

# La fronde anti-éoliennes prend de l'ampleur



Par Marie-Estelle Pech

Mis à jour le 06/08/2018 à 20h02 | Publié le 06/08/2018 à 17h11

ENQUÊTE – Le gouvernement souhaite doubler le nombre d'éoliennes sur le territoire dans les cinq prochaines années. Mais la contestation s'intensifie et réunit des opposants de tous bords.

Après les McDonald's et les champs d'OGM, la prochaine cible des écologistes ou des zadistes sera-t-elle l'éolien? En juin, un feu criminel détruisait une éolienne et en endommageait une autre à Marsanne, dans la Drôme. L'attaque a été revendiquée mi-juin par un site libertaire précisant «s'attaquer aux dominations». Du bourgeois au militant mélenchoniste en passant par l'anarchiste, le pêcheur et le châtelain, l'opposition à l'éolien est «de plus en plus composite», affirme Fabien Bouglé, porte-parole du collectif d'opposants Touche pas à nos îles! en guerre contre le projet de parc éolien au large de l'île de Noirmoutier, en Vendée.

Certes, cette opposition a historiquement débuté chez des pronucléaires situés bien à droite, «mais ça change», souligne

cet élu versaillais, spécialiste du marché de l'art, qui témoigne avoir assisté à une lecture sur le sujet dans une «librairie anar de gauche» à Paris, et qui prophétise «une grande révolte populaire anti-éoliennes». D'autant que semble s'opérer une mutation: la contestation, jusque-là cantonnée aux citoyens et aux associations anti-éoliennes, trouve désormais des voix et des relais dans le monde politique pour porter le combat.

Ainsi Xavier Bertrand, ancien ministre du Travail et actuel président de la région des Hauts-de-France, qui a lancé fin juin un observatoire de l'éolien afin de mieux contrôler l'expansion des parcs dans sa région, qui «défigure complètement les paysages» et «coûte les yeux de la tête». Ou encore ces dix députés, tant de la majorité que de l'opposition, qui ont signé une tribune, «Stop aux nouvelles éoliennes!», dans nos éditions du 20 juin dernier.

## **Projet «antidémocratique»?**

La France constitue aujourd'hui le quatrième parc d'Europe derrière l'Allemagne, l'Espagne et la Grande-Bretagne. Sa proportion d'électricité éolienne représente moins de 5 % de sa consommation mais, d'ici à 2023, les éoliennes terrestres devraient doubler, passant de 7300 à quelque 15.000. «C'est le deuxième gisement de vent d'Europe et la deuxième façade maritime. Le potentiel est considérable», selon Pauline Le Bertre, déléguée générale de France Énergie éolienne (FEE).

*On compte 70 % de recours contre les permis de construire devant les tribunaux administratifs, contre 50 % il y a cinq ans*

Si l'Allemagne a depuis longtemps compris «la nécessité impérieuse d'avoir une transition énergétique, en France, de nombreuses associations jouent sur les angoisses des gens, propageant des idées reçues». Le degré d'opposition à l'éolien

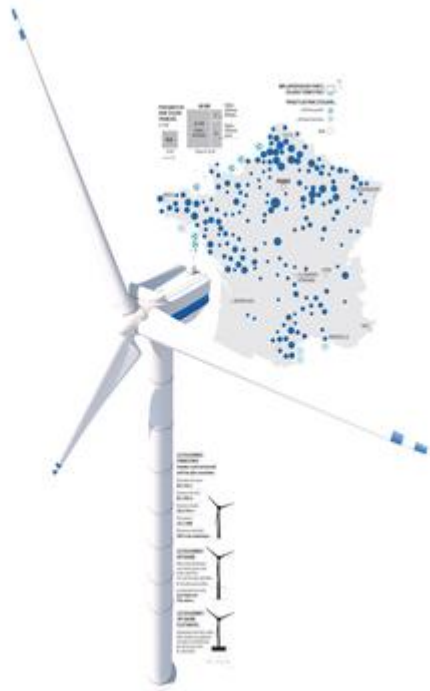
serait, selon elle, unique en Europe, lié à notre historique avec le nucléaire.

De fait, malgré le discours politique français très volontariste sur le sujet, malgré les sondages favorables à l'éolien menés auprès des Français, l'installation des éoliennes suscite de plus en plus d'opposition. On compte 70 % de recours contre les permis de construire devant les tribunaux administratifs, contre 50 % il y a cinq ans. Une perte de temps pour les promoteurs: la mise en route d'un parc est désormais d'environ neuf ans, contre quatre pour l'Allemagne.

Pour accélérer le processus, le gouvernement a décidé de supprimer le premier degré de juridiction, le tribunal administratif, pour passer directement à la cour administrative d'appel. Un projet de décret est actuellement en consultation devant le Conseil d'État. Cela se pratique déjà pour les projets éoliens en mer, les multiplexes de cinéma et les supermarchés. Un projet «antidémocratique» pour Fabien Bouglé, et qui, ces derniers mois, mobilise et durcit plus encore le front anti-éolien.

## **Biodiversité**

Les associations d'opposants s'offusquent aussi d'un décret paru le 11 juillet qui permet de moderniser les parcs existants sans reprendre de zéro toutes les études d'impact. Que reprochent ces opposants à l'éolien? Sa laideur, sa proximité avec des habitations et des monuments historiques, ses nuisances sonores, ses lumières «aveuglantes», des installations entachées de multiples prises illégales d'intérêt de la part des élus. Les arguments sont multiples. Et parfois écoutés.



Des éoliennes ne seront ainsi pas installées en arrière-plan du paysage du Mont-Saint-Michel, pas plus que du côté du pont du Gard. Pauline Le Bertre, elle, indique qu'en France «les restrictions d'installation sont les plus élevées d'Europe. On multiplie les études d'impact liées à la biodiversité, le patrimoine, les habitations.» À l'entendre, une éolienne implantée à 500 mètres d'une habitation, le minimum réglementaire, «fait un bruit semblable à celui d'un frigidaire». Elle vante la compétitivité du mégawatt éolien, 64 euros contre 110 pour le nucléaire dernière génération. Inversement, Karine Poujol, à la tête de l'association Gardez les caps, considère que les 64 éoliennes prévues en baie de Saint-Brieuc provoqueront la mort de la biodiversité sous-marine, alors même que la zone est protégée Natura 2000. Elle anticipe un bruit «semblable à celui d'un décollage d'avion».

Loïk Le Floch-Prigent, ancien PDG d'Elf Aquitaine, défend les coquilles Saint-Jacques du cap Fréhel, qui pourraient être «très affectées» par ces installations fixées par 42 mètres de fonds. L'ancien industriel se défend de jouer pour le camp des pronucléaires, lui qui a «toujours défendu le fait qu'il fallait diversifier», rapporte-t-il au *Figaro*. Il met en doute cette politique qui «pénalise notre compétitivité en augmentant nos importations de matériel: 95 % des

investissements de l'éolien viennent d'Allemagne, du Danemark, d'Inde ou de Chine, tandis que deux tiers des exploitants viennent d'ailleurs». Ce printemps, la Cour des comptes affirmait que «le tissu industriel français a peu profité du développement des énergies renouvelables». Malgré des moyens considérables, qui se sont élevés en 2016 à 5,3 milliards d'euros. La prévision de dépense publique en 2023, elle, est de 7,5 milliards d'euros.

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## Caspian Sea nations to sign landmark deal



The leaders of the five states bordering the Caspian Sea meet in Kazakhstan on Sunday to sign a landmark deal on the inland sea which boasts a wealth of oil and gas reserves and sturgeon.

Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan are expected to agree a long-awaited convention on the legal status of the sea, which has been disputed since the collapse of the Soviet Union rendered obsolete agreements between Tehran and Moscow.

Talks in the port city of Aktau should help ease tensions in a militarised region where the legal limbo has scuppered lucrative projects and strained relations among nations along the Caspian's 7,000-kilometre (4,350-mile) shoreline.

The Kremlin said the convention keeps most of the sea in shared use but divides up the seabed and underground resources.

It does not allow military bases from any other countries to be sited on the Caspian.

### **'Once a frontier oil province'**

Sunday's summit is the fifth of its kind since 2002 but there have been more than 50 lower-level meetings since the Soviet breakup spawned four new countries on the shores of the Caspian.

The deal will settle a long-lasting dispute on whether the Caspian is a sea or a lake—which means it falls under different international laws.

The draft agreement, briefly made public on a Russian government portal in June, refers to the Caspian as a sea but the provisions give it "a special legal status", Russian deputy foreign minister Grigory Karasin told Kommersant daily.

It is the Caspian's vast hydrocarbon reserves—estimated at around 50 billion barrels of oil and just under 300 trillion cubic feet (8.4 trillion cubic metres) of natural gas in proved and probable reserves—that have made a deal both vital and complex to achieve.

"Disputes arose when the Caspian was a frontier oil province,"

said John Roberts, a non-resident senior fellow at Atlantic Council's Eurasia Center, while it is "now well established, with major fields approaching peak... production."

### **'Expand cooperation'**

Any deal will "expand the field for multilateral cooperation" between the five states, said Ilham Shaban, who heads the Caspian Barrel thinktank.

But some are likely to view it as more of a breakthrough than others.

Energy-rich but isolated Turkmenistan is particularly excited and President Gurganguly Berdymukahmedov has called for annual Caspian Sea Day celebrations from Sunday onwards.

Turkmenistan could benefit from a concession allowing the construction of underwater pipelines, which were previously blocked by the other states.

Nevertheless, analysts caution that Turkmenistan's long-held plan to send gas through a trans-Caspian pipeline to markets in Europe via Azerbaijan is not necessarily closer to becoming reality.

The plan was previously opposed by Russia and Iran, which could still attempt to block the pipeline—valued at up to \$5 billion—on environmental grounds.

"A deal in Aktau is not a legal prerequisite for the construction of the Trans-Caspian Pipeline," said Kate Mallinson, Associate Fellow for the Russia and Eurasia Programme at Chatham House.

"Neither will a major transport corridor to export Turkmen gas to Europe emerge overnight."

### **Kudos and caviar**

As previous exclusive arbiters of Caspian agreements, Russia and Iran could be seen as the new deal's biggest losers.

But while Moscow has ceded ground on underwater pipelines "it gains political kudos for breaking a log-jam," enhancing its image as diplomatic dealmaker, said Roberts of the Eurasia Center.

Russia will welcome the clause barring third countries from having military bases on the Caspian, underscoring its military dominance there, said Shaban of Caspian Barrel.

Iran gets the smallest share of the Caspian spoils under the new deal, but could take advantage of new legal clarity to engage in joint hydrocarbons ventures with Azerbaijan.

In the past Tehran has resorted to hostile naval manoeuvres to defend its claims to contested territory.

Beyond military and economic questions, the agreement also offers hope for the Caspian's ecological diversity.

Reportedly depleted stocks of the beluga sturgeon, whose eggs are prized globally as caviar, may now grow thanks to "a clear common regime for the waters of the Central Caspian," Roberts said.

The deal could result "not only in stricter quotas for sturgeon fishing, but in stricter enforcement of these quotas," he added.

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## **How Trump's Steel War on**



# Turkey Is Set to Change Trade Flows



*By Thomas Biesheuvel, Elizabeth Burden, and Susanne Barton*  
August 10, 2018, 4:51 PM GMT+3 Updated on August 10, 2018,  
11:53 PM GMT+3

- U.S. plans to raise tariffs on Turkish aluminum and steel
- The country ranks as the world's sixth-biggest steelmaker

President Donald Trump's latest broadside against Turkish steel is a fresh blow to one of the country's most important industries and will reshape global trade flows.

Under a higher level of tariffs, Turkey will continue to lose American customers, once its most important steel market. The new tariffs won't put Turkish steelmakers out of business, but force them to find new markets, likely across North Africa or the Middle East, or displace other imports to Europe.

“It’s certainly a challenge for Turkey’s steel,” Colin Hamilton, managing director for commodities research at BMO Capital Markets, said in an email. “They mainly import scrap, which has just become more expensive in Lira terms, and export products. ”

The U.S. plans to double tariffs on the nation’s steel to 50 percent, and raise the rate on aluminum to 20 percent, Trump said on Twitter Friday.

Turkey makes up 62 percent of bar used to reinforce concrete and masonry structures coming into the U.S. It also accounts for 37 percent of imported pipes for piling, which is used for foundation support and construction, and 14 percent of cold-rolled sheet. The tariffs will likely put U.S. steel companies in a favorable position, with Nucor Corp., Commercial Metals Co. and Steel Dynamics Inc. set to be among the big beneficiaries, according to Andrew Cosgrove, a senior analyst at Bloomberg Intelligence.

Turkey exported about 500,000 tons to the U.S. in the five months to May, compared with more than 1 million tons in the same period last year, according to data from the U.S. Census bureau. The U.S. has fallen from Turkey’s main steel buyer to number three.

Steel, in its more basic form of slabs, sheet or reinforcing bar, is a highly liquid market and it’s usually easy for a company to find a new buyer. Attacking imports has become a favorite tool of politicians from Europe to the U.S., causing flows to be rerouted. The global industry has been described as a game of whack-a-mole; if exports are blocked in one market, the action shifts elsewhere. Turkey ranks as the world’s sixth-biggest steel producer. In aluminum, it’s 31,

a tiny player. The U.S. imported about 4,500 tons of aluminum bars, rods and profiles from the country in 2017, according to World Bank statistics.

The U.S. measures are designed to add pressure on Turkey to

release an American pastor and will further squeeze an economy that's being engulfed by a financial crisis and plunging currency. An index of Turkish steel stocks sank almost 10 percent after the announcement, before recovering some of those losses.

In response to U.S. tariffs earlier this year, Turkey turned its exports toward European countries, such as Italy and Spain. The new U.S. tariffs will heighten fears that even more steel will head to the region, pressuring European producers. Regulators have introduced so-called safeguard measures, which slap tariffs on steel if imports exceed historical averages.

"The tariffs on Turkey itself won't form a big threat" to Europe, Philip Ngotho, an analyst at ABN Amro Bank NV, said by email. "Europe has measures in place to limit imports of steel into Europe, so that will continue to offer some protection from potentially cheaper and more steel from Turkey."

*– With assistance by Mark Burton, and Luzi-Ann Javier*

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## **Greece's Credit Rating Upgraded by Fitch on Debt Sustainability**



(Bloomberg) –Greece’s credit rating was raised by Fitch Ratings to the highest level since 2011 as the country approaches a successful exit from the ESM program and its sustained economic growth bodes well for debt sustainability. “Debt sustainability is also underpinned by a track record of general government primary surpluses, our expectation of sustained GDP growth; additional fiscal measures legislated to take effect through 2020 and somewhat reduced political risks,” the agency said.

Greece’s bailout program ends on Aug. 20, which is also the last day that the European Central Bank will still accept Greek bonds as collateral for providing cheap funding to Greek lenders, and the country is expected to take some time to secure an investment grade rating as it tries to convince investors that normality is back.

Without a program, Greece needs that rating from at least one agency to be eligible for the ECB’s funding facilities for its banks. Investment grade would also make the nation’s sovereign

bonds attractive to more investors, helping the government to regain sustainable access to markets.

Fitch upgraded Greece's long-term foreign currency debt to BB- from B, showing that the agency isn't that worried about the International Monetary Fund's glum assessment of the country's prospects.

"We expect fiscal performance to remain sound over the post-program period", Fitch said in the report, adding that public finances are improving. "GDP growth is gathering momentum," the rating agency said, forecasting a growth of 2 percent in 2018 and 2.3 percent in 2019.

With Greece exiting an eight-year period of bailout programs in just over a week, Greek governments must continue to implement reforms and stick to the fiscal path that has already been agreed with creditors to reassure investors.

"The domestic political backdrop has become somewhat more stable and the working relationship between Greece and European creditors has substantially improved, lowering the risk of a future government sharply reversing policy measures adopted under the ESM program," Fitch said.

Greek bonds are still vulnerable to external risks which makes sticking to the fiscal agenda and implementing reforms even more important for securing investor confidence. Greek 10-year note yields hit their highest level since June 22 this week amid uncertainty around Italy.

Among the major rating companies, Moody's Investors Service gives Greece the lowest grade and hasn't changed its rating since February, well before the conclusion of the last bailout review and the decision in June by euro-area finance ministers for further debt relief measures for Greece. S&P Global Ratings was the first to act after the Eurogroup decision and it raised its rating by one notch to B+.

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# Brexit : HSBC transfère sept succursales de Londres à Paris



Par Anne Bodescot

Mis à jour le 06/08/2018 à 19h39 | Publié le 06/08/2018 à 19h26

La banque investit également lourdement en Asie pour accélérer sa croissance.

Dans la finance, les préparatifs en prévision du Brexit s'accroissent. La Grande-Bretagne redoute désormais une sortie de l'Union européenne (UE) sans accord avec Bruxelles. Ce qui compliquerait encore davantage le travail de ses banques sur

le Vieux Continent. Prenant les devants, HSBC a annoncé lundi que plusieurs de ses succursales européennes, jusqu'alors contrôlées depuis Londres, seront l'an prochain rattachées à sa filiale française.

Ses activités en République tchèque, Irlande, Italie, Luxembourg, Pays-Bas et Espagne seront pilotées depuis Paris par HSBC France, en principe à partir du premier trimestre 2019. Soit juste avant la sortie effective du Royaume-Uni de l'UE, prévue fin mars. «Ce que nous avons prévu depuis le début, depuis plus de deux ans, a été fondé sur le pire des scénarios», explique John Flint, le nouveau directeur général.

**» LIRE AUSSI – Brexit: Bruxelles n'exclut pas une sortie sans accord**

L'annonce a été faite quelques heures après la publication de résultats mitigés pour le groupe bancaire britannique. Après avoir mené un vaste plan de restructuration ces dernières années et fait des économies à tous crins, la banque a enregistré une hausse de 7 % de ses coûts sur les six premiers mois de l'année, en raison de ses investissements en Asie, où elle veut pousser plus encore son avantage. Elle y réalise déjà près de la moitié de son activité. «Nous sommes en train d'investir pour gagner de nouveaux clients, pour accroître notre part de marché et poser les fondations d'une croissance régulière des bénéfices», souligne John Flint. Aux manettes depuis février, il est d'ailleurs prêt à aller beaucoup plus loin, puisqu'il a dévoilé en juin un plan d'investissement sur trois ans de 15 à 17 milliards de dollars.

Les dépenses déjà engagées ces derniers mois par la banque ont permis d'embaucher afin de conquérir davantage de clients et de se renforcer dans les activités numériques, en particulier en Chine. Mais cette hausse des dépenses a été plus forte que celle du chiffre d'affaires, qui augmente de 4 % (2 % ajustés des éléments exceptionnels). Voilà qui explique l'accueil plutôt froid réservé aux résultats semestriels de la banque à

la Bourse de Londres, où le titre a terminé lundi en léger repli (- 1,06 %).

Pourtant, le bénéfice semestriel dévoilé lundi est légèrement supérieur aux prévisions, avec une progression de 2,5 %, à 7,173 milliards de dollars. En Asie, le bénéfice avant impôt du premier semestre a même bondi de 23 %, à 9,4 milliards de dollars, ce qui représente 88 % du bénéfice total du groupe.

## **Baisse des profits en Europe**

Mais ces bonnes performances ont été contrebalancées par une baisse des profits sur d'autres marchés, en particulier en Europe, où l'activité est pénalisée notamment par la faiblesse des taux d'intérêt. Toutefois, le patron de HSBC espère toujours stimuler les revenus de son groupe dans les prochains mois, pour que, sur l'année, la progression des recettes soit plus forte que celle des coûts.

Mais la guerre commerciale entre les États-Unis et la Chine, qui préoccupe toujours les marchés financiers, lézarde la confiance dans la capacité de la banque à tenir cette promesse. Pour l'instant, HSBC affirme que cette guerre douanière n'a eu aucun effet sur son activité et ses clients. Le président du groupe, Mark Tucker, a même tenu à rappeler que le marché asiatique restait solide. Mais John Flint reconnaît que la croissance chinoise pourrait en être légèrement affectée.

Touchée par de nombreux scandales financiers ces dernières années, HSBC a aussi annoncé avoir trouvé un accord en juillet avec le département américain de la Justice. La banque paiera une pénalité financière de 765 millions de dollars pour mettre fin aux poursuites sur son activité dans les prêts immobiliers avant la crise financière de 2008.



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# Under Pressure From Trump, Saudis Put Brakes on Oil's Rally



أرامكو السعودية  
Saudi Aramco



- Riyadh supports a gradual increase in oil output over summer
- Middle East oil producers worried about U.S. anti-trust laws

The world's largest oil exporter just made quite a policy

swerve. Within six weeks, Saudi Arabia has gone from advocating higher prices to trying to stop the rally at \$80 a barrel.

The U-turn scrambled the outlook for oil markets, hit the share prices of oil majors and shale producers and set up a diplomatic wrangle with other members of the Organization of Petroleum Exporting Countries.

What changed? The supply threats posed by the re-imposition of U.S. sanctions on Iran oil exports earlier this month and the quickening collapse of Venezuela's energy industry are both part of the answer, but they're secondary to Donald Trump. On April 20, the president took to Twitter to lambaste the cartel's push for higher prices. "Looks like OPEC is at it again," he tweeted. "Oil prices are artificially Very High!"



**Donald J. Trump** 

@realDonaldTrump

Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil prices are artificially Very High! No good and will not be accepted!

11:57 AM - 20 Apr 2018

Trump's intervention gave typically strident voice to a concern held more widely in the U.S. and other consuming countries: oil's rally from less than \$30 in early 2016 to more than \$80 this month risked becoming a threat to global economic growth.

On Friday, Saudi Oil Minister Khalid Al-Falih responded, saying his country shared the "anxiety" of his customers. He then announced a shift in policy that all but gave a green

light for a market sell-off, saying OPEC and its allies were “likely” to boost output in the second half of the year.

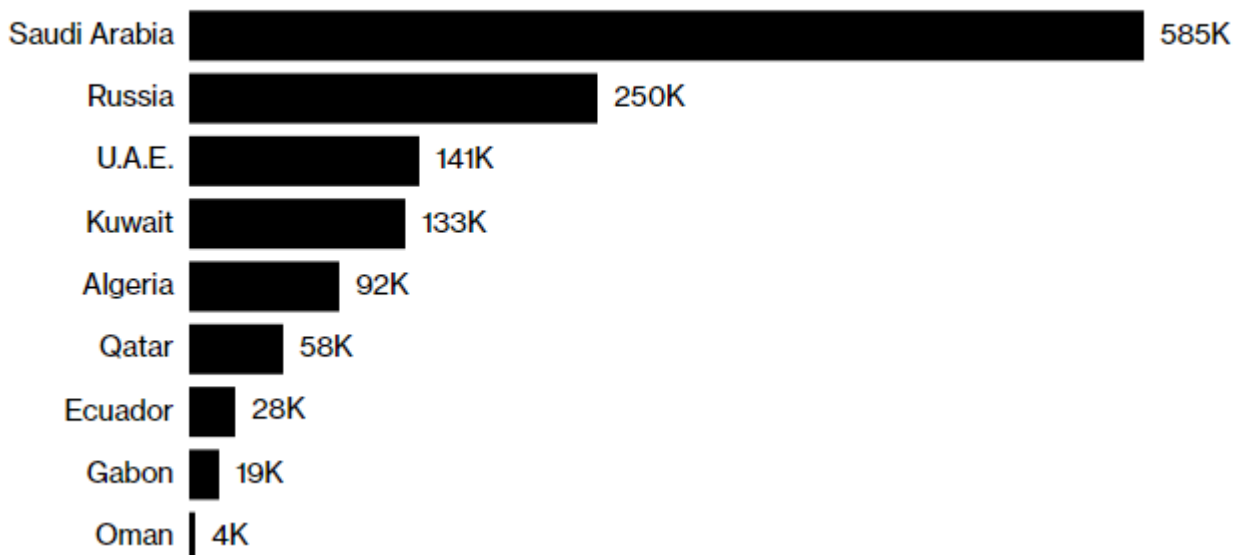
“The tweet moved the Saudis,” said Bob McNally, founder of consultant Rapidan Energy Group LLC in Washington and a former White House oil official. “The message was delivered loud and clear to Saudi Arabia.”

After Al-Falih’s comments, made following a meeting with his Russian counterpart in St. Petersburg, saw crude drop more than \$3 to below \$67 a barrel in New York on Friday. The bullish tone of recent market chatter, increasingly punctuated with talk about oil prices climbing past \$100, \$150 and even \$300, suddenly looks overdone.

## Who’s Got the Juice?

Saudi Arabia and Russia could potentially return the most oil to the market.

■ Size of output cut since 2016 in barrels a day



It wasn’t just the U.S. Other major buyers of Saudi crude also put pressure on Riyadh to change course, albeit a little more diplomatically than Trump. Dharmendra Pradhan, the Indian petroleum minister, said he rang Al-Falih and “expressed my

concern about rising prices of crude oil.”

OPEC officials were in a meeting at the opulent Ritz-Carlton hotel in Jeddah on Saudi Arabia’s Red Sea coast when Trump tweeted his views and they immediately saw it as a significant intervention.

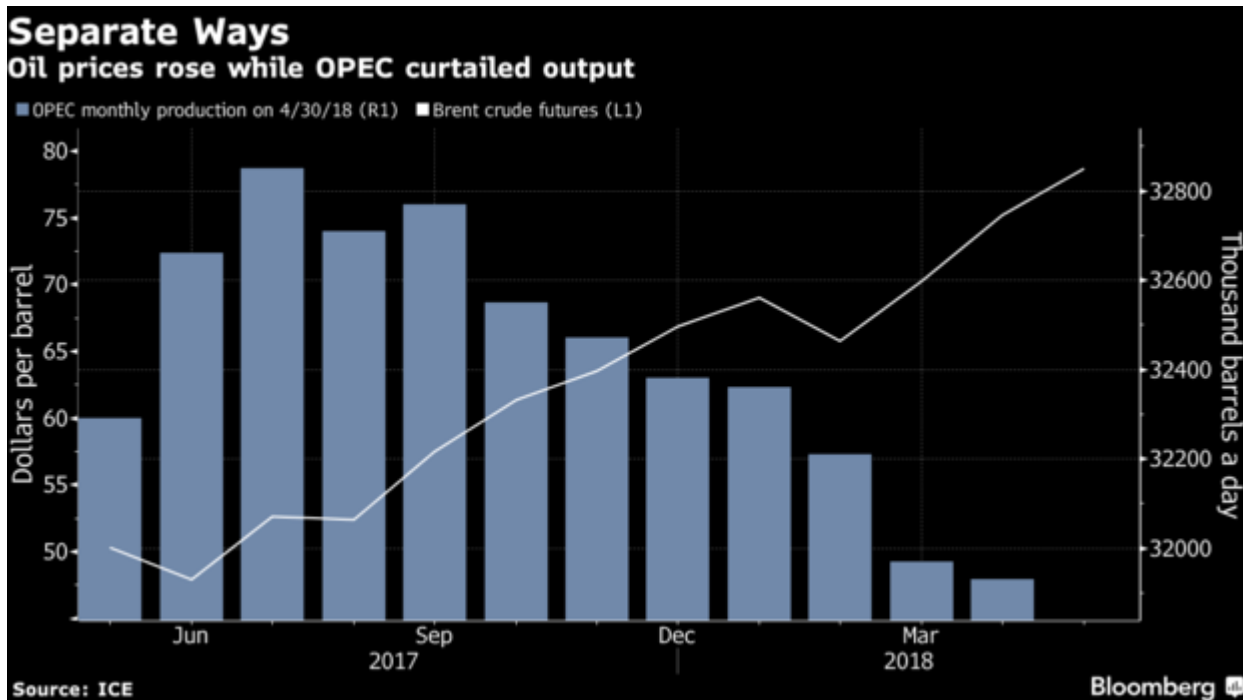
“We were in the meeting in Jeddah, when we read the tweet,” OPEC Secretary General Mohammad Barkindo said on Friday. “I think I was prodded by his excellency Khalid Al-Falih that probably there was a need for us to respond,” he said. “We in OPEC always pride ourselves as friends of the United States.”

To read a story on how consumers are responding higher prices, [click here](#).

Diplomats and oil officials in OPEC countries were also worried about the potential revival in Washington of the so-called “No Oil Producing and Exporting Cartels Act,” which proposes making OPEC subject to the Sherman antitrust law, used more than a century ago to break up the oil empire of John Rockefeller.

The bill first gained prominence in 2007 when George W. Bush was president and oil prices were flirting with \$100 a barrel and made a comeback several years later under Barack Obama. While it was opposed by those presidents, the risk for OPEC was that Trump “could break with his predecessors and support its passage,” said McNally.

In a sign that oil prices were climbing Washington’s agenda as gasoline prices approached the \$3 a gallon mark, last week a sub-committee in the U.S. House of Representatives held a rare hearing on the NOPEC act.



There are also indications that Russia, whose decision to participate in OPEC's cuts helped turnaround the oil market, has decided the rally has run far enough.

"We're not interested in an endless rise in the price of energy and oil," Putin told reporters in St. Petersburg on Friday. "I would say we're perfectly happy with \$60 a barrel. Whatever is above that can lead to certain problems for consumers, which also isn't good for producers."

OPEC and its allies will gather in Vienna for a policy meeting on June 22 to hammer out a deal. While Al-Falih and Russia's Novak have indicated that output will most likely increase, the details – how many barrels from which countries – are still a question mark.

"In an environment of low inventories and rising geopolitical outages, raising some supply is prudent," said Amrita Sen, oil analyst at Energy Aspects Ltd.

Oil producers are debating an increase ranging from 300,000 barrels a day at the low end, backed by Gulf producers including Saudi Arabia, and a larger increase of about 800,000 barrels a day favored by Russia, a person familiar with matter said on Friday.

“It’s too early now to talk about some specific figure, we need to calculate it thoroughly,” Novak said.

Even though Al-Falih’s comments brought about an immediate price reaction, there are still reasons for people to be bullish as traders await the impact of U.S. sanctions against Iran and wider political tensions in the Middle East.

And with global oil demand growing strongly, hedge funds will shift their focus on diminishing global spare capacity as OPEC returns barrels to the market. The U.S. government estimates the cushion at just 1.34 million barrels a day next year, below the 1.4 million reached in 2008 when oil prices surged to nearly \$150 a barrel.

In a letter to investors earlier this month, Pierre Andurand, the bullish oil hedge fund manager, warned that if Saudi Arabia needs to “offset production declines from Iran and Venezuela” global spare capacity would decline to perilous levels.

“Oil prices could potentially surge to record high levels to force demand destruction very quickly,” he wrote.

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## **A Trump Darling, Gas Exports, Set to Gain as Iran Deal Dies**



Another darling of the Trump administration is poised to gain from the Iran deal breakup as oil surges: Natural gas exports.



With the move to curb Iran's oil output encouraging more shale drilling, prices for natural gas produced alongside crude in West Texas could crater, falling to zero some days, according to Tudor Pickering Holt & Co. Already, the gas sold at West Texas' Waha hub is down 51 percent for the year.

That's bad for producers selling the fuel in the U.S., but good for companies that export it in tankers. As the market for liquefied natural gas grows in Asia, being able to source gas at its cheapest should give U.S. exports a leg up.

From Secretary of Commerce Wilbur Ross to the President himself, the White House has long sung the praises of increasing American LNG exports to help trim the trade deficit with Asian countries. Meanwhile, the Permian boom has filled pipelines to capacity, trapping gas in the region and making prices there the cheapest of any major U.S. shale play.

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## **Lebanon-Israel maritime dispute: Rules of (diplomatic) engagement**



Thus far attempts to resolve the dispute have been

unsuccessful, but while the challenge is clearly a difficult one, the situation is far from irretrievable if the parties practice restraint and resolve to settle their differences via diplomacy and dialogue.

BEIRUT: Tensions between Lebanon and Israel are flaring once again, this time over the demarcation of their maritime border and, therefore, the rightful ownership of offshore oil and gas deposits.

Thus far attempts to resolve the dispute have been unsuccessful, but while the challenge is clearly a difficult one, the situation is far from irretrievable if the parties practice restraint and resolve to settle their differences via diplomacy and dialogue, however indirect.

Diplomatic efforts are complicated by several factors which block many of the usual avenues of dispute resolution. Awareness of these factors and the conditions they impose is a must, especially from the perspective of Lebanon, which will need to walk a virtual tightrope if it is to protect its rights while avoiding both further escalation of the conflict and any erosion of its refusal to recognize Israel.

First and foremost, Lebanon and Israel have no diplomatic relations, having remained in a legal state of war since 1948. Lebanon does not recognize Israel, armed non-stated groups have periodically used its territory as a staging area for attempts to liberate Palestine from Israeli occupation, and Israel has attacked, invaded, and/or occupied Lebanon numerous times, the most recent large-scale conflict having taken place in 2006.

The plain fact is that the absence of diplomatic relations is highly problematic for disputes over offshore resources. Most maritime demarcations are set out in treaties between the countries in question, which then serve as legal bases for any

necessary adjudication of disputes. Israel and Lebanon have no such treaty, and there is no prospect in the foreseeable future of any kind of reconciliation that would allow them to so much as discuss one.

In addition, the two parties appear to disagree not just on the angle at which the southern boundary of Lebanon's EEZ should extend from the border along the coast, but also on where, precisely, that coastal border lies. Obviously, then, a purely bilateral process is out of the question. And as we shall see below, the absence of relations also throws up obstacles for the conventional use of international institutions.

Second, while Lebanon has signed and ratified the primary international agreement on maritime border demarcation, the 1982 United Nations Convention on the Law of the Sea (UNCLOS), Israel has not. Accordingly, there is no binding mechanism under which either state can refer the maritime border dispute for resolution without the express agreement of the other. However, since Israel has signed an Exclusive Economic Zone agreement with Cyprus, Lebanon does have options on this level.

One could lodge some form of protest against Cyprus on the basis that its EEZ pact with Israel prejudices Lebanon's borders, but that seems unlikely and even more inadvisable as it would jeopardize Beirut's strong relations with Nicosia. Alternatively, Lebanon could invite Cyprus to join it in seeking conciliation under Article 284 of UNCLOS in order to resolve the dispute caused by the Israel-Cyprus EEZ agreement with Israel. Cyprus would have the right to reject such an approach, but it is certainly worth investigating what the Cypriot stance would be. If Cyprus has no objections, this kind of proceeding would demonstrate Lebanon's commitment to its obligation, under the UN Charter, to seek the peaceful resolution of disputes.

Third, while states regularly refer maritime border disputes for resolution to the International Court of Justice (ICJ) this is typically done by way of a special agreement between the states. This is because, as is, in fact, the case for Lebanon and Israel, very few states have signed up to the compulsory jurisdiction of the ICJ. Unless a state has accepted the compulsory jurisdiction of the ICJ, claims cannot be brought against it before the ICJ without its express agreement in relation to a specific claim.

It is unlikely that either Lebanon or Israel would consider submitting the maritime border dispute to the ICJ for fear that this might set a legal and/or politico-diplomatic precedent. Israel has only ever invoked the ICJ's jurisdiction once, in 1953, while Lebanon has been involved in two cases before the ICJ, most recently in 1959. Since the ICJ's 2004 advisory opinion reprimanded Israel for the construction of its wall around the Occupied West Bank, it is unlikely that Israel would consider referring any dispute, let alone one with Lebanon, to the ICJ. Lebanon's reservations with regard to appointing the ICJ or any third party to resolve the maritime border dispute are two-fold.

First, it has concerns that Israel would seek to condition any agreement to refer the maritime dispute to the ICJ or any other international tribunal provided that Lebanon agrees to subject all border issues for resolution by such body. Second, it worries that any direct agreement with Israel to seek third-party involvement to resolve the dispute may be considered as de facto and de jure recognition of the state of Israel.

Third, and perhaps most importantly, even if the Lebanese-Israeli dispute were to be heard by ITLOS, the ICJ, or some other legal forum (e.g. ad hoc arbitration), the process would have to root its decision(s) in a body of law that would necessarily include what is referred to as "Customary International Law" (CIL) – which neither Israel nor Lebanon

accepts in its entirety.

Israel's policy has long been to stay out of multilateral agreements that presume its acceptance of any international law – customary or otherwise – that might expose its occupation and settlement policies, inter alia, to independent scrutiny and/or sanction. In other words, when Israel “rejects” “accusations” that its settling of occupied land violates international law, it does not deny that it commits the acts in question: it simply states its refusal to be bound by a law it does not recognize.

In practice, CIL allows for countries to remain largely outside its reach, but only if they consistently reject its applicability; governments cannot “cherry-pick” which laws to obey based on how they are affected in a particular case. Once you accept CIL in any way, shape, or form, you risk coming under its jurisdiction – a fate that Israel has worked hard to avoid for more than 70 years.

Beirut's approach is subtly different. Basically, it is happy to enter into multilateral agreements that commit it to meet certain standards, but only provided that doing so neither implies any recognition of Israel nor subjects all of Lebanon's borders to the judgment of the ICJ, whose verdicts are final and cannot be appealed. That leaves room – not a lot, but some – for the Lebanese state to achieve satisfaction on the offshore issue without sacrificing its general positions vis-à-vis Israel and borders.

In addition, while there are particular elements that make the Lebanon-Israel dispute unique in some ways, the general conditions, in this case, are not unusual. Every coastal state on the planet, for instance, has at least one maritime zone that overlaps with that of another state, and many of these disputes remain unresolved. In the Eastern Mediterranean alone, several pairs of countries have yet to sign bilateral agreements on the boundaries between their respective EEZs,

including Cyprus and Turkey, Cyprus and Syria, Greece and Turkey, and Israel and Palestine. Moreover, many of the bilateral maritime treaties that have been reached are opposed by neighboring countries with overlapping zones – as is the case with Lebanon's opposition to the Israel-Cyprus deal.

What these cases demonstrate is that even when there is plenty of bad blood but no delineation agreement between two states, there is no need to go to war. Quite the contrary, states with sharply opposed interests can and do coexist despite the absence of an agreed maritime boundary. All they have to do is show restraint and practice a modicum of common sense – which is what all states are supposed to do in any event, under their UN Charter obligations.

Restraint and (indirect) dialogue should be especially attractive in this case, not least because there is likely to be significant outside support for some kind of solution. In addition to the UN and US efforts, the involvement of France's TOTAL, Italy's ENI, and Russia's Novatek in the region means that each of their respective governments, plus the European Union as a whole, has a vested interest in using their own good offices to mediate an understanding that would, at the very least, open up Lebanon's Block 9 – thus far its most promising acreage – for exploration.

The real difference between this dispute and others is in the urgency, and that works both ways. It is true, for instance, that the threshold for conflict between Lebanon and Israel is lower than those between other neighbors: threats and even the actual use of force are habitual features of Israeli foreign policy, memories of shooting wars are fresher in Israel and Lebanon than most other places, and the value of the resources means there is plenty to fight over.

On the other hand, those same memories should serve as useful reminders that war is an inherently expensive business, and that any future conflict will extract a heavy cost – human,

financial, reputational, etc. – from all concerned. The same goes for the stakes: with so much to gain from drilling and so much to lose from fighting, both countries have a clear interest in removing obstacles so that their respective oil and gas sectors can be developed as quickly as possible.

The important thing for Lebanon is to keep showing good faith and demonstrating commitment to its obligations to uphold peace and security as a signatory to the UN Charter, and thus far it has lived up to this responsibility. While remaining consistent in its refusal to even tacitly acknowledge Israel as a state, Beirut has engaged with two consecutive US envoys who have used a form of shuttle diplomacy to mediate the dispute. It also has made repeated appeals to the UN to help settle the matter. Whatever happens in the future, it is crucial that Lebanon retains this cooperative stance, for it not only protects its legal rights but also helps contain tensions that might otherwise cause Israel to act unilaterally.

One of the levers Lebanon can use to keep demonstrating a constructive position is in UN Security Council Resolution 1701, which ended the 2006 war.

Paragraph 10 of that document gives Lebanon (and Israel) the option to request that the UN Secretary-General proposes the delimitation of the Lebanese-Israeli border. Beirut has indeed asked for the Secretary General's intervention, but it can help its cause by remaining focused on the issue, particularly the application of UNSCR 1701(10). Again, even if this effort falls short, it cannot but help to have a positive influence on tensions and to further burnish Lebanon's stature as a responsible state seeking peaceful resolution of a dispute with another party.

Apart from being meticulous about its commitment to peace and security, Lebanon's leadership also needs to be open and transparent with the general public, whose expectations for

the oil and gas sector should be based on facts, not wishes. Educating public opinion will serve not only to address concerns that oil and gas revenues will be squandered by domestic mismanagement, but also reduce fears that Lebanese officials will sacrifice the national interest for the sake of their own personal gain.

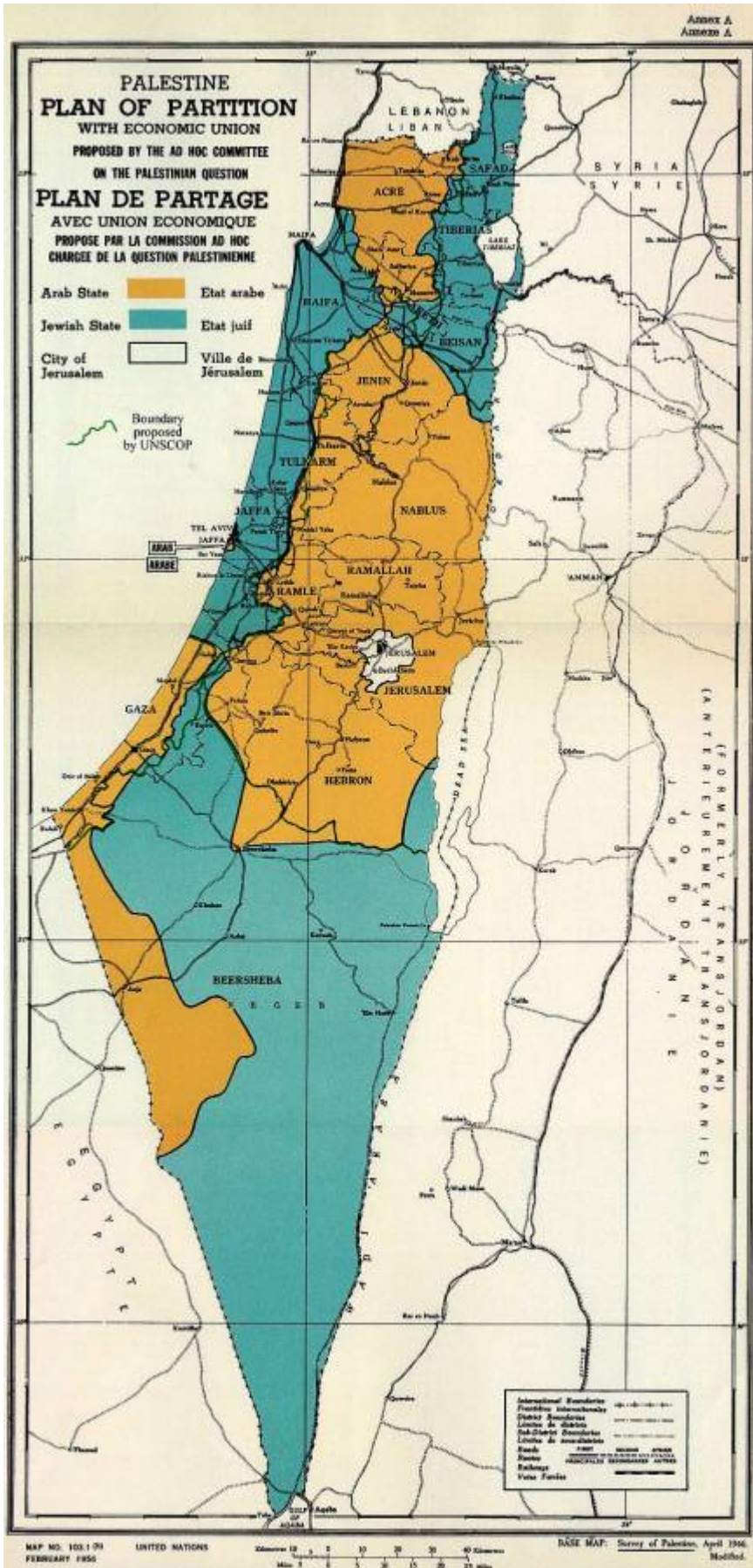
The average Lebanese needs to understand that diplomacy often requires give-and-take, and that when it comes to energy especially, there are few zero-sum games: both sides often gain by accepting something less than their maximalist positions – or at least by allowing the time for due process to play out. In this instance, much has been made of the fact that Israel could end up sharing the revenues from any oil- or gasfield that straddles the eventual boundary between the two parties' respective EEZs. That is certainly possible, but it is also not especially relevant: the same rules of international law apply to straddling fields the world over, including some shared by mutually hostile nations. The same fact also cuts both ways because any agreement requiring Lebanon to share straddling fields first identified on its side of the line would likewise require Israel to do the same. While Lebanon might indeed have to share the potential revenues of fields that have yet to produce (or even be explored), therefore, the same international law principle could well require Israel to share in those of fields that already are producing, possibly including some highly lucrative ones.

Of course, simply convincing Lebanese citizens that a fair settlement can be reached is not the same as promising that one will be reached. Nonetheless, it must be acknowledged that a) the Lebanese case is a strong one; and that b) Israel might well be convinced to accept an arrangement that falls well short of its stated demands.

The strength of Lebanon's position goes all the way back to the 1923 Paulet-Newcomb Agreement, which sets the border



between what were then French Mandate Lebanon and British Mandate Palestine, and the 1949 Armistice Agreement, which ended hostilities in the 1948 war between an independent Lebanon and the recently established “state” of Israel. In the words of Israel’s own Ministry of Foreign Affairs (website), the 1949 document “ratified the international border between former Palestine and Lebanon as the armistice line”. This is important, not only because the Paulet-Newcomb pact sets Lebanon’s southern border at Ras Naqoura, an advantageous point (for Lebanon) from which to delimit the two sides’ EEZs, but also because in the absence of bilateral relations and therefore of a substantial record of cross-border trade, diplomacy, or other non-military interaction regarding the border, documents like these carry even more weight than might otherwise be the case.



Other factors also bode well for Lebanon's short- and long-term legal prospects, including the fact that the part of

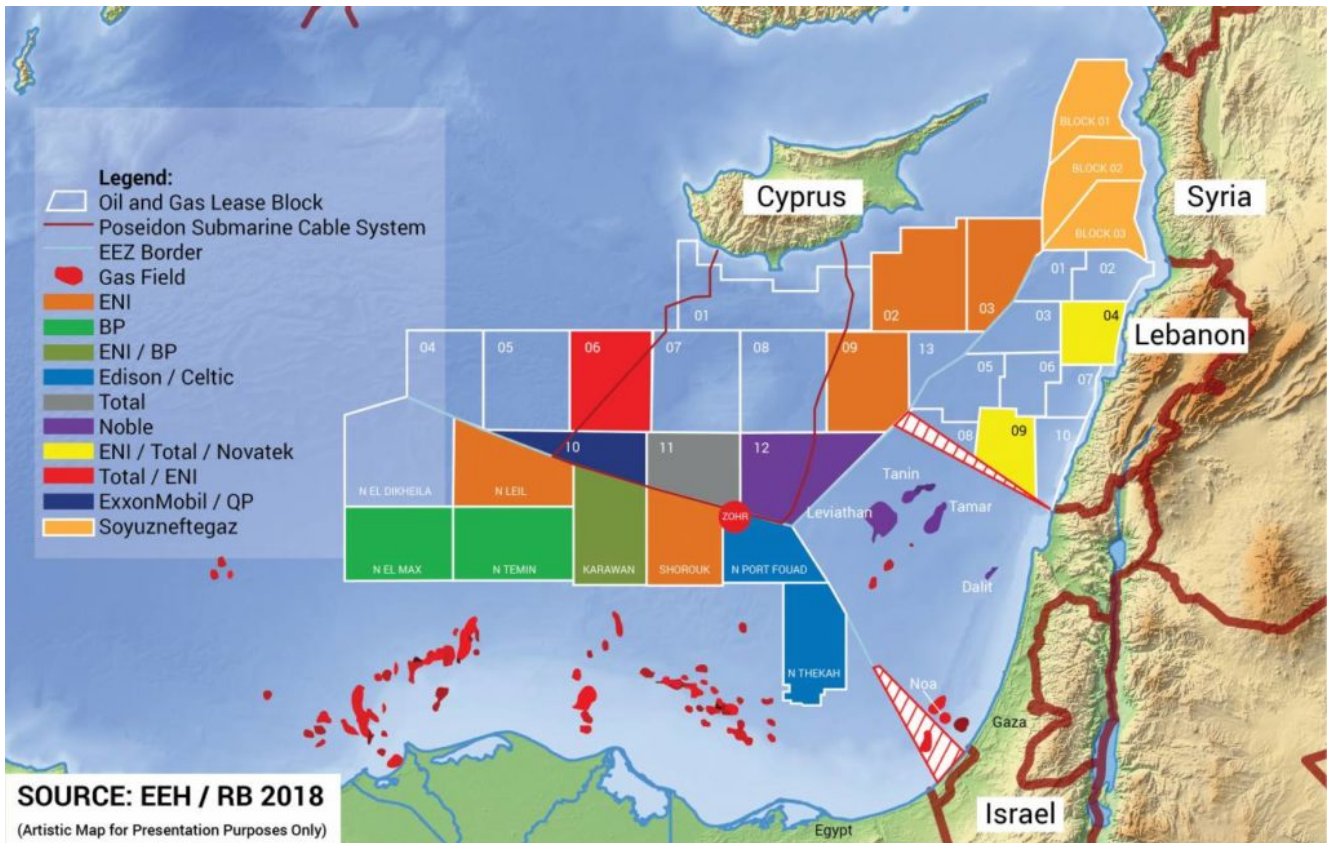
Block 9 in which TOTAL, ENI, and Novatek are most interested clearly lies well within Lebanon waters – even if one were to accept Israel’s maximalist claims. That leaves plenty of room for at least a short-term compromise that would allow exploration in areas not subject to dispute while leaving more difficult questions for a later time.

The quality of the information Lebanon has submitted to the UN and other interested parties also gives significant weight to its position, and in more than one way. The Lebanese side has used original British Admiralty Hydrographic Charts – widely recognized as the most accurate and authoritative available – as the starting point for the southern boundary of its EEZ, which lends even more credibility to its contentions. And by fortunate coincidence, the Israelis have relied on that very same source for their EEZ agreement with Cyprus (as have the Cypriots for their deal with Egypt).

Even on the issue of accepting CIL, there are signs that Israel may have relaxed its objections. In a March 2017 submission to the UN, the Israeli government said the dispute should be resolved “in accordance with principles of international law”. The missing “the” before “principles” indicates that Israel may well be trying to cherry-pick which elements of CIL it wants to recognize, but the language offers hope that it is ready to be more flexible. Given that there may now be agreement between the parties on certain principles of CIL regarding border delimitation, this could be an opening for a Lebanese submission to the UN Secretary-General to ask that he put forward a proposal.

Even before the 2017 submission, there were already indications of possible Israeli movement. In the December 2010 EEZ agreement between Israel and Cyprus, the preamble refers to both provisions of UNCLOS and principles of international law of the sea applicable to EEZs, even though Israel has never recognized either UNCLOS or international law itself. The same document also allows for review and modification if

this is necessary in order to facilitate a future EEZ agreement acceptable to “the three states concerned”, which cannot be interpreted to mean anything but the signatories and Lebanon.



This is not to pretend that the case is cut and dry. On one issue in particular, Israel can be expected to stress that its EEZ Agreement with Cyprus is based on the same maritime starting point that Lebanon used in its own EEZ agreement with Cyprus, which was reached in 2007 but has not been ratified by Parliament. This, however, is basically the only gap in Lebanon’s legal armor in this case, and Beirut has several strong arguments with which to close it: Lebanon could counter a) that in line with the Article 18 of the Vienna Law of the Treaties, which forms part of CIL, the 2007 EEZ agreement is not valid and binding as it was never been ratified by the Lebanese Parliament; b) that point 1 was chosen as the starting point for demarcation of the Cyprus/Lebanese EEZ in order to avoid either implicitly recognizing Israel or giving it a pretext for unilateral action; and c) that the line was

never intended to be a permanent one, just an interim solution until a triple point is defined among itself, Cyprus, and Israel.

In short, the average Lebanese needs to know that a well-negotiated deal through third-party mediation or arbitration would mean a far bigger victory for Lebanon than for Israel. The latter, one should keep in mind, is already producing gas from offshore fields, so opening up new ones represents only an incremental gain, making delay less meaningful. Lebanon, by contrast, has yet to start reaping such rewards at all, so the impact of an early start means an instantly massive improvement on the status quo; the sooner it can do so without fear of Israeli aggression, therefore, the better.

There is always the possibility that Israel could seek to short-circuit any diplomatic process in which it feels unable to dictate the outcome. It might not even have to use military force to achieve its ends, only to keep tensions high enough so that no drilling can even take place.

Even a spoiling strategy could cost Israel dearly, however, by further eroding its standing in the international community, alienating key allies, and discouraging investment in its own energy sector. A shooting war would be even worse for Israel, especially since its vulnerable offshore gas facilities would figure to be the highest-value targets of any conflict and would be almost impossible to defend. It is difficult to imagine how any combination of Israeli political and military objectives in Lebanon could justify losing these facilities, which constitute one of the Israeli government's most productive cash cows.

Once again, there are signs that Israeli officials have performed similar calculations. Most conspicuous has been the absence of Israeli drilling activity in the disputed areas: no licenses have been issued for any of the Israeli blocks that extend into waters claimed by Lebanon. At least for now, and



notwithstanding some of the more strident voices, most of Israel's leadership appears willing to take a wait-and-see approach.

To keep expectations in line with realities, then, Lebanese leaders need to be mindful of what they say in public. While being as transparent as they can for domestic purposes, they also must be politically astute to avoid compromising Beirut's negotiation position, sending mixed signals, and/or closing diplomatic doors. Measured rhetoric is not a common feature of the Lebanese political arena, but the country does have a first-rate diplomatic service, so perhaps some resources could be invested in a program of regular briefings seminars – for the president, prime minister, speaker, all Cabinet ministers and MPs, and relevant senior civil servants – on how to avoid such missteps, whether at a press conference or a gala dinner.

Apart from maintaining a united front and keeping the public informed, the other priority must be to leave no stone unturned in the search for a peaceful solution. This means that in addition to the US and UN avenues, Beirut would do well to enlist other participants as well, starting with the home countries (France, Italy, and Russia) of the companies forming the consortium that won the rights to Block 9. Then there is the European Commission, which knows full well that all of its member-states stand to benefit from the development of an East Mediterranean gas industry, which would diversify the sources of energy imports, improve the security of supply, and even put downward pressure on prices, adding higher living standards and greater economic competitiveness for good measure.

All of these players could potentially help mediate a formula that works for all concerned, but nothing is more important than reanimating and extending the US mediation role. Whatever one thinks of Washington's credibility as an honest broker in the Middle East, no other actor has its capacity to influence Israeli decision-making – and so to create sufficient time and

space for diplomatic efforts to mature.

*Roudi Baroudi is the CEO of Energy and Environment Holding, an independent consultancy based in Doha, and a veteran of more than three decades in the energy business.*

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## **New Energy era for Europe “there for the taking”**





ATHENS: Offshore gas from the Eastern Mediterranean could usher in a new era of energy independence and economic renaissance for Europe, a regional energy expert told a high-profile industry conference in Athens on Friday.

“Almost instantly, the flow of East Med gas into Europe would mean additional diversification and flexibility of supply, closely followed by enhanced competitiveness for European industry, accelerated economic growth, and dramatic long-term improvements for public finances,” Roudi Baroudi, a veteran of more than 36 years in the oil and gas business, told the Athens Energy Conference.

While “East Med gas would be more of a complement than a competitor to supplies already flowing ... from Russia” and other countries, he explained, other factors were also likely to help Europe diversify its energy supply, putting downward pressure on prices and “reducing the potential impact of possible interruptions elsewhere”.

Baroudi, who currently serves as CEO of Energy and Environment Holding, a Doha-based independent consultancy, has advised governments, companies, and multilateral institutions on energy matters, even helping to craft policy for agencies of the European Union and the United Nations. Speaking on the sidelines of the conference, which drew a broad audience including senior figures from both the public and private sectors, he said the timing “could not be better” for Europe.

“Shale gas has made America another energy superpower alongside Russia and OPEC, and liquefied natural gas is now a fully fledged global commodity,” he said. “Plus, the East Med producers will be sitting on Europe’s doorstep, and several countries are already gearing up to start taking massive LNG

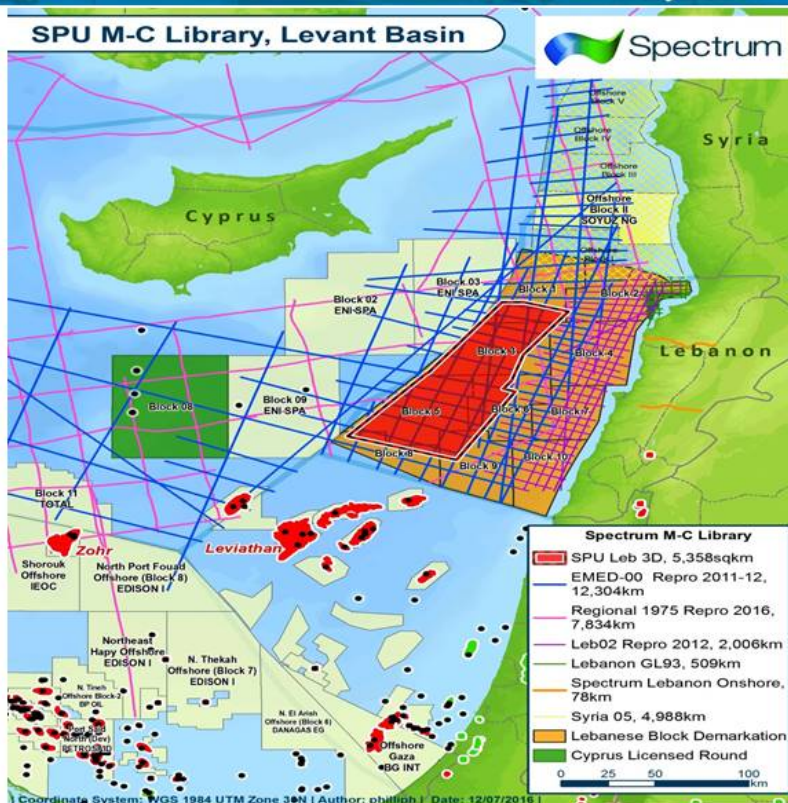


shipments. Decades of benefits for hundreds of millions of people, all there for the taking.”



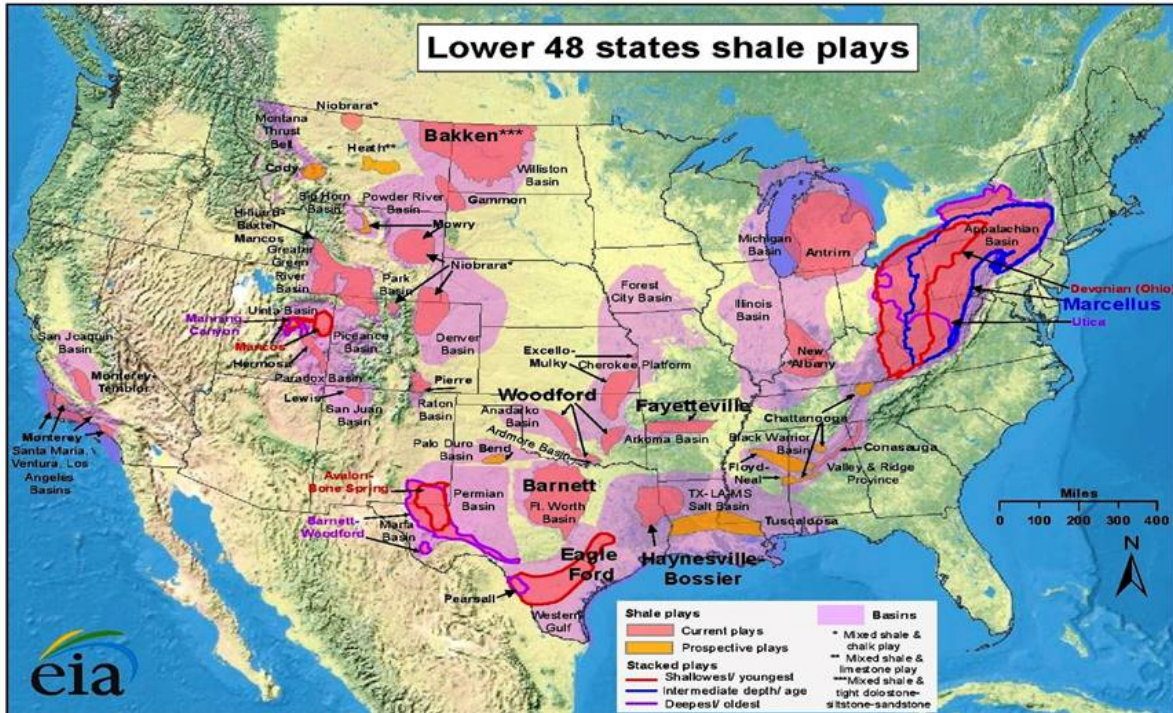
# Athens Energy Forum 2018

## Energy Security and Strategic Investments: The Way Forward



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Game-changer: "Shale O&G puts America on global energy stage"

And expected producer countries like Cyprus, Greece, and Lebanon, Baroudi added, stand to gain even more. "For a variety of historical reasons, most of these countries have not yet achieved the levels of development enjoyed in most of the European Union," he told the conference. "Given the potential rewards for their peoples, the governments involved have nothing less than a moral responsibility to take advantage of propitious circumstances by tapping the oil and gas wealth within their respective social, economic, and geopolitical reaches." Baroudi also has emphasized some of East Med countries are not party to UNCLOS but all countries are signatories to the UN Charter. Therefore, Baroudi reminded that all these countries are under an obligation to "settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered."

He also sounded notes of caution, however. For one thing, he

stressed the need for producer countries to ensure proper management of the proceeds from gas sales to pay social justice. For another, he reinstated on the same countries to avoid international tensions that might impede development of the sector.