ECONOMIC TIMES, Delhi, 28.12.2023
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So, Is Copper the New Lithium?

Dhiraj Nayyar & Gouranga Sen

In the world of minerals and metals, copper doesn't attract the headlines or excitement that lithium, cobalt, nickel and rare earths do. Perhaps that is because, unlike the 'new age' metals, copper is almost as old as civilisation. Even the Bronze Age, when copper was first blended with tin, occurred 5,000 years ago. Yet, copper is as much a critical mineral for the economies of the future as lithium is. It deserves a significant focus in discussions on mineral supply and supply-chain security.

For long, copper has been the most preferred metal for electrical conduction due to its unique features like strength, ductility, corrosion resistance, and safest conduction of electricity and heat. It has now emerged as a critical metal in the energy transition technologies.

▶ **Riding on EV** On average, an EV requires around 83 kg of copper compared to 23 kg for a conventional vehicle. Not only is copper usage fourfold but, as per IEA, EV sales are projected to grow from 10 million units in 2022 to 37 million units by 2030.

▶ **RE hunger** Wind and solar photovoltaic energy systems are significant consumers of copper. While an onshore wind installation uses around 3.8 tonnes of copper per MW, offshore windmills use nearly 10.5 tonnes of copper per MW in cable, wiring, turbine components and transformers. Similarly, one MW of solar power systems contains about 5.5 tonnes of copper.

Global RE generation capacity is projected to more than double from 3,600 GW in 2022 to 8,600 GW in 2030, and over five times to 19,000 GW in 2050. The demand for copper will grow rapidly as the world acts on climate change. But there are several challenges:

▶ **Supply hurdles** The global lead time of any greenfield mining project has increased to an average of 12-15 years due to substantial delays in getting regulatory clearances. A prolonged bear market in copper from 2011 until Covid struck also weighed down on the exploration of copper. Major discoveries almost dried up.

Let it glow

▶ **Quality cuts** The quality of copper ore has also been falling. For example, the grade of copper ore in Chile, the world's leading producer, has declined by 30% in the last 15 years. Issues relating to resource nationalism and trade restrictions are also on the rise.

▷ Chile has passed a bill to set a maximum tax rate of around 47% on companies producing over 80,000 tonnes of fine copper yearly.

▷ Indonesia, another major producer, will stop the export of copper concentrate once its two domestic copper producers complete the building of smelters and commence output in 2024.

The bottom line is that the copper market is likely to face a supply shortage.

▶ **Rebound expected** A recent McKinsey report predicts that the copper market will be in a deficit of 6.5 Mt in 2031 as demand (36.6 Mt) will outstrip supply (30.1 Mt). Currently, copper prices are down by 30% from the peak of $10,466 per tonne in early 2022, mainly due to rising interest rates and the slowdown in China. But as the interest-rate cycle is close to its peak, the possibility of a rebound in copper price looks likely, and that may encourage exploration and investment.

▶ **Wider application** Despite the 'gold rush' for lithium, nickel, cobalt and rare earths, copper may have an edge from a long-term investment point of view due to its wider application. This future-proofs demand against changes in the technology landscape, unlike the new-age metals, which rely heavily on demand from battery manufacturing.

As per an IEA estimate, by 2050, nearly 80% of lithium demand will be tied up with battery manufacturing, and 35-40% of demand for nickel will be dependent on EV batteries. On the other hand, exposure of copper to battery manufacturing is likely to be limited to 4% in 2050 — not much of a change from its current level.

This is important because the relative importance of, and demand for, lithium, cobalt or nickel may fall if newer technologies like sodium-ion batteries or zinc-air batteries become commercially successful — early signs of which are visible. Green hydrogen could be another disruptor. This is not the case for copper, which is used in all parts of the energy transition technologies, not just batteries.

We may yet be heading for a new 'Copper Age'. Governments and investors must adequately prepare for it.

Nayyar is chief economist, and Sen is head, economic and policy analysis, Vedanta

Russia exports almost all its oil to China, India

REUTERS
27 December

Almost all of Russia's oil exports this year have been shipped to China and India, Deputy Prime Minister Alexander Novak said on Wednesday, after Moscow responded to Western economic sanctions by quickly rerouting supplies away from Europe.

Russia has successfully circumvented sanctions on its oil and diverted flows from Europe to China and India, which together accounted for around 90 per cent of its crude exports, Novak, who is in charge of the country's energy sector, told *Rossiya-24 state TV*.

He said that Russia had already started to forge ties with Asia-Pacific countries before the West introduced sanctions against Moscow following the start of the conflict in Ukraine in February 2022.

"As for those restrictions and embargoes on supplies to Europe and the U.S. that were introduced... this only accelerated the process of reorienting our energy flows," Novak said.

He said that Europe's share of Russia's crude exports has fallen to only about 4-5 per cent from about 40-45 per cent.

"The main partners in the current situation are China, whose share has grown to approximately 45-50 per cent, and, of course, India...Earlier, there basically were no supplies to India; in two years, the total share of supplies to India has come to 40 per cent," Novak said.

Speaking about the OPEC+ group of leading oil producers, Novak said Russia was sticking to its obligations on supply cuts and it saw the Brent oil price at $80-$85 per barrel next year, broadly in line with current levels.

The United States last month also declared sanctions against Arctic LNG 2, a liquefied natural gas project led by Russian company Novatek.

Fearing a backlash from the sanctions, foreign shareholders suspended participation in the project, renouncing their responsibilities for financing and for offtake contracts for the plant, the daily Kommersant reported on Monday.

Sanctions also resulted in Novatek declaring force majeure over LNG supplies from the project, industry sources told Reuters last week.

Novak said the project's first train has effectively already started producing LNG with the first supplies expected in the first quarter of 2024.

Industry sources said the train had produced the "first drops" of LNG, but it will be some time before it reaches its nameplate capacity of 6.6 million metric tons per year.

ASIAN AGE, Delhi, 28.12.2023
Page No. 6, Size:(6.98)cms X (8.61)cms.

Russia: Redirected most oil exports to China, India

Moscow, Dec. 27: Russia has redirected its oil exports from Europe to China and India, deputy Prime Minister Alexander Novak said on Wednesday, almost two years after Moscow was hit by Western sanctions over the Ukraine conflict.

After President Vladimir Putin sent troops to Ukraine in February 2022, Western countries hit Russia with a slew of sanctions, including a European Union embargo on its seaborne oil deliveries.

"We previously supplied a total of 40 to 45 per cent of oil and oil products to Europe," said Novak, who is in charge of energy policy. "This year, we expect the figure not to exceed four to five per cent of total exports," Novak said in a televised interview.

As it was losing much of its market share in Europe, Moscow pivoted to other buyers, including China. "China — whose share (of oil exports) has grown to 45-50 per cent — and India have become our main partners in the current situation," Novak went onto say.

"India, which previously received almost no shipment, has become a major buyer," he added.

"In two years the total share of supplies to India has increased to about 40 per cent," he said. — *AFP*

KOREAN CURBS RILE RUSSIA

PATRIOT DEFENCE SYSTEMS: RUSSIA WARNS JAPAN

A move by Japan to provide Patriot air defence systems to Ukraine will have "grave consequences" for Russia-Japan ties, Russian foreign ministry spokeswoman Maria Zakharova said on Wednesday.

RUSSIAN DRONE ATTACK KILLS 5, KNOCKS OUT POWER

Russia fired almost 50 Shahed drones at targets in Ukraine and shelled a train station where more than 100 civilians were gathered to catch a train to Kyiv, Ukrainian officials said on Wednesday. The barrages killed at least five people and knocked out power in most of the southern city of Kherson.

RUSSIA TELLS SOUTH KOREA NOT TO BE SURPRISED IF MOSCOW RETALIATES OVER SANCTIONS

Russia told South Korea not to be surprised if Moscow retaliates against Seoul for expanding the list of goods which cannot be exported to Russia without special permission. Seoul said it would add over 600 types of goods which could potentially be used for military purposes to its export control list for Russia.

ECONOMIC TIMES, Delhi, 28.12.2023
Page No. 6, Size:(3.74)cms X (7.47)cms.

Oil Prices Dip as investors Watch for Red Sea Risks

Reuters

New York: Oil prices slipped on Wednesday, eating into the previous day's gains as investors monitored developments in the Red Sea, where shippers are returning despite further attacks on Tuesday.

Brent crude futures were down 53 cents, or 0.7%, at $80.54 a barrel by 10:59 am EST (1559 GMT). US West Texas Intermediate crude fell 67 cents, or 0.9%, to $74.90. Shipping company Maersk said it has scheduled several container vessels to travel via the Suez Canal and Red Sea.

BUSINESS STANDARD, Delhi, 28.12.2023
Page No. 7, Size:(12.90)cms X (17.32)cms.

Refined petroleum product exports rise 32% in Nov: PPAC

SUBHAYAN CHAKRABORTY
New Delhi, 27 December

Export of refined petroleum product imports grew 32.1 per cent in November to 5.6 million metric tonnes (mmt), up from 4.3 mmt in the year-ago month, latest data released by the Petroleum Planning and Analysis Cell (PPAC) showed.

Value-wise, exports stood at $4.3 billion in November, up from $3.8 billion a year back.

Exports in the April-November period also rose, rising 2.7 per cent to 40.8 mmt. This was due to a rise in the outbound shipment of vacuum gas oil (VGO), motor-spirit (MS), and aviation turbine fuel (ATF), the PPAC said.

Petroleum exports have been consistently high in 2023 primarily as a result of import volumes of crude oil remaining consistent throughout 2023. However, crude oil imports reduced 2.3 per cent in November to 18.6 mmt, down from 19 mmt. The net import bill for oil & gas for November was $11.5 billion as compared to a net import bill of $12.3 billion a year ago.

Russia remained the single-largest supplier of crude oil for the 14th straight month as of November, estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports, show.

While the share of crude oil originating in Russia has reduced in recent months, the continuing discounts on Russian crude have helped stabilise volumes.

ECONOMIC TIMES, Delhi, 28.12.2023
Page No. 9, Size:(12.69)cms X (13.06)cms.

No Blanket Exception for PSU Oil Cos from Local Sourcing Mandate on Steel

Petroleum ministry had requested a general exception from sourcing policy

Twesh Mishra

Relaxation on Case-by-Case Basis

India's steel making ability is strong...

Sector	Installed capacity	Production (2022-23)
Public	27.93	22.40
Private	133.37	104.77
Total	161.30	127.20

Source: Ministry of Steel; Figures in million tonnes (mt)

...But support in govt tenders to continue

Oil cos need to keep buying local steel | No blanket exception from localisation mandate | Oil cos should indicate annual requirement

New Delhi: Government-controlled oil companies will have to seek case-by-case exceptions when not complying with local sourcing mandate on steel products.

According to officials aware of the move, the ministry of petroleum and natural gas had requested a general exception from provisions of the Domestically Manufactured Iron & Steel Products (DMI&SP) policy.

The relaxation was to help speed up awarding of tenders floated by public sector undertakings such as Engineers India Ltd (EIL), Oil and Natural Gas Corporation (ONGC), Oil India Ltd (OIL) and Indian Oil Corporation Ltd (IOCL).

"More evidence is required to say that steel items could not be domestically manufactured. There will be no general exception under DMI&SP to the companies," a senior government official told ET.

Under the DMI&SP policy, the Centre gives preference to domestically manufactured iron and steel products in procurement tenders floated by public sector undertakings. The policy mandates to provide preference to products with 15%-50% value addition in procurement orders. This policy is applicable to supply of iron and steel products having aggregated estimate value of ₹25 crore or higher. It also has provisions for waivers to all such procurements, where specific grades of steel are not manufactured in the country, or quantities as per demand of the project cannot be met through domestic sources.

In addition to no blanket waivers, it has also been decided that bids by traders need to be accompanied by an authorisation certificate issued by a domestic steel manufacturer. This development will prevent traders from supplying imported commodity instead of domestically sourced steel, which is mandated under the policy.

The move comes despite stiff opposition from procurers that fear monopolisation by steel manufacturers and defeats the purpose of open competition. "The position may be reviewed in future if complaints of monopolisation by manufacturers are received," the official added.

To speed up finalisation of tenders, oil companies have also been asked to indicate further import quantity requirement for a year in advance and take approvals for the same. India's total steelmaking capacity stands at 161.30 million tonnes (mt). The country produced 127.20 mt in 2022-23.

twesh.mishra@timesgroup.com

INDIAN EXPRESS, Delhi, 28.12.2023
Page No. 9, Size:(2.73)cms X (4.63)cms.

10 LPG cylinders explode in Pune

Pune: As many as 10 cooking gas cylinders exploded at an under-construction building in Pune on Wednesday, said a fire official.

Reports suggested there were no casualties in the blasts that took place around 2.30 pm and the storage facility had more than 100 gas cylinders. "...There is a cluster of temporary houses of labourers next to the blast site. There are no reports of casualties till now," said fire officer Sopan Pawar. **ENS**

The Indian E
JOURNALISM OF COURAGE

FINANCIAL EXPRESS, Delhi, 28.12.2023
Page No. 2, Size:(9.42)cms X (14.02)cms.

Mandatory use of biogas by fertiliser units likely

Proposed scheme similar to existing one for oil companies

ARUNIMA BHARADWAJ
New Delhi, December 27

OUTLAY AT ₹1.78 TRN

- The proposal by the biogas association is to ensure the guaranteed purchase of fermented organic manure by fertiliser marketing companies
- The association has suggested an outlay of ₹1.78 trillion for the scheme over several years
- It expects 30-40 plants to be commissioned by the end of the current fiscal

THE INDIAN BIOGAS Association (IBS) has suggested that the government formulate a scheme similar to Sustainable Alternative Towards Affordable Transportation (SATAT), being implemented in the oil and gas sector, for fertilisers to ensure the guaranteed purchase of fermented organic manure (FOM) by fertiliser marketing companies. This, it said, would help in strengthening the financial viability of biogas plants.

"Government officials have agreed to our proposal in principle. But they noted that given the Budget constraints, such a scheme can be implemented only in a phased manner," said Gaurav Kedia, chairman of the Indian Biogas Association. "We are told that the government is considering this..it might roll out a scheme in the next fiscal itself."

The association has suggested an outlay of ₹1.78 trillion for the scheme over several years.

"Similar to the existing programme like SATAT that guarantees gas offtake by oil marketing companies (OMCs), this scheme will also propose to secure FOM offtake, thereby stabilising revenue streams and strengthening the financial viability of biogas projects," Kedia said. The SATAT scheme is designed to extract economic value from biomass waste in the form of compressed biogas (CBG) and biomanure.

The scheme will provide investors with increased clarity and confidence in the overall biogas plant business model which so far has failed to gain the expected traction.

The idea is to bring PM PRANAM, Bhartiya Prakratik Kheti, and the support through small and marginal farmers under one umbrella, Kedia said.

Biogas plants convert organic waste including animal waste, crop residue, municipal waste etc into clean biogas through anaerobic digestion to produce clean energy. In the process, FOM is produced as a waste which can be utilised in agriculture.

"A single window clearance system will give a lot of push to the sector," Kedia said.

The IBS expects 30-40 CBG plants to be commissioned by the end of the current financial year and another 100 by December 2024. "In the next 20-30 years, we should be able to reach 60 million metric tonne of CBG potential per annum," Kedia said. This is, provided the increased impetus to the sector by the government.

The government has intended to set up 5,000 CBG plants for the production of 15 million metric tonne of CBG per annum by 2023-24 under the SATAT scheme. However, the country has only been able to set up some 48 CBG plants so far.

As per the official data, the active number of letter of intent (LoI) presently is 2,176 against the total number of 4,100 LoIs issued when the scheme was announced.

Additionally, to be able to realise the target of 5,000 CBG plants at least by 2030 will require an investment of ₹1.75 trillion, 3-4% of which will be attributed to foreign direct investment, according to industry estimates.

The government has been working towards the promotion of compressed biogas as an alternative source of energy to reduce its dependence on fossil fuels for quite some time now. It has also created the Global Biofuel Alliance in its latest G20 summit and has now mandated a 5% blending of CBG with compressed natural gas and piped natural gas by FY29.

"Next year they will announce the entire framework for the Global Biofuel Alliance and are already consulting different organisations for this," said Kedia. "There might be a little more emphasis on the liquid side to start with."

BUSINESS LINE, Delhi, 28.12.2023
Page No. 3, Size:(15.95)cms X (9.05)cms.

Centre's dividend mandate yields strong returns with CPSE payouts surpassing RE in last 3 years

KR Srivats
New Delhi

The Centre continues to reap good dividends from the DIPAM issued advisory on 'Consistent dividend policy' of November 2020 with the aggregate CPSE dividend payouts surpassing Revised Estimates (RE) on a consistent basis in the last three fiscal years.

Total dividend receipts from Central Public Sector Enterprises (CPSEs) in FY21, FY22 and FY23 stood at ₹39,750 crore, ₹59,294 crore and ₹59,533 crore, respectively. These exceed the RE of ₹34,717 crore, ₹46,000 crore and ₹43,000 crore, the Finance Ministry said in the 2023 year-ender on DIPAM.

In the current financial year, the government has realised ₹26,644 crore as dividend receipts from CPSEs as of December 4, 2023.

While the Department of Investment and Public Asset Management (DIPAM) has done well to implement at a consistent dividend policy for CPSEs, it still has some heavy lifting to do on the issue of achieving the disinvestment targets.

For the current fiscal, the Union Budget had pegged the disinvestment receipts target at ₹51,000 crore. So far till December 13, the disinvestment receipts stood at just ₹10,050 crore.

DIPAM said on Wednesday that it is actively pursuing strategic disinvestment in entities such as IDBI Bank, PDIL, HLL Life Care, NMDC Steel, Shipping Corporation of India and BEML Ltd with expression of interest having been issued for these transactions.

"Disinvestment is an ongoing process, and execution of disinvestment transactions depends upon administrative feasibility, market conditions, domestic and global economic outlook, and investor interest.

"In view of this, it is difficult to anticipate the quantum of annual proceeds from disinvestment during the current fiscal", Bhagwat Kishanrao Karad told the Lok Sabha in a recent written reply.

CONSISTENT RUN

- Total dividend receipts from CPSEs in FY21, FY22 and FY23 stood at ₹39,750 crore, ₹59,294 crore and ₹59,533 crore, respectively.
- These exceed the RE of ₹34,717 crore, ₹46,000 crore and ₹43,000 crore, respectively
- In the current financial year, the government has realised ₹26,644 crore as dividend receipts from CPSEs as of December 4, 2023

OFS ROUTE

DIPAM said that the offer-for-sale (OFS) route has been actively pursued by the government for divesting its shareholding in CPSEs.

Noteworthy transactions in CPSEs such as HAL, Coal India Limited, RVNL, SJVN Ltd, and HUDCO have collectively yielded ₹10,860.91 crore (HAL ₹2,910.39 crore, Coal India ₹4,185.69 crore, RVNL ₹1,365.61 crore, and SJVN ₹1,349.27 crore, HUDCO ₹1,049.95 crore)

The stocks involved generally experienced an uptrend post-OFS, contributing to capital gains for investors, DIPAM added.

One of the key highlights in 2023 was the emphasis on value creation in CPSEs. Since the introduction of the New PSE policy in January 2021, the NSE CPSE and BSE CPSE Indices have surpassed benchmarks, showcasing returns of 160.49 per cent and 128.66 per cent, respectively, until November 2023.

MINT, Delhi, 28.12.2023
Page No. 2, Size:(3.68)cms X (18.10)cms.

India seeks more crude oil from Middle East

Bloomberg
feedback@livemint.com

Refiners in India, the world's third-largest crude oil importer, are seeking to boost supplies from the Middle East and other nearby nations as recent attacks on ships in the Red Sea raise the risk of longer shipping time and higher costs, according to people familiar with the matter.

Shippers turned cautious about entering the Red Sea in recent weeks due to multiple attacks by Yemen's Iran-backed Houthi rebels. That prompted massive diversions, with many ships taking a longer route around the Cape of Good Hope, adding as much as three weeks to the voyage.

Vessels carrying cargoes from the producers in the Mediterranean and North Sea are among those affected, as they travel the Suez Canal and Red Sea en route to Asia.

Shipping companies are asking Indian firms to bear the risk premiums for deliveries via the usual route, said the people, who asked not to be identified because of the sensitivity of the issue. The refiners are not willing to bear the additional liability and are scouting for alternative suppliers, they said.

Indian refiners are concerned their margins may come under pressure due to a sharp rise in insurance and freight costs.

BUSINESS LINE, Delhi, 28.12.2023
Page No. 10, Size:(6.23)cms X (10.64)cms.

Natural gas: Bet long if the contract rallies past ₹212

Akhil Nallamuthu
bl. research bureau

Natural gas futures on the Multi Commodity Exchange (MCX) faced a sharp fall in price between early November and mid-December.

But over the past two weeks, the contract has largely been consolidating.

COMMODITY CALL.

The January expiry natural gas futures has been oscillating between ₹195 and ₹212.

A sideways trend after the sharp decline denotes bears losing traction. While this does not imply a bullish reversal, prolonged consolidation increases the chances of a corrective rally.

If there's an upswing from here, then the contract can rally to ₹235, a resistance.

Subsequent resistance is at ₹250. On the other hand, if natural gas futures declines below ₹195, there is support immediately at ₹185. Below this the support is at ₹165.

TRADE STRATEGY

Although recovery appears likely, natural gas futures should surpass the barrier at ₹212 to establish a rally.

So we recommend staying on the fence for now and initiate longs if the contract rallies past ₹212. Place initial stop-loss at ₹194.

When the contract touches ₹235, tighten the stop-loss to ₹220. Book profits at ₹245.

ASIAN AGE, Delhi, 28.12.2023
Page No. 7, Size:(9.17)cms X (3.17)cms.

Gas grid to see big investments annually

SANGEETHA G
CHENNAI, DEC. 27

The pipeline transmission of liquified natural gas and city gas distribution segment is expected to pump in ₹10-15,000 crore per annum over next three years.

Natural gas demand grew 14 per cent YoY in the seven-month period of FY2024 supported by softening liquefied natural gas (LNG) prices and uptick in domestic gas production.

LNG prices have remained soft since the beginning of FY2024 supported by faster-than-anticipated filling of natural gas inventories in the US, the EU and Japan. China's shift towards coal and increased pipe flows from Russia have kept the LNG demand in check, thereby supporting the price levels, said ICRA.

To reduce reliance on LNG imports, the government has announced mandatory blending of compressed biogas (CBG) in natural gas. While CBG production has lagged owing to various issues so far. The government expects mandatory blending to support investments in the sector, going forward.

India gas demand is expected to rise 8-10 per cent in FY2024 and about 6-8 per cent in FY2025.

STATESMAN, Delhi, 28.12.2023
Page No. 8, Size:(13.08)cms X (7.90)cms.

Freight rates from Asia spike 53 pc amid Red Sea crisis

STATESMAN NEWS SERVICE
NEW DELHI, 26 DECEMBER

Freight rates from Asia have spiked 53% in a month depending on the route plus container shipping giants and oil super major British Petroleum have halted transit via the Red Sea/Suez Canal route after the attacks, the latest Freightos data said.

We are ending the year with higher global freight and insurance rates, possible upside risk to oil and global trade and re-emergence of a potential supply chain is equal to the cost-push inflation pressures.

The disruption assumes significance as Bab-el-Mandeb Strait, which connects the Mediterranean Sea to the Arabian Sea via the Red Sea and the Suez Canal, is vital for 30% of global container traffic and India relies on the route to trade with parts of West Asia, Africa, and Europe. It also

comes at a time when exports are already slowing due to sluggish global demand.

Reports suggested that a majority of the insurance companies have refused to cover shipments crossing the Red Sea after Yemen-based Houthi militants hit a Liberian-flagged ship Palatium III with an anti-ship ballistic missile, with some insurers starting to levying a $5,200 war risk surcharge over and above the freight charges.

Speaking on the impact of higher freight costs via Red Sea/Suez Canal, Madhavi Arora, Lead Economist, Emkay Global highlighted how it will affect the Oil & Gas, Auto, Chemicals, and logistics industry.

"For India Oil & Gas, bulk of the crude & LNG comes through Persian Gulf, hence Red Sea issues won't hamper those flows much. However, Russian oil flows from the Black Sea may be affected and rerouted," Arora said.

This could also lead to a higher premium for Middle East crude. Overall, there may be some impact for crude importing refiners (and OMCs), but an outsized impact is unlikely unless issues prolong, she added.

For standalone refiners such as RIL, MRPL and CPCL, there could be some margin hit on the crude side, while on the product side, exports to EU could be impacted. RIL takes in the bulk of Russian crude, and also exports sizeable quantity to Europe and South America. However, it is very difficult to quantify the impact given swap arrangements.

Brent has been largely stable at ~USD80/bl. We hence do not see any material impact as of now, though a deterioration in the scenario and delay in resolution may change this

For the auto industry, the Economist said the freight costs may increase marginally for export-oriented companies. No major impact on P&L. Delay in shipments may not have as severe an impact as during the chip shortage crisis as channel inventories have largely normalized/rather high in PVs, and demand has also moderated reasonably

For the chemicals, the shipping cost increase will hit the P&L to a certain extent. This will specifically impact the companies exporting to Europe, but the demand itself is relatively subdued, so not much impact, she said.

Domestic logistics players are not impacted. Railway operators may see marginal impact as topline will see increase, but absolute operating profits will not see any improvements.

ASIAN AGE, Delhi, 28.12.2023
Page No. 7, Size:(4.68)cms X (12.10)cms.

Refiners seeking to boost supplies from Middle East

New Delhi, Dec. 27: Refiners in India, the world's third-largest crude oil importer, are seeking to boost supplies from the Middle East and other nearby nations as recent attacks on ships in the Red Sea raise the risk of longer shipping time and higher costs, according to people familiar with the matter.

Shippers turned cautious about entering the Red Sea in recent weeks due to multiple attacks by Yemen's Iran-backed Houthi rebels. That prompted massive diversions, with many ships taking a longer route around the Cape of Good Hope, adding as much as three weeks to the voyage. Vessels carrying cargoes from the producers in the Mediterranean and North Sea are among those affected, as they travel the Suez Canal and Red Sea en route to Asia.

Shipping companies are asking Indian firms to bear the risk premiums for deliveries via the usual route, said the people, who asked not to be identified because of the sensitivity of the issue. The refiners are not willing to bear the additional liability and are scouting for alternative suppliers, they said.

Indian refiners are concerned their margins may come under pressure due to a sharp rise in insurance and freight costs. However, they also need to keep pace with domestic demand, which is rising because of the South Asian nation's rapid economic growth.

Bharat Petroleum Corp Ltd. has already arranged crude oil from other sources, an official said.

● TALKS ARE also underway with countries such as Saudi Arabia and the United Arab Emirates to strengthen maritime security cooperation in the Red Sea region, officials said.

The government is advising merchants to take longer routes and diversify energy imports, with emphasis on buying from the Persian Gulf and Central Asia, officials from trade ministry said.

Talks are also underway with countries such as Saudi Arabia and the United Arab Emirates to strengthen maritime security cooperation in the Red Sea region, they said.

The ministry did not respond to an email seeking comment.

The flow of Russian oil from the Black Sea region may be affected and rerouted, leading to a higher premium for crude from the Middle East, said Madhavi Arora, lead economist at Emkay Global Financial Services. India's refined fuel product exports to the EU too could be impacted, she said. — *Bloomberg*