GREECE-TURKEY: ENERGY AS A MECHANISM FOR COOPERATION

“Climate crisis gives Greece and Turkey opportunity for ‘historic compromises”

By: Roudi Baroudi – Washington D.C. 23 June 2021
Greece and Turkey have one of the world’s most complicated relationships. We all know the history, although many of the details are contested by dueling narratives. However we got here, some indisputable facts are clear. Two former long-time enemies were thrown together as allies by the Cold War, when both of them joined NATO, but have generally remained at odds over a long list of issues.

The essential lesson from this simple synopsis is that Greece and Turkey joined the Atlantic alliance for the same core reason: each viewed their feud as a lesser threat than the one posed by the Soviet Union, which was potentially existential. At the end of the day, and despite both age-old resentments and ongoing tensions, successive governments – including military juntas – of both countries abided by the same rational analysis for decades.

Both are still NATO members, but the Soviet threat is no more, replaced only partially by a far weaker Russia. To some extent, this has led to a resumption of Greco-Turkish friction, especially over their maritime boundaries in the Mediterranean. And this time, there is much more than either pride or territory at stake. Since huge amounts of offshore natural gas have been discovered in several parts of the Eastern Med, the border dispute may well involve resources that could confer historic advantages on whoever controls them.

Once again, these sound like rational calculations. But are they really? I will allow that large reserves of natural gas have the potential to help any country secure a better future for its people. The savings and revenues would allow unprecedented investments in education, healthcare, transport, and other infrastructure, creating more and better jobs and lifting countless people out of poverty. Even the transit fees from hosting an international pipeline can provide significant income, and the more territory a pipeline crosses, the higher the fees.

But ladies and gentlemen, I would submit that, as was the case during the Cold War, both Greece and Turkey would do well to take fuller account of larger – in fact, much, much larger – considerations. And all of them have to do with climate change. This challenge constitutes a mortal threat, not only to Greeks and Turks, but also to human civilization itself. And unlike the Soviet Union, this is not a politico-military power that can be deterred, mollified, or reasoned with. Nor can we wait it out and hope that, like the USSR, climate change will be torn apart by its own flaws.
No, we will only save our planet by working together to undo the damage we have done by pumping endless streams of carbon into the atmosphere. We can only do that by drastically reducing emissions, and that can only be accomplished by transitioning to renewables and cleaner, greener fuels. And

like it or not, as major Mediterranean powers, Greece and Turkey have enormous roles to play in this process – and therefore enormous responsibilities. As in NATO, both will be expected to pull their respective weights.

As a result of all this, Greece and Turkey once again face a common and potentially existential threat. Energy is a crucial consideration in combating this threat, but the acreage that matters most in the long term is no longer on the seafloor. Instead, it is on the surface, where offshore wind and solar parks figure to provide much of the electricity required to reduce, and eventually end, reliance on hydrocarbons.
The sea will abet decarbonization efforts in other ways, too, by hosting multiple clean energy activities and technologies that help reach the Paris Agreement goal of "Net Zero" carbon emissions by 2050. The options include wave, rain, and tidal power; undersea geothermal; and, yes, natural gas, which is cleaner than other fossil fuels and can be expected to persist for a considerable time as a transition fuel. In addition, no coastal country can ignore the potential of "Blue Carbon": if we restore and maintain the health of coastal and marine ecosystems, they will naturally remove more and more carbon from the atmosphere.

But here is the thing. Implementation of offshore energy projects will be slowed, or even indefinitely postponed, if Greece and Turkey continue on their current course. Even if they agree to reduce tensions but fail to settle or suspend their differences, the uncertainty will steer many investors to less troubled waters. By contrast, if they find a way to truly put the past behind them, both countries' decarbonization efforts will be vastly more attractive. As a result of an earlier and stronger start, they will also be more effective – exponentially so if they take the next step and actively cooperate, especially on maritime issues.

The sea is a wondrous place filled with many things we need, many we simply love, and others that we have yet to discover.

It is also, however, a veritable and pitiless force of nature: what it cannot violently destroy in an instant, it will inevitably erode, undermine, and dissolve over time. We now have technologies to make far more – and far more responsible – use of the sea than ever before, but its very nature makes most undertakings more difficult and potentially dangerous than on land. And as any sailor knows, the best tools we have to predict, avoid, and/or overcome whatever the sea throws at us are information and cooperation.

As neighbors in this shared space and de facto partners in the campaign to reduce emissions, Greece and Turkey could maximize the return on their efforts, both individual and combined, by working together. Given the importance of information and the rate at which our ability to gather it is growing due to technology, the natural place to start would be comprehensive data-sharing. For almost anything built, installed, and/or operated at sea, advance knowledge of weather conditions, tides, currents, water temperatures, salinity levels, etc., can be crucial for planning, performance, and the protection of both human beings and the environment. Wind and solar parks are no exceptions, and neither are numerous other activities in the Blue Economy, including maritime transport, aquaculture, conventional fisheries, tourism, seabed mining, and bio-prospecting.

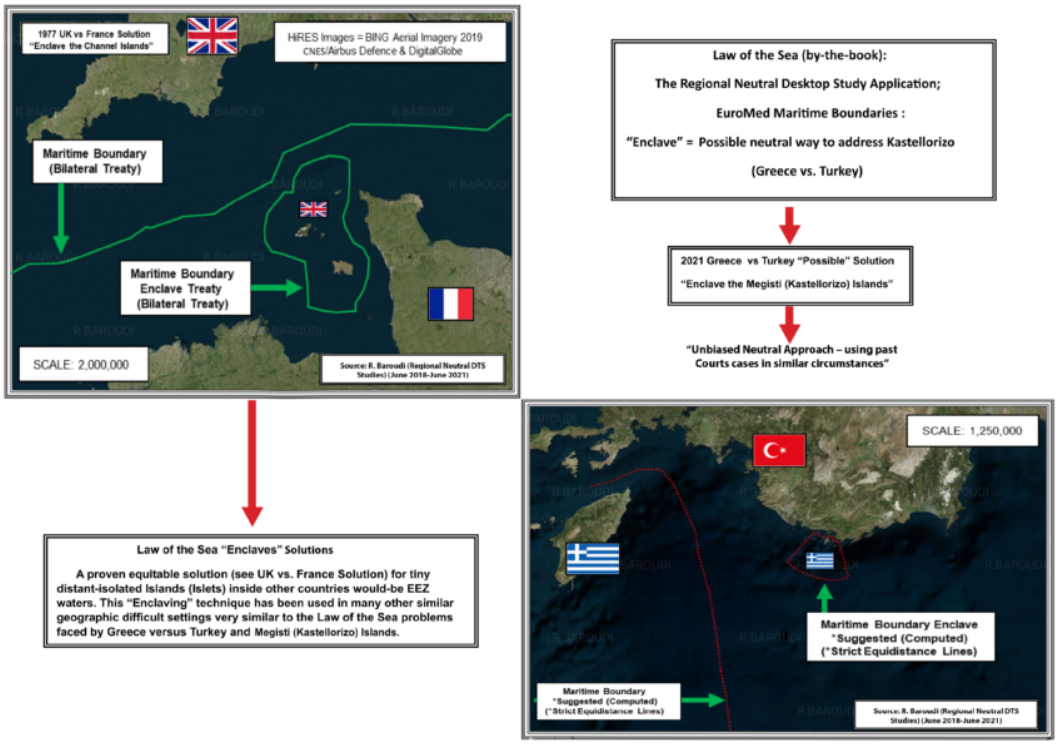
In addition to activating commercial, efficiency, safety, and environmental gains, cooperation in these fields would also help build trust, but operational coordination and regulatory harmonization would go even further. In the best-case scenario, Greece and Turkey would both reap significant benefits by expanding into joint compliance and enforcement work, streamlining cross-border trade and investment, easing the migrant crisis, and addressing numerous other issues of mutual concern.

To get there, both Athens and Ankara need to take strategic decisions which, one way or another, insulate their present

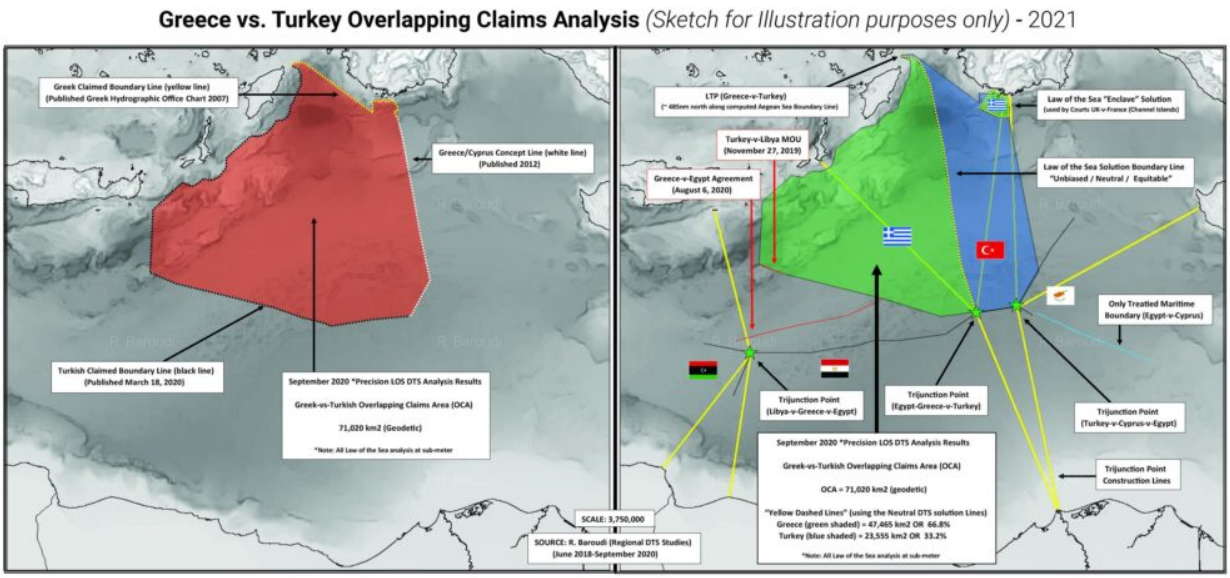
and future relationship against all extraneous considerations. And more than one clock is ticking. In addition to the 2050 target date for Net Zero carbon, an even more pressing deadline attaches to the region's natural gas prospects. In a report for consideration during the UN Climate Conference, COP 26, at Glasgow in November, scientists have recommended that if we are to meet the 2050 goal, development of new oil and gas fields should not be permitted beyond the end of this year. It is too early know whether that deadline will be adopted, but the writing is on the wall: apart from those that have already started – Egypt, Israel, and to some extent Cyprus – if East Med countries want to profit from their offshore hydrocarbons, they need to make meaningful progress very soon.

For several countries in the region, the primary obstacle is that most of its maritime boundaries remain in dispute or otherwise unresolved, so their claimed Exclusive Economic Zones overlap. With Greece and Turkey, the overlap is considerable.

Example of Law of the Sea "Enclaves" Techniques



But even this obstacle can be surmounted if there are sufficient amounts of both goodwill and self-interest. Both Greece and Turkey need to make the most of the Blue Economy, but neither will realize its full potential unless and until it helps the other do the same. The UN Convention on the Law of the Sea, or UNCLOS, lays down a comprehensive assortment of legal and scientific standards for the fair and equitable drawing of borders at sea, and these apply to both member and non-member states. Whatever mechanism the parties use to settle their boundary dispute, whether it's direct negotiations, an international court, or some form of arbitrations, the same rules apply.



Ideally, Greece and Turkey would mount an all-out effort to recognize the relevant limits of their respective EEZs. It may be too late to succeed before a moratorium on new gas development is declared, but even if that is the case, they will still need in certain areas EEZ clarity to maximize both their offshore renewables and the non-energy components of their Blue Economy industries. In addition, they also have the option of circumventing the EEZ issue, allowing them to develop subsea gasfields and share the proceeds, while temporarily putting their territorial dispute in abeyance. Even if that fails too, the mere attempt might improve relations, establishing a basis for the cooperation described above.

Previous attempts at reconciliation have always fallen short or been derailed, but there is reason to hope that the time is right for a new effort, and that some of the key players are in the right frame of mind. Last week’s NATO summit, for instance, saw US President Joe Biden hit very different notes than his predecessor, Donald Trump, by stressing the alliance’s potential to influence a wide variety of geopolitical issues. His meetings on the sidelines of the summit included one with his Turkish counterpart, Recep Tayyip Erdogan, who later described their conversation as having opened a “new era” of constructive ties. If that turns out to

be true and Ankara really wants to repair its relations with Washington, it could have positive ramifications, not only for Greco-Turkish reconciliation, but also for a peaceful resolution of the Cyprus issue.

In the final analysis, both Greece and Turkey have everything to gain, and nothing or relatively little to lose, by cooperating at every opportunity, but especially on various forms of energy. As with their respective decisions to join NATO, this will require clear-headed analysis and pragmatic policymaking, but also the sangfroid to reach, promote, defend, and implement some historic compromises.
Roudi Baroudi has more than 40 years of experience in the energy business and has helped design policy for major international oil companies, sovereign governments, and multilateral institutions. He currently serves as CEO of Energy and Environment Holding an independent consultancy based in Doha, Qatar.

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Empty oil tanks at key storage hub show speedy demand rebound

Crude storage tanks that were brimming a year ago when the pandemic grounded flights and kept drivers at home are beginning to empty in the main U.S. distribution hub, the latest sign of strengthening demand in the world's biggest oil-consuming country.

For the first time since before the pandemic, empty tanks are being offered for lease at Cushing, Oklahoma, the delivery point for West Texas Intermediate oil futures. At least 1.4 million barrels of storage is up for rental starting in July, for roughly 12 cents per barrel a month, said Steven Barsamian, chief operating officer at storage brokerage Tank

Tiger. That’s a stark contrast to at least 60 cents charged when there was little space left about a year ago.

Americans are taking to the roads and skies at increasing numbers as the summer nears and the country emerges from months of lockdowns, with oil refiners speeding up fuel making to meet the rising demand. This week, California, America’s most populous state, re-opened its economy, while New York ended most of its curbs.

It’s a dramatic turnaround from a market crash that saw traders storing unwanted crude in tankers at sea, and U.S. producers at one point having to pay for customers to take their oil last year.

Meanwhile, shale producers are sticking to their pledges to focus on balancing their books and boosting returns to shareholders, rather than increasing output. U.S. production is 15% below its peak last year, limiting flows to the storage center.

So, traders are rapidly draining their storage tanks to supply refineries with every barrel of crude feedstock they need.

Empty tanks are typical of a market where demand is outpacing supplies and traders are getting a premium on the nearest deliveries, making it unprofitable to keep oil in storage – a pattern known as backwardation.

A year ago, when traders were storing as much oil as possible to wait for better prices, the nearest deliveries for WTI were selling at a discount to longer-dated ones. That structure is known as contango.

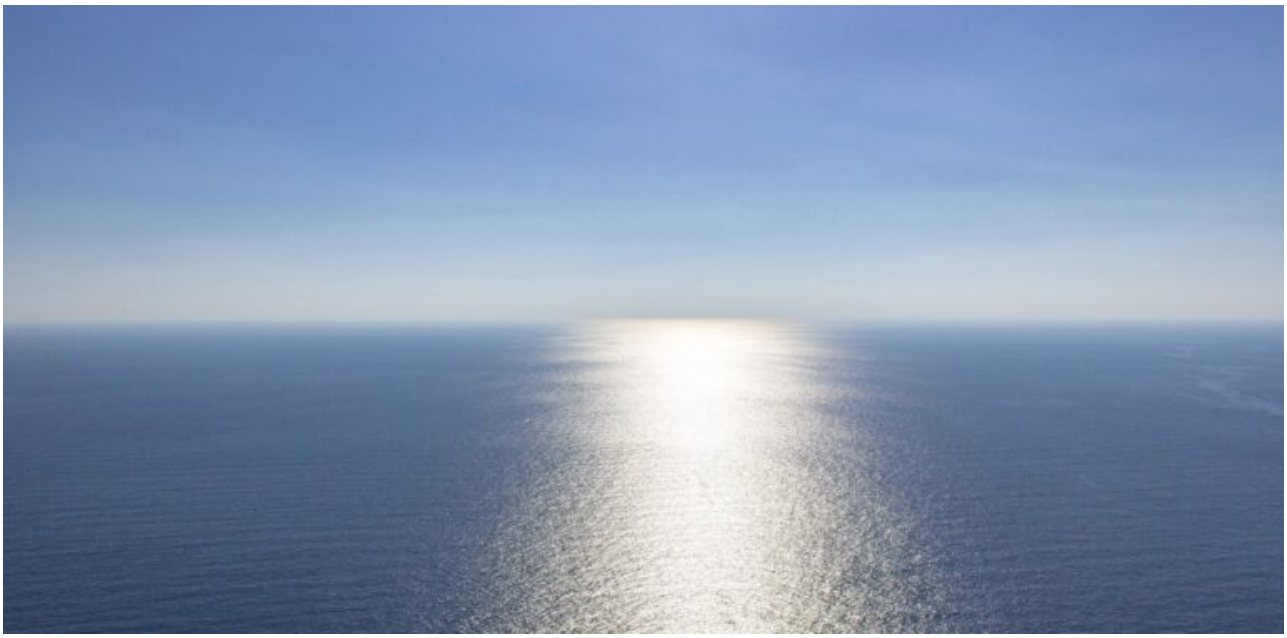
These patterns affect especially the commercial storages used in speculative trading, such as the ones in Cushing.

“Typically, in a backwardated market, its the storage that isn’t being used for operational purpose like the ones in

Cushing, Oklahoma, that get emptied out first," Barsamian said. "Storage at most other locations such as in Houston and Midland in Texas are used for operational purposes and get emptied out later."

Traders might see more of the bottom of tanks across America in the coming months. Global oil demand is expected to recover to pre-pandemic levels late next year, according to the International Energy Agency. The agency sees a supply shortfall starting from the second half of this year, with OPEC and its allies still keeping part of their production capacity offline.

Roudi Baroudi: Μπλε οικονομία στη Μεσόγειο



Οι χώρες της Μεσογείου πρέπει να είναι από τους μεγαλύτερους νικητές στη μετάβαση από τα ορυκτά καύσιμα στις ανανεώσιμες πηγές ενέργειας, δήλωσε ειδικός σε θέματα ενέργειας την Τετάρτη σε ένα βασικό συνέδριο πολιτικής.

«Εδώ στην περιοχή της Μεσογείου, η μετα-άνθρακα εποχή έχει στην πραγματικότητα τεράστιες ευκαιρίες όσον αφορά την μπλε οικονομία», δήλωσε ο βετεράνος της βιομηχανίας **Roudi Baroudi** στο εικονικό All Things Energy Forum. Πρόσθεσε ότι ενώ η συμβατική αιολική και ηλιακή ενέργεια θα έχουν «βασικό ρόλο να διαδραματήσουν», η εγγύτητα της θάλασσας προσέφερε μια άλλη διάσταση.

"Υπάρχουν και άλλες πολλά υποσχόμενες ενεργειακές τεχνολογίες, όπως η βροχή, τα κύματα και η παλιρροϊκή ενέργεια, καθώς και η υποθαλάσσια γεωθερμία", δήλωσε ο κ. Baroudi, ο οποίος έχει διετελέσει σύμβουλος σε κυβερνήσεις, πολυμερείς οργανισμούς και μεγάλες διεθνείς εταιρείες για την ενεργειακή πολιτική.

«Μερικές από τις πιο υποσχόμενες αντικαταστάσεις για τα ορυκτά καύσιμα περιμένουν στη θάλασσα, αν μόνο έχουμε τη σοφία και την προνοητικότητα να τις αναπτύξουμε».

Η μεγάλη εγγύτητα μιας μεγάλης θάλασσας όπως είναι η Μεσόγειος δίνει στα παράκτια κράτη της βασικά πλεονεκτήματα σε σχέση με άλλα κράτη που είναι εγκλωβισμένα στην ξηρά, εξήγησε, επειδή έχουν πολλές περισσότερες επιλογές για παραγωγή ηλεκτρικής ενέργειας χαμηλής ή χωρίς άνθρακα.

Ο 40χρονος βετεράνος της περιφερειακής ενεργειακής σκηνής προέβλεψε ότι με ισχυρή ηγεσία, **οι περιφερειακές χώρες θα μπορούσαν να χρησιμοποιήσουν αυτό το δυναμικό για την πλήρη ηλεκτροδότηση όλων των κατοικημένων περιοχών τους.**

Αυτό το είδος πρόσβασης, στην ηλεκτρική ενέργεια, αποτελεί βασική προϋπόθεση για το είδος της οικονομικής ανάπτυξης που θα βοηθήσει εκατομμύρια ανθρώπους – ακόμη και δεκάδες εκατομμύρια – από τη φτώχεια», δήλωσε.

«θα μειώσει επίσης τη ροή των Αφρικανών μεταναστών που δεσμεύονται για την Ευρώπη δημιουργώντας νέες οικονομικές ευκαιρίες για αυτούς στην έδρα τους».

Ο κ. Baroudi προειδοποίησε, ωστόσο, ότι παρέμειναν σημαντικά

εμπόδια εάν η περιοχή επρόκειτο να πραγματοποιήσει το πλήρες δυναμικό της για υπεράκτια παραγωγή ενέργειας, κυρίως επειδή περίπου τα μισά από τα θαλάσσια σύνορα της Μεσογείου παραμένουν αδιευκρίνιστα.

Όπως και με τις προοπτικές για υπεράκτιο φυσικό αέριο, εξήγησε, οι επενδυτές αποφεύγουν τέτοια διαφιλονικούμενα σύνορα επειδή η αμφισβητούμενη ιδιοκτησία μιας περιοχής ενέχει πολύ μεγάλο κίνδυνο. Για αυτόν τον λόγο, είπε, και επειδή η πίεση χτίζεται για μορατόριουμ για την ανάπτυξη νέων πεδίων πετρελαίου και φυσικού αερίου, **οι περιφερειακές χώρες χρειάστηκαν να υιοθετήσουν τη διπλωματία και να καταρτίσουν συνθήκες που ορίζουν τις αντίστοιχες αποκλειστικές οικονομικές ζώνες τους.**

Δεδομένου ότι το φυσικό αέριο αναμένεται να παραμείνει βασικό καύσιμο μετάβασης για τουλάχιστον δύο δεκαετίες, εξήγησε, περιφερειακές χώρες θα μπορούσαν επίσης να κερδίσουν δισεκατομμύρια έσοδα από υπεράκτιες καταθέσεις – αλλά ορισμένες εξακολουθούν να χρειάζονται συμφωνίες ΑΟΖ για να ξεκινήσουν.

Δεν υπάρχει ανάγκη να είναι πιο πιεστική, ειδικά επειδή ο διάλογος και οι συμβιβασμοί που απαιτούνται όχι μόνο θα ανοίξουν την ανάπτυξη του φυσικού αερίου, αλλά θα έθεταν επίσης τα θεμέλια για στενότερη συνεργασία σε άλλους τομείς – αυτό ακριβώς απαιτεί η Μπλε Οικονομία για να αξιοποιήσει πλήρως τις δυνατότητές του», δήλωσε ο κ. **Baroudi,** ο οποίος είναι επί του παρόντος διευθύνων σύμβουλος της Energy and Environment Holding, ανεξάρτητης συμβουλευτικής εταιρείας στη Ντόχα.

Τα πλεονεκτήματα από την ηρεμία στη Μεσόγειο

«Ως μπόνους, μια πιο ήρεμη, φιλικότερη Μεσόγειος θα επέτρεπε επίσης την κατανομή ευθυνών και τη συγκέντρωση πόρων και

δεδομένων, τα οποία θα βελτιώσουν σημαντικά τα αποτελέσματα σε όλα, από τη μετανάστευση, την πρόγνωση καιρού και την αναζήτηση και διάσωση σε συστήματα προειδοποίησης για τσουνάμι και την προστασία καλωδίων επικοινωνίας», είπε.

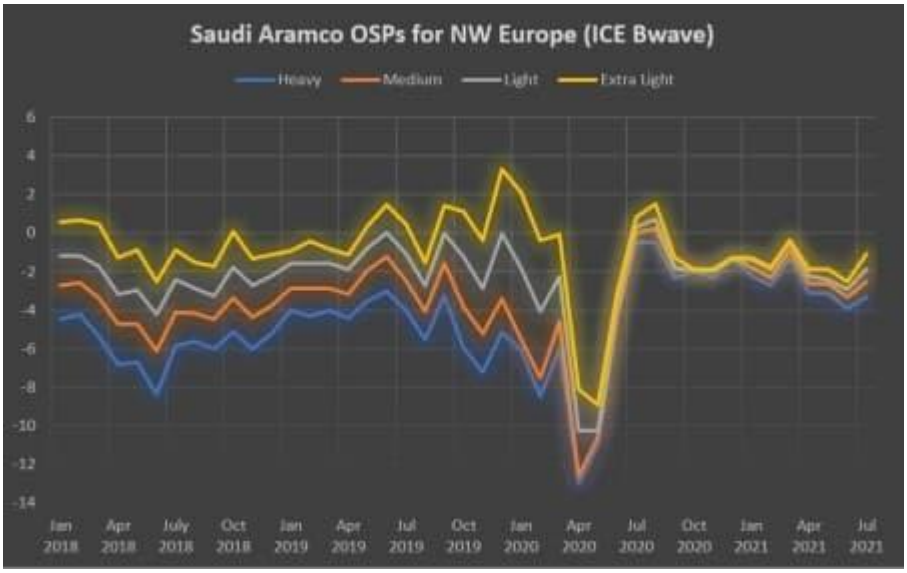
«Τότε θα μπορούσαμε απλώς να δούμε ολόκληρη την ευρωμεσογειακή περιοχή να γίνει ένας από τους καλούς γείτονες, ένα μέρος αμοιβαίων στόχων, διευθετημένων παραπόνων και ακόμη και γεωστρατηγικής συνεργασίας.

Τολμώ να το πω, κυρίες και κύριοι, η Μεσόγειος θα μπορούσε να είναι απόλυτα ειρηνική στη ζωή μας".

Η εκδήλωση, της οποίας οι ομιλητές περιελάμβαναν διακεκριμένους ακαδημαϊκούς και ανώτερους ηγέτες επιχειρήσεων και ενέργειας, καθώς και βασικούς κυβερνητικούς υπουργούς, πραγματοποιήθηκε την Τετάρτη.

Ο Roudi Baroudi έχει περισσότερα από 40 χρόνια εμπειρίας στον τομέα της ενέργειας και βοήθησε στη χάραξη πολιτικής για μεγάλες διεθνείς εταιρείες πετρελαίου, κυβερνήσεις και πολυμερείς θεσμούς. Σήμερα υπηρετεί ως Διευθύνων Σύμβουλος της Ενέργειας και Περιβάλλον Διαθέτοντας ανεξάρτητη συμβουλευτική εταιρεία.

Soaring Mideast Heat May Roil Oil Market as Demand Surges



(Bloomberg) — Soaring temperatures in one of the world's top energy-producing regions could drive fuel prices higher as countries there burn more oil and natural gas to keep homes cool.

Saudi Arabia, the United Arab Emirates and Kuwait are all experiencing weather that's hotter than normal. That has coincided with a tightened crude market, with the Organization of Petroleum Exporting Countries and its allies continuing to hold back millions of barrels of supply.

"Demand this summer will be stronger than last year," Ahmed Mehdi, a Middle East analyst at the Oxford Institute for Energy Studies, said of the region.

Electricity consumption in OPEC member Kuwait this week surpassed its previous peak as the early onset of scorching heat prompted greater use of air conditioners. Iraq, which suffered crippling blackouts last summer, also relies on burning crude and fuel oil to keep its power plants running.

Temperatures in the oil-producing states around the Persian Gulf can reach 50 degrees Celsius (122 Fahrenheit) during the region's steamiest months of July and August. Top OPEC producer Saudi Arabia burned as much as 25% more crude in its power plants last year and said at the time that it could use up to 1 million barrels a day to generate electricity.

Energy use rose across the region in 2020 as coronavirus lockdowns kept residents at home through the torrid summer months — when many usually travel — and the enduring restrictions mean many are still staying put.

Oil is currently trading around $70 a barrel as much of the world recovers from the pandemic and the OPEC+ alliance keeps barrels off the market. OPEC's own analysis indicates that crude consumption is rising faster than supply, forcing buyers to pull barrels out of storage.

Gulf producers are using more natural gas for power as well, and as OPEC+ gradually restores oil output, countries like Saudi Arabia and Iraq are pumping more of the fuel that's found together with the crude.

The Gulf states have taken steps to prepare for oppressive heat and to make their energy infrastructure more efficient — and more profitable. Kuwait is set to start a liquefied natural gas import facility, while the United Arab Emirates connected its first nuclear power plant to the national grid this year.

For now, OPEC+ isn't committing to more crude supply. The group decided at a meeting this month to go ahead with an already agreed output increase for July, but stopped short of allowing a further hike. That will leave Saudi Arabia and its neighbors buying more of what they're producing without necessarily providing the market any extra slack.

"OPEC+ is still sitting on more than 5 million barrels a day of spare capacity, mostly in the Gulf and particularly Saudi Arabia," said Carole Nakhle, chief executive officer of London-based consulting firm Crystol Energy. "The Saudis can do what they want," though pumping more crude just to burn it for power isn't their best option, she said.

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OPEC sticks to forecast of oil demand surge in second half of 2021

LONDON- OPEC stuck to its prediction of a strong world oil demand recovery in 2021 led by the United States and China, although it cited uncertainties around the path of the pandemic.

In a monthly report on Thursday, the Organization of the

Petroleum Exporting Countries said demand would rise by 5.95 million barrels per day (bpd) this year, or 6.6%. The forecast was unchanged for a second consecutive month.

The report's forecast comes even after a slower-than-expected recovery in the first half of this year, and as it warns of "significant uncertainties," around the pandemic, such as the potential emergence of new variants.

"Global economic recovery has been delayed due to the resurgence of COVID-19 infections and renewed lockdowns in key economies, including the Eurozone, Japan and India," OPEC said in its monthly report.

"Overall, the recovery in global economic growth, and hence oil demand, are expected to gain momentum in the second half," it said.

OPEC sees 2021 world economic growth at 5.5%, unchanged from last month, assuming the impact of the pandemic will have been "largely contained" by the beginning of the second half.

Oil was trading above $72 a barrel before the report was released. The price has gained 39% this year LCOc1 on rising demand and supply cuts by OPEC and its allies, known as OPEC+.

OPEC+ agreed in April to gradually ease oil output cuts from May to July and confirmed the decision at a meeting on June 1. Most of its output cuts will remain after July.

The efforts of OPEC+ have "have substantially led the way towards a market rebalance," OPEC said.

The report showed higher OPEC oil output, reflecting the decision to pump more and gains from Iran, exempt from making voluntary cuts due to U.S. sanctions. Output in May rose 390,000 bpd to 25.46 million bpd, OPEC said.

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NFE project to ‘reposition’ Qatar as world leader in LNG liquefaction capacity: IGU

The multi-billion dollar North Field East (NFE) project will “reposition Qatar as the world leader” in terms of liquefaction capacity, overtaking Australia, the International Gas Union (IGU) has said in a report.

Qatar Petroleum has taken the final investment decision for the NFE project, the world’s largest LNG project, which will raise Qatar’s LNG production capacity from 77mn tonnes per year (mtpy) to 110mtpy.

The project involves the construction of four new LNG mega-trains with a capacity of 8mtpy, the IGU said in its ‘World LNG Report 2021’.

This year’s global LNG trade increased to 356.1mn tonnes, a small increase of 1.4mn tonnes compared to 2019, but another year of consecutive growth in LNG trade despite Covid-19 related impacts on the supply and demand sides, noted Joe M Kang, president, IGU.

This was mostly supported by increased exports from the US and Australia, together adding 13.4mn tonnes of exports.

Asia Pacific again imported the most volumes in 2020, together accounting for more than 70% of global LNG imports. Asia also accounted for the largest growth in imports in 2020 – adding 9.5mn tonnes of net LNG imports compared to 2019.

Global LNG market pricing experienced a turbulent year. Spot prices of cargoes trading in the Atlantic and Asia Pacific basins plummeted to record lows in the first six months, before reaching record highs at the start of 2021.

Pricing responded to Covid-19 impacts on demand, an initially well-supply market, and high storage levels in some markets, followed by a cold winter and shipping constraints.

While 20mn tonnes per year in liquefaction capacity was brought onstream in 2020, all in the US, start-up of several liquefaction trains in Russia, Indonesia, the US and Malaysia were delayed as a result of the pandemic.

The only project that was sanctioned in 2020 was the 3.25 mpta Energia Costa Azul facility in Mexico, and early 2021 Qatar took FID on four expansion trains totalling 32mn tonnes per year, the IGU said.

With additional new projects proposed, global pre-FID volumes stand at 892.4mn tonnes per year, most of which are in North America, the IGU noted. With some 35 new vessels added to the LNG shipping fleet in 2020, the total number of active vessels reached 572 at the end 2020, including 37 FSRUs and 4 FSUs.

Notably, with the exception of one, all new vessels are equipped with membrane containment systems, and 23 of them feature X-DF propulsion systems. Membrane containment systems capitalise on improved fuel efficiencies and lower emissions.

The number of LNG voyages, however, only increased by 1%, largely due to demand impact of Covid-19. Global

regasification capacity increased by 19mn tonnes per year in 2020, bringing the total to 850.1mn tonnes per year as of February 2021.

Four new terminals and four expansion projects at existing terminals started importing cargoes – with the majority in the Asia Pacific region. There are now 39 markets that are equipped with LNG receiving capabilities.

As of February 2021, there was 147.3mn tonnes per year of regasification capacity under construction, of which 72.3mn tonnes per year have communicated start-up dates in 2021, some of which is in new importing markets such as Ghana, El Salvador, Vietnam and Nicaragua.

Offshore regasification capacity increased by 5.6mn tonnes per year, bringing the global floating and offshore regasification capacity to 115.5mn tonnes per year as of February 2021, the IGU said.

Aramco raises $6bn with debut global sukuk to fund dividend

Saudi Arabian oil giant Aramco locked in another $6bn yesterday to help fund a large dividend as it returned to the international debt markets with its first USdollar-denominated sukuk sale, a document showed.

The debt issuance, which will help fund a $75bn dividend commitment that will mostly go to the government, comprises tranches of three, five and 10 years, adocument from one of the banks arranging the deal and seen by Reuters showed.

Aramco sold $1bn in the three-year tranche at 65 basis points (bps) over US Treasuries (UST), $2bn in the five-year portion at 85 bps over UST and $3bn in 10-year paper at 120 bps over UST.

Initial price guidance was around 105 bps over UST for the three-year bonds, around 125 bps over UST for the five-year notes and around 160 bps over UST forthe 10-year tranche.

The spreads were tightened after the deal attracted combined orders of more than $60bn.

Aramco last year maintained its promised $75bn annual dividend to shareholders despite lower oil prices, and is expected to shoulder significant domesticinvestments in Saudi Arabia’s plans to transform the economy.

Fitch assigned Aramco’s sukuk issuance programme an A1 rating with a negative outlook, in line with the negative outlook on

existing Aramco ratings andtracking a change in Saudi Arabia's sovereign outlook to negative in May last year.
"The company has displayed a strong commitment to pay $75bn in annual dividends, which in Moody's view is not sustainable should oil prices fall and remainsignificantly below $60/bbl," Fitch said.
"Interlinkages between Saudi Arabia and the company imply that any change in rating outlook on the government of Saudi Arabia would be mirrored on SaudiAramco's rating outlook."
The company chose to issue Islamic bonds over conventional ones due to high demand for the instrument as a result of the low number of dollar sukuk sales inthe Gulf this year, a source told Reuters on Monday.
Aramco has been widely expected to become a regular bond issuer after its debut $12bn issuance in 2019 was followed by an $8bn, five-part transaction inNovember last year, also used to fund its dividend.
A source had told Reuters that Aramco was expected to raise up to $5bn with the deal, which had 29 active and passive bookrunners working on it.
Active bookrunners on the deal included Citi, HSBC, JPMorgan, NCB Capital and Standard Chartered Bank.

Iran plans oil output hike as it sees nuclear talks progress

Bloomberg / Tehran

Iran said it’s preparing to hike oil production even as talks with world powers over how to lift sanctions curbing the nation’s crude exports have so far failed to clinch an agreement.

Parties to the 2015 nuclear deal, led by the European Union, are attempting to fully restore the landmark accord that all but collapsed after then-President Donald Trump withdrew three years ago. The negotiations in Vienna aim to ease US sanctions on the Islamic Republic’s economy and scale back a significant expansion of its atomic activities.

In Tehran, President Hassan Rouhani’s chief of staff, Mahmoud Vaezi, said that while there had been “great progress” on some economic issues, the fate of oil sanctions hadn’t yet been resolved, according to the semi-official Iranian Students’ News Agency.

The comments, and an industry report showing another fall in US crude inventories, saw crude extend its gains.

Iran’s national oil company, though, laid out plans to revive oil production in the event that US sanctions are removed, starting with an output hike to 3.3mn barrels a day within one month of the penalties being lifted, the official Shana news

agency reported.

In a gesture to Iran’s leaders, Washington’s top diplomat to the International Atomic Energy Agency acknowledged late Tuesday that trust needs to be rebuilt after the damage caused by Trump’s policies and appealed to Iran to accept a “mutual return” to the agreement.
Iran’s lead negotiator in the talks, Abbas Araghchi, said yesterday that diplomats are set to reconvene in the Austrian capital at some point from Saturday, without giving further details.

“The negotiations are at a point where some key issues still remain outstanding and decisions need to be made regarding those,” Araghchi told reporters after briefing lawmakers in Tehran.

The talks coincide with Iran’s fast-approaching June 18 presidential election that is widely expected to replace President Hassan Rouhani – a champion of the nuclear deal – with a hardliner who’s been very critical of the accord.

Oil markets are closely watching the talks as the removal of sanctions could trigger a flood of Iranian oil onto markets as the Opec founder-member seeks to reclaim the market share it had before the Trump era.

Libya Oil Production Picks Up After Pipeline Leak Fixed

(Bloomberg) — Libya has cut crude production by nearly 20% due to maintenance at its largest oil field and leaks on pipelines linking other desert deposits to the Mediterranean coast.

The OPEC producer began reducing output at fields operated by the Waha Oil Co. over the last two days because of leaks, Mustafa Sanalla, chairman of the country's National Oil Co., said in an online conference. Production has also dropped at its biggest field, Sharara, over the past two weeks, he said. The outages total more than 200,000 barrels a day, according to people with knowledge of the matter.

Libya holds Africa's largest crude reserves, but it's struggled to pump a fraction of the oil it produced under late dictator Moammar Qaddafi. Fighting between rival factions has put the country's oil fields, ports and workers in the firing line, and faltering sales have starved the nation of the income needed to rebuild its infrastructure. Freeing up access to investment would help expand the country's output beyond previous levels, Sanalla said.

"The NOC is facing tremendous challenges in the rehabilitation and restoration of oil installations," Sanalla said. "The lack of funds needed for the projects" and the country's fragile security situation hurt its ability to complete needed work and upgrades, he said.

That means the country is missing out on taking full advantage of oil prices that have surged by 40% this year. Production cuts by the Organization of Petroleum Exporting Countries and partners like Russia have pushed crude to about $70 a barrel

as economies exit coronavirus-linked lockdowns and energy demand recovers.

Production Capacity

Libya pumped 1.14 million barrels a day in May, according to data compiled by Bloomberg. The country wants to boost production capacity to 2.1 million barrels a day over the next few years but faces enormous obstacles to that aim, Sanalla said. Analysts surveyed by Bloomberg estimate the country can pump at most 1.3 million barrels daily.

With the latest problems, production at Sharara is down by about 50,000 barrels a day, Sanalla said, without saying when output might be restored.

Fields operated by Waha Oil have cut production to about 140,000 barrels a day from normal output of 300,000 barrels, according to two people with knowledge of the situation who asked not to be identified discussing operational matters.

Renewables boom unleashes war over talent for green jobs

Clean energy giants are finding a shortage of workers with the skills needed to support their ambitious growth plans.

The renewables jobs market is heating up and candidates with the right abilities are becoming harder to find, according to Miguel Stilwell, chief executive officer at Portuguese clean-energy firm EDP Renovaveis SA. The company is one of the world's top installers of green power and plans to hire 1,300 employees over the next two years.

"There's a war over talent globally," Stilwell said in an interview on May 28. "The renewable sector, given the massive amount of growth that is expected, doesn't have enough people."

As countries funnel billions of dollars into developing renewable power, policymakers are banking on the sector to create new jobs that are crucial for the post-pandemic economic recovery. Solar generation capacity is expected to triple by the end of the decade, while wind capacity is expected to more than double over the same period, according

to clean energy research group BloombergNEF.

Green supermajors such as NextEra Energy Inc, Iberdrola SA, Enel SpA and EDP are leading the race to electrify the global economy. But some large oil companies are starting to get into the sector too, with BP Plc announcing last month it's looking to fill 100 offshore-wind jobs in the U.K. and the U.S., a figure that could double by the end of the year.

Engineering skills such as energy assessment, project management and project design are in high demand, EDP's Stilwell said. Good business developers who understand clean energy technologies are also a scarce resource. Other roles, such as managing mergers and acquisitions, or back office tasks, can easily be hired from other industries.

"We're having to bring in people from other sectors, whether it's oil and gas or other parts of the energy industry, or recruiting directly from universities," Stilwell said. "There's a lot of competition out there."

Engineering and chemistry graduates working on a masters degrees in renewables at the Universitat Politecnica de Catalunya in Barcelona are often hired while they're still in school, or right after they finish, according to Professor Jordi Llorca. The university has partnerships with other colleges in Europe and students often get hired to work in other countries like the U.K. or Denmark, said Llorca, who is also the director of an engineering research center at the university.

"We need to be fast to adapt the contents of our programs on the energy transition and renewable energies to make sure our graduates are competitive in the market," Llorca said. "We're constantly looking at the contracts and agreements we have with different industries to see what's needed."

The university launched a masters in hydrogen energy last year after professors realized very few people have the skills in

mechanics and chemistry that the fast-growing sector will need very soon. “There’s always a moment of vacuum whenever a new technology comes in, but we’re able to put together new programs in just a few months.”

Offshore wind farms are another growth area. The projects involve erecting and maintaining wind turbines the size of skyscrapers miles out to sea. A single turn of one of the massive blades could power a house for two days. The industry was pioneered in Europe, but is now rapidly expanding to Asia and the east coast of the U.S.

Those new markets don’t have people with experience. That means that developers are often sending British and European employees to lead the way, according to Clint Harrison, director at renewable energy-focused recruitment firm Taylor Hopkinson. But as business takes off there’s pressure to hire locally.

The limits of a well-trained workforce could end up being a bottleneck in an industry that is key to slashing emissions.

“There’s a sense of urgency,” Harrison said. “The market is growing very, very quickly and we need to ensure we have the right people across various projects and regions to ensure projects move forward and aren’t delayed.”

In the U.K. alone, around 200,000 skilled workers will be needed in the offshore energy sector by 2030, up from 160,000 today, according to a recent report by the Robert Gordon University in Aberdeen. About half the jobs are expected to be filled by people transferring from the oil and gas sector and about 90% of current workers in the fossil-fuel sector can be retrained for renewables, said author Paul de Leeuw.

“Demand for courses on renewable energy and the energy transition is ramping up rapidly and at the same time we see demand for oil courses declining,” he said. “It’s a societal and industry shift mirroring in the education system.”