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Top News - Oil

China fuel exports to slip in Jan as Lunar New Year travel peaks

China's exports of refined oil products could start 2023 with a drop of 40% in January from December's figure, as Lunar New Year travel demand boosts domestic consumption of transport fuels, trading sources and analysts said.

The fall in exports from China, which has the world's second-largest refining capacity after the United States, is expected to underpin Asian refiners' margins for transport fuels.

China ramped up fuel exports in the fourth quarter of 2022 after Beijing reversed its policy to focus on economic revival from reining in refinery emissions.

On Friday, China reported its December refined fuel exports, which also include marine fuel oil, at 7.7 million tonnes, the highest since April of 2020 and up a quarter from November, although 2022 annual exports remained 11% below 2021.

Estimates for January exports of diesel, gasoline and jet fuel are between 3.8 million and 4.1 million tonnes, say Chinese consultancies Longzhong, JLC, and several trade sources.

The volume of gasoline, at up to 840,000 tonnes, is likely to be the lowest among the products, they said.

"Wholesaler and retail prices, especially for gasoline, have increased since the start of the year," said one trading source based in China, speaking on condition of anonymity.

The price hike, which came as local traders and distributors stocked up in expectation of strong driving demand during the holiday season, narrowed export margins, the source added.

Hundreds of millions of people are on the move this month as they return home to celebrate Lunar New Year which falls on Jan. 22 this year.

Gasoline margins have recovered close to $10 a barrel, the highest since August, on expectations of lower Chinese exports, traders said.

Exports of jet fuel were pegged at up to 1.2 million tonnes in January, down from up to 1.9 million tonnes in December, as aviation fuel demand picks up in China, according to data collated by Longzhong, JLC and two China-based trade sources.

Diesel exports are seen falling to between 1.7 million and 2.1 million tonnes, analysts added.

Chinese oil majors continue to capitalise on strong overseas margins for 10 ppm gasoil on low demand from the local construction sector during winter, one northeast Asian refiner said.

Two analysts at trading firms expect Chinese exports to fall further in February, as state majors keep up a focus on meeting domestic demand, especially for gasoline and jet fuel.

China may reduce quotas in the second half of 2023 if domestic demand improves and its policy turns back to focus on energy transition, said senior analyst Emma Li at Vortexa.

China has raised its first batch of 2023 export quotas for refined oil products to 18.99 million tonnes, up 46% from 13 million tonnes a year earlier.

This followed a sizable issuance of 13.25 million tonnes in September, as the government sought to shore up the economy by encouraging refiners to step up operations and benefit from robust export profits.

EXCLUSIVE- Russian oil shipped to Asia in Chinese supertankers amid ship shortage

At least four Chinese-owned supertankers are shipping Russian Urals crude to China, according to trading sources and tracking data, as Moscow seeks vessels for exports after a G7 oil price cap restricted the use of Western cargo services and insurance.

China, the world's top oil importer, has continued buying Russian oil despite Western sanctions, after Russian President Vladimir Putin and Chinese leader Xi Jinping launched what they called a no-limit partnership before the war in Ukraine.

The sources said a fifth supertanker, or very large crude carrier (VLCC), was shipping crude to India, which like China has continued buying Russian oil sold at a discount as many Western buyers turn to other suppliers.

All five shipments were scheduled between Dec. 22 and Jan. 23, according to the sources and Eikon ship tracking data.

The G7 price cap introduced in December allows countries outside the European Union to import seaborne Russian oil but it prohibits shipping, insurance and re-insurance companies from handling Russian crude cargoes unless sold for below the $60 cap.

"With Urals prices well below the price cap, the business of buying and trading Urals is essentially legitimate," said an executive with a Chinese firm involved in the shipments.

As the United States and its allies tried to choke off Moscow's energy revenues to limit its ability to fund the Ukraine war, Russia quickly diverted oil exports from Europe last year, mainly to Asia.

The longer voyages, heavy discounts and record-high freight rates ate into profits but the use of supertankers on the Asian routes may now cut shipping costs.

The Russian energy and transport ministries declined to comment. China's Foreign Ministry did not respond to a request for comment, although Beijing has previously called the Western sanctions on Russia illegal.

Indian Oil Minister Hardeep Singh Puri said at a press briefing on Thursday that India would buy oil from wherever it could secure the cheapest price.

Industry sources say Indian refiners are securing a discount of $15-$20 per barrel on Russian oil on a delivered basis compared to Brent.

RUSSIA TURNS TO ASIA

Russia is sending Urals from its Western ports for transhipment to supertankers Lauren II, Monica S, Catalina 7 and Natalina 7, all Panama-flagged ships bound for China, while the Sao Paulo is already approaching India, according to three trading sources and Eikon data.

Based on Eikon data and public maritime databases, Lauren II is managed by China's Greetee Co Ltd and owned by China's Maisie Ltd, Catalina 7 is owned by Hong Kong's Canes Venatici Ltd and Natalina 7 by Hong Kong's Astrid Menks Ltd with both managed by China's Runne Co Ltd, while Monica S is owned by China's Gabrielle Ltd and managed by Derecttor Co Ltd. The Sao Paulo is owned and managed by Cyprus-based Rotimo Holdings Ltd.

Reuters was unable to immediately contact the owners and managers because of a lack of public information about them.

The executive with the Chinese firm involved in the shipments estimated a total of 18 Chinese supertankers and another 16 Aframax-sized vessels could be used for shipping Russian crude in 2023, enough to transport 15 million tonnes a year or about 10% of total Urals exports.

A VLCC can carry up to 2 million barrels, a Suezmax vessel up to 1 million barrels and Aframax up to 0.6 million barrels.

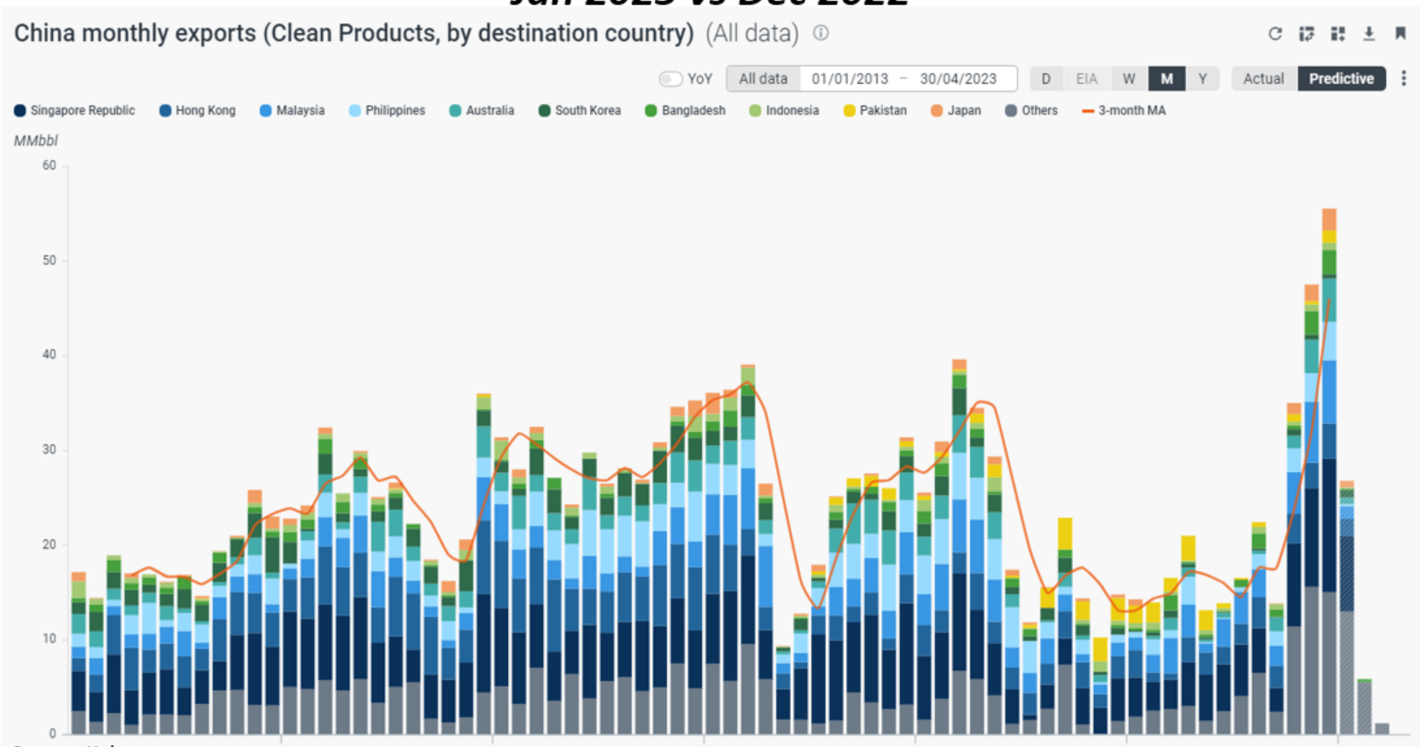
While most Russian crude is now heading to China, India and Turkey in Russian or non-western ships, G7 sanctions have led to a shortage of smaller ice-class tankers - many belonging to Greek and Norwegian companies - needed by Russia to transport its crude from Baltic Sea ports in winter.

Russia and China do not have a large fleet of ice-class vessels and using Chinese VLCCs frees them up to travel from Baltic ports to conduct ship-to-ship transfers to bigger tankers in international waters, according to traders.

This practice showed up in Eikon tracking data, including in Mediterranean international waters, with the executive highlighting operations near Ceuta, a Spanish autonomous city on the north coast of Africa, and

Chart of the Day

China's diesel, gasoline and jet fuel exports to slip from record levels in Jan 2023 vs Dec 2022



Source: Kpler

REFINITIV
An LSEG Business

Greece's Kalamata, a city in the Peloponnese peninsula in southern Greece.
"It's extremely expensive and doesn't make sense to use ice-class tankers for long distances," one European market trader said, explaining why VLCCs were being used.
Another trader said the Ukraine war and sanctions had pushed up demand for smaller tankers and driven down rates for large vessels, helping reduce some of the extra costs Russia faces.

Top News - Agriculture

Indonesia palm oil export curbs, biodiesel plans to hit world vegoil supplies

A move by top palm oil exporter Indonesia to restrict shipments and boost domestic biodiesel consumption is set to squeeze global vegetable oil supplies already undercut by lower output in Southeast Asia and Latin America.
Edible oil buyers, including price-sensitive consumers in South Asia and Africa, will bear the brunt of the supply-side constraints that come just as demand is forecast to climb, with China easing COVID-19 controls and India boosting purchases.
Indonesia's new restrictions are another challenge for food-importing countries hurting from last year's red-hot inflation, which pushed prices of key staples wheat, corn and soybeans to all-time or multi-year highs.
"The implementation of (the) B35 mandate in Indonesia in 2023 definitely changes (the) global palm oil SND (supply and demand) situation," said Oscar Tjakra, a senior analyst at food and agribusiness research at Rabobank.
"I'm now expecting global palm oil SND will be in a slight deficit."
Indonesia's B35 mandate, the highest in the world, stipulates diesel sold in the country from Feb. 1 has to contain 35% palm-based fatty acid methyl ester. By comparison, Malaysia has partially implemented a 20% biodiesel blending mandate and other countries have measures calling for single and double digit percentages of bio content for diesel or gasoline.
The Indonesia Biofuel Producers Association says the B35 mandate will take up 11.44 million tonnes in palm oil this year, up from 9.6 million in 2022 under the country's B30 measure.
Indonesia, producer of more than half of global palm oil supplies, also tightened trade rules this year, allowing exporters to ship just six times their domestic palm oil sales volume, less than a fourth-quarter 2022 ratio of eight times.
"Indonesian palm oil export definitely will drop, as output will decline, domestic consumption will increase," Fadhil Hasan, an Indonesian Palm Oil Association (GAPKI) official, told Reuters.
Indonesia produced 51.3 million tonnes of palm oil in 2022 and exported 33.7 million, GAPKI estimated. In 2023, palm oil output is expected at 50.82 million tonnes and exports 26.42 million, it said.
On Thursday, Malaysia said it could stop exporting palm oil to the European Union in response to a new EU law aimed at protecting forests by strictly regulating sales of the product.
Malaysian benchmark palm oil futures are expected in a range of 4,000-4,200 ringgit ($920-$970) per tonne this year, according to the Malaysian Palm Oil Board Director General Ahmad Parveez Ghulam Kadir.
That's lower than a record average of 4,910 ringgit in 2022, with prices skewed higher by disruption to edible oil supplies and distribution by Russia's invasion of Ukraine. But it's still comparatively high. Prices averaged 3,260 ringgit a tonne between 2018 and 2022.
On Friday, Malaysian palm futures were trading near a three-week low around 3,860 ringgit.
Other threats to edible oil supplies include Argentina's worst drought in 60 years, which is forecast to cut its soybean output to 41 million tonnes, down from 48 million previously estimated.

STRONG DEMAND

India's palm oil imports in December jumped 94% from a year earlier to a record high as the product's higher discount to rival vegetable oils led refiners to boost purchases.
"Palm oil's discount to rival oils is around $300 a tonne, we expect this discount to narrow to around $200 by March," said Sandeep Bajoria, chief executive of Sunvin Group, a vegetable oil brokerage.
"But India's strong demand for palm oil will continue as it is still the cheapest edible oil."
Palm oil purchases by China, the world's second-largest importer, are also expected to climb this year, after dropping sharply in 2022 because of Beijing's then strict COVID controls.

COLUMN- Unusually large trade misses in U.S. grains data tempered by demand cuts -Braun

The U.S. Department of Agriculture’s January data dump reverted to its often-unpredictable nature on Thursday as analysts missed the mark on several key numbers, unlike their unusually strong year-ago performance.
However, most of the surprising figures, many of which were smaller-than-expected and thus bullish, had some opposing factors that may ease the market’s response.
Perhaps the biggest shock to the market came in 2022 U.S. corn production, which fell below the uncharacteristically narrow range of pre-report estimates. Analysts were especially unprepared for the 1.6 million-acre cut in corn harvested area, an exceptionally large

reduction. To put that in context, analysts missed corn harvested area in the previous 10 Januarys by an average of 223,000 acres with a high near 500,000 acres, but they overestimated it by more than 1.5 million acres on Thursday.
Harvested corn acres were primarily lost in western states including Nebraska, Kansas and South Dakota, where drought hit hard this summer.
Corn yield came in 0.8 bushel above the average trade guess, which is analysts' worst performance in the 2022 season. However, for the January report, that miss ties for the third smallest of the latest 10 years.
The best analog for 2022 corn production may be 2002, which also featured a western drought. Harvested corn acres dropped 1.2 million from the previous estimate in January 2003, while the yield notably increased. Acres fell mildly following the 2012 drought that was focused in both the West and the East.
Traders should not forget about the 2022 U.S. corn harvest because its story may not be over. In recent years, Sept. 1 stocks were bearish in the years that featured the biggest bullish surprises in the previous Dec. 1 figures. One cause for that may be if USDA underestimated the corn crop.
But a larger production number may never be printed, even if it is the word on the street. USDA's statistics service will review the 2022 corn crop ahead of the Sept. 1 stocks release on Sept. 29.
Dec. 1 U.S. corn stocks were the third-most bullish relative to analyst guesses since at least 2005, coming in more than 3% below the trade at a nine-year low of 10.8 billion bushels.

WHEAT AND SOY MISSES
Dec. 1 U.S. soybean and wheat stocks were both the most bullish versus market predictions since at least 2005. Wheat stocks came in 5% below trade guesses and soybean stocks were 3.6% below.
The 2022 U.S. soybean yield fell outside the trade range of guesses for the first time in three years and below it for the first time in 16 years.
The soy yield of 49.5 bushels per acre was smaller than in November by 0.7 bpa (1.4%), the largest November-January decline by both bushels and percentage in 27 years.
This was driven by light yield reductions across the board in almost all top states.
Analysts lowballed 2023 U.S. winter wheat seedings by the largest degree since at least 2000, coming in nearly 2.5 million acres too low. That marked their biggest miss in either direction in seven years.
USDA pegged 2023 U.S. winter wheat area at an eight-year high of 36.95 million acres, up 3.7 million on the year. Texas accounts for 38% of that annual increase,

MARKET MONITOR as of 07:58 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.37 / bbl	-0.61%	-1.11%
NYMEX RBOB Gasoline	$2.53 / gallon	-0.56%	1.89%
ICE Gas Oil	$932.25 / tonne	-0.05%	1.22%
NYMEX Natural Gas	$3.63 / mmBtu	6.08%	-18.95%
Spot Gold	$1,916.35 / ounce	-0.20%	5.04%
TRPC coal API 2 / Dec, 23	$170 / tonne	3.03%	-7.98%
Carbon ECX EUA / Dec, 24	€83.32 / tonne	-0.48%	-5.32%
Dutch gas day-ahead (Pre. close)	€63.30 / Mwh	-1.86%	-16.24%
CBOT Corn	--	--	--
CBOT Wheat	--	--	--
Malaysia Palm Oil (3M)	RM3,881 / tonne	1.04%	-7.02%
Index (Total Return)	**Close 13 Jan**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	299.86	0.80%	-0.49%
Rogers International	28.40	0.69%	-0.92%
U.S. Stocks - Dow	34,302.61	0.33%	3.49%
U.S. Dollar Index	102.2	-0.04%	-1.27%
U.S. Bond Index (DJ)	409.80	-0.31%	4.42%

and Oklahoma and Illinois each account for 8%.

TEMPERAMENT

Cuts to the 2022 U.S. corn and soy crops were large enough to lower projected 2022-23 ending stocks from last month, against predictions for them to rise. But the export reductions to below 2 billion bushels on both balance sheets should not be overlooked. Smaller exports were not necessarily surprising, especially for corn. Aside from weak U.S. export sales as of late, USDA on Thursday increased Ukraine's corn exports by 3 million tonnes from last month without raising the crop estimate. For soybeans, Chinese imports were reduced to 96 million tonnes from 98 million last month, and Brazilian soy harvest targets are still huge, easing pressure on U.S. supplies.

World wheat stocks on Thursday drifted slightly higher than last month, though traders in Australia think the 2022-23 wheat crop may have reached 42 million tonnes. USDA left that estimate unchanged at 36.6 million tonnes, meaning global exportable wheat supplies, especially of feed quality, may be higher than the U.S. agency has stated. The massive U.S. wheat area was the only number from Thursday not yet officially incorporated into USDA balance sheets as it falls in the 2023-24 marketing year. However, a larger crop would go a long way in pulling U.S. wheat ending stocks up from their projected 15-year low in 2022-23.

Top News - Metals

COLUMN- Base metals start the new year with depleted inventory: Andy Home

The London Metal Exchange's (LME) global warehouse network held 654,345 tonnes of metal at the end of December, less than half the tonnage registered at the close of 2021.

It's the lowest end-year inventory in the system this century and reflects two years of steady withdrawals which have left exchange stocks of metals such as zinc and lead almost depleted.

There has been a mirror drawdown of what the LME calls off-warrant stocks, meaning metal that is being stored off-market but with the option of exchange warranting.

LME warehouse operators have slashed storage capacity by 15% over the last 12 months as ever less metal rests with the market of last resort.

This is not just an LME phenomenon. Shanghai Futures Exchange (ShFE) warehouse stocks also ended the year at their lowest level since 2007. Exchange inventories are just one component of the bigger inventory picture but can have an outsize impact on price, particularly time-spreads. It's no coincidence that all the LME base metals have experienced bouts of extreme tightness over the last couple of years.

The turbulence is likely to continue until there is a sustained rebuild in inventory back to historical norms.

GOING, GOING...

Registered stocks of all the LME base metals fell last year with the single exception of tin, which rose by a modest 950 tonnes to 2,995 tonnes. It's still a very low stocks level relative to the past and represents just a couple of days' worth of global consumption.

Copper stocks ended the year flat at a bombed-out 88,550 tonnes, an early-year rebuild having gone into reverse over the second half of 2022.

Registered nickel stocks fell by 45% year-on-year, aluminium stocks by 52%, lead by 54% and zinc by 85%.

Even the low headline figure of 654,345 tonnes at the end of December flatters to deceive. Around 45% of that tonnage was awaiting physical load-out, leaving live stocks at just 357,000 tonnes.

Off-warrant stocks have also collapsed over the last couple of years. They totalled 239,386 tonnes at the end of November, down from 1,879,261 tonnes at the end of 2020.

Most of the remaining shadow inventory is aluminium. It accounted for 189,000 tonnes at the end of November, just about all of it at Asian locations, which continue to see rotation of metal between on-exchange and shadow stocks as financiers play the storage-spreads game.

The only other significant shadow stocks at the end of November were the 34,000 tonnes of zinc in Singapore. This metal, so far at least, has failed to make its way onto LME warrant and there's no guarantee it will do.

PHYSICAL COMPETITION

The LME is competing for metal with a physical supply chain that has been severely dislocated first by COVID-19 and then by Europe's energy crisis.

Metal users in Western markets have been prepared to pay eye-watering premiums to fill gaps in their intake books.

Zinc smelter closures in Europe, for example, mean that a tonne of refined zinc can fetch $500 over and above the LME cash price. The LME contract is in backwardation but the cash premium over three-month metal is a relatively modest $20 per tonne.

Spare zinc units are more valuable in the physical supply chain than in the terminal market. That's going to remain the case going forwards with Fastmarkets reporting that annual 2023 premiums are settling close to spot assessments, almost double last year's level.

The same is true of the other base metals.

Aluminium premiums peaked in the second quarter of last year but a tonne of ingot can still command a premium of around $550 over LME cash in the U.S. Midwest and of over $200 in Europe.

Only in Asia is the physical premium low enough at around $80 per tonne to allow LME warehousers to compete for new inventory.
Everywhere else, high physical premiums for all metals are proving sticky, maintaining the incentive to divert spare units from exchange delivery.
That's not to say there hasn't been gaming of LME inventories at times over the past couple of years, but the games are predicated on there not being much spare metal around for LME delivery in the first place.

CHINESE EXPORTS
Total registered stocks in the ShFE warehouse network stood at 228,797 tonnes at the end of December, down from 512,368 tonnes at the close of 2021.
It was the lowest end-year total since 2007, although the comparison isn't exact because ShFE only traded aluminium, copper and zinc at the time. Lead was added in 2011 and both tin and nickel in 2015.
Aluminium stocks registered the biggest year-on-year fall at 70%, the headline figure falling below the 100,000-tonne level in December for the first time since 2016. Zinc stocks were down by 65% and lead stocks down by 59% on December 2021.
It's worth noting that significant quantities of all three metals have left China over the last year to capitalise on high Western premiums.
Exports of primary aluminium were 195,000 tonnes in the first 11 months of 2022, the highest flow since 2009. Zinc exports over the same period were 80,000 tonnes, the highest since 2015, and lead exports of 100,000 tonnes were the highest since 2007.

SEASONAL REBUILD
ShFE stocks have started 2023 on a surge ahead of the approaching Lunar New Year.
This is a seasonal phenomenon as end-users wind down operations for what is the most important holiday period in the Chinese calendar. This year's stocks rebuild may be accentuated by the messy exit from the country's zero-COVID policy.
But it is taking place from a particularly low base and, if the past is any guide, will go into reverse once China's manufacturing sector reopens for business.
LME stocks could desperately do with any sort of rebuild, whether seasonal or cyclical. European recession should in theory mean more metal becoming available for exchange delivery and there remains the possibility of unwanted Russian metal turning up in the system.
So far, however, significant arrivals remain conspicuous by their absence and until that changes, low visible inventory is going to keep roiling the LME base metals.

U.S. to lend ioneer $700 million for Nevada lithium mine
The U.S. Energy Department said on Friday it will lend ioneer Ltd, up to $700 million to build its Rhyolite Ridge lithium mining project in Nevada, a major step forward in President Joe Biden's plan to develop a domestic electric vehicle supply chain.
Ioneer shares were up 16.3% at $16.30 on Friday afternoon in New York.
The loan, which was approved by Energy Secretary Jennifer Granholm, would be the first by Washington to a U.S. mining project for lithium, a key ingredient used to make electric vehicle batteries. It reflects rising government concern that demand for the white metal could outstrip supply without more investment, delaying efforts to combat climate change.
"The government is sending a strong signal that it's time to let us go build this mine," James Calaway, ioneer's executive chairman, told Reuters. "We now have the capital to build a very important facility to supply lithium for the United States."
The loan was in review for more than two years by the department's Advanced Technology Vehicles Manufacturing (ATVM) program office and is conditional on permitting and other factors. The funds would be used to build a lithium carbonate processing facility at the Rhyolite Ridge site near an existing lithium operation run by Albemarle Corp.
In an interview, Jigar Shah, head of the Energy Department's Loan Programs Office, called the Rhyolite Ridge project a step forward on U.S. plans to boost lithium production. He added that he is "more than excited about the remaining pipeline" of companies that have applied for ATVM loans. The ioneer loan will have a term of 10 years at a fixed interest rate set once the funds are dispersed. A 2020 study had estimated the mine's cost at about $785 million. Calaway said Australia-based ioneer would need to update that amount in light of recent inflation.
The mine would produce enough lithium to build 370,000 EVs each year and reduce annual gasoline consumption by nearly 145 million gallons, the Energy Department said.
Ford Motor Co and Prime Planet Energy & Solutions, a joint venture of Toyota Motor Corp and Panasonic Corp, have agreed to buy lithium from the project.
"Ford and Toyota and everyone else are waiting for us to get this built to supply lithium for the U.S.," Calaway said.

FLOWER
The formal stage of the project's permitting process began last month after the U.S. Fish and Wildlife Service declared Tiehm's buckwheat, a rare flower at the project site, an endangered species.
The company has said it believes it can develop the mine while protecting the flower. The Energy Department said the loan is contingent on ioneer completing the environmental review process.
"I was made aware of the buckwheat situation the first day I heard about the project," Shah said. "It was part of our diligence, and we wouldn't have moved forward if we didn't think (ioneer) had a path to building the facility."
The department also noted that ioneer changed its mine plan to avoid the buckwheat and has spent more than $1

million on botanists, greenhouses and related studies. "The plant's best chance is with us taking care of it," Calaway said. The Center for Biological Diversity (CBD), an environmental group opposed to the project, said it believes the company will need to move its mine back at least 500 meters from any of the flowers. "The mine the Department of Energy thinks it's funding is not the mine that's going to get built," said the CBD's Patrick Donnelly.

Top News - Carbon & Power

German hard coal importers able to replace Russian supply -industry body

German importers of hard coal for power generation plants and steelmaking have found new supply sources, enabling them to end reliance on Russia after a European Union ban, their association said on Friday.

"Traders have found new focal points: United States, South Africa and Colombia," industry association VDKi said in a statement.

Between January and October 2022 Russia still accounted for a leading 34% of hard coal volumes imported by Germany, data presented by VDKi showed. That reflected Russia's role as a major supplier before the EU introduced a ban on Russian coal imports last August amid sanctions following Russia's invasion of Ukraine.

The United States accounted for 20% of imports in the 10-month period, followed by 15% from Colombia, 14% from Australia and 7% from South Africa, the data showed.

When the EU ban on Russia was imposed, there was concern about how the bloc would fare in the face of dwindling supplies of Russian gas, raising fears of related heat and power crunches, especially in winter.

So far, however, those concerns have proved unfounded. Coal burning was revved up to help bridge possible shortfalls of gas in industry and power generation, among other measures, and the winter has been mild so far.

Coal now needs to be recognised as a back-up option for years to come, not just for one or two winters, said VDKi Chairman Alexander Bethe.

This was needed to assure logistics companies they were right to revive investment plans shelved prior to the Ukraine war when a quicker transition to renewable energy was on the cards.

"There is no way around coal as a pillar of energy supply," said Bethe.

Hard coal imports into Germany last year amounted to 43 million tonnes, 4.7% more than recorded in 2021, preliminary VDKi data also showed.

Out of the total, 30 million tonnes were steam coal for electricity plants, up 11.7% year-on-year, and 11 million tonnes were coking coal for steelmaking, down 7.3%.

The remainder, 2 million, was coke, another steelmaking component, falling 15% from 2021.

U.S. climate envoy Kerry outlines carbon offset initiative for developing nations

U.S. climate envoy John Kerry on Sunday outlined core principles for a "high-integrity" carbon offset plan meant to help developing nations speed their energy transition, and next steps including establishing a consultative group.

The Energy Transition Accelerator (ETA), first announced at last year's COP27 climate conference, is being developed by the United States with the Bezos Earth Fund and the Rockefeller Foundation to mobilise private capital.

Kerry told the Atlantic Council Global Energy Forum in Abu Dhabi the aim was to create bankable deals to accelerate reduction of emissions, stressing that the ETA was not a substitute for other funding sources and would be time-limited.

"We believe you can have high-integrity, accountable, transparent credit which will help us to be able to put some money on the table," he said, acknowledging widespread criticism of voluntary carbon offset schemes.

Such schemes, in which companies get emissions credits in return for channelling cash to poor countries that cut their carbon output, have often been riddled with fraud and double-counting.

"There are only two purposes for which we will allow someone to be able to buy a credit - one, to be closing down or transitioning existing fossil fuel facility that is providing power, and two, for the actual deployment of renewables that will replace current dirty sourcing," Kerry said.

He said ETA principles also called for a near-term, inclusive and comprehensive approach to deliver on broader sustainable development goals and support power sector-wide energy transition.

The Rockefeller Foundation on Sunday published a joint statement with a preliminary list of members of the ETA High-Level Consultative Group which Kerry said would provide a broad cross section of input and would add more participants.

Top News - Dry Freight

Cautious China approves GMO alfalfa import after decade-long wait

China approved imports of eight genetically modified (GM) crops, permitting shipments of GM alfalfa for the first time after a decade-long wait, the country's agriculture ministry said on Friday.
Global seed makers and the U.S. government welcomed the decision after Beijing's slow approval process disrupted grain exports and launches of crops that need clearance from China because it is one of the world's biggest agriculture markets. The approvals are "a positive step towards resolving the longstanding challenges biotechnology developers face in obtaining import approvals in China," said the Biotechnology Innovation Organization in Washington, the world's largest trade association for biotech companies like Bayer AG.
Beijing has a cautious approach to GM technology and has not approved any major food crops for cultivation, despite President Xi Jinping's backing of the technology. China allows the import of GM crops used in animal feed, but trade partners say the process is not always based on science and is often driven by politics.
Among those approved were two glyphosate-resistant types of alfalfa first submitted for approval more than 10 years ago. The crops are owned by Land O'Lakes subsidiary Forage Genetics International, after being co-developed by the company and Monsanto, now owned by Bayer, said Glenda Gehl, Forage Genetics' vice president and general manager.
U.S. farmers already grow the alfalfa, but Beijing's approvals open the door for expanded plantings in Western states that supply export markets, she said.
"This is a huge opportunity for alfalfa growers across the U.S.," Gehl said.
Access to biotechnology is especially important because of heightened concerns about global food security and high commodity prices, said Alexis Taylor, a U.S. Department of Agriculture under secretary, in an e-mail to Reuters. China also approved a Corteva Inc glyphosate-resistant canola, DP73496, first developed by DuPont Pioneer and submitted for approval in July 2012.
Corteva plans to launch its Optimum GLY canola hybrids in North America and Australia, and is still pursuing other import approvals, said spokesperson Kris Allen.
Beijing promised to speed up access to its market under the Phase 1 trade deal concluded with the United States in 2020. The approvals come after the first meeting between U.S. President Joe Biden and China's Xi in November amid efforts to repair tense relations.
China could use the approvals as a goodwill gesture and as justification for a potential decision to cultivate more GM crops domestically, said John Baize, president of U.S. consultancy John C. Baize & Associates.
"They can say to the U.S.: 'See, you wanted us to speed up our approval. We did,'" Baize said.
China also cleared two GM sugar cane traits developed in Brazil, along with a BASF SE herbicide-resistant cotton. The crops were allowed to be imported for processing in China from Jan. 5 for the next five years.
China also approved the safety of three domestically developed GM products, including insect- and glyphosate-resistant corn from Yuan Longping High-tech Agriculture Ltd and Hangzhou Ruifeng's insect-resistant soybean.

India to seek easing of EU steel quotas, tarrifs in trade talks

India will seek an easing of European Union steel import quotas and tarrifs in talks for a new trade deal as Indian steelmakers struggle to sell the alloy in one of world's big markets, a senior government official said. Last year, India and the EU relaunched negotiations for a free trade agreement with the aim of completing talks by the end of 2023. The two sides previously launched talks in 2007, but they were frozen in 2013 due to a lack of progress.
"India is likely to take up the issue of EU's steel import quota and their high tariffs during the free trade negotiations," said the official with direct knowledge of the matter. The official declined to be named as India's plan to take up the issue with the EU is confidential.
India's steel and trade ministries did not immediately reply to a Reuters email seeking comment.
The EU uses a system of quotas and tariffs to protect its steelmakers. Other than India, the main exporters of steel to the EU are China, Russia, South Korea, Turkey and Ukraine.
"Secondary steel manufacturers have raised the issue of EU's export quota and tariffs coming in the way of India's steel exports to the EU," the official said.
In its negotiations with the EU, India is also expected to express New Delhi's concerns over EU countries' proposed carbon dioxide emissions tariff on imports of polluting goods such as steel and cement.
"All these countries in order to protect their industries, force their standards," the official said.
Separately, India has launched four investigations against Chinese stainless steel imports to probe potential "dumping", the official said.
New Delhi last month slapped anti-dumping import duties on stainless steel seamless tubes and pipe imports from China. The official also said India was working on a proposal to introduce 23 new quality control orders to check low-quality imports.As Indian steel mills struggle with raw material supply disruptions triggered by the war in Ukraine, the official said New Delhi was looking at securing the supply of coking coal from new markets such as Mongolia.The Ministry of Steel has also requested The Ministry of Finance to axe coking coal import duty, the official said.

Picture of the Day

Power-generating windmill turbines are pictured during sunset at a wind park in Cantaing-sur-Escaut, France. REUTERS/Pascal Rossignol

(Inside Commodities is compiled by Anjana J Nair in Bengaluru)

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