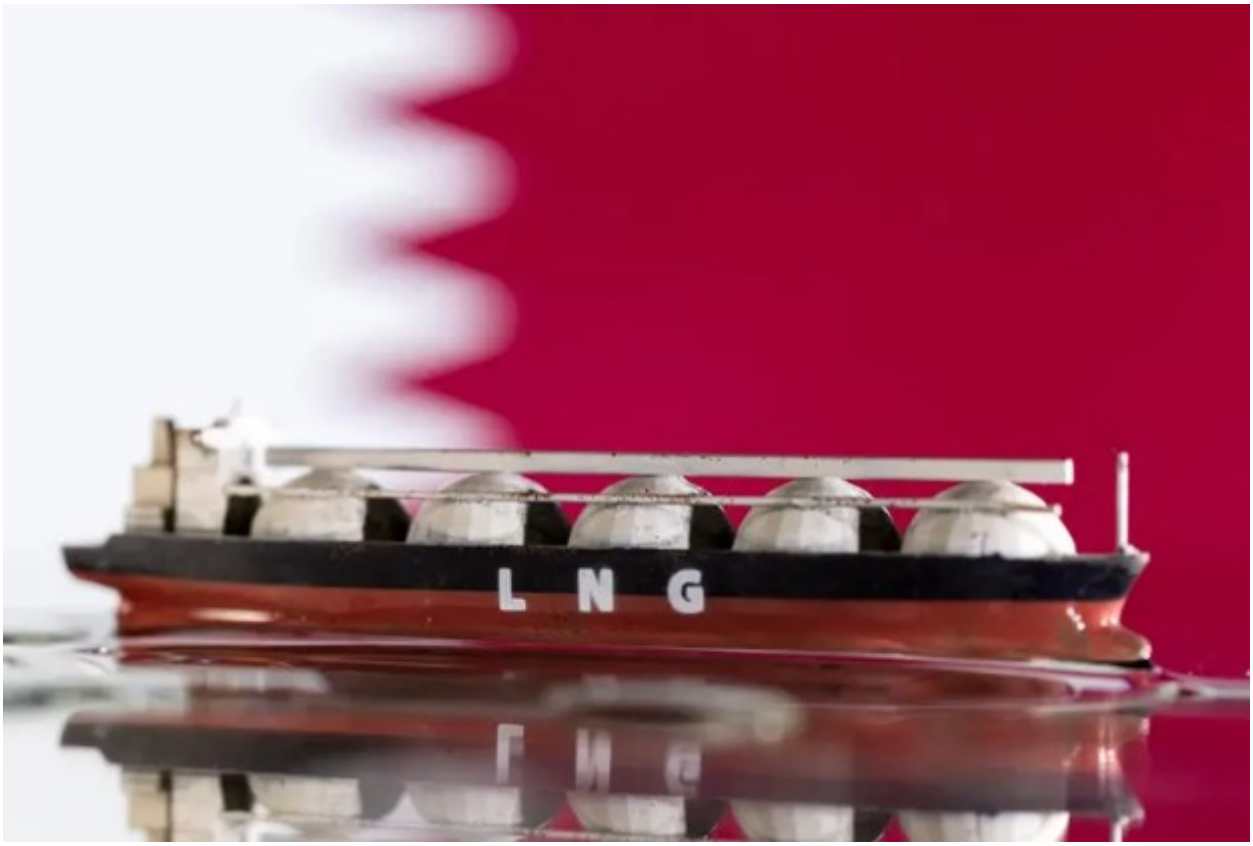
Since combining CCS with coal will always be more expensive than burning coal outright, mandating CCS, in theory, should indeed make coal even less competitive than it already is. But CCS mandates do not operate in a vacuum.

In practice, operating licenses for coal plants are not issued by the same people writing federal rules. These decisions are made at the state and local level, primarily through state-level public utility commissions that have many competing priorities. Even if they are committed to decarbonizing, one important goal is to keep the lights on. That goal, in turn, has all too often been interpreted as keeping current generation capacities profitable. When faced with new CCS mandates and accompanying subsidies, they may simply see an opportunity to maintain coal-plant profitability for longer.

How can federal policymakers get around this problem? Broadly speaking, the focus should be on pushing cheaper solar and wind power into the system, as that will force coal- and gas-plant operators’ hands. We also need better, nimbler planning and investment processes, to allow for grid-connection rights to be reassigned from coal plants to renewables that would be built in their stead. As matters stand, most US states do not give consumers a choice about how their electricity is generated. That needs to change.

As long as coal plants are still operating, it is a good idea to make them capture their CO_2 emissions. But that does not mean it is a good idea to be helping them continue to operate. The sooner that coal is replaced by renewables, the better it will be for the planet, consumers, and even utility companies.

Qatar second top global LNG exporter, top GECF exporter in June



Qatar was the second top global LNG exporter in June, latest data from the Gas Exporting Countries Forum (GECF) has shown.

Among the GECF member countries, Qatar topped in liquefied natural gas exports last month.

Total global LNG exports reached 32.18mn tonnes during June.

The increase in LNG exports from non-GECF countries and a rise in LNG reloads outweighed the lower LNG exports from GECF member countries.

The share of non-GECF countries and LNG reloads in global LNG exports increased from 50% and 0.6%, respectively, from a year earlier to 50.4% and 0.8% in June 2023.

Conversely, GECF's market share in global LNG exports decreased from 49.4% to 48.8%.

During H1, 2023, cumulative global LNG exports reached

205.45mn tonnes, indicating a 4.1% increase (8.06mn tonnes) y-o-y.
Last month, the US, Qatar and Australia were the top LNG exporting countries, GECF noted.
In June, LNG exports from GECF member countries and observers declined by 1% (0.15mn tonnes) y-o-y, reaching a total of 15.69mn tonnes.
The weaker LNG imports were driven by Russia, Egypt, Nigeria, Malaysia, Equatorial Guinea, Norway and the United Arab Emirates.
Conversely, LNG exports increased in Qatar, Angola, Algeria, Mozambique, Trinidad and Tobago and Peru.
During H1, 2023, cumulative LNG exports from GECF member and observer countries increased by 2.2% (2.13mn tonnes) y-o-y, totalling 99.93mn tonnes.
In Russia, higher maintenance activity at the Sakhalin 2 and Yamal LNG facilities led to a reduction in LNG exports, the report said.
Lower feedgas availability in Egypt and Nigeria contributed to the decline in LNG exports in both countries.
In June, Egypt did not export any LNG cargo.
The decline in Malaysia’s LNG exports was mainly attributed to weaker exports from the Bintulu LNG facility.
An unplanned outage at the Hammerfest LNG facility caused a drop in LNG exports from Norway.
On the other hand, lower maintenance activity at the Qatargas LNG and Soyo LNG facilities boosted LNG exports from Qatar and Angola.
In Algeria and Trinidad and Tobago, higher feedgas availability supported the increase in LNG exports from both countries.
The continued ramp-up in LNG exports from the Coral South FLNG facility drove Mozambique’s LNG exports higher.
In June, global LNG imports expanded sharply by 6.8% (2.09mn tonnes) y-o-y to reach 32.85mn tonnes.
This growth was primarily driven by a strong rebound in Asia Pacific’s LNG imports, with higher imports in Europe and Latin

America and the Caribbean (LAC) also having some contribution. Conversely, the Middle East and North Africa (Mena) region experienced a decline in LNG imports.
During the first half (H1) of 2023, cumulative global LNG imports grew by 4% (7.95mn tonnes) y-o-y to 206.62mn tonnes.
The bulk of the increase in global LNG imports during H1 2023 came from Europe, followed by Asia Pacific, LAC and North America. This offset the lower LNG imports in the Mena region, GECF noted.

Qatar’s LNG projects will achieve significant reductions in greenhouse gas emissions: Al-Kaabi

Qatar’s LNG projects will achieve significant reductions in greenhouse gas emissions through carbon capture and

sequestration as well as the use of solar energy, noted HE the Minister of State for Energy Affairs Saad Sherida al-Kaabi.

“In all, we aim to reduce the overall carbon intensity by about 30% compared to previous generation designs,” al-Kaabi said delivering the keynote address on the virtual mode at the 12th LNG Producer-Consumer Conference being held in Tokyo, Japan.

Al-Kaabi, who is also the President and CEO of QatarEnergy stressed the need for a clear roadmap with specific targets to achieve a fair and effective energy transition with a realistic and stable path towards the reduction of the global carbon footprint.

The minister said, “I would like everyone around the world calling for a speedy energy transition to consider that the world needs a fair and effective transition with a realistic and stable path, which wisely balances humans flourishing with environmental protection, it should not continue to only focus on the needs of the rich and well-developed countries but must prioritise the needs of developing countries.

“This highlights the need for a realistic and resolute energy transition, starting with a solid integration of natural gas in the energy mix of today and tomorrow. We strongly believe that Gas will be needed as a safer reliable base load in the energy mix for most nations for decades well beyond 2050.”

Highlighting the challenges facing the energy industry, Minister al-Kaabi said, “Lack of investments in the oil and gas upstream sector remain as an unresolved and unchallenged chronic problem, contributing to greater lack of clarity, volatility, and supply uncertainty. This lack of investment will likely cause increased instability for every region around the world.”

In this context, al-Kaabi said, “Qatar is providing the world with the cleanest available hydrocarbon source of energy, which has met both the economic and environmental aspirations for a better future. By 2029, about 40% of all new global LNG supplies will be provided by QatarEnergy projects.

Minister al-Kaabi concluded his remarks by stressing the State

of Qatar’s determination to work with its clients and partners to realise the full potential of LNG as a vital contributor to a realistic and responsible energy transition, and to continue to take concrete action across the entire spectrum of the energy industry to address the challenges of climate change.
The LNG Producer-Consumer Conference is a global annual dialogue, launched in 2012, organised by Japan’s Ministry of Economy, Trade and Industry, and the Asia Pacific Energy Research Centre.
It provides ministers, heads of international organizations, corporate executives, and other stakeholders with a venue to share the latest trends in the global LNG market and discussing opportunities and challenges with a view to its development.

تنبيه… كي لا تذهب الثروة النفطيّة إلى المجهول

يقترب لبنان من ساعة الصفر في مجال الاسكتشافات النفطية البحرية، التي تعاقدت معها شركة Transocean Barents خصوصاً أن سفينة الحفر

لإتمام عمليات الاستكشاف في البلوك رقم 9 Total -Energies والموجودة حالياً في النروج، ستنتقل إلى لبنان في تموز الجاري للبدء بعمليات الحفر.

هذا ما يؤكده خبير الطاقة الدولي رودي بارودي في حديث لـ"المركزية"، ويشير إلى أن "هذا التطوّر الهام يعني أن شركة "توتال" تقوم بواجباتها التعاقدية إن لناحية استكمال التجهيزات التقنية واللوجستية، أو لناحية البدء الفعلي بعمليات الحفر والاستكشاف في هذا الحقل". ويقول إن "عملية ترسيم الحدود البحرية مع إسرائيل كانت ضرورية للبدء بهذا العمل المهم، خصوصاً لجهة طمأنة تحالف الشركات الدولية… كما أن هذا الترسيم سيسمح بفرز مكامن النفط والغاز ضمن المناطق المتداخلة مع إسرائيل فوراً، موضحاً أن "قانون البحار، Total-Energies" وذلك من خلال اتفاقية هو آلية أساسية لتسوية جميع المشاكل سلمياً، إذ أن الدول تستطيع اللجوء إليه ساعة تشاء لترسيم حدودها البحرية المتنازع عليها وهو المرجع الصالح لأحكام وقرارات المحاكم الدولية والتحكيم والمعاهدات الثنائية، ما يؤمّن استقراراً مطلوباً لجذب الشركات العالمية من أجل تطوير بلوكات النفط والغاز".

وفي هذا السياق، يلفت إلى أن هناك "أربعة بلوكات إسرائيلية وهي 74 و27 و36 و70 التي ستُطرح للمزايدة، تتجاوز جنوبًا المنطقة E4 – الاقتصادية المصرية الخالصة وتقتطع من البلوك المصري رقم مساحة ١٤٠ كيلومتراً مربعاً، أي ما يوازي خمس مرات مساحة حقل "زهر"، وعلى الرغم من أن مصر وإسرائيل ليس لديهما توقيع رسمي فمن خلال المفاوضات واستناداً إلى القانون ،MBL للحدود البحرية الدولي، يمكن تقاسم العائدات في المناطق المختلطة، من هنا فإن هذا التعدي أو التداخل لم يمنع الجانبان المصري والإسرائيلي من تعيين موعد للمناقصات في 16 تموز 2023 أي بعد حوالي الأسبوعين…أما لبنان كما أسلفنا ذكره، فيمكنه تحصيل عائدات المناطق المتداخلة من خلال اتفاقية "توتال إنريجي" الموقّعة مع إسرائيل.

الإصلاحات أولويّة وإلا..

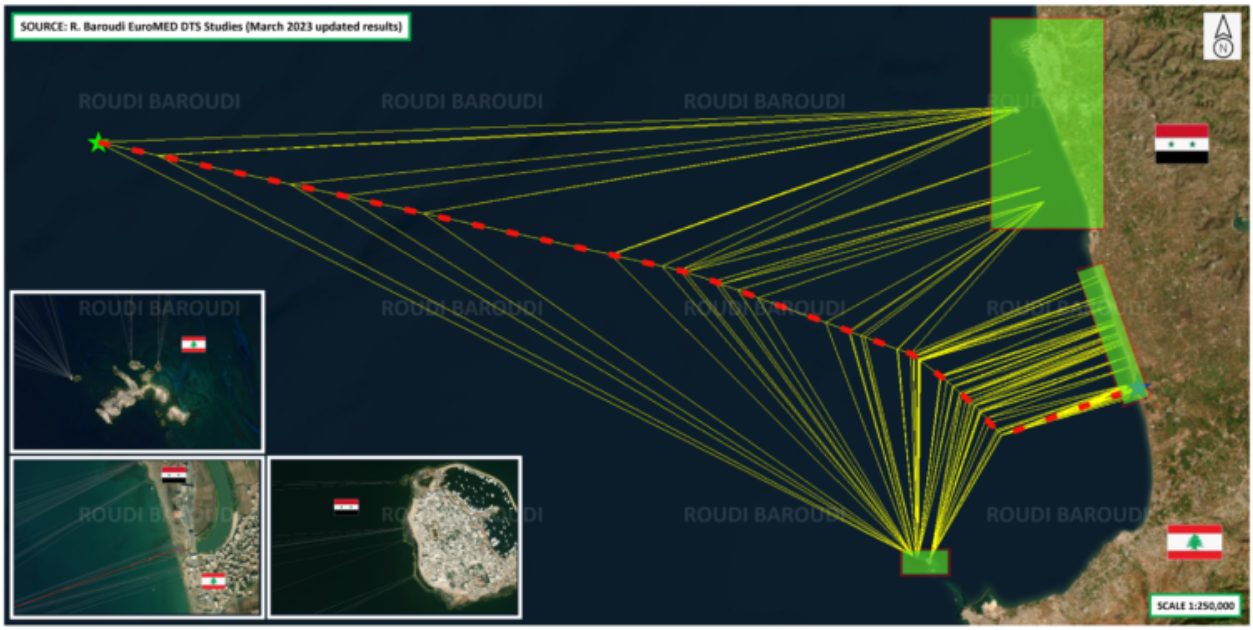
ويشدد بارودي على أن "الإصلاحات الاقتصادية والمالية والقانونية المطلوبة من المجتمع الدولي والهيئات الاقتصادية اللبنانية، تبقى أولوية من أجل الاستفادة من الثروات النفطية التي يمكن أن تتكشف في المياه اللبنانية، إذ أن الحوكمة الصحيحة هي التي تؤمّن الاستعمال الصحيح للثروة النفطية… فمن هنا ضرورة ان تقوم الحكومة فوراً بإصلاحات جذرية تبدأ بالاعتماد على خارطة الطريق المقترحة من

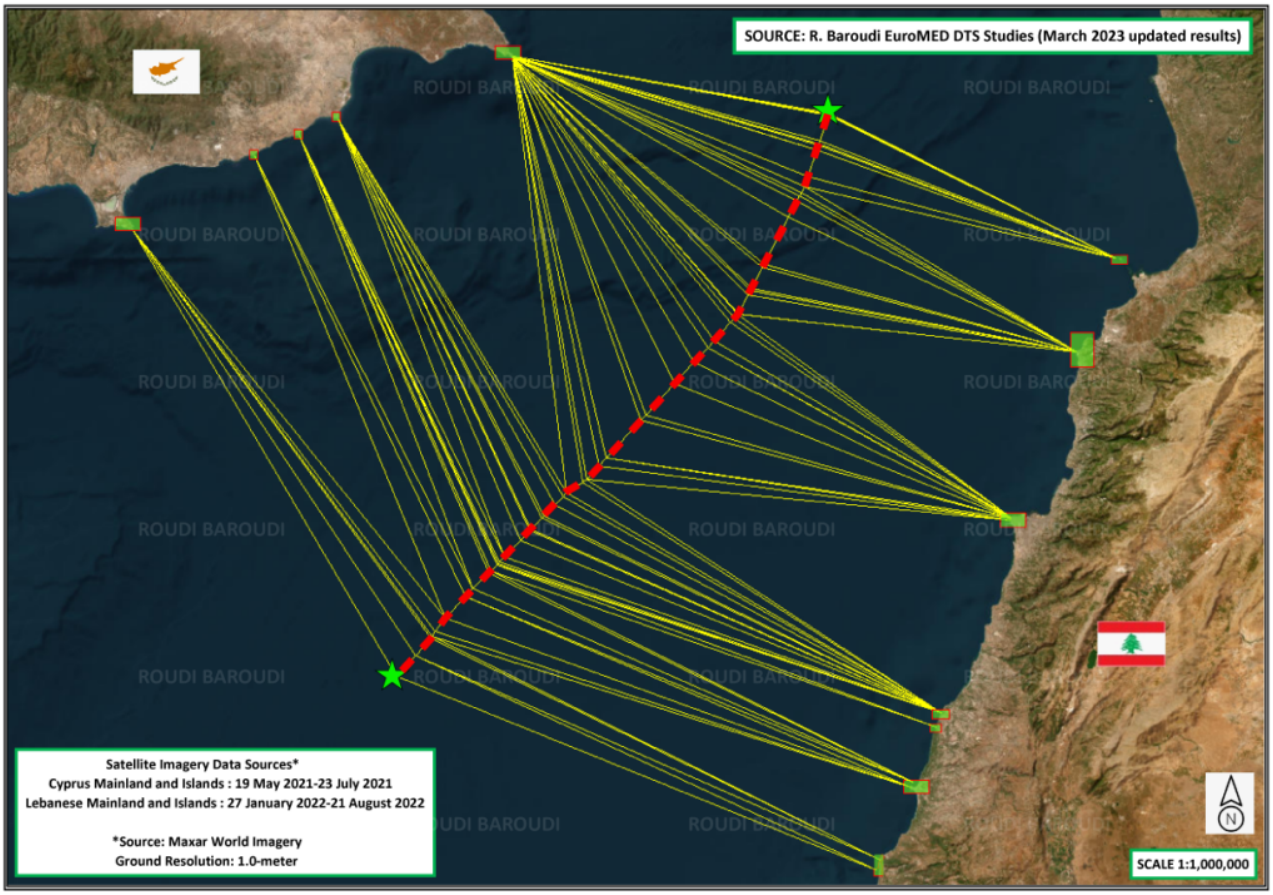
قبل صندوق النقد الدولي، وضرورة إقرار قانون لصندوق سيادي مستقل شفاف على مثال البلدان التي سبقتنا في هذا المجال وإلا فإن مصير الثروة النفطية سيكون مشابهاً لغيرها من الثروات التي هدرت نتيجة فساد مستشرٍ".

وليس بعيداً، يوضح أن "غياب الإصلاحات وسيادة القانون سيمنعان شركات النفط الدولية الكبرى من القدوم والاستثمار في بلد يحتاج إلى مداخيل مالية جديدة وشفافة، ولعلّ التمديد الجديد لمهلة تقديم طلبات الاشتراك في دورة التراخيص الثانية في مياه البحرية اللبنانية التي انتهت في 30 حزيران حتى الثاني من تشرين الأول 2023، أكبر دليل على أن غياب الإصلاحات وتردّي الأوضاع السياسية والمالية وعدم تحسّن سمعة لبنان في مكافحة الفساد، ستمنع من تحقيق تقدّم فاعل في عمليات الاستكشاف، كما يُضاف إلى هذه المشكلة التباطؤ في استكمال عملية ترسيم الحدود البحرية مع قبرص، والتأخر في إطلاق ترسيم الحدود البحرية مع سوريا.

لبنان يتمتع بمزايا كثيرة" يختم بارودي، منها "ديناميكية شعبه"… وشمسه وبحره وجباله بالاضافة الى حسن الضيافة، وقريباً جداً قد يتمتع باستكشافات غازية ونفطية واعدة تمكّنه في حال استغلالها بطريقة مستدامة وشفافة، من وضع لبنان على الطريق الصحيح في عملية النهوض الاقتصادي والمالي التي يحتاج إليها".

الحدود البحرية لشرق البحر الأبيض المتوسط: حاجة لبنان إلى إكمال ترسيم الحدود البحرية من خلال إبرام إتفاقيات مع قبرص وسوريا – خبير طاقة متخصص





أثينا، اليونان – 25 حزيران 2023: صرّح خبير طاقة إقليمي في مؤتمر عالمي للطاقة في أثينا يوم الأربعاء أنه على لبنان استكمال اتفاقية ترسيم الحدود البحرية مع إسرائيل الموقعة العام الماضي من خلال السعي لاتفاقات مماثلة مع قبرص وسوريا.

إعتبر رودي بارودي، الرئيس التنفيذي لشركة Energy and

وهي شركة استشارية مستقلة مقرها الدوحة، Environment Holding، قطر: "يجب أن يتابع لبنان مفاوضات مفتوحة وموضوعية مع هذين الجارين، على لبنان محاورة الدولتين حتى يتم رسم الحدود البحرية بين لبنان وسوريا وقبرص بالكامل وتسويتها رسميًا."

وفي حديثه إلى الحاضرين من قادة قطاع النفط والغاز وكبار المسؤولين الحكوميين في قمة أثينا للطاقة، أشار بارودي إلى عدة أسباب لإعطاء الأولوية لمثل هذه الاتفاقيات، بما في ذلك حقيقة أن لبنان وسوريا لديهما «مجموعات نفط وغاز بحرية محددة تتداخل بهوامش كبيرة».

وإعتبر أنه «إذا لم يتم تصحيح ذلك، فقد تعني النتائج أن المستثمرين سيبقون بعيدين عن كلا الجانبين، أو سيبطئون في أنشطتهم الاستكشافية، أو حتى أن العلاقات قد تتدهور بين البلدين». «وان أي من هذه التطورات من شأنه أن يقوض مصالح جميع المعنيين».

وحدّد بارودي ملاحظاته بضرورة التزام الدول الساحلية بسيادة القانون، ولا سيما اتفاقية الأمم المتحدة لقانون البحار (UNCLOS).

وأوضح أن «قواعد اتفاقية الأمم المتحدة لقانون البحار متاحة للجميع، وقد تم تحديد معانيها بشكل أكبر من خلال قرارات المحاكم والتحكيم والمعاهدات الثنائية، والتكنولوجيا المطلوبة لتحديد الحدود العادلة هي في متناول جميع الدول تقريبًا». "ما يعني عملياً أنه يمكن للحكومات أن تعرف مسبقًا ما يمكن أن تدلي به المحكمة أو المحكم حول مطالباتها بالحدود البحرية. طالما أن هناك حسن نية من كلا الجانبين، فإن هذا يبسط العملية بشكل جذري. "

واردف بارودي إنه بالإضافة إلى حماية مصالحهم الخاصة، فإن لبنان وجيرانه سيضربون أيضًا مثالاً مفيدًا لدول البحر الأبيض المتوسط الأخرى في حل النزاعات الحدودية حبيا.

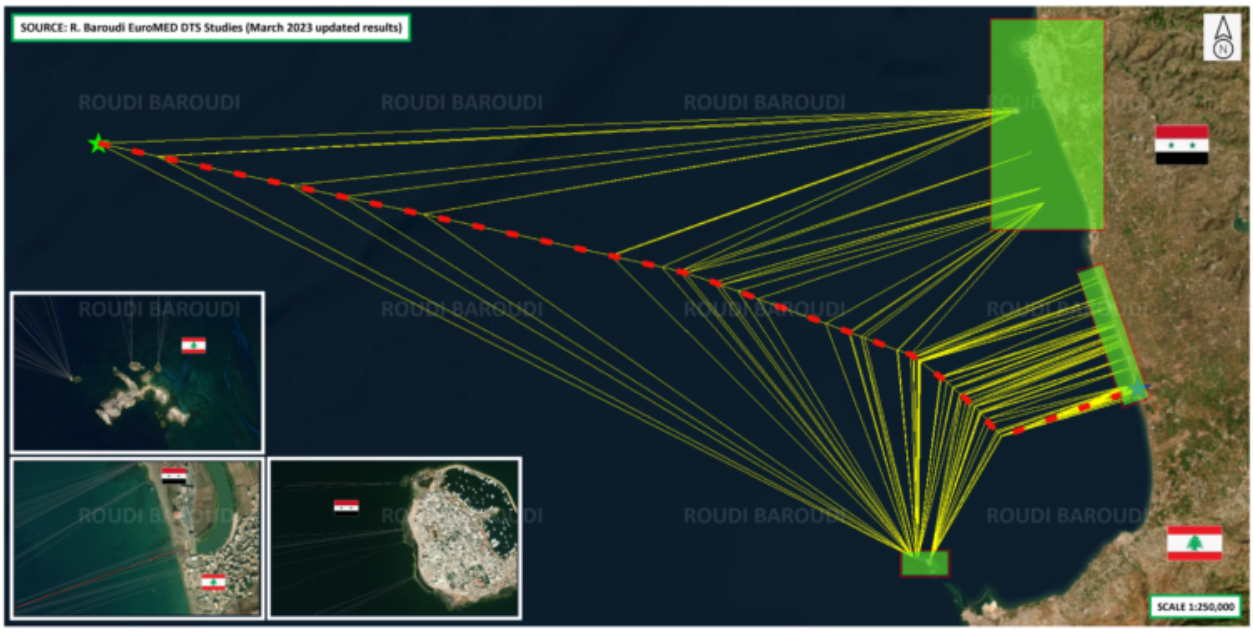
وأشار على وجه التحديد إلى حالة تركيا واليونان وقبرص، حيث يهدد عدم وجود حدود بحرية تركية – قبرصية وتركية – يونانية مستقرة بعرقلة تنفيذ خط أنابيب مخطط لنقل غاز شرق البحر المتوسط إلى البر الرئيسي الاوروبي. حيث يُنظر إلى هذا المشروع على أنه أمر بالغ الأهمية لخطط أوروبا لاستبدال واردات الطاقة من روسيا، والتي تم تقليصها بشكل حاد منذ غزو الأخيرة لأوكرانيا عام 2022، خصوصا وان الرئيس التنفيذي لشركة الطاقة الإيطالية العملاقة إيني حذر مؤخرًا من أنه لن يمضي قدمًا دون موافقة تركيا.

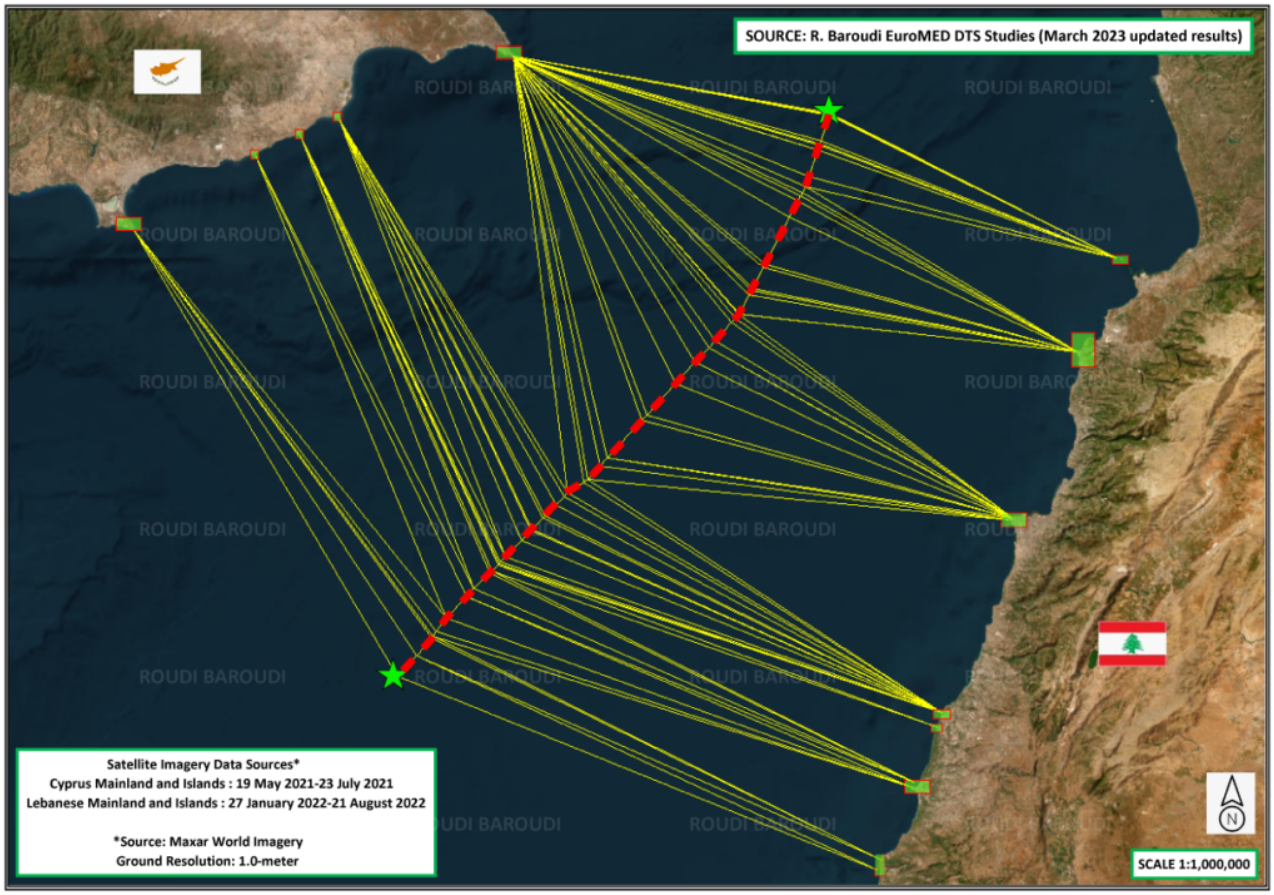
وقال بارودي «الأتراك واليونانيون والقبارصة يختلفون حول أشياء كثيرة، لكن لديهم أيضًا مصلحة مشتركة في كل من التنمية الاقتصادية، وبالتالي في الاستقرار المطلوب لتسريع هذه التنمية». واضاف في هذا المجال فان « اتفاقية الأمم المتحدة لقانون البحار توفر آلية موثوقة، متجذرة في العلم وتطبيقها القائم على القواعد، يمكن أن توفر الإطار لبدء مناقشة اختلافاته هذه الدول بطريقة خاضعة للرقابة».

وقد تضمن عرض الدراسة من قبل بارودي أيضًا الكشف عن العديد من الخرائط الحصرية ، بناءً على صور الأقمار الصناعية، والخدمات الجيوتقنية الأخرى. وتشير الخرائط إلى المكان الذي يحتمل أن تحدد فيه الحدود البحرية المقبلة، وفقا للقواعد التي وضعتها اتفاقية الأمم المتحدة لقانون البحار.

رودي بارودي، وهو من المختصين في صناعة الطاقة منذ أربعة عقود ولديه خبرة في كل من القطاعين العام والخاص، هو أيضًا مؤلف العديد من الكتب حول هذا الموضوع، بما في ذلك «النزاعات البحرية في البحر الأبيض المتوسط: الطريق إلى الامام». هذا العمل، الذي نشرته شبكة القيادة عبر الأطلسي في عام 2021، اصاب حينما توقع أنه يمكن حل الاتفاقية اللبنانية الإسرائيلية باستخدام المبادئ التوجيهية لاتفاقية الأمم المتحدة لقانون البحار كنموذج واستخدام حلول غير تقليدية لجوانب معينة من نزاعهما الحدودي.

Eastern Mediterranean Maritime Boundaries: Lebanon needs to complete maritime borders by striking deals with Cyprus and Syria – veteran energy expert





ATHENS, Greece – June 25, 2023: Lebanon should follow up last year's maritime boundary agreement with Israel by seeking similar deals with Cyprus and Syria, a regional energy expert told a high-profile energy conference in Athens on Wednesday.

"Lebanon should be pursuing open and unbiased dialogues with both of these neighbors, and the parties should continue the talks until their boundaries are fully mapped and officially settled," said Roudi Baroudi, CEO of Energy and Environment Holding, an independent consultancy based in Doha, Qatar.

Speaking to an audience of industry leaders and senior government officials at the Athens Energy Summit, Baroudi cited several reasons to prioritize such agreements, including the fact that Lebanon and Syria have each "designated offshore oil and gas blocks that overlap by considerable margins."

"If these are not rectified, the results could mean that investors will stay away from both sides, or they will slow-

walk their exploration activities, or even that relations could deteriorate," he told the audience. "Any one of these developments would undermine the interests of all concerned."

Baroudi rooted his remarks in the need for coastal states to abide by the rule of law, in particular the United Nations Convention on the Law of the Sea (UNCLOS).

"The UNCLOS rules are available to all, their interpretation has been further defined by court verdicts, arbitration, and bilateral treaties, and the technology required to determined fair boundaries is within the financial grasp of virtually all states," he explained. "What this means in practice is that governments can know in advance what a court or an arbitrator would say about their maritime boundary claims. So long as there is good will on both sides, this radically simplifies the process."In addition to protecting their own interests, Baroudi argued, Lebanon and its neighbors would also be setting a useful example for other Mediterranean countries.

He pointed specifically to the case of Turkey, Greece, and Cyprus, where the absence of settled Turkish-Cypriot and Turkish-Greek maritime boundaries threatens to block a planned pipeline that would carry East Med gas to mainland. That project is seen as a crucial for Europe's plans to replace energy imports from Russia, which have been sharply curtailed since the latter's 2022 invasion of Ukraine, but the CEO of Italian energy giant Eni recently warned that it would not go forward without Turkish approval.

"The Turks, the Greeks, and the Cypriots disagree about many things, but they also have a shared interest in both economic development and, therefore, in the stability required to accelerate it," Baroudi said. "UNCLOS provides a reliable mechanism, rooted in science and a rules-based application thereof, which could provide the framework for them to start discussing their differences in a controlled manner."

Baroudi’s presentation also included the unveiling of several exclusive maps he commissioned from one of the world’s leading providers of high-precision mapping, based on satellite imagery, and other geotechnical services. The maps indicate where, following the rules laid down by UNCLOS, the future maritime boundaries are likely to be situated.

A four-decade veteran of the energy industry with experience in both the public and private sectors, Baroudi is also the author of several books on the subject, including, “Maritime Disputes in the Mediterranean: The Way Forward”. That work, published in 2021 by the Transatlantic Leadership Network, rightly predicted that the Lebanon-Israel agreement could be resolved by both using the UNCLOS guidelines as a model and employing unconventional remedies to certain aspects of their boundary dispute.

Saudi Arabia’s Oil Cut Risks Leaving Bitter Taste for Budget

Saudi Arabia’s plan to slash oil production by around 10% may hit its finances hard.

Sunday’s decision, which will see the kingdom lower crude output to 9 million barrels a day next month and perhaps beyond, has failed to boost prices much. Oil futures have risen less than 1% since Energy Minister Prince Abdulaziz bin Salman announced the unilateral cut after an OPEC+ meeting.

The prince, speaking in Vienna, described it as a “lollipop” for other members of the producers’ cartel.

The kingdom’s fiscal outlook was worsening even before this weekend. The budget was in deficit for the past two quarters as oil dipped, while spending on salaries and massive tourism and infrastructure projects soared.

The International Monetary Fund estimates Riyadh will need an oil price of almost $81 a barrel to balance its books this year, which is above Brent’s current level of around $77.

The situation is starker when Crown Prince Mohammed bin Salman’s giga-projects such as the new city of Neom are taken into account. The IMF mostly excludes those because they’re largely funded by the sovereign wealth fund and other state entities, rather than directly from the government’s budget.

If those are included, Saudi Arabia’s breakeven oil price rises to $95 a barrel, according to Bloomberg Economics.

The Saudi government is more optimistic and expects to post an annual fiscal surplus of $4.3 billion for this year.

The kingdom was the fastest-growing economy in the Group of 20 last year, as Russia’s invasion of Ukraine roiled energy markets and pushed oil above $125 a barrel. It also pumped an average of 10.5 million barrels a day, an annual record.

Saudi Arabia’s Solo Oil Cut Is a Risky Strategy: Javier Blas

The latest production cut means the economy will probably grow 0.7% in 2023 instead of 1%, according to Monica Malik, chief economist at Abu Dhabi Commercial Bank PJSC.

It “will also increase Saudi Arabia’s budget breakeven oil price if all other things remain equal,” said Malik.

Many energy analysts, as well as the Organization of the Petroleum Exporting Countries, expect the oil market to tighten in the second half of the year as demand in China and India picks up further. That could bolster prices, outweighing the financial impact on Saudi Arabia of its lost

production.

But plenty of traders are bearish, saying high interest rates and economic weakness in the US and Europe will weigh on oil prices for at least the rest of the year.

Riyadh's move to lower output is "unlikely to underpin a sustainable price increase," said Citigroup Inc. analysts including Ed Morse. "Demand is looking weaker and non-OPEC supply stronger by year-end than many analysts had forecast."

If oil doesn't jump, "we expect that additional production cuts will be more prolonged and the impact on the fiscal balance will be more negative" for Saudi Arabia, said Amy McAlister, lead economist for Europe, Middle East and Africa at Oxford Economics.

— With assistance by Paul Abelsky

Climate science beats climate fatalism

The Paris climate agreement’s goal of limiting global warming to 1.5C is in the headlines again. According to the latest projections from the World Meteorological Organisation, “There is a 66% likelihood that the annual average near-surface global temperature between 2023 and 2027 will be more than 1.5C above pre-industrial levels for at least one year.” A supercharged El Niño cycle means that record-breaking temperatures are almost certain.

But, as concerning as these warnings are, it would be even more worrying if one year above 1.5C was taken as a sign that the 1.5C target has been missed. Drawing that erroneous conclusion would lead us to abandon the Paris agreement’s goal just when we should be doubling down on it.

The 1.5C goal will not be lost with just one or a few years of extreme temperatures. The Paris goal refers to human-caused temperature increases that are measured over the course of decades. We must keep this firmly in mind to stave off the dangerous climate fatalism that has been gaining momentum in recent years.

Yes, now that the planet has warmed roughly 1.2C above pre-

industrial levels, “once-in-a-century” heatwaves, forest fires, and floods are becoming more familiar to us. In some low-lying regions, rising seas are already forcing people to relocate. But there is still a massive difference between 1.2C and 1.5C – let alone between 1.5C and 2C – and the science shows that it is still possible to end this century at or below 1.5C.

Recent climate research has affirmed the importance and necessity of the 1.5C guardrail. As the Intergovernmental Panel on Climate Change warned last year, extreme weather events, ecosystem collapse, and planetary tipping points can happen at markedly lower levels of global warming than previously thought. Since the IPCC’s last reporting cycle in 2014, we have amassed much more evidence to show that even a 1.5C warmer world would be immensely challenging, and that temperature increases above that level would be truly devastating.

With every additional tenth of a degree of warming, more people will be exposed to life-threatening heatwaves, water shortages, and flooding. Worse, various studies show that the likelihood of reaching tipping points, like the potential collapse of the West Antarctic ice sheet, increases exponentially above 1.5C. These represent red lines. The world would not fall off a cliff, but there would be a fundamental shift in which planetary systems start moving irreversibly down the path toward more ice melt, marine-ecosystem change, and rising sea levels.

The only sensible approach is to mitigate that risk by reducing greenhouse gas (GHG) emissions as fast as possible. Though we still might overshoot the 1.5C limit in the short term, we can return to it in the long run. But that will be possible only if we have cut fossil-fuel emissions to zero. This is the crucial first step toward achieving net-zero GHG emissions.

It is no less important to preserve and restore the natural land and ocean systems that absorb and store carbon. And if we distort the Earth’s carbon cycle (through the thawing of

permafrost, for example), we will undermine our ability to reverse global temperature increases.

Limiting warming to 1.5C this century requires that we halve our emissions by 2030. This is not an arbitrary figure. Only if we halve our emissions this decade will we halve the pace of warming in the 2030s and bring it to a halt in the 2040s. Think of it as the difference between tackling climate change ourselves, or passing a civilisational time-bomb to our children.

Slowing the warming process also buys us precious time for adaptation. Even a rich country like the United States will be limited in how fast and fully it can adapt to the consequences of climate change. For those in more vulnerable places, the situation is incomparably worse. Disasters like the flooding in Pakistan last year can derail a country's economy and leave it in a downward spiral of rising debt and poverty – all of which will be compounded by future climate disasters for which it could not afford to prepare.

Moreover, many of the net-zero commitments made by governments, companies, and cities around the world are premised on the 1.5C limit. Phaseout plans for coal (such as those in Germany, Vietnam, and the United Kingdom) are based on 1.5C-aligned modelling, which shows that OECD countries need to stop using coal by 2030, and that non-OECD countries need to do so by 2040. Gas must follow shortly thereafter.

With the clock ticking down, these 1.5C-based models are telling us how to prioritise. We must decarbonise electricity first, then electrify as much transportation, buildings, and industry as we can, while also reducing demand. Beyond this low-hanging fruit, we also will need to scale up technologies for carbon removal.

Investments have been moving in this direction. Since the Paris agreement was concluded in 2015, the costs of solar, wind, and batteries have plummeted. Electric vehicles and heat pumps are going mainstream. These are market-driven responses to government incentives. Public policy has been crucial for instilling confidence and supporting clean-energy growth.

To give up and start looking beyond 1.5C would let big emitters off the hook. Rather than instilling confidence, it would signal to everyone that they should expect less – and betray all those who live in places that lack the resources and possibilities to adapt to a warmer world.

If we don't keep pushing for the most ambitious science-based targets, those with vested interests in the status quo will exploit our fatalism. Following a massively profitable year, owing to Russia's war in Ukraine, BP recently signalled that it will divert much of its intended investments in decarbonisation toward oil and gas.

The best science we have tells us that 1.5C is still feasible, and it tells us how to get there. As the British climate-change diplomat Pete Betts puts it, "If we do go above 1.5C, the message is not to give up. It's to double down." – Project Syndicate

l Carl-Friedrich Schleussner is Head of Climate Science at Climate Analytics and an honorary professor at Humboldt University Berlin.

l Bill Hare is a founder and CEO of Climate Analytics.

l Johan Rockström is Director of the Potsdam Institute for Climate Impact Research and Professor of Earth System Science at the University of Potsdam.

QatarEnergy signs production sharing contract for Agua-Marinha block in Brazil

QatarEnergy, and its joint-venture partners TotalEnergies, Petrobras, and PETRONAS Petróleo Brasil Ltd (PPBL) signed the Production Sharing Contract (PSC) for the Agua-Marinha block, which was awarded to the consortium in December 2022 in the 1st Cycle Permanent Offer round, by Brazil's National Agency of Petroleum, Natural Gas, and Biofuels (ANP).

Under the terms of the PSC and associated agreements, QatarEnergy will hold a 20% working interest, alongside TotalEnergies (30%) Petrobras (operator, 30%), and PPBL (20%).

Commenting on this occasion, HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, also the President and CEO of QatarEnergy, said: "We are pleased to sign the Production Sharing Contract with our partners and with

Brazil’s Ministry of Mines and Energy. This signing builds on QatarEnergy’s sizeable upstream presence in Brazil, and we look forward to progressing with exploration activities on this highly prospective block. I wish to thank Brazil’s National Agency of Petroleum, Natural Gas, and Biofuels and the Brazilian authorities for this opportunity and their ongoing support.”

The Agua-Marinha block has a total area of 1,300sq km and is located in water depths of about 2,000m within the prolific Campos Basin. The work programme includes drilling one exploration well during the exploration period.