

IMPLICATIONS OF CHANGING TRENDS OPEC BASKET OIL PRICES ON INTERNATIONAL PRICES BETWEEN (2002-2007)

Abdol Karim GAYEM^{1*}, ANVARSHAYKH²

¹Faculty Member of Petroleum University of Technology, Abadan, Iran,

²Department of Commerce, Faculty of Commerce at the University of Pune, India.

***Corresponding Author**

ABSTRACT

The main objective of this research is study the effect of changing trends of OPEC Basket crude and oil product prices on International Oil prices between (2002-2007). All the information published in business reports, oil price specially (Brent, west Texas intermediate, OPEC basket, consumption of OPEC crude oil). The main Question of this research is whether the OPEC Basket Crude Oil prices have affected the International oil price between. In response to the research question, this research has to be said all oil experts believes that this phenomenon depends entirely on the amount of production, domestic consumption and the volume of export of crude oil and its products to OPEC countries. Inferential statistics were used SPSS and E Views Soft ware. Due to simultaneous analysis of several variables and their relationships between them, estimating the Developed Economical Measuring Equation has been used. Based on the results, hypothesis is accepted. The estimated model shows that the increase of one unit of current oil price leads to the increase 0.90726 unit of the oil prices in the future period. increase One unit of internal consume of OPEC countries can cause 0.005373-unit increase of the oil price in the future period.

Keywords: Consumption, International, Oil Prices, OPEC Basket

INTRODUCTION

The crude oil price increase during 2002 to 2007 caused the oil consumers to confront many difficulties. Different factors were responsible for the increase in oil prices such as the third Persian Gulf war, the American war against Iraq,

Iran Nuclear problems, increasing world population, decreasing OPEC production, the decrease of American oil strategic reserves, Katrina events and also the lack of capacity for refining oil in America the fact that has been less considered is why they should increase in the oil prices as opposed to other changes in the oil market in different periods of time. Thus it is one-way process of increase in prices during these 6 years from 2002 onwards these events have led to stability and increase in oil prices. The oil market could thus witness stable prices.

The OPEC Basket crude oil prices cover the differences of supply and demand. In different situations, the impact of changes in supply and demand have increased. It is here by seen that the crude oil prices introduction have great impacts on the world wide oil prices they have the potentiality to decrease or increase the oil prices.

OPEC basket crude and oil prices between 2002-2007-2

Because of the influential nature of the OPEC Basket Oil Prices on the International Oil Prices we study this trend as follows.

Crude Oil Prices in the 2002-2003

The weekly price of the OPEC basket of crudes continued to rise for the greater part of October 2002 exceeding, for several days, OPEC's price band (\$22-28/bbl.). However, this trend did not continue for the 20-day period required to activate the Organization's price mechanism. The average for the third week stood at \$29.7/bbl.

The average price of the OPEC basket for the October 2003 stood at \$28.1/bbl. Up by \$1 .7/bbl. from the previous month and about \$0.8/bbl. more than in October 2002.

The rise in oil prices was Precipitated by several factors, namely, the closure of a refinery in the US and forecasts of increasingly colder weather. Prices were also pressured by reports of an explosion at a Venezuelan refinery, which sparked fears of gasoline supply disruption to the US market since that country is the primary source gasoline in the US.

Table 1: Change in the price of the OPEC Basket of Crudes, 2002~2003(\$/bbl)

	Nov-2002	Dec	Jan-2003	Feb	Mar	April	May	June	July	Aug	Sept	Oct
Monthly Change	3.1	4.1	1.9	1.2	1.7	4.4	0.3	1.2	0.7	1.2	-2.2	1.7
Month- on- Month from The Previous Year	6.5	10.6	12.0	12.5	7.2	0.6	0.8	3.0	2.2	2.7	-1.0	0.8

Source: OAPEC Monthly Bulletin Dec 2003

The daily price of the OPEC basket of crudes exceeded the upper limit of OPEC's price band (\$22-28/bbl) for the most part of December 2002 with the average for the third week peaking at \$30.5/bbl. The hike in prices coincided with a set of bearish oil stocks data inferring to a decline in US crude inventory. Weekly prices — shown in the figure below fluctuated between \$28.6/bbl. and \$ 30.5/bbl.

The average price of the OPEC basket for the month stood at \$29.6/bbl up by \$1. 1/bbl. from the previous month and about \$1.2/bbl. more than the corresponding month of December 2002.

The rise in oil prices was precipitated by the following factors:

- Fears of supply shortages emanating from the Middle East which remains engulfed by a high degree of political uncertainty.
- Acts of sabotage hampering the shipment -of Iraqi crude oil.

The table below shows the change in the price of the OPEC basket of crudes as well as month-on-month price comparisons to levels prevailing in

Table 2: Change in the price of the OPEC Basket of Crudes, 2003

	Jan-2003	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Monthly Change	1.9	1.2	1.7	4.4	0.3	1.2	0.7	1.2	2.2	1.7	0.4	1.1
Month- on Month From The Previous Year	12.0	12.5	7.2	0.6	0.8	3.0	2.2	2.7	1.0	0.8	4.2	1.2

Source: OAPEC Monthly Bulletin Feb 2004

Crude Oil Prices in the 2003-2005

The price of the OPEC basket of crudes remained above the \$50/bbl level for the fifth consecutive month (since June 2005). Weekly prices of the OPEC basket in October- shown in the figure below - fluctuated between \$53.6/bbl and \$55.7/bbl.

The monthly average price of the OPEC basket in October fell by 6.0% or \$3.5/bbl. from the previous month to \$54.4/bbl. This level was 19.8% or \$9.0/bbl. higher than a year ago when the OPEC basket was still comprised of seven crudes.

Due to the recent slow down in demand, particularly in the USA, the crude oil market has lost part of its strength. However, prices of oil remained at high levels primarily due to insecurity about future supply and a tight products market.

The table and figure below show the change in the price of the OPEC basket of crudes as well as month-on-month price comparisons to levels prevailing in 2004-2005.

Table 3: Change in the price of the OPEC Basket of Crudes, 2004-2005

	Oct 2004	Nov	Dec	Jan- 2005	Feb	March	April	May	June	July	Aug	Sept	Oct
Monthly Change	5.0	6.4	3.3	4.5	1.5	7.4	0.4	3.0	4.0	2.2	6.3	2.0	3.5
Month- on- Month From The Previous Year	17.3	10.5	6.1	9.9	12.1	17.0	17.1	10.3	16.3	16.8	19.1	17.2	9.0

Source: OAPEC Monthly Bulletin Dec 2005



Crude Oil Prices in the 2003-2006

The Price of the OPEC basket of crudes remained above the \$50/bbl. level for the eleventh consecutive month, i.e., since June 2005, with weekly prices in April - shown in the figure below - fluctuating between \$61.6/bbl and \$66.4/bbl.

The 134th (Extraordinary) Meeting of the Conference of OPEC held on January 30, 2005, suspended the Price Band mechanism, pending completion of further studies on the subject.

The monthly average price of the OPEC basket in April rose by 11.2% or \$6.5/bbl. from the previous month to \$68.1/bbl. This level was 29.8% or \$14.8/bbl. higher than a year ago when the OPEC basket was still comprised of seven crudes.

Oil prices rose due to tensions caused by the ongoing debate over Iran's (OPEC's second largest producer) nuclear program, despite its assurances that it had no plans to reduce its output. Fears regarding the reliability of Nigerian supplies also contributed to market sentiment.

Table 4: Change in the price of the OPEC Basket of Crudes, 2005-2006

	April- 2005	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan- 2006	Feb	Mar	Apr
Monthly Change	0.4	3.0	4.0	2.2	6.3	2.0	3.5	3.5	1.4	5.7	-1.9	1.3	6.5
Month-on Month From The Previous Year	17.1	10.3	16.3	16.8	19.1	17.2	9.0	12.1	16.9	18.1	14.9	8.8	14.8

Source: OAPEC Monthly Bulletin June 2006.

Crude Oil Prices in the 2004-2007

The price of the OPEC basket of crudes remained above the \$50/bbl. level for the twenty-seventh consecutive month, i.e., since June 2005, with weekly prices in August 2007 shown in the figure below - fluctuating between \$67.2/bbl. and \$68.6/bbl.

The monthly average price of the OPEC basket in August declined by 4.5% or \$3.2/bbl. from the previous month to \$68.61bbl. This level was 0.3% or \$0.2/bbl. lower than a year ago when the OPEC basket was still comprised of seven crudes.

- Monthly oil price decline is attributed mainly to several factors including Prediction indicating that hurricane Dean will not hit main oil and gas facilities in Gulf of Mexico.
- Resumption of some US refineries to operate in full capacity after a three-week stoppage, especially that end of US summer holidays was at sight.
- Announcements made prior to OPEC ordinary meeting convened in September 11,2007 indicating a probable increase in production.

The table and figure below show the change in the price of the OPEC basket of crudes as well as month-on-month price comparisons to levels prevailing in

Table 5: Change in price of the OPEC Basket of Crudes, 2006-2007

	Aug 2006	Sept	Oct	Nov	Dec	Jan-2007	Feb	Mar	April	May	June	July	Aug
Monthly Change	0.6	-9.5	-4.3	0.4	2.5	-7.2	3.8	4.0	4.9	1.0	2.4	5.0	-3.2
Month- on-Month From The Previous Year	11.7	1.4	0.4	4.1	5.3	-7.8	-2.1	0.6	-1.0	-0.7	2.2	2.9	-2.0

Source: OAPEC Monthly Bulletin Oct 2007

- Effective June 16,2005 OPEC replaced its seven-crude basket with one comprised of eleven crudes, one from each member (weighted according to production and exports to major markets). Effective 1 January 2007, Angola's GirassolL crude has been incorporated to become the 12th crude comprising the new OPEC Basket.

Crude Oil Prices in the 2005-2007

The price of the OPEC basket of crudes remained above the \$50/bbl level for the thirtieth consecutive month, i.e., since June 2005, with weekly prices in November - shown in the figure below - fluctuating between \$87.4/bbl and \$90.7 /bbl.

The monthly average price of the OPEC basket in November rose by 12.1% or \$9.6/bbl from the previous month to \$89.0/bbl. This level was 60.6% or \$33.6/bbl higher than a year ago when the OPEC basket was still comprised of seven crudes.

The continued oil price is attributed to several factors including:

- Fears of potential winter supply shortage in the north hemisphere where demand reaches its peak.
- Closure of four pipelines near kilbreck pump station in Minnesota, carrying more than 2.0 mMb/d of Canadian crude during last week of November due to five accidents.
- Decline of US crude oil inventories by 8 million barrels during the last week of November 2007 compared to similar period last month to 305 million barrels.

The table and figure below show the change in the price of the OPEC basket crudes as well as month-on-month price comparisons to levels prevailing in

Table 6: Change in the price of the OPEC %Mitt of Crudes, 2006-2007

	Nov 2006	Dec	Jan-2007	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov
Monthly Change	0.4	2.5	~ 7.2	3.8	4.0	4.9	1.0	2.4	5.0	~ 3.2	5.5	5.1	9.6
Month- on Month From The Previous Year	4.1	5.3	~ 7.8	~ 2.1	0.6	~ 1.0	~ 0.7	2.2	2.9	~ 0.2	14. 9	24. 3	33. 6

Source: OAPEC Monthly Bulletin Jan 2008

- Effective_JuneII6.2005 OPEC replaced its seven-crude basket with one comprised of eleven crudes, one from each member country (weighted according to production and exports to major markets). Effective January 2007 Angola's Gasoline crude has been incorporated to become the 12th crude comprising the new OPEC Basket.

METHODOLOGY OF THE STUDY

This section explains the methodology adopted for the purpose of the study. The methods used for collection of data, and statistical methods used for testing of hypotheses have been discussed exhaustively.

Collection of Data

The study has been based on secondary data, mostly in the form of published annual reports of companies. All the information published in business reports include:

- Balance sheets and supply and demand of production of crude oil.
- Schedules related to production of crude oil.
- Volume of products of refineries.
- Stocks of (Strategic Petroleum Reserves)
- Crude Oil Stocks
- Stocks of (Commercial Petroleum Reserves)
- Oil price specially (Brent, West Texas Intermediate, OPEC basket, Saudi Arabia Light spoil)
- Consumption of crude oil worldwide.
- Consumption of oil products worldwide.
- Consumption of OECD crude oil.
- Consumption of OECD oil products.
- Consumption of OPEC crude oil.
- Consumption of the U.S crude oil.
- Consumption of the U.S oil products.
- Consumption of the European Countries crude oil.
- Production of the oil products of the U.S.



- Production of the oil products of the OECD.

These have been taken into consideration while doing the research. Since the periods of study include Annual Reports of 2002 till 2007 it was not possible to collect all data at once and at one place only. Some parts of data have been collected from OPEC, OAPEC, Institute of Iranian Energy studying bulletin.

Some old annual reports have been collected from the libraries of the N.I.O.C (National Iranian Oil Company), EIA (Energy Information Administration), B P (British petroleum). The researcher has visited OPEC affairs in Tehran. Whatever latest Annual reports still remained to be collected were obtained sites such as BP. Com OPEC.com, EIA.com GasDeFrance.com, RohrGas.com, Iea.com, Platts.com.

However, all data needed for the study were collected for SPR& CPR after hard trying for one and a half years.

In order to recognize population under study in all reports, historical data of SPR& CPR have been collected from all the above mentioned sources apart from NYMEX, IPE Singapore Stock Exchange, OPEC and OAPEC reports.

✓ *Analysis of The Data*

In order to meet the objectives of the study, data analysis has been organized proportionate to their variables that should be assessment.

✓ *Duration of OPEC and Other Producer Decision Making*

The decisions of oil supplier specially OPEC influential factors in the oil market. These decisions not only affect the oil market by changes in the supply volume, but also affect the oil market extremely at the approval period.

Except agreeing or opposing opinions, this analysis illustrate the point that the great oil specialists admit the time of producer decision making, which is respectable and after surveys, concluded the scale of effect.

Actually just as the specialists of the Institute of Iranian Energy Studies (IIES) point out:

"The decrease or increase of OPEC production has not immediately influenced the oil prices".

This is the reaction of the market against these decisions. On the other hand, when OPEC and other producers approve the decrease of oil production, before achieving the decrease action, other parts of the market (consumer) show reactions against the producer action.

Estimating The Developed Economical Measuring Equation (Model Which Affects the Internal Increasing Crude Oil Consumption in Opec Countries for Continuous Rising Prices)

In this model, the meaningful relationship between internal increasing crude oil consumption in OPEC members and continuity in the price increase are estimated by using Economical Views package as follows.

$$P(1) = P \quad \text{SUPPLY} \quad ZCPR(-1) \quad OPECC$$

In which:

P(1): is the future period of oil price.

P: indicates the current price of west Texas intermediate.

SUPPLY: is the total crude oil supply of worldwide.

ZCPR(-1): indicates the previous period of CPR (Commercial Petroleum Reserves).

OPECC: Indicates the internal crude oil consumption of OPEC members.

Worldwide stock.

ANALYSIS OF COLLECTED DATA

The results of the analyses are presented in this section. Various tables and figures have been prepared on the basis of analysis of the numerous data gathered.

Findings of the various statistical tests have been presented in this part. After the interpretations of findings major conclusions have been made in this section. The findings relating to the study indicate that all the specific objectives mentioned in this paper have been achieved and the proofs regarding them are available in this part.

Trend Analysis

In this part the researcher attempts to present major variables to have an insight into the changing of International petroleum prices, testing the hypotheses.

MAIN Model

To verify if there is meaningful relationship between internal increasing crude oil consumption in OPEC members and continuity in the price increase or not and to measure, this matter the researcher has employed the Least squares method as below:

Assumptions: the data constitute one independent sample drawn from a normally distributed population.

Hypothesis: There is a meaningful relationship between the internal increasing crude oil consumption in OPEC members and continuity in the price increase. After inputting the data and processing them, we explain and analyze the output of proceedings.

Table 7: Least Square Method for measuring relation between internal increasing crude oil consumption in OPEC member countries in the price increase of the next period. (12)

Dependent Variable: P (1) Method: Least Squares Date: 12/19/08 Time: 03:33 Sample (adjusted): 2002m02 2007M11 Included observations: 70 after adjustments Convergence achieved after 20 iterations Newey-West HAC Standard Errors & Covariance (lag truncation=3)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
P	0.907260	0.039667	22.87181	0.0000
SUPPLY	-0.000339	0.000125	-2.701618	0.0088
ZCPR1 (-1)	-6.06E-06	9.95E-07	-6.091915	0.0000
OPECC	0.005373	0.001845	2.912747	0.0049
R-squared	0.962419	Mean dependent var	49.75543	
Adjusted R-squared	0.960710	S.D. dependent var	18.28442	
S.E. of regression	3.624262	Akaike info criterion	5.468624	
Sum squared resid	866.9281	Schwarz criterion	5.597109	
Log likelihood	-187.4018	Durbin-Watson stat	1.871691	

The Least squares result from the impact of current Oil price, Supply, ZCPR (-1) & OPECC on the international Oil prices between 2002-2007.

Table 8: The formula which surveys the effect of the internal increasing crude oil consumption in OPEC members and continuity in the price increase is shown as follows:

$P(1) = 0.907260p - 0.000339 \text{ supply} - 6.06 \times 10^{-6} \text{ ZCPR} (-1) + 0.005373 \text{ OPECC}$		
$P(1) = 0.907260 P - 0.000339 \text{ SUPPLY} - 6.06 \times 10^{-6} \text{ ZCPR} (-1)$		
0.039667	0.000125	9.95×10^{-7}



22.8717	- 2.701618	-6.091915
0.005373OPECC		
0.001845		
2.912747		

In which:

P (1): is the future period of oil price.

P: indicates the current price of west Texas intermediate (13).

SUPPLY: is the total crude oil supply of worldwide.

ZCPR (-1): indicates the previous period of CPR (Commercial Petroleum Reserves)

OPEC C: indicates the internal crude oil consumption of OPEC members.

Test statistics: R square. It shows that about 0.96% of variation of oil price in the next period is explained by the model.

The standard error of the regression with the linear regression model for oil price is about 3.62%. Standard error probability of all coefficient is smaller than 0.05 then the hypothesis is accepted and from an statistical test is meaningful (table 5-3).

The estimated model shows that increase one unit of internal consume of OPEC countries can cause 0.005373-unit increase of the oil price in the future period.

The decrease one unit of supply of worldwide Oil causes 0.000336-unit increase of the Oil prices in the future period.

The increase of one unit of current Oil price (p) leads to the increase 0.90726 unit of the Oil prices in the future period.

The decrease of one unit of the worldwide commercial Petroleum reserves in

The previous period causes 6.06×10^{-6} unit increase of the oil prices in the future period.

It is depicted that because all the coefficients are with less than 0.5% errors (0.95%) in safety, so statistically it is meaningful. on the other hand, since D.W equals 1.87, which is much more closer to 2, it can be assumed that there is no inner correlation between the residual members of the above model.

In other words, we cannot reject the hypothesis which is based on the lack of serial correlation of the residual regression. Finally, is said that this model responds to our expectations. The amount of the vertical coefficients of the model is meaningful based on the difference of the t-statistical amount with zero. On the contrary by the increase of production and export of OPEC to industrial countries, the oil prices decrease. Similar studies have shown that between the years (1980-1992) by the increase of one unit (million barrel) oil in OPEC production, the oil prices decreased to 0.43US dollars and also by exporting the OPEC oil (by one million barrels) the oil prices decrease to 0.87 US dollars.

Also the following results have been concluded in the similar study between the years (1983-1998). By the increase of one unit (million barrel.) oil in the OPEC production, oil prices decrease to 1.73% of US dollars.

FINDINGS AND SUGGESTIONS

In this part of the theses efforts are made to draw in the previous part. the Finding are presented in an abstract form, so that they can clearly the trueness of the situation that has been studied in the present research work testing of hypotheses have also done in this section. Based on the findings some suggestions have been provided, A practical oriented approach has been adopted

in making suggestions keeping in mind the real requirements as well as capability base of effects of increasing crude oil consumption in OPEC members.

with regard to survey the main hypothesis, estimated model shown that the increase of one unit of OPEC consume can cause the increase of 0.00537 unit of oil price $p(1)$.

Also the increase of one unit of crude oil supply causes the decrease of 0.000336 unit of $p(1)$.

The increase of one unit of price (p) leads to the increase of 0.90726 unit of price $p(1)$.

In another similar study the amount of the effect or the decrease or increase of the OPEC production on to the oil prices of the European union countries was gathered between the years (1980-1992). The result show that by the increase of one unit (million barrel) oil in OPEC production the oil prices decrease to %1482US dollars in the European union countries. Therefore, if OPEC organization demands to active in the market in a way to save the long distance benefits ,It should be careful to about the kind of reserves that each country saves and how the changes are, for example , the increase of the crude oil of the commercial reserves in the European Union can affect the market .On the other hand ,OPEC performance and studies of the amount of production and kinds of the reserves can show the amount of effects of the organization in the market .Experiments show that one mistake decision in the OPEC organization and the lack of accompaniment of other producer can cause crisis in market which has harmful effects on the Economics of these countries even if OPEC wants to arrange the productions without consideration the reserves and the real demands it will face certain problems .But meanwhile the amount of the effects of the kinds of the oil reserves should be considered authentically .magnify in the oil reserves can be as harmful as avoiding the reserves .OPEC should be more sensitive about the reserves and should not act as if these reserves are more than the determined amounts. Actually, OPEC can decrease the occurrence crisis future by adapting most

strategies of the reserves against the economic at Last reserves. Because opposite to the past time oil markets are not threatened by the lack of supply and the lack of balance in long distance can cause threats and difficulties.

The increase of the one unit of the inter consumption in the member countries of the OPEC causes 0 .00537 unit increase in the oil prices of the future period.

- Different factors were responsible for the increase in oil prices such as the third Persian Gulf war, the American war against Iraq, Iran Nuclear Energy problems, increasing world population, decreasing OPEC production, the decrease of American oil strategic reserves, Katrina storm events and also the lack of capacity for refining oil in America could not decrease the oil prices.
- With the start of increase in the oil prices even increase in production of oil, by the oil producing counties (OPEC or others)
- Increase in production of oil could affect the market however it cannot control the increasing prices.
- The study of oil prices and oil reserves show that the oil market does not
- The organization of petrol exporting countries (OECD) had lots of effects on the oil market.
- Although commercial and strategic oil reserves effects the oil markets but the producer countries (Specially OPEC) for providing national advantage in the long period, require to apply the appropriate strategy play the suitable role in the oil market.



- The OPEC members have to establish the information system, to manage the information flow, related to oil statistics for stabilizing the behavior of the market: because information interchange at present is controlled by the industrial consumer countries and they process the information towards their advantages.
- For stabilization of the international oil Prices, cooperation is necessary between industrial consumer countries and producer countries (Specially OPEC) towards production, store and consumption.
- The US holds the largest crude oil reserves and its derivatives in the world: this subject is considerable due to share this country has in crude oil exploration in the world. Thus it is necessarily that the US adjusts its role in the oil market as a largest consumer and a vital producer of crude oil and its products in the world.

Another fundamental point the fact that the OPEC members' countries is the OPEC members' countries is lower than other oil producing and exporting Countries. Yet it is not meant that we are allowed to overexploit it since it cannot be produced and once this resource is over, nothing can replace it.

Thus, OPEC members have to superintend the supply of crude oil. They also have to invest in economic substructures with the revenues obtained from its sales.

In addition, it seems to be significant for OPEC members to have firm cooperation and collaboration to enhance the markets for their crude oil. On the contrary lack of integrity among the members would undoubtedly result in dishonorableness to the acts of the OPEC organization. Hence the members would not observe their production quotas and consequently a superfluity of crude oil would emerge on the harmful and negative influence on the true price of the crude oil.

Besides, since OPEC countries lack other natural inevitably, they have to depend on crude oil for investment in economic structures.

It is recommended to establish a foreign exchange saving to deposit the ephemeral exchanges obtained for the increased price in crude oil as Islamic Republic of Iran has already done it. Investigating the industrial countries economy and their approach of oil presentation by OPEC experts can bear positive result. That is to study the overall offer of crude oil in the world the interest rates and their relationship.

As it can be inferred this relationship lacks homogeneity and this can lead to fluctuation of price in crude oil when is a commercial and strategic resource.

So, this study can help OPEC countries to be more concerned with their natural resources and choose as appropriate measures for storing and preserving them.

Thus, based on this assumption, OPEC organization can have more control on the price of crude oil in the world provided that it minimizes its crude oil production rates. Carbon Tax procedure, carried out by OECD countries in 1990 has had a great effect on the markets of crude oil.

It led to an increase in the price between 2002-2007, which of course, benefited big oil trades and not the consumers. While these taxes were supposed to be give to the OPEC countries.

In conclusion, it can be understood that it lies with OPEC countries to give more consideration to their uni-product and enhance their economics by preparing the capital required. In addition, though their cooperation and stabilize the price of crude oil as well as its true value although it seems almost hard to attain appropriate capitals or investments from other sources and not crude oil to build and enhance economics substructures.



This issue along with other ones demands great consideration

References

Iranian institute of Energy Studies experts opinion, “Iraniyan energy exploring magazine”, May 2005, P, 147.

Energy Information Administration, April 2006

<http://www.offshore247.com/news/oilpricell.ive.asp#4>.

Downs, Erica stricker. “chinas Energy”, june 2004, p. 137.

Least square method of Economical views.

Abbasi Mohd impact of commercial and strategic oil reserves on price changing 1992-1999 (MA thesis Tehran university management faculty) November 21 2001 / pp 159-163.

Tavakoli Ahmad survey on crude oil price hike in order to predict in new millennium crude oil price till 2030, “Iraniyan energy exploring magazine”, May 2007, pp 165-166.

International Energy Agency, August 2006.

