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OPEC

Organization of Petroleum Exporting Countries (OPEC) members include [Algeria](#), [Indonesia](#), [Iran](#), [Iraq](#), [Kuwait](#), [Libya](#), [Nigeria](#), [Qatar](#), [Saudi Arabia](#), [the United Arab Emirates](#), and [Venezuela](#).

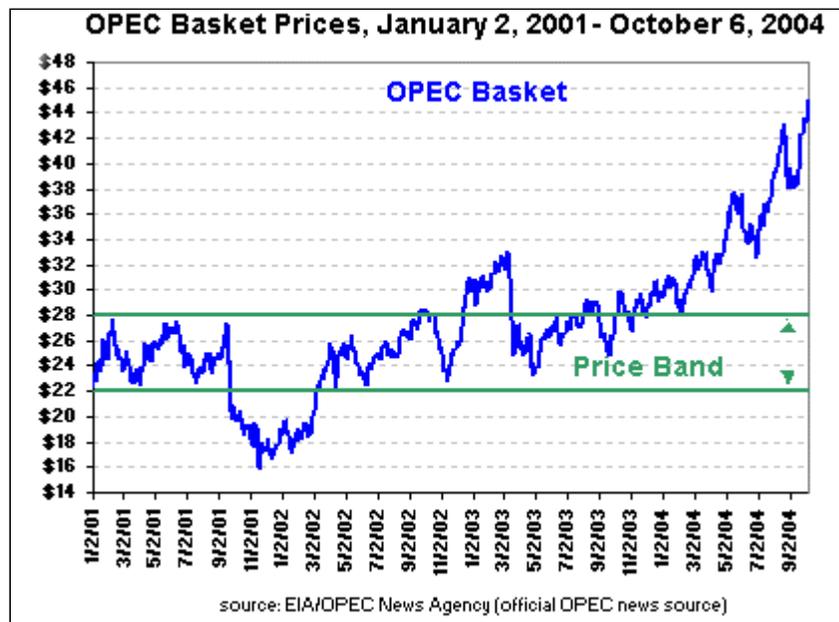
Note: EIA's analysis of world oil markets has been consolidated into its [Short-Term Energy Outlook \(Outlook\)](#). Please refer to the *Outlook* for [updated information on OPEC quotas, production, and production capacity levels](#).

The Organization of Petroleum Exporting Countries (OPEC) was founded in Baghdad, Iraq, in September 1960, to unify and coordinate members' petroleum policies. OPEC members' national oil ministers meet regularly to discuss prices and, since 1982, to set crude oil production quotas. Original OPEC members include Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. Between 1960 and 1975, the organization expanded to include Qatar (1961), Indonesia (1962), Libya (1962), the United Arab Emirates (1967), Algeria (1969), and Nigeria (1971). [Ecuador](#) and [Gabon](#) were members of OPEC, but Ecuador withdrew in December 1992, and Gabon followed suit in January 1995. Although Iraq remains a member of OPEC, Iraqi production has not been a part of any OPEC quota agreements since March 1998. EIA estimates the current eleven OPEC members account for almost 40% of world oil production and about 2/3 of the world's proven oil reserves.

OPEC PRICE BAND

OPEC collects price data on a "basket" of seven crude oils, including: Algeria's Saharan Blend, Indonesia Minas, Nigeria Bonny Light, Saudi Arabia Arab Light, Dubai Fateh, Venezuela Tia Juana and Mexico Isthmus (a non-OPEC oil). The OPEC price — which was introduced on January 1, 1987—is an arithmetic average of these oils. OPEC uses this price to monitor world oil market conditions.

In addition to the OPEC Basket, several other crude oil prices are used to follow world oil market conditions. Because the U.S. benchmark, West Texas Intermediate (WTI) crude oil, is a very light, sweet (low sulfur content) crude, it is generally more expensive than the OPEC basket, which is an average of light sweet crude oils such as Algeria's Saharan Blend and heavier sour crudes (with high sulfur content) such as Dubai's Fateh. Brent is also lighter, sweeter, and more expensive than the OPEC basket, although less so than WTI.



At its March 2000 meeting, OPEC set up a price band mechanism triggered by the OPEC basket price, to respond to changes in world oil market conditions. According to the price band mechanism, OPEC basket prices above \$28 per barrel for 20 consecutive trading days or below \$22 per barrel for 10 consecutive trading days would result in production adjustments. This adjustment was originally automatic, but OPEC members changed this so that they could fine-tune production adjustments at their discretion. Since its inception, the informal price band mechanism has been activated only once. On October 31, 2000, OPEC activated the mechanism to increase aggregate OPEC production quotas by 500,000 barrels per day.

The OPEC basket price rose above \$28 per barrel on December 2, 2003, and has traded above that level through October 6, a period of 218 consecutive trading days. On October 7, the OPEC basket price rose to \$45.08 per barrel, its highest price since the price band mechanism was established. However, the price band mechanism was not triggered, and there have been no announcements to date that it will be activated. The OPEC basket price averaged \$28.10 per barrel in 2003, an increase of over 15% from the 2002 average of \$24.36 per barrel. In 2001, the OPEC basket price averaged \$23.12 per barrel.

MEETINGS, ANNOUNCEMENTS, AND RELATED EVENTS

The OPEC countries hold meetings at OPEC headquarters in Vienna, Austria, where they decide issues and make announcements that influence world oil markets and prices. Quota decisions apply to all OPEC countries excluding Iraq (the OPEC 10), which has been excluded from all quota decisions in recent years. Major developments in the past year include:

January 12, 2003: OPEC held its 123rd meeting to review oil markets in Vienna, Austria. OPEC decided to raise its production quotas from 23 million barrels per day to 24.5 million barrels per day, effective February 1, 2003, in order to ensure adequate supplies of crude in response to the oil supply shortfall in Venezuela.

March 11, 2003: OPEC held its 124th meeting to review oil markets in Vienna, Austria, leaving OPEC output quotas unchanged.

March 17, 2003: The UN Secretary-General announced the temporary withdrawal of all humanitarian personnel from Iraq. Although oil continued to flow through the oil pipeline from northern Iraq to the Turkish Mediterranean port of Ceyhan, the UN's independent oil overseers were withdrawn from the Iraqi oil platform at Mina al-Bakr in the south. These are the only outlets for Iraqi oil exports allowed under the UN's Oil-for-Food Program.

March 19, 2003: War in Iraq began with the bombing of Baghdad.

March 20, 2003: OPEC resolved to make up for any supply shortfall resulting from "events unfolding in Iraq". Member countries pledged to use their available excess capacities to ensure continued supply.

April 24, 2003: OPEC held its consultative meeting in Vienna, Austria. OPEC decided to reduce actual OPEC 10 production by 2 million barrels per day to the new OPEC 10 production quota of 25.4 million barrels per day, effective June 1, 2003 (the production figure is from OPEC).

May 22, 2003: The UN Security Council adopted Resolution 1483, lifting civilian sanctions on Iraq, ending UN monitoring of the export of crude oil and petroleum products from Iraq, and phasing out the UN's Oil-for-Food Program over the next six months.

May 27, 2003: The U.S. lifted most of its remaining sanctions on Iraq, thereby implementing U.N. Security Council Resolution 1483.

June 3, 2003: The thirteenth phase of Iraq's oil-for-food program ended.

June 11, 2003: OPEC held its 125th meeting to review oil markets in Doha, Qatar, leaving OPEC output quotas unchanged.

July 31, 2003: OPEC held its 126th meeting to review oil markets in Vienna, Austria, leaving OPEC output quotas unchanged.

September 24, 2003: OPEC held its 127th meeting to review oil markets in Vienna, Austria. OPEC decided to lower its production quota from 25.4 million barrels per day to 24.5 million barrels per day, effective November 1, 2003.

November 21, 2003: The UN's oil-for-food program closed after nearly 7 years of operation.

December 4, 2003: OPEC held its 128th meeting to review oil markets in Vienna, Austria, leaving OPEC output quotas unchanged.

February 10, 2004: OPEC held its 129th meeting to review oil markets in Algiers, Algeria. OPEC decided to lower OPEC's production quota from 24.5 million barrels per day to 23.5 million barrels per day, effective April 1, 2004.

March 31, 2004: OPEC held its 130th meeting to review oil markets in Vienna, Austria. OPEC re-confirmed the new production ceiling of 23.5 million barrels per day effective April 1, 2004, which was agreed upon at the 129th Meeting held on February 10, 2004 in Algiers.

June 3, 2004: OPEC held its 131st meeting to review oil markets in Beirut, Lebanon. OPEC decided to increase its production quota to 25.5 million barrels per day effective July 1, 2004, and to 26.0 million barrels per day effective August 1, 2004.

September 15, 2004: OPEC held its 132nd meeting to review oil markets in Vienna, Austria. OPEC decided to increase its production quota to 27.0 million barrels per day effective November 1, 2004.

December 10, 2004: OPEC is scheduled to hold its 133rd meeting to review oil markets in Cairo, Egypt.

March 16, 2005: OPEC is scheduled to hold its 134th meeting to review oil markets in Mahmoud Abad, Iran.

LINKS

For more information on OPEC, see these other sources on the EIA web site:

[EIA Information on OPEC](#)

[Monthly Energy Chronology](#)

[Non-OPEC Fact Sheet](#)

[Persian Gulf Oil Export Fact Sheet](#)

[Short-Term Energy Outlook - International Petroleum Supply and Demand with OPEC Production](#)

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[OPEC's Home Page](#)

[OPEC News \(unaffiliated with OPEC's Official Page\)](#)

[United Nations Office of the Iraq Programme](#)

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