

Mnuchin Seeks Wider India Access for US Companies



US Treasury Secretary Steven Mnuchin and Finance Minister Nirmala Sitharaman in New Delhi on Friday.

US Treasury Secretary and FM discuss Iran sanctions and oil supplies among a host of other issues

Our Bureau

New Delhi: The US has asked India to open up further for its companies while assuring New Delhi of significant oil supplies in wake of sanctions on Iran. New Delhi raised the issue of keeping Chabahar port in Iran out of the sanctions list to ensure continued land access to Afghanistan.

These issues figured in discussions between US Treasury secretary Steven T Mnuchin and finance minister Nirmala Sitharaman on Friday.

Mnuchin is in New Delhi as part of his regional tour from October 25 that included Saudi Arabia, Israel, the UAE and Qatar.

"We welcome the growing bilateral foreign direct investment flows between our countries and look forward to the opening up of certain markets for US companies...", Mnuchin said at a press conference after the conclusion of the seventh India-US Economic and Financial Partnership Dialogue.

Mnuchin expects India to attain the goal of a \$5-trillion economy much ahead of the targeted time period. Prime Minister Narendra Modi has set the \$5-trillion goal by 2025. "I think that they're going to hit that goal even faster than they expect...", he said.

Asked about the Iran sanctions, Mnuchin said the US is sensitive

to India's energy needs.

"...This (sanctions) isn't directed at the Iranian people. This is really directed at what we see as a significant security concern. We've been working with our allies to make sure that there is significant supply in the market of oil to offset the sanctions," he said, adding the US is looking forward to working with India on LNG and expanding capabilities.

Sitharaman said New Delhi explained its position to the US, particularly the need for it to maintain land access to Afghanistan and to keep the Chabahar port out of the sanctions.

"For strategic and other reasons, it is important for us to continue," she said, adding that it was because of Chabahar that Afghanistan was able to export 700 tonnes of agri produce.

Asked about US-China trade deal, Mnuchin said both sides are working to conclude the deal.

Sitharaman said India-US relation is at an all-time high particularly after Modi's visit to the US in September 2019.

Mnuchin said both sides had very broad discussions on regulatory issues, economic issues, bond markets, technical assistance, debt sustainability and a financial action task force.

A joint statement said: "Both sides had in-depth exchanges of views on a range of issues such as the global, US, and Indian economic outlooks, global debt sustainability, financial sector reforms, leveraging of capital flows and investment, and tackling money laundering and combating the financing of terrorism (AML/CFT)."

It said India and the United States discussed policies to stimulate economic growth, capital flows and investment promotion.

MARKET WATCH

RUSSIAN OIL OUTPUT DOWN IN OCT

Moscow: Russia lowered its oil output to 11.23 million barrels per day (bpd) last month from 11.25 million bpd in September, missing again its obligations under a global pact to curb production, energy ministry data showed on Saturday. **REUTERS**

LISTING IS TO SHAKE UP SAUDI ECONOMY AND DIVERSIFY AWAY FROM OIL

'MbS okays Aramco IPO, announcement today'

REUTERS
DUBAI/RIYADH, NOVEMBER 2

SAUDI ARABIA'S Crown Prince Mohammed bin Salman (MbS) on Friday agreed that the initial public offering of state oil giant Aramco will be announced on Sunday, five sources familiar with the matter told *Reuters*.

The world's top oil company will announce its intention to float (ITF) on November 3, the sources added.

"The crown prince finally gave the green light," one source said.

Aramco declined to comment.

Saudi Aramco officials and advisers have held last-minute meetings with investors over the past few days in an attempt to achieve as close to a \$2 trillion valuation as possible ahead of an expected listing launch on Sunday, according to sources.

The final meeting by the Saudi government on Friday evening was to decide whether to go ahead with the listing.

Although Crown Prince Mohammed put a \$2 trillion valuation on the company in early 2016, bankers and company insid-

\$1.5 TN VALUATION

■ Although MbS put a \$2 trillion valuation on the firm in early 2016, bankers say Aramco's value is near \$1.5 trillion

■ Riyadh is looking to list 1-2 per cent on the bourse to raise at least \$20 billion-\$40 billion

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\$15 trillion.

At that price, Aramco would still be worth at least 50 per cent more than the world's most valuable companies, Microsoft and Apple, which each have a market capitalisation of around \$1 trillion.

Riyadh is looking to list a 1 per cent-2 per cent stake on the Saudi stock market to raise at least \$20 billion-\$40 billion.

If the deal exceeds \$25 billion, Aramco will become the biggest IPO in the world, topping Alibaba's \$25 billion IPO in 2014.

The listing is the centrepiece of the crown prince's plan to shake

up the Saudi economy and diversify away from oil. But there have been various delays since it was first announced in 2016.

Prince Mohammed wants to eventually list a total of 5 per cent of the company. An international sale is expected to follow the domestic IPO. Analysts' meetings with top institutional investors are likely to begin on Sunday, another source said. The oil major has approached governments in the Gulf and Asia, including China, to try to secure the bulk of the investment from countries on friendly terms with Saudi Arabia, sources said.

Saudi Crown Prince Salman approves Aramco IPO announcement on Sunday

DUBAI/RIYADH: Saudi Arabia's Crown Prince Mohammed bin Salman on Friday agreed that the initial public offering of state oil giant Aramco will be announced on Sunday, five sources familiar with the matter said.

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AGENCIES

The world's most profitable firm pays surprisingly little

It's a relatively modest life for a top executive at the Saudi oil giant

ANDERS MELIN
2 November

They run the world's most profitable company, oversee one-tenth of global oil output and their decisions help shape the fate of a nation. Their paychecks, however, are a little less grandiose.

Saudi oil giant Aramco is a cash cow for the kingdom, allowing the royal family to wield power with a drip-feed of petrodollars. For executives, it's a relatively modest life compared with some of their peers elsewhere.

Last year, top management and board members — about 17 people in total — split roughly \$30 million worth of compensation and benefits. That was half of what rivals Exxon Mobil Corp and Chevron Corp handed their executives and directors, though they would have been subject to income tax whereas Saudi nationals aren't.

Chief Executive Officer Amin Nasser collected no more than a \$5 million package in 2016 as the company began preparing its protracted initial public offering, people familiar with the matter said. That was less than a fifth of what Exxon's then-CEO Rex Tillerson received at the time.

Even when taking into account the tax regime and other perks like secluded housing with private pools, the numbers are hardly staggering compared with the grand plan for the company.

Saudi Crown Prince Mohammed bin Salman wants Aramco valued at a spectacular \$2 trillion when the government eventually sells shares in it, the centrepiece of the biggest economic transformation since the firm was brought under state control in the 1970s. Inside the C-suite, senior executives for decades have been schooled in the mantra that long-term success

trumps all other priorities. It's about the future of the kingdom, not personal enrichment.

"This is the lifeblood of Saudi Arabia," said Ellen Wald, who runs her own energy and political consulting firm and is author of the 2018 book "*Saudi, Inc.: The Arabian Kingdom's Pursuit of Profit and Power.*" Senior leaders "see themselves as stewards of this incredible national resource," she said.

Aramco hasn't publicly revealed compensation details beyond the aggregate figures, which were included in an April bond prospectus. A spokesman for the Dhahran-based company, officially known as Saudi Arabian Oil Co, said the policy is to remunerate managers in a manner that's consistent with Aramco's strategy and objectives.

More details may emerge should Aramco move ahead with its long-anticipated public listing, which has been delayed repeatedly, in part because some investors are concerned that the proposed valuation is too high. Prince Mohammed will decide in the next two days whether there's enough public support from local asset managers and wealthy Saudi families to go ahead with the IPO, people familiar with the process said.

He wants to sell part of the firm to outside investors to underpin his "Vision 2030" package of reforms. The goal is to diversify the economy, slash unemployment and reduce the

reliance on oil.

There has been plenty of reason to speculate about lavish payouts for executives. In Europe and the US, there's usually at least a cursory relationship between a company's size and profitability and what it pays top brass.

Aramco booked a staggering \$111 billion in profit last year, more than what

five of its biggest rivals — Exxon, Chevron, Royal Dutch Shell Plc, BP and Total — earned together. And the IPO target would make it the world's most valuable public company, surpassing other oil giants by multiples.

The firm's oil revenues also have long helped finance the lives of members of the House of Saud, whose collective net worth is estimated at more than \$100 billion, according to the Bloomberg Billionaires Index.

But Aramco board members have been dismissive of compensation packages sized according to US standards, said the people, who asked not to be identified discussing confidential information. Directors were also skeptical of incentives that could push employees to maximize short-term results at the expense of long-term performance, the people said.

"There's this feeling of intergenerational equity of the stewardship of Saudi oil that's been a really strong part of Aramco's mission," said Jim Krane, an energy research fellow at Rice University's Baker Institute.

It's about "preserving the oil for

future generations." The board has explored ways to align Aramco's executive compensation with US and European standards to appeal to international investors, people familiar with the matter said. Directors have mulled stock grants and long-term incentive awards, which often make up the bulk of executive pay at Western firms.

The board has also weighed granting equity awards to all Aramco employees, one of the people said. Nasser's pay package mainly consisted of salary and deferred compensation, they said.

There are also big pay disparities between Aramco and other large oil companies controlled by governments. Working at Aramco, however, comes with many benefits beyond salaries. Jobs at the company are highly coveted among Saudis. Top candidates are sometimes recruited as early as their teens. A job offer can be a ticket to a university education in the US, career-long job security and immense prestige back home.

Things get even better for those who make it to the senior ranks. Current and former executives, and their families, mainly live in Ar-Rabiyah, an enclave in northern Dhahran that's filled with opulent mansions with pools.

They enjoy a wide range of services and benefits paid for by Aramco, like cars and drivers, gardening and housekeeping, people familiar with the matter said. Contracts for senior executives also include health insurance for the person's wife, or wives, one of the people said.

"You're basically a rock star if you work for Aramco," Krane said. "It's one of the only meritocracies in Saudi Arabia."



Aramco's Chief Executive Officer Amin Nasser's \$5 million package in 2016 was less than a fifth of Exxon's then-CEO Rex Tillerson's

Saudi crown prince gives green light for Aramco IPO

JAVIER BLAS, MATTHEW MARTIN
& DINESH NAIR

2 November

Saudi Crown Prince Mohammed bin Salman finally gave the go-ahead for the initial public offering of Aramco, deciding there's enough support from local investors for what's likely to be a record share sale.

The crown prince made the decision at a meeting he chaired on Friday and an official announcement is likely as soon as Sunday, according to people familiar with the matter, who asked not to be named before an official statement.

The partial privatisation will be a deal like few others and the biggest change to Saudi oil industry since the company was nationalised in the 1970s. Aramco, which pumps 10% of the world's oil from giant fields beneath the kingdom's barren deserts, is the most profitable company globally and the backbone of the kingdom's economic and social stability.

First suggested by Prince Mohammed in 2016, the IPO was delayed several times as international investors balked at the \$2 trillion valuation he placed on the company. An earlier plan to kick off the share sale in mid-October was shelved after bankers received lukewarm interest from money managers, and the deal will likely rely heavily on Saudi money.

It's not clear if the prince is willing to accept a lower valuation, but he may need to be satisfied with a figure closer to \$1.7 trillion, if he wants the deal to go ahead, people have said.

The sale is key to Prince Mohammed's Vision 2030 plan to overhaul the Saudi economy and end the kingdom's reliance on oil exports. The proceeds from the IPO will boost the firepower of the OPEC nation's sovereign wealth fund.

Grabbing a role in the deal has been one of the most hotly contested mandates for global banks. More than 20 are working on the deal, with the top roles going to firms including

Citigroup, Goldman Sachs Group, and JPMorgan Chase & Co.

But the path to today's decision hasn't been smooth. After investors pushed back on the Prince Mohammed's \$2 trillion valuation, the original plan to list Aramco in either New York or London was dropped in favour of a Riyadh-only flotation.

To get the deal done, Aramco's bankers will need hefty contributions from the kingdom's wealthiest families, many of whom have already been targeted in the 2017's corruption crackdown that saw scores of rich Saudis detained in Riyadh's Ritz-Carlton Hotel. Authorities said they raised over \$100 billion in settlements from people accused of graft.

Local asset managers, including those looking after government funds, have also been asked to make significant contributions, while domestic banks have been told to lend generously so retail investors can buy Aramco shares, according to people familiar with the situation. **BLOOMBERG**

बोरिस प्रशासन का यू-टर्न : पर्यावरणविदों और सामुदायिक कार्यकर्ताओं की मांग स्वीकारी

ब्रिटेन : जमीन में रसायन डालकर तेल-गैस निकालने पर रोक

पत्रिका न्यूज नेटवर्क
patrika.com

लंदन. तेल और गैस निकालने की होड़ में धरती के भीतर बड़ी मात्रा में उच्च दबाव वाले रसायन पंप करने की प्रक्रिया पर ब्रिटेन ने रोक लगा दी है। तकनीकी भाषा में इसे फ्रैकिंग कहते हैं। पर्यावरणविद दशकों से रोक की मांग कर रहे थे। ताजा शोध सामने आने के बाद ब्रिटिश सरकार ने माना है कि आधुनिकतम तकनीक के बावजूद फ्रैकिंग के चलते भूकंप और उसके असर की भविष्यवाणी करना संभव नहीं है।

ब्रिटिश पीएम बोरिस जॉनसन ने यह निर्णय तेल और गैस प्राधिकरण द्वारा प्रकाशित नए वैज्ञानिक अध्ययन के आधार पर लिया गया जिसमें पाया



ब्रिटेन में फ्रैकिंग प्रक्रिया का विरोध करते पर्यावरणविद

गया कि फ्रैकिंग साइटों के पास स्थित समुदायों पर व्यापक प्रभाव पड़ रहा है। सरकार को भारी विरोध का सामना भी करना पड़ा रहा है। मंत्रियों

ने शेल गैस कंपनियों को भी आगाह किया है कि भविष्य की परियोजनाओं को समर्थन नहीं देंगे जो कंपनियों के लिए झटका है।

ऐतिहासिक जीत बताया

सरकार के निर्णय पर पर्यावरण के लिए काम कर रहे ग्रीन समूहों और स्थानीय लोगों के लिए ऐतिहासिक जीत है। सीपीआरइ के टॉम फियांस ने कहा कि देश के धर्मार्थ संगठन स्थानीय समुदायों, प्रचारकों और पर्यावरणविदों के साथ मिलकर जश्न मनाएंगे, जो इसे रोकने के लिए अभियान चला रहे हैं।

क्या होती है फ्रैकिंग

फ्रैकिंग वह प्रक्रिया है जिसके तहत उच्चदाब पर रसायनों को गहराई में चट्टानों की दरारों में भेजकर उनमें से गैस को निकालते हैं। इसमें उच्च क्षमता वाले पंपों से पानी के साथ रसायनों को चट्टानों में भेजकर इसमें फंसते तेल और गैस निकालते हैं।

फ्रैकिंग का पर्यावरण पर बुरा असर

- इसमें भारी मात्रा में पानी की जरूरत होती है। इससे आसपास के इलाके में पीने के पानी की कमी को उत्पन्न करते हैं।
- इस प्रक्रिया में इस्तेमाल होने वाला 20-30 प्रतिशत पानी प्रदूषित होकर भूतल पर लौटाता है। पर्यावरणविदों का मानना है कि फ्रैकिंग से चट्टानों की दरारें खाली होने से भूकंप की संभावना बढ़ती है।