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Top News - Oil

US issues fresh sanctions over shipment of Russian oil above price cap

The United States on Friday imposed additional sanctions related to the price cap on Russian oil, targeting three entities and three oil tankers as Washington seeks to close loopholes in the mechanism designed to punish Moscow for its war in Ukraine.
The U.S. Treasury Department accused those targeted on Friday of using Western maritime services such as transportation, insurance, and financing while carrying Russian crude oil above the $60-per-barrel price cap.
The Group of Seven rich countries, the European Union and Australia imposed the $60-per-barrel cap last December on seaborne exports of Russian crude. The mechanism bans Western companies from providing the services for oil sold above the cap.
The Treasury said that the vessels the NS Champion, Viktor Bakaev and HS Atlantica carried Russian Urals crude above $70 per barrel.
Russia's embassy in Washington did not immediately respond to a request for comment.
The Treasury said in a statement that the vessels used "U.S.-person" services while transporting the Russian-origin oil, without providing more details.
The agency said United Arab Emirates-based Sterling Shipping is the registered owner of the NS Champion. UAE-based Streymoy Shipping Limited is the registered owner of the Viktor Bakaev, it said, and Liberia-based HS Atlantica Ltd is the registered owner of the HS Atlantica.
Sterling Shipping did not immediately respond to a request for comment. Reuters could not immediately find contacts for the other two companies.
The sanctions block all property and interests of the listed tankers and owners in the U.S. or in possession of U.S. persons, and those assets have to be reported to the Treasury's Office of Foreign Assets.
It was Washington's latest sanctions action cracking down on the shipment of oil above the price cap as the U.S. seeks to enforce the punitive measures it has imposed on Russia over its invasion of Ukraine last year.
"Enforcement of the price cap on Russian oil is a top priority for the United States and our Coalition partners," Treasury Deputy Secretary Wally Adeyemo said in the statement.
"By targeting these companies and their ships, we are upholding the dual goals of the price cap by restricting Russia’s profits from oil while promoting stable global energy markets."
The Treasury also issued a general license authorizing limited safety and environmental transactions involving those targeted, including transactions necessary for the safe docking and anchoring of the blocked vessels, until Feb. 29.

India resumes imports of Venezuelan oil, Reliance seeks direct deal

Indian refiners have resumed Venezuelan oil purchases through intermediaries, with Reliance set to meet executives from state firm PDVSA next week to discuss direct sales following the easing of U.S. sanctions on the South American country, people familiar with the matter said.
Trade resumed between the OPEC producer and the second largest destination for its oil after Washington in October temporarily lifted sanctions banning Venezuelan oil exports, prompting a flurry of spot sales of crude and fuel through middlemen and traders, mostly to China.
But Venezuela's oil output has been volatile, limiting what it can offer for export.
India last imported Venezuelan crude in 2020. Access to Venezuela's heavy oil could cap import costs for India, which has become a major Russian oil buyer, and further reduce its reliance on the Middle East.
Three Indian refiners have bought some 4 million barrels of Venezuelan crude for February delivery at between $7.50 and $8 per barrel below dated Brent on a delivered ex-ship basis, five trade sources said.
Of those, trading house Vitol sold 1.5 million barrels to Indian Oil Corp and 500,000 barrels to HPCL-Mittal Energy (HMEL), a joint venture between state-run Hindustan Petroleum Corp and Mittal Energy Investment, they added.
Reliance had previously received an offer for a prompt cargo at $16 a barrel below dated Brent on a free-on-board basis, another source said, but it was unclear if the deal had gone through.
The South American country is producing some 850,000 barrels per day (bpd) of crude with a target of soon reaching 1 million bpd, Venezuela's deputy oil minister said last month, a goal it has repeatedly missed.
Reliance once was PDVSA's second-largest crude customer and in turn an important supplier of fuel to Venezuela.
"The Reliance team has already scheduled meetings with PDVSA executives in Caracas," one of the people said, adding that the discussions are expected to include crude sales to India and fuel imports for Venezuela.

PDVSA, Reliance, IOC, HPCL-Mittal Energy and Vitol did not immediately respond to requests for comment.
The Venezuelan firm is separately negotiating crude sales to PetroChina, but no deal has been signed.

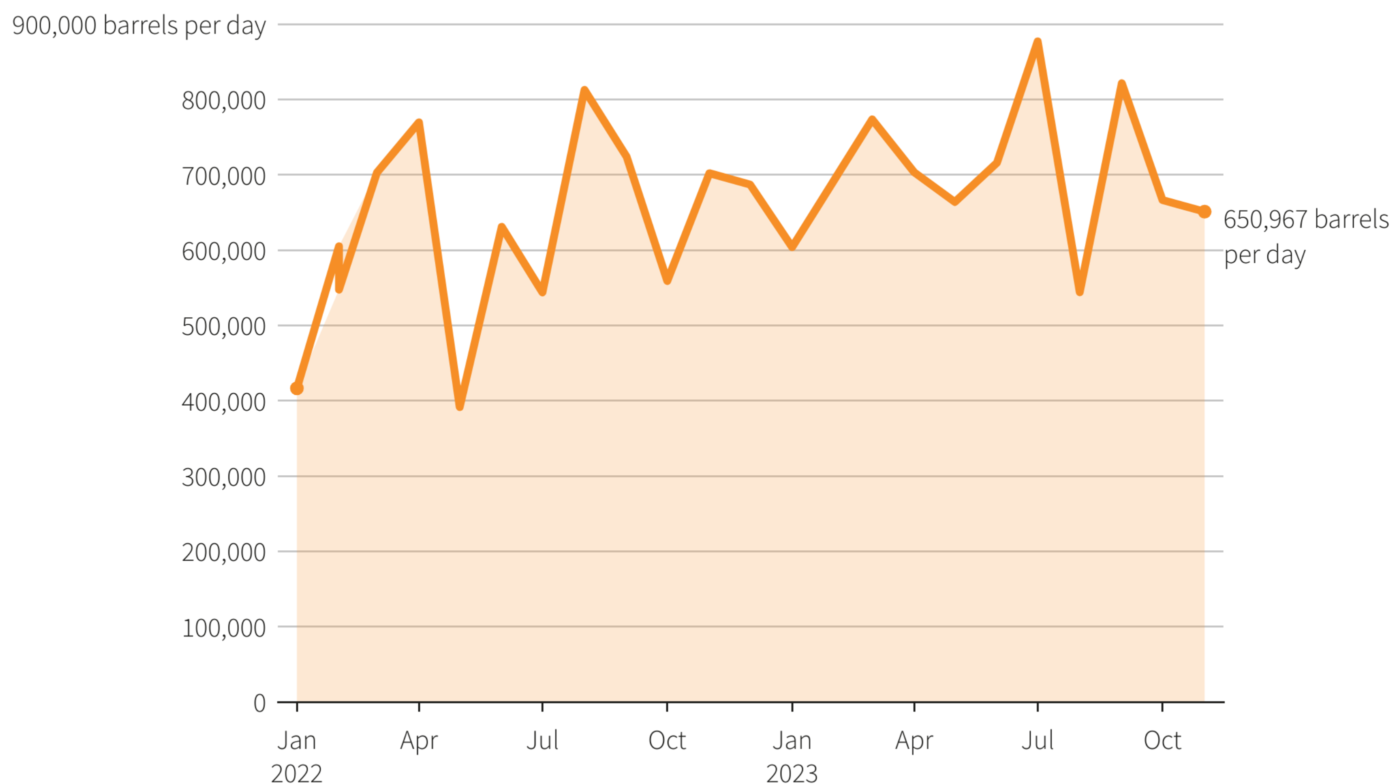
ON THEIR WAY
No cargoes have reached India yet, but some vessels finished loading in late November, so are expected to be authorized to depart in December, according to tanker tracking data and shipping schedules.

Taking cargoes largely will depend on the buyers' ability to charter tankers that agree to load at Venezuelan ports, where delays and quality issues are common, and their willingness to pay upfront, as demanded by PDVSA, some of the sources said.
PDVSA's use of trading houses and intermediaries to negotiate oil sales to Asian refiners is creating confusion, some buyers have said. Customers including China's independent refiners have recently held off on making new purchases as they struggle to agree on prices.

Chart of the Day

Venezuela's oil exports unchanged amid stagnant output

Oil exports from Venezuelan ports declined slightly in November to 651,000 bpd even as trading houses tried to negotiate more deals, amid stagnant crude output and draining inventories.



Source: PDVSA's loading schedules, tanker tracking data, Refinitiv Eikon

Top News - Agriculture

French grain sowings still slow while ratings extend fall

French cereal sowings had again made little progress last weekwhile crop ratings extended their fall, farm office FranceAgriMer data showed on Friday, in a sign that heavy rainfall since last month has taken a toll on crops.
Farmers had sown 82% of the expected soft wheat area for next year's harvest in the European Union's largest grower by Nov. 27, FranceAgriMer said in a crop report.
That was up from 74% last week, but well behind the 99% sown by the same stage last year and a five-year average of 95%.
Soft wheat sowings traditionally advance by 15% to 20% per week in France but have made little progress in previous weeks due to wet weather.
France has experienced record amounts of rain between mid-October and mid-November and the weather has continued to remain wet since. Some large grain producing regions have recorded showers nearly every day, while heavy rainfall in the north flooded fields.
The amount of soft wheat in good or excellent condition stood at 80%, down from 83% last week and 91% three weeks earlier, FranceAgriMer said.
Winter barley sowings were 92% by Monday, compared with 86% the previous week. They were over by the same stage last year. Crop conditions also declined, dropping to 82% good-to-excellent from 85% last week and 97% last year, FranceAgriMer said.
Spring barley sowings also made little progress, at 5% against 2% the previous week and a five-year average of 9%.

COLUMN-Historic weather in Brazil’s top soy state keeps pressure on crop: Braun

Exceptionally hot and dry weather in Brazil’s leading soybean region persisted for a second consecutive month through November, maintaining yield concerns.
The crop-heavy northern section of Brazil’s top soy and corn state Mato Grosso experienced the driest October-November period in at least a quarter century. Two-month rainfall of about 163 mm (6.4 inches) is 47% below the period’s recent decade average.
Mato Grosso grows about 27% of Brazil’s soybeans and accounts for almost 30% of the country’s soybean export program, the world’s largest.
Dryness is not Mato Grosso’s only problem, as average temperatures during the last two months were about 3.5 degrees Celsius (6.3 degrees Fahrenheit) above normal across all soybean-producing regions of the state, significantly higher than anything observed in at least the last decade.
This combination of hot and dry weather has caused considerable crop stress, and some farmers there have abandoned their soybean fields to plant cotton instead.
Although October-November precipitation in Mato Grosso was about half normal levels, it was not unprecedented, as nearly the exact total was observed three years ago. In 2020-21, rainfall in the critical months of December and January was also markedly below average.
Mato Grosso’s 2021 soybean yields were close to average despite this rougher weather, though there are some differences versus this year to consider, including the lack of extreme temperatures three years ago.
In 2020, the state’s planting progress was about two weeks behind normal schedule as of early November. Although delays are usually concerning, it may have worked to the crop’s advantage in this case because it allowed for later development when precipitation amounts were greater.
December 2020 rainfall was about 30% below normal, but the amount, about 160 mm or over 6 inches, was double what had been received in November, potentially keeping the crop going.
This year, soybean planting in Mato Grosso was ahead of the average pace through late October, though the last 20% or so went in slowly due to the dryness. This could make an argument for any later planted or replanted beans in the state to thrive should December rains come through.
The delay in the 2020-21 soybean crop reduced Mato Grosso’s second corn yields since it pushed the sensitive development period back into a historically drier time frame. Mato Grosso accounts for two-thirds of all Brazilian corn shipments.
During the third week of November, precipitation forecast by the American (GFS) weather model was significantly closer to the actual weather in Brazil’s Center-West region versus the competitor European (EC) model.
EC precipitation forecasts for the region have been consistently wetter in recent weeks than the GFS, so recent rainfall in Mato Grosso has fallen short of expectations to some degree.
As of midday Friday, the EC was heavier on rainfall through the early days of December than the GFS, though if the EC amounts are realized, it could bring some measurable relief.
(Karen Braun is a market analyst for Reuters. Views expressed above are her own.)

Top News - Metals

Copper miners, Chinese smelters agree first drop in fees in 3 years

Global miners on Friday reached agreements with Chinese smelters for a lower copper concentrate treatment and refining charges (TC/RCs) for 2024, the first drop in three years, sources familiar with the matter said.

Miner Antofagasta agreed with Chinese smelters, including China's biggest smelters, for January-December 2024 treatment and refining charges (TC/RCs) at $80 a metric ton and 8 cents per pound, four sources said.

Freeport-McMoRan also reached a deal with top Chinese smelter Jiangxi Copper at the same level for full calendar year in 2024, said Javier Targhetta, senior vice president for marketing and sales at Freeport.

"The settlement reflects well what the market will look like in 2024, which is always the top principle of our negotiations," Targhetta said.

The deals reached on Friday effectively made $80/8 cents the benchmark for 2024 that is expected to be followed by other smelters and miners in the industry.

Concentrate treatment and refining charges form a key component of copper smelters' income for converting copper concentrate into metal, which typically fall and squeeze smelters' profit margins when concentrate supply is tight.

Smelters have been under increasing pressure amid supply uncertainty from a mine in Panama, after the country's president directed the mine to be shut down.

"We accepted the offer as prices might get worse if the negotiation gets delayed," a source at a Chinese smelter said.

Jiangxi Copper Co, Tongling Nonferrous Metals Group and China Copper, the three biggest Chinese copper smelters, were not immediately available for comment.

Antofagasta said it does not comment on copper negotiations.

Talks between smelters and miners this year dragged on longer due to split views on whether there will be a shortage or a surplus market of copper concentrate in 2024.

Last month, smelters were looking for higher fees from miner Freeport-McMoRan Inc, above those agreed between Antofagasta and Jinchuan which fell short of what the smelters expected.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.43 / bbl	-0.86%	-8.51%
NYMEX RBOB Gasoline	$2.11 / gallon	-0.73%	-14.86%
ICE Gas Oil	$782.00 / tonne	-3.04%	-15.09%
NYMEX Natural Gas	$2.71 / mmBtu	-3.70%	-39.44%
Spot Gold	$2,066.40 / ounce	-0.22%	13.26%
TRPC coal API 2 / Dec, 23	$112 / tonne	0.67%	-39.38%
Carbon ECX EUA	€71.77 / tonne	-0.99%	-14.53%
Dutch gas day-ahead (Pre. close)	€43.94 / Mwh	7.56%	-41.86%
CBOT Corn	$4.82 / bushel	-0.67%	-28.98%
CBOT Wheat	$6.02 / bushel	-0.17%	-99.25%
Malaysia Palm Oil (3M)	RM3,829 / tonne	-1.16%	-8.27%
Index	**Close 01 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	308.07	-1.03%	2.24%
Rogers International	27.32	1.11%	-4.69%
U.S. Stocks - Dow	36,245.50	0.82%	9.35%
U.S. Dollar Index	103.40	0.13%	-0.12%
U.S. Bond Index (DJ)	411.58	0.94%	4.87%

COLUMN-Iron ore benchmarks diverge as China tries to cool prices: Russell

The two main spot prices for iron ore diverged last week, with Singapore-traded contracts gaining but China's domestic futures posting a decline.

The two benchmarks generally move in tandem, but can de-couple, especially when Beijing expresses displeasure over price gains for the key steel raw material, as has happened in recent weeks.

But the increase in the Singapore Exchange contracts show that Beijing may be pushing on a rope insofar as it can browbeat domestic investors for a while, but will struggle to contain international prices, especially if there are fundamental reasons supporting higher iron ore prices.

The front-month Singapore contract ended at $132.60 a metric ton on Dec. 1, up 1% for the week and the highest close in 18 months.

The front-month futures on the Dalian Commodity Exchange ended last week at 969 yuan ($135.71) a metric ton, down 0.8% for the week, the first weekly loss after seven straight gains.

While modest, the decline in the Dalian contracts shows some nervousness among China's domestic traders in the face of several measures aimed at curbing iron ore's rally.

The exchange said on Nov. 30 that it will continue to strengthen its supervision of iron ore futures to maintain what it termed the safe and stable operation of the market.

This move came after China's state planner said on Nov. 24 it will boost supervision of iron ore at ports and guard against hoarding and speculation.

The National Development and Reform Commission also said it will tighten supervision of spot and futures markets in response to a "continuous and rapid" rise in the price of iron ore.

Dalian futures have been in a sustained uptrend since the close of 587.5 yuan a metric ton on May 25, having gained 65% since what is so far the weakest closing price in 2023.

The rally may seem to be at odds with the weakness in China's key property sector, which has been battling weak prices and a liquidity issues among major developers.

However, some confidence has been creeping back into the iron ore market amid efforts to boost the sector, and some signs of improvement, with China's new home prices rising slightly in November for a third monthly gain.

But despite the travails of the property sector, China's iron ore imports have been relatively robust so far in 2023.

RISING IMPORTS

In the first 10 months of the year official customs data show imports of 975.84 million metric tons, an increase of 4.64% over the same period in 2022.

Arrivals are also likely to have been strong in November, with commodity analysts Kpler tracking imports of 103.82 million metric tons, while LSEG data is less bullish at 96.72 million.

Overall, it's likely that November imports will end up more or less the same as October's customs figure of 99.39 million metric tons.

A further bullish factor is the level of inventories at China's ports, with data from consultants SteelHome showing stockpiles were 110.7 million metric tons in the week to Dec. 1.

This was up from 108.5 million metric tons the prior week, but it's worth noting that inventories are well below usual levels for this time of year, and are only slightly higher than the seven-year low of 105.15 million, recorded for the week to Oct. 20.

In the same week last year iron ore stockpiles were 137.5 million metric tons and were 155.4 million in the same week on 2021.

The depleted level of inventories suggests that iron ore imports may remain at robust levels in coming months, especially if steel mills and traders gain more confidence that the worst is over for the property sector.

Overall, both fundamentals and sentiment have shifted in favour of iron ore in recent weeks, and the only thing standing against higher prices, or at least a maintenance of recent gains, is stronger moves by Beijing.

History suggests that the authorities can cool iron ore prices, but only for a relatively short period, especially if the market conditions are supportive for stronger prices.

(The opinions expressed here are those of the author, a columnist for Reuters.)

Top News - Carbon & Power

Countries promise clean energy boost at COP28 to push out fossil fuels

Governments launched new initiatives on Saturday to bolster clean energy and to wean themselves off fossil fuels at the U.N. climate summit in Dubai, where countries are grappling with how to halt the non-stop rise in planet-warming emissions.

In one of the most widely supported initiatives, 118 governments pledged to triple the world's renewable energy capacity by 2030 at the U.N.'s COP28 climate summit on Saturday, as a route to cut the share of fossil fuels in the world's energy production.

The pledge was among a slew of COP28 announcements on Saturday aimed at decarbonising the energy sector - source of around three-quarters of global greenhouse gas emissions - that included expanding nuclear power, cutting methane emissions and choking off private finance for coal power.

"This can and will help transition the world away from unabated coal," said Sultan al-Jaber, the United Arab Emirates' COP28 summit President.
Led by the European Union, United States and UAE, the pledge also said tripling renewable energy would help remove CO2-emitting fossil fuels from the world's energy system by 2050 at the latest.
Backers on Saturday included Brazil, Nigeria, Australia, Japan, Canada, Chile and Barbados.
While China and India have signalled support for tripling renewable energy by 2030, neither backed the overall pledge on Saturday - which pairs the ramp-up in clean power with a reduction in fossil fuel use.
Backers including the EU and UAE want the renewable energy pledge included in the final U.N. climate summit decision, to make it a global goal. That would require consensus among the nearly 200 countries present.
The pledge, a draft of which was first reported by Reuters last month, also called for "the phase down of unabated coal power" and an end to the financing of new coal-fired power plants. It also included a target to double the global rate of energy efficiency by 2030.
Climate vulnerable countries insisted that the goals must be paired with a deal among countries at COP28 to phase out the world's use of fossil fuels.
"It is only half the solution. The pledge can't greenwash countries that are simultaneously expanding fossil fuel production," said Tina Stege, Climate Envoy for the Marshall Islands.
While deployment of renewables like solar and wind has been surging globally for years, rising costs, labour constraints and supply chain issues have forced project delays and cancellations in recent months, costing developers like Orsted and BP billions of dollars in writedowns.
Hitting the target for 10,000 gigawatts of global installed renewable energy by 2030 will also require governments and financial institutions to hike investments and address the high cost of capital that has stymied renewable energy projects in developing nations.
"The mismatch still exists between our potentiality and our limitations to attract investment," said Najib Ahmed, a consultant at Somalia's climate ministry.
Africa has received just 2% of global investments in renewable energy over the last two decades, the International Renewable Energy Agency said.

NUCLEAR NUDGE
More than 20 nations also signed a declaration on Saturday aiming to triple nuclear power capacity by 2050, with U.S. climate envoy John Kerry saying the world cannot achieve "net zero" emissions without building new reactors.
"We are not making the argument that this is absolutely going to be the sweeping alternative to every other energy source," Kerry said during a launch ceremony at COP28.
"But ... you can't get to net-zero 2050 without some nuclear, just as you can't get there without some use of carbon capture, utilisation and storage."
Global nuclear capacity now stands at 370 gigawatts, with 31 countries running reactors. Tripling that capacity by 2050 would require a significant scaling up in new approvals - and finance.
Other pledges took aim at coal, the most CO2-emitting fossil fuel.
France said it would rally a group of nations to ask the OECD to measure the climate and financial risks attached to investing in new coal assets, to deter private financiers from backing projects.
Coal users Kosovo and the Dominican Republic also agreed to develop plans to phase out their coal-fuelled power.
Meanwhile, nearly 50 oil and gas companies including Exxon Mobil signed the Oil and Gas Decarbonization Charter, an initiative driven by COP President Sultan al-Jaber to cut operational emissions by 2050.
The charter was criticised by environmental groups who said the commitments were merely a distraction from the COP28 process and fail to deal with the emissions caused by burning fossil fuels.
"The pledge doesn't cover a drop of the fuel they sell, which accounts for up to 95% of the oil and gas industry's contribution to the climate crisis," said Melanie Robinson, Global Climate Program Director at the World Resources Institute.

METHANE EMISSIONS
The Biden administration on Saturday also unveiled final rules aimed at cracking down on U.S. oil and gas industry releases of methane, part of a global plan to rein in emissions that contribute to climate change.
Meanwhile, several governments, philanthropic organisations and the private sector said they have mobilised $1 billion in grants to supports countries' efforts to tackle the potent gas.
Two major emitters of methane, Turkmenistan and Kazakhstan, joined the Global Methane Pledge, a voluntary agreement by over 150 countries to slash their methane emissions by 30% by 2030.
The World Bank on Saturday launched an 18-month "blueprint for methane reduction" that will set up 15 national programs aimed at cutting methane emissions from activities like rice production, livestock operations, and waste management.

Global regulators propose tougher scrutiny of voluntary carbon markets
A global securities watchdog proposed 21 safety measures on Sunday to improve integrity, transparency and enforcement in voluntary carbon markets (VCMs) in a sector of growing importance to efforts to combat climate change.
IOSCO, which groups market watchdogs from Asia, Europe, Latin America and the United States, launched a

90-day public consultation on a set of good practices for national regulators to apply.
"VCMs have gained significant importance in recent years. But for these markets to succeed, they need integrity – both environmental and financial," Rodrigo Buenaventura, chair of IOSCO's sustainable finance taskforce, told an event at the COP28 climate summit in Dubai on Sunday.
The two weeks of UN talks, which began on Nov. 30, are addressing debate over whether ending the use of fossil fuels in the first place should be prioritised over promoting technologies that can capture emissions.
VCMs cover pollution-reducing projects, such as reforestation, renewable energy, biogas and solar power, that generate carbon credits companies buy to offset their emissions and meet net-zero targets.
Banks, investment funds and speculators also buy credits in the hope of re-selling them at a higher price, IOSCO said.
IOSCO last year raised the prospect of closer scrutiny of carbon markets when it said it was concerned the quality and double counting of credits left the sector open to fraud.
IOSCO, whose members commit to applying agreed rules, seeks to standardise terminology in VCMs, a sector that Morgan Stanley bank expects to grow from $2 billion in 2020 to about $250 billion by 2050.
National regulators could require companies to disclose their use of carbon credits, and platforms that trade credits to have better anti-fraud and market manipulation safeguards, IOSCO said.
VCMs are separate from government-regulated carbon markets, such as the emissions trading scheme in the European Union, the world's largest.
Good practice could include "comprehensive disclosures on the project development process, verification and auditing methodologies, and the entities responsible for measurement, reporting, and verification," IOSCO said.

Top News - Dry Freight

Multiple commercial vessels attacked in Red Sea
Three commercial vessels came under attack in international waters in the southern Red Sea, the U.S. military said Sunday, as Yemen's Houthi group claimed drone and missile attacks on two Israeli vessels in the area.
The Carney, an American destroyer, responded to distress calls and provided assistance following missile and drone launches from Houthi-controlled territory, according to U.S. Central Command.
Yemen's Houthi movement said its navy had attacked two Israeli ships, Unity Explorer and Number 9, with an armed drone and a naval missile. A spokesperson for the group's military said the two ships were targeted after they rejected warnings, without elaborating.
In a broadcast statement, the spokesperson said the attacks were in response to the demands of the Yemeni people and calls from Islamic nations to stand with the Palestinian people.
The U.S. military said the Carney shot down three drones as it helped the commercial vessels. It was not clear if the warship was a target.
It said the attacks were a threat to international commerce.
"We also have every reason to believe that these attacks, while launched by the Houthis in Yemen, are fully enabled by Iran," the statement said.
"The United States will consider all appropriate responses in full coordination with its international allies and partners," it added.
An Israeli military spokesperson Rear Admiral Daniel Hagari said the two ships had no connection to Israel.
"One ship was significantly damaged and it is in distress and apparently is in danger of sinking and another ship was lightly damaged," Hagari told reporters in Tel Aviv.
The reported incident follows a series of attacks in Middle Eastern waters since war broke out between Israel and the Palestinian militant group Hamas on Oct. 7.
An Israeli-linked cargo ship was seized in November by the Houthis, allies of Iran. The group, which controls most of Yemen's Red Sea coast, had previously fired ballistic missiles and armed drones at Israel and vowed to target more Israeli vessels.

MULTIPLE ENGAGEMENTS
The Bahamas-flagged bulk carrier Unity Explorer is owned by Unity Explorer Ltd and managed by London-based Dao Shipping Ltd, LSEG data showed. The ship was scheduled to arrive in Singapore on Dec. 15.
Number 9, which was headed to Suez port, is a Panama-flagged container ship owned by Number 9 Shipping Ltd and managed by Newcastle-upon-Tyne, UK-based Bernhard Schulte Shipmanagement (BSM), the data showed.
BSM said in a statement to Reuters Number 9 is currently sailing and there were no reports of injuries or pollution after the incident. The vessel was hit by a projectile while transiting the Bab al-Mandab Strait, the company said.
Unity Explorer's owners and managers could not be reached immediately for comments.
According to U.S. Central Command, the Unity Explorer suffered minor damage while the Number 9 also reported damage.
British maritime security company Ambrey and sources said earlier that a bulk carrier and a container ship had been hit by at least two drones while sailing in the Red Sea.
Ambrey said the container ship had reportedly suffered damage from a drone attack about 63 miles (101 km) northwest of the northern Yemeni port of Hodeidah.

Britain's Maritime Trade Operations agency (UKMTO) said it had received reports of a drone attack in the Red Sea's Bab al-Mandab Strait.
Last week a U.S. Navy warship responded to a distress call from an Israeli-managed commercial tanker in the Gulf of Aden after it had been seized by armed individuals.

South Korea to consult China over urea export delays

South Korea said it will consult China to prevent disruption to urea supplies after Korean companies reported the material was taking longer to pass through Chinese customs on its way to the peninsula.
The reports follow calls from China's nitrogen fertiliser association last month to prioritise supplies for domestic use after prices hit a two-year high. They also come after Indian industry figures in September flagged delays at Chinese ports.
The issue has raised concern about a repeat of a supply crunch in 2021 when China's government effectively halted exports of urea - a type of nitrogen used as fertiliser in agriculture as well as to curb diesel and industrial emissions.
South Korea imports over 90% of its urea supply from China.
"We have confirmed customs delays, and there was no political background but economic factors, mainly due to tight urea supplies within China," Ministry of Trade, Industry and Energy spokesperson Choi Nam-ho told a briefing on Monday.
In a statement late on Sunday, the ministry said it maintains "proper levels" of urea inventory, sufficient for three months, with supplies also coming from Vietnam and Japan. It also said it was working to prevent shortage and to stabilise the market, such as by boosting reserves for vehicle use and supporting the industry to diversify import channels.
In late 2021, a new Chinese export requirement aimed at increasing domestic supplies triggered panic buying among South Korean drivers of diesel cars and trucks who are required to use urea solutions to cut emissions. South Korea resorted to government rations while trying to secure alternative suppliers. It even scrambled a military tanker plane to Australia.
Diesel cars account for about 40% of registered vehicles in South Korea.

Picture of the Day

Solar panels lie in front of factories at Jinjie Industrial Park in Shenmu, Shaanxi province, China, November 20. REUTERS/Colleen Howe

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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

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