

# Energy stocks are pushing Canada equities to record



Bloomberg /Toronto

Investors are finally warming up to Canadian energy stocks. There's no shortage of superlatives to describe market optimism as the price of oil climbed and corporate profitability concerns eased. The S&P/TSX Energy Index is on pace for its biggest monthly gain since January. It also has the No 1 spot among sectors on the S&P/TSX Composite Index on Friday. And the iShares S&P/TSX Capped Energy ETF saw its largest inflows since June last month.

Energy stocks have been mired in negative headlines for years with a strained pipeline network pushing Canadian crude prices lower and the exodus of multinational energy companies.

Now, investors are flooding back in as third-quarter results came in better than expected, and companies bought back shares, raised dividends and divested assets to shore up cash. "They're being very good to the shareholder," John Kinsey, portfolio manager at Caldwell Securities Ltd, said by phone.

Earnings results "highlighted strong free cash-flow generation

and active debt repayment,” Eight Capital analyst Phil Skolnick said in a November 12 report.

Suncor Energy Inc approved a boost to its share buyback program this week, pleasing analysts as the company checks the box on providing shareholder returns. Crescent Point Energy Corp’s latest gas infrastructure asset sale for C\$500mn (\$378mn) topped analyst expectations.

With oil and gas stocks making up more than 16% of the Canadian benchmark index, that’s given the TSX a boost this month – up every single trading session in November, hitting all-time highs for most of this week. The key stock gauge crossed the 17,000 mark on Friday.

Still, energy stocks are the third-worst performing sector this year. To bulls, the share price discount may mean investors should buy the dip. For bears, perhaps it brings home the point that investors should still stay out of the sector. Saudi Aramco’s IPO prospectus that flagged a peak in global oil demand in the next two decades might also give investors the jitters.

“They’re just very good value. The world still runs on energy. They may try to change it to solar and electric and all this other kind of stuff, but it’s going to take a long time,” Kinsey said.

Canada’s stock index climbed for an eleventh day on Friday, its longest streak since January 21. The benchmark index breached the 17,000 level for the first time ever and posted 11 records this year. Foreigners bought C\$1.08bn worth of stocks in September, according to Statistics Canada.

The Canadian two-year yield rose to 1.54% on Friday, staying below its US counterpart. [Click here](#) for our weekly bond wrap. Foreigners sold C\$2.81bn worth of government bonds in September. The loonie was little changed against the greenback this week, but was still one of the worst performers among its G-10 peers.

Prime Minister Justin Trudeau will reconvene parliament on Dec. 5 to elect a Speaker of the House of Commons followed by a so-called Throne Speech that sets out the government’s

agenda. The leader of Canada's left-leaning New Democratic Party said he's confident he can work together with Trudeau, suggesting the prime minister will be able to successfully govern in a minority parliament.

Economists will focus on October inflation data and September retail sales figures next week.

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## The Climate Crisis in terms Trump can understand



“President Trump made good on his promise this week to withdraw from the Paris Climate Agreement. This wasn't a surprise. But it still baffles us. Try as we might, we cannot see how America's interests are served by this decision.

Our climate emergency does not respect borders. California's forest fires will not burn less fiercely, and rising sea levels will not spare Miami or Mar-a-Lago, just because Mr.

Trump has chosen to opt out of a treaty of nearly 200 nations that represents our best and only chance of saving humanity from the catastrophic effects of rising temperatures.

Let us put it in language Mr. Trump might understand. If average global temperatures rise by the end of the century by another one degree Celsius, or 1.8 degrees Fahrenheit, there will be no winners on this planet. Only losers.

And those immigrants the president rails against? Expect the trickle to become a flood. Climate change could force 1.4 million people to abandon their homes in Mexico and Central America, according to the World Bank. That is because one-third of all jobs in the region remain linked to agriculture and climate change is making those livelihoods more precarious. The best way to keep climate refugees from the United States' doorstep is to support a vigorous and effective climate agreement that helps protect America's neighbors from the ravages of drought and erratic weather patterns. But Mr. Trump is turning his back on this opportunity.

### **Not a trade agreement**

The Paris Agreement is not a trade agreement. There is no trade-off between Detroit, Youngstown and Pittsburgh, on the one side, and Paris on the other. Tariffs and sanctions will not make this problem go away.

Instead, the Paris Agreement is more like a collective insurance policy, into which we all invest to protect our futures. And like most insurance policies, it makes sound business sense. The best investments we can make right now are those that will protect our food, water and energy sources, our transportation, homes and cities, and our businesses and finances from the worst impacts of climate change.

We must invest to adapt to higher temperatures, rising seas, fiercer storms, water scarcity, wildfires – conditions that are now inevitable. The Global Commission on

Adaptation estimates that investing just \$1.8 trillion to build climate resilience over the next decade would yield more than \$7 trillion in net benefits. That is a great return on investment.

In other words, we can either plan now and prosper – or do nothing and pay for the consequences later. It seems to us that Mr. Trump is choosing to do nothing and let the country pay later. How is this smart?

The Paris Agreement is a collaborative project, perhaps the greatest collective undertaking ever attempted by mankind. Is it perfect? No. Is it worth keeping? Definitely. Put bluntly, it is the only weapon we have to fight our climate emergency.

Bear in mind that the Paris Agreement is a work in progress. There are standards and targets to be set, compliance measures to be agreed on, budgets to be allocated.

One of the best things about the agreement is that nations have pledged to share the fruits of innovation in low-carbon technologies – for clean energy, zero-emissions transportation, greater food security and sustainable businesses and homes. The United States is a great innovator and the Paris Agreement will undoubtedly be the poorer without its participation. But equally, the country had much to gain by joining in this collective endeavor. Why miss out on the greatest technological and economic transformation of our era?

### **Missing out**

Above all, the world will miss America's talent, leadership and ideas as we map out a low-carbon future. We know American voices will still be heard – notably, the thousands of local and state governments and businesses in the United States that have made pledges to reduce greenhouse gas emissions under a movement called We Are Still In. They are proof that millions of Americans still support the Paris Agreement, even if the current administration does not.

It is not too late for Mr. Trump to reconsider his decision. Staying in the Paris Agreement is the right thing to do, for America's sake and for the rest of the world. Winston Churchill is said to have once remarked that you could always count on Americans to do the right thing, after they'd tried everything else. We hope Mr. Trump proves him wrong and stays in the Paris Climate Agreement – that he does the right thing from the beginning.”

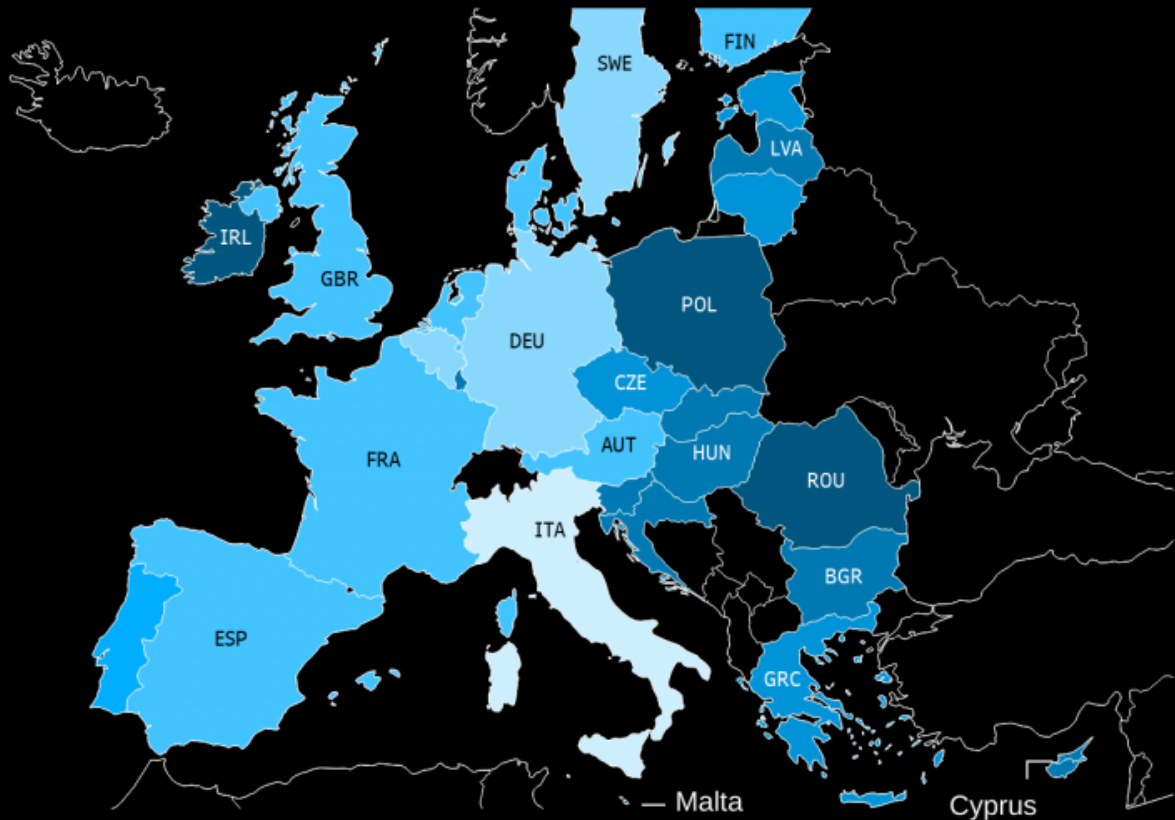
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## **EU Warns Worst May Be Ahead as Euro-Area Resilience Wanes**

## European Growth

The EU economy is predicted to expand 1.4%, euro area 1.2%

■ 2020 GDP growth of <0.5% ■ 0.5%-1% ■ 1.1%-1.5% ■ 1.6%-2% ■ 2.1%-2.5%  
■ 2.6%-3% ■ >3%



Source: Eurostat

Bloomberg

The European Commission cut its euro-area growth and inflation outlook amid global trade tensions and policy uncertainty, warning that the bloc's economic resilience won't last forever.

The EU's executive arm sees economic momentum remaining muted through 2021, forecasting an expansion of 1.2% for that year. At 1.3%, inflation is projected to remain well below the European Central Bank goal of just below 2% over the medium term.

The updated projections, which put the Commission broadly in line with the consensus view among economists, reflect more pronounced weakness in the region, which has stumbled along with the world economy as tariffs disputes hit manufacturers and dent broader confidence. The institution warned that

risks, which include the possibility of a disorderly Brexit, remain “decidedly to the downside.”

## **European Growth**

The EU economy is predicted to expand 1.4%, euro area 1.2%

“Adding to domestic economic shocks and policy uncertainty, the slowdown in global demand and weak trade has hit the European economy hard,” EU chief economist Marco Buti wrote in the report.

While the strength of the labor market and the resilience of the services sector have so far prevented a more broad-based deterioration of momentum, Buti warned that “this resilience cannot endure indefinitely.”

“Economic activity now looks set to slow down in a number of member states, which at first appeared immune,” he added.

Manufacturers across the region have lowered their outlooks in recent weeks. Rheinmetall cut its full-year forecast citing a downturn in global automotive production, Siemens said weakness in the car and factory-equipment industries will lead to a decline in some business volumes next year, and Volkswagen’s finance chief warned of two tough years ahead for industry.

The EU’s latest warning comes despite recent economic data suggesting the region’s manufacturing slump may be bottoming out. Progress in U.S.-China trade talks has also sparked cautious optimism that economic prospects would stop deteriorating.

### ***What Bloomberg’s Economists Say***

*“Uncertainty has been a key factor in pushing growth below potential and forcing the ECB into a fresh round of easing. A*



*return of uncertainty toward the pre-trade war level would help stabilize the 2020 outlook.”*

*–David Powell and Dan Hanson. Read the EURO-AREA INSIGHT*

Momentum in France proved more resilient than expected in the third quarter, and the Spanish economy maintained its pace of robust growth.

At the same time, Germany probably slipped into a technical recession, with the Commission predicting only “muted growth” through 2021. Italy “still shows no signs of a meaningful recovery.”

The Commission’s projections come with a call on countries including Germany to spend more.

“Using available fiscal space actively would allow member states not only to provide a fiscal stimulus amid the sharp slowdown in manufacturing that threatens to spill over to the labor market, but also to refresh and modernize the public capital stock, thereby boosting potential growth,” the report said.

That echoes demands by the ECB, which deployed fresh monetary stimulus in September in a package aimed at bolstering the economy in the face of global trade tensions. Outgoing chief Mario Draghi warned that euro-area governments should do more to support the central bank’s efforts with fiscal spending – a message his successor Christine Lagarde has also pushed.

So far, the message has fallen on deaf ears. German Finance Minister Olaf Scholz argued Thursday the country is in a “stable economic situation.”

“We will have more growth in the next years,” he told reporters in Brussels. “If the trade tensions worldwide will be reduced, this will have a real impact on better growth.”

*– With assistance by Nikos Chrysoloras, and Zoe Schneeweiss*

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# Shale Oil Pioneers Say the Boom Times Are Over



The days of relentless production growth from U.S. shale oil fields are ending, potentially aiding OPEC's years-long effort to drain a worldwide supply glut, according to industry pioneers Scott Sheffield and Mark Papa.

Investor calls for shale producers to shut down rigs and stop burning through cash are being heeded, Sheffield, Pioneer Natural Resources Co.'s chief executive officer, said on Tuesday. Across the American shale industry, output growth

will slow next year, providing a boost for crude prices through the early 2020s, he said.

“I don’t think OPEC has to worry that much more about U.S. shale growth long term,” Sheffield said during a conference call with analysts. He’s “definitely becoming more optimistic that we’re probably at the bottom end of the cycle regarding oil prices.”

Talk of a shale slowdown reached a fever pitch this year as investors crushed drillers’ stocks and demanded spending discipline. As if on cue, Occidental Petroleum Corp., Apache Corp., Cimarex Energy Co. and Pioneer are all signaling plans to trim budgets. Explorers’ capital spending in 2020 will be 17% lower than this year, according to Cowen & Co., citing guidance from 14 third-quarter earnings reports.

Mark Papa, who built Enron Corp. castoff EOG Resources Inc. into one of the world’s biggest independent oil explorers and now runs Centennial Resource Development Inc., has been sounding the alarm on shale growth since at least February. In reiterating that warning on Tuesday, he said the slowdown will be more dramatic than he predicted as recently as nine weeks ago.

## **Beyond 2020**

Papa downgraded his 2020 shale growth forecast to 400,000 barrels a day compared from the 700,000 estimate he discussed in early September.

“This is likely not just a 2020 event,” Papa said during Centennial’s third-quarter results call. “I believe U.S. shale production on a year-over-year growth basis will be considerably less powerful in 2021 and later years than most people currently expect.”

Sheffield sees about 700,000 barrels a day being added next year while the Energy Information Administration predicts that next year’s daily production will expand by 910,000 barrels.

Even that would be half of last year's increase.

## **Crowded Wells**

For Papa, there's a more fundamental reason driving the downturn in shale than investor sentiment. Many producers have drilled their best locations and are now turning to lower-quality sites. Some also have been drilling wells too close together, resulting in a loss of overall performance.

The counterpoint to Sheffield and Papa's gloomy outlook is the supermajors Exxon Mobil Corp. and Chevron Corp., which are ramping up Permian Basin drilling. Each plan to produce about one million barrels a day from the basin by the early 2020s. That may provide a silver lining for independent producers: an opportunity to get bought, Sheffield said.

The majors will have "to decide whether or not to bulk up their inventory over the next two to three years and decide whether or not to acquire any independents," he said.

*– With assistance by Catherine Ngai*

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## **HIA concludes participation at Qitcom**



Hamad International Airport (HIA) has concluded its participation at Qitcom 2019 by demonstrating key elements of its innovative Smart Airport programme.

In line with Qitcom's theme this year, 'Safe, Smart Cities', HIA's exhibition booth showcased the airport's paperless air travel experience, whereby passenger verification is performed seamlessly across check-in, bag drop, security check, and aircraft boarding using facial biometric identification.

Passengers checking in at HIA will be able to use a biometric enabled check-in kiosk to create a digital ID by taking their photo.

In future, travellers would also create a secure and reusable digital ID on their smart phones, making their experience swifter and more convenient. Underlining its vision for the airport-of-the-future, HIA also unveiled its new 'Wayfinding and Information' system, where passengers can simply walk up to an information screen, be recognised by their face, and instantly provided with personalised flight and gate information.

The five-star airport also demonstrated its mobile app 'HIAQatar' featuring real-time airport navigation using bluetooth beacon technology; flight and gate information notifications; easily searchable information about services,

amenities, shops, cafes, and restaurants for passengers to enjoy their experience.

Recognising the highly-intuitive, relevant features and content of the HIA mobile app, the airport has been awarded 'Mobile App of the Year'.

The award was received by engineer Badr Mohamed al-Meer, chief operating officer at HIA, from HE the Minister of Transport and Communications Jassim Seif Ahmed al-Sulaiti during Qitcom's gala dinner and Qatar Digital Business Awards 2019 ceremony.

The airport also exhibited its 'Digital Twin' prototype, which is designed to provide visual 3D situational awareness in real-time on what is working well and what needs attention to maintain operational excellence or world-class passenger experience that HIA is renowned for. Visitors, particularly student groups from schools in Qatar, were also mesmerised by HIA's high-tech, high-touch robot concept for assisting passengers.

HIA was recognised as the fourth-best airport in the world and the best airport in the Middle East at the Skytrax World Airport Awards 2019.

HIA is currently a candidate for 'World Best Airport' for the Skytrax World Airport Awards 2020. The results will be announced in March 2020 at the Skytrax World Airport Awards. Passengers can vote for HIA by visiting the Official Skytrax World Airport Survey website at [http://www.worldairportsurvey.com/Surveys/favorite\\_airport.html](http://www.worldairportsurvey.com/Surveys/favorite_airport.html).

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## **Amid climate worries, Mexico**

# doubles down on fossil fuels



On the same September day that activist Greta Thurnberg gave a fiery speech in New York demanding world leaders tackle climate change, Mexico's president was touting achievements of a wholly different kind: increasing funding for oil production.

"We're investing in refineries. It hasn't been done for a long time," President Andres Manuel Lopez Obrador told reporters at a news conference in Mexico City.

"What was invested this year is going to be repeated next year," promised Lopez Obrador, noting that the government had already funnelled more than 12bn pesos (\$600mn) towards revamping oil production.

The leftist leader, who was elected in a landslide last July, has framed the investment as a way to wean Mexico off its dependency on foreign energy supplies, as well as fuelling economic development through increased oil production.

But at a time when countries are facing mounting pressure to curb emissions and stave off threats from a warming climate, environmental experts say the Mexican government is moving in the wrong direction.

"While Mexico should be abandoning (oil) production, they're rehabilitating refineries ... under a logic of national sovereignty," said Leon Avila, a professor of sustainable development at the Intercultural University of Chiapas.

"It's an archaic perspective, based on production in the 70s during the oil boom, and they think they can do the same thing – when really we're in another context," he told the Thomson Reuters Foundation.

Last Monday, Mexico's government announced it would expand the rules of its "clean energy certificates" (CEL) programme to make them available to older hydroelectric plants operated by state utility company CFE.

The programme previously applied only to new projects, creating an incentive for local and foreign firms to invest in green energy.

The CEL-certified energy can be sold to big companies that are required to obtain a percentage of their electricity from clean sources.

But in a statement on Tuesday, CFE director general Manuel Bartlett Diaz said that, in line with the president's vision for energy sovereignty, there was "no reason to subsidise private (electricity) generating companies". Industry leaders and environmental experts said the move weakens incentives for renewable energy investment, and risks Mexico's compliance with the 2015 Paris Agreement to fight climate change.

The Mexican CCE business council said on Tuesday that the change could jeopardise up to \$9bn in foreign and local clean energy investments tied to the original CEL rules.

"The decision detracts from the only mechanism considered by law to drive Mexico's energy transition and meet the mandatory national clean energy adoption goals," the CCE said in a statement.

The Lopez Obrador administration has emphasised its commitment to tackle climate change and adhere to the Paris accord.

At a UN climate conference last December, Sergio Sanchez, then undersecretary for environmental protection, said the government would implement "concrete policies and actions focused both on reducing emissions and adapting to climate change".

The Mexican senate last week also called on the federal government to declare a "climate emergency" and take necessary steps to address climate threats.

Those can range from wilder weather and rising seas to more crop-killing droughts that can drive worsening poverty and migration.



But at a press conference the following day, the president shied away from recognising climate change as a crisis.

“We have already considered a series of measures to face the climate change phenomenon in the Development Plan,” Lopez Obrador said.

But the president’s description of the plan – listing conservation efforts but omitting any policies to reduce emissions – irked environmentalists.

“There is a lack of understanding for the climate crisis we are confronting,” said Claudia Campero from the Mexican Alliance Against Fracking, an advocacy group.

According to Avila, the university professor, the president has prioritised ending Mexico’s entrenched poverty but is using oil as the primary engine to drive prosperity.

“He should care about climate change, but between climate change and going down in history for ending poverty...

well obviously he prefers that,” Avila said.

Among Lopez Obrador’s most important projects is the construction of a new oil refinery in his home state of Tabasco.

The project is set to cost \$8bn, and the government says it would generate up to 23,000 jobs.

But besides boosting Mexico’s carbon footprint, the refinery, at a coastal site, is vulnerable to climate threats, environmental experts said.

Local media reported this week that the property had flooded due to heavy rains.

Environmentalists also point with concern to the government’s proposed 2020 budget, which would see fossil fuel funding continue to increase.

Under the proposal, the energy ministry’s budget would jump more than 70% compared to last year, to 48.5bn pesos (\$2.4bn), following a budget increase this year of over 900% compared to 2018.

According to an analysis of the budget published in September by a coalition of environmental groups, 96% of the money is intended to support oil and natural gas related projects.

“There is no room for more development of fossil fuel extraction,” said Campero, the fracking opponent.” (But) that’s far from being the vision of this government.”

The budget does include about 56bn pesos (\$2.8bn) for “adaptation and mitigation of the effects of climate change,” but of this, 70% is being set aside for transporting natural gas, a somewhat cleaner fossil fuel, Campero said.

A spokeswoman for the Mexican environment ministry did not respond to numerous requests for comment.

Conspicuously absent from the budget, advocates say, is funding for expanding renewables, despite the country’s potential to adopt clean energy.

According to a 2017 study from the Friedrich Ebert Foundation, which focuses on promoting democracy and social programmes, 80% of Mexico’s energy currently comes from fossil fuels.

But the country’s landscape and weather conditions mean it could supply its electricity needs entirely from renewable sources, the study noted.

The Lopez Obrador administration has appeared reticent to capitalise on this potential, however.

In January, the government cancelled a public auction for companies to bid on clean energy contracts.

“Mexico is a very rich country in terms of its potential in renewables,” said Pablo Ramirez, a campaigner at Greenpeace Mexico.

“But since the arrival of the new administration, that’s been completely scrubbed off the map.”

Mexico’s 2020 budget is awaiting final approval by congress this month. – Thomson Reuters Foundation.

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# Qatar Airways, MoTC join hands for staff digital drive



Qatar Airways has announced a new partnership with the Ministry of Transport and Communications (MoTC) in order to widen access to information technology to its junior members of staff in Qatar.

To formalise the partnership, a memorandum of understanding (MoU) was signed at Qatar Information Technology Conference & Exhibition (Qitcom 2019) by Qatar Airways Group chief executive, HE Akbar al-Baker, and the MoTC's assistant undersecretary of Digital Society Development, Reem al-Mansoori, in the presence of HE the Minister of Transport and Communications Jassim Seif Ahmed al-Sulaiti.

The partnership, which falls under MoTC's Better Connections Program, will see hundreds of computers installed at Qatar Airways company accommodation, the delivery of IT training for Qatar Airways staff through workshops and e-learning courses, and the development of digital resources for the airline's employees to help them understand their employment rights and manage key administrative processes.

HE al-Sulaiti said: "We are delighted to co-operate with Qatar

Airways by signing this memorandum of understanding, which will enable us to play a great role in achieving a digital inclusion, enabling communication tools and widening the access to electronic information for junior members of staff in their accommodations. This would result in enhancing their way of living and paving the way for their inclusion in the digital world.

“The Ministry of Transport and Communications will continue to work closely and build partnerships with different entities and concerned organisations in Qatar to increase the number of junior members of staff benefiting from the programme, with the aim of achieving more progression in implementing a digital inclusion for all segments of society.”

HE al-Baker said: “It is an honour to partner with the Ministry of Transport and Communications for such a worthy initiative. By widening access to and training in information technology, we can make a real difference to the lives of thousands of our hard-working employees by making it easier for them to find key information. I look forward to working closely with the Ministry to implement this programme in the coming weeks and months.”

Qitcom 2019, the largest information and communication technology showcase event in Qatar and organised by the MoTC, concluded on Friday. The Ministry took advantage of the event to showcase its Better Connections programme, which is a joint initiative with the Ministry of Administrative Development, Labour and Social Affairs to provide free access to computers, online services, and training for workers at their accommodation. The aim of the Better Connections programme is to enable workers to gain an understanding of the benefits of online technology and teach them basic IT skills.

As the national carrier, Qatar Airways is the country's largest employer. It currently operates a modern fleet of more than 250 aircraft via its hub, Hamad International Airport, to more than 160 destinations worldwide. The world's fastest-growing airline has added a number of new destinations to its growing network this year, including Rabat, Morocco; Izmir,

Turkey; Malta; Davao, Philippines; Lisbon, Portugal; Mogadishu, Somalia; and Langkawi, Malaysia. The airline will add Gaborone, Botswana, in 2019 to its extensive route network along with Luanda, Angola; and Osaka, Japan, in 2020.

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## اعتماد الاقتصاد "الازرق" للدول الاورومتوسطية





رأى الرئيس التنفيذي لشركة Energy and Environment Holding رودي بارودي والذي وصفته وسائل الاعلام اليونانية بأحد كبار خبراء النفط، ان حكم القانون هو الذي يجب ان يطبع التعاون العابر للحدود.

بارودي تحدث في الجلسة الافتتاحية لل قمة الاورو - عربية المنعقدة في اثينا الى جانب رئيس الوزراء اليوناني كيرياكوس ميتسوتاكيس والرئيس القبرصي نيكوس اناستاسياديس ورئيسي الوزراء السابقين الفرنسي فرنسوا فيون والاطالي ماسيمو داليمو.

جلسة الافتتاح لل قمة ركزت على موضوعي ازمة اللجوء ومصالح الدول المتوسطة في فورة استخراج النفط والغاز، وتعمقت الجلسات في اليوم التالي في شرح العنوان الابرز الا وهو اقتصاد الغاز والنفط، اذ شدد نائب وزير الطاقة والبيئة في اليونان، جيراسيموس توماس على العلاقات (الجيوسياسية) بين موارد الغاز تحت البحر، وأنشطة غاز الماء الطبيعي ، وتصدير النفط والغاز من شرق إلى أوروبا، وما يرتبط بها من مخاوف بشأن الآثار المتوسطة البيئية.

ولفت بارودي على هامش القمة الى انه من أجل انجاز التنقيب بشكل آمن عن الثروات البحرية واستغلالها، لا يمكن أن يكون هناك بديل عن القواعد والمعايير المشتركة. "هذا الاقتصاد الأزرق يمكن أن يكون عامل تغيير بالنسبة للبلدان في جميع أنحاء البحر الأبيض المتوسط وحتى أبعد من ذلك، معتبرا ان أفضل وأرخص وأسهل طريقة لضمان التنمية المستدامة في الوقت المناسب لجميع اللاعبين هو الالتزام بموجبيات القانون الدولي و ميثاق الأمم المتحدة ، لذا فإن السعي الى حل النزاعات بالطرق السلمية، هو بمثابة اجتياز نصف الطريق. واذا ما تم الارتكاز الى مبادئ الشراكة الأورو- متوسطة في



”تقرير السياسات فسيربح الجميع

واشار الى مصلحة الاتحاد الاوروبي في تعزيز الترسيم البحري الكامل ،وهذا من شأنه تبديد الشكوك لدى الدول الأعضاء في الجنوب، وايجاد فرص جديدة للشراكة الأورو-متوسطية من خلال مواصلة الحوار وتقليل التوترات وتعزيز العلاقات التجارية

تستحق الازدهار الاقتصادي الذي ورأى ان شعوب البحر المتوسط ستوفره عائدات النفط والغاز الجديدة. إنهم يستحقون المدارس الحديثة والمستشفيات والطرق وغيرها من البنى التحتية الأساسية التي من شأنها تنشيط اقتصاداتها والقضاء على الفقر والحد من عدم المساواة “، وخلص بارودي إلى أنه من الأهمية بمكان زيادة الوعي العام لدى دول البحر المتوسط حول الاقتصاد الأزرق

## Blue Economy is Essential for All of the Euro-Mediterranean Nations



ATHENS: (Agencies) No single factor is more important to cross-border cooperation than the rule of law, a leading energy policy expert told this week’s EU-Arab World Summit in Athens.



*Greek Prime Minister H.E. Mr. Kyriakos Mitsotakis greeting Energy expert Mr. Roudi Baroudi at the 4th EU Arab-World Summit in Athens, October 2019*

Several high-profile speakers addressed opening-day sessions on Tuesday, including Greek Prime Minister Kyriakos Mitsotakis, Cypriot President Nicos Anastasiades, former French Prime Minister Francois Fillon, and former Italian Prime Minister Massimo D'Alema. Most of these dealt in broad strokes with topics of mutual EU/Arab interest such as economic challenges, the immigration crisis, and shared interests in the Mediterranean's rapidly expanding oil and gas industry.

On Wednesday, speakers delved more deeply into specific issues, among them Greece's Deputy Minister for Energy and the Environment, Gerassimos Thomas, who focused on the geopolitical relationship(s) among undersea gas resources, liquified natural gas (LNG) activities, the delivery of East Med resources to Europe, and associated concerns about



environmental impacts.

This and other in-depth talks prompted Roudi Baroudi, CEO of Doha-based independent consultancy Energy and Environment Holding, to remark that with such a complex web of factors at play among so many countries, the only logical approach was to ensure that any and all stakeholders willingly submit to the same rules.



*Mr. Roudi Baroudi with H.E. Mr. Massimo D'Alema, former Prime Minister of Italy*

“In order to fully appreciate and safely exploit all of the advantages offered by well-managed maritime resource, there can be no substitute for common rules and standards,” Baroudi told attendees and journalists on the sidelines of the summit. “This blue economy could be a game-changer for countries all around the Mediterranean and even further afield.”

Baroudi, a 40-year veteran of the energy business who has helped shape both public and private policies on several continents, said that “the best, the cheapest, and the easiest way” to ensure timely and sustainable development for all

players to honor their obligations under international law.

“If these countries just do their basic duty under the United Nations Charter, which is to seek the peaceful resolution of disputes, we’ll already be halfway there,” Baroudi said. “If they also make policy decisions based on the principles of Euro-Med partnership, then everyone wins.”

Baroudi also mentioned that the EU, for instance, has a clear interest in promoting full Maritime demarcation, not just because it would remove uncertainties affecting its southern members, but also because it would open up new opportunities for the Euro-Mediterranean Partnership by continuing dialogue, reducing frictions and strengthening business ties.



*Former Prime Minister of France, Francois Fillon and Energy expert Roudi Baroudi in discussions during the 4th EU-Arab World Summit in Athens, October 2019*

“The peoples of the Mediterranean deserve the chance at affluence that new oil and gas revenues would provide. They

deserve the modern schools, hospitals, roads, and other infrastructure that would reinvigorate their economies, eliminate poverty, and reduce inequality .”

Baroudi concluded that it is very important to increase public awareness of the Maritime domain for the blue economy to really take hold all of the Euro Mediterranean Nations enjoy and to integrate fair, diplomatic, political, legal and scientific dimensions/approaches.

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## Shippers looking in every corner as pressure to cut CO2 grows



LONDON (Reuters) – From higher-quality paint to state-of-the-

art propellers: shipping companies are looking in every corner to reduce their carbon footprint as investor and activist pressure increases.

The move comes as aviation and shipping firms face demands to slash emissions due to their reliance on oil. The two sectors are expected to account for 40% of global CO2 output by 2050 unless action is taken, the European Environment Agency says.

International shipping accounts for 2.2% of global carbon dioxide emissions, according to the International Maritime Organization (IMO), more than aviation's 2% share.

The IMO, a United Nations agency, has said it aims to halve greenhouse gas emissions from 2008 levels by 2050.

"Ships are long-life assets, typically up to 25 years, and if the industry is to meet the IMO target ... then we need to accelerate the pace of change to greener vessels," Stephen Fewster, Dutch bank ING's global head of shipping, told Reuters.

A private initiative launched this year also means leading banks will change how they look at financing modern, more fuel-efficient ships at a time when the sector faces a capital shortfall estimated to be at least \$20 billion.

While questions loom over whether shipping can meet its 2050 target without an overhaul of the types of cleaner fuel available and infrastructure, shipping firms are making individual efforts to change in a shake-up seen costing billions.

U.S. agricultural group Cargill [CARG.UL], one of the world's biggest charterers of dry-bulk ships, has a target of reducing its CO2 output per cargo-tonne-mile by 15% by 2020 from 2016 levels and has already cut it by more than 12%.

One measure taken is the use of higher-quality paints that



give a smoother hull, meaning less energy is used on a voyage.

“If the industry would move from the standard paints to more sophisticated ones, and used in combination with other initiatives, this could have a real impact on decreasing emissions,” Jan Dieleman, president of Cargill’s ocean transportation business, told Reuters.

Emanuele Grimaldi, president and managing director of Italian shipping company Grimaldi Group, said apart from changing the paint that the firm uses, it has modified propellers for 30 of its ships.

To save fuel, Grimaldi has also introduced slower speeds when coming into port areas at night and increased the capacity of some of its fleet so each ship can take more cargo.

“These are lots of small things but if put all together they can make a difference,” he said, adding that the whole group had achieved an annual CO2 reduction of 300,000 tonnes.

## **PRESSURE**

The IMO has adopted mandatory rules for new vessels to boost fuel efficiency as a way of cutting CO2 from ship engines, but a final plan on these is not expected until 2023.

In September, an initiative was launched to get zero-carbon ships and fuels on the water by 2030.

In a report this June, CDP (formerly known as the Carbon Disclosure Project) ranked NYK Line, Maersk and Mitsui OSK Lines as the three shipping companies most prepared for a low-carbon transition, out of 18 of the largest publicly listed shipping firms.

Maersk, the world’s biggest container line, aims to be carbon neutral by 2050, and has spent \$1 billion over the last four years retrofitting around 150 vessels.

“Such measures will represent a small fraction of the overall capex expenditure required to meet the IMO’s target,” a spokesman for CDP, a not-for-profit organization, said.

A report by the Energy Transition Commission, a panel of global experts, last year estimated that a fully decarbonised shipping industry could cost less than 0.2% of gross domestic product in 2050, or below \$600 billion a year.

This compares with less than 0.13% of GDP or under \$500 billion per year for a fully decarbonised aviation sector.

“Maersk’s target is a big deal. There isn’t an aviation company in the world close to making that sort of commitment,”

said Ned Harvey, a managing director at the Rocky Mountain Institute think tank.

“We have the financial industry taking climate alignment seriously and that is going to make it real, as well as customers asking for lower-carbon supply chains,” he added.

The second-largest container line, Switzerland’s MSC, achieved a 13% reduction in CO2 emissions per tonne-mile carried during 2015-18.

It has retrofitted more than 250 ships in its fleet with the latest design features including propellers and bulbous bows, as well as better-performing engines.

It is also deploying 11 new mega-ships including the MSC Gulsun – the world’s largest container ship – with the lowest carbon footprint by design.

“When you go beyond 2030 and look across the industry’s container fleet and the broader maritime sector, the future goals around CO2 and other greenhouse gases will not be achievable without some major breakthroughs in fuel and propulsion technologies,” said Bud Darr, executive vice president at MSC Group.

While there have been signs of growing interest in using liquefied natural gas (LNG) as a cleaner fuel, take-up is slow. Other options including hydrogen and ammonia are years away and costly, some experts and shippers say.

“It’s going to get tougher and tougher and we are running out of time. We need to build zero-emission fuel vessels in the next 10 years. We don’t need to mess about with LNG,” Lasse Kristoffersen, president and CEO of Norwegian shipping company Torvald Klaveness, said at a shipping conference last month.

## **POSEIDON PRINCIPLES**

Pressure on the sector is also coming from lenders. Banks are gradually becoming more selective about which ships they include in their lending portfolios due to an initiative launched in June called the “Poseidon Principles”.

Eleven banks representing \$100 billion of the global shipping portfolio joined the initiative, which will for the first time integrate efforts to cut CO2 emissions into banks’ decision-making when providing loans to shipping companies.

There is around \$450 billion of senior debt that the world’s shipping banks and Chinese lenders grant to the sector and about 70,000 commercial vessels, according to Paul Taylor, global head of shipping & offshore with Societe Generale CIB.

ING, which according to market sources has a shipping finance portfolio estimated at \$10 billion, is among the banks that joined the initiative, and finances the most modern and latest-design ships.

“ING and other leading ship-finance banks have a strong preference to finance more environmentally friendly vessels which in turn should encourage shipyards to continue to improve vessel design and efficiency,” ING’s Fewster said.