

G7 planning moves on prices Oil climbs amid mounting Iraq-Kuwait tensions

LONDON, Sept 15: Oil prices climbed yesterday as protests in Belgium and Britain at the high price of fuel drew to a close but unrest flared elsewhere and tensions between OPEC nations Iraq and Kuwait mounted, reports Reuters.

Pressure mounted on OPEC exporters to raise output again with an International Monetary Fund official saying high prices hit poor countries and gave the cartel an obligation to act.

The exporter group, just days after announcing a production hike of 800,000 barrels per day (bpd), said it was prepared to boost supplies again if the market required such a move.

International benchmark Brent crude for November delivery last traded 29 cents higher at \$32.35, well above a \$25 a barrel price targeted by the Organisation of the Petroleum Exporting Countries.

US light crudes for October delivery last traded 13 cents higher at \$34.20.

Prices near 10-year peaks have hit consumers worldwide from Europe to Africa to tiny landlocked Nepal.

The threat of a heating oil shortages in the United States, the world's largest energy market, looms large this winter with US oil stocks holding at more than 20-year lows.

In Europe, governments facing growing truckers' protests against high fuel prices are resisting calls to ease taxation, although blockades in Britain collapsed amid fears that lives and jobs could be threatened.

Protests at the high price of fuel that had brought Britain and Belgium to a virtual standstill drew to a close as their governments talked tough. But elsewhere in Europe it was a different picture.

OPEC countries have long argued that European governments earn more via taxation, from the OPEC oil their citizens consume than OPEC members do themselves.

For their part, West European states are worried that OPEC may not have pumped enough extra crude to help lower prices.

An 800,000 barrels per day from October 1 agreed on Sunday by OPEC has put a cap on an 18-month-old price rally but failed to decisively push markets lower.

At the United Nations, Kuwait's foreign minister denied Iraqi allegations that his country was stealing Baghdad's crude.

"We haven't stolen anything. If you take from your own land, it can't be stealing," said Sheikh Sabah al-Ahmad al-Sabah.

He said in New York that Iraqis had recently been more threatening, coming increasingly close to Kuwait's and Saudi Arabia's borders.

Iraq, resurrecting an old complaint, said it would take unspecified measures against its smaller fellow oil exporter to stop what it called sabotage and theft of Baghdad's crude.

The development was a reminder of the 1990-91 Gulf crisis, when Iraqi tanks rolled into Kuwait after similar accusations.

The United States warned Iraq not to threaten its neighbours and said it stood ready to use its forces based in the Gulf to retaliate if Iraq took any such action.

Another report from Berlin says: The Group of Seven industrial nations plan a joint initiative on high oil prices and will issue a joint declaration on the subject by September 23 at the latest, a German newspaper reported yesterday.

The German edition of the Financial Times, citing German government sources, said the G7 finance ministers would, at or before their summit in Prague next week, urge the Organisation of Petroleum Exporting Countries to act to reduce oil prices.

The paper said lower prices could be achieved by another increase in OPEC production. The exporter group announced a production hike of 800,000 barrels per day at the weekend and said it was prepared to boost supplies again if the market required such a move.

The paper said the common initiative had been launched by Britain, which has been paralysed by demonstrators blocking oil refineries in protest at high fuel prices in recent days. Such protests have been spreading across Europe this week.

In a report issued ahead of publication on Friday, the paper said the representatives of the leaders of the G7 countries and Russia had already discussed the issue, and that all the states were interested in a joint position.



With their headlights glaring, trucks roll along the highway at Nieuweschans early yesterday during their journey from Groningen to The Hague. Around 400 truck drivers will present a petition to the Dutch finance minister concerning the high fuel price crisis. The truckers were escorted by the Dutch highway patrol.

—AFP photo

Spanish join European fuel tax protests

BARCELONA, Spain, Sept 15: Convoys of truckers and farmers staged Spain's first protests to demand fuel tax cuts today, joining a wave of demonstrations across Europe, says Reuters.

Transport workers joined forces to slow traffic on the main road skirting Barcelona. Spain's second-largest city and farmers' groups began similar action in Merida in the heart of the southwestern Extremadura agricultural region.

The regional government warned Barcelona residents to avoid driving to work in the morning rush hour, as convoys of trucks, buses, taxis and ambulances caused traffic snarls at the main crossroads.

They reported several tailbacks of more than one km (half a mile) long, but no major disruption was reported in the city centre where thousands of children were on their way to school for the first day of term.

The protest is a success. There are approximately 200 trucks and taxis involved. We're now waiting to hear from our counterparts in Madrid to see what our next step will be," Pedro Alberola, spokesman at UPTC truckers' association.

In Merida, more than 700 vehicles were concentrated around the main four entrances to the city centre.

Fuel-starved Britain back to normal

LONDON, Sept 15: Fuel-starved Britain was slowly getting back to normal Friday after most fuel-tax protesters called off their pickets of depots and refineries, says AP.

But motorists were warned it would be several days, or even weeks, before gas pumps are full once again.

Rebuilding the battered credibility of Prime Minister Tony Blair and the oil companies could take much longer.

Truckers in Belgium also began to lift their blockades of highways, fuel depots and city streets late Thursday. Truck drivers in other European countries looked set to join the protest movement.

Truck drivers in Ireland began staging go-slow protests in Dublin and other cities on Friday morning, slowing traffic in the capital and congregating in large numbers at the Dublin and Rosslare ports.

However, in Britain most of the pickets that have choked off the country's petrol supply over the past week had been removed by early Friday, and tankers were once again rolling to gas stations. Shell said 20 per cent of its pumps would be full by the weekend.

"Not all the protests are over. There's some way to go," Blair said. "It will be days before regular supplies get back to normal, even if the protests finish today."

The first protest to end Thursday was at Stanlow in northwestern England, where a loosely organised coalition of truckers and farmers began its campaign a week ago. Pickets quickly left nearly a dozen other sites.

"We have lost the battle but won the war," said Mark Greene, a protest organiser at the Milford Haven refinery in Wales.

Later, some picketers returned to the scenes of abandoned blockades, hoping to stop the tankers again. Protesters at Grangemouth refinery in Scotland restored their picket Thursday evening.

Military tankers were pressed into service to help relieve the backlog, but industry officials said it would take weeks to restore supplies.

"It's going to take us two to three weeks to get back to normal levels," said Ray Holloway of the Petrol Retailers Association.

The fuel crisis sparked a rash of panic buying, and some stores ran out of milk and bread. The Royal Mail said Thursday it was suspending Sunday collections to conserve fuel.

Some pubs reported they were in danger of running out of beer.

Conservative Party leader William Hague called on Blair to apologise for his "woeful" handling of the crisis, and the prime minister's popularity appeared to have taken a hit.

Inflation in Malaysia stays stable

KUALA LUMPUR, Sept 15: The government said Friday that inflation remained stable in August despite expectations of higher gasoline prices, with the consumer price index rising 1.5 per cent compared to the same month last year, says AP.

Also, the CPI expanded 1.4 per cent in the period between January to August, the department of statistics said in a statement Friday.

The department said that CPI was flat from July because price increases in some of the main groups that make up the index were offset by declines in others.

Analysts have estimated that the average inflation rate so far would be capped at 2 per cent for the full year, despite the likelihood of the government raising the price of gasoline when the federal budget for 2001 is presented in Parliament on Oct 27.

"I think that inflation will pick up a bit (because of higher gasoline prices), but should stay below 2 per cent (for 2000)," said PK Basu, a Singapore-based chief economist for Southeast Asia at Credit Suisse First Boston.

Although the central bank has officially forecast the inflation rate to rise 3.2 per cent this year, its governor Zeti Akhtar Aziz said last month she expects the figure to come in below 3.0 per cent.

Nike makes \$210m profit in first quarter

BEAVERTON, Oregon, Sept 15: As the Olympics opens with one of the biggest advertising blitzes in Nike history, the athletic showmaker reported first quarter profits of \$210 million, beating Wall Street expectations, says AP.

The earnings of 77 cents per share compare with \$200 million or 70 cents per share in the year-ago quarter.

Analysts surveyed for First Call/Thomson Financial had pegged earnings at 74 cents per share.

Sales for the quarter rose 5 per cent to \$2.6 billion, from \$2.5 billion in the same period last year.

"We're off to a good start for the fiscal year," said Nike chairman Phil Knight, who just returned from Australia in preparation for the annual shareholder's meeting Monday.

Asia and South America showed the strongest growth while European sales remained strong, but shoe sales declined again in the United States, falling 1 per cent to \$935 billion US clothing sales also were off 2 per cent to \$326 million.

The most worrisome trend, to which Knight devoted most of his opening remarks in a telephone conference with analysts, was flat orders for his shoes, clothing and equipment.

"I think that the Wall Street estimate on Futures was that they'd be up somewhere between 2 and 6 per cent," Knight said. "So I was more disappointed than anybody when those numbers came in and they didn't fall within that range."

Knight said a 9 per cent decline in US futures dragged down improving international orders, and said the measure was not as important to the shoe industry as it used to be.

"The company is much more complicated than it was five years ago," Knight said. "Therefore, the futures are not nearly as relevant or directly an indicator of what we're going to do in the future as it was two or three years ago."

Saudi stocks end week up

RIYADH, Sept 15: The Saudi stock exchange, the biggest in the Arab world, edged up 0.6 per cent on the week yesterday, as investors continued to hold back on volatility in the oil market, a financial consultancy said, reports AFP.

The general index of the National Centre for Financial and Economic Information (NCFEI) closed at 2,350.75 points against 2,337.87 a week earlier, according to Bakheet Financial Advisors.

"The Saudi stock market continued its upward trend this week with low trading due to oil price volatility," Bakheet said.

Oil prices have remained firm around 32 dollars a barrel since OPEC's decision on Sept 10 to hike output by 800,000 barrels per day to cool the market.

Prices have topped levels not seen since the 1991 Gulf war over the past weeks, and on Thursday morning a barrel of North Sea Brent reference crude for October delivery was trading at 31.90 dollars a barrel.

Amongst the blue chips, Arab National Bank and Saudi French Bank were the best performers, up 2.5 and 2.3 per cent respectively, while Saudi Hooland Bank dipped 0.3 per cent.

Trading value reached 1.6 billion riyals (439.7 million dollars), down slightly from last week's figure of 1.8 billion riyals (483.8 million dollars). Stock prices of 28 companies were up 23 were down, 11 were un-

Clinton urges US religious leaders to aid poor countries

WASHINGTON, Sept 15: President Bill Clinton urged American religious leaders yesterday to do what they could to get more US money to help poorer countries with debt relief, disease control and improving education, says Reuters.

In a speech at the White House prayer breakfast, Clinton urged the leaders to lobby Congress for more funds, saying it was America's responsibility to help other nations.

"As Americans, we have, I think, a truly unique opportunity and a very profound responsibility to do something now on debt relief, disease and education beyond our borders," Clinton told about 120 religious leaders in the State Dining Room.



Campaign posters read "Euro Land? No" in Copenhagen, Thursday. Denmark will hold a referendum on September 28 to see whether or not it should join the European Monetary Union. Central Bank President Wim Duisenberg said that if Denmark were to vote against joining the single currency, it would have a "negligible" impact on the euro zone economy given the small size of Denmark. Gallup's latest poll in Denmark had 45 per cent against the single currency with 40 per cent in favour and 15 per cent undecided.

—AFP photo

Clinton delays retaliatory duties on new set of \$308.2m EU goods

Blair moves to resolve transatlantic trade disputes

WASHINGTON, Sept 15: President Bill Clinton has delayed a decision on imposing retaliatory duties on a new set of \$308.2 million worth of European Union goods following efforts by British Prime Minister Tony Blair to resolve transatlantic trade disputes, US officials said yesterday, reports Reuters.

As separate trade fights over beef, bananas and tax breaks for American exporters have become increasingly entangled, London has voiced crucial support for Washington in resolving the disputes, the officials said.

At a recent EU ministers meeting, Blair was extra, extra demanding that we need to resolve the banana dispute," a US Agriculture Department official told Reuters.

Blair also insisted that the EU work with the United States to resolve a tax trade dispute in a

mutually beneficial way, rather than hold "the Americans hostage on the issue," the department official said.

Under a law Clinton signed in May, the administration is required to impose 100 per cent duties on a different set of EU goods every six months until Brussels changes its policies to comply with World Trade Organization rulings in two trade disputes over beef and bananas.

The Clinton administration was expected to target a new group of EU goods by June 19 but has not yet taken such action.

"I think you have to look at a lot of our trade issues in their entirety, and the president's role in trying to promote what's in the best interest of our trade agenda," White House spokesman Joe Lockhart said.

Meanwhile, the United States faces an Oct 1 deadline to change

its tax law to comply with a WTO ruling in a case brought by the EU.

The US House of Representatives on Wednesday overwhelmingly approved legislation to overhaul the US Foreign Sales Corporation (FSC) programme, a multibillion-dollar set of tax breaks for American exporters. The Senate is expected to approve the legislation later this month.

However, the EU says the new legislation "still violates WTO rules, raising the prospect that Brussels would seek to impose billions of dollars in sanctions on the US goods."

A second US official said Clinton has delayed issuing the new retaliation list at the urging of Blair, and to avoid antagonizing Brussels ahead of the Oct 1 deadline on the FSC.

"We don't want to punish a guy who is being helpful," said the

official, referring to Blair.

But Clinton will not hold off publishing the revised beef and banana retaliation list for too much longer if no progress is made on the FSC or other trade disputes, the official said.

Leaders of the US House Agriculture Committee expressed impatience with the continued delay.

"We believe quick and decisive implementation of the provision is the best way to encourage European compliance with recent WTO decisions on beef and bananas," Committee Chairman Representative Larry Combest, a Texas Republican, and Representative Charles Stenholm, a Texas Democrat, said in a letter asking Clinton for a briefing on the reasons for the delay.

Ford won't make final bid for Daewoo

SEOUL, Sept 15: Ford Motor Co. announced on Friday that it will not make a final bid for the South Korea's debt-laden Daewoo Motor Co., casting doubt on the country's efforts to restructure its debt-ridden industries, says AP.

"Ford Motor Company has decided not to make a final offer for the acquisition of Daewoo Motor," Ford Vice Chairman W. Wayne Booker said in a five-paragraph statement. "We believe that a proposal was not possible that would be in the best interest of Daewoo and Ford."

The US auto giant had beaten out joint bids by General Motors and Fiat, and DaimlerChrysler and Hyundai Motor for the right to conduct exclusive negotiations with Daewoo about taking over the assets of the country's second largest automaker.

South Korean officials said Ford had offered \$6.9 billion to take over Daewoo Motor, but the US automaker had never publicly discussed its offer.



A South Korean security guard of Daewoo Motors Co. guards its main gate in Bupyeong, some 30 km west of Seoul, yesterday. US automaker Ford Motor Co. has withdrawn from talks to take over bankrupt Daewoo Motor Co., plunging the country's second largest automaker into new uncertainty.

—AFP photo

India worried over exodus of IT experts

Talent dearth seen shattering dream for becoming 'superpower'

NEW DELHI, Sept 15: The large crowds before the US embassy here, no longer wave anti-imperialist placards. Instead, they anxiously clutch proof of being information technology (IT) experts, seeking work in that country, reports IPS.

Last year, Indians cornered half of the 115,000 coveted H-1B visas issued by the US government to qualified professionals worldwide. This year, the H-1B quota is expected to be increased to 200,000, with half of these likely to go to Indian "techies".

Even as it employers in the United States lobby hard to get legislative approval for a hike in the H-1B quota, Indian Prime Minister Atal Behari Vajpayee will do the same during his present visit to the United States.

Vajpayee, who is in the United States these days, will press for a substantial hike in the H-1B quota and the elimination of social security charges now paid by Indian workers in that country.

"We are pressing for avoidance of double payment of social security, removal of caps on H-1B visas and locational constraints on those who qualify," said Dewang Mehta, president of India's National Association of Software and Service Companies (NASSCOM).

However, the growing exodus of Indian IT professionals to the US and other

nations, has also led to worries that the country may again be losing its best talent to the industrialised countries.

The government is not happy with this at a time when India aims to become an IT superpower," says Information Technology Minister Pramod Mahajan.

The India Information Technology Task Force set up by Mahajan's Ministry has identified manpower shortages as one of the main hurdles to reaching this goal.

According to Mahajan, while the government has been accommodating so far in allowing IT professionals to seek lucrative jobs abroad, it cannot let the exodus continue.

But may be too late, says Gurnandan Bhat who helped set up the Government's Advanced Centre for Informatics. "Nothing was done to make it attractive stay back," Bhat said.

According to Bhat, Indian IT professionals are successful in the West not so much because of their expertise, but because they are simply good immigrants. "Put an immigrant Indian on foreign soil and he becomes a diligent, hardworking and useful employee," he pointed out.

Indian IT experts also become successful entrepreneurs abroad because they "suddenly find themselves in a refreshingly different environment in which they are

free of unfair and unrealistic government regulations and a corrupt system," he added.

The only check on the outflow of Indian IT experts is being provided by transnational corporations, which are setting up shop in the big Indian cities.

The two southern cities of Hyderabad and Bangalore have become major global IT hubs. Microsoft chief Bill Gates, who is expected to visit India this week, said he had opened a Microsoft development centre in Hyderabad because he saw great potential in India.

India is now second only to the US in the number of Microsoft certified professionals and I think that's great in terms of pure talent available here," Gates told the "Times of India" newspapers.

According to Ramesh Mashelkar, director general of the Council for Scientific and Industrial Research (CSIR), which control more than 40 premier research institutions in the country, "India has the potential to become the remote processing country for the world."

However, industry observers expect the number of IT professionals leaving the country to grow as more industrialised nations seek Indian expertise in the field.

During his August visit to India, Japanese Prime Minister Yoshiro Mori promised

relaxation of his country's tight immigration rules for Indian IT experts.

Wooing Indian professionals, German IT companies are offering them everything, right down to vegetarian food, if they take advantage of Chancellor Gerhard Schroeder's scheme of 20,000 work permits for foreign IT experts.

But Indian professionals, familiar with the English language and put off by stories of racism in Germany and Japan, prefer to work, and perhaps eventually settle, in the United States.

"The US is still the land of opportunity," said Ramesh Gulati, an electronic engineering graduate from the premier Indian Institute of Technology (IIT).

Gulati, who had found a job in that country, said he always wanted to go to the United States, but failed in his last attempt to get there on a student visa.

"Things look different now and I would still like to try my hand at being an entrepreneur once there," he said. Gulati has been inspired by success stories of Indians who floated their own IT ventures in the United States.