

# Fed's big surprise could spell disaster for dollar bulls



Bloomberg New York

**\*Dollar plunges by the most since January on Fed's surprise; further losses may hinge on economies outside US perking up**

The Bloomberg dollar index tumbled 0.5% on Wednesday, making it the worst day since January, after Fed policy makers unexpectedly signalled they'd hold their rates benchmark steady all year because of troubling signs from the economy. Among other problems, that could undermine the currency's appeal by cutting into any yield advantage on dollar-denominated assets.

Some investors and economists were caught off guard by the

extent of dovishness in the statement. The Fed's shift comes a week after hedge funds and speculators boosted bets that the greenback would outperform peers to the highest level since January.

Before Wednesday, "we were mildly bullish with the intention of flipping as soon as the Fed signalled that it was done tightening through QE and rate hikes," said Greg Anderson, global head of foreign-exchange strategy at BMO. "The Fed dropped those hints a whole lot faster than we thought."

As 2019 began, dollar bears proclaimed that the Fed would stop or slow interest-rate hikes, US growth rates wouldn't be able to consistently outperform the rest of the world, and the advantage an investor gets from holding greenbacks would diminish. But the currency generally remained buoyant.

The Bloomberg dollar index rose about 7% through Tuesday's close from a three-year low in February 2018. Then came Wednesday and the revised dot plot – the chart Fed policy makers use to convey their rate forecasts.

"The dots are dinging the dollar," said Mark McCormick, a foreign-exchange strategist at TD Securities. It strengthens the "bearish" case for the greenback, he added.

The Fed's new stance "partially" vindicates the bears, but for the dollar to weaken more, economies outside the US will need to perk up, according to Bipan Rai of Canadian Imperial Bank of Commerce.

"The key ingredient to ensure that the USD sells off consistently is a pick-up in the fundamental story for the euro zone," said Rai, the head of North American foreign-exchange strategy at CIBC. "We're seeing some nascent signs there, but we need more evidence – especially in Germany."

BNY Mellon also argues a dovish Fed may not doom the dollar, as central banks all over the world move toward the same

direction, FX strategist John Veliswrote in a note.

“One would be tempted to think that this still-more-dovish turn by the Fed will take DXY down, but then again, that prediction would have been sensible in January after the Fed’s pause was announced,” he said. “It didn’t happen then, and it might not happen now.”

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## **Oil majors rush to dominate US shale as independents scale back**



In New Mexico’s Chihuahuan Desert, Exxon Mobil is building a

massive shale oil project that its executives boast will allow it to ride out the industry's notorious boom-and-bust cycles.

Workers at its Remuda lease near Carlsbad – part of a staff of 5,000 spread across New Mexico and Texas – are drilling wells, operating fleets of hydraulic pumps and digging trenches for pipelines.

The sprawling site reflects the massive commitment to the Permian Basin by oil majors, who have spent an estimated \$10 billion (Dh36.72bn) buying acreage in the top US shale field since the beginning of 2017, according to research firm Drillinginfo.

The rising investment also reflects a recognition that Exxon, Chevron, Royal Dutch Shell and BP largely missed out on the first phase of the Permian shale bonanza while more nimble independent producers, who pioneered shale drilling technology, leased Permian acreage on the cheap.

Now that the field has made the US the world's top oil producer, Exxon and other majors are moving aggressively to dominate the Permian and use the oil to feed their sprawling pipeline, trading, logistics, refining and chemicals businesses. The majors have 75 drilling rigs here this month, up from 31 in 2017, according to Drillinginfo. Exxon operates 48 of those rigs and plans to add seven more this year.

The majors' expansion comes as smaller independent producers, who profit only from selling the oil, are slowing exploration and cutting staff and budgets amid investor pressure to control spending and boost returns.

Exxon chief executive Darren Woods said on March 6 that Exxon would change "the way that game is played" in shale. Its size and businesses could allow Exxon to earn double-digit percentage returns in the Permian even if oil prices – now above \$58 per barrel – crashed to below \$35, added senior vice president Neil Chapman.



Exxon's 1.6 million acres in the Permian means it can approach the field as a "megaproject", said Staale Gjervik, the head of shale subsidiary XTO Resources, whose headquarters was recently relocated to share space with its logistics and refining businesses. The firm also recently outlined plans to nearly double the capacity of a Gulf Coast refinery to process shale oil.

"It sets us up to take a longer-term view," Mr Gjervik said.

The majors' Permian investments position the field to compete with Saudi Arabia as the world's top oil-producing region and solidifies the United States as a powerhouse in global oil markets, said Daniel Yergin, an oil historian and vice chairman of consultancy IHS Markit.

"A decade ago, capital investment was leaving the US," he said. "Now it's coming home in a very big way."

The Permian is expected to generate 5.4 million barrels per day (bpd) by 2023 – more than any single member of the Organization of the Petroleum Exporting Countries (OPEC) other than Saudi Arabia, according to IHS Markit. Production this month, at about 4 million bpd, will about double that of two years ago.

Exxon, Chevron, Shell and BP now hold about 4.5 million acres in the Permian Basin, according to Drillinginfo. Chevron and Exxon are poised to become the biggest producers in the field, leapfrogging independent producers such as Pioneer Natural Resources.

Pioneer recently dropped a pledge to hit 1 million bpd by 2026 amid pressure from investors to boost returns. It shifted its emphasis to generating cash flow and replaced its chief executive after posting fourth quarter profit that missed Wall Street earnings targets by 36 cents a share.

Shell, meanwhile, is considering a multi-billion dollar deal

to purchase independent producer Endeavor Energy Resources, according to people familiar with the talks. Shell declined to comment and Endeavor did not respond to a request.

Chevron said it would produce 900,000 bpd by 2023, while Exxon forecast pumping 1 million barrels per day by about 2024. That would give the two companies one-third of Permian production within five years.

At first, the rise of the Permian was driven largely by nimble explorers that pioneered new technology for hydraulic fracturing, or fracking, and horizontal drilling to unlock oil from shale rock, slashing production costs.

The advances by smaller companies initially left the majors behind. Now, those technologies are easily copied and widely available from service firms.

Surging Permian production has overwhelmed pipelines and forced producers to sell crude at a deep discount, sapping cash and profits of independents who, unlike the majors, don't own their own pipeline networks.

Even as the majors have ramped up operations, the total number of drilling rigs at work in the Permian has dropped to 464, from 493 in November, as independent producers have slowed production, according to oilfield services provider Baker Hughes .

Shell, by contrast, plans to keep expanding even if prices fall further, said Amir Gerges, Shell's Permian general manager.

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# LNG slump seen close to end as price collapse stimulates demand



Bloomberg London/Singapore

Liquefied natural gas prices may be about to hit the bottom after losing more than a third of their value this year.

Sellers of the world's fastest-growing fossil fuel may first have to face a cut of another 10% over the next two months before prices rebound from the lowest since July 2017, according to traders surveyed by Bloomberg News. It might be good news for the climate, as price-sensitive users in India and Bangladesh switch to cleaner natural gas from oil and coal.

Asia, the biggest consuming region for LNG, uses most of it for heating and power but a mild winter, an abundance of new supplies and a better preparedness of Chinese buyers meant prices went against the trend over the past few months by falling rather than rising. Traders are now watching for signs that summer cooling demand and buying by price-sensitive

nations will spur a rally.

“LNG prices could have further downside heading into the second quarter, but should find support from demand in India, South Korea, China and Thailand towards the third quarter,” said Nick Boyes, a senior gas and LNG analyst at Swiss utility and trader Axpo Group.

Japan Korea Marker futures, a benchmark for spot LNG, will probably bottom at \$5 per million British thermal units, according to the median of seven traders, brokers and analysts surveyed by Bloomberg. Most respondents said that level is most likely in April or May, though some said that the price may continue to fall and hit \$4.50 by spring 2020.

LNG prices are still dropping because more spot cargoes are entering the market and buyers in Japan, South Korea and China – the biggest users – are holding off from purchases.

India, which is seen emulating China in its unprecedented use of LNG to fight air pollution, may burn more gas rather than dirtier coal if LNG prices fall to \$5 per million Btu, according to Energy Aspects Ltd. At \$6, there will be little increase in India’s power sector demand given prevailing coal prices, the industry consultants said in a note.

There are already signs that the price slump is boosting demand. India’s Torrent Power Ltd bought an LNG cargo for May 26 at the high-\$5 to low-\$6 per million Btu level including transport and delivery and Reliance Industries Ltd is looking for 12 cargoes through March 2020.

“India is price-sensitive and its coming up with tenders now is a good sign that we may be approaching the bottom,” Eric Bensaude, managing director at Cheniere Energy Inc’s marketing unit in London, said in an interview. “I’d want to believe that.”

The price of cargoes for late June were above those for early May in a recent spot supply tender in neighbouring Pakistan, a further indication that the end of the slump is approaching.



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# Germany : Siemens to explore gas turbine deal with Asian partner



Mar 22, 2019 (Euclid Infotech Ltd via COMTEX) – Siemens AG is exploring a combination of its large gas turbine business with an Asian partner, according to people familiar with the matter.

The German company has held talks with firms including Mitsubishi Heavy Industries Ltd, said the people, who asked not to be identified because the talks are private. Options range from a full or partial sale of the division to a joint venture, the people said. No final decisions have been made and Siemens may still decide to keep the unit, they said.

Siemens has been considering options for the large gas turbine business, which forms the biggest part of its power-and-gas

division, since at least last June, when people familiar with the matter said the German engineering company was considering a potential sale. The business was worth about 3.2 billion euros (\$4.9 billion), Berenberg analyst Simon Toennesen estimated at the time.

“The situation on the global market for fossil power-plant technology remains unchanged,” the company said in a statement, declining to comment on talks about the turbine business. “Siemens began tackling these challenges back in early 2015.”

A spokesman for Mitsubishi Heavy declined to comment. Siemens shares advanced as much as 2.6% following the Bloomberg report, the most in more than a month. The stock was up 0.9% to €98.20 at 1:13pm in Frankfurt yesterday.

The global market for gas turbines has collapsed as renewable energy has become cheaper. Siemens announced in 2017 it would cut 6,900 jobs in its power and gas division to respond to that shift. General Electric Co was the top producer of gas turbines last year, with about 33% of global orders by capacity, according to Barclays Plc. Mitsubishi Hitachi Power Systems followed with 30%, while Siemens was third with 26%.

The German company was set to generate about €5.2bn in revenue from turbine sales and service in 2018, Berenberg estimated last year. Siemens’s power-and-gas division will be renamed gas and power on April 1, reflecting the company’s new structure. Siemens announced last year that it was shrinking the number of operating divisions from three to five and that it would focus on factory software and energy distribution, attempting to get the jump on newer technologies that had been disrupting its core business.

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# Oil trader Vitol says demand will grow for 15 more years



Oil tanker is seen at sunset anchored off the Fos-Lavera oil hub near Marseille, France (file). Vitol Group, the world's biggest independent oil trader, expects global demand for the fuel to continue rising well into the 2030s despite a predicted surge in electric-vehicle sales. "Oil demand will continue to grow for the next 15 years," chief executive officer Russell Hardy said on Tuesday. The shift to renewable energy can't be achieved "across all sectors in the near to mid-term without halting economic development in large parts of the world." It's a more bullish prediction than in 2017, when he said global demand for road fuels could peak as early as 2027. Vitol trades millions of barrels of crude and oil products every day, but – like the fuel producers themselves – is grappling with a move toward cleaner forms of energy. Although the closely held, Rotterdam-based company takes an optimistic view on global demand, it's among trading houses quietly preparing for an eventual shift away from crude. "We are supportive of the need to move to more renewable sources of energy," Hardy said in a statement outlining Vitol's annual traded volumes and performance. The company has in recent

years announced investments in wind farms, energy storage and distributed power generation.

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## **GECF chief: Qatar proved its ability in overcoming challenges**



QNA /Doha

Qatar has established itself as one of the largest producers and exporters of natural gas in the world after it proved its ability in overcoming challenges, Secretary-General of the Gas Exporting Countries Forum (GECF) Dr Yury Sentyurin has said. In an interview with Qatar News Agency (QNA), Dr Yury Sentyurin said that Qatar, despite recent challenges, has continued to be resilient and was able to secure LNG supplies to its partners and clients worldwide through providing LNG to remote consumption areas and markets, which don't have access

to sustainable and clean sources of energy.

He expects Qatar to continue to play a key role in natural gas markets globally and maintain its position as one of the largest natural gas producers and exporters in the world.

Furthermore, he pointed out that Qatar has great potential to develop its natural gas resources and increase its LNG exports.

Dr Sentyurin added that Qatar's recent decision to increase its LNG production level from 77Mt to 110Mt will improve the country's position as one of the main exporters of LNG to the global markets and reinforce its position as the world's largest reliable LNG supplier.

He pointed out that Doha's announcement can contribute to increasing demand for LNG, mostly from Asia and especially China.

Qatar's export level will, also, reinforce the position of the GECF as a whole in the global LNG trade.

Dr Sentyurin praised Qatar's loyalty to its clients in the hardest moments, pointing out that its support of Japan during the shortage of LNG procurement of the country after Fukushima disaster showed how loyal Qatar is to its clients.

He stated that Qatar recovered its status as the largest annual LNG exporter.

It loaded around 6.9Mt of LNG with the support of many factors, including the large quantities produced in the North Field, storage capacity, low production costs, and other factors.

He stated that the Forum continues to support and promote co-operation among its member states through dialogue between gas producers and consumers and through promoting the use of natural gas as an affordable, abundant and, sustainable energy source.

Dr Sentyurin pointed out that the global energy market is becoming more and more dynamic, with the interplay of economics and geopolitics getting more complex.

This increased degree of complexity and dynamics brings a higher degree of unpredictability, which in turn raises the

volatility of various commodities, including the oil price. He added that the role of large-scale and institutional players is very important, pointing out that players like the GECF often aim at market balance and stability, as oil and gas projects are usually very capital intensive and have a long project life cycle; such long-term projects require predictability and low volatility to be executed and thrive. This is why today's situation is a great opportunity for the GECF to play a more hands-on role in the gas and LNG markets. He pointed out that GECF is an intergovernmental organisation of gas exporting countries, which provides the framework for exchanging experience and information among its Member Countries, builds a mechanism for dialogue between gas producers and consumers for the stability of security of supply and demand in gas markets, promotes natural gas as a fuel of choice to achieve the United Nations Sustainable Development Goals (UN SDGs) and goals of the Paris Agreement, while respecting the sovereign rights of its member-countries over the exploitation of their natural gas resources.

Dr Sentyurin stressed that at the GECF has no intention to collectively reduce gas/LNG production to balance the market during any potential oversupply based on its commitment to the sovereign rights of its member countries. Regarding the developments in the oil market, Dr Yury Sentyurin stated, "We've seen in the past that gas market has always been able to balance itself and we believe this will be the case in the future". He also placed emphasis on the GECFs active role in gas markets, as it possesses around 70% of the global proven gas reserves, leading the exports of natural gas by pipeline and in LNG forms worldwide, thus contributing to the security of supply and stability of the market.

Its marketed gas production accounted for 45% of the global gas production respectively as of 2018.

Dr Sentyurin confirmed that the GECF member countries continue to be a very important source of natural gas supply needed, to not only satisfy their contractual obligations, but also to meet their domestic gas requirements, as well as entering new



markets and new sectors, noting that the total production growth of the GECF is mostly comprised of production increase from Russia, Iran, Egypt and Nigeria.

He also pointed out that increased demand for natural gas, along with the development of new fields and the commissioning of new projects, such as new phases of South Pars gas field in Iran and Zohr field in Egypt, are among the main factors contributing to the production boost in GECF member countries. Regarding a question about new applications by states who want to join the Forum, Dr Sentyurin said, "We are open to welcome any country exporting natural gas that is willing to join our Forum. In line with this, we are proud to announce that the Republic of Angola, one of the major producers of natural gas, joined the GECF and that is our 6th African country".

He was optimistic about the growth of the GECF, which will reinforce the position of the Forum internationally.

Regarding how the Forum dealt with the decline of demand, in some regions, in favour of less environmentally friendly energy sources such as coal, he stated that global energy demand conversely increased.

From 2000-2017, demand grew annually by 2% and reached 14,144 Mtoe.

Furthermore, he said natural gas consumption grew by 3-4% over the past two years, and that this upward trend would continue in the near future, which would be driven mainly by higher consumption in Asia, especially in China, India, Pakistan and Bangladesh and in the United States, as well as in Europe and the Middle East, particularly Iran and Egypt.

Regarding coal, which is most carbon-intensive and polluting fuel, he said that the Asia-Pacific region represents the largest market in 2017 almost 2,800 Mtoe or 74% of global coal demand was absorbed by Asian economies; within the aforementioned period, coal consumption in this region surged by 5.8% per year.

He stated that coal will remain an important option for Asian countries in meeting future energy needs.

However, extended efforts to support natural gas, renewables,

and energy efficiency are expected to mitigate coal demand growth in the Asia Pacific region.

He pointed out that global policy orientations to limit the environmental impact resulting from coal-related emissions.

He said, "Under these assumptions, we project that global coal consumption through to 2040 will remain flat, while natural gas will rise by 1.7% per annum.

This will enable gas to overtake coal as the second largest source of energy".

The GECF secretary-general said that energy policies, including those deriving from the Paris agreement, are a key determinant of the future trend of the energy mix, which the Forum believe will naturally call upon natural gas.

However, he pointed out that the markets witnessed some surprises previously.

A few years ago, EU gas demand has dropped significantly, when the power generation sector lost more than 50 Bcm on natural gas in favour of more polluting energy sources like coal and lignite.

He also pointed out that China, despite the ambitious coal to gas switching policies engaged recently to tackle the air pollution issues in the cities, has eased these policies to encourage the usage of coal, especially for heating in winter period.

This adds uncertainty about the near-future energy mix of the country.

He added that China, accounting for about 51% of the global coal consumption, has been increasing its natural gas consumption to curb air pollution through its blue sky energy policy, which could be sustained in the long-term with the engagement towards health issues and environmental concerns.

The Forum thinks that this trend could be potentially replicated by other economies in Asia, the largest consumers of coal worldwide, favouring natural gas that is affordable, abundant and accessible.

Regarding the future of the gas industry, Dr Sentyurin said that the natural gas industry faces a number of concerns both

on demand side and supply side related to energy policies, technology shifts, price volatility and intra-fuel competition, adding that gas demand is significantly affected by unclear and unstable policies that often do not recognise the crucial role of gas in the transition to a clean and sustainable energy future.

Some countries in Asia and Europe still supporting coal despite its high carbon intensity.

Furthermore, there are unclear policies on the future role of nuclear energy in some countries.

He clarified that these challenges contribute to biased intra-fuel competition of coal, renewables and other fuels with gas, which could impact the growth in gas demand.

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## **Exxon's talks to tap Algeria shale gas falter due to unrest – sources**



- \* Exxon, Sonatrach met in Houston to discuss Ahnet field
- \* Exxon opted to suspend process due to violence in Algeria
- \* Discussions part of tightening ties between companies

By Lamine Chikhi, Dmitry Zhdannikov and Ron Bousso

ALGIERS/LONDON, March 20 (Reuters) – Talks between Exxon Mobil and Algeria to develop a natural gas field in the North African country have stalled because of domestic unrest, industry sources said.

Irving, Texas-based Exxon entered talks with Algeria's national oil company Sonatrach several months ago to develop a field in the southwestern Ahnet basin, the sources close to the discussions said.

The talks were part of a deepening of ties between the two companies that followed Sonatrach's acquisition last May of Exxon's Augusta refinery in Sicily, Italy.

Last week, officials from the two sides held talks in Houston, Texas to hammer out details but Exxon opted to suspend the discussions, temporarily at least, due to the recent protests

in Algeria over President Abdelaziz Bouteflika's 20-year rule, the sources said.

Exxon and Sonatrach declined to comment.

The refinery acquisition and increased cooperation between the two companies were seen as key for Sonatrach's efforts to modernise its business and reduce reliance on fuel imports under Chief Executive Abdelmoumen Ould Kaddour.

The collapse of the talks follows years of attempts by Sonatrach to attract foreign companies to develop its vast oil and natural gas resources.

Sonatrach hopes to tap foreign experience in fracking, a drilling technique that led to the rapid expansion of U.S. oil and gas production, to develop its own shale reserves, estimated at 22 trillion cubic metres, the world's third largest.

The North African country is a leading gas supplier to Europe, but exports have suffered from delays to several projects and a steep rise in the use of subsidised gas at home as the population has grown. (Additional reporting by Florence Tan and Jennifer Hiller in Houston; Writing by Ron Bousso; Editing by Dale Hudson)

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**An open letter to U.S.  
Secretary of State Mike  
Pompeo**



RE: Your Visit to Lebanon – Energy Diplomacy

Dear Mr. Secretary:

Your visit to Lebanon comes at a moment of both rare opportunity and significant peril for this part of the world.



I note this not only as a citizen of Lebanon, but also as a resident of the long-troubled Euro-Mediterranean region, and my purpose is to avert a new round of instability for my country and its neighbors.

Multiple world-class hydrocarbon deposits have now been discovered beneath the Eastern Mediterranean Sea, offering a historic chance to upgrade the regional economy, reduce or eliminate poverty, calm regional tensions, improve security and increase international cooperation. Unfortunately, development of these resources is being delayed because so few states have agreed to maritime borders with their neighbors. Setting aside the fate of Palestine, there are 12 “Frontier” boundaries among the seven main coastal states – Greece, Turkey, Cyprus, Syria, Lebanon, Israel and Egypt – and only two (17 percent) have been settled by bilateral treaties meeting current Law of the Sea standards. In a region containing more than \$1 trillion worth of oil and gas, therefore, 83 percent of the maritime borders remain unresolved, posing significant risks to development in several countries – including Lebanon.

With so much of the region facing severe economic problems, the need to expedite development and the ensuing revenues could not be more urgent. Luckily, however, modern mapping technologies now make it possible for LOS applications to settle all such offshore disputes peacefully, and to do so with both relative ease and near-absolute accuracy.

These solutions are exceedingly relevant to your visit. Your meetings here will deal with multiple topics and the linkages among them, but the most portentous is the perennial U.S. project to foster agreement on maritime boundaries in the Eastern Med, in particular that between Lebanon’s Exclusive Economic Zone and Israel’s. This is the single area in which U.S. policy has the greatest capacity to effect positive changes – but also the greatest potential for unintended consequences.

Lebanon was one of 50 founding signatories to the United Nations Charter in 1945. Ever since, Lebanese foreign policy has been seated in the Charter's terms, chief among them the obligation to always seek peaceful resolutions of international disputes. That commitment remains very much intact, and this despite the difficult circumstances that Lebanon has long faced as a front-line state in the Arab-Israeli conflict.

Despite – and at least partly because of – their country's difficult location and flawed system of government, the Lebanese exhibit tremendous powers of resilience and an uncanny ability to reinvent themselves. Whatever the crisis, the people of this country are highly adept at making the necessary adjustments. But this cycle cannot continue indefinitely, especially when the national debt is equivalent to more than 150 percent of GDP. Indeed, at a recent aid conference in Paris, donor countries made it clear that their pledges will not materialize unless and until Lebanon implements sweeping reforms, serious anti-corruption measures, and other meaningful steps to get its financial house in order.

Notwithstanding these and other challenges, we may be on the cusp of a prosperous new era. I refer, of course, to the potentially large quantities of offshore hydrocarbons that Lebanon hopes to start tapping in the coming years. If and when production starts, the impacts will be nothing short of game-changing. Just producing natural gas for its own consumption would allow Lebanon's most important power stations to stop running on the fuel oil and gasoil that increase operating costs, burn dirtier, and wear down generating equipment.

Based on what I've learned from 40-plus years in the energy business, that would just be the beginning because Lebanon also stands to become an energy exporter, opening up substantial new revenues. First, the state would be able to

slash deficit spending, borrow at lower rates, and start retiring its debt stock. Next, the government would have the wherewithal to make unprecedented investments in roads, schools, hospitals, and other essential infrastructure. Coupled with the direct and indirect opportunities generated by the emerging energy sector, this would have an immediate and prolonged stimulus effect, leading to tens or even hundreds of thousands of well-paying jobs. It would also make the entire economy more competitive, provide our youth with the education they need to thrive in the 21st century, and give all Lebanese access to quality health care. If wisely managed, gas revenues also could eradicate the poverty and accompanying social inequalities that provide terrorist groups with such fertile recruiting grounds.

I have no doubt that we Lebanese can make our country work, but we need to make difficult choices and craft workable solutions on our own, not implement those demanded by a foreign power – ANY foreign power, no matter how well-intentioned. In fact, many of our current problems stem precisely from decisions that were made in haste, under outside pressure, and/or without sufficient domestic consensus. Nonetheless, many Lebanese are grateful for the US role in mediating the EEZ issue with Israel; on the other hand, many others suspect that Washington's purpose is not to facilitate a fair deal, but rather to impose a lopsided one that favors Israel. Any Lebanese government that signs such a deal will face a significant loss in perceived legitimacy, a significant rise in domestic opposition, multiple resignations by key Cabinet ministers, and possibly the end of its ability to govern.

There are plenty of hydrocarbons in the Levant Basin for all rightful claimants to receive what is rightfully theirs, and no Lebanese is asking for special favors, just fair and equal treatment. The facts of Lebanon's EEZ case are immutable, starting with the correct location of the land border at Ras

Naqoura, which was established under the 1949 Armistice Agreement and can now be precisely situated by precision mapping techniques. All else flows from that, and in any judicial proceedings, each scientific element is weighed against a common set of LOS rules, which derive primarily from three sources: 1) the 1982 U.N. Convention on the Law of the Sea (UNCLOS), a project originally conceived by then-U.S. President Truman and now adopted by 168 countries as the basis for the only global LOS rulebook; 2) the principles and procedures laid down in UNCLOS and subsequent amendments; and 3) the precedents established by UNCLOS' court, the International Tribunal for the Law of the Sea (ITLOS), and other relevant legal proceedings. By all objective observation, technological advances have reached the point where their effect is decisive. In fact, all 13 of the most recent court cases have been adjudicated primarily on the basis of precision mapping.

Based on the rules and the science, then, there can be little doubt about what a verdict in this case would mean: Lebanon would be awarded most of the 881 square kilometers in dispute. So should it be in any out-of-court settlement. We know this because whether delineation is determined inside or outside a courtroom, the same rules apply and the same science drives the outcome: the lines are drawn according to science in the form of the best available maps (which can now be ordered up and received within five business days at most) of the two states' coastal zones. In fact, by some reckonings, preparing an LOS case is now 80 percent scientific work and only 20 percent legal procedure. Crucially, too, Israel has accepted the applicability of the LOS rules by having agreed to them as the basis for its 2010 EEZ treaty with Cyprus.

Of course, you know the complications: Israel is not a signatory to UNCLOS, so an ITLOS verdict is impossible, and Lebanon does not recognize Israel, so bilateral negotiations are out. Hence the need for outside mediation, and hence the

constructive and perhaps indispensable role of the United States, depending on what role it decides to play. If America acts as an arbiter, the end-result cannot be in doubt because it will be based on science and the LOS rules. Such an exercise of fair play could give the entire region a chance to defuse tensions and change direction – and help achieve U.S. goals for the region in terms of security and cooperation. On the other hand, should the United States decide to act primarily as Israel's advocate, it will not be possible for the Lebanese government to accept any proposal that strays materially from the rules and the science.

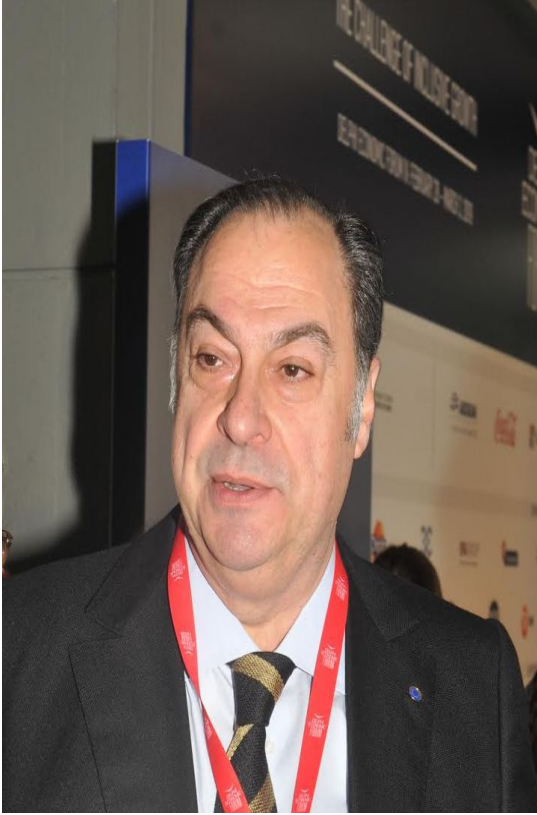
Mr. Secretary,

Since we already know the destination, and that it would benefit both parties, why not take the shortest and surest route? Advise the Israelis to accept a fair EEZ arrangement in a timely fashion, make sure they (and we) honor both the letter and the spirit of that arrangement, and convince them to stop threatening the Lebanese with war. Then watch a shared financial incentive for calm work its magic. The resulting drop in tensions would surely abet another U.S. goal by reducing the threat of trouble at the border, and the longer the Israelis refrained from provocations, the less incentive – and less support – any other actor would have to rock the boat. And were the United States to broker a balanced solution here, it would strengthen its ability to mediate among other nearby states – especially Cyprus, Greece, and Turkey – and therefore have a stabilizing effect on the entire region.

I, for one, hope that the United States, partly in concert with other actors like the U.N., will continue to use its good offices to help resolve the EEZ matter as equitably as possible. I also hope that progress in this effort will open the way for meaningful internal dialogues, too, about far-reaching reforms on the political and economic levels. In short, Mr. Secretary, we Lebanese need to get real, and the United States can help us do that – but only if it means to

help Lebanon, not just Israel, and all Lebanese, not just some of us.

Sincerely,



Roudi Baroudi

Energy Economist

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**رسالة مفتوحة إلى وزير  
الخارجية الأميركي: زيارتك إلى  
لبنان... دبلوماسية الطاقة**





السيد الوزير ،

تأتي زيارتكم إلى لبنان وقت يقف هذا الجزء من العالم امام فرصة نادرة للتطور وخطر كبير للانفجار، ولست أشير إلى هذين الامرين المهمين كمواطن لبناني فحسب، وانما بصفتي شخصا يقيم ويعمل في المنطقة الأورومتوسطية والشرق الأوسط المضطربة منذ مدة طويلة،

وهدف في هو تجنب جولة جديدة من عدم الاستقرار في لبنان والدول المجاورة له.

كما تعلمون فقد تم اكتشاف رواسب هيدروكربونية متعددة المستوى تحت شرق البحر المتوسط، مما يوفر فرصة تاريخية لرفع مستوى الاقتصاد الإقليمي والحد من الفقر أو حتى القضاء عليه كما وتهدة التوترات الإقليمية، ولكن لسوء الحظ، يتم التأخر من الاستفادة من هذه الموارد بسبب قلة عدد الدول التي رسمت حدودها البحرية مع جيرانها. وإذا ما وضعنا جانبا مصير حدود فلسطين، نجد ان هنالك 12 "حدوداً" بحرية بين الدول الساحلية السبع الرئيسية: اليونان وتركيا وقبرص وسوريا ولبنان وإسرائيل ومصر، قد تمت تسوية اثنين منها فقط، أي ما نسبته (17%) من خلال تطبيق معايير المعاهدات الثنائية لقانون البحار. في منطقة تحتوي على مخزون نفطي يقدر بأكثر من تريليون دولار من النفط والغاز، لا تزال 83% من الحدود البحرية من دون تحديد نهائي، مما يشكل مخاطر كبيرة على التنمية. في العديد من بلدان المنطقة بما فيها لبنان.

إن الحاجة إلى الإسراع بالتنمية وضخ الإيرادات المالية الجديدة هي من الأمور الملحة والمستعجلة، خصوصا ان دول المنطقة تواجه الكثير من المشاكل الاقتصادية الحادة. من هنا ولحسن الحظ، فان تقنيات رسم تتيح تسوية جميع LOS الخرائط الحديثة بواسطة تطبيقات قانون البحار النزاعات البحرية بهدوء، والقيام بها بكل سهولة وانسيابية ودقة شبه مطلقة.

مما لا شك فيه ان اجتماعاتكم في لبنان ستتناول العديد من الأمور والمواضيع المتشابهة، ولكن يبقى الموضوع الأكثر أهمية هو مشروع الولايات المتحدة الدائم لتعزيز الاتفاق على الحدود البحرية في الشرق الأوسط، ولا سيما بين المنطقة الاقتصادية الخالصة اللبنانية والمنطقة الإسرائيلية. هذا هو المجال الوحيد الذي تتمتع فيه السياسة الأميركية بأكثر مكانة لإحداث تغييرات إيجابية، وفي الوقت عينه أكبر خطر لإمكان حصول عواقب غير مقصودة.

يعتبر لبنان واحداً من بين 50 دولة وقّعت ميثاق الأمم المتحدة عام 1945. ومذذاك تمسكت السياسة الخارجية اللبنانية بشروط تطبيق هذا الميثاق، وعلى رأسها الالتزام بالسعي الدائم إلى حل سلمي للنزاعات الدولية، وهذا على الرغم من الظروف الصعبة التي واجهها لبنان منذ مدة طويلة كدولة على خط المواجهة في الصراع العربي - الإسرائيلي.

على الرغم من - وعلى الأقل جزئياً - بسبب - موقع بلدهم الاستراتيجي والمعرّض للهزات السياسية والامنية ونظامه المعقّد، فإن اللبنانيين يتمتعون بمرونة هائلة وقدرة غريبة على الخروج من مشاكلهم المستعصية. وعلى مر التاريخ ومهما كانت الأزمة، فإن الشعب اللبناني بارع للغاية في التأقلم مع الازمات والخروج منها. لكن هذه الدورة لا يمكن أن تستمر إلى أجل غير مسمى، لا سيما عندما يكون الدّين العام في لبنان يعادل أكثر من 150٪ من الناتج المحلي الإجمالي. وقد أوضحت الدول المانحة في مؤتمر عُقد أخيراً في باريس لمساعدة لبنان اقتصادياً، أن تعهداتها لن تتحقق إلا إذا نفّذ لبنان إصلاحات شاملة وتدابير جادة لمكافحة الفساد وغير ذلك من الخطوات الهادفة إلى تنظيم وضعه المالي.

على الرغم من هذه التحديات وغيرها، قد يكون لبنان على أعتاب عصر جديد مزدهر وذلك نظراً إلى الكميات الكبيرة المحتملة من الهيدروكربونات البحرية التي يأمل لبنان في البدء باستغلالها في السنوات المقبلة، اذ فور بدء الإنتاج، فإن التأثيرات ستكون كبيرة وعلى كل الصعد. فمجرد إنتاج الغاز الطبيعي للاستهلاك المحلي سيسمح لمحطات الطاقة في لبنان بالتوقف عن استعمال المازوت والغاز اويل اللذين يزيدان تكاليف تشغيل المحطات، ويسببان تلوثاً كبيراً، كما ينهكان معامل التوليد في اوقات قياسية.

بناءً على خبرتي في مجال الطاقة والتي تمتد الى أكثر من 40 عاماً، سيكون هذا التحسن مجرد بداية لأن لبنان سيكون أيضاً مصدراً للطاقة، مما يفتح امامه عائدات نقدية جديدة وكبيرة، ستمكن الدولة أولاً من خفض الإنفاق على العجز، والاقتراض بمعدلات أقل، والبدء بتسديد رصيد ديونها. بعد ذلك، ستحصل الحكومة على الاموال اللازمة للقيام باستثمارات غير مسبوقة في قطاعات مهمة كالطرق والمدارس والمستشفيات والبنية التحتية الأساسية الأخرى، اضافة الى الفرص المباشرة وغير المباشرة التي يولدها قطاع الطاقة الناشئ، وهذا الامر سيكون له تأثير تحفيزي فوري وطويل الأمد، مما يؤدي إلى خلق عشرات أو حتى مئات الآلاف من فرص العمل التي تؤمن اجرا جيداً. كما أنه سيجعل الاقتصاد برمته أكثر قدرة على المنافسة، ويزوّد شبابنا التعليم المفيد والحديث الذي يحتاجون إليه في القرن الحادي والعشرين، ويمنح جميع اللبنانيين الرعاية الصحية الجيدة والشاملة. وإذا تمت إدارة هذه الثروة بحكمة، فإن عائدات الغاز يمكن أن تقضي على الفقر وعلى الفروق الاجتماعية الحادة خصوصاً في المناطق المحرومة التي توفر للجماعات الإرهابية الارض الخصبة

.لتجديد افراد جد

لا أشك في أن اللبنانيين يمكنهم دفع وطنهم الى الامام، لكنهم في حاجة إلى اتخاذ خيارات صعبة وصياغة حلول قابلة للتطبيق، والابتعاد عن تنفيذ تلك التي تطالب بها القوى الاقليمية والاجنبية. في الواقع، فإن العديد من مشاكلنا الحالية تنبع على وجه التحديد من القرارات التي اتُخذت على عجل، تحت ضغط خارجي و/ أو دون إجماع محلي كاف. ومع ذلك، فإن العديد من اللبنانيين ممتدّون لدور الولايات المتحدة في التوسط لحل الخلاف مع اسرائيل المتعلق بالمنطقة الاقتصادية الخالصة. من جهة أخرى، يشك الكثير من اللبنانيين في أن هدف واشنطن لا يكمن في تسهيل التوصل إلى صفقة عادلة، بل فرض واقع غير متوازن لمصلحة إسرائيل. وفي حال رضوخ الحكومة اللبنانية لهذا الحل غير المتوازن ستعرف خسارة كبيرة في شرعيتها، إضافة الى معارضة محلية قوية، وسيصل الامر الى تقديم استقالات من جانب وزراء رئيسيين في الحكومة، وربما نهاية قدرتها على الحكم.

هناك الكثير من المواد الهيدروكربونية في حوض مشرق المتوسط، وهي تكفي جميع المطالبين بها وفقاً لحصصهم القانونية والشرعية، ولا يطلب أي لبناني الحصول على مزايا خاصة او على زيادة غير قانونية، وانما معاملة عادلة ومتساوية. ان قضية المنطقة الاقتصادية الخالصة في لبنان غير قابلة للتغيير او للتلاعب، بدءاً بالموقع الصحيح للحدود البرية في رأس الناقورة التي تم تحديدها بموجب اتفاقية الهدنة لعام 1949، والتي يمكن الآن تحديد موقعها باتقان متناهٍ بواسطة تقنيات رسم الخرائط الدقيقة. ويمكن الاتكاء على هذه النقطة لحل الامور العالقة الاخرى. في أي إجراءات قضائية، يتم مطابقة كل عنصر علمي بمجموعة قواعد قانون البحار، والتي تستمد أساساً من ثلاثة مصادر:

وهو مشروع (UNCLOS) اتفاق الأمم المتحدة لقانون البحار لعام 1982 تم تصوره في الأصل من قبل الرئيس الأميركي ترومان واعتمدته الى الآن 168 دولة كأساس لكتاب قواعد لوس أنجلس العالمي وهو الكتاب الوحيد المعتمد.

المبادئ والإجراءات المنصوص عليها في اتفاق الأمم المتحدة لقانون البحار والتعديلات عليه.

السوابق التي أنشأتها محكمة اتفاقية الأمم المتحدة لقانون البحار

والإجراءات القانونية (ITLOS) والمحكمة الدولية لقانون البحار .الأخرى ذات الصلة.

ان التطورات التكنولوجية المتسارعة وصلت إلى النقطة التي يكون فيها تأثيرها حاسماً في حل النزاعات البحرية. في الواقع، تم الفصل في جميع القضايا الـ 13 المعروضة أخيراً أمام المحاكم البحرية المختصة على أساس علمي. وهذا الأمر أدى إلى الدقة في رسم الخرائط البحرية.

من هنا فإنه بناءً على القواعد المعتمدة والعلوم، لا يمكن أن يكون هناك أي شك حول نتائج الحكم في هذه الحالة: سيتم منح لبنان في حال تطبيق القواعد العلمية معظم مساحة الـ 881 كيلومتراً مربعاً موضع النزاع البحري. سواء تم تحديد الترسيم داخل قاعة المحكمة أو خارجها. علمياً يتم رسم الخطوط وفقاً للخرائط المتاحة (والتي يمكن طلبها الآن وتسليمها في غضون خمسة أيام عمل على الأكثر) من المناطق الساحلية للدولتين. في الواقع، في أيامنا هذه فإن إعداد قضية وفقاً لقانون البحار يكون بنسبة 80% من الناحية العلمية ولا تشكل الإجراءات القانونية سوى 20% فقط. في العام 2010 قبلت إسرائيل قانون البحار من خلال موافقتها عليها كأساس (LOS) تطبيق قواعد لمعاهدة المنطقة الاقتصادية الخالصة الموقعة مع قبرص، وبالتالي فإن أي محاولة لحل النزاع مع لبنان يفرض عليها تطبيق القواعد المذكورة.

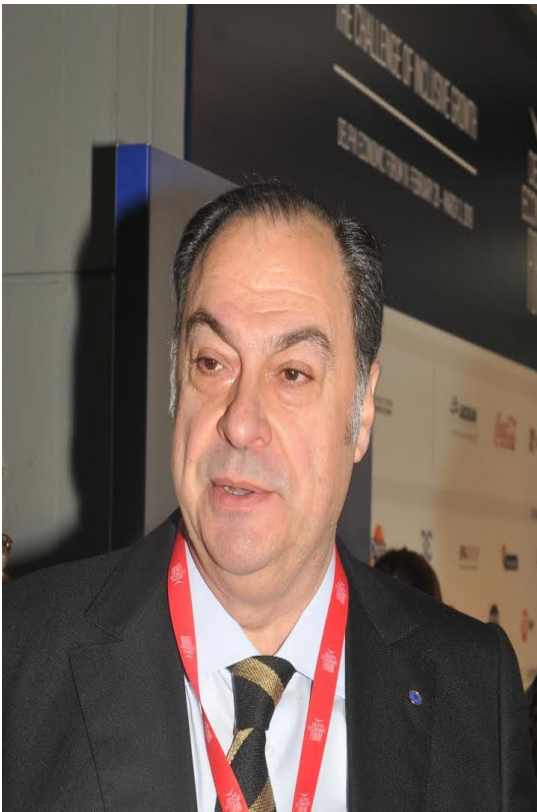
بالطبع، أنتم تدركون الصعوبات التي يعرفها هذا الملف، فإسرائيل ليست من الدول الموقعة على اتفاقية الأمم المتحدة لقانون البحار، أمر مستحيل من ITLOS لذلك فإن حكم المحكمة الدولية لقانون البحار الناحية الإجرائية، ولبنان لا يعترف بإسرائيل، لذا فإن المفاوضات الثنائية لا مكان لها. لذلك كانت الحاجة إلى وساطة خارجية مقبولة بها من الطرفين، ومن هنا يكمن الدور الذي لا غنى عنه والبنّاء للولايات المتحدة، وهو يتوقف على طريقة تعاطي دولتكم مع هذا الموضوع. إذا كانت أميركا تتصرف كحكم عادل، فإن النتيجة النهائية لا يمكن أن تكون موضع شك لأنها ستستند إلى العلم وقواعد قانون البحار المرعية الاجراء. وفي هذه الحالة يمكن أن تمنح المنطقة بأسرها فرصة لنزع فتيل التوترات. من جهة أخرى، إذا قررت الولايات المتحدة التصرف بشكل أساسي كحليفة لإسرائيل، فلن يكون ممكناً أن تقبل الحكومة اللبنانية بأي اقتراح يبتعد عن القواعد القانونية والعلم الحديث.

، السيد الوزير ،

نظراً الى أننا نعرف التوجه العملي الذي سيفيد طرفي النزاع، فلماذا لا تأخذ أقصر الطرق وأكثرها ثقة؟ وتكمن بتقديم المشورة الى الإسرائيليين لقبول ترتيب عادل للمنطقة الاقتصادية الخالصة، والتأكد من أنهم (كما نحن) سيحترمون نص هذا الترتيب وروحه، وبالتالي إقناعهم بالتوقف عن تهديد اللبنانيين بالحرب. وإذا كانت الولايات المتحدة تتوسط لحل متوازن في هذا النزاع، فستعزز قدرتها على التوسط بين الدول المجاورة الأخرى - وخصوصاً قبرص واليونان وتركيا - وبالتالي يكون لها تأثير على استقرار المنطقة بأسرها.

من هنا آمل أن تستمر الولايات المتحدة، بالتنسيق مع جهات فاعلة أخرى مثل الأمم المتحدة، في استخدام مساعيها الحميدة للمساعدة في حل مسألة المنطقة الاقتصادية الخالصة. كما آمل أيضاً أن يفتح التقدم في هذا الملف الطريق لإجراء حوارات داخلية ذات مغزى حول الإصلاحات البعيدة المدى على المستويين السياسي والاقتصادي، والتي يحتاج إليها لبنان.

باختصار، السيد الوزير، نحن اللبنانيين في حاجة إلى أن نكون واقعيين، ويمكن الولايات المتحدة أن تساعدنا ولكن شرط أن يكون ذلك عبر مساعدة لبنان، وليس فقط إسرائيل، وجميع اللبنانيين، وليس بعضهم.



# The world is not on a sustainable path, BP chief exec says



The world is moving in the wrong direction in its fight against climate change, and BP Chief Executive Bob Dudley said that energy companies must step up and play their part to dramatically reduce greenhouse gas emissions.

The reality is the world isn't even close to on track to meet the recent Paris climate accord goal of keeping a global temperature rise below 2-degrees Celsius by 2100. On the

current track, global energy demand will spike by about one-third by 2040, including growing demand for crude oil and other liquid fuels before eventually plateauing, according to BP's analysis that Dudley highlighted Tuesday at the CERAWEEK conference in Houston.

"As bright as our future may seem, we are operating in a world that is not on a sustainable path," Dudley said. "Greenhouse gases are expected to rise by about 10 percent over the next two decades, when they need to be falling dramatically."

Dudley cited possible solutions, like federal regulators pushing the coal industry out of the power sector, and governments worldwide adopting more carbon prices, or taxes, on energy companies.

"We have to move from being pure-play oil and gas companies into broader energy businesses," Dudley said. "Our focus has to be on developing an energy system that is cleaner, better and kinder to the planet."

BP remains the top producer in the Gulf of Mexico with more growth on the way and, in October, BP paid \$10.5 billion to buy the onshore Texas shale assets of Australia's BHP Billiton, including sizable positions in the booming Permian Basin and South Texas' Eagle Ford shale.

Last year, BP said it would hold greenhouse gas emissions from its operations at or below its 2015 levels in the years ahead.

While natural gas burns cleaner than oil, the challenge is ensuring that methane doesn't leak during the drilling and production of gas. Those emissions are viewed as the Achilles' heel of natural gas. So BP is setting a target of keeping its methane emissions down to 0.2 percent of the gas produced.

Dudley said the British energy giant must be "progressive for society and pragmatic for investors," and nimble enough to shift as the market changes. At the beginning of this century,



BP invested heavily in renewable energy, perhaps before it was economically viable.

The company lost money then. Now, it's strategically investing again on a smaller scale.

"We continue to invest in low carbon – to the tune of around half-a-billion dollars a year – but in smaller, smarter, very focused and disciplined ways," Dudley said.

Earlier Tuesday, Gretchen Watkins, president of Shell's U.S. subsidiary, Shell Oil of Houston, called on the White House to tighten the rules on methane leaks from oil and gas production, rather than roll them back as proposed by the Trump administration.

"We need to do more," Watkins said.

But some environmental groups, including Greenpeace, are calling BP hypocritical for lobbying the White House to roll back some methane emissions regulations.

BP responded that it doesn't oppose methane regulations per se. Rather, it prefers one set of rules, instead of having to follow the different ones put in place by different agencies, in this case the Environmental Protection Agency and the Interior Department.

*This article first appeared on the Houston Chronicle – an Energy Voice content partner. For more from the Houston Chronicle click [here](#).*