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Business

France's TotalEnergies gains foothold in Qatar gas expansion

Partnership will help Qatar increase its LNG production by more than 60%

DOHA: Qatar on Sunday named France's TotalEnergies as its first foreign partner to develop the world's largest natural gas field and eventually help ease Europe's energy fears. The French energy major will have a 6.25-percent share of the giant North Field East project that will help Qatar increase its liquefied natural gas (LNG) production by more than 60 percent by 2027, Qatar's Energy Minister Saad Sherida Al-Kaabi told a news conference. Kaabi said it was "a marriage more than an engagement" as the accord will last until 2054.

Other foreign firms will also have joint venture stakes with state-owned Qatar Energy (QE), but none will be bigger than TotalEnergies, said Kaabi, who did not reveal names.

Industry sources say ExxonMobil, Shell and ConocoPhillips are all in line to take part in the giant \$28-billion expansion, that Qatar had originally wanted to finance alone. "We have finished the selection process and we have signed the agreements," Kaabi said, adding that names would be announced in the "near future".

With European nations scrambling to find alternatives to Russian oil and gas, LNG from North Field is expected to start coming on line in 2026. TotalEnergies chief executive Patrick Pouyanne said the company's biggest deal with Qatar would help make up for the company's withdrawal from Russia in the wake of the Ukraine invasion.

Hard bargain

Without giving figures, Pouyanne indicated that Qatar had demanded a high price in the talks that started in 2019. "Your team and yourself have been a very good

defender of Qatar's interests in this project," he said in comments to the minister who is also the QE chief.

"Qatar Energy certainly drove a hard bargain. But for the biggest global LNG players like Shell and TotalEnergies, Qatar is too good to pass up. A stake in these LNG trains delivers scale, low-cost supply, great marketing opportunities, and a good partner," said Ben Cahill, an energy security specialist at the Center for Security and International Studies in Washington.

Qatar is already one of the world's top LNG producers, alongside the United States and Australia. QE estimates that North Field holds about 10 percent of the world's known natural gas reserves.

The reserves extend under the sea into Iranian territory, where Tehran's efforts to exploit its South Pars gas field have been hindered by international sanctions. South Korea, Japan and China have become the main markets for Qatar's LNG but since an energy crisis hit Europe last year, the Gulf state has helped Britain with extra supplies and also announced a cooperation deal with Germany.

Europe has for long rejected the long-term deals that Qatar seeks for its energy but the Ukraine conflict has forced a change in attitude. Qatar's expansion "underlines its position as a leader in this industry", said Bill Farren-Price, head of macro oil and gas research at the Enverus energy consultancy.

"With gas balances tight globally amid reduced Russian gas exports to Europe, LNG is a key and growing component in the energy transition and Qatar is determined to leverage its world-class North Field reserves to capture additional value through this deal.



DOHA: Qatar's Minister of State for Energy Affairs and President and CEO of Qatar Energy Saad Sherida Al-Kaabi (right) and French energy group TotalEnergies CEO Patrick Pouyanne attend a signing ceremony at the Qatar Energy headquarters in Doha on June 12, 2022. — AFP

"Its partnership with TotalEnergies reinforces Doha's political partnership with Western powers while giving it even more marketing options." The Ukraine conflict has also injected a new urgency into efforts around the world

to develop new sources. Tanzania on Saturday signed a framework agreement with British and Norwegian energy giants Shell and Equinor towards implementing a \$30-billion project to export its natural gas. — AFP



GENEVA, Switzerland: World Trade Organization Director-General Ngozi Okonjo-Iweala (center) leaves a press conference at the start of a four-day WTO Ministerial Conference in Geneva on June 12, 2022. — AFP

WTO chief 'cautiously optimistic' ahead of high-stakes meet

GENEVA: The World Trade Organization chief voiced cautious optimism Sunday as global trade ministers gather to tackle food security threatened by Russia's invasion of Ukraine, overfishing and equitable access to COVID vaccines.

Speaking just hours before the opening of the WTO's first ministerial meeting in nearly five years, Ngozi Okonjo-Iweala acknowledged that "the road will be bumpy and rocky, there may be a few landmines on the way." But she told journalists she was "cautiously optimistic that we'll get one or two deliverables", adding she would consider that "a success".

With its first ministerial meeting in years, the WTO faces pressure to finally eke out long-sought trade deals and show unity amid the still raging pandemic and an impending global hunger crisis.

Top of the agenda as the four-day meeting kicks off is the toll Russia's war in Ukraine, traditionally a breadbasket that feeds hundreds of millions of people, is having on food security. EU trade commissioner Valdis Dombrovskis said the bloc had been "working hard with all the members to prepare a multilateral food security package," and slammed Russia for "using food and grain as a weapon of war". The WTO is hoping to keep criticism of Russia's war in Ukraine to the first day of talks, when many of the more than 100 ministers due to attend are expected to issue blistering statements. But with many flatly refusing to negotiate directly with Moscow, there are fears this could bleed into the following days, when the WTO wants to focus on nailing down elusive trade deals. "There is a real risk that things could go off the rails next week," a Geneva-based diplomatic source said.

Fisheries deal in sight?

The tensions have not curbed Okonjo-Iweala's zeal to press for agreements on a range of issues during the first ministerial gathering on her watch, especially as the global trade body strives to prove its worth after nearly a decade with no new large trade deals.

There is cautious optimism that countries could finally agree on banning subsidies that contribute to illegal and unregulated fishing, after more than 20 years of negotiations. The WTO says talks have never been this close to the finish line, but diplomats remain cautious.

The negotiations "have made progress recently, but these remain difficult subjects," a diplomatic source in Geneva told AFP. One of the main sticking points has been so-called special and differential treatment (SDT) for developing countries, like major fishing nation India, which can request exemptions.—AFP

Cash-strapped Sri Lanka announces weekly fuel quotas

COLOMBO: Crisis-hit Sri Lanka announced weekly fuel quotas for motorists on Sunday, as an acute shortage worsened and longer queues formed outside the few pumping stations still operating.

Energy minister Kanachana Wijesekera said the state-run Ceylon Petroleum Corporation was struggling to finance oil imports, while consumption had shot up due to shortages of electricity and liquefied petroleum gas. "We have no choice but to register consumers at filling stations and give them a guaranteed weekly quota until we are able to strengthen the financial situation," the minister said.

"I hope to have this system in place by the first week of July." He did not say how much fuel motorists will be allowed to buy under the new system. Sri Lanka has been struggling with its worst economic crisis in decades, with the country unable to import basic necessities such as food, fuel and medication due to a lack of foreign exchange reserves.

In mid-April, the government ordered all fuel stations not to pump more than four liters of petrol for a motorcycle, five for a three-wheeler and 19.5 liters of gasoline or diesel for cars and SUVs.



COLOMBO, Sri Lanka: A woman carrying a Liquefied Petroleum Gas (LPG) cylinder walks past LPG cylinders placed by people queuing to buy LPG during shortages of essentials across Sri Lanka, in Colombo on June 10, 2022. — AFP

WTO gathering: The battlegrounds

GENEVA: Ministers start meeting at the World Trade Organization for the first time since 2017 on Sunday, hoping to break the logjam on several hot-button issues in the global trade body's in-tray. Led by Ngozi Okonjo-Iweala, the WTO takes decisions by consensus, making agreements harder to reach.

Here are the main issues on the table at the 12th WTO ministerial conference, which runs until Wednesday in Geneva:

COVID-19 pandemic

In October 2020, India and South Africa asked the WTO for a temporary suspension of intellectual property rights on COVID-19 innovations to aid poorer nations' pandemic responses.

Washington backed the idea of a time-limited IP waiver, but only on vaccines. With discussions deadlocked, the United States, India, South Africa and the European Union formed a group to negotiate a com-

promise. Home to major vaccine manufacturers, the four drafted a compromise text temporarily suspending some patent protections for jobs, which has been submitted to other WTO members.

It would only apply to developing countries and those representing less than 10 percent of annual global COVID-19 vaccine exports—thereby excluding China. "I'm feeling cautiously optimistic now that we will get this text ready for adoption by ministers," Sierra Leone's Ambassador Lansana Gberie, who chairs the WTO's IP issues council, said in the build-up. The big pharma lobby is against waiving IP and says the idea is out of date, with vaccine supply now outstripping demand. Public interest groups meanwhile say the text is inadequate, by time-limiting the waivers and applying them only to vaccines and not COVID treatments and diagnostics.

The WTO has spent more than 20 years negotiating a ban on subsidies that encourage overfishing and threaten the sustainability of world's fish stocks. There is cautious optimism that an agreement can be struck during the conference. However, disagreements persist, particularly over so-called special and differential treatment (SDT) for developing countries.—AFP

Under that system, many motorists would top up, drain fuel into cans to build a buffer stock, and then return to the queue for more. This week, queues at fuel stations had become longer, with hundreds of cars and thousands of motorcycles waiting in line, sometimes for days.

Two weeks ago, Sri Lanka received a shipment of Russian crude oil to be refined on the island, but the finished product from the Sapugaskanda refinery was less than a tenth of the country's daily requirement. Around 90,000 tons of Siberian light crude was sent to Sri Lanka's lone refinery after the shipment was acquired on credit from Dubai-based intermediary Coral Energy last month. The Sri Lankan government has also approached Moscow's envoy in Colombo to help secure direct supplies of Russian oil, Energy Minister Wijesekera said.

Sri Lanka defaulted on its \$51 billion foreign debt in mid-April and has since opened talks with the International Monetary Fund for a bailout. The United Nations has issued an appeal for \$47 million to buy essential food for 1.7 million Sri Lankans in the next four months.

The worst economic crisis since the country gained independence in 1948 has sparked widespread protests calling for President Gotabaya Rajapaksa to step down. He has refused, and instead got his brother Mahinda to step down as prime minister on May 9. President Rajapaksa then appointed opposition politician Ranil Wickremesinghe to succeed Mahinda and help lead the country out of the unprecedented economic chaos. — AFP

Resurging US inflation puts Fed on track for more big rate hikes

WASHINGTON: Red-hot US inflation is showing few signs of cooling, putting the Federal Reserve on track to continue its aggressive interest rate increases to help cool high prices that are challenging Joe Biden's presidency. The hoped-for signs of relief for American families did not materialize in May as consumer prices hit a new four-decade high, rising 8.6 percent and topping what economists thought was the peak in March.

With Russia's war on Ukraine continuing to pressure global fuel and food prices, and amid ongoing supply chain uncertainties due to COVID-19 lockdowns in Asia, analysts now say the expected easing of inflationary pressures will take much longer to materialize.

The US central bank already had signaled plans for more big increases in the benchmark borrowing rate this week and next month, but chances are rising that the Fed might have to be even more aggressive—which increases the risk the economy might tip into a recession. The latest inflation report—the last major data point before the Fed's policy meeting Tuesday and Wednesday—also douses hopes central bankers will be able to call a ceasefire in September ahead of key congressional elections, where Biden's Democrats are widely expected to suffer damaging losses.

Prices continued to rise last month for a range of goods, including housing, groceries, airline fares and used and new vehicles, setting new records in multiple categories, according to the Labor Department data. Energy has soared 34.6 percent over the past year, the fastest since September 2005, while food jumped 10.1 percent, and the cost of fuel oil more than doubled, jumping 106.7 percent, the largest increase in the history of CPI, which dates to 1935. The CPI surge "raises the probability of even more aggressive Fed rate hikes to tamp down on inflationary expectations," said Mickey Levy of Berenberg Capital Markets. If the policy-setting Federal Open Market Committee decides on a giant step-three quarters of a point rather than the expected half-point increase—it would be the first 75 basis point rate hike since November 1994. Diane Swonk of Grant Thornton indicated such a move is possible. "They are behind the curve and eager to catch up," she said on Twitter. "Fed has to reduce demand to meet a supply-constrained world. Ugly in many ways." Economists at Barclays are now calling for a 0.75-point increase, though Ryan Sweet at Moody's says chances are low, and Karl Haeling at LBBW expects three more half-point hikes.—AFP



PARSIPPANY, US: In this file photo taken on May 06, 2021, Ben Rich charges his Tesla vehicle at a super charging station in Parsippany, New Jersey. Record-high prices at the pump in the US are inflating motorists' bills but also impacting many parts of the economy, straining truckers' budgets, driving up airline tickets or rekindling interest in electric cars.—AFP