Oil and Gas News Briefs
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Expectation of record oil demand in China could push up prices

(Bloomberg; Jan. 13) – China's oil consumption is expected to hit a record this year as the world's biggest importer leaves the straitjacket of zero-COVID behind, bolstering the global demand outlook and boosting oil prices. Daily demand — which contracted last year — will climb by 800,000 barrels a day in 2023, according to the median estimate of 11 China-focused consultants surveyed by Bloomberg News. That would take consumption to an all-time high of about 16 million barrels a day, the survey showed.

Crude's fortunes over the coming year hinge to a major extent on China, as well as on decisions by OPEC+, the impact of sanctions on Russian oil flows, and monetary policy. Oil's bulls, of which there are many, have built a large part of their outlook on growth in China's demand. "Demand recovery is expected to accelerate from the second quarter onward as traffic rebounds and the number of flights, especially international flights, gradually recovers," said Yitian Lin, research associate of oils and refineries at Wood Mackenzie, who estimates daily demand will rise by almost 1 million barrels in China.

Other market watchers have also flagged prospects for a sharp rebound in consumption. The International Energy Agency, which advises major economies, forecasts that overall global demand will grow by 1.7 million barrels a day in 2023, citing expansion in China as well as India, according to its December outlook.

Oil prices depend on China's demand and U.S. supply

(Wall Street Journal; Jan. 13) - Oil prices generally aren't expected to change dramatically this year, but two big questions loom over that outlook: Will China have the workers needed to rev up its economy as the country loosens its COVID restrictions? And will American energy companies focused on fracking stick to their recent reluctance to bankroll another expensive oil boom in search of new production?

The biggest wild card for oil prices is China. Analysts at Bank of America expect China's economy, emerging from COVID-19 restrictions, will add 700,000 barrels a day to global growth in demand this year. But uncertainty surrounding the trajectory of COVID cases in China could affect the country's economic rebound. Robert Yawger, executive director for energy futures at Mizuho Securities, said a surge of cases in China would curb demand for crude, because without enough workers "you can't start industry up."

Several analysts have said oil prices could shoot higher, perhaps above $100 a barrel, if the reopening of China’s economy produces unexpectedly strong growth. Then there’s the question of the American shale industry’s intentions. U.S. drillers that rely primarily on fracking are maintaining a cautious attitude to start 2023, pledging not to overspend as they focus on maximizing profits. If the shale industry continues to restrain spending on production growth, that would put upward pressure on prices, or at least fail to counter price increases arising from other factors such as a surge in China’s demand.

Morgan Stanley says oil could recover to $110 by end of 2023

(Reuters; Jan. 12) - Morgan Stanley expects the global oil market to tighten during the third and fourth quarter of 2023, supported by a recovery in demand prompted by China reopening its borders, among other factors. "We see the oil market coming into balance in 2Q and turning tight in 3Q and 4Q, supporting higher prices later this year," the bank said in a note dated Jan. 11. Uncertainties like China's reopening, a recovery in air travel, risks to Russian supply, a slowdown in U.S. shale and the end to Strategic Petroleum Reserves releases could turn into tailwinds pushing up prices, the bank said.

Although Morgan Stanley predicted Brent prices in the first quarter to remain rangebound around $80 to $85 per barrel, it saw prices reaching $110 a barrel by the end of the year and noted "the supply ceiling is still not far away and inventories are outright low." Benchmark Brent crude was trading around $83.04 per barrel on Jan. 12, after gaining 3% in the previous session.

"We peg the upside to oil demand in China due to 'reopening' at close to 1 million barrels per day, to be realized progressively throughout the year," the bank said, adding it expects the country's reopening to also accelerate a recovery in aviation demand. China scrapped its zero-COVID measures last month, lifting lockdowns and quarantines and halting regular testing. The bank also forecast a disruption to Russian oil supply "approaching 1 million barrels per day from current levels" due to sanction price caps.

ConocoPhillips reportedly open to deal to sell Venezuela oil

(Wall Street Journal; Jan. 12) - ConocoPhillips, which abandoned Venezuela after its assets were nationalized in 2007, is open to a deal to sell the country’s oil in the U.S. as a way to recover the close to $10 billion it is owed by Venezuela, according to people familiar with discussions between the company and Venezuela representatives. In what are preliminary talks between Conoco and national company Petróleos de Venezuela, the two sides are looking at a proposal that could allow Conoco to load, transport and sell Venezuela’s oil in the U.S. on behalf of PdVSA, as the state oil company is known.

It would give Conoco a chance to recover some of the money it lost and help the U.S. meet its energy needs, sources said. The U.S. had historically been Venezuela's largest market, with several big Gulf Coast refineries designed to run its heavy crude. However, a deep yearslong fall in Venezuela's output cut supply and then sanctions, imposed in response to human rights violations and democratic backsliding, broke off trade.

Conoco won nearly $10 billion in international arbitration awards against the Venezuela state and PdVSA over the seizure of its oil projects. The awards make ConocoPhillips the largest private-sector creditor of Venezuela. For years, the company has aggressively pursued enforcement of its claims. The possibility of a deal between PdVSA and ConocoPhillips comes after the Biden administration issued a license in November to Chevron to restart oil production and exports from existing joint ventures with PdVSA, marking the first significant easing of U.S. sanctions against Venezuela.

Chevron starts selling Venezuela oil to other refiners

(Bloomberg; Jan. 14) - Chevron sold a cargo of Venezuelan oil to another U.S. refiner in the first such transaction since sanctions against the Latin American nation were eased less than two months ago. Phillips 66 bought half-a-million barrels of a type of sludgy oil known as Hamaca from Chevron, according to a person with knowledge of the situation who asked not to be identified. The crude will be processed at the refiner's Sweeny, Texas, complex about 65 miles south of Houston, the person said.

Chevron is expanding Venezuelan crude sales beyond its own refiners just weeks after U.S. sanctions relief allowed it to return key managers to the country and resume drilling. The transactions appear to advance President Joe Biden's dual objectives of re-engagement with the regime of President Nicolas Maduro and increasing crude supplies available to American fuel makers.

The cargo of Hamaca will be loaded onto a tanker in Venezuela this month, according to a source. Phillips 66 was one of the largest buyers of Venezuela oil before sanctions about four years ago. Chevron followed the Phillips 66 deal with an agreement to sell Venezuela oil to another U.S. Gulf Coast refiner, according to a source. Chevron, which first struck oil in Venezuela more than a century ago, is set to export at least 1.5 million barrels this month. About half will go to a Chevron refinery in Mississippi. Production of oil in Venezuela dwindled amid U.S. efforts to oust Maduro. Daily output slumped to 656,000 barrels in November from 1.8 million barrels in 2018.

U.S. shale industry uses high prices to pay down debt

(Wall Street Journal; Jan. 11) - The U.S. shale industry's balance sheet is finally getting out of the red. After carrying enormous debt loads for more than a decade, frackers have paid down billions of dollars in debt since the start of the coronavirus pandemic, capitalizing on higher commodity prices and sticking to austerity pledges. Between the third quarters of 2019 and 2022, the 10 largest independent oil and gas producers had collectively reduced total debt by about 17%, down to $84 billion, according to FactSet.

Shoring up balance sheets is one of a trifecta of commitments that shale companies have made to lure back investors — alongside reining in production and returning cash to shareholders via share buybacks and dividends. Cheap financing helped fund the shale boom and propelled U.S. oil production to a peak of 13 million barrels a day before the pandemic — a soaring growth backed by the hundreds of billions of dollars in borrowed cash drillers spent to develop oil fields from Texas to North Dakota.

The race torpedoed balance sheets, however. In the past decade, North American shale producers lost $300 billion focusing on growth, according to a 2022 report by Deloitte Touche Tohmatsu. Oil-price crashes from 2014 to 2016 and during the pandemic sank hundreds of companies unable to pay creditors. Emerging from the pandemic leaner and more efficient, drillers netted billions when oil prices increased more than 50% to hit $80 a barrel in 2021 after economies reopened. Supply turmoil after Russia's invasion of Ukraine sent Brent prices to about $123 a barrel and further filled companies' coffers.

Western price cap on Russian crude exports succeeding — for now

(Bloomberg; Jan. 12) - Once seen as misguided and unworkable, the U.S.-conceived price cap on Russian oil exports is showing signs of success — for now — since it was implemented late last year. Moscow's budget deficit widened to a record amid the slump in prices, with Russian grades falling faster than global prices, and supply hasn't been severely disrupted, the two key aims of the idea that was hatched by the U.S. Treasury Department last year as part of the global response to Russia's war on Ukraine.

"If the goal of Western powers was to have their cake and eat it too, then the cap is presently working as planned," said Raad Alkadiri, managing director for energy, climate and resources at Eurasia Group in Washington. "Russian flows have been diverted but not disrupted for the most part, and prices have not risen." Crude shipments out of two major western Russian ports averaged just under $40 a barrel during the first days of January, according to data from Argus Media, which gathers prices in the physical market. That's down more than 35% from the November average and 50% from June.

Over those same periods, Brent crude, a global benchmark, fell about 15% and 37%, respectively. That suggests weaker demand from a slowing global economy can't fully account for the entire drop in Russian prices. While Russia found willing buyers in China, India and Turkey, that concentrated group of buyers has seized upon their leverage to secure deep discounts. On top of that, Russia has been forced to absorb the extra costs for the longer shipping distances.

Russia’s oil revenues down an estimated $172 million a day

(Associated Press; Jan. 11) - A price cap and European Union embargo on most Russian oil have cut into Moscow’s revenues, but the Kremlin is still earning substantial cash to fund its war on Ukraine because the $60-per-barrel cap is “too lenient,” researchers said Jan. 11. The combination of the cap by the Group of Seven major democracies, the EU ban and lower prices are costing Russia an estimated 160 million euros ($172 million) a day, the Helsinki-based Centre for Research on Energy and Clean Air said in a study of the first weeks of the sanctions, which took effect Dec. 5.

But the group’s figures showed that Russia was still taking in 640 million euros a day from fossil fuels ($688 million), down from 1 billion euros daily from March to May 2022 just after the Kremlin sent troops into Ukraine on Feb. 24. Russia could lose an additional 120 million a day starting Feb. 5, when the EU bars imports of refined oil products such as diesel fuel, for which Russia is a major supplier. That would drop Moscow’s earnings to an estimated 520 million euros a day by February.

Kremlin spokesman Dmitry Peskov said Jan. 11 he views such assessments with skepticism. Russian Finance Minister Anton Siluanov said at a Cabinet meeting on Jan. 10 that last year’s revenue was higher than planned due to oil and gas prices exceeding expectations. The current price cap is above the market price for Russian oil, which is selling at a discount to China and other buyers, and remains in the range of what Moscow needs to balance its budget.

Economist says ban on Russian refined products will affect market

(S&P Global; Jan. 11) - The European Union's ban on Russian oil product exports on Feb. 5 will transform markets and change trade flows in a manner more complex than the sanctions on seaborne Russian crude that started Dec. 5, chief energy economist at the International Energy Agency said Jan. 11. "We need to be very watchful because the reconfiguration in global trade implicit in that oil-product ban is going to be significantly more complex than what we have seen already on the crude side," Tim Gould said at the online Global UAE Energy Forum by Dubai-based Gulf Intelligence.

"When it comes to products, it's a more complex situation because as we are all aware China and India are both oil-product exporters, so you are not going to have the same … safety valve for (buying) oil products as you do for crude," Gould said. The G7 slapped a $60-per-barrel price cap on Russian crude alongside EU's own embargo on seaborne Russian crude exports on Dec. 5. China and India, which are not participating in the Western sanctions, have been buying a lot more Russian crude.

"We are going to need to have a very complex reconfiguration of flows also in the Atlantic Basin, with Europe taking more from Middle Eastern suppliers and from North America, and then potentially Russian oil-product exports finding a home in parts of

Latin America or in Africa," Gould said. "None of that is simple, there are quality specification issues. There are all sorts of tankers and storage issues that would make that very complicated," he said.

[Saudi Arabia wants to boost production, pitch 'lowest-carbon' oil]

(Financial Times; London; Jan. 11) - In Abqaiq, Saudi Arabia, the biggest oil processing facility on the planet, there is no sense the world may be coming to the end of the oil era. The complex, about 25 miles from the coastline of the Persian Gulf, is the size of about 350 football pitches. In one of three control rooms, a dozen Saudi Aramco staff sit behind computer screens monitoring a system that can process as much as 7 million barrels of oil per day, representing one in every 14 barrels sold worldwide.

Though several of the biggest Western oil companies have in the past five years reconsidered their commitment to the crude oil that has been the bedrock of the global economy for over 100 years, Saudi Aramco is doing the opposite: It is doubling down. The state-owned giant that already produces about 10% of the world's oil is boosting its maximum production capacity from 12 million barrels a day to 13 million by 2027 and aiming to increase its natural gas production more than 50% by 2030.

Aramco has also invested in petrochemicals production and hydrogen projects. Ultimately, the world's biggest crude producer is betting that it can continue to do what it does best: Pump oil for decades to come and gain market power as other producers cut back. The company's pitch is that it can provide the "lowest-carbon" barrel of oil in the industry, and that as long as the world needs to use oil, that oil should be Aramco's. In the company's first ever sustainability report, published in June, the phrases "lowest carbon" and "least carbon" appear at least 14 times in the first 33 pages.

[Certified natural gas may help blue hydrogen earn U.S. tax credits]

(S&P Global; Jan. 11) - With new funding in play for hydrogen production in the U.S. after the passage of the Inflation Reduction Act in 2022, blue hydrogen producers eye third-party certified natural gas as a possible pathway to proving lifecycle emissions low enough to qualify for certain tax credits. Hydrogen has long been touted as a potential game changer for decarbonizing heavy transport and industrial uses, with proponents lauding the absence of greenhouse gas emissions at the point of combustion.

However, different methods of hydrogen production result in a wide range of GHG emissions profiles, especially when considering the full lifecycle of inputs. Blue hydrogen is produced from natural gas most commonly through steam methane reforming, similar to conventional "grey" hydrogen, but is paired with carbon capture, utilization and storage, or CCUS, technology to sequester the carbon dioxide.

While CCUS can reduce emissions at the hydrogen production stage, the upstream emissions associated with gas feedstock could factor heavily in the overall lifecycle emissions profile. With these upstream emissions in mind, some potential blue hydrogen producers have started exploring certified gas as a solution. Certified gas, also known as responsibly sourced gas, or RSG, is natural gas that was produced in a facility certified by an independent third-party for having met certain environmental, social or governance requirements, such as low methane emissions.

As of November 2022, at least 26 billion cubic feet per day of U.S. gas production had undergone certification from either Project Canary or MiQ, according to estimates from the major standard-setters, representing a 20% boost in certified volumes since August.

California natural gas prices 5 times U.S. benchmark this month

(Wall Street Journal; Jan. 12) – Natural gas prices have dropped around the world, but in California the cost of the heating and power plant fuel remains aloft, threatening big bills for households and businesses. Spot natural gas prices in southern California have this month averaged about $19.40 per million Btu, about five times the U.S. benchmark, which is set at a pipeline junction in Louisiana called Henry Hub and has traded around $3.75 this month. Last month, gas in California at times exceeded $40 per million Btu.

The price surge and uncertainty over when a key pipeline will reopen to deliver relief has utilities preparing customers for bigger bills. San Diego Gas & Electric said the typical residential gas bill in January would be about $120 more than last year's as it passes on higher prices. Two-thirds of California households are heated with gas. About 30% of the gas burned in the state fuels power plants.

Meanwhile, gas production in California is about half of what it was a decade ago and output in the Rockies, a key supplier, has also declined. Canadian exports flow into northern California while the south depends on the Permian Basin in West Texas. But there isn't much pipeline room to move more gas into California, said Ryan Smith, senior director at gas consulting firm East Daley Analytics. "Everything is full," he said.

Permian supplies have been crimped since August 2021, when Kinder Morgan's El Paso pipeline exploded in the Arizona desert. Since then, gas has been stranded at a West Texas trading hub, occasionally pushing the price to less than zero. A Kinder Morgan spokeswoman declined to discuss the closed pipeline. Analysts expect it will reopen by spring and go a long way toward easing California's gas crunch.

Global LNG import volumes rose 5.8% last year

(Reuters columnist; Jan. 12) - The world imported more liquefied natural gas in 2022 than ever before, but the war in Ukraine has meant that the growth was concentrated in wealthy European countries and away from poorer Asian countries. Total global LNG imports rose 5.8% to 409 million tonnes last year from 386.5 million tonnes in 2021, according to data from Refinitiv, while figures from commodity analysts Kpler showed a slightly lower 400.5 million tonnes, up from 379.6 million in 2021.

The record volumes were to be expected, given new supplies as well as increased demand for the fuel, especially from Europe as it turned away from Russian piped gas in the wake of Moscow's Feb. 24 invasion of Ukraine. But 2022 also reversed the dynamic where growth in LNG demand came from developing nations in Asia, with China giving its crown as the top importer back to Japan. China imported 64.44 million tonnes of LNG in 2022, down 19.4% from the previous year, according to Kpler data.

Japan's imports also slipped, dropping to 73.61 million tonnes in 2022 from 75.35 million in 2021, but this was still enough to overtake China. Yet last year's high prices for spot-market LNG cargoes have taken their toll. India's imports dropped for a second year in 2022, falling to 20.03 million tonnes from 24.01 million in 2021. Other Asian nations such as Pakistan and Bangladesh also saw lower imports in 2022, and overall the continent's imports slipped to 263.76 million tonnes from 282.08 million the prior year. The LNG that didn't go to Asia was snapped up by Europe, with imports surging 59%.

Japan's largest oil and gas explorer looks to expand LNG production

(Reuters; Jan. 12) - Inpex, Japan's biggest oil and gas explorer, aims to accelerate its expansion of production and sales of liquefied natural gas, its CEO said on Jan. 12. "The global LNG market is expected to remain tight in the mid-term due to the structural change of the global natural gas market since the Russian invasion of Ukraine," Inpex CEO Takayuki Ueda told Reuters in an interview.

Global gas supply chains have changed, with Europe seeking to import more LNG to replace Russia's pipeline gas and the U.S. boosting its exports, while Russia is looking at providing more gas to India and China, possibly through pipelines, he said. "We'll make more efforts to acquire assets that can respond to future demand growth of LNG, including expanding Ichthys," Ueda said, referring to the Inpex-led project in Australia.

To ensure a stable supply of the fuel, Inpex aims to boost its LNG production and sales volumes earlier than it had targeted a year ago. Inpex, which is on track to boost annual production capacity of Ichthys to 9.3 million tonnes in 2024 from 8.9 million tonnes now, will explore the surrounding areas for additional gas sources while accelerating its consideration of an expansion of the project's liquefaction capacity around 2030, Ueda said. Inpex, 19.97% owned by the Japanese government, has said it wants to make a final investment decision on Indonesia's Abadi LNG project in the latter half of this decade and start production early in the next on what would be its second LNG facility.

Shipbuilders had record year for LNG tankers in 2022

(Financial Times; London; Jan. 12) - Shipbuilders enjoyed a record year for liquefied natural gas tanker contracts in 2022 — and they expect the boom to continue for some time as demand for the fuel rises. Global orders for the specialized vessels reached 163 in 2022, data from Refinitiv show, more than double the previous year's figure and the highest since 2011, the earliest data available. But industry observers have warned that elevated steel prices, labor shortages and limits on construction capacity will constrain shipbuilders' ability to further capitalize on the rush to secure the tankers.

Analysts said the large number of global orders were tied to Qatar's expansion of its North Field project, a plan to increase the Gulf state's LNG export capacity from 77 million tonnes a year now to 126 million tonnes by 2027. The International Gas Union estimates that the North Field project alone will need about 150 LNG carriers.

While not expected to reach the same level as 2022, orders for new tankers are likely to continue, said Kaushal Ramesh, head of LNG analytics at Rystad Energy. "We are not done yet in terms of progressing U.S. projects," he said, adding to shipbuilding demand. There were 641 LNG tankers in operation worldwide as of April, International Gas Union data show. Ships made in Korea comprise 70% of the total, though capacity at Korea's shipyards is full for the next three years. The average cost of an LNG tanker rose to $250 million in 2022, from $200 million in 2021, industry experts said. Chinese tankers could be $20 million to $30 million cheaper than Korean vessels, according to Ramesh.

U.K. court upholds government funding of Mozambique LNG project

(Reuters; Jan. 13) - The British government's funding of up to $1.15 billion for a liquefied natural gas project in Mozambique is lawful, a London court ruled Jan. 13, dismissing an appeal by Friends of the Earth. U.K. Export Finance (UKEF) has committed to provide direct loans and guarantees to banks to support the design, build and operation of the $20 billion project. Friends of the Earth's legal action over the financing decision failed in a lower court and was dismissed by the Court of Appeal in its written ruling.

The judge ruled that UKEF's view that funding the project was aligned with the U.K.'s obligations under the Paris Agreement was "tenable." Friends of the Earth said it is considering an appeal to the U.K. Supreme Court. Rachel Kennerley, an international climate campaigner with the group, said in a statement: "This extremely disappointing judgment doesn't alter our firm belief that the U.K. government should not be supporting the Mozambique gas project, or any fossil fuel project at home or abroad."

The U.K. financing — provided as U.K. businesses would participate as contractors and subcontractors on the job — would go toward the LNG project under development by TotalEnergies. Similarly, the Export-Import Bank of the U.S. in 2019 authorized a loan of up to $5 billion to support the export of U.S. goods and services for the project. Total has said it expects to restart work on the project this year after construction was put on hold in 2021 when attacks by insurgents threatened the safety of crews on site.

Germany plans on growing its volume of LNG imports

(S&P Global; Jan. 13) - Germany expects the country's LNG import capacity to reach 1.3 trillion cubic feet of natural gas in 2024 and to double again by 2028, the German economy ministry said in response to a parliamentary question published Jan. 13. A total of 10 projects for direct LNG imports to Germany are under development, the ministry said, as Berlin looks to offset the impact of lost Russian pipeline gas imports.

The projects include the five floating storage and regasification projects initiated by the federal government as well as the onshore LNG terminal in Brunsbuttel in which the state bank KfW holds a 50% stake. "To ensure gas supply in Germany in winter 2022/2023 and beyond, the government has taken a series of short-term measures, including developing LNG import infrastructure," the ministry said.

To receive annual LNG imports of 1 trillion cubic feet of gas, the ministry said an estimated 286 tanker cargoes would be needed. As well as new import infrastructure, the ministry said, Germany will close the supply gap through fuel switching in industry, a reduction in gas-fired power generation and mandatory gas savings.

Chinese supertankers carrying Russian crude

(Reuters; Jan. 13) - At least four Chinese-owned supertankers are shipping Russian Urals crude to China, according to trading sources and tracking data, as Moscow seeks vessels for exports after a G7 oil price cap restricted the use of Western cargo services and insurance. China, the world's top oil importer, has continued buying Russian oil despite Western sanctions, after Russian President Vladimir Putin and Chinese leader Xi Jinping launched what they called a no-limit partnership before the war in Ukraine.

The sources said a fifth supertanker, or very large crude carrier, was shipping crude to India, which like China has continued buying Russian oil sold at a discount as many Western buyers turn to other suppliers. All five shipments were scheduled between Dec. 22 and Jan. 23, according to the sources and Eikon ship tracking data.

The G7 price cap introduced in December allows countries outside the European Union to import seaborne Russian oil but it prohibits shipping, insurance and re-insurance companies from handling Russian crude cargoes unless sold for below the $60 cap. "With Urals prices well below the price cap, the business of buying and trading Urals is essentially legitimate," said an executive with a Chinese firm involved in the shipments.

The longer voyages, heavy sales-price discounts and record-high freight rates had eaten into profits but the use of supertankers on Asian routes may cut shipping costs.

Sweden was No. 1 exporter of electricity to Europe in 2022

(Bloomberg; Jan. 12) - Europe's energy crisis upended power trading last year, driving Sweden to become the region's top exporter after extensive outages in France's nuclear reactor fleet. Sweden sent 33 terawatt-hours to other nations in 2022, making it the No. 1 exporter for the first time, according to Entso-E data analyzed by Rystad Energy. Sweden gets most of its electricity from hydro or nuclear reactors.

Power trading in Europe was roiled as Moscow cut gas supplies to the region and the struggles to repair France's aging nuclear plants turned the nation into the second-biggest importer. The crunch was eased by interconnectors that link national electricity grids, providing a safeguard against power outages. "2022 was a reality check for many countries," said Fabian Ronningen, a power markets analyst at Rystad. The U.K. flipped to being a net power exporter for the first time, joined by Spain and the Netherlands.

The turmoil in power markets has put the spotlight on infrastructure security and the importance of linking grids across the European Union. "As all large-scale infrastructure, they become point sources of risk via physical damage or cyberattacks" said Lisa Fischer, program leader for Climate Neutral Energy Systems at think tank E3G. "However, the more networked the EU grid is, the more options we have to mitigate the risk." By 2030, the EU wants the 27 nations in the bloc to be capable of transporting 15% of their power output to neighboring countries.

Commodities trader Trafigura exits joint-venture with Rosneft

(Wall Street Journal; Jan. 11) - Commodities trader Trafigura has struck a deal to exit a major joint-venture with Rosneft Oil in India, unwinding a relationship with Russia's energy giant that was a decade in the making. Trafigura said Jan. 11 it had sold its 24.5% stake in India's Nayara Energy to Hara Capital Sarl. Hara is a subsidiary of Italy's Mareterra Group, which used to be named Genera and invests in energy companies.

The companies didn't disclose a price, but Trafigura valued its stake in Nayara at $165.9 million in its 2022 annual report. Rosneft retains its 49% stake in Nayara, which it took at the same time as Trafigura in 2017 when Russia was seeking to expand its energy ties with Asia — a push turbocharged by the war in Ukraine. Nayara runs the massive Vadinar refinery in Gujarat, in India, as well as a retail fuel network.

Trafigura, privately held and based in Switzerland and Singapore, is one of the world's biggest independent commodities traders, handling seven of every 100 barrels of oil consumed each day. For years, it vied with rivals including Vitol and Glencore to do business with Rosneft. Rosneft, backed by the Kremlin, is one of the world's biggest oil producers, but relied on foreign middlemen to ship its oil to buyers worldwide. Trafigura emerged as the top overseas exporter of Rosneft oil. The Nayara investment cemented that relationship while giving Trafigura a foothold in the fast-growing Indian market.