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## Opec Member Nations Conclude Oil Production Pact

*by John Neagle*

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On Nov. 28 in Vienna, all 13 members of the Organization of Petroleum Exporting Countries (OPEC) endorsed a new crude oil production pact, Indonesia's Energy and Mining Minister Ginandjar Kartasmita said. He said the new pact sets an overall OPEC ceiling of 22 million barrels a day, up from the current 20.5 million b/d. Meanwhile, United Arab Emirates oil minister Mana Saeed al-Otaiba said he would hold his country's output at two million b/d. Kuwait's oil minister Sheikh Ali Khalifa al Sabah said his government would abide by its new quota of 1.5 million b/d. At a press conference, OPEC Secretary General Doctor Subroto said that Al-Otaiba had reserved his position on the quota allocated to the UAE, saying he did not feel bound to abide by it. A joint statement by the ministers said they had agreed that "the minimum reference price" of OPEC's crude oil basket would be \$18 per barrel. It was the first time OPEC had introduced the notion of a "minimum price." Algerian energy and mining minister Sadek Boussena said this meant there was now "a guarantee" that OPEC would defend the average OPEC price at this level. "There will no longer be a price below \$18, that's the message to the market. If this level is not reached, the (market monitoring) committee will meet," he said. The new agreement becomes effective on Jan. 1, 1990. Saudi Arabian minister of petroleum and mineral resources, Hisham M. Nazer, said that in the near future OPEC will not require quotas for member countries. He said the end of quotas would be the result of rising demand, and the fact that several OPEC member nations and non-OPEC oil producers were either approaching capacity levels or were already there. OPEC conference president, Nigerian Petroleum Resources Minister Alhaji Rilwanu Lukman, said that beginning in January 1990, there would be 1.2 million to 1.3 million barrels per day less in the world market. (Basic data from AFP, 11/28/89; OPEC News Agency, 11/28/89, 11/29/89)

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