



AFRIMARI

OPEC – Which way next?

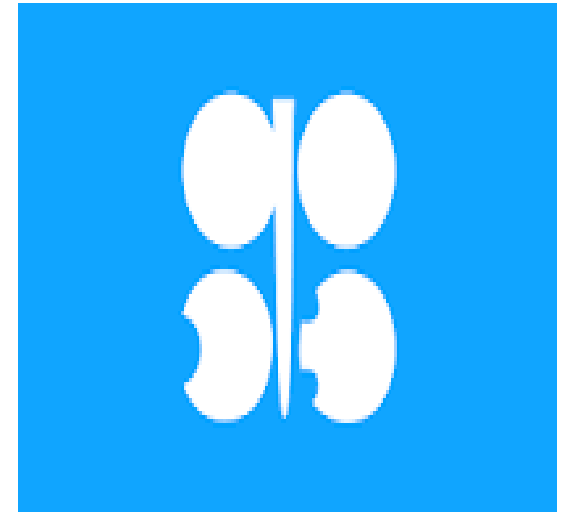
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AGENDA

- **OPEC History**
- **Change in OPEC strategy**
- **Trends in production**
- **What next?**



OPEC BACK THEN

- **OPEC's influence began to emerge in 1970s**
- **National oil companies were formed (Sonangol, PDVSA, NNPC)**
- **US production began to decline at that time**
- **OPEC first started to influence the world's supply of oil, and in turn its price.**



QUOTAS, OUTPUT CEILINGS

- **First began setting quotas in 1982**
- **OPEC collectively agreed a production target**
- **In 2008, OPEC agreed to reduce output three times in the space of three months**



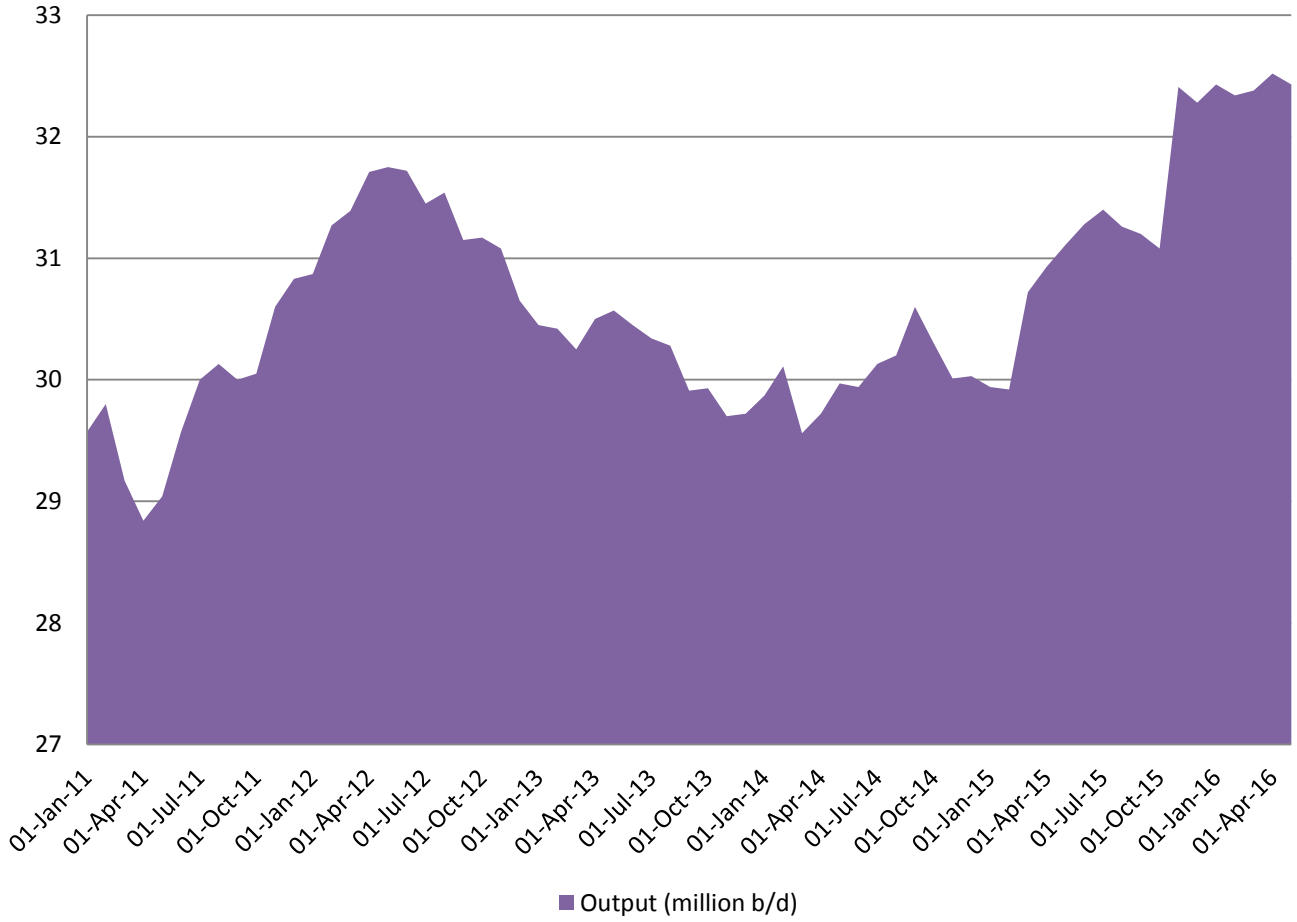
CHANGE IN OPEC STRATEGY

- **Jan 2012: Output ceiling of 30 million b/d**
- **Nov 2014: Maintained output ceiling**
- **Removed quotas in Nov 2014**
- **Market share strategy**
- **Emergence of US shale**

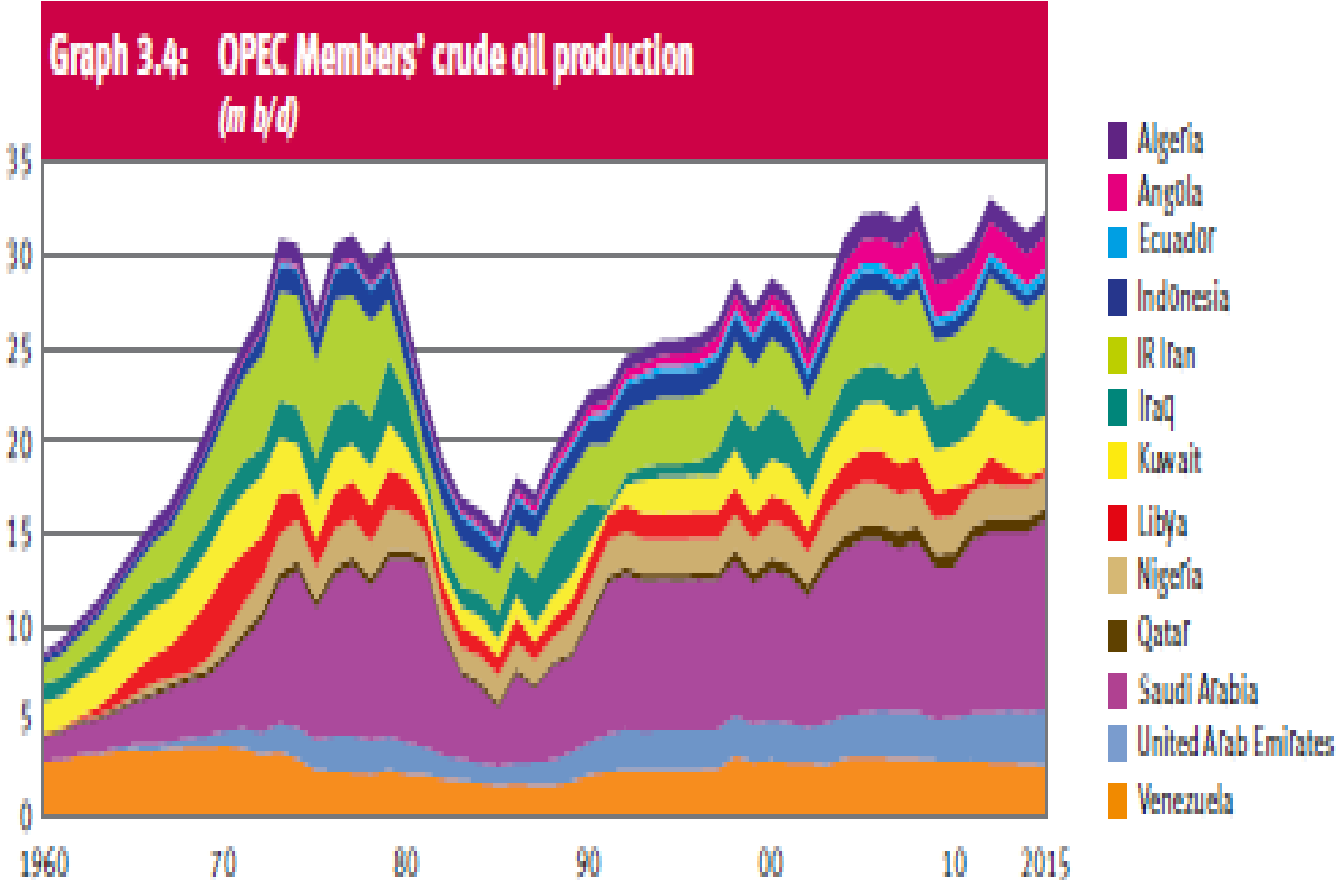


OPEC OUTPUT

OPEC output (million b/d)

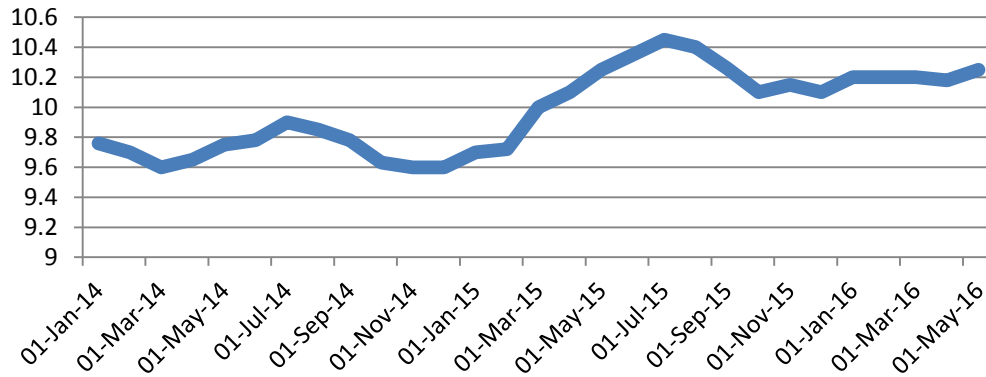


OPEC OUTPUT

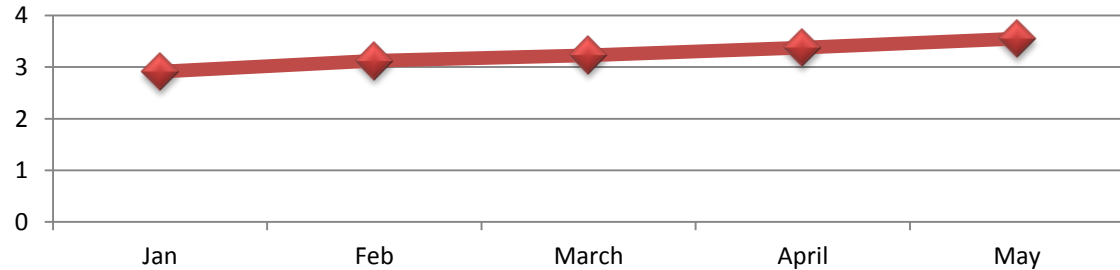


SAUDI-IRAN FEUD

Saudi Arabia production (million b/d)

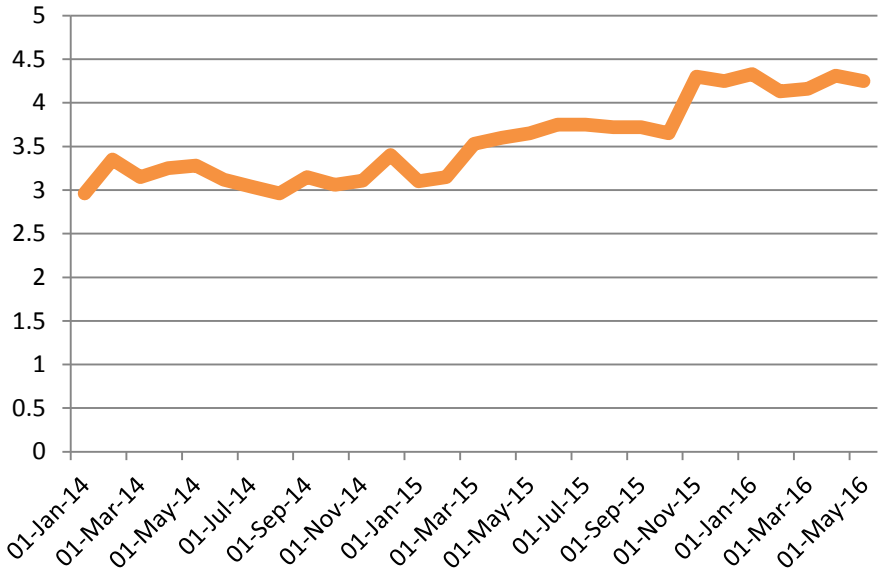


Iranian oil output post-sanctions production (million b/d)

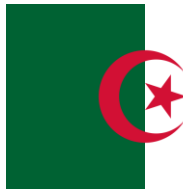
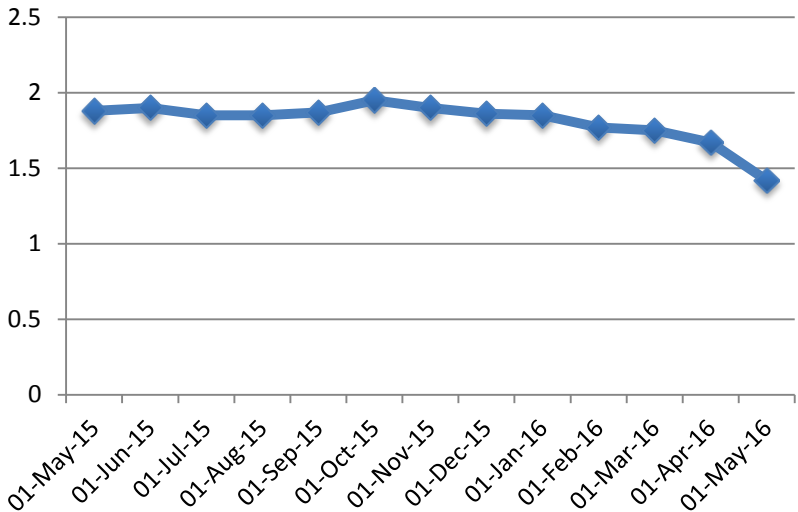


SUPPLY DISRUPTIONS

Iraqi production (million b/d)



Declining Nigerian oil production (million b/d)



WHAT NEXT?

- **How long will the freewheeling output strategy work?**
- **More limited role moving forward**
- **Coordination between non-OPEC producers**
- **OPEC, shale have to co-exist**

