
OPEC SAYS IRAQ, UAE, KAZAKHSTAN AFFIRM COMMITMENT TO CUTS

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Opec said Iraq, the United Arab Emirates and Kazakhstan – who have lagged in their implementation of a deal to cut production – affirmed their commitment to the accord at a meeting in Abu Dhabi.

All expressed their full support for the system to monitor the cutbacks in order to achieve the goal of reaching full conformity, Opec said in a statement on its website. Malaysia also attended and made the same pledge.

The meeting, co-chaired by Kuwait and Russia, was scheduled after several nations faltered in their pledges to reduce output. Twenty-four producers, from among the Organisation of Petroleum Exporting Countries and beyond, agreed to cut production late last year to try to end a global glut.

Oil prices have lost 8% this year on concern the agreement is failing to drain the worlds bloated oil stockpiles. Saudi Arabian Energy Minister Khalid al-Falih promised last month to intensify pressure on cheating countries.

Iraq and the UAE said at the meeting that Opecs estimates of their production – based on data from external sources – were at fault for any apparent failures to comply, according to two people familiar with the matter who asked not to be identified because the discussion was confidential.

Iraqi compliance slumped to 29% in June, its lowest so far, while the UAE made just 60% of its cuts, according to data from the International Energy Agency. Iraq has complained that the estimates Opec uses to monitor compliance are inaccurate, and that it has actually made the full reduction required.

Kazakhstan, rather than reduce its output as promised, has steadily increased it, with the expansion of its Kashagan oilfield.

Compliance with agreed oil-production cuts through March will probably falter, CME Group senior economist Erik Norland said in a phone interview. Its really a question of how quickly it will deteriorate rather than if it deteriorates, he said.

Opec uses supply estimates compiled from six external entities, known as secondary sources, to monitor adherence to the deal. These include media outlets and institutions like the Paris-based IEA and the US governments Energy Information Administration.

While the committee met, there were further signs of the diplomatic push to ensure full

compliance.

Iraq's oil minister, Jabbar al-Luaibi, is flying to Saudi Arabia at the invitation of al-Falih, Iraq's oil ministry said on Tuesday. The two officials will discuss coordination to achieve Opec's goals, Asim Jihad, a spokesman for the Iraqi oil ministry, said.

The agreement, which came into effect at the start of the year, brings together Opec and non-Opec nations in an effort to take as much as 1.8mn barrels of oil a day off the market.

Russia and Kuwait are two of the five nations that sit on the board that oversees the implementation of supply curbs. Saudi Arabia, which currently holds Opec's rotating presidency, also attended the meeting.

Iraq, the UAE, Kazakhstan and Malaysia have also been invited to the full technical committee's next meeting on August 21 in Vienna, where the panel's conclusions will be discussed, according to two people familiar with the matter who asked not to be identified because the information is private. Some of those invited nations expressed interest in attending, one of the people said.

Kaynak/Source: