US wins WTO ruling against China grain import quotas

Reuters | Geneva

A World Trade Organization (WTO) logo is pictured on their headquarters in Geneva, Switzerland

The United States won a World Trade Organization (WTO) ruling on Thursday against China's use of tariff-rate quotas for rice, wheat and corn, which it successfully argued limited market access for US grain exports.

The case, lodged by the Obama administration in late 2016, marked the second US victory in as many months. It came amid US-China trade talks and on the heels of Washington clinching a WTO ruling on China's price support for grains in March.

A WTO dispute panel ruled on Thursday that under the terms of its 2001 WTO accession, China's administration of the tariff rate quotas (TRQs) as a whole violated its obligation to administer them on a "transparent, predictable and fair basis".

TRQs are two-level tariffs, with a limited volume of imports allowed at the lower 'in-quota' tariff and subsequent imports charged an "out-of-quota" tariff, which is usually much higher.

The administration of state trading enterprises and non-state enterprises' portions of TRQs are inconsistent with WTO rules, the panel said.

Australia, Brazil, India, and the European Union were among those reserving their rights in the dispute brought by the world's largest grain exporter.

In a statement, US Trade Representative Robert Lighthizer and Secretary of Agriculture Sonny Perdue welcomed the decision, saying China's system "ultimately inhibits TRQs from filling, denying US farmers access to China's market for grain".

If China's TRQs had been fully used, $3.5 billion worth of corn, wheat and rice would have been imported in 2015 alone, it said, citing US Department of Agriculture estimates.

The two WTO rulings would help American farmers "compete on a more level playing field", the USTR statement said, adding: "The (Trump) Administration will continue to press China to promptly come into compliance with its WTO obligations."

The latest WTO panel said that the United States had not proven all of its case, failing to show that China had violated its public notice obligation under the General Agreement on Tariffs and Trade (GATT) in respect to TRQs.

China's Ministry of Commerce said in a statement on Friday it "regrets" the panel's decision and that it would "earnestly evaluate" the panel's report.

China would "handle the matter appropriately in accordance with WTO dispute resolution procedures, actively safeguard the stability of the multilateral trading system and continue to administer the relevant agricultural import tariff quotas in compliance with WTO rules", it said.

Either side can appeal the ruling within 60 days.

Oil prices inch up on signs of tighter global supply

Reuters | New York

An oil well pump jack is seen at an oil field supply yard near Denver, Colorado

> I think it's pretty clear that tightening supplies and receding fears of demand growth is a boost to the market to these five month highs
>
> GENE MCGILLIAN
>
> VICE PRESIDENT OF MARKET RESEARCH AT TRADITION ENERGY IN STAMFORD

Oil futures edged up as a drop in crude exports from OPEC's de facto leader, Saudi Arabia, and a draw in US drilling rigs and oil inventories supported prices.

Brent crude futures settled at $71.97 a barrel, up 35 cents from their last close and near Wednesday's five-month high of $72.27. Brent saw a weekly gain of 0.6 per cent, marking the fourth consecutive weekly rise for the international benchmark.

In post-settlement trade, the contract added 4 cents to $72.01 a barrel.

US West Texas Intermediate (WTI) crude futures settled at $64.00 a barrel, up 24.00 cents. US futures gained just under 0.2pc for the week, their seventh weekly gain in a row.

Many financial markets were closed on Friday for public holidays.

Saudi Arabia's crude oil exports fell by 277,000 barrels to just under 7 million bpd in February from the month before, according to data from the Joint Organizations Data Initiative (JODI).

US crude, gasoline and distillate inventories dropped this week, with crude posting an unexpected drawdown, the first in four weeks, the Energy Information Administration (EIA) data showed on Wednesday.

"I think it's pretty clear that tightening supplies and receding fears of demand growth is a boost to the market to these five month highs," said Gene McGillian, vice president of market research at Tradition Energy in Stamford, Connecticut.

US energy companies this week cut the number of oil drilling rigs for the first time in three weeks as production growth forecasts from shale, the country's largest oil fields, continue to shrink.

The US rig count, an early indicator of future output, fell by eight in the week ending April 18, General Electric Co's Baker Hughes energy services firm said in its weekly report, which was released a day early because of the Good Friday holiday.

Oil has been driven up this year by an agreement reached by the Organization of the Petroleum Exporting Countries and its allies, including Russia, to limit their oil output by 1.2 million bpd.

Global supply has been tightened further by US sanctions on OPEC members Venezuela and Iran.

Iran's crude exports have fallen in April to their lowest daily level this year, tanker data showed and industry sources said, suggesting a reduction in buyer interest ahead of expected further pressure from Washington.

US refiners planning major plant overhauls in Q2

The British Petroleum oil refinery is seen in Whiting, Indiana

Reuters | Houston

US oil refiners are planning a heavy slate of plant overhauls in the second quarter, with total production this month off 8.5 per cent compared with the start of the year, according to data from the US Energy Information Administration.

Early spring and winter traditionally are heavy periods for US refinery maintenance. But refiners are planning more upgrades than usual in the first half of 2019 to avoid fall and winter shutdowns as they prepare to meet coming low-sulfur standards.

This year's maintenance schedule and higher crude prices helped push US gasoline prices to a national average of $2.83 a gallon last week, up 26pc since the start of the year, according to data from the American Automobile Association. US crude futures rose 32pc in the first quarter.

International Maritime Organization (IMO) 2020 is a standard for maritime diesel that takes effect on Jan. 1 and is designed to reduce air pollution. Refiners have been revamping their plants to make IMO 2020 compliant fuel.

"They will push (winter) turnarounds later into 2020 to take advantage of that margin bump from the switch to IMO 2020," said Susan Bell, a senior associate at energy consultancy IHS Markit.

Oil market likely to be well balanced in 2019, says Saudi energy adviser

Reuters | Paris

Ibrahim al-Muhanna, an adviser to the Saudi energy minister, said on Friday he expected the oil market to be "well balanced" this year.

"This year, we have seen the implementation of the OPEC Plus decision. It is possible to extend the cut until the end of the year depending on market conditions," al-Muhanna told an oil summit in Paris.

The OPEC+ group agreed last year to cut production, partly in response to increased U.S. shale output.

China to keep supporting economy as 'pressure' lingers

Reuters | Beijing

China will maintain policy support for the economy, which still faces "downward pressure" and difficulties after better-than-expected first quarter growth, a top decision-making body of the Communist Party said.

The statement from the politburo came two days after China reported had steady 6.4 percent annual growth in January-March, defying expectations for a further slowdown, as industrial production jumped sharply and consumer demand showed signs of improvement.

Tesla's Elon Musk, SEC get another week to work out deal on Twitter use

Reuters | New York

Tesla CEO Elon Musk arrives at Manhattan federal court for a hearing on his fraud settlement with the Securities and Exchange Commission (SEC) in New York City (file photo)

Tesla Inc Chief Executive Elon Musk and the U.S. Securities and Exchange Commission will get another week to settle a dispute over Musk's use of Twitter, a federal judge ruled Thursday.

U.S. District Judge Alison Nathan in Manhattan extended the deadline by one week to April 25, in response to a Thursday court filing where both sides requested the extension and said "discussions are ongoing."

Nathan had been asked to hold Musk in contempt over a Feb. 19 tweet that the SEC said violated an earlier settlement with the agency.

If Musk and the agency fail to resolve the dispute, the judge said she would rule on the contempt request.

The SEC sued Musk last year after he tweeted on Aug. 7 that he had "funding secured" to take Tesla private at $420 per share. The agency said the tweet, which sent Tesla's share price up as much as 13.3 percent, violated securities laws. Musk's privatization plan was at best in an early stage and financing was not in place.

> YOU KNOW WHAT
>
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Musk settled the lawsuit, agreeing to step down as chairman and have the company's lawyers pre-approve written communications with material information about the company, including tweets.

In February, the SEC accused Musk of violating that settlement by sending a tweet about Tesla's production that had not been vetted by the company's attorneys, and asked U.S. District Judge Alison Nathan in Manhattan to hold him in contempt.

Musk's lawyers have argued that the tweet did not contain new information that was material to investors, and that Musk did not need pre-approval for all tweets about Tesla under the settlement.

At an April 4 hearing, a lawyer for the SEC said that if Musk were found in contempt, the agency would ask the judge to require him to submit regular reports about his Twitter use, and to pay a series of progressively higher fines for any future violations.

Nathan declined to rule on the contempt motion at the hearing, instead ordering Musk and Tesla to meet and try to resolve the dispute on their own.

Musk is worth $20.7 billion, according to Forbes magazine. He has been chief executive of Tesla since 2008 and has more than 25 million followers on Twitter.

The Palo Alto, California-based company built its reputation on luxury cars, but has faced several production challenges with its Model 3 sedan, which it hopes will reach a mass audience.

The Feb. 19 tweet that prompted the SEC's contempt motion said: "Tesla made 0 cars in 2011, but will make around 500k in 2019," meaning 500,000 vehicles.

Four hours later, Musk corrected himself, saying annualized production would be "probably around" 500,000 by year end, with full-year deliveries totaling about 400,000.