

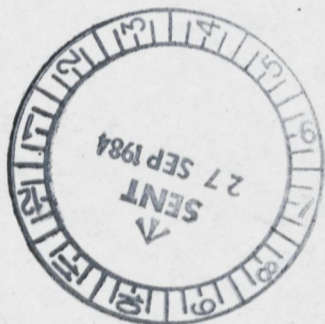
ADVANCE COPIES

32

IMMEDIATE

OIL

PS ~~WHITNEY~~ **RENTON**
 PS/MR ~~WHITNEY~~
 PS/PUS
 SIR C TICKELL
 MR GOODALL
 MR O'NEILL
 MR J THOMAS
 MR EGERTON
 HD/ESSD
 HD/WAD
 HD/ERD
 HD/ESID
 HD/MED
 HD/SEAD
 HD/NENAD
~~RESIDENT CLERK~~



ADVANCE COPY

PS/NO 10 DOWNING ST
 MR MORPHET)
 MR WIGGINS) DEPT OF ENERGY
 MR HIGSON)
 MR FREEMANTLE)
 MISS PENNY BOYS) THAMES HOUSE
 MS CAMERON) SOUTH
 PS/S/S FOR ENERGY)

MR B URWIN)
 MR R LAVELLE) HM TREASURY
 MR ~~N WICKS~~ *Robson*)
 MISS M E CUND)
 MS P. LEAHY)
 MR R MARTIN)
 Rm, 116) DOT
 MISS LACKEY WEG) 1 VICTORIA ST
 MR D FORD CT5)

MR GRAHAM HARRISON) ODA

UNCLASSIFIED

FM VIENNA 261505Z SEP 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 070 OF 26 SEPTEMBER

AND TO TREASURY

AND TO DEPARTMENT OF ENERGY

OPEC MONITORING COMMITTEE MEETING, VIENNA

1. THE OPEC MONITORING COMMITTEE, AFTER A SHORT SESSION TODAY, DECIDED TO RECOMMEND THAT BOTH THE PRESENT OVERALL OPEC PRODUCTION LIMIT OF 17.5 MILLION BARRELS PER DAY AND THE CURRENT MARKER CRUDE PRICE OF DOLLARS 29 PER BARREL SHOULD BE MAINTAINED.

2. IN A STATEMENT MADE AFTER THE MEETING, THE COMMITTEE CHAIRMAN, OTAIBA, STATED FIRMLY THAT OPEC IS PREPARED TO DEFEND THE PRICE AT ALL COSTS EVEN IF THIS WERE TO INVOLVE REDUCING PRODUCTION QUOTAS. HE CLAIMED THAT STRONG, ARTIFICIALLY GENERATED, PRESSURE HAD BEEN BROUGHT TO BEAR ON THE MARKET, PARTICULARLY DURING THE FIRST HALF OF AUGUST BY CERTAIN NON-OPEC CONSUMERS, PRODUCERS AND OIL COMPANIES. HE STATED THAT OPEC WOULD CONTINUE TO RESIST PRESSURE OF THIS SORT.

OPEC WOULD CONTINUE TO RESIST PRESSURE OF THIS SORT.

3. THE FOLLOWING POINTS EMERGED WHEN OTAIBA ANSWERED QUESTIONS FROM THE PRESS:

- A) ESTIMATED CURRENT OPEC PRODUCTION IS ABOUT 16.5 MILLION BARRELS PER DAY WITH SEVERAL OPEC COUNTRIES PRODUCING LESS THAN THEIR QUOTA.
- B) THE MARKET IS EXPECTED TO IMPROVE DURING THE 4TH QUARTER WITH THE DEMAND FOR OPEC OIL RISING BETWEEN 18.8 AND 19 MILLION BARRELS PER DAY. NO SPECIAL MEASURES HAVE BEEN AGREED SO FAR TO DEAL WITH THE ANTICIPATED INCREASE.
- C) WITHOUT BEING SPECIFIC, OTAIBA ADMITTED THAT THE COMMITTEE HAD CONSIDERED SEVERAL PRICE AND QUOTA VIOLATIONS WITHIN OPEC. THE GOVERNMENTS OF THE COUNTRIES CONCERNED HAD BEEN TACKLED AND PROMISES OF MORE DISCIPLINED BEHAVIOUR RECEIVED.
- D) THE INCREASING STRENGTH OF THE DOLLAR, IT WAS CLAIMED, HAD BEEN A DISADVANTAGE RATHER THAN A BENEFIT SINCE THE RESULTING INCREASED COST TO CERTAIN CONSUMERS HAD SUPPRESSED DEMAND.
- E) THE QUESTION OF DIFFERENTIALS WAS NOT DISCUSSED. THIS IS A COMPLICATED ISSUE AND MORE EXPERT OPINION IS REQUIRED BEFORE RECOMMENDATIONS CAN BE MADE.
- F) THE QUESTION OF NIGERIA'S QUOTA FOR OCTOBER AND THEREAFTER WAS NOT DEALT WITH BY THE MONITORING COMMITTEE.
- G) WHEN QUESTIONED ABOUT BARTER DEALS OTAIBA CONDEMNED THE PRACTICE BUT IMPLIED THAT SEVERAL INSTANCES OF THIS PRACTICE HAD COME TO THE NOTICE OF THE COMMITTEE.

4. THE MONITORING COMMITTEE WILL NEXT MEET ON THE 16TH OF NOVEMBER IN GENEVA.

MORGAN

NNNN

SENT AT 27/0650Z J VH