

OPEC+ Plans Review in Baku in March, Ministers' Meeting in April



OPEC and its allies plan to hold a meeting in March to assess their oil-production accord in Azerbaijan, and then ministers will gather to set policy in April, according to the organization's top official.

The body that reviews the implementation of OPEC's supply cuts, the Joint Ministerial Monitoring Committee, will convene in the Azeri capital of Baku on March 17 to 18, Secretary-General Mohammad Barkindo said in a statement. Ministers will then meet in Vienna on April 17 to 18 to decide whether the cutbacks should be extended beyond their scheduled expiry in the summer.

Barkindo recently met with Venezuelan Oil Minister Manuel Quevedo, who this year holds OPEC's rotating presidency, and

arranged the dates in consultation with him and the ministers of Saudi Arabia and Russia, who co-chair the JMMC.

The 24-nation coalition of oil producers known as OPEC+, which includes OPEC nations as well as non-members, is cutting output to stabilize global markets. They have agreed to collectively reduce supplies by 1.2 million barrels a day for the first half of this year.

By restraining supply in 2017 and early last year, the alliance engineered a recovery in prices that ended the oil industry's worst slump in a generation, but the market has started to weaken again. At about \$60 a barrel in London, prices remain about 30 percent down from a four-year high reached in October.

It took more than a month for the Organization of Petroleum Exporting Countries to settle on the dates, an unusually long time for the group, which typically concludes each conference with a prompt resolution on when to meet again.

The delay may reflect the more complicated logistics that come with expanding into a broader coalition with more countries. Whereas in the past decisions were confined to the dozen-or-so members of OPEC, these days its consultations can involve all 24 nations in the broader network, with Russia having particular influence.

Pronounced volatility in oil prices in the month since OPEC+ announced its supply curbs suggests market participants have been looking for additional clarity on the organization's plans.

Besides the two meetings for ministers, delegates will also convene in coming weeks to work on a framework that will cement co-operation between OPEC and non-OPEC over the long-term.

OPEC officials will meet to discuss the framework on Feb. 7 to 8, and representatives from their non-OPEC partners will

follow-up the consultations on Feb. 18 to 19. The charter will be finalized in order to be considered by ministers at their meeting in April, Barkindo said.

China said to eye near four-fold LNG import capacity jump by 2035



Bloomberg/Hong Kong/Singapore

China may boost its liquefied natural gas import capacity by nearly four-fold within two decades as it pushes toward using more of the fuel.

The Ministry of Transport has proposed the nation operate 34 coastal terminals with total annual import capacity of 247mn tonnes by 2035, according to people with knowledge of the draft plan. That compares with the nation's total nameplate capacity of 67.5mn tonnes at the end of last year, according

to BloombergNEF. The plan is preliminary and could change, said the people, who asked not to be identified as the information isn't public.

The transport ministry didn't respond to a faxed request for comment. The Shanghai Petroleum & Gas Exchange posted information about the plan on its website on Monday, citing a report by Southern Energy Observer.

President Xi Jinping's government has prioritised using more natural gas in place of coal for residential and industrial use, sparking a race to increase supply and expand infrastructure such as pipelines, storage tanks and import terminals. Total gas imports surged 32% last year as the nation overtook Japan to become the world's biggest buyer, both by seaborne LNG and pipeline. The boom was so big that China accounted for 65% of global LNG demand growth last year, according to Sanford C Bernstein & Co.

The draft plan consists of two types of terminals, said the people. The first is 13 facilities referred to as "key" or "important," and will have a combined capacity of 165mn tonnes in 2035. A second category, known as "general" or "ordinary," will total 82mn tonnes over 21 terminals. Additionally, there are six terminals planned inland along the Yangtze River that aren't accounted for in the total capacity figure, they said.

– With assistance from Dan Murtaugh.

US pressures Germany over Russian gas pipeline



[FRANKFURT AM MAIN] A transatlantic tiff over Europe's natural gas supply came to the boil Sunday, as Donald Trump's ambassador to Germany threatened firms involved in a pipeline from Russia with sanctions.

At stake is a mixture of economic and security interests for Moscow, Washington, Berlin and Paris – with equally direct consequences for Ukraine and other eastern European nations.

A letter envoy Richard Grenell sent to several businesses "reminds that any company operating in the Russian energy export pipeline sector is in danger... of US sanctions," an embassy spokesman told AFP.

The letter by Grenell, a close ally of President Donald Trump, "is not meant to be a threat, but a clear message of US policy," the spokesman said.

Pressure has been mounting on Berlin for months to turn away from the under-construction pipeline, which is set to double the capacity of an existing connection beneath the Baltic Sea.

Trump accused Germany last year of being "totally dependent" on and a "captive" of Moscow because of the natural gas

supply.

But the louder the volume of complaints from Washington, the more Berlin has dug in its heels.

Chancellor Angela Merkel, backed by France and Austria, has in the past insisted the pipeline is a “purely economic project” that will ensure cheaper, more reliable gas supplies.

German Foreign Minister Heiko Maas also weighed in on the transatlantic row last week, saying “European energy policy should be decided in Europe, not in the United States.”

The confrontation echoes European leaders’ sticking to a 2015 deal with Iran to limit that country’s nuclear programme.

Trump has renounced the pact and threatened sanctions against EU firms doing business with Tehran.

– ‘Blackmail’ –

In an angry reaction from Russia Sunday, senator Alexei Pushkov tweeted that Trump was using “direct threats” to sell “more expensive American gas to Europe.”

The US embassy spokesman said that “the only thing that could be considered blackmail in this situation would be the Kremlin having leverage over future gas supplies.”

American officials argue that routing more gas through the Baltic and the planned TurkStream pipeline under the Black Sea will deprive Ukraine of vital transit income and isolate it from its allies.

That could be bad news for Kiev, which saw the Crimean peninsula annexed by Russia in 2014 and is battling Moscow-backed separatists in a conflict that has so far claimed over 10,000 lives.

“Firms supporting the construction of the two pipelines are

actively undermining the security of Ukraine and Europe,” ambassador Grenell wrote.

US objections are shared by “nearly 20 European countries” such as vital EU member Poland, as well as the European Parliament and the US House of Representatives, the embassy spokesman said.

Merkel – a key player in Moscow-Kiev peace talks – says Ukrainian interests will be protected as some Russian gas will still be transported via the country once Nord Stream 2 is online.

– Gas ahoy –

But Germany has also appeared to make concessions to Trump by looking into construction of liquid natural gas (LNG) terminals on its north coast to accept sea shipments from the US.

Berlin was “studying options” to help fund gas facilities, Merkel spokesman Steffen Seibert said in October – although he denied the government was caving to US pressure.

Beyond Ukraine, Trump has explicitly linked his complaints over Russian gas to his push to get European members of the NATO alliance to spend more on defence.

“Germany just started paying Russia, the country they want protection from, Billions of Dollars for their Energy needs coming out of a new pipeline,” he tweeted in July. “Not acceptable!”

Merkel has long since committed to reach the NATO defence spending target of 2.0 per cent of GDP – albeit by 2024.

Last year, just 1.24 per cent of Germany’s output went on its military, compared with 3.5 per cent for the US.

AFP

Bears get out of the way as crude's rebound takes hold



Crude oil's rally is starting to sweep away the pessimists. After starting 2019 on a cautious tone, hedge funds last week slashed bets on falling Brent crude prices to the lowest level since mid-November, as they looked to get out the way of a recovery that pushed oil back into a bull market. Wagers on increasing prices climbed the most in a month, reversing course from last week. The global benchmark surged last week, as the US and China made progress in trade talks and Opec members reaffirmed its commitment to head off a supply glut. Money managers have turned alternately bullish and bearish on the rally in recent weeks, but the evidence for a sustained move higher is getting harder to ignore, said Mark Waggoner, president of Oregon brokerage Excel Futures Inc.

“Just having another positive week is going to be huge for a lot of people’s psyches, after we got so beat up last year,” Waggoner said by telephone. “I think you’re going to see more of them coming on board this week.” Brent has gained more than 20% since hitting an 18-month low in late December. Nonetheless, it’s still down by almost a third since October and faces continuing pressure from the boom in US shale drilling and an uncertain economy. Prices fell for the first time in two weeks on Friday, retreating 2% to \$60.48 a barrel. US crude prices finished the week up 7.6%, their best showing in six months. Data on hedge fund wagers for West Texas Intermediate crude weren’t available due to the US government shutdown. Brent net-long positions – the difference between bullish and bearish wagers – climbed 3.8% to 158,146 options and futures contracts in the week ending January 8, the ICE Futures Europe exchange said on Friday. Most of the shift came from a 3.6% decline on contracts predicting a Brent drop. Bets on rising prices edged up 0.8%. They’ve traded gains and losses for the past six weeks. Late December’s more bearish stance “was more about hedge funds squaring their books after they’d had a very bad year,” said Frances Hudson, a global thematic strategist at Aberdeen Standard Investments in Edinburgh. Sentiment has improved markedly, she said in a telephone interview. “Things seemed to have settled down a little bit in terms of production,” Hudson said.

Opec withdrawal fits Qatar’s LNG strategy, says US finance

attache



Qatar's recent decision to withdraw its membership from the Organisation of the Petroleum Exporting Countries (Opec) is a business decision that supports the country's development strategy for its liquefied natural gas (LNG) sector, industry experts agreed during the Euromoney Conference held in Doha on Sunday.

Qatar is Opec's 11th-biggest oil producer. Lesley Chavkin, the US Department of the Treasury financial attaché to Qatar and Kuwait, pointed out that Qatar's total output accounts for "only 2%."

"Qatar is not a behemoth in Opec, and I think it (withdrawal from Opec) fits with the strategy to focus the resources on LNG. That seems to be the future of Qatar's energy industry," Chavkin said during the panel discussion titled 'Qatar's Economy – New Directions, New Opportunities'.

On the global market, Chavkin also said that Qatar is expanding its reach, veering towards the Asia Pacific region. She noted that Qatar may have to look into short-term contracts with its Asian buyers.

"Obviously, it's no surprise that the demand is coming from the Asia Pacific region. We have China aggressively moving from coal to gas...moving forward, it's going to be Asian-

focused.

“What I think is a kind of interesting space to watch is LNG contracts. So, Asian buyers tend to prefer buying LNG on spot or short-term basis. LNG contracts here tend to be longer term, and Qatar has flexibility in adjusting some of its longer term contracts to maintain market share but that’s something interesting that we would be watching, going forward,” Chavkin explained.

Mohamed Barakat, the managing director of US-Qatar Business Council, said he agrees with Qatar’s decision to withdraw its membership from Opec, “because this is a business-focused decision.”

“Qatar is in the gas business and its oil production doesn’t affect the market that much as countries like Saudi Arabia,” Barakat said.

He added: “Qatar’s decision to increase its gas production will definitely increase the support and supplies that Qatar can provide globally, knowing that from a US perspective, Qatar has provided a lot of LNG to US allies, supporting them, and helping them to be more independent with a reliable partner in Qatar – that would help advance more the business interests globally in Qatar, as well.”

Alexis Antoniades, the director of International Economics at Georgetown University – Qatar, emphasised that the decision to withdraw Qatar’s Opec membership is a business decision and was not politically motivated.

“I don’t see any political decision behind it... this is a business decision. We have no role in Opec... we are in the LNG industry and not the oil sector. It makes sense for us to withdraw there, and it makes sense for us to figure out what is it that we are going to do well, and focus our time and resources on that,” Antoniades said.

How Inequality Undermines

Economic Performance



France's Yellow Vest protests are rooted in frustration with the government's indifference to the plight of struggling households outside France's urban centers. With job and income polarization having increased across all developed economies in recent decades, developments in France should serve as a wake-up call to others.

MILAN – About a decade ago, the Commission on Growth and Development (which I chaired) published a report that attempted to distill 20 years of research and experience in a wide range of countries into lessons for developing economies. Perhaps the most important lesson was that growth patterns that lack inclusiveness and fuel inequality generally fail.

The reason for this failure is not strictly economic. Those who are adversely affected by the means of development, together with those who lack sufficient opportunities to reap its benefits, become increasingly frustrated. This fuels social polarization, which can lead to political instability, gridlock, or short-sighted decision-making, with serious long-term consequences for economic performance.

There is no reason to believe that inclusiveness affects the

sustainability of growth patterns only in developing countries, though the specific dynamics depend on a number of factors. For example, rising inequality is less likely to be politically and socially disruptive in a high-growth environment (think a 5-7% annual rate) than in a low- or no-growth environment, where the incomes and opportunities of a subset of the population are either stagnant or declining.

The latter dynamic is now playing out in France, with the “Yellow Vest” protests of the last month. The immediate cause of the protests was a new fuel tax. The added cost was not all that large (about \$0.30 per gallon), but fuel prices in France were already among the highest in Europe (roughly \$7 per gallon, including existing taxes).

Although such a tax might advance environmental objectives by bringing about a reduction in emissions, it raises international competitiveness issues. Moreover, as proposed, the tax (which has now been rescinded) was neither revenue-neutral nor intended to fund expenditures aimed at helping France’s struggling households, especially in rural areas and smaller cities.

In reality, the eruption of the Yellow Vest protests was less about the fuel tax than what its introduction represented: the government’s indifference to the plight of the middle class outside France’s largest urban centers. With job and income polarization having increased across all developed economies in recent decades, the unrest in France should serve as a wake-up call to others.

y most accounts, the adverse distributional features of growth patterns in developed economies began about 40 years ago, when labor’s share of national income began to decline. Later, developed economies’ labor-intensive manufacturing sectors began to face increased pressure from an increasingly competitive China and, more recently, automation.

For a time, growth and employment held up, obscuring the underlying job and income polarization. But when the 2008 global financial crisis erupted, growth collapsed, unemployment spiked, and banks that had been allowed to become too large to fail had to be bailed out to prevent a broader economic meltdown. This exposed far-reaching economic insecurity, while undermining trust and confidence in establishment leaders and institutions.

To be sure, France, like a number of other European countries, has its share of impediments to growth and employment, such as those rooted in the structure and regulation of labor markets. But any effort to address these issues must be coupled with measures that mitigate and eventually reverse the job and income polarization that has been fueling popular discontent and political instability.

So far, however, Europe has failed abysmally on this front – and paid a high price. In many countries, nationalist and anti-establishment political forces have gained ground. In the United Kingdom, widespread frustration with the *status quo* fueled the vote in 2016 to leave the EU, and similar sentiment is now undermining the French and German governments. In Italy, it contributed to the victory of a populist coalition government. At this point, it is difficult to discern viable solutions for deepening European integration, let alone the political leadership needed to implement them.

The situation is not much better in the United States. As in Europe, the gap between those in the middle and at the top of the income and wealth distribution – and between those in major cities and the rest – is growing rapidly. This contributed to voters' rejection of establishment politicians, enabling the victory in 2016 of US President Donald Trump, who has since placed voter frustration in the service of enacting policies that may only exacerbate inequality.

In the longer term, persistent non-inclusive growth patterns can produce policy paralysis or swings from one relatively extreme policy agenda to another. Latin America, for example, has considerable experience with populist governments that pursue fiscally unsustainable agendas that favor distributional components over growth-enhancing investments. It also has considerable experience with subsequent abrupt shifts to extreme market-driven models that ignore the complementary roles that government and the private sector must play to sustain strong growth.

Greater political polarization has also resulted in an increasingly confrontational approach in international relations. This will hurt global growth by undermining the world's ability to modify the rules governing trade, investment, and the movement of people and information. It will also hamper the world's ability to address longer-term challenges like climate change and labor-market reform.

But to go back to the beginning, the main lessons from experience in developing and now developed economies are that sustainability in the broad sense and inclusiveness are inextricably linked. Moreover, large-scale failures of inclusion derail reforms and investments that sustain longer-term growth. And economic and social progress should be pursued effectively – not with a simple list of policies and reforms, but with a strategy and an agenda that involves careful sequencing and pacing of reforms and devotes more than passing attention to the distributional consequences.

The hard part of constructing inclusive growth strategies is not knowing where you want to end up so much as figuring out how to get there. And it is hard, which is why leadership and policymaking skill play a crucial role.

Climate Change Action Cannot Ignore Social Issues



Despite a series of troubling new reports and studies, the world has yet to respond adequately to the threat posed by global warming. One reason is that policymakers have not made the connection between climate action and the social and political challenges their countries face.

PRINCETON/VIENNA – Climate scientists are sounding the alarm about global warming, but the world is not responding. In October, the United Nations Intergovernmental Panel on Climate Change warned of catastrophic risks to health, livelihoods, water supplies, and human security if global warming is not limited to 1.5° Celsius relative to the pre-industrial level, a target set by the 2015 Paris climate agreement. At the moment, however, we are on track for a 3°C increase.

Then, in November, the Fourth National Climate Assessment in the United States predicted that without swift action to reduce greenhouse-gas emissions, the US economy would suffer

“substantial damages.” But President Donald Trump’s administration appears utterly unconcerned.

How is it possible that the slow-motion threat of climate devastation has not yet been halted?

Insights from the social sciences can help answer this question. In a recent report and companion book, the International Panel on Social Progress (IPSP), where we serve as committee members, analyzed social justice and equality across a number of sectors. One conclusion stands out: the only way to tackle the threat posed by climate change is by simultaneously addressing social and political challenges.

When ignored, social issues can trigger political turmoil, which can undermine the political will to fight climate change. For example, despite the implementation deal that was reached on December 15 in Poland, the Paris agreement remains in jeopardy, owing to political upheaval in many countries. In the US and Brazil, voters angry over socioeconomic issues elected leaders who are hostile to climate action. In France, protesters have taken to the streets to oppose a fuel-tax hike, not because they are against climate action per se, but because they are anxious about the high cost of living and frustrated with the elite’s perceived indifference. France’s experience echoes the difficulties that many developing countries have when trying to eliminate fossil-fuel subsidies.

These developments confirm what social scientists have long suspected: an environmentally-centered, technocratic push for climate action is destined to fail. But the IPSP’s recent work offers insights into how to achieve social progress and environmental sustainability concurrently.

On the socioeconomic front, inequalities can be curbed with policies that go beyond standard interventions, like wealth redistribution. It has been shown that people can be empowered

with skills training and better health care, as well as with bargaining rights and appropriate regulation of labor contracts.

Addressing anxiety about the future of work is both necessary and feasible. Although there is no compelling evidence that automation will lead to widespread unemployment, job reshuffling will be disruptive. Ambitious “flexicurity” policies to ensure workers’ long-term security would help. With a combination of wage compression (closing the wage gap between jobs and industries), asset redistribution, and universal welfare, it is possible to accelerate innovation, empower workers, and promote growth and social mobility. Moreover, reforming the mission and the governance of corporations to better take account of all stakeholders would promote social justice and strengthen environmental stewardship.

Through such policies, governments would make economic democracy and empowerment a top priority. They could also promote economic efficiency with tax reforms that account for negative environmental and social externalities as well as monopoly profits and capital gains from real estate. Health care, education, and urban policy reforms can improve economic opportunities and yield important moral, civic, social, and ecological benefits.

Restoring trust in institutions also requires addressing democratic shortcomings in political systems and global governance. Corporate power and the influence of wealth in politics must be reined in; aligning antitrust legislation with twenty-first-century technologies is one place to start. Social media, once touted as a boon to democratization, may corrode the transparency and accountability on which democracy depends. Digital and traditional media should therefore be treated as common goods, and appropriate governance, involving civil society, must be set up to preserve content quality and producer independence from business interests and partisan

influence.

The architecture of global governance mechanisms is still dominated by the richest countries. International organizations and their policies will not find their place and voice unless and until this power imbalance is ameliorated.

Around the world, experiments in democratic participation and deliberation held out the promise of more inclusive decision-making. This makes it possible to envision societies with less inequality and stronger environmental safeguards. With the right regulations and incentives, markets, corporate behavior, and new technologies can serve social progress and ecological goals. We are convinced that a better society is possible.

The authors of the IPSP's report are not naive; we recognize that many of our contemporary institutions have been designed to address the problems of another era and must be reinvented. It is not easy to identify actors or organizations that are up to the task. But in the absence of a cohesive movement effecting change, loose coalitions of actors, political and environmental movements, business leaders, workers, philanthropists, minorities, and activists are capable of pursuing environmental and social causes in a decentralized fashion.

Taking action against climate change cannot be separated from social issues. In fact, simultaneously fighting climate change and promoting social justice makes it harder to ignore either one.

The answer to plastic pollution



With China refusing foreign waste under its new policy, countries are forced to handle their own plastic pollution. As holiday shopping ramps up, so do the dizzying varieties of plastic packaging tossed in recycling bins. And while we wish a miracle would transform this old garbage into something new, the reality is the waste left over from the holiday shopping frenzy is more likely than ever to end up in a landfill or incinerator. Until January of this year, the United States and other Western countries were foisting their low-value plastic waste on to China, with little concern for the environmental degradation this caused. To protect its citizens from the burden of foreign pollution, in the beginning of this year, China refused to be the world's dumping ground and effectively closed its doors to plastic waste imports. China's new National Sword policy of refusing foreign waste has brought a long-overdue moment of reckoning for the recycling industry, and by proxy, for manufacturers. Its clear recycling alone cannot come close to addressing the ballooning amounts of

plastic waste piling up all over the country. Even before China's waste ban took effect, only 9% of plastic in the US was actually recycled. No matter how diligently Americans sort their plastic waste, there is just too much of it for the US, or any other country, to handle. On the bright side, the ban sparked a much-needed conversation about improving domestic recycling infrastructure and recycling markets and has forced both companies and the public to re-evaluate the products and packaging that were previously assumed to be recyclable. But the ban has also been used as a wrongful justification for burning trash in incinerators. Waste incinerators became popular in the US in the late 80s, until harmful emissions of mercury and dioxins, toxic ash, technical failures, and prohibitive costs soured the public on the industry. However, there are still more than 70 relics left over from that failed experiment which continue to pollute surrounding communities and drain city coffers. One of the most notorious cases is in Detroit. The city's incinerator, perversely named Detroit Renewable Power, exceeded emissions limits more than 750 times over the last five years, contributing to one of the highest rates of asthma in the country. Not only is the incinerator criminally polluting, it cost the city nearly \$1.2bn in debt. According to US Energy Information Administration data, incinerators are the most expensive way to produce energy – costing twice that of nuclear and solar and three times the cost of wind. In some cases, recent incineration schemes are even disguised as recycling programs. For example, the city of Boise, Idaho, which was rocked by China's waste ban, is directing residents to "recycle" their plastic by putting it in a special orange bag called the Hefty Energy Bag. The plastic is then melted to make fossil fuels to burn. This method, called pyrolysis, or "plastic-to-fuel", is being pushed by the American Chemistry Council, Dow Chemical, Unilever, and others who are invested in continuing the status quo of churning out massive amounts of single-use plastic. Not only is this form of incineration the opposite of recycling, it gives people a false sense of security that single-use

plastic is acceptable to continue making and using. Instead of coming up with increasingly complicated and expensive ways to deal with plastic waste, why not focus on preventing it from being made in such large quantities in the first place? We simply need less plastic in the world. Notably, many North American cities are cracking down on nonsense single-use plastic and resisting short-sighted, false solutions like plastic-to-fuel. Plastic bag bans or fees are underway in cities such as Seattle, Boston, San Francisco (leading to a statewide ban), and Washington, DC. Some cities are going even further: Vancouver is introducing a city-wide ban on single-use straws, foam cups, and containers starting June 2019. In addition to bans and fees on problematic products and packaging, several cities are also pursuing legislation that would force companies to pay for managing the waste created by their products instead of foisting disposal costs onto the consumer, thereby motivating them to change their manufacturing and delivery systems to eliminate or drastically minimize waste. This holiday season, the greatest gift manufacturers can give consumers is the option to buy their products without ending up with a recycling bin full of single-use plastic packaging destined for the burner or the dump. As the saying goes, “necessity is the mother of invention”. China’s National Sword policy gives us the opportunity to kick our society’s plastic habit once and for all and to put pressure on those most responsible for it: not consumers, not cities, but producers. – Guardian News & Media

Fiat Chrysler said to pay

more than \$700mn over US diesel emissions claims



FIAT CHRYSLER AUTOMOBILES

Reuters Washington

Fiat Chrysler Automobiles NV will pay more than \$700mn to resolve lawsuits from the US Justice Department and diesel owners over claims it used illegal software to allow 104,000 diesel vehicles to emit excess emissions, three people briefed on the matter said on Wednesday. Fiat Chrysler will pay \$311mn in civil penalties to US and California regulators, about \$75mn to states investigating the excess emissions and additional funds to offset excess emissions from the older cars. It will also pay \$280mn to settle a lawsuit by owners, the sources said. Fiat Chrysler has denied any wrongdoing and previously said there was never an attempt to create software to cheat emissions rules. In October, the company set aside €713mn (\$815mn) to cover potential costs related to the case. Separately, Robert Bosch GmbH, a German auto supplier that made some components for the Fiat Chrysler diesel engines, is expected to announce it will settle suits from US owners for \$30mn, one person said. The settlements are set to be announced on Thursday at the Justice Department. Fiat Chrysler, Bosch and the Justice Department declined to comment. The Environmental Protection Agency issued a media advisory on Wednesday that said it would make an “announce-

ment of a significant civil action to address cheating on federal auto-emissions tests.” The Justice Department sued Fiat Chrysler in May 2017, accusing it of illegally using software that led to excess emissions in 104,000 US diesel vehicles from the 2014-2016 model years. Fiat Chrysler won approval from US regulators in July 2017 to sell diesel vehicles with updated software. The company has repeatedly said it hoped to use that software to address agencies’ concerns over the 2014-2016 vehicles. The company is not expected to make any hardware changes to the vehicles and the fix will not impact the vehicle’s fuel economy, two people said. Owners of those vehicles are expected to get an average of \$2,800 each for completing the software updates, the sources said. Fiat Chrysler will formally issue an emissions recall for the vehicles, but will not offer to buy back the vehicles, the sources said. The Justice Department in 2017 said Fiat Chrysler used auxiliary emissions controls in diesel vehicles that led to “substantially” higher than allowable levels of nitrogen oxide, or NOx pollution, which is linked to smog formation and respiratory problems. US and California regulators stepped up scrutiny of diesel vehicles after Volkswagen AG admitted in 2015 to illegally installing software in US vehicles for years to evade emissions standards. VW has agreed to pay more than \$25bn in the United States for claims from owners, environmental regulators, states and dealers. Regulators have also been probing diesel emissions in Daimler AG’s US Mercedes Benz vehicles.

Shell LNG plant blockade gets

no easy fix from Canadian province



Bloomberg Vancouver

British Columbia Premier John Horgan gave little sign his government was ready to intervene in a contentious blockade obstructing Royal Dutch Shell Plc's \$31bn gas export project, shying away from condemning the indigenous group that's defied a court order to remove barricades. "There is no quick fix to resolving issues that go back to 1876 and beyond," Horgan said, referring to the year of Canada's Indian Act and the thorny legacy created in British Columbia, where most First Nations have never formally ceded jurisdiction of their ancestral lands. "We recognise the right of individuals to protest." But he also acknowledged that the project, LNG Canada, had met every requirement to proceed and had the support of all 20 First Nation groups along its corridor, including the Wet'suwet'en on whose lands the blockade is taking place. "We believe that LNG Canada has met the obligations that we asked them to achieve." The blockade underscores how hard it's become for Canada to clear the way

for sanctioned energy projects – even those blessed by all levels of government and elected indigenous leaders. When Shell and its four Asian partners agreed to invest last October after a decade of negotiations, the project was feted as the blueprint for how industry should work with First Nations. Yet in the months since, a group of holdouts have erected barricades on a public road, preventing TransCanada Corp from working on the 420-mile (676km) Coastal GasLink pipeline that will supply the export facility. The protesters ignored a November court order to allow access. “It’s important to understand that construction time lines require us to gain access to the area and begin activities as soon as we safely can to keep the current construction schedule and time lines in place,” Jacquelynn Benson, a spokeswoman for Coast GasLink, said in an email. “Any delays to that would affect our ability to meet those dates.” LNG Canada didn’t immediately respond to a question about delays to the project. The project – also backed by Petroliaam Nasional Bhd, Mitsubishi Corp, PetroChina Co and Korea Gas Corp – is Canada’s largest infrastructure project ever and the world’s biggest planned liquefied natural gas facility in years. Indigenous leaders, including a former Wet’suwet’en elected chief, have lamented the blockade for threatening a project that offers rural communities their best shot at economic development. Yet since Monday, when police arrested 14 to enforce the court order and restore access, protests have flared up across the nation in support of the blockade. In an October interview, Horgan credited LNG Canada’s success to its aboriginal support, contrasting it against Trans Mountain, the oil pipeline bought by the federal government from Kinder Morgan Inc. Shell was able to reach agreements with all aboriginal groups, whereas “Trans Mountain was not,” he’d said. “I think that speaks for itself.” Three months later, it’s not clear that made such a difference. “British Columbia is unique in Canada – we have unceded territory and in every corner of the province we have court ruling after court ruling,” Horgan told reporters on Wednesday, saying he’d

spoken to Prime Minister Justin Trudeau about the impasse late Tuesday. The project, he said, “highlights the challenges of reconciliation.”