

Gazprom and Ukraine agree on gas transit, settle legal issues



Bloomberg/ Moscow

Gazprom PJSC and Ukraine reached an agreement that will allow Russian gas to flow to Europe via its neighbour through the end of 2024 and settle all of the related legal disputes.

Ukraine's gas company, Naftogaz PJSC, will organise the transit of Russian gas through the country, with a booked pipeline capacity of 65bn cubic meters for 2020 shipments, Gazprom chief executive officer Alexey Miller said in a statement yesterday.

In 2021-2024, the booked capacities will reach 40bn cubic meters a year, he said. The companies also agreed to mull the possibility of gas transit through 2034, according to a protocol, signed late Friday evening in Minsk. An extension for the following 10 years may be on the same terms as the five-year deal, according to Ukraine's Energy Ministry.

"The transit via Ukraine will continue and the strategic

nature of the transit was understood by everyone and I believe it would help us open a new chapter in this relationship," EU Commission Vice President Maros Sefcovic told Bloomberg yesterday.

The bilateral agreement paves the way for the continuation of Russian gas flows to Europe via Ukraine, which has been the key transit route for Gazprom even amid the legal spats and political tensions between the two nations.

It also supports Europe's energy security as Russia has been the European Union's dominant and often cheapest energy supplier, providing some 37% of the fuel to the region last year. The current 10-year transit deal between Russia and Ukraine expires January 1. "There are very precise deadlines until when everything should happen," Sefcovic said. "I have no doubt that everything will go smoothly as of January 1 because there was full understanding of what needs to be done."

Russia and Ukraine reached the deal as the US administration imposed sanctions on Russia's future subsea gas-export pipeline, Nord Stream 2. The \$11bn pipeline is just weeks away from completion, but it has faced criticism from the US, and it wasn't immediately clear if the pipeline work can be completed without the input of AllSeas Group SA, which said it would halt operations.

Talks to find a deal between Russia and Ukraine intensified in recent days as the deadline loomed. "To be honest we have done almost the impossible in three months," Ukraine's Energy Minister Oleksiy Orzhel told reporters in Kiev yesterday.

Under the deal, Gazprom and Ukraine have agreed not to start any new gas lawsuits against each other and to cancel all their current legal claims that haven't been subject to court rulings, according to Miller. The Russian gas giant will also pay to Naftogaz \$2.9bn awarded by the Stockholm arbitration in 2018.

The sum includes a \$2.6bn debt and fines accumulated thereafter, a spokesman for Gazprom said in a separate statement. "It is very important that these \$3bn in line with

Stockholm arbitration will be paid in cash if we implement all the package of proposals before year-end," Orzhel said. At the same time Ukraine will withdraw its legal claims against the Russian company.

Last month, Naftogaz filed a lawsuit against Gazprom with a court of arbitration in Stockholm, asking to revise transit fees totalling more than \$12bn.

Gazprom and the Ukrainian government are also set to sign an "amicable agreement" on cancelling an antitrust claim that has reached about \$7.4bn, including fines. All the legal issues should be resolved by December 29, according to the protocol.

هيل إلى بيروت... القديم على ! قدّمه؟



منذ ولاية جورج دبليو بوش، إقترنت السياسة الاميركية بالنفط. تهتم أميركا أوّلاً بأسعار النفط الذي تستخدمه لبسط سيطرتها على الأسواق حاميةً بذلك اقتصادها الوطني، وفي الوقت عينه، تضغط من خلاله على قوى منافسة تعتمد بشكل أساسي عليه وعلى رأسها الصين. يتكئ الاقتصاد الأميركي إذاً على "التموين النفطي" الذي يؤمّن بدوره استقراراً في السوق، كما يؤمّن نوعاً من "التسيّد" يزخر به

الدولار على حساب العملات الاخرى.

من هنا، يتخذ موضوع الغاز اللبناني - بكل ما يحمله من تفاصيل تقنية - منحى استراتيجياً بامتياز، علماً أن أبعاده السياسية في شقّيها الداخلي والخارجي مرتبطة بشكل عضوي. فخارجياً يتخذ النفط اللبناني أهمية مضاعفة نظراً "للكميات الهائلة" التي بات من شبه المؤكد أنه يخترنها براً وبحراً. وإن كانت هذه الكميات نظرياً لا تغير الميزان الاستراتيجي المتعلق بانتاج الطاقة في الشرق الاوسط والمطلوبة بغالبيتها للانتاج الصناعي، إلا أن الحقول اللبنانية متصلة جغرافياً بالحقول المصرية والاسرائيلية والسورية والأهم القبرصية. ذلك يعني انه وعدا عن الدور المباشر الذي يحظى به "غاز لبنان" فهو قد يبرز أيضاً لدى طرح إشكالية أساسية هي المتعلقة بآماكن انشاء محطات تسييل وتكرير الغاز بالاضافة الى المنشآت والبنى التحتية الضرورية لتسييله مع آليات نقله وتسويقه. وعليه، لا يمكن التنبؤ بهوية الدولة التي ستتحكم بما قد يستجد من تحالفات إقليمية ودولية؛ هذا الامر سيحتم حداً أدنى من التعاون بين الدول المعنية، وهنا يكمن بيت القصيد، بما أن هذه البلدان في حالة عداوة أو في حالة تصادم ما بين المحاور السائدة في الاقليم والمرشح للتفاقم بسبب التنافس الشرس على الثروة الجديدة . في شرق المتوسط .

اما البعد الثالث الذي يكتسبه غاز لبنان فـ"مالي" بحت والمقصود هنا ليس مالية الدولة بل الميل الى الالتفاف حول القانون لاستفادة الفريق السياسي المهيمن، وذلك من خلال السمسرات وعقود الخدمة للشركات والانشاءات المرتبطة بهذا القطاع فضلاً عن القدرة على توظيف "الازلام" تماماً كما جرى ولا يزال في شركتي الاتصالات وكازينو لبنان والكسارات والسدود وغيرها من المجالس التي قد تكون اكثر إغراء، خصوصاً اذا استغلت المراسيم كمنفذ مقونن للهيمنة على ما تبقى من موارد في البلاد، لا سيما وأن التعويل على العائدات النفطية "اليوم"، أي في ظلّ عدم وجود قانون واضح ينظم وجهة استخدام هذه الاموال من خلال الصندوق السيادي، يعني حُكماً أننا تخلينا عن ثروتنا هذه لخدمة الدين وتحويلها من أموال استثمارية الى أموال "منهوبة".

من هذا المنطلق، لا يجوز الإفراط في التعويل على الثروة النفطية لانتشال لبنان من مأزقه النقدي، فالجدوى الاقتصادية، بحسب الخبراء، للنفط والغاز في المنطقة ككل لم تُثبت بعد لا سيما وأن كلفة استخراج هذه المواد من قعر البحر تفوق بكثير الكلفة التي تتكبدها

روسيا لاستخراج غازها. و برأي الخبراء، فإنّ امكان تصدير هذا الغاز الى أوروبا على سبيل المثال قد يكون صعباً بما أن الاسعار ستكون عاجزة عن منافسة الغاز الروسي من جهة، ومن جهة ثانية بسبب العوامل الجيو - سياسية في منطقة شرقي المتوسط. أما كلّ ما أثير عن احتمال إنشاء أنابيب لربط هذه الآبار بأوروبا مروراً باليونان فقد سقط عملياً بعد دخول اسرائيل الى طاولة المباحثات اضافة الى صعوبة تأمين الاموال الاستثمارية اللازمة له.

لا تعني كلّ هذه الفرضيات أن دولة من دول العالم الثالث كلبنان "عاجزة عن الاستفادة من ثرواتها النفطية بل يمكن استغلالها، وإن لم يكن للتصدير، فذلك في إصلاح الكهرباء وتحويل الانتاج ليرتكز على الغاز، وهكذا يتم تخفيض العجز وتالياً تقليص الخسوع لهيمنة صندوق النقد الدولي كلما وجدنا أنفسنا مضطرين الى الاقتراض بنسب وشروط تعجيزيّة"، بحسب الخبراء.

الطروحات الاميركية

من جهة ثانية، تُضاف معضلة ترسيم الحدود التي لا تزال تتخذ حيّزاً من المفاوضات والتي يوليها الجانب الاميركي أهميّة كبيرة خصوصاً في ظلّ التواجد الصيني والروسي في المنطقة. ولا شكّ أن مساعد وزير الخارجية الأميركي للشؤون السياسية ديفيد هيل سيتطرّق الى هذا الملف خلال زيارته إلى بيروت في الايام القليلة المقبلة.

طروحات ثلاثة، هي ما قدّمه الطرف الاميركي في ما خصّ مسألة ترسيم الحدود مع الكيان الإسرائيلي في المنطقة المتنازع عليها: الاول هو تقسيم رضائي بنسبة ثلث للكيان وثلثين للبنان. الثاني هو تصنيفها كمنطقة عدم أنشطة وبالتالي اعتبارها محظورة للطرفين؛ أما الطرح الثالث فيتمثّل باعتبارها منطقة أنشطة مشتركة، وهو ما يرفضه الجانب اللبناني حتى الساعة متسلّحاً بالقوانين التي ترعى حقوقه في المياه الاقليمية إضافة الى الطلب الذي كان تقدّم به الى الامم المتحدة لحلّ النزاع في هذه القضية" يقول الخبير في قوانين وسياسات الطاقة المحامي علي برّو.

ويضيف برّو في اتصال مع "نداء الوطن" أنّ "قبرص تتحمّل مسؤولية مخالفة أحكام الاتفاقية مع لبنان سندا لاتفاقية 2007 حيث لم يكن ينبغي عليها ترسيم الحدود مع الكيان الاسرائيلي من دون موافقة الدولة اللبنانية. من جهتها، أودعت الدولة اللبنانية الامم المتحدة احداثيات منطقتها الاقتصادية الخالصة، إلا أنها قصرت في

مطالبتها قبرص لخرقها احكام الاتفاقية معه. من الناحية القانونية، لبنان جاهز لعملية إعادة الترسيم وفقاً للوسائل العلمية التابعة لقانون البحار. ومن خلال لجوئنا الى القانون الدولي، سنتمكن من "استعادة حقوقنا السيادية في المياه البحرية

في الاطار عينه، يوضح الخبير النفطي رودي بارودي أنه "من المتوقع أن يأتي ديفيد هيل وفي جعبته ملف ترسيم الحدود البحرية. هذا الموضوع بحاجة الى حل جذري لا سيّما مع بدء لبنان بحفر أول بئر استكشافي مطلع العام المقبل. وبحسب قانون الامم المتحدة للبحار لا شك أن لبنان سيحظى بالحصة الاكبر من المنطقة (UNCLOS) الاقتصادية الخالصة المتنازع عليها، فصحیح أن الكيان الاسرائيلي ليس طرفاً في المعاهدة مع الامم المتحدة، الا أنه طبق قواعدھا من خلال تقيده ببنود الاتفاقية بينه وبين قبرص. بالتالي أصبح من الممكن اللجوء الى إتفاقية تنمية مشتركة تماماً كما هي الحال بين الكويت والسعودية في ما يُعرف بالمنطقة المحايدة. بهذه الطريقة، تقوم شركة محايدة بعمليات الاستخراج وتوزّع لكل دولة حصّتها وفق "المعايير الدولية

كثيرة تصبح التأويلات عندما يتعلّق الأمر بغاز لبنان وليس هناك من حقيقة مطلقة عندما تكون المسألة جيو - سياسية. وحدها الايام المقبلة ستُظهر نوايا الولايات المتحدة تجاه لبنان إلا أن معيار ترسيم الحدود البحرية يجب أن يبقى القانون الدولي منفرداً. ولعلّه من الافضل لهذه الثروة أن تبقى نائمة في قعر البحر لحين ايجاد حلول آنية تُعيد خلق اقتصاد منتج بدلاً من اقتصاد ريعي وترك هذا الملف يأخذ مساره الطبيعي لئلا تصبح عوائده... "أموالاً منهوبة".

Thousands of UK jobs at risk as E.ON breaks up Npower

German energy group E.ON plans a £500mn (\$642mn) break-up of the struggling British Npower division it inherited from

Innogy, which a union said could put up to 4,500 jobs at risk. The revamp, the latest among established British retail power providers, effectively removes one of the market's so-called 'Big Six' players, which have lost customers to nimbler recent entrants and been hit by a regulatory price cap.

E.ON's plan includes managing Npower's residential and small and medium-size business customers on the same platform as its own, while putting Npower's industrial and commercial customers into a separate business.

The rest of Npower will be closed.

E.ON chief executive Johannes Teyssen said the group would examine options for Npower's industrial and commercial business, the division's only profitable part, suggesting it might be sold at some point.

The shake-up will result in up to 4,500 job losses at Npower, British union UNISON said, nearly 80% of the division's total staff.

"The UK market has been very challenging for several years," Teyssen said. "Churn (customer switching) rates are high, margins slim, and the price caps introduced this year have exacerbated the situation.

No company operating there has been spared these difficulties."

Teyssen said talks with British unions about the plans had started. Shares in E.ON were up 1.6% at 0951 GMT.

"We see this initial update as encouraging, given likely low market expectations around the outlook for Npower," Jefferies analysts wrote, keeping a "buy" rating on E.ON stock.

Npower has been suffering more than its large rivals, including E.ON itself, Centrica's, SSE, EDF and Iberdrola, partly because of internal billing problems.

E.ON said it expected its combined British business to achieve at least 100mn pounds of earnings before interest and tax (EBIT) and positive free cash flow from 2022 onwards. E.ON took over Npower as part of a far-reaching asset swap with RWE that included the break up of Innogy.

The deal, first announced in March 2018, has turned E.ON into

a pure energy retail and networks group.

As a result of the transaction, E.ON's net debt nearly doubled to €39.6bn (\$43.7bn) at the end of September.

E.ON also said yesterday the deal had led it to raise its 2019 adjusted EBIT forecast to €3.1-3.3bn from 2.9-3.1bn.

In the first nine months of the year, adjusted EBIT fell 6% at €2.2bn.

Full text of Turkey-Libya maritime agreement revealed



Nordic Monitor has obtained a copy of a recent maritime agreement between Turkey and Libya that determines the Turkish-Libyan continental shelf and exclusive economic zone coordinates.

The agreement, officially titled "Memorandum of Understanding Between Turkey and Libya on Delimitation of the Maritime Jurisdiction Areas in the Mediterranean," has been the subject of criticism, especially by countries such as Egypt, Greece and Cyprus in the Mediterranean region.

The agreement states that both Turkey and Libya have determined a precise and equitable delimitation of their respective maritime areas in the Mediterranean in which the parties exercise sovereignty and sovereign rights and/or jurisdiction in accordance with the applicable rules of international law, taking into account all relevant circumstances.

It refers to achieving equitable and mutually acceptable solutions to the above-mentioned issues through constructive negotiations and in the spirit of good and friendly relations and says that the memorandum of understanding will contribute to the strengthening of relations and encourage further cooperation between the parties in the interest of the two brotherly countries.

The agreement, which was signed in Istanbul on November 27, 2019, includes the following provisions:

According to Article 1, the parties have agreed on these boundaries:

"The boundaries of the Continental Shelf and the Exclusive Economic Zone in the Mediterranean between the Republic of Turkey and the Government of National Accord-State of Libya begins at "Point A" (34° 16' 13.720"N -026° 19' 11.640"E) and ends at the Point B (34° 09' 07.9"N -026° 39' 06.3"E).

"The boundaries of the Continental Shelf and the Exclusive Economic Zone determined in ARTICLE I, paragraph 1 of this Memorandum of Understanding are shown on the Maritime Chart

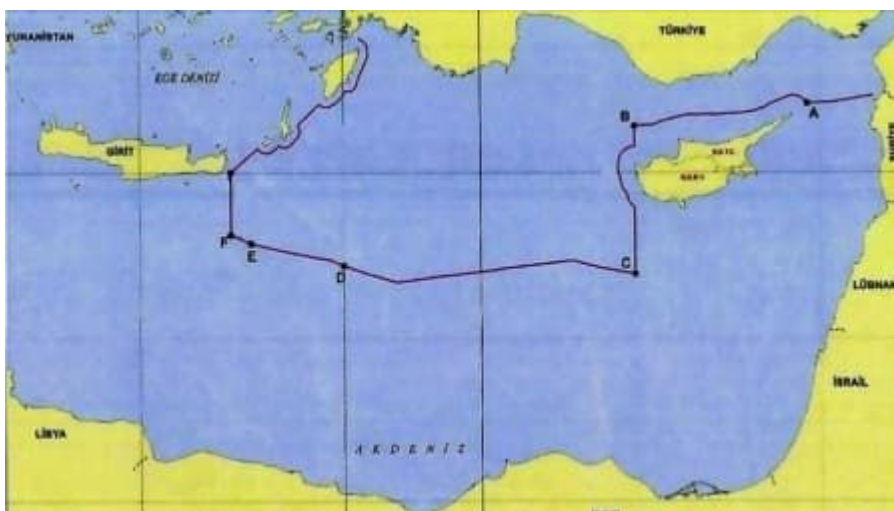
INT 308 (Data Source: BA Chart Edition 1992), scale 1: 1 02 000 (Annex 1). The coordinates are shown in the chart at Annex 1 in its coordinate system. The geographical coordinates referred to in ARTICLE I of this Memorandum of Understanding are expressed in terms of the World Geodetic System 1984 (WGS'84).

“Base points coordinates that are used to determine the equidistance line are shown in Annex.”

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Diplomat Leaks Map Confirming Turkey's Real Territorial Claims



A Turkish diplomat has revealed a map which delineates waters in the Mediterranean claimed by Turkey, amid an ongoing months-long standoff with Cyprus and Greece over Turkish oil and gas exploration and drilling inside Cyprus' Exclusive Economic Zone (EEZ).

"After signing deals with its own puppet state in occupied northern Cyprus and with the pseudo-government in Libya's Tripoli, Turkey declares that it owns half of the eastern Mediterranean," Aron Lund, an analyst at The Century Foundation, observes of the newly published map.

New map outlining Turkey's claimed continental shelf and the borders of its Exclusive Economic Zone (EEZ), via Hurriyet Daily.

Meanwhile the entire eastern side of Cyprus is claimed by the internationally disputed "Turkish Republic of Northern Cyprus."

And Turkey's Hurriyet Daily explains: "With the chart, Ça?atay Erciyes showed the outer boundaries of Turkey's continental shelf and EEZ, designated in a 2011 agreement between Turkey and the Turkish Republic of Northern Cyprus (TRNC), the median line between Egypt and Turkey's mainlands and a recent memorandum with Libya."

Over the past year Turkey has sent both oil and gas exploration ships, as well as military transport vessels, into Cypriot waters in the East Mediterranean related to expanded claims based on the Turkish occupation of northern Cyprus (since 1974), earning the condemnation of both Nicosia and top EU officials, who have defended EU-Cyprus' interpretation of the conflict.

Turkey claims western waters off Cyprus, with the so-called TRNC eastern waters; and now Erdogan is cutting deals with Libya to expand from the southern Mediterranean.

In nearby Libya, as Turkish military advisers continue to play

a key role in support of the Tripoli-based Government of National Accord (GNA) against an offensive led by Gen. Khalifa Haftar's Libyan National Army (LNA), Turkey is also busy expanding maritime defensive operations off North Africa.

"On Nov. 27, Turkish President Recep Tayyip Erdoğan held a closed meeting in Istanbul that lasted over two hours with Fayed al-Sarraj, chairman of the Presidential Council of Libya," Hurriyet Daily reports further.

In that meeting the two leaders reportedly struck a deal which is seen as key to expanding Turkey's maritime claims:

Europe loan market in limbo as access woes on Brexit haunt banks



Lenders in the UK loan market are gripped by uncertainty as the failure to move ahead on Brexit this week leaves them with little visibility on how long they'll be able to keep their preferential access to the European market. Banks and loan managers say the lack of clarity on "passporting rights" that allow them to seamlessly market products and services across the European Union is making planning difficult, compelling some of them to insert clauses in their documents to minimise disruption. The passage of the Withdrawal Agreement Bill would have set the end of 2020 as the deadline for a transition but now the focus is on the length of any EU extension beyond October 31. Nicholas Voisey, managing director of the Loan Market Association, said the market is trying to make their deals as "Brexit-proof" as possible, including by adding terms that would permit the transfer of loan commitments to other booking offices. If Brexit were to happen in the immediate future "Much of the decision-making and discussions will still need to be ironed out – particularly relating to financial services," he said. A prolonged ambivalence on the Brexit front could force more participants in the €400bn (\$445bn) per

year loan market to build safeguards, which could increase their cost of doing business. Some UK lenders, including global banks' London offices, have already shifted assets to other EU nations to help prepare for the loss of passporting rights. Nicola Wherity, London-based partner at law firm Clifford Chance LLP, said steps taken by lenders to overcome Brexit-related hurdles include setting up new EU hubs, seeking local licences and on-going process of shifting loans to these new branches. The financial markets rely on nine different passports for carrying out core banking activity and non-EU firms face significant regulatory barriers to providing cross-border services to EU clients without these rights, lobby group UK Finance says in its website.

QP wins exploration rights in three Brazil offshore blocks



SOCHI, Russia—Russian President Vladimir Putin on Thursday promised support to Philippine President Rodrigo Duterte in fighting terrorism.

“Mr. President [Duterte], we are ready to continue to develop our partnership and to share our experience and achievements in the field of counterterrorism,” he said during their bilateral meeting in the resort city of Sochi.

The Philippine government under the Duterte administration, Putin said, was able to reduce terror threats and enhance the capabilities of its security forces.

“I recall how you had to fly back home during your previous visit to Russia in May 2017 because of the terrorist attacks staged by ISIS,” he said.

The Russian government also expressed interest to further expand its cooperation with the Philippines.

“Russian companies are willing to increase the export of energy, aircraft, motor transport and special vehicles to the Philippines. We are interested in promoting industrial cooperation and joint projects in the peaceful use of nuclear energy, space exploration and digital technology,” Putin said.

On his part, Duterte reaffirmed Philippines’ commitment to build a comprehensive partnership with Russia.

“In the past 2 years we have seen a dramatic increase in bilateral activities across many areas of cooperation at various levels of government. We have also made historic firsts in the key strategic areas, from economic defense, security and military technical cooperation,” he said.

Meanwhile, in the Valdai Discussion Club where Duterte delivered a speech, he stressed the need to explore new partnerships with non-traditional allies, such as Russia.

He also used the forum to lash out against countries critical of his administration’s campaign against illegal drugs.

“We want unimpeded freedom guaranteed by our constitution to exercise the right to govern ourselves as a people and as we saw it fit,” he said.

He added, “I want our friends and partners to respect our independence to make sovereign decisions just as we respect theirs.”

With 3 years left before his term ends, Duterte said he would sought engagement in Latin America, Africa and the Middle East.

“I want the Filipino people to broaden their worldwide view, to be enriched by the cultures and intellectual traditions of the old civilizations of the Americas, Africa, Central Asia, and the Middle East,” he said.

How Germany Deflected Pressure to Spend and Even Won an Ally



Explore what's moving the global economy in the new season of the Stephanomics podcast. Subscribe via Pocket Cast or iTunes.

Germany backed further off a full-scale economic stimulus at a meeting of global finance chiefs, a remarkable outcome given relentless calls for action from Europe, the U.S. and international institutions.

Germany's success in deflecting the pressure suggests that Finance Minister Olaf Scholz, who came to Washington with a list of counter-arguments, got off lightly from his Group of 20 colleagues at the annual International Monetary Fund conference ending Sunday.

U.S. Treasury Secretary Steven Mnuchin, who publicly suggested Germany and China should enact growth-boosting policy measures, avoided singling out Europe's biggest economy behind closed doors, according to two people familiar with the private discussion who asked not to be identified.

Some other G-20 delegates repeated the IMF's general stance that governments with fiscal leeway should do more to strengthen the global economy. The Treasury didn't immediately respond to a request for comment.

“The chorus here in town is especially heavy on Germany to use its fiscal space,” said Robin Brooks, chief economist at the Institute of International Finance, a Washington-based trade group for the financial industry.

German officials had prepared a detailed line of defense: that Chancellor Angela Merkel’s government is already investing extensively, including an extra 54 billion euros (\$60 billion) in spending through 2032 to counter climate change.

‘Very Positive’

Those arguments appeared to win some converts. IMF Managing Director Kristalina Georgieva said governments that have room to spend more used the meetings in Washington to make their case.

“What was very positive to hear during the meetings is countries with fiscal space are actually taking measures to stimulate the economy,” Georgieva told reporters on Saturday. “Germany for example is putting forward a very sizable climate investment strategy that would bring significant growth and investment. They are also looking into what more could be done if necessary.”

With a partial U.S.-Chinese trade agreement in sight and a Brexit deal on the horizon, Scholz was emboldened in his defense of a decade of fiscal prudence in Germany. He expressed growing confidence in the government’s projection that Germany’s slowdown will be moderate and temporary.

“I think we did a lot,” he said in a Bloomberg Television interview. “The more important question is what will happen to the global economy.”

Don’t Rush It

A “rushed fiscal response” isn’t warranted as growth is expected to revive at the end of the year and success in

China-U.S. talks would deliver an “immediate boost” to the economy, Scholz told reporters.

For all the artful dodging, Scholz faced a broad front of finance ministers, central bankers and economists pointing at Germany to do more. On Thursday, the government in Berlin cut its 2020 growth forecast to 1% from the previous 1.5%. Data due next month may show the economy slipped into recession.

To shift the blame game on slow growth and inflation away from central banks, former European Central Bank official Lorenzo Bini Smaghi said governments, including Germany, have a role to play in stepping up borrowing and spending to support growth.

“If fiscal policy in Germany and other countries are not willing to do that job, it is too easy to blame the central bank,” he said on a panel.

Low or negative interest rates in many countries leave little room for monetary policy, South African Reserve Bank Governor Lesetja Kganyago said in an interview.

“Countries with fiscal space must utilize the fiscal space,” he said.

**EU states delay ‘green’
finance guide, leave it open
to nuclear power**



BRUSSELS (Reuters) – A set of European Union standards to determine which financial products qualify as “green” should be delayed until the end of 2022, EU governments agreed on Wednesday, stirring concern because the guidelines might end up including investments in nuclear power.

The delay, if confirmed by EU lawmakers, could slow the growth of the \$200 billion market for green bonds, by pushing back clearer standards that many investors wanted. Proponents of green investment condemned the postponement.

“We don’t need to waste two more years,” said Luca Bonaccorsi, an activist with the Transport and Environment campaign group. Clearer standards were urgently needed to fund a sustainable economy, he said.

Deciding which investments could be called green was part of a legislative proposal put forward last year by the European Commission, the EU’s executive arm. Its goal was to encourage private investment in environmentally sustainable businesses.

The proposal laid out a taxonomy – a set of criteria and procedures for deciding what made an investment green – that

was due to take effect in 2020. But many EU members objected, fearing damage to their national industries.

Diplomats agreed to postpone introduction of the taxonomy by more than two years. They also agreed to grant governments more powers to decide which investments are green, amending procedures proposed by the commission that would have given independent experts more say.

NUCLEAR CONCERNS

EU governments' compromise does not exclude any economic activity from being listed as green. That could pave the way for declaring as green investments meant to reduce the environmental impact of nuclear reactors or plants seen as highly polluting.

The decision runs counter to recommendations from an EU expert group, which had advised in June excluding nuclear and coal-fired plants from the EU taxonomy. Their environmental impact was seen as going against EU targets to cut carbon emissions and reduce hazardous waste.

The text agreed by EU governments needs the approval of the European Parliament, which also wanted to rule out nuclear and coal investments from projects deemed green.

"This is a disaster," Green European lawmaker Sven Giegold said. Parliament will do all it can to apply the new standards earlier and to exclude nuclear and polluting activities from the taxonomy, he said.

By setting criteria on what investment is sustainable, the EU hoped to avoid different standards in its 28 states and increase the confidence of climate-conscious investors. Proliferating standards let companies "greenwash" their activities, claiming green credential they not deserve.

However, the EU taxonomy's broad criteria could divert money

to technologies that “cannot be considered either safe or sustainable,” Germany said in a statement appended to the compromise text and also signed by Austria and Luxembourg.

The compromise ignored those concerns and tried instead to allay opposing fears of countries such as France, which relies on nuclear energy, and eastern European nations, which still depend on coal.

Attacks on Saudi Oil Plants Risk Lowering Aramco IPO Valuation



(Bloomberg) – As bankers discussed Saudi Aramco’s initial public offering at the Ritz Carlton hotel in Dubai last week, a drone attack was being planned to hit the heart of its

operations over the weekend. It caused Saudi Arabia to halve its oil output and may cut the valuation of Aramco's milestone deal.

The giant oil producer has accelerated preparations for a share sale that could happen as soon as November in Riyadh. Dozens of bankers from Citigroup Inc (NYSE:C). to JPMorgan Chase (NYSE:JPM) & Co. met last week to work on the deal, with analyst presentations scheduled for Sept. 22, people familiar with the matter have said.

"Crown Prince Mohammed bin Salman will push the company to demonstrate that it can effectively tackle terrorism or war challenges," analysts led by Ayham Kamel, head of Middle East and North Africa research at the Eurasia Group, said in a report. "The attacks could complicate Aramco's IPO plans."

In an attack blamed by the U.S. on Iran, a swarm of drones laden with explosives set the world's biggest crude-processing plant ablaze. Floating a minority stake of the oil giant, officially known as Saudi Arabian Oil Co., is part of Prince Mohammed's efforts to modernize and diversify the economy.

The attacks underscored geopolitical tensions in the region. Iran denied responsibility, which was instead claimed by Iranian-backed Houthi rebels in Yemen.

Oil prices surged by the most on record to more than \$71 a barrel after the strike removed about 5% of global supplies. The main Saudi stock index Sunday fell as much as 3.1%, leading losses in the Gulf.

Back in 2017, investors suspected that Saudi government-related funds swooped in to support the market after the imprisonment of local billionaires at the Ritz-Carlton in Riyadh. That also happened amid the international crisis following columnist Jamal Khashoggi's murder at the Saudi consulate in Istanbul.

Here's more from analysts and investors:

Eurasia

- "The latest attack on Aramco facilities will have only a limited impact on interest in Aramco shares as the first stage of the IPO will be local. The international component of the sale would be more sensitive to geopolitical risks"
- Current valuation estimates for Aramco and its assets might not fully account for geopolitical risks
 - NOTE: Prince Mohammed, the architect of the IPO, has said he expects Aramco to be valued at over \$2 trillion, but analysts see \$1.5 trillion as more realistic

Al Dhabi Capital, Mohammed Ali Yasin

- "I think this attack may delay the IPO even on the local exchange, and could affect the valuation negatively, as the investors have seen a live demonstration of the risk levels of the future revenues and business of the company. That was very low prior to this weekend attack"
- "Aramco has one main source of revenue, oil. That is its strength, but now it is becoming its biggest weakness if it gets disrupted"

United Securities, Joice Mathew

- This "will force investors to go back to the drawing board and re-evaluate their risk models on Aramco"
- "Even though this is a rare event, which could be potentially categorized as 4 or 6 sigma levels, the geopolitical risk premium on Aramco's valuation model would show a sharp increase"
- "As far as the pricing is concerned, my view is that there may not be much of an impact if the government is contemplating a 1% listing on the Tadawul. I think the government has the power and ability to influence the

decisions of anchor investors there”

Tellimer, Hasnain Malik

- “Ultimately the security risk is not so acute that it outweighs oil price, oil output and free float drivers of the valuation”
- This attack “also provides an opportunity for Aramco to demonstrate the redundancy and resilience of its supply chain by minimizing disruption to customers and thereby helping to mitigate the valuation impact of this risk”

Qamar Energy, Robin Mills

- “It will be all but impossible to proceed with the IPO if there are ongoing attacks”
- “Valuing Aramco like Shell (LON:RDSA) or ExxonMobil (NYSE:XOM) gets us to about \$1.2-1.4 trillion. But that would drop significantly if we apply company-specific risk factors”

Al Ramz Capital, Marwan Shurrah

- “The attacks could impact foreign sentiment for the IPO, but I don’t see a substantial hit to the valuation at this stage”
- “Geopolitical risk has always been an important factor for valuations across the Middle East region. Aramco will have to demonstrate its financial resilience toward such incidences to gain investors confidence”