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OPEC endorses cutting output

Oil cartel will implement output cuts starting April 1 despite protests from U.S., other nations.

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VIENNA, Austria (Reuters) - OPEC agreed Wednesday to endorse tighter curbs on oil production, ignoring concerns in some countries about crude oil prices near their highest level in 13 years, ministers said.

The Organization of Petroleum Exporting Countries decided to implement a deal cutting 1 million barrels a day from April 1, Iranian Oil Minister Bijan Zanganeh said. Libyan Oil Minister Fethi bin Chetwane also said that the cartel formally agreed Wednesday to implement the cuts, which were first proposed in Algiers in February.

Benchmark U.S. crude traded up 25 cents at \$36.50 a barrel with the New York Mercantile Exchange's gasoline contract setting an all-time record of \$1.177 a gallon. (For more on energy prices, [click here](#)).

In Washington, the White House urged OPEC not to take any actions that may harm the U.S. economy but stopped short of criticizing its decision to forge ahead with tighter oil supply curbs.

"It's important for producers not to take actions that hurt our economy. We believe oil prices should be set by market forces in order to make sure that we have adequate supplies available," White House spokesman Scott McClellan told reporters after OPEC's decision.

McClellan said President Bush remained "concerned" about record-high gasoline prices.

He said the administration, which had pressed OPEC to lift export restrictions to help control U.S. pump prices, "remained engaged in close discussion with major producers from around the world to discuss our views regarding market conditions."

OPEC blames speculative investors who hold record positions on futures exchanges in London and New York for driving up oil prices this year.

OPEC members Kuwait and the United Arab Emirates had argued that the cartel should consider deferring the planned cuts to allow prices to cool.

Saudi Arabia and a few other OPEC countries have already ordered marginally lower April volumes.

But Reuters estimates from a survey of OPEC customers are that actual supplies across OPEC are likely to drop by only about a third of the planned cut of 1 million barrels a day.

On top of that, the group is already leaking more than a million barrels daily above existing March quota limits of 24.5 million barrels a day. ■

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