

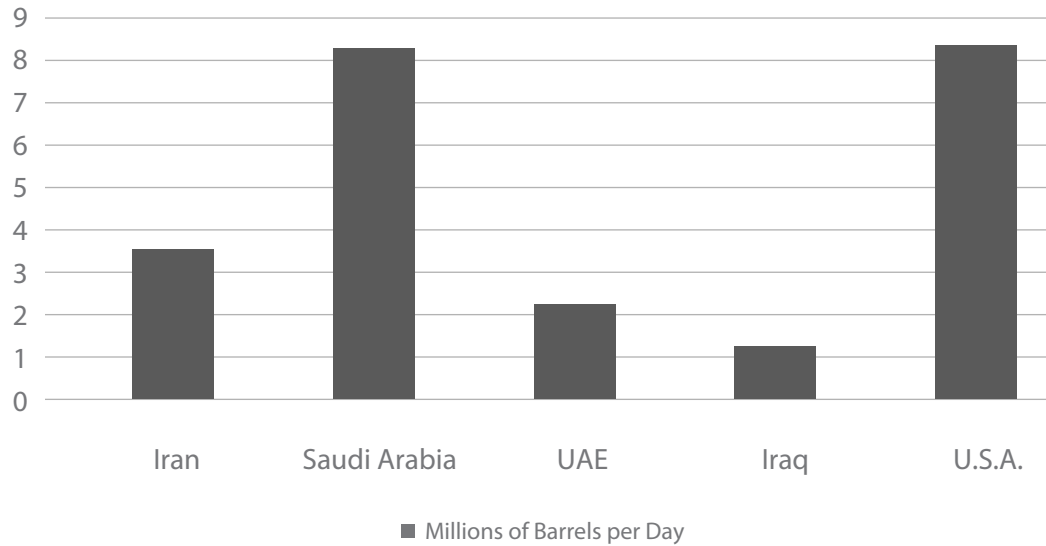
Chapter 4: The Geography and History of Southwest Asia (Middle East)

Section 3: OPEC and Oil in Southwest Asia

Section 3: Oil Production

Directions: Use the chart to answer the questions below.

Top Opec Oil-Producing Nations & United States



Source: OPEC.org / www.eia.gov

1. In order, list the top OPEC countries for oil production.

1. _____
2. _____
3. _____
4. _____

2. How much higher is the oil production of Iran than that of Iraq? _____

3. What are the bars in the graph representative of? _____

4. With oil production in the United States rising steadily, what will happen to prices? _____

Continued on next page.



Directions: Read the article and answer the questions in complete sentences.

CIA World Factbook Saudi Arabia: Economy – Overview

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Over 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.

In 2016, the Kingdom incurred a budget deficit estimated at 13.6% of GDP, which was financed by bond sales and drawing down reserves. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or by borrowing, it has cut capital spending. Plans to cut deficits include introducing a value-added tax and reducing subsidies on electricity, water, and petroleum products. In January 2016, Crown Prince and Deputy Prime Minister MUHAMMAD BIN SALMAN announced that Saudi Arabia intends to list shares of its state-owned petroleum company, ARAMCO - another move to increase revenue and outside investment. The government has also looked at privatization and diversification of the economy more closely in the wake of a diminished oil market. Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the healthcare, education and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline.

Source: <https://www.cia.gov/library/publications/resources/the-world-factbook/index.html>

1. According to the article, who controls the major economic activities?

2. Why has Saudi Arabia begun to encourage diversification of its economy?

3. Historically, on what sectors has the government focused its diversification efforts?

