EU must compromise on Brexit deal: Johnson

AFP/London

Prime Minister Boris Johnson yesterday urged EU leaders to drop their opposition to renegotiating Brexit, as the pound slumped on growing concerns about a no-deal departure.

Johnson, who took office last week, wants to change the exit terms struck by predecessor Theresa May but insists he will leave the European Union without any agreement at all if necessary on October 31.

Brussels has said it will not reopen the text.

“The withdrawal agreement is dead,” Johnson told reporters during his first visit to Scotland. “I am confident we will get a deal but it is also right we prepare for no-deal,” he said.

The government has not yet announced plans for Johnson to visit EU capitals, and a spokeswoman indicated he would not go until Brussels changes its stance.

“He obviously wants to meet EU leaders and negotiate but not to be sat down and told that the EU cannot possibly reopen the withdrawal agreement," the spokeswoman said.

The Confederation for British Industry (CBI), the country's top business lobby group, said companies now needed to be on an "emergency footing" because of the growing likelihood of no-deal.

The pound lost more than 1% of its value against the dollar yesterday, hitting a two-year low. In a report, the CBI warned that both Britain and the EU were not prepared for a no-deal Brexit and urged businesses to step up contingency plans.

The group's head of EU negotiations Nicole Sykes tweeted that it was "like putting sandbags down for a flood".

"Your kitchen's still going to be underwater but MAYBE we can save the bedroom upstairs," she wrote.

The Institute for Government also warned that a no-deal Brexit would "dominate government for years", allowing little room for other domestic priorities outlined by Johnson such as health, education and transport.

The think-tank said such an outcome would also place the United Kingdom, which includes England, Scotland, Wales and Northern Ireland, "under unprecedented pressure".

On his first visit to Scotland as prime minister, Johnson visited a military base before meeting Scottish Conservative leader Ruth Davidson, who has been opposed to a no-deal Brexit.

Irish Prime Minister Leo Varadkar has also said that a no-deal Brexit would make more people in Northern Ireland "come to question the union" with Britain.

How Europe's populists lost

the EU Game of Thrones

The conventional wisdom about European Commission President-elect Ursula von der Leyen’s confirmation by the European Parliament this month is that Central and Eastern European populists pushed her over the line. That is wrong. Had such parties actually backed her, Von der Leyen’s margin of victory would have been much larger, considering the support she had from the centre-right European People’s Party (EPP) and the liberals in the EU parliament.

True, populist MEPs from Poland’s Law and Justice (PiS) Party and Hungary’s Fidesz were firmly opposed to Frans Timmermans, a Dutch socialist who has loudly condemned both parties over their violations of EU norms and the rule of law. But nor did they want to strengthen French President Emmanuel Macron, who supported Von der Leyen. The optimal outcome for Poland’s de facto ruler, Jaros?aw Kaczyoski, and Hungarian Prime Minister Viktor Orbán was Von der Leyen’s confirmation by the smallest possible majority. Populist MEPs thus appear to have been instructed to say they were voting for her without actually doing so.

Had Von der Leyen lost, it would have been ample payback to the rejection of the PiS candidate for deputy speaker of the European Parliament and former prime minister Beata Szyd?o's two failed bids to chair the Parliament's Employment Committee. Moreover, this was around the same time that Krzysztof Szczerski, also backed by PiS, lost his bid to become deputy secretary-general of Nato.

But, because Von der Leyen made it through, the populists are boasting that she owes her job to them, as though they have some kind of tacit deal with the former German defence minister. That seems highly dubious, given that a deal between Von der Leyen and PiS would have cost her the support of the socialists and liberals. But now that the populists have cast a shadow over her leadership, it is important to understand what they may want from her.

The first thing to recognise is that Central and Eastern Europe's populists – now including the Czech government – would prefer to pursue intergovernmental negotiations than to work through the European Commission. Though the Commission usually goes out of its way to back the EU's weaker members, populists, by definition, distrust institutions. They would rather install "the right people in the right positions," and then strike a deal with them.

In the view of the Visegrád Four (Poland, Hungary, the Czech Republic, and Slovakia), the weaker the Commission, the better. The V4 governments are convinced that they will always reach agreements with Germany – with which their countries have deep economic and historical ties – more easily than with the EU.

The Visegrád countries didn't even try to get their act together in the new parliament. Their approach to intra-EU relations is based not on building alliances or developing long-term strategies, but on wielding the veto. And yet, while PiS has the largest parliamentary delegation, with 26 seats, it belongs to the marginal European Conservatives and Reformists group. Fidesz has 13 seats, but is part of the EPP; and the Czech populist party ANO has six MEPs, but sits in the Renew Europe group.

Then again, the V4 has always functioned as an ad hoc coalition without a common strategic vision. This time, it didn't even try to unite to block any of the leadership appointments. But the next test will come with budget negotiations, which is one area where the V4 has traditionally been able to form a plan and cooperate. Prior to an earlier budget negotiation, for example, Poland was able to secure Polish MEP Janusz Lewandowski's position as EU Budget and Financial Programming Commissioner.

The problem this time is that the Visegrád populists will not have any allies in key positions. That means they could soon face a problem: the disbursement of EU funds will be made conditional on a recipient government's respect for the rule of law. It isn't yet clear where Von der Leyen stands on this issue. But it is worth remembering that conditionality is a German idea, and that Germany is the largest source of EU funds.

Moreover, the V4 itself is divided on the question of whether EU funds should come with more strings attached. Hungary and Poland are staunchly opposed to the idea, of course; but the Czechs and the Slovaks have remained quiet, for fear of being thrown out of the Alliance of Liberals and Democrats for Europe or the Progressive Alliance of Socialists and Democrats. So, while the V4 governments might manage to negotiate jointly on local projects, the Czechs and Slovaks will probably stick closer to larger allies.

For Western Europeans, the fact that Eastern Europe got nothing in the leadership reshuffle is somewhat awkward. Most likely, the question of regional inclusion will be settled by making Laura Codruva Kövesi of Romania the head of the new European Public Prosecutor's Office. But this, too, would represent another blow against populists. Having made a name for herself as an anti-corruption crusader at home, Codruta Kövesi now has Macron's backing, following the withdrawal of a French candidate for the job.

Yet while Von der Leyen is German, her victory is widely seen as a triumph for Macron. In the leadership negotiations, German Chancellor Angela Merkel couldn't play the "Eastern European card" and demand that Old Europe offer the newer members some concessions to avoid offending them. The countries to Germany's east have been offended for quite some time. – Project Syndicate

l S?awomir Sierakowski, founder of the Krytyka Polityczna movement, is Director of the Institute for Advanced Study in Warsaw and Senior Fellow at the German Council on Foreign Relations.

QP signs agreement to enter Guyana exploration blocks

QNA/Doha

Qatar Petroleum (QP) has entered into an agreement with Total for a share of exploration and production rights in two blocks offshore Guyana in Latin America.

Under the agreement, which is subject to customary regulatory approvals by the Government of Guyana, Qatar Petroleum will hold 40% of Total’s existing 25% participating interest in the Orinduik block.
The other partners in this block are Tullow Oil (Operator) with a 60% participating interest and EcoAtlantic with a 15% interest.

Guyana offshore blocks. The Kanuku block is located 100km offshore Guyana and has a total area of about 5,200 square kilometres

Also under the agreement, Qatar Petroleum will hold 40% of Total’s existing 25% participating interest in the neighbouring Kanuku block. The other partners in this block are Repsol (Operator) with a 37.5% participating interest and Tullow Oil with a 37.5% interest.
On the agreement, HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, also president & CEO of Qatar Petroleum said, “We are pleased to expand our global exploration footprint into Guyana together with our valuable, long-term partner, Total, in these offshore blocks in this prospective basin.”
Al-Kaabi added: “We hope that the exploration efforts are successful. I would like to take this opportunity to thank our partners and the government of Guyana for their collaboration in this effort, and we look forward to working together in these blocks.”
Three exploration wells are planned in these blocks this year – two on the Orinduik block, including the Jethro well, which is currently being drilled, and one on the Kanuku block.
The Orinduik block is located 120km offshore Guyana and has a total area of about 1,800 square kilometres, with water depths ranging from 70 to 1,400 metres.
The Kanuku block is located 100km offshore Guyana and has a total area of about 5,200 square kilometres, with water depths

ranging from 70 to 800 metres.

TAPI gas line: Pakistan not to bear transit risk in Afghanistan

ISLAMABAD: Pakistan has told Turkmenistan in plain words that Islamabad will not bear the gas transit risk in war-ravaged Afghanistan under $8 billion TAPI gas line.

In case of halt of gas provision to Pakistan because of any subversive activity in Afghanistan, Pakistan will never take the risk at any cost, rather Turkmenistan will have to bear the risk.

More importantly, the financial commitment on behalf of Pakistan is to start when Turkmenistan ensures the gas supply on Pakistan border, not at border of Afghanistan shared with

Turkmenistan. This has been clearly conveyed to Turkmenistan top authorities, top sources close to Special Assistant to Prime Minister on Petroleum Nadeem Babar told The News. Prior to it, Pakistan has already agitated with authorities of Turkmenistan the issue of reviewing the gas prices arguing that the gas price formula under which the gas prices of every buying countries (Afghanistan, Pakistan and India) has been worked out, is too much complicated and if new gas price is worked out while keeping in view the existing gas price formula, the gas price that we get is costlier even than the existing LNG price. 'So we want Turkmenistan to review gas price formula prior to much awaited ground breaking of the portion of TAPI pipeline in the territory of Pakistan.

A high-power delegation of Turkmen Gas Company is due in Pakistan to discuss the issues raised by Pakistan. Now Turkmenistan wants, under new scenario, Pakistan experts' delegation to come to Ashgabat and extends the date of August 11, 2019. Because of Eidul Azha the date may get changed.

"Yes, we wrote a letter to Turkmenistan authorities 7 months back seeking the dialogue for review of the gas pricing formula before embarking upon the construction of the portion of the pipeline in Pakistan's territory and to this effect Special Assistant to PM on Petroleum Nadeem Babar asked the authorities of Turkmenistan to first review the gas prices downward before initiating the project," a relevant top official confirmed to The News.

Coming to the new issue of bearing risk of gas provision because of Afghanistan highlighted by Pakistan that it will only honour its financial commitment when it gets the gas delivery on its border. Turkmenistan first asked Pakistan to discuss this issue with Afghanistan, but Islamabad responded saying that it is purchasing the gas from Turkmenistan and Pakistan wants gas delivery on its border. Since Afghanistan has been at war for many decades, so Pakistan cannot bear the risk of gas provision in Afghanistan.

During the recent visit, Afghanistan President Ashraf Ghani acknowledged the issue raised by Pakistan and assured that in this regard the authorities will soon meet counterparts of Afghanistan and Turkmenistan.

To a question, the top man in the Petroleum Division said that Turkmenistan has shown willingness to review gas prices.

The three buyer countries – Afghanistan, Pakistan and India – had inked the gas sales purchase agreement with Turkmenistan on bilateral basis. Now all the buyer countries want to unfold their prices and want the re-negotiations.

To a question, he said that the financial colure of the project is to be completed by September this year and ground breaking would be held in October 2019 for laying down the 800 kilometre portion of TAPI line in Pakistan territory. The project will be operational by 2020. The pipeline from Afghanistan that will enter from Chaman and pass through Zhob, DI Khan, Quetta, Multan and touch upon Fazilka – a city at Indian border which is 150 kilometer away from Multan. From Fazilka, the pipeline will enter India.

TAPI gas pipeline project aims to bring natural gas from the Gylkynish and adjacent gas fields in Turkmenistan to Afghanistan, Pakistan and India. The ADB is acting as the facilitator and coordinator for the project. It is proposed to lay a 56-inch diameter 1,680KM pipeline with design capacity of 3.2 billion cubic feet of natural gas per annum (Bcfd) from Turkmenistan through Afghanistan and Pakistan up to Pak-India border. There are two phases of this project, the first phase is free flow phase with estimated cost of $5 to $6 billion while second phase is installation of compressor stations with the cost of $1.9 to $2 billion. Civil works of the project have already commenced in Afghanistan after the project’s ground breaking (Afghan section) was held last year.

Afghanistan will be having the gas under TAPI 500 mmcfd, Pakistan 1.325 bcfd and India 1.325bcfd too. Turkmen gas company being the consortium leader for the TAPI project is to contribute up to 85 percent of equity, and the rest of TAPI members namely Afghanistan, Pakistan and India would take 5 percent each equity share in the project company.

Japanese LNG buyer seeking price arbitration in possible 'bellwether'

An effort by a Japanese company to get lower prices on a liquefi ed natural gas contract signed a decade ago could be the first in a fl ood as buyers seek relief from legacy contracts amid cheaper spot supplies, according to an analyst at Credit Suisse Group AG. "This will prove the bellwether for more arbitrations and tougher LNG buyer negotiating stances across the market," analyst Saul Kavonic said in an e-mail.

“We expect other traditional LNG buyers to quickly follow suit.” The market will be awaiting what concessions Osaka Gas Co will be able to wrest from the marketing unit of the Exxon Mobil Corp’s PNG LNG project. They entered into arbitration after a dispute during a price review, a spokesman for the Japanese fi rm said Friday, adding that the company is seeking to lower LNG costs. Exxon declined to comment. The dispute underscores the frustrations of buyers locked in contracts linked to oil benchmarks while spot prices drop to the lowest seasonal level in a decade. Most of Japan’s LNG imports are indexed to oil, which has remained a widespread practice since its inception in the 1960s. Sinking prices have put LNG producers under intense pressure to off er better terms. Even Qatar, one of the world’s largest suppliers, made a “dramatic” break from tradition by offering mid-term LNG contracts at about an 11% oil slope, compared to more than 16% on some contracts signed in 2008, Fereidun Fesharaki, chairman of energy consultant FGE, said in May. The Osaka Gas contract with the PNG LNG project was agreed at a 15% slope to the Japan Crude Cocktail and runs through 2035, according to data compiled by Bloomberg NEF. Prices in the utility’s current PNG LNG contract are more than double those on the spot market and about 30% more than recently signed contracts, Kavonic said. A shift to a buyers’ market has emboldened consumers that historically have been concerned about security of supply to seek greater contract fl exibility and lower prices. “It’s unprecedented for a traditional LNG buyer to initiate arbitration in this way, presenting a new paradigm for LNG contract negotiations,” said Kavonic.

Turkey May Rethink Boeing Plane Orders, Erdogan Says

Turkey's president said his government may have to "rethink" existing orders for Boeing Co. airplanes worth about $10 billion, in comments that reflect the country's strained ties with the U.S.

Turkey's hesitation on the Boeing order adds to tension created when the country ordered a missile defense system from Russia, spurning an offer for Ankara to buy U.S. air-defense missiles.

"I've told Mr. Trump in Osaka that even if Turkey's not buying Patriots, it's buying Boeings. We're good customers," President Recep Tayyip Erdogan said Friday in Ankara, referring to Raytheon's Patriot systems. "But if it goes on like this, we'll have to rethink about this issue."

Erdogan spoke with U.S. President Donald Trump at the G-20 summit, during which he reminded him of existing orders for 100 Boeing jets by Turkish Airlines, the nation's flagship carrier where the government holds a 49% stake. Turkey has since begun receiving the S-400 missile defense systems from Russia, which the U.S. has long said is incompatible with the its role as a NATO member and purchases of U.S. F-35 fighter jets.

Turkish Airlines in March 2018 said it'll buy 25 of Boeing's 787-9 jets, scheduled for delivery by 2023. In 2013, it had announced a decision to purchase 75 of the 737 MAX jets, the grounded airplanes involved in two fatal crashes. Five of these were delivered in the first quarter this year, with the rest set to be delivered by the end of 2023.

Bank of England to Hold Rates as Clouds Gather Over Outlook

Bank of England officials will probably keep policy on hold next week as they acknowledge that the economic outlook has worsened materially since May.

All but one of the 24 economists surveyed by Bloomberg predict a unanimous vote to maintain the benchmark rate at 0.75%. The risk of a no-deal departure from the European Union under new Prime Minister Boris Johnson and an increasingly gloomy global outlook suggest that policy makers will be cautious.

Officials have scaled back their rate-hike rhetoric and investors are increasingly pricing in rate cuts as the risk of a disorderly Brexit grows.

But with a falling pound and stronger wage growth threatening to fuel inflation, officials potentially face a dilemma. Governor Mark Carney is expected to address the trade-off between growth and prices after the BOE publishes its quarterly Inflation Report, alongside the monetary-policy decision, at noon on Thursday.

Economists are virtually unanimous in predicting the BOE will cut its 2019 growth forecast, with around half predicting a downgrade to the following two years. Officials are also widely expected to hike their inflation projections.

Policy makers have softened their language about the possibility of interest-rate increases. Michael Saunders, who led the charge for the BOE’s last two rate hikes, has suggested he’s in no rush to begin another push, telling Bloomberg the economy right now is “clearly not overheating.”

Chief Economist Andy Haldane, also considered among the more hawkish members of the Monetary Policy Committee, said in a speech this week that the case for keeping policy unchanged is strong and the group should proceed with caution on any loosening.

Carney has also warned that damage to the global economy from rising protectionism could be significant and require a major policy response.

While one economist sees a dissenter on the nine-member rate setting committee calling for an immediate cut, most recent comments point to unanimity.

Officials may try to address the discrepancy between their official forecasts and market expectations. Carney has said they will explore “how best to illustrate” the market “sensitivities.”
Source: Bloomberg

France aims for US digital tax deal by late August — minister

France wants to reach a deal with the US on taxing tech giants by a G7 meeting in late August, Economy Minister Bruno Le Maire said Saturday.

He was responding to US President Donald Trump, who on Friday vowed "substantial" retaliation against France for a law passed this month on taxing digital companies even if their headquarters are elsewhere.

The law would affect US-based global giants like Google, Apple, Facebook and Amazon, among others.

'Foolish' Emmanuel Macron

Trump denounced French President Emmanuel Macron's "foolishness", though they discussed the issue by phone on Friday, according to the White House.

Le Maire told a news conference Saturday: "We wish to work closely with our American friends on a universal tax on digital activities.

Inspired by"We hope between now and the end of August — the G7 heads of state meeting in Biarritz — to reach an agreement."

Leaders of the Group of Seven highly industrialised countries are to meet in the southwestern French city on August 24-26.

Le Maire emphasised that "there is no desire to specifically target American companies," since the three-percent tax would be levied on revenues generated from services to French consumers by all of the world's largest tech firms, including Chinese and European ones.

The law aims to plug a taxation gap that has seen some internet heavyweights paying next to nothing in European countries where they make huge profits as their legal base is in smaller EU states.

Raising a glass

In a move that's rattling the industry, President Trump responded to the French plans by threatening to raise tariffs on French wine. French vintners sold 1.6 billion euros worth of wine last year to American consumers.

Trump derided French wines in a tweet, and later said he might hit them with retaliatory tariffs to French. He made a similar threat last year.

About 20% of French wine is sold in the US, and the Federation of French Wine and Spirits Exports on Saturday expressed concern about tariffs that could hurt “French players in this market, but also their clients and American consumers.”

The federation urged French and American authorities to pursue dialogue on the tax issue, expressing hope “that they can quickly find a path to follow to prevent these threats from materialising.”

Le Maire said the US “should not mix the two issues,” and noted that European wines already face tariffs in the US as do American wines in Europe.

Trump insisted Friday that he has a good relationship with Macron and had just spoken with him.

After initially befriending the US president despite their starkly different worldviews, Macron has increasingly stood up to the impulsive, America-first Trump on trade, climate change and Iran’s nuclear program.

The tech tax is just their latest battleground, and will be a key tension point when the two men meet at a Group of Seven summit in France next month.

France failed to persuade EU partners to impose a Europe-wide tax on tech giants, but is now pushing for an international deal on it with the G7 and the 34 countries of the Organisation for Economic Cooperation and Development.

France has said it would withdraw the tax if an international agreement was reached, and Paris hopes to include all of the OECD countries by the end of 2020.

Chevron wins 90-day Venezuela waiver despite opposition

Bloomberg/Houston

Chevron Corp and four oil services companies won a last-minute US government reprieve to continue producing oil in Venezuela, albeit only for a 90-day period.
The US Treasury Department supported Chevron’s request to extend its sanctions waiver by six months, but the majority of other government agencies involved opposed any extension at all, a senior administration official told reporters on a call on Friday. President Donald Trump backed a compromise between the two positions, resulting in the three-month time period.
The extension allows San Ramon, California-based Chevron to essentially keep the lights on and the facility running, but another extension will be harder, the official said.
The company has operated in Venezuela for almost a century, since the discovery of the Boscan field in the 1920s. It has

outlasted many other oil companies, including Exxon Mobil Corp, which left after a series of industry nationalisations during Hugo Chavez's tenure as president.

The US Treasury Department's Office of Foreign Assets Control said in a statement Friday that Chevron can continue its joint venture with state-owned Petroleos de Venezuela SA until October 25. The previous waiver was due to end yesterday.

Oilfield service companies Schlumberger Ltd, Halliburton Co, Baker Hughes and Weatherford International Plc were also allowed to continue their work in Venezuela for three months.

Chevron closed 1.5% lower in New York, at $123.72.

It's a partial victory for Chevron that leaves the Trump administration with the option of pulling the company out later this year. The impact of any eventual refusal of a Chevron waiver is rising as other production falters, giving the company a bigger and bigger size of the market in the country, the official said.

"Our advice to Chevron would be to start preparing to leave after October," Joseph McMonigle, an analyst for HedgeEye Risk Management, wrote in a note. "We are highly doubtful there will be another extension granted." While Venezuela only accounted for 1% of Chevron's global crude production last year, it remains strategically important as home to the world's largest oil reserves. As the only US major still in the country, it could be first in line for any investments under a new government.

"Our operations in Venezuela continue in compliance with all applicable laws and regulations," Chevron spokesman Ray Fohr said in an e-mailed statement.

In recent months, Chevron made the case to the Trump administration that if it were to leave, its Venezuelan assets could easily be turned over to another operator with little effect on overall production. That could mean the state, or even Russian or Chinese interests would benefit.

The ruling "does indicate Chevron has the ear of key government officials," said Muhammed Ghulam, a Houston-based analyst at Raymond James & Associates.

Venezuela has seen its oil output drop precipitously in recent years. Production is currently below 800,000 barrels a day, down from as much as 3.71mn in 1970, according to data from the oil ministry. At least half of that oil is produced by joint ventures with foreign companies.
Chevron’s joint ventures with PDVSA produce more crude in Venezuela on average than those with other companies – including China National Petroleum Corp and Russia’s Rosneft Oil Co The US producer only receives a portion of that supply, however, amounting to about 40,000 barrels a day from its Venezuelan affiliate in 2018.
The US has refused to recognise Nicolas Maduro as Venezuela’s president after an election last year. Sanctions have become its main tool for depriving Maduro of cash and pressuring the military to turn against him.
Earlier this week, Venezuela’s opposition-led National Assembly issued a decree that guaranteed Chevron’s assets in the country would be protected under a new government led by Juan Guaido.
Oil purchases from Venezuela have become complicated since the US expanded its sanctions regime to include any business done with PDVSA, as the national oil company is also known. Other companies, including Spain’s Repsol SA and Italy’s Eni SpA, continue to do business with Venezuela.

Sasol’s SA plants threatened by emission standards

Sasol said some of its South African plants are under threat from sulfur dioxide emission standards that it will need to comply with by 2025.

The company, South Africa’s biggest by revenue, operates plants that convert coal into motor fuel and chemicals in Secunda, east of Johannesburg, and Sasolburg to the south. Flue-gas desulfurisation equipment needed to cut emissions of the gas, which causes acid rain and a range of health complications, is too costly and technically difficult to install, Sasol said.

Globally, as well as in South Africa, the company produces a range of chemicals.

Air pollution in the area around coal-fired plants operated by Sasol and Eskom east and south of Johannesburg rivals levels in some of the most polluted cities on earth. The government has proposed doubling the new limit, but is coming under increased pressure to act against the two companies as it’s being sued by environmental activists over the breach of current emission limits.

Sasol will have to comply with new sulfur dioxide emission limits for coal boilers of 500 milligrams of the pollutant per normal cubic meter. Its 2018 emission reports show that some equipment at both Secunda and Sasolburg regularly exceeds 1 000 milligrams.

“The new plant standard for sulfur dioxide will pose a compliance risk challenge for Sasol post 2025 from both a technical and financial feasibility point of view,” the company said in an emailed response to questions. “All commercially available technologies for the abatement of sulfur dioxide to meet new plant standards have been evaluated and we continue to scan for new technologies.” A failure to comply could lead to fines and the closing of plants.

While Sasol has already won a postponement, Eskom is yet to hear whether its applications to have its compliance with the sulfur dioxide emission standards delayed from 2020 until 2025 are successful. It has argued that it would only be economic and feasible to fit the pollution abatement technology on its two newest plants.

Eskom, which operates about 15 coal-fired power stations, has said that flue-gas desulfurisation equipment can cost between R20bn and R40bn per plant. Environmental activists including Greenpeace put the cost significantly lower.

“Sasol is still saying they can’t afford flue-gas desulfurisation,” said Robyn Hugo, program head for pollution and climate change at the Cape Town-based Centre for Environmental Rights. “Sasol itself has confirmed that there are no other means to meet these minimum emission standards.”

In addition to being technically difficult and costly, flue-gas desulfurisation equipment would require that additional water and limestone are brought in from the Northern Cape province. Existing limestone mines in that province are 450 kilometers (280 miles) to 800 kilometers away from Sasol’s plants.

“Flue-gas desulfurisation technology is proven,” Sasol said. Still, “it would be significantly challenging to retrofit” the equipment at the existing plants, it said.

In a separate application for a delay in meeting emission limits for a range of other pollutants, Sasol has asked for permission to significantly exceed caps for nitrogen dioxide, particulate matter and carbon monoxide until 2025. By that time, it says in the application, new equipment should enable it to comply.

On incinerators at its Secunda plant, it wants limits of as much as 90 times the new cap to be applied for carbon monoxide and particulate matter.

Sasol shares have declined by 27% this year as the company battles cost overruns at its Lake Charles chemicals project in Louisiana.