

# US oil demand is emerging after months of Covid paralysis



Bloomberg / New York

US oil demand is finally starting to emerge from the grips of pandemic after months with Asia serving as the lone bright spot in the global market market.

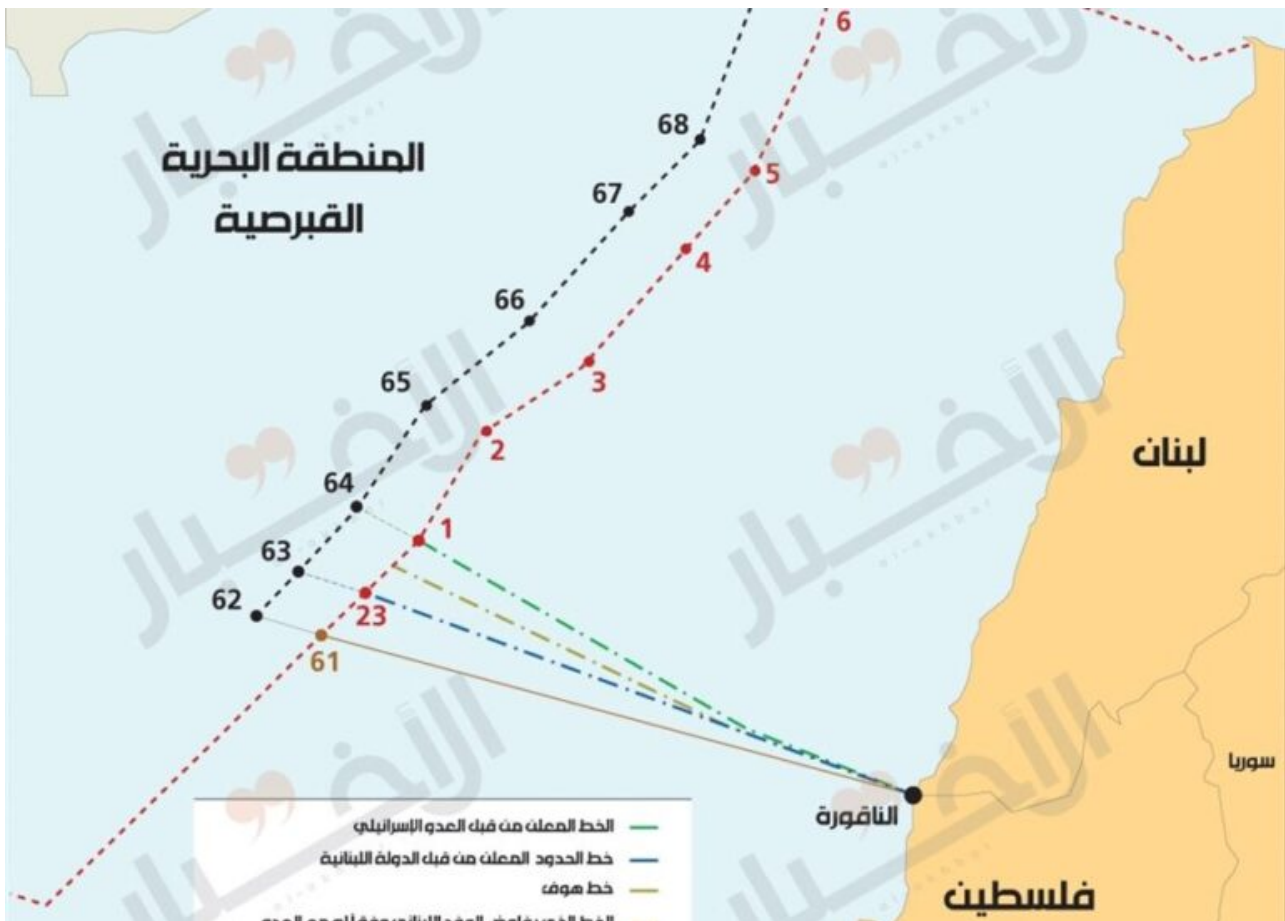
American refiners are processing the most crude since the economy ground to a halt in March in anticipation of a vaccine-driven boost in gasoline demand this summer. The uptick means that the refiners are competing for domestic barrels that for months were sent to more robust markets in Asia. Prices for cargoes of grades like West Texas Intermediate crude have picked up by at least 50 cents a barrel from earlier this month.

The return of US demand, which began when a global vaccination campaign kicked off in December, is the latest development in oil's recovery from the depths of the pandemic. For months oil prices were managed by Opec and its partners with production

cuts, without the help of demand outside of Asia.

As domestic oil demand recovers, it could meet with supply shortages. Economic-driven output declines took about 2mn barrels a day of local crude off the market from the peak of 13.1mn, after dozens of drillers slashed budgets and filed for bankruptcy. The US government sees production recovering to only 11.5mn barrels a day in 2022.

لبنان أهدر أكثر من 2600 كلم<sup>2</sup>  
لحساب الجزيرة: عدّ لوا  
المرسوم 6433 وافرضوا التفاوض  
!على قبرص



## محمد علي فقيه - الاخبار

ليس العدو الإسرائيلي وحده من استولى على مياه لبنانية في المنطقة الاقتصادية البحرية الخالصة، نتيجة سوء إدارة لبنان للمعركة، كما عدم إعداده لها بالصورة المطلوبة. إضافة إلى المنطقة الجنوبية المسروقة من قبل «إسرائيل»، في المنطقة الغربية، تنازل لبنان عن أكثر من 2600 كلم مربع لقبرص! تنازل يوجب إعادة القضية إلى بداياتها، وتعديل مرسوم تحديد المنطقة الاقتصادية الخاصة بلبنان، وفتح التفاوض مجدداً مع الجزيرة الجارة.

يبدو أن حقيقة مؤلمة تغيب عن ذهن معظم اللبنانيين، ولا سيما المسؤولين الرسميين، تتمثل في أن الوفد اللبناني المفاوض على ترسيم الحدود الجنوبية حمل إلى طاولة المفاوضات في الناقورة خريطة لا قيمة دستورية لها. فهذه الخريطة، وإن كانت بإحداثيات مختلفة عن النقطة 23 التي سبق أن حددتها لجنة شكلها مجلس الوزراء في عام 2008 وأنهت أعمالها في 2009، وإن كانت أيضاً متقدمة نسبياً على سابقتها من عام 2009، إلا أنها لم تُمهر بتوقيع أي مؤسسة دستورية، لكونها غير صادرة بمرسوم عن مجلس الوزراء، ولا تحمل توقيع رئيس الجمهورية، فضلاً عن أنها لم تنل، على ما يبدو، تأييد الكتل النيابية في مجلس النواب. هذه الخريطة التي حملها الوفد، بناءً على توجيه من رئاسة الجمهورية، تنطلق من وتفرض B1 مقاربة جديدة للنقطة الأساس من الشاطئ اللبناني المسماة تعاملًا مختلفاً مع النتوء الصخري المسمى «تيخيليت». لكن بالطبع كان بإمكان الوفد اللبناني تأبط خرائط أخرى تزيد من المساحة التي يقدّر لها لبنان ذاتياً لتكون منطقته الاقتصادية الخالصة. المشكلة التي تواجه المفاوض اللبناني اليوم، وبعض المسؤولين في الدولة، سببها أن المفاوض الإسرائيلي، أو الوسيط الأميركي، وبكل بساطة، قد يُشكل على الوفد بالقول إن الخريطة والمقاربة اللتين يقدّمهما لا تأييد دستورياً لهما. بل وإن الطرح بذاته مخالف لما وافقت عليه المؤسسات الدستورية اللبنانية: المرسوم 6433/2011، والخرائط المرفقة به، ورسائل الخارجية اللبنانية للأمم المتحدة في عام 2010 و2011. وهو للأسف، إشكال صحيح، إلى حد يؤرق الجميع، وبطبيعة الحال، الوفد اللبناني المفاوض.

لقد اتصل الوفد بجهات سياسية، مطالباً بتعديل موقعه التفاوضي عبر تعزيزه دستورياً، وتمكينه ليكون أوسع قدرة في الدفاع عن حقوق لبنان، وفق تصوّر متطور، أكثر تحقيقاً للمصلحة الوطنية، وأرقى من الذي جرى اعتماده في 2009، أيام حكومة الرئيس فؤاد السنيورة.

باحثَ الوفد اللبناني تلك الجهات الرسمية، عارضا حاجته إلى استصدار مرسوم يعدّل المرسوم 6433/2011، ويحدد من جديد إحداثيات المنطقة الاقتصادية الخالصة للبنان، لكنّ بعض الجهات السياسية لن توافق على استصدار مرسوم، معلّلة رفضها بأن مرسوماً من هذا النوع يمكن أن يحكم لبنان سلفاً، إذ إنه سيكون قد وضع حدوداً تقرّ بوجود منطقة اقتصادية خالصة للكيان الإسرائيلي. في الواقع، هذا الكلام الذي يواجهه به الوفد ليس دقيقاً، وقد يجاب عنه بالقول إن ما يقوم به لبنان هو ترسيم ذاتي لحدود منطقته الاقتصادية الخالصة، من دون أن يأتي على ذكر المنطقة التي تقابله. المدهش أيضاً، هو ادعاء آخريّن بأنه ليس من داع لوجود مرسوم يحدد منطقة اقتصادية خالصة للبنان، إذ يغيب عن بال هؤلاء أن مجلس الوزراء أصدر عام 2011 المرسوم الرقم 6433 الذي يحدد المنطقة الاقتصادية الخالصة للبنان، جاعلاً النقطة 23 نقطة ثلاثية البعد مع قبرص وفلسطين المحتلة. لذلك، فإن القول بالألّا داعي لإصدار مرسوم جديد، يُردّ عليه بأن لدى لبنان حقيقةً مرسوماً يرسم حدوده بافتئات على حقوقه الأصيلة. الجدير ذكره أيضاً، أن سجلاً دار خلال ترسيم خريطة عام 2009 بين وجهتي نظر. الأولى تتمثل بوزارة الأشغال ومديرية الشؤون الجغرافية في الجيش اللبناني، تتمسك بأن النقطة التي تحقّ للبنان هي النقطة الـ 23، في حين أن وجهة النظر الأخرى، التي عبّر عنها ممثل الخارجية اللبنانية داخل اللجنة، تقول بإمكانية الذهاب جنوبي هذه النقطة بما يضيف بين 1300 كلم<sup>2</sup> و1700 كلم<sup>2</sup> تقريباً على مساحة المنطقة الاقتصادية الخالصة. لكن، ومع الأسف، سادت وجهة النظر الأولى، لأسباب غير مفهومة ومحلّ تساؤل وشبهة.

مقاربة ثالثة مختلفة قدّمها خبراء في القانون الدولي وشؤون الطاقة (الخريطة المرفقة)، تعطي لبنان حقوقه. فالنقطة الـ 23 لا يصحّ اعتمادها، لكونها قد حدّدت بعد إزاحة الخط البحري شمالاً بسبب ما يسمى أثر جزيرة تيخيليت — التسمية التي أطلقها الإسرائيليون على النتوء الصخري هناك. بينما، في الحقيقة، ليس من جزيرة، بل مجرد صخرة كبيرة لا تأبه لها الاتفاقية الدولية لقانون البحار، بدليل أحكام دولية كثيرة صادرة لم تأخذ بعين الاعتبار «جزراً» تضمّ 60 ألف نسمة.

يضيف هؤلاء الخبراء أنه حين جرى رسم الخط، لم تكن الحكومة قادرة لأنها تحت الاحتلال الإسرائيلي، وأن نقطة B1 على الوصول إلى النقطة حتى ولو وضعت وفقاً لترسيم خط الهدنة، فإنها تبقى مخالفة لنص B1 اتفاقية الهدنة، القائل بوجوب أن يتطابق خط الهدنة مع الخط الحدودي بين لبنان وفلسطين المحتلة المحدد وفقاً لاتفاقية بولي-

B1 عام 1923. لذا كان ينبغي على نقطة «Paulet-Newcombe» نيوكومب B1 أن تكون في نهاية وادي كركرة، الذي يبعد 1.8 كلم عن النقطة بحسب خط الهدنة عام 1949. ما حصل في ذلك العام، هو أن المفاوض B1 الاسرائيلي دفع بالمفاوض اللبناني إلى القبول بتأخير النقطة شمالاً، أي باتجاه لبنان، ما أتاح للكيان القدرة على تقاسم رأس «Rosh HaNikra» الناقورة الذي سمّاه من جهته «روش هانكيرا» متجاوزاً بذلك حدود خط الهدنة. وكما هو معلوم في ألف باء الهندسة، فإن فَرْقَ أمتار على الشاطئ يتسع داخل البحر ليشكل مساحة واسعة.

وفي المجال التشريعي، إن الاعتراض بأنه لا يمكن تعديل المرسوم 6433/2011 لأنه قد سبق أن جرى إبلاغ الأمم المتحدة به، فمردود على قائله، لأن المرسوم ذاته، وفي مادته الثالثة، نصّ على ما يأتي: «يمكن مراجعة حدود المنطقة الاقتصادية الخالصة وتحسينها، وبالتالي تعديل لوائح إحدائياتها، عند توافر بيانات أكثر دقة، ووفقاً للحاجة في ضوء المفاوضات مع دول الجوار المعنية». إذن، صار واضحاً أن المفاوض اللبناني ليس في استطاعته الاستمرار في التفاوض وهو مكشوف دستورياً وقانونياً وسياسياً. فلا بد إذاً من تعديل المرسوم 6433، آخذاً في الاعتبار آليات جديدة لرسم المنطقة الاقتصادية الخالصة وفق أدق المعطيات وأفضل المقاربات، التي ستؤدي إلى زيادة الحقوق.

مع قول ما تقدم، لا نستطيع سوى أن نستحضر واقع أن الخطأ الذي ارتكبه حكومة الرئيس السنيورة في عام 2009، لم يصحّ الخطيئة الكبرى التي ارتكبتها حكومته أيضاً عام 2007، حين وقّعت يوم 17/1/2007 اتفاقية تحديد الحدود مع قبرص، التي تراجع فيها الجانب اللبناني، بحسب قول المدير العام للنقل البري والبحري عبد الحفيظ القيسي، آنذاك، أميلاً إلى الوراء التزاماً بما تنصّ عليه الاتفاقية الدولية لقانون البحار، أي إلى النقطة 1. هذا التراجع يعتبر كارثة وطنية. فعلى أي أساس أو منطق قد يذهب وفد لبناني إلى التفاوض في 2007 من دون امتلاكه خريطة ذاتية تحدّد منطقتة الاقتصادية الخالصة؟ المضحك والمبكي في آن واحد هو الوفد اللبناني - حينذاك - الضئيل حجماً والضعيف تقنياً، والذي كان مؤلفاً من المدير العام للنقل البري والبحري عبد الحفيظ القيسي، ومساعدته حسن شعبان فقط، من دون وجود مندوب لوزارة الخارجية لتدوين محاضر الجلسات التفاوضية أو مندوب للجيش حتى! في الوقت الذي كان الوفد القبرصي يضم ثمانية خبراء في مجالات الجيولوجيا والقانون الدولي والتنقيب عن النفط وغيرها. ما حصل آنذاك، شكّل كارثة وطنية

وفضيحة إدارية، لم تصحّح كما ينبغي في خريطة 2009. ففي المحصلة، خسر لبنان مساحة تفوق 2600 كلم<sup>2</sup> لحساب قبرص (المساحة الواقعة بين الخط الأسود والخط الأحمر على الخريطة المرفقة).

لم يعد جائزاً بقاء المرسوم 6433/2011 كمادة يعتمد عليها لبنان في مفاوضاته، بل حتى في غير حالة التفاوض. فالحاجة إلى التعديل قائمة بذاتها، غير مرتبطة بأي أمر آخر، لتحسين موقع لبنان وتدعيمه. وبعد انسداد أفق المفاوضات، قد يُدفع بلبنان إلى خيارين، إما أن يقبل بتقاسم المنطقة الاقتصادية الخالصة مع العدو المفاوض، وهذا تنازل خياني وغير مقبول عن الحقوق الوطنية و الثروات، وإما بأن يستمر في التفاوض غير المجدي والخطر مع العدو الإسرائيلي، مع خوف ينشأ من أن يعتمد حليفه، الوسيط الأميركي، إلى ممارسة ضغوط لإرغام اللبنانيين على التنازل. وقد سبق للولايات المتحدة أن أرغمت الجانب اللبناني، مكرهاً، على الذهاب إلى مفاوضات الناقورة، عارفاً بأن لا نتيجة منها، لكونه قد سبق أن فاض لمدة عشر سنوات عبر فريدريك هوف وغيره من الموفدين الأميركيين، ليحصل على أقل من 600 كلم<sup>2</sup> تقريباً من المنطقة التي تسميها اتفاقية القانون الدولي للبحار الآن المنطقة الاقتصادية المتنازع عليها، علماً بأن المنطقة الواقعة بين ما يسمّى خط هوف والنقطة 23، هي المنطقة الأكثر واعدية في احتوائها للموارد، بحسب ما بيّنت الصور الزلزالية الثلاثية البعد.

يفرض انتساب لبنان إلى الاتفاقية الدولية لقانون البحار عليه مشكلة، حيث إنه، بحسب الاتفاقية (الكيان الإسرائيلي لا ينتسب إليها)، ملزم في حال حصول نزاع بينه وبين طرف موقع آخر عليها حول المنطقة الاقتصادية الخالصة، بالامتناع عن القيام فيها بأي عمل، وهذا ما حصل في الـ 865 كلم<sup>2</sup> التي تعتبرها الأمم المتحدة منطقة متنازعاً عليها. انطلاقاً من هذه المشكلة، وبناءً عليها، يمكن للبنان اقتراح حل من شأنه خلق موقع متقدم له في المفاوضات، يتيح له استرجاع حقوقه التي جرى التراجع عنها من قبل وفد الرئيس السنيورة إلى قبرص بقرار واضح بدا في الفقرة المتعلقة بإخلاء في النسخة القبرصية لمحضر جلسة التفاوض Disclaimer المسؤولية (نظراً إلى عدم وجود نسخة لبنانية للمحضر كما ذكرنا أعلاه): إن النقاط الأخيرة للخط الوسطي (نقطة 1 و 6) تم التراجع بها عن النقطتين الثلاثيتين البعد اللتين تم احتسابهما في الشمال والجنوب، للسماح بحصول مفاوضات مستقبلية مع الدول المجاورة.

بدون هذا الطرح، وكما ذهب لبنان إلى التفاوض مرغماً، علماً بأنه كان عليه وباستطاعته تفاديها، سيذهب مجدداً، ومع الأسف، من دون

ذخيرة دستورية وقانونية وسياسية كافية لإعداد ملف صلب ومتماسك. فتعديل المرسوم 6433 يمكن لبنان من الاستناد إلى أفضل القواعد التي تؤدي إلى أخذه حقوقه، بعيداً عن العقلية الانهزامية والتنازلية التي سيطرت على لجنة الـ 2009، بانتظار أن يأتي الزمان الذي يناقش فيه كيف أنها فرضت، ومَن وراءها، النقطة 23 بدل التوسع جنوباً باتجاه فلسطين المحتلة، كيف أنها تصدّت لكل محاولة داعية لذلك.

لماذا التفاوض مع قبرص؟

أولاً، لأن التفاوض مع العدو الإسرائيلي غير مجد، وذو خطورة لواقع أنه قد يستخدم عصا حليفه الأميركي لدفع لبنان نحو التنازل عن جزء من 865 كلم<sup>2</sup> المصدّفة «متنازعا عليها». ثانياً، لأن المشكلة بدأت في أصلها باتفاقية تحديد الحدود مع قبرص، حين قبل لبنان التراجع إلى حدود النقطة الرقم 1. وبالتالي، ليصح لبنان هذا الخطأ، عليه أن يتفاوض مجدداً مع الجانب القبرصي لتحديد حدود جديدة، وخاصة أن الاتفاقية لم تبرم، إذ لم تحل إلى المجلس النيابي ليقرّها، فمن حق لبنان إذاً أن يطلب إعادة التفاوض حولها. ثالثاً، قبرص دولة منتسبة إلى الاتفاقية الدولية لقانون البحار كما لبنان، وبالتالي، فإن ما ينطبق على لبنان ويلزمه ينطبق عليها ويلزمها أيضاً، فبعد أن يبلغ لبنان الأمم المتحدة بإحداثيات منطقته الاقتصادية الخالصة ضمن المرسوم الجديد والخريطة المرفقة، التي تعتمد النقطة 62 بدلاً من 23، فإن المنطقة بين النقطة 1 و62 ستصبح منطقة متنازعا عليها، وعلى القبارصة الامتناع عن القيام بأي عمل فيها، ما سيضطر قبرص حينها، حفاظاً على مصالحها، إلى التفاوض مع لبنان والتوصل إلى تسوية تطيح النقطة الرقم 1 أساس المشكلة. رابعاً، على فرض أنه لم يتم التوصل إلى تسوية، فبحسب الاتفاقية الدولية لقانون البحار، بإمكان لبنان الذهاب إلى خيار التحكيم. ولمّا كانت المحاكم تعتمد في أحكامها مبدأ الإنصاف، فمن المرجح أن يكون الحكم لمصلحة لبنان، إذ ليس من الإنصاف أن يطبق على لبنان وساحله الواحد ما يطبق على قبرص الجزيرة مع ما لها من شواطئ. خامساً وأخيراً، بعد أن يطيح لبنان النقطة الرقم 1، سيكون قد أطاح في الوقت عينه بالاتفاق القبرصي — الإسرائيلي وأسقط ادّعاءات العدو، من دون الولوج في مفاوضات عبثية وخطرة ولا طائل منها مع الكيان الإسرائيلي.



---

# Rosneft Returns to Profit, Signaling 2020 Dividend Payments



Russian oil giant Rosneft PJSC returned to profit in the fourth quarter of 2020 after signing a multibillion dollar deal to sell a share of its Vostok Oil mega-project in the Arctic to trader Trafigura Group.

The results signal that the producer will be able to pay a dividend for 2020 even after historic crude-price declines and production cuts. The company reported a record quarterly net income of 324 billion rubles (\$4.36 billion) in the three months through December, above analyst estimates. That offset earlier losses, resulting in a full-year profit of 147 billion rubles.



“Despite all the difficulties of 2020, the company has achieved a net income, which will be the basis for the distribution of dividends,” Chief Executive Officer Igor Sechin said in a statement on Friday. Rosneft’s management will recommend the board to make 2020 payouts to shareholders fully in line with the company’s dividend policy, First Vice-President Didier Casimiro said on a call with investors.

Big Oil has mostly reported disappointing fourth-quarter earnings, signaling the industry’s recovery from the pandemic will be long. While most international producers, such as Royal Dutch Shell Plc or Exxon Mobil Corp., remain committed to making or even raising dividend payouts, investors question just how soon the sector will be able to improve its cash flow.

Russian oil companies have been under even more pressure due to output constraints that are part of the country’s deal with the Organization of Petroleum of Exporting Countries. Accounting for 40% of the nation’s total crude production, Rosneft bears the biggest burden.

Based on its full-year results, the producer, which distributes a half of its net income to shareholders, is set to pay some 7 rubles per share in 2020, according to estimates from BCS Global Markets and Sova Capital. That would be Rosneft’s smallest shareholder payout since 2016. The company scrapped its interim dividend for 2020 after losing money in the first half of the year.

Rosneft shares advanced as much as 1.1% to 506.50 rubles, the highest level in more than three weeks.

## **Arctic Foray**

Rosneft expects Vostok Oil, an ambitious Arctic development valued at \$85 billion, to drive future dividend yields and shareholder value, Sechin said.

Rosneft received 7 billion euros from Trafigura for 10% of Vostok Oil in December, according to the financial statement. The deal allowed “for the practical start of the execution of the project,” Sechin said.

The Vostok project envisions production of some 25 million tons of oil per year, or around 500,000 barrels a day, in 2024, and twice as much in 2027. At its peak, the remote development is set to produce as much as 100 million tons per year. That compares with Russia’s total crude oil and condensate production of 513 million tons for 2020.

Rosneft is in discussions with other potential partners in Vostok Oil, Casimiro said, adding that international trading houses, global oil majors and crude-importing nations like India are interested. Russia will keep a controlling stake in the development, he said.

---

## **Qatar on track to be world’s largest LNG producer: Rystad Energy**



Qatar's move to sanction the \$28.7bn North Field Expansion project puts the country on track to return as the world's largest LNG producer by 2030, the Oslo, Norway-based Rystad Energy has said in a report.

Qatar's liquefaction capacity will rise to 110mn tonnes per year (tpy), or 18% of the global total, which is for now estimated at 600mn tpy at the end of the decade. Still, more projects are expected to be sanctioned as LNG demand will grow faster than supply, it said.

The North Field Expansion (NFE) project is also making the Middle East, the world's top region for oil and gas project sanctioning in 2021, Rystad Energy said.

The independent energy research and business intelligence firm expects rising oil prices to trigger sanctioning of global projects worth about \$100bn this year, of which the Middle East is set to contribute almost 40%, or \$40bn.

More than 26 Middle Eastern projects worth a total of about \$50bn have been delayed over the past year, with NFE making up the lion's share as it was pushed to 2021. As this year got under way, the region had projects worth \$98bn, due for sanctioning from 2021 to 2023.

Among global LNG producers, Australia currently has the largest operating capacity of 88mn tpy, but will be surpassed

by Qatar and the US in the coming decade as new liquefaction capacity is commissioned.

The only Australian project Rystad Energy expects to reach a final investment decision in 2021 is Woodside's 4.5mn tpy Pluto Train 2 project, which would be developed together with the Scarborough upstream asset.

The US currently has 107mn tpy of sanctioned LNG capacity, including 36mn tpy under construction. Port Arthur LNG, Driftwood LNG, Plaquemines LNG and Freeport T4 have all signed long-term contracts or secured equity from LNG buyers, but would still need new deals to secure financing and move forward.

According to Rystad Energy's base case, global LNG demand will reach about 580mn tonnes by 2030, leaving significant room for bringing new LNG projects forward.

"We forecast that 104mn tpy of new LNG supply must be sanctioned in the coming five years to meet the gap between actual supply and demand in 2030," says Sindre Knutsson, vice president at Rystad Energy's gas markets team.

To tap the supply capacity deficit, there are almost 1,000mn tpy of new proposed capacity that will compete to attract buyers and investors to secure financing in the years ahead.

After a "poor sanctioning year" in 2020, Rystad Energy believes that the optimism is back in the market and that more final investment decisions for LNG projects will follow after Qatar's NFE.

"Qatar, however, is also likely to add extra skin in the game, as it aims to increase its LNG output capacity to 126mn tpy from the current 77mn tpy through two expansion phases of the North Field. The recently sanctioned first phase includes four new liquefaction trains to raise capacity to 110mn tpy, while the second phase will include another two new trains currently in the front-end engineering design stage," the report said.

Rystad Energy estimates the two phases collectively to reach the capacity targets by 2028 or 2029, if the second phase also gets the go-ahead.

---

# Democrats to Push Clean-Energy Tax Breaks in Infrastructure Plan



A key House lawmaker unveiled plans to pursue tax breaks for renewable energy as a way to ease the shift away from fossil fuels in President Joe Biden's upcoming infrastructure bill.

"Transitioning away from fossil fuels is going to require some tax incentives," House Ways and Means Chairman Richard Neal, a Massachusetts Democrat, said Friday at a virtual tax policy event.

The administration has already started engaging with top lawmakers on Biden's economic rebuilding program – his longer-term follow-up to the Covid-19 relief package. The \$1.9 trillion aid bill is currently moving through the House, and Biden is expected to unveil his second initiative later this month; some economists see it weighing in at \$2 trillion.

Neal said he's looking at tax incentives for clean energy and renewable technologies, an approach that dovetails with Biden's campaign promises to boost subsidies for green investments, energy efficiency and electric vehicles. Biden has also directed federal agencies to stop subsidizing fossil fuels and plans to ask Congress to zero-out oil and gas industry incentives.

"I don't think the federal government should give handouts to Big Oil to the tune of \$40 billion in fossil-fuel subsidies," Biden said Jan. 27.

A likely Democratic objective is expanding a tax credit currently valued at as much as \$7,500 for the purchase of an electric vehicle, such as those made by Tesla Inc. and Ford Motor Co. Automakers have encouraged lawmakers to expand the incentive by lifting a per-manufacturer cap on available credits.

Lawmakers also may restructure the credit to better target it to lower-income motorists and ensure its benefits don't flow mostly to wealthy Americans; that could come in the form of a phase-out for higher-income taxpayers.

Existing tax credits help support construction of energy-efficient commercial buildings, wind farms and solar arrays, as well as the capture of carbon dioxide. But some clean-energy advocates have asked Congress for tax incentives to better support the development of large, grid-scale power-storage systems that can help bolster intermittent renewable energy production.

Neal said he believes that an infrastructure bill could get bipartisan support. That's a view shared by Republican Senator Shelley Moore Capito of West Virginia, who was one of several lawmakers to meet with Biden about infrastructure on Thursday.

## Bipartisan Outreach

“The president listens. He’s interested in a give and take,” Capito, the top GOP member of the Senate Committee on Environment and Public Works, told reporters after the meeting. “It’s been very sincere and very clear. No promises made, but he knows that our committee could work.”

Capito said the lawmakers are still discussing how to pay for such a plan, a challenge that’s halted infrastructure talks in the past. Lawmakers have resisted increasing the tax on gasoline, which since 1993 flows to the Highway Trust Fund, and the scope of the plan will likely require other tax hikes, including on U.S. businesses and their foreign profits.

Neal signaled that any tax increases wouldn’t immediately go into effect, citing the continuing Covid-19 crisis.

“We need to put the pandemic and the recession behind us before we have this conversation,” he said.

– *With assistance by Erik Wasson*

---

## Russia energy stocks get a boost from Biden’s green push





Bloomberg /Moscow

US President Joe Biden's push to slash carbon emissions may inadvertently give a short-term boost to energy companies in one of the world's biggest polluters.

Investors are betting that Russian oil giants such as Lukoil PJSC, Rosneft PJSC and Tatneft PJSC will rally as they mop up market share from rivals in the US and other countries seeking to switch to clean energy. An index of Russian energy stocks has returned 8% in dollar terms so far this year as crude prices rallied, compared with 2% for European oil and gas companies.

"Governments will likely limit global companies' capacities to drill and extract resources," said Eduard Kharin, who helps oversee \$1bn of assets at Alfa Capital Asset Management in Moscow. "The global majors are entering a new market, a new industry where there are a lot of unknowns, and the return on capital is unclear."

Russia is the world's fourth-biggest carbon emitter, but unlike other major polluters, the government doesn't have a plan to transition away from fossil fuels. Instead, its state-owned energy companies benefit from some of the world's lowest production costs and tax breaks, making them well placed to

gain in the short term.

Global oil companies will stop investing in exploration and shift to clean energy, "but somebody still needs to produce oil," said Ekaterina Iliouchenko, a money manager at Union Investment Privatfonds GmbH in Frankfurt, who increased exposure to Russian oil stocks last year. "That'll be the Russians and Saudi Aramco".

Rosneft and Lukoil have been among the best performers in Russia's benchmark equity index so far this year, handing investors total returns of 15% and 12% in dollar terms. They've also outperformed an index of global energy stocks.

Of course, any benefits will be short lived if major economies are serious about speeding up the shift to clean energy to limit global warming. Biden is planning to set a net-zero target for the US for 2050, meaning that 70% of the world economy will soon have made commitments to be carbon neutral by the middle of the century.

Many international funds are also coming under increasing pressure to cut companies that contribute to global warming from their portfolios. President Vladimir Putin was quizzed at an online investment forum late last year over how his country plans to cut emissions, and Swedbank Robur subsequently excluded oil and gas companies from its Russia and Eastern Europe funds.

Rosneft this month signed an agreement with BP Plc to co-operate to produce "low-carbon solutions," but critics pointed out that the plan is at odds with the Russian company's focus on expanding hydrocarbon production.

Biden signed an executive order late last month suspending new oil and gas leases on public lands, directing federal agencies to purchase electric cars by the thousands and seeking to end fossil-fuel subsidies.

The move could hurt US shale producers, whose output helped put a cap on gains in global oil prices in recent years.

A raft of European oil companies have recently set climate targets, with BP stunning investors by promising to eliminate emissions from its operations by 2050.

---

# Denmark moves forward on North Sea 'energy island'



AFP/ Copenhagen

Denmark has said that it has approved plans to build an artificial island in the North Sea that could generate wind power for at least 3mn households.

Parliament in June adopted a political environmental framework aimed at reducing the country's CO2 emissions by 70% by 2030, which included plans for the world's first "energy hubs" on the island of Bornholm in the Baltic Sea and in the North Sea. On Thursday, parliament went further by approving a plan to place the North Sea hub on an artificial island, with a wind power farm that will initially supply 3GW of electricity.

That could later be scaled up to 10GW – enough for 10mn households – according to the ministry of climate, energy and utilities, much more than needed for Denmark's population of 5.8mn.

“Clearly this is too much for Denmark alone and this also why we see this as a part of a bigger European project,” Climate Minister Dan Jorgensen told AFP, adding that Denmark wanted to also export excess energy to the rest of Europe.

Plans also include the use of “electrolysis” to extract hydrogen for use in the production of renewable fuels for things like maritime transport.

The island, “the largest construction project in the history of Denmark”, is to be majority owned by the Danish government in partnership with private companies and is expected to cost around 210bn Danish kroner (\$34bn, €28bn).

Rather than a traditional offshore wind power farm, the island will function as an “energy hub” allowing connections from other countries’ wind power farms and cables to efficiently distribute the incoming energy.

Its final size is yet to be decided but it is expected to cover between 120,000-460,000sq m, according to the ministry.

The total number of wind turbines has not been finalised either, but estimates range between 200 and 600 units at “a previously unseen scale”, with the tip of the blades reaching as high as 260m (850’) above the sea.

While the project is a step in the plan to provide enough energy to electrify Denmark, Jorgensen also said they hoped the project could offer guidance for bigger countries looking to transition their societies in the face of climate change.

“We know that as a small country, only responsible for about 0.1 percent of the world’s greenhouse gas emissions, it doesn’t matter that much to the climate what we actually do in Denmark,” he said. “We hope that it will have a bigger influence by influencing others.”

The project’s next steps include environmental impact assessments and talks with potential investors, so construction is still some years off.

According to the ministry, initial construction is likely to begin around 2026 and finished sometime between 2030 and 2033.

---

# Europe open: Shares lower as rally runs out of steam



(Sharecast News) – European shares were slightly lower on Tuesday as the rally of recent days ran out of steam.

The benchmark pan-European Stoxx 600 index fell **0.10%**, after gains driven by vaccine roll-outs and hopes the US Covid-19 relief package would make swift progress through Congress. Germany's DAX index was down **0.13%**, despite official data showing German exports rose in December.

In equity news, shares in Danish hearing aid maker Demant topped the gainers. The company said it expected to return to strong growth in 2021 as Covid-19 lockdowns were lifted and reported earnings for the second half of 2020 above expectations.

Shares in German leasing firm Grenke rebounded after Monday's slump, gaining **7%** after chief operating officer Mark

Kindermann, resigned. He told the firm's supervisory board that it would be necessary to revise "preliminary assessments" of the firm's financial performance once audits had been completed.

UK online supermarket and logistics provider Ocado slumped despite reporting a **68.8%** rise in full-year core earnings.

Spreadex analyst Connor Campbell said "it appears investors have potentially been put off by Ocado's planned **£700m** in capital expenditure, and a subdued outlook for UK retail growth in the coming 12 months".

TUI ticked higher even as the travel company slumped to a €699m first-quarter loss as Covid-19 lockdowns continued to hammer demand.

Total SE rose **1.1%** after the company said earnings recovered in the fourth quarter as oil prices recovered, although a hit from writedowns on assets due to the Covid-19 pandemic saw it plunge to a **\$7.2bn** net loss for fiscal 2020.

---

## Overcoming climate challenge to human development





By Kanni Wignaraja/New York

In his autobiography, Singapore's founding father, Lee Kuan Yew, told the story of how leadership and grit transformed a tiny nation on a sandbar into an open, competitive, and prosperous metropolis.

In the decades since, Singapore has been governed by a famously efficient and graft-free political class, and it now boasts a highly skilled workforce. In the United Nations Development Programme's latest Human Development Index (HDI) – first conceived 30 years ago by the Indian Nobel laureate Amartya Sen and the Pakistani economist Mahbub ul Haq – the country ranks eleventh out of 189 overall.

But when the HDI is adjusted to consider carbon dioxide emissions and so-called material footprint (which measures the share of global extraction of raw materials in a country's final demand), Singapore's rank drops by 92 positions. No country has ever managed to reach a high level of human development with low resource use, and Singapore, having virtually no natural resources of its own, imports almost all of the commodities it needs. There is nothing unusual about this; Singapore is emblematic of growth across the planet. But the natural environment cannot sustain this form of growth and



development.

The intense pressure that our current development models are putting on local ecosystems is perhaps most clearly illustrated by the Covid-19 pandemic. A tiny pathogen has laid bare massive vulnerabilities and gross inequalities in even the strongest and most prosperous societies, with economic and social imbalances reinforcing the damage inflicted by the pandemic. As the disease spread, we learned that the collective action needed to confront such a challenge becomes far more difficult when domestic divisions and international rivalries prevail over global solidarity.

But while Singapore-style development is not sustainable, nor is it feasible to reframe development as a trade-off between people's livelihoods and saving trees. That is a central argument in the UNDP's new Human Development Report (HDR), which examines new or underused pathways to achieving human and environmental well-being. In the future, we must encourage countries to pursue prosperity while minimising their carbon footprint by applying the knowledge, science, and technology now at our disposal.

The report reimagines the future role of governments, but it is clear that they will not bear sole responsibility for the vital choices that must be made in the coming years. The HDR also calls for a socially and environmentally responsible private sector that regards embracing nature as being in its own interest and helps to reshape norms and incentives for climate action.

Four important areas for action stand out. First, cities – which account for 85% of energy output and 75% of CO2 emissions (estimates vary) – now need to pave the way for green renewal. The HDR highlights a role for cities as theatres for green action: pricing the true social cost of carbon, protecting green spaces and planting trees, and cleaning waterways and seas of the plastic garbage that is devastating marine life.

Second, in addition to action by cities and national pledges – including in the Asia-Pacific region – to become carbon-

neutral over the next few decades, ordinary citizens must adapt their ways of life. The HDR urges people to reconsider what they value highly, and to change what they consume and how they produce, commute, and invest. This is not impossible. Throughout history, we have seen that social norms and behaviour can change. Tobacco use, for example, has become socially stigmatised, leading to a decline in smoking, and mask-wearing has become the norm in many places during the Covid-19 pandemic.

Third, while behavioural change can stem from hard incentives (say, higher tobacco taxes) and regulations, it can also be inspired by collective calls to action, such as those urging large and small institutional investors to finance new green technologies.

Private money must match public funding, reinforced by plugging local and international tax loopholes and withdrawing unnecessary subsidies. The subsidy on fossil fuels alone costs the world economy \$5 trillion a year. In the Asia-Pacific region, such subsidies can equal more than 50% of a country's health or education budget. The right taxes on carbon, financial transactions, and extreme wealth can raise an additional \$200 billion annually for green investments, according to the Sustainable Development Solutions Network's report on SDG costing and financing for low-income countries. Financial constraints clearly need not impede the transition to a green economy.

Finally, we must understand that nature is not our adversary. The HDR documents 20 cost-effective actions related to forests, wetlands, and grasslands that can lead to 37% of the mitigation needed to keep global temperatures within 2°C of pre-industrial levels. Reforestation alone accounts for two-thirds of this potential. Recognising and protecting the local communities that are nature's stewards will be key. The contribution of the Amazon's indigenous peoples to preserving forest storage capacity, for example, now equals the per capita greenhouse-gas emissions of the top 1% of global emitters.

Sen and Haq's original index of human progress introduced a new way to measure how well societies manage to reach their potential. When adjusted for planetary stress today, however, the index shows how their choices are being radically constricted. Instead of passively awaiting our fate, we must use our knowledge, reason, and agency to establish new development models and shape our collective fortunes. – Project Syndicate

\* Kanni Wignaraja is UN Assistant Secretary-General and UNDP Regional Director for Asia and the Pacific

---

# Solar Stocks Have Been Thriving—Here's Why That Could Continue



The solar industry has been on a tear. Several stocks in the sector hit all-time highs last month. Investors seem eager for

more solar companies to go public. But is this surge more sustainable than prior booms?

Earlier boom times ended painfully. Several renewables companies went public in 2014 and 2015—or spun off their operating power-plant units—amid a clean-tech wave. But the collapse of SunEdison Inc.—the world’s largest renewables company before its 2016 bankruptcy—stung the solar industry. Some investors began prioritizing profitability over growth. No solar companies went public in the U.S. between late 2016 and early 2019, according to Bloomberg data.

Now, clean-tech companies are going public at a dizzying pace. Since October, at least two solar companies have gone public via initial offerings and another agreed last month to do so through a merger with a blank-check company. They join several electric-vehicle and battery companies that have also gone public with special purpose acquisition companies. There have been 32 clean-tech SPAC deals over the past 12 months, according to Pavel Molchanov, an equity analyst at Raymond James.

One big reason: It became clear early in the pandemic that solar wouldn’t just weather this difficult time, but possibly thrive during it. By mid-December, the U.S. was projected to install a record 19 gigawatts of new solar capacity last year, according to Wood Mackenzie and the Solar Energy Industries Association. Meanwhile, a sustainability-focused index that includes some solar companies, the WilderHill Clean Energy Index, last year surged more than 200%, topping the 58% gain in 2019. California-based SunPower Corp. rose as much as 14% on Friday, and is up about 70% this year. And the underlying drivers propelling clean tech look sturdy in the near-term: supportive policies in Europe and the U.S., a push to green electric grids as well as trillions of dollars in funds focused on the energy transition.

“It’s a mega-trend that’s essential for the future of this

world,” says Jeff McDermott, head of Nomura Greentech.

But the success and future promise of the industry doesn't mean that solar has become an easy business for executives—or for investors. Active Solar, for instance, was the best-performing stock-picker in Europe last year with a 183% return, but did so after twice losing most of its investors' money. Guinness Atkinson Asset Management, an investment management firm, found that the total rate of return of the median stock among solar-equipment companies was 98% last year, but -32% in 2018. In fact, among all of the clean-tech sub-sectors it studied, the total rate of return for solar equipment was the lowest between 2010 and 2020 at 65%.

Installation “volumes are going through the roof, but profitability can be quite different,” Molchanov says. “We have seen countless companies that have grown revenue rapidly over the years but profitability has been pressured.” There remains “relentless commoditization including margin compression” that affects multiple solar segments, including modules, inverters and power-supply agreements.

The overlapping trends of decarbonization and electrification—plus the struggles of oil—attracted many investors to solar last year. That's a far cry from 2016, when the experience of SunEdison soured many on the industry. The company had fueled its ascent on financial engineering and cheap debt before its 2016 bankruptcy.

Nearly five years later, the price of solar power has fallen markedly, such that the resource is now the cheapest in many markets. (This is obviously a plus for solar's competitiveness, but not necessarily the best development for manufacturers). Solar companies are increasingly confident that investors will reward them for focusing on just a few things—power-plant ownership, installations, panel-making, or components—rather than feeling the need to be vertically integrated like once before.

One major change is how clean power and other climate-forward businesses are now seen outside the industry. More than ever before, these companies are seen as a financial opportunity—not just good public relations.

– *With assistance by Drew Singer, and Will Wade*