

OIL 'HEEBIE-JEEBIES' AS PROSPECTS OF OPEC DEAL DIM

VIENNA: Oil prices dipped yesterday as expectations dimmed of an OPEC agreement to reduce the cartel's gushing of crude into the massively saturated global market by around a million barrels per day. Prices were also hit as non-OPEC Russia confirmed it would not send a delegation to the Organization of the Petroleum Exporting Countries' meeting in Vienna today. "There is no need (to attend the meeting), OPEC should hold its meeting first," Russian Energy Minister Alexander Novak said yesterday. "Sure, if there is a consensus and OPEC takes a decision, we will come to an agreement as quickly as possible," he added, though he did not specify a timeframe.

In late morning European trading, US benchmark West Texas Intermediate for delivery in January was down 73 cents a barrel to \$46.35, in what market analyst Jasper Lawler at CMC Markets called "heebie-jeebies" on the eve of the talks. Brent North Sea crude was down 0.72 cents to \$47.52. Analysts expect further falls if OPEC fails to agree today its first joint output cut in eight years in an effort to reduce the global glut and so lift prices. The group's big players-Saudi



VIENNA: Iran's Minister of Petroleum Bijan Namdar Zangeneh speaks to journalists at a hotel in Vienna, Austria yesterday. — AP

Arabia, Iran and Iraq-disagree on what size cuts each member will make, and the cartel wants non-OPEC countries like Russia to reduce production too. Russia is currently pumping some 11 million barrels per day (bpd), a level not seen since Soviet days. Hit hard by the low

price and Western sanctions, Moscow has said it is ready to freeze output but not to cut it.

10-hour meeting

While making life cheaper for consumers and businesses, two years of low

prices have wreaked havoc with the public finances of OPEC member states, even in the wealthy Gulf states. But Iraq and Iran, OPEC's biggest producers after Saudi Arabia, on Monday continued to express objections to a proposal to cut up to 1.2 million bpd from October levels, Bloomberg News reported, citing an OPEC delegate.

In a 10-hour meeting, Iran said it might be ready to freeze production at about 200,000 barrels a day above its current output of around 3.975 million bpd, Bloomberg said. Saudi Arabia hit back saying Tehran should freeze its production at just over 3.7 million bpd-more or less its current level.

Iran has consistently said it won't cut production until it has reached pre-sanctions levels. It is also a fierce regional rival of Saudi Arabia, engaged in a proxy war in Yemen and backing different sides in Syria. Iraq meanwhile has said it will cut output but that it is short of money needed to fight Islamic State extremists. It also disputes with OPEC the level of its current output. OPEC kingpin Saudi Arabia added to the pessimism about prospects for a deal on Sunday by

appearing to say it could live without an agreement. Recovering demand, said Energy Minister Khaled Al-Falih-due in Vienna later-would "stabilize" prices in 2017 anyway.

'Kicking the can'

Prices had made a slight recovery Monday after Iraqi Oil Minister Jabbar Al-Luaibi sounded an upbeat note as he arrived in Vienna, saying he was "optimistic" that the 14-country group would strike an accord. Algeria, which is trying to mediate a deal, on Monday proposed a compromise with Iran capping its production at 3.795 bpd, delegates said, according to Bloomberg. However, there has been no indication that any such proposal will actually be accepted when the oil ministers meet today. Bjarne Schieldrop, chief commodities analyst at top Nordic corporate bank SEB, said that the chances of an output cut are now "very low".

The best possible result, at this stage, was that the club would end up with a face-saving deal while "kicking the can to the next OPEC meeting in half a year's time", Schieldrop said. — AFP

News

in brief

Samsung considers splitting firm into 2

SEOUL: Samsung Electronics Co yesterday said it was considering splitting the company into two, a move seen as necessary for heir-apparent Lee Jae-Yong to take over the firm from his father. Samsung has also come under pressure from foreign investors, including US hedgefund Elliott Management, to improve its corporate governance through the establishment of a holding company and to increase dividends for shareholders. The move comes as the tech giant struggles to contain the fallout from a global recall of its Galaxy Note 7 smartphone prompted by exploding batteries. Samsung said in a statement it would consider breaking the company into a holding firm and a producing and operating unit and would take at least six months to study the option. Analysts said a split would give Samsung Electronics' Vice Chairman Lee Jae-Yong a tighter grip on the company through a holding firm. Elliott and other investors have urged Samsung to set up a holding company as a way to address its complicated layers of cross shareholdings with sister companies.

Qatar bank launches plan to stem losses

DUBAI: Commercial Bank of Qatar will cut its exposure to the property market and lend more to the public sector as it set out a turnaround plan under its new chief executive aimed at stemming a dismal earnings run as more loans soured. The Gulf Arab state's third-largest lender by assets, like other banks in the region, has seen bad loans rise steeply due to the fallout of lower oil and gas prices on the wider economy, which has forced cutbacks in state and consumer spending, as well as layoffs in a number of industries. The five-year plan follows a review by its new chief executive Joseph Abraham, a former Australia and New Zealand Banking Group banker, aimed at halting five consecutive quarters of falling profit. The lender reported a near-tripling of net impairment charges against bad loans to 504.9 million riyals (\$134.62 million) in the third quarter. The bank said it aimed to cut its non-performing loan ratio to the market average of 2 percent from 5.3 percent currently.

Maersk Line targets German acquisition

COPENHAGEN: The container shipping unit of Danish conglomerate AP Moller-Maersk yesterday refused to comment on a report that it was mulling an acquisition of German peer Hamburg Sud. The company was interested in buying the entire business, which had \$6.7 billion (6.3 billion euros) in revenue last year, and "not just... a few vessels", The Wall Street Journal reported on Monday, citing a person familiar with the matter. "Out of principle we do not comment on rumours," Maersk said in an email to AFP yesterday. Hamburg Sud's owner, the family-owned Oetker Group, was discussing a sale of its shipping business, the same newspaper reported last week. "Hamburg Sud is one of the players in the industry that is probably too small to survive in the long run. It only has three percent of the market," Sydbank analyst Morten Imsgard told Danish news agency Ritzau. The shipping industry is undergoing a wave of consolidation after suffering its worst downturn in six decades amid overcapacity and slumping global trade.

Turkey tourism down 25 percent in October

ISTANBUL: The number of foreign visitors to Turkey fell by a quarter in October, official data showed yesterday, the smallest contraction in seven months as arrivals from Russia showed a marked recovery after Ankara restored ties with Moscow. Tourism, which adds about \$30 billion to gross domestic product each year, has been hammered after a spate of bombings this year, including an attack on Istanbul's main airport, and a failed coup in July, scared away Western European tourists. But the drop-off in Russian tourists, who traditionally flock to Turkey's Mediterranean beaches and make pilgrimages to its Byzantium-era Orthodox churches, had been particularly painful. Relations soured after Turkey shot down a Russian warplane over Syria last year. Ties were formally restored in August, sparking hopes for an improvement in tourism. "With the lifting of Russian sanctions it appears that side has to a large extent returned to normal," said Deniz Cicek, an economist at QNB Finansbank.

Japanese household spending falls again

TOKYO: Spending among Japanese households fell for an eighth successive month in October despite the unemployment rate sitting at a 21-year low, government data showed yesterday. Japan needs stronger consumer spending if Prime Minister Shinzo Abe's plans to revitalize the world's third-largest economy now nearly four years old-are to succeed. Last week, the internal affairs ministry core consumer prices, which exclude volatile fresh food costs, fell again in October to extend the longest run of declines for five years. The ministry said yesterday that household spending last month dropped 0.4 percent from a year earlier. It was, however, a smaller decline than the 2.1 percent drop in September, partly because of higher vegetable prices.

AS OPEC PRICE HIKE LOOMS, ASIA'S OIL BUYERS MAY SHOP ELSEWHERE

RUSSIA LEAPFROGS SAUDI AS CHINA'S TOP SUPPLIER

SINGAPORE: For the first time since 2008, OPEC is set to strike a deal to cut oil output that may boost prices. It may also give itself a bloody nose in Asia, where big buyers are ramping up supplies from elsewhere and say they don't want to pay more for fuel. The Organization of Petroleum Exporting Countries (OPEC) meets today to hammer out a deal to prop up prices that have halved since 2014. As they gather, tanker shipments to Asia from non-OPEC sources like Alaska, Azerbaijan, and the North Sea are growing, according to shipping data in Thomson Reuters Eikon.

Buyers in Asia, which alone uses a third of the world's oil supply, have watched with concern as OPEC suppliers - their biggest - openly discuss propping up prices. With non-OPEC supplies readily available, they say they'll consider exploring new sources if the cartel's price is no longer right. "For us, the current price levels look to be appropriate for both sides (buyers and producers)," said Eiichiro Kitahara, Executive Officer at

major Japanese refinery Tonen General Sekiyu. "Our company aims to avoid depending highly on certain suppliers, and we may seek new (supply) opportunities," Kitahara said, though like other executives he cautioned against expectations of any sudden change in supply trends among buyers. Major importers in Japan, China and South Korea have long-standing relationships with OPEC suppliers, with just its Middle East members providing two-thirds of Asia's oil needs.

Those ties could loosen, with refiners in countries like Japan - which gets around 90 percent of its oil from Middle East OPEC members - keen to diversify sources to cut reliance on any single supplier.

In China, now challenging the United States as the world's biggest oil importer, efforts to reduce dependence on Middle East supplies have already seen OPEC kingpin Saudi Arabia lose its no.1 supplier rank to its rival Russia. Eikon data shows Middle East producers' share of China's supply mar-

ket fell from 50 percent in January to 46 percent in November.

Price - the bottom line

Oil markets remained jittery ahead of the OPEC meeting. But refiners across Asia remain alive to the prospects of shifting market dynamics and how they could make other suppliers more attractive, even as OPEC seeks a price rise to boost the economies of countries that rely heavily on crude exports. "We are closely monitoring the OPEC meeting," said Kim Woo-Kyung, a spokeswoman at major South Korean refiner SK Innovation. "Even if OPEC cuts output, it won't have a big impact (on SK Innovation business) as there are a lot of supplies out there." Despite Asia's openness to new suppliers, price remains the ultimate arbiter. Most Middle Eastern crudes cost between \$45 and \$48 per barrel - ahead of any production cut accord - a competitive price versus supplies from elsewhere when shipping fees are includ-

ed. North Sea crudes like Britain's Brent and Forties, or Norway's Oseberg, cost between \$46 and almost \$47 a barrel, Azeri Light crude is currently priced at over \$48, while Alaska North Slope crude is on the market for \$46.30 per barrel.

Fatih Birol, Executive Director of the International Energy Agency (IEA), which represents interests of oil consumers, told Reuters at a conference in Tokyo that an OPEC cut designed to raise prices could trigger an increase in output by other producers elsewhere - an increase in supply that could end up pegging prices back.

"If prices are pushed up towards \$60 we will see within nine months a strong response from US shale production putting oil in the market," Birol said. In the United States, suppliers are poised to take advantage of any shift in buying patterns. "Asian (oil) dependence on the Middle East is higher than they are comfortable with," said Bill Walker, Governor of Alaska, speaking during a recent visit to Japan. — Reuters



The Lord Mayor of London Dr Andrew Parmley addresses the reporters during a press conference yesterday. — Photos by Joseph Shagra

UK IS KEEN ON BOLSTERING KUWAIT TIES, PARMLEY SAYS

By Faten Omar

KUWAIT: Lord Mayor of London Dr Andrew Parmley is visiting Kuwait to discuss the benefits of a strong economic partnership between Kuwait and the City of London with top Kuwaiti officials. "The United Kingdom is keen on bolstering ties with Kuwait in all possible domains," Parmley said. At a press conference yesterday at Hamra Tower, Parmley noted that he met HH Sheikh Nasser Al-Mohammad Al-Ahmad Al-Sabah, adding the meeting was attended by head of the mission of honor, Governor of Hawally Lt Gen Sheikh Ahmad Nawaf Al-Ahmad Al-Sabah, and Director General of Kuwait Direct Investment Promotion Authority Sheikh Dr Mishal Jaber Al-Ahmad Al-Sabah to discuss economic and commercial relationships between Kuwait and the UK.

The Lord Mayor of London affirmed that the goal of the visit was to reassure Kuwait and the GCC countries that the UK would remain a strong business partner. "The UK is a natural partner of choice for any ambitious country that plans to grow its economy. I look forward to strengthening the strong economic ties that bind the UK and Kuwait. During my forthcoming meetings, I will reiterate one central message: The UK is open for business," Parmley emphasized. He added that UK will always remain a great trading nation and Britain's economy is one of the strongest among major advanced economies in the world, and "we are well placed to face the future".

As the representative of London's prestigious and ancient 'City', the Lord Mayor will be primarily focused on commercial and investment relationships. Kuwait has a long history with the City of London, particularly through the Kuwait Investment Office, based in the City, which recently celebrated its 50th anniversary. Similarly British banking institutions such as HSBC have long operated in Kuwait. During his visit the Lord Mayor, will explore how to deepen these ties, and how the UK and UK businesses and institutions can support Kuwait's stated aim to become a financial hub and the country's ambitious development plan.

Parmley's visit comes on the backdrop of Brexit, an event that sent shockwaves around the globe after the UK expressed clear intentions to fully separate from the EU. Parmley revealed that more top UK officials will visit the



region soon, pointing out that British Prime Minister Theresa May will take part in the GCC summit to be held in Bahrain later next month. Parmley is closely involved in culture and creative industries and promotes diversity, particularly the importance of attracting international skills to London, and global Fair Trade.

The Lord Mayor will also be presenting a Mansion House Scholarship to a Kuwaiti scholar. "We have now two Kuwaiti winners, Mishari Fayez Al-Jassim and Dari Al-Zayad," Parmley said. The scholarship scheme exists to fund scholarships for the brightest and best students and young business executives from overseas to travel to the United Kingdom to study or to undertake training or work experience in London's world-leading financial services sector.

The scheme is administered as a charitable trust, with an independent chairman and four appointed trustees. The selection of the scholar remains as the personal gift of the Lord Mayor of the City of London and those awarded scholarships are known as Mansion House Scholars. This year, Jassim will be appointed as a Mansion House Scholar from Kuwait.

Jassim is 29 and works for Ahli United Bank in Kuwait City, where he has been employed since 2007. He is now a Senior Dealer on one of their Treasury Trading Desks. Mishari is the first Mansion House Scholar ever to have been selected from Kuwait and one of thirteen scholars to have been appointed by the Lord Mayor this year.

BEIJING TARGETS YOUNG TAIWANESE FRAUDSTERS

TAIPEI: Taiwanese fraud rings based all over the world have for years swindled billions of dollars from members of the public through phone scams-now they are the target of an angry China. As relations sour between Taipei and Beijing, China has insisted that Taiwanese scammers caught abroad are deported to the mainland. While Taipei has called the move "abduction", Beijing says it is justified because the majority of the phone fraud victims are mainland Chinese.

In several swoops since April, around 200 Taiwanese fraud suspects have been deported to China from countries including Armenia, Cambodia and Kenya, according to Taiwanese authorities. The latest incident came yesterday when 21 fraud suspects were deported "against their will" to China by Malaysia, Taiwan's foreign affairs ministry said. Previously, suspects would usually have been deported back to Taiwan as part of informal arrangements between crimefighting agencies in China, Taiwan and countries where the fraudsters are operating.

Beijing still sees self-ruling Taiwan as part of its territory and the new wave of deportations are widely seen as a move to pressurize China-sceptic President Tsai Ing-wen-relations between the two sides have grown increasingly frosty since she won the presidency in January. "Taiwan and China used to jointly investigate fraud cases but it is getting more difficult with the change of ruling party in Taiwan," said lawmaker Hsu Shu-hua of the opposition Kuomintang, who has proposed tougher fraud laws. Crimefighters say the current lack of cross-strait cooperation is making it more difficult to tackle the burgeoning networks.

The crime rings involve thousands of citizens from Taiwan and China. This year more than 10,600 phone fraud cases were recorded up to October, with numbers almost doubling over the past two years due to smartphone app fraud. Scammers have been hacking into popular messaging app Line posing as the user's friends to access phone account details, or asking them to buy gift cards. Fraudsters also make phone calls to victims, posing as police officers to request credit card information which is then used to make purchases, or pretending to be prosecutors demanding access to accounts implicated in money-laundering. Some victims transfer their entire accounts over to the fake law enforcers who say they need to ringfence the money while an investigation is under way. China's Taiwan Affairs Office has accused the swindlers of causing more than \$1.5 billion in losses annually on the mainland.

Young offenders

Historic crackdowns when relations were better between China and Taiwan have forced fraudsters further afield, says Chan Chih-wen, an anti-fraud specialist at Taiwan's Criminal Investigation Bureau (CIB). Since 2011, more than 2,000 Taiwanese fraud suspects have been arrested in 15 countries. While cross-strait politics may now make them harder to catch, some observers say malaise among Taiwanese youth is also to blame. With a stagnating economy many young people in Taiwan are disillusioned about a lack of jobs. Zhang Xue-hai, head of a civil group assisting jailed Taiwanese nationals in Thailand, said his cases are young people duped into joining fraud rings, which then confiscate their passports and mobile phones. — AFP