
IS IRAQ COMING BACK TO THE OPEC DEAL?

-

22.11.2016

Oil Price , 21 Nov 2016

Iraq may not be going rogue on the OPEC deal after all, and will apparently be putting up three new proposals for discussion at the cartels technical meeting in Vienna on Monday and Tuesday.

Our alternatives are based on other variables and will make it easier for OPEC members to make a decision, Iraqi oil minister Jabbar al-Luaibi told The Wall Street Journal on Sunday. But no explanation of what those other variables are was given.

All of the options will be logical and in line with OPEC policy, al-Luaibi noted, but declined to provide more details over Iraqs proposals.

Whatever the proposals Iraq does offer in Vienna, the fact remains that ever since OPEC agreed to agree on a production cap in late September, Iraq has disputed even the general framework of a possible agreement.

x

The day after OPEC said it would work to work out a deal, Iraq quickly chimed in to dispute the cartels use of secondary sources to calculate its members output, which it knew would be used as a basis for determining what level of production each member would be held to.

A month later, Iraq pleaded exemption from cuts on the grounds that it needed resources to fight the Islamic State.

Last week - as OPECs technical meeting this week and the ministerial meeting next week were nearly upon is □ OPEC-related rhetoric was once again in full swing. Saudi Arabias oil minister Khalid al-Falih said that OPEC needed to cap production at 32.5 million bpd in order to balance the market. This figure is at the lower end of the 32.5 million bpd-33 million bpd range tentatively set in September, and more than 1 million bpd lower than OPECs October production of 33.64 million

bpd —a new record, according to OPEC secondary sources.

Reports also have it that Iran and Iraq had been asked to freeze production at current levels as OPEC is struggling to get its members to agree on a deal in what may be one of the last opportunities to clinch the much-discussed but little-specified agreement.

Amid this background, Sundays comments by the Iraqi minister that his country would put forward three new proposals for negotiation share this lack of specificity. But it seems that Iraq is no longer dismissing the cap outright, showing at least that it is willing to talk and offer solutions, whatever they may be.

Kaynak/Source: