

# Iraq Faces Further Power Cuts As Iran Gas Debt Missed



Iraq has failed to pay \$1.6 billion owed to neighbouring Iran for gas imports, a debt needed to guarantee further supplies critical to prevent worsening power cuts, Baghdad's authorities said Wednesday.

Payment of the debt was a key requirement to ensure energy supplies for Iraq's power plants during the intense heat of the upcoming summer months, when electricity demands surge as people seek to keep cool.

"Iran had demanded the payment by Iraq of its financial obligations for the payment of the gas," Iraq's electricity ministry said in a statement.

However, due to "the delay in the adoption of the budget", as well as parliamentary blockages stalling a bill aimed to guarantee debt payments in the electricity sector, this led to

“delays”.

Supplies have already been reduced by five million cubic metres of gas per day, limiting the operation of the power stations and “reducing the hours of electricity supply”, the ministry added.

Despite its immense oil and gas reserves, Iraq remains dependent on imports to meet its energy needs.

Iran currently provides a third of Iraq’s gas and electricity needs, but supplies are regularly cut or reduced, aggravating daily load shedding.

The electricity ministry stressed the “efforts of parliament and the government” to allow the ministry to “find compromise solutions with Iran in order to pay the arrears and guarantee the supply of gas”.

The debt, which was due to have been paid by the start of June, dates back to 2020.

It was stalled amid sanctions against Iran by the United States, which mean that Baghdad cannot pay directly for energy imports in cash.

Instead, it must be used in a complicated process to buy goods from the agriculture or pharmaceutical sectors.

Last year, when temperatures in Iraq soared to 52 degrees Celsius (125 Fahrenheit) in the shade, swathes of the country suffered blackouts, sparking several sporadic protests and prompting the electricity minister to resign.

Iraq is already sweltering, with temperatures climbing to 48 degrees Celsius (118 Fahrenheit) on Thursday, according to the meteorological service.

Ranked as one of the world’s five most vulnerable nations to climate change effects, Iraq has seen a series of sandstorms

sweep the country in recent months, sending thousands of people to hospital with respiratory problems.

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## Opec+ seen sticking to oil rise plan despite EU sanctions



Reuters Dubai/London

Opec+ is set to stick this week to its monthly modest oil output increases despite seeing tighter global markets, five Opec+ sources said on Wednesday as the group fast approaches its maximum production capacity.

Oil prices rallied above \$124 per barrel this week following new EU sanctions against Russia over its invasion of Ukraine and China's recovery from the latest Covid-19 lockdown.

The world's most industrialised countries, known as G7, called again this week on Opec to help ease a global energy crunch

that worsened as a result of Western sanctions imposed on Russia.

Opec, which meets on Thursday together with allies such as Russia as part of a group called Opec+, has repeatedly rebuffed calls for faster production increases. Opec+ is widely expected to raise July output targets by 432,000 bpd. The group's record output-cutting deal, clinched in 2020 at the height of global lockdowns, expires this September by which time the group will have limited spare capacity to increase production further.

Its lead member Saudi Arabia is producing 10.5mn bpd and has rarely tested sustained production levels above 11mn bpd.

Together with fellow Gulf Opec member, the United Arab Emirates, Opec is estimated to have less than 2mn bpd of spare capacity.

"There is not much spare oil in the market to replace potential lost barrels from Russia," said Bjarne Schieldrop, chief commodities analyst at SEB bank.

He said the EU ban will likely result in Russia selling less oil but at a higher price and probably earning just as much if not more.

Western sanctions imposed on Russia may result in production and export cuts from the world's second largest oil exporter of as much as 2mn-3mn bpd, according to various estimates.

However, Russian production has been holding strong so far as Moscow said it is managing to re-route volumes from Europe to Asian buyers, hungry for Russian oil, which sells at a steep discount.

The Wall Street Journal reported on Tuesday, citing Opec delegates, that some Opec members were considering the idea of suspending Russia from the deal to allow other producers to pump significantly more crude as sought by the United States and European nations.

The report came as US diplomats work on organising President Joe Biden first visit to Riyadh after two years of strained relations.

Two Opec+ sources told Reuters an Opec+ technical meeting on

Wednesday did not discuss the idea of suspending Russia from the deal.

Six other Opec+ delegates said the idea was not being discussed by the group.

Russian Foreign Minister Sergei Lavrov, on a visit to Saudi Arabia, said on Wednesday that Opec+ co-operation was relevant for Russia.

Opec+ expects an oil market surplus of 1.4mn barrels per day (bpd) in 2022, 500,000 bpd less than previously forecast, two Opec+ sources told Reuters on Wednesday.

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## **Gazprom cuts more customers in Europe, but rewards shareholders with dividend**



Russian gas giant's exports have fallen 28% this year, and decline would have been higher were it not for European push to replenish gas storage

Gazprom has announced it has halted gas supplies for two more customers in Europe, effective from 1 June, after both declined to accept changes in payment terms imposed by the Russian company's foreign trading subsidiary.

Gazprom identified Denmark's Orsted Salg & Service and UK-based Shell Energy Europe as the affected customers.

The Russian company added that it supplied close to 2 billion cubic metres of gas to Orsted in 2021, equivalent to about two thirds of Denmark's natural gas consumption.

Gazprom added that its contract with Shell Energy Europe called for the delivery of 1.2 Bcm of gas in 2022, mostly to consumers in Germany.

UPDATED: EU agrees to ban 90% of Russian oil imports by end of year

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According to Gazprom, both customers had failed to switch to a new payment system by 31 May, even after they were requested to do so by the Russian government.

At the end of March, Russian President Vladimir Putin ordered Gazprom to amend its contracts with European customers to divert their payments in euros or US dollars for delivered gas to Moscow-based Gazprombank.

These payments would then have to be fully converted into rubles and credited to Gazprom's local accounts in order for payments for gas deliveries to be considered completed.

Orsted chief executive Mads Nipper said: "We stand firm in our refusal to pay in rubles, and we've been preparing for this scenario, so we still expect to be able to supply gas to our customers.

"The situation underpins the need of the European Union becoming independent of Russian gas by accelerating the build-

out of renewable energy.”

Since there is no gas pipeline running directly from Russia to Denmark, Russia will not be able to cut off the gas supplies to Denmark directly, but the Russian move will necessitate increased gas purchases on the European gas market, Orsted said.

Halting supplies to Shell Energy Europe and Orsted follows similar moves by Gazprom in recent weeks to stop gas supplies to Finland, Poland and Bulgaria.

Executive director of Ukraine’s gas transmission authority Operator GTS Ukrainy, Sergey Makogon said on his social network page that he believed it is time for the EU to introduce restriction on the Nord Stream subsea pipeline that carried Gazprom’s gas directly to Germany.

Officials in Ukraine and Poland, together with independent industry observers, have led a chorus of accusations against Russia for what they describe as the “weaponsising” of the Russian pipeline gas to exert geopolitical leverage in Europe.

Despite its contractual obligations to send close to 110 million cubic metres of gas via Ukraine to Europe in 2022, Gazprom has been scaling down shipments, with transit gas flows down to 41 MMcmd just this week.

Gas exports down, dividend up

Between January and May, Gazprom’s gas exports to Europe and Turkey fell by almost 28% to 61 Bcm, the company said on Wednesday.

Gazprom’s total gas production during this period also declined by 5% to just over 211 Bcm.

Ignoring the challenging market outlook, Gazprom announced record high dividends on its stock for 2021, amounting to 1.24 trillion rubles (\$20.7 billion).

The government is set to receive just over a half of that payment as it holds an over 50% shareholding in the company.

Managing partner at Moscow based energy consultancy RusEnergy, Mikhail Krutikhin, suggested that such high payout may be linked to additional expenses that Russian authorities incur in relation to the invasion of Ukraine.

According to Krutikhin, authorities may not see similar high dividend payments from Gazprom for 2022 because its profitability may decline as a result of lower gas exports.

Meanwhile, spot market gas prices declined by almost 6% to about €89 (\$96) per megawatt in Wednesday trading on Wednesday, according to the London-based ICE Exchange.

The shift was attributed to reports of large customers of Gazprom in Europe accepting the new payment arrangement.

[https://www.upstreamonline.com/production/gazprom-cuts-more-customers-in-europe-but-rewards-shareholders-with-dividend/2-1-1228805?utm\\_source=email\\_campaign&utm\\_medium=email&utm\\_campaign=2022-06-01&utm\\_term=upstream&utm\\_content=daily](https://www.upstreamonline.com/production/gazprom-cuts-more-customers-in-europe-but-rewards-shareholders-with-dividend/2-1-1228805?utm_source=email_campaign&utm_medium=email&utm_campaign=2022-06-01&utm_term=upstream&utm_content=daily)

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**A wake-up call? Russia-Ukraine conflict could accelerate renewable energy adoption**





The Russia-Ukraine conflict may accelerate the march towards decarbonisation despite concerns the war could put the issue on the backburner, the Al-Attiyah Foundation discovers in its latest Energy Industry report titled 'Implications of COP26 on the Fuel Mix.'

The 26th UN Climate Change Conference of Parties (COP26), held in Glasgow in late 2021, was hotly anticipated. The summit was delayed by a year due to the Covid-19 pandemic and expectations for substantive results, such as 'consigning coal to history' and increasing climate finance to support climate action in the least developed countries, were high.

After frenetic last minute negotiations, diplomats from nearly 200 countries struck a major agreement aimed at intensifying efforts to fight climate change. Pledges which drew the most attention were the phase down of coal and fossil fuel subsidies, end of international financing for fossil fuels, accord on zero emissions vehicles, global methane reductions, and the financial alliance for net zero.

However, since Russia launched its "special military operation" in Ukraine on February 24 and the subsequent sanctions by the United States and its allies, fears surrounding energy security and rising oil prices have escalated globally.

Soon after the conflict began, one of Europe's biggest importers of Russian oil, Germany, froze plans for the opening of the Nord Stream 2 gas pipeline and the US and UK announced it was banning Russian oil. In May, further sanctions were announced with the European Union confirming it will phase out imports of Russian oil in six months and refined products by the end of 2022.

The price of crude oil soared from \$89 per barrel on February 25 to \$119 on March 8, and despite some drawdowns in April, the price on May 17 stood at \$115. Gas prices, which are indexed to the global oil price, have also experienced wild growth in the last few months.

The Russia-Ukraine conflict and its ramifications could act as a wakeup call for Europe and all countries that need secure energy resources. Sky high energy costs have led countries to realise that they can no longer simply depend on imported fossil fuels, which may drive a shift away from fossil fuels altogether.

The crisis has reinforced Germany's determination to get off fossil fuels entirely, and to accelerate the Energiewende – the clean energy transition it began some 30 years ago. After little more than 100 days in office, Germany's new government has presented what it calls the "biggest energy policy reform in decades" to massively increase the buildout of renewable energies. The legislation includes plans to give up coal entirely by 2030, eight years earlier than the target set by the previous government. It now aims for Germany to get 80% of its electricity from renewable energy by then, up from the previous goal of 65%.

Elsewhere, French President Emmanuel Macron, during his election campaign, pledged that France would be "the first major nation to abandon gas, oil, and coal." Austria, even more dependent on Russian energy than Germany, is pouring money into subsidies for renewable energy. Poland, one of Europe's heaviest coal consumers, is investing heavily in offshore wind.

Despite encouraging legislation and promises from some of

Europe's biggest economies in the wake of the conflict, concerns remain that countries may put climate change mitigation further down on their list of priorities while they focus on securing sufficient supplies of fossil fuels in the immediate term. This in turn could affect the implementation of pledges from COP26 and the time frame for phasing out the use of fossil fuels under the Paris Agreement on climate change and the goal of limiting global warming to 2°C.

\*This article was supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.

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## **Global LNG markets sail into the unknown ahead of peak winter**



Global liquefied natural gas (LNG) buyers and sellers are

bracing for more uncertainty over Russian supplies and an unclear demand outlook from Europe and top importer China in the run-up to the peak winter season, industry executives said.

Western sanctions on Russia due to the Ukraine invasion have disrupted Russian gas supply to Europe, sending global gas prices to all-time highs earlier this year and raising energy security concerns.

Moscow calls its action a special military operation.

In addition to unpredictable weather, it remains unclear whether there will be further cuts in Russian supplies to Europe, the executives said.

Also uncertain is whether Europe can build new LNG import infrastructure in time to replace massive Russian volumes, they added.

One more question is when China will lift its Covid restrictions, which have slashed imports in the first five months of this year.

“We have massive uncertainty over what will happen next,” Steve Hill, executive vice president at Shell, said at the World Gas Conference.

“If we convert the Russian pipeline gas volume into Europe in 2021 into an LNG equivalent, and add on the LNG volumes delivered into Europe in 2021, that’s 200mn tonnes of LNG equivalent. That’s half the size of the current (global) LNG industry.”

Infrastructure constraints that have emerged as gas flows change from west to east, rather than east to west, made it “more complicated than we first thought”, he added.

Peder Bjorland, vice president natural gas marketing and trading at Equinor, said the changing flows have created a “strange market” where some countries in Europe such as Britain are oversupplied, but there is no infrastructure to move the gas to demand centres like Germany.

That has created a wide price gap between the British National Balancing Point and Dutch wholesale gas prices that could incentivise infrastructure investments to reduce bottlenecks,

the executives said.

But that infrastructure would take time to build, they added. Germany is building an LNG receiving terminal and has contracted floating storage and regasification units. "It's a race against time. We believe that the regas facilities will probably be up and running before the end of winter, but not perhaps by the start of winter. So that's a very delicate balance," said Michael Stoppard, global gas strategy lead at S&P Global Commodity Insights.

A severe winter in the northern hemisphere could also spark competition between Europe and Asia for LNG and push prices higher, the executives said.

"As we get into the winter...markets like Asia really start to compete for those cargoes," Anatol Feygin, executive vice president at Cheniere Energy, said.

However, an executive with a Chinese gas importer said buyers were likely to enter this winter more prepared than last year, as European countries such as Germany and Italy have required minimum stock levels.

Buyers are increasing stockpiles ahead of winter, underpinning Asian spot LNG prices at nearly three times their May 2021 levels, unusually high for low-demand season in the second quarter. "It's not as pessimistic this year, as everyone is preparing for winter," said the executive who declined to be named due to company policy.

Woodside Energy Group's chief executive Meg O'Neill said she expects LNG prices to remain elevated for next year as the market adjusts to supply disruptions.

Market uncertainties and price volatility have already driven buyers in Asia and Europe to seek long-term supplies.

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# EU agrees gradual oil embargo on Russia, gives Hungary exemptions



Reuters / Brussels

European Union leaders have agreed an embargo on Russian oil imports that will kick in around the turn of the year – and for now exempts the pipeline imports that Hungary and two other landlocked Central European states rely on.

The ban, agreed overnight after weeks of wrangling, aims to remove 90% of Russia's crude imports into the 27-nation bloc within eight months or so, officials said.

It is the toughest sanction yet on Russia for its invasion of Ukraine, and one that will affect the EU itself.

Russia provided just over a quarter of EU oil imports in 2020, while Europe is the destination for nearly half of Russia's crude and petroleum product exports.

“The sanctions have one clear goal: To prompt Russia to end this war, to withdraw its troops, and to agree a sensible and fair peace with Ukraine,” German Chancellor Olaf Scholz said.

Ukraine said they would deprive the “Russian military machine” of tens of billions of dollars.

French President Emmanuel Macron said nothing could be ruled out regarding further sanctions, although other leaders poured cold water on the idea of banning purchases of Russian gas, which Europe depends on heavily.

EU countries will have six months to stop imports of seaborne Russian crude and eight months for refined products, the European Commission said.

That timeline will start once the sanctions are formally adopted, which EU states aim to do this week.

The deal was reached only after the EU’s other leaders agreed to give Hungary a free pass, having failed to win it over in weeks of talks.

Two-thirds of the Russian oil imported by the EU comes by tanker and the rest through the Druzhba pipeline.

Poland and Germany are among the pipeline importers, but have pledged to stop by the end of the year.

Landlocked Hungary, Slovakia and the Czech Republic all get their Russian oil from Druzhba and account for the 10% of imports temporarily exempted from the embargo.

Bulgarian Prime Minister Kiril Petkov said his country had also secured an exemption until the end of 2024, since its refinery is designed to receive only Russian crude.

Oil prices rose after the EU’s agreement, stoking inflation, which hit a record 8.1% year-on-year in euro zone countries this month.

The oil embargo follows an earlier ban on Russian coal and allows the bloc to impose a sixth round of sanctions that includes cutting Russia’s biggest bank, Sberbank, off from the SWIFT international transaction system.

Commission chief Ursula von der Leyen said the package would also ban EU firms from insuring or reinsuring ships carrying Russian oil. Several countries already want to start work on a seventh round, but Austrian Chancellor Karl Nehammer said it could not include gas – where Russia supplies a third of EU needs.

“Russian oil is much easier to compensate for...gas is completely different, which is why a gas embargo will not be an issue in the next sanctions package,” Nehammer said.

Russian analysts and traders said the phasing-in of the embargo gave Moscow time to find new customers in Asia.

“Although the measures announced by the European Union look threatening, we don’t see a crippling impact on the Russian oil sector – neither imminent, nor in six months,” analysts at Sinara Investment Bank said.

Beyond the sanctions, EU leaders asked the bloc’s executive Commission to explore options to tackle soaring energy prices. These include “temporary import price caps”, which should be explored with international partners, their conclusions said.

They also endorsed a Commission plan to wean the EU off all Russian fossil fuels within years through a faster rollout of renewable energy, improvements in saving energy, and more investments in energy infrastructure.

And they called for better EU-wide contingency planning in case of further gas supply shocks.

Moscow on Wednesday cut gas supplies to the Netherlands for refusing to comply with a demand to pay in roubles, having already cut off Poland, Bulgaria and Finland.

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**بارودي في مؤتمر أثينا : يمكن  
لأوروبا أن تخفف من أزماتها عبر  
الطاقة النظيفة في البحر الأبيض  
المتوسط**





**المركزية-** حاضر الخبير الدولي في شؤون الطاقة رودي بارودي عن صناعة الطاقة العالمية خلال مؤتمر أثلينا الذي انعقد الأسبوع الفائت تحت عنوان "حوارات الطاقة 2022"، حيث لفت إلى أنه "يمكن لأوروبا أن تخفف من أزمته في مجال الطاقة من خلال الدعم والاستثمار في طفرة الطاقة النظيفة في منطقة البحر الأبيض المتوسط".

وجاء في مداخلته: "خلال السنوات الأخيرة، دارت كل المناقشات العلمية في صناعة الطاقة العالمية حول موضوعين: تغيير المناخ وتقلبات أسعار السوق.

هناك، بالطبع، ضغوطات متزايدة لاستبدال الوقود الأحفوري بموارد الطاقة المتجددة مثل الرياح والطاقة الشمسية. والهدف من ذلك هو الجمع بين موارد طاقة جديدة مستدامة بيئيًا وقابلة للاستمرار اقتصاديًا، كذلك الدمج بين زيادة الوعي وتحسين التكنولوجيا يجعلنا أقرب إلى تحقيق كلا الهدفين.

لطالما كانت إحدى المشاكل الرئيسية تكمن في أن هذا التغيير لا يمكن أن يتم بين ليلة وضحاها. إن إنتاج وأداء وحجم الاتكال على المصادر النظيفة والصديقة للبيئة ليس كافيا بعد لتلبية الطلب بالكامل، وسيطلب الوصول إلى تلك المرحلة سنوات طويلة من التخطيط والاستثمار والبناء. إذا أخذنا التقنيات المتوفرة في وضعها الحالي قبل أن يتم استبدالها بالتقنيات الحديثة، فإن النقص الناتج سيؤدي إلى ارتفاع الأسعار، مما سيزيد من تكاليف المعيشة والتسبب في

انهيار الاقتصادات بأكملها. من ناحية أخرى، إذا انتظرنا وقتًا طويلاً قبل التخلي عن موارد الطاقة العالمية المنتجة لانبعاثات الكربون، فإن التغيرات المناخية تهدد بإلحاق أضرار أكبر من سابقها.

من البديهي القول إنه كانت هناك دائمًا عملية موازنة دقيقة في هذا المنحى، فقد أجبرت تقلبات الأسواق صانعي السياسات مراراً على إعادة النظر في خططهم وإعادة التفكير فيها وإعادة ضبطها. ثم جاءت جائحة كورونا (كوفيد - 19) التي تسببت بضغط غير مسبوق على الإنتاج والاستهلاك على حد سواء. وقد نجحت مجموعة حلول من الفئات العامة والخاصة في التغلب على أسوأ ما في تلك العاصفة بشكل مثير للدهشة. لكن التعافي العالمي لا يزال هشاً وغير متوازن لا سيما في ضوء الانتشار الواسع للتضخم وانهيار خطوط الإمداد.

أما الآن تلوح أمامنا أزمة جديدة تهدد موارد الطاقة وتتسبب بصدمات قوية قد تؤدي إلى انهيار معاييرنا الجديدة والتسبب بأسوأ موجة كساد في التاريخ الحديث. أشير بالطبع إلى الحرب في أوكرانيا والتي لم تكشف فقط عن اعتماد أوروبا المفرط والخطير على الغاز الطبيعي وواردات الطاقة الأخرى من روسيا، ولكنها كشفت أيضاً إلى أي مدى يمكن أن يسبب اختلال هذه العلاقة من فوضى في العالم أجمع. منذ أن شنت موسكو غزوها للأراضي الأوكرانية في أواخر شباط / فبراير، كان الاتحاد الأوروبي متردداً في فرض عقوبات على قطاع صناعة الطاقة الروسية لأنه يفتقر إلى بدائل أخرى بسبب عدم امتلاكه لمصادر متنوعة من الطاقة ومورديها بشكل كاف.

تجري في العديد من البلدان بعض التحركات التي طال انتظارها لزيادة قدرتها على التكيف، لكن التوقيت يزيد من التحديات بطرق عدة. فعلى سبيل المثال تم رفض أو تأخير المقترحات المختلفة لمد خطوط أنابيب الغاز من شمال إفريقيا وآسيا الوسطى، والتي قد تمر بالأراضي الروسية. بالإضافة إلى ذلك، قررت بعض الحكومات الأوروبية في السنوات الأخيرة، إغلاق محطات الطاقة لديها التي تعمل على الفحم و / أو الطاقة النووية، ما جعلها تفتقد إلى المرونة والقابلية في التعويض عن الغاز الطبيعي الروسي واستبداله بموارد وأنواع أخرى من الوقود. كما تعاني القارة أيضاً من عجز في القدرة على إعادة معالجة الغاز ليكون قابلاً للاستهلاك، ما يعني أنها لا تستطيع الاستغناء كلياً عن الغاز المستورد عبر الأنابيب الروسية، واستبدالها بشحنات الغاز الطبيعي المسال المنقولة بحراً من دول أخرى.

هناك حلول لكل هذه المشاكل، وبعضها قيد التنفيذ بالفعل:

- تقوم ألمانيا حالياً ببناء محطتين جديدتين لاستقبال الغاز الطبيعي المسال، وتقوم هولندا بتوسيع طاقتها الاستيعابية الحالية، كذلك أكدت اليونان مؤخراً أن لديها خططاً في نفس الاتجاه.

- تمتلك إسبانيا خطوط أنابيب غاز داخلية وكذلك تمتلك القدرة الاحتياطية لإعادة تحويل الغاز المسال إلى غاز قابل للاستهلاك، لكنها تفتقد إلى القدرة على زيادة الإنتاج والضح إلى باقي الدول الأوروبية. لذلك فإنه من المنطقي القول إن الوقت قد حان لربط شبكة الأنابيب الإسبانية بفرنسا، ما يتيح للغاز أن يتدفق إلى الشبكة الأوروبية.

- من المنطقي أيضاً الإسراع في وضع الخطط لإنشاء خط أنابيب جديد آخر و / أو زيادة القدرة على نقل الغاز من أذربيجان ومناطق أخرى في آسيا الوسطى إلى تركيا، ما يُتيح لإمدادات الغاز هذه أن تدخل الأسواق الأوروبية.

- يمكن أيضاً لأوروبا أن تعزز أمنها في الطاقة من خلال المساعدة على تطوير حقول الغاز ألغنية بشكل متزايد في شرق البحر الأبيض المتوسط، والتي يمكن بعد ذلك ربط إنتاجها عن طريق خط أنابيب تحت البحر و / أو فوق الأرض إلى البر الرئيسي الأوروبي.

- سيتم أيضاً تعزيز الفائدة من هذه الخطوات وغيرها بشكل كبير من خلال بناء مرافق تخزين جديدة لكل من الغاز الطبيعي المسال والغاز التقليدي، مما سيجعل أوروبا أكثر صلابة أمام انقطاع إمدادات الغاز في المستقبل.

- نظراً لقرار الاتحاد الأوروبي الجاد في فك قيود سياسته الخارجية والتوقف عن اعتماده على الغاز الروسي، فمن الممكن أيضاً تأجيل إغلاق محطات الإنتاج التي تعمل على الفحم والطاقة النووية والإسراع بتنفيذ مشاريع الطاقة النظيفة، حقول الطاقة الشمسية، ومزارع الرياح على وجه الخصوص.

- بالإضافة إلى الغاز الذي يجري ضخه عبر الأنابيب، تتلقى إسبانيا الكهرباء المولدة من مزارع الطاقة الشمسية في شمال إفريقيا، كما أن هنالك مجال كبير جداً لإنشاء شبكات مشتركة مماثلة عبر المنطقة الأورو-متوسطية.

• لعل الحل الأفضل على المدى الطويل هو أن نغتني أوروبا الفرصة من خلال استثمارها في مجالات إنتاج الطاقة ذات الإمكانيات الكبيرة بواسطة الرياح البحرية في منطقة المتوسط.

تجدد الإشارة هنا إلى أنني نشرت منذ مدة وجيزة كتابًا جديدًا بعنوان "المناخ والطاقة في منطقة البحر الأبيض المتوسط: ماذا يعني الاقتصاد الأزرق لمستقبل أكثر خضرة؟". لقد أكملت كتابته قبل اندلاع الحرب في أوكرانيا، وكان هدفي من وراء كتابته التركيز على خفض انبعاثات الكربون أكثر من التقليل على الاعتماد على الغاز الروسي. لكن الأزمة الحالية تجعل موضوع الكتاب أكثر أهمية من أي وقت مضى. وتذهب التوصية الأساسية للكتاب إلى أنه يمكن لأوروبا أن تستفيد بشكل كبير من برنامج لتوليد الطاقة عبر تطوير مرافق استفادة من الرياح البحرية في حوض المتوسط. كما يتضمن الكتاب تقديرات لإمكانيات استفادة كل دولة أورو-متوسطية من الرياح البحرية، والارقام في تزايد.

أساساً، فإن الاستفادة الكاملة من هذه الإمكانيات - في المياه الساحلية وحدها - يمكن أن تولد ما لا يقل عن 500 مليون ميغاواط من الكهرباء. بمعنى آخر ما يعادل مجموع إنتاج مولدات الطاقة النووية في العالم أجمع! ويجدر الإشارة أن هذه التقديرات واقعية، وقد تم التوصل إليها من خلال دراسات شاملة وحثيثة للغاية تستند إلى التكنولوجيا القياسية المستخدمة في أيامنا هذه.

يعيدنا هذا إلى موضوعنا الأساسي، فنظرياً، كل ما سبق ذكره من محطات الغاز الطبيعي المسال، وخطوط الأنابيب الجديدة، وأعمال التطوير لزيادة عمر محطات توليد الطاقة التي تعمل على الفحم وتلك التي تعمل على الطاقة النووية، وتسخير الإمكانيات الهائلة للبحر الأبيض المتوسط - كل هذا سيتطلب أموالاً طائلة. ستكون السنوات الثلاث إلى الخمس المقبلة حاسمة، ليس فقط من أجل تقليل الاعتماد على الغاز الروسي، وبالتالي استعادة استقلالية السياسة الخارجية للاتحاد الأوروبي، ولكن أيضاً لتكثيف مصادر الطاقة المتجددة التي ستساعد في الحفاظ على تغيرات المناخ ضمن حدود يمكن التحكم فيه.

يمكن لمنطقة البحر الأبيض المتوسط - بما في ذلك الدول المطلة عليها من مكونات الاتحاد الأوروبي وتلك غير التابعة له - أن تكون جزءاً كبيراً من هذا المسعى لتحقيق قابلية مزدوجة لمواجهة التحديات الاقتصادية والبيئية على حدٍ سواء. تعتبر الاستثمارات الأوروبية في إنتاج الطاقة في بلدان الشرق الأوسط وشمال إفريقيا

منطقية لعدة أسباب ومنها، انخفاض قيمة اليد العاملة وتكاليف البناء الأخرى، فضلاً عن إمدادات طاقة أكثر تنوعاً والتي يمكن الاعتماد عليها بشكل أكبر. ناهيك عن المزايا المساعدة على تطوير اقتصادات أقوى واستقرار سياسي أكبر على أطراف أوروبا. ستساعد هاتان النتيجةتان على تحسين الفقر واليأس، وتحد من تدفق المهاجرين غير الشرعيين، الذين لقي الآلاف منهم حتفهم أثناء محاولتهم عبور البحر المتوسط في القوارب المتهالكة والمثقلة بالأعباء التي زودهم بها مهربو البشر عديمو الضمير.

سيداتى وسادتى، أعتقد أنه يمكننا أن نتفق جميعاً على أن هذه ليست أولويات ثانوية. على العكس من ذلك، فهي أولويات استثنائية تتطلب اتخاذ تدابير استثنائية، وقد تكون الآثار المترتبة على عدم التصرف كارثية في السنوات القادمة. وبالتالي، فإن المطلوب ليس فقط أن تتعاون الدول الأعضاء في الاتحاد الأوروبي لتحقيق هذه الأهداف، كما يفعل البعض منها حالياً، ولكن المطلوب من جميع الهيئات ذات الصلة أن تتقدم وتتدخل وتشارك كما لم تفعل من قبل.

حول هذا الموضوع بالذات، تلقينا بعض الأخبار الجيدة جداً مؤخراً. فقبل حوالي أسبوع، حددت المفوضية الأوروبية خطة جديدة لإنهاء اعتماد أوروبا على الغاز الروسي، خطة تتطلب إنفاق أكثر من 200 مليار يورو على مدى السنوات الخمس المقبلة. هذا رقم كبير، لكن الخطة تحتاج الآن إلى التمويل.

ستتطلب المشاريع المعنية دعماً هائلاً، سواء المباشر منها أو غير المباشر، وذلك إذا أريد لها أن تبدأ في العمل بسرعة، وإذا كانت ستفعل ذلك دون أن تخضع لفرض ضرائب غير مستدامة و / أو دون أن تتأثر منها أعباء ديون على الاقتصادات الفردية. هذا يعني أنه ليس فقط على الاتحاد الأوروبي نفسه أن يبدأ بالتمويل، ولكن على كل من بنك الاستثمار الأوروبي والبنك الدولي وصندوق النقد الدولي - أن يبدأوا بالتمويل كذلك. كما يجب على القطاع الخاص إن يشارك في هذا الإجراء أيضاً.

ستكون هناك فوائد كبيرة إذا اعتمدنا على مثل هذا البرنامج، وبالمقابل ستكون هناك أزمات أكبر إذا لم نفعل ذلك. لذلك لا يمكن اعتبار الحلول المذكورة انفاقاً منتظماً، بل هي بدلا من ذلك ترقى لتكون استثمارات ضرورية وتاريخية في مستقبل أفضل للقارة بأكملها ولجيرانها في الشرق الأوسط وشمال إفريقيا، وبإمكاني أن أقول وكذلك الأمر بالنسبة للعالم أجمع.

لسوء الحظ، لقد فات الأوان لمنع الحرب في أوكرانيا. لكن كلما تحركت أوروبا بشكل أسرع وفعال لإنهاء اعتمادها على الغاز الروسي، وتبنت شراكة أوثق مع جيرانها في البحر الأبيض المتوسط، والتي ستحقق الاستقلالية الكاملة لسياساتها الخارجية، كلما تمكنت من المساعدة في استعادة السلام - ومنع حدوث كوارث مماثلة في المستقبل".

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## **Dismantling the fossil-fuel economy at Stockholm+50**



Our planet is facing a triple crisis of climate, nature, and pollution, with one common cause: the fossil-fuel economy. Oil, gas, and coal are at the root of runaway climate disruption, widespread biodiversity loss, and pervasive plastic pollution. The conclusion is clear and must be paramount when political leaders gather in Stockholm this week to commemorate the 50th anniversary of the first United Nations Conference on the Human Environment. Any effort to

address these existential threats to human and ecological health will mean little as long as the fossil-fuel economy remains intact.

As UN Secretary-General António Guterres recently noted, fossil fuels are choking our planet. In the last decade, their combustion accounted for 86% of global carbon dioxide emissions, for which just a few actors bear overwhelming responsibility. In fact, nearly two-thirds of all CO<sub>2</sub> emitted since the Industrial Revolution can be traced to just 90 polluters, mostly the largest fossil-fuel producers.

Yet, rather than reining in the polluters, the world's governments are currently planning to allow more than twice as much fossil-fuel production in 2030 than would be consistent with the goal – agreed under the 2015 Paris climate agreement – of limiting global warming to 1.5C above pre-industrial levels. And when it comes to the damage wrought by fossil fuels, higher global temperatures and intensifying extreme weather events are only the beginning.

Last year, the UN Special Rapporteur on Toxics and Human Rights, Marcos A Orellana, affirmed what frontline communities have long known: fossil-fuel production generates toxic compounds and pollutes air, water, and soil. Air pollution from burning fossil fuels was responsible for about one in five deaths worldwide in 2018. Moreover, oil and gas are the building blocks of the toxic chemicals, pesticides, and synthetic fertilisers that are pushing ecosystems and species to extinction. These fossil-fuel-based products perpetuate an economic and agro-industrial model that drives deforestation, destroys biodiversity, and threatens human health.

Fossil fuels are also behind the proliferation of plastics, which are accumulating in even the most remote areas of the planet, from the top of Mount Everest to the bottom of the Mariana Trench. Ninety-nine percent of all plastics are made from chemicals derived from fossil fuels, predominantly oil and gas. The production of petrochemical feedstocks for plastics and the use of fossil fuels throughout the plastics value chain are boosting demand for oil and gas and exposing

millions of people to toxic pollution.

As if that were not enough, fossil fuels foment and fund violent conflict around the world. The fossil-fuel economy is enabling Russian President Vladimir Putin's war in Ukraine and the humanitarian crisis it has created. In the seven years after Russia illegally annexed Crimea, eight of the world's biggest fossil-fuel companies enriched Russia's government by an estimated \$95.4bn. Russia's revenues from energy exports have soared since the invasion of Ukraine in February, which drove up prices. And big Western oil companies, cashing in on the conflict, have raked in record profits.

Instead of facing accountability, the oil and gas industry and its allies are exploiting the Ukraine crisis to push for even more drilling, fracking, and exports of liquefied natural gas (LNG) all around the world. But new fossil-fuel infrastructure, which will take years to bring online, will do nothing to address the current energy crisis. Instead, it will only deepen the world's dependence on fossil fuels, enhance producers' ability to wreak havoc on people and the planet, and push a climate-safe future further out of reach.

As world leaders gather for Stockholm+50, breaking our addiction to fossil fuels should be the top priority. Yet fossil fuels are conspicuously absent from the official concept note and agenda, and they are barely mentioned in the background papers of the three Leadership Dialogues that are supposed to inform the summit's outcome.

This omission is no accident. The fossil-fuel lobby has decades of experience sowing doubt about the damage the industry is causing and obscuring the link between fossil fuels and the toxic chemicals used in industrial agriculture and plastic products. When outright denial has not worked, the industry has touted false solutions, including speculative technological fixes, market mechanisms with gigantic loopholes, and misleading "net-zero" pledges. The goal is to divert political attention from the urgent action needed to end reliance on fossil fuels and scale-up proven approaches, like renewable energy, agroecology, and plastic reduction and



reuse.

Such transformative action is precisely what Stockholm+50 must deliver. Participating governments and decision-makers must acknowledge that fossil fuels are the main driver of the triple crisis we face, and they must set a bold agenda for halting fossil-fuel expansion, ensuring a rapid and equitable decline of oil, gas, and coal, and accelerating a just transition to a fossil-free future.

One possible feature of such an agenda would be a Fossil Fuel Non-Proliferation Treaty – an initiative that has attracted wide support, including from thousands of civil-society organisations, hundreds of scientists and parliamentarians, more than 100 Nobel laureates, and dozens of municipal governments. To spur progress, a broad range of stakeholders – including representatives of indigenous communities, governments, international institutions, and academia – will gather the day before Stockholm+50 for the Pre-Summit on the Global Just Transition from Fossil Fuels.

In parallel with the Stockholm meeting, an intergovernmental negotiating committee, convened by the UN Environment Programme, is gathering in Dakar to develop a legally binding global plastics treaty. Crucially, the treaty will have to take a comprehensive approach that addresses the full plastic life cycle, beginning with fossil-fuel extraction.

If we have learned one thing in the 50 years since the first Stockholm conference, it is that a future tied to fossil fuels is no future at all. To tackle the converging crises of climate change, biodiversity loss, and petrochemical and plastic pollution, Stockholm+50 has no alternative but to confront oil, gas, and coal head-on. – Project Syndicate

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# Saudi tucks away billions in oil money for next year



Bloomberg Riyadh/London

Saudi Arabia will hold billions of dollars from its oil windfall in a government current account until the end of the year, when it will decide how to distribute it – marking a shift in its strategy from previous boom periods.

In the past, higher oil prices and output would quickly translate into rising foreign reserves and deposits in local banks, and often lead to a swift boost in government spending. This time, the government won't spend the money until it's rebuilt reserves depleted during eight years of subdued oil prices. It could then use some of the cash to repay debts and pour it into state investment vehicles, including the powerful Public Investment Fund (PIF) and the National Development Fund, which focuses on domestic infrastructure.

“The surplus achieved in Q1 is shown in the government current

account and has not yet been deposited to government reserves nor transferred to other groups," Finance Minister Mohamed al-Jadaan said in a statement to Bloomberg. "This allocation will occur after the surplus is realized, which means after the closing of the fiscal year."

The government's current account held at the central bank rose by 70bn riyals (\$19bn) in the first quarter of the year, when Saudi Arabia reported a \$15bn budget surplus.

The finance ministry's comments solve a mystery that had stumped some analysts covering Saudi Arabia; they were waiting to find out where those billions of dollars would show up.

The world's largest crude exporter has seen revenues soar on the back of \$100 oil and rising production. Oil gross domestic product is expected to grow 19% this year, al-Jadaan said at the World Economic Forum in Davos, Switzerland.

If crude prices remain that high, Saudi Arabia's total oil exports are estimated to reach \$287bn this year, according to Ziad Daoud, chief emerging markets economist at Bloomberg Economics.

Officials had previously said that much of the extra money would be used to accelerate efforts to diversify the economy away from oil – currently Saudi Arabia's main source of income.

"The windfall from the additional revenues that we will get from high oil prices will be essentially invested in resilience," Faisal Alibrahim, Minister of Economy and Planning, told Bloomberg in an interview at Davos. "Whether it's replenishing reserves, paying off debt or investing in unique transformational projects through our wealth fund, that really helps us accelerate the diversification plans."

The kingdom's \$600bn sovereign wealth fund, the PIF, is at the heart of Prince Mohamed bin Salman's plan to overhaul the economy and invest in new non-oil industries like tourism.

It owns most of the kingdom's mega-projects, including Neom – a \$500bn new city – as well as tourism developments on the Red Sea coast and a massive entertainment complex planned near Riyadh.

“The responsibility of boosting growth has shifted to state-owned entities ex-budget, led by PIF,” Mohamed Abu Basha, head of macroeconomic research at Egyptian investment bank EFG Hermes, wrote in a note. That leaves “the transmission of high oil prices to the economy more indirect than at any time in history.”

Reserves jumped in March, supported by dividend payments from oil giant Aramco. But the increase was smaller than it was in the same period last year, when oil prices averaged above \$60 a barrel.

One part of the economy that hasn't benefited is the domestic banking system. In the past high oil prices would mean an influx of cheap deposits into the Saudi banks, helping to keep local currency lending rates low.

Yet Saudi banks are facing the tightest liquidity conditions since 2016, as measured by the three-month Saudi Interbank Offered Rate, or SAIBOR, despite soaring oil prices. It took off even before an overall 75 basis-point interest rate hike by the US Federal Reserve so far this year.

“The increase in SAIBOR rates reflects some of the lag between the surge in oil prices and the domestic liquidity boost,” said Carla Slim, economist at Standard Chartered Plc. “Excess liquidity in the banking system, as measured by volumes deposited in Saudi Arabian Monetary Authority's reverse repo facility, has contracted sharply.”

The finance ministry said in its statement that money supply was ample.

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## **Sun-starved Sweden turns to**

# solar to fill power void



## **Bloomberg**

Sweden, known for its long dark winters with barely any daylight, is seeing a solar power boom.

Harnessing whatever sunshine the country gets is emerging as the quickest solution to fill part of the void left by two closed nuclear reactors in southern Sweden, where the biggest cities and industries are located. With shortages piling up in the region and consumers keen to secure green energy at stable prices, solar is quickly catching up with wind as developers put panels on rooftops and underutilised land in populated areas.

While the lack of sunlight is a hindrance, every bit of new electricity capacity will lower imports from Europe where prices are more than three times higher than in the rest of Sweden. Projects are also getting built quickly because developers are directly getting into power sales deals with consumers and aren't dependent on government support, said

Harald Overholm, CEO of Alight AB, which started Sweden's biggest solar plant this month.

Companies are targeting a quick ramp-up, pushing total capacity in the country to 2 gigawatt this year. That's more than the two nuclear reactors in Ringhals that were halted in 2020, and will close the gap with Denmark, an early mover in the industry in the region.

"We are very good at creating contracts directly with commercial partners that use power, and that is what drives our development," said Harald Overholm, CEO of Alight.

The past winter has demonstrated the hole left behind by the two atomic reactors, with the government facing the task of resolving a divergent market. While vast hydro and wind projects have kept the cost of electricity in the sparsely populated north in check, a lack of generating capacity and congested grids have forced the south at times to import power.