

90% OPEC OIL CUT COMPLIANCE: IEA

PARIS: OPEC countries are complying almost fully with a landmark deal to reduce the global oil glut, but demand is likely to be more vigorous than anticipated this year, the International Energy Agency said Friday. Under an agreement that came into effect in January, OPEC countries throttled oil output by one million barrels per day to 32.1 million bpd, said the watchdog which analyses

energy markets for major oil consuming nations. "The IEA estimates... a record initial compliance rate of 90 percent, with some producers, notably Saudi Arabia, appearing to cut by more than required," it said.

At the same time, the IEA upgraded its estimates for global oil demand growth for 2016 and 2017. "This first cut is certainly one of the deepest in the his-

tory of OPEC output cut initiatives," it said. At the end of November, the Organization of Oil Exporting Countries agreed to cut output by 1.2 million bpd from January 1, initially for a period of six months. Then in December, non-OPEC producers led by Russia agreed to cut their own output to 558,000 bpd.

The aim was to reduce a glut in global oil supply that has depressed prices,

which currently stand at around \$50-\$55 per barrel. In view of the output cuts, global demand for oil should be more vigorous than initially anticipated, the IEA said. It increased its estimates for third month in row, calculating that demand rose by 1.6 million bpd to 96.6 million bpd in 2016. And it predicted that demand would increase again by 1.4 million bpd to 98 million bpd in 2017. — AFP



LAGOS: Protesters hold placards and banners during an anti-government demonstration on Feb 6, 2017. — AFP

NIGERIA AIMS TO PRESENT PLAN FOR \$1BN WB LOAN

ABUJA SEEKS TO DRAG ITSELF OUT OF RECESSION

ABUJA/LAGOS: Nigeria wants to borrow at least \$1 billion from the World Bank to help haul it out of recession and plans to present the required economic reform proposals to the lender this month, officials and diplomats told Reuters. The oil producer, which has been hit hard by a sharp fall in crude prices since 2014, has been in talks with the Washington-based lender for a year to secure a loan to help plug a yawning budget deficit and fund badly needed infrastructure projects.

But the government has not specified how much money it was looking to borrow from the World Bank, saying only that it aimed to raise \$5 billion abroad. It was previously also unclear when Nigeria planned to present its proposed reforms to the lender - which will not consider a loan before it reviews the plans to make the economy more resilient and attractive to investment.

The government now plans to present its economic reform proposals by the end of February, according to government officials and Western diplomats who declined to be named as they

are not authorized to speak publicly. One senior government official said Nigeria would seek a loan of \$1 billion from the World Bank, while a second senior official said it could seek as much as \$2 billion.

The Nigerian finance ministry declined to comment on the size of the loan being sought or the timing of the submission of the reform proposals. The World Bank also declined to comment on those matters. A spokeswoman said Nigeria's economic proposals would be the "basis of which the World Bank will determine with the government the most appropriate lending instrument to support the implementation of the reform plan". It was unclear what the government's economic reform program would contain.

New roads

Nigeria, which relies on oil revenue for most of its income, is struggling to drag itself out of its first recession in 25 years. It needs money to help plug a budget deficit of 2.2 trillion naira (\$7 billion) for 2016 and help fund a record budget of 7.3 trillion naira for 2017

aimed at stimulating the economy. It had planned to apply for a World Bank loan last year but the process had ground to a halt because it failed to submit its economic recovery plans by the end of December as initially promised, sources told Reuters last month.

The African Development Bank (AfDB), meanwhile, is holding back the second, \$400 million, tranche of a \$1 billion loan because it is also awaiting the reform plans. Nigeria will present its economic proposals to the AfDB at the same time as the World Bank, according to the government officials. A spokeswoman for the Abidjan-based AfDB declined to comment. It is unclear why the government has not previously submitted its reform plans to the two international lenders.

A funding deadlock could throw into doubt badly needed projects planned for this year, including new roads and improvements to power infrastructure. The government is selling \$1 billion of Eurobonds this week but this falls short of the \$5 billion Nigeria said a year ago it wanted to borrow abroad including the World Bank. — Reuters

CAN GOING GREEN HELP PICK SLAVERY OUT OF COTTON?

MAYAPUR, India: Wearing thick gloves and a shawl wrapped around her face, Kanchen Kanjarya is busily picking cotton in the midday sun on her small farm in Mayapur in India's western state of Gujarat. Kanjarya, 42, works up to eight hours a day on the six acre plot, one of millions of small holder farms in India supplying cotton to garment factories making clothes for Western brands. But while the days are long and the heat can hit 35 degrees Celsius, Kanjarya is delighted to be among a small but rising number of farmers being trained to grow sustainable cotton that can cut water and chemical use and improve profits.

With the global cotton industry under scrutiny for using forced and child labor and polluting the environment, more Western companies are starting to work with farmers to clean up fashion's leading natural fibre - and its complex supply chain. "With the extra money we can invest in our children's education, buy equipment, and repair our homes," Kanjarya told the Thomson Reuters Foundation outside her house in the small, dusty village of Mayapur, showing off her new toilet and shower. "I have bought a tractor and also a motorbike for my son to get to his job. Two of my three daughters are teachers. This is good for the whole family and my children now have a future."

Kanjarya is one of 1,250 women farmers in Gujarat, India's biggest cotton and cottonseed producing state, taking part in one of a number of small initiatives led by companies to combat environmental problems and break the cycle of child labor. For the past three years these women farmers have had classes and infield training twice a month in sustainable farming methods such as water efficiency, natural pesticides, and soil health, designed to increase cotton yields and income. The pilot, by social enterprise CottonConnect, India's Self Employed Women's Association and funded by UK budget retailer Primark, has pushed up profits more than two-fold and is expanding to 10,000 farmers over six years, its founders say.

Local sourcing

Elsewhere in India the C&A Foundation, affiliated with global retailer C&A (and in a partnership with the Thomson Reuters Foundation on trafficking), is working with various groups to help 25,000 farmers move to organic cotton. And the non-profit Better Cotton Initiative, set up in 2005, has nearly 1,000 members including retailers like IKEA, H&M, Burberry and Adidas, committed to fair work practices in cotton and regulated use of land, chemicals and water.

"We are seeing an increasing trend for companies to get involved in cotton production," said Alison Ward, chief executive at CottonConnect which was set up in 2009 to work directly with farmers to address social and economic issues. "The world is changing and it is starting to be far more about local sourcing but getting to the middle of the supply chain is a real challenge," she said.

Ward said only 10-12 percent of cotton globally is sustainable and it will take time, effort and investment to shift to farming methods that could boost profits and combat labour abuses in the crop historically plagued by slavery. Industry experts say the cotton supply chain is the hardest to crack as the journey from field to store involves so many stages - from seed production, to cotton growing, to gins to separate seeds and fiber, spinning mills to garment factories. The global cotton industry is also massive, estimated to support about 250 million people in about 85 nations, many poor, with an estimated four million cotton farmers in India. A US Department of Labor report in 2016 said forced labour in cotton had been documented in eight countries - with Uzbekistan and Turkmenistan widely condemned for state-sponsored forced labor - and child labor in 17 nations, including India. — Reuters