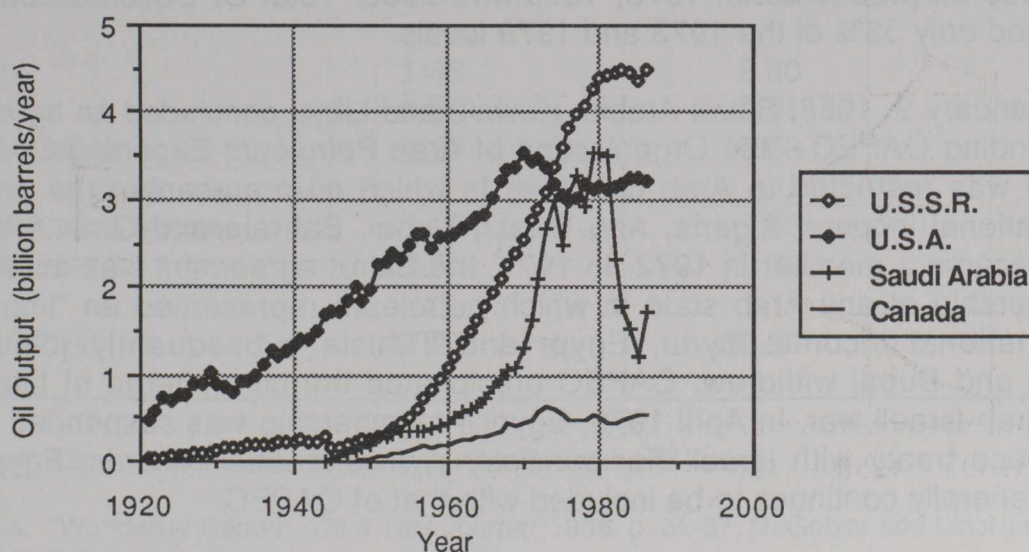


by the fall in world oil prices. Middle East output, at about 12.3 million barrels/day in 1986, equalled Soviet production but this region had been lifting 18.2 million barrels/day in 1980.

Figure 5 compares the oil production of the United States, the U.S.S.R., Saudi Arabia and Canada. Soviet output has risen almost continually since early in the century. The small decline in Soviet production in 1984 and 1985 was turned around in 1986 and Soviet output is expected to show a further increase during 1987. Nonetheless, the Soviet Union is considered to be approaching the peak in its capacity to produce conventional crude oil. U.S. liftings, after peaking in 1970, showed a secondary rise when Prudhoe Bay oil entered the market in 1977. American production is expected to show a continuing decline in the future.

**Figure 5: Soviet, U.S., Saudi Arabian and Canadian Oil Production since 1920**



Sources: DeGolyer and MacNaughton, 1985, p. 5, 7, 9; "Worldwide Report", *Oil & Gas Journal*, 1986, p. 36-37.

The huge drop in Saudi Arabian output following the second price shock was not caused by any physical constraint in productive capacity. It reflects a reduction in demand overall for oil and recent Saudi policy to voluntarily restrict its own output. The subsequent upturn in Saudi Arabian production reflects the current intent to regain market share. Canada's annual output is also presented in Figure 5. In recent years, Canada has typically stood in about tenth position in world crude oil production.