
IRAQ HAS NOT YET REACHED ITS FULL OIL MARKET SHARE, SAYS PM

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Iraq's prime minister said the country has not yet reached its full oil market share, suggesting his government would not restrain crude output as part of any possible OPEC agreement to lift prices.

"And the capping, we are not open to that because Iraq is still below what it should produce," Haider al-Abadi told reporters, responding to a question about whether the second-largest OPEC producer would be open to such a deal.

Venezuela, whose economy like Iraq's has been hit hard by the oil price collapse, has for months sought to rally producers toward an agreement to limit production. Despite rising this year, oil at around \$49 a barrel is less than half its level of mid-2014.

Members of the Organization of the Petroleum Exporting Countries are due to meet informally in Algeria next month on the sidelines of the International Energy Forum (IEF). Russia is also expected to attend the IEF.

Abadi's comments come as sources in OPEC and the oil industry told Reuters Iran, OPEC's third-largest producer, was sending positive signals that it may support joint action to prop up the oil market.

Tehran refused to join an attempt in April to freeze output at January levels, scuppering those talks because Saudi Arabia said it wanted all producers to join the initiative.

Iraq, which depends on oil sales for 95 percent of its public spending, appears set to continue boosting production, which currently stands at around 4.6 million barrels per day.

The Baghdad government resumed partial pumping from fields in Kirkuk operated by state-run North Oil Company (NOC) via a Kurdish pipeline to Turkey, the oil ministry said on Thursday without explanation.

Oil flow had stopped in March because of a dispute between Abadi's government and authorities in the autonomous Kurdish region over control of oil resources.

Abadi said on Tuesday the decision was made in order to extract gas associated with oil and avoid damage to reservoirs.

"We have to produce oil in order to get gas," he told the news conference in Baghdad.

"This is a very old oil field, if this field does not produce oil, it can be degraded... So we were told to pump oil from Kirkuk to Ceyhan," he said, referring to the Turkish Mediterranean port where the pipeline delivers crude for international oil sales.

Abadi also said Iraq may base its public budget for 2017 on an oil price of \$35 per barrel, about the same level as this year after it was lowered from an initial forecast of \$45 a barrel. Iraq sells its crude at a discount to international oil prices.

The price assumption for 2017 could still be changed by parliament which has to approve it, Abadi's spokesman said separately.

Kaynak/Source: