

The government continues to use its immense oil reserves and leading position in OPEC to ensure a sufficient level of exports and income. The softening of the oil market in recent years, and Saudi Arabia's declining exports which had fallen as low as 2 million barrels per day in 1985, led the government to draw on its foreign reserves to meet current expenditures. These fell from US \$170 billion several years ago to approximately US \$50 billion today.

The decision to abandon temporarily the role of swing producer in OPEC and to increase oil production from 2 million to 4.5 million barrels per day, despite the pressures this put on oil prices, reflects this reality.