

Le pétrole chute, Ryad et Moscou semblent prêts à augmenter leur production



NYC/Cours de clôture: Les cours du pétrole ont lourdement chuté vendredi à New York et Londres alors que l'Arabie saoudite et son allié russe ont estimé "probable" un assouplissement des limitations de la production de brut.

Le baril de Brent de la mer du Nord pour livraison en juillet a terminé à 76,44 dollars sur l'Intercontinental Exchange (ICE) de Londres, en baisse de 2,35 dollars par rapport à la clôture de jeudi.

Sur le New York Mercantile Exchange (Nymex), le baril de "light sweet crude" (WTIWTI Le West Texas Intermediate (WTI), aussi appelé Texas Light Sweet, est une variation de pétrole brut faisant office de standard dans la fixation du cours du brut et comme matière première pour les contrats à terme du

pétrole auprès du Nymex (New York Mercantile Exchange), la bourse spécialisée dans l'énergie.) pour la même échéance a lâché 2,83 dollars à 67,88 dollars.

Face à la hausse marquée des prix ces derniers mois, l'Organisation des pays exportateurs de pétrole (OPEP) et ses partenaires pourraient assouplir leur accord de limitation de la production, ce qui a pesé sur les prix vendredi.

Cité par les agences russes lors d'un forum économique à Saint-Petersbourg, le ministre saoudien de l'Energie Khaled al-Faleh a jugé que les pays producteurs auront "bientôt la possibilité de libérer l'offre".

"Comme nous l'avons toujours dit, le retour du pétrole sur le marché doit se faire progressivement. Nous ne le ferons pas rapidement. Cela interviendra probablement au second semestre de cette année", a-t-il ajouté.

"Si nous arrivons à l'idée commune qu'il est indispensable d'assouplir le niveau (de production, ndlr), cela doit se faire à partir du troisième trimestre", a estimé de son côté le ministre russe Alexandre Novak.

"La Russie est sans doute en faveur de l'assouplissement des règles depuis longtemps. Mais c'est la première fois que l'Arabie saoudite s'exprime aussi clairement sur une hausse de la production", a commenté James Williams de WTRG.

Ryad "veut un prix du baril proche de 70 dollars et ne veut pas qu'il monte à 90 dollars pour ne pas pénaliser les consommateurs", a ajouté M. Williams.

Puits de pétrole

L'Arabie saoudite, premier exportateur mondial, est particulièrement observée par les marchés alors que l'offre mondiale est entravée par les baisses de production au Venezuela et pourrait l'être encore plus par les sanctions

américaines contre ce pays et contre l'Iran.

“Le déclin de la production de l'OPEP nous pousse à penser que les réserves mondiales vont baisser au deuxième et au troisième trimestre 2018”, ont jugé les analystes de Société Générale, qui ont revu à la hausse leurs prévisions de prix pour le Brent, à 80 dollars au troisième trimestre.

L'avenir de l'accord de limitation de la production devrait être au coeur de la prochaine réunion de l'OPEP et de ses partenaires, fin juin à Vienne.

Le ministre saoudien a affirmé qu'il rencontrerait ses homologues de l'OPEP, et qu'il aurait l'occasion de se réunir avec M. Novak une ou deux fois avant la réunion de Vienne.

L'Arabie saoudite et la Russie sont deux des trois plus grands producteurs de pétrole au monde, avec les États-Unis.

La chute des prix a par ailleurs été accélérée par la publication vendredi d'un indicateur avancé de la production américaine, à savoir le nombre hebdomadaire de puits de pétrole actifs aux États-Unis.

Celui-ci a augmenté de 15 unités à 859 puits, suggérant une poursuite de la hausse de la production américaine, qui enchaîne actuellement les records d'après les rapports hebdomadaires de l'Agence américaine d'information sur l'Energie (EIA).

Le pétrole baisse, Russie et

Arabie saoudite discutent d'une hausse de la production



Londres (awp/afp) – Les prix du pétrole reculaient nettement vendredi en cours d'échanges européens alors que la Russie et l'Arabie saoudite envisagent désormais d'augmenter les seuils de production de l'accord qui les engage, selon des déclarations des ministres de l'Energie des deux pays.

Vers 10H00 GMT (12H00 HEC), le baril de Brent de la mer du Nord pour livraison en juillet valait 77,19 dollars sur l'Intercontinental Exchange (ICE) de Londres, en baisse de 1,60 dollar par rapport à la clôture de jeudi.

Dans les échanges électroniques sur le New York Mercantile Exchange (Nymex), le baril de "light sweet crude" (WTI) pour la même échéance perdait 1,35 dollar à 69,36 dollars.

Face à la hausse marquée des prix ces derniers mois, l'Organisation des pays exportateurs de pétrole (Opep) et ses partenaires pourraient assouplir leur accord de limitation de la production, ce qui pèse sur les prix vendredi.

Les deux meneurs de cet accord, le ministre russe de l'Energie

Alexandre Novak et son homologue saoudien Khaled al-Faleh se sont rencontrés jeudi soir à Saint-Petersbourg et ils envisagent désormais d'augmenter les seuils de production.

“Il est probable qu'il y ait une remontée progressive de la production au deuxième semestre”, a affirmé vendredi le ministre saoudien, selon des propos rapportés par l'agence Bloomberg.

L'Arabie saoudite, premier exportateur mondial, est particulièrement observée par les marchés alors que l'offre mondiale est entravée par les baisses de production au Venezuela et pourrait l'être encore plus par les sanctions américaines contre ce pays et contre l'Iran.

“Le déclin de la production de l'Opep nous pousse à penser que les réserves mondiales vont décliner au deuxième et au troisième trimestre 2018”, ont jugé les analystes de Société Générale, qui ont revu à la hausse leurs prévisions de prix pour le Brent, à 80 dollars au troisième trimestre.

L'avenir de l'accord de limitation de la production devrait être au coeur de la prochaine réunion de l'Opep et de ses partenaires, fin juin à Vienne.

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L'Arabie saoudite et la Russie sont deux des trois plus grands producteurs de pétrole au monde, avec les Etats-Unis.

“L'Arabie saoudite veut garder les prix sous contrôle mais éviter qu'ils plongent complètement”, a résumé Oliver Jakob, analyste chez Petromatrix, qui estime que l'Opep pourrait augmenter sa production de 500.000 barils par jour (alors que l'accord prévoit une baisse de 1,8 million de barils par jour).

The Europeans: Gas War is Behind Washington Quitting the Iranian Nuclear Deal



“It is clear that the upcoming investments will not happen, I do not know which of the major international companies will risk it,” he predicted in an interview with Agence France-Presse.

Washington, ignoring the Europeans’ warnings that it would re-impose the sanctions imposed under the multilateral agreement in 2015, has been back on Iran in return for a pledge to freeze its nuclear program.

US Secretary of State Mike Pompeo warned that European companies, which would continue to deal with Iran in sectors banned under US sanctions, would “be held responsible.”

The United States launched a strategy to search for markets to sell its natural gas and exported 17.2 billion cubic meters in 2017 to EU ports.

According to EHSMarket, the total capacity to import natural gas in Europe will increase by 20% by 2020.

**Lower gas on horizon as
Gazprom agrees to market
approach**



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Millions of consumers and industries could stand to win after the world's biggest natural gas exporter agreed to match prices in central and eastern Europe with markets in the west. As part of an accord to settle a seven-year-old antitrust case with European regulators, Gazprom agreed to remove restrictions on pipeline flows, and give customers the right to resell, swap and check their rates against markets in the Netherlands and Germany.

The agreement brings customers in the east more in line with the conditions western utilities from RWE to Eni have sought from Gazprom through negotiations or via the courts.

"I expect to see lower gas prices in southeast Europe as Gazprom brings them closer to those paid by the buyers in western Europe," said Elchin Mammadov, a utilities analyst at Bloomberg Intelligence in London.

The settlement will speed up the transformation of how Gazprom runs its business in Europe, said Simone Tagliapietra, analyst at the Bruegel think-tank in Brussels. "Gazprom is aware that the European gas market is changing," she said. "They are simply adapting to the new market conditions."

The agreement is more effective than immediately slapping Russia's state-run export monopoly with a fine because it includes binding pledges to enable the free flow of gas at competitive prices in Central and Eastern Europe, the European Commission said on Thursday.

"These obligations will significantly change the way Gazprom operates in central and eastern Europe to the benefit of millions of European consumers when they heat their houses, when they cook their food and to the benefit of European businesses who rely on gas for their production," EU Competition Commissioner Margrethe Vestager told reporters in Brussels on Thursday.

Because of Gazprom's "monopolistic" position in eastern Europe, it's those nations that will benefit the most from the agreement and help cut prices, said Geoffroy Hureau, the secretary-general of Cedigaz, a Paris-based industry research group. Meanwhile, the company's biggest client in Europe is just happy that the case is coming to an end.

"These things dragged on for too long – they are a burden to discussions on other topics," Uniper's chief executive officer Klaus Schaefer said in an interview in St Petersburg. "Therefore to get clarity on this in due course is important."

Uniper was spun off from E.ON SE two years ago. E.ON was among the first utilities to seek more flexible terms from Gazprom back in 2009. The financial crisis had damped demand for the fuel and made market rates, which utilities use to sell the fuel to their own clients, cheaper than fuel from Gazprom.

The settlement comes as Russia faces UK accusations it poisoned a double agent that sparked the largest collective expulsion of Russian intelligence officers. Still, a thaw in relations with Europe – an opportunity for rapprochement – came this month when the US pulled out of the Iran nuclear

deal, angering other world powers. The EU's antitrust case has been a thorn in Gazprom's side since regulators conducted raids in 2011. But geopolitics crept into the antitrust case from the start after Russian President Vladimir Putin signed a decree in 2012 that gave the government the right to protect Gazprom from EU inquiries, but the commission stuck with its case.

Customers that bought gas originally for delivery to Hungary, Poland or Slovakia, can choose to have Gazprom deliver all or part of it to Bulgaria or the Baltic States instead and vice versa against a fee, the EU said.

But despite the outlook for better deals in the region, Poland's Deputy Foreign Minister Konrad Szymanski told state newswire PAP he was disappointed that there were no penalties or compensation for years of higher prices than their western competitors. Lithuania doesn't rule out appealing the decision of the European Commission not to fine Gazprom, Interfax reported, citing Prime Minister Saulius Skvernelis. "I know that some would have liked to see us fine Gazprom instead, no matter the solution on the table," Vestager told reporters. "But a fine would not have achieved all of our competition objectives." The Commissioner also underlined that if Gazprom breaks any of these obligations, it can impose a fine of as much as 10% of the company's worldwide sales, without having to prove an infringement of EU antitrust rules. The EU obligations will be in place for eight years. "It is the enforcement of the Gazprom obligations that begins today," Vestager said.

Deputy chief executive officer Alexander Medvedev said that Gazprom is "satisfied" with the settlement.

"We were always committed to cooperate in good faith in order to find a constructive, mutually acceptable solution in accordance with the established procedure," he said in a statement.

"We believe that today's decision is the most reasonable outcome for the well-functioning of the entire European gas market."

Oil Drop Below \$80 Vindicates Cautious Investors Trimming Bets



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- Hedge funds cut Brent wagers by most since June 2017
- Saudi Arabia signals OPEC and allies may boost production

Money managers' reluctance to get behind the oil rally is finally paying off.

Hedge funds trimmed their net-long position – the difference between bets on a price increase and wagers on a drop – in Brent crude by the most in almost a year. The cuts came as the global benchmark capped its first weekly drop since early April, sliding below \$80 a barrel after Saudi Arabia and Russia said OPEC and its allies may boost oil output in the second half of the year.

“Traders thought that the market was in the process of topping out,” John Kilduff, a partner at Again Capital LLC, a New York-based hedge fund, said by telephone Friday. Oil prices had a “swift reaction today to the musings by OPEC to potentially add more supply to the market. We will be very headline-driven over the next few weeks.”



Oil retreated from the highest prices in almost four years as Russian and Saudi energy ministers signaled that the coalition led by the Organization of Petroleum Exporting Countries may gradually raise oil production to assuage consumer anxiety about higher prices. Their comments mark a major shift in strategy for the historic alliance forged in 2016 to erase a global crude glut.

“I think in the near future there will be time to release

supply” smoothly to avoid shocking the market, Saudi Energy Minister Khalid Al-Falih said at the St. Petersburg International Economic Forum in Russia. When OPEC, Russia and other major producers meet in June “we will do what is necessary” to reassure buyers, the minister said.

He spoke after talks with his Russian counterpart Alexander Novak, who said the output boost would start in the third quarter, if it’s approved by other members of the group. Both men said the size of the increase was still subject to negotiation.

Hedge funds lowered their Brent net-long position by 8.6 percent in the week ended May 22 to 501,634 contracts, according to ICE Futures Europe data on futures and options released Friday. That was the biggest decline since June 2017.

Money managers’ net-long position in West Texas Intermediate crude fell by 2 percent to 377,520 futures and options, the lowest since November, according to U.S. Commodity Futures Trading Commission released Friday. Longs slipped less than 0.1 percent, while shorts climbed 23 percent, the biggest jump since April.

“You want to get out of the long positions if you are expecting that OPEC is going to increase production,” James Williams, president of London, Arkansas-based energy researcher WTRG Economics, said by phone. “It makes perfect sense for the folks that are long to say, ‘How much longer can this thing continue to grow?’”

Disruption Threat

Crude had rallied earlier this month on the dual threat of supply disruptions from Iran and Venezuela, which together account for about 14 percent of OPEC’s production. Still, the coalition is weighing the possibility of easing output limits at a time when drillers are pumping record amounts of crude

from American shale basins.

“The market kind of overextended itself, ” Gene McGillian, manager of market research for Tradition Energy in Stamford, Connecticut, said by phone. “With the Saudis now saying they’re limiting their production cuts and geopolitical risk already priced in, there is going to be some uncertainty.”

A dearth of pipelines in West Texas’ Permian Basin, the most prolific U.S. oil play, is leaving supplies trapped in the region. That’s expanding the nation’s surplus of the fuel as American production tops 10 million barrels a day.

U.S. inventories climbed by 5.78 million barrels to about 438 million barrels in the week ended May 18, data from the Energy Information Administration showed. That was a surprise increase compared with the 2 million-barrel decline predicted in a Bloomberg survey.

But analysts and traders predict that stockpiles may decline in the coming weeks, bolstering prices. Data provider Genscape Inc. was said to report that inventories fell by about 475,000 barrels between May 18 and May 22 at the key pipeline hub in Cushing, Oklahoma.

Oil prices have “been extremely extended for a long period of time,” Kyle Cooper, a consultant at brokerage Ion Energy Group LLC, said by phone Friday. The “EIA report was bearish with a nearly 6 million-barrel build in total petroleum. The more important thing is how that was followed up today with OPEC and Russia regarding the possibility of removing some of those supply constraints.”

Saudi Arabia and Russia Discuss Scaling Back Global Oil Cuts



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- Easing output curbs “on the table”; no decision yet: Al-Falih
- OPEC, allies to discuss loosening supply caps in June: Novak

Saudi Arabia and Russia, the oil producers who led the effort to shrink a global glut, said they are discussing easing output curbs for the first time.³⁰

While scaling back the supply caps is “on the table,” no decision has been made, Saudi Arabian Energy Minister Khalid Al-Falih said in an interview early Friday morning in St. Petersburg. The Organization of Petroleum Exporting Countries and its partners will in June discuss loosening the curbs that began in 2017, Russian counterpart Alexander Novak said at the same interview after a meeting between the two officials.

Speculation is swirling over when and by how much the producers will scale back cuts after they eliminated an inventory surplus that had sparked a price crash about four years ago. Market uncertainty has risen following renewed U.S. sanctions on Iran that may curb the Islamic Republic’s exports, and as economic turmoil in Venezuela drives a collapse of the OPEC member’s oil industry. Crude’s rebound is also spurring concern that demand may falter.

Russia and Saudi Arabia share a common view on “consuming countries’ anxiety and concerns over potential supply shortages,” Al-Falih said. “We will ensure that the market remains in its trajectory towards rebalancing, but at the same time we will not overcorrect.” The two nations will meet at least two more times before OPEC and its partners gather in Vienna next month, he said.

While Saudi Arabia has shown a desire for higher prices to bankroll domestic economic reforms and underpin the valuation of its state oil company in a planned initial public offering, the top OPEC member and its allies are facing pressure from consuming nations as well as crude producing companies.



High Enough

Indian Petroleum Minister Dharmendra Pradhan said earlier this month that he expressed concern about rising crude and its impact on consumers to Al-Falih. He added that the Saudi energy minister had assured him that the Middle East nation and other producers would ensure that adequate supplies are available and that prices remain reasonable. In developing countries from Brazil to the Philippines, drivers are complaining about high fuel costs.

In Russia, some of the largest oil producers called for more flexibility after almost 17 months of output curbs. The cuts have achieved their goal and crude prices near \$80 a barrel are high enough, according to the bosses of Lukoil PJSC and Gazprom Neft PJSC. Novak said that he will hold talks with the nation's crude producers next week or the week after to discuss the deal with OPEC.

"Earlier we said that we will monitor the market situation, now we can say that we are looking into the issue" of a smooth recovery in output to meet growing demand, Novak said in the interview on Friday. He added that he and Al-Falih discussed prices and the market situation, including Venezuelan

production and risks related to Iran.

The Saudi minister said he'll meet Novak again in Moscow on June 14, adding that another meeting between the two is possible before that.

U.S. Supply

In Washington, Democrats are using high gasoline prices, approaching \$3 a gallon for the first time since 2014, as a political tool, accusing the White House of not doing enough to shield consumers.

Recent price gains have been driven by American actions such as President Donald Trump's withdrawal from a 2015 deal between Iran and world powers that had eased sanctions on the Persian Gulf state in exchange for curbs on its nuclear program. Earlier this month, Al-Falih and United Arab Emirates Energy Minister Suhail Al Mazrouei said recent moves in oil prices have been driven by geopolitics and that global supply remains ample.

Additionally, record production in the U.S., which is not part of the deal among global producers to cut output, is a key issue that's complicating strategy for OPEC and its allies.

Brent crude, the benchmark for more than half the world's oil, was down 0.4 percent at \$78.49 a barrel at 7:31 a.m. in London. Earlier this month, prices had traded above \$80 a barrel for the first time since November 2014. U.S. West Texas Intermediate futures were at \$70.49 a barrel in New York.

"We will be coordinating closely, monitoring the market almost on a daily basis," Al-Falih said on Friday. "We'll consult with other countries. Each of them has a voice and their voices matter to us."

Under Pressure From Trump, Saudis Put Brakes on Oil's Rally



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- Riyadh supports a gradual increase in oil output over summer
- Middle East oil producers worried about U.S. anti-trust laws

The world's largest oil exporter just made quite a policy

swerve. Within six weeks, Saudi Arabia has gone from advocating higher prices to trying to stop the rally at \$80 a barrel.

The U-turn scrambled the outlook for oil markets, hit the share prices of oil majors and shale producers and set up a diplomatic wrangle with other members of the Organization of Petroleum Exporting Countries.

What changed? The supply threats posed by the re-imposition of U.S. sanctions on Iran oil exports earlier this month and the quickening collapse of Venezuela's energy industry are both part of the answer, but they're secondary to Donald Trump. On April 20, the president took to Twitter to lambaste the cartel's push for higher prices. "Looks like OPEC is at it again," he tweeted. "Oil prices are artificially Very High!"



Donald J. Trump ✓

@realDonaldTrump

Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil prices are artificially Very High! No good and will not be accepted!

11:57 AM - 20 Apr 2018

Trump's intervention gave typically strident voice to a concern held more widely in the U.S. and other consuming countries: oil's rally from less than \$30 in early 2016 to more than \$80 this month risked becoming a threat to global economic growth.

On Friday, Saudi Oil Minister Khalid Al-Falih responded, saying his country shared the "anxiety" of his customers. He then announced a shift in policy that all but gave a green

light for a market sell-off, saying OPEC and its allies were “likely” to boost output in the second half of the year.

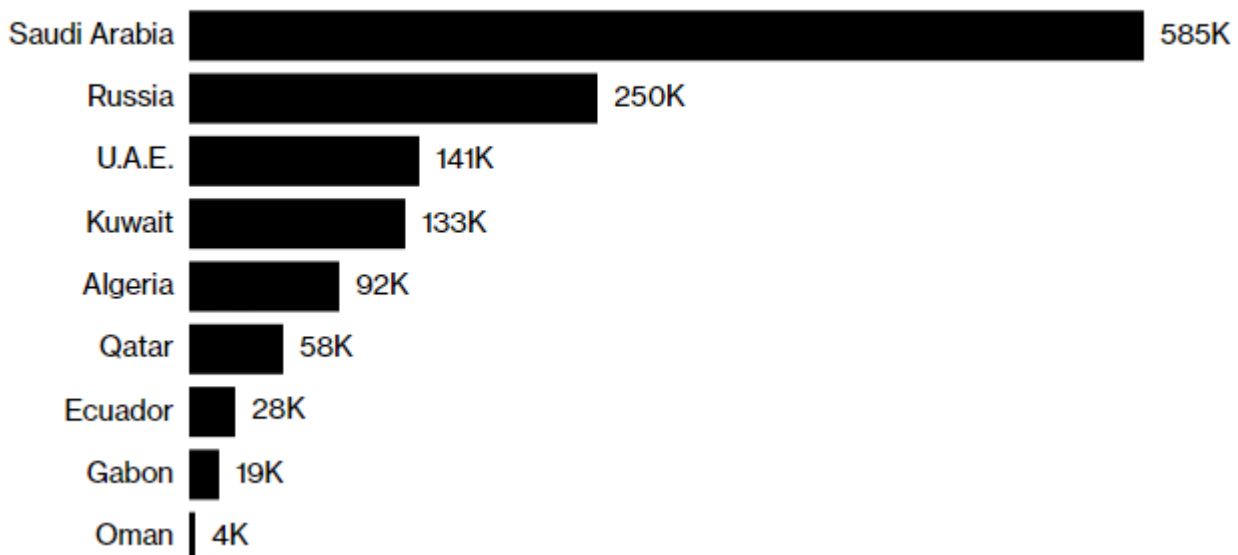
“The tweet moved the Saudis,” said Bob McNally, founder of consultant Rapidan Energy Group LLC in Washington and a former White House oil official. “The message was delivered loud and clear to Saudi Arabia.”

After Al-Falih’s comments, made following a meeting with his Russian counterpart in St. Petersburg, saw crude drop more than \$3 to below \$67 a barrel in New York on Friday. The bullish tone of recent market chatter, increasingly punctuated with talk about oil prices climbing past \$100, \$150 and even \$300, suddenly looks overdone.

Who’s Got the Juice?

Saudi Arabia and Russia could potentially return the most oil to the market.

■ Size of output cut since 2016 in barrels a day



It wasn’t just the U.S. Other major buyers of Saudi crude also put pressure on Riyadh to change course, albeit a little more diplomatically than Trump. Dharmendra Pradhan, the Indian petroleum minister, said he rang Al-Falih and “expressed my

concern about rising prices of crude oil.”

OPEC officials were in a meeting at the opulent Ritz-Carlton hotel in Jeddah on Saudi Arabia’s Red Sea coast when Trump tweeted his views and they immediately saw it as a significant intervention.

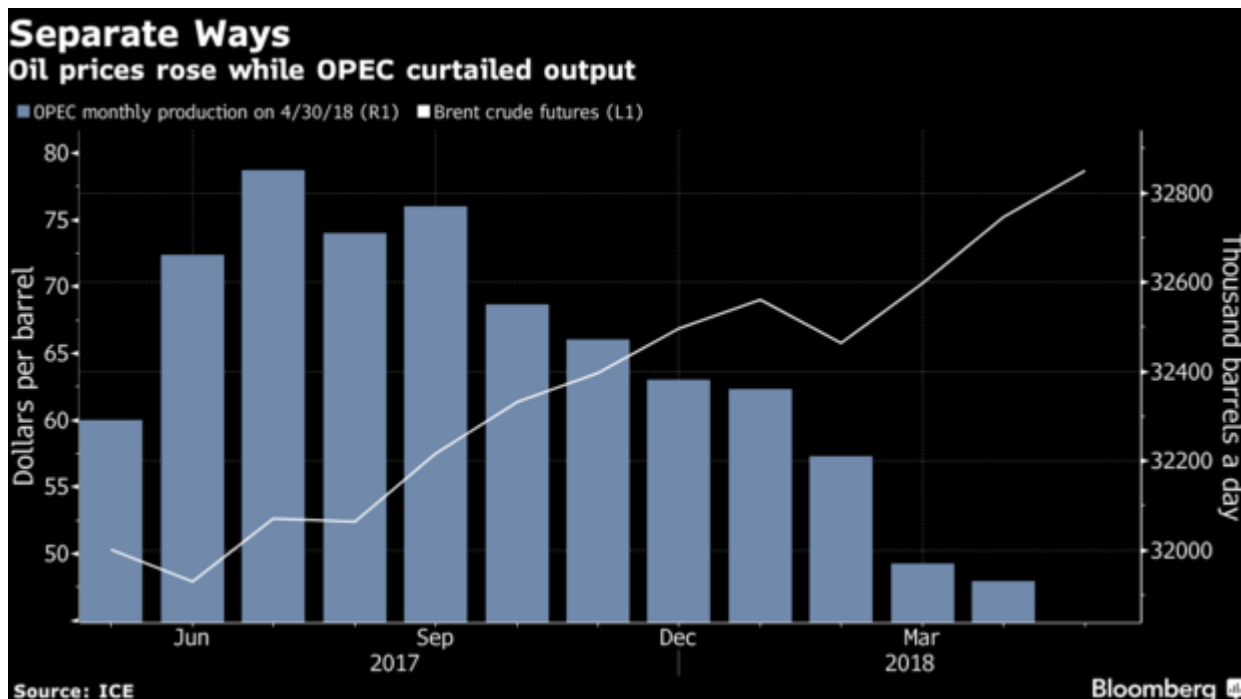
“We were in the meeting in Jeddah, when we read the tweet,” OPEC Secretary General Mohammad Barkindo said on Friday. “I think I was prodded by his excellency Khalid Al-Falih that probably there was a need for us to respond,” he said. “We in OPEC always pride ourselves as friends of the United States.”

To read a story on how consumers are responding higher prices, [click here](#).

Diplomats and oil officials in OPEC countries were also worried about the potential revival in Washington of the so-called “No Oil Producing and Exporting Cartels Act,” which proposes making OPEC subject to the Sherman antitrust law, used more than a century ago to break up the oil empire of John Rockefeller.

The bill first gained prominence in 2007 when George W. Bush was president and oil prices were flirting with \$100 a barrel and made a comeback several years later under Barack Obama. While it was opposed by those presidents, the risk for OPEC was that Trump “could break with his predecessors and support its passage,” said McNally.

In a sign that oil prices were climbing Washington’s agenda as gasoline prices approached the \$3 a gallon mark, last week a sub-committee in the U.S. House of Representatives held a rare hearing on the NOPEC act.



There are also indications that Russia, whose decision to participate in OPEC's cuts helped turnaround the oil market, has decided the rally has run far enough.

"We're not interested in an endless rise in the price of energy and oil," Putin told reporters in St. Petersburg on Friday. "I would say we're perfectly happy with \$60 a barrel. Whatever is above that can lead to certain problems for consumers, which also isn't good for producers."

OPEC and its allies will gather in Vienna for a policy meeting on June 22 to hammer out a deal. While Al-Falih and Russia's Novak have indicated that output will most likely increase, the details – how many barrels from which countries – are still a question mark.

"In an environment of low inventories and rising geopolitical outages, raising some supply is prudent," said Amrita Sen, oil analyst at Energy Aspects Ltd.

Oil producers are debating an increase ranging from 300,000 barrels a day at the low end, backed by Gulf producers including Saudi Arabia, and a larger increase of about 800,000 barrels a day favored by Russia, a person familiar with matter said on Friday.

“It’s too early now to talk about some specific figure, we need to calculate it thoroughly,” Novak said.

Even though Al-Falih’s comments brought about an immediate price reaction, there are still reasons for people to be bullish as traders await the impact of U.S. sanctions against Iran and wider political tensions in the Middle East.

And with global oil demand growing strongly, hedge funds will shift their focus on diminishing global spare capacity as OPEC returns barrels to the market. The U.S. government estimates the cushion at just 1.34 million barrels a day next year, below the 1.4 million reached in 2008 when oil prices surged to nearly \$150 a barrel.

In a letter to investors earlier this month, Pierre Andurand, the bullish oil hedge fund manager, warned that if Saudi Arabia needs to “offset production declines from Iran and Venezuela” global spare capacity would decline to perilous levels.

“Oil prices could potentially surge to record high levels to force demand destruction very quickly,” he wrote.

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Total to buy 10% stake in Russian LNG project

France's Total has agreed to take a 10 per cent stake in Arctic LNG 2, a liquefied natural gas project being developed by Russia's Novatek in the Siberian arctic.

Total did not specify the financial details, but the acquisition values the project at \$25.5bn, Novatek's chief executive Leonid Mikhelson said. He added that he was in talks with other companies to acquire other stakes and that Novatek intended to hold 60 per cent of the project.

Total, which already owns 19 per cent of Novatek and has a 20 per cent stake in Yamal LNG, a similar project launched this year, has an option to increase its Arctic LNG 2 stake to 15 per cent. The deal was signed during French president Emmanuel Macron's visit to Russia for talks with Vladimir Putin.

"Total is delighted to be part of this new world class LNG project alongside its partner Novatek, leveraging the positive

experience acquired in the successful Yamal LNG project. This project fits into our strategic partnership with Novatek and also with our sustained commitment to contribute to developing the vast gas resources in Russia's far north which will primarily be destined for the strongly growing Asian market," said Patrick Pouyanné, chairman and chief executive of Total.

"Arctic LNG 2 will contribute to our strategy of growth in LNG by developing competitive projects based on giant low costs resources."

When up and running, LNG 2 will have a production capacity of approximately 19.8m tons per year. Total said the final investment decision is expected in 2019, with plans to start up the first train by the end of 2023.

Mr Mikhelson said: "We are talking to a number of companies [about selling other stakes in the project]. Not empty chit-chat but serious discussions."