



World Economic Situation and Prospects

Weekly Highlights

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Protests impact Libyan oil output and exports

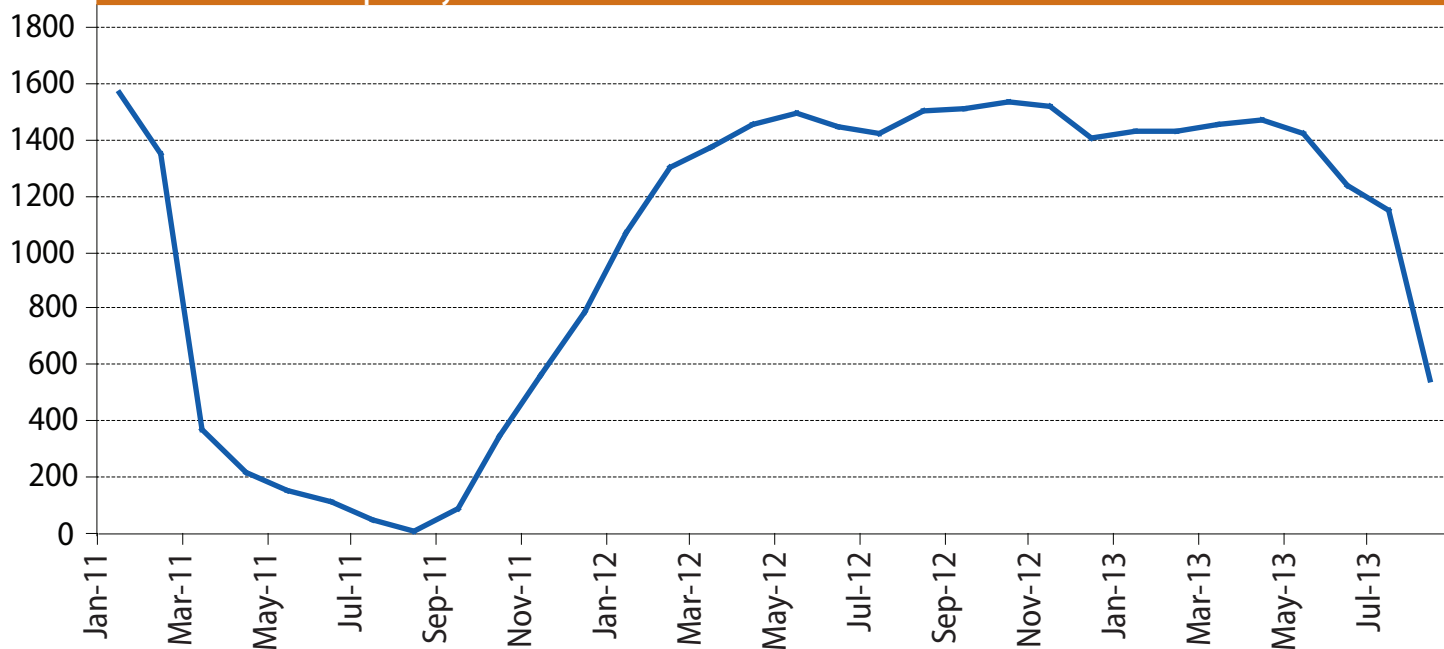
Recent protests in Libya have severely impacted both oil production and exports. The situation had previously appeared better as Libya's oil production recovered much more quickly than expected after the revolution in 2011, reversing from an almost complete shutdown and reaching pre-revolution levels in under a year. However, since late July protests at the Es Sider and Ras Lanuf export terminals, as well as at the Es Sider, Amna and Sirtica oil fields, have drastically cut oil supply and exports. The protests at the export terminals by armed security guards demanding higher pay are threatening to cause further production disruptions, given Libya's limited storage capacity. With nowhere for the oil to go, fields that would be able to produce more have had to cut back. It is estimated that exports totalled only 780,000 barrels per day (bpd) in July, down from 980,000 bpd in June, and exports in August are expected to be significantly below that for July. Previ-

ously, oil exports had not been below 1 million bpd since December 2011.

Production estimates are currently running at 500,000-600,000 bpd, a drop of around 60 per cent from May (see figure). The fall in output represents a drop in world oil production by almost 1 per cent. Workers for the Arabian Gulf Oil Company (Agoco) are also protesting at other fields and have threatened to reduce oil output by 10,000 bpd each day until their demands are met. Agoco, a subsidiary of the state-owned National Oil Corporation has a maximum production capacity of 425,000 bpd, but is currently producing below 60,000 bpd. The oil minister estimated that Libya had lost \$1.6 billion in oil sales between 25 July and 15 August. This is a critical situation for both Libya's economy, which derives over 70 per cent of its GDP from oil production and sales, and for the Government, which relies on oil for over 90 per cent of its revenues.

Libyan oil production

Thousands of barrels per day



Sources: OPEC Monthly Oil Market Reports; Libyan Oil Ministry Press Conference.