

# Bloomberg

## OPEC Agrees to 30 Million Barrel Output Limit

By Ayesha Daya, Fred Pals and Lananh Nguyen - Dec 14, 2011

OPEC decided to increase its production ceiling to 30 million barrels a day, the first change in three years, moving the group's target nearer to current output as it grapples with rising exports from post-war [Libya](#).

The new quota is for all members of the Organization of Petroleum Exporting Countries, including [Iraq](#) and Libya, and compares with actual November production from those 12 nations of 30.37 million barrels a day, according to OPEC estimates. The target will be reviewed at its next meeting on June 14 and replaces a previous target for 11 OPEC nations, excluding Iraq, of 24.845 million.

"We have an agreement to maintain the market in balance and we're going to adjust the level of production of each country to open space for Libyan production," Venezuelan Energy Minister Rafael Ramirez said in Vienna after OPEC's conference ended today.

[OPEC](#) is raising its quota to more closely match current production while at the same time gauging the possibility of a slowing global economy and rising Libyan supply. Its last meeting in June broke up without consensus when six members including [Iran](#) and Venezuela opposed a formal push to pump more oil. [Saudi Arabia](#) and other Gulf nations went ahead anyway and increased supply to make up for halted Libyan exports.

### No National Quotas

The group won't set individual quotas for each member nation, a person with knowledge of OPEC policy said earlier today while the ministers were still in talks. Nigerian Petroleum Minister Diezani Alison-Madueke also said after the meeting ended that OPEC didn't discuss national quotas.

"Since OPEC intends to keep production levels relatively unchanged amidst rising demand, this decision could bolster [oil prices](#) in the immediate-term and provide support to prices in 2012," Jason Schenker, president of Austin, Texas-based Prestige Economics, said in an e-mailed note today.

[Harry Tchilinguirian](#), head of commodity-market strategy at BNP Paribas SA in [London](#), said the new group limit makes sense given that it now includes Iraq, which hitherto was outside the quota system.

OPEC will need to produce 30.1 million barrels a day next year to balance world supply and demand, its secretariat forecast yesterday in a monthly report. World oil demand will rise 1.1 million barrels a day, or 1.2 percent, in 2012.

#### World Economy Concern

“We are faced with the prospect of a world economy which could swing either way in the coming months,” Iranian Oil Minister Rostam Qasemi, who is also president of OPEC until the end of this year, said in an opening speech at OPEC’s Vienna headquarters for the 160th ministerial conference. “It could enter a welcome period of sustainable economic recovery or return to a new downturn or even recession.”

Saudi Arabian Oil Minister [Ali al-Naimi](#), whose country has boosted production to over 10 million barrels a day, said earlier today he expected a “great agreement” within OPEC today. He had previously described OPEC’s June meeting at the worst ever.

OPEC last set a quota in December 2008 at a meeting in Oran, [Algeria](#), when the group announced record supply cuts. The 11 members that are subject to limits last month pumped 2.81 million barrels a day more than the 24.845 million-barrel agreed ceiling, a Bloomberg survey showed. Iraq is not bound by quotas.

#### Group Production

All 12 OPEC members collectively produced 30.37 million barrels a day last month, according to OPEC’s own monthly report published yesterday. Excluding Iraq, the 11 nations previously subject to quotas pumped 27.69 million barrels a day, according to OPEC, which uses secondary sources, such as analysts and news agencies, for its survey.

Earlier today, [Venezuela](#)’s Ramirez had contradicted other OPEC by saying that the organization wasn’t discussing a new higher production limit of 30 million barrels a day. He reiterated his view that those OPEC members that had increased output

when Libyan supply slowed, should reduce their output as the nation's exports recover.

[Brent crude](#) for January delivery fell \$1.97 to \$107.53 a barrel as 2:05 p.m. London time on the ICE Futures Europe exchange. Prices are up 13 percent this year after gaining 8 percent in 2010.

The group's 12 members are Algeria, [Angola](#), Ecuador, Iran, Iraq, [Kuwait](#), Libya, [Nigeria](#), [Qatar](#), Saudi Arabia, the United Arab Emirates and Venezuela.

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