

Oil dips as US mulls stocks release

OPEC, oil firms cause price hike: Schroeder

LONDON, Sept 22: Oil prices fell yesterday as US Energy Secretary Bill Richardson said President Bill Clinton was nearing a decision on releasing oil from the nation's strategic stocks to cut back soaring crude prices, says Reuters.

"At this moment, a decision is imminent," Richardson told members of the US House Government Reform Committee.

London Brent futures fell \$1.02 to \$32.72 a barrel, just two cents off a session low following a 10-year peak on Monday of \$34.98. US light crude oil for November last traded \$1.29 cents lower at \$33.95.

Trade was very volatile with prices earlier falling by nearly a dollar after US Democratic presidential nominee Al Gore said he would recommend to the president several swaps of five million barrels from the strategic Petroleum Reserve.

The 571-million barrel reserve has been called upon only once before, during the 1990-91 crisis over Iraq's occupation of Kuwait.

The stockpile, stored in underground salt caverns along the Gulf of Mexico, was set up by Congress in the mid-1970s after the Arab oil embargo.

Oil prices have been driven up by \$4 this month by fears of winter supply shortages - especially in the United States, the world's biggest oil burner, where heating oil stocks are running 24 per cent below last year.

But OPEC made clear that it would not consider a further output increase during a cartel heads-of-state summit in Caracas next week.

OPEC President Ali Rodriguez of Venezuela said leading cartel ministers were agreed the group would wait until October before considering a release of more oil under a price stability mechanism.

US Republican presidential candidate George W. Bush rapidly denounced Gore's call to release reserves as a potential threat to national security and an election year political ploy.

The World Bank, meanwhile, warned on Thursday that prices above \$30 a barrel would damage the world economy.

Bank President James Wolfensohn said high prices could prove especially harmful to import-dependent poor nations where economic growth could fall by a full percentage point.

If it stays above \$30 it affects developed countries too," he said. "I do not think it is in anybody's interests to see it still in the \$30s."

The International Monetary Fund earlier this week warned high oil prices were dimming the world's economic prospects.

To stave off inflation, sustain economic growth and tame runaway prices, consuming nations have been urging OPEC to release even more crude oil.

But OPEC says it has done its part and blames factors beyond its control, such as US refinery bottlenecks, oil market speculation and high taxes, for the soaring prices.

The Organisation of the Petroleum

Exporting Countries will boost its output by 800,000 barrels per day (bpd) in October, bringing the total rise in cartel production this year to 3.2 million bpd.

But some of OPEC's price hawks are urging the cartel to proceed with caution.

Venezuela said soaring crude prices were fair and current supply plenty. Any further decision to unleash extra barrels "must be viewed with caution," President Hugo Chavez said on Venezuelan television.

"For us, prices are fair, not high... It's not true that supply is lower than demand."

But neighbouring non-OPEC Mexico held an opposing view.

Luis Tellez, oil minister for Mexico, which backed OPEC in output curbs in 1998 when prices fell below \$10, said he hoped more oil would flow to the market in the fourth quarter.

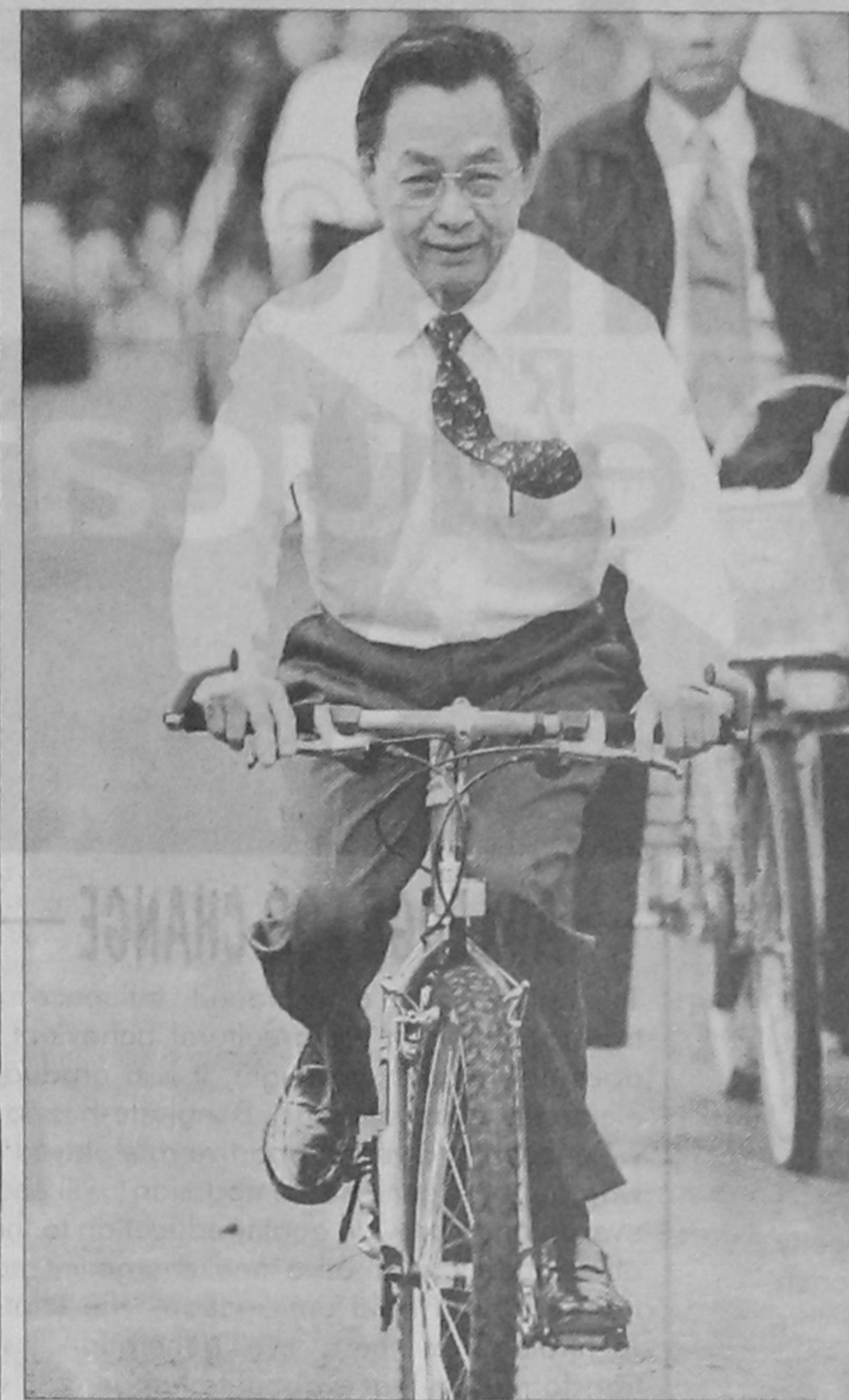
France called on Wednesday for an urgent meeting of OPEC producers with the European Union and the United States.

Many European governments have been battling consumer protests against high taxes and duties in the region. The protests have caused widespread chaos and disruption.

Meanwhile, a report from Berlin says German Chancellor Gerhard Schröder said today the Organisation of Petroleum Exporting Countries and oil companies were the cause of "worrying" and "exorbitant" fuel price rises in recent weeks.

Schröder has this week accused oil firms of price fixing after a rally in crude oil prices to 10-year highs close to \$38 a barrel has brought truckers and farmers onto the streets across Europe. Several European governments have given in to demands for fuel tax cuts to ease the burden.

"The OPEC nations on the one hand and the oil companies on the other are the cause of this worrying development," Schröder told a joint news conference with Italian Prime Minister Giuliano Amato after talks between the two in Berlin.



Thai Prime Minister Chuan Leekpai smiles as he rides his bicycle to work at Government House during the campaign 'Car Free Day', yesterday. The campaign calls for Bangkok motorists to join drivers from 813 cities in 25 countries to leave their cars at home and take part in an international protest against surging oil prices. - AFP photo

US steel imports in first 7 months rise, Aug imports slightly down

WASHINGTON, Sept 22: US steel imports in the first seven months of the year rose nearly 20 per cent from the same period in 1999, while August imports were down slightly from July, the government said yesterday, reports Reuters.

The Commerce Department said that total January to July steel imports rose 18.4 per cent to 21.6 million metric tons from 18.3 million in the first seven months of last year.

Commerce also said a preliminary reading showed US August steel imports fell 1.1 per cent to 3.18 million metric tons from 3.21 million in July. But they were up 7.2 per cent from 2.96 million metric tons imported a year earlier in August 1999.

July imports were revised upward from 3.17 million metric tons reported a month ago.

Commerce said the drop in August primarily reflected fewer imports of hot- and cold-rolled sheets, as well as decreased imports from Japan and Taiwan.

But there were heavier imports of blooms, billets and slabs and plates in coils during the month. Larger imports from Brazil and India were also seen.

In the first seven months of the year, the largest commodity increases were in hot rolled sheets and in blooms, billets and slabs. Commerce said. The largest country increases were from the Ukraine, India and China.

Last month the International Trade Commission cleared the way for the United States to impose punitive duties as high as 95 per cent on steel sheet imports from Japan. August imports from Japan fell to 126,039 metric tons from 204,032 metric tons in July, the report said.

Saudi stocks end week up

RIYADH, Sept 22: The Saudi stock exchange, the biggest in the Arab world, edged up 0.5 per cent in the week to Thursday, as investors remained cautious of the 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 2,361.77 points against 2,350.75 a week earlier, according to Bakheet Financial Advisors.

The Saudi stock market moved very cautiously in a narrow band with low turnover where investors kept a close eye on the end result of the current international scene of oil prices," Bakheet said.

"Various political moves are expected to calm overheated prices on a backdrop of US 'options' of using the Strategic Petroleum Reserve to put a ceiling on prices," the Riyadh-based consultant said.

Prices have spiked levels not seen since the 1991 Gulf war over the past weeks.

On Thursday morning in London, a barrel of benchmark North Sea Brent crude for November delivery was trading at \$32.92 dollars a barrel, against \$33.55 dollars at the opening and \$33.74 dollars at the close on Wednesday.

Amongst the blue chips, Saudi Arabian Fertilizer Co (SAFCO) and Arab National Bank were the best performers, up 7.8 and 3.2 per cent respectively, while Saudi British bank fell 0.8 per cent.

Trading value reached 1.75 billion riyals (466.8 million dollars), up slightly from last week's figure of 1.6 billion riyals (439.7 million dollars). Stocks prices of 32 companies were up 23 were down, five were unchanged and 14 did not trade.

The Saudi bourse, which has a market capitalisation of 60 billion dollars, had its best performance for eight years in 1999, with the NCFEI moving forward 43.6 per cent, due mainly to the increase in crude oil prices and economic reforms launched by the kingdom.

Nepal posts 6pc growth

KATHMANDU, Sept 22: Nepal's real economic growth rate in 1999/2000 (to mid-July) was 6.0 per cent, up from 3.9 per cent a year earlier, the central bank said, reports Reuters.

"The real economic growth rate stood at six per cent due mainly to improvement in the agricultural sector followed by marked growth in the manufacturing, electricity and trade sectors," the Nepal Rastra Bank (NRB) said.

It did not specify the growth rate for agriculture, which accounts for more than 40 per cent of the impoverished Himalayan kingdom's GDP. Last year, agriculture grew by three per cent.

Officials said agriculture, employing more than 80 per cent of Nepal's workers, was in good shape due to favourable weather and the availability of fertilisers.

The manufacturing sector grew 9.0 per cent due mainly to higher production of beverages and a good performance by construction and export-related industries.

The trade deficit stood at \$5.5 billion (Nepali rupees \$762.78 million) in 1999/2000, against \$1.85 billion in 1998/99.

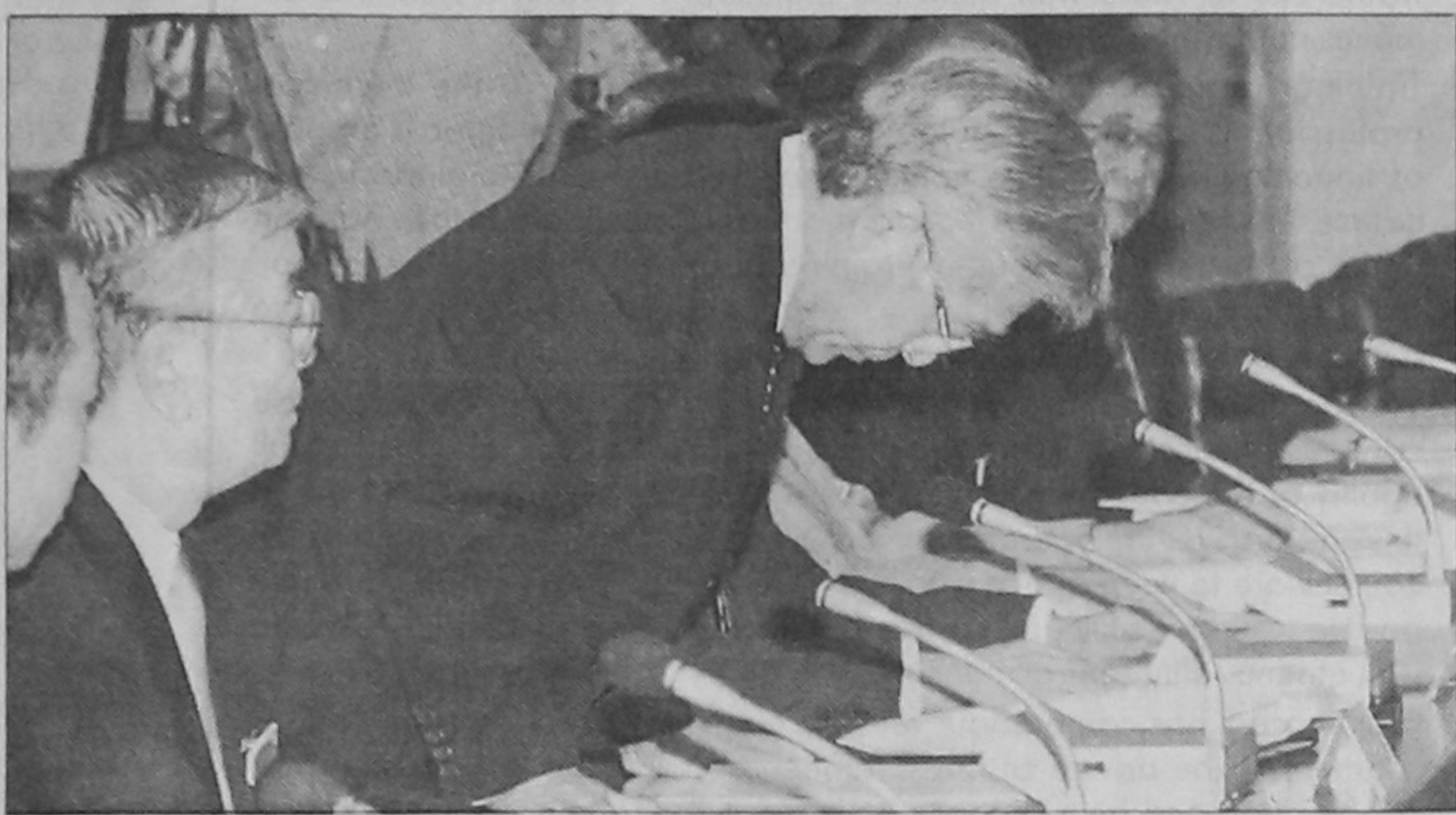
Indonesia sees 3-4 pc growth this year

JAKARTA, Sept 22: Indonesia's central bank today aired optimism that the country's targeted gross domestic product (GDP) growth of 3-4 per cent for 2000 can be achieved or even exceeded, reports AP.

"In general, the board of governors views that the macro-economic indicators showed quite substantial positive developments up to August 2000. The economic recovery is continuing and economic activity growing," a Bank Indonesia (BI) statement said.

Improvements in the economy were shown by second quarter GDP growth of 4.1 per cent year-on-year, with the biggest contributions coming from exports, up 5.7 per cent, investment at 4.1 per cent, and consumption at 2.0 per cent.

BI said the development of the external sector had improved, helped by higher international oil prices.



Mitsubishi Motors (MMC) President Katsuhiko Kawazoe (C) bows at the start of the company's first session of the Quality Matters Advisory Committee at its headquarters in Tokyo, yesterday. MMC has announced the recall of more than 700,000 vehicles worldwide at an estimated cost of 7.5 billion yen (70.7 million USD) after a Transport Ministry inspection found documents on faulty vehicles stashed away in employees' locker at its Tokyo head office in July. - AFP photo

Poor countries worried about global financial reform

PRAGUE, Sept 22: Poor countries are worried that reforms to the global financial system and the International Monetary Fund could in fact destabilise economies, according to a report presented to the Group of 24 (G24) developing nations, reports Reuters.

The report also warns that any use of the fund as a "super-rating agency" could trigger panics.

G24, which comprises of countries from Asia, Africa and Latin America, is also worried by what it sees as increasing domination of the Fund by a small number of rich nations, according to the report presented to their meeting by Aziz Ali Mohammed, an adviser to G24 and the State Bank of Pakistan.

Proposals from the US for dealing with the role of the private sector in financial crises have argued for a "case-by-case" basis for involving the sector, so as not to cause instability in capital flows to countries in anticipation of a crisis, which may in itself may cause a financial shock.

"While developing countries have not yet articulated a firm position, the interests of smaller countries would indicate a preference for a rules-based system," Mohammed said.

"This would constitute an important step in developing in the international sphere a bankruptcy regime analogous to the one existing in the domestic arena," the report said.

Pakistan last year rebuffed IMF calls to restructure its private sector debt.

Mohammed also said the IMF should stay out of negotiations with private sector creditors and instead make use of emergency facilities to deal with

any speculative attacks through financial markets.

"In a world where these markets can mobilise enormous sums in very short order to attack any country's currency, the IMF could succeed in facing down speculators only if it has the power to create international reserves freely through a prototype SDR (Special Drawing Right) system," Mohammed said.

Developing countries should also use their power to defeat any moves to graduated interest

rates on IMF loans, which the IMF is proposing to discourage prolonged reliance by countries on its funding.

"Developing countries consider the rationale to be unconvincing and since changes in the terms of IMF credit would require a qualified majority of 70 per cent (of IMF votes) to be enacted, they would be able to block the G7 proposals, provided they maintained solidarity."

Developing countries believe the idea of the IMF as a coop-

erative institution is coming under sustained attack from richer nations such as the US, said Mohammed. G24 should ensure that issues relating to the destabilisation of emerging economies should be addressed.

For example, proposals to use any increase in IMF income for resources to target the very poorest nations would result in slightly less poor nations losing out in funding, in effect subsidising the rich nations, Mohammed said.



A volunteer on Thursday walks through rows of tents set up inside the Strahov stadium, the largest stadium in the world, located on Petrin hill in Prague, where a giant campsite for about 15,000 anti-globalisation protesters opened September 15. Up to 20,000 anti-globalisation protesters are expected to come to Prague during the annual meetings of the World Bank and the International Monetary Fund (IMF), set to start September 26 and last until September 29. It is the first time a country provides housing for anti-globalisation protesters. - AFP photo

US treasury secy joins lawmakers, Bono to urge debt write-off

WASHINGTON, Sept 22: US Treasury Secretary Lawrence Summers yesterday joined rock star Bono and a parade of lawmakers on Capitol Hill to urge Congress to authorise payment of the US share of a global initiative to relieve the debts of some of the world's poorest countries, says Reuters.

It is absolutely vital that before it adjourns, Congress enables the United States to pay its full part in funding the enhanced HIPC debt relief initiative for the world's poorest countries that was agreed last year in Cologne," Summers said. "Congress now holds the fate of this initiative in its hands."

The Clinton administration has requested Congress to authorise payment of \$435 million over two years to pay the United States' share of the Heavily Indebted Poor Countries

Initiative, which aims to ease or forgive the crippling debt burdens of some of the poorest nations.

However, the House of Representatives and the Senate both have balked at appropriating the full amount.

The House has set aside some \$225 million and the Senate just \$75 million in two different versions of foreign aid bills that have yet to be reconciled.

In a news conference on Capitol Hill, Summers said US failure to pay its full share had already stalled the debt relief initiative in countries like Bolivia and threatened to jeopardise relief to African nations plagued by some of the worst poverty in the world.

"The world is waiting for us to do our full and fair share and keep this initiative going," Summers said.

White House economic adviser Gene Sperling said the United States failed to act it could tear apart the international coalition backing the relief effort.

"This is the critical moment in debt relief for poor countries," he said. "This is truly a bipartisan issue."

The renewed pressure on Congress came after the International Monetary Fund vowed on Wednesday to speed up poor nations' debt relief in the face of protests by critics who say the IMF is doing too little to alleviate global poverty.

Republican and Democratic lawmakers also spoke out, saying they had forged abroad coalition across party lines to press the debt payment allocations through Congress.

President Bill Clinton will also hold a meeting of political, religious and cultural leaders

within weeks to give fresh impetus to the push for debt relief.

"This is something that needs to be done," declared Republican Sen. Orrin Hatch of Utah. "It has strong bipartisan support from many in Congress."

Irish rock star Bono of the group U2, whose Jubilee 2000 campaign to ease the crippling debt burdens of Third World Nations, said he was encouraged by the support he had seen in Washington, but remained cautious on whether Congress would respond to the calls to appropriate the necessary funds.

"It's hard to get people in this town to agree on anything and yet people have really come together on this," he said. "But until I see the \$435 million, I'm going to be a bit sceptical."

Oil price fixation row

US Senate panel okays bill to allow lawsuit against OPEC

WASHINGTON, Sept 22: A Senate panel approved yesterday legislation that would allow the US Justice Department and the Federal Trade Commission to file anti-trust lawsuits against OPEC for fixing the price of oil, says Reuters.

The bill, approved by the Senate Judiciary Committee, has little chance of becoming law with less than two weeks left before Congress adjourns for the year.

The legislation would change current law, which bars anti-trust lawsuits against the Organisation of Petroleum Exporting Countries as well as individual nations.

"OPEC nations openly conspire to violate the norms of our anti-trust laws, yet they expect to do business with us and to continue to reap the benefits," said Sen. Patrick Leahy, a Vermont Democrat who co-sponsored the bill.

Republican Mike DeWine of Ohio, chairman of the Senate Judiciary panel, also helped author the legislation.

The bill is known among lawmakers by its acronym "NOPEC" which stands for the No Oil Producing and Exporting Cartels act. Many US lawmakers from both parties have expressed frustration that OPEC members have benefited from US arms sales, foreign aid and military assistance in the past while doing little to tamp down crude prices that remain stubbornly above \$30 a barrel.

The Clinton administration opposes the legislation, and has repeatedly said it prefers to work with OPEC allies in private meetings to persuade the cartel to pump oil and lower prices.

Lankan tourist arrivals down

COLOMBO, Sept 22: Sri Lanka's tourist arrivals have dropped 2.9 per cent in the first seven months of this year to 238,846 from the same period last year, according to the Tourist Board's latest statistical bulletin, says Xinhua.

However, Chairman of the Tourist Board H M S Samaranayake has expressed confidence that tourist arrivals will pick up despite the country being placed on a war footing.

Arrivals dropped sharply in April as fighting intensified between government troops and Tamil Tiger rebels in the northern Jaffna peninsula. July's figures were bolstered by arrivals from Europe, which rose 9.3 per cent from a year earlier, the board said.

In 1999, a record number of 436,440 tourist arrivals was recorded in Sri Lanka. The Tourist Board has expected that arrivals would rise to 500,000 this year.

New jackets for the staff are carried out of a truck at the Amsterdam Stock Exchange in Amsterdam, the Netherlands, yesterday. The Stock Exchanges of Paris, Brussels and Amsterdam are joined together as Euronext. The new organisation will be operational from the summer of 2001. - AFP photo

Over 40m Chinese relieved of poverty since 1996

BEIJING, Sept 22: During the Ninth Five-Year Plan period (1996-2000), more than 40 million impoverished Chinese people will be relieved of poverty and the Chinese government's poverty relief plan will be realised, according to a spokesman for the State Development Planning Commission, reports Xinhua.

He said that by the end of this year, China will be able to basically solve the problem of providing enough food and clothing for its entire impoverished population.

The spokesman said that during the five years, China implemented the government's poverty-relief plan, adhered to the principle of relieving poverty through development, increased input in impoverished areas through various channels and found an effective way to develop poor areas.

During the five years, special money allocated for poverty relief, put in by the central government, is expected to exceed 94 billion yuan (about 1.2 billion US dollars). The central government, is expected to exceed 94 billion yuan (about 1.2 billion US dollars). The central government also gave powerful support to impoverished areas in large and medium-sized infrastructure projects, resource development and biological environmental protection projects, he said.

With concerted efforts by the whole society, the infrastructure, production and living conditions in impoverished areas have been largely improved, and science and technology, culture, health and other social affairs have made new progress in poor areas as well.

Statistics show that by the end of 1999, the number of poor people dropped from 70

million in 1995 to 34 million, and this year about 10 million more are expected to get out of poverty. The per capita income of farmers in 592 counties under the State's poverty line had been raised from 824 yuan in 1995 to 1,347.

Some key impoverished areas have successfully got rid of poverty as a whole, such as the Yimeng mountainous areas, Jinggang mountainous areas, Dabie mountainous areas and the southwest part of Fujian Province. In Yimeng mountainous areas, farmers' per capita net income has reached 2,035 yuan.

The spokesman said that in impoverished areas, over 97 per cent of the townships have access to roads and highways and a steady power supply. The dropout rates at schools have lowered to 6.9 per cent, and 98 per cent of the townships have hospitals.