The IPARD Programme in the context of European Union

Rural development funds

Dilek Memişoğlu1, Ayşe Durgun2, Sibel Yegül 2

1Faculty of Economics and Administrative Sciences, Department of Public Administration
Süleyman Demirel University, Turkey

2Faculty of Economics and Administrative Sciences, Department of Economics
Süleyman Demirel University, Turkey

E-mails: dilekmisoglu@sdu.edu.tr, aysedurgun@sdu.edu.tr, sibelyegul@yahoo.com

Abstract

One of the pre-accession funds which provided by the European Union is IPARD (Instrument for Pre-Accession Assistance-IPA). With this fund, it is aimed that include in some of the priorities for the adaptation of the agricultural sector and rural areas and contribute to the solution of problems. Thus, it is aimed people in rural areas attain sustainable business and living conditions their own region. In this context, it is given priority such as market efficiency, improving of quality and health standards, and creation of new employment opportunities in rural and rural areas in the supported activities.

At this study primarily, it will be focused on the importance of rural development. Later, it will be given information about funds in order to promote rural development by the European Union. It will be especially focused on IPARD funds and the implementation of IPARD in Turkey will be discussed.

Keywords: European Union, Rural Development, IPARD Programme, Turkey.

1. INTRODUCTION
Looking at the geography of Turkey in general, the width of rural areas attracts attention. Therefore, it is possible to say that rural areas with a particular population have the potential of economic and human resources which will contribute to the strengthening of the country development. From this point, consider the potential and eliminate the deficiencies, make new investments and services in rural areas, are important for sustainable development. In fact, rural development today is considered not only in the terms of agricultural sector but also in the context of regional development.

European Union also supports rural development through various funds in the region countries. These supports aimed the sustainable development of rural areas in their region by taking into consideration country needs, priorities and the local conditions in a manner consistent with urban areas.

2. Rural Development in Development Process

The content of the term “development”, frequently used for underdeveloped countries, can not only be defined as the increase in per capita income but it also has to involve the development in all spheres of the economy as well as the reformation and modernization of the economic and socio-cultural structure of the society. Assuming a vital significance for the underdeveloped countries to be able to catch up with the developed ones, the term “development” is a process which may come out both in stable and unstable terms. Within this process, the key elements of the development can be listed as the increase in per capita income as well as the grow of the share of the industry and service sectors in national income and export through modification of the frequency and amount of the production factors. (Han and Kaya; 2008:2).

The term “development”, having gained a significant importance particularly following the Second World War and often cited in the literature, has been discussed in various studies under several other headings like economic development, rural development, sustainable development, etc. Among those complementary themes, rural development shall be discussed in our study.

The rural area is plainly defined as the areas of land that are not urbanized. In broader terms, it is the area of land where social and economic activities are largely dependent on the use of the natural resources; the economic, social and cultural development processes move slowly; the traditional values hold direct influence in daily life; face-to-face interaction preserves its priority, the impact of the technological advancements on daily routines and production takes longer to appear; the infrastructure services are insufficient and the population density is lower than the urban areas. (DPT, 2000:2)

Rural areas remain behind the urban areas in terms of social or economic opportunities. The structural, social and cultural reforms executed to ameliorate the living conditions of such areas can be defined as the rural development. (Uzunpinar, 2008:11). In short, every activity conducted in order to promote the rural life may mean rural development. However; for the
rural development activities to accomplish, in the first instance a sense of such need to maintain a certain standard of living is to be raised among those who dwell in the rural areas and earn their keep from farming or similar other rural area occupations; and then the economic, social and cultural development of those communities are to be promoted in a democratic manner by ensuring them with moral and material support. (Çandar, 2009:82)

Within this framework, the essence of the rural development is regarded as a political policy that intends to ensure an optimum balance among social, cultural and economic differences between the rural and urban; to improve the rural population on-site as well as to settle the immigration and recruitment issues on-site. (Gülçubuk, 2002:1).

When viewed from this aspect, we may esteem that the rural development policies in Turkey hold the similar objectives. That is to say, the relevant objective is mentioned in national rural development statement as follows: “to make use of local and potential resources, to improve and to sustain the working and living conditions of the rural areas on-site in harmony with the urban areas in reliance on the protection of the natural and cultural assets.” (DPT, 2006:10).

3. Rural Development Policies in Turkey

Countries differ in their levels of development due to their geopolitical positions as well as their proximity to or distance from the natural resources. Beside these basic variables, there are plenty other factors having impact on the development of the countries. The underdeveloped countries involve people who mostly engage in farming and dwell in rural areas and whose economic activities, living standards, education levels as well as health services fall behind compared to those in developed countries. In this respect, the development of the rural areas holds a vital significance for the developing countries.

That a considerable amount of population dwell in the rural areas worldwide concerns not only underdeveloped countries but also developed countries since the problems that the people in rural areas encounter, the gap in level of income between the urban and rural, the unfair distribution of income, sustainable use of the natural resources as well as the protection of the environment are regarded as international issues. Abovementioned case lays stress on the strategic significance of rural development for both developed and underdeveloped countries. Consequently, alternative policies regarding the rural development have been brought up recently.

Turkey has been adopting a set of scheduled development principles so as to conduct an effective and rational socio-economic development through its progress plans since 1963. The rural development policies were first brought up by Five Year Plans which sought for the solutions to the problems of the rural areas. Within the 1st Five Year Progress Plan (1963-1967), the development of the society was perceived as rural development and “model village” projects were put into practice. Within the 2nd Five Year Progress Plan (1968-1972), the issues of urbanization, modernization in agriculture and industrialization were discussed. The 3rd Five Year Progress Plan (1973-1977) marked the “Central Village” and “Agricultural
City” projects. Within the 4th Five Year Progress Plan (1979-1983), land reform was added to the agenda while the main objective was set as the industrialization. “Leader Farmer” and “GAP” projects were put into effect in the 5th Five Year Progress Plan. The final period of the 6th plan and the initial period of the 7th plan marked the Customs Union Agreement.

Within the 8th Five Year Progress Plan, Rural Development Special Commission Report discussing the modern village and agriculture approach as well as the increase in the income and recruitment was issued. The 9th Progress Plan, issued for a period of seven years (2007-2013) considering The European Union Accession Period, marked The Action Plan for Rural Development in accordance with The National Rural Development Strategy. The plan encapsulates not only the agricultural and regional policies regarding rural development but also the education, health, social security, trade and industry, recruitment, population, culture, urbanization, energy, tourism as well as environment. (İşık and Baysal, 2011:166).

As said above, various policies or projects regarding the rural development have been conducted in the scheduled period. However, these have failed to produce effective outcomes. The rural development has gained more importance and considerably more efforts have been put together with The European Union Accession Period.

4. Rural Development Policies of the European Union for the Candidate Countries and Turkey

4.1. Rural Development Policies of the European Union and the Rural Development Funds

Agriculture and rural development is still one of the most complex, sensitive and critical issues in the enlargement conditions of European Union. Because agriculture has a significant size (share of the Gross Domestic Product (GDP), high number of the population active in agriculture) and has structural deficiencies (subsistence and semi-subsistence farming). In the enlargement process the European Commission plays a key role and it is closely associated in the accession process including negotiations. Commission experts in the field of agriculture and rural development provide assistance and guidance to candidate and potential candidate countries preparing for the Common Agricultural Policy and Rural Development (European Commission, 2012a).

In the 1950s the European Union (EU) Common Agricultural Policy (CAP) came up with the candidate countries in the implementation of rural development policies. CAP includes all of the policies pursued for the development of agriculture in order to bring the same level between members of different structure and regulation of agricultural markets of member countries in the agricultural sector. Initially, this application contains only the agricultural policies over time, other issues concerning rural areas (tourism, handicrafts, etc.) expanded to cover. Through the Common Agricultural Policy various programs have been developed to be brought into line particularly promote rural development and agricultural policies of candidate countries with the EU. In accordance with the CAP, various programs have been
developed to be bring into line agricultural policies of candidate countries with the EU and to support the rural development of candidate countries. Special Accession Programme for Agriculture and Rural Development (SAPARD) is one the programme that covers the years 2000–2006 and seeks to promote rural development in candidate countries. Instrument for Pre-Accession Assistance for Rural Development (IPARD) programme is the other one that covers 2007–2013 and still being implemented (Işık and Baysal, 2011: 167).

Special Accession Programme For Agriculture And Rural Development (SAPARD) is one of the special European Union (EU) programmes started in June 1998. It is aimed to manage problems in agriculture and rural development for enhancing competitiveness in reference to the EU market and implementation of EU regulations in candidate countries. SAPARD programme can be implemented until the candidate countries join to the EU (Perić, Odobaša, and Konjić, 2009: 774).

The SAPARD programme aims at (Perić, Odobaša, and Konjić, 2009: 775):
- Harmonization with EU legislature in agriculture
- Preparation in common agricultural policy (CAP)
- Investing in agricultural land
- Improvement of soil quality
- Afforestation of agricultural areas
- Supporting the manufacturers of wood products,
- Improving the quality of arable land and parcelling
- Land-ownership records
- Professional education and training
- Agricultural and fishery products processing and marketing building up.

It is mentioned that the users of the programme are the producers, not the state. “The agriculture market and structural aid authority has been structured to performing the SAPARD programme of the Agency. It is the Agency that fulfills the function of SAPARD implementation starting from instruments preparation and inviting applications, project awarding, funding and field control9. SAPARD funding is targeted and grant-in-aid” (Perić, Odobaša, and Konjić, 2009: 774).

4.2. Instrument for Pre-Accession Assistance (IPA)

The European Union's rural development policy in the new period 2007–2013, consists of three axes. These are competitive, land management and rural development axes. Competition axis aims to support human resources (especially young farmers) and to increase physical capacity, agricultural products and production capacity. The axis of land
management purposes to ensure sustainable use of agricultural land and forest areas. And the rural development axis pursues goals such as improving the quality of life and economic diversity and rising and training is the acquisition of skills. (EC, 2008: 17).

The EU introduces new conditions for financing agriculture and rural development both for the member states and candidate countries by the new budget period 2007-2013. According to this, a new programme called as Instrument for Pre-Accession Assistance (IPA), will replace the Polognie et Hungrie Assistance Pour la Restructuration Economique (PHARE), Instrument for Structural Policies for Pre-Accession (ISPA), Special Accession Programme For Agriculture And Rural Development (SPARD), Community Assistance for Reconstruction Development and Stabilisation (CARDS) programmes and the Turkey pre-accession instrument (Perić, Odobaša, and Konjić, 2009: 776). IPA replaces all the pre-accession instruments and unifies them into a single framework. It also supports all the candidate and potential candidate countries with a clear and easy pre-accession aim on all categories. IPA has five components and it provides targeted and effective assistance for each country according to its needs and evolution by these components (European Commission, 2010).

The Instrument for Pre-Accession Assistance (IPA) is the financial instrument for the European Union (EU) pre-accession process for the period 2007-2013. The IPA is intended as a flexible instrument. So it provides assistance to beneficiary countries according to their progress and their needs through the Commission’s evaluations and strategy papers. The beneficiary countries are divided into two categories, depending on their status. One of them is candidate countries and these are under accession process. And the other one is potential candidate countries and these are under the stabilization and association process. Candidate countries are the Former Yugoslav Republic of Macedonia, Croatia and Turkey (Annex I to the Regulation). Potential candidate countries are defined as Albania, Bosnia and Herzegovina, Iceland, Montenegro, and Serbia including Kosovo (Annex II to the Regulation) (European Commission, 2012b).

The IPA’s main aim is to support institution-building and the rule of law, human rights, including the fundamental freedoms, minority rights, gender equality and non-discrimination, both administrative and economic reforms, economic and social development, reconciliation and reconstruction, and regional and cross-border cooperation. To achieve targeted, effective and coherent action, the IPA is made up of five components (European Commission, 2012b).

Each component has priorities defined according to the needs of the beneficiary countries (European Commission, 2012c):

1. Transition Assistance and Institution Building: It provides financing for institution-building and associated investments. It supports measures to drive stabilization and the transition to a democratic society and market economy. This component is open to all candidates and potential candidates.
2. Cross-Border Cooperation: It supports cross-border cooperation between candidates and potential candidates and with EU Member States. It may also fund participation in transnational cooperation programmes (under the Structural Funds) and Sea Basin programmes (under the European Neighbourhood and Partnership Instrument or ENPI). This component is open to all candidates and potential candidates.

3. Regional Development: It finances investments and associated technical assistance in areas such as transport, environment and economic cohesion. It is open to candidate countries only.

4. Human Resources Development: It aims to strengthen human capital through education and training and to help combat exclusion. It is open to candidate countries only.

5. Rural Development: It contributes to sustainable rural development. It provides assistance for the restructuring of agriculture and its adaptation to EU standards in the areas of environmental protection, public health, animal and plant health, animal welfare and occupational safety. It is open to candidate countries only.

In this process candidate countries and potential candidates are separated from each other. Because candidate countries are prepared for full implementation of the Community acquis at the time of accession. On the other hand potential candidate countries shall benefit from support to progressively align themselves to the Community acquis. Beside this, potential candidates may utilize last three components under the framework of the first component. It can be said that the difference is especially in the implementation way of these measures. Because beneficiary countries must manage the Community funds in a decentralized way preparing for the implementation of the structural and agricultural funds in the context of the three components (European Commission, 2012b).

It is not possible to talk about a competition environment for countries while using funds. The envelope has been allocated to beneficiaries according to the needs of each country. One of the main objectives of IPA is to strengthen the administrative capacity of all beneficiary countries. Hence beneficiaries will be able to receive support to increase the administrative capacity and establish the correct management structures necessary to take responsibility of the management of assistance under the transition assistance and institution building component. For candidate countries, this will then allow measures relating to regional, human resources and regional development to be undertaken through the relevant components (which are designed to prepare for structural funds and hence require such management structures). For potential candidates, such development will be essential preparation for candidate status (European Commission, 2010).

IPA should ensure a higher level of coherence and co-ordination of EU Assistance and better preparation for Structural, Cohesion and Rural development Funds through progressive emulation of EU funds rules. The financial envelope allocated for the period 2007–2013 is 10.2 billion Euros (at 2004 prices) (Davis, 2007: 7). Potential beneficiaries of the IPA are the local self-government units, farmings and other natural or legal persons depending on priority measures (Perić, Odobaša, and Konjić, 2009: 776).
It is possible to say that IPA has different management and implementation conditions. The IPA is based on strategic multi-annual planning. It is formed in agreement with the broad political guidelines set out in the Commission's enlargement package, which now contains a Multi-annual Indicative Financial Framework (MIFF). The MIFF constitutes the reference framework of the multi-annual indicative planning documents which are composing the strategic planning. Multi-annual indicative planning documents are created for each beneficiary country and contain the main intervention areas envisaged for that country. Annual or multi-annual programmes depend on the component and are based on the indicative planning documents and adopted by the Commission. The annual or multi-annual programmes are implemented by centralized, decentralized or shared management methods (European Commission, 2012b).

Assistance through IPA can take the following forms (European Commission, 2012c):

- Investment, procurement, contracts or subsidies
- Administrative cooperation, involving experts sent from Member States (e.g. twinning)
- Action by the EU in the interest of the beneficiary country
- Measures to support the implementation process and programme management
- Budget support (granted exceptionally and subject to supervision)

4.3. Instrument for Pre-Accession Assistance for Rural Development (IPARD)

IPARD differs from the other components of the IPA. According to this, IPARD has devolved the control of financial resources completely to the candidate countries. Thus, the points such as monitoring of national accreditation process and the accredited organization, transferring of the fund management to IPARD agency, which has been accredited by the Commission and controlling of the IPARD agency after application (ex-post) are stand out. (European Commission, 2007). As mentioned before, IPARD programme exposes an easier and simple structure than SAPARD. For example, SAPARD includes 15 measures, but IPARD contains 9 measures in 3 axes (Turhan and Akdağ, 2006).

These axes include the following measures (Davis, J., 2007: 7-8):

Priority Axis 1-Improving market efficiency and implementing Community standards
- Investments in farms to restructure and upgrade to the EU standards;
- Supporting setting up of Producer groups
- Investments in processing and marketing of agriculture and fishery products to restructure and upgrade to the EU standards

Priority Axis 2-Preparatory actions for implantation of the agri-environmental measures and Leader
- Preparation to implement actions designed to improve the environment and the country side
Preparation of local private-public partnerships to implement local development strategies

Priority Axis 3- Development of rural economy

• Improving and developing rural infrastructure;
• Development and diversification of rural economic activities;
• Improvement of training
• Technical assistance

The main purpose of the IPARD is to contribute to the implementation of the acquis related to the EU Common Agricultural Policy and to determine some priorities and to contribute to the solution of problems in the candidate countries. Accordingly it is aimed to give priority to market efficiency, quality and improving health standards and the creation of new employment opportunities in rural areas (Bakırçi, 2009: 59).

IPARD entrusts the financial control of all funds to the candidate country and brings an improved decentralized implementation system. In this respect, it is possible to say that a different application and scheduling mechanism is exhibited by IPARD and IPARD differs from the other components of IPA. Accordingly, the candidate country primarily needs to prepare a Rural Development Plan that must be approved by the Commission. In addition, a Rural Development Agency must be built and must be accredited in the candidate countries for implementation (Yıldız and Akdağ, 2006: 35).

4.3.1. IPARD Programme of Turkey

IPA made up of five components and as a candidate country Turkey can beneficiary from all the components of IPA and also IPARD. IPARD is the fifth component of the IPA and includes rural development supports. Following initiation of negotiations, Turkey has started to work to fulfill the prerequisites. In this respect, the Ministry of Agriculture and Rural Affairs Department of Strategy Development has prepared the IPARD Programme by negotiating with relevant departments of the European Commission. Prepared IPARD Programme has accepted by the European Commission Rural Development Committee by discussing (Ministry of Food, Agriculture and Livestock, 2008).

IPARD plan focused on issues such as, the country's overall socio-economic characteristics and current status, a detailed analysis of the agricultural sector, the economic activities in rural areas, human resources and regional differences, the country's agricultural policies, implemented before the development plans, goals and strategies and national support. However the part that shows what areas, which sectors and to whom the EU funds will be transferred under which conditions is the most important part of the programme and called as measures or technical jobs. The selected measures for the first level of programme includes following (Support Institution of Agriculture and Rural Development, 2010: 167):
• Investments for restructuring of agricultural businesses and the delivery to the Community standards
• Investments for to restructure processing and marketing of agricultural and fishery products and the delivery to the Community standards
• Investments for diversification and the development of rural economic activities

In this context, the amount of funds allocated to Turkey under the rural development component of the IPA has determined total 660.9 million Euros between the years of 2007-2012 (European Commission, 2011).

The IPARD programme for Turkey is in line with the Multi-annual Indicative Planning Document (MIPD) between the years of 2007 - 2009 as well as the enlargement package and other strategic documents on the pre-accession process of Turkey. The main policy objectives are to contribute to the modernization of the agricultural sector (including processing) through targeted investments while at the same time encouraging the improvement of EU acquis related food safety, veterinary, phytosanitary, environmental or other standards as specified in the Enlargement Package and to contribute to the sustainable development of rural areas (Europa, 2007).

There are 3 overall aims of IPARD programme in the country. First one is, modernization of the agricultural production and processing sectors through increasing efficiency and competitiveness and implementation of Community standards. Second one is capacity-building and preparatory actions for the implementation of agri-environmental measures and the LEADER method. And the last one is, development and diversification of the rural economy, increase of quality of life and attractiveness of the rural areas, counteracting rural out-migration (Europa, 2007).

On the other hand there 3 axes of IPARD programme in Turkey. Axis 1 aims to improve market efficiency and to implement Community standards and it has 154.954.667 million Euros (73%) public aid for the periods 2007 – 2009. Under Axis 1, three measures will be implemented as the following (Europa, 2007):

• Investment in agricultural holdings to restructure and to upgrade to Community standards (40% of the public aid),
• Investment in processing and marketing of agricultural and fishery products to restructure and upgrade to Community standards (28% of the public aid),
• Support for the setting up of producer groups (5% of the public aid).

Axis 2 purposes to prepare actions for the implementation of agri-environmental measures and Links between Actions for the Development of Rural Economy (LEADER). The Programme includes an outline of preparatory actions planned for the implementation of agri-environmental measures such as erosion control, water resource conservation, biodiversity as well as for the LEADER method (acquisition of skills, implementation of local development
strategies, running costs for approved Local Action Groups as well as co-operation projects between those groups). The measures will be developed in detail and submitted to the Rural Development Committee for adoption after a capacity-building process including institution-building and training during the period 2010 – 2013 (Europa, 2007).

Ultimately Axis 3 intends to provide development of the rural economy and contains 53.066.667 million Euros (25%) public aid during the period 2007-2009. Under Axis 3 the diversification and development of rural economic activities will be implemented. The main priorities of Axis 3 are to contribute to the development of the rural economy, diversify on-farm and off-farm activities, to support the formation of micro enterprises in order to create new jobs as well as to maintain the existing jobs in rural areas. And the supports through Axis 3 will be provided to (Europa, 2007):

- Diversification and development of on-farm activities (bee keeping and honey production, medicinal and aromatic plants, ornamental plants production),
- Local product and micro enterprise development,
- Rural tourism,
- Aquaculture.

IPARD implementation which will be implemented through the IPARD programme consists of two phases. The first stage encompasses the years 2007-2009 and the second stage covers the years 2010-2013. Various measures are envisaged in the two stages and four sectors have been defined as priority for IPARD intervention as the following (Ministry of Agriculture and Rural Affairs, 2008: 177):

- Milk and milk products processing sector,
- Meat and meat products processing sector including poultry
- Fish processing sector
- Fruits & Vegetable processing sector

“The priorities for IPARD intervention in the processing sector are the assistance to the implementation of EU Acquis - notably related to quality, hygiene and food safety and veterinary controls, animal welfare, environmental impact and occupational safety – by the processing industry, as well as the improvement of the efficiency of the processes” (Ministry of Agriculture and Rural Affairs, 2008: 177).

Support Institution of Agriculture and Rural Development is established as an IPARD agency in accordance with the IPARD program in order to fulfill the program requirements on 4 May 2007. Because the national accreditation process completed positively Support Institution of Agriculture and Rural Development Central and Provincial Coordinatorships have been accredited by the National Authorizing Officer on 21 July 2010 (Tarımsal ve Kırsal Kalkınmayı Destekleme Kurumu, 2010: 18). Up to now in the context of IPARD programme
five times the call announcements have been made to support businesses willing to invest by Support Institution of Agriculture and Rural Development.

5. CONCLUSION

In recent years, the EU emerges as one of the actors that support rural development. The EU, thanks to funds provided for the candidate countries supports rural development in these countries on one hand and aims to harmonize agricultural policies of these countries with the EU on the other hand. The IPA is the financial instrument for the EU pre-accession process for the period 2007-2013. IPA made up of five components and IPARD is the fifth component of the IPA and includes rural development supports. IPARD programme covers 2007–2013 and still being implemented. As a candidate country Turkey can beneficiary from all the components of IPA and also IPARD.

The Development Bank of Turkey recorded a total country population of 73,722,000 in 2012. The rural area population makes up 29% of the total population (21,382,000). The total number of recruitment in agriculture, industry and service sectors is 22,594,000 while 5,683,000 people engage in agricultural sector making up 39% of the total recruitment. The figures above mark the significance of the rural development policies for Turkey. Additionally, the rural development assumes a strategic significance to ensure the regional development and repair the instabilities among the geographical regions in Turkey.

Through the EU rural development policies and funds and also IPARD programme as a candidate country, Turkey was a new era in rural development policies. In this new era, agricultural and rural producers are supported with funds and increasing the efficiency and the diversity of the product is aimed. Furthermore different methods for achieving rural development are envisaged. Accordingly, diversification of non-farming income-generating activities such as tourism and handicrafts has targeted in agricultural and rural areas, where seasonal unemployment is more than the other places. thereby creating new jobs, increase income and upgrade living standards of people living in rural area and prevent migration is intended.

REFERENCES


Organization of Petroleum Exporting Countries (OPEC) and Role of Saudi Arabia

Nada Dreca
International University of Sarajevo, Faculty of Business and Administration
71000, Sarajevo, Bosnia and Herzegovina
E-mails: nadja.dreca@students.ius.edu.ba, nadja_n88@hotmail.com

Abstract
The aim of this research is to explain the OPEC position and the role of Saudi Arabia within OPEC. Saudi Arabia as the largest producer and country with largest oil reserves of oil attract many attention and many studies try to explain which role Saudi Arabia plays within OPEC, is it the role of dominant producer and which strategy Saudi Arabia used during its membership in order to keep its position and its market share. Saudi Arabia role is to keep the balance of production within OPEC. Saudi Arabia was explained as swing producer, and in order to protect itself and its interest because of cheating of other members of OPEC, it was forced to adopt the strategy tit-for-tat. There is big question of it is good to have dominant producer, or all of them to be equal.

Keywords: OPEC, Saudi Arabia, Cartel, Oil prices, dominant producer

1. INTRODUCTION
Organization of Petroleum Exporting Countries (OPEC) is the international organization composed of the twelve member states. These countries mainly depend on the revenues from oil export. They work together in the coordination of the overall oil price in the world market. OPEC is by market structure Cartel, which represents intergovernmental organization. As it is stated in OPEC’s Statute it is an international organization with aim to influence and maintain the price of oil through the control of production levels and to generate revenue, which goes towards meeting the development needs of its members. By