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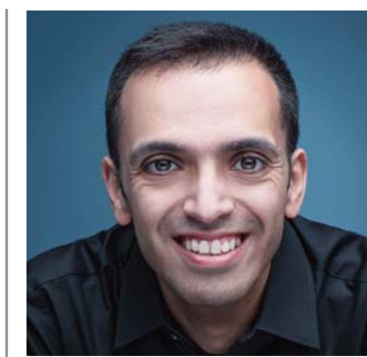

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VIENNA: Persons stand outside the headquarters of the Organization of the Petroleum Exporting Countries, OPEC, in Vienna yesterday. —AP

OPEC seeks cuts from non-members

Qatar eyes deal in Vienna as Russia promises to fulfill commitment

VIENNA: OPEC officials met yesterday with Russia and other oil producers to try to persuade them to lower production under a pact to stem a global glut and lift prices.

The talks, taking place at the oil cartel's headquarters in Vienna, aim to nail down details on an accord reached late last month. The Organization of the Petroleum Exporting Countries (OPEC) agreed on November 30 to lower its monthly output by 1.2 million barrels per day (bpd) to 32.5 million bpd from January. Under the deal, OPEC also wants oil-producing nations outside the group to lower their output by 600,000 barrels a day.

Arriving shortly before the start of the one-day talks, cartel chief Mohammed Barkindo of Nigeria spoke positively about reaching an agreement to cut output by 600,000 bpd "and even more". "This is a very historic meeting due to the presence of OPEC and non-OPEC members," he said.

"The political atmosphere has changed." Moscow-the world's largest oil producer along with OPEC kingpin Saudi Arabia-has already signalled it would provide half of that production cut in the first half of 2017.

Speaking to reporters, Russian Energy Minister Alexander Novak said Moscow would fulfil its commitment. "We have stated our obligations and will abide by the figures we have talked about," he was quoted as saying by Russia's Interfax news agency.

Deal expected

Qatari Energy Minister Mohamed Al-Sada, whose country currently holds the OPEC rotating presidency, described yesterday's meeting as "vital for all producing countries, industry and the world economy." Oil prices climbed Friday as hopes grew of a deal. In late European business, West Texas Intermediate (WTI) crude stood at $51.44, 60 cents up on the day, while Brent rose 20 cents to $54.09.

Of the 14 invited countries, 10 are expected to attend Saturday, according to the Bloomberg news agency. Some analysts were optimistic that details of the deal would be finalised.

"We expect the meeting between OPEC and non-OPEC producers to result in a credible document, which we think will be supportive for prices," said Bjarne Schieldrop, chief commodities analyst at top Nordic corporate bank SEB. The November agreement ended weeks of uncertainty and volatility on crude markets, pushing prices above $50 for the first time in a month.

It also represented a dramatic reversal from OPEC's Saudi-led game plan, introduced in 2014, of flooding the market to force out rivals, in particular US shale oil producers. The strategy saw production outstrip demand, causing prices to plunge from more than $100 a barrel in June 2014 to near 13-year lows below $30 earlier this year.

Little immediate reduction

OPEC now seeks a global cut of 1.8 million barrels a day to help rebalance the market. The group-which produces around 40 percent of the world's crude-needs non-OPEC members to join the cuts in order to drain current stockpiles. But Bloomberg calculations, based on OPEC data, indicated there would be little overall reduction in record oil inventories in 2017 — even if OPEC can convince non-members to come onboard.

"Non-OPEC producers, such as Mexico, Azerbaijan and Colombia, are likely to dress up involuntary production declines, already factored in by traders, as cuts," according to Bloomberg. In addition, Mexico and Kazakhstan plan to ramp up their crude production next year. Russia announced Wednesday that national oil companies backed cuts of 300,000 bpd but news agencies quoted Lukoil chief executive Vagit Alekperov as saying "No decision was made."

The slide in oil prices and Western sanctions over Moscow's role in the Ukraine crisis have pummelled the Russian economy. "For now we are not assuming that Russia will deliver on the promised cuts but we are ready to change this assumption if we see lower exports coming out of Russia," said DNB Markets on Friday. —AFP

Shutdown averted, US Senate backs stop-gap spending bill

WASHINGTON: With less than hour to spare, the Senate late Friday backed legislation averting a government shutdown as coal-state Democrats retreated on long-term health care benefits for retired miners and promised a renewed fight for the working class next year.

The 63-36 vote sent the stop-gap spending bill to President Barack Obama, who signed the measure early yesterday morning. The Senate also passed and sent the president a $10 billion water bill with money to respond to lead-tainted drinking water in Michigan and drought in California. The vote was 78-21. The votes came hours after Democrats dropped threats to block the spending measure in hopes of using the shutdown deadline to try to win a one-year respite for 16,500 miners facing the loss of health care benefits at year's end. Instead, the legislation provides benefits at a cost of $45 million for four months.

Democrats invoked President-elect Donald Trump's promises to coal country as they pressed to continue the benefits. Sen. Joe Manchin, D-W.Va, a potential member of the Trump Cabinet, led the fight of coal-state Democrats. But House Republicans were unrelenting and had already vacated the Capitol for a three-week holiday, forcing Democrats to concede. Manchin acknowledged Friday night that he did not have the votes to block the bill, but said "the fight will continue" next year.

"I'm born into a family of coal miners. If I'm not going to stand up for them, who is?" he asked reporters. Manchin was meeting with Trump on Monday.

The fight gave Democrats, who suffered devastating election losses a month ago at the hands of working-class voters, a chance to cast themselves and not the GOP as the champions of the common man. Manchin was joined by other coal-state Democrats who face re-election in 2018 in states Trump won last month, including Pennsylvania and Ohio.

"We're just getting warmed up," said Sen. Bob Casey, D-Pa., vowing a fight next year. "These miners and their families kept their promise, put their lives at risk. ... It's not too difficult for a senator or House member to keep a promise." The dispute over health benefits and a separate fight over controversial legislation to shift more of California's scarce water resources to inland farmers were the final battles of a two-year session marked by constant quarreling. It was capped by a burst of productivity on legislation to authorize hundreds of water projects, repair Flint, Michigan's lead-tainted water system, and keep the government running through April.

Congress will take a break before reconvening on Jan. 3 to get a swift start on repealing key elements of the Affordable Care Act and confirming Trump's Cabinet.

The underlying funding bill would keep the government running through April 28 to buy time for the incoming Trump administration and Congress to wrap up more than $1 trillion in unfinished agency budget work. It also provides war funding, disaster aid for Louisiana and other states, and an expedited process for considering Trump's nominee for defense secretary, retired Gen. James Mattis.

The trucking lobby won permanent relief from recent Transportation Department rules mandating more rest and overnight breaks for long-haul drivers. The White House and Main Street Republicans were denied in a bid to revive the Export-Import Bank's ability to approve export financing deals exceeding $10 million. The miners' issue had history: 70 years ago, President Harry S. Truman guaranteed retired miners a lifetime of health and pension benefits to avert a strike.

Majority Leader Mitch McConnell, R-Ky, said the four-month extension was better than nothing. McConnell himself represents thousands of miners in the struggling coal industry and said he tried to get a longer solution in talks with House Speaker Paul Ryan, R-Wis.

Funding measure

"Would I have preferred that provision to be more generous? Of course I would have," the Republican said in a speech on the Senate floor. The House had left town on Thursday, creating a dynamic in which the Senate had little choice but to adopt the stopgap measure. Both the funding measure and a water projects bill passed there by sweeping bipartisan votes.

Democratic opponents of the popular water projects bill, led by Sen Barbara Boxer, D-California, assailed provisions to divert more water to corporate farmers. The bill also authorizes long-delayed funding of $170 million to help Flint, Michigan, to fix its lead-tainted water system.

Democrats griped that GOP negotiators on the water bill dumped a permanent "Buy America" provision requiring US-produced steel be used in water projects. But that effort lost steam Friday. The spending bill also would provide $7 million to reimburse the New York Police Department for the cost of security around Trump Tower in Manhattan, far less than the $35 million the city requested. —AP

Trump packs trade team with veterans of China steel wars

WASHINGTON: President-elect Donald Trump is stacking his trade transition team with veterans of the US steel industry's battles with China, signaling a potentially more aggressive approach to US complaints of unfair Chinese subsidies for its exports and barriers to imports.

Led by Wilbur Ross, a billionaire steel investor and Trump's nominee for commerce secretary, Dan DiMicco, the former CEO of steelmaker Nucor Corp, and three veteran steel trade lawyers, the team is expected to help shift the US trade focus more heavily toward enforcement actions aimed at bringing down a chronic US trade deficit, Washington trade experts said.

Based on their past efforts, this could include more challenges to China's trade practices through the World Trade Organization and more US government-initiated anti-dumping and anti-subsidy cases against a wider range of Chinese products. The latter would be argued before the US International Trade Commission - a forum where the steel industry has had considerable success.

Ross, DiMicco and other leaders of Big Steel have been on the front-line in US trade battles against the world's export superpower. Hit by a flood of cheap imports from China and other countries, the US steel industry has brought 16 new cases in the past three years, seeking punitive duties from the Commerce Department to combat below-cost dumping and unfair subsidies that slashed prices of various steel products to historic lows last year, causing layoffs at US steel mills.

Some of these cases have resulted in massive penalties against Chinese imports, including duties of more than 500 percent on Chinese cold-rolled steel used in autos and appliances. Lawyers Robert Lighthizer and Jeffrey Gerrish have represented United States Steel and Stephen Vaughn has represented AK Steel in these cases. The three are also part of Trump's trade team.

Lighthizer, Gerrish, Vaughn, Ross and DiMicco either declined to comment for this story or did not respond to Reuters' requests for interviews. Trade experts familiar with their views and their history of confrontation with China, however, say they will not be afraid to push the limits of what is legal under World Trade Organization rules in defense of US trade interests.

Lighthizer, who along with DiMicco is considered a strong candidate to be the new U.S. Trade Representative, is known for his work during the Reagan administration pressuring Japan into voluntary export restraints. —Reuters