



The 27th Annual Middle East Petroleum & Gas Conference 7 – 9 April 2019 * InterContinental Dubai Festival City

PRESS CLIPPING

Tuesday, 9 April 2019

International Oil Daily (Energy Intelligence Group)

OPEC PRODUCERS SAY NO INTENT TO BACK OFF DOLLAR

Amena Bakr, Riyadh, and Katie McQue, Dubai

Opec members Saudi Arabia and the United Arab Emirates say a switch away from pricing crude oil in US dollars isn't in the cards amid speculation that the producer group might consider such a move should US legislators pass the so called No Oil Producing and Exporting Cartels Act, or "Nopec".

The producers were responding to a Reuters report published late last week, citing sources as saying that Saudi Arabia was threatening to drop the US dollar and use other currencies to trade its oil should the US pass its controversial Nopec bill, which would expose all Opec members to American antitrust laws.

Asked by Energy Intelligence if such threats were made by the kingdom, Saudi Arabia's Energy Minister Khalid al-Falih said in Riyadh Monday: "Absolutely not. There is no change to our longstanding policy."

The kingdom's energy ministry subsequently issued a statement also rejecting the report. "Recently circulated claims that the kingdom of Saudi Arabia is threatening to sell its oil in other currencies other than the dollar are inaccurate and do not reflect Saudi Arabia's position on the matter," said the statement. "The kingdom has been trading its oil in dollars for decades, which has served well the objectives of its financial and monetary policies."

Saudi Arabia and the US are longstanding allies but have seen their relations strained more recently after the murder of Saudi journalist Jamal Khashoggi in the Saudi consulate in Istanbul in October. Although US President Donald Trump was more vocal in criticizing Opec's oil market manager role prior to becoming president, his recent criticism has mostly focused on urging the group, and Saudi Arabia specifically, to use its spare capacity to lower oil prices.

Sources close to foreign policy in the kingdom told Energy Intelligence that there had been no attempts by Saudi Arabia to upset the relationship with its key Western ally.

UAE Energy Minister Suhail al-Mazrouei, also on Monday, said Opec had no plans to change its policy of trading oil in US dollars. "I think the trading in the US dollar is something you don't change overnight, so let's not jump into some of those ideas. Opec did not say that, did not claim that they would change the currency and the trading, and I have no views on the doability of that," he told reporters at the 27th Middle East Petroleum and Gas Conference in Dubai.

In terms of extending the current 1.2 million barrel per day oil supply cut between Opec and some nonOpec producers, led by Russia, al-Falih and al-Mazrouei said it was premature to say what decision would be taken by the group at its next ministerial meeting in Vienna in June. Al-Mazrouei said producers were doing their "utmost" to return to market balance, adding that he believed "we'll be achieving market balance soon."

Benchmark Brent crude prices have surged on the back of the deal, hitting \$70 per barrel recently, up 40% from below \$50 in late December, leading to Trump's most recent tweet urging more supply from Opec in late March.

Still, Saudi Arabia may be leaning toward extending the deal. Al-Falih said inventories remained still above "normal level," adding that the upcoming Joint Ministerial Monitoring Committee (JMMC) meeting in Jeddah in May would be critical. "The JMMC will be a key decision point because we will certainly by then know where the consensus view is and more importantly, before we ask for consensus, we will know where the fundamentals are pointing," he said.

Asked whether the kingdom would be willing to continue cutting its output beyond its set quota of 10.3 million b/d, Al-Falih said other countries would need to continue improving their quota compliance first, which he indicated was happening after a slow start at the beginning of the year.

Al-Mazrouei agreed that compliance levels which were seen to have reached 89% in February on the rise. "Some of the member countries have maintenance, some are still not finished, and we are in April now. So we are expecting April to carry good compliance numbers. If that happens then I think we are very close to the 100%," he said.