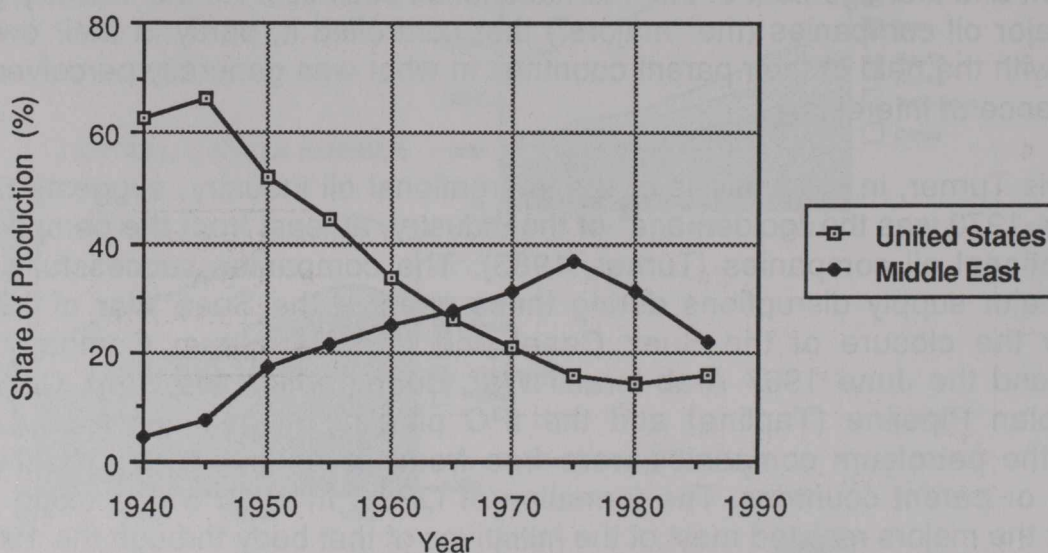


Idrocarburi (ENI) of Italy. Other national oil companies were creations of the turbulent 1970s: Veba in West Germany, STATOIL in Norway, the British National Oil Company (BNOC) and Petro-Canada.

The United States dominated oil production throughout most of the modern petroleum era. At the close of World War II, the U.S. was not only the world's largest producer but its output exceeded that of all other producers combined. As recently as 1963, the United States still accounted for more than half of all the crude oil that had ever been lifted. Figure 4 indicates the extent to which the United States has relinquished its share of world oil production since World War II. The growing importance of Middle East crude in world supplies is also shown.

Figure 4: The U.S. and Middle East Shares of World Crude Oil Production since 1940



Sources: DeGolyer and MacNaughton, 1985, p. 3-5 and 9; "Worldwide Report", *Oil & Gas Journal*, 1986, p. 36-37.

U.S. crude oil liftings peaked in 1970; even the development of the supergiant Prudhoe Bay oilfield in Alaska has not allowed the United States to reclaim that height of production. World crude output attained a rate of 22.7 billion barrels annually in 1979, at the time of the second price shock, and has not regained that level since.

Although the United States stands second in oil output – at 8.8 million barrels/day on average in 1986, behind the Soviet Union at 12.3 million barrels/day – it is straining its productive capacity and appears to be entering a decline exacerbated