

Greece, Cyprus, Israel sign EastMed pipeline deal



Greece, Cyprus and Israel yesterday signed an agreement for a huge pipeline project to ship gas from the eastern Mediterranean to Europe. The 2,000km (1,200-mile) EastMed pipeline will be able to carry between nine and 12bn cubic metres of gas a year from off shore reserves held by Israel and Cyprus to Greece, and then on to Italy and other southeastern European countries. The discovery of hydrocarbon reserves in the eastern Mediterranean has sparked a scramble for the energy riches.

Greek Prime Minister Kyriakos Mitsotakis, Israeli Prime Minister Benjamin Netanyahu and Cypriot President Nicos Anastasiades joined the ceremony at which their respective energy ministers signed the deal in the Greek capital. The EastMed project is expected to make the three countries key links in Europe's energy supply chain. The EastMed alliance "is of enormous importance to the state of Israel's energy future and its development into an energy power and also from the point of view of stability in the region," Netanyahu said

in a statement issued as he left Israel for Greece yesterday. Mitsotakis said the pipeline was of “geo-strategic importance” and would contribute to regional peace. Earlier, Greek Energy Minister Kostis Hatzidakis called it “a project of peace and co-operation”.

Anastasiades said his aim was “co-operation and not rivalry in the Middle East.” Avinoam Idan, a former Israeli government security official who is now a geostrategy expert at Haifa University, said of the deal: “It’s important for Israel, it’s important for the transit countries, Greece and Cyprus, and of course Europe.” As the new source of energy would not compete with Russian supplies to the EU, “there is no reason to see it as a big change in the geopolitical dynamic in Europe’s energy market,” he told AFP. The Greek economic daily Kathimerini said on Wednesday that Athens and Nicosia had been in a hurry to finalise EastMed so as “to counter any attempt to stop the project.” The cost of the installation from the eastern Mediterranean to Italy is estimated at €6.0bn (\$6.7bn).

New era of offshore gushers portends flood of oil amid glut



The world's most-ambitious oil drillers are opening a new exploration frontier at perhaps the worst possible time.

With a slew of large discoveries off South America's northeast coast, Exxon Mobil Corp, Hess Corp, Apache Corp and their partners are set to unleash new supplies onto global markets increasingly awash in crude.

Apache is the latest American driller to surprise investors with a significant discovery in coastal waters near the Suriname-Guyana border. The Houston-based explorer may have tipped its hand that something big was coming when it brought France's Total SA on board as a partner in the endeavour just weeks before Tuesday's announcement. Nonetheless, Apache's stock surged 27% for the biggest one-day advance in at least 40 years.

"It's pretty remarkable when you think about the larger landscape in which these new supplies will come online," said Gianna Bern, a former BP Plc oil trader who teaches finance at the University of Notre Dame. "At the same time, Apache and companies like that tend to assume very low prices before development so that the economics will be favorable" regardless of market fluctuations.

Although it could be years before the Suriname find comes online, the discovery comes at a time when traders already are

bracing for the biggest influx from non-Opec producers in at least 15 years, according to JBC Energy.

The rally in Apache shares is a vote of confidence from holders that chief executive officer John Christmann's management team can pump that oil so cheaply that it will turn a profit even if crude collapses to \$30 or \$25 a barrel, said Bern, author of *Investing in Energy: A Primer on the Economic of the Energy Industry*.

Hess enjoyed just such a boom last year when investors boosted the shares 65% because of the oil producer's role as a junior partner in Exxon Mobil Corp's staggering discoveries off Guyana.

Guyana and Suriname are not alone. New supplies are flowing, or will be shortly, from new wells in Norway, Canada, Mexico, Brazil and Colombia, Bern said. Brazil alone is forecast to add 200,000 to 300,000 barrels of daily supply this year, and only US shale is expected to expand at a faster rate, said Fernando Valle, an analyst at Bloomberg Intelligence.

Outside the Organization of Petroleum Exporting Countries, output of crude and byproducts known as gas liquids will increase by 2mn barrels a day this year, swamping the 1.2mn-barrel growth forecast, according to IHS Markit.

Brazil and Guyana alone are set to add more than 400,000 barrels of combined daily supplies to the market this year, a volume that would offset most of the auxiliary cuts agreed to by Opec and its allies in late 2019, said Stephen Beck, the Houston-based senior director of upstream at Stratas Advisors. "We've been in a situation where too much supply is chasing too little demand since 2013," said Jim Burkhard, vice president and head of oil market at IHS. "2020 is shaping up to be the same way."

The wild card, though, is what transpires with Iraqi production in the aftermath of the US assassination of a top Iranian general, Burkhard said.

As Opec's second-largest producer, any disruption to Iraqi output could upend markets. Crude futures surged above \$70 a barrel in London on Monday on concern the attack would spark a

wider conflict. Still, they remain almost 10% off the 2019 high touched in April.

In past decades, new discoveries weren't viewed as an imminent threat to the supply-demand balance because they took upwards of a decade to bring into production. But technological advances now allow explorers to turn discoveries into producing assets in half that span, upsetting old maxims about the time horizons for new supplies.

Relative to shale fields or conventional onshore wells, offshore projects tend to be more resilient to volatile price movements because once the initial construction is finished, operational costs are so slim that "oil would have to get under \$10 a barrel before they'd shut them in," said Jim Krane, a fellow at Rice University's Center for Energy Studies in Houston.

"Once the ball is rolling, you plow full steam ahead. Damn the oil price," Krane said. "Clearly that's what's happening in Guyana."

Russia halts oil to Belarus, but transit to Europe still flowing



MINSK/MOSCOW (Reuters) – Russia has halted oil supplies to refineries in Belarus, the Belarusian state energy firm said on Friday, amid a new contract dispute that is also threatening large Russian oil deliveries to Western Europe crossing the country.

Belarus's state firm Belneftekhim said deliveries had been halted as of Jan. 1.

Two trading sources told Reuters Russian oil transit to Europe via Belarus was so far continuing uninterrupted.

A Russian industry source familiar with the discussions said Russia could agree to a short-term supply deal with Belarus in the coming days. Supplies would come from small Russian firms until a new, longer-term deal is agreed, the source said.

Europe receives around 10% of its oil via the transit link, known as the Druzhba pipeline, which can supply more than 1 million barrels per day to countries including Germany, Poland, Slovakia, Hungary and the Czech Republic.

Moscow and Minsk have had several oil and gas spats over the

past decade, in what has been described as a love-hate relationship between presidents Vladimir Putin and Alexander Lukashenko.

Putin and Lukashenko have repeatedly toyed with the idea of political integration of the countries, but the autocratic Belarusian leader who came to power in 1994 has backtracked repeatedly.

Russia has cut subsidies to Belarus over many years and is now charging close to international prices for oil and gas, but contracts negotiations are often protracted.

"Deliveries have been suspended ... Plants are reducing their workload to the technical minimum," a spokesman for Belneftekhim said.

Russian pipeline operator Transneft (TRNF_p.MM) said Russian oil companies have not sent any oil to Belarus since Jan. 1, the TASS news agency reported.

"Since Jan. 1, we have not had any applications from oil companies to deliver to Belarusian refineries. However, oil transit through Belarus is continuing in full volumes," Transneft spokesman Igor Dyomin was quoted as saying.

It was not clear when Moscow and Minsk could resume talks on their 2020 contract. Russia is on a New Year holiday until Jan. 9.

Belneftekhim said on Friday it had temporarily suspended the export of petroleum products as it was lacking the oil. It said it would ultimately fulfill its contractual obligations but did not say how. It also said it had enough petroleum product reserves to supply its domestic market in January and beyond.

Belarus exports around 12 million tonnes of petroleum products annually, primarily to Ukraine and Poland, data from state

statistics agency Belstat showed.

In the first 11 months of 2019, imports from Belarus made up 35% of Ukraine's diesel fuel market and 36% of its petrol market, according to Ukrainian consulting group A-95.

Reporting by Andrei Makhovsky in MINSK, Olga Yagova and Gleb Gorodyankin in MOSCOW, Pavel Polityuk in

New 'smart cities' seen contributing heavily to Qatar's realty development



The emergence of new smart cities in Qatar as part of urban development is “contributing heavily” to the advancement of real estate to “record levels” even on a global scale, a new report has shown.

The new urban communities such as Msheireb Downtown Doha,

Lusail City and The Pearl-Qatar are witnessing a “powerfully built” infrastructure, in addition to the “substructure technologies” that equip the smart cities with competitive qualities, Ezdan Real Estate noted.

Smart city models are becoming a “tangible reality” in Qatar, it said.

Lusail now is known as the ‘City of Future’ in Qatar. It is currently being developed and equipped with smart infrastructure at a cost of \$45bn, Ezdan noted.

“The project provides a high-tech operating environment that includes telecommunications networks, to ensure the provision of advanced services,” the report said.

The report pointed out that smart cities are fast becoming a growing global trend. They seek to “integrate digital technology into real estate management in order to improve the efficiency of operations and services, promote diversity and sustainable economic growth, and enhance public services and quality of life for citizens, expatriates and visitors in Qatar.”

On real estate activities in Qatar between December 29 and January 2, the report cited data from the Ministry of Justice’s Real Estate Registration Department and said some 51 property sale transactions were concluded at an approximate value of QR467mn.

These were distributed across seven municipalities in Qatar: Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Shamal, Al Daayen and Al Wakrah.

The transactions included “land lots, buildings, multi-use buildings, multi-use land lots, and residential premises.”

Doha topped in terms of deal value through the sale of a residential premise in Al Messila spreading over 19,225 sq m at a price of QR882/sq ft, totalling QR182.5mn.

Doha Municipality also ranked second in terms of value through the sale of a mixed-use land plot spreading in excess of 12,541 square meters in Lusail, worth QR87.7mn, at QR650/sq ft.

Coal's Familiar Foes Set to Pull Down Prices in Europe This Year



European coal faces another depressing year as natural gas floods the region and clean-energy policies reduce demand for the dirtiest fossil fuel.

Coal use across seven European economies fell to historic lows last year, pushing benchmark rates down by almost a third to \$62 a ton. The prospects for 2020 are looking equally bleak, with analysts from S&P Global Platts and Capital Economics predicting prices plunging to the \$50 mark, the lowest in four years.

It's the latest indication that the economics for burning coal

have collapsed in little more than a year since the commodity hit \$100 a ton. Europe's goal of zeroing out carbon emissions by the middle of the century along with ever-cheaper wind and solar power and falling gas prices all point to drastic reductions for generators that burn coal.

"Although we saw coal generation pushed to minimum levels in the second half of 2019, it should fall again year-on-year in the first half of 2020 due to low gas and stable carbon pricing," said Joe Aldina, S&P Global Platts' head of coal analytics.

For most of last decade it was more profitable to burn coal than gas in Germany, Europe's biggest economy. That relationship was turned on its head last year as imports of liquefied natural gas and mild weather pushed down prices for the cleaner fuel, encouraging utilities to switch away from coal.

Dark spreads indicating the theoretical profit for burning coal to make power in Germany have been falling further behind spark spreads for using gas. The trend, according to Bloomberg analytics, becomes especially acute later this year.

Gas Glut

Part of the reason is the abundance of natural gas. Ample flows from pipelines along with near-record levels of LNG shipments arriving in Europe have left storage sites brimming.

The gas glut may worsen after last month's deal between Russia and Ukraine to keep gas flowing to Europe. Construction of another direct route to Europe, the Nord Stream 2 pipeline to Germany, is expected to finish this year even though the U.S. imposed sanctions on the project.

"The gas transit agreement between Russia and Ukraine and soon-to-be completed Nord Stream 2 pipeline, allied with the prospect of higher U.S. LNG exports means that the European

market will be awash with gas supplies in 2020,” said Franziska Palmas, assistant economist at Capital Economics.

While European year-ahead coal prices have slumped, the penalty for using the fuel has increased as the cost of carbon emission permits surged five-fold since 2017. At the same time, benchmark month-ahead gas contracts have slumped to 42% below the 10-year seasonal average.

“I don’t expect coal to fall below \$50,” said Elchin Mammadov, an analyst at Bloomberg Intelligence in London. “Which is why I don’t think there will be gas-to-coal switching. If anything, it’ll be the other way round given that gas will likely stay cheap throughout the year.”

The pessimistic outlook for coal view is not unanimous. Perret Associates expects a global surplus of the commodity to swing into deficit by the end of this year as India and countries in the Pacific Rim region make up for a drop in demand in Europe.

Top quality oil sold near \$100 a barrel on new ship fuel rules



Just shy of \$100 a barrel – that's the cost of a type of crude that's become prized thanks to the scramble for cleaner-burning fuels.

Australia's Santos Ltd. this week sold a cargo of March-loading Pyrenees, a dense and low-sulfur oil, at a premium of about \$31 a barrel over Dated Brent, according to traders who took part in the tender. That's the equivalent to just under \$100 a barrel given that the global benchmark is trading at about \$65.

Demand for so-called heavy-sweet oil like Pyrenees has surged in recent months due to cleaner global ship-fuel standards, known as IMO 2020, which took effect Jan. 1. The new rules have boosted the value of these crudes that are low in sulfur and also viscous, which makes them better for marine engines. Low-sulfur marine fuel, another IMO compliant type of oil, cost about \$640 a ton this week in Singapore, the equivalent of about \$95 a barrel.

Santos had sought a target price of \$32 a barrel or more over Dated Brent, according to traders. The company has a minority stake in the Pyrenees project, which it acquired through its 2018 purchase of Quadrant Energy.

“New IMO 2020 environmental regulations for shipping bunker fuel are driving the low-sulfur fuel oil market,” a Santos spokeswoman said in an emailed statement. “Heavy sweet crudes like those from our Van Gogh and Pyrenees fields are well suited for fuel oil blending to meet the new environmental requirements and are currently in very high demand.”

Pyrenees is also particularly valued because of its relative scarcity, with production of about 15,000 barrels a day pumped from fields off Western Australia, according to BHP Group, the majority owner and operator. A cargo to load this month was sold in November at more than \$17 a barrel over Dated Brent. Another Australian heavy-sweet crude, Van Gogh, sold at a premium of as high as \$19 to Dated Brent in December.

Parsley boss says shale drillers will finally deliver returns in 2020



Enter text here This is the year when shale drillers are finally going to deliver solid returns to investors that have grown weary of the industry's decade-long cash burn, the head of explorer Parsley Energy Inc said. Why? Because for the first time the producers behind the US shale boom are collectively showing restraint in capital spending at a time when crude prices are rising and struggling oil-service providers are lowering their rates, Parsley chief executive officer Matt Gallagher said in an interview. In the past, explorers would instead have taken advantage of that to drill at full throttle again. "It's the proof-in-the-pudding year," Gallagher said. "We've been telling generalists in the financial community that you're going to get a payday for investing in this great renaissance." Whether investors will be easily convinced is yet to be seen. After Wall Street poured more than \$200bn in a growth-focused, debt-driven shale patch in past years, most drillers have yet to produce free cash flow that would ensure healthy returns.

The S&P index of exploration and production companies fell 11% last year, even as oil jumped 34% in New York. But Parsley might have more reasons to be optimistic than others. The Austin, Texas-based company on Thursday won shareholder approval to acquire rival Jagged Peak Energy Inc for \$1.8bn. Its shares fell 1% to \$18.27 at 10.34am in New York as an easing of fears of disruption to Middle Eastern supplies pushed West Texas Intermediate, the US benchmark, toward its biggest weekly loss since July. It's a deal that Gallagher had to hit the road and man the phones for in order to convince investors of its potential. After an initial negative reaction that sent the stock plunging 11% the day the deal was announced, the shares have rebounded 20% since. That's about double the gain for S&P's E&P index over the same span, at a time when the market has mostly punished buyers.

Even as he works to integrate Jagged Peak into Parsley, Gallagher reiterated that the newly merged company is a good takeover target. "It'd be very attractive to a lot of companies," Gallagher said, declining to name possible suitors. "I don't think that anything done in this deal would negate that." Gallagher, who took over as CEO from Parsley founder and chairman Bryan Sheffield last year, expects a continued throttling back of US oil growth, to an expansion of about 500,000 barrels a day in 2020, with even slower growth through 2025. That's roughly half the annual growth expected by the US Energy Information Administration. American output ended 2019 at a record level of nearly 13mn barrels a day, more than any other nation and up from less than 12mn at the start of last year, according to weekly EIA data. This will finally be the year that investor skepticism is eased, Gallagher predicts.

ANALYSIS – TurkStream to strengthen Turkey's energy hub position



With Hungary, Bulgaria and Serbia to depend on TurkStream, Turkey's importance to increase in terms of energy security

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ISTANBUL

The inauguration of the TurkStream natural gas pipeline project, which will begin carrying natural gas from Russia to Europe via Turkey on Jan. 8, 2020, is considered a further step in Turkish and Russian relations in terms of energy.

The project, which has two lines, each of which has a carrying capacity of 15.75 billion cubic meters of natural gas, is particularly important for southern European countries. It will mark the first time that Russian natural gas will reach Europe via Turkey. The TurkStream project transfers natural gas directly to Turkey, which the country takes from the West Line, and it means a new route for European countries. Thus, Turkey has strengthened its position as a country that contributes to the energy security of Europe.

Turkey's energy security increasing

Turkey's claim of being an energy hub has been strengthened by the TurkStream project, which enables the country to directly take the natural gas coming from the West Line. TurkStream, which will be operated by a company established by BOTAS and Gazprom, is an important route for meeting the natural gas needs of Europe. The project, which increases the mutual dependency between Ankara and Moscow, positively contributes to the advancement of cooperation for future relations between the countries. Thus, TurkStream is significant for revealing that energy sources strengthen cooperation and ensure economic benefits rather than causing conflicts.

The West Line, one of the routes coming from Russia, reaches Turkey by passing through Ukraine and Bulgaria. Political and economic tensions between Russia and Ukraine sometimes lead to an interruption of natural gas transmission from the West Line to Turkey.

This situation poses a great risk for the Turkish economy. Transmitting the annual 14 billion cubic meters of gas from the West Line to Turkey over the first line of TurkStream, without changing terms and conditions of the existing agreements, means reducing this risk. Thus, gas will be directly transmitted from Russia to Turkey without the need for intermediate countries, and the problem of being exposed to potential interruptions caused by third parties will be

eliminated. As a result, Turkey's energy security has increased with this project.

Since the pipelines in Ukraine have reached the end of their service life, they must be repaired and replaced. Some 20,000 kilometers of a total 33,000 kilometers of transmission pipelines are more than 33 years old. A major resource is needed to further operate the pipelines which span approximately 13,000 kilometers and are 11 to 33 years old. Under these conditions, the fact that Russia acts reluctant and is willing to invest in other directions except for maintenance and repair poses another great risk to the countries that benefit from those pipelines.

Even if the TurkStream project is not carried out, it is understood that the West Line will fail to perform its former function in the future. Therefore, the problem of a lack of infrastructure that would arise in the future has been eliminated with TurkStream.

Impacts on dependency

It is understood that Turkey bought an average of 26.4 billion cubic meters of natural gas per year from Russia between 2011-2018. The lowest amount was 24 billion cubic meters in 2018. It is seen that the EU countries import an average of 40% natural gas from Russia. This rate increases to 100% in some EU countries. Turkey continues to take significant steps to decrease its dependency on Russia. Benefitting more from renewable energy sources in Turkey has led to a decrease of the gas rate coming from Russia from around 60% to around 48% in 2018. Moreover, in case of full usage of the capacity of natural gas coming from TANAP allocated for Turkey in 2020, this rate is expected to fall to around 40%.

Turkey consumes an annual average of 50 billion cubic meters of natural gas and procures 99% of this amount from abroad. Not depending on one resource, it puts forward strategies

prioritizing diversifying source countries with new pipelines such as TANAP as well as routes.

Likewise, Turkey, which aims to reach a storage capacity for around 10 billion cubic meters of natural gas in 2023, has the technical capacity to procure half of the natural gas it consumes as LNG (liquefied natural gas). Turkey, which follows the policy of reducing natural gas usage rates in electricity generation, increases its standing as a regional actor by participating in international energy projects. While all these developments decrease Turkey's dependency on Russia, it increases Russia's dependency on Turkey compared to the past with the TurkStream project.

It is understood that the natural gas structure in the Balkans will change to a certain extent with the arrival of TurkStream to the region. It is stated that the West Natural Gas Pipeline will become dysfunctional due to TurkStream. As Hungary, Bulgaria and Serbia will meet their increasing natural gas demand with TurkStream, Turkey's importance will increase in terms of those countries' energy security. Also, the BOTAS and GAZPROM partnership, which will operate the second line that will reach Europe, means that Turkey will economically benefit from TurkStream.

US sanctions and possible results

It is claimed that TurkStream does not align with the strategic goals of the U.S. and the EU's Third Energy Package legislation. On the other hand, the U.S. shows that it is against TurkStream with its CAATSA (Countering America's Adversaries Through Sanctions Act) sanctions. The U.S. Congress increased its pressure on TurkStream and Nord Stream 2 with the National Defense Authorization Act for Fiscal Year 2020 it passed in December 2019 and by supporting some sanctions. The implementation of items targeting ships involved in laying pipes on the seabed in these projects may be on the agenda in 2020. However, as Turkish firms do not

carry out the sea part of the project, it is not possible to directly implement U.S. sanctions on Turkey. On the other hand, since the TurkStream project was initiated earlier than CAATSA's enactment, it should not be involved in these sanctions.

While TurkStream brings Ankara and Moscow closer, it also presents gains for Turkey concerning Syria and Libya, which are important issues of foreign policy. The progress and increase in this cooperation will provide significant flexibility to Turkey in foreign policy.

On the other hand, transmission of natural gas, which the EU demands, through Turkey to the EU and the increase of the amount that is carried by time are seen as a result of this cooperation. The EU will have to import more natural gas if Norway's reserves, which are seen as an insurance due to its closeness to the EU, expire in a short time. While the U.S.' external natural gas dependence rate was 47% in 2000, this rate increased to 55% in 2017.

It is foreseen that this rate will increase to around 70% in 2030. For this reason, Turkey stands out as one of the most reliable routes at the point for meeting the EU's energy needs.

Projects such as TurkStream and TANAP have emerged to meet Europe's natural gas needs. Increasing the number of these projects contributes positively especially to security and economic issues at regional and global levels. New cooperation with countries close to this geography, such as Turkmenistan, which has the largest proven natural gas reserve in Central Asia, may be established. Turkey, which is one of the key countries that will play an active role in transmitting Turkmen gas to Europe, can display its playmaker role easier with the experience it gained through TANAP and TurkStream. Therefore, it can be said that Turkey's leadership role in energy is being strengthened in terms of the realization of

international projects.

*Opinions expressed in this article are the author's own and do not necessarily reflect the editorial policy of Anadolu Agency.

Germany tells US to back off over Russian pipeline



BERLIN – Germany on Thursday warned Washington to mind its own business after US lawmakers gave initial approval to a bill that would sanction contractors working on a Russian pipeline to Germany.

“European energy policy is decided in Europe, not in the US,” Foreign Minister Heiko Maas said on Twitter.

“We reject external interference,” he said.

The 9.5 billion euro (\$10.6 billion) Nord Stream 2 pipeline will run under the Baltic Sea and is set to double shipments of Russian natural gas to Germany.

The German-Russian Chamber of Commerce (AHK) said the pipeline was important for the energy security of Europe as a whole and called for retaliatory sanctions against the United States if the bill passes.

“Europe should respond to sanctions that damage Europe with counter-sanctions,” said AHK chief Matthias Schepp.

Supporters of the 1,230-kilometer (760-mile) line say it will be a reliable source of cheap energy but critics warn it could end up vastly increasing Russia’s political influence in Europe.

The EU joined in criticizing proposed US action.

EU Trade Commissioner Phil Hogan said Brussels “opposes the imposition of sanctions against any EU companies conducting legitimate business”.

“The (European) Commission objective has always been to ensure that Nord Stream operates in a very transparent and in a non-discriminatory way with the appropriate degree of oversight,” he said.

Germany’s Schepp said the sanctions would end up affecting European companies more than Russia.

Half of the project is financed by Russian gas giant Gazprom, with the rest covered by its European partners: Germany’s Wintershall and Uniper, Anglo-Dutch Shell, France’s Engie and Austria’s OMV.

Despite its own diplomatic tensions with Russia, including over the murder of a former Chechen rebel in Berlin earlier this year, Germany has repeatedly defended the long-running project.

The German economy ministry said it was awaiting the result of a US Senate vote expected next week on the bill – part of much wider US defense legislation.

US President Donald Trump has already said he would sign off on the measures if they are approved.

The bill requires the US State Department to report back within 60 days with the names of companies and individuals involved in pipe-laying for Nord Stream 2 and TurkStream, another pipeline from Russia to Turkey.

The sanctions envisioned by the bill include asset freezes and revocation of US visas for the contractors.

One major contractor that could be hit by the sanctions is Swiss-based pipeline laying company Allseas, which has been hired by Gazprom to build the offshore section.

The power of Gazprom and therefore the Russian state is at the center of concerns about the pipeline in the United States and in eastern and central Europe.

Europe is Russia's main customer for natural gas and critics fear the pipeline, which has an annual capacity of 55 billion cubic meters, will increase its reliance.

Countries like Ukraine, a major transit country for Russian gas, also fear they could lose influence.

Russia had hoped to launch the pipeline in late 2019 but the completion has been delayed by difficulties in obtaining permits from Denmark.

In October, Copenhagen gave Russia a permit to build a section of the pipeline on the Danish continental shelf in the Baltic Sea.

Russian Deputy Prime Minister Dmitry Kozak told reporters last month that he expected the pipeline to become operational in

World on course to burn more coal, threatening climate goals



Coal consumption is set to rise in the coming years as growing demand for electricity in developing countries outpaces a shift to cleaner sources of electricity in industrialised nations. While use of the most polluting fossil fuel had a historic dip in 2019, the International Energy Agency anticipates steady increases in the next five years. That means the world will face a significant challenge in meeting pledges to reduce greenhouse gas emissions that cause global warming. “There are few signs of change,” the agency wrote in its annual coal report released in Paris yesterday. “Despite all the policy changes and announcements, our forecast is very

similar to those we have made over the past few years.” While this year is on track for biggest decline ever for coal power, that’s mostly due to high growth in hydroelectricity and relatively low electricity demand in India and China, said Carlos Fernandez Alvarez, senior energy analyst at the Paris-based IEA. Despite the drop, global coal consumption is likely to rise over the coming years, driven by demand in India, China and Southeast Asia. Power generation from coal rose almost 2% in 2018 to reach an all-time high, remaining the world’s largest source of electricity. The steady outlook for coal comes in spite of waning demand in industrialised nations. Europe has set a goal of zeroing out carbon pollution by the middle of the century, which would mean drastic reductions for coal. In the US, competition from natural gas has cut into demand for coal, despite President Donald Trump’s vows to revive the industry. The story is different in Asia, which will more than make up for reductions elsewhere. India, with a population of more than 1.3bn, will see coal generation increase by 4.6% a year through 2024 to help power its growing economy. In Southeast Asia, coal demand will grow more than 5% annually. China, which accounts for almost half the world’s consumption, will also have modest growth with usage peaking in 2022. “How we address this issue in Asia is critical for the long-term success of any global efforts to reduce emissions,” Fatih Birol, the IEA’s executive director, wrote in a foreword to the report. Any new coal plants added to meet the growing power demand in these countries will likely be in use for decades. Even as China’s coal consumption slows and then declines after 2022, emissions from the fuel would need to rapidly decline in order to meet climate targets. Under current policies, the world is set to warm almost 3 degrees Celsius (5.4 degrees Fahrenheit) by the end of the century. That’s double the rate scientists say is needed to constrain the worst impacts of climate change. To prevent those increases, it would be necessary to use technology that captures and stores carbon as it’s emitted from power plants, the IEA said. While the technology is expensive and untested

at scale. But with coal here to stay, it may be the only option to reduce emissions.