# IEA's Birol warns of tighter energy supply next winter

An additional 23 billion cubic metres (bcm) of LNG is expected

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this year, Birol said, adding that even with only a small increase in economic output as pandemic restrictions ease, China would likely swallow 80% of the extra gas.

"Even though we have enough LNG import terminals, there may not be enough gas to import and therefore it will not be easy this coming winter for Europe," he said, noting this would likely push prices up again.

"It is not right to be relaxed, it is not right now to celebrate".

Even with a renewed push to develop new gas fields, it would be years before they came online, he said.

Households and firms therefore need to continue efforts to reduce gas usage while renewable energy output needs to expand faster, he said.

Klaus Mueller, head of the German network agency which regulates gas and electricity markets, in an interview with Deutschlandfunk on Sunday also said he could not exclude possible gas shortages next winter, especially as Germany would now have to fill storage facilities without Russian pipeline gas.

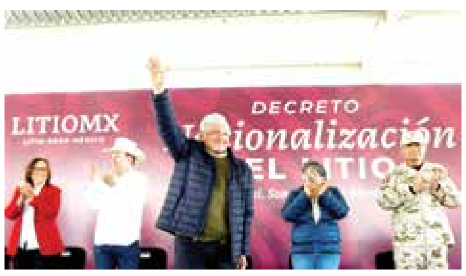
"We can manage it but will have to really make a big effort," he said, adding that it would be good not to let storage levels drop too far below the current 71.52%.

In the interview, Birol also warned countries that had decided to phase out nuclear energy to reconsider if this was the best time to do so, saying the temporary extension of Germany's last nuclear plants until April for example was a step in the right direction.

"We need all energy sources to help us for the next winter," he said.


*A liquefied natural gas (LNG) tanker is tugged towards a thermal power station in Futtsu, east of Tokyo, Japan.*
ISSEI KATO/REUTERS

# Mexican president orders ministry to step up lithium nationalization




*Mexico's President Andres Manuel Lopez Obrador waves during an event to sign a decree for the nationalization of lithium, in Bacadehuachi, state of Sonora, Mexico, on February 18, 2023.*
MEXICO'S PRESIDENCY/HANDOUT VIA REUTERS

Mexican President Andres Manuel Lopez Obrador on Saturday signed a decree handing over responsibility for lithium reserves to the energy ministry, after nationalizing lithium deposits last April.

During an event in Sonora, Lopez Obrador signed the decree that orders the energy ministry "to take the actions necessary to carry out" the nationalization process, Reuters reported.

It also declares 234,855 hectares (907 square miles) in Sonora as a mining zone known as Li-MX 1.

"(Let's make) the nation be the owner of this strategic mineral," Lopez Obrador said during the event.

Mexico holds important potential lithium deposits, a highly sought material for the production of electric vehicle batteries. Studies suggest Mexico may have some 1.7 million tonnes of lithium. While close to a dozen foreign companies have active mining concessions that aim to develop potential lithium deposits, Lopez Obrador has said all of them will be "reviewed," which has cast a cloud over the sector's future prospects.

"What we are doing now ... is to nationalize lithium so that it cannot be exploited by foreigners," Lopez Obrador said at the event.

Last week, the chief executive of the state-run company for lithium production, Pablo Taddei, told Reuters that Mexico was open to partnerships but that the federal government would have a majority stake in any future joint venture.

The decree published Saturday by the economy ministry said that "the rights and obligations of the holders of mining concessions in force that are within the lithium mining reserve zone remain safe." It adds that "no mining activity related to lithium" can be carried out within the reserve but gave few additional details.

# China refines capital and risk management of commercial banks

China's banking regulator and the central bank plan to adopt a more differentiated regulatory system for assessing commercial banks' capital adequacy and risk management, in a step to better prevent risks in the country's financial system.

The China Banking and Insurance Regulatory Commission and the People's Bank of China on Saturday jointly released amended draft rules that they said aimed to help banks "continuously improve the precision of risk measurement and guide banks to better serve the real economy," Reuters reported. The draft rules, which bring the banking sector closer to global standards, will divide lenders into three groups based on business scale and risk level.

*A man wearing a mask walks past the headquarters of the People's Bank of China, the central bank, in Beijing, China.*
JASON LEE/REUTERS

The rules will apply a differentiated regulatory system to banks. Lenders with a relatively large scale of assets or relatively large cross-border business will be under stricter capital requirements and will have to disclose more information to regulators.

In addition, the rules will include more specific factors to measure banks' risk exposure to mortgage lending, such as the types of property, sources of repayments and loan-to-value ratios.

China's property market, once a pillar of growth, has slowed sharply over the past year, hobbled by fragile demand and mounting debt defaults by developers.

The two regulators said implementation of the new rules would leave capital adequacy ratios in the banking sector generally unchanged, though the ratios for some banks would change slightly. The commission and central bank are seeking public comment before implementing the changes on Jan. 1, 2024.

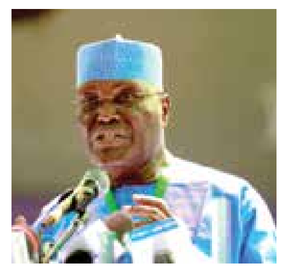
## NEWS IN BRIEF

### Fed's preferred inflation gauges seen running hot

*BLOOMBERG* – The Federal Reserve's preferred inflation gauges this week, along with a groundswell of consumer spending, are seen fomenting debate among central bankers on the need to adjust the pace of interest-rate increases.

The US personal consumption expenditures price index is forecast to rise 0.5% in January from a month earlier, the largest advance since mid-2022. The median estimate in a Bloomberg survey of economists expects a 0.4% advance in the core measure, which excludes food and fuel and better reflects underlying inflation.

### Nigeria's Atiku promises economic bounce in final campaign rally



*REUTERS* – Nigeria's presidential hopeful Atiku Abubakar on Saturday said he would bring peace and unity to the country and improve its economic fortunes as he made his final campaign stop.

Economic hardships, including the highest inflation in nearly two decades, unemployment and shortages of cash, and widespread insecurity from a long-running insurgency and secessionist violence are among the top concerns for voters going into the Feb. 25 election.

# Renewing Black Sea grain deal critical for Africa: *WFP*

*Vessels are seen as they wait for inspection under United Nation's Black Sea Grain Initiative in the southern anchorage of the Bosphorus in Istanbul, Turkey, on December 11, 2022.*
YORUK ISIK/REUTERS

Failure to renew a U.N.-backed initiative that has enabled Ukraine to export grain from ports blockaded by the war would be catastrophic as millions in Africa are on the cusp of famine, the head of the U.N. food agency warned on Saturday.

Negotiations will start in a week on extending the trade agreement, a senior Ukrainian official said on Friday, Reuters reported.

"It's critical," World Food Programme (WFP) Director David Beasley told Reuters in an interview on the sidelines of the Munich Security Forum.

"With all the crises we are facing around the world with climate change, droughts, flash floods, we can't afford the Black Sea Grain initiative to fall through at all," Beasley added.

The grain deal brokered by the United Nations and Turkey last July allowed exports from three Ukrainian ports.

The agreement was extended by a further 120 days in November and is up for renewal again in March, but Russia has signalled it is unhappy with some aspects of the deal and has asked for sanctions affecting its agricultural exports to be lifted.

Beasley said the current flow of goods and grains, which according to U.N. data has benefited the EU, China and Turkey especially, was currently nowhere near where it needs to be.

"Food prices, fuel costs, debt inflation and three years of COVID ... the people have no more coping capacity and if we don't get in and get costs down then 2024 could be the worst year we have seen in several hundred years."