

# Far and Wide

Every week we share selection of six news from six continents that we believe will impact our world in the near or distinct future

May 2023 | Issue #06

## Asia's Reliance on Russian Energy: Soaring Temperatures, Rising Dependence



Welcome to the sixth edition of *Far and Wide*, our newsletter where we bring a collection of interesting stories from around the world. This week, our cover story delves into the scorching heatwaves that have gripped Asia, exacerbating the region's dependence on Russian energy. As countries across Asia struggle to secure an adequate energy supply to keep the lights on and combat the sweltering temperatures, an unexpected beneficiary emerges — Russia. With its energy resources shunned by the West, Russian energy has become increasingly appealing to Asian economies grappling with the challenges of power generation in what could be a record-breaking year for heat. From the push by the Kremlin to fund its invasion of Ukraine to the pull from Asian nations desperate to ensure their power generators are fueled, the story of Russia's rise in this scenario is a complex combination of geopolitics and energy dynamics. Russian exports of thermal coal and natural gas to Asia have experienced significant growth in 2023. Meanwhile, imports of Russian fuel oil for power generation reached unprecedented levels in March and April. As if the challenges weren't daunting enough, an emerging El Niño weather pattern looms, further intensifying the impetus for Asian countries to rely on Russian energy to combat power shortages. The situation has prompted questions about the waning influence of the United States and the difficult choices faced by poorer nations in meeting their energy needs. China, India, and other Asian nations have become the primary buyers of Russian energy, with some even exploring long-term deals and alternative payment methods. This shift not only highlights the declining influence of the US but also underscores the dilemma faced by nations seeking to balance their own interests with international dynamics.

We hope you find this edition informative and thought-provoking.

### INSIDE

## Stories in Focus



#### Climate Change

Russia's Energy Dominance Soars in Asia as Heatwaves Trigger Surge in Demand and Power Challenges



#### Policy

European Parliament Postpones Vote on EU Renewable Energy Targets Amid Last-Minute Opposition

U.S. President Biden to discuss Ukraine with Brazil and India



#### Global Trade

Ecuador and China Sign Free Trade Agreement, Deepening Economic Ties

Congo's President Set to Travel to China, Anticipated Signing of Minerals Trade Deal



#### Fintech

Regulation of Buy-Now-Pay-Later Services in Australia



## Asia

### Russia's Energy Dominance Soars in Asia as Heatwaves Trigger Surge in Demand and Power Challenges

The scorching heatwaves in Asia have led to Russia emerging as a significant beneficiary as countries in the region seek adequate energy supplies. With concerns about power generation and a record-breaking year of heat, Asian economies are turning to Russian energy sources that have been disregarded by the West. Coal and natural gas exports from Russia to Asia have witnessed substantial growth, while imports of Russian fuel oil for power generation have reached record highs. The impetus to buy more Russian energy is expected to rise due to the emerging El Niño weather pattern, exacerbating power shortages in some regions. China, India, and other Asian nations have become the most prominent buyers of Russian energy, with some exploring long-term deals and alternative payment methods. The increasing reliance on Russian energy in Asia highlights the declining influence of the US and the difficult choices faced by poorer nations in meeting their energy needs.

Source: The Straits Times

<https://www.straitstimes.com/asia/crisis-plunging-heat-deepens-asia-s-reliance-on-russian-energy>



## Europe

### European Parliament Postpones Vote on EU Renewable Energy Targets Amid Last-Minute Opposition

The European Parliament has postponed a scheduled vote to approve new EU renewable energy targets after France and other nations raised last-minute objections. The vote, initially planned for Tuesday, has been rescheduled for June without a specific date specified. The European Union aims to finalize a crucial element of its climate agenda, a law containing a binding target for the EU to source 42.5% of its energy from renewable sources by 2030. However, the bill has faced resistance, with France and other countries indicating their lack of support. Diplomats from EU member states were set to express their approval for the law last week but postponed the discussion due to objections. The delay jeopardizes the approval of the policy until after the EU assembly's summer recess in September. France is dissatisfied with the final result, seeking greater recognition of low-carbon nuclear energy in the law and highlighting perceived discrimination against hydrogen produced from nuclear power. Other countries, including Bulgaria, Romania, and Poland, have expressed concerns about the ambitious targets outlined in the law. Efforts are underway to resolve the dispute, but frustrations among some countries are high, given the unexpected delay in a key climate change measure.



Source: Reuters

[EU Parliament delays renewable energy vote after late backlash | Reuters](#)



## North America

### U.S. President Biden to discuss Ukraine with Brazil and India

U.S. President Joe Biden plans to speak with Brazil's President Luiz Inacio Lula da Silva and India's Prime Minister Narendra Modi during the G7 summit in Hiroshima. The discussions will focus on the situation in Ukraine and the significance of sovereignty and territorial integrity. Rather than applying pressure, Biden seeks to engage in constructive dialogue with the leaders. Brazil and India have historically played intermediary roles between the U.S., Russia, and China, maintaining relations with Moscow despite Western efforts to isolate Russia. Brazil's Lula has previously made controversial statements regarding arms supply to Ukraine but later expressed condemnation for Russia's violation of Ukraine's territorial integrity. Biden also aims to discuss issues such as resilient supply chains, infrastructure investments in developing countries, and addressing massive debt burdens.

Source: U.S. News

<https://www.usnews.com/news/world/articles/2023-05-19/white-house-biden-to-discuss-ukraine-with-brazils-lula-indias-modi>



## South America

### Ecuador and China Sign Free Trade Agreement, Deepening Economic Ties

Ecuador and China have signed a free trade agreement, deepening their economic ties and presenting a challenge to the United States' opposition to China's influence in the region. The agreement is expected to boost Ecuador's non-oil exports by \$3-4 billion over the next decade, with China already being its largest non-oil trade partner and a crucial source of financing for infrastructure and energy projects. This development could concern the US, which seeks to counter China's growing influence in Latin America. The deal grants preferential access for 99% of Ecuador's exports to China, particularly in agricultural and agro-industrial products. The trade pact underscores China's commitment to the Belt and Road Initiative and its promotion of multilateralism and free trade, as it seeks to counter economic decoupling and present itself as a proponent of globalization.



Source: Financial Times

<https://www.ft.com/content/b0cee143-1a38-4d93-b605-33e1cb91fc97>



## Australia

### Regulation of Buy-Now-Pay-Later Services in Australia

The Australian government has announced plans to regulate buy-now-pay-later (BNPL) services as consumer credit products, imposing stricter rules on providers. This move comes as concerns about repayment have surfaced due to high inflation rates. Under the proposed regulations, BNPL companies will be required to conduct background checks before lending and will be overseen by the Australian Securities and Investments Commission (ASIC). With approximately seven million active BNPL accounts and A\$16 billion in transactions, Australia aims to have one of the toughest regulatory regimes globally, following in the footsteps of Britain. The draft legislation is scheduled to be released for consultation later this year, with the bill expected to be introduced by year-end. Industry reactions to the announcement have been mixed, and share prices of BNPL providers showed varied responses.

The Australian government's decision to classify BNPL services as credit products reflects growing concerns about the risks associated with this popular payment method. While BNPL has gained popularity due to its convenience and interest-free nature, there have been instances where individuals have accumulated more debt than they can afford to repay. The introduction of regulations will strike a balance between fostering innovation in the startup sector and protecting consumers from potential financial hardship.

Source: Reuters

[https://www.reuters.com/technology/australia-regulate-buy-now-pay-later-sector-2023-05-21/#:~:text=SYDNEY%2C%20May%202%20\(Reuters\),regimes%20for%20the%20startup%20sector.](https://www.reuters.com/technology/australia-regulate-buy-now-pay-later-sector-2023-05-21/#:~:text=SYDNEY%2C%20May%202%20(Reuters),regimes%20for%20the%20startup%20sector.)



## Africa

### Congo's President Set to Travel to China, Anticipated Signing of Minerals Trade Deal

Felix Tshisekedi, the President of the Democratic Republic of the Congo (DRC), is scheduled to visit China from May 24 to 29. During this visit, he is expected to meet with President Xi Jinping to review and sign several important trade agreements. The visit follows the announcement by the Chinese foreign ministry and could lead to the formalization of a \$6 billion infrastructure-for-minerals deal between the two countries, with Chinese investors. The DRC, known for its abundant mineral resources, is the largest producer of cobalt worldwide, and it also possesses significant deposits of diamonds, gold, lithium, and tantalum. Tshisekedi, in a recent cabinet meeting, instructed his government to proceed with talks on the deal with Chinese counterparts after consolidating their position. The visit aims to strengthen the long-standing friendship and deepen political trust and practical cooperation between China and the DRC.



Source: Reuters

<https://www.reuters.com/world/dr-congo-leader-visit-china-this-week-minerals-trade-deal-signing-expected-2023-05-22/>