## Fiat Chrysler said to pay more than \$700mn over US diesel emissions claims



### FIAT CHRYSLER AUTOMOBILES

Reuters Washington

Fiat Chrysler Automobiles NV will pay more than \$700mn to resolve lawsuits from the US Justice De- partment and diesel owners over claims it used illegal software to allow 104,000 diesel vehicles to emit excess emissions, three people briefed on the matter said on Wednesday. Fiat Chrysler will pay \$311mn in civil penalties to US and California regula- tors, about \$75mn to states investigating the excess emissions and additional funds to off set excess emissions from the older cars. It will also pay \$280mn to settle a law- suit by owners, the sources said. Fiat Chrysler has denied any wrongdo- ing and previously said there was never an attempt to create software to cheat emis- sions rules. In October, the company set aside €713mn (\$815mn) to cover potential costs related to the case. Separately, Robert Bosch GmbH, a German auto supplier that made some components for the Fiat Chrysler diesel engines, is expected to announce it will settle suits from US owners for \$30mn, one person said. The settlements are set to be an- nounced on Thursday at the Justice De- partment. Fiat Chrysler, Bosch and the Justice De- partment declined to

comment. The Environmental Protection Agency issued a media advisory on Wednesday that said it would make an "announcement of a signifi cant civil action to ad- dress cheating on federal auto-emissions tests." The Justice Department sued Fiat Chrysler in May 2017, accusing it of il- legally using software that led to excess emissions in 104,000 US diesel vehicles from the 2014-2016 model years. Fiat Chrysler won approval from US regulators in July 2017 to sell diesel vehicles with updated software. The company has repeatedly said it hoped to use that software to address agencies' concerns over the 2014-2016 vehicles. The company is not expected to make any hardware changes to the vehicles and the fi x will not impact the vehicle's fuel economy, two people said. Owners of those vehicles are expected to get an average of \$2,800 each for com- pleting the software updates, the sources said. Fiat Chrysler will formally issue an emissions recall for the vehicles, but will not off er to buy back the vehicles, the sources said. The Justice Department in 2017 said Fiat Chrysler used auxiliary emissions controls in diesel vehicles that led to "substantially" higher than allowable levels of nitrogen oxide, or NOx pollution, which is linked to smog formation and respiratory problems. US and California regulators stepped up scrutiny of diesel vehicles after Volkswa- gen AG admitted in 2015 to illegally in- stalling software in US vehicles for years to evade emissions standards. VW has agreed to pay more than \$25bn in the United States for claims from own- ers, environmental regulators, states and dealers. Regulators have also been probing die- sel emissions in Daimler AG's US Mer- cedes Benz vehicles.

# Shell LNG plant blockade gets no easy fix from Canadian province



Bloomberg Vancouver

British Columbia Premier John Horgan gave little sign his government was ready to intervene in a contentious blockade obstructing Royal Dutch Shell Plc's \$31bn gas export project, shying away from condemning the indigenous group that's defied a court order to remove barricades. "There is no quick fix to resolving issues that go back to 1876 and beyond," Horgan said, referring to the year of Canada's Indian Act and the thorny legacy created in British Columbia, where most First Nations have never formally ceded jurisdiction of their ancestral lands. "We recognise the right of individuals to protest." But he also acknowledged that the project, LNG Canada, had met every requirement to proceed and had the support of all 20 First Nation groups along its corridor, including the Wet'suwet'en on whose lands the blockade is taking place. "We believe that LNG Canada has met the

obligations that we asked them to achieve." The blockade underscores how hard it's become for Canada to clear the way for sanctioned energy projects — even those blessed by all levels of government and elected indigenous leaders. When Shell and its four Asian partners agreed to invest last October after a decade of negotiations, the project was feted as the blueprint for how industry should work with First Nations. Yet in the months since, a group of holdouts have erected barricades on a public road, preventing TransCanada Corp from working on the 420-mile (676km) Coastal GasLink pipeline that will supply the export facility. The protesters ignored a November court order to allow access. "It's important to understand that construction time lines require us to gain access to the area and begin activities as soon as we safely can to keep the current construction schedule and time lines in place," Jacquelynn Benson, a spokeswoman for Coast GasLink, said in an email. "Any delays to that would affect our ability to meet those dates." LNG Canada didn't immediately respond to a question about delays to the project. The project — also backed by Petroliam Nasional Bhd, Mitsubishi Corp, PetroChina Co and Korea Gas Corp — is Canada's largest infrastructure project ever and the world's biggest planned liquefied natural gas facility in years. Indigenous leaders, including a former Wet'suwet'en elected chief, have lamented the blockade for threatening a project that off ers rural communities their best shot at economic development. Yet since Monday, when police arrested 14 to enforce the court order and restore access, protests have flared up across the nation in support of the blockade. In an October interview, Horgan credited LNG Canada's success to its aboriginal support, contrasting it against Trans Mountain, the oil pipeline bought by the federal government from Kinder Morgan Inc Shell was able to reach agreements with all aboriginal groups, whereas "Trans Mountain was not," he'd said. "I think that speaks for itself." Three months later, it's not clear that made such a diff erence. "British Columbia is unique in Canada — we have unceded territory and in every

corner of the province we have court ruling after court ruling," Horgan told reporters on Wednesday, saying he'd spoken to Prime Minister Justin Trudeau about the impasse late Tuesday. The project, he said, "highlights the challenges of reconciliation."

## Two Big Producers Just Called a Bottom for Oil: \$60 a Barrel



Italy's top oil producer and Oman's energy minister predict the latest oil rebound will stick.

Prices are up more than 20 percent since hitting an almost two-year low in December, enough to alter OPEC+ rhetoric from reassuring investors that it will cut output to taking credit for the rebound, and in the case of Oman, forecasting where oil will trade for the year

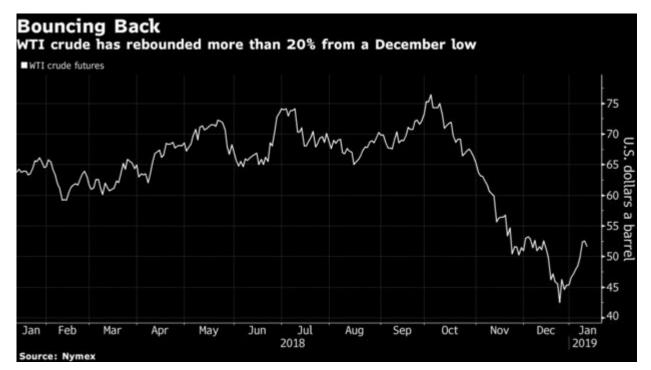


Mohammed Al-Rumhi

Photographer: Stefan Wermuth/Bloomberg

Oman Oil Minister Mohammed Al-Rumhi told Bloomberg TV that the agreement between the Organization of Petroleum Exporting Countries and partners including Russia and Oman can sustain prices at \$60 a barrel. He sees crude trading between that bottom and \$70 a barrel this year. Claudio Descalzi, the chief executive officer of Italy's Eni SpA, told Bloomberg TV the range will be between \$60 and \$62 a barrel.

"I see demand for hydrocarbons still growing," Descalzi said. "When we talk about 1.3 to 1.4 million barrels a day, that is still there," referring to potential demand increases.



A few weeks ago, as global benchmark Brent crude briefly dipped below \$50 a barrel, OPEC ministers were taking turns to remind investors that they would trim supply. That message, along with brightening prospects for U.S.-China trade talks seem to have worked, pushing the gauge above \$60 a barrel and ending talks about an extraordinary OPEC meeting.

### No Extra Meeting

"We only do that during emergencies, and there is no emergency," U.A.E. Energy Minister Suhail Al Mazrouei said in an interview on Sunday, referring to a proposed meeting he floated in December. The oil glut will be cleared in the first quarter and OPEC+ remains committed to making "whatever is the right decision to balance the market."



Suhail Al Mazrouei

Photographer: Chris J. Ratcliffe/Bloomberg

The volatility that became a feature in financial markets last year is expected to continue for oil in 2019. Prices could rise higher than \$60 a barrel if consumers perceive a gap between supply and demand, according to Descalzi. Ruhmi predicts even sharper swings between \$50 and \$80 a barrel during for the year.

OPEC, led by Saudi Arabia, agreed to cut oil output this year to support prices. The group and its allies, known as OPEC+, agreed to start cutting 1.2 million barrels of daily production this month to stem a surplus and stabilize the market. Producers already reduced output by 600,000 barrels a day in December, Saudi Arabia's energy minister Khalid Al-Falih said on Wednesday.

#### Iran Waivers

The effort to balance the market will be judged when demand usually increases in the second quarter, Oman's Rumhi said.

The timing coincides with the expected expiration of U.S. sanctions waivers that allowed some buyers of Iranian crude to continue purchases.

U.S. sanctions have cut Iran's exports to about 1 million barrels a day from 2.7 million before sanctions were announced, Brian Hook, the U.S. State Department's special representative for Iran, said in an interview.



Claudio Descalzi

Photographer: Christopher Goodney/Bloomberg

"There's a lot more to come. We're going to continue our path to get to zero," Hook said. "We have to do it in the context of oil prices"

So once again, global oil supply will be subject to decisions on Iran waivers made by the Trump Administration, far from the traditional halls of power in Riyadh and Vienna that have policed a large portion of the world's crude production since the 1960s.

If U.S. sanctions curtailing Iran's exports begin to crimp markets, the group will respond, Rumhi said. "There is a commitment by all of us to make sure there is no dent in the supply side. And if there's oversupply, we cut that fat as well."

- With assistance by Hussein Slim, and Giovanni Prati

# Greece inches closer to sales of Hellenic Petroleum and Depa



Greece has crossed a key hurdle to the sale of a controlling stake in ELPE (Hellenic Petroleum) as it rushes to meet its privatization pledge after emerging from its third and final bailout.

In a Bloomberg interview, energy minister Giorgos Stathakis

said Greece has reached an accord with potential buyers of the ELPE stake — valued at the current market price of 1.16 billion euros and seen as a flagship privatization — over the control of its wholly owned unit, ELPE Upstream. Under the accord, the state will own 50.1 percent of ELPE Upstream, which holds Hellenic Petroleum's hydrocarbon exploration and concession rights.

"Talks with the potential buyers of the 50.1 percent stake in Hellenic Petroleum over Elpe Upstream have finished and all issues have been resolved," Stathakis said in the interview in Athens.

The push to see the sale through comes after Greece, in August, ended its final international bailout following its decade-long financial crisis. Privatizations, a cornerstone of the bailout program's rebound plan, haven't been popular with the leftist government of Prime Minister Alexis Tsipras. Once famous for dragging its feet, the government is now interested in "stepping up the privatization drive," Grigoris Stergioulis, chairman of Enterprise Greece, the nation's trade and investment promotion agency, said in August.

Assets in addition to Hellenic Petroleum being prepared for sale include parts of DEPA, Greece's natural gas supplier, and plants owned by PPC, the country's state-controlled and largest electricity provider.

#### **Binding offers**

Greece's state-asset sale fund qualified in July two investors for the controlling stake in Hellenic Petroleum — Glencore Energy UK Ltd and Vitol Holding BV — allowing them to continue with the process. The stake is being sold by Paneuropean Oil & Industrial Holdings SA and the Hellenic Republic Asset Development Fund, the refiner's first and second-largest shareholders.

"While some details remain for the shareholders' agreement, we

expect binding offers on Jan. 28," Stathakis said. The two companies have concluded their separate ventures for making bids, he said.

On DEPA, Greece is preparing a draft law to split the natural gas supplier into two parts to pave the way for the sale of the company, Stathakis said. The law to create DEPA Infrastructure and DEPA Commercial will be presented to parliament by the end of January, he said.

#### **US** foray

Greece will sell the majority of DEPA Commercial, retaining a 15 percent stake. DEPA Infrastructure will comprise the country's gas network and international projects, including major investments in pipelines, and this part will remain under state control. Greece will invite investors to show interest in the sale during the first half. The state currently controls a 65 percent stake in DEPA while Hellenic Petroleum owns the remaining 35 percent.

DEPA's purchase in December of the first cargo from Cheniere Energy Inc.'s Corpus Christi liquefied natural gas export terminal, the newest such outlet in the US, opens the way for the regular supply of US LNG to Greece, the minister said.

"Discussions have begun concerning amounts and price and the outcome is a matter of months," Stathakis said.

Meanwhile, PPC has approved an agreement for investors to buy its lignite coal-fired plants in Meliti and Megalopoli, Stathakis said. The sale is part of an effort to meet the demands of Greece's creditors for the company to reduce its dominance in the country's electricity market. Binding offers are due shortly, Stathakis said. (Bloomberg)

## Germany wobbles on Russian gas pipeline as tensions mount



Bloomberg/Berlin

Support in German Chancellor Angela Merkel's coalition for a major new Russian gas pipeline is slipping as frustration with the Kremlin's brinkmanship grows and pressure from US President Donald Trump starts to bite.

Nord Stream 2, an \$11bn project that will double the natural gas supply under the Baltic Sea to Germany, faces growing scepticism among German officials who had previously defended it against criticism from Trump and some European Union allies, according to senior lawmakers. The shift could translate into pressure on Merkel's government to back down on the controversial pipeline and possibly delay its implementation.

Social Democratic lawmaker Nils Schmid, whose party has been a reliable supporter of the project, said too many decision-makers in Berlin had been slow to factor in Nord Stream's geopolitical significance. It will reduce the volume of gas pumped through Ukraine as Russia attempts to stifle its neighbour's economy by depriving it of lucrative transit fees. "The debate in Germany has become more critical," Schmid, the junior coalition party's point man on foreign policy, said in an interview, adding that the project shouldn't go forward until Russia and Ukraine reach a transit accord. "It would have been better to take this political dimension into account."

The 1,200-km (750-mile) undersea pipeline — being constructed by Russia's Gazprom PJSC to bolster German supplies as Norwegian, Dutch and domestic sources dry up — has been pilloried by some of the country's allies, who say it bolsters Europe's reliance on Russian energy and bypasses key partners such as Ukraine. Trump has blasted the project as holding Germany "captive" to Russia.

The ground is shifting, with an ever more fraught relationship with Russian President Vladimir Putin, particularly since the November seizure of two dozen Ukrainian sailors near the Sea of Azov. Merkel, who has sparred with Putin since the 2014 annexation of Crimea from Ukraine, is demanding the release of the naval personnel.

The Azov incident in the Kerch Strait has soured prospects that Merkel's diplomacy can scale back the conflict in eastern Ukraine, according Juergen Hardt, a lawmaker in Merkel's Christian Democratic Union who speaks on foreign affairs.

"The events on the Kerch Strait at least showed me that these are unfulfilled hopes," Hardt said in an interview. "Russia, in my view, isn't moving a millimetre from its objectives."

Hardt said Germany's governing parties need to find consensus

Hardt said Germany's governing parties need to find consensus with the European Commission on energy diversification and reliance on Russian gas. He also questioned the economic viability of Nord Stream, poking holes in the government's previous defence of the project.

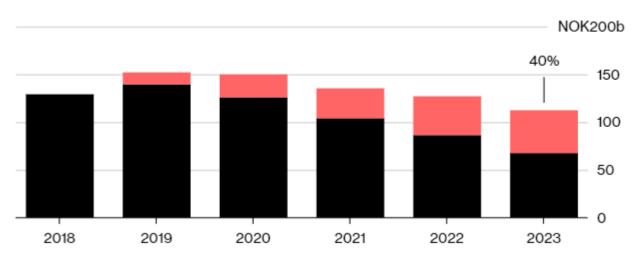
Merkel shifted her position on Nord Stream last April, acknowledging the political dimensions of the pipeline and departing from her previous insistence that it was solely a business venture by private investors. The project must not weaken Ukraine by disrupting its gas transmission system, she said at the time.

Richard Grenell, the US ambassador to Germany, welcomed the more sceptical view in Berlin, saying the pipeline project undermines the EU's energy and security objectives.

"There is not only Russian gas coming through the pipeline, but also Russian influence," Grenell said in a statement to Bloomberg News. "Now is not the time to reward Moscow."

The US administration has indicated that sanctions on the pipeline are imminent. Trump brought tensions over Nord Stream into full view at last July's NATO summit, raising the issue as he attacked Merkel over Germany's slack defence spending.

### Top Oil Lobbyist Warns of Rising Political Risk in Norway



Norway's oil industry is in full recovery mode, but the country's top petroleum lobbyist is worried about growing opposition ahead.

At the same time as it gave a big boost to investment forecasts for the next five years, the Norwegian Oil and Gas Association sounded one of its starkest warnings yet on the political risk facing the nation's biggest industry. Explorers and producers are finding themselves in the midst of an increasingly heated debate in Norway on the future of fossil fuels, with calls for cuts to incentives, more drilling restrictions and higher taxes.

While Norway's oil industry is tightly regulated, one of its main selling points has always been a stable framework with support across the political spectrum. That means that investment forecasts could be hit "dramatically" if that is looking shaky, Karl Eirik Schjott-Pedersen, the association's chief executive, said on Monday.

"I'm raising a flag to say that these investments are vulnerable if such a situation arises," Schjott-Pedersen, who represents companies including Equinor ASA and Royal Dutch Shell Plc, said in an interview. "It's important for us to stress that this debate and these proposals for change aren't cost-free."

With the share of locked-in spending falling to 60 percent in 2023 from 92 percent in 2019, investment could drop sharply and make this year's recovery brief, Schjott-Pedersen said.

Political risk is even a bigger concern than the market, where crude prices have tumbled by about 30 percent over the past three months, he said. After the industry cut costs drastically during the downturn from 2014 to 2017, projects are less vulnerable to Brent crude in the \$50s than to tax hikes, Schjott-Pedersen said.

The warnings from the former Finance Minister comes as two centrist parties involved in negotiations to broaden Norway's Conservative-led government have signaled they will seek tougher restrictions on the oil industry. While Prime Minister Erna Solberg appears unwilling to offer concessions on oil policy, those efforts are only the latest in a long list of challenges for the oil industry, including:

- The prospect of smaller groups like the Green Party gaining more influence
- Legal challenges seeking to restrict license awards or exploration incentives
- Signs that Norway's biggest party, Labor, currently in opposition, is growing increasingly skeptical of opening the Lofoten area to exploration, raising the possibility it could compromise on other aspects of oil policyCompounding these challenges is another, worrying prospect for Norway's oil industry in the early 2020s: it sorely needs new, big discoveries to fill a dwindling project pipeline.

That challenge isn't new. While the oil association raised forecasts for all years through 2022 compared to its previous prognosis from December 2017, the new outlook still reflects a drop in investments after this year and 2020 due to a lack of large projects.

"If we don't make new, large discoveries, the activity level on the Norwegian shelf will drop a few years down the line," Schjott-Pedersen said. "Future earnings depends on oil companies being able to explore in interesting areas."

### الراعي دشن كنيسة مار يوحنا الحبيب بغوسطا بتمويل قطري



دشن البطريرك الماروني الكاردينال مار بشارة بطرس الراعي كنيسة مار يوحنا الحبيب في دير المخلص الكريم بغوسطا، والتي قامت دولة قطر بتمويل بنائها بتقدمة من أمير البلاد الشيخ تميم بن حمد آل ثاني.

وفي المناسبة، أقيم قداس احتفالي ترأسه البطريرك الراعي، وحضره عن دولة قطر السفير محمد حسن جابر الجابر ممثلا الشيخ تميم بن حمد آل ثاني، وعن الجانب اللبناني فاعليات دينية مسيحية. وقال الجابر: "قامت دولة قطر ببناء الكنيسة لتكون دارا للعبادة للأخوة المسيحيين الموارنة وتحتضن مناسباتهم الدينية، كما أن سمو الأمير أرادها أن تكون على أجمل صورة لترجمة مشاعره الصادقة تجاه اللبنانيين عموما، والمسيحيين خصوصا".

وأضاف: "إن التقدمة السخية من دولة قطر لبناء هذه الكنيسة المارونية في هذه المنطقة العزيزة من لبنان جاءت دليلا على انفتاح قطر وتأكيدها على توطيد أواصر العلاقة مع الإخوة اللبنانيين عموما".

وتابع: "إن اهتمام دولة قطر بالمسيحيين وبضرورة ممارسة شعائرهم الدينية بحرية وأمن وأمان ليس أمرا جديدا علينا، لقد حملنا راية حوار الأديان منذ عشرات السنين. واحتضنت الدوحة مركزا لحوار الأديان أنشئ بتوصية من علماء يمثلون الديانات الثلاث في مؤتمرات حوار الأديان التي استضافتها الدوحة خلال السنوات الماضية، وإن دولة محبة وسلام وتآخ مع كل الأديان السماوية".

وأردف: "لقد كانت دولة قطر سباقة بين دول الخليج في إرساء وتكريس حق المسيحيين الذين يعيشون في الدوحة، ويفوق عددهم المئتي ألف من كل الطوائف المسيحية، وإن رسالتنا هي رسالة تسامح، وتاريخنا يشهد لنا بذلك. لقد بدأ بناء الكنائس في دولة قطر منذ عام 2005 يوم أعطى حضرة صاحب السمو الأمير الوالد الشيخ حمد بن خليفة آل ثاني موافقته على بناء أكثر من كنيسة للطوائف المسيحية التي تعيش في قطر، وتبرع بثمن الأرض لبنائها".

من جهته، شكر الراعي لـ "دولة قطر تغطيتها كلفة بناء الكنيسة"، وقال: "نسأل الله أن يكافئ حضرة صاحب السمو الشيخ تميم بن حمد آل ثاني أمير البلاد وحضرة صاحب سمو الأمير الوالد الشيخ حمد بن خليفة آل ثاني والشعب القطري الكريم بفيض من بركاته".

ونوه بـ "دور السفير الجابر ممثلا صاحب السمو في تدشين كنيسة مار يوحنا الحبيب في دير المخلص الكريم غوسطا"، متوجها بـ "الصلوات والدعاء لدولة قطر وسمو أميرها على مساعيه الخيرة"، متمنيا لـ "دولة قطر المزيد من الازدهار والتقدم".

### Qatar partners Malaysia, Turkey to conquer Islamic finance market



DOHA — Qatar is planning an ambitious new initiative with Malaysia and Turkey to serve the \$2 trillion global Islamic finance market from hubs in the three countries using common platforms and technology, as part of efforts by the Gulf emirate to overcome a blockade imposed by its neighbors and diversify its economy away from oil and gas.

"We have a vision to cover the entire globe's Islamic financial transactions between three financial centers: Doha, Istanbul and Malaysia," said Yousef Mohamed Al Jaida, CEO of the Qatar Financial Centre in a group interview on the sidelines of the annual Doha Forum. "This requires international platforms and technology which we believe Qatar Financial Centre has."

Under the plan, Turkey would cover Islamic finance needs in Europe, Qatar would serve the greater Middle East and Malaysia

would sell to Asia, he added.

"That's a big vision, we're working on it and this is a new project," Al Jaida said in the interview with the Nikkei Asian Review and a small group of other publications. Relations between Qatar, Turkey and Malaysia had "intensified recently and become a lot closer," he added. "We share similar visions, we share similar progressive outlooks... so there's a lot to be achieved between these three countries." He did not give time scales for the project.

The London Stock Exchange is currently a global venue for the issuance of sukuk, while Hong Kong and Luxembourg have also made inroads but Qatar believes the market should be led by Muslim countries, Al Jaida said.

Malaysia is already one of the world's biggest issuers of sukuk, or sharia-compliant bonds, with 34% of the global market last year. The Malaysian central bank signed a memorandum of understanding with the regulatory authorities of Qatar and Dubai in 2007 to promote mutual cooperation but efforts to consolidate the fragmented global Islamic finance industry have foundered in the past on regional rivalries and a lack of agreement on common standards.

The new Islamic finance initiative forms part of plans by Qatar, a Gulf emirate which is the world's largest exporter of liquefied natural gas, to diversify its economy and grow away from its neighbors, four of which imposed a blockade on its borders and airspace last year.

The United Arab Emirates, Saudi Arabia, Bahrain and Egypt accused Qatar of sponsoring terrorism and cut off land, sea and air access demanding that Doha change its policies. Qatar rejects the accusations and says it is the victim of a hostile act which is illegal under international law.

Like other Qatari officials at the Doha Forum, Al Jaida described the blockade as a "blessing in disguise," insisting

that despite the considerable extra costs imposed, it had forced his country to become more self-sufficient in areas such as food production and to develop its port and air cargo infrastructure more quickly.

Before the blockade, Qatar imported almost all its food via its neighbors but government-funded emergency schemes to develop local agriculture have helped to fill the gap and increased trade with Iran, Turkey and Oman did the rest. State-owned Qatar Airways organized a massive air cargo operation to fly in imported essentials via a disused airport and the country rapidly expanded its own port facilities to replace the lost facilities of Jebel Ali in the UAE.

Qatar, which enjoys the world's highest per capita GDP at purchasing power parity according to the World Bank, lost some growth momentum during the blockade and had to redirect \$50 billion from its sovereign wealth fund and reserves to prop up the banking system and protect the exchange rate.

But now a more confident Qatar is pushing its financial center aggressively as an alternative to the longer-established and larger Dubai International Financial Centre, despite the irony of an isolated Gulf peninsula offering itself as a regional hub.

Al Jaida said the UAE had undermined the business model of Dubai as a regional hub during the blockade by forcing international companies operating in the region to set up an alternative base to serve Qatar. As a result, the number of foreign companies operating in the Qatar Financial Centre had grown by 100% since the blockade and Qatar now had the opportunity to challenge Dubai as a hub in the Gulf region.

Qatar has attracted foreign businesses by offering guarantees that Doha will be a cheaper base to operate from than Dubai, in return for a commitment to a minimum 10-year presence.

The Qatar Financial Centre offers 100% foreign ownership, a

legal and judicial framework based on English law, 100% repatriation of profits and other regulatory advantages to attract businesses. It compares itself to Hong Kong in offering companies an access point to a wider market under internationally friendly terms.

## Opec withdrawal fits Qatar's LNG strategy, says US finance attache



Qatar's recent decision to withdraw its membership from the Organisation of the Petroleum Exporting Countries (Opec) is a business decision that supports the country's development strategy for its liquefied natural gas (LNG) sector, industry experts agreed during the Euromoney Conference held in Doha on Sunday.

Qatar is Opec's 11th-biggest oil producer. Lesley Chavkin, the

US Department of the Treasury financial attaché to Qatar and Kuwait, pointed out that Qatar's total output accounts for "only 2%."

"Qatar is not a behemoth in Opec, and I think it (withdrawal from Opec) fits with the strategy to focus the resources on LNG. That seems to be the future of Qatar's energy industry," Chavkin said during the panel discussion titled 'Qatar's Economy — New Directions, New Opportunities'.

On the global market, Chavkin also said that Qatar is expanding its reach, veering towards the Asia Pacific region. She noted that Qatar may have to look into short-term contracts with its Asian buyers.

"Obviously, it's no surprise that the demand is coming from the Asia Pacific region. We have China aggressively moving from coal to gas...moving forward, it's going to be Asianfocused.

"What I think is a kind of interesting space to watch is LNG contracts. So, Asian buyers tend to prefer buying LNG on spot or short-term basis. LNG contracts here tend to be longer term, and Qatar has flexibility in adjusting some of its longer term contracts to maintain market share but that's something interesting that we would be watching, going forward," Chavkin explained.

Mohamed Barakat, the managing director of US-Qatar Business Council, said he agrees with Qatar's decision to withdraw its membership from Opec, "because this is a business-focused decision."

"Qatar is in the gas business and its oil production doesn't affect the market that much as countries like Saudi Arabia," Barakat said.

He added: "Qatar's decision to increase its gas production will definitely increase the support and supplies that Qatar can provide globally, knowing that from a US perspective, Qatar has provided a lot of LNG to US allies, supporting them, and helping them to be more independent with a reliable partner in Qatar — that would help advance more the business interests globally in Qatar, as well."

Alexis Antoniades, the director of International Economics at Georgetown University — Qatar, emphasised that the decision to withdraw Qatar's Opec membership is a business decision and was not politically motivated.

"I don't see any political decision behind it... this is a business decision. We have no role in Opec... we are in the LNG industry and not the oil sector. It makes sense for us to withdraw there, and it makes sense for us to figure out what is it that we are going to do well, and focus our time and resources on that," Antoniades said.

### Tension Over Qatar Stalls Trump's Mideast Agenda



The first step toward any progress for the U.S. would be to resolve the conflict between its allies.

President Donald Trump has at least one clear and coherent foreign policy goal: to try to force Iran back to the negotiating table for more favorable terms in a nuclear accord. His administration is trying to lead a "maximum pressure" campaign, including wide-ranging new sanctions. The problem is, the countries most important in supporting this initiative — Washington's key Arab allies — are too busy squabbling among themselves.

A series of recent developments, and my own trip to the region this month, strongly suggest that this isn't likely to change anytime soon. Unless, that is, Trump decides to get serious about ending the argument.

For decades, the mainstay of support for the U.S. and hosting of American military bases in the Persian Gulf region has been from Gulf Cooperation Council countries: Saudi Arabia, the United Arab Emirates, Bahrain, Qatar, Oman and Kuwait.

But in June 2017, long-simmering tensions within the group boiled over as Saudi Arabia, the U.A.E. and Bahrain — joined by Egypt — announced a "boycott" of Qatar, which they accuse of promoting extremism and terrorism and coddling Iran. Qatar describes it as a "blockade" and says it's being bullied by reactionary and autocratic neighbors.

Trump initially signaled support for the boycott but, over time, like the parties, Washington has apparently come to view the standoff as a "new normal," despite the obvious disruption this is causing to the U.S. policy focus on Iran and complications for the massive American military assets strewn across these very countries.

Last week, the council held one of its increasingly truncated and pro forma leaders' summits, but rather than pointing to a way forward, the dysfunctional meeting simply underlined and even exacerbated the internal Gulf Arab crisis. They are supposed to have annual summits with the U.S. president too,

but that can hardly happen until their own differences are resolved.

Even more than last year's meeting in Kuwait, which was suddenly cut short as tempers flared, this summit was a vivid enactment, in several episodes, of the depth of alienation among these core U.S. allies.

It was originally supposed to be held in Oman, but at the last minute, Saudi Arabia intervened and insisted it must be held in Riyadh.

Then Qatar began to complain that its ruler, Emir Tamim bin Hamad Al Thani, might not have been invited by the Saudis. When Riyadh made it clear that he was welcome, he refused to show up. The Saudis then framed that as an insult against them.

Meanwhile, the war of words continued to rage, with Qatar still complaining about being abused and with the boycotting countries dismissing Qatar as both irresponsible and irrelevant.

Worse, the standoff isn't contained to internal council rows. Qatar recently withdrew its membership in the OPEC petroleum cartel, essentially to distance itself from Saudi Arabia.

And Qatar continues to deepen its ties to Turkey, which is a major beneficiary of the impasse.

But Turkey has also moved closer to Kuwait, which just signed a military cooperation agreement with Ankara.

One of the more dangerous effects of the lingering boycott is that not only Qatar but also Kuwait and Oman are becoming very nervous about what they see as an aggressive Saudi and Emirati effort to make all regional states conform to their agendas.

This is exacerbating one of the main reasons for the boycott: the sense that Turkey, in conjunction with Qatar and the Muslim Brotherhood parties, constitutes a third, Sunni Islamist, bloc in the Middle East competing with both the pro-Iranian and pro-Saudi and U.S. camps.

While they won't say so publicly, the boycotting quartet is increasingly concerned that, in a nightmare scenario, the Turkish-Qatari alliance could slowly begin to absorb other countries such as Kuwait and Jordan and constitute a real potential alternative set of allies against Iran for the U.S.

There are many reasons this scenario is far-fetched. It's hard, after all, to imagine Washington basing its Middle East policies on a partnership with what amounts to an Islamist coalition.

But anxieties are running high, and such a scenario is not impossible. And there is no question that the boycott and its long-term impact is at best complicating and at worst disrupting the Trump administration's efforts to keep everyone's attention squarely focused on checking Tehran.

These and other recent developments show that the standoff is not only continuing, but in many crucial ways deepening. My own recent conversations with officials and experts in the U.A.E. indicated a clear determination to keep up, even intensify, the pressure on Qatar.

While Trump initially seemed to back the boycott, in fact Washington has adopted an effectively neutral stance on the confrontation.

It has been urging the Gulf Arabs to put their differences behind them and focus on countering Iran and terrorist groups. But it hasn't made any major aspect of U.S. relations with any of these parties contingent on any particular outcome. So American interventions have basically been helpful hints rather than urgent demands.

Both sides have known from the beginning that the U.S. role

could be decisive, but Washington hasn't really tried to sort things out among its key Middle Eastern allies. The Trump administration would be wise to send two clear messages: First, Qatar's policies, and especially its promotion of radicals, need to change. And second, on that basis the boycott needs to end. These messages need to be connected to real consequences. That's the path to ending this impasse and achieving other key goals in the Middle East.