

# 'Saudi Aramco in LNG talks with US Tellurian, NextDecade'



Reuters

London

Oil giant Aramco is in talks with US firms Tellurian and NextDecade on two separate LNG projects as the Saudi firm seeks to boost its gas trading and production, three sources close to the talks told Reuters.

US gas production has boomed over the past decade with oil majors and Aramco's rivals competing to build several projects to export gas to Europe and Asia.

The state energy firm is in talks with Tellurian to buy a stake in its 27.6mn metric tonne per annum (mtpa) Driftwood LNG plant near Lake Charles, Louisiana.

Aramco officials visited the site three times last month – including together with executives from Australia's Woodside on one of those occasions, said the sources who declined to be

identified as talks are not public. Aramco is also in talks with US LNG firm NextDecade for a long-term gas purchase agreement from a proposed fifth processing unit at its \$18bn Rio Grande facility.

Aramco declined to comment. Tellurian said it does not comment on market speculation. Woodside said it continuously assesses organic and inorganic growth opportunities but declined further comment. NextDecade did not immediately respond to Reuters request for comment.

Aramco is seeking to strengthen its position in the LNG market, which is set to grow by 50% by 2030, especially in the US, where LNG capacity is set to almost double over the next four years.

Tellurian has spent years and hundreds of millions of dollars on trying to finance and build the Driftwood plant.

Last fall, Tellurian warned investors that continued losses and dwindling cash reserves might not be enough within a year to cover operating and debt costs.

Aramco is one of the world's largest oil producers and top exporter, pumping nearly 10% of the world's crude supply.

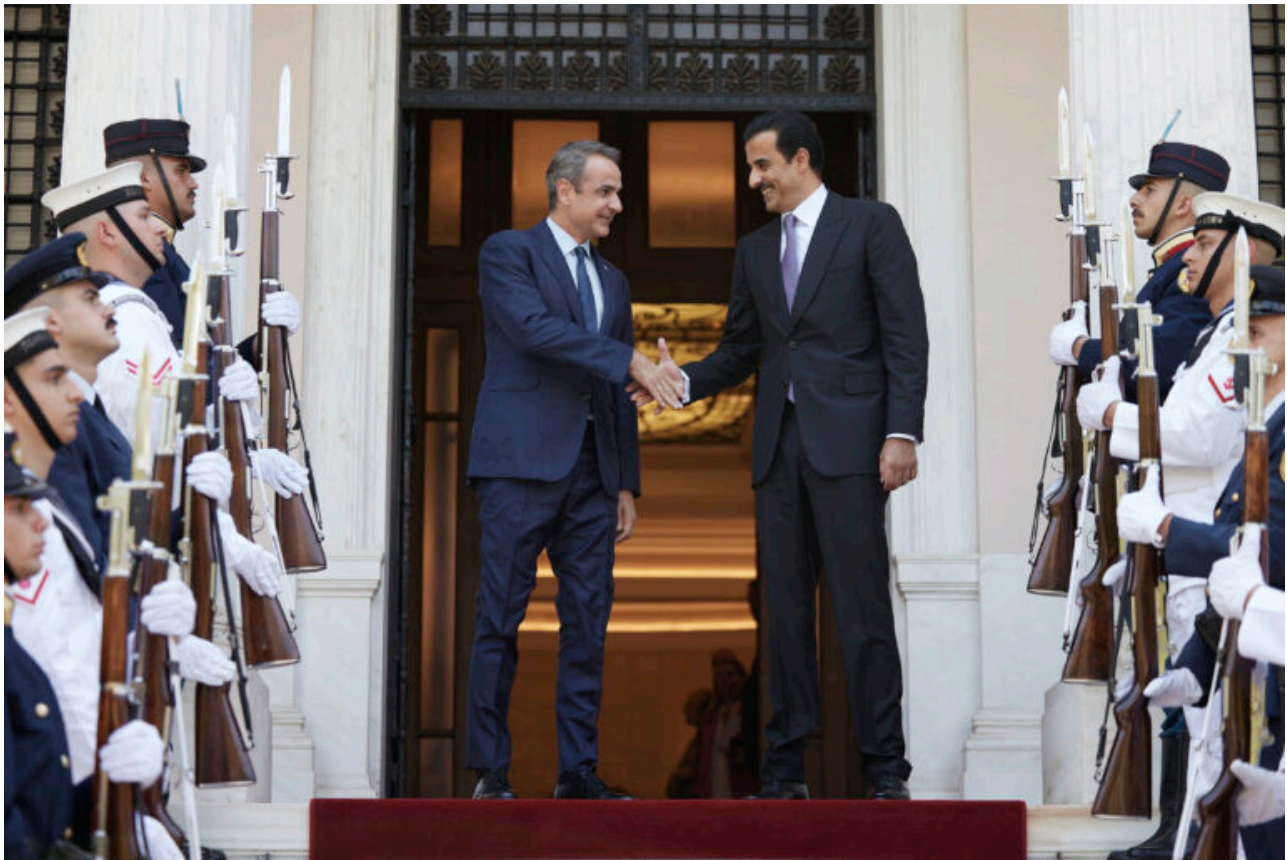
Aramco made its first LNG investment abroad when it bought a stake in US MidOcean Energy for \$500mn last year.

In March, Reuters reported that Aramco was in talks to invest in Sempra Infrastructure's Port Arthur project in Texas.

It is also competing with Shell to buy the assets of Temasek-owned LNG trading firm Pavilion Energy.

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# EMIR IN GREECE AND CYPRUS



Political 04.06.24

Interview by ALEXIA TASOULI

DIPLOMATIC CORRESPONDENT

POLITICAL.GR NEWSPAPER

**Athens, Friday 31<sup>st</sup> of May 2024:** Qatar's Emir Sheikh Tamim Bin Hamad AlThani paid official visits to Cyprus and Greece this week, meeting with senior officials from both countries as part of efforts to expand cooperation. International energy expert Roudi Baroudi, CEO of Dohabased independent consultancy Energy and Environment Holding, sat down to answer a few questions about the outcome and significance of the emir's mission.

**Question:** Overall, how successful were HH the emir's visits to Greece and Cyprus?

Answer: Both visits appear to have been very fruitful. HH the emir and his delegation held constructive talks with their counterparts in both countries, and all sides came away with clearer understandings of where the already strong relationships should go next, and how they can get there. Several important first steps were taken toward identifying likely areas for further cooperation, and now both sides have the information they need to come up with proposals for the next steps on several fronts.

**Q: From your perspective, what are the main takeaways from HH the emir's trip?**

A: There are several elements at play here, multiple processes unfolding according to their own timelines, but all interrelated in some ways. The first thing to consider is that both visits constitute reaffirmations of Qatar's traditional diplomatic strategy, much of which revolves around having stable and friendly relations with as many counterparts as possible. That might sound a little basic, but it's really not: many governments "pick sides" in various international disputes, which often amounts to letting other countries decide your foreign policy for you. By contrast, the Qatari model seeks instead to be on good terms with all sides in most disputes, and the value of that approach has been on display for years: Doha has successfully used its good offices as a mediator in the past, and more recently it has done the same for ceasefire talks and other negotiations between Israel and Hamas.

This same philosophy also informs Qatar's stances in the Mediterranean, where it looks for the warmest possible relations with Greece and Cyprus while simultaneously maintaining close ties with Türkiye, with which both Athens and Nicosia have been at odds for decades. I should mention, too, that Cyprus follows a similar path, maintaining friendly

relations with both Israel and Lebanon, for example.

Both Cyprus and Greece also would like to play central roles in the development and buildout of facilities aimed at carrying energy to the European mainland. This is a core part of their respective plans to grow and develop their respective economies, and the necessary investment and expertise will require strong partnerships.

**Q: So how do these priorities tie in with the emir's visit?**

A: In several ways, really. First, HH the emir's goodwill visit is a reconnection: the COVID pandemic threw a lot of international issues into hibernation as governments everywhere spent a lot of time looking inward for several years. By visiting now, he's demonstrating in general that he values Qatar's relationships with both Cyprus and Greece. The reengagement also bodes well for particulars, and there are several opportunities for cooperation because the parties can help one another. Both Greece and Cyprus want to be part of plans to open new channels for natural gas into Europe, whether it's Eastern Mediterranean gas or from further afield. For this they could find no better partner than Qatar, which, in addition to its own worldleading LNG industry, has also been acquiring stakes in energy assets around the world. But both countries also want investment in other sectors, too, and once again, both the Qatar Investment Authority, the country's sovereign fund, and various private investors are on the hunt for moneymaking ventures.

**Q: What does the emir's trip mean for Greece, in particular?**

A: To me the time looks ripe for more cooperation. The period since 2007/2008 has been very difficult, but the current government under Prime Minister Kyriakos Mitsotakis has done

wonders, not just to stabilize the Greek economy and restore hope to the population, but also to help Greece regain its rightful place at the European table. The country is now looking to build on this foundation by fully embracing cuttingedge sectors like digital connectivity and cleantech, but also by reinvigorating its traditional shipping expertise by becoming a major logistics center and by getting more out of its hospitality sector, too. The long recession is over, and some asset classes look very attractive to Qatari investors – and others, as well – especially given the stronger, cleaner governance and leadership on which Mitsotakis has built his reputation.

**Q: What about Cyprus?**

A: Another European land of opportunity. All other things being equal, if the world operated according to logic instead of politics, Cyprus would already be a major energy hub. Its location makes it the ideal base for the Eastern Med's burgeoning offshore gas industry, which also includes strategic ports, telecoms, and other support services. Many analysts see real potential in several sectors, including ports, banking, and a host of technologies. The increased economic activity will also introduce more people to the beaches and other attractions that make the island's tourism industry so popular. Another ingredient is leadership: President Nikos Christodoulides has been in office for less than a year, but the former diplomat and foreign minister has already shown himself to be both a highly competent Head of State and a stern defender of his country's economic development & interests.

And all this is not to mention the shipping of the gas itself, for Cyprus is not just part of the European Union: it is also

very much an East Mediterranean country, so it stands to reason that it should become a gateway through which some of the world's newest gas producers can sell their wares into the world's largest gas market. Whether it's a pipeline to Greece, an LNG plant to supply customers in Asia and East Africa, or both, it's a no-brainer that Cyprus is the place to start the journey. To me, this is Cyprus' destiny, and if it's further Qatari investment that makes it happen, so much the better. Remember, too, that QatarEnergy is already involved in Cyprus' gas industry, partnering with ExxonMobil to explore two offshore blocks. The Qataris know the LNG business like no one else, and their robust & steady reliability as partners is unchallenged: in 2017-2021, despite an illegal blockade imposed by some of their neighbors, they continued to process and ship at the highest rates to keep supplying LNG to all of their customers around the world, helping to calm world markets during a very vulnerable period.

***“Baroudi, left, with Mitsotakis at the 2019 EUArab World Summit in Athens, before the latter became Greece's prime minister. According to Baroudi, Mitsotakis has done much to speed his country's recovery.”***



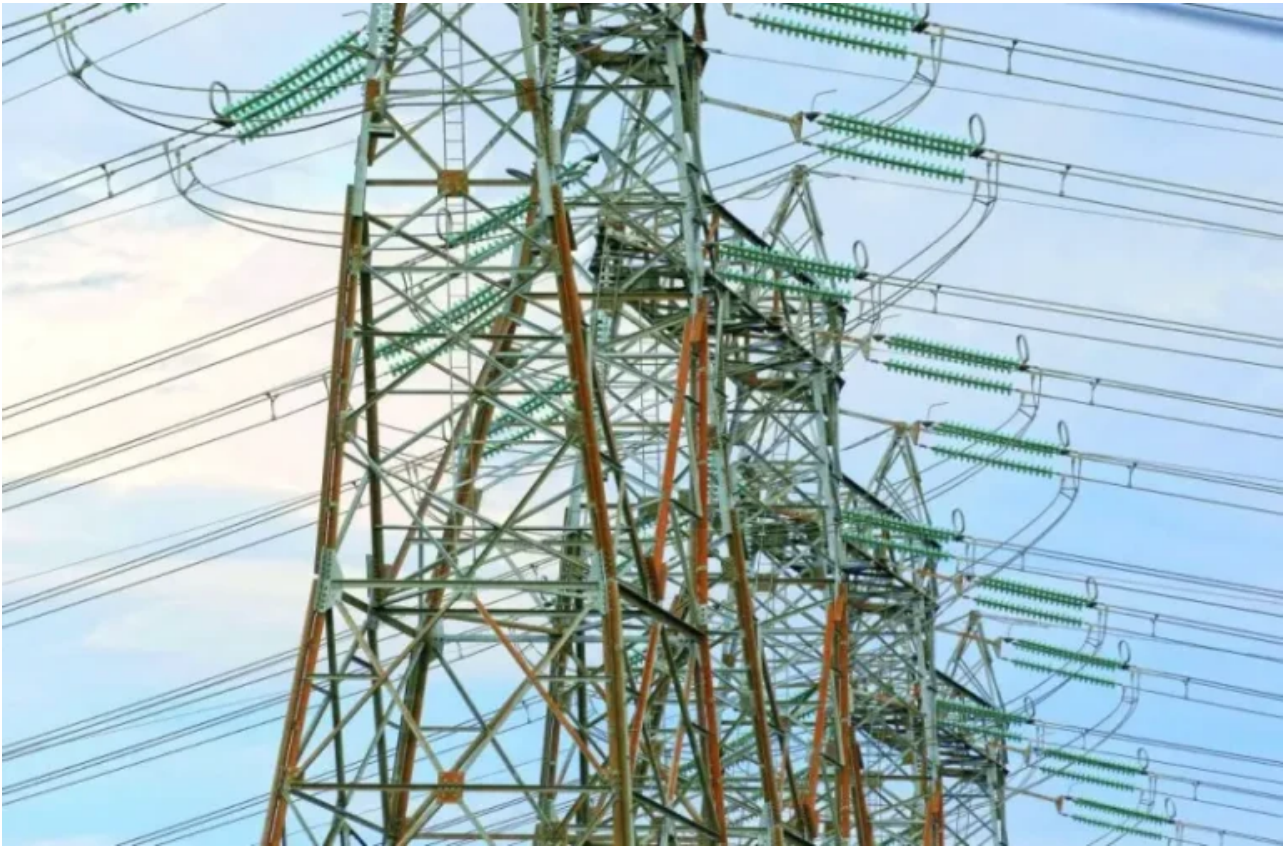


Finally, the role played by Qatar and its leaders has captured the attention of the international community due to the wise policies of the Ruler of the Gulf state. His efforts have been lauded and appreciated by East and West alike, ranging from visits of goodwill by the Emir to regional countries, to forging relations based on mutual respect and cooperation. It also has been noted that visits by the Emir tend to manifest high levels of support in mediation, bringing peace, providing materials or otherwise, as and when needed.

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# Crunch time for the power sector



Many of us take electricity for granted. We flip a switch and expect the light to turn on. But the capacity and resilience of power systems – generation, transmission, and distribution – are not guaranteed, and if these systems fail, it's lights out for the entire economy.

I recently participated in a meeting of the Power and Energy Society (PES), which operates under the aegis of the Institute of Electric and Electronic Engineers. The mood at the event – attended by more than 13,000 industry professionals from around the world, plus hundreds of companies exhibiting advanced equipment and systems – was upbeat and energetic. But, despite the prevailing “can-do spirit,” everyone at that meeting knew that the power sector is confronting tremendous challenges, beginning with the growing frequency of extreme weather events. Firms are now working to devise innovative ways to restore power more quickly after outages, and are

investing in infrastructure that will increase resilience to shocks. This includes efforts to minimise the risk that the system itself will cause or exacerbate a shock, such as a forest fire.

Compounding the challenge, the power sector must make progress on the green transition. That means reducing its greenhouse-gas emissions, while maintaining a stable power supply for the economy. Since renewables work differently from fossil fuels, this implies a transformation not only of power generation, but also of transmission and distribution, including storage.

Meanwhile, demand for electricity is set to surge, owing to factors like electric-vehicle adoption and the rapid growth of data centres and cloud-computing systems. The power needs of artificial-intelligence systems, in particular, are expected to grow exponentially in the coming years. According to one estimate, the AI sector will be consuming 85-135 terawatt hours per year – about as much as the Netherlands – by 2027.

To meet these challenges, all three components of the power system need to be integrated in so-called smart grids, which are managed by digital systems and, increasingly, AI. But developing smart grids is no small feat. For one thing, they require a host of devices and systems, such as residential smart meters and distributed energy resource management systems (DERMS), which are needed to manage multiple flexible and fluctuating energy sources and integrate them into power networks. And, because they are built on digital foundations, effective cybersecurity systems are essential to support stability and resilience.

None of this will come cheap. The International Energy Agency estimates that, if the world economy is to reach net-zero emissions by 2050, annual investment in smart grids will need to double – from \$300bn to \$600bn – globally through 2030. This represents a significant share of the estimated \$4-6tn that will be needed annually to finance the overall energy transition. But, so far, the required investment has not been forthcoming. Even in advanced economies, the smart-grid funding gap exceeds \$100bn.

Meeting all these challenges will require coordinated action across what are often highly complex systems. The US is a case in point. America's roughly 3,000 electric utilities operate in various combinations of generation, transmission, and distribution, as well as playing a market-making role as intermediaries between generation and distribution. Each US state has its own regulators, and local distribution can be regulated at the municipal level. America's nuclear infrastructure is managed at the federal level, by the Department of Energy, which also funds research and, under the 2022 Inflation Reduction Act, finances investment in the power sector. And the US Environmental Protection Agency plays a major role in setting the direction and pace of the energy transition.

Other entities oversee the country's three major grid regions and the interconnections among them. For example, the not-for-profit North American Electric Reliability Corp is responsible for six regional entities that together cover all the interconnected power systems of Canada and the contiguous US, as well as a portion of Mexico.

Achieving the necessary transformation of power systems will require us to figure out how to finance the relevant investments, who will ultimately pay for them, and how a complex, technologically sophisticated, and rapidly evolving smart-grid system can be co-ordinated.

It is difficult to imagine how investment could be mobilized at the scale necessary without the financing power of national governments. This is especially true in the US, where there is no shared carbon price to level the playing field. It is thus good news that, last month, President Joe Biden's administration announced a range initiatives and investments designed to support and accelerate structural change in the power sector.

As for who should pay, the answer is complicated. In principle, investments that reduce costs or augment service quality and stability should be reflected in tariffs. The problem is that the investments that improve service quality

must be spread across multiple entities that own different assets in the grid. Highly decentralised regulatory structures would make coordinating all these tariff changes and transfers unwieldy, at best.

When it comes to investments that advance the green energy transition – including the global public good of emissions reduction – we know who should not pay: local communities. In fact, the implementation of local-level charges to finance such investments is bound to lead to inefficiencies and underinvestment. It would also be unfair: there is no good reason why consumers in areas with problematic legacy systems should pay more. If they are asked to, they are likely to resist.

A better approach would be to use an expanded federal industrial policy not only to help finance and especially to co-ordinate long-term investments in the power sector, but also to guide the development of a complex, interconnected smart-grid system. This system needs a banker and an architect working with firms, regulators, investors, researchers, and industry organisations like the PES to carry out a complex, fair, and efficient structural transformation. National governments need to be involved in filling both roles. – Project Syndicate

- *Michael Spence, a Nobel laureate in economics, is Emeritus Professor of Economics and a former dean of the Graduate School of Business at Stanford University and a co-author (with Mohamed A El-Erian, Gordon Brown, and Reid Lidow) of Permacrisis: A Plan to Fix a Fractured World (Simon & Schuster, 2023).*
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# Only public-private co-operation can accelerate decarbonisation



As countries around the world experienced record temperatures last year, UN Secretary-General Antonio Guterres declared: “We must turn a year of burning heat into a year of burning ambition.” But to move away from fossil fuels and unlock the green transition’s economic benefits, such as job creation and universal access to clean energy, industry leaders and policymakers must work together to translate the commitments made at the UN Climate Change Conference in Dubai (COP28) into actual renewable gigawatts.

COP28 marked a historic turning point in the battle against climate change. Rallying around the UAE Consensus, world leaders pledged to move away from fossil fuels, agreeing to triple renewable power capacity to at least 11,000 gigawatts

and double energy efficiency by 2030.

But ambition alone is not enough to achieve these targets and limit global warming to 1.5C. Governments must invest in mature, cost-competitive renewable technologies that can be rapidly deployed at scale. When integrated with long-duration energy storage, green hydrogen, and system optimisation, these technologies represent the most reliable and flexible way to accelerate the energy transition.

Renewables will undoubtedly shape the global energy landscape in the coming years. Both solar and wind power are expected to grow significantly, with hydropower serving as the backbone of grid flexibility. Consequently, renewables are poised to become the twenty-first century's dominant source of global electricity.

But as a joint report released by the International Renewable Energy Agency (IRENA) and the Global Renewables Alliance (GRA) ahead of COP28 noted, tripling renewable capacity will require cooperation between the private and public sectors. Partnerships should focus on initiatives that deliver immediate results, such as mobilising low-cost financing, accelerating permitting processes, clearing grid connection backlogs, reforming government auction mechanisms for renewable-energy projects, and diversifying global supply chains. A strong commitment to inclusivity and the active participation of developing economies must be at the heart of these efforts. IRENA and GRA are demonstrating this commitment by collaborating on the annual reports commissioned by the COP28 Presidency to monitor progress toward the global tripling target and facilitate the energy transition.

We must, however, move faster, especially if we aim to ensure that progress is equitably distributed around the world. While renewable power capacity rose by 473 gigawatts in 2023, the economic benefits of the energy transition did not reach every country. Remarkably, 83% of these increases were concentrated in China, the European Union, and the US, leaving many countries in the Global South behind.

In fact, the shift to renewables is alarmingly slow in many



parts of the world. Opportunities to address development and access challenges in Sub-Saharan Africa, where more than 500mn people still lack access to electricity, are being squandered. This sluggish transition can be attributed largely to the lack of affordable financing, adequate planning, and the policy and market frameworks needed to support the adoption of renewable energy. Tellingly, public fossil-fuel subsidies reached \$1.3tn in 2022 – roughly the annual investment needed to triple renewable capacity by 2030.

A critical first step toward fostering greater public-private co-operation in pursuit of COP28's ambitious targets is to reform the global financial architecture. Africa, for example, accounts for 17% of the world's population but has received less than 2% of global investments in renewable energy over the past two decades, underscoring the need to reduce capital costs and attract private investors. Developing industrial clusters and initiating grant programs could also help foster environments conducive to innovation and private-public partnerships.

Recent commitments by world leaders offer glimmers of hope. African leaders at the September 2023 Africa Climate Summit in Nairobi, for example, pledged to increase the continent's renewable capacity to at least 300 gigawatts by 2030. This effort aims to reduce energy poverty and boost the global supply of cost-effective clean energy suitable for industrial use.

Kenyan President William Ruto, a key advocate of the Nairobi agreement, established the Accelerated Partnership for Renewables in Africa, an African-led international alliance of governments and stakeholders that aims to accelerate renewable-energy deployment, increase access, promote green industrialisation, and strengthen economic and societal resilience.

Governments and business leaders should harness the current political momentum to foster co-operation between policymakers and private investors. As governments develop appropriate policy and market frameworks to facilitate the transition to

renewables, the private sector – historically responsible for 86% of global investments in renewable energy – is poised to lead the charge. Together, we can achieve a clean, secure, and just energy future. But to realise this vision, we must act fast. – Project Syndicate

- *Francesco La Camera is Director-General of the International Renewable Energy Agency. Bruce Douglas is CEO of the Global Renewables Alliance.*
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# The Psychologist Who Convinced Economists that to Err Is Human



Daniel Kahneman, who passed away in March at the age of 90, received the Nobel Prize in Economics despite having never taken an economics course. Nevertheless, his scholarship reshaped and upended the discipline's fundamental assumptions, laying the groundwork for the emergence of behavioral

economics.

CAMBRIDGE – The recent passing of psychologist and Nobel laureate Daniel Kahneman is an apt moment to reflect on his invaluable contribution to the field of behavioral economics. While Alexander Pope's famous assertion that "to err is human" dates back to 1711, it was the pioneering work of Kahneman and his late co-author and friend Amos Tversky in the 1970s and early 1980s that finally persuaded economists to recognize that people often make mistakes.

When I received a fellowship at Stanford University's Center for Advanced Study in the Behavioral Sciences (CASBS) four years ago, it was this fundamental breakthrough that motivated me to choose the office – or "study" (to use CASBS terminology) – that Kahneman occupied during his year at the Center in 1977-78. It seemed like the ideal setting to explore Kahneman's three major economic contributions, which challenged economic theory's apocryphal "rational actor" by introducing an element of psychological realism into the discipline.

Kahneman's first major contribution was his and Tversky's groundbreaking 1974 study on judgment and uncertainty, which introduced the idea that "biases" and "heuristics," or rules of thumb, influence our decision-making. Instead of thoroughly analyzing each decision, they found, people tend to rely on mental shortcuts. For example, we may rely on stereotypes (known as the "representativeness heuristic"), be overly influenced by recent experiences (the "availability heuristic"), or use the first piece of information we receive as a reference point (the "anchor effect").

Second, Kahneman and Tversky's work on "prospect theory," which they published in 1979, critiqued expected utility theory as a model of decision-making under risk. Drawing on the "certainty effect," Kahneman and Tversky argued that humans are psychologically more affected by losses than gains.

The perceived loss from misplacing a \$20 note, for example, would outweigh the perceived gain from finding a \$20 note on the sidewalk, leading to “loss aversion.”

This insight is also at the core of the “framing effect.” The theory, developed while Kahneman was a fellow at CASBS and Tversky was a visiting professor at Stanford, posits that the way information is presented – whether as a loss or a gain – significantly influences the decision-making process, even when what is framed as a loss or gain has the same value.

Lastly, there is Kahneman’s popular masterpiece, the bestselling *Thinking, Fast and Slow*. Published in 2011 and offering a lifetime’s worth of insights, the book introduced the general public to two stylized modes of human decision-making: the “quick,” instinctive, emotional mode that Kahneman called System 1, and the “slower,” deliberative, or logical mode, which he called System 2. Humans, he showed, are prone to abandoning logic in favor of emotional impulses.

Kahneman received the Nobel Prize in Economics in 2002, despite, as he jokingly remarked, having never taken a single economics course. Nevertheless, his scholarship laid the groundwork for an entirely new field of economic research – and it had all begun in Study 6.

In particular, Kahneman’s work had a profound impact on University of Chicago economist Richard Thaler, who went on to become a Nobel laureate himself. As an assistant professor, Thaler managed to “finagle” a visiting appointment at the National Bureau of Economic Research, whose offices were located down the hill from CASBS, enabling him to connect with Kahneman and Tversky.

In 1998, Thaler co-authored a seminal paper with Cass Sunstein and Christine Jolls, introducing the concept of “bounds” on reason, willpower, and self-interest, and highlighting human limitations that rational-actor models had overlooked. By the

time he received the Nobel Prize in 2017, Thaler had systematically documented “anomalies” in human behavior that conventional economics struggled to explain and conducted highly influential research (with Sunstein) on “choice architectures,” popularizing the idea that subtle design changes (“nudges”) can influence human behavior.

But as I gazed at the sweeping views of Palo Alto and the San Francisco Peninsula from the office window at CASBS, the birthplace of behavioral economics, I could not help but wonder whether Kahneman, despite his famously gentle nature, had perhaps been too critical of human decision-making. Are all deviations from “pure” economic logic necessarily “irrational”? Is our inability to align with the idealized model of economic analysis, coupled with our inevitable – albeit predictable – irrationality, really an inherent weakness? And is our tendency to rely on emotions rather than reason a fatal flaw, and if so, could our susceptibility to instinct ultimately lead to our downfall?

I wish I could ask Kahneman these questions. During my time there in 2020-21, Kahneman, affectionately known as “Danny” to all, was not just what CASBS called a “ghost” of the “study” – a former occupant who had been a major influence on my work – but also, happily, a vibrant, living legend who had enthusiastically invited me to discuss these very issues in person. Looking back, I regret my “planning fallacy” in not taking him up on his offer to deepen our conversation sooner – a sentiment shared by both my System 1 and System 2 modes. If “to err is human,” Danny taught me a poignant final lesson in human error.

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# QatarEnergy to acquire two new exploration blocks offshore Egypt



QatarEnergy has signed a farm-in agreement with ExxonMobil to acquire a 40% participating interest in two exploration blocks offshore Egypt.

Under the terms of the agreement, which is subject to customary approvals by the government of Egypt, QatarEnergy will acquire a 40% working interest in each of the “Cairo” and



“Masry” Offshore Concession Agreements, while ExxonMobil (the Operator) will retain the remaining 60% working interest.

Commenting on the signing of this agreement, HE Minister of State for Energy Affairs, the President and CEO of QatarEnergy Eng. Saad bin Sherida Al Kaabi said: “I am pleased with our entry into the Cairo and Masry offshore exploration blocks as they expand QatarEnergy’s presence in the Arab Republic of Egypt and extend our ambitious exploration program in-country.”

“We look forward to working with our valued long-term strategic partner ExxonMobil, as well as with the Egyptian Natural Gas Holding Company (EGAS) and the Egyptian Ministry of Petroleum and Mineral Resources, in this promising and prospective region. I would like to take this opportunity to thank the Egyptian authorities and our partners for their valuable support and cooperation,” His Excellency added.

The Cairo and Masry offshore exploration blocks were awarded to ExxonMobil in January 2023, and cover an area of approximately 11,400 square kilometers in water depths of 2,000 to 3,000 meters.

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## **In the dock: Pivotal climate change testimonies in US**



From Mexicans left homeless by rising seas to Colombians affected by coral bleaching, hundreds of people are telling the top human rights court in the Americas what climate change means to them in an historic case that could shape international law.

Environmental lawyers also hope the hearings at the Inter-American Court of Human Rights (IACHR), which were requested by Colombia and Chile, will define the duties of states to confront the climate crisis and stop it infringing on human rights.

As well as receiving submissions from climate victims, the Costa Rica-based court, which started its inquiry in Barbados in April, will hear from UN agencies, legal experts, grassroots environmental campaign groups, and youth groups.

The next sessions are due to be held in Brasilia and then Manaus, Brazil at the end of May, and an advisory opinion is expected by May 2025.

"We're hoping that the court's legal opinion is a guide and reference for Mexico, and other states, to develop public policies from a climate justice perspective," said Nora Cabrera, a lawyer and head of Our Future, a Mexico-based youth climate justice campaign group.

"And that it includes loss and damage compensation for

affected communities, and adaptation policies for those not yet directly affected by climate change,” said Cabrera, who will be speaking at the next hearing in Manaus.

In January, Colombia and Chile asked the IACHR to issue the advisory opinion, saying that they were experiencing the “daily challenge of dealing with the consequences of the climate emergency,” including fires, landslides, droughts and floods.

“These events reveal the need for an urgent response based on the principles of equity, justice, co-operation and sustainability, with a human rights-based approach,” they said in their petition.

“There is a close relationship between the climate emergency and the violation of human rights,” they added.

It is this link between climate change and human rights that the IACHR will seek to define, while also examining how climate change affects migration and looking at the disproportionate effect on children, women and Indigenous people.

Chile and Colombia also asked the court for clarification on a state’s duties to protect environmental activists.

Latin America is the most dangerous place in the world for environmental and land defenders, according to advocacy group Global Witness. Around 90% of the 177 killings of environmental activists recorded in 2022 took place in the region.

“The hearing aims to ask for clarity about human rights obligations and the climate crisis,” said Jacob Kopas, senior attorney at the Earthjustice environmental group, one of a group of lawyers who spoke at the Barbados hearing on April 26.

“It will help to create a more concise framework to guide state behaviour and policy to confront the climate crisis and protect human rights,” said Kopas.

Among those submitting testimonies will be the residents of the El Bosque fishing community in Tabasco, Mexico, where rising sea levels caused by climate change have swept away

about 200 meters of coastline.

Since 2019, the school and more than 50 homes have been destroyed, forcing about 200 people to leave.

El Bosque community leader, Guadalupe Cobos, said she and 10 neighbours will probably have to leave within a year and resettle in an area about 12km away, where new homes are being built by the government.

"We depend on the sea but coastal erosion has affected our way of life. It's important for the court to know that we're living climate change now and that this isn't something that will happen in the future in 20 or 50 years' time," said Cobos.

"We want the court to hear our experiences and to know that our rights have been violated, that we have been forced to migrate," Cobos told the Thomson Reuters Foundation.

The court's advisory opinion could have important implications for climate litigation across Latin America and the Caribbean and make it easier for communities living with the effects of global warming to take legal action.

The opinion will apply to all signatories of the American Convention on Human Rights, most of whom are members of the Organization of American States. The United States and Canada have not ratified the treaty however.

The advisory opinion will help shape the region's legal systems as many countries incorporate its jurisprudence into their laws and constitutions.

"We're hoping that the court makes the link between the climate crisis and human rights violations and that it recognises climate displacement," said Cabrera, whose organisation has been supporting the El Bosque community.

The IACHR is known for its progressive stance on climate justice and human rights.

In March, it recognised that citizens in Peru have the right to a healthy environment when it ruled in favor of people living in the Andean mining town of La Oroya, who had suffered from decades of environmental pollution.

Other courts are also breaking new ground in this sphere.

In Colombia in April, in response to a lawsuit filed by a farming couple who were driven out of their home by flooding caused by heavy rains, the country's constitutional court recognised the links between environmental disasters and climate change and people being forcibly displaced.

Across the world, other top courts are also examining the connection between human rights and climate change. On April 9, the European Court of Human Rights (ECHR) ruled that the Swiss government had violated the human rights of its citizens by failing to do enough to combat climate change.

Two other courts – the International Court of Justice (ICJ) and the International Tribunal for the Law of the Seas (ITLOS) – are also expected to give advisory opinions on international legal obligations of states regarding climate change.

Kopas said the IACHR ruling could lead the way by delivering a “forward-reaching and progressive” advisory opinion.

“It’s historic because of the climate crisis we are in. This is the crisis of our lifetime and of all future generations.”

– Thomson Reuters Foundation

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**Asia continues to be ‘principal market’ for Qatar LNG; accounts for 72% of total supplies in 2022, says GECF**



Principal market for Qatari LNG continues to be Asia, accounting for 72% of its total supplies in 2022, Doha-based Gas Exporting Countries Forum (GECF) said in a report.

Qatar accounted for 16% of European LNG imports in 2022, GECF said in its 'Global Gas Outlook 2050'.

In 2022, net gas exports from the Middle East amounted to 139 bcm. Projections indicate a significant surge in overall net exports to 292 bcm by 2050.

In 2022, the Middle East contributed 96mn tonnes to global LNG exports, representing 25% of the total global LNG exports.

Qatar secured the top position as the leading global LNG exporter, shipping 79mn tonnes, while Oman and the UAE exported 11mn tonnes and 5.5mn tonnes respectively.

"Notably, Qatar supplied 16% of European LNG imports. However, Europe only represented 24% of Qatar's overall LNG exports, while the principal market for Qatari LNG continued to be Asia, accounting for 72% of the total," GECF said.

According to the forum, the "primary force propelling natural gas exports" from the Middle East is set to be growth in LNG supplies, notably led by Qatar.



The upward trajectory of Qatar's position as a leading global LNG exporter in 2022 indicates a growing momentum towards additional expansions or advancements post-2030s and 2040s following the North Field expansion projects.

With ambitions to increase its current capacity of 77mn tonnes per year by 64%, Qatar aims to reach 126mn tonnes per year through the North Field expansion by 2028.

By 2050, LNG exports from the Middle East will reach 205mn tonnes, largely due to the expansion efforts in Qatar. Anticipated long-term LNG imports are predicted to reach 16mn tonnes by 2050.

Consequently, the long-term outlook suggests an expansion of LNG net exports to reach 189mn tonnes. Primary destination for Middle Eastern LNG is expected to continue being Asia, with that region set to have an even more significant role in the long run.

By 2050, GECF noted, the Asia Pacific region is poised to receive 186mn tonnes of LNG sourced from the Middle East, constituting over 90% of all LNG exported from that region.

The region possesses 101mn tonnes per year of liquefaction capacity, primarily dominated by Qatar's 77mn tonnes per year. Plans are in progress from 2022 to 2050 to add approximately 130mn tonnes per year of extra LNG liquefaction capacity to the region, with Qatar leading expansion efforts.

The utilisation rate of this increased LNG liquefaction capacity is projected to be high, surpassing 90% by 2050, GECF said.

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## The Case for a European

# Public-Goods Fund



Mar 4, 2024 AGE BAKKER, ROEL BEETSMA, and MARCO BUTI

With the European Union's pandemic recovery fund set to end in 2026, there is an urgent need for more durable financial mechanisms to support its long-term objectives. Fortunately, a new investment fund could both enhance the EU's growth potential and ensure compliance with its new fiscal rules and shared values.

AMSTERDAM – Following weeks of intense negotiations, the European Union has agreed to revise its fiscal rules. The new rulebook will replace the Stability and Growth Pact (SGP) – which has been suspended since the start of the COVID-19 pandemic – and modernize the bloc's 25-year-old fiscal framework.

While the SGP featured a one-size-fits-all model that ultimately undermined its credibility, the updated fiscal rules allow for a differentiated approach. The goal is to maintain the existing deficit and public debt limits while still encouraging member states to invest in green and digital technologies. Member states will be granted extended adjustment periods of up to seven years to reduce their debts to sustainable levels, provided they commit to reforms and

investments that support this double (green/digital) transition.

But while the EU's efforts to strike a balance between fiscal discipline and growth incentives are commendable, national budgets alone will not be enough to finance the EU's ambitious double transition. The European Commission estimates that an annual investment of roughly €650 billion (\$700 billion) is needed to meet the 2030 targets of producing at least 42.5% of the bloc's energy from renewable sources and reducing greenhouse-gas emissions by 55%.

Under the new fiscal rules, funding for digital and green investments can be sourced from the €800 billion NextGenerationEU fund, which was established in 2020 to help European economies recover from the COVID-19 shock. But since the NGEU is scheduled to end in 2026, there is an urgent need for more durable financial mechanisms to support the EU's long-term objectives.

As matters stand, the NGEU's focus on national investments has left transnational projects such as high-speed railways and hydrogen infrastructure severely underfunded. Moreover, the US Inflation Reduction Act has widened the investment gap between Europe and the United States. To restore its strategic autonomy, European leaders should build on the success of the NGEU.

In a forthcoming paper, we propose the establishment of a \$750 billion EU public-goods fund aimed at bridging funding gaps in crucial areas like renewable energy and digital infrastructure. The primary focus of this fund would be to catalyze cross-border investments and support projects that struggle to secure funding without EU-level financial support. By making access to this fund contingent on compliance with the new fiscal rules, the EU could maintain fiscal discipline among member states.

The public-goods fund, which would cover the 2026-30 period, is intended to align seamlessly with the EU's climate goals. Building on the successful precedents established by previous EU borrowing initiatives, it would be financed by issuing EU bonds, backed by pooled national guarantees, the EU's budget (bolstered by sufficient revenue streams), or both. Its proposed size represents roughly one-fifth of the bloc's total investment needs through 2030, and the remaining investments would be financed through contributions from member states and the private sector.

By focusing on cross-border investments, the fund would underscore the EU's unified approach to tackling European challenges. At the same time, the requirement to comply with the new fiscal rules would broaden the conditional framework established by the NGEU program, which linked fund access to the rule of law in recipient countries.

Similarly, the proposed conditionality regime would tie access to the new fund to domestic fiscal discipline, thus aligning with the EU's revised fiscal guidelines. Rather than facing penalties for non-compliance, as was the case under the previous SGP, countries would be incentivized to demonstrate fiscal responsibility.

Thus, the conditionality regime would simultaneously boost the EU's growth potential, uphold the integrity of the new fiscal rulebook, and encourage fiscal sustainability among member states. Moreover, increased debt issuance at the European level could be offset by reduced debt issuance at the national level.

Once the fund is established, countries would be encouraged to submit comprehensive investment proposals for transnational projects. The European Investment Bank would determine whether they are eligible to access the fund's resources based on their alignment with the EU's double-transition targets and the potential for positive cross-border spillovers. Meanwhile,

the European Commission would ascertain that the countries proposing these projects comply with fiscal rules.

The fund's proposed design aligns with the trend of using EU funds to achieve broader policy objectives. By relying on the successful model of the pandemic recovery fund and the bloc's current conditionality regime, it would empower the EU to meet crucial climate targets while upholding its shared values.

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## Climate Leadership from the Global South



Mar 14, 2024 **MAR ANDRÉS CAMACHO** and **SOIPAN TUYA**

With vast solar, wind, hydro, and geothermal resources, Africa and Latin America have a central role to play in the clean-energy transition. But while countries like Colombia and Kenya have made impressive progress, additional financing – and thus reforms to the international financial system – is sorely needed.

**BOGOTÁ/NAIROBI** – Last month, the International Energy Agency's ministerial gathering took place in Paris, while the African Union, which recently joined the G20, held its annual summit in Addis Ababa. Both fora recognized the urgent need to fulfill the commitments made at last December's United Nations Climate Change Conference (COP28) in Dubai, not least

to triple installed renewable-energy capacity by 2030. But the challenges ahead are substantial.

COP28 identified many actions that are crucial to achieving net-zero emissions by 2050. Beyond the sharp increase in renewable-energy capacity, these include doubling the rate of energy-efficiency improvements by 2030, phasing down the “unabated” use of fossil fuels, and providing financial support to developing countries as they work to expand energy access and advance economic development.

Africa and Latin America have a central role to play in fulfilling the world’s net-zero ambitions. Both regions boast abundant renewable-energy potential, thanks to vast solar, wind, hydro, and geothermal resources. By leveraging these, Africa and Latin America can make rapid progress in reducing their carbon emissions, enhancing energy access, and stimulating sustainable economic growth.

Our countries, Colombia and Kenya, are already making significant strides toward a cleaner energy mix. Though Colombia has massive oil and gas reserves, hydropower generation accounts for nearly 70% of its electricity production. And the government is committed to increasing the share of renewables in the energy mix further by 2030. By harnessing wind, solar, biomass, and geothermal, Colombia can diversify its renewable-energy portfolio and further reduce its reliance on fossil fuels.

Colombia is also taking direct action to accelerate the phaseout of fossil fuels. The government recently announced a ban on the issuance of new licenses for oil and gas exploration, and has signaled its intention to address the negative effects of fossil-fuel extraction. These measures will not only curb carbon emissions, but also help protect the country’s vulnerable ecosystems and rich biodiversity.

As for Kenya, it is emerging as a renewable-energy success



story in Africa. Using its vast geothermal, wind, solar, and hydroelectric resources, Kenya has raised the share of renewables in its electricity generation to a whopping 94%. Its geothermal sector has achieved remarkable growth, making it Africa's leading producer of geothermal power. And now, Kenya is helping its neighbors, Ethiopia and Djibouti, to harness their own geothermal resources as well.

Underpinning Kenya's progress are government efforts to implement supportive policies and create an enabling environment for private investment. The Kenyan government's forward-thinking approach has not only resulted in expanded energy access for its people; it has also created jobs and local industries, thereby advancing economic development and opening up opportunities to collaborate with others. Kenya is a founding member of Accelerated Partnerships for Renewables in Africa, an initiative that aims to bolster the energy transition in African countries, with support from Denmark, Germany, and the United Arab Emirates.

Colombia and Kenya's achievements should be highlighted and celebrated to motivate and guide other countries in their own clean-energy transitions. Those with fossil-fuel resources, for example, must follow Colombia's example in limiting oil and gas exploration.

But Colombia and Kenya are not only passive models for others to follow; they are also active global leaders. If their clean-energy transitions didn't already make their commitments apparent, their recent decision to join the Beyond Oil & Gas Alliance – an international coalition of governments and partners working to facilitate the fossil-fuel phaseout – should make them so.

Still, financing is key if the world is to realize its clean-energy ambitions. Low investment in Africa is a major challenge. A recent BloombergNEF report shows that in 2021, just 0.6% (\$2.6 billion) of the \$434 billion invested in

renewable-energy projects went to African countries. A sharp increase in funding flows from rich countries to clean-energy sectors in both Africa and Latin America is urgently needed.

Beyond direct financial support from rich countries, the global financial system – including the International Monetary Fund and multilateral development banks – must urgently be reformed, so that it is fairer and more efficient. Only then can this system deliver enough financing to meet the growing needs of developing economies. Coordinated action to ease the debt burdens on developing economies is also vital.

At COP28, the Global South demonstrated solidarity and a commitment to cooperation. By sharing knowledge and best practices, developing economies can drastically accelerate the clean-energy transition. But, if the world is to succeed at combating climate change and safeguarding our collective future, bold action to ensure adequate financing is essential.