

# UN may let Iraq to get euros for oil export

US not unnerved by Baghdad's likely rejection of dollar

UNITED NATIONS, Oct 27: UN Security Council members appear likely to allow Iraq to receive payment for its oil exports in Europe's single currency rather than US dollars, diplomats said on Thursday.

"In principle, we have no problem with it," said one member of the council's sanctions committee on Iraq. "There is nothing in the resolution that says what currency is to be used."

Iraq has already threatened to stop oil exports the bulk of which flow through the UN humanitarian programme, if its request for payment in the euro is denied.

Baghdad currently is selling about \$60 million of oil per day. Its 2.3 million barrels per day (bpd) of crude oil comprise some five per cent of the world's supply.

Iraq, which has called the dollar the currency of its "enemy state," informed oil cus-

tomers earlier this month to start making payments in euros, beginning Nov. 1.

Under the so-called UN oil-for-food programme, Iraq is permitted to sell unlimited quantities of oil to purchase needed supplies for its 23 million people to alleviate the impact of UN sanctions. The embargoes were imposed when Baghdad's troops invaded Kuwait in August 1990.

Contracts for goods as well as oil sales are approved by the United Nations, which has a dollar-based escrow account at the New York branch of the French bank BNP-Paribas. More than \$10 billion is currently in the bank.

The fact is that whether it's in euros or dollars, we have control of his (Iraqi President Saddam Hussein's) pocketbook, so that we make sure that the revenue from the oil-for-food programme is used for food and medicine and not for tanks," Crowley added.

Meanwhile, another report

bought and sold around the world in US dollars. The committee is expected to consider the report on Monday.

In Washington, the White House said it made no difference to the United States which currency Iraq used.

"I don't think it matters whether Iraq takes euros for oil rather than dollars," National Security Council spokesman P J Crowley said.

"What's important is that the oil-for-food programme continues. We're going to continue to support the oil-for-food programme, but as to the specific currency, I don't think it matters," he said.

The contract surged 75 higher to \$33.71 in New York after an Iraqi source said Baghdad would likely suspend oil sales from November 1 if its proposal for euro payments was rejected.

from Washington says: The White House said yesterday it made no difference whether Iraq is paid in euros or dollars for its oil exports, responding to Baghdad's threat to suspend oil shipments next week unless they were paid for in the single European currency, says Reuters.

**Prices steady**

Another report from Singapore says: Oil prices steadied today as fears of an imminent halt to Iraqi exports eased slightly on expectations the UN will allow Baghdad to be paid in euros, a condition Iraq has laid for continued flow of its crude.

US benchmark crude futures stood at \$33.64 per barrel, edging seven cents down from the day earlier close.

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## IEA to convene if Iraq halts 2.3m bpd oil exports

Baghdad's move seen shaking market

PARIS, Oct 27: The International Energy Agency (IEA) said yesterday it would convene immediately to respond if Iraq halts 2.3 million barrels per day (bpd) in exports and warned such a move by Baghdad would rattle oil markets, says Reuters.

"I think we would immediately come together to decide what to do," IEA Executive Director Robert Priddle told a news conference on Thursday.

He was speaking hours after an Iraqi source told Reuters Baghdad is likely to suspend oil sales worth five per cent of world crude exports from November 1 if Washington objects to a plan by Baghdad that be paid in euros rather than dollars.

The head of the West's energy watchdog said a disruption of Iraq's exports would rattle the oil market, which is already located in a relentless price rally.

Iraq has 2.3 million barrels. That would be a significant shock to the market if it were all lost," he said.

Priddle stressed that other oil producers have indicated

they would step in and pick up the slack if Iraq halts exports.

But remember too that first of all Iraq wants its revenues. Second, that other producers have said they would seek to respond if there were interruptions. So others would make good any loss in supply," Priddle said.

He said the IEA could also take action to fill in any supply gaps.

"We are confident we can supply. Our members have got stocks and they are ready to draw down supplies," said Priddle.

Priddle also predicted that oil prices would not fall sharply if OPEC raises production by 500,000 barrels per day under a price stability mechanism due to be triggered by Monday.

He said oil markets would need proof of actual new barrels before cooling down from blistering prices that hit decade highs in the mid \$30 a barrel this month.

"I think the market would like us, be a bit reserved, waiting to see what actually came

onto the market. So I wouldn't expect that an OPEC hike to have a dramatic price effect," he said.

Priddle said Saudi Arabia had the ability to unleash a significant number of crude barrels into the market under an OPEC supply increase.

"The Saudis have the capacity to put significant additional quantities on the market," he said.

Soon after Priddle's comments, the United States appeared to accept in principle that Iraq be paid for its oil in euros.

The fact is that whether it's in euros or dollars, we have control of his (Iraqi President Saddam Hussein's) pocketbook, so that we make sure that the revenue from the oil-for-food programme is used for food and medicine and not for tanks," Chris Patten said in a speech at Oxford University.

He said the sovereignty issue has also been misleading.

"A man, naked, hungry and alone in the middle of the Sahara desert is free in the sense that no one can tell him what to do. He is sovereign then but he is also doomed," Patten said.

It is often preferable to accept constraints on freedom of action in order to achieve some other benefit."

Britain opted to keep the pound when 11 other European countries launched the euro in January of last year. Prime Minister Tony Blair has said he favours adopting the euro eventually if economic conditions are right.

Britain to face mounting pressure to join euro

OXFORD, Oct 27: Britain will face mounting pressure to adopt Europe's single currency, and more debate is needed to convince the country of the economic spinoffs, the European Union's external relations commissioner said Thursday. reports AP

As greater consensus begins to develop in the Eurogroup on economic, monetary and even fiscal issues, I suspect that the economic and competitive pressures upon Britain to come into line, in her own interest, could become very great," Chris Patten said in a speech at Oxford University.

Patten, the former chairman of Britain's Conservative Party, said Britain has been too distracted by concern that closer integration in Europe might mean an unacceptable loss of sovereignty.

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AB Bank declares 12.5 pc cash dividend

Star Business Report

Arab Bangladesh Bank Limited (ABBBL) has declared a 12.5 per cent cash dividend for its shareholders for the year 1999.

This was declared in the 18th annual general meeting (AGM) of the bank held at the Engineers' Institution in the city on Thursday, says a press release.

The AGM, with bank Chairman M Moshed Khan in the chair, was also addressed by two former chairmen of the Dhaka Stock Exchange, Khorshed Alam and Rakibur Rahman.

Managing Director of the bank C M Koyes Sami, Joint Managing Director Abu Haniff Khan and the Directors, among others, were present in the AGM.

In a speech, M Moshed Khan urged the bank management to make substantial investment in information technology and explore the opportunities in the capital market.

He lauded the bank's progress in embarking upon merchant banking business and praised its overseas operations.

The AGM unanimously passed the audited Income Statement and Balance Sheet for 1999. This is the first time since 1990 the bank is giving cash dividend in full to its shareholders. In 1999, AB Bank earned an operating profit of Tk 259.93 million.

## Pak govt move to launch genetic cotton alarms farmers

ISLAMABAD, Oct 27: Pakistan's government is set to introduce genetically-engineered crop cultivation in the country, amid fears that this will not only hurt tens of thousands of small farmers, but lucrative cotton exports to western markets, says IPS.

The 'transgenic' cotton variety, also known as 'BT cotton' with in-built resistance to pests that can destroy one of Pakistan's main foreign exchange earners, has been developed not by a foreign agri-business company, but the government's own farm research institutions.

Government officials here say the seeds will be available in the market before the next sowing season.

"We have conducted a three-year bio-safety impact assessment of this variety and found it safe for introduction to the farmers' field," says Kausar Abdullah, who heads the premier Pakistan Agriculture Research Council in Islamabad.

The BT cotton has been tested against strict international norms, he adds.

"We are the world leaders in developing BT cotton," claims Abdullah.

Research work on transgenic cotton was begun in the mid 1990s by Pakistan's Nuclear Institute for Biotechnology and Genetic Engineering (NIBGC) after successive cotton harvests were hit by a pest, causing extensive damage to the country's cotton based farm economy.

Cotton is Pakistan's major cash crop and accounts for almost 60 per cent of the coun-

try's 10 billion US-dollar annual foreign exchange earning. More than 20 million people depend on the crop for their livelihood.

Pakistani scientists claim the NIBGC cotton variety will ensure a disease-free crop and stabilise export earnings. The BT cotton can resist some of the most damaging pests like tobacco bollworm, bollworm and pink bollworm.

The genetically-engineered cotton variety will reduce use of chemical pesticides and lower farming costs, they point out.

But those opposed to such crops say that once the government allows the use of BT cotton developed by its farm scientists, it will have to allow similar crops designed by global agri-business companies.

The US-based Monsanto is already pressing the Pakistani government to be allowed to introduce its BT cotton variety. Monsanto claims that its transgenic cotton will boost farmers' profits and cut down environmental pollution.

According to A Rehman Khan, Managing Director of Monsanto Pakistan Agritech (Pvt) Limited, Pakistani farmers will find its product more environment-friendly and cheaper.

"Monsanto Company developed Bollgard cotton, commonly known as BT cotton, as a novel approach to controlling pest injury in production agriculture. The goal was to provide cotton farmers with more environmental cotton based farm economy.

"We are concerned that transgenic varieties will also result in the loss of bio-diversity, which small farmers in developing countries maintain," says Mushtaq Gadi of Sustainable Agriculture Research Group.

Large-scale farming of such crops will replace the richness of local varieties with vast mono-cultures of a single variety.

These crops must be subject to compulsory monitoring for at least 10 years to ensure that there is no harmful ecological impact, before allowing commercial cultivation, they say.

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