

# 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 a 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.

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



The 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.

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Germany 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.



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# 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.

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## **A 'price cap' on Russian oil: What would that mean?**



Since the US and its allies decided to stop buying Russia's oil, there has been little sign that the measure is inflicting the kind of pain that might force President Vladimir Putin to rethink his war in Ukraine. Plenty of other countries are still buying Russian crude, and a surge in prices has softened the blow from the sanctions by bringing Moscow enough revenue to stave off economic collapse.

So Putin's adversaries are weighing a new idea: Make Russia sell its oil so cheaply that it can no longer afford to wage war at all.

## **What is being proposed?**

The US, the UK and Canada have announced bans on Russian oil, while the European Union (EU) plans to ban seaborne Russian crude by December and fuels by early next year. In a further step, US Treasury Secretary Janet Yellen is backing a proposal to allow nations that abstained from sanctions to keep buying the oil, but slash Moscow's profits on those sales.

## **How might it work?**

Group of Seven (G7) nations were said to be discussing a mechanism that would only allow the transportation of Russian crude and petroleum products sold below an agreed price threshold, to be enforced by imposing restrictions on insurance and shipping.

About 95 per cent of the world's oil tanker fleet is covered by the International Group of Protection & Indemnity Clubs in London and some firms based in continental Europe. Western governments could try to impose a price cap by telling buyers they can keep using that insurance, as long as they agree not to pay more than a certain price for the oil on board.

## What could be the impact?

Putin says Western nations are suffering more than Russia from the economic penalties they imposed over his invasion of Ukraine. Surging prices of Russian commodity exports have brought excess revenue that has helped his government to weather the sanctions.

Capping prices at a level that is closer to the cost of production would deal a blow to Moscow's finances, while still ensuring that energy flows to where it is needed. As Russia is one of the world's biggest oil suppliers, a price cap could also relieve inflationary pressure that's causing economic hardship across the world.

## What are the obstacles?

Some European officials have been wary of the idea as it would likely require the EU to reopen the legal text of its latest sanctions package, which took weeks to approve and had to overcome significant hurdles since sanctions require unanimity among the bloc's 27 nations.

If the allies do agree on a price cap but it fails to hold, it would hand a symbolic victory to Putin. There are plenty of ways that it might fail: There's no guarantee that Russia would agree to ship oil at capped prices, particularly if the cap is close to production cost.

It already showed it is willing to withhold supply of natural gas to some EU countries that refused to meet its payment demands. The Kremlin may believe that holding its oil off the market for a while would do more damage to the economies of Europe and North America than to its own.



# **Would big buyers of Russian oil fall into line?**

A price cap may be incredibly profitable for Chinese and Indian businesses, and good for combating inflation. But there are wider considerations for Beijing and New Delhi, such as their long-term relationship with Moscow. They may accept to take inferior Russian insurance rather than be told what to pay for a key commodity, even if it's at an attractively low price.

# **How about capping Russian gas prices too?**

European governments were also discussing an Italian proposal to cap prices of Russian natural gas imports as a way to curb inflation in the bloc.

Italian Energy Minister Roberto Cingolani said the idea is gaining traction as countries increasingly see it as the “only solution” to soaring costs. Gas prices in Europe have climbed almost 80 per cent this year. However, Germany and other nations have expressed skepticism.

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# **QatarEnergy joins ‘Aiming for Zero’ industry initiative**

# aiming to eliminate methane footprint by 2030



QatarEnergy, the country's hydrocarbon bellwether, has joined the 'Aiming for Zero Methane Emissions' Initiative', an industry-led move that aims to reach near zero methane emissions from operated oil and gas assets by 2030.

QatarEnergy is the first company to join the initiative outside its 12 existing signatories: Aramco, BP, Chevron, CNPC, Eni, Equinor, ExxonMobil, Occidental, Petrobras, Repsol, Shell and TotalEnergies.

The initiative adopts an all-in approach that treats methane emissions as seriously as the industry treats safety. It supports the implementation of sound regulations to tackle methane emissions and encourages governments to include methane emissions reduction targets as part of their climate strategies.

"By being the first company to join the Aiming for Zero Methane Emissions Initiative outside its 12 existing signatories, we are reaffirming Qatar's priorities and commitments with regards to the climate change agenda, and its

unwavering support to the global effort to reducing emissions, including methane,” HE the Minister of State for Energy Affairs as well as the President and Chief Executive of QatarEnergy, Saad bin Sherida al-Kaabi said.

This also falls in line with QatarEnergy’s recently announced sustainability strategy and follows landmark steps that include signing the guiding principles on reducing methane emissions across the natural gas value chain and endorsing the Global Methane Pledge, he added.

On this occasion, Bob Dudley, chair of the OGCI (Oil and Gas Climate Initiative), said “We are proud to welcome QatarEnergy, one of the world’s largest integrated energy providers, to the Aiming for Zero Methane Emissions Initiative.”

Recognising that eliminating methane emissions from the oil and gas industry represents one of the best short-term ways of addressing climate change, he encouraged others to join this ambitious effort to eliminate the oil and gas industry’s methane footprint by 2030.

The ‘Aiming for Zero Methane Emissions Initiative’ was launched in March 2022 by the OGCI member chief executives. All energy companies involved in the exploration, extraction and/or production of oil or natural gas can join as signatories at no financial cost.

Other organisations striving to have a positive influence on reducing methane emissions from the oil and gas industry can join as supporters.

Companies joining the Initiative agree to do what it takes to reach near zero methane emissions in their operations, reporting transparently, adopting better monitoring and measurement technologies and supporting the implementation of sound regulations.

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# Crunch UN talks face pressure to land global nature pact in 2022

By Nita Bhalla and Michael Taylor



Mara Siana Conservancy, /Kenya/Kuala Lumpur

Across the endless savannah dotted with flat-topped acacia trees, Mara Siana Conservancy in western Kenya teems with elephants, giraffes, zebra and impala, alongside the Maasai people who inhabit the area with their vast herds of livestock.

But this wasn't always the case.

The 25,000-acre (100sq km) landscape adjoining the famed Maasai Mara National Reserve had become devoid of wildlife until the Maasai got together in 2016 to create a community-run wildlife area to protect local biodiversity and generate tourism income.

"When the conservancy started, there was only one zebra and one topi (antelope) in this valley," said Evans Sitati,

manager of the Mara Siana Conservancy, standing by his open-topped jeep as a herd of buffalo lazily munched on lush grassland nearby.

“The Maasai’s livestock had taken over the land and there was over-grazing and ... no space for the wildlife. But within a month of creating the conservancy, the wildlife started coming back.”

On Tuesday, crunch UN talks began a few hours’ drive away from Mara Siana conservancy, in the Kenyan capital Nairobi, aimed at tackling this same problem: halting and reversing the devastating loss of biodiversity across the planet.

Improving conservation and management of natural areas, such as parks, oceans, forests and wetlands, is seen as vital to safeguarding the ecosystems and wildlife on which people depend and limiting global warming to internationally agreed goals.

But forests are still being cut down worldwide – often to produce commodities like palm oil, soybean and beef – destroying biodiversity and undermining climate action, as trees absorb about a third of planet-warming emissions produced worldwide.

To tackle such losses, about 195 countries are set to finalise an accord to stem human damage to plants, animals and ecosystems – similar to the Paris climate agreement – at a UN summit, known as COP15.

The UN Convention on Biological Diversity announced on Tuesday that the final part of the summit, led by host nation China, is now scheduled to take place in Canada from December 5-17.

The talks have been postponed several times due to Covid-19, with China finally agreeing that the second part of the summit should be held in Montreal, as it grapples with the pandemic.

The first in-person negotiations in two years held in Geneva in March left many environmentalists frustrated by slow progress, with governments realising an extra session in Kenya was needed this week to land a deal by the end of the year.

“The science is very clear. Biodiversity is in crisis. One million species are at risk of extinction in the next few



decades,” said Guido Broekhoven, head of policy at WWF International, which is supporting the Mara Siana conservancy. “But it’s not just about the biodiversity. The aim is to find ways such as the conservancy project that combines conservation with development objectives to benefit both people and nature.”

Finance provided by rich countries to help developing nations do their part under the expected new nature deal is a thorny issue, observers said ahead of the Nairobi talks which run from June 21-26.

How to involve and protect the rights of indigenous groups and communities living in and around natural areas – who play a vital role in conservation – is also a live topic, they said.

“Finance remains the largest challenge in the negotiations,” said Brian O’Donnell, director of the US-based Campaign for Nature. “Without adequate finance, policies and programs aimed at conserving nature will not be successful.”

Susan Lieberman, vice president of international policy at the Wildlife Conservation Society, said Nairobi could reach agreement on a widely supported pledge seen as central to the new global deal – to protect at least 30% of the planet’s land and oceans by 2030.

A coalition of more than 80 countries has already backed the 30×30 goal, which is part of the draft treaty, although many biodiversity-rich nations in Southeast Asia are yet to sign up.

“We are in the midst of a global conservation crisis, with increasing species extinctions and increasing risk of ecosystem collapse,” said Lieberman.

“The adoption of a strong framework of government commitments on biodiversity is critical – it cannot wait.”

Rights groups say a global pact will only succeed on the ground if it brings onboard indigenous peoples like the Maasai.

They comprise less than 5% of the world’s population but protect 80% of the Earth’s biodiversity in forests, deserts, grasslands and marine environments, where they have lived for

centuries, according to WWF.

Yet there is very little recognition of, or support for, their efforts in ensuring a resilient and healthy planet, especially in Africa.

Kenya's community-run protected wildlife areas, known as conservancies, have often been lauded as a gold standard in benefiting both people and nature.

Maasai landowners lease part of their land for safari camps and lodges, and as shareholders, local communities earn tourist dollars from camp stays, game drives, village tours and handicrafts.

The funds generated are also used to improve access to water, healthcare and education for communities, and to help them set up small businesses, while maintaining their traditional herding way of life.

There are 15 conservancies around the Mara, collectively benefiting more than 100,000 people through land lease payments and salaried jobs including rangers, tour guides, housekeepers and drivers.

But even this model faces challenges.

Fidelis Mpoke, a Maasai ranger at Mara Siana Conservancy whose father is one of its 1,500 shareholders, said climate change was taking a toll, with increasing dry spells forcing locals to bring their cattle into the conservancy to graze.

"This leads to more human-animal conflict, especially with the elephants trampling over children who are herding. Then the community wants to take revenge on the animal and we have to try and make them understand," he added.

In neighbouring Tanzania, violence has erupted between Maasai pastoralists and security forces over government plans to cordon off their land for wildlife protection.

Earlier this month, one officer was killed and several protesters were injured during demonstrations by the Maasai, who accuse the authorities of trying to force them off their land to make way for safaris and hunting expeditions.

The government has rejected these accusations, saying it wants to protect the area from human activity.

“Fortress conservation efforts that result in the forcible dispossession of people are no solution to the biodiversity crisis,” said Basma Eid, campaign co-ordinator at the International Network for Economic, Social and Cultural Rights, an alliance of over 280 organisations representing indigenous groups.

“In Nairobi, states must commit to adopting a human rights approach overall, in cross-cutting ways across key targets,” she said in a statement. – Thomson Reuters Foundation

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## **FIFA World Cup Qatar 2022 infrastructure is ready: al-Thawadi**



Hassan al-Thawadi, Secretary-General of the Supreme Committee for Delivery & Legacy (SC), said the infrastructure for the FIFA World Cup Qatar 2022 was ready. Speaking at the Qatar

Economic Forum, Powered by Bloomberg, Wednesday, al-Thawadi added that work is underway to implement the rest of the projects related to some roads that witnessed delays in implementation as a result of the Covid-19 pandemic and global economic fluctuations.

The SC Secretary-General expressed his confidence that the rest of the projects related to the World Cup will be completed on time. He pointed out that efforts are being made to respond to various housing requests during the tournament's activities at acceptable prices, especially considering that FIFA received 27mn requests for World Cup tickets with 1.2 million tickets sold. The next opportunity to purchase World Cup tickets will be on a first-come, first-served basis, but the date has not been announced yet. World Cup qualification matches have now concluded and all 32 available slots for the tournament have been secured.

Al-Thawadi admitted it was hard to stop businesses taking advantage by raising prices and said he was working to limit 'price-gouging' as costs soar for the Qatari capital's accommodation.

"I think about 1.2 million tickets have already been purchased," al-Thawadi said. "So people are actually buying and people are excited to come there. There's no doubt about that."

There will be 130,000 rooms in hotels, apartments, cruise ships and desert camps, where there will be 1,000 tents. But al-Thawadi admitted it was "tricky" reining in accommodation prices, which are soaring in line with demand. "(We want to) avoid price-gouging," he said. "Obviously market forces always mean that as long as there's a lot of demand, prices skyrocket. We're trying to create an environment where the business community benefits but at the same time, it is affordable and accessible for the fans as well."

"In terms of availability, we've tried to ensure that we provide different offerings on different categories. So from

the affordable, which range from \$80 to \$100 a night all the way to the pricier ones in terms of five-star hotels,” al-Thawadi said.

The SC secretary-general stated that a number of hotels will be operational before the start of World Cup which will contribute to diversifying the offer to Qatar’s guests. He pointed out that the tournament will represent an opportunity for fans to travel to Qatar and the countries of the region, and to learn about different Arab cultures.

Al-Thawadi highlighted that the importance of the FIFA World Cup Qatar 2022 lies in bringing people from different parts of the world together as a major and distinguished global event, and an occasion to celebrate football and encourage national teams, stressing that this session of the tournament will allow everyone to celebrate and learn about the depth of Qatari culture in the context of respecting the customs of the country.

Al-Thawadi stressed the gains made for the benefit of workers in Qatar and the approved laws that support workers’ rights, which made Qatar a pioneer in this field, contrary to what some promote. He pointed out Qatar allocated \$28bn billion to provide jobs for workers during the World Cup.

“We’ve set benchmarks in the region by dismantling the kafala system and implementing non-discriminatory minimum wages. I’m very proud to say the SC’s project on reimbursement of recruitment fees has seen businesses voluntarily joining in and making a commitment of about \$28 million, out of which, \$22 million have been repaid to workers. This is not an initiative that’ll end when the spotlight goes away, this is something we’re committed to, and we’ll continue doing,” he said.

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# **QatarEnergy joins hands with four global majors in North Field LNG expansion project**



QatarEnergy's four partners in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026

The \$29bn North Field East (NFE) expansion, the single largest project in the history of global LNG industry, has seen QatarEnergy joining hands with four global energy companies – TotalEnergies, ExxonMobil, Eni and ConocoPhillips.

The four partners of QatarEnergy in the prestigious project were chosen through a competitive process that started in 2019, which will expand Qatar's LNG export capacity from the current 77mn tonnes per year (tpy) to 110mn tpy by 2026.

While it is Eni's first entry ever into Qatar's upstream sector, the three other global energy companies – TotalEnergies, ExxonMobil, and ConocoPhillips – have been QatarEnergy's partners in the energy industry for many years.

A highlight of the partner selection process is that QatarEnergy received offers for double the equity available, underscoring the high-quality investment case of the NFE

project, thanks to its economic competitiveness, financial resilience, and also its unique environmental features.

North Field East (NFE) project will produce significant quantities of ethane, LPG, condensate and helium besides liquefied natural gas, according to HE the Minister of State for Energy Saad bin Sherida al-Kaabi.

Addressing a press conference at the QatarEnergy he said the expected production of LNG from the nearly \$29bn project would be 32.6mn tonnes annually.

The production of ethane from the project would amount to 1.5mn tonnes per year (tpy), LPG 4mn tpy, 250,000barrels per day of condensate and 5,000 tpy of helium.

LNG is among the cleaner fossil fuels and has considerable demand globally. LPG, condensate and helium too have considerable global demand.

The multi-billion dollar North Field expansion, the largest LNG development in global history, will generate substantial revenues for Qatar and hugely contribute to the country's GDP, al-Kaabi noted.

The North Field expansion, comprising of North Field East (NFE) and North Field South (NFS) will provide significant benefits for all sectors of the Qatari economy during the construction phase and beyond, al-Kaabi said in reply to a question by Gulf Times at a media event at QatarEnergy headquarters recently.

NFE will expand Qatar's LNG export capacity from the current 77mn tonnes per year (MTPY) to 110MTPY (in the first phase expected to be completed by 2025/26).

Four trains will be part of the North Field East (NFE) and two trains will be part of North Field South (NFS) project.

QatarEnergy would announce partners for North Field South (NFS) expansion by the end of the year, al-Kaabi noted.

NFS project will further increase the Qatar's LNG production capacity to 126mn tonnes per year by 2027.

With an expected production start date in 2027, the NFS project involves the construction of two additional mega LNG trains (with a capacity of 8MTPY each) and associated offshore and onshore facilities.

The NFS project was initiated as a result of QP's successful onshore appraisal activities in the North Field and targets the monetisation of gas from the southern sector of the North

Field.

The North Field expansion plan includes six LNG trains that will ramp up Qatar's liquefaction capacity from 77mn tonnes per year to 126MTPY by 2027.

Four trains will be part of the North Field East and two trains will be part of North Field South project.

Stressing the importance of the private sector, the minister said Qatar's private sector will have a huge opportunity to contribute to the project.

"We will be announcing four major projects, three in gas and one in petrochemicals. Over the next seven years, we will be investing billions of dollars into many projects including one on gas-fired electricity generation," al-Kaabi said.

He said after the current phase of the construction activities, the North Field expansion and other QatarEnergy projects will keep driving the local economy.

Already, QatarEnergy has embarked on the largest LNG shipbuilding programme as part of the North Field expansion project.

"We have awarded a series of key offshore and onshore EPC contracts that are crucial for its timely execution," al-Kaabi noted recently.

He said QatarEnergy will be working with its reliable business partners from China and Japan in the shipbuilding programme.

In April, QatarEnergy signed a series of time-charter parties (TCPs) with a subsidiary of Mitsui O.S.K Lines (MOL) for the long-term charter and operation of four LNG ships, constituting the first batch of TCPs awarded under QatarEnergy's massive LNG shipping programme.

Concurrent with the signing of the TCPs, back-to-back LNG carrier shipbuilding contracts were signed between MOL and Hudong-Zhonghua Shipbuilding Group (Hudong), a subsidiary of China State Shipbuilding Corporation (CSSC), for the construction of four new LNG carriers to serve QatarEnergy's LNG growth projects and future fleet requirements.