

Qatar lifts North Field gas development moratorium, increasing LNG output

Walid Khadduri

Beirut

Qatar Petroleum (QP) has lifted a 12-year moratorium on the development of the world's largest offshore gas field, its CEO Sa'ad Sherida al-Ka'abi said. The move will raise Qatar's production capacity of liquefied natural gas (LNG) by 2 billion cubic feet daily in about ten years, when it is projected the transient soft Asian gas market would revive.

Qatar sources its gas mainly from the offshore North Field, which straddles Iran's marine border. Natural gas – mainly LNG – is the main revenue earner for Qatar. Qatar is the world's largest LNG exporter. QP declared the moratorium in 2005, aiming to study the field's performance to adopt appropriate policies for its development.

There was no deadline set for the moratorium and the government annually extended it. QP has one LNG development project in the North Field – the Barzan project, which was sanctioned prior to 2005 with an expected production of 1.4 billion cubic feet daily, intended mainly for the domestic market.

Consumption of natural gas is rising faster than any other hydrocarbon fuel globally. Gas is rapidly becoming the fuel of choice to generate electricity, both because of its relative cost advantage over oil and because it is more environmentally friendly. Gas has also been replacing coal in power stations.

Sustainable sources of energy – solar and wind, as well as nuclear power – are competing with gas



Main revenue earner. A general view of the North Field in Qatar.

(AFP)

as the fuel of choice in Western industrialised countries, particularly in Europe. Sustainable energy constitutes less than 10% of the global energy market and it is expected to be a long time before it constitutes a serious challenge to gas.

QP's development project plans to boost capacity by about 2 billion cubic feet daily of raw gas and increase the country's LNG production capacity of 20 billion cubic feet daily by approximately 10%.

Production from the North Field's wet gas will include condensates and LPG, important revenue earners for the country. The new production will be sourced from the southern area of the North Field not from the northern part near Iranian waters. Qatar expanded its LNG production capacity at the turn of the century. It was planned that much of the new production capacity would be destined for the US market but the advent of US shale gas has obliged QP to find a new market.

Europe was also not a viable alternative at the time with European LNG demand down in 2009 due to the financial crisis. QP diverted supplies to Asian markets, particularly to Japan following the Fukushima nuclear disaster in March 2010. QP provided LNG to substitute the nuclear feed to dual-fuel power plants there.

■ The new supplies from Australia and the United States encroached on Qatar Petroleum's market share.

Meanwhile, new LNG capacity was being built in Australia and plans were under way to export US shale gas to global markets. Russia, the country with the world's largest gas reserves started exporting gas through long-distance pipelines

to China. The new supplies from Australia and the United States encroached on QP's market share, particularly in its traditional Asian markets.

LNG suppliers have experienced a period of soft prices for several reasons, including the 2004-06 oil price crisis that lowered gas prices from around \$16-\$18 per million British thermal units (Btu) to as low as \$4-\$5 per million Btu; more suppliers to the market; LNG markets are becoming more flexible with spot-term contracts replacing the traditional long-term deals of 20-25 years and due to demand from consumer countries for different price formulas.

QP has moved its surplus supplies to Japan after Fukushima and the increase in US shale gas production and is awaiting the recovery of prices and markets.

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Smartphone apps find success in Iraq despite economic crisis

Sinan Salaheddin

Baghdad

It did not take long for Ahmed Subhi and his friends to figure out the best project to launch amid Iraq's acute economic crisis. They just looked at their phones.

Subhi became the co-founder of Baghdad's popular food ordering and delivery app called Wajbety – "My Meal."

"When we were mulling business ideas to be introduced in Iraq, mobile apps came first to our minds, given the wide access to internet and smartphones by Iraqis and the absence of such business," Subhi, 40, said in an interview in his office in Baghdad's affluent Mansour neighbourhood. As he spoke, employees wearing headsets typed away on laptops, processing orders for restaurants.

Iraq's young, tech-savvy entrepreneurs are finding business opportunities in mobile apps at a time the government is strapped for cash and looking to the private sector to create jobs.

They have seen the success abroad of businesses such as food ordering, ride hailing and online shopping and are adapting them for Iraq, where years of conflict and economic hardship have taken their toll.

Oil revenues make up nearly 95% of Iraq's budget but the country has been reeling under an economic crisis since 2014, when prices began falling from a high of more than \$100 a barrel.

The seizure of Iraqi territory by

the Islamic State (ISIS) in 2014 worsened the situation. Badly needed resources were diverted from productive investment to fight a long and costly insurgency. Growth has been stunted, with poverty and unemployment on the rise.

Iraq has one of the most youthful populations in the world, with about 60% of its estimated 37 million people under the age of 25, the United Nations said.

Decades of war, government mismanagement and the failure to encourage private-sector initiatives, however, have made many in Iraq look only to the public sector as a place for jobs that provide incentives and pensions.

■ The Wajbety app was born in April 2014.

The unemployment rate in 2016 was 16%, up from nearly 15.5% in 2015 and 14.9% in 2014, the World Bank said.

"Iraqis have long linked their life to the government and its budget, and therefore we don't have the business mentality mainly among youths," said Mahmoud Dagher, general director of the Financial Operations Department at the Central Bank of Iraq.

"The youths have developed an idea that a university degree automatically leads to a comfortable public-sector job," he said.

That sector, however, is hugely bloated, with about 5 million employees, in addition to the security forces. The Iraqi government has stopped hiring, except in health care, where there is an acute lack of professionals and those with high-



Thriving. Entrepreneur Ali al-Khateeb, the company manager of Ujra, directs his taxis in Baghdad.

(AP)

level degrees.

In a bid to create up to 250,000 private-sector jobs, the government last year started a \$5 billion initiative for small, medium and large projects called Tamwil – "Finance" – which is run by the Central Bank, Dagher said. The loans run for five years with an interest rate of no more than 4.5%.

Subhi decided not to seek a public sector job. In 2009, he and three friends established his Baghdad-based IT Training House Company, which offered IT services, education and products mainly to the government.

When government resources dried up in 2014, Subhi's business slowed down.

"As contracts with government agencies were not available any more, we had to find an exit," he said. "Then, we decided to introduce app business to Iraq."

The Wajbety app was born in April 2014. At first, it attracted only a lukewarm response from the public and faced unexpected problems: Motorcycles carrying food orders were sometimes confiscated by authorities in Baghdad neighbourhoods where they were not allowed for security reasons. Many Iraqis do not have access to e-mail. Some restaurant owners refused to pay

the 5% fee per bill that Subhi requested. There were fake orders.

The company found solutions, such as using cars as well as motorcycles, taking orders via phone or social media and using a verification process for big orders.

Now, his business is worth more than \$100,000, has eight employees and averages 50 orders per day.

A fellow Baghdad entrepreneur, Ali al-Khateeb, also turned to a successful foreign business model, the ride-hailing company Uber. In February, Khateeb launched an app called Ujra – "Fare."

The company has nine employees and deals with 250 drivers who pay it a percentage of the fare from each trip. He plans to hire another 50 or so employees by the end of the year and expand beyond Baghdad.

Khateeb, a 32-year-old father of two, promises to make Iraqis' taxi experience simple, safe and enjoyable.

"They don't have to stand in the street in the very hot summer or rainy winter anymore waiting for a taxi and they don't need to worry about their security and safety, as all our drivers are verified and have modern cars," he said.

(The Associated Press)

Briefs

Egypt's urban consumer price inflation at 31.5%

Egypt's annual urban consumer-price inflation hit a three-decade high in April, adding pressure on the government to lower prices before the holy month of Ramadan begins May 27.

Food demand usually grows during Ramadan because of heavy consumption following the dawn-to-dusk fasting.

Annual urban inflation rose in April to 31.5% from 30.9% in March, the official statistics agency CAPMAS said. The figure is the highest since June 30, 1986, when it reached 35.1%.

Egypt abandoned its currency peg to the US dollar in November and since then the currency has depreciated by approximately half, causing prices of goods to soar.

Jihad Azour, the new head of the International Monetary Fund's Middle East department, has said that lowering inflation is key to keeping Egypt's economic reform programme on track.

Egypt's central bank raised interest rates 3% when it floated the pound to fight price pressures but inflation is expected to keep rising as the government institutes more economic reforms.

(Reuters)

Iraq, Algeria support extension of oil production cuts

Iraq and Algeria said they support the extension of oil production cuts by OPEC and non-OPEC producers through the end of the year to try to boost prices.

In a news conference in Baghdad by the oil ministers of the two countries, Iraqi Oil Minister Jabar Ali al-Luaibi said "there might be new ideas to be presented" at an OPEC meeting May 25. He did not provide details.

Iraq, OPEC's second-largest producer, committed to reduce daily production by 210,000 barrels to 4.351 million barrels as part of a December agreement among major oil producers. That agreement stipulated a total reduction of 1.8 million barrels per day in the first six months of 2017.

Iraq relies on oil revenues for nearly 95% of its budget.

(The Associated Press)

Germany, Turkey look to bolster business and trade ties

Germany and Turkey discussed ways to revive business ties after a period of strain when Ankara accused Berlin of "Nazi methods" for barring its leaders from campaigning among German Turks for a referendum.

Turkish Economy Minister Nihat Zeybekci, speaking after meeting her German counterpart, Brigitte Zypries, said bilateral trade volume could double to \$76 billion a year.

Given the current trade volume and investments totalling \$13 billion, Zypries said Germany was Turkey's most important trading partner and Berlin was keen to expand business ties.

(Reuters)