

# The Climate Crisis in terms Trump can understand



“President Trump made good on his promise this week to withdraw from the Paris Climate Agreement. This wasn’t a surprise. But it still baffles us. Try as we might, we cannot see how America’s interests are served by this decision.

Our climate emergency does not respect borders. California’s forest fires will not burn less fiercely, and rising sea levels will not spare Miami or Mar-a-Lago, just because Mr. Trump has chosen to opt out of a treaty of nearly 200 nations that represents our best and only chance of saving humanity from the catastrophic effects of rising temperatures.

Let us put it in language Mr. Trump might understand. If average global temperatures rise by the end of the century by another one degree Celsius, or 1.8 degrees Fahrenheit, there will be no winners on this planet. Only losers.

And those immigrants the president rails against? Expect the trickle to become a flood. Climate change could force 1.4 million people to abandon their homes in Mexico and Central America, according to the World Bank. That is because one-third of all jobs in the region remain linked to agriculture and climate change is making those livelihoods more precarious. The best way to keep climate refugees from the United States’ doorstep is to support a vigorous and effective climate agreement that helps protect America’s neighbors from the ravages of drought and erratic weather patterns. But Mr. Trump is turning his back on this opportunity.

## **Not a trade agreement**

The Paris Agreement is not a trade agreement. There is no trade-off between Detroit, Youngstown and Pittsburgh, on the

one side, and Paris on the other. Tariffs and sanctions will not make this problem go away.

Instead, the Paris Agreement is more like a collective insurance policy, into which we all invest to protect our futures. And like most insurance policies, it makes sound business sense. The best investments we can make right now are those that will protect our food, water and energy sources, our transportation, homes and cities, and our businesses and finances from the worst impacts of climate change.

We must invest to adapt to higher temperatures, rising seas, fiercer storms, water scarcity, wildfires – conditions that are now inevitable. The Global Commission on Adaptation estimates that investing just \$1.8 trillion to build climate resilience over the next decade would yield more than \$7 trillion in net benefits. That is a great return on investment.

In other words, we can either plan now and prosper – or do nothing and pay for the consequences later. It seems to us that Mr. Trump is choosing to do nothing and let the country pay later. How is this smart?

The Paris Agreement is a collaborative project, perhaps the greatest collective undertaking ever attempted by mankind. Is it perfect? No. Is it worth keeping? Definitely. Put bluntly, it is the only weapon we have to fight our climate emergency.

Bear in mind that the Paris Agreement is a work in progress. There are standards and targets to be set, compliance measures to be agreed on, budgets to be allocated.

One of the best things about the agreement is that nations have pledged to share the fruits of innovation in low-carbon technologies – for clean energy, zero-emissions transportation, greater food security and sustainable businesses and homes. The United States is a great innovator and the Paris Agreement will undoubtedly be the poorer without

its participation. But equally, the country had much to gain by joining in this collective endeavor. Why miss out on the greatest technological and economic transformation of our era?

## **Missing out**

Above all, the world will miss America's talent, leadership and ideas as we map out a low-carbon future. We know American voices will still be heard – notably, the thousands of local and state governments and businesses in the United States that have made pledges to reduce greenhouse gas emissions under a movement called We Are Still In. They are proof that millions of Americans still support the Paris Agreement, even if the current administration does not.

It is not too late for Mr. Trump to reconsider his decision. Staying in the Paris Agreement is the right thing to do, for America's sake and for the rest of the world. Winston Churchill is said to have once remarked that you could always count on Americans to do the right thing, after they'd tried everything else. We hope Mr. Trump proves him wrong and stays in the Paris Climate Agreement – that he does the right thing from the beginning.”

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# **EU Warns Worst May Be Ahead as Euro-Area Resilience Wanes**



The European Commission cut its euro-area growth and inflation outlook amid global trade tensions and policy uncertainty, warning that the bloc's economic resilience won't last forever.

The EU's executive arm sees economic momentum remaining muted through 2021, forecasting an expansion of 1.2% for that year. At 1.3%, inflation is projected to remain well below the European Central Bank goal of just below 2% over the medium term.

The updated projections, which put the Commission broadly in line with the consensus view among economists, reflect more pronounced weakness in the region, which has stumbled along with the world economy as tariffs disputes hit manufacturers and dent broader confidence. The institution warned that risks, which include the possibility of a disorderly Brexit, remain "decidedly to the downside."

## European Growth

The EU economy is predicted to expand 1.4%, euro area 1.2%

"Adding to domestic economic shocks and policy uncertainty, the slowdown in global demand and weak trade has hit the European economy hard," EU chief economist Marco Buti wrote in the report.

While the strength of the labor market and the resilience of the services sector have so far prevented a more broad-based deterioration of momentum, Buti warned that "this resilience cannot endure indefinitely."

"Economic activity now looks set to slow down in a number of member states, which at first appeared immune," he added.

Manufacturers across the region have lowered their outlooks in recent weeks. Rheinmetall cut its full-year forecast citing a downturn in global automotive production, Siemens said weakness in the car and factory-equipment industries will lead to a decline in some business volumes next year, and Volkswagen's finance chief warned of two tough years ahead for industry.

The EU's latest warning comes despite recent economic data suggesting the region's manufacturing slump may be bottoming out. Progress in U.S.-China trade talks has also sparked cautious optimism that economic prospects would stop deteriorating.

## ***What Bloomberg's Economists Say***

*"Uncertainty has been a key factor in pushing growth below potential and forcing the ECB into a fresh round of easing. A return of uncertainty toward the pre-trade war level would help stabilize the 2020 outlook."*

*—David Powell and Dan Hanson. Read the EURO-AREA INSIGHT*

Momentum in France proved more resilient than expected in the third quarter, and the Spanish economy maintained its pace of robust growth.

At the same time, Germany probably slipped into a technical recession, with the Commission predicting only "muted growth" through 2021. Italy "still shows no signs of a meaningful recovery."

The Commission's projections come with a call on countries including Germany to spend more.

"Using available fiscal space actively would allow member states not only to provide a fiscal stimulus amid the sharp slowdown in manufacturing that threatens to spill over to the labor market, but also to refresh and modernize the public capital stock, thereby boosting potential growth," the report said.

That echoes demands by the ECB, which deployed fresh monetary stimulus in September in a package aimed at bolstering the economy in the face of global trade tensions. Outgoing chief Mario Draghi warned that euro-area governments should do more

to support the central bank's efforts with fiscal spending – a message his successor Christine Lagarde has also pushed.

So far, the message has fallen on deaf ears. German Finance Minister Olaf Scholz argued Thursday the country is in a “stable economic situation.”

“We will have more growth in the next years,” he told reporters in Brussels. “If the trade tensions worldwide will be reduced, this will have a real impact on better growth.”

– *With assistance by Nikos Chrysoloras, and Zoe Schneeweiss*

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## Shippers looking in every corner as pressure to cut CO2 grows



LONDON (Reuters) – From higher-quality paint to state-of-the-art propellers: shipping companies are looking in every corner to reduce their carbon footprint as investor and activist pressure increases.

The move comes as aviation and shipping firms face demands to slash emissions due to their reliance on oil. The two sectors are expected to account for 40% of global CO2 output by 2050 unless action is taken, the European Environment Agency says.

International shipping accounts for 2.2% of global carbon dioxide emissions, according to the International Maritime Organization (IMO), more than aviation's 2% share.

The IMO, a United Nations agency, has said it aims to halve

greenhouse gas emissions from 2008 levels by 2050.

"Ships are long-life assets, typically up to 25 years, and if the industry is to meet the IMO target ... then we need to accelerate the pace of change to greener vessels," Stephen Fewster, Dutch bank ING's global head of shipping, told Reuters.

A private initiative launched this year also means leading banks will change how they look at financing modern, more fuel-efficient ships at a time when the sector faces a capital shortfall estimated to be at least \$20 billion.

While questions loom over whether shipping can meet its 2050 target without an overhaul of the types of cleaner fuel available and infrastructure, shipping firms are making individual efforts to change in a shake-up seen costing billions.

U.S. agricultural group Cargill [CARG.UL], one of the world's biggest charterers of dry-bulk ships, has a target of reducing its CO<sub>2</sub> output per cargo-tonne-mile by 15% by 2020 from 2016 levels and has already cut it by more than 12%.

One measure taken is the use of higher-quality paints that give a smoother hull, meaning less energy is used on a voyage.

"If the industry would move from the standard paints to more sophisticated ones, and used in combination with other initiatives, this could have a real impact on decreasing emissions," Jan Dieleman, president of Cargill's ocean transportation business, told Reuters.

Emanuele Grimaldi, president and managing director of Italian shipping company Grimaldi Group, said apart from changing the paint that the firm uses, it has modified propellers for 30 of its ships.

To save fuel, Grimaldi has also introduced slower speeds when

coming into port areas at night and increased the capacity of some of its fleet so each ship can take more cargo.

“These are lots of small things but if put all together they can make a difference,” he said, adding that the whole group had achieved an annual CO2 reduction of 300,000 tonnes.

## **PRESSURE**

The IMO has adopted mandatory rules for new vessels to boost fuel efficiency as a way of cutting CO2 from ship engines, but a final plan on these is not expected until 2023.

In September, an initiative was launched to get zero-carbon ships and fuels on the water by 2030.

In a report this June, CDP (formerly known as the Carbon Disclosure Project) ranked NYK Line, Maersk and Mitsui OSK Lines as the three shipping companies most prepared for a low-carbon transition, out of 18 of the largest publicly listed shipping firms.

Maersk, the world’s biggest container line, aims to be carbon neutral by 2050, and has spent \$1 billion over the last four years retrofitting around 150 vessels.

“Such measures will represent a small fraction of the overall capex expenditure required to meet the IMO’s target,” a spokesman for CDP, a not-for-profit organization, said.

A report by the Energy Transition Commission, a panel of global experts, last year estimated that a fully decarbonised shipping industry could cost less than 0.2% of gross domestic product in 2050, or below \$600 billion a year.

This compares with less than 0.13% of GDP or under \$500 billion per year for a fully decarbonised aviation sector.

“Maersk’s target is a big deal. There isn’t an aviation company in the world close to making that sort of commitment,”



said Ned Harvey, a managing director at the Rocky Mountain Institute think tank.

“We have the financial industry taking climate alignment seriously and that is going to make it real, as well as customers asking for lower-carbon supply chains,” he added.

The second-largest container line, Switzerland’s MSC, achieved a 13% reduction in CO2 emissions per tonne-mile carried during 2015-18.

It has retrofitted more than 250 ships in its fleet with the latest design features including propellers and bulbous bows, as well as better-performing engines.

It is also deploying 11 new mega-ships including the MSC Gulsun – the world’s largest container ship – with the lowest carbon footprint by design.

“When you go beyond 2030 and look across the industry’s container fleet and the broader maritime sector, the future goals around CO2 and other greenhouse gases will not be achievable without some major breakthroughs in fuel and propulsion technologies,” said Bud Darr, executive vice president at MSC Group.

While there have been signs of growing interest in using liquefied natural gas (LNG) as a cleaner fuel, take-up is slow. Other options including hydrogen and ammonia are years away and costly, some experts and shippers say.

“It’s going to get tougher and tougher and we are running out of time. We need to build zero-emission fuel vessels in the next 10 years. We don’t need to mess about with LNG,” Lasse Kristoffersen, president and CEO of Norwegian shipping company Torvald Klaveness, said at a shipping conference last month.

## POSEIDON PRINCIPLES

Pressure on the sector is also coming from lenders. Banks are gradually becoming more selective about which ships they include in their lending portfolios due to an initiative launched in June called the "Poseidon Principles".

Eleven banks representing \$100 billion of the global shipping portfolio joined the initiative, which will for the first time integrate efforts to cut CO2 emissions into banks' decision-making when providing loans to shipping companies.

There is around \$450 billion of senior debt that the world's shipping banks and Chinese lenders grant to the sector and about 70,000 commercial vessels, according to Paul Taylor, global head of shipping & offshore with Societe Generale CIB.

ING, which according to market sources has a shipping finance portfolio estimated at \$10 billion, is among the banks that joined the initiative, and finances the most modern and latest-design ships.

"ING and other leading ship-finance banks have a strong preference to finance more environmentally friendly vessels which in turn should encourage shipyards to continue to improve vessel design and efficiency," ING's Fewster said.

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## Germany to pick Schnabel for ECB board seat: source



BERLIN (Reuters) – Germany will nominate university professor Isabel Schnabel to the European Central Bank's executive

board, a source familiar with the process told Reuters on Tuesday, giving Germany an expert voice on the bank's top decision-making body.

Schnabel, who rushed to the ECB's defense last month amid a fury of criticism over its most recent stimulus package, would become the second woman on the bank's 25-member Governing Council after incoming president Christine Lagarde.

A member of the German Council of Economic Experts, the country's "wise men", Schnabel would replace Sabine Lautenschlaeger, another German, who resigned from the ECB board last month after having unsuccessfully opposed more ECB stimulus.

A German finance ministry spokesman declined to comment.

Although ECB board members are appointed by European leaders, Germany has a de-facto permanent seat on the ECB's board, so its nominee is virtually assured approval.

While Lautenschlaeger was a top bank supervisor, she lacked the expertise in monetary policy and her critics said she was not a powerful enough voice to defend German interests against more stimulus.

Schnabel, considered a conservative economist and monetary policy expert, argued last month that the ECB's most recent stimulus package was excessive it was within the mandate of the bank.

With Bundesbank chief Jens Weidmann openly criticizing the ECB decision, Schnabel also defended the bank, warning that too much criticism could undermine trust in the ECB.

"It's dangerous that politicians, journalists and bankers reinforce the narrative that the ECB steals the money of German savers," Schnabel told German newspaper Handelsblatt last month.

“The ECB, one of the most important European institutions, is constantly being made a scapegoat in Germany,” she added.

Lautenschlaeger will leave the ECB board on Oct 31 but European officials are unlikely to approve her replacement before December, indicating that Schnabel could take up her new role in late December or early January.

## مؤتمر في موناكو عن ترسيم الحدود في البحار... بارودي: الاستعانة بالخبرات التقنية ستجعل إسرائيل تخسر 50% مما تدعيه



international hydrographic organisation، بدأ في موناكو اليوم مؤتمر نظّمته المتخصصة في ترسيم الحدود في البحار والمحيطات من خلال تطوير تقنيات هذه العملية، وملاءمتها مع القوانين الدولية ولا سيما قانون البحار وعمل المنظمات والجمعيات التابعة للأمم المتحدة المتخصصة، وذلك بهدف الحد من هذه النزاعات والتوصل إلى حلول ترضي الأطراف المتنازعة، وتستخدم هذه المنظمة التي تشارك فيها دول من مختلف أنحاء العالم تقنية جديدة بواسطة الأقمار الاصطناعية تؤمن دقة متناهية في إظهار الوقائع الجغرافية التي قد تكون شابتها أخطاء فرسمت الخرائط وفق هذه الأخطاء ما تسبب في النزاعات لبنان ليس عضوا في هذه المنظمة ولكنه يستطيع من خلال الاعتماد على قدرات هذه المنظمة وخبراتها التقنية أن يتوصل إلى حل لما تدعيه إسرائيل من حقوق لها في المنطقة البحرية المتنازع عليها، ومساحتها 860 كيلومترا مربعا.

وقال خبراء في هذه المنظمة إن صور الأقمار الاصطناعية التي بحوزتهم عند رأس الناقورة ستساهم في تحديد دقيق للخط الفاصل B1 للنقطة بين المنطقتين الاقتصاديتين لكل من لبنان وإسرائيل، من قبل طرف

ثالث محايد لا تتدخل السياسة الإقليمية والدولية في توجيهه ولفتوا إلى أن في إمكان لبنان الاستفادة من قدرات هذه المنظمة في عملية استكمال ترسيم حدود المنطقة الاقتصادية مع قبرص التي هي عضو في هذه المنظمة، حيث يمكن للجزر قبالة طرابلس أن تخلق إشكالية في هذه العملية لجهة مساحة هذه المنطقة من الجهة اللبنانية أو أن تساعد في إيجاد الحل، كما يمكن لخبرات هذه المنظمة أن تساعد في حل الخلاف القائم على الحدود البحرية بين لبنان وسوريا التي هي عضو في هذه المنظمة، ولكن عضويتها معلقة.

الخبير اللبناني الاقتصادي في شؤون الطاقة رودي بارودي المشارك في هذا المؤتمر، لفت إلى أن "الاستعانة بالخبرات التقنية لهذه المنظمة وملاءمتها مع ما يفرضه القانون الدولي سيجعل إسرائيل تخسر على الأقل 50 % مما تدعيه من حقوق لها في المنطقة المتنازع عليها مع لبنان"، لافتا إلى أن "التقنيات العالية التي أصبحت توفرها الأقمار الاصطناعية واستنادا الى القوانين الدولية قادرة على حفظ الحقوق اللبنانية كاملة، ولا سيما أن أخطاء حصلت في ترسيم الخط البحري اللبناني نجمت عن عدم توفر التقنيات الدقيقة في ذلك الوقت". وربما عن تسرع غير مقصود.

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## Cheap US gas is killing nuclear; green power may finish the job



The natural gas boom is killing America's nuclear industry. Wind and solar may finish the job.

While nuclear plants struggle to compete with the flood of cheap gas coming from the nation's shale fields, they still offer a key advantage, supporters say: They generate 24-hour electricity without producing carbon emissions. Renewables, meanwhile, haven't yet nailed down the storage capacity needed to do that. Proponents insist it's only a matter of time.

Battery prices have plunged 85% from 2010 through 2018, and

huge storage plants are planned in California and Arizona. Meanwhile, science is advancing on new technology – including chemical alternatives to lithium-ion systems – with the potential to supply power for 100 hours straight, sun or no sun.

All signs point to the acceleration of renewable energy that can out-compete nuclear and fossil fuels,” said Jodie Van Horn, director of the Sierra Club’s Ready for 100 campaign, a group seeking a grid powered solely by renewables.

The drive for grids that are 100% emissions-free is being pushed by a growing number of U.S. states citing increasingly aggressive time frames. In July, New York mandated that 70% of the state’s power come from renewables by 2030, and 100% by 2040. Seven other states, including California, have similar mandates, and Virginia’s governor earlier this month announced an executive order calling for 100% clean energy there by 2050.

Still, there remains a gap between now and 2050. “To get to 80%-to-85%, you can see a path to get there with today’s technologies,” said Yayoi Sekine, an analyst with BloombergNEF. But using renewables to achieve the final 15%, “that’s where the challenge really is.”

By 2050, BNEF expects renewables to account for 48% of the U.S. power system, paired with multiple types of supplemental, peaking plants that can supply electricity when needed.

Today, these plants typically burn cheap gas, supplied by a muscled-up U.S. shale industry. By 2035, though, so-called battery peakers – large arrays that store energy when renewables are working at their peak, and send power when they’re not – will be more cost-competitive, according to BNEF forecasts. Meanwhile, over the same period, nuclear will wane, as high costs force most reactors to just shut down.

The U.S. isn’t the only place where the nuclear industry is

struggling. Some nations that rely heavily on the technology, including France and Sweden, are reducing nuclear's load as old reactors retire, and diversifying into cheaper solar and wind power.

Still, the industry has the potential to grow in countries where costs can be reduced through shorter construction times. Engineers in China have been able to build and connect nuclear plants in less than seven years, on average, while their counterparts in the U.S. and Europe need a decade or more.

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## **E.ON to tackle Npower after EU clears Innogy takeover**



ESSEN, Germany/BRUSSELS (Reuters) – E.ON (EONGn.DE) will move quickly to address problems at Npower, the loss-making British retail business it is taking over after European regulators approved its purchase of assets from peer Innogy (IGY.DE), the German energy group's CEO said on Tuesday.

“(Npower) is an open wound which bleeds heavily,” Johannes Teyssen told journalists. “I am pretty sure that we will make statements on the matter in the course of this year.”

His comments came after European Union antitrust regulators earlier cleared E.ON's purchase of Innogy's network and retail assets, paving the way for a major reshuffle in Germany's energy sector that was first unveiled in March 2018.

The approval seals the fate of Innogy, which was carved out

from RWE (RWE.G.DE) and listed three years ago as a separate entity, with its assets being taken over by its parent and E.ON.

Npower, one of Britain's big six energy suppliers, has been losing money for years and both Innogy and E.ON have said they would look at all options for the business, leaving room for a sale, restructuring or winding it down.

Innogy's break up marks the biggest overhaul in Germany's power industry since the country sped up its exit from nuclear energy earlier this decade, and will turn E.ON into a networks and retail energy group with more than 50 million customers.

RWE, in turn, will become Europe's No.3 renewables player after Spain's Iberdrola (IBE.MC) and Italy's Enel (ENEL.MI) and hold a 16.7% stake in E.ON, making it the largest shareholder. RWE CEO Rolf Martin Schmitz will join E.ON's supervisory board.

## **PAINFUL CONCESSIONS**

The European Commission, which oversees competition policy in the 28-member EU, approved the deal on condition E.ON sells certain businesses in Germany, the Czech Republic and Hungary.

"It is important that all Europeans and businesses can buy electricity and gas at competitive prices," EU Competition Commissioner Margrethe Vestager said in a statement, adding E.ON's commitments meant the deal would not lead to less choice or higher prices.

E.ON agreed to drop most of its customers supplied with heating electricity in Germany and to discontinue the operation of 34 electric charging stations along German autobahn highways.

It will also divest part of its retail business in Hungary as well as Innogy's retail power and gas business in the Czech



Republic, which have already drawn interest from potential buyers, Teyssen said.

The disposals, which include about 2 million supply customers, will reduce E.ON's results by more than 100 million euros (\$110 million), he added.

Teyssen said he was relieved by the regulatory clearance after the Commission vetoed deals by Siemens (SIEGn.DE) and Alstom (ALS0.PA) as well as Thyssenkrupp (TKAG.DE) and Tata Steel (TISC.NS) earlier this year.

"We decided in favor of addressing the concerns and against having our way no matter what," Teyssen said. "Considering ... E.ON's outstanding development opportunities, these quite painful concessions are tolerable."

Writing by Christoph Steitz; Editing by Michelle Martin and Mark Potter

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## Opec+ expects to drain oil stocks as it makes supersized cut



Opec and its allies expect to deplete the global surplus in oil stockpiles sharply as demand holds up and the coalition cuts production by far more than initially planned.

Saudi Arabia, Russia and other producers in the Opec+ alliance have slashed crude output this year to shrink the glut amid faltering economic growth and soaring US shale output. Results

have been mixed, with oil prices down more than 20% from this year's peak, trading at about \$59 a barrel in London.

In response, Saudi has reduced output by far more than pledged under the terms of the deal, and the coalition's overall implementation rate last month was 59% above target, according to a statement posted on its website yesterday. That means the alliance cut supplies by about 1.9mn barrels a day.

Opec signaled that the deeper-than-anticipated cutbacks had been necessary because of the extreme upheaval in the global economy.

"This high level of overall conformity has offset uncertainty in the market due to ongoing economic-growth worries," according to the statement from the Joint Ministerial Monitoring Committee, a body set up by Opec and its allies to oversee implementation of their strategy.

"Along with healthy oil demand," the supply restraints have "arrested global oil-inventories growth and should lead to significant draws in the second half of the year," the committee said.

World financial markets have been buffeted this year as the US and China become ever more entangled in a trade dispute that's weighing on growth in both nations, the two biggest oil consumers.

Collectively, the 24 countries in the Opec+ coalition – comprising the 14 nations of the Organisation of Petroleum Exporting Countries and 10 non-members – pump about half of the world's oil.

The burden for going the extra mile, however, has rested almost entirely on Saudi Arabia, the biggest Opec member. The kingdom reported that it lowered output to 9.58mn barrels a day in July, which means it's cutting more than twice as much as agreed.

The JMMC will meet to review the strategy on September 12 in Abu Dhabi, and then the full coalition will gather in December to consider any measures for next year.

The committee said that forecasts by major institutions are for "robust" oil-market fundamentals for the rest of this year

and 2020.

While it is the case that leading organisations like the International Energy Agency see world oil demand continuing to grow next year in line with recent trends, expectations for another surge in supply create a fragile outlook.

Both the IEA and Opec itself expect that oil supplies, driven by the US, will expand by roughly twice as much as the growth in consumption next year.



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## EU ministers collide over timid eurozone reforms



Agence France Presse

LUXEMBOURG: EU finance ministers wrangled over watered-down economic reforms Thursday with France hoping the eurozone budget it has long been pushing for was finally within reach. Almost a decade after the debt crisis, French President Emmanuel Macron wants his partners to implement the changes in order to make the single currency area more resilient to shocks and to tackle the global dominance of the United States and China. But resistance to overhauling the eurozone has deepened, amid a budget row with populist-led Italy, and as richer northern countries grow reluctant to indulge the budget-busters to the south. This distrust and hesitance has plagued the eurozone since it was launched in 2002, a disunity that economists say limits growth and invites crisis.

Ministers are discussing France's flagship reform of a eurozone budget that has been scaled back by opponents led by the Netherlands that fear a transfer of wealth to Italy,

Greece or Spain.

“We are not far from a consensus,” French Finance Minister Bruno Le Maire said on Thursday as he arrived for talks that were expected to last late into the night.

Such a step would be “a major breakthrough in strengthening the eurozone,” he said.

“We are close,” said German Finance Minister Olaf Scholz who added that approval was widespread for a Franco-German compromise on the delicate matter.

Not a budgetThe EU ministers are officially not negotiating a budget – which would be too politically sensitive – but something called the Budgetary Instrument for Competitiveness and Convergence, a fund with limited firepower to be used to back reforms.

The cumbersome renaming comes at the demand of the Dutch, who have only accepted the instrument on condition that it remains an extremely modest affair.

The skeleton of Macron’s plan on the table comes after months of negotiating the broad elements, including spending priorities, source of revenues, and who should ultimately wield control over its decisions

A European source said it was the last element that would keep ministers up late with the Netherlands and others insisting the budget remains under the auspices of the EU budget. As such, the budget’s firepower would remain at a modest 17 billion euros over seven years with no chance of expansion and under the authority of the EU’s 27 member states (after the exit of Britain).

Macron had originally demanded an amount of several hundred billion euros to be used to stabilize economically weak countries, but this was swiftly slapped down.

The young French leader also wanted the creation of a eurozone finance minister, an idea that was fast cast aside under pressure from Germany, which prefers that power over the economy remains national.

‘Impasse’ Ignored for now is a Europe-wide deposit insurance scheme, which is supposed to be the last pillar of an EU banking union set up after a series of bank failures during the worst of the crisis.

“Regrettably, the impasse on this project is still there. No tangible progress has been made,” said EU commission vice president Valdis Dombrovskis on Wednesday.

The deposit scheme is resisted by Germany, Finland and other northern European countries that fear being put on the hook for deposits in fragile countries such as Italy or Greece. Ministers also discussed Italy with Rome in infraction of EU budget rules and in danger of major fines inflicted by its currency zone partners.

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## **Exxon’s \$53 billion Iraq deal hit by contract snags, Iran tensions – sources**



BASRA, Iraq/BAGHDAD (Reuters) – Just weeks ago, U.S. energy giant ExxonMobil looked poised to move ahead with a \$53 billion project to boost Iraq’s oil output at its southern fields, a milestone in the company’s ambitions to expand in the country.

But now a combination of contractual wrangling and security concerns, heightened by escalating tensions between Iraq's bigger neighbor Iran and the United States, has conspired to hold back a deal, according to Iraqi government officials.

The negotiations have been stymied by terms of the contract that Baghdad objects to, said four Iraqi officials involved in the discussions who spoke to Reuters on condition of anonymity due to the sensitivity of the matter.