

# New lanes to open on Rayyan Road



The Public Works Authority (Ashghal) has announced that it will open eastbound lanes along 2km of the main carriageway on Al Rayyan Road, including an underpass at Bin Zaben Interchange (Al Mukafaha I/C), today.

## Saudi Contractor Defaults on \$2 Billion of Debt



One of Saudi Arabia's major contractors defaulted on almost \$2 billion after a falling out among its owners and delays in payments from the government, according to people with knowledge of the matter.

The Saudi unit of Cyprus-based Joannou & Paraskevaides Group defaulted on about 7 billion riyals (\$1.9 billion) in bank loans about two months ago, said the people, asking not to be identified as the information is private. The defaults are largely the result of problems getting paid by the Ministry of Interior, the people said.

Lenders, which include Arab National Bank, Alawwal Bank, Banque Saudi Fransi, Emirates NBD PJSC, Saudi British Bank and Samba Financial Group, don't expect to recover much of the money, the people said.

Faced with a budget deficit that ballooned to \$100 billion in 2015, Saudi Arabia suddenly halted payments to government contractors. The move wreaked havoc among local construction firms as many projects stopped, leaving them unable to pay employees. Saudi Oger Ltd., once one of country's top contractors, collapsed as a result.

J&P's Saudi unit has been struggling since then and has also been impacted by a dispute between the parent company's shareholders, which distracted management attention from the issues in the kingdom, the people said. As a result of that dispute, the parent company is being liquidated by Alvarez & Marsal in Cyprus. That liquidation does not directly impact the Saudi unit's operations, the people said.

The Finance Ministry says it honors payments that fulfill all of the government's requirements. A committee to deal with contractor payments has been set up and most disputes have been resolved, Finance Minister Mohammed Al-Jadaan, said last month. In May, many companies were said to have complained about delays.

Alvarez & Marsal didn't respond to requests to comment on behalf of J&P. Calls and emails to J&P's Saudi office weren't answered. The Saudi government's Center for International Communication didn't immediately respond to a request for comment.

Spokesmen for the lenders either declined to comment, didn't respond, or couldn't immediately be reached.

J&P's projects in the kingdom include large housing developments for the Ministry of Interior and building parts of the King Abdullah Financial District in Riyadh.

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## **Qatar to leave OPEC and focus on gas as it takes swipe at**

# Riyadh



DOHA (Reuters) – Qatar said on Monday it was quitting OPEC from January to focus on its gas ambitions, taking a swipe at the group's de facto leader Saudi Arabia and marring efforts to show unity before this week's meeting of exporters to tackle an oil price slide.

Doha, one of OPEC's smallest oil producers but the world's biggest liquefied natural gas (LNG) exporter, is embroiled in a protracted diplomatic row with Saudi Arabia and some other Arab states.

Qatar said its surprise decision was not driven by politics but in an apparent swipe at Riyadh, Minister of State for Energy Affairs Saad al-Kaabi said: "We are not saying we are going to get out of the oil business but it is controlled by an organisation managed by a country." He did not name the nation.

Al-Kaabi told a news conference that Doha's decision "was communicated to OPEC" but said Qatar would attend the group's meeting on Thursday and Friday in Vienna, and would abide by

its commitments.

He said Doha would focus on its gas potential because it was not practical “to put efforts and resources and time in an organisation that we are a very small player in and I don’t have a say in what happens.”

Delegates at OPEC, which has 15 members including Qatar, sought to play down the impact. But losing a long-standing member undermines a bid to show a united front before a meeting that is expected to back a supply cut to shore up crude prices that have lost almost 30 percent since an October peak.

“They are not a big producer, but have played a big part in (OPEC’s) history,” one OPEC source said.

It highlights the growing dominance over policy making in the oil market of Saudi Arabia, Russia and the United States, the world’s top three oil producers which together account for more than a third of global output.

Riyadh and Moscow have been increasingly deciding output policies together, under pressure from U.S. President Donald Trump on OPEC to bring down prices. Benchmark Brent is trading at around \$62 a barrel, down from more than \$86 in October.

“It could signal a historic turning point of the organisation towards Russia, Saudi Arabia and the United States,” said Algeria’s former energy minister and OPEC chairman, Chakib Khelil, commenting on Qatar’s move.

For a graphic on Who produces what within OPEC?, see – [tmsnrt.rs/2RxkhwC](https://tmsnrt.rs/2RxkhwC)

## **“UNILATERAL DECISIONS”**

He said Doha’s exit would have a “psychological impact” because of the row with Riyadh and could prove “an example to

be followed by other members in the wake of unilateral decisions of Saudi Arabia in the recent past.”

Qatar, which Al-Kaabi said had been a member of OPEC for 57 years, has oil output of just 600,000 barrels per day (bpd), compared with Saudi Arabia’s 11 million bpd.

FILE PHOTO: Saad al-Kaabi, chief executive of Qatar Petroleum, gestures as he speaks to reporters in Doha, Qatar, July 4, 2017. REUTERS/Naseem Zeitoon/File Photo

But Doha is an influential player in the global LNG market with annual production of 77 million tonnes per year, based on its huge reserves of the fuel in the Gulf.

OPEC members Saudi Arabia and the United Arab Emirates, and fellow Arab states Bahrain and Egypt, have imposed a political and economic boycott on Qatar since June 2017, accusing it of supporting terrorism. Doha denies the charges and says the boycott aims to impinge on its sovereignty.

Al-Kaabi, who is heading Qatar’s OPEC delegation, said the decision was related to the country’s long-term strategy and plans to develop its gas industry and increase LNG output to 110 million tonnes by 2024.

“A lot of people will politicise it,” Al-Kaabi said. “I assure you this purely was a decision on what’s right for Qatar long term. It’s a strategy decision.”

The exit is the latest example of Qatar charting a course away from its Gulf neighbours since the rift began last year. It comes before an annual summit of Gulf Arab states expected to grapple with the roughly 18-month standoff.

Once close partners with Saudi Arabia and the UAE on trade and security, Qatar has since struck scores of new trade deals with countries further afield while investing heavily to scale up local food production and ramp up military power.

“There is a sentiment in Qatar that Saudi Arabia’s dominance

in the region and the region's many institutions has been counterproductive to Qatar achieving its development goals," said Andreas Krieg, a political risk analyst at King's College London. "It is about Qatar breaking free as an independent market and state from external interference."

Oil surged about 5 percent on Monday after the United States and China agreed to a 90-day truce in their trade war, but prices remain well off October's peak.

Asked if Qatar's withdrawal would complicate OPEC's decision this week, a non-Gulf OPEC source said: "Not really, even if it's a regrettable and sad decision from one of our member countries."

Amrita Sen, chief oil analyst at consultancy Energy Aspects, said the move "doesn't affect OPEC's ability to influence as Qatar was a very small player."

Al-Kaabi said state oil company Qatar Petroleum planned to raise its production capability from 4.8 million barrels oil equivalent per day to 6.5 million barrels in the next decade.

Doha also plans to build the largest ethane cracker in the Middle East.

Qatar would still look to expand its oil investments abroad and would "make a big splash in the oil and gas business", he Al-Kaabi added.

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## Prime Minister Inaugurates



# Four Manateq Warehousing Parks







Prime Minister and Interior Minister, His Excellency Sheikh Abdullah bin Nasser bin Khalifa Al Thani, inaugurated Manateq warehousing parks in Umm Salal, yesterday.

The inauguration ceremony, which was held at Bu Fesseela warehousing park, was attended by His Excellency Dr. Mohammed bin Saleh Al-Sada, Minister of Energy and Industry and His Excellency Mohammed bin Abdullah Al Rumaihi, former Minister of Municipality and Environment in addition to a number of Their Excellencies Ministers, senior officials from the public and private sector and representatives project developers.

The four companies were Gulf Warehousing Company (GWC) for Bu Sulba warehousing park, Al Asmakh Real Estate Development for Bu Fesseela, Dohatna Logistics Parks for Umm Shahraine 1 and Barwa Real Estate Group for Umm Shahraine 2.

Talking about the completion of the warehousing parks project, Fahad Rashid Al Kaabi, CEO of Manateq, said: "We are delighted to announce the completion of this first-of-its-kind project that supports Manateq's vision to promote economic diversification in investments that add value to Qatar and underlines its mission to create a world-class business environment for local and overseas investors, to help meet the Qatar National Vision 2030".

Khamis Al Mohannadi, President of Technical Committee to Stimulate Private Sector Participation in Economic Development Projects said, "The successful completion of the warehousing parks development is yet another milestone in our drive to stimulate more economic and commercial activities in Qatar and

contributing effectively to the achievement of the 'economic development pillar' within the framework of Qatar National Vision 2030."

He added: "The project demonstrates our continued sustainable future growth for everyone by enabling companies to operate easily and flexibly, providing better access to developing markets and optimizing resource consumption by providing ready-to-use warehousing options that meet all storage requirements, including food products. This in turn will ease the burden on investors, and supports the process of economic diversification in the country." He said in recent years, Qatar has succeeded in strengthening its economic position and engaging in the globalized economic space, effectively and efficiently, translated by registered growth rates, which is expected to reach about 2.8 percent during the current year.

He said it is one of the highest growth rates in the region according to International Economic Organizations, and is expected to reach 3 percent in 2019, supported by the dynamics of the non-oil sectors, which is expected to grow by at least 6 percent, driven by the private sector contribution that recorded a sound growth over the past year not less than 5 percent, which requires continued investment in supporting infrastructure projects such as the warehousing parks.

The Prime Minister honored the project developers and visited the site of the warehouses and was briefed on their volume and capacity.

Manateq warehousing project is a continuation to the implementation of the strategic Qatar National Food Security Program (QNFSP) that Qatar has established previously to bring the country close to food self-sufficiency by 2023.

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# GLOBAL LNG-Asian prices dragged down by oil slide, heavy supply



- \* Tumbles to more than three-month low
- \* Traders hope for cold winter to soak up supply
- \* Tankers still floating LNG in Asia

By Jessica Jaganathan

SINGAPORE, Nov 23 (Reuters) – Asian spot prices for liquefied natural gas (LNG) tumbled nearly 10 percent this week to a more than three-month low, knocked lower by a slide in oil prices, forecasts for a warmer than average winter and ample supply onshore and in tankers.

Spot prices for January delivery in North Asia LNG-AS were estimated at \$10 per million British thermal units (mmBtu), 90 cents lower than last week, according to traders.

“The big question mark right now is how the weather will pan out as the market will quickly turn once it starts to get

cold. But until then, it's tank-top right now in many places," said a Singapore-based LNG trader, referring to high storage levels of natural gas in North Asia.

Temperatures in major cities Tokyo, Beijing and Shanghai in the world's top two LNG buyers, Japan and China, are expected to be warmer than usual next week, weather data from Refinitiv Eikon showed.

Demand from end-users in North Asia remained muted while a big drop in Brent oil prices was causing jitters in the LNG market, trade sources said.

Oil prices slumped to 2018 lows on Friday, pulled down by concerns of an emerging global supply overhang amid a bleak economic outlook.

"Typically, changes in Brent tend to have a bigger impact on Asian LNG prices due to lack of liquidity in Asian gas derivatives," said a second Singapore-based LNG trader.

Trading remained thin in the region with several LNG tankers still floating the super-chilled fuel around Asia.

But the situation may soon stabilise as end-users have stopped reselling cargoes, the trader said.

"The Chinese are not reselling cargoes like they were doing recently, so I think situation could be bottoming out," the trader added.

In tenders, India's GSPC is seeking two cargoes for delivery in December, while Gail India may be offering to sell a December-loading cargo from Cove Point in the United States, traders said.

The Indian importer has 20-year deals to buy 5.8 million tonnes per year of U.S. LNG in total, split between Dominion Energy's Cove Point plant and Cheniere Energy's Sabine Pass.

Angola LNG offered a cargo for December, but the results were not immediately clear.

An LNG tanker was transferring a cargo of Russia's Yamal LNG to another vessel off the tip of northern Norway on Thursday, the first such operation that will help the facility raise production. (Reporting by Jessica Jaganathan; editing by Richard Pullin)

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## Uniting Africa for power



African countries are increasingly coming together. A landmark free-trade agreement was concluded earlier this year. East Africa has made great progress on free movement of people. And a commitment to a single market for air travel has been revived, potentially connecting countries better than ever before.

Each step toward greater co-operation and unity on the continent is, on its own, an important one. Together they show

how a new generation of African leaders understand that power in the 21st century reflects strength in numbers.

But, for Africa, power requires power in another sense: a lack of electricity continues to hold back the continent's progress. And here, too, integration is essential to scale and connect markets, reduce consumer costs, and drive growth.

Despite advances in recent years, more than 600mn Africans still lack access to electricity. Solar technology has improved, and its declining cost has made it a viable option. Rising inflows of private capital have been accompanied by large-scale national energy-sector reforms, which should help increase the availability of electricity. But pushing down the price of power and making it available across growing cities and vast territories remains a daunting, and yet central, task.

All of the African leaders with whom I speak tell me that making electricity affordable is a top-priority issue, and most have set ambitious targets for power generation and transmission. But achieving these targets requires adopting a mix of technologies, which is hard enough in the best circumstances, but even more so when countries try to go it alone.

The fact is that resources are not evenly distributed among countries. Some have gas, others hydrological resources. Some have no particular resources and build thermal power plants or import expensive liquid fuels to meet their needs. Added to this are planning issues, which usually go one of two ways: either too much or too little supply.

The most efficient way to overcome these costly electricity imbalances would be through a common energy market. Much like the European Union's internal market for electricity, power trading would ideally extend across Africa and form part of the continued evolution of the African Union, which Rwandan President Paul Kagame is so admirably pushing forward. But high-volume power trading from Ethiopia to Lesotho is unlikely in the foreseeable future, and a more realistic path forward would be at the sub-regional level.



One such opportunity is through the West Africa Power Pool. Little more than half of the region's population has access to electricity, and only around 3% of power generation currently crosses borders (based on current capacity levels). With an integrated market, however, power demand could be met as countries such as Ghana, Côte d'Ivoire, and Guinea produce surpluses, while others such as Burkina Faso and Mali are in deficit and reliant on costly liquid fuels.

Such a sub-regional market would yield significant benefits not only for families, but also for governments and investors. More people would be connected, exporting countries could generate more revenue, and imports would become less expensive, more reliable, and cleaner. According to modelling by the Africa Governance Initiative (part of the Tony Blair Institute for Global Change) and the US government's Power Africa, an integrated energy market would save the region \$32bn in energy costs in the next decade. With better infrastructure and increased supply, this figure could be many times more.

Developing a sub-regional market would also spur economic growth, create jobs, and boost income for millions of people. Private capital would be attracted to new opportunities as national markets open up for economies of scale in the production and transmission of electricity. From an environmental perspective, an integrated market would save around 23mn tonnes of fuel oil – roughly the equivalent of the United Kingdom's annual fuel consumption by diesel vehicles.

But to realise the potential of power trading, four conditions must be met. For starters, the politics of trying to align national policies with a regional vision must change. Those of us with a long history in the EU will understand the difficulties of this better than most, and for some West African countries, rolling back costly and inefficient but politically popular subsidies will be difficult. The gains from trade would offset the effects, but this is likely to be a hard sell for politicians to make to their publics.

Second, infrastructure needs to be developed to connect

national markets. International donors already are supporting much of this work. It is crucial to complete it, so that isolated grids are integrated into a unique regional market. Third, gas must become increasingly available. Nigeria is the most likely source; another is imports of inexpensive Liquefied Natural Gas. Without the development of reserves, countries will need to revert to liquid fuels, at higher cost and larger carbon dioxide emissions.

Lastly, regulatory harmonisation is essential to ensure the right enabling environment. But so, too, is support for first-time, specific transactions – such as that along Africa's west coast all the way from Côte d'Ivoire to Mauritania – which can help countries to overcome obstacles and open the door to future, more expansive power trading.

Developing this internal market is key to West Africa's energy future. Over the next decade, it could have a major impact on the lives of more than 300mn people. It would also be a significant step in Africa's push for greater unity, more self-reliance, and an economy driven more by trade and less by aid. And it would reinforce the progress African leaders are making toward projecting strategic power in the world today. – Project Syndicate

\* Tony Blair, prime minister of the United Kingdom from 1997 to 2007, is Chairman of the Africa Governance Initiative.

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**Oil-natural gas trade  
reappears, roiling US energy**

# markets

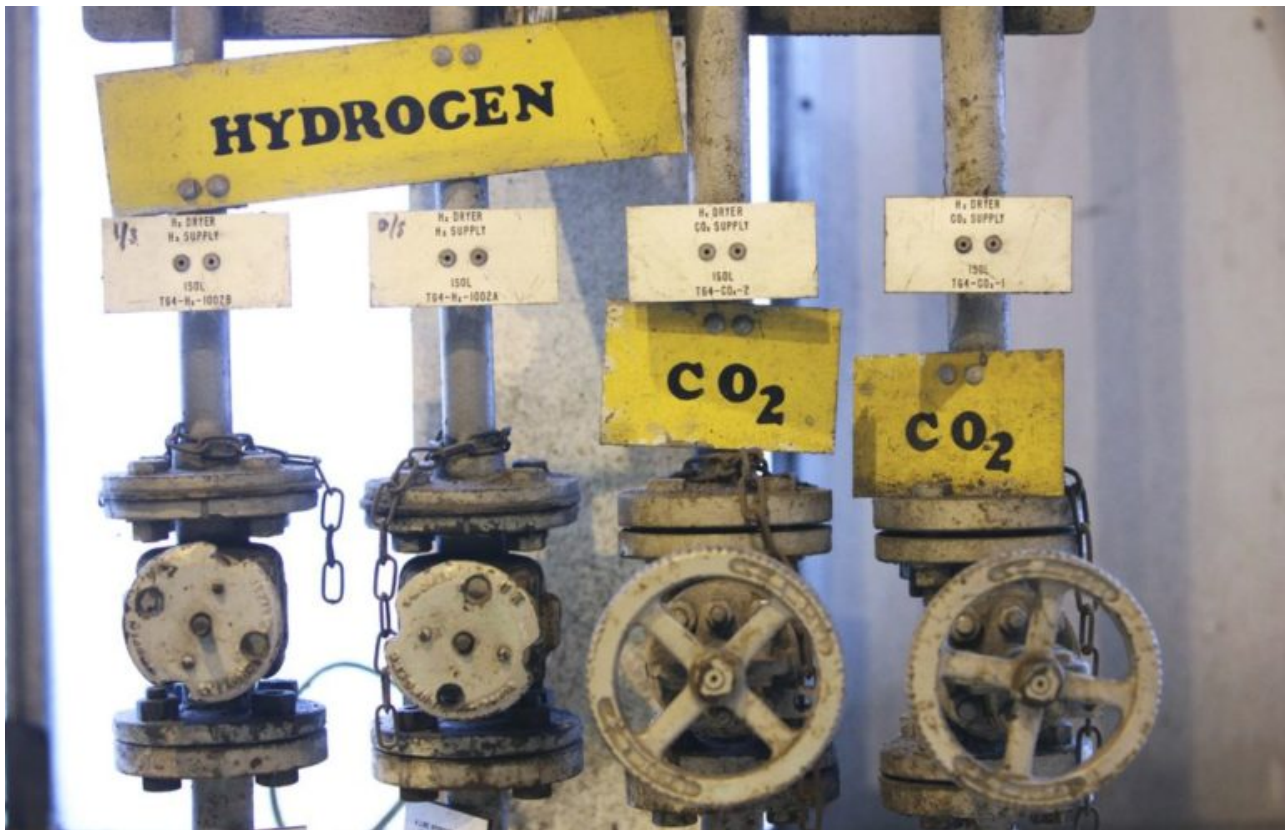


Last week's stunning reversal in oil and natural gas markets brought out of the shadows a trade that used to be commonplace – a so-called relative value trade the two commodities. Oil reached a four-year high in early October on speculation prices could reach \$100 a barrel as Iranian exports dried up. Meanwhile, natural gas burst out of its doldrums earlier this month, but the rally was being threatened by record US production. While it may not have been intentional, investors recreated what was once a popular trade based on a correlation between natural gas and crude oil markets. Crude's decline from its high turned into a rout and a cold-weather rally in gas grew into the biggest surge in nine years as large energy traders raced to unwind bullish crude and bearish natural gas bets, market participants said. The rush to the exits pushed the price ratio between the commodities to the narrowest since the financial crisis. "The crude-natural gas trade hasn't been a thing in a very long time, I'd say maybe a decade," said John Kilduff, a partner at Again Capital. "It appears to be inadvertent. The sentiment around the natural gas market got incredibly bearish because of the record production numbers. Then, all the analysts on the Street were calling for \$100 oil." A relative value trade bets on a price relationship between two commodities, rather than taking an outright position on a single one. In theory, it might be less risky. While crude and natural gas were fairly well correlated in the

middle of the previous decade, due to direct competition for drilling resources at the wellhead, that has faded in recent years due to the US shale gas boom and subsequent oil boom. Earlier this year, the CME Group Inc wrote in a post on its website that the crude and natural gas link reached an inflection point in 2008, and have since decoupled. That all reversed last week in a hurry, with crude dropping 7.1% November 13, the biggest one-day decline in more than three years, the culmination of a record slide. The same day, natural gas jumped 8.3% to exceed \$4 per million British thermal units for the first time in almost four years, followed by a spike of 18% on November 14. "It's not a fundamentally driven rally," said Stephen Schork, president of Schork Group Inc, a consulting group in Villanova, Pennsylvania. "This rally is driven by someone large who had the wrong position."

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## **U.K. Looks to Hydrogen as a Source of Green Energy**



An influential panel of lawmakers in Parliament is encouraging the government to develop hydrogen as a way to provide a green form of heat for industry and homes.

The Committee on Climate Change, which advises the government on energy and environmental policies, said ministers should write a strategy for removing carbon emissions from heat in the next three years, starting with a roll out of hybrid heat pumps.

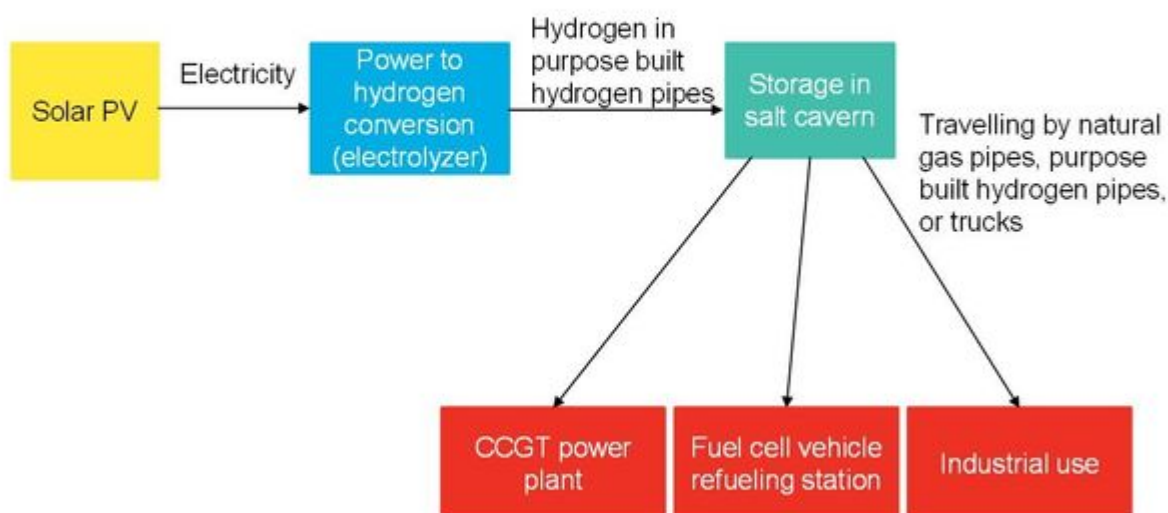
Heat is seen as one of the most difficult and expensive elements of the energy mix to wean off fossil fuels. It accounts for almost half of the U.K.'s energy use and a third of its carbon emissions, according to a government estimate. While renewables such as wind and solar are spreading rapidly to generate electricity, those energy sources are less adept than oil, natural gas and coal in providing heat.

“Hydrogen has the potential to contribute to near-zero carbon energy emissions if used strategically,” said John Gummer, chairman of the Committee on Climate Change. “The government must now decide whether it wishes to develop a U.K. hydrogen

option, taking decisions now that will see the first deployment in the 2020s.”

Heat pumps combine an electric pump with a natural gas boiler. They can reduce a building’s gas use by 80 percent, the committee said in a report published on Thursday. Eventually the gas boiler could burn hydrogen instead, achieving zero carbon heat. So long as the hydrogen is made without emissions, it can be counted as clean energy.

### Illustration of the use of solar PV electricity to produce renewable hydrogen



Source: Bloomberg New Energy Finance

Hydrogen is emerging as a solution to difficult questions in the energy transition, such as how to plug the gaps between wind and solar generation without fossil fuels. Burning the lightest element doesn’t produce any carbon emissions, so it could potentially displace gas and other fossil fuels both in power generation and transport.

The U.K.’s Committee on Climate Change expects that by 2050, hydrogen could provide 25 percent of heat for buildings with the remainder covered by electric pumps.

The U.K. is aiming to meet 15 percent of its overall energy



needs with renewables by 2020 with 30 percent of electricity, 12 percent of heating and 10 percent of transport powered by clean energy. The country is on track to meet its electricity target, but unlikely to succeed on heat and transport unless major changes are enacted, a Parliament committee said in 2016.

The committee is also recommending that hydrogen be used in trucks and heavy industry.

“It’s particularly useful for sectors of economy that’s not possible to electrify or emissions are difficult to reduce,” said Chris Stark, CEO of the committee, by phone.

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## **Argentina set to become exporter of LNG with floating platform deal**



Argentina will soon join the ranks of nations exporting liquefied natural gas and benefit from surging global demand for the fuel. YPF SA, the state-run oil and gas producer, has signed a 10-year contract with Belgium's Exmar NV to deploy a barge-based floating LNG, or FLNG, unit to produce and export the fuel. Exmar shares soared as much as 16%, the most in eight years. The deal helps Argentina tap a boom in domestic shale gas production and turn one of Latin America's biggest LNG importers into an exporter. The initial plan is to ship 500,000 tonnes of LNG per year, feeding the fastest growing fossil-fuel market led by demand from China. The barge will start operations in the second quarter of 2019 and produce as many as eight cargoes per year from the Vaca Muerta source at the Neuquen Basin, according to Exmar. "We are now able to add value to the resources extracted from Vaca Muerta, and take full advantage of the seasonal opportunity with Asian markets and our unique location to serve demand centres," said Miguel Gutierrez, president of YPF. Argentina follows the path of other nations, such as Egypt, which recently resumed exports after domestic output surged. The Tango FLNG, the new name of the vessel currently known as the Caribbean FLNG, will be located in the port of Bahia Blanca.

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## **Justice Department Reviewing Anti-OPEC Legislation, Official Says**



The Department of Justice is formally reviewing antitrust legislation aimed at reining in OPEC's power over oil markets, according to a department official.

While the study is ongoing, there is an understanding that the oil cartel's efforts to affect crude prices through production quotas has raised costs for American consumers, said the official, who spoke on condition of anonymity. That's traditionally the type of conduct the Justice Department would frown upon, the person said.

Bipartisan, anti-OPEC bills have been introduced in both the House and Senate, though neither chamber has voted on the measures yet.

The House Judiciary Committee in June approved the "No Oil Producing and Exporting Cartels Act," or NOPEC bill, which would give the attorney general the authority to file a suit against OPEC for trying to control oil production or to affect crude prices. It would amend the Sherman Antitrust Act of 1890, the law used more than a century ago to break up the oil

empire of John Rockefeller. A similar Senate bill hasn't seen any action yet.

Although past presidents have threatened to use their veto power to prevent similar bills from becoming law, President Donald Trump has repeatedly attacked the cartel over high prices.

OPEC is scheduled to meet next month in Vienna amid a collapse in oil prices that's spurred calls for the group to curb output in 2019. Saudi Arabia has already signaled it supports a deep cut and as a first step will reduce its shipments by 500,000 barrels a day in December.