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JAKARTA: An Indonesian staple food vendor prepares chili peppers for her customers at a traditional market in Jakarta yesterday. World Bank predicts economic growth in East Asia and Pacific to stand at around 6.3 percent in 2016 and 6.2 percent in 2017-2018. — AFP

## NO GUARANTEE OF OIL DEAL AT DOHA TALKS EXPERTS SAY SAUDI OUTPUT FREEZE UNLIKELY

**KUWAIT:** Major oil producers meet this weekend to try to negotiate an output freeze to drain crude oversupply and boost prices, but doubts remain over whether Iran will join any accord.

Analysts are divided on the expected outcome of the meeting of around a dozen oil exporters, including heavyweights Saudi Arabia and Russia, in Doha tomorrow, which could send oil prices rising or crashing again. Prices have rebounded sharply in recent weeks partly on expectations of a deal that could, in theory at least, help to reduce the glut and repair producers' battered public finances.

"The general feeling is that an agreement will be reached in Doha to freeze oil production at January's levels," said Fawad Razaqada, analyst at brokerage firm City Index. That would "likely give prices a further short-term boost." Complicating prospects of a deal, however, OPEC kingpin Saudi Arabia has insisted it will not join an output freeze unless its regional rival Iran does so.

Tehran, which is emerging from nuclear-related Western sanctions, will be seeking a waiver until its production reaches its pre-embargo levels. "We don't see Saudi Arabia freezing production and ... accommodating significant production rises by other producers," Fahad Al-Turki, head of research at Saudi Jadwa Investment, told AFP.

If a substantive agreement is struck in Doha, however, that would help to build trust between key producers and pave the way for production cuts in the future, Turki said. Qatar said Thursday that there was an "atmosphere of optimism" that a deal would be struck, adding that the number of countries due to attend had risen. Last month, Qatar said 12 nations including itself would be present at the talks, but it did not confirm if Iran was among them.

The Doha meeting is a follow-up to talks in February between OPEC members Saudi Arabia, Qatar and Venezuela plus Russia in which they first mooted the output freeze.

The Organization of Petroleum Exporting Countries warned ahead of the Sunday talks of worsening oversupply. OPEC also trimmed its forecast for global oil demand growth this year and said it might have to lower its projection further.

### Oil price rollercoaster

A sharp rise in unconventional oil production, mainly US shale crude, and OPEC's reluctance to cut output triggered a collapse in oil prices from levels above \$100 a barrel in 2014, costing exporters billions of dollars. After hitting 13-year lows of around \$27 a barrel in February, oil prices have since rebounded to above \$40.

On Thursday, the International Energy Agency warned against over-expectation for the Doha talks, saying the meeting would have only a "limited" impact on supplies. Jean-Francois Seznec, an oil expert at Georgetown University, believes that Iran will not be the key problem at the meeting as it is only capable of boosting output by 300,000 barrels per day (bpd) this year. "I think the worry for the producers is not whether Iran freezes or not, but whether Russia would do so," Seznec told AFP. OPEC said Wednesday that Iranian oil production in March was 3.3 million bpd, up from 2.9 million in January, but still short of its pre-embargo level of around 4.0 million.

OPEC said its members pumped 32.25 million bpd in March—with Saudi Arabia accounting for nearly a third—up from an average of 31.85 million bpd in 2015. "The freeze talks between OPEC and non-OPEC will decide how quickly markets could get balanced and by how much oil prices would rise," Abhishek Deshpande, an analyst at Natixis, told AFP.

A freeze agreement, if it includes Iran, could see "markets completely balanced" as early as in the third quarter this year, he added. Oil brokers PVM however said in a comment this week that during the first quarter of this year, daily supply exceeded demand by 2.3 million barrels. This has added millions of extra barrels to global strategic and commercial stocks, which will reach almost 1.5 billion barrels by the summer, it said. "Whatever the outcome of this meeting, the price of oil will not rebound soon with a level sufficient to balance public finances of the majority of producers," said SAXO Bank analyst Christopher Dembik. He warned oil prices could drop back to \$30-33 a barrel if producers fail to strike a deal. One of the main OPEC goals by not cutting production was to drive high-cost supply, mainly US shale

oil, out of the market. US shale production is now sliding but the conventional producers' dilemma is that shale oil can respond quickly when prices increase. — AFP

## IRAN OIL MINISTER NOT TO ATTEND DOHA TALKS

**TEHRAN:** Iran's oil minister will not join an Iranian delegation at a meeting this weekend of major crude producers aimed at negotiating a production freeze, the oil ministry said yesterday. In a statement carried by the Shana news agency, the ministry said Bijan Zanganeh would skip the talks in Doha, adding that "Iran already announced it cannot join the plan to stabilise oil prices" while its output is still below pre-sanction levels. The ministry said Iran's OPEC representative would attend the meeting instead. Tehran is expected to seek a waiver as it increases output after the lifting of nuclear-related Western sanctions.

OPEC kingpin and regional rival Saudi Arabia has vowed not to join an output freeze unless Iran does the same. Oil prices, which hit a 13-year low earlier this year, have rebounded sharply in recent weeks partly on expectation that a deal between OPEC and non-OPEC producers in Qatar could help to reduce a global crude supply glut. OPEC said Wednesday that Iranian oil production in March was 3.3 million barrels per day (bpd), up from 2.9 million in January, but still short of its pre-embargo level of around 4.0 million.

"Iran supports efforts... to stabilize the market and support prices," oil ministry spokesman Akbar Nematollahi was quoted as saying yesterday. "Iran's representative will go to Doha to explain the position of Iran and revive efforts to improve the market situation." — AFP