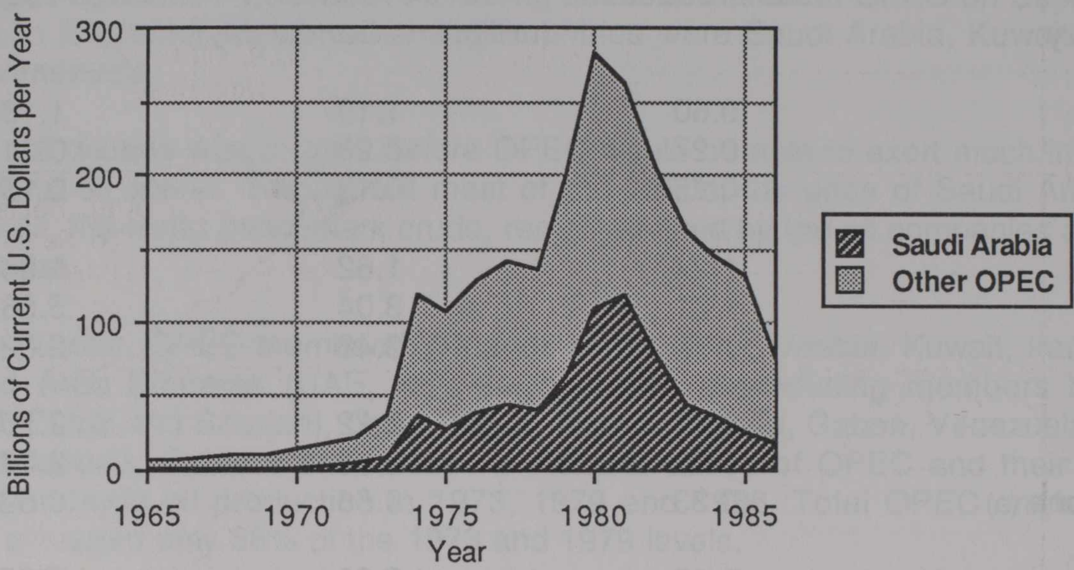
Figure 6: The Rise and Fall of OPEC Crude Oil Export Revenues



Note: For Ecuador, Gabon, Iran, Iraq, Libya, Nigeria, Qatar and the UAE, export values are for crude oil only; for Algeria, Indonesia, Kuwait, Saudi Arabia and Venezuela, export values are for crude oil and equivalent.

Sources: OPEC, undated, p. 6; "The Tide Turns for OPEC Revenues", *Petroleum Economist*,1987, p. 256.

Figure 7 charts the constant-dollar price of oil since 1970 and shows the price shocks of 1973-74, 1979-80 and 1985-86. Price is defined as the average quarterly cost of oil imported by U.S. refiners and is expressed in constant 1985 US dollars per barrel. At the bottom of the price decline in 1986, crude oil sold for only a few dollars more per barrel, in real terms, than it had in the early 1970s.

Oil pricing has become a complicated matter in recent years. During most of the 1970s, less than 5% of internationally traded crude oil is estimated to have been sold on the spot market. In the first half of the 1980s, however, spot selling proliferated and, over brief periods, as much as 70% of world crude trading took place at spot or spot-related prices. This phenomenon was followed by the collapse of the "fixed" price system late in 1985, as "netback", "formula" and "retrospective" pricing schemes were introduced, led by Saudi Arabia's netback pricing initiative. For much of 1986, netback prices competed with spot prices in the market. Except in a few countries like Canada, the United States, Egypt and Malaysia, "official" or company "posted" prices virtually disappeared.