
UNSATISFIED WITH OIL PRICES, IRAQ CALLS FOR NEW OPEC MEETING

24.02.2017

Oilprice.com, February 23, 2017

Iraq thinks that OPEC should hold a new meeting to discuss the cartels oil production cuts, given the fact that the current oil prices are still below expected levels, according to Iraqi Prime Minister Haider al-Abadi.

The price of oil is still below the level that is needed to replenish the budget deficit of Iraq, Kazakh agency KazTag reported on Wednesday, quoting Iraqi media that carried al-Abadis statements.

Iraq - OPECs second biggest producer behind Saudi Arabia - has tried hard to cut down production volume in the cartel and keep the prices, now OPEC needs to conduct a new meeting to reach an agreement, KazTag quoted al-Abadi as saying.

Yesterday, al-Abadi said at a news conference in Baghdad that the country needed oil to reach US\$60 per barrel in order to fill in the budget deficit gap.

Iraqs public finances have suffered from low oil prices, as Baghdad relies almost exclusively on oil revenues for budget proceeds. In addition, the countrys fight against Islamic State militants has been further stretching the dwindling financial resources.

Iraq has contractual obligations to foreign oil companies, and must deal with the Kurdish Regional Government (KRG), which controls fields in the north, making any production cuts quite complex. In this way, Iraq faces more challenges than other OPEC members in trying to comply with the deal.

Nevertheless, its a bit odd that Iraq □ which in January missed its production cut target under the OPEC deal the most - is the one demanding a new meeting on cuts.

In the November 30 supply-cut deal, Iraq pledged to reduce its crude oil production by 210,000 bpd to reach and keep for six months a production level of 4.351 million bpd.

OPECs figures for January show that Iraq pumped □ according to secondary sources □ 4.476 million bpd last month. Iraqs self-reported production was even higher □ 4.630 million bpd. The secondary-source figure □ which OPEC deems valid for cuts and compliance purposes □ is still 125,000 bpd above the targeted level.