

Dear colleagues,

In follow-up to the discussion at HoMs this morning, please find below **some information concerning the impact on LNG:**

For now, **there is no indication that Qatar's exports of LNG, oil or NGLs will be impeded** and there are reports that Qatar's leading clients in Asia have received reassurances that supplies would continue as usual. However, bunkering at Fujairah has been halted for Qatari-flagged vessels or those heading to or leaving Qatar and therefore **Qatari ships may be forced to operate in the Iranian Exclusive Economic Zone (EEZ) waters** if they are banned from the Emirati EEZ.

According to some reports, this is already creating chaos, pushing shippers to find new points for refueling with the risk of increasing costs and delaying deliveries. **Qatar shipping should retain use of the Suez Canal**, which is governed by international agreements. But Egypt could reduce the canal-fee discount offered to LNG ships, making transits more expensive for Qatari LNG carriers and reducing Qatari LNG competitiveness in the European market.

**Pipeline gas (Dolphin pipeline) and LNG exports to the UAE are set to continue for now**, as are LNG exports to Egypt, delivered through trading companies. The UAE may attempt to source some additional LNG cargoes to try and reduce its imports of Qatari gas (currently 2bn cf/d) via the Dolphin system, which would put pressure on spot prices, though such pressures are likely to be short lived as the LNG market is well supplied. In the unlikely event that Qatar completely cuts, or the UAE attempts to completely cease, pipeline gas supplies, this would probably require UAE to suspend most, and Oman some, of its LNG exports; **and should this be accompanied by restrictions on Qatari exports, the global LNG market would take a big hit.** Egypt could bar LNG of Qatari origin, but there is no evidence yet that Egypt will make such a move, especially given that the delivery of Qatari LNG to Egypt is made through traders who own the cargoes and don't use Qatari ships.

<https://www.oxfordenergy.org/wpcms/wp-content/uploads/2017/06/Feud-Between-Brothers-the-GCC-rift-and-implications-for-oil-and-gas-markets.pdf>

Best regards,

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Delegation of the European Union to the Kingdom of Saudi Arabia,  
the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman  
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