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Top News - Oil

ANALYSIS-Latest US sanctions on Russia throw global oil trade into disarray

Tightened U.S. sanctions on Moscow have disrupted a roaring trade in discounted Russian oil to China and India, reviving demand for Middle Eastern and African crudes, roiling shipping markets and driving up oil prices.
Washington's January 10 sanctions targeted tankers carrying Russian oil in a push to more effectively limit Moscow's oil revenue, the aim of western sanctions imposed after its invasion of Ukraine three years ago.
The new rules have left millions of barrels floating on ships and sent traders hunting for alternatives, while dealings in Russian crude, the biggest source for top global importers China and India, have slowed for March.
The scramble has upended market dynamics. For a few weeks, high-sulphur benchmark Dubai became more expensive than low-sulphur Brent, which is easier to process. That opened opportunities for producers from Brazil to Kazakhstan to gain share in China and India.
Premiums for Brazilian crude surged last month to about $5 a barrel against dated Brent on cost and freight basis to China, up from about $2 in the previous month, traders said. That premium is now just below $5 a barrel for May arrival cargoes.
In March, China is set to import its first cargo since June 2024 of Kazakhstan's CPC Blend, Kpler data showed.
In the week after the new sanctions, TotalEnergies' trading arm TOTSA received so many enquiries that it held tenders instead of private negotiations to sell its Middle Eastern crude cargoes, which eventually went to China's CNOOC and Rongsheng Petrochemical, a Singapore-based trader said.
TotalEnergies did not immediately respond to a request for comment.
Reflecting the rush for Middle Eastern crudes, premiums for benchmarks Oman, Dubai and Murban more than doubled in January from December and remain above $3 a barrel to Dubai, despite lower demand from refineries in seasonal maintenance.
In addition, top exporter Saudi Aramco hiked prices for Asia-bound crude to the highest since December 2023, raising costs for refiners.
A seller of Angolan crude said there was an increase in demand from Asian buyers looking to cover.
"Unipec is taking a lot West African crude cargoes, especially Angolan barrels - good buying interest after the Lunar New Year," a Chinese trader said. Unipec is the trading arm of Asia's largest refiner Sinopec. Sinopec did not immediately respond to a request for comment.
With sanctioned ships stuck on the water, many traders have rushed to switch to other vessels which now cost multiple times more, adding millions of dollars to the expense of each shipment.

INDIA SCRAMBLES

The rising costs are particularly tough for refiners in India. The country late last year cemented its shift from long-standing Middle Eastern sources to buy more oil from Russia, when Reliance Industries struck a 10-year supply deal with Russian state giant Rosneft worth roughly $13 billion annually.
This week, India's oil secretary said the country's refiners want to buy only Russian oil supplied by companies and ships not sanctioned by the U.S. That has effectively reduced the number of cargoes and vessels available, Indian refining sources said.
With a limited supply of sanctions-proof cargoes, discounts for Russian Urals crude to dated Brent have narrowed to $2.50-$2.90 a barrel for March delivery, versus $3-$3.50 before the January sanctions, they said, a major cost increase on a typical one million barrel cargo.
Higher Russian crude costs have narrowed the price gap with Middle East crude to about $3 a barrel from $6-$7 for Indian refiners, offering little incentive to risk incurring secondary sanctions, Indian refining sources said.
Indian buyers turned down offers from Russian shipping giant Sovcomflot to receive payments in any currencies, including Indian rupees, for Russian oil shipped on sanctioned tankers, the sources said, after its CEO met buyers in India on the sidelines of the India Energy Week conference this week. Sovcomflot declined to comment.
The slowdown has meant that Russian oil stored aboard ships has increased by 17 million barrels since January 10, according to a February 5 note from Goldman Sachs, and is expected to rise to 50 million barrels in the first half of 2025.
"We're seeing floating volume pick up. There's a number of tankers carrying Russian oil hanging out around Shandong and southern ports in China that are normally not big entry points," said a senior executive at a major global trading house.
Shandong province is the hub for independent Chinese refiners that have been core buyers of discounted sanctioned oil from Russia as well as Iran and Venezuela.

IRAN'S OUTPUT TARGETED

The Russian supply disruption comes on top of falling Iranian oil imports by top customer China amid tightening U.S. pressure, with President Donald Trump recently vowing to bring Tehran's oil exports to zero.

Goldman Sachs estimated Iranian floating storage has risen by 14 million barrels since the start of the year to its highest in 14 months. Tighter sanctions enforcement could cut Iran's output by 1 million barrels per day and push Brent to the high $80s a barrel by May, the analysts said.

The squeeze on cheap crude into China, coupled with weak domestic demand, has led several independent refiners to shut for maintenance instead of losing 500 yuan ($68.62) for every ton of non-sanctioned crude processed based on offers at $7-$8 a barrel above ICE Brent delivered to China, a trader said.

China's state refiners, meanwhile, are likely to shun Russian oil as sanctions reduce the number of counterparties and insurers for such transactions, while key ports such as Qingdao and Rizhao have become stricter, said a source with knowledge of the matter.

The person estimated Russian export volumes to China would fall by between 700,000 and 800,000 barrels per day from March, after sanctions waivers lapse. That would amount to at least a 70% decline from January, according to Kpler data.

WARNED

Weeks before the sanctions were announced in a 27-page document, Indian refiners were warned by authorities and made some purchases in advance, industry officials said. The Indian government did not respond to a request for comment on whether refiners were warned in advance.

In China, the Shandong Port Group issued a ban three days earlier on sanctioned ships from calling at its ports, although it is not clear whether the move was related.

Other signs that markets were anticipating new measures included higher demand for Middle East and African crude from Chinese and Indian buyers, and a rush to charter ships that subsequently drove up tanker rates sharply, traders said.

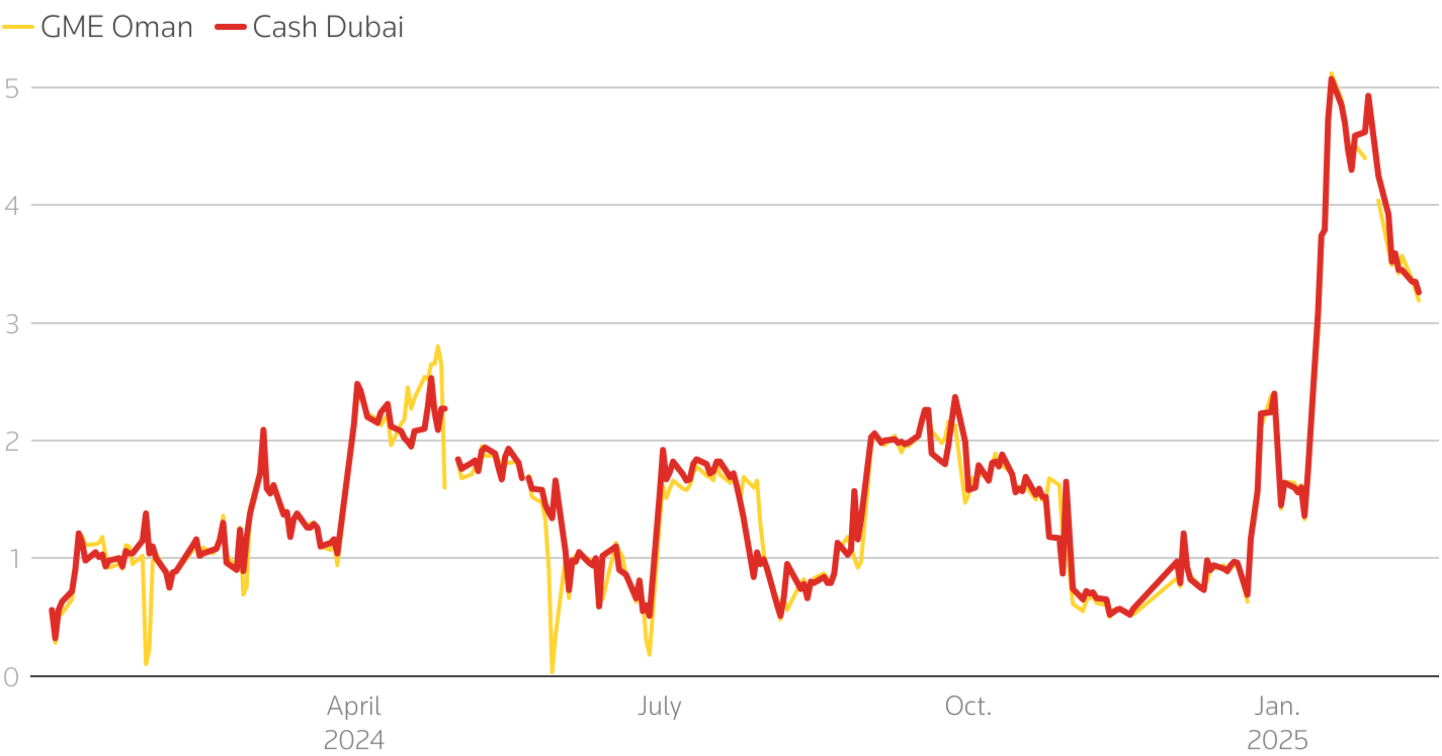
Adi Imsirovic, director of consultancy Surrey Clean Energy, and former oil trader at Russia's Gazprom, said the impact of the sanctions may curb Russian exports by up to 1.5 million barrels per day in the near-term.

"The only true prediction that we can make is that the market is just going to get more volatile. With more and more government intervention in the markets, it's just going to get more volatile," he said.

Chart of the Day

Middle East oil benchmarks

Oman, Dubai premiums more than doubled after U.S. imposed sanctions on Russia on Jan. 10



Unit: $/bbl

By Florence Tan • Source: Reuters

INSIGHT-Libya's first private oil firm grows in eastern commander's shadows

A Libyan company linked to the powerful faction that controls eastern Libya has exported oil worth at least $600 million since May, marking an end to the National Oil Corporation's monopoly on exports, according to shipping records and U.N. experts.

The shipments by the little-known Arkenu Oil Company, which was set up in 2023, are the first by a private Libyan company and mean some of the country's oil revenue is likely being channelled away from the Central Bank of Libya.

Ever since the fall of Muammar Gaddafi in 2011, Libya has been riven by disputes between armed factions and it is largely split, with an internationally recognised government based in Tripoli in the west and a rival administration in the east, which is controlled by the forces of military commander Khalifa Haftar.

The disputes have often centred on the distribution of oil revenue by the central bank in Tripoli. Haftar's forces, which control most of Libya's oilfields, have periodically shut down production or exports, most recently in August last year, to ensure money continues to flow east.

Reuters was unable to determine who owns Arkenu. However, a U.N. panel of experts said in a Dec. 13 report to the Security Council that Arkenu was indirectly controlled by Saddam Haftar, one of Khalifa Haftar's sons.

"This is a striking precedent that reflects the growing influence of armed actors over the oil sector," said Charles Cater, director of investigations at The Sentry, an international investigative and policy group.

Reuters also reviewed more than two dozen documents, including bills of lading, government decisions and oil company letters for this article, as well as interviewing diplomatic and trading sources and Libya experts.

According to its website and LinkedIn profile, Arkenu is headquartered in Benghazi, a Mediterranean port city in eastern Libya with an oil terminal under the control of Haftar's forces.

The company was set up in early 2023 by former employees of the state-owned National Oil Corporation (NOC), according to two of the sources.

Reuters sent emails with detailed requests for comment to two addresses on Arkenu's website but did not receive a reply. Reuters also contacted a spokesman for the Libyan National Army, which Haftar commands, without receiving a reply.

OPEC MEMBER

Saddam Haftar was appointed chief of staff of the army's ground forces in May last year, allowing him to affirm control over its relations with neighbouring countries and its economic interests, according to the U.N. report.

Arkenu was first connected to oil exports when it was awarded ownership of a May cargo by the Arabian Gulf Oil Company (AGOCO), a subsidiary of the NOC, according to a letter dated July 11 seen by Reuters.

Since then, Arkenu has exported another seven oil cargoes, taking its total exports between May and December 2024 to 7.6 million barrels, according to shipping records, worth about $600 million, according to average monthly Brent crude prices.

U.S. oil major Exxon Mobil bought one of the cargoes destined for Italy on Oct. 28, according to data from LSEG and Kpler and documents reviewed by Reuters.

A person familiar with the matter said Exxon bought the cargo from another trader, not directly from Arkenu.

Unipec, the trading arm of the world's largest refiner, China's state-owned Sinopec, bought at least two more, destined for Britain and Italy.

Sinopec did not reply to a request for comment. It was not immediately clear if Sinopec bought the cargoes directly from Arkenu, or from another trader.

The NOC, AGOCO and the central bank did not reply to requests for comment. The oil ministry declined to comment.

Libya, currently Africa's second-largest oil producer and a member of the Organization of the Petroleum Exporting Countries (OPEC), has been in a state of chaos since Gaddafi's overthrow, but oil exports had remained under central government control.

The NOC, which has long operated independently and maintained political neutrality in the volatile country, still accounts for the bulk of Libyan exports.

It shipped some 264 million barrels of oil worth nearly $21 billion during the same period covering Arkenu's eight shipments, based on Kpler data and Reuters calucations.

SARIR AND MESSLA FIELDS

Payments for NOC's crude cargoes are typically made in dollars to the central bank's account at the Libyan Foreign Bank in New York, before being moved to the Tripoli government's account with the central bank.

Payments for the Arkenu cargoes, however, were requested to be made to accounts at Dubai state-linked bank Emirates NBD and Banque de Commerce et de Placements SA in Geneva, the shipping documents showed. Reuters was unable to determine whether the payments were made to those accounts, nor where the money may have ended up subsequently.

Emirates NBD said it was unable to confirm or deny any client relationships due to internal policies and regulatory obligations. Banque de Placement also said it did confirm or deny any client relationships as a matter of policy.

U.N. experts have said Haftar is backed by Egypt, Russia, and the United Arab Emirates.

He lived in the U.S. for 20 years until he returned to join rebels in ousting Gaddafi. In 2014, he launched the Battle of Benghazi, which has been his stronghold ever since and his forces hold a tight grip over the east of Libya, where most of the country's main oilfields are located.

Besides being allowed to export crude, Arkenu was also made a partner in the major Sarir and Messla oilfields, according to an NOC letter seen by Reuters dated July 10, during the tenure of then NOC Chairman Farhat

Bengdara, who resigned last month.
The letter did not give details on how the partnership will work. The two fields are run by NOC's subsidiary AGOCO and account for most of its output of roughly 300,000 barrels per day of high quality crude - the same grade Arkenu has been exporting.
"There seems to be no evidence that Arkenu has actually performed any services or development work at the Mesla and Sarir oil fields," said Cater at The Sentry. "As a result, Arkenu's claims to hundreds of millions of dollars from the NOC, paid in the form of oil export cargoes, raise serious red flags for potential corruption."
Arkenu also became a partner with the NOC in developing three smaller oilfields - Sultan and Latif in Libya's east and Tahara in the west - according to a 2023 cabinet decision seen by Reuters dated November 2023.
The U.N. report said members of armed factions had been appointed to different positions at the NOC itself as part of a reshuffle that included setting up an office at a different site responsible for service agreements with private companies.
"Among them was an agreement with the first private oil company in Libya, Arkenu Oil Company," the U.N. report said.

Top News - Agriculture

Russia's IKAR trims grain crop forecasts, warns of approaching frosts
Russia's IKAR agricultural consultancy on Friday trimmed its overall forecast for Russia's 2025 grain crop to 129 million metric tons from 130 million tons previously, saying that approaching frosts were a risk for winter crops.
Russia's main breadbasket regions have experienced an unusually mild winter so far this year, with snow cover that protects winter crops melting completely. Now frosts are on their way in European Russia.
"What concerns us the most is the lack of normal precipitation on approximately three-quarters of our winter wheat sown areas," IKAR's head Dmitry Rylko told a conference in Moscow, calling upcoming frosts "a serious test."
"We do not see any major problems for now, but they may arise," he added.
IKAR projected wheat exports for the 2024/25 season at 43 million tons. The consultancy expected wheat exports to fall to 39 million tons in the 2025/26 season in its baseline scenario.
In its pessimistic scenario, IKAR forecast wheat exports in the 2025/26 season would fall to 35 million tons, while in a third optimistic scenario the consultancy said they would stand at 43 million tons, the same as the current season.
IKAR projects the wheat harvest at 77-87 million tons this

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.72 / bbl	-0.03%	-1.39%
NYMEX RBOB Gasoline	$2.31 / gallon	-0.18%	15.04%
ICE Gas Oil	$709.00 / tonne	-0.77%	1.98%
NYMEX Natural Gas	$3.63 / mmBtu	-2.66%	-0.19%
Spot Gold	$2,901.50 / ounce	0.64%	10.58%
TRPC coal API 2 / Dec, 25	$109.25 / tonne	-3.32%	-1.89%
Carbon ECX EUA	€79.20 / tonne	-0.69%	8.49%
Dutch gas day-ahead (Pre. close)	€51.60 / Mwh	-0.44%	6.28%
CBOT Corn	-	-	-
CBOT Wheat	-	-	-
Malaysia Palm Oil (3M)	RM4,521 / tonne	-1.55%	1.64%
Index	**Close 14 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	377.26	-0.34%	5.73%
Rogers International	30.51	-0.21%	4.45%
U.S. Stocks - Dow	44,546.08	-0.37%	4.71%
U.S. Dollar Index	106.81	0.09%	-1.55%
U.S. Bond Index (DJ)	440.21	0.45%	0.96%

year, with 82 million tons seen in the baseline scenario. Russia harvested 82.4 million tons of wheat last year. Russia, the world's biggest wheat exporter, exported 53.3 million tons of wheat in the 2023/24 exporting season. Exports are set to fall in the current season due to bad weather that affected crops and curbs aimed at protecting the domestic market.

French wheat conditions near last year's low after heavy rains

The state of soft wheat in the largest European Union producer France are close to last year's four-year low, data from farm office FranceAgriMer showed on Friday, confirming concerns that wet winter weather may have damaged crops.
First ratings on the condition of cereals in France after a winter pause showed that 73% of soft wheat was in good or excellent condition by February 10, slightly above a four-year low of 68% a year ago.
By the same stage in 2023, 93% of soft wheat was rated good or excellent.
French crops have been hurt by heavy rain that has delayed plantings and hampered early growth, raising concern about a repeat of last year's rain-hit harvest that was the smallest since the 1980s.
In its latest forecasts France's farm ministry confirmed on Tuesday a rebound from last year's rain-hit planting but warned that soggy conditions could also hurt the 2025 crop.
Last year's poor harvest is expected to bring a fall of about 30% in French wheat exports this season.
FranceAgriMer also said it rated 68% of winter barley in good or excellent condition, down from 71% in the same week of 2024. That was the lowest level since the same week in 2020, data showed.
Spring barley sowings were 23% complete, up from 20% last year but below the 24% five-year average, the office said.
For durum wheat, 84% of the crops were in good or very good condition, up from 75% a year earlier, while sowing was 89% complete, versus an average 93% for the past five years, the office said.
Farmers had finished sowing soft wheat and winter barley.

Top News - Metals

PREVIEW-Top iron ore miners face weakest results since 2019

The top global iron ore miners are headed for their weakest earnings in five years as a struggling Chinese property sector weighs on demand for the steel raw material, while new supply coming on line this year dampens the price outlook.
Analysts see a tough year ahead for miners, with iron ore and other commodity prices expected to weaken as tariffs imposed by the Trump administration weigh on global growth and China continues to grapple with tepid domestic demand.
"We continue to see the mining sector facing strong headwinds as global growth remains subdued and near-term commodity prices linger at lower levels," Citi analysts Paul McTaggart and Kate McCutcheon said in a research note.
Australia's Westpac forecasts iron ore prices will weaken through this year, citing record inventory levels and new supply from the giant Simandou project in Guinea, set to enter the market this year.
BHP, the world's largest miner, reporting on Tuesday, is primed for a hefty 23% drop in its half-year underlying earnings, its worst first-half decline in six years.
Analysts expect its dividend will be at 50% of earnings, the minimum under its payout policy, with UBS pointing to a rise in capital expenditure, net debt and an uncertain outlook for China as factors behind a conservative dividend payout.
The world's top two iron ore producers, Rio Tinto and Brazil's Vale, both report results on February 19, with Rio Tinto expected to post a 6.4% decline in annual profit.
Vale's fourth-quarter earnings are tipped to fall 10%.
Estimates by Visible Alpha at $11 billion indicate it could be Rio Tinto's worst annual profit in five years.
Its full year dividend is expected to be at the top end of its payout range, with Macquarie citing its "strong balance sheet position".
Underlying half-year earnings are seen slumping roughly 50% for Fortescue, the world's fourth largest iron ore producer.
Mining stocks were hammered 19% last year against a 7.5% gain in the broader ASX200 benchmark.
And while analysts are starting to see value in these stocks trading at discounts to the broader market, headwinds to global growth and new iron ore supply from Guinea could limit share price gains.

Australian steelmaker BlueScope sees Trump’s tariffs as a boon

BlueScope Steel, Australia's largest steelmaker, will be a beneficiary of U.S. President Donald Trump's protectionist tariffs, CEO Mark Vassella said, saying that he expects higher prices to boost BlueScope's profits in North America.
After BlueScope posted a better-than-expected first-half profit, Vassella said steel prices were already "moving in the right direction" following Trump's announcement of 25% tariffs on imports of steel and aluminium into the U.S., without exceptions for allies such as Australia.
"If prices go up, as we saw last time, then the short answer is, Yes, we stand to benefit," he said, noting that steel prices were up 20% since Trump's tariff announcement a week ago.

BlueScope operates five businesses in North America. The profit and upbeat commentary sent BlueScope stock to its highest level since August 2021, climbing 12% to A$25.03 ($15.90) in early trading, while the benchmark S&P/ASX 200 index was down 0.7%.
Melbourne-based BlueScope's primary steelmaking operation in Australia is Port Kembla Steelworks near Sydney. It produces over 3 million tonnes of crude steel domestically per year, of which it exports about 300,000 tonnes to the U.S.
The company's five businesses in North America include the North Star mill in Ohio, which together produce about 3 million tonnes.
"It's really a 300,000 tonnes versus a 3 million tonne argument," Vassella said. Underlying demand in the U.S. for the company's steel was "pretty good" for industries such as building and construction, automotive and manufacturing end-use, he said.
Vassella said the Trump administration's previous steel tariffs drove steel prices up from $500 to $800-900 per tonne.
"Being a domestic manufacturer, we will potentially benefit from any increase in price that occurred because of the tariffs and the impact they have on imported steel coming into the country," he said.
North America was BlueScope's biggest revenue-generating geography in the six months to December 31, 2024, accounting for 42%, or A$309 million, of all underlying earnings before interest, tax, depreciation and amortisation. Australia made up 39% or A$288 million.
BlueScope's first-half net profit dropped 59% to A$179.1 million, but still came in ahead of consensus analyst forecasts of A$170 million.
The steelmaker lifted its interim dividend by 20% to 30 Australian cents per share.

Top News - Carbon & Power

Trump approves LNG exports, creates energy council to boost US oil, gas
U.S. President Donald Trump's administration said on Friday it has granted a liquefied natural gas export license to the Commonwealth LNG project in Louisiana, the first approval of LNG exports after former President Joe Biden paused them early last year.
The exports are approved to go to markets in Asia and Europe.
Energy Secretary Chris Wright, whose agency is responsible for approving the shipments, said exporting U.S. LNG "strengthens the U.S. economy and supports American jobs while bolstering energy security around the world."
The U.S. is trying to increase its LNG exports to help reduce Europe's dependency on Russian gas after Moscow's invasion of Ukraine three years ago.
Trump ordered a lifting of the freeze on LNG export approvals the day he came into office for a second time on January 20.
Commonwealth LNG, which has waited longer than any other company for its permit, wants to build a 9.5 million metric ton per annum export plant in Louisiana to sell to countries that do not have a free trade agreement with the U.S.
"Today's actions demonstrate that President Trump is prioritizing the American energy industry and we are both pleased and grateful to have achieved these important regulatory objectives," said Commonwealth CEO Farhad Ahrabi.
The company is expecting to make a final investment decision in September 2025 as a result of the license and subject to regulatory approval. Commonwealth expects first LNG production from the project in early 2029.
Two other LNG companies, Cheniere and Energy Transfer, have said they plan to move full speed ahead with their plans to export the fuel.
U.S. LNG exports are expected to double before the end of the decade, based on approvals that had been granted before Biden's pause.
That has raised environmentalists' worries about the LNG boom's potential to boost carbon emissions, while some manufacturers and fuel-dependent industries are concerned it might spike domestic gas prices.
Trump also signed an executive order in the Oval Office on Friday creating a new energy council to be led by Interior Secretary Doug Burgum, which will seek to expand U.S. output of oil and gas. The U.S. is already the world's largest producer of those fossil fuels.
The President commented on how he plans to boost drilling and said more than 600 million acres of offshore federal waters are now open to oil and gas development, after Biden had taken them off the table.
Trump said he was working on getting approval for the Constitution natural gas pipeline that would bring gas from Pennsylvania's drilling fields to New York, in order to bring down energy prices in the region.
Williams Cos canceled the pipeline in 2020 following opposition from politicians and environmentalists in New York, and it is uncertain how it could be approved.

Russia seen struggling to reach its LNG targets, experts say
Exports of Russia's liquefied natural gas (LNG) will likely not exceed 67 million metric tons by 2030, falling far short of its 100 million target due to international sanctions, experts said at an industry conference on Friday.
Russia has focused on development of LNG, which could be delivered by sea tankers, as its pipeline gas exports to Europe have plummeted over the conflict with Ukraine, while it struggled to significantly boost it to China.
It has planned to raise its share in the global LNG market

to fifth by 2030-2035.
However, due to Western sanctions and a possible LNG imports embargo from Europe, Russia's LNG exports will likely increase only to 59-60 million tons by that time, said Alexei Gromov from the Moscow-based Institute for Energy and Finance Foundation.
Andrei Klepach, chief economist at state lender VEB, said Russia's LNG exports are seen reaching no more than 67 million tons by 2030.
Russia's new Arctic LNG 2 tentatively began production of LNG on the Gydan peninsula, which juts into the Kara Sea, in December 2023, but has struggled to sell the product.
Western sanctions prompted foreign shareholders to freeze participation and Novatek to issue a force majeure to warn it would not be able to honour contractual obligations in relation to Arctic LNG 2.
Gromov believes that Arctic LNG 2 will not reach its full capacity of just under 20 million tons per year by 2029.
He said Gazprom's large LNG project on the shores of the Baltic Sea will start loadings not earlier than 2029, while other large scale projects will be postponed.

Top News - Dry Freight

Brazil soy lobby tells growers to reject EU anti-deforestation rule in contracts

A powerful Brazilian soy grower lobby is recommending farmers reject the inclusion in soy purchase and sale contracts of the obligation to comply with the European Union anti-deforestation law, according to a statement on Friday.
Europe's landmark legislation will ban the import of beef, soy and other goods linked to the destruction of forests after December 2020.
Global traders tried to impose such a rule in contracts with farmers based in Goias state, an Aprosoja Brasil spokesperson said, adding the group then decided to advise farmers nationwide not to comply.
The group's stance highlights growing resistance in Brazil to measures imposed by foreign nations aimed at halting deforestation to counter the global climate crisis, which it says affront the country's sovereignty.
Brazil's so-called soy moratorium pact, whereby trading companies voluntarily committed not to buy soy grown in deforested areas in the Amazon after 2008, has also been under threat.
Soy processor lobby Abiove said seeking soy farmers compliant with the new anti-deforestation regulation is part of the preparation to continue supplying clients in the EU.
However, Abiove warned that "uncertainties regarding how the EU will apply the new rules remain very high and they need to be resolved otherwise they will have an impact on current trade."
The farmer group said the "only scenario" in which a farmer should choose to comply with the EU anti-deforestation law would be if the market offered "a premium" on the price of soy produced in the area not deforested after 2020. Last December, application of the new EU legislation was postponed by a year after industry lobbies requested more time to adapt.
The EU is the main destination for Brazil's soymeal, with the bloc purchasing almost half of the country's exports.
China is Brazil's main soybean buyer while Spain is a large EU importer of the raw beans.
Clearing land for agriculture is legal under Brazil's forestry code. Brazilian law states that farmers must preserve between 20% and 80% of legal reserves, depending on the biome where they are planting.
For Aprosoja Brasil, Brazilian environmental legislation applied to rural properties is among the most restrictive in the world.

Argentina agricultural exporters call for fresh tender in key transport river

Agricultural exporting firms in Argentina, one of the world's largest food suppliers, are urging the government to quickly re-do a tender process for a contract to maintain a key river route used to transport crops after the previous call fell apart this week.
Argentina exports 80% of its grains through the Parana River waterway, a route currently dredged by Belgian firm Jan de Nul. Agro-export companies have previously requested the river be dredged even further to boost the flow of ships.
Jan de Nul did not participate in the most recent tender process, which prosecutors described as riddled with irregularities and causing officials to scrap the auction altogether.
Presidential spokesman Manuel Adorni said the government had asked the competition watchdog to investigate "possible pressure from the sole bidder," Belgian dredger DEME Group.
"We cannot delay this issue any longer," said Gustavo Idigoras, the head of Argentina's agricultural export chamber, on Thursday evening.
"We want the government to reopen the process, refine the tender, in three months issue a new call for bids so that three months after that it hears offers," Idigoras told Reuters.
DEME said this week it did not know why others had not bid in the process. Last month, DEME had complained that the terms of the auction unfairly benefited competitor Jan de Nul.

Picture of the Day

Children runs on the beach as a Stena Bulk Tanker ship, which transports crude oil, petroleum and LNG worldwide, is seen in the background at port of Tarragona, Spain, February 14. REUTERS/Nacho Doce

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

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