

# How to Fix East Med Border Disputes



The Eastern Mediterranean is once again at the center of what can go wrong when countries fail to resolve decades-old disputes over offshore Exclusive Economic Zones (EEZs). On the face of it, the latest Greece-Turkey skirmish makes little sense now other than playing to domestic audiences and putting down markers to ensure a future piece of whatever this natural gas-rich part of the world has to offer. In today's brutal economic climate, few energy companies are lining up to undertake new projects, which means it will take longer for actual production to begin under the best circumstances. What's more, Turkey may not have the financial wherewithal or capacity to do the exploration and development work on its own, and no private energy company is likely to invest serious capital in a project that can be tied up for years by competing EEZ claims. This maximalist approach to solving maritime disputes will not work. Equitable results, perhaps

**based on the equidistance principle – a methodology endorsed by the 1994 UN Convention for Law of the Sea (UNCLOS) – would be the best way forward for settling the Greece-Turkey maritime boundary dispute.**

The development of Israel's huge Leviathan natural gas field is a model studied closely by others in this region. Texas-based Noble Energy, which is now merging with Chevron, discovered Leviathan 10 years ago and quickly recognized that it was not only a world-class field, but that it needed an EEZ treaty for development to proceed without being contested by Cyprus. Noble carried out its own internal Law of the Sea desktop study, which became the basis for Israel's EEZ treaty with Cyprus. It also issued an ultimatum to the Israelis that no further exploration would take place until the EEZ deal was finalized. This pressure from Noble not only prompted the Israeli government to conclude a treaty with Cyprus, it did so in a document that explicitly states Israel must adhere to UNCLOS rules despite not being a signatory of the treaty. That in itself is an enormous change with broad economic implications.

While four of the seven recognized coastal states (Greece, Turkey, Syria, Cyprus, Lebanon, Israel and Egypt), are not signatories to the treaty, there is now a general understanding that even non-signatories to UNCLOS are increasingly ready to abide by its principles in settling disputes. The real threat to the East Mediterranean's prospects as an energy hub is politics, specifically the zero-sum games that have constricted and warped regional interactions. The best way to proceed is an orderly process in which Mediterranean maritime boundaries are fully delineated and individual countries are free to develop the resources within their respective EEZs. The UNCLOS contains a comprehensive rulebook for the fair and equitable resolution of such disputes by subjecting them to consistent legal standards and detailed scientific observations.

## **Necessary Conditions**

Given the UNCLOS, the obvious question is: Why are we still talking about unresolved maritime boundaries in the Eastern Mediterranean? The short answer is that until recently few of the necessary conditions were in place. Since its inception, both technology and case law have evolved. Old colonial-era charts were highly unreliable, with depictions of even easily observable shoreline features off by a kilometer or more. New, accurate technological mapping has removed much of the guesswork. The outcome of any legal process based on UNCLOS can now be predicted with considerable reliability.

The Israel-Cyprus treaty has itself been challenged by Lebanon, which has alleged that its neighbors used faulty coordinates for its shoreline border with Israel, thereby mistakenly locating the offshore “tripoint” among the three countries’ respective EEZs several kilometers from where it should be. But Israel has agreed to be bound by UNCLOS standards, making resolution possible. The situation also makes clear that precision mapping technology – now at the disposal of any government willing to pay for a Law of the Sea study – has finally established a clear, objective basis for discussion.

In what could be a valuable point for both Turkey and Greece, this crucial degree of accuracy, often down to sub-meter measurements, should make it easier for governments to sell any agreements they reach to their respective publics. It also leaves too little room for naysayers at home or abroad to accuse anyone of backing down or selling out. German efforts to reconcile the interests of Turkey and Greece are commendable, and with precision mapping accuracy both governments can reduce economic and political pressure while simultaneously demonstrating the potential advantages of reconciliation.

## **Clear Benefits**

The Eastern Mediterranean's emergence as an oil and gas hub promises a cure for the region's poverty and instability. The first discoveries were located in uncontested waters off Egypt and Israel, so development was fairly straightforward. In addition, most of the deposits were in the form of natural gas, whose cleaner properties and growing ubiquity as a global commodity, may give it better medium- and long-term market prospects than oil.

These discoveries and others that could follow are critical for the growing economies in the region, which need greater energy diversity and independence. Commercial interest in these resources also remains strong. Noble's East Mediterranean gas interests are considered one of the prize assets that Chevron was after in its bid. The energy majors already invested in offshore Cyprus, including the Exxon Mobil/Qatar Petroleum (QP) and Total/Eni consortia, have postponed – not canceled – exploratory drilling in their respective blocks. The involvement of QP is also a signal of long-term stability. As one of the world's most deep-pocketed national oil companies, its gas strategy is measured in decades, as Energy Minister Saad al-Kaabi likes to say.

Even with the current extraordinary economic circumstances of the coronavirus pandemic, for which few companies and governments were prepared, the East Med should remain attractive and financially appealing going forward. The resources are still there and, while their current market value has been diminished, the potential deposits are still highly prized assets whose development, extraction and sale can be expected to generate many hundreds of billions of dollars over several decades. Despite the increasing competitiveness of renewables, the ubiquity and low carbon profile of gas will keep it in the global energy mix for years to come.

*Roudi Baroudi is CEO of Energy and Environment Holding, an independent consultancy in Doha. His recent book, "Maritime*

*Disputes in the Eastern Mediterranean: The Way Forward," is published by the Transatlantic Leadership Network and distributed by the Brookings Institution Press.*

*Debra Cagan is the Distinguished Energy Fellow at the Transatlantic Leadership Network. She is a former career US State Department and Defense Department official, having served from the Reagan to the Trump administrations.*

---

## **Climate Hawks Urge Biden to Shun Obama-Era Energy Moderates**



Climate-change activists are pressuring Joe Biden to distance himself from former Obama administration advisers they view as

either too moderate or too cozy with the fossil-fuel industry, a sign of disunity on the eve of the Democratic convention.

Groups such as Data for Progress and the Revolving Door Project are building a case against some people advising the Democratic presidential nominee, such as former Energy Secretary Ernest Moniz and President Barack Obama's environment aide Heather Zichal. Both have served on the boards of companies linked to fossil fuels since leaving government.

The effort reflects simmering tension between the party's moderate nominee and progressives whose votes he needs to win. Polls show a lack of enthusiasm for Biden among young voters, something that could be exacerbated by open divisions within the environmental movement. But if climate activists succeed in pulling him to the left, it could cost him mainstream support.

The activists are collecting information on the advisers and formulating a strategy that could include a letter-writing campaign and petitions, similar to what has been employed to pressure Biden to sever ties with Obama's one-time National Economic Council Director Larry Summers. Summers is a contributor to Bloomberg Television.

Obama's record on cutting greenhouse-gas emissions was widely regarded as ambitious at the time. But activists say now there's no time left for anything other than a no-holds barred approach.

"If you want to maximize the effectiveness of a Biden administration on climate you need climate warriors," said Jeff Hauser, founder and director of the Revolving Door Project, which is assembling critical dossiers on the Biden advisers. "If you are going to take the climate crisis seriously you can't be seeking a middle-road solution."

Not everyone's on board with the activists' approach, with the election quickly approaching. Biden is close to naming a

running mate as the party prepares for a trimmed down, four-day nominating convention in Milwaukee set to begin Aug. 17.

## **Bigger Objective**

Some environmentalists prefer to focus on helping Biden defeat President Donald Trump and stop his rollback of environmental regulations. Trump, who is withdrawing the U.S. from the Paris climate treaty, has repeatedly called climate change a “hoax.” By contrast, Biden’s \$2 trillion plan for combating climate change won robust praise last month from across the spectrum of environmental advocacy groups.

Others worry that a climate purity test means muzzling some of the nation’s top energy experts.

“It’s OK right now that he’s relying on those people, because he’s got to focus on the primary objective – which is stopping the catastrophe we are in right now,” said Brett Hartl, chief political strategist for the Center for Biological Diversity Action Fund.

But critics say Biden’s reliance on a stable of former Obama energy officials is already limiting the Democratic presidential candidate’s climate ambition.

Read More: Biden Feels Heat From Left to Drop Larry Summers as an Adviser

“The people who built the system and are profiting from it are not going to want to tear it down,” said Collin Rees, a senior campaigner with Oil Change U.S., an environmental group that advocates shifting away from fossil fuels.

Other aides to Obama who have drawn the ire of climate activists include one-time White House energy adviser Jason Bordoff, State Department official Amos Hochstein and economic adviser Brian Deese.

None of the targeted officials are employed by the Biden

campaign, though Zichal, Bordoff and Moniz have informally advised it, according to people familiar with the matter who asked not to be identified. And the campaign is widely consulting outsiders; senior campaign officials said they conferred with scientists and leaders of the environmental justice movement in developing Biden's \$2 trillion climate plan.

The activists point to signs of caution, including language in a Biden-Sanders unity task force report that rules out public financing of overseas coal projects but leaves the door open for supporting natural gas ventures.

## **Obama's Record**

Some environmental activists are advancing an array of choices deemed acceptable as possible cabinet members – from Washington Governor Jay Inslee for Interior secretary to California Air Resources Board Chair Mary Nichols as Environmental Protection Agency administrator.

Biden is naturally relying on advice from some of Obama's old hands, having worked with many of the same advisers during his eight years as vice president, Hartl said.

Activists say they are most concerned by what Biden's team has done in recent years – not the policies they pushed as part of the Obama administration.

"We are gearing up," said RL Miller, chair of California Democratic Party's environmental caucus and a member-elect to the Democratic National Committee. "We will be exposing the flaws in these people's records as climate peacocks and we will be making it toxic for Joe Biden to be taking advice on matters of energy from them."



## LNG Exports

Zichal has served on the board of Cheniere Energy Inc., which became the first major U.S. exporter of shale gas in 2016, and has stressed the need to find a “middle ground” environmental policy. She also continues to promote marine protections and sustainability as head of the Blue Prosperity Coalition, has discouraged new offshore drilling off South Africa and previously was vice president of corporate engagement for the Nature Conservancy. Zichal declined to comment.

Bordoff has served on the National Petroleum Council, an Energy Department advisory group that includes oil company executives. He also founded a Columbia University energy policy center affiliated with the School of International Public Affairs Center. It draws funding from oil companies, climate-focused groups and other organizations, including Bloomberg Philanthropies, the charitable organization founded by Michael R. Bloomberg, the majority owner of Bloomberg LP. Like Summers, Bordoff has praised energy exports, noting earlier this year that increased foreign sales of liquefied natural gas help lower the price of the fossil fuel that can displace dirtier-burning coal in generating electricity. He has also warned about “dwindling time” to make progress fighting climate change and last month argued the issue should be “squarely at the center of U.S. foreign policy.”

Bordoff is helping guide Columbia University’s creation of a climate school and develop a public database with environmental groups to track whether countries are spending Covid-19 recovery dollars to underwrite fossil fuels or clean energy.

“Throughout his career in policy and academia, Jason has focused on the urgency of the climate crisis and worked to achieve more rapid and ambitious action to achieve net-zero emissions by 2050,” said Artealia Gilliard, the Center on Global Energy Policy spokeswoman.

## Deep Decarbonization

Moniz, an informal adviser to the Biden campaign, has joined the board of Southern Co., a utility that generates power from natural gas, coal, nuclear and renewables. He also proposed a “Green Real Deal” alternative to the “Green New Deal” backed by progressives. He’s drawn fire for forming a partnership with the AFL-CIO that endorses an “all-of-the-above” climate change strategy.

David Ellis, a spokesman for the Energy Future Initiative, a think tank led by Moniz, declined to comment. But he pointed to testimony Moniz gave earlier this year saying he “endorses a focus on the simultaneous needs for achieving deep decarbonization and ensuring that social equity issues are central in the clean energy transition.”

Hochstein, a former special envoy and coordinator for international affairs under Obama, worked with the State Department to ensure American energy companies had access to global oil fields. More recently, he has warned of the need to stabilize oil-dependent nations as the world moves away from petroleum and has stressed the importance of natural gas in buttressing renewable power.

“I am not advising the Biden campaign, and I fully and 100% support the climate agenda that the campaign has laid out,” Hochstein said.

Deese, an economic adviser to Obama, now works on sustainability issues at investment firm BlackRock Inc. While BlackRock has announced plans to stop investing in companies generating more than a quarter of their profits from coal production, environmentalists say the company hasn’t gone far enough. A BlackRock spokesman said Deese sits on the board of the environmental group League of Conservation Voters and helped negotiate the Paris climate agreement during his time in the Obama administration.

Biden should be getting advice from people who recognize there

needs to be an end to fossil fuels instead of embracing “false solutions” that allow the construction of more oil pipelines and gas development for decades to come, said Rees, the Oil Change U.S. official.

“Ten years ago, we were certainly in a different place,” Rees said. “Today, there’s no lack of powerful voices, there’s no lack of people who know their stuff, there’s no excuse for essentially defaulting to energy consultants when you are talking about these kinds of things.”

---

## MTV – Turkey-Greece conflict in eastern Mediterranean



بعد التوتر اليوناني - التركي  
حول النفط: بارودي يحذر من  
نزاع مسلح جديد



تصاعدت التوترات بين اليونان وتركيا في الفترة الأخيرة بعدما أرسلت أنقرة سفينة للتنقيب عن النفط بالقرب من منطقة تطالب بها أثينا.

خبير الطاقة الدولي رودي بارودي أجرى في حديث لـ"سبوتنيك"، تقييماً للوضع المتفجّر بين الطرفين، فقال: إذا لم تلتزم الأطراف بالمبادئ ذاتها الناتجة عن اتفاقية الأمم المتحدة لقانون البحار، ولم تسارع إلى إيجاد أرضية مشتركة، فإن مخاطر النزاع المسلح جدية. فتركيا واليونان يمكنهما الاستئناف أمام المحاكم الدولية،

ويمكنهما كذلك اللجوء إلى التحكيم إذا فشل الطرفان في الاتفاق على شكل من أشكال الإجراءات الدبلوماسية التقليدية لحل مطالبهما الإقليمية المتداخلة.

ووفق بارودي "يمكن ان يكون هناك حل عادل لكلا الطرفين، حل ينطلق من "منطق محايد" لقانون البحار، والذي تم استخدامه في مناسبات عدة في أجزاء أخرى من العالم لحل النزاعات سلمياً. ويمكن لشركات التي تقدم حلولاً متقدمة لرسم الخرائط و/ أو تستخدم Fugro مثل خرائط عالية الدقة للشواطئ، أن تقدم سريعاً "نتائج دقيقة ومتسقة" لكل ولاية". وتابع: هذا هو الطريق: الاعتماد على القانون والعلم والقواعد المعمول بها... وليس على التهديدات والشرائع.

وتعليقاً على الاتفاقات التي وقعتها من أجل إعادة تحديد حدودها البحرية، تركيا مع ليبيا في عام 2019 من جهة، واليونان مع مصر في 6 آب من جهة أخرى، وما إذا كانت هذه المعاهدات معترف بها من قبل الدول المجاورة والمجتمع الدولي، قال بارودي "في الوضع الراهن، حددت هذه الدول الساحلية الحدود البحرية التي يبدو أنها تضم مناطق متداخلة ولا يزال لدى الدولتين الحق في رسم مثل هذه الحدود بموجب القانون الدولي، لكن هذه المعاهدات تلزم فقط تلك الدول". التي تصادق عليها وليس دولاً ثالثة.

---

**Conflit maritime gréco-turc:  
«les tensions pourraient  
conduire à un réel conflit  
armé»**



La tension est à son comble entre la Grèce et la Turquie depuis l'envoi par Ankara d'un navire de recherche près d'une zone revendiquée par Athènes. Selon Roudi Baroudi, expert en énergie et des conflits en Méditerranée, si les parties ne trouvent pas rapidement un terrain d'entente, les risques d'un conflit armé sont réels. Entretien.

Rien ne va plus entre Athènes et Ankara depuis qu'un navire turc consacré à la recherche sismique a été envoyé tout près de l'île grecque de Kastellorizo. Aussi connue sous le nom de Megísti, l'île est située à deux kilomètres des côtes turques et à environ 580 kilomètres d'Athènes. Après avoir brièvement suspendu ses recherches d'hydrocarbures, Ankara a annoncé que son opération allait reprendre. Pour soutenir la Grèce, la France a décidé de renforcer sa présence dans les eaux disputées.

Pour faire le point sur cette situation explosive, Sputnik s'est entretenu avec Roudi Baroudi, spécialiste de l'énergie internationalement reconnu. M.Baroudi a notamment travaillé en collaboration avec la Banque mondiale, le FMI, la Commission européenne, l'Agence des États-Unis pour le développement international et le Fonds arabe pour le développement économique et social. Il vient de publier le livre *Maritime*

*Disputes in the Eastern Mediterranean* (Éd. Brookings), consacré aux conflits en Méditerranée.

**Sputnik: Est-ce le début d'un conflit majeur?**

**Roudi Baroudi:** «La première chose à considérer est que si les parties n'adhèrent pas aux mêmes principes découlant de la Convention des Nations unies sur le droit de la mer, le différend ne peut pas prendre fin. Si tel est le cas, les 20 prochaines années ne peuvent que ressembler aux 20 dernières années: les tensions vont persister ou, pire, conduire à un réel conflit armé.

La réalité est que ces derniers jours, le navire d'exploration turc a effectué des tirs sismiques dans une zone qui ferait presque certainement partie de la Zone économique exclusive reconnue de la Turquie si les parties appliquaient les principes de la Convention des Nations unies sur le droit de la mer et respectaient celui d'équidistance. C'est un constat auquel les parties pourraient en venir si elles voulaient en arriver à une solution équitable tenant compte de toutes les caractéristiques de la zone immédiate. Autrement dit, si les deux pays s'engageaient à négocier une solution équitable "à la lettre", en mettant en œuvre les règles établies dans le cadre de la Convention des Nations unies sur le droit de la mer.»

**Sputnik: Selon l'expert Christian Fleury, interrogé récemment par Sputnik, la Méditerranée regorge de conflits potentiels de ce type. La Méditerranée peut-elle vraiment devenir une poudrière à cause de la recherche d'hydrocarbures?**

**Roudi Baroudi:** «Eh bien, cela est vrai en Méditerranée orientale où le conflit israélo-arabe, par exemple, dure depuis plus de 75 ans et en raison d'autres facteurs. Néanmoins, si les dirigeants de la région devaient s'asseoir et s'engager véritablement à résoudre leurs différends pacifiquement –comme ils sont tenus de le faire en vertu de la



charte des Nations unies et tenus d'utiliser les structures de partenariat de l'UE disponibles—, je ne doute pas qu'ils pourraient finir par conclure des accords qui isolent la recherche de profits liée aux hydrocarbures des effets de leurs désaccords politiques.

À certains égards, cela s'applique en particulier à la Grèce et à la Turquie. Ces deux pays sont actuellement dirigés par des individus dont les référents nationalistes les encourageraient sans doute à parvenir à un accord. Il est important de noter que si la Grèce et la Turquie ont déclaré unilatéralement leurs frontières maritimes hypothétiques, aucune de leurs revendications n'a été enregistrée, publiée ou même déposée auprès de la Division des affaires maritimes et du droit de la mer des Nations unies, ce qui signifie qu'elles ne sont pas reconnues internationalement.

Il existerait une solution équitable pour les deux parties, celle qui procède d'une "logique neutre" du droit de la mer et qui a été utilisée à plusieurs reprises dans d'autres parties du monde pour résoudre pacifiquement des conflits similaires. Cette solution tiendrait compte des petites îles grecques isolées tout en offrant le meilleur compromis aux deux États côtiers pour l'ensemble de la mer Méditerranée.»

**Sputnik: Selon vous, la Turquie et la Grèce devraient donc faire appel aux tribunaux internationaux?**

**Roudi Baroudi:** «C'est définitivement une option, tout comme l'arbitrage, si les parties ne parviennent pas à se mettre d'accord sur une forme de procédure diplomatique conventionnelle pour résoudre leurs revendications territoriales qui se chevauchent. Quelle que soit la manière de dialoguer, tant qu'ils acceptent de suivre les principes de la Convention des Nations unies sur le droit de la mer, les progrès récents de la technologie rendent le résultat des négociations beaucoup plus prévisible qu'il ne l'aurait été auparavant.

Des entreprises comme Fugro offrant des solutions de cartographie avancées et/ou utilisant une cartographie de haute précision du littoral peuvent fournir rapidement et précisément des ‘‘résultats reproductibles cohérents’’ pour chaque État (ou d’autres entités) comme jamais auparavant. Ces nouvelles technologies tournent la page de décennies de méfiance, laquelle a toujours représenté un grave problème quand il fallait définir des frontières maritimes offshore.

Ces nouvelles technologies permettent une cartographie précise des points de terminus terrestre (les régions frontalières de l’interface terre-mer), et en mer, des points de trijonction, c’est-à-dire là où, précisément, les Zones économiques exclusives de trois États côtiers se rencontrent pour former un point commun. Ces nouvelles technologies éliminent d’autres éléments sur lesquels il pourrait y avoir des différends et facilite l’interprétation de la Convention des Nations unies sur le droit de la mer afin que les deux parties obtiennent une ‘‘victoire’’ de manière équitable.

La Grèce et la Turquie ont la possibilité de suivre, entre autres, l’exemple des règlements des litiges ayant opposé le Bangladesh et le Myanmar, le Nicaragua et le Honduras, la Libye et la Tunisie, etc. C’est la voie à suivre: s’appuyer sur la loi, la science et les règles en vigueur et non sur les menaces et les canons.»

**Sputnik: Afin de redéfinir leurs frontières maritimes, la Turquie a signé un accord avec la Libye en 2019 tandis que la Grèce en a signé un avec l’Égypte le 6 août dernier. Ces traités sont-ils reconnus par les États voisins et la communauté internationale?**

**Roudi Baroudi:** «Dans la présente situation, ces deux paires d’États côtiers ont défini des frontières maritimes extracôtières qui semblent avoir des zones de revendication qui se chevauchent. Pour chaque paire d’États côtiers (la Turquie et la Libye ainsi que la Grèce et l’Égypte), ces

accords peuvent être considérés comme des tentatives de définir de nouvelles frontières bilatéralement. Cependant, étant donné que les accords provisoires potentiels ne prenaient pas en considération les effets possibles sur les droits des États voisins, ils sont uniquement considérés comme des accords bilatéraux. Deux pays ont toujours le droit de tracer ce genre de frontières en vertu du droit international, mais ces traités n'engagent que les pays qui les ratifient et jamais les pays tiers.»

---

## **EU Members Protest U.S. Sanctions After Nord Stream Threats**



Twenty-four European Union countries complained to the U.S. State Department this week over President Donald Trump's expansive use of sanctions to help influence American foreign

policy goals, according to a European diplomat familiar with the communication.

The message, supported by all but three of the bloc's member states, was given on Wednesday, said the diplomat, who asked not to be identified because the correspondence hasn't been made public.

Read More: U.S. Threat of 'Crushing' Gas Pipeline Measures Riles Berlin

The so-called demarche was based on a July 17 statement by the EU's top foreign policy official, Josep Borrell, in which he condemned U.S. intimidation tactics. He specifically cited Trump's sanctions aimed at halting construction of the Nord Stream 2 gas pipeline, which would link Russia and Germany.

"Our actions are aimed at curbing Russia's malign activity," according to an emailed statement from a State Department spokesperson. "We continue to work with our European partners to make it clear that Nord Stream 2 enables Russia to use its energy supplies as a political weapon in Europe and undermine Ukrainian security."

Relations between the U.S. and the EU – and Germany in particular – have plumbed new lows, with Trump hitting his transatlantic allies with sweeping tariffs and pulling out of multilateral agreements such as the Paris climate accord and the Iran nuclear deal. Trump also announced plans to withdraw about 12,000 troops from Germany last month, saying Chancellor Angela Merkel's government had been "delinquent" on defense spending.

## **'Illegal' Sanctions**

"There was an informal outreach which the EU member states could join on a voluntary basis," EU Spokeswoman Nabila Massrali told reporters on Friday when asked about the complaint. She added that the U.S. threatening sanctions

against European companies was “part of a wider, worrying trend.”

The Nord Stream 2 gas pipeline has become a central point of tension between Merkel and Trump, who has blasted the project for sending “billions” to Russia. Merkel has called new sanctions aimed at the gas route illegal. Still, there is no consensus among the EU on Nord Stream, with countries such as Poland condemning the pipeline for bypassing eastern Europe and increasing the bloc’s reliance on Russian energy.

Last week, three Republican Senators ratcheted up tensions with a letter warning that a German Baltic Sea port would face “crushing legal and economic” sanctions if it continued to participate in the completion of the pipeline. Mukran Port, located in Merkel’s constituency, is a supply base for the 1,200-kilometer (745-mile) undersea pipeline.

German Foreign Minister Heiko Maas this week said EU member states would discuss to what extent extraterritorial sanctions violate international law, as he renewed his condemnation of U.S. threats.

“No state has the right to dictate Europe’s energy policy with threats – and it won’t work,” Maas told reporters Monday alongside Russian Foreign Minister Sergei Lavrov during a daylong visit to Moscow.

All stakeholders of Nord Stream 2 still aim to complete the gas link, Lavrov said at the briefing. “There are reasons to assume that it will be done in the near future.”

---

# Doha and New Delhi should explore possibilities of a natural gas pipeline: Official



Doha and New Delhi should explore possibilities of a natural gas pipeline and Qatar could be India's "strategic food reserve"; according to Suresh Prabhu, India's Sherpa to the G20 and a former Commerce Minister.

"One area that needs to be refocused is how to get natural gas into India through the pipeline (from Qatar)," Prabhu told a webinar hosted by Doha Bank.

Highlighting that the efforts should be to explore ways in a manner that is beneficial to both the countries; he said there should be negotiations in price in such a way that it could meet the energy requirement; while not affecting Qatar's coffers too much.

Prabhu's call regarding this comes in the wake of India's ambitious programme to reduce greenhouse gas emissions.

India currently has almost two-third of its electricity generation from thermal, and gas addition can reduce the coal output and will lead to lower emissions, he said, adding

sourcing more natural gas from Qatar to India will be a win-win for both the countries.

Highlighting that Qatar and India can work bilaterally on food security, he said just as India's energy security is important, food security of the Gulf is far more important.

"India could create a hub in Qatar so that we can have strategic food reserves in Qatar. We can have meat, dairy, marine, agri and horticulture products exported to Qatar and make it strategic reserves," he said, reasoning this made sense in a time that has seen disruptions to trade and supply chain.

Suggesting that Qatar look at India's pharmaceutical sector, the investments in molecules would have far higher returns than those from the US treasury papers, where interest rate is near zero.

"The investment in pharmaceutical sector can be a game changer," Prabhu said.

Atul Punj, chairman, Confederation of Indian Industry National Committee on Construction and chairman, Punj Lloyd; said construction industry accounts for 40% to 50% of India's capital spend.

In order to attract Qatari capital, India needs to set up a contract regime which is universal in nature and time-bound dispute resolution, whereas for the Indian companies to participate in Qatar's construction it has to have best in class services, supply of labour and manpower, he said.

In the infrastructure sector, high end real estate development and affordable housing are the key areas where Qatar can invest in India.

Chandrakant Salunkhe, founder and president SME (small and medium enterprises) Chamber of India, said Indian SMEs and Doha Bank work together to establish their presence which makes them competitive.

In this regard, Doha Bank chief executive Dr R Seetharaman said together they can explore mezzanine financing and partially guaranteeing debt.

---

# OPEC trims 2020 oil demand, sees doubts about 2021 on virus fallout



OPEC said on Wednesday that world oil demand will fall more steeply in 2020 than previously forecast due to the pandemic and there were uncertainties about next year's recovery.

World oil demand will fall by 9.06 million barrels per day (bpd) this year, the Organization of the Petroleum Exporting Countries said in a monthly report, more than the 8.95 million bpd decline expected a month ago.

Oil prices have collapsed as the coronavirus curtailed travel and economic activity. While some countries have eased lockdowns allowing demand to recover, concern over new outbreaks has kept a lid on prices and OPEC expects this to persist.

"Crude and product price developments in the second half of 2020 will continue to be impacted by concerns over a second wave of infections and higher global stocks," OPEC said in the



report.

OPEC stuck to its forecast that in 2021 oil demand would rebound by 7 million bpd but said the view was subject to large uncertainties that may result in “a negative impact on petroleum consumption,” such as demand for air travel, more fuel-efficient cars and more competition from other fuels.

“Almost all forecasters expect jet fuel in 2021 to struggle making up for lost demand,” OPEC said. “Gasoline demand will face pressure to return to 2019 levels.”

To tackle the drop in demand, OPEC and its allies, known as OPEC+, agreed to a record supply cut of 9.7 million bpd that started on May 1, while the United States and other nations said they would pump less.

In the report, OPEC said its output rose by 980,000 bpd to 23.17 million bpd in July, largely because Saudi Arabia and other Gulf members ended extra voluntary cuts they had made in June.

That amounted to 97% compliance with the pledges, according to a Reuters calculation – lower than June’s figure of well above 100%.

---

## **Global LNG exports shrink a 3rd month as virus curbs demand**



The liquefied natural gas market contracted a third month in July as countries continue to struggle with the economic fallout from the coronavirus pandemic.

Global exports of the fuel last month dropped 9.4% from the previous year, the steepest year-over-year decline since at least December 2017, according to ship-tracking data compiled by Bloomberg. The biggest cuts came from the US and Australia. On a monthly basis, exports inched up 2.5% from June levels.

The pandemic has thrown cold water on the fastest-growing fossil fuel, with demand seen possibly extending its decline through 2021. A slew of once-promising export projects are struggling to find financing as the LNG market's breakneck expansion stalls, threatening a worse supply glut over the next decade.

Royal Dutch Shell Plc and Total SE are among the world's top LNG suppliers, and have invested billions of dollars into export facilities in order to capture the fuel's burgeoning demand.

Some of the world's biggest buyers of LNG have struggled to make room for contracted shipments this summer as Covid-19 stalled economic activity and left stockpiles near capacity. This has forced exporters to make the difficult decision to lower output and withhold cargoes from the market in a bid to

balance global supplies.

US exports fell about 40% from a year earlier due to customers potentially cancelling over 50 cargoes slated to load from Gulf Coast projects after the arbitrage opportunities to Europe and Asia collapsed.

Spot prices in Asia, the biggest demand region for the fuel, have started to recover from record low levels amid speculation that onset of the winter heating season will boost consumption.

Meanwhile, imports of the fuel fell by 5.1% from a year earlier as Covid-19 measures forced buyers to reduce deliveries. It was the second-straight month for declining imports, after June marked the first year-over-year drop since at least December 2017.

South Korea's imports for July dropped by more than 800,000 tonnes compared to last year, the most of any nation, as its top buyer requested to delay shipments on high inventory levels. While Japan imported nearly 5.7mn tonnes last month, the most since March, it is still lagging 2019 levels by about 9.3%.

---

**Barzan project, North Field expansion to boost Qatar's growth: Lloyds Ban**



The expected commissioning of Barzan natural gas facility could support domestic gas production and contribute positively to Qatar's growth, Lloyds Bank has said in an overview.

In the medium term, the expansion of North Field gas projects is expected to be completed by 2024, further boosting gas output, it said.

Qatar has been implementing an economic diversification programme to lower its dependency on the hydrocarbon sector, and in December 2018 the country announced it would leave Opec (Organisation of the Petroleum Exporting Countries) in January 2019 to focus its efforts on natural gas.

New projects are planned in infrastructure and telecommunications, and various construction projects are in progress in preparation for the World Cup in 2022. Inflation was estimated to have fallen to -0.6% last year from 0.2% in 2018, Lloyds Bank said.

IMF estimated inflation to decrease to -1.2% in 2020 and increase to 2.4% in 2021 in its latest World Economic Outlook of April 2020; indeed, Qatar has postponed plans to introduce

a VAT to 2021 the earliest, suggesting inflation will continue to remain weak this year.

Qatar's economy started to grow faster after the first quarter of 2019 as government spending rose, particularly with regards to wages in the public sector. This helped boost the economy later in the year, which had showed signs of a slowdown as most major infrastructure and construction projects in relation to the World Cup came to completion, it said.

Nonetheless, general government debt was also estimated to have grown to 53.2% of GDP in 2019, from 48.6% a year earlier, as the country continued to borrow in international markets.

The International Monetary Fund anticipates a debt reduction in the coming years, 48% in 2020 and 43.1% in 2021. Current account surplus narrowed to 2.4% of GDP in 2019 from 8.7% a year earlier as global energy prices fell.

However, the IMF expects this trend to be heavily affected by the negative economic impact of the Covid-19 pandemic and the fall in oil prices. The current account balance should be negative in 2020 and 2021 (-1.9% and -1.8%, respectively), Lloyds Bank said.

Qatar is the world's leading exporter of liquefied natural gas and holds the third largest gas reserves in the world (estimated at 16% of the global total). The country's economy is thus heavily concentrated in the gas industry, which represents two-thirds of its GDP and almost 80% of export earnings.

Like other Gulf countries, Qatar has been hit by the global decline in oil prices since 2014.

"However, the economic results have been better than that of its neighbours, due to successful economic diversification, namely via the development of large-scale projects," Lloyds Bank said.