# North Field expansion to see world's 'most responsibly produced LNG,' says Shell CEO

The North Field expansion that will include carbon capture and storage is expected to see the "most responsibly produced LNG" in the world, noted Shell CEO Ben van Beurden.

Speaking in Doha Tuesday, van Beurden said, "This expansion is good news for Qatar… for the world… and for Shell.

"Because this responsibly produced gas is consistent with Qatar's energy sustainability strategy, and also for Shell's strategy to become a net zero emission energy business by 2050."

He said "natural gas plays a role an important role in world wide transition to net zero emissions energy system."

"If we switch from coal to gas for production of iron or steel, that can result in a reduction of CO2 equivalent, saving 38%. And that is very significant."

van Beurden said, "I thank His Highness for taking the decision to end the moratorium of the development of NF in 2017. It was a crucial step forward towards realising Qatar's National Vision for 2030."

“I am honoured that Shell has been selected by QatarEnergy as a partner in the NFE project. Through its pioneering integration with carbon capture and storage, this landmark project will help provide LNG the world urgently needs at a lower carbon footprint. This agreement deepens our strategic partnership with QatarEnergy which includes multiple international partnerships such as the world-class Pearl GTL asset.”

“We are committed to maximise the value of the LNG expansion for the State of Qatar and continue to be a trusted, reliable and long-term partner in Qatar’s continued progress,” van Beurden noted.

QatarEnergy Tuesday announced the selection of Shell as partner in the North Field East (NFE) expansion project, the single largest project in the history of the LNG industry.

The partnership agreement was signed at a ceremony in QatarEnergy’s headquarters by HE the Minister of State for Energy Affairs Saad Sherida al-Kaabi, also the President and CEO of QatarEnergy, and Ben van Beurden, in the presence of senior executives from both companies.

Pursuant to the agreement, QatarEnergy and Shell will become partners in a new joint venture company (JV), in which QatarEnergy will hold a 75% interest while Shell will hold the remaining 25% interest.

In turn, the JV will own 25% of the entire NFE project, which includes 4 mega LNG trains with a combined nameplate LNG capacity of 32mn tonnes per year.

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# Other buyers could join North

# Field expansion ‘if they add value’: Al-Kaabi

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi said other buyers could join the $29bn North Field expansion “if they add value”.

Speaking to reporters in Doha Tuesday al-Kaabi, also the President and CEO of QatarEnergy said, “We had been in discussions with several buyers – or value added partners as well call it, around the world who have shown interest… and very eager interest I would say.

“It depends on the value they add…if they add value they would come in. We are proceeding with the project, regardless. There could be some, if we find good opportunities and a win-win situation. We really are not in a rush to do that…there is no big need to do that.”

On the “value added partners”, the minister noted, “Basically, they need to be a buyer of LNG… so they need to demonstrate that they can give us a price that is above the market price. This is because they will be coming into the best project that exists in the LNG business from a cost perspective and from a return perspective (in the world) and the largest ever built.”

Al-Kaabi said QatarEnergy has very capable marketing organisations that are working on marketing these volumes – and the likes of Shell only add to additional marketing capability.

The minister said QatarEnergy had finalised the selection of IOCs in the North Field East (NFE) Expansion project following its selection of Shell as a partner.

QatarEnergy and Shell will become partners in a new joint venture company (JV), in which QatarEnergy will hold a 75% interest while Shell will hold the remaining 25% interest.

This agreement is the fifth and last in a series of partnership announcements in the multi-billion dollar NFE project, which will raise Qatar’s LNG export capacity from the

current 77mn tonnes per year (mtpy) to 110 mtpy.
The North Field East (NFE) expansion project is the single largest project in the history of the global LNG industry.

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# Double-edged sword: Global hunger and climate goals

Poor or rich, societies across the world are now suffering from an unprecedented food and hunger crisis.
A United Nations gauge of world food prices has jumped more than 70% since mid-2020 and is near a record after Russia’s invasion of Ukraine.
Battling hunger has garnered heightened attention this year, as the Ukraine crisis choked exports from one of the world’s biggest crop suppliers, stoking food inflation and potentially leaving millions more undernourished.

The global agriculture sector won't eradicate hunger by the end of the decade or meet climate goals from the Paris Agreement without a major overhaul, key agencies have cautioned.
A UN pledge to eliminate hunger by 2030 appears out of reach, as low-income nations struggle to afford better diets, the Food and Agriculture Organisation said in a joint report with the Organisation for Economic Co-operation and Development.
Greenhouse gas emissions from agriculture are also seen continuing to rise on a business-as-usual path.
The challenges are two of the most vital issues facing the world's food sector.
Reversing current trends to meet both goals would require a 28% increase in agricultural productivity this decade – triple the rate of the last ten years – highlighting the scale of the problem.
The world's hunger problem has already reached its worst in years as the pandemic exacerbates food inequalities, compounding extreme weather and political conflicts.
The prolonged gains across the staple commodities are trickling through to store shelves, with countries from Kenya to Mexico reporting higher food costs.
The pain could be particularly pronounced in some of the poorest import-dependent nations, which have limited purchasing power and social safety net.
Soaring food and fuel costs recently helped send US inflation to a 40-year high. The US Department of Agriculture now expects retail food prices to gain 5% to 6% this year – roughly double its forecast from three months ago.
In Lebanon, poverty rates are sky-rocketing in the population of about 6.5mn, with around 80% of people classed as poor, says the UN agency ESCWA.
Last September, more than half of families had at least one child who skipped a meal, Unicef has said, compared with just over a third in April 2021.
Amid a devastating foreign exchange crisis, Sri Lanka, a country of 22mn people, is unable to pay for essential import

of food items, fertiliser, medicines and fuel due to a severe dollar crunch.
Food costs account for 40% of consumer spending in sub-Saharan Africa, compared with 17% in advanced economies.
In 2020, Africa imported $4bn of agricultural products from Russia.
Across the world, approximately 1.2bn people live in extreme poverty, on less than one dollar per day, according to a 2018 World Health Organisation report.
At least 17mn children suffer from severe acute malnutrition around the world, which is the direct cause of death for 2mn children every year.
Here’s the disturbing other side of the lingering tragedy.
One-third of all food produced – around 1.3bn tonnes a year – is lost or wasted, according to the FAO. It costs the global economy close to $940bn each year.
In the Gulf, between a third and half of the food produced is estimated to go to waste.
Improving food access through social safety nets and distribution programmes, especially for the most vulnerable, is key to reducing global hunger, according to the latest joint FAO-OECD report. Curbing emissions, reducing food waste and limiting calorie intake in rich countries are measures needed to meet climate goals, it said.

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# Scholz hints at Lufthansa-like bailout for gas giant Uniper

German Chancellor Olaf Scholz on Sunday hinted that a Lufthansa-like bailout was on the table to rescue gas giant Uniper.

Referring to the €9 billion package to save the German airline, Scholz said that his government was looking into options to help Uniper, Germany’s largest gas importer.

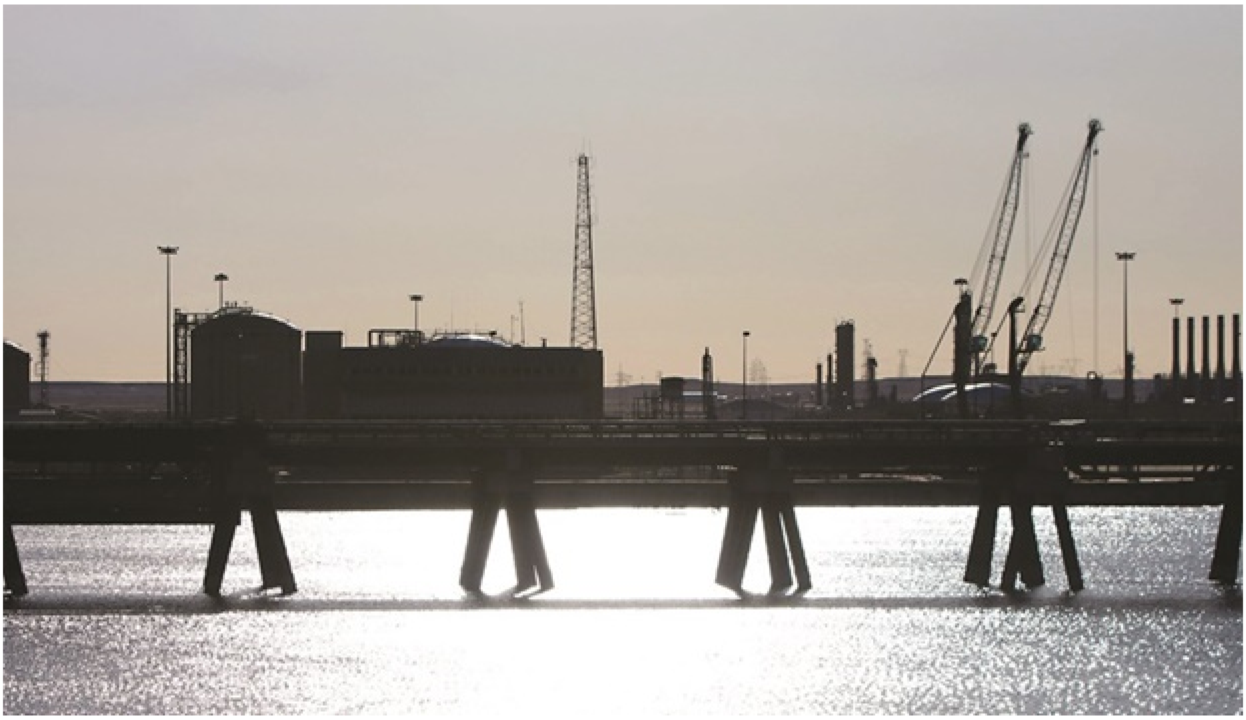
“During the last crisis, we developed very precise instruments — and I drove this forward as finance minister — in order to support companies that have come under pressure from circumstances for which they are not responsible,” Scholz said on Sunday in an interview with public broadcaster ARD.

The German government is considering presenting next week an emergency law to share rising gas costs between customers and companies amid fears of a Russian gas cutoff.

Only certain importers, like Düsseldorf-based Uniper, depend strongly on Russian gas and now face a sharp increase in costs as they need to compensate for reduced deliveries with expensive last-minute purchases on the global market.

*Hans von der Burchard contributed reporting.*

# Libya supply drop threatens to further tighten global oil market



Bloomberg/Cairo

Libya’s oil exports have fallen to about a third of last year’s level after the worsening political crisis prompted the suspension of shipments from two of the nation’s biggest ports.

Force majeure has been declared on crude shipments from Es Sider and Ras Lanuf, the country’s largest and third-biggest export terminals, the National Oil Corp confirmed in a statement late Thursday. The ports of Brega and Zueitina haven’t handled any crude for almost two months.

The drop in Libya’s supply threatens to further tighten the global oil market. Brent crude has risen by about 40% this year following the invasion of Ukraine.

Libya’s crude and condensate exports have declined over the past four months to a 20-month low of 610,000 barrels a day in June, according to tanker-tracking data compiled by Bloomberg.

The latest port closures are crimping export flows even further. According to Libya’s national oil company, crude exports now range from 365,000 to 409,000 barrels a day. The nation, a member of the Organization of Petroleum Exporting Countries, sold an average of 1.1mn barrels a day to overseas markets last year, Bloomberg data show.

The key El Feel field, which is linked to the port of Mellitah is also subject to force majeure, a legal clause which allows companies to suspend contractual obligations due to circumstances beyond their control.

The nation has been mired in conflict since the fall of dictator Muammar Gaddafi in 2011. It’s now facing a standoff between two politicians – Abdul Hamid Dbeibah and Fathi Bashagha – who each claim to be the legitimate prime minister.

The recent closures are linked to politics with some protests at ports and fields demanding the transfer of power to Bashagha, the fair and transparent distribution of oil revenues and the dismissal of NOC chairman Mustafa Sanalla.

The closures in recent weeks have also led to the North African nation so far losing 16bn dinars, according to the NOC’s latest statement, as well as led to lengthy power cuts especially in the eastern region. Zueitina last exported on May 6 and Brega in mid-April, tanker-tracking data show.

“Political difference is a right, but the mistake is to use oil, the lifeblood of Libyans, as a bargaining chip,” Sanalla said in the statement. “It is an unforgivable sin.”

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# JPMorgan sees ‘stratospheric’ $380 oil on worst-case Russian cut

Global oil prices could reach a “stratospheric” $380 a barrel if US and European penalties prompt Russia to inflict retaliatory crude-output cuts, JPMorgan Chase & Co. analysts warned.

The Group of Seven nations are hammering out a complicated mechanism to cap the price fetched by Russian oil in a bid to tighten the screws on Vladimir Putin’s war machine in Ukraine. But given Moscow’s robust fiscal position, the nation can afford to slash daily crude production by 5 million barrels without excessively damaging the economy, JPMorgan analysts including Natasha Kaneva wrote in a note to clients.

For much of the rest of the world, however, the results could be disastrous. A 3 million-barrel cut to daily supplies would push benchmark London crude prices to $190, while the worst-case scenario of 5 million could mean “stratospheric” $380 crude, the analysts wrote.

“The most obvious and likely risk with a price cap is that Russia might choose not to participate and instead retaliate by reducing exports,” the analysts wrote. “It is likely that the government could retaliate by cutting output as a way to inflict pain on the West. The tightness of the global oil market is on Russia’s side.”

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# European gas extends blistering rally as supply woes deepen

Bloomberg/Brussels

Natural gas in Europe rose to the highest level in almost four months as planned strikes in Norway threaten to further tighten a market that's already reeling from Russia's supply cuts.

Benchmark futures, which have more than doubled this year, surged as much as 10% yesterday. About 13% of Norway's daily gas exports are at risk amid plans to escalate an impending strike by managers, the nation's oil and gas lobby warned over the weekend. Three fields are set to be shut by the strike starting today, while planned action the following day would take out another three projects.

Norwegian supply is becoming increasingly important for the continent after shipments from biggest provider Russia slumped amid the invasion of Ukraine and subsequent sanctions on Moscow. That coincided with a prolonged outage at a key export facility in the US, another major source of gas for Europe.

The impact is spreading through the continent's economy, hurting industries that cannot pass on increased costs of the fuel to end-users.

"Supply concerns are extremely high and the market continues to add risk premium," analysts at trading firm Energi Danmark said in a note. "The situation will remain tense this week and we expect further increases if flows remain low."

Dutch front-month gas futures, the European benchmark, hit the highest intraday level since March 9 and were 8.3% higher at €160 per megawatt-hour in Amsterdam. The UK equivalent surged as much as 16%.

Russia's exports dropped to multiyear lows earlier after a number of European buyers refused to comply with the Kremlin's demand to be paid in roubles for pipeline gas supplies. On top of that, state-run exporter Gazprom PJSC slashed shipments through its biggest Nord Stream pipeline by 60% last month, citing international sanctions that disrupted maintenance of crucial equipment.

The pipeline is scheduled for a full shutdown next week for annual works, and Germany has raised doubts that it will resume supply following the maintenance.

In a separate development, a Gazprom official said yesterday that the company is proposing expanding the rouble-payment demand to liquefied natural gas supplies from Russia. It’s unclear if the Kremlin is considering such as plan, but it could be another blow to Europe’s supplies — and could further intensify competition for the fuel between the region and Asia.
Major industries in Europe’s powerhouse, Germany, could face collapse because of gas-supply cuts, the country’s top union official warned before crisis talks with Chancellor Olaf Scholz starting Monday. The energy crunch is already driving inflation to record highs, and could lead to social and labour unrest, Yasmin Fahimi, the head of the German Federation of Trade Unions, said in an interview with the newspaper Bild am Sonntag.
With prices at these levels, “there is no doubt we have entered demand destruction territory, which eventually may help stabilise the market,” said Ole Hansen, head of commodity strategy at Saxo Bank A/S. “In the short term, and with battered and bruised traders increasingly turning off their screens to go on holiday, we may see lower activity with the news flows dictating the level of volatility.”
Germany’s industrial sector, with a 35-40% share of gas demand, appears particularly vulnerable to the potential risk of Russia halting flows as stockpiles for winter household and district heating are set to be prioritised, analysts at Bloomberg Intelligence said in a note.
While power stations have some flexibility to switch to other fuels, a full cut in Russian supply to Germany in August would see a demand destruction of 20-25bn cubic meters, or 27% compared to 2021, they said.

# Germany: “A Whole Prosperity Built On Low-Cost Energy Is Going Up In Smoke”

Lhe tocsin is sounding at full speed in the German cities and countryside at the start of summer. A whole prosperity built on low-cost energy is going up in smoke. For the first time since 1991, the country’s trade balance, a national pride, plunged into the red in May, and the government is expected to submit a law to parliament this week authorizing it to come to the aid of the country’s energy companies. At the forefront of which is the company Uniper, one of the main importers of gas across the Rhine. The state could advance him nearly 9 billion euros and enter his capital, as he did with Lufthansa at the height of the health crisis.

Read also: Article reserved for our subscribersGermany ill-prepared for life without Russian gas and oil
Make no mistake, as the Minister of the Economy, environmentalist Robert Habeck, said this Sunday: *“We are not facing erratic decisions but facing a completely rational and*

*very clear economic war. »* Faced with rising prices and falling deliveries, he openly talks about rationing energy. Unheard of since World War II.

With its trade deficit of nearly 85 billion euros (excluding services), France is obviously in no position to give any advice, and even less to be happy about the situation, Germany being its first partner. Over the last twelve months, Berlin still records a surplus of more than 170 billion, but the trend is not good. In May, sales abroad fell by 0.5% while imports increased by 2.7%. The main culprit is of course inflation, with import prices up 30% in May year on year, while export prices rose only 16%.

# Achilles' heel

Vibrant heart of happy globalization with its extremely sophisticated logistics chains, Germany appears to be the first victim of the current new situation. His model was based on cheap Russian gas, tight industrial organization and unlimited Chinese outlets. These three well-oiled machines suddenly seize up with the war in Ukraine, the logistical chaos and the confinements in China.

First short-term observation: European sanctions have not only not brought Russia to its knees, but have had the opposite effect. By announcing restrictions that will only come later, the West has caused an immediate surge in gas prices which fully benefits Russia. Its currency has stabilized and its budget has even gone into surplus. It might have been necessary, as the economist Philippe Martin suggests, to immediately impose customs duties or a ceiling price. Not easy. Second observation, that of the extreme dependence of our economies, and especially of Germany, on imported gas. Unlike the United States, energy sovereignty is Europe's Achilles' heel, and its reconquest will be long and painful.

# Allemagne : « Toute une prospérité construite sur une énergie à bas coût est en train de partir en fumée »

L’Allemagne a dévoilé son premier déficit commercial depuis trente ans et envisage d’aider les entreprises du secteur énergétique, comme Uniper, qui subissent de plein fouet la guerre en Ukraine. Une mobilisation qui repose la question de la souveraineté énergétique de l’Europe souligne Philippe Escande, éditorialiste économique au « Monde ».

Le tocsin sonne à toute volée dans les villes et les campagnes allemandes en ce début d’été. Toute une prospérité construite sur une énergie à bas coût est en train de partir en fumée. Pour la première fois depuis 1991, la balance commerciale du pays, fierté nationale, a plongé dans le rouge en mai, et le gouvernement devrait soumettre cette semaine au Parlement une loi l'autorisant à venir au secours des entreprises énergétiques du pays. Au premier rang desquelles figure la société Uniper, l'un des principaux importateurs de gaz outre-Rhin. L'Etat pourrait lui avancer près de 9 milliards d'euros et entrer à son capital, comme il l'a fait avec Lufthansa au plus fort de la crise sanitaire.

Ne nous trompons pas, comme l'a affirmé ce dimanche, le ministre de l'économie, l'écologiste Robert Habeck : *« Nous ne sommes pas face à des décisions erratiques mais face à une guerre économique complètement rationnelle et très claire. »* Face à la hausse des prix et à la baisse des livraisons, il parle ouvertement de rationner l'énergie. Du jamais-vu depuis la seconde guerre mondiale.

Avec son déficit commercial de près de 85 milliards d'euros (hors services), la France est évidemment mal placée pour donner le moindre conseil, et encore moins pour se réjouir de la situation, l'Allemagne étant son premier partenaire. Sur les douze derniers mois, Berlin enregistre encore un excédent de plus de 170 milliards, mais la tendance n'est pas bonne. En mai, les ventes à l'étranger ont baissé de 0,5 % quand les importations ont augmenté de 2,7 %. Le premier coupable est bien sûr l'inflation, avec des prix des importations en hausse de 30 % en mai sur un an, alors que le prix des exportations n'a progressé que de 16 %.

## Talon d'Achille

Cœur vibrant de la mondialisation heureuse avec ses chaînes logistiques sophistiquées à l'extrême, l'Allemagne apparaît comme la première victime de la nouvelle donne actuelle. Son modèle reposait sur un gaz russe à bon marché, une organisation industrielle au cordeau et des débouchés chinois sans limite. Ces trois machines bien huilées se grippent d'un coup avec la guerre en Ukraine, le chaos logistique et les confinements en Chine.

Premier constat de court terme : les sanctions européennes n'ont non seulement pas mis à genoux la Russie, mais ont abouti à l'effet inverse.

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# Aviation: long-term climate goal key to net-zero carbon emissions by 2050

The global aviation industry has committed to achieving net-zero carbon emissions by 2050. This commitment brings the industry in line with the Paris Agreement's 1.5C goal.
Climate change is the greatest threat facing our societies and achieving net-zero emissions will be a huge challenge as the expected scale of the industry in 2050 will require the mitigation of nearly 1.8 gigatonnes of carbon.
To fulfil aviation's net-zero commitment, current estimates

are for sustainable aviation fuels (SAF) to account for 65% of aviation’s carbon mitigation in 2050. That would require an annual production capacity of 449bn litres.

Investments are in place to expand SAF annual production from the current 125mn litres to 5bn by 2025. With effective government incentives, production could reach 30bn litres by 2030, which would be a tipping point for SAF production and utilisation.

In 2021, irrespective of price (SAF is between two and four times the price of conventional jet fuel), airlines have purchased every drop of the 125mn litres of SAF that was available. And already more than 38 countries have SAF-specific policies that clear the way for the market to develop.

Taking their cue from these policy measures, airlines have entered into $17bn of forward-purchasing agreements for SAF.

Further investment in production needs support from the right policies, according to the International Air Transport Association, the global body of airlines. This would boost supply and drive down costs.

Electricity production through solar or wind power faced similar hurdles as these technologies replaced fossil fuels. With effective policy incentives, both are now affordable and widely available.

By applying similar incentive-based policies to SAF, governments can support global SAF production to reach 30bn litres by the end of the decade.

This would be a tipping point as it would send a clear signal to the market that SAF is playing its intended long-term role in aviation’s decarbonisation and encourage investments to drive up production and drive down the price.

The market for SAF needs stimulation on the production side. The United States is setting an example for others to follow. Its SAF production is expected to reach 11bn litres in 2030 on the back of heavy government incentives.

Europe, on the other hand, is the example not to follow. Under its Fit for 55 initiative, the EU is planning to mandate that

airlines uplift 5% SAF at every European airport by 2030.
Decentralising production will delay the development of economies of scale. And forcing the land transport of SAF will reduce the environmental benefit of using SAF.
To provide the right set of consistent policies and long-term stability needed for investments, the global aviation industry has called upon all governments to support the adoption of a long term climate goal for air transport at the 41st Assembly of the International Civil Aviation Organisation (ICAO) this September, aligned with industry commitments.
Undoubtedly, this climate goal is critical to back up the industry’s decarbonisation ambitions and would provide a global multilateral framework for action without distorting competition.