

# Gas is natural partner of the world in recovery: GECF



## The Peninsula

Doha: Natural gas embodies all the attributes required to achieve the multidimensional challenges of environmental protection, energy access, and affordability in a world stepping onto the road of recovery, the Secretary-General of the Doha-based Gas Exporting Countries Forum (GECF) Yury Sentyurin has said at the 7th IEF-IGU Ministerial Gas Forum, which was hosted virtually by the Malaysian government recently.

“As the world reaches the end of the pandemic tunnel, it will need an energy partner that can help prevent environmental degradation, ensure a stable and uninterrupted supply of energy, and bring affordable and reliable energy for all. Natural gas is that partner,” said Sentyurin.

He added: “The GECF member countries are amongst the lowest cost producers globally and are able to weather the current storm, or any other. We understand our duty to the world and are committed to strengthen global energy security as reliable

suppliers of this important energy source. Natural gas will become the leading source in the global energy mix by mid-century, increasing its share from currently 23 percent to 28 percent”.

During the event, the Minister of State for Energy Affairs and President and CEO of Qatar Petroleum, H E Saad Sherida Al Kaabi also struck a positive chord by maintaining that the gas industry, particularly LNG, has several milestones yet to achieve.

“I believe the economic and environmental realities of the post-COVID-19 era will help to increase the competitiveness of LNG and I have no doubt that the best for the LNG industry is yet to come,” said Al Kaabi.

The high-level gathering embraced the exponential growth of natural gas since the first edition in 2008 and highlighted the role of natural gas as it pertains to strengthening energy security and facilitating an orderly energy transition in an increasingly carbon constrained world.

Most of the energy ministers who spoke during the day-long conference – from India to Qatar to Malaysia – pinpointed Asia as the main demand node for natural gas on the back of rising populations, environmental pledges, and phasing out of coal. Currently coal meets 47 percent of Asia’s energy consumption, while natural gas provides just 12 percent of primary energy consumption in the world’s largest region.

According to the GECF Global Gas Model, ASEAN and East Asia countries’ energy needs will account for around 60 percent of global energy demand increase between today and 2050. This growth will account for 42 percent of the global gas increments within the outlook period, driven by China, India, emerging markets such as Bangladesh, Pakistan, and a few others in South East Asian countries.

“Increasing Asia’s share of gas energy consumption to 20

percent would add the equivalent of more than 400 million tonnes of liquified natural gas (LNG) to annual gas demand, almost doubling the size of the LNG market,” said H E Tan Sri Muhyiddin Yassin, Prime Minister of Malaysia, in his inaugural address. Malaysia – a member of the GECF coalition – is the fifth largest exporter of LNG in the world, delivering over 11,000 cargoes since 1983. But now the country is reimagining the role of natural gas.

According to India’s Minister of Petroleum & Natural Gas and Steel, H E Shri Dharmendra Pradhan, the demand for natural gas and other energies in the world’s second populous nation has already returned to pre-COVID-19 levels.

“I’m happy to mention that the energy demand in India, particularly of the petroleum products and natural gas, has returned to pre-Covid-19 level. As the third largest global energy consumer, I am confident that India will continue to remain a key global energy demand centre, particularly for natural gas,” added Pradhan.

Meanwhile, ministers from Nigeria, Egypt, Azerbaijan and Iraq further discussed the opportunities that exist in growing gas markets and various policy pathways to achieve net-zero emissions in two sessions of the meeting.

Announcing that major oil exporter Iraq will increasingly switch to natural gas to generate power for its citizens, Minister of Oil H E Ihsaan Abdul Jabbar, said: “Our target is to utilise more and more gas, from associated gas fields and from free fields, to use it as a fuel for power generation for all of Iraq. This is our priority.”

Other ministers at the Ministerial Gas Forum joined from Bangladesh and Bahrain, including the Secretary of Energy from the United States of America, and ministers’ representatives from Brunei Darussalam, Canada, Morocco, Turkey and Kingdom of Saudi Arabia. Amongst the private sector were Total,

Tellurian, Royal Dutch Shell, Dana Gas, Eni, to name a few.

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## **OPEC+ panel discusses weaker oil demand outlook, Libya supply rise, sources say**



LONDON (Reuters) – An OPEC+ technical committee discussed on Thursday higher oil supply as production resumes in Libya amid a weaker demand outlook due to a second wave of coronavirus infections, two OPEC+ sources said.

The Joint Technical Committee (JTC), which includes representatives from key OPEC+ producers such as Saudi Arabia and Russia, was meeting to review compliance with global oil output cuts and to review the oil market.

The group had 102% compliance with its production cuts in September, two OPEC+ sources told Reuters.

On Thursday, OPEC Secretary General Mohammad Barkindo told a conference that demand was recovering at a slower pace than expected.

“We have to be realistic that this recovery is not picking up pace at the rate that we expected earlier in the year,” he said. “Demand itself is still looking anaemic.”

OPEC+ delegates discussed the slow demand recovery in the fourth quarter of this year, when seasonally it was expected to rise, one of the sources said.

The resumption of oil production from Libya and the lack of a vaccine for COVID-19, as several countries face a rise in cases and renewed restrictions to try to contain the pandemic, could mean a downward revision for oil demand, creating a bearish outlook for the market in the coming months, he added. The panel also discussed OPEC data showing a stocks overhang throughout 2021, with OECD inventories at 301 million barrels above the latest five-year average in the last quarter, compared with 245, 181 and 173 in the first three, the source said.

OPEC+ – producers from the Organization of the Petroleum Exporting Countries (OPEC) and others including Russia – have been reducing output since January 2017 in a bid to balance the market, support prices and reduce inventories.

They are currently curbing production by 7.7 million barrels per day (bpd), down from 9.7 million bpd, and are due to taper their production cuts by 2 million bpd in January.

But Thursday’s bearish demand outlook and rising supply from Libya mean OPEC+ could roll over existing cuts into next year and delay easing the reductions, OPEC+ sources say.



# UNESCO and GECF sign landmark cooperation agreement



Marking a victory for science and education, United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the Gas Exporting Countries Forum (GECF) today signed a Memorandum of Understanding (MoU) to bring the benefits of collaboration to the world at large.

The agreement, taking stock of two years of cooperation, was signed by HE Shamila Nair-Bedouelle, the Assistant Director-General for Natural Sciences at UNESCO and HE Yury Sentyurin, the Secretary General of the 20-member coalition of the leading gas exporting countries of the world. The MoU will serve as a gateway of opportunities between the two entities in the areas of struggle against climate change, natural resources management, and positive developments across the globe, particularly in the Africa region. The partnership will further allow the sides to focus on capacity building,

technical support, and shared expertise.

Both signatories commended the UNESCO Cluster Office for the GCC and Yemen (accredited to Doha) for facilitating the agreement.

“The mobilisation of science for the benefit of society and the planet is now more urgent than ever. We need science and technology, we need access to science and technology, we need to be able to reduce the knowledge gap between different countries across the world, and therefore this partnership with the GECF is really a beacon of hope and light,” said HE Nair-Bedouelle following the virtual signing ceremony.

“The GECF serves as a platform for the science policy interface, underpinning the importance of the exchange of scientific knowledge, experience, and dissemination of information through research and production of global outlooks and statistical bulletins. We at UNESCO are therefore confident that this partnership will further harness the potential of science and technological cooperation to address global challenges, through advocacy and awareness raising at all levels of society and economic sectors towards achieving the sustainable goals of the 2030 Agenda and beyond,” she added.

Scientifically-grounded data and insights are championed at the GECF, whose Secretary General emphasised that technology is key to the envisaged energy transition and climate action such as greenhouse gasses (GHGs) emissions mitigation. The Forum’s speaker added, that “education and science-oriented exercises play a great role in environmental protection with a view to raise awareness and cultivate a “culture of energy responsible behaviour” or “energy scholarship.”

“The GECF is developing technologies, including ones in relation to reduction of GHGs emissions through the GECF Gas Research Institute, recently established in Algeria, and fully

dedicated to discovering new technologies and innovations to achieve the ambitious sustainable development goals in front of us,” said HE Sentyurin.

“The GECF’s ambition to steward the gas industry into playing a greater role in environmental protection manifests in our Environmental Knowledge and Solutions initiative. This 12-point agenda focuses on many aspects of our activities,” he added, while referring to the 2019 Malabo Declaration adopted by the GECF Heads of State and Government, which calls on the Forum to use natural gas as the core source of energy in the development programmes and climate change policies of developing countries, such as in Africa, to overcome energy poverty and to mitigate CO2 emissions.

The MoU has been signed against a unique backdrop. The world’s overall energy demand is assumed to grow along with the global economy and population growth. The GECF experts forecast that in order to fulfil this increased demand, the world will likely see a symbiosis of conventional and renewable energies to solve climate issues and to meet the needs of nations for affordable energy. Natural gas is expected to shoulder the bulk of this demand on the back of its attributes of being the most environmentally friendly, affordable, flexible, and abundant fossil fuel.

According to the latest available figures from the GECF Global Gas Outlook 2050, natural gas is projected to become the largest source of primary energy by 2050, from currently 23% to 28%. Along the way, natural gas is expected to play a vital role in decarbonisation options including natural gas-based hydrogen, also known as the blue hydrogen, with carbon capture, utilisation and storage (CCUS) technologies.

The Forum’s Secretary General termed the GECF’s sustainability-related efforts as a “duty to the world”, given that its members collectively represent 71% of the world’s proven natural gas reserves and nearly half of its marketed



production.

As an observer organisation to the UNFCCC (UN Framework Convention on Climate Change), the GECF actively participates in the conference of parties, with the most recent statements made at COP24 and COP25. The Forum is also a regular contributor to the discussions of the UN Economic Commission for Europe (UNECE) Group of Experts on Gas, where it analyses natural gas' leading role in attaining the 2030 Agenda for Sustainable Development.

"This is complemented by our rapidly growing relationships with the G20, BRICS, and others in the spirit of joint action as regards to humanity's shared mission of sustainable development," concluded HE Sentyurin.

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**<https://www.gulf-times.com/story/679889/Companies-taking-strong-climate-action-up-46-this->**



Bloomberg /London

The number of major companies who've disclosed their environmental impact and aggressively committed to reducing it has increased 46% from last year, according to a new analysis by a leading environmental-disclosure platform.

The top companies on the CDP's annual "A List" for environmental action grew to 313 this year. The list, which was updated on Tuesday, consists of companies who received CDP's top score for environmental disclosures and policies on climate change, forest conservation and water use.

The list's expansion comes towards the end of a year where climate risk has taken prominence in financial markets. In April, an analysis by Morningstar showed sustainable funds were relatively well-placed to endure the coronavirus turmoil, withstanding the market's March freefall much better than conventional funds. From 2025, UK companies will have to disclose how much they're exposed to risks caused by climate change, following a November decision by the Chancellor of the Exchequer Rishi Sunak.

Climate action also pays off. An index which tracks CDP's A List saw an average annual return that was 5.3% higher than competitors over the past seven years. The Stoxx Global

Climate Change Leaders, which measures the performance of companies on CDP's A List Index relative to the Stoxx Global 1800, has climbed about 13% since the start of 2020.

"Organisations that are able to take sustainability as a strategic imperative can adapt to this new future," said Nina Seega, research director for sustainable finance at the Cambridge Institute for Sustainability Leadership. "We're no longer discussing whether we'll transition, but how we'll transition – and which companies will be the best at it."

Most companies only disclosed data to CDP that reflected their impact on the climate, concentrating on emissions reductions, but some went further. Of the 9,600 companies that reported this year, only ten scored A ratings across their disclosures related to climate change, forests and water-use. They included Danone, L'Oreal SA, and Philip Morris International – the controversial tobacco giant has reduced emissions from its operations and along its value chain by 42% since 2010.

The number of companies which disclosed data to CDP rose by 14% this year from last year. More A List companies are based in Europe than any other continent. Japan is home to more of the top companies than any other country – with 66 of the 313 companies based there. Among them, car manufacturer Honda reached 100% renewable energy at its European and South American plants last year and KAO Corporation, the chemicals and cosmetics company, introduced an internal carbon pricing mechanism to encourage energy savings.

"We have the wind in our sails," said Dexter Galvin, global director of corporations and supply chain at CDP. "Now, we need these pioneers to inspire the sluggish majority of corporates if the private sector is to take a leadership role when climate targets ratchet up at COP26 next year," he said, referring to the global climate talks set to be held in Glasgow in 2021.

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# Oil from US-sanctioned sellers becoming less taboo in Asia



Bloomberg/Mumbai

Asia's biggest oil importers are testing the waters in the hope that the incoming administration of US President-elect Joe Biden will set the stage for a resumption in crude exports from Iran and Venezuela.

Indian Oil Minister Dharmendra Pradhan said last week the country would like to buy from more producers when asked if he would like to see an easing of White House sanctions on Iran and Venezuela. Tehran, meanwhile, is preparing to raise oil exports, according to President Hassan Rouhani's official website.

There has also been an increase in inquiries from Chinese buyers about purchasing a sludgy type of oil known as bitumen-

mix, which is thought to be Venezuelan crude passed off as another grade, according to traders.

Under President Donald Trump, the US pursued an aggressive foreign policy, reinstating sanctions on the Islamic Republic in 2018 and then taking steps to limit Venezuelan crude exports the following year. Shipments from both nations have since slowed to just a trickle, forcing Asian refiners to look for alternatives to the medium-heavy sour crudes from the two countries.

“As a buyer, I would like to have more buying places,” Pradhan said at a webinar last Wednesday, adding the country intends to move ahead with a plan to increase the size of its strategic petroleum reserves.

While Trump is stepping up foreign sanctions as his term winds down, the hope among Asian buyers is that Biden will seek to restart the Iranian nuclear deal and also take a softer line on Venezuela when he takes office next month.

However, Biden’s task looks to have become more difficult after Iran’s top political chamber gave final approval to a bill forcing President Hassan Rouhani to end international nuclear inspections unless the US lifts key sanctions by February. That will give the Biden team just weeks to make a diplomatic breakthrough.

If a Biden presidency does lead to a resumption in Iranian and Venezuelan oil exports, the new supply will likely cause a further headache for the Opec+ alliance and would also reshape crude flows to Asia. The popularity of similar-quality grades from Canada and Iraq might wane, according to Asian traders. Tehran will take measures “to prepare resources and oil-industry equipment for the production and export of oil in line with current capacity within the next three months,” according to President Rouhani’s website.

India halted imports from Iran, previously its third-largest oil supplier, in mid-2019 after the expiration of US exemptions. The nation imported 7.65mn tonnes of Venezuelan crude from January to October this year, compared with 15.9mn tonnes in 2019.

China last imported Venezuelan oil in September 2019, customs data show. It purchased around 3mn tonnes of Iranian oil in first 10 months of this year, or 72,000 barrels a day, down 77% from the same period in 2019.

Chinese crude imports from Malaysia, meanwhile, have been a lot higher than usual since the start of 2019. Much of those volumes may have come from ship-to-ship transfers in Malacca Strait, a tactic to mask the origin of cargoes.

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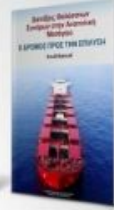
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كتاب جديد أصدره الخبير في سياسة الطاقة رودي بارودي يحمل عنوان "النزاعات البحرية في شرق البحر الأبيض المتوسط: الطريق إلى الأمام" Maritime Disputes in the Eastern Mediterranean: the Way Forward مطبوعة معهد بروكينغز، يسلط الضوء على آليات عملية غالباً ما يتم تجاهلها ويمكنها أن تنزع فتيل التوترات وتساعد في إطلاق عملية التنقيب عن النفط والغاز بقيمة مليارات الدولارات. تحدد الآليات الإطار القانوني والديبلوماسي الواسع المتاح للبلدان التي تتطلع إلى حل الحدود المتنازع عليها في البحر قانونياً أو حياً. يستعرض بارودي في الكتاب ظهور "اتفاقية الأمم المتحدة لقانون البحار" وتأثيرها المتزايد، والتي أصبحت قواعدها ومعاييرها أساساً لجميع المفاوضات والاتفاقات البحرية تقريباً. ويشرح الكتاب أيضاً كيف أن التقدم الذي أحرز أخيراً في مجال العلم والتكنولوجيا، ولا سيما رسم الخرائط الدقيقة، قد وسّع نطاق المبادئ التوجيهية لاتفاقية الأمم المتحدة لقانون البحار لايجاد تسوية للمنازعات التي تستند إليها. وكما يشير العنوان، فإن

النقاش في شرق البحر الأبيض المتوسط يدور حول الحدود البحرية للمنطقة والتي لا تزال من دون حل، علما ان الاكتشافات الأخيرة اكدت وجود كميات كبيرة من النفط والغاز، ما قد يؤدي ليس فقط إلى إبطاء تنمية الموارد المعنية (وإعادة استثمار العائدات للتصدي للفقر والتحديات الاجتماعية الأخرى)، بل يزيد خطر وقوع حرب أو أكثر. ومع ذلك، يلاحظ بارودي ان الحل العادل والمنصف قد يعمل على استعادة الثقة بين شعوب المنطقة. فاذا وافقت بلدان شرق المتوسط بموجب قواعد اتفاقية الأمم المتحدة لقانون البحار على تسوية خلافاتها بشكل عادل ومنصف، فان "من شأن ذلك أن يعطي فرصة لإثبات أن هيكल الأمن الجماعي في فترة ما بعد الحرب العالمية الثانية لا يزال ليس فقط نهجا قابلا للتطبيق ولكن أيضا نهجا حيويا ... ومن شأن ذلك أن يظهر للعالم بأسره أنه لا توجد عقبات كبيرة جدا، ولا عداوة متأصلة، ولا ذكريات مريرة بحيث يمكن التغلب عليها باتباع القواعد الأساسية التي انضمت إليها جميع الدول الأعضاء في الأمم المتحدة، وهي: تسوية النزاعات من دون عنف أو التهديد به".

ويقدم الكتاب افكارا عامة ومحددة عن الادوات التي يمكن اعتمادها في المجال الدبلوماسي، وهي مساهمة مفيدة في وقت يتعرض مفهوم تعددية الأطراف برمته للاعتداء من بعض البلدان التي دافعت في ما مضى عن إنشائها. اضافة إلى ذلك، فان اسلوب المؤلف الجذاب يجعل الكتاب في متناول جميع الاختصاصيين - علماء التاريخ والجغرافيا، إلى القانونيين ورسم الخرائط - ومثيرا لاهتمام الأكاديميين وصنّاع السياسات والمهندسين والقراء. تتكون خلفية الكاتب بارودي من أربعة عقود في قطاع الطاقة، ساعد خلالها في تصميم السياسات للشركات والحكومات والمؤسسات المتعددة الطرف، بما في ذلك الأمم المتحدة والمفوضية الأوروبية وصندوق النقد الدولي والبنك الدولي. وتراوح مجالات خبرته ما بين النفط والغاز والبتروكيماويات والطاقة وأمن الطاقة وإصلاح قطاع الطاقة إلى الآثار البيئية والحماية وتجارة الكربون والخصخصة والبنية التحتية. يشغل حاليا منصب الرئيس التنفيذي لشركة الطاقة والبيئة القابضة، وهي شركة استشارية مستقلة مقرها الدوحة، قطر. وتم العمل على الكتاب خلال سنوات من البحث الشخصي لبارودي، مع تحرير ديرا ل. كاغان (زميل الطاقة المتميزة، شبكة القيادة عبر الأطلسي) وساشا توبيرس (نايبة الرئيس التنفيذي الأول، شبكة القيادة عبر الأطلسي). وتنشر شبكة القيادة عبر الأطلسي، وهي رابطة دولية تضم الممارسين وقادة القطاع الخاص ومحلي السياسات الذين يعملون على ضمان مواكبة العلاقات بين الولايات المتحدة والاتحاد الأوروبي في عالم سريع العولمة، "النزاعات البحرية في شرق البحر الأبيض المتوسط: الطريق إلى الأمام"، والذي كان متاحا في الأصل ككتاب إلكتروني، من قبل مطبعة مؤسسة بروكينغز، التي تأسست عام 1916 كدار نشر للأبحاث من قبل العلماء المرتبطين بمعهد بروكينغز، الذي يُنظر اليه على نطاق واسع أنه من أكثر مراكز الفكر احترامًا في الولايات المتحدة.

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# Le droit de la mer offre une solution pacifique au litige gréco-turc



La Grèce et la Turquie se livrent à nouveau à un jeu dangereux sur l'île grecque de Kastellorizo, située à deux kilomètres des côtes turques. Si les deux pays sont depuis longtemps en désaccord sur l'île, le différend actuel concerne l'envoi dans cette zone, à plusieurs reprises depuis août dernier, d'un navire d'exploration d'hydrocarbures turc, l'Oruç Reis. Cependant, la récurrence de ces tensions découle en fin de compte de l'absence de traité sur les frontières maritimes entre les deux pays. Ce manque de clarté a contribué à des frictions pendant des décennies, et pas seulement sur l'île de Kastellorizo. En fait, les deux pays revendiquent des zones

économiques exclusives (ZEE) qui se chevauchent de manière significative, rendant impossible tout projet qui viserait à exploiter pleinement les ressources sous-marines de la zone. Par conséquent, à moins que les deux pays ne soient pleinement préparés à résoudre leurs différends de manière pacifique, des crises comme celle que nous connaissons actuellement continueront de se produire, augmentant à chaque fois les risques de conflit ouvert.

## **Montée des tensions**

Les enjeux ont crû significativement ces dernières années, principalement en raison de la découverte d'importants gisements d'hydrocarbures en plusieurs endroits de la Méditerranée orientale. Certains observateurs avertissent que les relations entre les deux pays sont à leur plus bas niveau depuis 1974, lorsque les forces turques ont envahi Chypre à la suite d'un coup d'État des Chypriotes grecs visant à unir l'île à la junte militaire alors en place à Athènes.

Au lieu d'engager un dialogue productif entre elles, Athènes et Ankara ont toutes deux mené des efforts diplomatiques parallèles visant à étayer leurs revendications maritimes respectives. Les Turcs ont signé un protocole d'accord sur les ZEE avec la Libye (17 novembre 2019), tandis que les Grecs ont signé un accord sur les ZEE avec l'Égypte (6 août 2020). Aucun de ces accords n'a cependant été ratifié, ce qui signifie qu'ils ne sont pas encore en vigueur. Même si une ratification a lieu, il reste à voir si ces accords seront déposés auprès de la Division des Nations unies pour les affaires maritimes et du droit de la mer (Doalos), à laquelle les États côtiers confient généralement leurs traités frontaliers pour une plus large diffusion. Par conséquent, si ces documents bilatéraux peuvent être utilisés pour réglementer les interactions entre leurs signataires respectifs, il reste à voir si et comment ils peuvent être conciliés avec les délimitations revendiquées par leurs autres voisins.

Pour toutes ces raisons, la nécessité de mettre fin à ces coups de poker périodiques devient chaque jour plus urgente. Comme pour souligner les dangers qui en découlent, le 12 août, un des navires de guerre turcs qui escortaient l'Oruç Reis a été impliqué dans une collision mineure avec une frégate grecque envoyée pour suivre le relevé.

## **Droit et technique**

Cependant, en dépit de l'inimitié de longue date entre la Grèce et la Turquie, le droit offre aujourd'hui des moyens simples de résoudre leur différend. La Convention des Nations unies sur le droit de la mer (CNUDM) établit un ensemble complet de règles pour la résolution juste et équitable de ces différends, et au fil du temps, ces règles sont devenues partie intégrante du droit international. Cela signifie que même les pays qui ne sont pas signataires de la CNUDM peuvent invoquer (et invoquent déjà) les principes de la convention dans toutes sortes d'interactions, notamment lors des procédures devant les tribunaux internationaux, les processus d'arbitrage et la diplomatie bilatérale et multilatérale. De plus, les récents progrès technologiques ont révolutionné la précision avec laquelle les zones litigieuses – sur terre ou en mer – peuvent être définies et délimitées.

Ensemble, le droit et la technique ont donc éliminé une grande partie des spéculations qui pouvaient exister – et donc une grande partie des risques – lors des négociations pour la résolution des différends maritimes. C'est cette approche que la Grèce et la Turquie doivent adopter pour promouvoir leurs intérêts respectifs tout en respectant l'obligation qui est la leur, en tant qu'États membres des Nations unies, de régler les différends de manière pacifique. Leurs divergences sont réelles et certains détails sont complexes, mais les principes de la CNUDM constituent une solution éprouvée, à tel point qu'ils ont joué un rôle central dans chacune des deux dernières douzaines de résolutions de différends maritimes par arbitrage, verdict d'un tribunal ou traité international.

Ces tensions ne disparaîtront pas, ni ne pourront être résolues, sans diplomatie et sans dialogue. Le statu quo est très instable, et aucune des parties ne peut imposer sa volonté à l'autre, du moins pas sans subir des pertes humaines et matérielles inacceptables.

Il est très probable qu'une demande de dialogue et de diplomatie trouve une oreille réceptive du côté de leurs partenaires internationaux. Les États-Unis et l'Union européenne ont en effet tous deux intérêt à éviter une plus grande instabilité en Méditerranée orientale, et les Nations unies ont investi beaucoup de temps et d'efforts dans plusieurs tentatives pour trouver une solution au volet chypriote du conflit gréco-turc.

Outre l'évolution de la technologie et celle des précédents juridiques qui permettent une solution basée sur la CNUDM, sans parler des avantages économiques que les deux pays pourraient tirer de la liberté d'exploiter librement leurs ressources, il y a une autre raison d'être optimiste quant à la réussite d'une poussée en faveur de la paix à l'heure actuelle.

L'heure ne devrait pas être aux discours enflammés et aux postures agressives. Les mécanismes pour une solution équitable sont à portée de main. La Grèce et la Turquie doivent s'engager dans un processus pacifique et défendre leurs positions jusqu'à ce qu'elles parviennent à un accord, et leurs alliés doivent les aider à le faire.

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**Oil prices face uphill**



# struggle in 2021 despite vaccine progress: Reuters poll



Oil prices will struggle to gain upward traction next year as demand remains in the grip of the coronavirus pandemic despite growing optimism over vaccines and a likely extension of output cuts by top producers, a Reuters poll showed on Monday.

The poll of 40 economists and analysts forecast Brent would average \$49.35 a barrel next year, little changed from last month's \$49.76 outlook. The benchmark has averaged about \$42.50 per barrel so far in 2020.

"The global oil demand outlook remains precarious given the resurgence of the pandemic and resulting lockdowns in Europe and the U.S.," said Marshall Steeves, energy markets analyst at IEG Vantage.

"This will likely remain the case through the first quarter of

2021 if not the second, thus OPEC+ faces muted demand for their oil.”

(Graphic: Brent and WTI price forecast for 2021 )

Rising Libyan output also posed a headwind, analysts said, as the market focuses on a meeting on Nov. 30-Dec. 1, when the Organization of the Petroleum Exporting Countries, Russia and other producers, a grouping known as OPEC+, decide strategy.

OPEC+ is leaning towards delaying the group’s existing plan to boost output in January by 2 million barrels per day (bpd) to support a market hammered by the pandemic..

Although an accelerating COVID-19 vaccine race has raised hopes for a quicker economic rebound, analysts said a resultant fillip to demand may only materialise in the second half of 2021.

Global demand was seen growing by 5.1 million to 6.3 million bpd in 2021, led by China.

“Currently the Achilles heel on the demand side is the aviation sector. Business-related travel could still be low next year, as companies may make greater use of video conference calls,” said UBS analyst Giovanni Staunovo.

The survey forecast U.S. WTI crude futures would average \$46.40 a barrel in 2021, versus October’s \$46.03 consensus.

“U.S. rigs are coming back to life but a Joe Biden administration should derail anything that allows for a massive upswing with production,” said Edward Moya, senior market analyst at OANDA.

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# Opec faces seismic demand split as group plots next move



Bloomberg/London

As Opec+ ministers gather virtually this week, the city that traditionally hosts their meetings will be locked down.

But while the Austrian capital provides a dramatic example of how the second wave of the pandemic is shutting down economies in Europe and the US, the global picture is more nuanced.

In Asia, the situation is almost the opposite to that of Vienna. The streets in India were full during the recent celebration of Diwali; China's Golden Week holiday saw millions take cars, trains and even planes to visit relatives across the country.

The east-west divide is an added conundrum for Opec+, which on November 30-December 1 needs to decide whether to delay a

production increase slated for January – and if so, for how long. And there's another crucial divide in the global oil market: while gasoline and diesel demand have recovered to about 90% of their normal level, consumption of jet fuel languishes at about 50%.

"The size of the shock and the unevenness of its impacts imply a recovery process which is far from smooth," said Bassam Fattouh, the head of the Oxford Institute for Energy Studies. Saudi Arabia is using both carrot and stick to talk other members of the oil group into defending prices at Thursday's ministerial meeting.

In private, Opec+ delegates talk about the imbalance in the recovery, both geographically and between refined products. Increasingly too, they talk about another segmentation: crude oil quality. The market for the denser more sulphurous crude, called heavy-sour, is tight, mostly due to production cuts big producers. But the market for so-called light-sweet is glutted, in part because Libyan barrels have come back to the market after a ceasefire, and European refiners are consuming less North Sea crude.

All those factors make the deliberations of Opec+ ministers trickier. And they have just one blunt tool at their disposal: raising or cutting overall production. Opec+ nations do not target gasoline or jet-fuel production, but just crude.

There's also a geographical handicap: most of their oil goes to Asia, where demand is strong, rather than Europe and America, where it's weaker. That means they can do little to address the glut where it matters. Even the quality is a problem: Opec pumps mostly heavy-sour crude, and can do relatively little to trim the excess of light-sweet crude.

There is some consolation. While the recovery in oil demand that started in May stuttered in October and November as the second wave took hold, it wasn't the same hit to the market as earlier this year. The lockdowns in Europe aren't as severe as the first wave, and demand in Asia is surging – not just in China, but also in India, Japan and South Korea.

High frequency data for road usage shows a decline in early

November of about 30% from pre-Covid levels, compared to nearly 70% in late March and early April, according to an index compiled by Bloomberg News. The most recent data suggests that road fuel demand bottomed out around November 15, and has been recovering since. With European nations easing lockdowns in the run-up to Christmas, demand is likely to recover further.

Pieced together, this all means the market isn't as bad as it looked just a few weeks ago. Oil prices are reflecting the more positive tone: Brent crude has rallied well above \$45 a barrel, and the shape of the curve has flipped, with nearby contracts trading at a premium to later ones. That dynamic, known as backwardation and traditionally a bullish signal, means that demand is running above supply.

The physical market, where actual barrels change hands, is also showing signs of strength: the favourite crude varieties of Chinese refiners are commanding rising premiums. Take ESPO crude of Russia, a grade that Chinese independent refiners, known as teapots, like to buy. In the most recent tenders, it has changed hands at \$2.85 a barrel above its benchmark, up from 55 cents in mid-October.

Beyond the next quarter, the outlook improves further.

Many are already hopeful about the impact of virus vaccines on oil demand. If they are right, by mid-year, when Opec is likely to be meeting again, the streets of Vienna will be once again full of tourists, often perplexed to see oil ministers followed by packs of television cameras across the Austrian capital. The group is tentatively planning to hold its bi-annual international oil seminar, a two-day festival of the industry, at the Imperial Hofburg Palace in June 2021.

"Vaccine efficacy and availability point to a large enough recovery in oil demand next year to allow Opec to achieve both a rebalancing of excess inventories as well as increase production sharply," said Damien Courvalin, oil analyst at Goldman Sachs Group Inc.

For now though, Opec+ still has work to do. If the group wants to keep draining inventories accumulated earlier this year, it

needs to keep the market in deficit, rather than simply balance supply and demand. With Libyan output surging back, Opec's own economists believe that global inventories would increase by about 200,000 barrels a day during the first quarter of 2021 if the group increases output as scheduled in January. If it delays the hike by three months, then stocks would instead drain by about 1.7mn barrels a day between January and March, a similar amount to what it expects in the fourth quarter of 2020.

"The job is far from done," said Gordon Gray, global head of oil and gas equity research at HSBC Holdings Plc.

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## **Turkey's economy expected to grow 4.8% year-on-year in Q3**



Reuters/Istanbul

Turkey's economy is expected to have grown 4.8% year-on-year in the third quarter of 2020, as expectations turned positive



after data indicated strong performance, a Reuters poll showed yesterday, while GDP is seen remaining flat through the year. The coronavirus pandemic, which led to a year-on-year contraction of nearly 10% in the second quarter as a result of restrictions on travel and weekend lockdowns, eased in the third quarter before surging again in October and November. While previous Reuters polls had predicted a contraction in the third quarter as well, the median estimate of 14 economists in this week's poll forecast a growth of 4.8%. Estimates ranged between growth of 6.8% and contraction of 1.5%.

Strong performances in the industry, retail, finance and real estate sectors have led the growth in the third quarter, said Daglar Ozkan, economist at Is Yatirim.

"Our previous expectations were a little weaker but data for September showed us that growth in the third quarter was very strong," he said.

Turkey has recently imposed new measures to combat the coronavirus outbreak, as new daily symptomatic cases and deaths reached record levels in recent days.

Ankara has emphasised that the measures, much less restrictive than those in the spring, will not interfere with supply and production chains.

Is Yatirim's Ozkan said the second wave will likely have a much more limited impact on the economy compared to the first because the restrictions are designed to allow economic activity to continue.

For the full year, the median estimate was for the gross domestic product (GDP) to remain flat, with estimates of 16 economists ranging between growth of 0.6% and contraction of 5%.

The government has forecast a growth of 0.3% this year but said the economy could contract 1.5% under a worst-case scenario.

Turkey's economy, which has expanded 5% on average over the last decade, has performed well below those levels for the last two years, growing 0.9% in 2019.

Turkey needs to find a way back to near potential growth, said Bank of America.

“Given the high external financing needs, Turkey needs economic reforms to boost productivity and to take steps to increase investor confidence,” it said in a note, adding that Ankara’s recent calls for reforms showed an understanding of the needs.

The Turkish Statistical Institute is expected to announce third quarter GDP data on November 30.