

World of Trade: South Korea Signs \$2.25 Billion Deal with Russia Nuclear Company

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The world of trade is having interesting developments.

An AP report from Seoul said:

South Korea landed a 3 trillion won (\$2.25 billion) contract with a Russian state-run nuclear energy company to provide components and construct a turbine building for Egypt’s first nuclear power plant, officials said Thursday.

The South Koreans hailed the deal as a triumph for their nuclear power industry, although it made for awkward optics as their American allies push an economic pressure campaign to isolate Russia over its war on Ukraine.

South Korean officials said the U.S. was consulted in advance about the deal and that the technologies being supplied by Seoul for the project would not clash with international sanctions against Russia.

According to South Korea’s presidential office and trade ministry, the contract between state-run Korea Hydro and Nuclear Power and ASE requires the South Koreans to provide certain materials and equipment and construct the turbine building of the plant being built in Dabaa. The Mediterranean coastal town is located about 130 kilometers (80 miles) northwest of Cairo.

ASE is a subsidiary of Rosatom, a state-owned Russian nuclear conglomerate.

A senior aide of South Korean **President Yoon Suk Yeol** said the negotiations were slowed by “unexpected variables,” mainly Russia’s war on Ukraine and the U.S.-led [sanctions campaign against Moscow](#) over its aggression.

Choi Sang-mok, Yoon's senior secretary for economic affairs, said South Korea provided an explanation to the United States in advance about its plans to participate in the Dabaa project and that the allies will maintain close consultation as the work proceeds. As part of U.S.-led sanctions against Moscow, South Korea has ended transactions with Russia's central bank and sovereign wealth funds and banned exports of strategic materials to Russia.

Neither Choi nor officials from South Korea's trade ministry elaborated on how the crisis in Ukraine and the sanctions on Moscow affected the negotiations between Korea Hydro and Nuclear Power and ASE, which has a contract with Egypt to build four 1,200 megawatt reactors.

Choi stressed that South Korea's involvement in the project would not clash with international sanctions against Russia.

Yoon's office expressed hope that South Korea's participation in the Dabaa project would help the country gain a foothold in future nuclear projects across Africa and also improve its chances to export to countries such as the Czech Republic, Poland and Saudi Arabia.

Korea Hydro and Nuclear Power had been engaging in negotiations with ASE as the preferred bidder for the turbine-related project since December, before Russia's invasion of Ukraine in late February.

Go Myong-hyun, a senior analyst at Seoul's Asan Institute for Policy Studies, said the deal would not have been possible without an export approval by the U.S. as the components provided by Korea Hydro and Nuclear Power likely include U.S.-originated technology.

Current sanctions against Moscow also do not include specific restrictions related to nuclear energy and the Biden administration would have no interest in disrupting a crucial project for Egypt, which it sees as a key partner in the region, Go said.

While South Korea's involvement in the Dabaa project would not immediately be a problem between the allies if the Americans signed off on it, things could change depending on how Russia's war on Ukraine goes and whether Washington expands export controls against Moscow, Go said.

Yoon's office said the participation in the Dabaa project is the country's biggest export of nuclear power technology since 2009, when a South Korean-led consortium won a \$20 billion contract to build nuclear power reactors in the United Arab Emirates.

Yoon government has set a goal of exporting 10 nuclear power reactors by 2030.

U.S. Warns Of Sanctions Against Turkey Over Russia Ties

Another media report said:

Turkey's top business association has confirmed receiving a letter from the U.S. Treasury warning of possible sanctions if it continues doing business with Russia.

Washington is growing increasingly alarmed that the Russian government and businesses are using Turkey to evade Western financial and trading restrictions imposed in response to the Kremlin's invasion of Ukraine six months ago.

Turkish **President Recep Tayyip Erdogan** and Russian counterpart **Vladimir Putin** agreed to step up economic cooperation at a summit in the Black Sea resort of Sochi earlier this month.

Official data show the value of Turkish exports to Russia between May and July growing by nearly 50 percent from last year's figure.

Turkey's imports of Russian oil are ballooning and the two sides have agreed to transition to ruble payments for the natural gas exported by the Kremlin-tied giant Gazprom.

U.S. **Deputy Secretary of the Treasury Wally Adeyemo** paid a rare visit to Ankara and Istanbul in June to express Washington's worries that Russian oligarchs and big businesses were using Turkish entities to avoid Western sanctions.

NATO member Turkey — on good terms with both Moscow and Kyiv — has tried to stay neutral in the conflict and refused to join the international sanctions regime.

Adeyemo followed that up with a letter to Turkey's TUSIAD business association and the American Chamber of Commerce in Turkey warning that companies and banks were in danger of being sanctioned themselves.

TUSIAD said in a statement on Tuesday that it has passed on the letter to Turkey's foreign and finance ministries.

The letter's contents were first reported by The Wall Street Journal this week.

"Any individuals or entities providing material support to US-designated persons are themselves at risk of US sanctions," Adeyemo wrote.

"Turkish banks cannot expect to establish corresponding relationships with sanctioned Russian banks and retain their corresponding relationships with major global banks as well as access to the US dollar and other major currencies."

The economic cooperation agreement sealed by Erdogan and Putin includes a deal for more Turkish banks to start processing Russia's Mir payments system.

Turkish officials have not formally responded to Adeyemo's letter.

Broader cooperation with Russia could help support Turkey's ailing economy in the runup to next-year's general election.

Erdogan has previously argued that Ankara cannot join Western sanctions on Moscow because of Turkey's heavy dependence on Russian oil and natural gas imports.

"Our economy is such that imposing sanctions on Russia would harm Turkey the most," Erdogan's foreign policy adviser **Ibrahim Kalin** said in June.

Russia And Iran Move To Create Global Gas Cartel

Moscow and Tehran are taking serious steps toward forming an OPEC-style cartel for natural gas that would allow them to coordinate an 'extraordinary' proportion of reserves and control over prices, [OilPrice](#) reported on Tuesday.

“Occupying the number one and number two positions in the world’s largest gas reserves table, respectively – Russia with just under 48 trillion cubic meters (tcm) and Iran with nearly 34 tcm – the two countries are in an ideal position to do this,” the report stated.

It described the \$40 billion memorandum of understanding (MoU) signed last month between Russia’s Gazprom and the National Iranian Oil Company (NIOC) as “a stepping stone to enabling Russia and Iran to implement their long-held plan to be the core participants in a global cartel for gas suppliers in the same mold as the Organization of the Petroleum Exporting Countries (OPEC) for oil suppliers.”

The chairman of Iran’s Oil, Gas, and Petrochemical Products Exporters’ Union, Hamid Hosseini, reportedly said after the MoU had been signed: “Now the Russians have come to the conclusion that the consumption of gas in the world will increase and the tendency towards consumption of LNG has increased and they alone are not able to meet the world’s demand, so there is no room left for gas competition.”

According to OilPrice, major global LNG supplier Qatar – which has the third-largest gas reserves of just under 24 tcm – could be a prime candidate to join the Russia-Iran gas cartel.

Together, Russia, Iran and Qatar account for just under 60% of the world’s gas reserves, the report pointed out. The three countries were instrumental in the founding of the Gas Exporting Countries Forum (GECF), whose 11 members control over 71% of global gas reserves, 44% of its marketed production, 53% of its gas pipelines, and 57% of its LNG exports, it said.

China’s Spending On Russian Energy Imports Shoots Up To \$35 Billion Since The Outbreak Of The Ukraine War

China’s spending on energy imports from Russia has hit \$35 billion for the months since the Ukraine war started, as the Asian powerhouse turns to Moscow for fuel.

That outlay on Russian energy from March to July is a big jump on the \$20 billion booked a year before, according to a [Bloomberg](#) report Monday.

In July alone, Chinese buyers laid out a combined \$7.2 billion on imports of oil, natural gas and coal, according to customs data cited by Bloomberg. That’s a rise of 53% from the \$4.7 billion booked in the same month in 2021.

Energy prices soared since the beginning of the Ukraine-Russia war, and that will have inflated China’s spending figures. But the country has also imported higher volumes of Russian crude oil, natural gas, and coal since the war began, according to China’s General Administration of Customs.

A Business insider report said:

China has stepped up its spending as western countries impose sanctions against Putin and Russia. [The US has vowed to phase out Russian oil imports](#), while [the EU will introduce an embargo on Russian crude in December](#).

Moscow has offered its oil exports at a discount to buyers in Asia, as it searches for customers in the face of Western sanctions.

China's state and independent refineries have jumped on the opportunity to snap up cheap crude, with [Russian Urals oil](#) trading at a 22% discount to the global [Brent benchmark](#).

Seaborne imports to China of liquefied natural gas have risen 20% over the past year, with Russia sending 410,000 tons by tanker in July, according to Bloomberg.

Meanwhile, imports of Russian coal surged 14% year-on-year to hit a new record high of 7.4 million tons in July. Russia has now overtaken Indonesia as China's top source for the fuel imports.

China Forgives 23 Unpaid Loans to 17 African Nations, Readies \$10 Billion in Credit

Another media report said:

Chinese Foreign Minister and State Councilor **Wang Yi** revealed recently that Beijing would forgive a substantial amount of debt owed to its financial institutions by African nations. China has been accused by Western powers of predatory lending to poorer nations and using their debts to compel them to adopt pro-Beijing positions.

The Chinese Foreign Ministry [announced on August 18](#) at the Coordinators' Meeting on the Implementation of the Follow-up Actions of the Eighth Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) in Beijing. Among other actions, it said that **"China will waive 23 interest-free loans for 17 African countries that matured by the end of 2021."**

However, the announcement did not state the volume of debt that had been forgiven.

Debt forgiveness has been a regular feature of China's financial relationship with Africa, and because it refuses to meddle in the political affairs of its lender nations, China is rapidly becoming the lender of choice on the continent.

"Over the past half a year, over \$3 billion out of the \$10 billion of credit facilities pledged to African financial institutions has been delivered, and nearly \$2.5 billion of loans has been channeled to Africa's priority programs," [said Wang, who chaired](#) the FOCAC meeting. "More than \$2 billion of the \$10 billion of trade finance has been allocated, and China's import of African goods in 7 months has reached \$70.6 billion."

"So far this year, China has signed with 12 African countries exchanges of letters on zero tariff for 98% of their export items to China. Chinese companies have invested [an] additional \$2.17 billion in Africa. The Chinese side is prepared to re-channel, through the International Monetary Fund (IMF)'s Poverty Reduction and Growth Trust and Resilience and Sustainability Trust, \$10 billion of its Special Drawing Rights to Africa, and will encourage the IMF to direct China's contributions to Africa," he added.

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