

Baghdad decides to develop oilfields

Oil dribbles on Iraq's output boosting announcement

LONDON, June 2: World oil prices fell sharply yesterday after Iraq said it would be able to raise crude exports under a new phase of the United Nations oil-for-food exchange, reports Reuters.

Benchmark North Sea Brent blend crude oil futures for July delivery fell 65 cents to \$14.55 a barrel following the announcement on Monday by the Iraqi oil minister.

Amir Muhammad Rasheed said his country was planning to increase sales under the sixth 180-day phase of the UN deal to an average 2.2 million barrels a day (bpd).

Rasheed said Baghdad planned to start reusing in a "short time" its export line via Syria to complement deliveries through Turkey and Iraq's Gulf coast. He said the line would supply 300,000 bpd to Syria's Mediterranean coast but gave no indication of exactly when it would reopen.

The United Nations has said if Iraq gets close to the \$5.26 billion cap for sales under the sixth phase it will reconsider the limit in order not to disrupt humanitarian supplies.

Preliminary loading schedules on Tuesday from Iraq's State Oil Marketing Organisation (SOMO) showed heavy volumes for the first half of June, industry sources said.

The first Iraqi cargo under the renewed UN programme was loading on Tuesday at the Turkish port of Ceyhan bound for Spanish refiner Repsol,

traders said. Oil prices are on the slide again despite OPEC's efforts to reduce stockpiles by reining in supplies. Brent surged from less than \$10 in February to \$17 in early May after the Organisation of the Petroleum Exporting Countries announced output curbs.

Bearish sentiment is being compounded by the refinery run cuts which are being seen across the globe, said Lawrence Eagles of brokers GNI.

Italy's ERG on Tuesday became the latest European refiner in recent weeks to announce reduced refinery operations to combat sickly profit margins caused by low petroleum product prices.

ERG said it was slicing crude use during June at its Sicilian Priolo refinery, one of southern Europe's largest, following similar moves in recent weeks by

BP Amoco and Shell. In Singapore, Shell and Mobil both said they were cutting refinery operations.

Another report from Baghdad says Iraq took a decision to develop several oilfields to restore pre-Gulf War oil production, Iraqi television reported.

The decision was taken during a cabinet meeting chaired by Iraqi President Saddam Hussein, responded to an Oil Ministry suggestion to boost local potential.

The cabinet discussed a suggestion by the Oil Ministry to develop national production oilfields through a contractual formula, the report said.

This is to "restore all crude oil production capacities through self-reliance on the ministry's companies and the industrial sector in the country," the TV added.

WTO leadership race

NZ sees fresh talks involving new candidates if Moore fails

WELLINGTON, June 2: If a prolonged stalemate over the World Trade Organisation's leadership is not resolved in New Zealand's favour in a week, there would be fresh talks involving new candidates, a New Zealand source said today, reports Reuters.

"I would expect we've got about a week - it has to be done in that timeframe. Supachai has no prospect (of appointment)," the source said, referring to Thai Deputy Prime Minister Supachai Panitchpakdi.

Supachai and Mike Moore, a former New Zealand prime minister, have been locked in a contest for the WTO's top post of director general for weeks. The global trade watchdog's members failed on May 26 to break the logjam over who should head the body.

Moore has failed to win despite support from some powerful quarters, including the

United States and WTO General Council Chairman Ali Mchumo of Tanzania.

"Let's be frank and realistic about this. Vetoes work both ways," the New Zealand source said.

"The only reason that Mike Moore didn't get up is because of somebody else's veto against him and do you think New Zealand would allow a recycled, rejected candidate to be put forward?" the source said, referring to Supachai.

Failure to quickly resolve the stalemate would result in a fresh start and a new round of candidates, the source said.

In the meantime, the inward focus of the WTO was not helping global trade liberalisation, the source said.

WTO chief Renato Ruggiero retired on April 30 after completing a four-year term. There has been a leadership vacuum ever since amid major interna-

tional disputes, including a row between the United States and Europe over beef hormones.

"The director-general of the WTO had unique powers that could not be delegated to an acting chief, the source said.

"The place will grind to a halt, not immediately, without a director-general," the source said.

WTO General Council Chairman Mchumo said last month he had not given up hopes of a consensus decision but did not set a date for fresh talks on the race.

Speculation about the outcome then dried up, despite growing concerns that the impasse could derail the next round of global trade talks due to start in Seattle in December and overshadow an Asia Pacific Economic Cooperation forum summit in Auckland, New Zealand, in September.

Thailand to vie for ILO post

BANGKOK, June 2: Thailand will apply for the post of a deputy member of the International Labour Organisation's governing body, officials said today, reports AFP.

The position, one of three reserved for ASEAN countries, will allow Thailand to ratify its opposition to linking labour standards and international trade, a statement from Government house said.

"To be the deputy member of the organisation, Thailand will have a continuing role in the body to boost benefits for the country and other Asian countries in opposing linking labour standards with international trade," the statement said.

The 13th ASEAN labour ministers meeting in Myanmar last month passed a resolution to nominate Indonesia, the Philippines and Singapore as deputy members from 1999-2002.

Singapore later asked Thailand to take the third post.

The ILO's governing body allocates three deputy member positions to Association of Southeast Asian Nations (ASEAN) countries on a rotational basis.



South Korea's Kia Motors Co. unveils a new seven-seat family sedan, "Carenz," Wednesday. Kia hopes to sell 100,000 units of the model next year, including 40,000 abroad. Powered by a 1,800-cc DOHC engine, Carenz is to be sold for somewhere between 115 million won and 132 million won (9664 - 11,000 dollars). — AFP photo

US expects talks with China to resume soon

WASHINGTON, June 2: The Clinton administration expects to resume intensive negotiations over China's bid to enter the World Trade Organisation as soon as the two countries meet to discuss the mistaken bombing of the Chinese Embassy in Belgrade, US Trade Representative Charlene Barshefsky said Tuesday, reports AP.

Barshefsky told a business audience that the administration expected a "broad reengagement with the Chinese" in a number of areas, including the negotiations to remove Chinese barriers to American exports in return for US support for China's bid to join the Geneva-based WTO.

Barshefsky said the trade talks will resume after a meeting demanded by the Chinese in which US officials will provide "a more detailed explanation of the tragic accident with respect to the bombing of the Chinese Embassy in Belgrade."

Asked about the time frame for the discussions, Barshefsky said she expected them to occur "fairly soon," but she refused to be more specific.

The mistaken NATO bombing of the Chinese Embassy and release last week of a congressional report on Chinese espionage of US nuclear facilities have increased uncertainty over whether the United States and China will be able to reach a trade deal this year.

angered a number of US business groups that stood to gain significantly from the offers that China did make in an effort to close the deal.

Before the embassy bombing and the release of the espionage report, the administration had pledged to intensify negotiations with the aim of sending a completed WTO deal to Congress in June.

Congress must approve any trade deal because China's membership in the WTO will require Congress to drop the requirement for an annual review of China's trade status with the United States.

Libya to hire 300 Thai workers this year

BANGKOK, June 2: Thailand will send 300 workers to Libya this year to boost labour cooperation between the two countries, according to the Thai Foreign Ministry, reports Xinhua.

The plan was part of the outcome from last week's visit by Foreign Minister Surin Pitsuwan to Libya.

An official at the Thai Foreign Ministry was quoted Wednesday by the Bangkok Post as saying that Thai workers will be employed in an ambitious man-made river construction project operated by a South Korean company which could take 10 years to complete. The new labour quota will add to some 6,500 Thai labourers currently working in Libya as truck drivers, mechanics and construction workers.

Thai finance minister urges caution on recovery hopes

BANGKOK, June 2: Thai Finance Minister Tarrin Nimmanahaeminda has warned it is too early to celebrate Thailand's awakening from its economic nightmare, counselling caution amid hopes that recovery is imminent, reports AFP.

"The government is trying to be quite careful not to send the wrong signals to the market," Tarrin told the Foreign Correspondents Club of Thailand late Tuesday.

"In fact the problem is not over... we have so much to do," he said.

Hopes of an upswing have been boosted by recent gains on the stockmarket powered by foreign capital, encouraging economic data and favourable assessments by credit ratings agencies.

Some foreign investment houses have estimated the economy could boast growth in gross domestic product of between two and three per cent this year after a bruising eight

per cent contraction in 1998. The Bank of Thailand fuelled the optimism last week when it said growth could climb to 1.5 per cent this year, even though export performance looks set to fall well short of government targets.

"The government is not at all complacent, even though we have early signs of recovery," Tarrin said.

"I have been saying since last January that the government is predicting a one per cent growth rate possibly this year," he added.

"Just last week the Bank of Thailand revised it to 1.5 per cent positive - I am still remaining at one."

"We need to be conservative - we need to work hard with fundamental reforms."

Tarrin said the government of Prime Minister Chuan Leekpai had worked to stabilise Thailand's economy which was shattered when the regional economic crisis erupted here in July 1997.

He pointed to some success in restoring international confidence, but said huge tasks remained in recapitalising and restructuring the debt-ridden corporate and banking sectors.

A key plank in the government's recovery strategy are exports, which have so far this year failed to show hoped-for growth.

The Bank of Thailand on Friday revised its forecast for export growth over the year down to 2.1 per cent from four per cent.

"The figures for the first four months have not been quite positive but we are working very hard on achieving four per cent," said Tarrin.

"It is quite a tall order to go from probably around minus one per cent for the first four months of the year to go for the plus four level."

Analysts say Thailand's recession appears to have bottomed out and the central bank said in April it had detected no negative growth.

Trans-border trade with Bangladesh India's northeastern states await Delhi's clearance

SHILLONG, June 2: The governments of India's northeastern states have said they were ready to start trans-border trade with Bangladesh as soon as New Delhi clears their proposal for allowing business to begin, reports IANS.

The state governments of Assam and Meghalaya have exhorted the Commerce Ministry to facilitate opening up of border trade with Bangladesh with a view to bringing about an 'economic revolution' in the otherwise insurgency-ravaged and underdeveloped frontier region.

"We have urged the Central government to start immediate diplomatic dialogues with the government of Bangladesh for opening up of all border points for trade," Meghalaya Border Trade Minister Manindra Rabha told India Abroad News Service.

"From our side we are waiting for the green signal from New Delhi. We have also been

doing whatever possible from our side to improve the infrastructure and other facilities that will be required when trading takes place," he said.

The regional governments have already identified at least 20 potential border points in the two northeastern states having close proximity with the neighbouring country for trading. A total of 12 border markets were in operation between Meghalaya and Bangladesh before partition of the Indian sub-continent in 1947.

"We want all the border markets to reopen as it would greatly improve the economic condition of the border people in Meghalaya and Assam," Gloucester Syiem Malmiang, a tribal chief representing the Mawsynram area of Meghalaya, bordering Bangladesh, told the agency.

Free border trading on a daily basis takes place only at Moreh in Manipur state following the signing of a trade

agreement between India and Myanmar in 1995.

Automobile spare parts, fruit and vegetables, foodgrains, textiles and cotton yarn are the items which are in great demand in almost all the neighbouring countries, while Indian traders are generally interested in foreign goods like electronic gadgets, synthetic blankets, teak, gold and ruby.

As far as Bangladesh is concerned, the items in demand include coal, limestone and boulders from Meghalaya, besides fruit and vegetables and other essential commodities.

"If the border markets are opened, then our villagers can sell their agricultural produce in the markets rather than bringing all the stuff to the main town which is a bit expensive," Rabha said. "People here have for ages been involved in border trade, but after the partition, the Central government has stopped all trading."

Cathay stays firm despite pilots' strike threat

HONG KONG, June 2: Cathay Pacific Airways cancelled another 26 flights today because of absent pilots but remained firm in their demand for wage cuts for aircrew, reports AFP.

The pilots have warned they may go on strike if the company carries out a threat to dismiss any pilot that does not accept a wage cut or voluntary redundancy.

Pilots, some of the best paid in the world, have been calling in sick since last Friday in protest at the company's cost-cutting plan, causing havoc for flight schedules.

Despite mounting calls for a solution, no talks between the management and the pilots representatives are planned.

Cathay has increased the number of chartered aircraft and crew from rival airlines but the company's corporate development director Tony Tyler said: "We'll be very happy to make some progress, to put all

the troubles behind us." He insisted in an interview with Hong Kong radio that the dispute "is more about achieving long-term competitiveness for Cathay Pacific."

Representatives of the Hong Kong Aircrew Officers Association (AOA) were to meet the government labour commissioner on Wednesday. AOA secretary general John Findlay said the meeting was to see if the two sides could return to the negotiating table.

Findlay said the dispute was over management threats and their contracts, rather than pay.

Pilots voted Tuesday to hold a strike ballot if any of them were dismissed for not responding to a company deadline of June 11 to accept new contracts.

Cathay said its has made agreements with four more airlines to provide aircraft, each starting from Wednesday. The airlines were named as

Canadian Airlines, Eva Airways, Royal Airways and Thai Airways.

"Cathay Pacific is finalising similar arrangements with a number of other airlines and expects to announce details over the next few days," the airline said in a statement.

Cathay has already leased aircraft from Singapore Airlines, Dragonair, Japan Airlines, Malaysia Airlines and Vietnam Airlines.

Pilots say they are under stress and unfit to fly because of management's threat to sack them unless they accept pay cuts or voluntary redundancy by June 11.

The company wants to cut the pay of senior pilots and offer them stock options in compensation.

The company lost 542 million Hong Kong dollars (70 million US) in 1998 due to the Asian economic downturn, its first full-year loss in 35 years.



M. Kamaluddin Chowdhury, Executive President of Islami Bank Bangladesh Limited, delivers his presidential speech at the conference of divisional and departmental heads of the bank on Tuesday. —IBBL photo

Shipping Intelligence

Shipping Intelligence tables including CHITTAGONG PORT, Berth position and performance of vessels as on 2.6.99, Tanker due, Vessels Registered, Vessels at Kutubdia, Vessels at Outer Anchorage, Ready on, Vessels Awaiting Instruction, and Vessels not Entering.