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Critics Assail Weak Dollar at OPEC Event

By [JAD MOUAWAD](#)

RIYADH, Saudi Arabia, Nov. 18 — A rare meeting of the heads of state of the [OPEC](#) countries ended here today on a political note, with two leaders — President [Hugo Chávez](#) of Venezuela and President [Mahmoud Ahmadinejad](#) of Iran — blaming the weakness of the United States dollar for high oil prices.

Despite the best efforts of the host country, Saudi Arabia, to steer the meeting away from politics and promote OPEC's environmental concerns, the leaders of Venezuela and Iran let loose some show-stealing statements.

“The dollar is in free fall, everyone should be worried about it,” Mr. Chávez told reporters here. “The fall of the dollar is not the fall of the dollar — it's the fall of the American empire.”

During a news conference after the meeting, Mr. Ahmadinejad added: “The U.S. dollar has no economic value.”

Mr. Ahmadinejad said that oil, which was hovering last week at close to \$100 a barrel, was being sold currently for a “paltry sum.” And Mr. Chávez predicted that prices would rise to \$200 a barrel if the United States were “crazy enough” to strike at Iran, or even at his own country.

Normally, meetings of the Organization of the Petroleum Exporting Countries are tepid affairs where ministers leave politics at the door and talk about oil inventory and supply and demand. This unusual meeting, held amid the pomp and glitter of the Saudi royal court, had been planned since last December but happened to fall at a time of renewed concern over record oil prices and the shrinking value of the dollar.

At the summit's opening ceremony on Saturday, Mr. Chávez sought to bring OPEC back to its militant and revolutionary roots.

“OPEC should set itself up as an active political agent,” Mr. Chávez said, addressing about 1,000 guests in a conference center by the royal quarters.

While Mr. Chávez's 23-minute statement was brief by his own standards, it drew a gentle rebuke from King Abdullah, the Saudi monarch, who chided him for talking longer than the time allotted by royal protocol. He also turned down Mr. Chávez's plea, saying: “Those who want OPEC to take advantage of its position are forgetting that OPEC has always acted moderately and wisely.”

It is only the third time in OPEC's 47-year history that such a high-level meeting has taken place. The first was in Algiers, in 1975, at the height of OPEC's nationalist period; the second was in 2000, when the oil cartel met in Venezuela to devise a strategy to increase prices after they had collapsed to about \$10 a barrel in the late 1990s.

This meeting, which lasted less than 24 hours, was supposed to focus on long-term issues like the security of supplies and environmental policy. The Saudis in particular sought to reassure the world that OPEC was a reliable oil supplier.

“OPEC has made a point, from its establishment, to work for the stability of the oil markets,” said the Saudi foreign minister, Prince Faisal, at a news conference after the close of the summit on Sunday. “Oil should be a tool of construction and development, not one of dispute.”

Saudi Arabia also wanted to highlight a new emphasis on protecting the environment by announcing the establishment of a \$750 million fund to reduce carbon emissions. The kingdom will contribute \$300 million for research into technology that captures carbon spewed by power plants or refineries and stores it underground. In addition, Kuwait, the United Arab Emirates, and Qatar will provide \$150 million each.

Oil producers see climate policies that focus on oil consumption as an unfair way to curb the use of fossil fuels worldwide. By financing research into carbon emissions, Saudi Arabia says it is seeking ways to extend the use of petroleum resources at a time when [global warming](#) could lead to changes in consumer behavior in Western countries.

“We want to continue using fossil fuels while protecting the environment,” said Mohammad al-Sabban, a senior Saudi government adviser on climate change. “What we are worried about is for industrialized countries to use climate policy as a pretext to discriminate against oil.”

Other ministers also expressed the more moderate views that typically emerge from an OPEC meeting. Despite Mr. Ahmadinejad’s statement about oil prices being paltry, officials from several other countries — including the United Arab Emirates, Nigeria and Saudi Arabia — said that prices were too high.

“We are going down uncharted territory, and everyone should be cautious,” said Odein Ajumogobia, Nigeria’s oil minister, referring to the current prices.

The weakness of the dollar proved to be even more controversial here and created frictions among members of the group. Iran — with the backing of Venezuela and OPEC’s newest member, Ecuador — worked hard to persuade the group that it should mention the falling dollar in the summit’s final declaration.

But Saudi Arabia rejected Iran’s proposal, saying that such a move might provoke a “collapse” of the dollar. During a closed session on Friday that was mistakenly broadcast on an internal television circuit, Prince [Saud al-Faisal](#) said the issue was too delicate to be included in a statement.

In the end, the Saudis were forced to yield a little. The final statement, while making no mention of the dollar, said OPEC would “study ways and means of enhancing financial cooperation among OPEC member countries.”

According to Iran, OPEC will also look for ways to establish a currency basket to offset the declining value of the dollar. But Saudi Arabia and other Persian Gulf countries are opposed to this old idea, and few analysts believe it has any chance of succeeding.

It is too early to say whether the views expressed by Mr. Chávez and Mr. Ahmadinejad signaled a rift in the exceptional consensus that has sustained OPEC’s success in recent years, or whether they were merely an example of conference theatrics by countries at odds with the American government. In the end, it fell to [Ali al-Naimi](#), the Saudi oil minister, and the main architect of OPEC’s focus on business fundamentals in recent years, to underline the conference’s main message.

“Everyone knows that OPEC has renounced the principle of controlling oil prices since the 1980s,” Mr. Naimi said at a news

conference on Sunday. "Since then, the price has been determined by the market. The fluctuations you are witnessing today have nothing to do with OPEC actions."

The meeting was held in a conference center that was a gaudy mix of the palace at Versailles and Greek Revival style, with some rococo touches. It also displayed the whole range of Saudi extravagance: blue marble floors, gold-plated fixtures, and dozens of crystal chandeliers, some bigger than trucks.

Vera de Ladoucette, an energy analyst with the Cambridge Energy Research Associates who was here to observe the summit, said: "This shows a new dimension to OPEC, which is the environment. This could be a defensive stance to improve their image. But also, a way of acting against anything that might reduce demand for oil."

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