

# OPEC+ Reaches Historic Deal. Petraco Group Monitors Closely

*Petraco is one of the oldest independent trading companies in the World, priding itself on great expertise and strong connection with its customers.*

LUGANO, TESSIN, SWITZERLAND, July 28, 2021 /EINPresswire.com/ -- [Opec](#) and their allies have reached a deal to increase oil production by 400,000 barrels a day in response to Brent climbing to over \$75, a level not seen since prior to the pandemic. The rise in

output is due to commence in August 2021, lasting until December 2022. This much earlier than the original plan for expansion which had been planned to kickstart in April 2022. The conclusion of the meeting between OPEC+ members was long-delayed and sheds light on what had been, up to now, a general pessimistic feeling over demand levels amongst oil producing countries following the outbreak of the Covid-19 pandemic.

“

In 1859 the human race discovered a huge treasure chest in its basement. This was oil and gas.”

K.E.B.

Opec+ coalition's decision is unlikely to be put in place sooner than August as previous disagreement with the UAE had hindered the group's output policy. An initial meeting had been scheduled on 5th July. In an interview conducted by CNBC, Saudi Arabia's oil minister Adulaziz bin Salman expressed his unawareness of any negotiations

that would result in Abu Dhabi's consent to the proposal to boost production by 400,000 b/d each month over August 2021 – December 2022, with an option for a stoppage period of three months. The UAE demanded an upward adjustment of their production baseline from 3.168mn b/d to 3.65mn b/d. This standstill was closely followed by major players in the oil industry, energy majors and traders alike, including Vitol, Petraco, Trafigura and Glencore.

Saudi Arabia's oil minister emphasized that the group will still retain its existing deal until next April, despite the current standstill over its extension until the end of 2022. Minister Abdulaziz bin Salman added also that continued unpredictability in oil markets due to transmission of the Covid-19 pandemic and a possible return of Venezuelan and Iranian barrels actually supported a



OPEC+ REACHES HISTORIC DEAL. PETRACO GROUP MONITORS CLOSELY

deal extension and the limitation in output increase.

During the meeting's discussion, the extension proposal had amassed almost unanimous support.

Minister bin Salman stated that "It really address[es] everyone's concerns: ensuring the market will not be short of volumes, carefully bringing that volume in a gradual phase-in, [and continuing] the mechanism of posing or even increasing or decreasing, which is very assuring for the market."

Nevertheless, he formally opposed the UAE's request for a baseline revision, claiming that "you cannot pick a month and say, this is my capacity, so you have to give it to me now. This is not the way to do it,". For that matter, he insisted that the disagreements had nevertheless not escalated to the point of risking a deal dissolution.

However, due to current course of events, members of the Opec+ group, including [Russia](#), Iraq, Kuwait, Saudi Arabia, and the United Arab Emirates will be granted increased output baselines. These output baselines constitute the benchmarks from which production deals are calculated. Under the agreement, production baselines will increase as follows:

- For UAE from 3.168mn b/d to 3.5m b/d;
- For Saudi Arabia from 11m b/d to 11.5m b/d;
- For Russia from 11m b/d to 11.5m b/d;
- For Iraq from 4.65m b/d to 4.8m b/d;
- For Kuwait from 2.85m b/d to 3m b/d.

Russia is considered to be the greatest winner. The deal, welcomed by Russia, allows it to boost oil output by 100,000 barrels a day starting from August. Russia's pre-crisis level will be reached in May next year. Russian companies are believed to monetize their reserves and thus sustain their market share. Deputy Prime Minister Alexander Novak expressed his hopes for budget benefits the agreement should yield, saying "With an average price of \$60 per barrel, budget revenues will amount to more than 400 billion rubles (\$5 billion), and this is certainly a very positive moment,".

The next Opec+ meeting, due to be held on 1st September, will be closely monitored by industry players. A spokesperson for the [Petraco Group](#) indicated the trading house is looking forward to this chain of events with a prospect for favourable oil market impact in the latter part of 2021.

#PetracoOil #PetracoGroup #PetracoOilGroup #Opec #OilAndGas #OilPrices

Luca Bianchi - Head of PR  
Petraco Oil Company SA  
+41 919116010

[email us here](#)

Visit us on social media:

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/547449924>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.