OPEC bulletin

2–3/13

President Hugo Chávez Frías 1954–2013

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Kuwait Minister of Oil

Society of Petroleum Engineers

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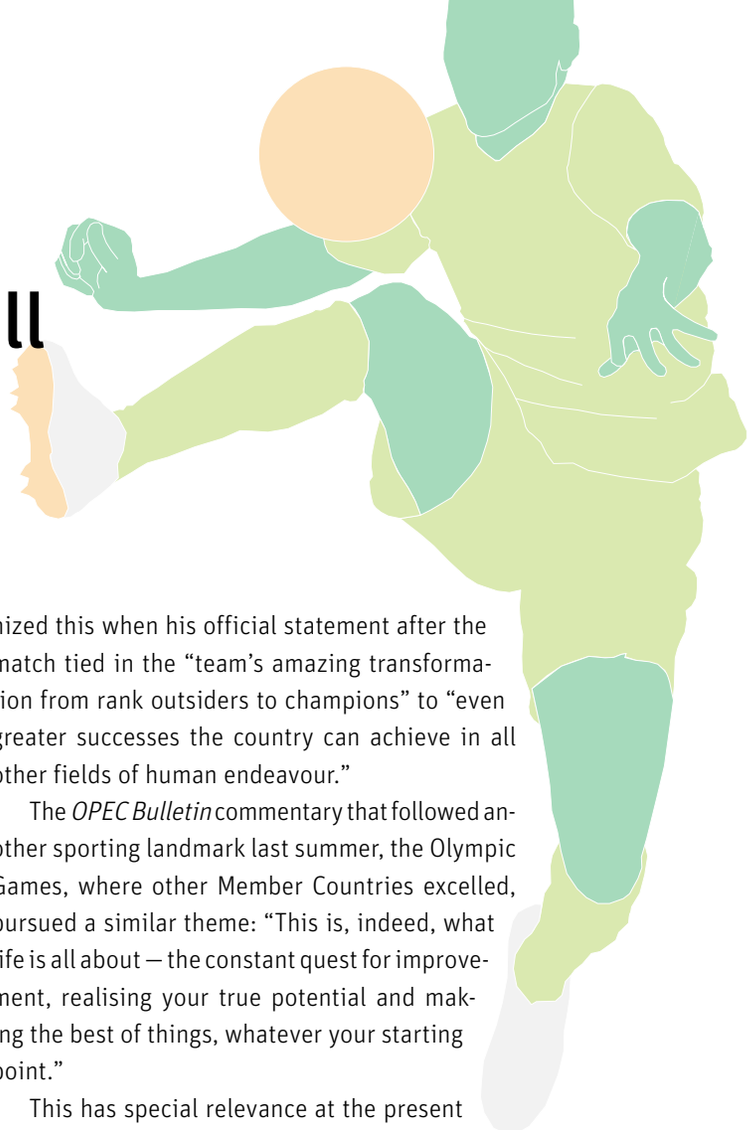
Winning in football ... winning in life



One goal was all it needed. This came in the 40th minute of the final and saw Nigeria crowned football champions of Africa.

Well done, Nigeria! OPEC lauds your success.

Such success galvanises the mood of a nation. This is especially true in a football-mad country like Nigeria.

And when the winner comes in the shape of an artistic flick of the ball by midfielder Sunday Mba over the head of a defender and then a powerful volley into the net, it is no small wonder that much of the country erupted into a frenzy of colour, noise and joyous celebration that lasted well into the night.

However, there can be only one winner in such a tournament. Thus we recall here too the meritorious efforts of the other OPEC Member Country teams that participated in the competition from the start — Algeria and Angola (who were in the finals) and Libya — unfortunately, to coin a phrase, the ball did not bounce in their favour this time round. But, true to their sporting natures, they will be already turning their attention to the next Africa Cup of Nations in Morocco in 2015.

Football has long since exceeded the bounds of being a simple, accessible and hugely enjoyable game.

Entire cultures can be defined by it in national and international arenas. Some countries are even referred to as 'footballing nations'.

Etched into their cultures in such a way, success on the sports field can be used as a spur to success in other areas.

Nigerian President Goodluck Jonathan recognized this when his official statement after the match tied in the "team's amazing transformation from rank outsiders to champions" to "even greater successes the country can achieve in all other fields of human endeavour."

The *OPEC Bulletin* commentary that followed another sporting landmark last summer, the Olympic Games, where other Member Countries excelled, pursued a similar theme: "This is, indeed, what life is all about — the constant quest for improvement, realising your true potential and making the best of things, whatever your starting point."

This has special relevance at the present time. The widespread economic malaise of the post-2008 era, rooted very much in the activities of the industrialized world, has exacerbated long-standing problems facing many developing countries. These countries are highly vulnerable to the fallout from economic and political developments in far-off lands over which they have little or no say. This fallout has already affected many of them deeply and imposed added strains upon their impoverished societies.

Therefore, success in a high-profile international arena such as sport can work wonders for morale and self-esteem in such places.

More importantly, it can provide hope and encouragement to other ambitious, dedicated, hard-working young people in developing countries to pursue their own cherished goals in life, and not just those on the football pitch. And these goals — just like that of Sunday Mba — may too require a touch of artistry and a well-targeted conclusion.

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This month's cover shows the enigmatic Venezuelan President, Hugo Chávez Frías, who passed away after battling cancer for nearly two years (see article pp4–9).
Photograph courtesy ddp images.

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OPEC Membership and aims

OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective — to coordinate and unify petroleum policies among its Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry. The Organization comprises 12 Members: Qatar joined in 1961; Libya (1962); United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Gabon joined in 1975 and left in 1995. Indonesia joined in 1962 and suspended its Membership on December 31, 2008.

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President Hugo Chávez Frías
1954–2013

We offer our deepest condolences to the Government and the people of the Bolivarian Republic of Venezuela, on the occasion of the death of their President, Hugo Chávez Frías.

The brave manner in which he bore his final long illness was typical of this man of great courage and conviction.

Over and above his service to his own cherished country, Venezuela, one of OPEC's five Founder Members, he had a profound sense of commitment to the values and ideals of the Organization as a whole.

He is especially well remembered for reenergizing the OPEC Summit of Heads of State and Government in Caracas in 2000, after a gap of 25 years since the First Summit in Algeria.

Shortly after, he appointed, in quick succession, two highly accomplished OPEC Secretary Generals, Dr Alí Rodríguez Araque and Dr Alvaro Silva Calderón.

And, in the Secretariat itself, he is fondly remembered for his historic visit to Vienna in October 2001, when he addressed the staff with his familiar boyish enthusiasm about topical social and international issues, before chatting pleasantly with many of them and warmly shaking their hands.

President Chávez, rest in peace.

Hugo Chávez pictured during his school years in his hometown of Barinas.

As a young man, Chávez was a lieutenant at the Military Academy in Caracas.

Chávez seen casting his vote in the 1998 Venezuelan elections.

President Chávez waves as he arrives at a military parade to commemorate the 200th anniversary of Venezuela's independence in Caracas, in April 2010.

Thousands of people gathered on the streets of Caracas to pay tribute and say a last farewell to "El Presidente", as Chávez was affectionately known.

All pictures on this spread courtesy Reuters.

President Chávez was instrumental in reenergizing the OPEC Summit of Heads of State and Government. The II Summit was held in Caracas, in 2000. He is seen here, pictured with (front row, l–r): HH Sheikh Hamad Bin Khalifa Al-Thani, Emir of Qatar; Mohammad Khatami, President of the Islamic Republic of Iran; Abdelaziz Bouteflika, President of the Republic of Algeria; Abdurrahman Wahid, President of the Republic of Indonesia; Olusegun Obasanjo, President of the Federal Republic of Nigeria. Back row (l–r): Taha Yasin Ramadhan, Vice-President of the Republic of Iraq; Brigadier Mustafa Muhammed Kharrubi, representing Libya; HH Sheikh Hamad Bin Mohammad Al-Sharqi, Member of the Supreme Council and Ruler of Fujairah, United Arab Emirates; HRH Crown Prince Abdullah Bin Abdul Aziz Al-Saud, Kingdom of Saudi Arabia; Sheikh Saud Nasser Al-Sabah, Minister of Oil, Kuwait.

The pictures above and below were taken during Chávez's visit to the OPEC Secretariat in October 2001. Above he is seen with (l–r) Luis Alfonso Davila, Venezuela's Minister of Foreign Affairs; Dr Alí Rodriguez Araque, OPEC Secretary General; and Dr Alvaro Silva Calderón, Venezuela's Minister of Energy and Mines.

Chávez and his entourage pictured with Dr Alí Rodriguez Araque, OPEC Secretary General, and members of OPEC Management.

Chávez (l) with HRH Prince Abdulaziz Bin Saliman Abdulaziz (r), Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia; and Rafael Ramirez (c), Minister of Energy and Petroleum, Venezuela; during the III Summit of OPEC Heads of State, in Riyadh, Saudi Arabia, in 2007.

Venezuelan President Hugo Chávez Frías died on March 5 aged 58 at a military hospital in Caracas. This followed a brave battle against cancer that had lasted nearly two years. Nicolás Maduro Moros, President in charge of the Bolivarian Republic of Venezuela, announced the news on live television by saying: "We have just received the most tragic and awful information. At 4:25 pm, President Hugo Chávez Frías died. It's a moment of deep pain."

Immediately after the announcement, supporters gathered in Plaza Bolivar, the city's central square, and outside the hospital to mourn the passing of the President who had served as their leader for nearly 14 years. Seven days of national mourning were declared, with Chávez's body lying in state at the Military Academy in Caracas until his funeral, which was attended by heads of state and supporters from around the world.

Maduro assumed the presidency until an election is held on April 14, to elect Chávez's successor.

Chávez, Venezuela and OPEC: a strong history

As President of Venezuela, Chávez was a loyal supporter of OPEC and its mission throughout his tenure. He was

During the II OPEC Summit in Venezuela in 2000, Chávez eloquently described his impressions of a trip he had made earlier in the year to visit the other OPEC Member Countries:

"Never in my life shall I forget a recent trip visiting the countries that you so honourably represent here, from the beautiful Eastern coast of the Red Sea, travelling over the western part of the Gulf with the splendid sun of Kuwait, the shining nights of Doha, the beauties of Abu Dhabi, the mountains and plains of Tehran, the rich Tigris Valley in Baghdad, a beautiful full moon over Jakarta, the Mediterranean dawn in Tripoli, the beautiful prairies of Nigeria and the beating and heroic land of Algiers. All that immensity, all that beauty, all that wealth of feeling is summarized here in these legendary shores of the Venezuelan Caribbean, in these mountain ranges of the Indian America, and in the mysterious Amazon of the New World, in this valley of Bolivarian Caracas."

Chávez addressing the 141st Meeting of the OPEC Conference, which took place in Caracas, Venezuela, in June 2006.

Below: Abdalla Salem El-Badri (r), OPEC Secretary General, with President Chávez during his visit to Venezuela in 2008.

acutely aware of his country being one of OPEC's Founder Members and of the role it had played in initiating the meetings that had led to the Organization's establishment in 1960.

Nearly a year after Chávez took office, Venezuela hosted the Second Summit of OPEC Heads of State in Caracas on September 27–28, 2000. In his opening remarks, he welcomed the OPEC Heads of State and commented on the significant role his country had played in the history of OPEC: "It was precisely here, in Caracas, where the Statute of the Organization of the Petroleum Exporting Countries was approved, in January of 1961. I was barely born at that time. OPEC passed the Resolutions of the first Conference in Baghdad, on the shores of the Tigris, on September 14, 1960."

40 years of cooperation and success

During this speech, he reflected on the 40 years of cooperation and success the Organization had achieved to date, commenting: "OPEC in these 40 years, the first 40 years, has discharged its objectives and today we are re-launching to continue discharging more effectively our objectives and to update them; to join the new path and write the new history of this new century."

Later that year, on November 12–13, the OPEC Conference appointed Venezuela's serving Minister of Energy and Mines, Dr Alí Rodríguez Araque, as Secretary General for a three-year term, with effect from January 1, 2001. A year and a half later, Rodríguez Araque was recalled by Chávez to be President of the country's national oil company, Petróleos de Venezuela (PDVSA). And so he was replaced as Secretary General by his compatriot, Dr Alvaro Silva Calderón, to complete the country's original three-year term-of-office.

In October 2001, while Rodríguez Araque was still Secretary General, Chávez made an historic visit to the OPEC Secretariat in Vienna, as part of a tour of Europe, Africa and the Middle East. Addressing the staff, he said Venezuela was firmly committed to OPEC, its policies and its efforts to maintain market stability, and added that the Organization had played a very important role in the 20th century. He spoke enthusiastically about topical international and social issues, and afterwards took time to chat with many of the staff and shake their hands.

He then visited the OPEC Fund for International Development (OFID) and met with its (then) Director General, Dr Yesufu Seyyid Abdulai, and other senior officials. Dr Abdulai acknowledged Chávez's dedicated support of OPEC and OFID. Chávez, in turn, had this to say about the Fund's work: "The Fund may be modest in size, but its achievements are great and of immense importance to millions of peoplearound the world."

Chávez is survived by his two ex-wives, Nancy Colmenares and Marisabel Rodriguez, and four children — Hugo Rafael, María Gabriela and Rosa Virginia by his first wife and Rosinés by his second.

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VIA TELEFAX Message No. 18th March 2013

HE Nicolas Maduro
President in Charge of the Bolivarian Republic of Venezuela
Palacio de Miraflores
CARACAS
Venezuela

Excellency,

Following the sad news of the demise of His Excellency Hugo Chávez Frías, President of the Bolivarian Republic of Venezuela, after his long and brave battle with cancer, and on behalf of Their Excellencies, the Conference of OPEC Ministers and myself, I am writing to convey sincerest condolences to you and through you, to the people of your bereaved nation. Our thoughts are with President Chávez' family and friends and we pray that God Almighty will give them and the Venezuelan people strength to bear this loss.

There can be no doubt that President Chavez will be long remembered for his strong support to OPEC.

Please accept, Excellency, the assurances of my highest consideration and respect.

Hani Abdulaziz Hussain
Minister of Oil of the State of Kuwait
President of the OPEC Conference

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Secretary General

VIA TELEFAX Message No. 1554 8th March 2013

HE Nicolas Maduro
Vice President
Palacio de Miraflores
CARACAS
Venezuela

Excellency,

It was with profound and deep sadness that I heard the news of the demise of His Excellency Hugo Chávez Frías, President of the Bolivarian Republic of Venezuela, so sadly taken from us after his long and brave battle with cancer. Words cannot describe the sorrow being felt by all those who had the privilege of knowing President Chavez and by those whose lives were touched by his actions. On behalf of the Staff of the Secretariat of the Organization of the Petroleum Exporting Countries (OPEC) and myself personally, I am writing to convey our heartfelt condolences to you and, through you, to the people of your bereaved nation. Our thoughts are with President Chávez' family and we pray that God Almighty will give them and the Venezuelan people strength to bear their great loss.

President Chávez will be long remembered, both at home and abroad, as a man unwilling to compromise in his righteous fight to improve the welfare of his fellow citizens. President Chávez was known as a generous man to all the people who needed him and the decisions he took, throughout his years in office, served to set an example for nations the world over. His place in the annals of history is secure.

Please accept, Excellency, the assurances of my highest consideration and respect.

Abdalla Salem El-Badri
Secretary General

Letters of condolence were sent to Nicolás Maduro Moros, President in charge of the Bolivarian Republic of Venezuela, by OPEC Conference President, Hani Abdulaziz Hussain, Kuwait Oil Minister (above), and OPEC Secretary General, Abdalla Salem El-Badri (right).

Reducing excessive speculation essential for oil market stability

OPEC Secretary General, **Abdalla Salem El-Badri** *(pictured),* attended the annual Middle East and North Africa (MENA) Energy Conference at Chatham House, London, which brings together representatives of national and international oil companies, governments, key energy industry figures, commodity experts and commentators to assess the current situation and ask what lies ahead. This year's event, held towards the end of January, explored the intersection of energy, security, and international politics in the MENA region and asked how changing global and regional dynamics are affecting the energy industry in the countries involved. El-Badri's keynote address answered a number of questions posed by the conference's theme for 2013 — *'Adapting to New Resource Realities'*.

Excessive speculation is one of the major challenges facing the international oil industry and, as past years have shown, is a factor that can distort the price of crude oil in the marketplace.

That was the view highlighted by OPEC Secretary General, Abdalla Salem El-Badri, at the annual MENA Energy Conference at Chatham House.

He pointed out that extreme price fluctuations over the past six or seven years had been accompanied by massive inflows and outflows of investments.

In a keynote address to the Conference, El-Badri, who regularly attends the event, stressed that 2012 saw a significant increase in the number of open interest contracts on the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE).

Towards the end of last year, he stated, activity on both exchanges exceeded four million contracts, or four billion barrels, which was more than 40 times greater than actual daily oil demand.

Market well-supplied

However, El-Badri made it clear to the conference that the challenge was not about eliminating speculation and expectation altogether; the underlying issue was "excessive" speculation and "extreme" volatility. This was what needed to be tackled.

"This is not only about safeguarding OPEC's interests and revenues, but also about safeguarding the future oil market. Uncertainty breeds indecision," he affirmed.

El-Badri told delegates that it was important to stress that the 20–30 per cent fluctuation seen in crude oil prices during 2012 occurred despite the oil market being well-supplied.

OECD crude oil stocks were above their five-year average and OPEC spare production capacity was at healthy levels. And he said that looking to 2013, the market was expected to remain well-supplied to meet expected demand growth.

"It all points to a balanced market for supply and demand. Yet significant price volatility has been apparent," he noted.

El-Badri said that when talking about stability, one of the key elements was the price and specifically what factors lay behind the fear of oil price weakness.

"I am sure we all have a number of thoughts about this: a slowdown in the global economy; supply outstripping demand; expanding oil inventories; and increasing spare capacity.

"We can, however, also look in the other direction and ask what factors might lead to possible price rises. Geopolitics may come to mind, a stronger-than-expected global economic recovery, as well as investments and supply not materializing as fast as expected."

He continued: "At present, we believe the market is well-balanced and, as such, these 'fears' should not be overblown. This is an important point and it leads me to ask a follow up question: how are these 'fears' perceived by some in the market?"

El-Badri reiterated that these 'fears' were a driving force behind speculative investment flows and price volatility that remained a significant part of the market, as they had been since 2005.

However, looking ahead, the OPEC Secretary General said the Organization did not envisage a price collapse, although it was important that they understood some of the potential effects of falling prices.

It was also important to note that petroleum revenue played a central role in the economic and social development of OPEC's Member Countries.

"In fact, over 75 per cent of OPEC's total export revenue

> **"This is not only about safeguarding OPEC's interests and revenues, but also about safeguarding the future oil market. Uncertainty breeds indecision."**

came from this source in 2011, revenue that remains central to the provision of healthcare, education and basic economic infrastructure for their young and expanding populations," he maintained.

El-Badri noted that in recent years they had seen the budgetary requirements of many oil-producing countries expand, as domestic needs increased.

"And, of course, any reduction in petroleum revenues will have an impact on some of these countries. Just as any government and country would be impacted by a reduction in their revenues or tax-take."

In this direction, added the OPEC Secretary General, some of the Organization's Member Countries recognized the importance of reducing their dependency on oil exports.

"I believe it is becoming increasingly crucial for oil producers who still depend heavily on oil revenues to look to other sources of income. Diversity, in this regard, is vital."

He said that when talking about OPEC's petroleum revenues, it was important to put these into context. There had been a number of sources that had cited recent revenue figures as some kind of 'extreme'. Overall, OPEC Member Countries saw petroleum export revenues of close to $1.1 trillion in 2011.

"However, the fact is that oil-consuming countries have been making more money from the sale of oil products than have oil-producing countries."

For example, informed El-Badri, over the 2007–11 period, OPEC Member Countries received close to $4.2tr in revenues generated from crude oil sales. But over the same timeframe, OECD countries received over $5.5tr from oil taxes.

"In fact, here in the United Kingdom, the government earned on average about 1.8 times more from oil taxes in 2011 than what OPEC Member Countries themselves obtained from the sale of their oil," he maintained.

"Additionally, it is worth pointing out that the money earned by OECD countries from oil taxes is pure income for their national governments. The revenues earned by OPEC Member Countries from crude oil sales, on the other hand, must also be used in part to cover the high costs of exploration, production and transportation," he added.

El-Badri said that according to the latest list of upstream projects in the OPEC Secretariat's database, Member Countries were undertaking or planning around 116 development projects during the five-year period 2012–16. It was estimated that total OPEC liquids capacity would rise by five million barrels/day over this period. And these developments corresponded to an estimated investment of about $270 billion.

"Investment decisions and plans, however, will obviously be influenced by the price of oil, as well as such factors as the global economic situation and policies," said El-Badri.

He stressed in this regard that low crude oil prices and reduced revenues would not only impact OPEC Member Countries. It would mean less recycling of OPEC Member Country income globally. And it had the potential to impact the entire oil market if low prices led to investments across the world being put on hold, or cancelled altogether. This was true for all energies.

Stable and fair price

"Every energy and every investment project has a break-even cost associated with it. Whether producing Canadian oil sands, United States tight oil, or ultra-deep offshore, there is an associated marginal cost. If prices fall below a certain level, then the industry will find some of these developments are no longer viable. And it is clear that lower oil prices would also impact the development of other projects, such as renewables," El-Badri contended.

Such outcomes, he said, had the potential to sow the seeds for extreme high oil prices in the future if a lack of investment led to supply failing to keep up with future demand increases. This had happened in the past.

"It underscores the importance of a stable and fair price for all — one that is satisfactory for both producers

and consumers and allows our industry and the global economy to grow. This is what OPEC continually strives for."

The OPEC Secretary General said that how oil prices evolved in the future was an extremely important question for the world economy, for the oil industry and, of course, for OPEC Member Countries. "In truth, it matters to every one of us."

Central issues

Extreme prices — either too high or too low — not only affected producers, but also consumers and the global economy as a whole.

Turning to the overall theme of the 2013 MENA conference — *'Adapting to new resource realities'* — El-Badri said a number of central issues quickly came to mind.

"The first is that we appear to have moved on from the peak oil debate the industry was having only a few years ago. There are plenty of available resources, both conventional and non-conventional. Of course, peak oil will come one day, but not for the foreseeable future," he stated.

Second, he said, was the growing role of unconventional oil and gas, particularly tight oil and shale gas in the US.

"It is evidently changing the US energy landscape, although questions remain as to how sustainable this growth will be in the long-term. And we need to recognize that shale developments outside of the US remain in the very early development stages. The general consensus is that it will be difficult for others to replicate how the US has developed its shale resources."

Third, said El-Badri, was the continuing and expanding nature of energy interdependence.

"In the recent past, some have talked about a decoupling of countries or regions, but this is a myth. We are all inter-linked — what happens from an energy perspective in one place, can have knock-on implications elsewhere," he maintained.

And fourth, he said, was the fact that despite there being much talk of alternatives, it was fossil fuels that would remain central to the world's energy mix for the coming decades.

This last point could be viewed in OPEC's latest World Oil Outlook (WOO), published in November last year, which forecast energy demand increasing by 54 per cent over the period 2010–35.

Fossil fuels, which currently accounted for 87 per cent of energy demand, would still make up 82 per cent of the global total by 2035. While oil did see a percentage fall over the period — from 35 per cent in 2010 to 27 per cent in 2035 — demand still increased by more than 20m b/d. It reached over 107m b/d by 2035.

"I believe it is becoming increasingly crucial for oil producers who still depend heavily on oil revenues to look to other sources of income.
Diversity, in this regard, is vital."

"However, while resource availability to meet this demand increase is clearly not an issue — as a number of the new realities I have outlined emphasize — we need to remember that availability is nothing without deliverability," said El-Badri. "And for deliverability we need stability. It is essential that all stakeholders work to ensure market stability."

In conclusion, the OPEC Secretary General emphasized three simple realties: energy resources were sufficient, fossil fuels would remain the main source of the world's energy future; and people were living in an ever more interdependent world.

"And in looking at these, if I had to leave one simple word each for OPEC producers, in fact all oil producers, for consumers and for the market as a whole, it would be 'stability', 'stability', 'stability'.

"Stability for producers to allow them to earn a fair return from the exploitation of their exhaustible natural resources; stability for economies around the world so that they may grow; and stability for investments and expansion to flourish.

"It is the best means of safeguarding all of our interests," her added.

El-Badri receives Abdullah Bin Hamad Al-Attiyah International Energy Award

Abdullah Bin Hamad Al-Attiyah, addressing the International Energy Awards at the gala dinner in Doha.

The inaugural Abdullah Bin Hamad Al-Attiyah International Energy Awards, which recognize individuals for their lifetime achievement in the global energy industry, took place at a gala dinner ceremony in Doha, Qatar, on March 5.

The Energy Awards were created and named to honour Abdullah Bin Hamad Al-Attiyah, President of the Administrative Control and Transparency Authority, in recognition of his substantial contribution to the global energy community over the course of many decades. And to celebrate individuals for their Lifetime Achievement in energy-related fields, specifically those fields close to the heart of Al-Attiyah.

Bart Cahir, President and General Manager for ExxonMobil Qatar Inc, said: "This occasion is not just a tribute to His Excellency Al-Attiyah, it is in recognition of men and women who have similarly made individual contributions to a global industry and in the process have developed people and improved nations."

One of the five 'Lifetime Achievement' Awards was presented to OPEC Secretary General, Abdalla Salem El-Badri, for his "contribution to the advancement of OPEC." El-Badri has been involved with OPEC for over two decades, serving as both President and Secretary General of OPEC in the latter part of 1994, and as President in 1996 and 1997. He assumed his current role as OPEC Secretary General in January 2007.

Extremely honoured

El-Badri said in his acceptance speech that he was extremely honoured and proud to receive an award in the name of Abdullah Bin Hamad Al-Attiyah. He said: "His Excellency is a man I respect very much, not only as a great friend, but also as a man of courage and guts; a man who when trusted by the Emir of Qatar to lead the country's energy industry, including oil and gas, was able to deliver", which has transformed the country "into one of the world's major energy hubs."

He added that as a friend, he also very much admired another side of Al-Attiyah's character — his human and communication skills. He recalled that "we have worked together at OPEC through some of the most difficult times in the Organization's history. Abdullah's mixture of quick wit, charm, dedication and positive outlook have proven invaluable at many OPEC meetings. When there seemed no light at the end of the tunnel, he was able to bring light. And when there was disagreement, he was able to broker solutions."

The first award of the evening was presented to Dr Mohammed Bin Saleh Al-Sada, Qatar's Minister of Energy and Industry, for 'Lifetime Achievement for the advancement of the Qatari energy industry'. Al-Sada has held many positions in the Qatar energy industry and assumed the role of Minister of Energy and Industry in January 2011. And Sheikh Nahyan Mabarak al-Nahayan, the UAE Minister for Higher Education and Scientific Research, won the 'Lifetime achievement for the advancement of future energy leaders'.

The remaining two award categories went to Dr Mark Weichold, Dean and CEO of Texas A&M University at Qatar, who was awarded the 'Lifetime achievement for the advancement of education', and Randa Takkieddine, Paris Correspondent for *Al Hayat* newspaper, who won the 'Lifetime achievement for the advancement of energy journalism'.

The event was jointly organized by Gulf Intelligence and ExxonMobil Qatar.

Energy Award winner Abdalla Salem El-Badri (r), OPEC Secretary General, pictured during the presentation with Abdullah Bin Hamad Al-Attiyah.

Riyadh hosts 3rd IEF-OPEC-IEA Symposium on Energy Outlooks

The International Energy Forum (IEF), the International Energy Agency (IEA) and the Organization of the Petroleum Exporting Countries (OPEC) held their third Symposium on Energy Outlooks at the IEF's Headquarters in Riyadh, Saudi Arabia towards the end of January.

The Symposium offered a platform for sharing insights and exchanging views about energy market trends and the short- medium- and long-term energy outlooks, including analysis of market behaviour and discussion of the key drivers of the energy scene and associated uncertainties.

It was attended by the heads of the three organizations — Aldo Flores-Quiroga, IEF; Maria van der Hoeven; and Abdalla Salem El-Badri, OPEC — as well as

HRH Prince Abdulaziz Bin Salman Al-Saud, Assistant Minister of Petroleum of Mineral Resources, Saudi Arabia.

The gathering formed part of a wider joint programme of work agreed by the three organizations and endorsed by energy ministers at the 12th IEF Ministerial talks in Cancun, Mexico, in March 2010, as part of the Cancun Declaration.

Energy analysis

The IEA and OPEC regularly publish energy and oil outlooks covering the short-, medium- and long-term. In addition, on the occasion of the IEF ministerial meetings, the two organizations contribute by submitting a focused energy analysis to be presented to IEF ministers.

The First and Second Joint IEF-OPEC-IEA Symposia on Energy Outlooks were convened in Riyadh in January 2011 and January 2012, respectively.

Both these meetings agreed that methodologies and definitions were important factors in identifying reasons behind differences in the IEA and OPEC outlooks.

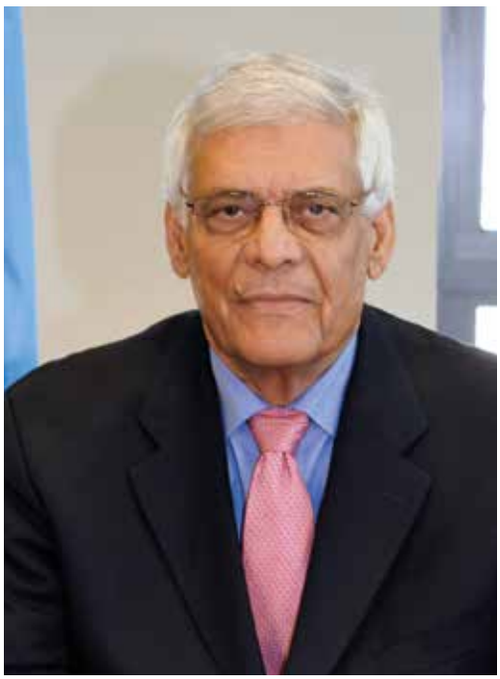
The latest Symposium was divided into three sessions. Session one looked at the key findings from the Second Symposium on Energy Outlooks, and presentations on the latest IEA and OPEC projections.

The growing importance of oil inventories outside OECD countries and the implications for the oil market was the subject of the second session, while the final session tackled the topical subject of the outlook for tight or shale oil.

Delegates received the latest paper prepared by the IEF, in consultation with the IEA and OPEC, comparing the short-, medium- and long-term energy outlooks recently published by the two organizations.

Intended as a reference document for the Symposium, the paper discussed technical issues related to the estimation of demand, stocks and supply.

It identified the main convergences and divergences between the organizations' outlooks and addressed the reasons behind them, from definitions to methodologies, data sources and assumptions about future market trends and directions.



Abdalla Salem El-Badri (l) and HRH Prince Abdulaziz Bin Salman Al-Saud.

In his welcoming comments, IEF head Flores-Quiroga pointed out that the three organizations had joined forces to improve their understanding of the energy markets and thereby enhance the quality of the producer-consumer dialogue.

He said he could not overemphasize the importance of the Symposium, stressing the role energy outlooks — particularly those from the IEA and OPEC — played in worldwide discussions on energy.

"Almost everywhere I go, a sizable number of speakers begin their presentations referring to the outlooks prepared by both organizations, using them as springboards to support or complement their arguments on this or that energy development.

Critical role

"Nearly every report we read on energy matters makes reference to these documents as well. And just about

Aldo Flores-Quiroga.

all decisions on energy policy and investments take into account in some way or another what they have to say."

Flores-Quiroga said that given the critical role that outlooks played in structuring thinking about energy market developments, as well as in the formation of market expectations, it was crucial to understand how they were built.

And understanding why the outlooks of the IEA and OPEC were different, thinking about what could make them comparable, or sharing points of view about how to improve them, was an important support for the interpretation of oil market developments.

"It also contributes to fostering cooperation between producers and consumers, as they can have a better idea of why their views are not necessarily coincidental, or what process lies behind the establishment of each other's energy perspectives," he maintained.

Flores-Quiroga told delegates that they must view the Symposium as a process that was still in its early stages.

"We are just beginning to peel back the first layers of the outlooks to figure out how they are built. This has already helped us to identify in previous symposia, for example, that a simple reclassification of geographical groupings or production streams can make these outlooks more comparable.

"But we have to aim for more. We must not be satisfied at the end of this meeting with conclusions that are so general that they add little value to our understanding of the outlooks."

He maintained that the broader public, the energy ministers, the CEOs, the investors, the experts, the academics, and the students — they all deserved to have energy information and outlooks that were intelligible to them.

"Virtually all ministers participating in the IEF have highlighted transparency as a priority, which also applies to the understanding of outlooks that play such a critical role in energy decision-making.

"Focusing on how to estimate and forecast better, rather than on just seeking who is right or wrong, is more constructive and can help us accomplish more."

Dialogue platform

Flores-Quiroga paid tribute to HRH Prince Abdulaziz Bin Salman Al-Saud, saying that he had been a true champion of the energy dialogue from the very beginning.

"To a large extent, we are here due to his leadership in the creation of this dialogue platform and in launching the comparative exercise in which we will be engaging today," he affirmed.

He also made special mention of the IEA's Maria van der Hoeven and OPEC's El-Badri, stating that their support for the initiative had been unwavering.

"They are here together with their teams of analysts and technical experts who are ready to share their perspectives and to listen. To share and to listen: two basic tenets of a successful dialogue," he added.

El-Badri told the meeting that the fact they had gathered together every year since 2011 was a testament to the Symposium's importance.

"It reaffirms the commitment that each of our organizations — the IEA, the IEF and OPEC — has made to furthering cooperation and dialogue," he said.

He reminded delegates that the Symposium was first

proposed at the Jeddah and London energy meetings of 2008. It then became part of a wider work programme jointly agreed at the 12th IEF Ministerial Meeting in Cancun in 2010.

"Since then, we have come a long way. And I am pleased to see that words have become actions — and that a good idea has become a concrete reality."

El-Badri said the Symposium had always been an opportunity to share the analytical input and insights of different experts.

"But it has also been a chance to share ideas and information — and enhance our understanding of each other's outlooks and methodologies.

"Our joint participation at this gathering confirms our common understanding of the importance of these efforts and our recognition that the essence of this meeting is about strengthening collaboration. And this year we will take further steps towards this."

In closing remarks, El-Badri said that many important points had emerged during the Symposium, which could serve them well as they continued to strive to find ways to strengthen the collaborative work between the respective organizations.

"Today we have seen that despite some divergences in viewpoints and some differences in emphasis, there are many areas in which we share similar outlooks. This is very much in the spirit of this Symposium and may serve as a reminder that we should continue to work to find common ground — and strive to create an environment that facilitates collaboration, information-sharing and the achievement of tangible results," he stated.

El-Badri said one of the benefits of the Symposium was not only that it provided an opportunity to discuss shared concepts and ideas, but that it helped to foster friendships and strengthen inter-organizational relationships.

"The dialogue that we all consider important — among organizations and between producers and consumers — depends very much on this," he affirmed.

He said the success of the meeting had provided good signals for future Symposium themes. Similar, topical issues of high priority and importance would be included in next year's agenda.

Abdalla Salem El-Badri (l) and Maria van der Hoeven.

The three organizations are due to come together again on March 21 in Vienna for the 3rd Workshop on Interactions Between Physical and Financial Energy Markets, again part of the Cancun work programme.

Dual role

In this regard, the organizations recognize the need to improve understanding of the inter-linkages between the physical and financial markets for energy, given the dual role that crude oil now plays as both a physical commodity and a financial asset.

According to the IEF, the 3rd Workshop will build on insights gained from the previous two events in 2010 and 2011 and will focus on a number of points, including interactions between energy derivatives and the broader financial markets; trends in energy swaps and futures trading in the light of impending regulation; developments in energy derivatives trading in the Asian region; and an update on the implementation of regulation in the energy derivatives markets across major jurisdictions.

UAE cements global leadership in sustainable development

Abu Dhabi conference addresses key sustainability challenges

Reuters

The recognition of the United Arab Emirates (UAE) as a global leader in the advancement of sustainable development was further cemented over five busy days in January during the Abu Dhabi Sustainability Week (ADSW), the largest gathering of its kind in the history of the Middle East.

More than 30,000 participants from 150 countries, including globally recognized leaders from government, the private sector, non-governmental organizations (NGOs) and other stakeholders, assembled in the UAE capital to address the business, technology and financial challenges required for sustainable development, one of the key Millennium Development Goals.

The week's events were inaugurated by Sheikh Mohammed bin Zayed Al-Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, who, in highlighting the importance of ADSW, told delegates that the world must work together to address energy and water access, food security and tackle the consequences of climate change.

"The UAE is committed to facing this challenge and is pushing forward to accelerate clean energy and adopt sustainable development," he commented in the presence

Sheikh Mohammed bin Zayed Al-Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces.

Reuters

of Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and other high-ranking guests and officials.

"Since its inception, the UAE has been dedicated to sustainable practices and to reducing its environmental footprint," he pointed out.

He said that backed by the wise vision of UAE President, Sheikh Khalifa bin Zayed Al-Nahyan, the country "continued to cherish the legacy of promoting sustainability left behind by the late Sheikh Zayed bin Sultan Al-Nahyan, founder of the UAE."

Sheikh Mohammed said that in delivering the world with important supplies of hydrocarbons for almost half a century, it was natural for the UAE to invest and play an active role in diversifying the energy mix to include renewable sources of energy.

UAE President, Sheikh Khalifa bin Zayed Al-Nahyan

Through initiatives like Masdar, the State renewable energy firm established in 2006 and now thriving, and by hosting global platforms, the UAE was encouraging the collaboration, strategic partnerships and practical solutions necessary to seriously address the energy and climate challenge, he maintained.

Other keynote speakers at the ADSW's opening ceremony included French President, Francois Hollande, and his Argentinian counterpart, Cristina Fernandez de Kirchner. In addition, Queen Rania Al Abdullah of Jordan also took to the stage.

Hollande praised the UAE's sustainability efforts and highlighted the fact that Abu Dhabi hosted the headquarters of the International Renewable Energy Agency.

"We commend the country. We have to have confidence to invest in new energy. We can act together to create this world of renewable energy. It's an architectural challenge, an urban challenge and an economic challenge.

Next generation

"It is our economic duty to promote these kinds of energies, like the ones we are promoting today, and we are obliged to make our planet livable for the next generation. We can see the demonstration of this here in the UAE," he said.

Above: Chief Executive Officer of Masdar, Dr Sultan Ahmed Al Jaber.

Below: Argentinian President, Cristina Fernandez de Kirchner.

Ms de Kirchner used her address to appeal for energy access to the poor.

"It is important to eradicate poverty," she said. "We are trying to achieve universal access to energy for the year 2030. This is the energy of the future as we are all gathering today and we are talking about sustainable energy. It is very important to use renewable energy.

"We have an obligation to the quality of life. We are all responsible, but of course some of us have more responsibility than others," she affirmed.

Queen Rania told the conference delegates that by being in Abu Dhabi for the sustainability week "you are already a part of the global solution to our energy crisis."

She praised Sheikh Mohammed bin Zayed Al-Nahyan for his leadership in this all-important topic, stating that his approach was "bold and courageous" and "just what we need" on this issue.

"I cannot think of a better place for us to gather. Abu Dhabi's bold vision for sustainable energy is transforming this nation and inspiring our region. No one can predict the future, but this much is true — energy requirements will play a vital role in determining it," she maintained.

Among the other attendees were King Juan Carlos of Spain, the President of Iceland, Ólafur Ragnar Grímsson, the Prime Minister of Serbia, Ivica Ivica Dačić, the Prime Minister of Montenegro, Milo Djukanovic, and the President of Mauritania, Mohamed Ould Abdel Aziz.

Significant platform

The ADSW is among the largest sustainability gatherings in the world. It is a significant platform for international dialogue and cooperation seeking to tackle the world's pressing issues in energy, water and environment.

Its meetings help to accelerate the global adoption of renewable energy, address water challenges in arid regions, elevate water-energy nexus topics on the global agenda, and encourage dialogue between broad industry stakeholders to strengthen strategic partnerships, as well as stimulate investment in water, energy and environmental projects and empower the younger generation and entrepreneurs.

In his welcoming comments to the gathering, the Chief Executive Officer of Masdar, Dr Sultan Ahmed Al Jaber, told delegates that together they shared the responsibility of addressing the intricate balance between "our rising economies, our growing societies and our limited resources."

He stated: "It is a balance that is crucial to achieving a sustainable future. And a balance that rests on two critical and deeply linked elements: energy and water. Without access to both, economic growth and human development cannot thrive, and poverty and conflict cannot be prevented."

Established in 2006, Masdar is a commercially driven enterprise that operates to reach the broad boundaries of the renewable energy and sustainable technologies industry.

It supports the development, commercialization and adoption of pioneering technologies that will help tackle climate change, building a more sustainable future for the UAE and the global community.

Commit to action

Al Jaber said the week's events in Abu Dhabi provided the opportunity for people to work together — to commit to real action, to innovate and to strike the balance crucial to building a sustainable future.

Below: French President, Francois Hollande.


Reuters

"The ADSW extends the UAE's momentum as a recognized global leader in sustainable development through open platforms that define the future global landscape for sustainability and encourage investments and partnerships to deliver solutions.

The Masdar head said that meeting the challenges of sustainability was vital, both globally and locally.

The UAE and Abu Dhabi were diversifying the energy mix to spur future growth through renewable sources.

"Our success on this front and our global recognition as a leader in sustainable development have been achieved through the guidance of the UAE's wise and visionary leadership who have continued the legacy of sustainability instilled in our heritage by our Founding Father, the late Sheikh Zayed bin Sultan Al-Nahyan, who recognized the need to protect our environment and preserve our natural resources for future generations.

"Today, sustainability continues to be an integral part of the UAE's development plans, from an economic, environmental and social perspective," he added.

Al Jaber said the ADSW would build on the momentum created at the Rio+20 Earth Summit in Brazil, particularly in advancing Sustainable Development Goals (SDGs), which would guide the sustainability agenda for the next 20 years.

He noted that the UAE's Rio+20 delegation played a key role in developing those goals which many had seen as one of the most important outcomes of the conference.

"Today, more than ever, the time is now for building a clean energy future through comprehensive, action-oriented solutions."

Al Jaber pointed out that, within the UAE, an integrated and comprehensive energy strategy that included renewable energy, nuclear and hydrocarbons would be fundamental to the country's development.

In this regard, the ADSW was the perfect setting for identifying ways Masdar and the UAE could work with the world to find practical solutions to the globe's energy, water and sustainability challenges, he affirmed.

During the week, Al Jaber headed a panel discussion with Gregory Barker, United Kingdom Energy and Climate Change Minister, to look for ways to encourage greater private sector investment in renewable energy and low-carbon, climate friendly projects as a tactic to mitigate climate change and diversify the global energy mix.

Growing opportunities

Specifically, the discussions focused on the growing opportunities for sovereign wealth funds, development banks and pension funds to view the new energy industry as a growth opportunity, especially in developing economies.

Commented Baker: "This is an important agenda. Not just for the environment, but for business. The opportunities for the global, low-carbon economy are huge and growing at an exponential rate. Clean energy and a range of resource efficient projects can expect growing interest in attracting investment as new financial participants crowd into this fast developing market."

Queen Rania Al Abdullah of Jordan.

He said their meeting had helped lay a foundation to better identify concrete areas of opportunity for investment in developing economies and ideas on how to scale up finance for climate solutions.

"This joint dialogue between the private and public sectors is absolutely vital and the UK and the UAE are working together to drive this agenda forward. I look forward to continuing this collaboration," he added.

Senior representatives from several financial institutions and energy investors participated in the roundtable, including from the European Investment Bank, the International Finance Corporation, the Abu Dhabi Investment Council, BNY Mellon Corporate Trust, the African Development Bank, the Mubadala Development Company, Citi Corporate and Investment Banking, Bloomberg New Energy Finance, the UK Green Investment

Bank, the Gulf Investment Corporation, and the World Bank.

It formed part of a busy week in Abu Dhabi, during which five separate conferences were held at the Abu Dhabi National Exhibition Centre under the umbrella of the ADSW.

These comprised the Assembly of the International Renewable Energy Agency (IRENA); the sixth annual World Future Energy Summit (WFES); the International Water Summit (IWS); the International Renewable Energy Conference in Abu Dhabi (ADIREC); as well as the fifth annual Awards Ceremony for the Zayed Future Energy Prize.

Together, these gatherings acted as a wide platform, enabling governments, businesses and organizations to demonstrate their sustainability achievements and share their knowledge.

Officials heard how the UAE's harsh climate and rapidly growing economy were placing a strain on the domestic demand for electricity needed to desalinate water and cool homes and public places.

It was stressed that this challenge would only increase as the region's population and industries grew, with demand for electricity and water projected to more than double by 2030.

Desalinated water

Figures show that the UAE's per capita consumption of water and electricity is among the highest in the world.

In fact, the Gulf region as a whole accounts for nearly 50 per cent of the world's production of desalinated water. In the UAE, seawater desalination requires about ten times more energy than surface fresh water production, and its costs are projected to increase by 300 per cent.

Masdar used the week of meetings to launch a pilot programme to test and develop advanced energy-efficient seawater desalination technologies suitable to be powered by renewable energy sources.

The long-term goal of the initiative is to implement renewable energy-powered desalination plants in the UAE and to have a facility at commercial scale by 2020.

"The availability of potable water is one of the most pressing issues in the world, particularly in the Gulf region where water production is a costly and energy-intensive process," observed Al Jaber.

"With the UAE's growing economy and rising population, it is crucial that we identify a sustainable desalination solution to meet our long-term water needs," he stated.


Reuters

Gregory Barker, United Kingdom Energy and Climate Change Minister.

"Connecting desalination technologies to renewable energy enables us to capitalize on our abundant resources, such as solar, as a solution to improve water security. This programme is the critical first step in identifying viable technologies that will lead to water security for future generations," he added.

Masdar will coordinate the pilot programme with key Abu Dhabi stakeholders, such as the Abu Dhabi Water and Electricity Authority, the Regulation and Supervision Bureau, the Environment Agency — Abu Dhabi, and the Abu Dhabi Sewerage Services Company.

Masdar also marked the week with the release of its latest sustainability report. Entitled 'Delivering Sustainability', it showcases the company's progress and highlights its achievements.

In other developments during ADSW, Masdar signed a framework agreement with the Hashemite Kingdom of Jordan that will allow for the company to play a prominent role in the development of clean, sustainable energy in the country.

It also inked a similar accord with France, paving the way for Masdar to work closely with French firms and institutions on the development and advancement of sustainable energy.

The UAE and France already have strong partnerships in the renewable energy sector. French oil and gas company Total and Masdar have partnered to build Shams-1, a 100-megawatt concentrated solar power project in the Western Region of Abu Dhabi, which is the largest solar power project in the Middle East. A third partner, the Spanish renewables company, Abengoa, also has a stake in the project.

France's wind energy capacity ranks sixth in the world and the nation has a target to produce 23 per cent of its energy from renewable sources by 2020.

Iraq appoints new OPEC National Representative

Ali Nazar Faeq Al-Shatari, Head of the Asian Department at the Oil and Gas Marketing Division of Iraq's Oil Marketing Company (SOMO), has been appointed his country's OPEC National Representative.

Al-Shatari, who was awarded a BSc in Chemical Engineering from Baghdad University in 2001, worked over the next two years for his Higher Diploma in Chemical Engineering (Oil and Gas Refining).

He returned to his studies between 2011 and 2012, attaining a Master's Degree in Energy Economics and Policy at the University of Surrey, Guildford, in the United Kingdom.

Al-Sharati has spent his entire working career at SOMO, joining the firm's Products Marketing Division in 2004, when he was responsible for gasoil import contracts.

Three years later, he was appointed Head of the Division's Liquefied Petroleum Gas (LPG) Department.

In 2008, Al-Shatari moved to SOMO's Oil and Gas Marketing Division to head its Asian Department. One year later, he became Head of the North America and South America Department, but in 2013 returned to his previous post as Head of the Asian Department.

Al-Moneef appointed Secretary General of Saudi Economic Council

Former OPEC Governor, Dr Majid Bin Abdullah Al-Moneef, is the new Secretary General of Saudi Arabia's Supreme Economic Council (SEC), which oversees economic policies in the Kingdom.

The appointment, announced at a meeting of the Saudi Cabinet, was made via royal decree by the Custodian of the Two Holy Mosques, King Abdullah.

Al-Moneef, a Senior Advisor to the Minister of Petroleum and Mineral Resources, and a Professor of Economics at the King Saud University, in Riyadh, is also a member of the Oxford Energy Policy Club and an Editorial Board Member of the *OPEC Energy Review*. He already serves on the SEC's Advisory Board.

Al-Moneef, who earned a PhD from the University of Oregon, in the United States, has wide experience in the field of energy, environmental economics, international trade and finance, as well as public finance and policy.

Over the years, he has established strong ties with OPEC. Between 2003 and 2012 he was the Kingdom's Governor for OPEC. His successor at the Organization — Yasser M Mufti — is the Chairman of the OPEC Board of Governors for 2013.

In his new position as SEC Secretary General, Al-Moneef will work with King Abdullah to establish economic policies for Saudi Arabia.

According to sources close to the Council, he will supervise all affairs and communicate with ministries, government agencies and other bodies. He will also possess financial and administrative authority, similar to those of the heads of independent institutions.

China tipped to topple United States as world's largest importer of crude oil

China's crude oil exports in January were the country's third-highest on record and there is every indication that the Asian powerhouse will soon become the world's largest importer of crude.

According to figures from China's General Administration of Customs, domestic oil imports in January surged by 7.4 per cent over the same month last year to 5.92 million barrels/day. And from December last year, they were up by 6.3 per cent. The higher imports were backed by increased throughput at the country's refineries.

The world's largest oil importer is the United States. But with the shale boom in the nation threatening to drastically reduce America's oil import needs, China is expected to take its place in the number one spot.

Figures showed that around 540,000 b/d of new refinery capacity entered the Chinese market in the last three months of 2012 and, according to various sources, this increased again moving into January as China prepared for its high-demand New Year festivities, which run for almost two weeks.

In December, the country imported 5.57m b/d of crude oil, up by eight per cent from a year earlier. This was 1.3 per cent higher than in November.

The Customs data showed that for the whole of 2012, China's crude oil imports rose by 6.8 per cent over the previous year to 5.42m b/d. In 2011, the country's oil imports expanded by 6.05 per cent.

The growth in oil imports is a concrete sign that the country's overall expansion is back on track.

In fact, after falling for most of the year, China's power consumption increased by 7.6 per cent in November, the fastest growth rate in nine months.

This is all backed by an improved performance in the country's economy. In the fourth quarter of 2012, this was gauged at an impressive 7.9 per cent over 2011 with better figures measured for exports, industrial output and retail sales.

For 2012 as a whole, China's economy expanded by 7.8 per cent, which was down from the 9.3 per cent recorded in 2011, but better than initially expected following the effects of the global financial meltdown and recession. Interestingly, it was also the lowest annual expansion in 13 years, which shows the extent at which the country has been growing over the years.

Industrial output expands

Official data saw China's industrial output expanding by 10.3 per cent in December from a year earlier, while retail sales rose by 15.2 per cent over December 2011.

And for 2013, China's top think tank, the Chinese Academy of Social Sciences, has revised its domestic growth forecast for the year up from 8.2 per cent to 8.4 per cent.

In fact, such is the growth level predicted that analysts are saying that China's economy will actually serve to

underpin global economic activity in 2013 and the years ahead as other countries fight to stave off recessionary tendencies.

The Chairman of the China Investment Corporation, Lou Jiwei, was quoted as saying at a forum that the country's economy supported a very large part of global demand, so economic growth of over eight per cent would be instrumental in continuing to support this standing.

He stressed that China's position was strengthened by its foreign reserves, which had risen to around $3.3 trillion at the end of 2012.

China's implied oil demand in 2013 is forecast to expand by 4.8 per cent to about 10.3m b/d, according to the China National Petroleum Corporation (CNPC), slightly more than the previous year's 4.7 per cent growth.

The figures showed that refinery throughput was slated to top 9.8m b/d in 2013, up by 5.4 per cent from 2012. Last year, refinery throughput stood at 9.4m b/d, 3.7 per cent higher than in the previous year.

As for the country's oil imports in 2013, they are again forecast to be strong. CNPC has announced that imports are expected to rise by 7.3 per cent to 5.78m b/d. However, some analysts consider they could rise to even top 6m b/d, which would represent a ten per cent hike from 2012.

And with the US Energy Information Administration (EIA) confidently announcing that net US oil imports could fall lower than 6m b/d in 2014, due to the effects of the domestic shale oil boom, China would take over top spot in the oil import stakes.

"... to support its growing economy, China will this year bring around 1m b/d of new refining capacity onstream. By 2015, total domestic crude distillation capacity could be more than 15.5m b/d."

China's forecast level of imports in 2013 would satisfy some 60 per cent of the nation's domestic oil demand of around 10m b/d. Apart from helping to satisfy the rising need for refining products locally, some of the crude imports would also go into storage in China's two strategic reserves at Dushanzi in Xinjiang province and Lanzhou in Gansu province, which have a combined storage capacity of 130m b.

China is currently in the second phase expansion of its strategic petroleum reserves with some of the new storage facilities scheduled to be finished this year. The expansion will bring domestic storage capacity to 270m b by 2015.

In addition, to support its growing economy, China will this year bring around 1m b/d of new refining capacity onstream. By 2015, total domestic crude distillation capacity could be more than 15.5m b/d.

According to a survey conducted by *Reuters*, some of China's top refineries plan to raise crude runs by more than four per cent in 2013, while also adding at least 200,000 b/d of capacity.

Sinopec, PetroChina and the China National Offshore Oil Corporation (CNOOC), which together run the 18 domestic refineries surveyed, plan to raise throughput by 4.3 per cent or 166,400 b/d in 2013 over the previous year. These plants together account for 44 per cent or 4.83m b/d of China's total refining capacity,

Sinopec, which supplies nearly half of the Chinese domestic market, has said that its crude runs will expand by up to seven per cent in 2013, compared with growth of just 1.8 per cent last year.

PetroChina is planning to bring 200,000 b/d of new capacity online in the first quarter, while Sinopec and Sinochem are set to contribute with another 340,000 b/d by the end of the year.

Meanwhile, domestic petroleum production in China is also slated to rise in 2013. Crude oil output will increase by around 1.5 per cent to 4.1m b/d, while the country's imports of pipeline gas and liquefied natural gas (LNG) are expected to surge by 24 per cent to 53 billion cubic metres.

According to the CNPC's Economics and Technology Research Institute, the gas imports would account for 32 per cent of the country's total gas demand.

A report in the *Oil Daily* said that around 30bn cu m of the imports would be pipeline gas, up 31.6 per cent from 2012, while around 23bn cu m would be in the form of LNG, 14.6 per cent higher than last year.

Figures show that China's total natural gas demand in 2013 will rise by 11.9 per cent over 2012 to 165bn cu m. This will account for some 5.8 per cent of the country's total energy demand mix.

Domestic gas production is forecast to increase by 6.8 per cent in 2013 over the previous year to 115bn cu m, including 1.9bn cu m of synthetic gas produced from coal.

According to China's National Development and Reform Commission, domestic gas production amounted to 107.7bn cu m in 2012.

Re-elected Correa reaffirms Ecuador's commitment to eliminating poverty

Ecuadorean President, Rafael Correa.

Ecuadorean President, Rafael Correa, is determined to use the country's petroleum and mining wealth to eliminate poverty.

He made this commitment one week after it was confirmed that he had been re-elected to a third term as President.

The 49-year-old Correa, who first took office in January 2007, said in his weekly address that he would be seeking to develop the country's oil and mining sectors during the next four years of his new term.

"The Ecuadorean people have voted to responsibly take advantage of non-renewable resources," he was quoted as saying, adding that he was committed to the Amazonian people and all areas of the country where there was mining, or oil.

Landslide victory

Correa, who won re-election in a landslide victory, explained that in exploiting the country's natural resources, his government was not with the multinationals, but with the poor.

The President, through his administration, has made helping the poor in the country a major priority. In boosting state spending on health and education, he has already succeeded in reducing the high levels of poverty, indigence and unemployment.

Speaking at the Carondelet Presidential Palace after his re-election, which he won with 58 per cent of the vote (his nearest rival had 24 per cent), Correa remarked: "This victory is yours. It belongs to our families, to our wives, to our friends, to our neighbours — the entire nation."

He added. "We are only here to serve you. Nothing is for us. Everything is for you — the people, who have become dignified in being free."

But Correa made it clear that his victory was not just for Ecuador, but "a victory for the great homeland of Latin America."

During his time in office, Correa has been instrumental in bringing political stability to the OPEC oil-exporting nation of 14.3 million people. He has raised living standards for the lower classes and expanded the welfare state with careful social spending.

He has made education and health care more accessible, built or improved the country's roads and, according to government figures, creating over 95,000 jobs for the people over the past four years.

Ecuador, which joined OPEC in 1973, suspended its membership in 1992 and then rejoined the Organization in 2007.

The country held the Presidency of the OPEC Conference in 2010. Its current Minister of Non-Renewable Natural Resources is Wilson Pastor-Morris.

With its proven crude oil reserves standing at 7.2 billion barrels, the country is currently producing around 500,000 b/d, two-thirds of which goes to export.

New Iraqi pipelines to boost northern exports, reduce bottlenecks

Abdul-Kareem Luaibi Bahedh, Minister of Oil, Iraq.

Iraq is looking to boost its oil exports through the north of the country to as much as 750,000 b/d by the end of 2013, when work on a strategic new south-north pipeline is completed.

"By the end of this year we will add 300,000 b/d to 500,000 b/d for export," commented Nihad Moosa, Director General of Iraq's State Company for Oil Projects (SCOP).

Quoted by *Platts*, she said the crude would be transported from Iraq's southern ports and through the Kirkuk-Ceyhan oil pipeline. Iraq has a potential glut of production in the south of the country and needs other export outlets for its oil.

The new south-north oil pipeline should be operational by the middle of 2013, with an initial capacity of 250,000 b/d.

First supplies will find their way to refineries and powers stations in the north. Later, when the capacity increases, the crude will be destined for export.

Speaking in Tokya, where she attended the 31st JCCP International Symposium, Ms Moosa disclosed that 420 kilometres of the 670 km pipeline had already been completed.

Feed for refineries

"We are using it now — putting it into operation. We are trying to make a temporary connection to the existing pumping station and put it into operation for securing feed for the refineries and power stations," she told *Platts*.

Ms Moosa explained that in order to use the strategic pipeline for exports, Iraq needed to complete the rehabilitation of the K3 pumping station. This was due to be completed by the end of the year, which would allow for the transfer of southern crude to the north.

Current Iraqi oil exports from the north stood at around 450,000 b/d, she added.

Ms Moosa said Iraq was also boosting its oil storage capacity to help relive bottlenecks.

Meanwhile, the China Petroleum Pipeline (CPP) company is in line to secure a $650 million engineering and construction contract to build a pipeline to link Iraq's southern oil fields in Maysan Province to major export storage depots.

Ali Maarij, Head of the state-run Maysan Oil Company, was quoted by *Reuters* as saying tha the scheme would expand the oil export capacity from the producing oil fields of Maysan and Halfaya, as well as other small fields. "It will definitely remove all export constrictions," he said.

The new 42-inch pipeline, set to stretch 300 km and be operational at the start of 2014, will transport oil produced from the fields to the Al-Fao storage depots and then on to offshore terminals on the Gulf.

The new line will replace the existing and smaller 28-inch pipeline, which transports crude from the southern fields in Ammara to crude storage facilities near the city of Basra.

Maarij disclosed that current production from the oil fields, which were being developed by foreign firms, stood at around 230,000 barrels/day and was forecast to reach 400,000 b/d.

Several international oil firms, including France's Total, CNPC of China, and Malaysia's Petronas, are developing the Halfaya oil fields, while China's CNOOC and the Turkish Petroleum Corporation run the Maysan complex.

Iraq is seeking to build the necessary infrastructure to cope with rising petroleum output.

The country's Oil Minister, Abdul-Kareem Luaibi Bahedh, was recently quoted as saying that they were aiming to boost Iraq's oil output capacity to four million b/d in 2014, from 3.2m b/d in 2012.

Speaking to reporters on the sidelines of a meeting of the Organization of Arab Petroleum Exporting Countries (OAPEC), he said they were aiming for production "close to 3.7m b/d" in 2013.

Kuwait on track to boost oil capacity to 4m b/d by 2020

Hani Abdulaziz Hussain, Minister of Oil, Kuwait, and President of the OPEC Conference.

Kuwait's ambitious plan to increase its current crude oil production capacity by a third over the next seven years is on track, according to recent comments made by the country's Oil Minister, Hani Abdulaziz Hussain.

Quoted by the state-run Kuwait News Agency (KUNA), he disclosed that the country had recently boosted its crude production capacity by 100,000 barrels/day to 3.1 million b/d.

This was in support of the overall plan to increase the production capacity to 4m b/d by 2020, he said.

Kuwait, one of the Founding Members of OPEC, which celebrated the 50th Anniversary of its Constitution in November last year, plans to spend an estimated $56 billion over the next five years on developing oil and gas projects to boost its overall capacity.

The Chairman of the state-owned Kuwait Oil Company (KOC), Sami Al-Rushaid, recently announced that his company's output would grow from 3m b/d to 3.65m b/d by 2020. The remaining 350,000 b/d was targeted to come from the Neutral Zone Kuwait shared with Saudi Arabia.

Petroleum revenues account for nearly half of Kuwait's gross domestic product, some 93 per cent of export revenues and 80 per cent of government income.

The country is set to enjoy its 14th consecutive year of budget surplus. It is expected to post a surplus of between 9.8 billion and 12.8 billion dinars ($34.8 to 45.4bn) in the 2012–13 fiscal year, the National Bank of Kuwait stated.

The projections are based on an average oil price of between $104 and $107/b for Kuwaiti crude and current oil production of more than 2.8m b/d.

Meanwhile, the country has embarked on a study to ascertain the extent of its domestic deposits of shale oil, unconventional crude that is proving to be a game-changer for some oil producers, especially the United States and Canada.

KOC's Deputy Managing Director for Northern Kuwait, Hassania Hashim, was quoted as saying by KUNA that the study would be completed early next year.

But she pointed out that under its existing and future oil production plans, Kuwait did not need shale oil.

Hassania also maintained that it was too early to talk about the impact of the US shale boom on countries in the Gulf region. A proper assessment of the matter would take time.

The International Energy Agency (IEA) in Paris has forecast that the US could overtake Saudi Arabia in the oil production stakes by 2020 as a result of the continued exploitation of the nation's vast shale oil deposits.

In other Kuwaiti developments, KUNA has reported that the consortium involved in the $9bn Nghi Son refinery and petrochemicals project in Vietnam has signed an engineering, procurement and construction (EPC) contract in Hanoi.

The consortium, which comprises Kuwait Petroleum International (KPI), the overseas investment arm of KOC (35.1 per cent interest), Japan's Idemitsu (35.1 per cent), PetroVietnam (25.1 per cent), and Japan's Mitsui Chemicals (4.7 per cent), plans to build a 200,000 b/d refinery later this year.

According to the KUNA report, the partners had "resolved all outstanding issues with the Vietnamese government."

Hussain Ismail, KPI President, told KUNA that, as part of the package, the Vietnamese government had agreed to allow for the tax-free import of crude oil for the refinery and had also pledged to purchase all the refinery's products.

The plant, due to be operational in 2017, will rely solely on Kuwaiti crude as feedstock and will produce products for the domestic market to be sold by PetroVietnam. Petrochemical products will be supplied locally and for the export market.

Under a possible second phase of the plant, its capacity could be doubled to 400,000 b/d.

Ismail revealed that KPI was also involved in a proposed 300,000 b/d refinery and petrochemicals complex in Indonesia, although matters were at an early stage.

"We have embarked on a feasibility study on the project and, hopefully, by the end of the first quarter, we will be able to get results that our technical team will review and decide," he was quoted as saying. That plant could also be operational in 2017.

Total aiming to redevelop Qatar's Al-Khalij oil field

France's Total is looking to redevelop the offshore Al-Khalij oil field in Qatar, in a bid to stabilize and boost its recovery rate, according to, Pierre Leschi, the company's Vice President.

He confirmed that his company had already started to look at a suitable redevelopment plan. Total recently renegotiated a 25-year extension to its license to operate the field. The deal was due to expire early in 2014.

Speaking on the sidelines of a conference in the Qatari capital, Doha, Leschi disclosed that the plan for Al-Khalij, which has been producing since 1997, was in the conceptual phase.

Production from the field, which was as high as 50,000 barrels/day in 2005 and 40,000 b/d in 2008, currently stands at around 25,000 b/d. Total discovered the field in 1991 after signing up for a 25-year operating license two years before.

Company officials have stated that the field, situated offshore Qatar's eastern coast, is now in need of redevelopment work to stabilize output and boost its capability.

Redevelopment programme

Leschi was quoted as saying that it had not yet been determined how much investment would be made in the field and to what extent production could be hiked under a redevelopment programme, which could be implemented over a five-year period.

At present, he revealed, the field operated with 60 wells and eight platforms. Any new project would most likely require further wells being drilled, as well as additional platforms.

Under the new terms of its contract, starting in February 2014, Total's operating stake in the field will be reduced from 100 per cent to 40 per cent, with Qatar Petroleum (QP) picking up the majority interest. But Total will still be operator of the concession.

Stéphane Michel, Total's chief in Qatar, told the Doha conference that the renewal of the license was a sign of QP's confidence in Total being able to maximize the recovery rate at the field.

More effective contract

The contract has also changed from a production-sharing agreement (PSA) to a joint-venture accord, with royalties, under which Total's costs will be recovered in five years. Its share of total output will be reduced to 40 per cent.

Michel maintained that the new terms offered a more effective operating contract over a 25-year period, considering the kind of production involved and the need to continue to develop reserves that could prove more costly.

Officials in Qatar said that with the Al-Khalij being in decline it was important to implement a redevelopment programme now, if production was to be stabilized and then improved.

According to official domestic figures, at the end of 2011 the field had produced a total of 166.6 million barrels of oil. It held proven reserves amounting to 79m b, as well as an estimated 18m b of "expected" deposits.

Total is heavily involved in Qatar's petroleum industry. In addition to the Al-Khalij interest, it has a 25 per cent stake in the country's deep gas exploration prospect at Block BC, ten per cent in the Qatargas-1 production train venture, 16.7 per cent in train five of the Qatargas-2 scheme and a 24.5 per cent partnership in Dolphin Energy.

QP will now be looking to strike similar PSA deals with other international firms working within its shores.

These will include Maersk Oil of Denmark, whose license for the 300,000 b/d Al-Shaheen field expires in 2017, and Occidental of the United States, whose license for the 90,000 b/d Idd al-Shargi field matures in 2019.

Saudi Arabia looking to reduce domestic electricity consumption

HRH Prince Abdulaziz Bin Salman Al-Saud.

Government departments and national institutions in Saudi Arabia have signed up to a programme to reduce the domestic consumption of electricity, particularly in the high-consumption real estate sector.

A memorandum of understanding was signed by five departments and the institutions in the presence of the Kingdom's Assistant Minister at the Petroleum and Mineral Resources Ministry, HRH Prince Abdulaziz Bin Salman Al-Saud, who called for urgent action to reduce domestic energy consumption or risk harming Saudi export volumes in the future.

Prince Abdulaziz, who heads a committee mandated to devise an energy rationalization programme for the Kingdom, stressed after the signing ceremony that domestic consumption of energy for power generation was set to double to the oil equivalent of eight million barrels/day by 2030, if electricity consumption was not reduced.

He was quoted by the Saudi Press Agency (SPA) as saying that the real estate sector accounted for some 80 per cent of total domestic electricity use, with the majority of that used for air conditioning.

Quoting official data, Prince Abdulaziz disclosed that the Kingdom was currently consuming the equivalent of 4m b/d of oil for power generation.

He pointed out that domestic demand for electricity was increasing by eight per cent a year.

"We can benefit from rationing by reducing the volumes of crude oil sold to the electricity companies and selling it on the international market," he stated, adding that this would benefit other industries and ensure continued growth for the Kingdom.

Saudi Arabia is in the process of increasing its production of non-associated gas to help meet demand from the Kingdom's expanding industrial sector, which currently consumes around 1m b/d of oil for power generation during the high-demand summer season.

In order to free up more crude oil for export, the Kingdom is aiming to replace the crude oil used domestically, with gas.

Saudi Arabia is ranked fifth in the world for its reserves of natural gas, but it is only in ninth place in terms of production of the commodity.

The Kingdom accounts for about three per cent of world natural gas production, but there is clearly room for massive growth. And Saudi Arabia could become a net importer of oil if the currently trending use of oil for electricity production in the Kingdom is discontinued.

Saudi authorities feel they should no longer allow their main source of export revenue (80 per cent) — crude oil — to be consumed by domestic electricity production, which is why the country is accelerating its efforts to switch its electricity fuel from valuable oil to the more economically and environmentally friendly natural gas.

The benefits of shifting the local energy source to natural gas are not only economically sound for Saudi Arabia, but also include various environmental returns.

Substituting oil with natural gas to produce local energy minimizes pollution because carbon dioxide and other emissions from natural gas are significantly lower than those from coal or fuel oil.

Natural gas can help mitigate some of the current environmental issues: greenhouse gas emissions, smog air quality, industrial and electric generation emissions, and pollution from the transportation sector.

Meanwhile, the new efficiency programme outlined by Prince Abdulaziz will require all buildings, schools and other real estate projects in Saudi Arabia to adhere to strict new energy saving requirements, in accordance with international standards.

The Kingdom, currently in the process of finalizing its renewable energy programme, has set a target of meeting half of its electricity demand from nuclear and renewable energy plants by 2032.

Prince Abdulaziz said curbing electricity use would have no impact on the Kingdom's oil production capacity, adding that Saudi Arabia would be able to "maintain its oil export levels."

Kuwait aiming to enhance its global oil standing

Reuters

The Gulf State of Kuwait is a land rich in history, culture, human endeavour and natural resources. Crude oil is the basic foundation of the country's welfare and the pillar of socio-economic development. The country's enviable riches became prominent through empty deserts, poverty and challenging times. Today, Kuwait, a Founder Member of OPEC and one of the world's leading oil producers, possessing significant petroleum reserves, is actively looking to further its standing as a global oil player.

***Medhy Al-Shammari,* who works in the Kuwaiti Oil Ministry, reports exclusively for the *OPEC Bulletin*.**

Today, oil is widely regarded as the fuel that powers the wheel of civilization in the modern industrialized world and beyond. Without oil — or petroleum to be exact — civilization as we know it would literally grind to a halt.

That is why countries like Kuwait and other OPEC Members are so important to the world's future. Over the past 70 years, this small Gulf State, covering a land area of just 18,000 square kilometers and with a population of 3.5 million, has been growing its reputation as a reliable source of oil.

Importantly, it is also considered one of the oil countries operating a fair policy in the effective and responsible management of its natural resources.

Over the years, despite some regrettable events, the country has never failed in helping to provide the international community with the oil resources it requires.

Bordered by fellow OPEC Member Countries Saudi Arabia to the south and Iraq to the north, Kuwait is an integral part of a geographic expanse that accounts for more than 60 per cent of global oil reserves, rendering it the world's most important region for guaranteeing continuity of oil supply to all parts of the world.

Financial centre

Kuwait itself figures strongly in this hub. With more than 100 billion barrels of proven oil deposits, it is currently the sixth-largest oil producer in the world with firm plans to take an even stronger foothold in the future.

But apart from its oil, it is gaining other credentials. The country is growing as a strong financial centre, giving it status and credibility within international oil circles and trust among world leaders in playing a major role in economic developments and international peace efforts.

Countries the world over aspire to be capitals of something or other — whether culture, beauty, light, or love — but Kuwait's aims and aspirations are firmly entrenched in promoting and prospering from its life's blood — oil.

Several groups of people within the country are working towards boosting its repute as an oil capital. They feel that this recognition is richly deserved, due to Kuwait's regional and international standing in the field of oil and its derivatives and the constructive role it plays in maintaining stability of international oil prices.

Of course, with so many important oil producers the world over, it is difficult for just one country to be known as the global 'oil capital'.

However, as credentials go, Kuwait, despite its small geographical size, has all the oil industry stages in its portfolio, including exploration, development, production, transportation, storage, refining, manufacturing and transformational industries, a combination that is rare to find in any one international location.

The reality of the oil industry in the State of Kuwait today is that it has unique characteristics.

It has a major oil deposit that has been extended over countless years and which is still regarded as a long-term reserve if properly maintained and developed.

It has several oil facilities that form the foundation of major domestic industries, starting with exploration and production operations, covering both land and sea, transportation and refinery activities, storage and exportation works, as well as petrochemical and funding industries.

And in keeping with its internationalization thrust, oil activities have also been launched outside the country's borders through a group of investment projects that are solidifying sustainable strategic relations overseas.

It is clear that the major global powers are planning their futures based on the availability of efficient and reliable energy sources; Kuwait, with its developmental vision, know-how and abundant resources, can and will continue to play a major role in enhancing future energy security and maintaining the balance between east and west.

The security and stability of Kuwait, its neutrality and internationality, coupled with its abundant oil resources, will ensure that the country remains one of the jewels of the Gulf region with regard to future energy supplies.

In fact, this proviso is enshrined in the country's Constitution, which in November last year saw its 50th Anniversary marked. In accordance with article 21 of this document, oil is considered the axis of Kuwait's developmental plans. Its development is considered a requirement for national economic stability and security, but importantly requiring good and efficient exploitation.

Over the years, it has not just been the national oil sector that has grown in Kuwait. The country's private sector has also expanded. It has contributed to building the country in general, as well as providing around half of the oil sector's facilities.

Ahmed Al Arbid, a Kuwaiti oil expert and former Chief Executive Officer of the Dana Gas Emirati Company, is one of those firmly behind promoting Kuwait's regional and international status as an important producer and exporter of petroleum, while achieving prosperity, security, stability and a sustainable developed economy for the State.

In benefiting from his years of oil experience, he has even taken to the social network *Twitter* to manifest

Emir of Kuwait, HH Sheikh Sabah Al-Ahmad Al-Sabah.

his initiative to enhance Kuwait's international stature to which he has already received a favourable response.

Transformation

A team of volunteers is actively promoting Al Arbid's initiative and ideas, which are based on the plans of the Emir of Kuwait, HH Sheikh Sabah Al-Ahmad Al-Sabah, to boost domestic oil production and export capacities, as well as transform the country into a financial and commercial centre by 2035.

Training workshops have been held, while surveys have been conducted to look at ways and means of boosting Kuwait's international oil standing. The initiative involved drawing up a guideline charter listing projects that needed to be implemented and completed within the next ten years.

The guideline charter comprised three stages. The first was concerned with preparing the primary vision and concepts of the initiative, along with the practical steps and laws required for reaching the country's sought-after goal.

The primary charter included 14 chapters derived from the project's idea and several local, regional and international developmental studies that were conducted and analyzed by the volunteer team.

The second stage involved the specialized team reviewing the guideline charter and editing its provisions, based on the legal and economic requirements.

In the third stage, the guideline charter was finalized and placed in the hands of State officials with different functions and positions.

At the same time, the document was presented for discussion, explanation and review at a three-day national conference, which was held in November last year.

The team of volunteers agreed on forming groups of committees that would work on studying and analyzing the execution of each stage of the initiative and studying and analyzing the difficulties and problems associated with the implementation of the programme.

Chapters in the charter covered topics that were felt currently lacking in the domestic oil industry.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Kuwait's impressive development is enhancing its status as an oil capital.

These included establishing specialized universities in the field of oil, research centres and petroleum training institutions; research and development centres for new derivatives and oil products; looking for ways and means of making oil more environmentally friendly; establishing Kuwait as a centre for pricing international petroleum derivatives; launching satellites for broadcasting ideas and events related to oil; and finding a promotional mechanism covering oil culture in recreational cities.

Other areas of interest comprised providing control stations that include the entire oil sector; establishing a major network connecting Kuwait to the outside world through the Red Sea, the Gulf, to the Mediterranean Sea; extending independent networks for exporting and importing fuel and gas to and from the Gulf region; and setting up refineries and other modern facilities that meet international environment requirements for producing clean energy.

As a first step in the initiative, the volunteer team has concluded cooperation agreements with civil society establishments, namely the Kuwait Lawyers Association, the Kuwait Transparency Association, the Kuwait Chemical Association, the Kuwait Press Association, and the Kuwait Engineers Association.

These associations will use their facilities and instruments to support the initiative socially, legislatively, culturally and logistically, through social media and during events and conferences.

The volunteer team is fully cognizant of the fact that it will need the full support of the private sector if it is to attain its ultimate goals.

Free economy

One of the most important and basic roles of the private sector has been to build a free economy, as well as effectively contribute to the country's economic and human development in providing merchandise and services required by the state and generating work opportunities.

The sector also actively supports increasing the output of domestic products, decreasing dependency on imports and boosting exports, which positively affects the income of the individual.

In addition, the private sector plays a major role in the country's political and economic stability since it establishes a strong economic foundation for the State which renders it a stable and independent nation.

Over the past 50 years, the private sector has been extremely important for the development of the Kuwaiti oil sector. With its continued support and input, the country's oil standing can only be improved — and the country's status as an oil capital will no longer be just a dream!

Sowing the seeds for an oil-backed currency

At the second Summit of South American-Arab Countries in Doha, Qatar, in April 2009, President Hugo Chávez of Venezuela, who recently passed away, proposed the establishment of an oil-backed currency. At the time, the idea received little attention. Perhaps it seemed too far-fetched. However, nearly four years on and with the global financial system being anything but healed, there are serious questions being asked about the long-term viability of the current Fiat system of currencies.

In this two part series of articles, Technical Analyst, **Ben Turney**, asks the question whether or not an oil-backed currency might provide part of the solution to some of the structural challenges facing the global economy.

The great monetary experiment

One of the greatest global monetary experiments of all time is in full swing. Still reeling from the credit crisis, economies are going through a process of profound change. This has been radical, at times threatening to spiral out of control — and still there is no end in sight.

Previously unimaginable actions have become the norm and the monetary "rules" as we know them are being regularly rewritten by the four most influential central banks of the OECD nations as they struggle with stagnant growth and excessive debt-burdens.

To what extent they have worked in harmony, or have simply followed each other's lead, is a matter for some debate. Either way, their policies have resulted in the steady erosion in value of the euro, the Japanese yen, sterling and US dollar.

This has profound, long-term implications for the Fiat system of currencies and the role of the US dollar as the world's primary reserve currency. Unless the current course is altered, the next decade could witness a sea change in the manner in which international trade is conducted.

If this happens, there will be an enormous opportunity for oil-producing nations to increase their influence and expand their economies into new markets.

There are early signals of some movement in this direction. Although the overwhelming majority of oil transactions will remain dollar-denominated for the foreseeable future, there have been the first bilateral trading agreements priced in local currencies.

The cultural bond between the US dollar and oil will almost certainly prove to be extremely difficult to break; however, the economic case for an oil-backed currency is tentatively making itself more attractive.

Our whole comprehension of what money is could be challenged to the core, heralding the dawn of a new, better monetary system.

The erosion of trust

The money we have become used to has no inherent value. In broad terms, it is a product of rules and regulations. Above all, it is an expression of counter-party trust and relies on systemic stability. Faith in the medium of exchange has to be a given.

But what happens if the trust is lost?

The question may sound academic, or even absurd. Considering loss of trust on this scale is tantamount to imagining total systemic failure. To make such a prediction runs the risk of being dismissed out of hand.

However, analysis of the economic environment, specifically the policy responses to a growing debt crisis, suggests that conditions could be developing for a radical overhaul of the mechanisms governing international trade.

While this is not likely to happen in the immediate future, there is a certain inevitable feeling about the direction in which this crisis is heading. If it turns out that this is indeed fundamentally a solvency crisis, rather than a liquidity crisis, then monetary stimulus measures over recent years could prove to have been extremely misguided, albeit well-intentioned.

There are warning signs that monetary policy is having several unfortunate unintended consequences. Where the market should have cleared out systemic excesses and levelled imbalances, vast liquidity injections have given succour to economic deadweights.

From zombie-banks to overpaid public sector workers, many of the structural impediments to genuine economic growth persevere.

Above all, urgently needed financial reform (both regulatory and behavioural) has been delayed and all the while the debt burden continues to increase year-on-year.

Borrowing is used to cover the shortfall in revenue expenditure, in the expectation that somehow things can return to how they were before, given enough time. This view denies the reality of the recent shift in economic output from the developed to the developing world.

This is not meant to be alarmist. The facts are all there in the numbers.

Perhaps now might be a time to stop asking whether or not the system can heal itself and to start wondering what a new, better system could look like.

The US dollar as the world's reserve currency

This said, the end of dollar supremacy has been predicted for years, yet has so far failed to materialise.

Recently for some this has been especially confounding. Logically, trillions of dollars of quantitative easing should have driven the currency to its knees. The shared nature of the financial crisis across advanced economies has, however, helped sustain dollar durability.

For a short period the euro looked to be the rising star, until it was overtaken by its own sovereign debt crisis and the European Central bank (ECB) massively expanded its balance sheet.

Even though a new trend has commenced, transferring wealth and influence to rising, producing nations, this is still in its infancy. America, the Euro-zone, Japan and Great Britain account for over half the world's gross domestic product (GDP). As all four are afflicted by the same balance-sheet crisis, none is positioned to steal a march on its competitors, but also none is yet faced with being left behind.

The apparent security of this position has no doubt guided a lot of the thinking behind the monetary policies of these nations. Currency depreciation has been an attractive option, not only to promote export growth,

but also to reduce in real terms the value of debts held by foreign owners.

What is far from certain, however, is how the rest of the world will react to this policy choice.

Dollar hegemony has been one of America's strongest policy tools over the last 50 years. Control of the world's primary reserve currency has many obvious benefits. It is almost inconceivable the US government will readily give up this advantage; despite the fact, paradoxically, the Federal Reserve is pursuing aggressive policies to weaken the currency's standing among its peers.

The relentless depreciation of the US dollar is already eroding the wealth of those holding dollar-denominated assets. For oil-producing nations this is less of a problem in the short term as dollar weakness has been a major contributor to higher oil prices. For other nations, China especially, this must be a cause for concern.

So far, the depreciation of the US dollar appears not to have caused open international friction. It is plausible though there will come a point when producing nations respond in kind to the challenge to their markets and, perhaps more importantly, the deliberate attrition of their wealth.

The longer monetary policy fails to deliver a sustained recovery, the more harm will be done to the credibility of policymakers overseeing the dollar's decline. This matters a great deal to the prestige of the US dollar and this prestige matters a great deal to the trustworthiness of the currency.

At present, nobody has suggested an acceptable alternative to the *status quo*. So far there has not been the need for one. However, such change does not come overnight. It is years in the making, which is why identifying the trend of events is so important.

Based on current observations of the political and economic climate, it is hard to argue that the current financial system deserves to survive. As radical as this sounds, the inability of the system to heal itself has to be a warning sign that it is no longer fit for purpose.

Perhaps 2013 will be the year when realisation of this fact finally dawns on central planners and the real process of recovery can begin.

Outlook for 2013 (part one): the deficit ceiling — an indefinite impasse

At the start of the year, all attention was firmly fixed on the pending breach of the American Deficit Ceiling. Extended to $16.4 trillion in August 2011, this binding restriction is meant to represent the absolute limit of US federal debt legally permissible.

The near breach of this in the summer of 2011 led to America losing its much vaunted triple AAA status, which caused a temporary stock market crash and did much damage to economic confidence.

In the 18 months that followed, the bipartisan 'Super Committee' was unable to reach a mutually acceptable deal to resolve the structural deficit through reduced spending and increased taxation.

The absence of this deal gave rise to fears of America running over the 'fiscal cliff' at the turn of the year, when automatic tax rises and spending cuts would have come into force.

Even though the deficit ceiling was technically breached on January 1, only a last minute deal and an accounting sleight of hand averted this breach running over to January 2, when markets re-opened in the New Year.

The federal deficit is now scheduled to break through $16.4tr at the end of March, by which point US lawmakers must have reached a new deal. Given that the Super Committee did not succeed in its efforts over implementing a much longer timeframe, it is doubtful a long-term solution to federal deficit spending will be found by this new deadline.

What seems far more likely is that the deficit ceiling will be extended again, or possibly even done away with completely.

Removing the deficit ceiling would be a great risk.

Although there is the argument it is a self-imposed, anachronistic millstone, it does serve one extremely useful purpose. It has forced an otherwise divided political system to face up to the threat posed by the debt burden.

Extending, or removing, it simply removes the urgency to act. In the short-term, the problem posed by the deficit might appear to go away and no doubt markets will rejoice. In the longer-term, the debt will continue to grow, the scale of the problem increase and the ultimate resolution to this issue much harder to bear.

A far more positive conclusion would be the announcement of a rigorous plan to reduce the federal deficit. But as this will have to involve deep spending cuts and sizeable tax increases, it is unlikely there is the political will to try and sell this package to an already beleaguered electorate.

Outlook for 2013 (part two): the introduction of competitive depreciation?

The short-term fiscal troubles affecting America certainly are a cause for concern, but there have been other possibly more troubling developments in monetary policy.

At its December meeting, the Federal Open Market Committee (FOMC) adopted several new surprising policies. First it increased its treasury purchasing programme from $40 billion to $85bn a month. Not long ago this would have been overwhelming. Today, the general reaction was a collective shrug of the shoulders.

Perhaps more significantly, the FOMC also announced it would maintain the Zero Interest Rate Policy (ZIRP) as long as the following three conditions were in effect:

I. Until the outlook for labour markets had improved 'substantially';
II. Inflation for the next two years is projected to be no more than 2.5 per cent; and
III. Long-term inflation expectations remain contained.

Directly tying monetary policy to employment is extremely controversial. The consensus, though still to be confirmed by the Federal Reserve, was that a 'substantial' improvement in labour markets means bringing the unemployment rate below 6.5 per cent.

Some would argue it flies in the face of conventional capitalist wisdom and is one of the most socialist policy measures American central planners have ever taken. American unemployment is currently running at 7.8 per cent, so most commentary has focussed on this signalling an end to quantitative easing and ZIRP.

However, crucial questions have not been asked. What happens if unemployment drops below 6.5 per cent, only to rise above it again? Will the Federal Reserve resume large-scale quantitative easing? More pressingly now that the Federal Reserve has tied its monetary policy to economic performance, rather than inflation levels/expectations, will other countries follow suit?

The Bank of Japan (BoJ) has already given us an indication of its answer to these questions.

In January this year, it doubled its inflation target to two per cent and announced a plan to start an open-ended scheme of asset-purchases to start in 2014.

Initial estimates expect that this programme will result in the BoJ expanding its balance sheet by $112bn over 2014, compared with the expected $1tr expansion of the Federal Reserve's balance sheet.

Although the Japanese action is more limited in scope than the Federal Reserve's, this response has raised the spectre of competitive depreciation. In an environment where central bankers appear to be following each other's lead, this could be a most unwelcome development.

Fears of a repeat of the destructive currency wars of the 1930s may be overstated at this point. However, if monetary policies become prisoner to domestic political pressures and national interests start to compete more this will inevitably lead to an increase in tension on an already stressed system.

The communiqué from the recent G20 meeting tried to play down these fears, but the market reaction was more telling. In the days immediately after this the yen continued to drop sharply and the Japanese stock market jumped.

The short-term reaction of oil

Since the FOMC's December meeting, oil has rallied strongly, only to plateau after the BoJ's announcement at the end of January. Is this a coincidence?

It is too early to say with certainty what impact these macro events have had on the market, but if we are entering a period of competitive currency depreciation this could well increase the volatility in the price of oil.

The Federal Reserve still holds the most policy power and can exert the greatest direct influence on the strength of the US dollar and therefore the oil price. However, if other nations do start to respond more aggressively in kind this will provide significant resistance to further dollar weakness.

Even so, with the Federal Reserve likely to expand its balance sheet by $1tr over 2013, the outlook for oil for the rest of the year remains bullish.

There is, of course, a risk that Congress and the Whitehouse will fail to reach agreement on the deficit ceiling by the end of March. This risk though is likely to be relatively low. Such a failure would mean the destruction of political careers on both sides of the aisle.

Although the debt crisis is severe and worsening, for the time being an impasse is more likely to be reached, while debt remains at "serviceable" levels. "Serviceable" does not mean paying down the principal of what is owed, but rather covering interest payments to allow for more borrowing.

Part two of this feature will set out to examine the implications of the impasse, as well as the structural challenges posed to the US dollar by the increasing debt burden and how this could open up the opportunity for the introduction of an oil-backed currency.

In the course of his official duties, OPEC Secretary General, Abdalla Salem El-Badri, visits, receives and holds talks with numerous dignitaries.

This page is dedicated to capturing those visits in pictures.

Ambassador Konrad Max Scharinger (l), Permanent/Resident Representative of the Federal Republic of Germany to the Office of the United Nations and to other International Organizations in Vienna, paid a visit to Abdalla Salem El-Badri, OPEC Secretary General, on February 21, 2013.

Professor Pavel Kabat (l), Director/CEO, Directorate of the International Institute for Applied Systems Analysis (IIASA), visited Abdalla Salem El-Badri, OPEC Secretary General, on February 13, 2013.

Maria O Laose (l), Nigerian Ambassador to Austria, paid a courtesy visit to Abdalla Salem El-Badri, OPEC Secretary General, on February 4, 2013.

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly, in order to receive briefings from the Public Relations and Information Department (PRID). In some cases, PRID visits schools to give them briefings on the Organization and the oil industry. Here we present some snapshots of such visits.

Visits

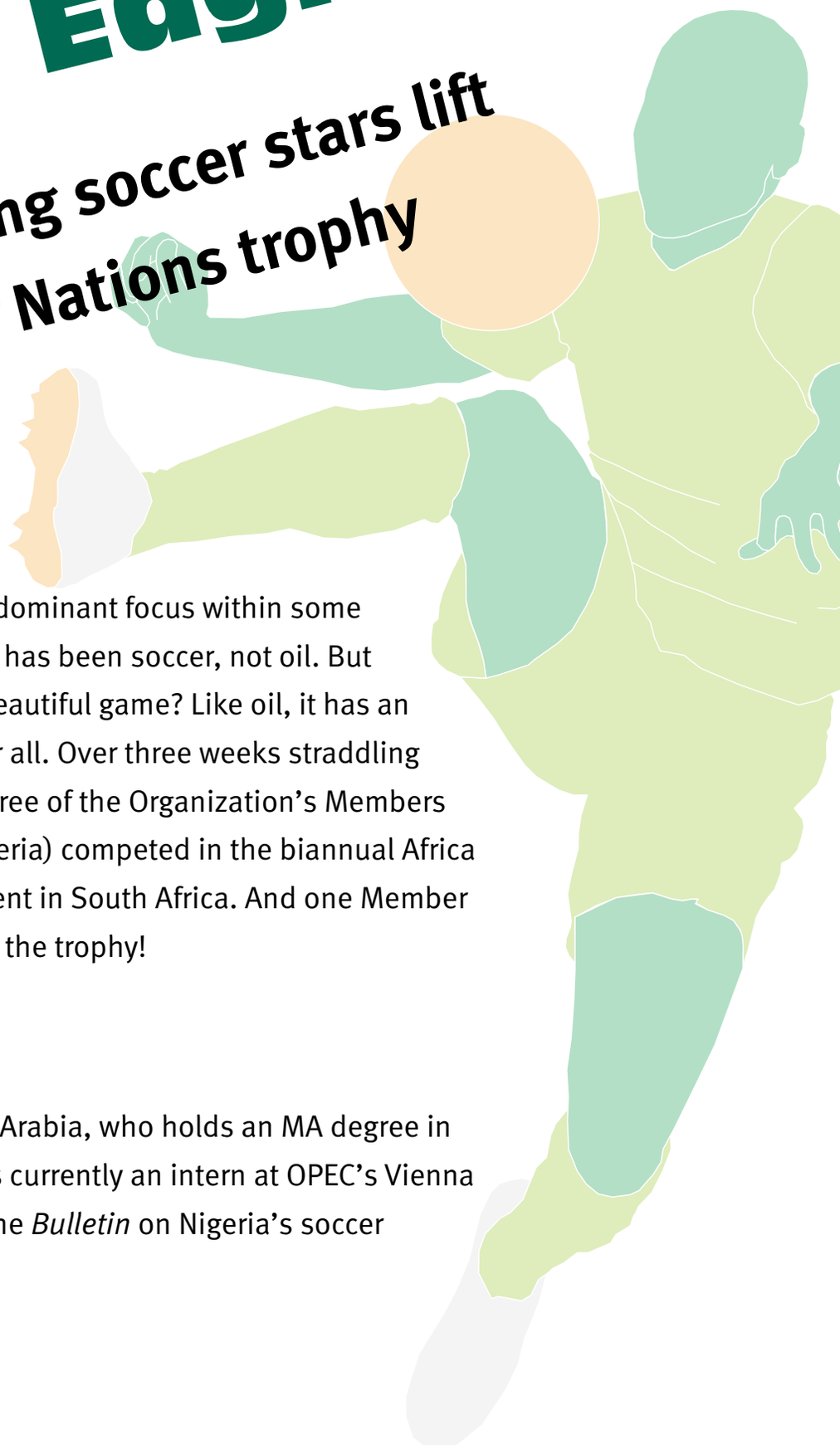
Students from the Vienna University of Economics and Business Administration, visited OPEC on February 19, 2013.

Students from the Vienna University of Economics and Business Administration, visited us on February 18, 2013.

Teachers from Saxony, Germany, visited the OPEC Secretariat on February 8, 2013.

Super Eagles!

Nigeria's young soccer stars lift Africa Cup of Nations trophy



It seems that lately, the dominant focus within some OPEC Member Countries has been soccer, not oil. But who doesn't fancy the beautiful game? Like oil, it has an international focus, after all. Over three weeks straddling January and February, three of the Organization's Members (Algeria, Angola and Nigeria) competed in the biannual Africa Cup of Nations tournament in South Africa. And one Member actually went home with the trophy!

Nouf Al-Abbas, of Saudi Arabia, who holds an MA degree in Human Resources and is currently an intern at OPEC's Vienna Secretariat, reports for the *Bulletin* on Nigeria's soccer victory.

Sunday Mba (l), whose goal won the Africa Cup of Nations Trophy for Nigeria in the final against Burkina Faso.

Reuters

In the 32nd game of an enthralling competition, Nigeria's Super Eagles finally ended an almost two-decade wait to reclaim their place as continental champions after a stirring victory against surprise finalists Burkina Faso in the 29th edition of the Africa Cup of Nations soccer tournament in South Africa.

The hard-fought 1–0 victory at the National Stadium in Johannesburg saw Nigeria proudly lift the Africa Cup trophy, succeeding Zambia, winners of the title in Gabon in 2012.

Sunday, February 10, 2013, will be forever etched in the memory of Nigerian central midfielder and local hero, Sunday Mba, who caused the stadium to erupt towards the end of the first half when he fittingly popped up to score with an opportunist volley to clinch the game.

His goal ensured that Nigeria's wait of 19 years without success in the competition came to an end, with the Super Eagles taking home the Africa Cup trophy for the third time in the competition's history. Their first victory was way back in 1980 and then there was another long wait until 1994 before, interestingly, current coach, Stephen Keshi, captained the team to its second success in Tunisia.

As expected, the Johannesburg final was mostly dominated by Nigeria. It was Burkina Faso's first ever final and they were the firm underdog. However, in an absorbing game, Wilfried Sanou came close to leveling for the fellow West Africans midway through the second half. Unfortunately, his brief flash of brilliance was extinguished by a top-drawer save by Vincent Enyeama.

Though the winning goal came from a poor clearance, it was thanks to Mba's clever skills that allowed him to flick the ball over Mohammed Koffi, move around him and slam it into the far corner of the net.

Nigeria then had several more chances to add to their tally, particularly when the outstanding Super

Above: Nigerian President, Goodluck Jonathan.

Eagle, Victor Moses, broke clear and laid the ball into the path of the unmarked Ahmed Musa. But the substitute lost his footing before the pass reached him.

The 'green' section of the crowd responded with shouts of dismay. Afterwards, a lot of the blame for the miss was laid at the feet of the popular American band, the Red Hot Chili Peppers, who played a concert on the same ground just one week before the final. This left the pitch in a sorry state and still recovering from the enthusiastic stomping of the fans.

To Burkina Faso's credit, they never gave up and put up a good fight to the last second, trying to find an equalizer that would repeat their 1–1 result when the two teams met in the group phase of the tournament.

A delighted and relieved coach Keshi commented: "You don't want to know what was going through my mind in those closing minutes! So many things were going through my head, but I was keeping the faith."

His Burkinabé counterpart, Paul Put, very gracious in defeat, told reporters: "Perhaps

"The team's amazing transformation from rank outsiders to champions is a clear manifestation of the even greater successes the country can achieve ..."

— President Goodluck Jonathan

Proudly carrying the trophy is Nigeria's coach, Stephen Keshi.

we were tired, but I don't want to make excuses ... I saw my team fighting to the last minute, I am very proud, all Burkinabe can be proud of these players.

"Nobody was expecting us to go this far, I think it was the way we were playing — it was wonderful," he stated.

Put added that there was still a long way to go for Burkina Faso, but the future was bright. "We might think we have arrived, but we have a long way to go."

Obviously, he was not one of those wanting to blame the Red Hot Chili Peppers!

Reuters

Above: Nigeria's Super Eagles lift the Africa Cup of Nations trophy.

"Winning this tournament is for my nation. When I came on board over a year-and-a-half ago, I wanted to make Nigerians happy."

— Coach Stephen Keshi

Of the other OPEC Member Countries in the Johannesburg finals, Angola, host of the tournament in 2010, did not advance from the group stages, drawing 0–0 with Morocco, losing 2–0 to South Africa and going down 2–1 to Cape Verde.

Algeria, which won the competition in 1990, also did not progress past its group. It lost 1–0 to Tunisia, 2–0 to Togo, but drew 2–2 with Côte d'Ivoire .

On their path to the final, Nigeria also drew 1–1 with Zambia and then beat Ethiopia 2–0 in the group stages.

Burkina Faso actually topped the group on goal difference. They also drew with Zambia, but beat Ethiopia 4–0.

In the quarter finals, Nigeria overcame Côte d'Ivoire 2–1, while Burkina Faso edged Togo 1–0.

Nigeria were more convincing in the semi-finals, winning against Mali 4–1, while Burkina Faso triumphed in a nerve-tingling game with tournament heavyweights, Ghana, 3–2 on penalties after the match finished at 1–1.

At this stage, it was already considered a great performance by Burkina Faso. Before the tournament, they were amongst the least-ranked teams for the competition. According to FIFA ratings, they were ranked 23rd in Africa and 91st globally.

Of eight previous appearances in the Africa Cup of Nations, their best outing was in 1998 where they placed fourth. However, after finishing runners-up in the 2013 championships, they have now jumped 36 places in the overall rankings to 55th place.

As a result of their win, Nigeria has advanced an impressive 22 places in the FIFA rankings to 30th place.

The Africa Cup of Nations, which was first held in 1957 with just three teams participating, since 1968 has been held every two years. But in 2013 there was only a one-year span. This was because the organizers decided to

Above: South African singer, Yvonne Chaka Chaka, performing during the Nations Cup.

switch the event to odd years, in order to avoid clashing with the World Cup.

The most successful team in the competition has been Egypt with seven titles, followed by Cameroon and Ghana with four victories each.

Winning in Johannesburg was truly a proud moment for Nigeria's Keshi, who became the second man to win the trophy as both coach and player, after Egyptian, Mahmoud Gohary. He also became the first black coach to win the trophy since 1992.

"I am so proud of what my players did in this tournament," said Keshi. "They played well and concentrated on the job. They have so much potential."

The Nigerian media had actually been critical of his decision to leave established players like Peter Odemwingie and Obafemi Martins out of the squad in favour of younger, inexperienced players like match-winner Mba, who plays for Warri Wolves in the Nigerian Premier League.

But it appears the tournament's outcome confirmed Keshi's belief in investing in the younger, fresher talent.

"I hope more African coaches will be given more responsibility to lead their countries. There is a lot of potential in this team, but we need to be patient. I am so, so proud of what we have achieved in this team," he affirmed.

Keshi, a confirmed optimist, said he never thought negative. "We came here to win — I told my captain that we were coming here to win this trophy and he did not believe me. Today, we have won."

Team captain, Joseph Yobo, commented: "This is a dream come true. I have been in six Africa Cup of Nations tournaments and this is my last tournament. I am obviously very happy and proud to be in this team."

Nigeria's victory means they will now face world and European champions Spain, as well as Uruguay and Tahiti at the Confederations Cup in Brazil this coming June.

"It is an honour for us Nigerians to represent Africa,"

Above and right: Nigerian fans let their colours shine amidst the festivities following their team's momentous victory.

commented Keshi. "Winning this tournament is for my nation. When I came on board over a year-and-a-half ago, I wanted to make Nigerians happy," he said.

But it is clear that Nigeria's triumph represents so much more than just winning a soccer game. It holds so many symbolic messages for Nigerians in general.

"The team's amazing transformation from rank outsiders to champions is a clear manifestation of the even greater successes the country can achieve in all other fields of human endeavor if all Nigerians come together and devote their immense collective energies and resources to supporting the implementation of this Administration's Agenda for National Transformation," said Nigerian President, Goodluck Jonathan.

A statement released on his behalf continued: "... As the entire nation celebrates Nigeria's remarkable victory in South Africa, President Jonathan urges all Nigerians to imbibe the positive lessons of the Super Eagles' success because the fulfillment of the country's immense potentials for greatness will be more speedily attained if more Nigerians resolve to emulate the team's exemplary unity of purpose, dedication, commitment and devotion to service of the nation."

Also lending his congratulations, Nigerian Senate President, Senator David Mark, said the victory was a moment of glory for the nation.

He urged the people to "savour the glorious moment", advising that it should serve as a rallying point to further the peace and unity of the country.

In fact, the whole essence of Nigeria's success on the soccer field has seemingly sparked prominent themes of peace, unity and compassion. But that is not a surprise — it has been proved time and again that deep and meaningful lessons can be learned from the beautiful game, which brings people together in a state of healthy competition.

It is no surprise then that so many people around the world get so hyped up about team sports — especially soccer. Surely there is a lesson there for all of us.

The words of Nigeria's President ring true — there is every benefit to be gained by holding on to that feeling you get when you watch a soccer match — and carry it over into your daily life, whether at work, home, or within the community.

Peace, unity and compassion — soccer and the Super Eagles surely set the example!

The Soul of Nigeria

The official opening of the exhibition, with (l–r) Suleiman J Al-Herbish, Director-General of OFID; Ms Maria O Laose, Ambassador for the Federal Republic of Nigeria to Austria; artists Oyenike Davies-Okundaye and Kaltume Gana; and Dr Rilwanu Lukman, former Secretary General of OPEC and past Nigerian Minister of Petroleum Resources.

Nigeria, an OPEC Member Country since 1971, is known for breathtaking natural beauty, a diverse and multi-ethnic citizenry and, of course, its abundant petroleum resources. But it also has a vibrant artistic culture that only recently has received the attention it deserves. **Alvino-Mario Fantini** recently attended the opening of an exhibition at the OPEC Fund for International Development (OFID) in Vienna featuring the work of three well-known Nigerian artists. This is his report.

We tend to think of art in very generalized, broad categories: there are the works of classical antiquity; there are the works of the so-called European masters, typically of Dutch, Flemish, Italian or French descent; there are also the works of contemporary or modern artists who shock, surprise and sometimes offend; and there is what some people call outsider art, typically produced by naïfs or unschooled people who seem to simply pick up a brush one day and paint something enchanting (or haunting).

However, too often we tend to overlook the work of artists, whether trained or self-taught, from the developing countries of the world. And this is a shame because many such countries have a long established artistic tradition and, more importantly, have artists who remain

The three Nigerian artists honored at OFID's exhibition (l–r): Kaltume Gana, Uwa James Usen and Oyenike Davies-Okundaye.

unknown in the West simply because the global media and entertainment network seem to stop at their country's borders.

As part of its programme to bring the art of the developing world to Vienna, originally initiated in 2009, OFID recently hosted an exhibition titled *'Rhythm of Hope'* showcasing the work of three prominent Nigerian artists. On January 28, they had the opening reception, which this intrepid reporter was able to attend.

In fact, I arrived early in the hope that I might meet and greet one or all of the artists being honoured. Too early, as it turned out. So, while they got ready in a room adjoining the exhibition hall, I slipped into the gallery and took a quick look around — and was stunned: walls of colour, sheets of colourful patterns, and whole swathes of intricate, colourful dyed fabrics.

There were paintings, and painting on textiles, and collages on patterned cloth; there were also sculptures, some made of wood, others hewn from stone, and others which looked like they had been made out of bronze. Some sat on small pedestals; others hung from flat surfaces. Each one told a story and evoked a different emotion.

As I took a closer look at some of the works, I was also entranced by some of the double and, in some cases, triple layers of images hidden among the line work, the brushwork, the moulding and the colouring. In one, a woman's face emerges ever so slightly from some trees, while, to the side, other women seem to be walking to market.

I make a few notes about some of the pieces and then set out to speak to each of the artists—to learn about their work, to understand how art has shaped their lives, and to get a sense of how this exhibition can help people in Austria understand more about Nigeria and its people.

Kaltume Gana

Kaltuma Gana's work is characterized by an expressiveness and liveliness. She uses colours — a great variety

Kaltume Gana and a colorful untitled (and undated) painting.

Untitled (and undated) by Kaltume Gana. Acrylic.

or colours, mostly very bright—to depict scenes or to represent emotions and, at times, religious passion.

A quick glance at some of her work can give the illusion of simplicity and roughness. But then you realize that there is a playfulness at work in her paintings, especially her bigger, more colourful works. At other times, there is an intentional 'softness' that she has incorporated, deliberately fraying the edges, intentionally removing any sharpness from the representation of her subject matter.

Much of her other work incorporates religious elements, with passages from the Quran subtly incorporated into the background of the painting or the foreground of a portrait. She challenges the viewer to search for the meaning that may not seem apparent at first glance—but viewers that are patient and sensitive enough to persevere are rewarded with statements of God's power.

Gana was raised artistically and was encouraged to explore the artistic side of her personality. In elementary school, she says she excelled in art and won various prizes. So, when it was time to pursue university studies, she chose to study art and eventually graduated with a Master's degree in fine arts from Ahmadu Bello University in Zaria, Nigeria. "It was the natural, next best thing to do," she says with a smile.

While most of her art at the OFID exhibition was paint-based, she says she likes to try her hand at using different materials and work in different media. "I am still exploring as an artist," she explains. Apart from painting with acrylics and oils, which seem to be the bulk of her pieces at the exhibition, she likes mosaics and working on huge walls.

For Gana, art has never simply been seen as a pastime or a hobby — or something she does solely because she earned a degree in it. Rather, she explains, she has always seen and understood its potential as an agent of change. "Art," she explains, "is a good and easy way to communicate messages to society and to people in authority."

This is especially true of the issues and challenges related to the plight of women in her country and across the developing world, she adds. "Hard-working rural women, women who have to go for firewood, women who have to go for water in a stream, women who have to take care of children," she notes—these are the ultimate benefactors of her art.

And messages about them and about the kind of life they lead can easily be communicated when you do a painting, she says. When she portrays women in her paintings, "it makes people question why things should still be that way."

But do such themes and subject material translate beyond Nigeria? I ask her. She emphatically says, yes: "We [in Nigeria] are a very diverse yet united people, with many cultures and colours." Her paintings communicate this to viewers around the world. By seeing her art, people get to understand not just the different cultures of Nigeria, but also the different aspects of life that relate to women — things, she says, that many people don't understand.

"I also use my art to reach out internationally, especially to children," she adds. So she once painted

'Head Gear' (2012) by Uwa James Usen. Terracotta.

something for the United Nations Children's Fund (UNICEF), the proceeds of which benefitted children around the world. In these ways, she says, her message gets transmitted abroad — "because for me, art goes beyond Nigeria."

Uwa James Usen

Uwa James Usen is an artist with a breadth of academic experience, as well as important public sector experience — which has allowed him to advocate for the cause of the arts in general and artists in particular in his home country.

Usen attended elementary school in Grenada, where his father was working during the 1970s. And it was there, as a young boy, surrounded by the island nation's natural beauty that he got into art proper. "Woodlands, colours, paintings and the Caribbean spirit," he reminisces.

Later, back in Nigeria, he attended St Gregory's College in Lagos, where he also followed his artistic inclinations. He says he was fortunate to be a student at that particular school because St Gregory's had an endowment exclusively for art and music, to which they gave importance in the curriculum.

But it was when he started winning consecutive student art prizes that he realized "there was no going back." And upon graduation, he enrolled at the university to continue his arts education and training.

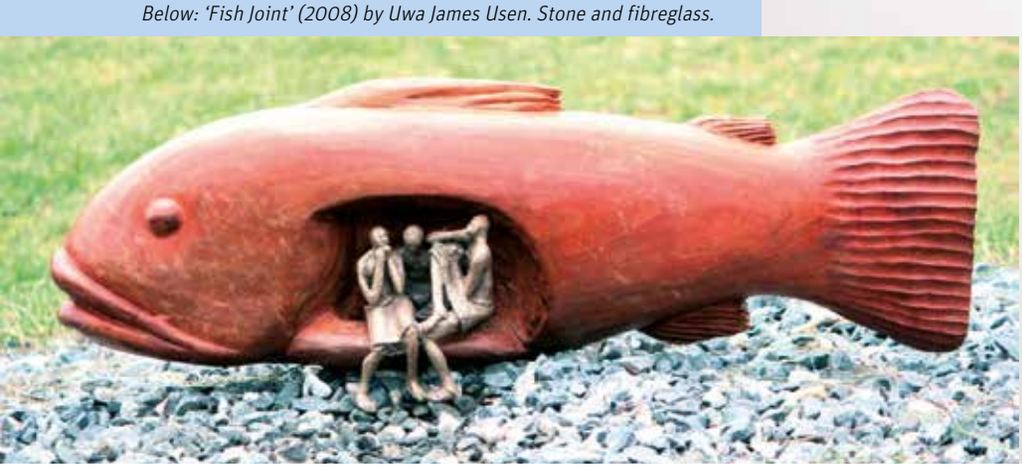
Some of his professors tried to encourage him to continue studying painting. "But I felt I already knew a lot about painting," he says, "so I decided to focus on sculpture and technology."

In addition, he was already generating an income as a painter, making portraits and landscapes for clients. "So, instead, I took painting as a second major and picked sculpture as my primary major."

It is his sculptural work that is on exhibit at OFID. His work is created using many found elements. But much of it is also the result of using master techniques in marble, stone, metal, bronze and wood. He shows me a few of his favourite pieces there and his joy is evident. "I wanted something that was tangible, that was real," he says, elaborating on his reasons for choosing sculpture

Right: Artist Uwa James Usen standing next to two of his works. On his right, the three-piece 'Nomadic Transformation' (2012) and on his left, 'Agama Agama' (2012). Mixed media.

Below: 'Fish Joint' (2008) by Uwa James Usen. Stone and fibreglass.



Above: Artist Oyenike Davies-Okudaye in traditional dress.

over painting. "I wanted that sense of creating something out of nothing." Left unsaid is the deeper fact that he has created beauty out of ordinary raw materials.

In addition to his artistic and creative activities, Usen has been a university lecturer, teaching sculpture, drawing and basic design to hundreds of students over the years. "I thought there was a need for me to groom people as a teacher," he says. But he also realized that this wasn't enough. He needed to serve Nigeria in other ways, too.

Until December, for example, he served as president of the artists' union in the Federal Republic, a role which allowed him to help other artists in the country by advocating for their concerns and needs.

He has also been tapped politically for various roles, he says. For example, in 2010, the government appointed him national curator for the biggest arts exhibition ever held in Nigeria — so big, "there was no hall to host it so we had to do it in a stadium," he says with a laugh.

In these and other roles, Usen has led efforts to make art more appreciated by the public and by the government. And what he has accomplished in a few years is nothing short of remarkable.

"We have pushed art in Nigeria to a new level," he says. And now, while in Austria, exhibiting his own work and the work of two other Nigerian artists, he is helping to promote art internationally. "We really are here as cultural ambassadors," he says proudly. And when he goes back home to Nigeria, he says, he will take one final step in his professional career—and defend his doctoral dissertation.

Oyenike Davies-Okundaye

I speak to Oyenike Davies-Okundaye last—though hers are the works that perhaps most drew my attention. There are several reasons for this: on the one hand, her works are focused on women—what women do, how women work, and how women live in a country like Nigeria (though she says through her art she speaks on behalf of—and to—women around the world).

On the other hand, her work is extremely traditional in that she often uses textiles as her canvas, textiles that she herself has made using materials and patterns, dyes

and designs that she has rescued from the cultural amnesia of the young people of Nigeria.

Her work is also intricate and multi-layered; images that at first glance simply depict a group of women in the foreground may suddenly reveal another image emerging from the mists in the distant background.

Davies-Okundaye — or Nike *(nee-keh)*, as many call her — did not come to her profession as an artist by chance. She was essentially born into it. Her great-grandmother had been head of all crafts in her village, she explains, and her mother had been a talented crafts-maker. And her father was also an artiSt With such a pedigree, being an artist was virtually unavoidable.

But what's interesting is that she started working as a young woman in textiles, making many of the traditional dresses, robes, gowns and headpieces worn by women in Nigeria. One day, she explains, she spilled wax on some fabric she was dying and saw the effects of that. That is when she started working on designing batiks, for which she gained initial fame.

It then occurred to her to combine all of that on actual canvas—and soon she was creating wonderful coloured canvases on which she also began to paint scenes: markets and villages, women at work, animals in the fields.

But what's also interesting about her work is that it is often not the painting that catches the eye of the viewer, but the canvas itself, which often is covered not just in colour dyes, but in intricate patterns and designs. "All these textile designs," she says, motioning to a few of her pieces, "are patterns of our heritage. They are the designs that we used to use in the old days to communicate ideas ... like the presence of God in your life or love."

She continues: "But women also use these patterns to talk among themselves." Each piece of fabric, and every symbol on the fabric, represents something. "When you put it on, right away others know if you are, for example, in a bad mood."

I point to a square filled with little curved lines. "That's

Right: 'Self Portrait' (2002) by Oyenike Davies-Okundaye. Mixed media.

'Gidan Dan Hausa' (undated) by Kaltume Gana. Acrylic and mixed media.

water, which has no enemy." A box with a flower-like image: "A flower represents life." We play this game for a minute or two and I realize that the entire canvas of the painting we are standing in front of has a message. All these designs talk to people. And sometimes, they communicate political messages, too.

In addition, she explains, the dyes she uses are medicinal. "So this is a healing painting," she says. She smiles warmly when recalling that sometimes she recommends to someone buying her painting not to put any glass in front of the image—"so they can allow the healing power to come from the image."

Sadly, as our interview winds down, she explains that many of the techniques she uses are now being forgotten in Nigeria. There are just too many distractions in the modern world for young people, she says. So her work is a very real act of preservation—and is one of the many ways she is strengthening her country's artistic heritage.

My conversations with the artists finished, I take one last look at the 30 paintings and ten sculptures in the exhibition room. As I take in the

'Rhythm of Hope' (2003) by Oyenike Davies-Okundaye. Mixed media.

Artist Kaltume Gana explains one of her Works to Suleiman J Al-Herbish, Director-General of OFID, and other distinguished visitors.

colours, patterns, and textures one last time, it occurs to me that in this small room, these works of art have not only served to bridge the differences among the 250 different groups in Nigeria and showcase the country's unity, but they are now also serving as a bridge between African and European cultures.

The messages contained in these diverse works appeal to all humanity—the messages of love and family, of God and nature, respect, and of the dignity of all human beings. And it's funny, I think, as I get ready to leave, that what the organizers called "post-Nigerian modernism" should end up serving to communicate such old-fashioned, traditional values.

Perhaps more of this is needed in the WeSt.

L–r: Ulunma Angela Agoawike, Head of OPEC's PR & Information Department; Dr Rilwanu Lukman, former Secretary General of OPEC and Nigerian Minister of Petroleum Resources; and Olayinka Fayomi, chairwoman of Foreign Investment Network in Abuja.

All photographs courtesy of the OPEC Fund for International Development.

Forthcoming events

Fujairah bunkering and fuel oil forum, March 25–27, 2013, Fujairah, UAE. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

Practical workshop: excel analysis of oil, gas and power supply chains, March 25–28, 2013, London, UK. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

GIOGIE, March 26–27, 2013, Tbilisi, Georgia. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

4th annual FPSO summit, April 8–11, 2013, Singapore. Details: IBC Global Conferences, Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

5th annual offshore drilling rigs, April 8–11, 2013, Singapore. Details: IBC Global Conferences, Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

2nd Liberian mining, energy and petroleum conference, April 9–11, 2013, Monrovia, Liberia. Details: AME Trade Ltd, Unit 409, United House, 39–41 North Rd, London N7 9DP, UK. Tel: +44 207 700 4949; fax: +44 207 681 3120; e-mail: joseph@ametrade.org; website: www.limep.com.

3rd Colombian oil and gas summit and exhibition, April 9–11, 2013, Cartagena, Colombia. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Regional oil and natural gas conference, April 9–11, 2013, Punta del Este, Uruguay. Details: Petroleum Economist Ltd, 69 Carter Lane, London EC4V 5EQ, UK. Tel: +44 207 779 8800; fax: +44 207 779 8899; e-mail: customerservice@petroleum-economist.com; website: www.petroleum-economist.com.

Arctic oil and gas North America, April 10–11, 2013, St John's, Canada. Details: IBC Global Conferences, Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

TUROGE, April 10–11, 2013, Ankara, Turkey. Details: ITE Group, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

14th China oil trading conference, April 10–12, 2013, Beijing, PR of China. Details: CBI, 799 Tianshan W Road, 5th floor, Shanghai 200335, PR of China. Tel: +86 21-515 5 55 55; website: http://events.cbichina.com/con/cotc2013/index.html.

Global oil and gas crisis management and emergency response 2013, April 11–12, 2013, Barcelona, Spain. Details: TridentMedia. Tel: +34 93 159 27 94; fax: +34 93 423 77 83; e-mail: ifno@3dent-media.com; website: www.3dent-media.com.

EnergyMed, April 11–13, 2013, Naples, Italy. Details: Agenzia Napoletana Energia e Ambiente, Via Toledo, 317, 80134 Napoli, Italy. Tel: +39 081 419528; fax: +39 081 409957; e-mail: info@energymed.it; website: www.energymed.it.

40th ICEED international energy conference, April 14–17, 2013, Boulder, CO, USA. Details: ICEED, 850 Willowbrook Road, Boulder, CO 80302, USA. Tel: +1 303 442 40 14; fax: +1 303 442 50 42; e-mail: info@iceed.org; website: www.iceed.org.

3rd Russian Arctic oil and gas, April 15–17, 2013, Moscow, Russia. Details: Adam Smith Conferences, 6th Floor, 29 Bressenden Place, London SW1E 5DR, UK. Tel +44 207 017 7444; fax: +44 207 017 7447; e-mail: info@adamsmith-conferences.com; website: www.adamsmithconferences.com.

OilTech Atyrau, April 16–17, 2013, Atyrau, Kazakhstan. Details: ITE Group, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

17th international conference and exhibition on LNG, April 16–19, 2013, Houston, TX, USA. Details: Petroleum Economist Ltd, 69 Carter Lane, London EC4V 5EQ, UK. Tel: +44 207 779 8800; fax: +44 207 779 8899; e-mail: customerservice@petroleum-economist.com; website: www.petroleum-economist.com.

LNG 17, April 16–19, 2013, Houston, TX, USA. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Solution to the Puzzle Page *(p49)* of the OPEC Bulletin January 2013:

F	A	R	M	E	R	E	N	I	M	A	L	O	N	A	H	I	N	E	S
K	C	A	B	Y	U	B	L	L	E	W	N	O	I	T	C	E	J	N	I
E	T	A	V	I	T	C	A	E	D	E	I	F	E	U	Q	I	L	I	T
W	H	Y	D	R	O	C	A	R	B	O	N	S	R	O	B	E	I	L	D
S	O	G	E	O	T	H	E	R	M	A	L	T	E	M	A	L	Q	O	I
E	G	E	V	D	T	V	N	G	N	I	K	C	A	R	C	N	U	S	S
N	O	C	E	I	R	S	C	O	N	D	E	N	S	A	T	E	I	A	P
E	E	O	L	S	F	N	Y	N	I	E	O	R	E	F	I	N	E	G	E
Z	V	N	O	P	A	F	C	L	D	T	C	S	E	V	L	A	V	O	R
N	I	D	P	E	R	E	L	N	A	V	E	N	A	P	H	T	H	A	S
E	R	U	M	R	M	U	A	U	A	T	C	L	C	R	A	C	K	S	A
B	D	C	E	S	I	G	L	B	G	S	A	I	P	G	E	O	A	I	N
L	S	T	N	A	N	I	M	A	T	N	O	C	N	M	T	M	H	R	T
Y	A	I	T	N	B	A	M	E	T	H	A	N	O	L	O	L	E	E	G
K	G	V	S	T	E	T	I	L	O	E	Z	I	Y	I	A	C	M	F	D
L	D	I	S	T	I	L	L	A	T	I	O	N	B	D	R	I	V	I	R
A	N	T	I	K	N	O	C	K	S	R	B	A	L	A	N	C	I	N	G
R	O	V	A	L	T	Y	K	C	E	N	H	G	U	O	R	L	T	E	A
N	E	G	O	R	E	K	G	S	E	V	I	T	I	D	D	A	Y	R	E
A	R	A	B	I	A	N	L	L	E	W	T	A	C	D	L	I	W	Y	S

Puzzle Page

The OPEC Bulletin welcomes you to its 'Puzzle page', where readers get the chance to test their knowledge of the petroleum industry in a variety of brain teasers, including word search puzzles and crosswords. Good luck!

Brain teaser

Below are some incomplete words in different boxes. What you are required to do is to fill in the blank spaces to make complete words. The clues to the puzzle are given below.

1. Maximum permitted amount (5)

	U		T	

2. Part of tool that bores holes (5)

	R		L	

3. Gas-measuring apparatus (9)

	A		O		E		E	

4. City where OPEC H/Q is situated (6)

	I		N		

5. Petroleum in its raw state (5)

	R			E

6. Carriage of petroleum products bought (8)

	E		I		E		Y

7. Friction-reducing substance (9)

	U		R			A		T

8. Liquid waste discharge from a refinery (8)

	F		L		E		T

Head, Finance and Human Resources Department

Job dimensions:

Within the Support Services Division, the Finance and Human Resources Department is to provide services related to managing the human and financial resources of the Organization. The Department is responsible for budgets, accounting and internal control, as well as human resources planning and management. The Department comprises two organizational sections: the Finance and Human Resources Sections.

Objective of position:

The Head plans, organizes, coordinates, manages and evaluates the work of the Finance and Human Resources Department in accordance with the work programme and budget of the Department so as to optimize its support to the Secretariat in achieving its overall objectives. The work covers responsibilities of policies, development and management of human resources and of setting up and managing the Secretariat's annual budget.

Main responsibilities:

- Plans, organizes, coordinates, manages and evaluates the work in the Finance and Human Resources Department covering:
  1. Human resources planning/forecasting, recruitment/selection, training and development, Performance Management System, policies development, compensation and benefits, as well as administration of termination;
  2. The annual budget of the Division, Departments and Offices, the control of the expenditures and the preparation of the financial reports;
  3. The coordination of the preparation of the Secretariat's annual budget;
  4. The enhancement of inter-departmental collaboration and cooperation;
  5. Taking appropriate measures to ensure an optimal culture and working climate in the Organization by regularly comparing compensations and benefits in the other Vienna based international and private organizations to keep the Secretariat a competitive employer;
  6. The development of staff by arranging/coordinating adequate training programmes.
- Participates in all interview panels as the leading member.
- Ensures full responses to requests by the Conference, the Board of Governors and standing committees for studies and special reports relevant to the work programme of the Department.
- Arranges presentations at relevant OPEC meetings and international forums representing the Secretariat as required.
- Develops and maintains networks with external experts and institutions in fields relating to the work of the Department.
- Keeps the Director of the Support Services Division fully informed on all aspects of the work of the Department, and draws his/her attention to important analyses performed by it.
- Evaluates the performance of the staff of the Department, and recommends to the Director of the Support Services Division, staff development, salary increase, promotion and separations as appropriate.
- Ensures that the staff of the Department receive the supervision and guidance necessary to broaden and deepen their skills and continuously improve their performance.
- Prepares the annual budget for the Department.

Required competencies and qualifications:

- Advanced University degree (PhD preferred) in Business Administration or equivalent subject
- A minimum of 12 years (ten years in case of a PhD degree) with a minimum of four years in a managerial position, preferably at large national, regional, or international institutions
- Training/specialization: Human Resources Management, Financial Management (cost and benefit analysis), Office Administration, Professional Management and Leadership
- Competencies: Managerial and leadership skills, communication skills, decision making skills, strategic orientation, analytical skills, presentation skills, interpersonal skills, customer service orientation, negotiation skills, initiative and integrity
- Language: English

Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at grade B reporting to the Director of the Support Services Division. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill out the application form which can be received from their Country's Governor for OPEC.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **March 31, 2013** — job code: 9.1.01 *(see www.opec.org — Employment)*.

Alternative Sources of Energy Analyst

Job dimensions:

Within the Research Division, the Energy Studies Department is responsible for monitoring, analyzing and forecasting world energy developments in the medium and long term and reporting thereon, in particular providing in-depth studies and reports on energy issues. It monitors developments and undertakes specific studies on energy demand and production-related technology, assessing implications for OPEC. It identifies and follows up key areas of energy-related emerging technologies and research and development (R&D), facilitates and supports planning and implementation of collaborative energy-related R&D programmes of Member Countries, as well as identifies prospects for OPEC participation in major international R&D activities. It carries out studies and reports on developments in the petroleum industry, providing effective tools for carrying out model-based studies of analyses and projections of energy supply/demand and downstream simulation. It elaborates OPEC Long Term Strategy and monitors, analyzes and reports on relevant national or regional policies (fiscal, energy, trade and environmental), assessing their impacts on energy markets.

Objective of position:

The Alternative Sources of Energy Analyst studies, analyses and evaluates developments of global coal and non-hydrocarbon primary energy sources with particular attention to their technical and economic potential, technology, economics and drivers, such as policies, taxation, market structuring, strategies of key players, etc. to conduct studies on relevant issues on coal and non-hydrocarbon sources of energy, including production, use by sector and region, as well as potential for fuel substitution. In addition, he/she assesses their impact on world energy mix and on the demand for oil and contributes to the World Oil Outlook.

Main responsibilities:

1. Conducts studies on the development of coal and non-hydrocarbon sources of energy and prepares reports thereon.
2. Collects, integrates and analyses data on technological, economic, environmental and policy aspects of coal and non-hydrocarbon energy.
3. Studies and analyses developments of primary energy demand by fuel and sectoral energy use within a country/group of countries, taking into consideration various aspects of energy policy development, including environment, energy substitution and conservation and security of supply, and assesses the impact on the energy supply mix.
4. Monitors the technological evolution of coal and non-hydrocarbon sources of energy, and assesses potential for major breakthroughs and their impact on interfuel competition in various sectors.
5. Assesses investment requirements and the costs of finding, developing, producing and delivering energy from coal and non-hydrocarbon sources.
6. Contributes to and delivers speeches, articles and presentations to internal meetings and various international forums.

Required competencies and qualifications:

- University degree (advanced degree preferred) in Energy Management, Economics or in a relevant Engineering discipline
- A minimum of eight years (six years in case of an advanced degree) in the field of energy studies
- Training/specialization in renewable and/or nuclear energy, full cycle cost evaluation, interfuel competition; knowledge of related environmental issues an asset
- Competencies: Communication skills, analytical skills, presentation skills, interpersonal skills, customer service orientation, initiative and integrity
- Language: English

Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at grade E reporting to the Head of Petroleum Studies Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill out the application form which can be received from their Country's Governor for OPEC.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **March 31, 2013** — job code: 5.2.02 *(see www.opec.org — Employment)*.

IT Development Coordinator

Job dimensions:

Within the Research Division, the Data Services Department collects, retrieves and provides statistical data as support to the research and analytical studies in the other RD Departments and other activities of the Secretariat. The Department also develops up-to-date IT applications and database systems, and provides specialized relevant documents and references. The Department thus has the responsibility of a central, timely provider of reliable up-to-date data, documentation and information pertaining to oil markets in particular and energy markets and related issues in general, as well as rendering IT development services.

Objective of position:

The IT Development Coordinator supervises the IT Development Group and its Staff, delegates and coordinates tasks, and ensures effective teamwork. Further, he/she ensures reliability and availability of the OPEC Database, the OPEC Intranet and related applications.

Main responsibilities:

1. Plans, develops, organizes, coordinates, and supervises the activities of the IT Development Group.
2. Carries out system analysis and feasibility studies for new applications.
3. Determines system specification and provides outlines for system design.
4. Develops standard procedures for implementation of new systems and provides guidelines for system development and standard system development procedures.
5. Develops new applications and provides reviews on related technology.
6. Provides reviews and analysis on various subjects and carries out other assignments as required.
7. Provides user support.
8. Administers and provides software packages, licenses, and subscriptions of data publications.

Required competencies and qualifications:

- University degree (advanced degree preferred) in Computer Science, Information Technology or other subjects related to Information Technology
- A minimum of ten years (eight years in case of an advanced degree)
- Training/specialization: System Analysis and Design, Relational Database, System Thinking, Feasibility Studies/ Information Architecture/ Document and Records Management Systems/ Web Content Management (CMS) Systems/ Web Technologies/ Oracle RDBMS/ Modelling/ Energy & Oil Statistics/ Energy Information System/ Familiarity with a variety of software packages
- Competencies: Managerial & leadership skills, communication skills, analytical skills, presentation skills, interpersonal skills, customer service orientation, team-building skills, initiative and integrity
- Language: English

Status and benefits:

Members of the Secretariat are international employees whose responsibilities are not national but exclusively international. In carrying out their functions they have to demonstrate the personal qualities expected of international employees such as integrity, independence and impartiality.

The post is at grade E reporting to the Head of Data Services Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years. Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC. In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **April 26, 2013** — job code: 3.3.01 *(see www.opec.org — Employment).*

Tanker market prospects not much better in 2013

February 2013


Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

February 2013

Feature Article:
Tanker market prospects

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Many of the factors that depressed global tanker rates during 2012 will likely continue to cast their shadow over the current year's performance, according to OPEC's *Monthly Oil Market Report (MOMR)* for February.

It said that 2012 was a challenging year for the tanker industry. Several ship sizes — if not the market as a whole — suffered from a combination of low freight rates and high idle capacity.

"The year started with slightly improved freight rates in the first quarter for both dirty and clean vessels. However, by the summer season, dirty spot freight rates reached an absolute low, in which owners' margins were often reported at zero, or even a loss, as bunker prices increased," a feature article in the publication said.

It noted that this was partially due to new regulation limiting the sulphur content of bunker fuel, which came into force in January 2012 and raised operational costs to higher levels.

"By November, however, spot freight rates saw an overall improvement, on the back of winter seasonal oil demand," it observed.

The *MOMR* pointed out that the continued increase in tanker fleet capacity was another negative factor impacting the market last year.

"Indeed, between 2008 and 2012, tanker

fleet capacity increased by 25 per cent, leading to an imbalance in tonnage supply and demand. Fleet expansion could have been even stronger in 2012 if not for a number of delivery postponements," it maintained.

Last year, continued the report, dirty vessel capacity increased by five per cent and clean capacity rose by two per cent. Fleet expansion was mainly seen in VLCC and Suezmax, while Aframax increased to a lesser degree.

Despite the fall in the number of deliveries, fleet capacity remained plentiful and any new influx would have only worsened the existing tonnage over-supply in the market.

Freight rates were also affected by 2012 Worldscale flat rates, which were almost 20 per cent higher than in the previous year.

"On the whole, the oil tanker market was clearly out of balance in 2012. Sluggish global economic growth leading to weak oil demand fundamentals, as well as global pipeline expansions and the continued inflow of new tonnage, sent freight rates lower."

The *MOMR* said the removal of vessels from the trading fleet provided one of the only means to alleviate the severe imbalance between tonnage supply and demand in 2012.

Vessel scrapping accelerated over the course of the year as older vessels lost more value, providing an incentive to sending them to the scrapyards.

At the same time, resale values fell to their lowest level in ten years, with the price of a five-year-old tanker dropping by six per cent.

Tanker fleets

Turning to 2013, the feature article forecast that the expansion in tanker fleets was likely to be particularly strong in the first quarter of the year, as some deferred deliveries from 2012 were expected.

"This could put further pressure on tanker freight rates. Fleet growth will continue in 2013, although to a lesser degree. Therefore, the imbalance between tonnage supply and demand is expected to persist," it stated.

The report noted that the gains in freight rates seen in the last two months of 2012 were seen providing some support for market sentiment in 2013.

While the tanker market was expected to continue to be pressured by new fleet additions, rates were not expected to drop below the levels of 2012 and could even experience a slight increase.

"Indeed, recent signs of a global economic recovery also offer some hope, as GDP and world trade are expected to increase to 3.2 per cent and four per cent in 2013, higher than in the previous year."

Asian economies

Furthermore, said the *MOMR*, expected additional growth in global crude demand to Asian economies, especially China and India, was projected to lead to higher oil demand in these markets and would likely translate into higher tonnage demand.

Also, tanker owners were in concrete talks on consolidation. This, said the report, could be a solution to minimizing cost, in order to decrease losses.

"Overall, the above factors will impact the shipping industry this year, but it is still too early to gauge the extent of these effects."

Additionally, it said, new energy efficiency measures mandated by the International Maritime Organization (IMO) came into force at the start of the year. These would require an energy efficiency management plan and introduce a fuel efficiency tool at the design stage of new vessels.

Both measures were targeted to reduce vessel energy consumption, with milestones planned over the coming years.

This feature article is taken from OPEC's Monthly Oil Market Report *(MOMR)* for February 2013, which is published by the Petroleum Studies Department of the Secretariat. The publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and product prices in general.

Table 1: OPEC Reference Basket crude oil prices

$/b

Crude/Member Country	2012 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013 Jan	Weeks 1–5/13 (week ending) Jan 4	Jan 11	Jan 18	Jan 25	Feb 1
Arab Light – Saudi Arabia	112.82	118.01	123.43	118.94	108.48	94.51	99.90	109.94	111.32	109.09	108.47	108.35	110.64	110.03	110.06	109.74	111.06	112.60
Basrah Light – Iraq	110.21	116.21	121.96	116.26	105.94	92.02	98.16	108.68	109.39	106.66	105.45	105.04	107.51	106.94	106.89	106.49	107.98	109.48
Bonny Light – Nigeria	113.08	122.36	127.98	122.36	112.87	97.19	104.24	114.63	114.06	113.31	110.91	111.19	115.41	114.81	114.81	113.74	115.93	117.73
Es Sider – SP Libyan AJ	111.28	120.26	126.03	120.71	111.27	96.04	102.89	112.18	112.16	111.41	109.01	109.29	113.01	112.53	112.41	111.34	113.53	115.33
Girassol – Angola	113.01	120.51	126.30	121.32	111.20	96.44	103.01	113.08	113.14	111.00	108.91	108.92	112.24	111.44	111.20	110.82	112.95	115.02
Iran Heavy – IR Iran	111.77	116.51	122.46	117.78	107.06	93.09	98.81	109.36	110.99	108.11	106.80	106.56	108.52	108.08	108.06	107.48	108.88	110.54
Kuwait Export – Kuwait	112.00	116.79	122.32	117.53	107.55	93.32	98.75	108.91	110.02	107.56	106.82	106.19	108.31	107.80	107.84	107.40	108.70	110.18
Marine – Qatar	110.65	116.99	122.80	117.39	107.79	94.86	99.47	108.57	111.17	108.63	107.12	106.25	107.87	107.56	107.56	107.02	108.22	109.36
Merey* – Venezuela	107.77	109.26	112.07	108.62	99.97	87.52	91.86	99.89	101.84	97.50	93.28	91.68	96.99	95.05	96.10	96.40	97.18	99.98
Murban – UAE	113.03	119.31	125.61	120.44	110.58	96.76	101.48	110.88	113.57	111.36	109.69	108.90	110.39	110.04	109.97	109.34	110.78	112.21
Oriente – Ecuador	104.11	112.44	118.26	113.86	102.25	89.22	94.13	102.21	102.81	98.74	97.15	98.68	101.39	101.77	100.39	100.15	101.84	103.49
Saharan Blend – Algeria	111.43	120.36	126.13	120.81	110.27	94.69	99.64	112.23	112.06	111.41	109.36	109.89	114.21	113.58	113.61	112.54	114.73	116.43
OPEC Reference Basket	**111.76**	**117.48**	**122.97**	**118.18**	**108.07**	**93.98**	**99.55**	**109.52**	**110.67**	**108.36**	**106.86**	**106.55**	**109.28**	**108.64**	**108.68**	**108.22**	**109.72**	**111.40**

Table 2: Selected OPEC and non-OPEC spot crude oil prices

$/b

Crude/Member Country	2012 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013 Jan	Weeks 1–5/13 (week ending) Jan 4	Jan 11	Jan 18	Jan 25	Feb 1
Minas – Indonesia[1]	120.41	126.31	133.85	130.15	120.21	104.83	106.62	115.46	113.06	111.47	108.26	108.96	116.92	111.46	116.32	116.43	118.59	120.32
Arab Heavy – Saudi Arabia	111.73	116.21	121.84	116.62	106.89	92.67	98.24	108.47	109.76	106.91	106.13	104.79	106.54	106.17	106.18	105.58	106.88	108.32
Brega – SP Libyan AJ	111.18	119.86	125.73	120.11	110.57	95.49	102.69	111.78	111.76	110.89	108.61	108.99	113.01	112.46	112.41	111.34	113.53	115.37
Brent – North Sea	110.58	119.56	125.33	119.71	110.27	95.19	102.59	113.48	112.86	111.61	109.11	109.29	113.01	112.53	112.41	111.34	113.53	115.33
Dubai – UAE	109.86	116.17	122.47	117.30	107.71	94.44	99.15	108.62	111.22	108.80	107.22	106.34	107.94	107.61	107.57	106.98	108.28	109.66
Ekofisk – North Sea	112.25	121.02	126.48	120.59	111.24	95.96	103.49	114.05	113.29	112.49	110.46	110.66	113.67	112.92	112.60	112.16	114.48	116.38
Iran Light – IR Iran	109.76	117.05	122.83	117.35	107.69	93.35	99.97	111.30	112.24	109.60	107.77	107.61	110.38	109.74	109.45	109.04	110.97	112.98
Isthmus – Mexico	110.02	114.42	120.46	116.04	107.20	93.16	99.63	107.22	107.90	104.39	99.37	99.03	106.48	103.42	103.02	105.49	107.85	112.51
Oman – Oman	110.91	117.15	122.92	117.44	107.76	94.49	99.43	108.92	111.31	108.83	107.23	106.34	107.94	107.61	107.58	106.98	108.28	109.66
Suez Mix – Egypt	106.91	115.60	119.34	114.58	106.21	90.46	99.66	110.23	109.08	107.42	105.38	105.35	108.73	107.46	107.53	107.42	109.73	111.39
Tia Juana Light[2] – Venez.	108.04	112.36	118.41	114.07	105.16	91.48	98.04	105.61	105.85	102.20	97.28	96.95	104.03	101.09	100.65	103.06	105.37	109.92
Urals – Russia	109.91	118.50	122.41	117.69	109.21	93.81	102.63	113.18	111.92	110.26	108.23	108.21	111.62	110.41	110.43	110.30	112.57	114.31
WTI – North America	100.30	102.35	106.31	103.35	94.45	82.33	87.79	94.08	94.55	89.47	86.59	88.23	94.77	92.56	93.43	94.53	95.43	97.37

Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the ORB has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).

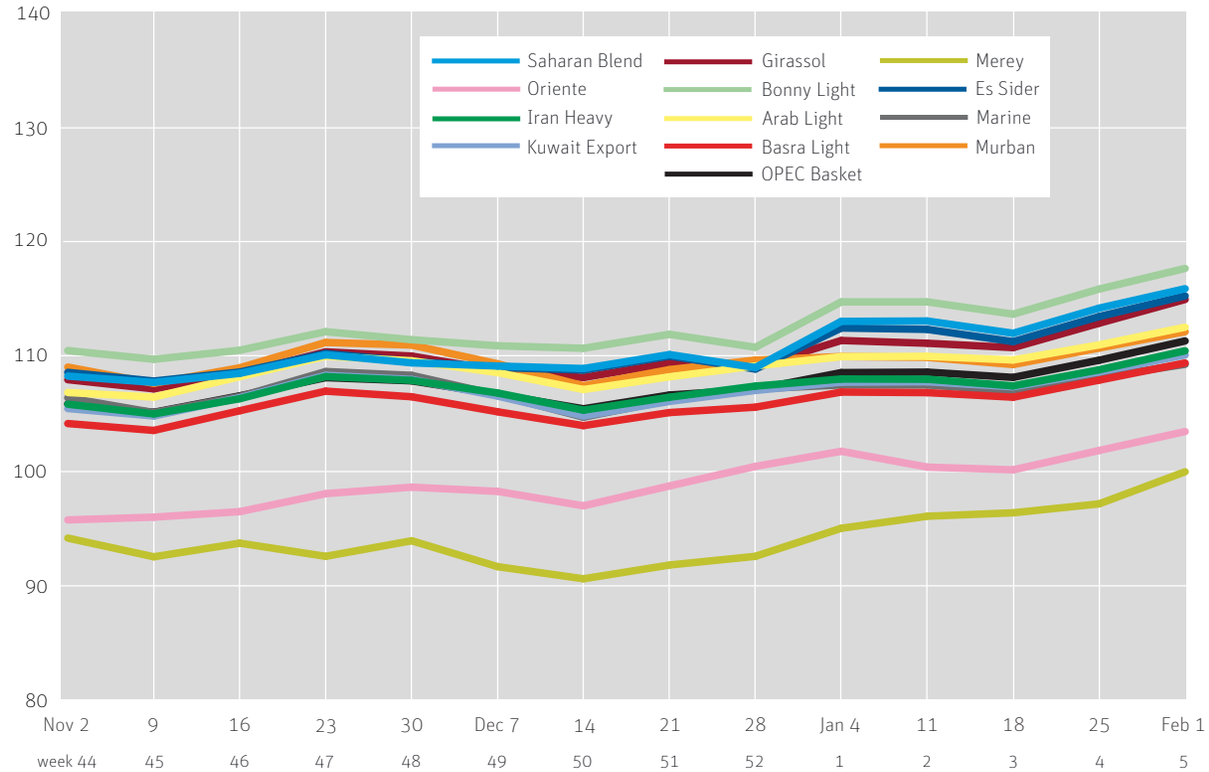
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

1. *Indonesia suspended its OPEC Membership on December 31, 2008.*
2. *Tia Juana Light spot price = (TJL netback/Isthmus netback) x Isthmus spot price.*

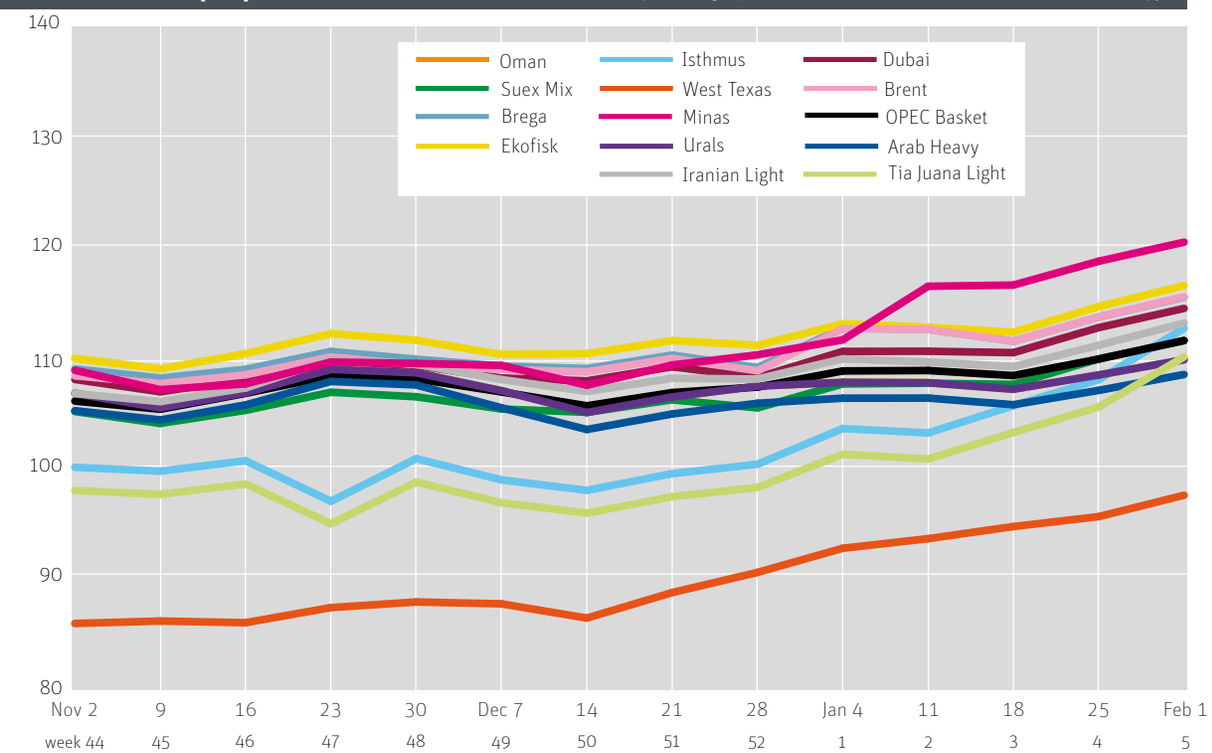
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

Sources: The netback values for TJL price calculations are taken from RVM; Platt's; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket crudes, 2012/13 *$/b*



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2012/13 *$/b*



Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).
Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.

Table and Graph 3: North European market — spot barges, fob Rotterdam

$/b

		naphtha	regular gasoline unleaded	premium gasoline 50ppm	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2012	January	105.18	115.91	119.56	128.15	129.31	106.12	105.87
	February	113.65	125.30	129.29	134.21	134.66	112.44	109.08
	March	118.32	137.82	141.01	137.72	139.12	118.27	111.72
	April	113.95	137.02	140.55	134.89	136.61	115.89	108.87
	May	97.01	122.85	126.22	124.84	128.15	105.70	100.23
	June	80.61	110.72	114.57	113.43	114.30	93.24	88.76
	July	91.27	117.81	121.02	121.32	121.58	99.09	93.14
	August	103.46	130.10	133.11	130.21	133.19	108.06	100.94
	September	106.90	133.41	137.67	133.63	136.77	109.44	102.07
	October	105.62	132.35	126.60	126.30	135.41	101.15	96.86
	November	103.00	125.92	117.89	120.31	129.34	95.37	92.46
	December	103.83	127.74	120.03	121.84	128.37	94.35	91.16
2013	January	103.22	129.56	124.95	123.37	131.56	99.44	96.75

Note: Prices of premium gasoline and diesel from January 1, 2008, are with 10 ppm sulphur content.

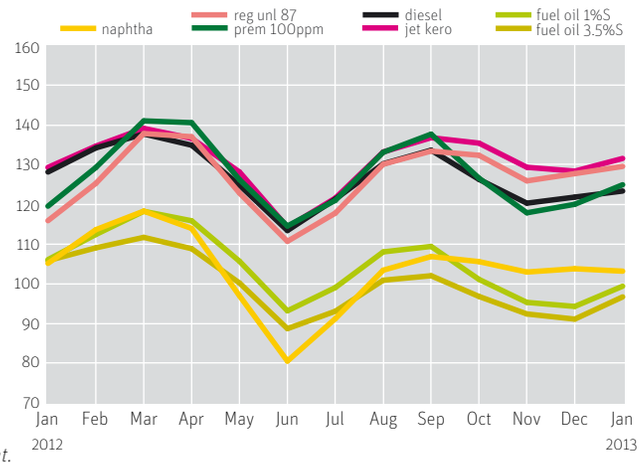


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2012	January	127.73	134.52	133.70	96.77	89.97
	February	138.90	144.80	139.98	101.27	92.67
	March	144.28	155.92	144.14	105.67	94.92
	April	139.02	157.66	140.70	103.70	92.49
	May	118.29	141.12	130.64	94.17	85.08
	June	98.22	128.86	117.72	82.32	75.20
	July	111.30	135.85	126.39	87.78	78.92
	August	126.09	148.43	136.46	95.66	85.71
	September	130.38	154.44	139.88	97.82	86.67
	October	128.77	142.47	138.57	90.60	82.16
	November	125.67	133.02	131.63	85.54	78.40
	December	126.07	131.41	129.70	84.58	77.23
2013	January	126.23	131.83	130.39	84.70	78.14

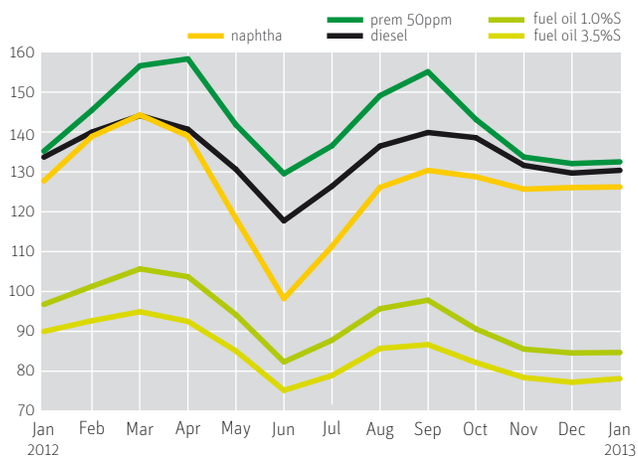
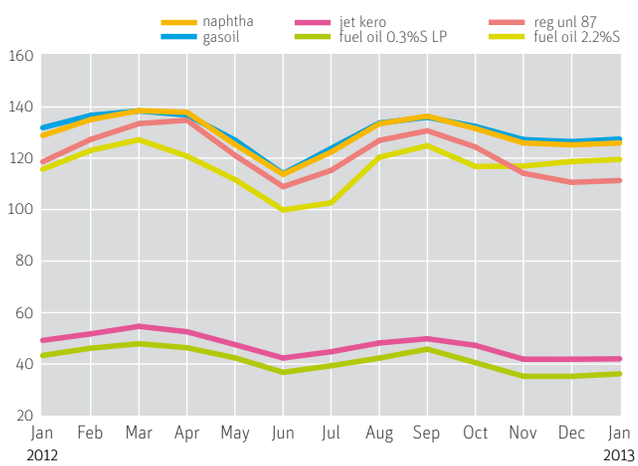


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		naphtha	regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3 per cent S	fuel oil 2.2 per cent S
2012	January	115.69	118.60	128.78	131.82	49.19	43.33
	February	123.01	127.29	135.00	136.61	51.74	46.16
	March	127.14	133.40	138.44	138.34	54.65	47.90
	April	120.76	134.72	137.81	136.77	52.55	46.35
	May	111.69	121.08	125.31	127.00	47.54	42.40
	June	99.86	108.91	113.70	113.95	42.35	36.78
	July	102.69	115.26	122.36	123.81	44.79	39.35
	August	120.32	126.88	133.35	133.64	48.18	42.32
	September	124.84	130.65	136.32	135.87	49.84	45.78
	October	116.75	124.33	131.48	132.32	47.23	40.54
	November	116.92	114.12	125.90	127.22	41.88	35.24
	December	118.67	110.59	125.17	126.42	41.87	35.23
2013	January	119.50	111.31	125.88	127.40	42.04	40.45



Source: Platts. Prices are average of available days.

Table and Graph 6: Caribbean market — spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 2 per cent S	fuel oil 2.8 per cent S
2012	January	121.08	126.73	142.68	96.27	94.62
	February	128.88	132.72	148.25	102.86	101.22
	March	133.64	134.52	150.67	107.04	105.26
	April	126.30	132.24	148.90	103.36	100.72
	May	115.87	122.41	137.47	93.95	92.33
	June	102.26	109.97	123.97	80.57	79.17
	July	105.53	116.99	133.85	86.69	84.92
	August	109.40	127.23	133.95	96.63	93.18
	September	114.59	131.98	135.20	99.31	97.06
	October	108.35	126.71	131.77	94.27	92.19
	November	108.52	121.99	125.88	90.89	89.02
	December	110.27	121.72	125.49	89.46	87.80
2013	January	113.55	122.08	126.49	89.82	92.82

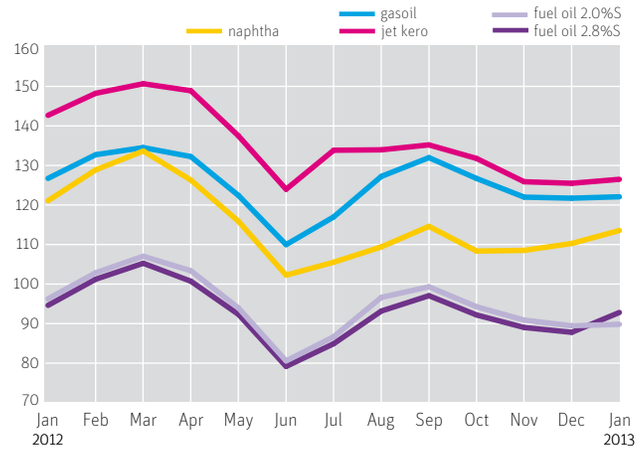


Table and Graph 7: Singapore market — spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	diesel ultra light	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2012	January	104.82	123.99	120.69	129.98	126.70	111.16	110.79
	February	114.29	130.70	128.63	134.55	132.46	112.64	112.87
	March	119.33	136.64	134.48	138.08	136.18	115.14	114.99
	April	114.44	134.98	131.36	135.02	133.26	112.34	112.63
	May	98.40	121.57	118.19	124.89	123.38	103.75	103.62
	June	80.72	104.46	101.16	111.98	110.29	91.87	91.40
	July	91.13	113.37	110.19	119.30	117.52	95.63	95.30
	August	102.89	127.20	123.78	130.75	129.51	103.55	103.09
	September	106.81	125.97	122.25	132.61	132.57	105.32	104.70
	October	104.91	124.07	120.42	130.92	130.17	100.04	99.89
	November	102.64	119.61	116.47	126.57	125.21	94.51	94.59
	December	103.21	118.85	115.89	126.20	124.75	94.14	94.20
2013	January	105.55	122.77	120.07	128.02	128.09	97.46	98.48

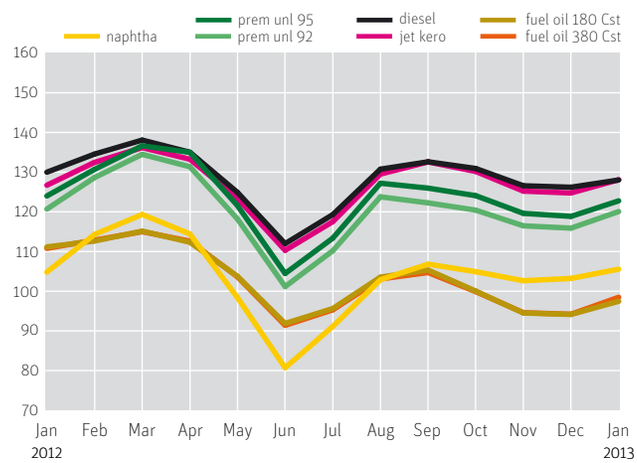
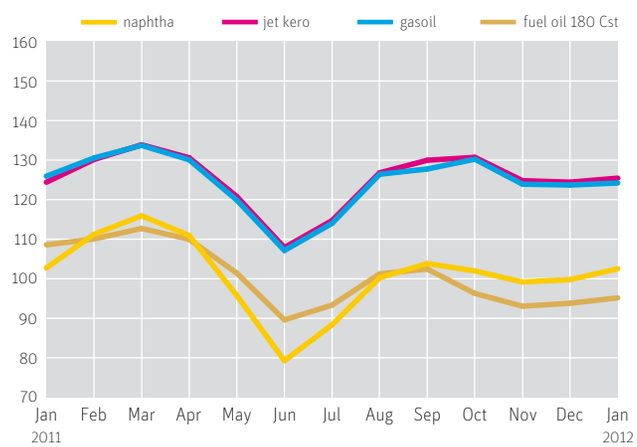


Table and Graph 8: Middle East Gulf market — spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2012	January	102.73	125.92	124.40	108.57
	February	111.22	130.54	130.15	110.05
	March	115.92	133.72	133.87	112.71
	April	110.95	130.07	130.59	109.97
	May	95.77	119.89	120.79	101.43
	June	79.27	107.14	107.88	89.60
	July	88.34	114.00	114.72	93.33
	August	100.24	126.41	126.79	101.23
	September	103.84	127.75	129.96	102.45
	October	101.96	130.22	130.70	96.28
	November	99.17	123.91	124.81	93.05
	December	99.77	123.69	124.42	93.80
2013	January	102.51	124.21	125.44	95.16



Source: Platts. Prices are average of available days.

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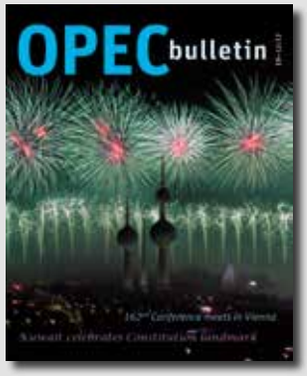

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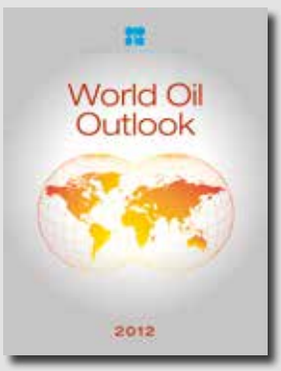

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