

Turkey gives banks \$3.7bn lending boost to spur growth



Bloomberg/Istanbul

Turkey's sovereign wealth fund bolstered the capital ratios of five state-owned banks by €3.3bn (\$3.7bn) in a bid to keep credit flowing in the economy.

A market stability fund within the government-controlled investor bought debt issued by the lenders under a recapitalisation programme announced on Monday, which will see a further €400mn flow to Islamic banks.

The Turkish administration is seeking to rekindle growth with cheap loans, while tasking the firms with salvaging industries and helping consumers in the hopes that private firms will follow.

State-owned lenders rushed to extend loans before municipal elections at the end of March as their commercial and international peers pulled back. That helped increase their market share by 3 percentage points to 43% between August and

the end of February, according to data compiled by Bloomberg.

TC Ziraat Bankasi AS, the country's biggest lender, received the most, selling €1.4bn of bonds.

Turkiye Halk Bankasi AS signed an agreement with the fund for a five-year loan of €900mn, the first interest payment of which will be made at maturity. That will improve Halkbank's Tier 1 ratio by 210 basis points, which is "more than sufficient" to keep it above minimum thresholds, Ates Buldur, a banking analyst at Credit Suisse Group AG's Istanbul unit, said.

The fund invested in Turkiye Vakiflar Bankasi TAO's issuance of €700mn of five-year subordinated bonds. Vakifbank bonds have 5.076% coupon rate, although the Treasury earlier said they would have a zero-coupon.

Development bank Turkiye Kalkinma ve Yatirim Bankasi AS, which is being restructured, and Turkiye Ihracat Kredi Bankasi AS, also known as Eximbank, signed agreements for five-year subordinated loans of €150mn each.

Under the plan, the Treasury issues special-purpose government bonds to the stability fund, which then sells the notes to state lenders in exchange for subordinated debt. Islamic lenders Ziraat Katilim, Vakif Katilim and Emlak Katilim will also get funding.

Capital ratios have fallen as the country's lenders have undertaken nearly \$28bns in debt-restructuring requests. They're also facing a growing pile of bad loans in the wake of the currency's plunge last year, which has spurred inflation and increased funding costs. The government last year recapitalized three of its banks by selling bonds to its unemployment fund.

Putin Says Countries in OPEC+ Deal Are Abiding by Agreement



OPEC+ states including Saudi Arabia are complying with the terms of the agreement to limit oil output, Russian President Vladimir Putin said.

“We have agreements within the OPEC+. We fulfill our agreements and we don’t have any news, any information, from our Saudi partners and any other OPEC member, that they are ready to exit these agreements,” Putin told reporters in Beijing on Saturday, where he participated in the Belt and Road forum.

On Friday, U.S. President Donald Trump tweeted that he “spoke to Saudi Arabia and others about increasing oil flow” and said that “all are in agreement” after the administration announced

on Monday that it wouldn't extend waivers for buyers of Iranian crude that had allowed them to continue purchases despite American sanctions.

Asked about Saudi Arabia possibly compensating for shortfalls of Iranian oil on the global market, Putin said he hoped that wouldn't happen and reiterated that countries should abide by the OPEC+ agreement.

The waivers expire on May 2 and China, India, Japan, South Korea, Italy, Greece, Turkey and Taiwan now face the prospect of having to find alternative supplies.

It's hard to forecast what will happen with the oil market in May when the waivers expire, Putin said. He said he didn't discuss the issue with Chinese President Xi Jinping, though added that Russia is willing to meet China's demands for oil.

'Colossal Potential'

"We can produce even more," Putin said. "We have colossal potential, but it's not about potential, it's about the fact that we have agreements with OPEC that we keep to a certain level of output."

It's unlikely that Saudi Arabia will abandon the OPEC+ pact that was reached in December and runs to the end of June, since it initiated the deal, Putin said. Russia joined the OPEC+ cooperation because a "coordinated price policy" was needed on the market, he said.

The Russian leader said he discussed the issue of contaminated oil in the Druzhba pipeline to Europe with Belarusian President Alexander Lukashenko. Transneft is investigating how the crude came to be contaminated and law enforcement may become involved if necessary, Putin said.

He told reporters that Russia's Arctic LNG 2 project won't affect pipeline gas supplies to China, which wants Russia to

increase deliveries via the Power of Siberia link. Russia wants to increase LNG supplies to the world market to 100 million tons, he said.

Exclusive: Mitsui, Saudi Aramco, Russia's RDIF in talks to buy Arctic LNG 2 stakes – sources



mitsui & co.

MOSCOW/DUBAI (Reuters) – Japan's Mitsui & Co Ltd (8031.T), Russian sovereign wealth fund RDIF and Saudi Aramco are in talks to buy stakes in Novatek's (NVTK.MM) Arctic LNG 2 project, with the size of the investments still to be decided, sources familiar with the talks told Reuters.

Novatek plans to start producing LNG at Arctic LNG 2 in 2022-2023. The plant, which is expected to cost around \$25.5

billion, will have an annual production capacity of 19.8 million tonnes and will be Novatek's second LNG plant after Yamal LNG.

Novatek owns a 90 percent stake in the project, with France's Total (TOTF.PA) holding the other 10 percent. Novatek intends to keep a 60 percent stake in Arctic LNG 2, offering 30 percent to other investors.

However, under certain conditions Novatek may cut its stake further, although not to below 50 percent in order to keep control over the project.

Two sources familiar with the talks said that Mitsui, Saudi Aramco and the Russian Direct Investment Fund are in talks with Novatek over taking stakes in the project, which should bring the Russian gas company closer to its goal of producing as much LNG as Qatar, one of the world's top LNG suppliers.

"Mitsui, Saudi Aramco and RDIF are interested to buy a stake in Arctic LNG 2 but there is also an interest from South Asia," one of the sources said.

Japan is the world's top LNG consumer, with Russia among its key LNG suppliers. There are currently two LNG plants operating in Russia: Novatek's Yamal LNG and Gazprom's Sakhalin 2 and Moscow has ambitions for more.

A third source confirmed Mitsui's interest in the project. Three other sources familiar with the talks confirmed the interest from Saudi Aramco and RDIF.

"Saudi Aramco is currently holding technical due-diligence. When the commercial talks approach, RDIF will join(in)," one of the three sources familiar with the talks said.

While RDIF will invest in the project, its contribution is likely to be less than Aramco's, the second of the three sources familiar with the talks told Reuters.

Talks between Mitsui and Novatek are separate from talks with Saudi Aramco and RDIF, sources said. Each would have a stake in Arctic LNG 2 if their talks succeed, according to the sources.

Saudi Aramco declined to comment and Novatek could not immediately respond to a Reuters request for a comment on Friday. RDIF declined to comment.

“We have a general interest in the project and we are exchanging our opinions with parties involved,” a Mitsui spokesman said when asked whether the company planned to invest in the project.

This week, Novatek awarded a 2.2 billion euro (\$2.51 billion) contract to Italian energy contractor Saipem (SPMI.MI) and Turkish oil and gas services firm Renaissance for the construction of gravity-based structure platforms that will stand on the seabed to support the LNG processing units.

(\$1 = 0.8749 euros)

How US ending Iran waivers could affect oil markets and beyond



Six months after the U.S. rocked oil markets by letting Iranian exports continue, its decision to end sanctions waivers that allowed shipments is also set to reverberate across the globe.

The U.S. is said to announce Monday morning in Washington that it won't renew exemptions from its sanctions to buyers of Iranian crude after they expire on May 2. It marks a change in direction from November last year, when the Donald Trump administration granted waivers to eight importers as it sought to temper fuel prices ahead of American mid-term elections.

The move threatens to squeeze supplies further in a market that's already facing supply disruptions from Venezuela to Libya and Nigeria, and extend this year's rally in global benchmark Brent crude above \$70 a barrel. Prices are still below the four-year highs of over \$86 they hit in October before the U.S. issued its waivers.

What the waivers allowed: China – oil imports of as much as 360,000 barrels a day India – as much as 300,000 b/d of crude purchases South Korea – 200,000 b/d of condensate, an ultra-light oil Japan – exempted volume unknown; shipping data shows

it bought 108,000 b/d that loaded in March Turkey – about 60,000 b/d Taiwan – volume unknown; nation's refiners said previously they don't plan to buy anything even with waivers

Here are some of the potential implications of the Trump administration's latest decision, which is aimed at piling economic pressure on Iran over the Persian Gulf state's nuclear program by cutting off a key source of the OPEC member's revenue.

Fate of OPEC+ Deal

The U.S. government will also announce that it got commitments from suppliers such as Saudi Arabia and the United Arab Emirates to offset the loss of Iranian crude, according to people with knowledge of the matter.

That could jeopardize the output deal between the Organization of Petroleum Exporting Countries and its allies, which have been curbing supplies since the start of the year to avert a glut. Russia, one of the partners in the pact, has already signaled that the cuts may not need to be extended. A decision is expected when the producer group known as OPEC+ meets in June.

The pact was driven by Saudi Arabia after it was blindsided last year by the U.S. decision to grant waivers, which sparked a collapse in crude into a bear market in the fourth quarter. Now, the American pledge to eliminate oil exports from Iran may provide an incentive for Crown Prince Mohammed Bin Salman – a Trump ally – to ease the kingdom's policy.

Price Relief?

While crude has jumped more than 3 percent on the news that the U.S. won't renew exemptions, the future direction of prices may be determined by how much the likes of Saudi Arabia and the U.A.E. are able to cushion the blow amid other supply

disruptions.

Last year, prices jumped to over \$86 a barrel even though Saudi Arabia was pumping at record levels. Now, it's not just Iranian shipments that are disrupted. Separate U.S. sanctions on Venezuela have squeezed supplies from that OPEC producer too, while fellow group member Libya is roiled by violence. Just on Sunday, a key oil pipeline in Nigeria was halted after a fire.

Iran's exports in March totaled about 1.3 million barrels a day, tanker-tracking data compiled by Bloomberg show. Shipments were as high as 2.5 million barrels daily in April last year, before the U.S. announced plans to reimpose sanctions on the Islamic Republic.

Pain for Buyers

The current set of waivers expiring on May 2 allowed China, India, Japan, South Korea, Italy, Greece, Turkey and Taiwan to continue importing Iranian crude without being subjected to retaliatory U.S. sanctions. With the end of the waivers, the buyers face being cut off from the American financial system if they continue purchases.

Of the buyers, Asian nations India, South Korea, China and Japan are likely to be the hardest hit. If crude prices go higher, the budget deficit in import-dependent nations may also worsen and inflation could accelerate. The biggest importers had already put purchases from the Persian Gulf state on hold as they waited for the U.S. decision.

South Korea's Hanwha Total Petrochemical Co. has already been buying and testing alternative cargoes from areas such as Africa and Australia. While it's not impossible to find other options, that would raise costs and could affect the company's profits, according to a spokesman.

Alternative American

Some buyers may find relief in the shape of rising U.S. shale exports. South Korea, for example, buys a form of ultralight oil known as condensate from Iran, which can potentially be replaced with an alternative from America – though it would mean higher freight costs owing to a longer shipping journey.

But for others, U.S. shipments may not be the best option. That's because American shale supply is typically made of "light-sweet" varieties that have a relatively low sulfur content and density. The type of crude that's being squeezed in the market – from Venezuela for instance – are "heavy to medium sour" grades that are more sulfurous and denser.

! اليونان ولبنان... والإفلاس



بدا كلام رئيس الحكومة اللبناني سعد الحريري عن تشبيه أزمة لبنان باليونان، وكأنه بمثابة الإنذار الأخير قبل السقوط. كثر تلقفوا

التحذير وباشروا البحث عن عدو الإنقاذ، فيما بقي آخرون على مشاعر "قلة الثقة" بالأداء السياسي وبقدرته على إخراج البلاد من محنتها، فنشطوا مع مجموعة طارئة على الملف الإقتصادي، في بث أخبار "وشائعات وتحليلات لا يمكن وصفها إلا بالـ"مضللة".

من المستفيد من إفلاس لبنان؟

لا يعقل أن يفكر المقيمون لحظة بأنهم قد ينتمون إلى هذه الخانة، فهم ممن سيتحمل كلفة السقوط أو أقله ثقل التقشف الآتي في موازنة 2019، إن أُنجزت متى حُلَّت الخلافات السياسية التي فجرها إقرار قانون الكهرباء قبل أسبوعين.

ولا يعقل ان يفكر المغتربون لحظات بأنهم قد يفيدون من سقوط الوطن الأم الذي لم يقطعوا صلاتهم به يوماً، ودأبوا على تغذية ميزان المدفوعات بما يحتاجه من مليارات لتوازن أخل فيه عجز الميزان...التجاري المزمّن

بقيت شلّة قد ترى أن لها مصالح في السقطة. وهي أما مأجورة وإما ضالعة. وهي ليست حكما من "أهل البلد"، بل هي من فئة "العدو" الذي لم يكل عن إطلاق بوق التشاؤم في عز النهوض. هذا العدو الذي عاد اليوم إلى بث الشائعات على مواقع التواصل، ليبشّر بأن "لبنان على شفا الإفلاس" لأن "الوضع المالي في بلاد الأرز أسوأ من اليونان!"، أو ينذر بقرب تعرضه لحرب إسرائيلية عبر نقل كلام عن لسان الأمين العام لـ"حزب الله" السيد حسن نصرالله (!)، فيما تعد وزارة السياحة لإستقبال موسم سياحي واعد مع رفع الحظر الخليجي (السعودي) على زيارة لبنان.

كلام كثير تتناقله وسائل التواصل، فيه الصح كما الخطأ، وفيه التضليل كما الإرشاد، وفيه التفاؤل كما التشاؤم، وفيه التهذئة كما التجيش. حتى بدا أن العارفين بتفاصيل الأزمة ودقائق الملفات والأرقام هم أكثر من الحكام وأصحاب الإختصاصات والخبراء. فكيف يلحق المتتبعون "وعظات" فارغة إلا مما تستهدفه بخلفياتها؟ الواعظ مجهول، وكذلك التكهّنات التي تتحوّل وقائع دامغة حين توضع في إطار تعبيرى فصيح، يفضي إلى إثارة الشكوك والهواجس مجانا

ثمة دول عانت فعلا من إفلاسها حين تخلّفت عن سداد ديونها. وربما

آخرها، كانت اليونان التي عجزت عن تسديد دين خارجي بقيمة 16 مليار دولار عام 2010، وهو جزء من دين عام يقارب الـ350 مليار يورو. طلبت معونة صندوق النقد والإتحاد الأوروبي، ونالت ثلاث جرعات دعم مالية بلغت قيمتها نحو 285 مليار يورو... ولا تزال حتى اليوم تعاني آثار حزمات التقشف التي إنعكست على الحياة الاقتصادية والاجتماعية على السواء.

لكن، هل من تشابه بين لبنان واليونان؟ بالأرقام، بلغ الدين العام اليوناني نحو 355.6 مليار يورو، ونسبة الدين الى الناتج المحلي الإجمالي نحو 165.3%، والتضخم 3.1%، والنمو الحقيقي -6.9% وعجز الموازنة -9.1%. أما في لبنان، فالدين العام لم يتجاوز سقف الـ90 مليار دولار، فيما نسبة الدين إلى الناتج هي بحدود الـ150%، والتضخم 7%، والنمو الحقيقي 1.2% وعجز الموازنة 11.2%.

وفق المنطق الاقتصادي، لا أوجه شبه بين الأزميتين. فاليونان، الدولة العضو في الإتحاد الأوروبي، كانت تهدد بإفلاسها إستقرار منطقة اليورو. لذا، طرحت فكرة إخراجها من المنطقة الاقتصادية، إلا أن أوروبا قررت في نهاية المطاف مدّها بالمساعدة مقابل تنفيذ إصلاحات اقتصادية واجراءات تقشف تهدف إلى خفض العجز في الموازنة.

أما لبنان، فلا ينتمي إلا إلى جامعة الدول العربية التي تمثل منطقة تشهد أسوأ أحوالها. فهو لا يهدد إستقرار أي دولة، ولا يُطرح إخراج من أي كتلة إقتصادية. صحيح ان العجز في الموازنة هو القاسم المشترك، لكن بقدرة الإصلاحات وسياسات التقشف (نفذتها اليونان أيضا)، يستطيع وقف التدهور والخروج من الأزمة بمساعدة "سيدر"، إن تحرّكت مندرجاته بدءا بإقرار موازنة التقشف غير المسبوقه في تاريخ البلاد.

الإصلاحات وقطع دابر الفساد يكفلان خفض العجز دون الحاجة إلى إقتطاعات من أي نوع كانت، لأنها تكفل خفض "رواتب خيالية" تُمنح لمديرين في مؤسسات عامة من دون ما يوازيها من "إنتاجية". فمزاريب الهدر والسمرات والسرقات لا تزال مفتوحة على جشع بعض مسؤولين وطمع آخرين، وتراخي السلطة وتنازلها عن قوة الحكم لقطع دابر كل ما يثير الشبهات والشبهات، فيتسللون الى الصفقات وينقضون بالتالي على ما بقي من ثقة لتتوسّع الهوة ما بين اللبنانيين والسلطة الحاكمة.

مضى الخميس الأول ولم ينعقد اللقاء المالي في بعدا بسبب غياب رئيس الحكومة عن البلاد (إجازة عائلية في السعودية)، علما أن البحث مخصص لبحث ما يجب إتخاذه من إجراءات إنقاذية. تحليلات كثيرة علّلت هجوم رئيس الجمهورية على "مَن تنقصهم الخبرة" لأنهم تسببوا بعدم إنعقاد اللقاء. قيل إن موعدا جديدا حُدِّد هذا الخميس. لكن هل يلغيه "خميس الغسل" عند المسيحيين الشرقيين، أو أقله يخفّف من مفاعيله، فيُرجئ مجددا إلى خميس آخر؟ الوقت يمرّ ولبنان لا يملك "ترف الوقت"... لكنه قادر حتما، إن وُجدت الإرادة السياسية والقرار الواضح والموحّد، على إبعاد شبح الإفلاس ووقف سيل الهواجس والشائعات. ما على السياسيين سوى مواجهة المسؤوليات بجرأة

Global energy outlook: implications for the East Med



BP published its Global Energy Outlook earlier in the year. The key message is that renewables are growing faster than any fuel in history, but carbon emissions keep rising. In addition, energy demand is set to increase by a third by 2040 driven by increases in prosperity in the developing world.

Introducing the Outlook, BP CEO Bob Dudley said “One of the biggest challenges of our time is a dual one: the need to meet rising energy demand while at the same time reducing carbon emissions.” The world needs both – doing one without the other will not work.

The key findings in BP’s latest Energy Outlook are:

Even though global GDP will double by 2040, primary energy demand will increase only by a third, due to energy efficiency

The power sector will use around 75% of the increase in primary energy

85% of the growth in energy supply will be generated through

renewable energy and natural gas, with renewables becoming the largest source of global power generation by 2040

Global carbon emissions continue to rise, signaling the need for a comprehensive set of policy measures, including decarbonisation, to achieve a substantial reduction in carbon emissions.

The majority of the increase in global primary energy will come as a result of the increase of income per head in the developing world, demanding more energy. Without an increase in energy becoming available this rising prosperity will be suppressed.

This will lead to growing competition between different energy sources driven by abundant energy supplies, and continued improvements in energy efficiency, keeping energy prices low.

Factors underpinning global energy changes and trends

There is a clear correlation between human progress and energy use. Around 80 per cent of the world's population today live in countries where average energy consumption per head is less than that the European average. As a comparison, the average energy use per head in 2016 in China and Brazil was half that in Europe and in India about a fifth. Conversely, the US average was twice that in Europe.

Increasing prosperity means that the world will consume a third more primary energy by 2040 compared to now, but that will still leave about two thirds of the world's population living below the European threshold.

Trade disputes and threats increase energy security concerns. This leads countries to increase domestically produced energy and reduce dependence on imports.

The greatest impact is on countries and regions most exposed

to foreign trade and energy imports. Notable examples are China, Japan, India and Turkey. This results in less imports of oil and gas, and a shift in the fuel mix towards domestically-produced sources of energy, such as coal, nuclear and renewables, leading to a sharp reduction in global energy trade.

Trade disputes also impact oil and gas exporting countries. The US and Russia are notably vulnerable to this.

The message from history is that concerns about energy security can lead to permanent changes in global energy use, as did the 1973 Arab oil embargo.

Outlook for natural gas

The outlook for natural gas is good, with global demand expected to increase and be resilient over the next 20 or so years. But this is being increasingly impacted by the accelerated adoption of renewables combined with electricity storage, the unit costs of which are coming down fast.

Based on current trends, gas demand is expected to grow at a rate of about 1.7 per cent per year. To meet this, new investment will be needed into oil and gas production, with preference given to low-cost supplies.

The pattern of natural gas supply is changing, with the shale revolution making the US the world's largest producer of gas. Also the rapid growth of LNG is transforming how natural gas is transported and traded globally, with a global reach.

LNG exports will increase significantly, led by the US and Qatar, fostering a more competitive and globally-integrated market. LNG trade is expected to double, with Asia remaining the dominant market. But this is highly dependent on the effects of prices, energy security, trade wars and sanctions.

The abundance of gas supplies and competition with increasingly cheaper renewables and coal mean that price matters. Lower prices will support future increases in demand and conversely high prices could limit future gas demand growth. Only projects with low development costs will succeed.

Challenges

The abundance of global oil and gas resources means that global energy markets are becoming more competitive. In addition, new technologies are revolutionising the way in which energy is produced, transported and consumed.

The greatest challenge will be to reconcile the need for more energy to support continued global economic growth and rising prosperity, together with the need for a more rapid transition to a lower-carbon future. As Dudley said, this is one of the biggest challenges of our time: “We know the desired outcome of energy transition, but we still do not know the path to get there.”

Environmental campaigners are urging oil and gas companies to reduce emissions and spending on fossil fuels. However, the challenge is: what are the alternatives to provide the additional energy the world will need in future? And when and how is this additional energy going to be provided in a reliable and dependable way, and on demand?

Nevertheless, emissions are going in the wrong direction. The world needs a comprehensive set of policies to meet the dual challenge of more energy, less emissions. Dudley summed this up when he said “we can do this even faster and more efficiently with clearer, smarter policy signals from governments.”

But, as BP said, it is important to remember that it is not a race to renewables – it is a race to reduce emissions. With increasing global energy demand, most fuels will still be needed to 2040. The road to Paris is long and challenging.

Implications for the East Med

Clearly there is a future for natural gas. But the world has plentiful supplies and only low-cost projects will succeed. East Med gas is expensive to develop and unless ways are found to keep costs down – for example through the development of large-scale, integrated, projects – it will struggle to secure export markets.

The possibility of ExxonMobil developing a large-scale LNG plant at Vasilikos, together with Total and Eni, offers the best hope. But time is not on our side. This needs to be given priority over all other options and brought forward. Waiting for another ten years to get there may be too late.

Cyprus also needs to prioritise adoption of renewables. The continuous delays in liberalising the electricity market, now to December 2021 at the earliest, are inexcusable. These delays give credence to the suspicion that they are linked to the plan to import LNG. This was aired in earlier articles in the Cyprus Mail, including one in September last year, stating “After years of delays, and with full knowledge of what should happen and by when, Cyprus is not yet ready to liberalise the energy market! Only one word can describe this – incredible!... The earliest possible this can now be achieved is 2020... Let us hope that this will continue as planned, given the incredible number of postponements to date!”

Sadly, like many other past promised deadlines, 2020 has also gone. And I predict that 2021 will have the same fate. What we need is clear, firm, plans and transparency!

Novatek hits full-scale production at Cryogas-Vysotsk LNG plant



Novatek, Russia's largest private gas producer, said its joint venture with Gazprombank, Cryogas-Vysotsk has commenced full-scale production of liquefied natural gas (LNG).

"Cryogas-Vysotsk is our first medium-scale LNG project," noted Novatek's head **Leonid Mikhelson** on Wednesday.

"Our marketing strategy provides for loading of bunkering vessels, small wholesale LNG sales, and LNG sales as a motor fuel to the Baltics, Scandinavia and North-Western Europe markets," he said.

Mikhelson further added the company sees potential to expand

its commercial presence in this developing LNG market segment.

Cyrogas-Vysotsk is a medium-tonnage LNG project located in the port of Vysotsk, Leningrad Region of Russia on the Baltic Sea.

The project's initial design capacity is 660,000 tons of LNG per annum, and its infrastructure includes a 42,000 cubic meters LNG storage tank and an offloading berth designed to handle LNG carriers with a capacity of up to 30,000 cubic meters.

Novatek acquired a 51 percent participation interest in Cryogas-Vysotsk project in July 2017.

**Occidental makes £44bn
Anadarko bid, seeking to
break up Chevron deal**



Occidental Petroleum Corp. triggered a bidding war for Anadarko Petroleum Corp. after making a \$57 billion (£44bn) counter-offer in attempt to break up a proposed takeover by Chevron Corp.

Occidental said Wednesday it's offering \$76 per share in cash and stock. That compares with Chevron's April 12 agreement to buy The Woodlands, Texas-based Anadarko for \$65 a share in stock and cash.

Key Highlights

Anadarko's assets include operations in the Permian Basin in West Texas and New Mexico. The world's fast-growing oil major patch, the Permian has helped to turn the U.S. into a net exporter and become a bigger producer than Saudi Arabia. Chevron earlier this year unveiled ambitious growth plans for the Permian. The Occidental offer may not be as appealing as Chevron's to Anadarko shareholders despite the higher price. Occidental's smaller size and balance sheet compared with Chevron mean there may be more uncertainty over its prospects of completing a deal. Also, it's not immediately obvious how

Occidental would fund Anadarko's giant liquefied natural gas plant that's being developed in Mozambique. The project may have to be sold, adding another layer of uncertainty.

Market Reaction

Anadarko shares rose 15 percent in pre-market New York trading.

Report: Clear CCUS policy needed for UK net-zero emissions goal



The UK Government should update its “vague terminology” on carbon capture usage and storage (CCUS) deployment in the UK to create clear policy drivers that transform the technology into a primary tool to meet national and international climate

change targets.

That is one of the key takeaways from the Business, Energy and Industrial Strategy (BEIS) Committee's new report, released today (25 April) which notes that the UK could not credibly adopt a net-zero emissions target with CCUS playing a key role.

The UK Government has confirmed that it is seeking advice from the Committee on Climate Change (CCC) on how best to bolster its carbon reduction targets and create a net-zero economy, with a formal response from the CCC set to be published next week.

The report notes that a failure to deploy CCUS in the UK could double the costs of meeting the 80% emissions reduction envisioned through the Climate Change Act, rising from approximately 1% of GDP annually to 2% in 2050.

The report notes that the UK has a "favourable environment" to establish CCUS as a technology. Five clusters – Teesside, Humberside, Merseyside, South Wales, North East Scotland – have been identified as well suited to early CCUS deployment, which aligns to Energy Minister Claire Perry's vision of a "just and fair" low-carbon transition across all areas of the UK.

However, policymakers have been criticised over their approach to CCUS. A stark warning from the CCS taskforce was issued based on the need to move timeframes forward for CCUS. The taskforce criticised ministers for closing the £1bn competition fund for CCS in 2015, citing claims that the decision could cost the UK an additional £30bn if it is to meet its 2050 carbon targets.

The new report analyses commitments made under the Clean Growth Strategy, which committed up to £20m for viable CCUS schemes as the UK forges ahead with its coal plant phase out by 2025.

Late last year, the UK Government unveiled plans to “make CCUS technologies a reality”, including an aim to bring the nation’s first large-scale CCUS facility online by the mid-2020s. However, government ambitions largely focus on using CCUS as an add-on for current power generation methods. The BEIS Committee report claims that it can instead be a key tool for decarbonisation and “presents an opportunity to reduce the overall cost of meeting the UK’s emissions reduction targets”.

“Whilst we strongly support cost minimisation, we disagree with the CCUS Action Plan’s stipulation that deployment ‘at scale’ should be supported only if ‘sufficient’ cost reductions are achieved. Such vague terminology gives no certainty to investors and does little to ensure that CCUS can contribute to meeting the UK’s overarching climate change targets at least cost, given its existing status as the cheapest – or only – decarbonisation option in many industrial applications,” the report states.

Benefit analysis

Specifically, the report called for an urgent consultation to allocate funding for CCUS industry clusters, ideally ahead of future Contract for Difference (CfD) auctions. The forthcoming Comprehensive Spending Review should also focus on CCUS, the report states, in order to denote its wider benefits in extending lifetimes for select industries that would otherwise be decommissioned under national climate policy requirements.

The Committee also recommends the Government task the National Infrastructure Commission – or a third party – to conduct cost-benefit analysis as to how CCUS can be used to decarbonise industrial emissions.

Anna Turley, Labour MP for Redcar and Member of the Business, Energy and Industrial Strategy Committee, said: “The UK has an opportunity to lead the world in the development of a new CCUS

industry. In addition to helping to tackle UK carbon emissions, CCUS can play a crucial role in delivering much-needed investment in skills and infrastructure and supporting regional growth and jobs.

“The current Energy Minister has been a champion for CCUS, and there have been some encouraging recent developments, but the CCUS industry has been the victim of years of turbulent policy support and suffered a series of false dawns. The Government now needs to give the ‘green light’ to CCUS and ensure that we seize the domestic growth and jobs opportunities of this modern, green industry.”

Italy’s fiscal dispute with EU might resume after debt exceeds forecasts



Reuters/ Brussels

Public debt in Greece and Italy, the two most indebted countries in the eurozone, grew last year while the bloc as a whole saw its liabilities decrease, the European Union statistics office said yesterday.

Rome's growing debt, which is also higher than Brussels had predicted, is seen as further stretching EU fiscal rules that require countries with high debts to gradually bring them down.

Italy, whose eurosceptic government adopted free-spending policies last year that have so far had little impact on growth, had debt equivalent to 132.2% of national output in 2018, or €2.3tn (\$2.5tn), up from 131.4% in the previous year, Eurostat said.

Up to 0.2% of the Italian debt was due to derivative contracts, which are usually used to hedge against risks but triggered losses for 4.7bn euros in 2018, Eurostat data show. Other eurozone countries have reduced their debt thanks to derivatives.

Although Rome has decreased its losses on derivatives from the €5.4bn posted in 2017, the negative impact over the country's debt has exceeded 25bn since 2015, data show.

The European Commission, which monitors eurozone states' budgets, refrained in December from starting disciplinary steps against Italy over its growing debt. It predicted then that Italian debt would be 131.1% of gross domestic product in 2018 – lower than yesterday's data showed.

The Commission has said it will reassess Rome's compliance with EU fiscal rules, including the requirement to cut debt, in June, taking into account the final debt data from Eurostat.

A spokeswoman for the EU executive declined to comment on the new figures released by Eurostat.

She said Brussels' new evaluation of Italy's position will also be based on new forecasts due in May of debt developments, and on Italy's report on its fiscal plans for the next three years which Rome had just submitted.

Italy's 10-year government bond yield jumped to its highest in

seven weeks yesterday, pushed up mostly by unease over government infighting and an upcoming ratings review.

Italy bucked the eurozone trend, as overall debt in the 19-country currency bloc fell to 85.1% of GDP last year from 87.1% in 2017, Eurostat said.

The bloc's aggregated budget deficit also dropped to 0.5% of GDP from 1.0% in 2017.

The fall coincided with Germany's reduction of its debt to 60.9% of GDP, from 64.5% in 2017.

The bloc's largest economy also widened its public surplus to 1.7% of output from 1.0% in 2017.

In Greece, debt climbed to 181.1% of GDP in 2018, the largest ratio in the eurozone.

The increase from 176.2% in 2017 was mostly due to the last instalment of eurozone creditors' loans as part of the country's third bailout programme which ended last summer.

The recent exit from the bailout programme exempts Greece from the normal application of EU rules that require countries with public debt above the 60% of GDP threshold allowed by EU law to cut the excess by 5% a year. Cyprus, another of the bloc's most indebted countries, saw its debt rise to 102.5% of GDP from 95.8%.

Portugal, which was also bailed out during the eurozone's debt crisis, saw its debt fall to 121.5% of output from 124.8%, while Belgium's debt declined to 102.0% of GDP last year from 103.4% in 2017.

French public debt was stable at 98.4% of output, while the country's budget deficit dropped to 2.5% of GDP from 2.8% in 2017.