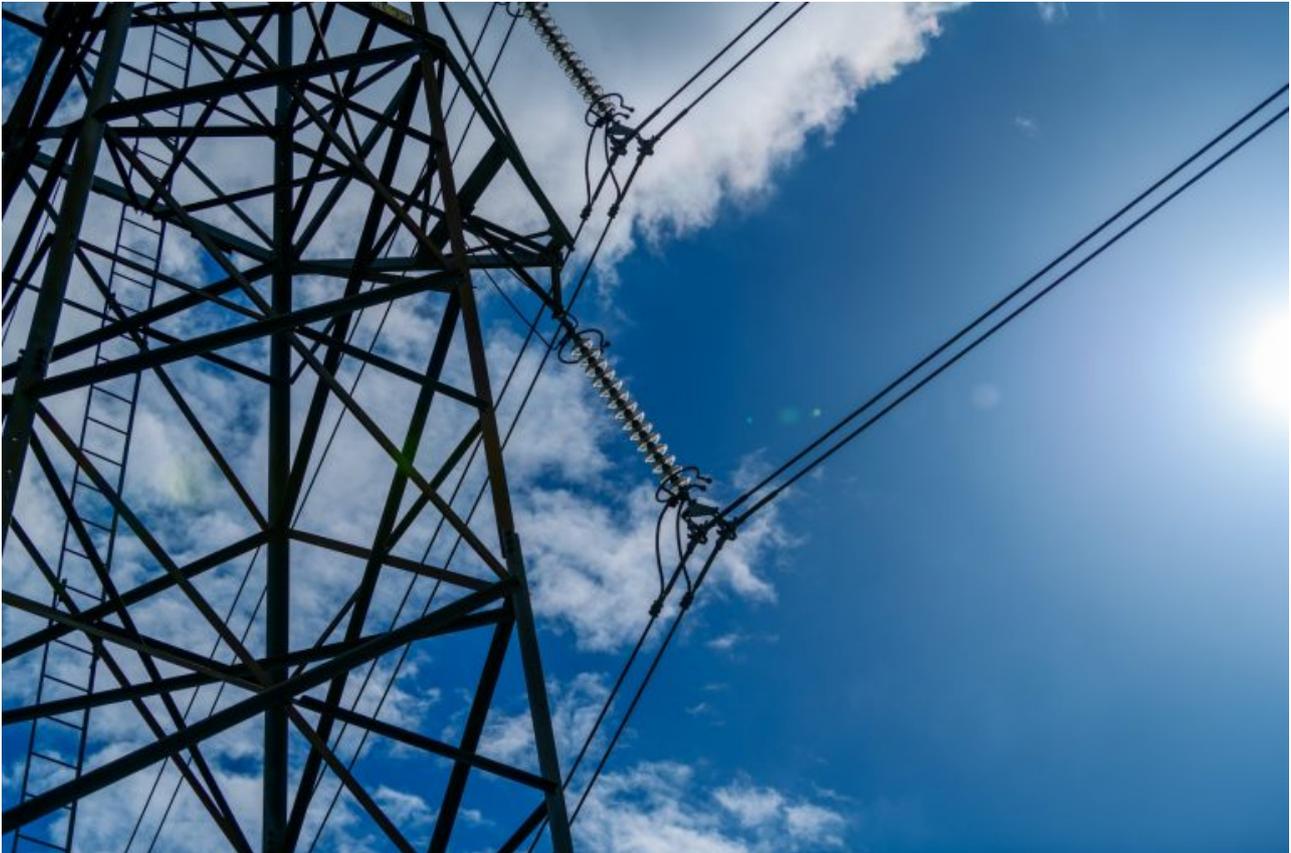


Sweden's Biggest Cities Face Power Shortage After Fuel-Tax Hike



Sweden's introduction on Thursday of a tax aimed at phasing out the nation's last remaining coal and gas plants to curb global warming comes with an unintended consequence for some of its biggest cities.

Hiking threefold a levy on fossil fuels used at local power plants will make such facilities unprofitable and utilities from Stockholm Exergi AB to EON SE have said they will halt or cut power production.

The move means that grids in the capital and Malmo won't be able to hook up new facilities including homes, transport links and factories. While Sweden doesn't have a shortage of power, there's not enough cables to ship it to the biggest cities.

“We don’t have a problem with generating enough power in Sweden, we have a problem with getting it to where its needed,” Magnus Hall, chief executive officer of state-owned utility Vattenfall AB, said in an interview. “This law was added with short notice and I am not sure a proper analysis of it was made.”

The tax was introduced in January in a budget deal between the Center Party, Liberals, Social Democrats and the Greens after record long 18 weeks of negotiations. As only one of 73 points hashed out between the political fractions to reach a compromise, time for thorough analysis was probably slim.

Israel, Saudis Talked Gas Deals, Netanyahu Ally Says



Saudi Arabia has looked into buying Israeli natural gas, according to a former member of Prime Minister Benjamin Netanyahu's cabinet, the latest sign of warming ties between two formally hostile nations.

The countries have discussed building a pipeline that would connect Saudi Arabia to Eilat, former Israeli parliamentary member Ayoob Kara, who cited conversations with "senior officials" in the region, said in an interview in Jerusalem. Eilat, the Israeli city which banks the Gulf of Aqaba and is about 40 kilometers (24.9 miles) from the border, was chosen for its proximity to Saudi Arabia.

An energy project of this magnitude would require formal diplomatic relations between Israel and Saudi Arabia and is likely to elicit political pushback. Israel remains largely unpopular in the Arab world for its treatment of Palestinians, who live under occupation in the West Bank and under siege in Gaza. Israel and Saudi Arabia have united behind closed doors in their antagonism toward Iran but formalizing an alliance may still be hard to achieve.

Kara has been one of Netanyahu's closest advisers on relations with Arab countries and was among a handful of Israeli ministers to appear publicly in a Gulf state in the past year. "This is about mutual interest," he said.

Representatives for the energy ministries in Israel and Saudi Arabia didn't respond to requests for comment. The Saudi Information Ministry's Center for International Communication also didn't respond to a request for comment.

In Saudi Arabia, Israel would find an eager partner for its emerging natural gas industry. Companies found massive quantities of gas in Israeli waters about 10 years ago but have struggled to realize the fuel's potential. The partners developing Israel's biggest reservoir, have inked \$25 billion in contracts but still have more than 80% of the reservoir

untied to any buyers.

Saudi Arabia plans to invest more than six times that amount in gas over the next decade, in part to meet rising demand for cheaper electricity.

Regional Opposition

Mass demonstrations broke out in Amman in 2016 after the companies developing Israel's biggest offshore gas fields signed a \$10 billion contract with Jordan, home to millions of people of Palestinian origin.

While some Saudis argue that normalizing relations with Israel is a natural merging of interests, many others vehemently oppose the idea. Public resistance to establishing relations with Israel is so strong that a group of more than 2,000 citizens from different Gulf countries circulated an online petition last year "to stop all forms of normalization with the Zionist entity." They signed their full names – a rare step in a region where freedom of expression is limited.

While leaders of the Arab world used to be united behind the Palestinians, that support began to wane with the rise of the Iranian threat to Sunni Gulf countries, Kara said. Saudi Arabia and its regional allies now pay "lip service" to the Palestinian cause, and are seeking upgraded military and economic ties with Israel to counter Iran, he said.

Gulf states are "not interested in the Palestinian issue," Kara said. "All they care about is the security and future of their countries."

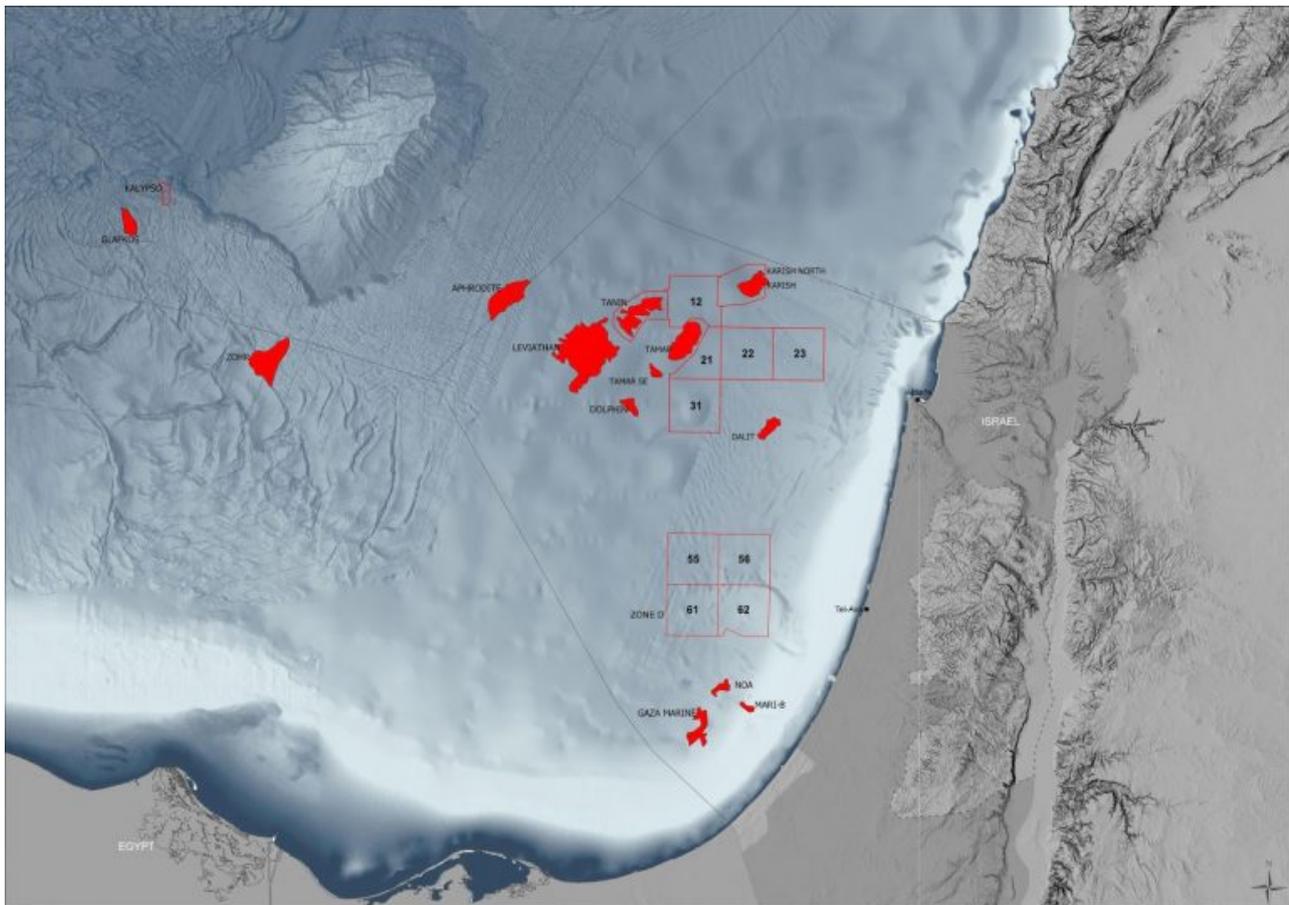
Part of the discussions between officials center on a new energy corridor that would connect Saudi Arabia to the Eilat-Ashkelon Pipeline in Israel. This would allow the Arab kingdom to export its oil to Europe and markets further west while skirting a sea route where the U.S. has accused Iran of carrying out several attacks against commercial ships, Kara

said.

Set up in 1968, Eilat-Ashkelon Pipeline Co. was then jointly-owned by Iran and Israel and facilitated oil exports from Iran to Europe. That relationship ended after Ayatollah Ruhollah Khomeini rose to power in Tehran in 1979 and he marked Israel as an enemy to the Islamic Republic.

– With assistance by Donna Abu-Nasr, and Vivian Nereim

**Four Further Licences Awarded
to Energean for Oil and Gas
Exploration in Israel's
Exclusive Economic Zone
("EEZ") – ENERGEAN OIL & GAS**



Energean Oil and Gas plc (LSE: ENOG, TASE: אנוג) is pleased to announce that Israel's Petroleum Council has awarded the Company four new licences for oil and gas exploration in the Israeli EEZ. Energean submitted its proposal in partnership with Israeli Opportunity (20%). The awarded Licences were granted for Block D, located 45 km off the Israeli coast – and include Licences 55,56,61,62 (“Zone D”), offered in the recent Bid Round published by the Israeli Ministry of Energy. Energean has identified a prospect within Zone D analogous to the prolific Tamar Sand fields (Karish, Tamar, Leviathan etc) offshore Israel. The prospect is believed to extend towards the SW of the license contingent to further seismic processing. A relatively shallow Mesozoic prospect was also identified (four way closure).

Mathios Rigas, CEO of Energean, stated: “Energean has proven its ability and commitment to explore and develop resources in a timely and cost efficient manner in the East Med. The addition of the 4 new licenses contained in Zone D adds further upside potential to our portfolio”.

Edison unexpectedly pulls out of Royee license



An exploratory drilling in January at the Israeli offshore field, which has a 36% geological probability of containing 100 BCM in natural gas, has been cancelled.

Edison E&P has unexpectedly quit the Royee license just a short while before a planned exploration drilling was due to begin. Ratio Oil Exploration (1992) LP (TASE:RATI.L) owns 70% of the license and Israel Opportunity has a 10% stake, while Edison has a 20% stake. But Edison is the operating partner with the experience in drilling. In a brief announcement Edison said, "The current circumstances compel us to our regret to resign from the license."

Greek company Energean plc (LSE: ENOG; TASE: ENOG), which

recently acquired Edison declined to comment. However, sources close to Energean pointed out that the acquisition of Edison is yet to be completed.

In effect, Edison's announcement means that the exploration drilling scheduled for January is cancelled. The Royee license is due to expire in April after seven years in which the Ministry of National Infrastructures, Energy and Water Resources extended it for as long as is possible under the law. As the operator Edison was responsible for carrying out the drilling in January but suspicions were raised when no official announcement about the start of drilling was issued.

The Royee offshore license is in a block off of Israel's southern Mediterranean coast bordering Egyptian waters. A survey conducted by Netherland Sewell & Associates (NSAI) Oil & Gas Consulting in May 2017 estimated a 36% geological probability of finding 3.4 trillion cubic feet (TCF) (100 billion cubic meters) of natural gas in the Royee license.

Qatar's fiscal balance/GDP set to rise to 4.6% in 2023: FocusEconomics



Qatar's fiscal balance as a percentage of GDP is set to rise to 4.6% in 2023 from an estimated 1.3% this year,

FocusEconomics said.

The current account balance (as a percentage of the country's GDP) will be 6.6% in 2023 compared with 6.7% in 2019.

Qatar's merchandise trade balance, FocusEconomics said in its latest economic update, will be \$55.1bn in 2023. This year, it will account for \$46.7bn.

Qatar's gross domestic product is expected to reach \$239bn by 2023, it said. By the year-end, Qatar's GDP may total \$196bn.

Qatar's economic growth in terms of nominal GDP will reach 5.2% in 2023 from 2.3% by the year-end.

The researcher said Qatar's public debt will fall gradually until 2023, and is estimated to be 51.7% this year, 48.4% (in 2020), 45.3% (in 2021), 42.7% (in 2022) and 40% (in 2023).

International reserves may exceed \$43bn in 2023, from the current \$37.7bn; FocusEconomics estimated and noted it will cover 12.1 months of country's imports.

The country's inflation, the report noted, will be 2.1% in 2023 and 0.1% this year.

Qatar's unemployment rate (as a percentage of active population) will remain a meagre 0.2% in 2023, unchanged from this year.

According to FocusEconomics, the economy posted a "modest acceleration" to 0.9% year-on-year growth in the first quarter (Q1) after a "weak" 0.5% out-turn in Q4 last year.

Q1's expansion was driven by the mining and quarrying sector's return to growth for the first time since Q4, 2017.

Meanwhile, the manufacturing sector also posted a "solid" turnaround.

"The economy should gather momentum this year, driven mainly by a recovery in the energy sector and stronger government consumption growth.

"Consumer prices fell 0.4% in annual terms in June (May -0.7% year-on-year). Going forward, inflation should return later this year on stronger economic activity and a supportive base effect, but remain anaemic nonetheless."

FocusEconomics panellists expect inflation to average 0.1% in 2019, which is down 0.5 percentage points from last month's forecast, and 2.3% in 2020.

Alumina market roller coaster spins price to two-year lows



By Andy Home

LONDON, July 30 (Reuters) – The alumina market has collapsed over the last three months with both Chinese and Western prices now at their lowest levels in two years.

The action in China has been particularly brutal. Spot prices surged to a six-month high of 3,170 yuan per tonne in May as production in the province of Shanxi was disrupted by environmental closures.

So violent has been the subsequent sell-off to below 2,500 yuan that producers are now voluntarily cutting output to try to support prices.

Since alumina is the key metallic input to the aluminium smelting process, bombed-out alumina prices are bad news for

an aluminium market that is itself treading heavy water right now.

The London Metal Exchange (LME) three-month aluminium price is currently trading just above the \$1,800 per tonne level after touching an 18 month low of \$1,745 in June.

Lower alumina prices serve to lower the aluminium production cost-curve, the break-even point for smelters that helps define the market's downside.

Global smelter profitability is once again beholden to the gyrations of the alumina price with still little evidence that such volatility is being hedged in either the CME Group's or LME's new futures contracts.

THE RETURN OF ALUNORTE

The CME alumina price, tellingly, never reacted to the May spike in the Chinese price but rather kept grinding lower to today's \$305 per tonne, a level last visited in June 2017.

The core driver has been the return of the giant 6.3-million tonne per year capacity Alunorte plant in Brazil.

Alunorte had been operating at half capacity since February 2018 under a court order related to allegations of run-offs from a tailings dam holding the "red mud" generated in the refining process.

Operator Hydro was given clearance to resume full output in May this year and Alunorte was already running at 80-85% capacity in June, the company said in its Q2 results. That should rise to 85-95% in the fourth quarter.

Alunorte's return closes a supply gap in the Western market which had to be filled by Chinese exports, an unusual occurrence in the alumina market.

Chinese exports mushroomed to 1.5 million tonnes last year

from just 56,000 tonnes in 2017.

The tide has since turned. Exports have dropped off sharply and the country has returned to being a net importer since January.

The extra supply is no longer needed thanks to the return of Alunorte, the continuing ramp-up of new capacity by Emirates Global Aluminium and stagnant aluminium production.

Metal output outside of China was down by 0.6% in the first half of 2019, according to the International Aluminium Institute.

CHINESE BOOM AND BUST

Chinese alumina prices have boomed and bust in the space of just three months.

Environmental closures in May, triggered by a “red mud” leak at Xinfu Group’s Jiaokou alumina refinery in Shanxi, spooked the local supply chain.

Any impact from those closures, however, has been fleeting. National output dipped appreciably in May but has since bounced back to 6.41 million tonnes in June, the highest monthly run-rate since May 2017.

Cumulative alumina output rose by 3% in the first half of the year and with China’s own aluminium production also flat-lining this year, analysts at Morgan Stanley calculate a 200,000-300,000 tonne surplus in the country. (“Stopping alumina’s slide”, July 29, 2019).

Previous fears of a supply shortfall have been rapidly dialled back and spot prices are now at a level where higher-cost producers in northern regions are suffering “serious losses”, according to Antaiko, the research arm of the China Nonferrous Metals Industry Association.

Producers have announced a collective temporary curtailment of 1.5 million tonnes, Antaika says.

As ever with such coordinated announcements by Chinese producers, there's an element of window-dressing previously scheduled maintenance work, but the real significance is what it says about the margin pain occasioned by falling prices.

Higher-cost producers have in the past been able collectively to support prices around \$300 per tonne but with alumina's own input costs falling, it remains to be seen how disciplined supply will be this time around.

There is growing speculation among analysts that China's alumina sector is heading for the same sort of structural reform treatment already imposed on the smelter segment of the production chain.

That might be a source of long-term support to the alumina price but for now it's down to whether Chinese producers can curtail output sufficiently to balance the domestic market.

RIDING THE ROLLER COASTER

Alumina has been on a high-tempo, high-volatility price trajectory over the last couple of years.

It was above \$600 per tonne as recently as September 2018 before crashing to its current producer pain levels.

The price of alumina was once linked to that of aluminium. Producers embraced spot trading several years ago, arguing that alumina supply-demand fundamentals were different from those of the metallic product.

They have turned out to be right, although not perhaps in the way they imagined. Alumina has turned out to be a much more volatile package of drivers than aluminium.

What's curious is that all this volatility hasn't inspired

much interest in using the paper market to hedge price risk.

The LME's newly-launched alumina contract didn't trade at all through June. CME's contract, which started trading in 2016, has seen only sporadic volumes since inception. Activity this year has almost totally dried up with just 240 contracts traded in January-June.

The Shanghai Futures Exchange (ShFE) is undeterred and has promised its own contract later this year.

It's possible that last year's high prices actively deterred producer hedging interest but with the outlook increasingly bearish, that might change.

ADVERTISEMENT

Morgan Stanley sees "near term price support around \$300 per tonne, with risk to the downside".

However, given the excitement of the last two years, you wouldn't bet against a few more spins of what Antaika calls the alumina "roller coaster".

(\$1 = 6.8876 yuan)

Centrica CEO to quit after first dividend cut in years



Bloomberg/London

Centrica said its chief executive officer will step down after a tumultuous five-year run at Britain's largest energy supplier, which has lost two-thirds of its value and millions of customers during his term.

Iain Conn, 56, announced his departure along with Centrica's first dividend cut since 2015. He will leave the board in 2020 after he finishes an effort to fortify the utility against increasing competition and a government cap on what it can charge for its electricity and natural gas.

Centrica shares fell as much as 13% in London to the lowest since 1997, the year the utility was spun out of the state-owned British Gas. Conn inherited a company that had under his predecessors diversified into oil and gas production and nuclear energy, businesses that Centrica now intends to sell.

In more recent years, smaller rivals have lured away tens of thousands of customers from Britain's Big Six utilities. Centrica earnings were also hit in the first half as warm weather and operational issues cut its electricity supply by 4%.

Conn said his departure was a mutual decision with the board and the result of months of discussions. Conn is seeking to

hand over a smaller entity focused on customer-facing businesses supplying power and energy services. The board will name a successor later.

While the company's share price plunged to new lows, Conn said the company was on the right track and seeing the beginning of stabilisation. He said the earnings outlook is brighter for the rest of the year.

"This set of steps is a fundamental re-positioning of the company and is the end of a journey we began in 2015," Conn said on a call with reporters yesterday. "We haven't changed our strategy. We've made some adjustments, but the board has confirmed we need to keep going toward the customer."

Unions were quick to criticise Conn's plan to maintain the pace of job cuts he announced in February and step up a cost savings target.

Centrica is targeting £1bn (\$1.2bn) of annual cost savings from this year through 2022, up by £250mn since February. The company maintained its estimate that it will shed 1,500 to 2,000 jobs this year from the some 30,520 it had at the end of 2018. "More of the same, more job cuts on top of the thousands already gone and going, are panic measures, not a credible plan for recovery," said Justin Bowden, national secretary of the GMB union. "There must be a pause under a new CEO, investment and a new plan for growth."

The board proposed an interim dividend of 1.5 pence a share, down from 3.6 pence for the same period a year ago. For the full year, the dividend will be cut to 5 pence a share, down from 12 pence in the last four years.

"The departure of Centrica's CEO won't resolve all of its problems, in our view, as many are outside management's control," Elchin Mammadov, analyst at Bloomberg Intelligence, wrote in a note. "The new team at the helm will need to focus on delivering further cost cuts and growth in energy supply and services."

Customer numbers in Centrica's main energy supply and services business fell 2% to 23.6mn in the first half of the year.

Output from its 20% stake in Britain's nuclear plants fell 19% in the first half to 4.9 terawatt-hours, reflecting outages at the Dungeness B and Hunterston B power stations.

"Centrica faced an exceptionally challenging environment in the first half of 2019, which impacted earnings and cash flows," Conn said in a statement yesterday. "This major refocusing of our portfolio will unlock further efficiencies enabling us to be even more cost-competitive, as we focus on being a leading energy services and solutions provider." Looking Ahead Conn maintained guidance for full year earnings. Nuclear plant outages that hit earnings in the first half are likely to pass, and cost savings set to kick in.

Centrica expects growth in its consumer businesses. In its connected homes business, growth accelerated 49% to 1.5mn.

In the months ahead, Centrica will work on selling its Spirit Energy unit, which produces oil and natural gas. It's already divesting its stake in nuclear power plants, although the statement yesterday said nothing new about that process. Conn said Centrica will exit Spirit via a trade sale and use proceeds to restructure the company.

"We are completing the shift we began in 2015 from a company ill-equipped to deal with changes in the energy systems to one in tune with moving toward a lower-carbon economy," Conn said. "Once we've made them, it is now time for me to hand over to a successor."

Along with its shift toward a more customer-facing business, the company also wants to make money off the expansion of electric vehicles. It announced a new partnership with Ford Motor Co yesterday to develop charging stations at hundreds of dealerships across the UK and Ireland as well as sell home charging equipment and electric vehicle tariffs.

The company is in talks with other car companies to expand further into this area, Sarwjit Sambhi, head of Centrica's consumer business, said on a call with reporters.

Oil Industry Poised to Attack as Trump Boosts Ethanol in Fuels



Oil industry foes are preparing to go to court to fight the Environmental Protection Agency regulation issued Friday that allows year-round sales of higher-ethanol E15 gasoline nationwide.

The agency's final rule offers ethanol producers and corn farmers the promise of greater market access and demand – but the coming legal battle will be the true test of that potential.

The regulation fulfills President Donald Trump's promise to unleash ethanol sales and is a potent show of support to

Midwestern farmers who are suffering from Chinese tariffs on soybeans, flooding that destroyed stockpiled grain and a deluge of rain that has delayed plantings. With some 37% of America's corn production going to ethanol mills, any regulatory move lifting demand for the fuel could buttress farmers who helped propel Trump to the White House.

Iowa Republican leaders and biofuel industry boosters will celebrate the shift with EPA's Region 7 administrator during an event at Elite Octane LLC's dry mill ethanol plant in Atlantic, Iowa later Friday. Trump is expected to address the issue during a visit to the state next month.

The EPA rule waives E15 gasoline containing 15% ethanol from vapor pressure requirements that have blocked sales from June 1 to September 15 in areas where smog is a problem, said Bill Wehrum, the assistant administrator for the EPA Office of Air and Radiation. That should cause "a bump" in sales at the roughly 1,200 filling stations that already sell E15 today, while encouraging more of them to offer it, Wehrum told reporters on a conference call.

"Over time, we believe and the industry believes you will see more E15 sold as the infrastructure in the gasoline distribution system and especially at gas stations catches up to the availability of this fuel," Wehrum said. This is going to result in a "substantial increase" in E15 sales, he said.

At Trump's direction, the EPA bundled the E15 shift with modest changes meant to boost transparency and prevent price manipulation in the trading of credits used by refiners to prove compliance with annual biofuel blending quotas. Large integrated oil companies, including ExxonMobil Corp., BP America Inc. and Chevron Corp., had argued against the EPA's initial proposal of more aggressive trading limitations.

Wehrum said the agency would continue examining allegations of market manipulation and respond to them if needed. "We're applying the theory of first do no harm," he said, noting that proposed position limits and sale requirements "could reduce

the flexibility of the market and the efficiency of the market.” While the agency takes the issue seriously, he said, the EPA has not yet found clear evidence of significant manipulation.

Senator Joni Ernst, a Republican from Iowa, praised the EPA’s action, saying it would mean more consumer choice and savings at the pump.

“The president had made this promise a long time ago: He was really going to work hard for farmers’ support and the Renewable Fuel Standard,” she said by phone. “And he’s coming through with that promise at a time when it’s desperately needed. It’s something we were going to work toward anyway, but it does bring much-needed relief at a very critical time for our farmers.”

Ethanol is already a staple of America’s fuel supply, accounting for about 10% of total consumption. Biofuel boosters who have lobbied for the regulatory shift are betting 15% will eventually emerge as the standard. Green Plains Inc. Chief Executive Officer Todd Becker said this month that the higher blend puts in play “year-round demand growth of at least 200 million gallons of annualized incremental demand as only the starting point.”

That would come at the expense of oil.

“This action by EPA makes no sense and is contrary to the law, congressional intent and decades of agency precedence,” said Frank Macchiarola, a group director at the American Petroleum Institute. “We will challenge it vigorously.”

The American Petroleum Institute previewed its legal argument in public comments, arguing that the agency is flouting the plain text of the Clean Air Act by extending an existing waiver to E15. Marathon Petroleum Corp. warned the EPA’s move to consider E15 “substantially similar” to conventional E10 gasoline is “arbitrary and capricious” – a fatal failing under a federal law governing rulemaking. And the American Fuel and

Petrochemical Manufacturers insisted the EPA is taking action previously rejected by Congress.

Ethanol advocates argue the EPA is on solid legal footing. The agency's move to grant a waiver to E15 "reflects the best, most natural reading" of the Clean Air Act, and that higher-ethanol blend is substantially similar to E10, said Growth Energy Chief Executive Officer Emily Skor.

Italy to play low 2019 deficit card to avoid EU procedure



EU Commission threatened Rome with disciplinary steps; 2019 deficit could be 2% of GDP or lower, officials say; league

economics chief says 1.8% is possible; coalition still undecided how to use savings emerging Reuters Rome Italian coalition officials say the country's public accounts are throwing up positive surprises this year, strengthening Rome's hand as it tries to ward off a possible Euro-pean Union disciplinary procedure. Recent data suggest the deficit this year will not only be below the European Commission's forecast of 2.5% of gross domestic product (GDP) but could even be below the 2.04% agreed with Brussels in December, two senior coalition members said. However, it remains to be seen how far the anti-austerity government will actually slash its current 2.4% target, because some in the 5-Star Movement, one of the two ruling coalition parties, want the savings that are emerging to be quickly spent on new expansionary measures.

The other ruling party, the League, is a push- ing for deep tax cuts, but only from 2020. It is also not certain that an unexpectedly low 2019 deficit would be enough to convince Brussels that Italy's finances are on a sustainable path. But the latest data at least give Rome fresh arguments – something that looked impossible a few months ago. The Commission on Wednesday paved the way to disciplinary steps against Italy, complaining that its debt had risen in 2018 instead of falling and would continue to do so. It said Rome had also not reined in its annual budget deficit as promised in 2018 and would continue to run excessive deficits this year and next. A disciplinary procedure, which could eventually end in fines, had already been averted at the last moment in December when Italy cut its original 2.4% deficit target for this year to 2.04%, with the agreement of the Commission. In April, Italy restored the original 2.4% target because of a slump in growth, while the Commission forecast 2.5%.

Prime Minister Giuseppe Conte surprised observers when he said on Wednesday, in response to the Commission, that a deficit of 2.1% was possible. But now, senior officials in the government of the right-wing League and the anti-establishment 5-Star say

it could be even lower. Claudio Borghi, the League's economics chief, told Reuters 1.8% was possible if current trends continue. The main reason for the surprise trend is that two flagship government measures – an early retirement option and a new means-tested welfare benefit – are proving less popular, and therefore less costly than expected. Taken together, it now looks as if the combined cost of the two policies will be €4bn (\$3.4bn) less than was set aside in the 2019 budget, Borghi said.

This estimate was confirmed by a government member closely involved in economic policy, who asked not to be named. Borghi said tax amnesties allowing people to settle disputes with the authorities by paying a limited sum had yielded more than expected, as had measures against tax evasion. Among these, the requirement from January this year that a copy of virtually all transactions must be transmitted electronically to the taxman produced squeals of protest from companies but has bolstered sales tax revenues. State coffers have also been swelled by out-of-court settlements with several large multinationals accused of tax evasion, the largest of them a €1.3bn deal with Kering, the holding company of fashion house Gucci.

A senior Treasury official declined to confirm Borghi's 1.8% 2019 deficit projection but said it now looked "possible" that the deficit would be 2% or lower. Public finance data so far this year has been encouraging. The central government deficit for the first four months was just €1.5bn above last year's equivalent figure – below the trend projected in Rome's 2019 Stability Programme, which forecasts that the full-year deficit would rise by €16bn. Tax revenues through April were up 1.0% year-on-year despite a stagnant economy, compared with an official full-year target of 0.6% growth. In addition, dividend payments by the central bank and state-owned enterprises will also exceed the projections in the Stability Programme by more than 0.1% of GDP, the Treasury said in

documents sent to Brussels this month.

Airlines scramble to overcome polluter stigma



Reuters Seoul/Stockholm/London

In Lorna Greenwood's London home, there is a shelf lined with travel guides.

But the 32-year-old mother and former government employment lawyer has given up flying.

Greenwood, who grew up enthralled by the possibilities offered by plane travel, is part of a growing group of environmental activists in Northern Europe who are shunning flights as concerns about global climate change increase.

"It's a tough pill to swallow, but when you look at the issues around climate change, then the sacrifice all of a sudden becomes small," Greenwood said.

A Swedish-born anti-flying movement is spreading to other

European countries, creating a whole new vocabulary, from “flygskam” which translates as “flight shame” to “tagskryt,” or “train brag.”

A number of famous Swedes have stopped flying, including opera singer Malena Ernman, the mother of teenage activist Greta Thunberg who has thrust climate change into the spotlight.

“Flygskam” was a major topic at a three-day airline summit in Seoul this weekend, with global industry leaders launching a counter-offensive.

“Unchallenged, this sentiment will grow and spread,” Alexandre de Juniac, head of the International Air Transport Association (IATA) told some 150 CEOs.

The industry says it is shrinking its carbon footprint and its sustainability plan is among the most ambitious and globally focused of any industry.

“Come on, stop calling us polluters,” de Juniac said at a news conference after detailing the global initiative.

The IATA said the CO₂ emission for each CEO’s flight to Seoul was half the amount of a 1990 flight, largely thanks to more fuel-efficient aircraft.

Commercial flying accounts for about 2.5% of global carbon emissions today but without concrete steps, that number will rise as global air travel increases.

The aviation industry has set out a four-pronged plan to achieve carbon-neutral growth from 2020 and halve net emissions from 2005 levels by 2050.

But airline leaders acknowledge they have struggled to articulate their plans in a way that resonates with the public.

When CNN anchor Richard Quest asked a room full of aviation executives whether they had used an often available booking option to offset emissions from their own flights to the South Korean capital, only a handful raised their hands.

The industry’s plan rests on a mix of alternative fuel, improved operations such as direct flight paths and new planes or other technology.

But a widely publicised March study funded by investors

managing \$13tn said airlines were doing too little.

"If we as an industry can provide better, more concrete answers...people will start to feel more comfortable that airlines are serious about this commitment," JetBlue CEO Robin Hayes said in an interview.

Questions remain over how airlines will slow, steady and finally reduce harmful emissions.

Use of sustainable-fuel would have the single largest impact, reducing emissions from each flight by around 80%, according to the IATA.

The problem is that it is in short supply.

"The reality today is there's just not enough and it's too expensive," KLM CEO Pieter Elbers told Reuters.

KLM last week announced a deal to develop and buy biofuels from Europe's first sustainable aviation fuel plant, due to open in 2022.

Still, the IATA targets 2% of total fuel supply from sustainable sources by 2025 and then expects a steady increase.

In Europe, eliminating dozens of national airspaces borders could reduce fuel consumption by around 6%, but lobbying for a Single European Sky has been bogged down for years.

Airlines say small steps like single-engine taxiing and the use of lighter materials are cutting around 1-2% of emissions each year.

In the absence of a quick and substantial reduction its carbon footprint, the industry has committed to a carbon-offset programme.

The global Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) allows airlines to purchase pollution credits from environmental projects.

It's unclear what will count as an "offset" and critics say such schemes hide how much effort is being made by industry and how much is being imported and at what price.

"The risk is that the price airlines are effectively paying for carbon will not be politically acceptable in 5 or 10 years," a senior aviation executive said, asking not to be

named.

European Union Transport Commissioner Violeta Bulc told Reuters she favours reviewing available green technology every five years “and then seeing if we can reach even further.”

For now, trains are benefiting from the anti-flight movement, although airline bosses in Seoul said that option barely exists in their busiest new markets such as Indonesia’s archipelago.

In Stockholm, Susanna Elfors says membership on her Facebook group Tagsemester, or “Train Holiday,” has spiked to some 90,000 members from around 3,000 around the end of 2017.

“Before, it was rather taboo” to discuss train travel due to climate concerns, Elfors said. “Now it’s possible to talk about this on a lunch break...and everybody understands.”