

Europe East, Russia, Black, Caspian

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- The consequences of the COVID-19 measures by governments and companies, in combination with heightened competition on the global supply side, have a serious impact on Russian exporters (warmer winter has already dampened demand).
 - These negative impacts seem somewhat mitigated by competitively priced gas replacing coal for power generation in some markets.
 - The result of these developments for the first half of 2020 is most likely to be a net reduction of export volumes compared to the records of 2018/2019.

- Meanwhile, a strong focus on building the medium to longer-term gas export capacity remains and significant capital continues to be injected. The planned investment program for 2020 totals almost 1.1 trillion Rubles (15 billion USD).
 - New export infrastructure projects are either coming on stream (eg. TurkStream through the Black Sea) or are being constructed, with some at an advanced stage of development
 - Nord Stream2 reportedly has 160 km of offshore pipeline left to complete (total route covers 1200 km). At the time of this report, the German Federal Regulatory Agency has reportedly not yet formally finalized its decision on the regulatory regime for the pipeline.
 - Among the other infrastructure projects, the further development of the enormous resources of the Yamal Peninsula stands out. The gas will be used for supplying both European and Asian markets.
 - To ensure the Asian supply, the projects Power of Siberia (has come on stream, focus Eastern China, 30-year contract with CNPC) and Power of Siberia 2 (pre-investment phase, focus Mongolia/Western China) are essential and require major pipeline/compression projects as well as upstream field development outside the Yamal area.

- Novatek and partners (Total, CNPC and the Silk Road Fund) are moving forward with the Yamal2 LNG development. All 15 new ice-class tankers have been received by the JV. In December 2019 the newest tanker loaded the 354th cargo bound for China, and in February 2020 Yamal reached its 30 million tons export milestone after the startup of Yamal 1 Train 1 at the end of 2017. In 2019, the design capacity was exceeded by 11 %. Novatek stated in April that the new projects (incl the major LNG2 and the smaller Ob LNG in Yamal) will proceed without major changes despite an almost 30% year-on-year drop in exports in 1q20.